Books and Low-Income Consumers in South Africa: Towards an understanding of market potential

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This report is not confidential. It may be used freely by the Graduate School of Business.

I wish to thank my supervisor, Steven Burgess, for his intellectual guidance, patience and unwavering support. The staff at Eighty20 for assisting in constructing the contingency tables and my spouse, Eureta Rosenberg, for her editorship and understanding.

I certify that except as noted above the report is my own work and all references used are accurately reported.

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ABSTRACT:

This study explores the potential for book consumption in low-income groups in South Africa. It draws on consumer behaviour literature, in particular an established consumer decision process model, to assess the feasibility of a low-income mass market. Research on emerging market dynamics is used to understand the different consumer influences in high income countries and emerging markets. Data from the All Media and Product Survey is analysed to test five propositions on consumer behaviour and book consumption. The findings suggest that there is a significant potential market in low-income groups, but it can only be served if the industry reforms to better suit the conditions in an emerging market.

KEYWORDS: Book publishing, emerging markets, consumer behaviour, consumer decision processes, mass market publishing, South African publishing, bottom of the pyramid.
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1. Introduction

The legacy of Apartheid has left harsh inequalities in South African society, particularly in its educational system. While the post-apartheid government has made impressive strides in addressing inequality in some spheres, the educational landscape continues to be characterised by race and class disparities (Chisholm, 2008). Lemon (2004) claims that “for the poor majority, the system offers neither equality of opportunity nor significant redress to compensate for the injustices of apartheid education” (p.269). Therefore the majority of the population are left to seek skills and occupational development outside of the formal educational system.

Research has shown that books have the potential to positively contribute to skills and knowledge, thereby increasing the productive capacity of its consumer. Books have the potential to make a positive contribution to development, by addressing the persistent inequalities inherited from a past marked by racial oppression. This raises the question - which is the ultimate purpose of this study - of whether the mass market in South Africa exhibits any potential for becoming a book market.

In attempting to answer this question, this study will draw primarily on consumer behaviour literature, as it seeks to understand how book consumption might be affected by the environmental factors influencing the mass market.

In considering the potential for book consumption in the mass market in South Africa, this study will provide a brief overview of the book publishing market in relation to the mass market. Using a well established Consumer Decision Process model developed by Blackwell, Miniard and Engel (2001) as a point of departure, it will examine the various environmental factors shown to influence consumer behaviour. However, given that the context in which this model will be applied significantly differs from the context in which it was developed, current research into emerging market dynamics will be employed to explore how the different context might affect its application. From this, five research propositions are developed and tested to assess the probability of book consumption in the South African mass market.
2. Background

The publishing industry in South Africa is dominated by educational publishing of textbooks, which accounts for 74% of locally published material and 60% of all books sold locally. Trade publishing constitutes approximately 30% of all books bought in South Africa, with more than half being imported (South African Book Development Council, 2007). Regular consumers of trade books, which are individuals buying one or more books per year, are said to comprise a market of approximately 400 000, which is less than 1% of the country’s population. These consumers are largely from upper income groups, classified as Living Standard Measure (LSM) 8, 9 and 10, which are the top three LSMs. Therefore the trade book market does not cater for low-income consumers, which is the mass market segment in South Africa.

This is unfortunate, as developing a reading culture has a positive effect on the productive capacity within an economy. It not only stimulates the imagination, but develops the ability to work with abstract concepts and is directly linked to professional and educational achievement (McCallum, 2004). In a study on reading and economic growth, the Associazione Italiana Editori (2001) conclude: “These examples show significant increases in the rate of reading which seem to be associated with important changes in the growth rates of productivity, changes which can affect the competitive capacity of the regions where they occur”.

While low-income groups in South Africa are not the current market for the book publishing industry, increasing their consumption could have a positive effect on their productive capacity and thereby make a contribution to the level of economic equality. This study will attempt to make a contribution to the exploration of the potential for book consumption at the lower income levels in South Africa. Consumer behaviour literature will be drawn on to inform this exploration.
3. Literature review

3.1 Conceptual background

Consumer behaviour is defined by Belch and Belch (2007) as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires. Blackwell, Miniard and Engel (2001) state that the traditional understanding of consumer behaviour can be neatly summed up as the study of “why people buy” (p.6), but it has come to be more of an analysis of consumption generally, or the study of “why and how people consume in addition to why and how they buy” (p.7).

In pursuit of this objective consumer behaviour studies blend elements of psychology, sociology, anthropology and economics, resulting in an intra-disciplinary attempt to understand the buyer decision-making process, both individually and in groups. Typically it studies the characteristics of individual consumers such as demographics, psychographics, and behavioral variables in an attempt to understand people's wants. In addition, it tries to assess influences on the consumer from groups such as family, friends, reference groups and society in general (Belch & Belch, 2007).

3.1.1 The consumer decision process

Within the body of consumer behaviour literature the focus here will be on the factors influencing consumer decisions to purchase a product. The model used in this study is the well established Consumer Decision Process (CDP) model developed by Blackwell, Miniard and Engel (2001), which they claim focuses on the same seven stages as those used in textbooks elsewhere, despite the slight difference in terminology. The CDP model, as shown in Figure 1, attempts to provide a schema of the activities and influences that come into play when consumers think, evaluate and act.
As illustrated in the above CDP model, consumers typically go through seven significant stages when making decisions:

- need recognition,
- search for information,
- pre-purchase evaluation,
- purchase,
- consumption,
- post-consumption evaluation, and
- divestment.
Each of these stages will be influenced by various factors, as illustrated in the CDP model, which consumer behaviour researchers explore in the quest for understanding why consumers behave the way they do. Ultimately these influencing factors will inform marketing strategies employed by firms.

While the CDP model demonstrates that various factors influence each other and often seem interrelated, Blackwell, Miniard and Engel (2001) state that “the starting point of any purchase decision is a customer need” (p.72). Given that this study sets out to explore the potential for a product in a new segment, the focus will be on the first stage of need recognition.

The stage of need recognition is primarily influenced by two categories of factors, termed environmental influences and individual differences. According to Blackwell, Miniard and Engel (2001) the variables that make up these categories are “the key to new marketing opportunities” (p.75). As this study is focussed on low-income consumers, the environmental influences will be the relevant set of factors considered here. The variables comprising environmental influences are culture, social class, personal influences, family and situation. Each will be considered in turn.

3.1.2 The influence of culture on consumer behaviour

Blackwell, Miniard and Engel (2001) describe culture as a “set of socially acquired behaviour patterns transmitted symbolically through language and other means to the members of a particular society” (p.315). Researchers in the theory of consumer behaviour have stressed that one must take into account the way in which individuals' cultural backgrounds influence their judgments and decisions (Aaker & Lee, 2001; Briley, Morris & Simonson, 2000; Briley & Wyer, 2001; Hong et al., 2000). However, they warn that an understanding of this influence is complicated by a number of factors. One example is that cultural differences in consumer behaviour may only become influential when the culture related norms and values that bear on a decision are accessible in memory at the time the decision is made. They show that culture related knowledge is most likely to have an influence when people are not consciously aware of
the factors that have led it to come to mind. These effects have been shown to be similar across individuals from different cultural groups.

Cultural difference as it pertains to norms, values, and accepted behaviour - which guide people's judgments and decisions - have often been conceptualized in terms of individualism and collectivism (Hofstede, 1980; Triandis, 1989). Individualism, which is generally associated with Western cultures, is said to be characterized by a tendency to view oneself as an independent being, where the pursuit of personal goals without considering others' interests is dominant. Collectivism, which is said to be more typical of Asian and African societies, is often reflected in a view of oneself as a member of a collective and to evaluate the outcome of one's own behavioural in relation to others'.

Researchers have shown that even if Asians and Westerners are not conscious of their cultural identity, the norms and values which are predominant in their society do have an influence on the decisions they make, and this influence often occurs without awareness. (Bargh, 1997, 2002; Higgins, 1996). Research suggests that members of a collectivist culture may generally be more ‘prevention focused’ than members of individualistic societies (Lee, Aaker & Gardner, 2000). Consequently, they may be relatively more disposed to compromise in choice situations.

Kahneman, Knetsch, and Thaler (1991) claim that members of a collectivist society are often more concerned about the negative consequences of their decisions than about positive consequences and this bias is likely to be magnified when decisions affect other persons as well as themselves. This is because negative outcomes of group relevant decisions - for example failure, disgrace and embarrassment - can undermine group cohesion. Also, decisions that have more unfavourable consequences for some members in a community than for others, could create conflict and disharmony. For these reasons, in a collectivist society the sense of group membership is likely to induce a prevention focus. More specifically, this disposition may increase cautiousness and cause a stronger tendency to avoid making decisions.
Higgins (1997) describes a prevention focus as a disposition to minimize the negative consequences of decisions, with relatively little consideration to the possible benefits of the decision. This motivational disposition is contrasted with a promotion focus, which is described as placing emphasis on the potential benefits of a decision. Higgins conceptualized prevention and promotion goals as “representational structures that guide the system in its pursuit of a reference or end state” (p.98). Once these goal orientations are activated, they can generalize over situations and decision areas (Liberman et al., 1999). In other words, they may influence not only behaviour in interpersonal situations, but also the individual’s consumer decisions where others are not involved.

Hong and Chiu (2001) point out that culture specific norms and values are not the only criteria on which people base decisions and they may not be applied if other criteria are more salient. Druckman (1994) notes that cultural or national identity is often central to one’s self-definition and raising awareness of this aspect of identity could induce feelings of allegiance to a country and the desire to promote or maintain its interests. According to Davis (1999), this may be true regardless of whether one holds an individualistic or collectivist orientation.

To summarise, if cultural identity is evoked for individuals living in a culture that emphasises collectivism or embeddedness, and who endorse those cultural value priorities, then it should stimulate them to adopt a group mind-set. In turn, this mind-set may induce a prevention focus. An understanding of prevention and promotion dispositions is of particular importance in analyzing the effects of advertisements and other marketing communications, as they often activate concepts associated with interpersonal relations and social affiliation. If marketing communications induce a prevention focus, they could influence purchase decisions for reasons other than those that marketers assume.

3.1.2 The influence of social class on consumer behaviour

According to Henry (2005) the dominant theory of social class used by marketers in the past derived from the work of Warner, Meeker, and Eells in 1949. This perspective of social class viewed it as communities of individuals bounded by common social status. Henry (2005) claims that this was useful in understanding community relations within
relatively small, compact communities, but it is less useful in understanding large cosmopolitan populations, where social networks exhibit far greater complexity and fluidity.

Holt (1997, 1998) also critiques the limitations of Warner, Meeker, and Eells's understanding of social class and developed a more nuanced understanding by employing Bourdieu's (1984) theory of cultural capital and taste, to demonstrate how social class position and consumption patterns are intertwined. Holt (1998) suggests that it is more appropriate to focus on everyday consumption practices, rather than objects that are consumed, since the primary mechanism lies in class preferences, not just overt status symbols associated with the object. He claims that to focus on the overt symbols can be deceiving in complex societies as symbolic markers are in a constant state of flux. As these meanings shift, they often diffuse across social groupings, thereby altering their ability to define social boundaries. Embodied preferences – which include factors such as implicit knowledge, skills, and dispositions - are described as "a set of decontextualized understandings . . . that are readily recontextualized across new settings" (Holt 1998, p.3). These embodied preferences permeate thinking, feeling, and acting across the course of everyday life. Bourdieu (1984) uses the term ‘habitus’ to describe the entire mental schema that structure patterns of consumption practice, or lifestyles. Habitus is, then, a central conduit between class and patterns of practices. While what Bourdieu refers to as ‘conditions of existence’ are objectified in class structures, with factors such as social class, age, and gender, social conditioning is a result of the specific mix and amounts of capitals, in the form of economic, social, and cultural capital that are typical of position in class structures. Allen (2002) has demonstrated how socialisation stemming from gender and social class is internalized in the habitus, or mental schema, which gives rise to embodied educational choices that are a product of what can be thought of as "feeling right". This demonstration highlights the socially embedded nature of consumption choice.

Weber (1983) extends the more market-based economic notion of class by conceptually separating status and power. While status is related to economic factors, it more directly refers to shared community understandings of relative prestige. Therefore one can say
that status is dependent upon interpersonal recognition. These communal understandings of relative prestige are constructed from the array of visible lifestyle markers and formal positions. Occupational prestige is seen as a significant marker of status and consistent patterns of job prestige have been identified (McMillan & Jones, 2000). The perceptions of required skill, ability, job desirability and authority are the most significant factors that determine occupational status evaluations in communities.

However power and status do interact, as a constrained financial position and a lower status, together with limited authority and autonomy perceptions, inhibit empowerment. Breen and Rottman (1995) argue that in addition to the range of functional and material barriers faced by low-income individuals, there are other barriers of choice that limit the acceptance of many of the opportunities that are presented. In a related study, these choice barriers have been described as largely a product of self-limitation, not something inherent in the individual’s material conditions (Reay et al., 2001). This can be attributed to the disempowered tendency to self-restrict already limited opportunities, to a self-maintenance drive focused mainly on avoiding failure. Henry (2003) similarly argues that disempowered people avoid competition and striving to excel because of the risk of failure. Therefore a low-status situation, through the estimation by self and others, sets up conditions for powerlessness and a sense of personal limits, which leads to self-restriction, limited aspirations, and a drive for stability rather than growth.

The correlation between social class, empowerment and control has been identified in a number of other studies, showing that the extent of control over one's environment and fate affects expectations, goal setting, and goal-striving motivations (Chamberlain & O'Neill 1998; Hess 1970; Kessler 1982; Lachman & Weaver 1998; Link, Lennon & Dohrenwend 1993; Taylor & Seeman 1999).

3.1.4 Social class vs. income in influencing consumer behaviour
Coleman (1983) states that “in the late 1960s and early 1970s, a number of studies reported conflicting conclusions as to whether social class or income better predicts buyer behaviour” (p.265). The result was that the significance assigned to social class by marketing professionals went into decline, which Coleman laments as a gross oversight. Coincidently, two re-examinations of the social class and income debate were both
published in the same year by Schaninger (1981) and Dominquez and Page (1981). Schaninger claimed that his findings were in agreement with Wind (1978), who argued that the entire controversy on whether income or social class is the more basic segmentation variable is spurious, as it is better to accept both as valuable, then determine product by product which would be the more appropriate. This is also in agreement with Reynolds (1965), who took the same view that the forecasting powers of class and income should be expected to differ from one market arena to the next, so that neither should be ignored or considered inherently more valuable, merely more or less appropriate for a given situation.

The arguments for considering both class and income are compelling in the attempt to better understand the consumer, but Coleman (1983) makes the critical point that class and income are not really very well correlated. Put simply, they index two quite different aspects of life circumstance, although it is common to assume that class is essentially a product of income. For example, Warner (1941) referred to above as a pioneer in the study of social class, found class and income were not as closely related as he anticipated, although his original hypothesis was that income standing is the crucial organizing principle in American society. Instead, his findings proved how little social position in a community is explained by income, so he postulated class as the critical organizing factor.

One of the explanations provided by Coleman (1983) for the low correlation between class and income is that income varies markedly according to its earner's location in the age cycle. For example, young people who are typically first apprentices or in the junior stages of their career, typically receive remuneration far below average for members of the social class with which they are identified by virtue of family origin, education, and occupational type. Therefore the class norms for income, i.e. what is publicly assumed to be average earnings for members of the class, is typically realized at a more mature stage of one's occupational development. Similarly, while in retirement years earnings tend to either exceed the norm or fall below it, depending on whether the benefits of seniority, ill health or occupational obsolescence prevail.
Dominquez and Page (1981) claim that another source of income overlap between the social classes is family variation in the number and sex of earners. They argue that given the current conditions this should be considered a major factor in how much reduction has occurred in the class-income correlation. The logic they follow is that as more families across social levels experience divorce, leading to households headed by a female earner, household incomes far below class averages are being added to the picture in larger portions. On the other hand, as more wives have entered paid employment, household incomes far above the class average have also been added to each class group's continuum in far greater proportions than before. One can conclude that the result of these and other changes - such as more households in all classes headed by young singles, retirees, and the elderly widowed - is that income distribution in each class will resemble an elongated oblong more than a compact bell-shaped curve.

In considering class and income, Coleman (1983: p.273) states that two points must be kept in mind:

1. Total household income is an illusory index to family living standards—much less to social class—wherever it includes money earned by household members that is not pooled toward the common good.

2. Increases in household income resulting from more of the individual members becoming earners almost never produce a change in the family's social class.

This raises the question of what is the best income figure to use in predicting the marketplace behaviour of the individual members? Could it be household total, individual earnings, or some factored partial product in a multi-income household? A study of this problem, using detailed data from the Study of Income Dynamics, produced more questions than answers (Coleman, 1977). For example, it was found that when young adults work full time and live at home, their contribution to the household budget ranges from 10 to 60 percent of their earnings. Therefore the widely used measure of total income earned by a household has its drawbacks when one is searching for a predictor of consumer choice behaviour.
The same study (Coleman, 1977) also showed that an increase in household income rarely results in class change when members of a family beyond its head are employed. The explanation offered for this observation is that these other earners usually work at jobs of no higher status than the primary earner's. In fact, most often their jobs are of a lesser stature. This seems to apply particularly when an adult child enters employment, but also when a wife enters employment.

One can conclude that social class is predicated on social networks and peer judgments, and has little to do with income levels. Therefore change in social class ordinarily comes to a family only when the major earner manages a shift in the public's definition of the occupational hierarchy. Often this change in occupational definition is accompanied by a change in friendship circles and new consumption goals replace the old. Therefore the family value system and public behaviour deemed appropriate for acceptance by a higher status grouping are adopted (Coleman, 1983).

In summary, the impact of the more contemporary sources for difference between income status and social class is that a lower correlation between the two is prevalent than was the case when social scientists first called the marketing world's attention to the class concept.

Dominquez and Page (1981) and Coleman (1983) concur that the question of whether class or income is the better segmentation variable should be put aside and that the more significant question we should be asking instead is how social class affects use of income in terms of consumer behaviour. Schaninger (1981) points out that income is a self-evident first-order segmenting variable whenever expenditure decisions are studied. As it will govern how much can be spent, it makes perfect sense to assume that in a major number of marketplace transactions it will be a significant factor. However to better understand income as a predictor of consumer behaviour we always have to also use other variables, in particular: age, sex, family composition, life style, self-image, and social class. If we fail to factor in its nuances, income alone will constitute a rather poor predictor. Coleman (1983) states that “researchers can expect to find every conceivable mix of class impact on income use, from almost nil in some product or service areas to nearly conclusive in others” (p.275).
Yet, Du and Kamakura (2008) claim that there is a relative disregard for household consumption budget allocation in marketing research, which they speculate might be due to the primary interest of manufacturers and retailers to influencing consumer choices toward their brands. They argue that the significance of this is that consumer expenditure across seemingly unrelated industries is overlooked. Yet they are ultimately interrelated through the budget constraint and therefore should be viewed from a systemic perspective. Therefore they call on marketing researchers to devote more attention to understanding how consumers allocate their consumption budget to meet all kinds of competing needs and how the resultant expenditure patterns are influenced by factors such as income levels, inflation rates, and family life stages.

In a review of the literature, Du and Kamakura (2008) show that few empirical studies have focused on modelling how consumers allocate their limited discretionary income to meet different consumption needs, in which trade-offs must be made across a range of expenditure categories, which is likely to be a significant factor for low-income households.

3.1.5 Personal influences on consumer behaviour

Blackwell, Miniard and Engel (2001) state that regardless of nationality, race, or gender, personal and group influences impact on people’s behaviour. This is mediated by reference groups, which they define as “any person or group of people that significantly influences an individual’s behaviour” (p.396). Generally this is seen as a process where individuals strive to fit in with people whom they identify with or aspire to emulate.

The term ‘reference group’, which was first coined by Hyman in 1942, is elsewhere described as referring to those groups or group members who are “psychologically significant for one’s attitudes and behaviour” (Turner, 1991, p.5). Much of the research focused on reference groups appears to be concerned with positive reference groups - those groups which individuals wish to be associated with - identifying the role they can play in determining an individual’s attitudes and behaviour (Bearden & Etzel, 1982; Childers & Rao, 1992; Escalas & Bettman, 2003; Folkes & Kiesler, 1991; Moschis, 1976; Park & Lessig, 1977). However, so-called dissociative reference groups also influence consumer preferences.
The literature on reference groups generally distinguishes between three types of reference groups: membership groups, aspirational groups, and dissociative groups. Membership reference groups are defined as groups to which an individual currently belongs, typical examples being a family or a peer group. It is described as a positive reference group that the individual belongs to, identifies with, is attracted to, and feels psychologically involved with (Turner, 1991). Aspirational reference groups are similarly described as positive groups, where the individual identifies with it and aspires to be a member of, typical examples in the research being celebrities and desired social groups (Englis & Solomon, 1995). Dissociative reference groups can be described as negative, as they are those groups an individual wishes to avoid being associated with (Englis & Solomon, 1995; Turner, 1991).

Research has consistently demonstrated that membership reference groups do influence people’s intentions, attitudes and behaviours, generally through linking self-identity and self-presentation to reference group influence (Haslam, McGarty & Turner, 1996; Platow, Mills & Morrison, 2000; Terry & Hogg, 1996; Whittler & Spira, 2002). For example, it has been shown that members of one’s own group influence exercise intentions and membership groups influence intentions to engage in sun protective behaviours (Terry & Hogg, 1996). The persuasiveness of messages have also been demonstrated to be influenced by reference groups (Haslam et al., 1996; Haslam, McGarty, Hutchingson & Turner, 1994). The evaluations of products and advertisements has been shown to be strongly influenced by reference groups (Whittler & Spira, 2002), as are self-reports of product and brand selections (Bearden & Etzel, 1982; Park & Lessig, 1977), as well as reports of information seeking and purchasing decisions (Moschis, 1976). Researchers have also documented a congruency between group membership and brand usage (Bearden & Etzel, 1982; Childers & Rao, 1992).

Much research has focused on the aspirational role of referent others, as people can become inspired and motivated by relevant group members, particularly when the group member’s state of affairs is perceived to be attainable (Lockwood & Kunda, 2000). Often this form of reference group research focuses on the role of celebrities or athletes in influencing consumers (Batra & Homer, 2004; Erdogan, Baker & Tagg, 2001). For
example, research has shown that celebrities are often effective endorsers when there is a perceived natural link between the celebrity and the product (Kamins, 1990; Till & Busler, 1998) and when the celebrity does not endorse too many products (Tripp, Jensen & Carlson, 1994). In addition to celebrity as a form of aspirant referent, identification with admired groups also influences the intention to purchase. An example of this was demonstrated by Madrigal (2000), who showed that the level of identification with a basketball team was positively related with intentions to purchase a sponsor's products.

Dissociative reference groups have also been shown to have implications for consumer evaluations and choice. Researchers have persuasively argued that there are a number of ‘possible selves’ that an individual has the potential to become in the future and that these possible selves include ‘undesired selves’ that the individual might wish to avoid (Markus & Nurius, 1986; Ogilvie, 1987). An extension of this tendency has been demonstrated by research indicating that people not only favour in-groups, such as membership groups, but also avoid and disparage out-groups (Brewer, 1979; Marques, Abrams & Paez, 1998; Turner, 1975) and decrease their association with groups that do not confer positive associations (Jackson, Sullivan, Harnish & Hodge, 1996). Therefore it is not surprising that research has shown that consumers will avoid products with negative symbolic implications (Banister & Hogg, 2004), exhibit negative attitudes toward lifestyles they wish to avoid (Lowrey, Englis, Shavitt & Solomon, 2001), and demonstrate who they are by avoiding particular products (Muniz & Hamer, 2001). Therefore one can conclude that the desire to avoid dissociative reference groups will influence consumer preferences. However the desire to avoid association with dissociative reference groups should be particularly motivational, as oppose to the desire to avoid out-groups more generally, because a dissociative reference group is a very specific type of out-group. In other words, there are some out-groups the individual is not really concerned about; a dissociative reference group is an out-group that the individual is motivated to avoid being associated with.

An additional factor that influences the level of influence a reference group exerts is when the product is publicly rather that privately consumed, the public nature of the act of consumption has been positively linked to the level of influence (Bearden & Etzel,
The original theorization regarding reference group influence by Bourne (1957), suggested that membership reference groups exert greater influence when consumption is more conspicuous, presumably because this is when people are most concerned with self-presentation.

Furthermore, consumption is often used to symbolize to others what type of person the individual is, and serve “… as a means of communication between the individual and his significant references” (Grubb & Grathwohl, 1967, p.24). In support of this, Argo, Dahl and Manchanda (2005) found that people’s consumption patterns and tendencies to use products to represent the self to others are positively related to self-presentation concerns. Therefore one could argue that products associated with particular reference groups will have implications for consumer evaluations and choice, particularly when self-presentation concerns are relevant. In fact, research has shown that those who are concerned with self-presentation are particularly focused on avoiding negative outcomes (Wooten & Reed, 2004). An explanation offered for this is that dissociative reference groups represent groups that consumers wish to avoid association with, and avoidance of negative outcomes is an important component of self-presentation, therefore self-presentation concerns will underlie consumers’ tendency to avoid products associated with dissociative groups.

3.1.6 The influence of family on consumer behaviour

Price and Epp (2005) state that the “family remains essential to many core questions in consumer research. The family serves as a consuming, producing, distributing and socializing unit interacting with other elements of society” (p.12). The family has been described as the centre of how people learn to be consumers, the meanings ascribed to consumption activities, and consumption itself (Moore, Wilke & Lutz, 2002). Moschis (1976) claims that not only are families central to an individual’s socialisation as a consumer, among other things, but they also must find a way to manage everyday interactions such as making decisions, eating meals together, shopping and saving behaviours, roles of family members, and receptivity to outside influences such as media and peers. Therefore it is also an important consumer unit.
Burns (1993) bemoans the fact that despite the profound importance of families to consumers and consumption activities, consumer researchers have devoted relatively little attention to understanding them. In addition to the lack of attention, Burns also claims that consumer research to date has reflected narrow conceptualizations of the family as a consuming unit.

Burns (1993) challenges the traditional idea of the family as an institution, speaking instead of family practices that are historically and culturally located but at the same time fluid and elective interacting with other practices. This is based on the understanding that what constitutes a family and the ideological power of the term has changed, therefore the task of finding families has changed. In the same vein Bennett, Wolin and McAvity (1988) offer a comprehensive definition of family identity in the psychology literature, which states “family identity is the family's subjective sense of its own continuity over time, its present situation, and its character. It is the gestalt of qualities and attributes that make it a particular family and that differentiate it from other families” (p.212). These authors distinguish three primary components of family identity: membership, temperamental and generational.

In addition to the component of family identity, Bennett, Wolin and McAvity (1988) introduce the notion of enactment of family identity, through the interaction of various communication forms and symbols. This refers to the communication mechanisms families use in enacting their identities, including the performance of family rituals, narratives, social dramas, everyday interactions, and intergenerational transfers. Part of the family identity enactment includes consumer activities such as the purchase, consumption and disposal of products, brands, possessions and services. Research suggests families vary in their level of adaptability of these forms. Furthermore, it has been demonstrated that over time and through transitions, family identities develop and change, leading to many possible outcomes including reconstruction, maintenance, reinforcement, and weakening (Noble & Walker 1997).

Price and Epp (2005) claim that “factors that moderate the relationship between families' identities and enactment include the extent that a family has a shared sense of collective
identity, the extent that the shared identity is aligned with the individual family members' identities, and the level of commitment family members have to maintaining that shared identity” (p.11). In a similar way, disruptions impact on the relationship between family identity and the enactment of identity. Bolea (2000) claims that family identities are challenged during disruptions, making them more salient. In the marketing research literature it is suggested that one's identity is challenged during transitions (Noble & Walker, 1997) and transitions lead to disruptions in consumption (Andreasen, 1984). Noble and Walker (1997) describe disruptions as both the traditional family life cycle trajectory – which comprises marriage, birth of a child, empty nest - and less recognized transitions, such as sudden loss of a job, relocation, serious illness.

Traditionally consumer behaviour studies focused on family life cycle models to examine the consumption behaviour of families in transition, which does contribute to understanding how structural changes in family composition alter consumption behaviours. However, the critique of the traditional model advances understanding of the family identity construct and broadens understanding of family transitions beyond purely structural components of family. This perspective provides a more malleable view of families, overcoming constraints imposed by the boundaries used in family lifecycle model categorizations and helping to capture the overwhelming diversity of families.

3.1.7 The influence of situation on consumer behaviour

According to Blackwell, Miniard and Engel (2001), the changing contexts consumers find themselves in will influence consumer behaviour. This context or ‘situation’ can range from the unpredictable, such as retrenchment, to more predictable events that can be foreseen. Wolfe (1997) claims that in real life, consumers primarily make decisions viscerally based on their life situation, not merely based on reason. He laments the tendency of some practicing marketers who assume consumer decisions are purely rational and devoid of a context.

Over the course of an individual’s life numerous transitions are encountered. McAAlexander (1991) states that “as we go through these transitional times, such as changing jobs, getting married, or moving to a new city, we leave the comfort of our known status, experience a period of disequilibrium, and begin to assimilate into a new
status and make appropriate role adaptations” (p.43). As research has demonstrated, these times of transition have profound implications for consumer behaviour (Andreason, 1984; McAlexander & Schouten, 1989; Solomon, 1983). For example, consumer behaviour research has shown how consumers modify their assortment of possessions to reflect changes in their self concept (Solomon, 1983). Furthermore, research has explored the role consumption can play in easing or aggravating the stresses inherent to significant life transitions (McAlexander & Schouten, 1989). While ‘situation’ is a significant variable, it significantly overlaps with other factors in the CDP model (Blackwell, Miniard & Engel 2001), therefore can be treated within these factors.

3.1.8 An overview of the environmental influences on consumer behaviour

The CDP model developed by Blackwell, Miniard and Engel (2001) creates an illusion of simplicity regarding the factors influencing consumers, but in reviewing the consumer behaviour literature it soon becomes apparent that the environmental influences are complex and relatively fluid. For example, some constructs like culture could have opposite influences in different contexts and seemingly self-evident constructs such as ‘the family’ appear to be morphing into diverse forms, forcing researchers to examine the fundamental question of what constitutes a family.

In one sense this bears testament to the value of the CDP model, as it distils the key considerations in an area that could simply be overwhelming, amidst a sea of changing and diverse constructs and contexts. Very importantly, the literature highlights the need to question assumptions and investigate the contexts within which we operate. Given that this study is concerned with the potential for a product in a new segment within an emerging market it then seem an imperative to consider how the emerging market context might differ from the context where the CDP model was developed and much of the research informing it was conducted.
3.2 The emerging market context

3.2.1 The Base of the Pyramid

We live in a world of unprecedented opulence, unimaginable a mere century ago, yet it coexists with remarkable deprivation and destitution that threaten its very foundation (Sen, 1999). Therefore, it is not surprising that business theorists have called on the private sector for an active engagement in building a market ecosystem to transform the current economic structure and to create more humane conditions for the masses of impoverished people living in what can be termed ‘emerging markets’ (Hart, 2005 and Prahalad, 2006).

In recent years management scholars have drawn attention to the wisdom of serving the needs of lower income consumers. For example, Prahalad and Hart (2002) have coined the phrase ‘Bottom of the Pyramid’ to refer to the business potential in serving low-income consumers in emerging markets. In essence this encompasses the twin goals of alleviating global poverty while generating profits for multi-national corporations.

According to Prahalad and Hart (2002), the current state of global economic inequality can best be represented as a pyramid, with the number of people juxtaposed with annual income (see Figure 1.1). This graphically shows that approximately 4 billion people live in the lowest but biggest tier of the pyramid; hence the Bottom of the Pyramid phrase was coined to refer to the lowest economic segment (also referred to as Base of the Pyramid by Hart, 2005).
The central proposition of Prahalad and Hart’s work is that the bottom tier of this pyramid presents firms with not only a significant opportunity, but also a social obligation to achieve a more humane society (Prahalad & Hart, 2002). It is within this logic that this study is located—to assess the commercial potential for book publishing for low-income consumers in South Africa.

### 3.2.2 Appraising the Base of the Pyramid proposition

While accepting the central thesis that firms should examine the business potential in serving low-income consumers, where they do not traditionally focus on this segment, it should be noted that much of the so-called Base of the Pyramid argument warrants scrutiny.

C.K. Prahalad, who has been credited as the pioneer of the Base of the Pyramid theory and its most visible proponent, according to Karnani (2007), claims that there are approximately 4 billion people in the lowest income tier. However, Chen and Ravallion (2004) in a World Bank Policy Paper estimated that 2.7 billion people fell into this category in 2001, while some economists claim that even this is an over-estimation, driven by World Bank bias, and the number should be closer to 600 million (Economist,
The uncertainty around this elementary point, casts doubt on the actual purchasing power of this market segment and therefore the feasibility of the high-volume-low-price models advocated for multinational corporations by Prahalad (2006).

The underlying assumptions, that poverty will be alleviated and the impoverished empowered by consuming more, are also questionable. Karnani (2007) claims that there is general consensus among economists that improving the productive capacity of the poor is a more reliable means of poverty alleviation than increasing their consumption levels. Therefore, they should rather be treated as producers, not consumers. Beshouri (2006) explains ‘productive capacity’ as comprising human capital, health and safety, where the key interventions for improvement are training and education. One could argue that consumption of goods and services aimed at improving ‘training and education’ could have a greater effect on improving the conditions of the impoverished, as opposed to simply promoting consumerism generally.

As an example of being empowered through increased consumption, Hammond and Prahalad (2004) cite the example of Fair & Lovely, a skin lightening cream marketed by Unilever. They argue that the poor woman “has a choice and feels empowered because of an affordable consumer product formulated for her needs” (p.36). On the use of skin whitening cream, Karnani (2007, p.106) states the following:

This is not empowerment! At best, it is an illusion; at worst, it serves to entrench her disempowerment. Women’s movements in countries from India to Malaysia to Egypt have campaigned against these products. The way to truly empower a woman is to make her less poor, financially independent and better educated. Social and cultural changes should occur that eliminate the prejudices that are the cause of her deprivations.

Browne (2004) raises the negative health consequences associated with the use of products like Fair & Lovely that led the Indian government to ban advertisements for the
Unilever product in 2003. Given the negative side-effects, it could actually undermine the productive capacity of its consumers.

The debatable qualitative and quantitative aspects of Base of the Pyramid argument - such as the actual purchasing power and the theoretical perspective of empowerment - give rise to some scepticism on the Prahalad and Hammond (2002) claim that a Bottom of the Pyramid initiative will not only eradicate poverty but also cure economic stagnation, deflation, governmental collapse, civil wars and terrorism in 15 years! While there is cause for caution in accepting their seemingly extravagant claims, the central idea of business contributing to socio-economic development of the impoverished masses remains compelling.

In summary, the most prominent work in the area of business geared at low-income consumers is unsatisfying in terms of its scholarship, albeit inspiring. Simply applying the theory espoused does not appear to be a reasonable approach; rather it is an area that warrants further research if we are to assess the business opportunity in this segment. Should one assume that the private sector has an obligation to create a more economically equitable world, then it is an area that demands research.

3.2.3 Consumer behaviour research in emerging markets

In assessing the environmental influences on consumer behaviour it is noteworthy that much of the research informing the CDP model was conducted in highly developed countries, or so-called high income industrialized countries (HICs). Burgess and Steenkamp (2006) argue that this is an important limitation in the existing field of marketing research and for the full maturation of the science; emerging market research requires significant development. They state that in emerging markets “institutional contexts present significant socioeconomic, demographic, cultural, and regulative departures from the assumptions of theories developed in the Western world and challenge our understanding of constructs and their relations” (p.338).
What constitutes an ‘emerging market’ has been variously described by financial institutions, the World Bank, United Nations and the World Trade Organization. The definition used here has been developed by Burgess and Steenkamp (2006), who use gross domestic product per capita, adjusted by purchasing power parity, converted to U.S. dollars and smoothed out for three years (to account for currency fluctuation). Under this definition South Africa, along with the rest of Africa, is classified as an emerging market.

Raising the difference between the context of research informing the CDP model (i.e. HICs) and the context of its application (i.e. emerging markets), calls its relevance into question. Fundamentally, the question concerns what is universal and what is local? Schwartz (1992) shows that there are ten distinct motivational types of values that can be considered universal, as they derive from universal biological needs for group survival and social conduct. Therefore some of the constructs informing the development of theories such as the CDP model are indeed universally applicable. Burgess and Steenkamp (2006) support this argument and state that “there is quite some evidence concerning the universality of many consumer-related constructs” (p.340). As illustrative examples they cite research conducted in emerging markets by McCrae and Terracciano (2005) which demonstrates that constructs such as the Big Five personality factors are as valid in emerging markets as in HICs. Similarly research done by Batra et al (2000) demonstrate the universal validity of constructs of ethnocentrism.

It is therefore evident that some research-based constructs developed in HICs are valid in emerging markets, but those which arise from theory less firmly rooted in empirical study seem less appropriate. As Burgess and Steenkamp (2006, p.340) state:

Constructs so loosely defined and bereft of rigorous theoretical grounding are unlikely to provide a basis for further theoretical advances or meaningful cross-national insights, due to radically different contexts of HICs and EMs. When constructs are only informally defined, it becomes very difficult to develop hypotheses to be tested in EMs based on previous research, as we may be using apples to explain oranges.
In recognising the difference in context one not only raises the question of what is not universal and therefore inappropriate for application in emerging markets, but also what is unique to emerging markets that can contribute to the international research literature. This is of particular import given the trend of contemporary firms becoming increasingly global. As Prahalad and Hart (2002) claim, it is essential for multinational corporations to understand the contexts in which they work and not simply impose HIC assumptions in emerging markets, particularly when focussing on the low-income segments of these markets, where the differences will be more pronounced. This is not only a prerequisite for business success, but also to counter what can be termed as epistemological imperialism.

Burgess and Steenkamp (2006) cite two constructs prevalent in emerging markets as examples of how research in these contexts can enrich the body of research and make it truly international; namely ubuntu and guanxi. Drawing on the work of Mangaliso (2001), ubuntu is described as a prevalent construct in African society which emphasises the sense of community, harmony, humility and respect. The assumption is that a sense of group embeddedness would be more pronounced in African societies, which in turn will influence the consumer behaviour within these contexts. The construct of guanxi in Chinese culture is described by Ambler, Styles and Xiucun (1999) as a pervasive sense that in time, favours will be returned. To understand these contexts, be it China or Africa, it is crucial that these prevalent constructs are factored into explanatory models and marketing practices. One can therefore surmise that some constructs informing consumer behaviour models are universal, while in emerging markets we might find context-specific constructs that also need to be taken into account.

However understanding consumer behaviour, by definition implies an understanding of ‘actions’. The word ‘behaviour’ in the psychological sense, is defined as “the way in which a person, organism, or group responds to a specific set of conditions” (Encarta Dictionary). Therefore in examining consumer behaviour in emerging markets one needs to consider the context of these likely responses and how they could be mediated by that context, not merely the underlying constructs that could inform need recognition. As Burgess and Steenkamp (2006) note, “even when consumers express similar wants and
needs, economic realities ultimately may be more influential on actual behaviour” (p.341). To explain this, they argue that according to micro-economic theory, price elasticity should be higher in emerging markets due to more severe budgetary constraints. In addition, the internal diversity of an emerging market such as South Africa inhibits social communication across large segments of the population, therefore limiting the penetration of advertising messages.

3.3 Institutional theory

Institutional theory is the most prominent explanation for behaviour within contexts in international marketing (Hoskisson, Eden, Lau & Wright, 2000; Peng, 2000; Wright, Filatotchev, Hoskisson & Peng, 2005).

To understand the differences between HICs and emerging markets, Burgess and Steenkamp (2006) employ a framework for understanding institutional context. They distinguish three interrelated pillars of institutions: the socioeconomic, cultural and regulative systems (see Table 1 below). Each of these will be discussed in turn.

3.3.1 Socioeconomic system

The socioeconomic system is described as system that comprises macroeconomic and demographic characteristics, dynamics caused by rapid social, political and economic change, and within country diversity (Burgess & Steenkamp, 2006). According to Burgess and Harris (1999), the higher rate of change in emerging markets, or dynamics, has important implications for social identities, values and consumer behaviour. The demographics of emerging markets are generally more youthful. Burgess and Steenkamp (2006) state that “the majority of the population is in the earliest stages of the family life cycle and 25% - 45% of the population are aged 15 or below” (p.342). The diversity within emerging market countries can often show extreme variation, typically represented by two segments with significantly different living standards, giving rise to what Batra et al (2000) term a ‘dual market’. Generally this will comprise of one segment comparable to HICs in terms of formal education and spending power, and another segment that would be considered fundamentally poor by HIC standards. This under-resourced segment is the overwhelming majority, or the mass market in emerging markets,
described by Burgess (2005) as typically lacking in skills with limited employment opportunities in the formal market. This characteristic of a dual market shapes the consumption patterns in emerging markets, where the well resourced elite segment could prove a ready market for the latest goods from HICs. In fact Alden et al. (2006) show that they often adopt many aspects of HIC lifestyles, while retaining a link to local culture.

However, the mass market presents a very different proposition. As an example, Burgess and Steenkamp (2006) argue that the lower living standards of the mass market segment would encourage mass transit and walking as a mode of transport, therefore they would show a preference for small package sizes, frequent shopping and retail outlets near mass transit hubs. An important point they make is that due to culture, low product knowledge and demographic characteristics, the mass market will be more prone to group decision making about purchases of relatively small value. Therefore products not normally considered luxury purchases, such as shampoo or McDonalds, could take on the decision making-process more typical of those reserved for special occasions or otherwise impart special meaning.

3.3.2 Cultural system

The cultural system refers to culturally supported beliefs, attitudes, habits, norms and behaviours. Burgess and Steenkamp (2006) claim that attempts to understand the cultural system have traditionally focussed on values. Drawing on the work of Bond et al. (2004), they claim that “cultural value priorities underlie most aspects of everyday life and relate to generalized beliefs people hold about themselves, their social and physical environment and the spiritual world” (p.343). The approach to understanding culture used here is developed by Schwartz (2004), who identifies three dimensions of cultural values that derive from universal societal problems, namely: the nature of relations of the individual to the group, phrased as autonomy versus embeddedness; guaranteeing responsible behaviour that preserves the social fabric, phrased as hierarchy versus egalitarianism; and managing the relations of people to society and the environment, phrased as mastery versus harmony. As previously noted, this framework has been shown to have universal validity and is firmly grounded in theory.
Burgess and Steenkamp (2006) claim that using the Schwartz framework, emerging markets can be distinguished from HICs on at least two dimensions. HICs will tend to emphasize cultural autonomy and egalitarianism. Autonomy is described as viewing “people as independent, bounded entities that are expected to cultivate and express their own preferences, feelings, ideas and abilities, and to find meaning in their own uniqueness” (p.343). Egalitarianism is viewed as fostering cooperation and a concern for the welfare of others, based on the recognition of others as equal in various ways. Emerging markets are more prone to exhibit cultural embeddedness and hierarchy. The notion of cultural embeddedness means that individuals are viewed as entities rooted in collective groups who can be expected to derive meaning in life largely from social relations, group identification and pursuit of group goals. Generally this would result in a tendency toward in-group solidarity, where behaviour that might disrupt the status quo is discouraged.

The prevalence of cultural hierarchy serves to legitimize the unequal distribution of power, roles and resources according to a system of ascribed roles in society. As previously noted, the unequal distribution of resources is a characteristic of emerging markets. Given the tendency to cultural hierarchy, social power, authority, humility and wealth are very important values. Burgess and Steenkamp (2006) note that the cultural differences between HICs and emerging markets also shape the institutional arrangements and policies, laws and social norms.

3.3.3 Regulative system

The regulative system comprises the capacity to establish formal rules, monitor conformity to them and impose sanctions. Steenkamp (2001) argues that the international business literature typically emphasizes the study of regulative and socio-economic systems, while marketers are more concerned with cultural systems. Licht et al. (2005) argue that cultural embeddedness in emerging markets will discourage direct confrontation and enforcement in a court of law, and hierarchy encourages the assignment of authority to others. Therefore informal social institutions play an important role in emerging markets, which needs to be taken into account when assessing the regulative system.
A further important dimension of the regulative system is stakeholder influence on corporate governance. This is defined as the “formal and informal influence that individuals and groups exert on the firm with the purpose of shaping its corporate governance structures and processes” (Burgess & Steenkamp, 2006, p.344). Within emerging markets governments often look to commercial organizations for assistance in achieving social and economic development goals. Therefore firms could be expected to cooperate with government and civil society in order to serve the needs of the mass market. Hoskisson et al. (2000) note that in emerging markets government and other stakeholders generally exert a greater influence on a firm than in HICs.
### Comparison of institutional subsystems

<table>
<thead>
<tr>
<th>Institutional Subsystems</th>
<th>Emerging markets</th>
<th>High income markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Socioeconomic subsystem</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dynamics</td>
<td>Rapid social, political and economic change</td>
<td>Moderate social, political and economic change</td>
</tr>
<tr>
<td>- Demographics</td>
<td>Young, growing, large pool of under-educated</td>
<td>Older, stagnant, well educated</td>
</tr>
<tr>
<td>- Diversity</td>
<td>Extreme differences in household size and income, living standards, access to human development resources</td>
<td>Smaller differences in household size and income, living standards, access to human development resources</td>
</tr>
<tr>
<td><strong>Cultural subsystem</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Hierarchy vs. egalitarianism</td>
<td>Hierarchy emphasized</td>
<td>Egalitarianism emphasized</td>
</tr>
<tr>
<td>- Embeddedness vs. autonomy</td>
<td>Embeddedness emphasized</td>
<td>Autonomy emphasized</td>
</tr>
<tr>
<td><strong>Regulative subsystem</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Rule of law</td>
<td>Moderate abuse of public office for private gain, moderate reliance on legal rights enforceable in courts of law, investor rights lower, legal outcomes more unlikely</td>
<td>Low abuse of public office for private gain, high reliance on legal rights enforceable in courts of law, investor rights higher, legal outcomes more likely</td>
</tr>
<tr>
<td>- Stakeholder influence on corporate governance</td>
<td>Government, civil society, supply chain stakeholders influence high</td>
<td>Government, civil society, supply chain stakeholders influence moderate</td>
</tr>
</tbody>
</table>

Table 1, Source: Burgess and Steenkamp (2006)
3.3.4 Consumer behaviour differences in emerging markets

The institutional differences between HICs and emerging markets provide a useful conceptual guide to entering emerging markets. Some key studies have highlighted the actually differences in consumer behaviour across these contexts. In South Africa it was shown by Steenkamp and Burgess (2002) that household income has a much stronger effect on behaviour than consumer disposition, while research in HICs showed a different result. This supports the point on the role of micro-economics in consumer behaviour.

Deshpande and Farley (2004) reported that in HICs innovativeness appeared to be more important than in emerging markets where a market orientation has a more positive effect on performance. Therefore investment in marketing should have higher returns in emerging markets. In terms of the institutional differences captured in Table 1, this could be seen as the cultural influences of embeddedness and hierarchy, where a market orientation could help overcome the inertia of vertical information sources and traditional practices.

The effects of cultural embeddedness and stakeholder relations were shown to interact by Peng and Luo (2000) in a Chinese study. They reported that Chinese managers’ personal relationships with government officials have a stronger effect on performance than advertising, pricing, payment terms, or delivery. In terms of organizational competitiveness, they also found that personal ties with other managers positively affected performance. This supports the notion of a ‘stakeholder approach to market orientation’ which Burgess and Steenkamp (2006) describe as “emphasizing strong relational networks with donors, supply chain members, and beneficiaries”, which is “an effective way to pursue appropriate product and process innovations and keep prices low by leveraging internal and external resources to run efficient operations” (p.344).

In summary, it seems evident that to apply consumer behaviour models developed in HICs in an emerging market context requires an evaluation of theoretical equivalence, often of seemingly basic assumptions about the constructs we use to understand behaviour.
3.4 Disruptive innovation in emerging markets

As the above discussion implies, serving the mass market segment would require a significantly different strategy to serving the elite segment in emerging markets. The elite segment generally tends to favour global brands and are relatively sophisticated urbanites with modest price sensitivity (Batra et al. 2000). However the mass market segment is significantly different, its members are generally very price sensitive and resource constrained. To be profitable in this segment entails the challenge of disruptive innovation (Burgess & Steenkamp, 2006).

Disruptive innovation is described by Christensen and Raynor (2003: p.34) as follows:

(They) don’t attempt to bring better products to established customers in existing markets. Rather, they disrupt and redefine that trajectory by introducing products and services that are not as good as currently available products. But disruptive technologies offer other benefits – typically, they are simpler, more convenient, and less expensive products that appeal to a new or less demanding customer.

Two models of disruption are proposed by Christensen and Raynor (2003), namely low-end disruption and new-market disruption. Low-end disruption generally takes root at the lower tiers of the original or mainstream market. Typically this is geared towards a segment of customers who were over-served by the mainstream market. Examples of this in a HIC are discount retailers Wal-Mart and Kmart, who targeted the low end of the department store market.

New-market disruption is said to compete with ‘non-consumption’, as it makes products so much more affordable to own and simpler to use, that they enable a whole new market segment to begin owning and using the product, and to do so in a more convenient setting (Christensen & Raynor 2003). This can be seen as lower performance in traditional product attributes, but improved performance through new attributes such as simplicity, convenience or affordability. New-market disruptions might start out as competing against non-consumption, but as their performance improves they can become good enough to pull customers out of the original mainstream market.
The prospect for new-market disruption is particularly relevant in emerging markets, as Burgess and Steenkamp (2006) note in considering marketing strategies for emerging markets: “Non-consumption is a realistic option for the vast majority of the mass market segment. Disruptive innovations potentially expand the market by offering a product to consumers who would otherwise be left out of the market” (p.350).

To assess disruptive potential Christensen and Raynor (2003) propose a set of questions for new-market disruption. The first question entails assessing if the segment historically excluded from use of the product is sufficiently large. The second questions the conveniences, for example do customers need to go to an inconvenient location to acquire the product. Should the response to either of these questions be positive then the business idea could have new-market disruptive potential. According to their analysis, an idea would be particularly prone to new-market disruption when historically only more affluent people had access to a product.

4. Research methodology

4.1 Data description

The data used here was acquired from the South African Advertising Research Foundation (SAARF, 2008), a highly reputable national research agency. The section of the national survey used is the All Media and Products Survey (AMPS).

The population from which the AMPS sample is drawn, comprises adults aged 16 years or older resident in private households, hostels, residential hotels and similar accommodation in the Republic of South Africa. Excluded are residents of such institutions as prisons or hospitals and military personnel on active service.

Communities selected include all metropolitan areas and urban communities with a total population of 100 000 or more. The sampling technique is described by SAARF (2008) as follows:

Within provinces, urban communities were first listed, in alphabetical order, within the size categories “40 000 - 99 999”, ”8 000 – 39 999”, “4 000 – 7 999”, “500 – 3 999” and “less than 500” and their cumulative populations listed. From
each stratum so formed, a sample of communities was drawn, using a standard random start, fixed interval technique and with the sampling fraction determined by dividing the required sample size by the cluster size of two (p.26).

4.2 Data collection

The data is collected by trained researchers who open the interview with identification of the number of adult men or women in the household, to enable the random selection of the individual to be interviewed. The interview is then conducted with the selected respondent.

Once the interview is completed, respondents are then asked to complete a Self-Completion Product Research and Activities questionnaire. This is placed with the respondent. Questions on reading habits used in this analysis are included in the self-completion questionnaire, under the heading Interest and Activities.

4.3 Research propositions

To assess the feasibility of trade book consumption for the mass market segment in South Africa a set of five propositions will be tested for book readership and other variables. Trade books are defined as books read for purposes other than formal education and the concept of consumption used here is reading of book.

The AMPS data used here define readership as follows:

Average issue readership (AIR), means the number of people who claim to personally read or paged through all or part of a copy of a publication for the first time during the issue period prior to the interview. It can be anywhere, anybody’s copy and include both current and old issues (p.13).

It should be noted that this definition is quite liberal, however the National Readership Survey (NRS) in the UK’s definition is even wider by also including respondents who claim to only ‘glanced at’ a copy, even without touching it. In the UK environment, this can happen for instance when a person reads over the shoulder of somebody else in the underground train.
Proposition 1

The first proposition is that the ‘non-consuming’ market segment is larger than the consuming market for trade books.

Proposition 2

The second proposition is that the current consumers of trade books fall into higher income groups or higher Living Standard Measures (LSMs), in particular the top three categories of LSM 8, 9 and 10.

Proposition 3

Drawing on the literature review regarding social class, in particular status, it can be argued that individuals with higher formal education will be more likely to incorporate book reading into their self-concept and socially expected sets of behaviour. Therefore the third proposition is that individuals with higher formal education will be more likely to be trade book consumers.

Proposition 4

The research done in emerging markets by Burgess and Steenkamp, reviewed in this study, suggest that patterns of consumer behaviour will be influenced by factors such as a dependence on mass public transport. However, in South Africa book retail outlets are located in shopping malls not linked to mass transit hubs. Therefore the fourth proposition is that a dependence on mass public transport will result in lower trade book consumption.

Proposition 5

Given the resource disparities between the rural and urban settlements in South Africa, the fifth proposition is that urban dwellers are more likely to be book consumers.

4.4 Analysis of data

Contingency tables were constructed from the abovementioned data. This is a way of representing how categories of one variable (independent variable) are distributed across
the categories of another variable (dependent variable). Thus one can see if there are patterns of association between two variables in a cross tabulation matrix. The variables can be represented by nominal, ordinal, and grouped-interval data. According to Muth (2006) cross tabulation, like regression, has specific statistics associated with it that tell us something about the degree to which variables are related (called a measure of association) and the likelihood that the patterns (or lack of patterns) represented by the sample data did not occur by chance (test of significance). To measure the association for the contingency table, Cramer's V is used. This ranges from 0 to 1 (one indicating a strong association between the variables and 0 indicating none). While the Chi-Square statistic can be used to measure statistical significance, it will not tell one how closely the variables are related, but will simply indicate whether it is likely that the sample distribution is a reflection of the larger population rather than a result of chance (Peers, 1996). When a contingency table has more than four cells, as in some of the propositions tested, Cramer’s V should be used to measure the strength of association.

Although there are no hard and fast rules for classifying the strength of association from Cramer's V, and the statistic is bounded by 0 and 1 only when rows and columns are equal, Peers (1996) suggests that Cramer's V values be characterised as follows:

- 0.50 or higher a very strong association
- 0.36 to .49 a substantial association
- 0.20 to .35 a moderate association
- 0.10 to .19 a low association
- 0.00 no association

4.4.1 Analysis for proposition 1

*The size of the non-consumption segment for books is significantly larger than the size of the segment that does consume books.*

\[
\text{H}_0: \hat{p}_{\text{not consume}} \geq 0.5 \\
\text{H}_A: \hat{p}_{\text{not consume}} < 0.5
\]
The bar chart shows that the proportion of segment that does consume books is larger than the segment that does not consume books.

- **chi-squared Stat**: 2843241
- **df**: 9
- **p-value**: 0
- **chi-squared Critical**: 16.919
- **Cramer's V**: 0.3052

The p-value is highly significant and the Cramer’s V indicates a moderate association. We therefore reject $H_0$ and conclude that proportion of the segment that does not consume books is lower than 50%, thus the above proposition is refuted.

### 4.4.2 Analysis for proposition 2

*The segment that does consume books is concentrated at a higher Living Standard Measures.*

$H_0$: There is no association between the segments that consume books and the Living Standard Measures.

$H_A$: There is an association between the segments that consume books and the Living Standard Measures.
### Column percentages

<table>
<thead>
<tr>
<th></th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
<th>Group 5</th>
<th>Group 6</th>
<th>Group 7</th>
<th>Group 8</th>
<th>Group 9</th>
<th>Group 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>9.3%</td>
<td>12.3%</td>
<td>12.7%</td>
<td>22.0%</td>
<td>29.4%</td>
<td>31.2%</td>
<td>34.5%</td>
<td>39.8%</td>
<td>41.5%</td>
<td>50.5%</td>
</tr>
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<td>Monthly</td>
<td>9.0%</td>
<td>11.9%</td>
<td>10.8%</td>
<td>16.0%</td>
<td>14.2%</td>
<td>19.1%</td>
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<td>22.3%</td>
<td>23.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Yearly</td>
<td>6.9%</td>
<td>7.6%</td>
<td>8.2%</td>
<td>9.5%</td>
<td>10.1%</td>
<td>7.4%</td>
<td>9.2%</td>
<td>7.8%</td>
<td>8.6%</td>
<td>8.0%</td>
</tr>
<tr>
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<td>74.9%</td>
<td>68.2%</td>
<td>68.3%</td>
<td>52.5%</td>
<td>46.3%</td>
<td>42.3%</td>
<td>35.5%</td>
<td>30.1%</td>
<td>26.1%</td>
<td>18.6%</td>
</tr>
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</table>

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<tbody>
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<td>chi-squared Stat</td>
<td>3227243.1</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>27</td>
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<td></td>
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<td></td>
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<td>chi-squared Critical</td>
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<td></td>
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<td>Cramer’s V</td>
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</tr>
</tbody>
</table>

From the Chi-squared test, the null hypothesis is rejected (p-value=0.000), hence we conclude that there is an association between segments that do consume books and the Living Standard Measures. Cramer’s V indicates that this association is low.

The column percentages indicate that people in LSM groups 1 to 4 tend to not consume any books, whilst people in LSM groups 5 to 10 appear to consume books, and the frequency of consumption increases as the LSM group increases.

#### 4.4.3 Analysis for proposition 3

**Higher levels of formal education make consumers more prone to book consumption.**

H₀: There is no association between the segments that consume books and the Levels of Formal Education.

Hₐ: There is an association between the segments that consume books and the Levels of Formal Education.
**Column percentages**

<table>
<thead>
<tr>
<th></th>
<th>None</th>
<th>Some Primary</th>
<th>Primary Complete</th>
<th>Some High</th>
<th>Matric</th>
<th>Some Technikon diploma/degree</th>
<th>University degree</th>
<th>Other Post Matric</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weekly</strong></td>
<td>3.0%</td>
<td>6.9%</td>
<td>11.4%</td>
<td>26.2%</td>
<td>37.3%</td>
<td>43.9%</td>
<td>51.1%</td>
<td>43.8%</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>7.3%</td>
<td>7.6%</td>
<td>10.5%</td>
<td>17.8%</td>
<td>19.4%</td>
<td>23.8%</td>
<td>19.3%</td>
<td>22.6%</td>
</tr>
<tr>
<td><strong>Yearly</strong></td>
<td>2.5%</td>
<td>6.4%</td>
<td>6.8%</td>
<td>9.3%</td>
<td>9.3%</td>
<td>9.7%</td>
<td>7.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Not at all</strong></td>
<td>87.2%</td>
<td>79.1%</td>
<td>71.3%</td>
<td>46.7%</td>
<td>33.9%</td>
<td>22.7%</td>
<td>21.8%</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

chi-squared Stat 3928293.5  
df 21  
p-value 0  
chi-squared Critical 32.6706  
Cramer's V 0.2071

From the Chi-squared test, the null hypothesis is rejected (p-value=0.000), hence we conclude that there is an association between segments that do consume books and the Level of Education. Cramer’s V indicates that this is a moderate association.

The column percentages indicates that the frequency of consuming books increases as the level of formal education increases, with higher proportions of people with no or not having completed primary school not consuming any books.

4.4.4 Analysis for proposition 4

**Consumers dependent on public transport are less likely to consume books.**

H0: There is no association between the segments that consume books and the use of public or private transport.

H1: There is an association between the segments that consume books and the use of public or private transport.
### Column percentages

<table>
<thead>
<tr>
<th></th>
<th>Public transport</th>
<th>Private transport</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weekly</strong></td>
<td>28.1%</td>
<td>28.4%</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>16.5%</td>
<td>17.6%</td>
</tr>
<tr>
<td><strong>Yearly</strong></td>
<td>8.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td><strong>Not at all</strong></td>
<td>47.2%</td>
<td>45.0%</td>
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</tbody>
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<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>chi-squared Stat</td>
<td>19496.11</td>
</tr>
<tr>
<td>df</td>
<td>3</td>
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<tr>
<td>p-value</td>
<td>0</td>
</tr>
<tr>
<td>chi-squared Critical</td>
<td>7.8147</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>0.0253</td>
</tr>
</tbody>
</table>

From the Chi-squared test, the null hypothesis is rejected (p-value=0.000), hence we conclude that there is an association between segments that do consume books and the use of public or private transport. Cramer’s V indicates that there is a very low association.

The column percentages indicate that the frequency of consuming books is higher for people who use private transport than it is for people who use public transport.

#### 4.4.5 Analysis for proposition 5

**Consumers in urban areas are more likely to consume books than consumers in rural areas.**

**H\_0:** There is no association between the segments that consume books and settlement category.

**H\_A:** There is an association between the segments that consume books and settlement category.
**Column percentages**

<table>
<thead>
<tr>
<th>Settlements (Less than 500)</th>
<th>Small Villages (500 - 3 999)</th>
<th>Large Villages (4 000 - 7 999)</th>
<th>Small Towns (8 000 - 24 999)</th>
<th>Cities (100 000 - 249 999)</th>
<th>Large Towns (40 000 - 99 999)</th>
<th>Metropolitan Area (250 000+)</th>
<th>Non-Urban (Rural)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weekly</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29.9%</td>
<td>27.6%</td>
<td>22.6%</td>
<td>27.6%</td>
<td>32.4%</td>
<td>34.8%</td>
<td>34.7%</td>
<td>21.5%</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30.0%</td>
<td>22.5%</td>
<td>22.9%</td>
<td>19.0%</td>
<td>19.1%</td>
<td>17.6%</td>
<td>19.6%</td>
<td>13.4%</td>
</tr>
<tr>
<td><strong>Yearly</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.0%</td>
<td>8.2%</td>
<td>10.6%</td>
<td>10.9%</td>
<td>10.4%</td>
<td>7.1%</td>
<td>8.3%</td>
<td>7.9%</td>
</tr>
<tr>
<td><strong>Not at all</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40.1%</td>
<td>41.7%</td>
<td>44.0%</td>
<td>42.5%</td>
<td>38.1%</td>
<td>40.5%</td>
<td>37.5%</td>
<td>57.1%</td>
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</table>

chi-squared Stat: 1157724.6
Df: 21
p-value: 0
chi-squared Critical: 32.6706
Cramer’s V: 0.1124

From the Chi-squared test, the null hypothesis is rejected (p-value=0.000), hence we conclude that there is an association between segments that do consume books and settlement category. Cramer’s V indicates that there is a low association.

The column of percentages indicates that consumption of books is lower for people in rural areas that other areas.

**5. Discussion of findings**

The number of people who identify themselves as consumers of trade books, in term of the findings in Proposition 1 above, is significantly different to the number of book buyers reported by the industry. As previously stated, South African Book Development Council (2007) shows that regular book buyer comprise approximate 1% of the population, yet 54% of the population could be viewed as a market for books in South Africa. Given the difference in definitions, one could say that 1% buy books while 54% claim they read books, which can be claimed as the potential market. To quantify the scale of difference, this implies that the potential market is approximately 17 million individuals while the reported buyers are approximately 0.4 million. Simply put, there is
a staggering difference between the number of people who buy books and those who are identified as readers.

One possible explanation for the discrepancy is that the AMPS data for book consumption, which means reading a book, is based on self-reported data. As the literature shows, self-representation is influenced by numerous factors, including reference group influences which is more pronounced when the consumption is public and self-representation is of high importance to the individual. Therefore one could surmise that the figure is over-reported, as individuals might represent themselves as book readers because it is a behaviour common to a group they aspire to belong to, such as the elite segment, or because reading is something others can observe you doing or recognise from conversation, hence it is a public act. Another explanation could be the influence of class. As the literature review has shown, people in emerging markets inhabit a space of relatively fast changing social structures. Therefore individuals could move up the class hierarchy quiet rapidly and in the process take on the lifestyle elements associated with the class it aspires to, reading a book being one such element. In such a fluid social environment, the notion of ‘possible selves’ reported in the HIC research might in fact be more active, as individuals could realistically cultivate new selves relatively easily, particularly in a country rich in diversity. Therefore they could present themselves as being a book readers while not actually being one. The reasons for people reporting that they are book readers are numerous, but ultimately it is of less significance than the fact that this is already part of their self-identity. In other words, it is already part of their social conditioning, or ‘habitus’ as Bourdieu terms it. In terms of understanding consumer behaviour this is a significant point, as it shows that the ‘need recognition’ has already taken place.

As Burgess and Steenkamp (2006) have noted, even when individuals in the mass market of an emerging market show the inclination to a certain form of consumer behaviour, they might not be able to act on it because they lack the resources. Put bluntly, they might need it and want it, but they can not afford it. This point is borne out by the link between household income and book consumption, which shows that the consumption increases as
income increases. In assessing the purchasing power at the so-called Base of the Pyramid, Karnani (2007) states that low income households generally spend 80% of their income on essential goods. Therefore, if we consider LSM 5 with an average household income of R2903 per month, this equates to R580 per month that can be considered disposable income. Given the average price of a trade book, of approximately R180, this would constitute approximately 30% of their disposable income, which is a sizable portion. As Du and Kamhura (2008) argue in the literature on income as a predictor of consumer behaviour, it is important to take a systemic perspective of household resource allocation. Therefore one should view the book as a product competing with a host of other possible products, including cell phones, household appliances etc. that could have a much stronger appeal. In short, at the current price levels the book publishers are not competing successfully with alternate products.

The industry is focussed on the elite segment, which is characterised in the literature on emerging markets as having relatively low price sensitivity. Therefore one can assume that publishers will strive to satisfy the tastes and preferences of this segment, which Burgess and Steenkamp (2006) describe as being quite similar to those in HICs. This raises the question of whether the product attributes are at all relevant to the mass market, for example the language, content and design. Personal experience in the industry over the past 16 years suggests that most publishers aspire to be part of the global industry and therefore have a tendency to assume the mental model of what constitutes ‘proper publishing’ from HICs. The mass market simply does not fit this model therefore is considered an unviable market. This could be due to the fact that many local companies have international holding companies and that many senior executives have experience of the HIC publishing industry. Therefore it is not really surprising that most are seeking increased sales from HICs in their efforts to diversify their markets, as opposed to exploring the mass market. In short, the industry itself could be said to aspire to HIC constructs of what book publishing is, despite being located in a fundamentally different context – that of an emerging market.
The link between education and book reading is not surprising, however the association is only moderate according to the Cramer V analysis. This is not surprising because reading is an academic skill and higher levels of education would mean a greater familiarity with books. Also, higher levels of education are generally related to higher levels of income. However, the association is only moderate, suggesting that education does not explain the level of interest in book reading. Interestingly, the segment that shows an interest can be considered as those with post-primary level education, as opposed to post-matric which is a common assumption in the industry. The implications for language accessibility of books are significant. The industry standard for a book editor qualification is a first post-graduate qualification in an appropriate disciple, which is a relatively high level of formal education in South Africa and significantly higher than what can be considered average for the mass market. While it is an issue that calls for further research, one could assume that it is highly probable that the level of language used is challenging for the average mass market reader.

As noted by Burgess and Steenkamp (2006) the use of mass public transport is common in an emerging market and has implications for consumer behaviour. Transport hubs are generally geographically removed from the shopping malls which house the bulk of South Africa’s book retail outlets. This could be one of the reasons why the reliance on public transport negatively affects the level of book readership. Again the link between public transport and income could be part of the reason for this relationship. However, the association is only described as low. Therefore one can conclude that individuals using public transport do show a reasonable inclination to book readership.

The distribution infrastructure for books in South Africa is largely concentrated in higher income urban areas, therefore lower levels of readership in smaller and rural municipalities is an unsurprising finding. However, here again the association is low, implying that even those in geographical areas not served by the publishing industry do show an inclination to identifying themselves as book readers.
In terms of the Christensen and Raynor (2003) theory on disruptive innovation, inconvenient location is a significant factor in assessing the potential for low-end disruption. From the above it would seem clear that for the mass market, the current book distribution system does constitute an inconvenience, although they report themselves as book consumers. Furthermore, the size of this potential market is significantly large, particularly if one assumes that all those who report to be book consumers are the potential market and those reported by the publishing industry survey are the current market. This implies a potential and unserved market of approximately 16.6 million consumers. In short, the conditions for a low-end disruption seem to be overwhelmingly evident.

6. Limitations of the study and areas for future research

An important limitation in the data and tests used in this study is in the challenge of establishing a causal relationship. It raises the question of whether one is merely testing the same variable, i.e. low income, through different measures. Factors such as the use of public transport and low formal education can be considered consequences of low income in South Africa. Therefore it could be argued that some propositions are tautologies. This results in an inability to clarify indicators of potential book buying. One can only conclude that the web of factors which describes the mass market segment indicates they are less likely to consume books.

To understand the likelihood that the mass market would buy books, it would be important to understand how low-income households allocate their limited discretionary income to meet different consumption needs. This would be a significant area for research for various industries, not only the publishing industry.

Assuming that income is a very significant factor for the mass market, it would be useful to estimate how the different variables used in the study influence or explain each other. For example, does the level of formal education correlate to household income? Put differently, is one simply testing the effect income in its different guises. This could lead to a deeper understanding of environmental influences in the mass market.
As the scope of consumer behaviour is so large, even when limited to what is termed environmental influences, many potential influences on consumer behaviour could not be tested within the limits of this study. Therefore factors mentioned in the literature review, such as culture, family, class and reference groups, could benefit from focussed studies within a mass market context.

7. Conclusion

The purpose of this study was to explore the potential for book consumption for low-income groups in South Africa. The findings suggest that there is a significant market in this segment. Given that this is a product with the potential to positively contribute to the social and economic development of communities, it seems essential that the industry fully explores the potential and responds accordingly. Not to do so could be considered irresponsible in an emerging country such as South Africa, where severe poverty and hardship still marks the existence of many.

Important areas that warrant further exploration include the price level that would be appropriate for the mass market and the language used in these books, in terms of level of sophistication and which language. Creating a suitable distribution infrastructure, particular for rural areas, will no doubt be challenging and also constitutes a significant topic for future exploration. Ultimately one could conclude that the ‘need recognition’ has been identified, but other elements of the consumer decision process need to be explored, which could lead to innovative business planning and the publishing industry playing a meaningful role in South Africa.

A significant learning in this study was the need to question models developed in HICs when applying them to an emerging market context. This has important application for an industry which takes its lead from HICs, as it suggests the need to rigorously reflect on the mental constructs deployed in the publishing industry. This should lead to a fundamental revision of what constitutes good publishing in an emerging country context, ranging from the physical product attributes to the business models employed.
Ultimately, this could be one area where the twin goals of making a profit and making a positive contribution to society can be realised.
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