

Consumer Behavior

Chapter 1





- **We Are Consumers 24-7!**
- **Why?**
- **Because:**

- **We are always consuming something.**
(like the clothes we are wearing or the bed we are sleeping on)

We are sometimes planning future consumption
We are sometimes enjoying the memory of past consumption

Q. Can you think of any moments when you are NOT being a *Consumer*?



Mengapa perlu memahami Konsumen?

- Persaingan
- Konsumen bebas memilih produk dan merk yang dibelinya
- Keputusan membeli ada pada diri konsumen
- Konsumen akan menggunakan berbagai kriteria dalam membeli produk dan merk tertentu



Consumer Behaviour



The behaviour that consumers display in **searching for, purchasing, using, evaluating, and disposing** of products and services that they expect will satisfy their needs.

Consumer Influences

Organizational Influences



Obtaining

Consuming

Disposing

Consumer Behavior



Consumer Influences

Culture
Ethnicity
Personality
Family
Life-stage
Values
Income
Available Resources
Attitudes
Opinions
Feelings
Motivations
Past Experiences
Peer Groups
Knowledge

Organizational Influences

Brand
Product Features
Advertising
Word of Mouth
Promotions
Retail Displays
Price
Quality
Service
Store Ambiance
Convenience
Loyalty Programs
Packaging
Product Availability

CONSUMER INFLUENCES

Culture	Ethnicity
Personality	Family
Life-stage	Values
Income	Available Resources
Attitudes	Opinions
Motivations	Past Experiences
Feelings	Peer Groups
Knowledge	

ORGANIZATIONAL INFLUENCES

Brand	Product Features
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Promotions	Retail Displays
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OBTAINING

- How you decide you want to buy
- Other products you consider buying
- Where you buy
- How you pay for product
- How you transport product home

CONSUMING

- How you use the product
- How you store the product in your home
- Who uses the product
- How much you consume
- How product compares with expectations

DISPOSING

- How you get rid of remaining product
- How much you throw away after use
- If you resell items yourself or through a consignment store
- How you recycle some

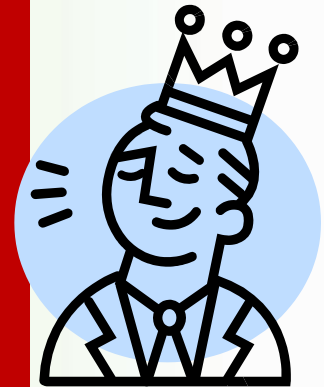
Consumer Behavior

Why Study Consumer Behavior?

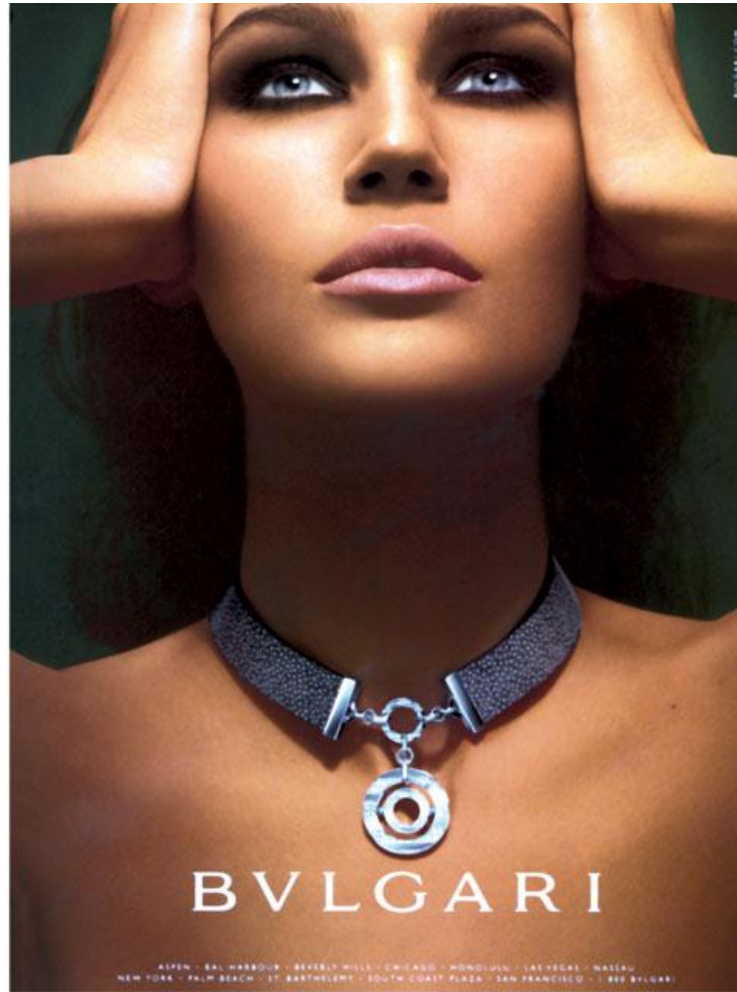
- Consumer Behavior Determines the Success of Marketing Programs

Marketing can be used to influence brand choice and purchase, while **Demarketing** can influence people to stop harmful consumption

“The Customer is King”
Organization influenced by consumer needs and wants



Consumers appear different but respond in similar ways to brands



Courtesy of BVLGARI, Model: Tara Dakidas, Photographer: Markus Paulsen

Why Study Consumer Behavior?

- **Consumer Behavior Determines the Economic Health of Everyone**

Public policy leaders and social commentators study consumer behavior to alleviate overconsumption and underconsumption by **educating consumers about problems** and providing assistance

Educating Consumers About Crises

EVERY BUSINESS SHOULD HAVE A PLAN.

" AT THAT POINT TWO OF OUR BUILDINGS WERE ALREADY GONE. THE THIRD WAS UNDER WATER. WE COULDN'T SALVAGE MUCH, INCLUDING THE PRESS. FORTUNATELY BACK-UP SYSTEMS WERE IN PLACE AND EVERYTHING WAS RELOCATED. BECAUSE WE WERE PREPARED, WE NEVER MISSED A DAY OF PUBLICATION.

MIKE JACOBS, Publisher and Editor,
Grand Forks Herald, Grand Forks, ND

Whether it's a flood, terrorist attack or other disaster, every business needs an emergency plan. A plan can save lives, company assets and your entire business – at little or no cost to your company. You can't control what happens. But you can be prepared. Visit www.ready.gov for practical steps you can take now to give your company a better chance of survival.



Educating Consumers About Health

Understanding consumers' issues or problems and developing methods to reach and educate consumers



JARED FOGLE
Height: 6' 2"
Starting weight: 425 pounds
Current weight: 190 pounds

Subway: Eat Fresh



Wendy's: Equal Space to Salads



Top left: © AP/Wide World Photos, top right: © Spencer Grant/Photo Edit, bottom left and right: © Terri Miller/E-Visual Communications

Helps Formulate Public Policy

Understanding consumers' needs to formulate public policy and predicting behavioral changes that follow

Government Protection and Education

Interest rates

Economics

Social Welfare

Family Planning

Warning labels

Government Regulations

Protection from Competitive Markets



Personal Consumer



The individual who buys goods and services for his or her own use, for household use, for the use of a family member, or for a friend.



Organizational Consumer



A business, government agency, or other institution (profit or nonprofit) that buys the goods, services, and/or equipment necessary for the organization to function.

Development of the Marketing Concept

Production
Concept

Product Concept

Selling Concept

Marketing
Concept



The Production Concept



- Assumes that consumers are interested primarily in product availability at low prices
- Marketing objectives:
 - Cheap, efficient production
 - Intensive distribution
 - Market expansion



The Product Concept



- Assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features
- Marketing objectives:
 - Quality improvement
 - Addition of features
- Tendency toward Marketing Myopia



The Selling Concept



- Assumes that consumers are unlikely to buy a product unless they are aggressively persuaded to do so
- Marketing objectives:
 - Sell, sell, sell
- Lack of concern for customer needs and satisfaction



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Business Leaders Who Understood Consumer Behaviour



- Colonel Sanders, KFC
- Ray Kroc, McDonald's



Implementing the Marketing Concept

- Consumer Research
- Segmentation
- Targeting
- Positioning



Segmentation, Targeting, and Positioning



- Segmentation: process of dividing the market into subsets of consumers with common needs or characteristics
- Targeting: selecting one or more of the segments to pursue
- Positioning: developing a distinct image for the product in the mind of the consumer



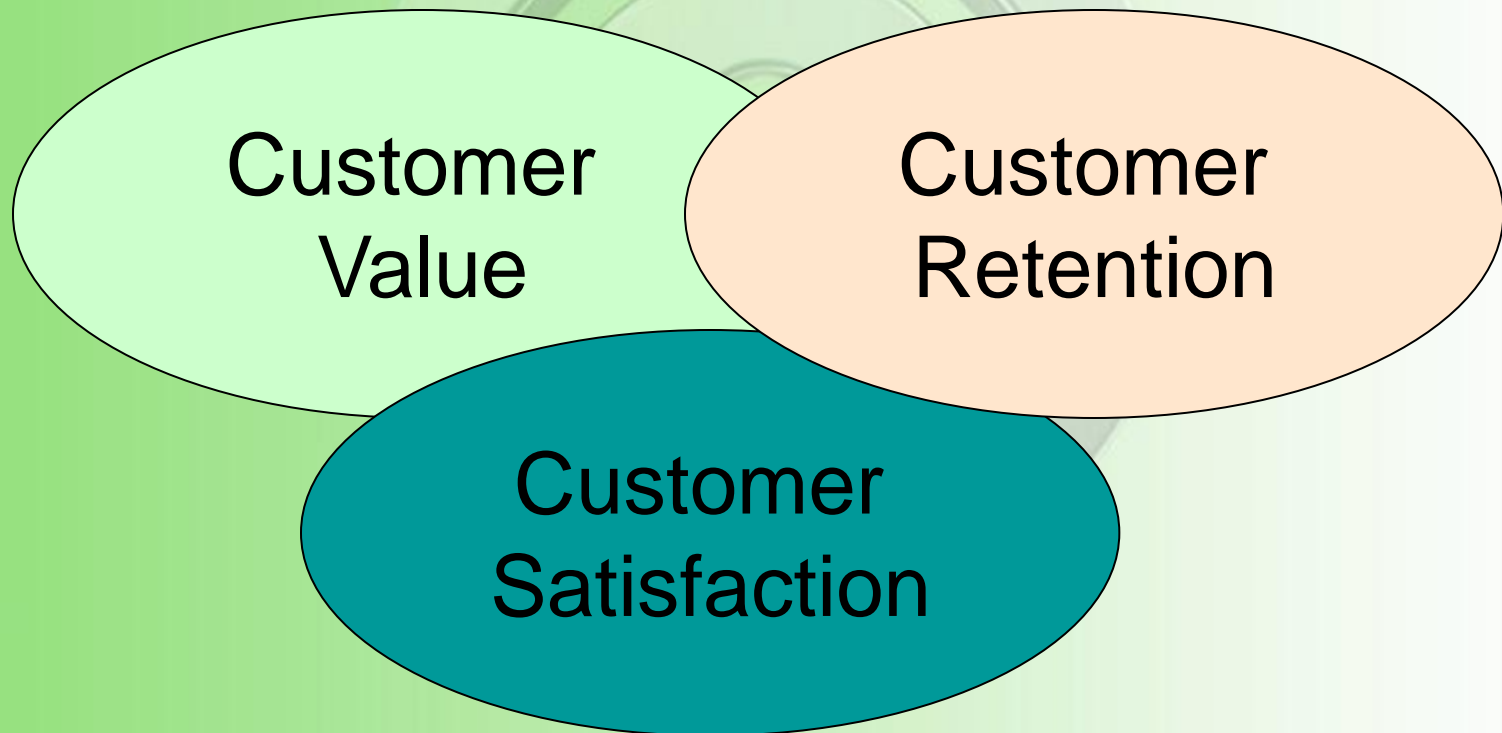
The Marketing Mix



- Product
- Price
- Place
- Promotion



Successful Relationships



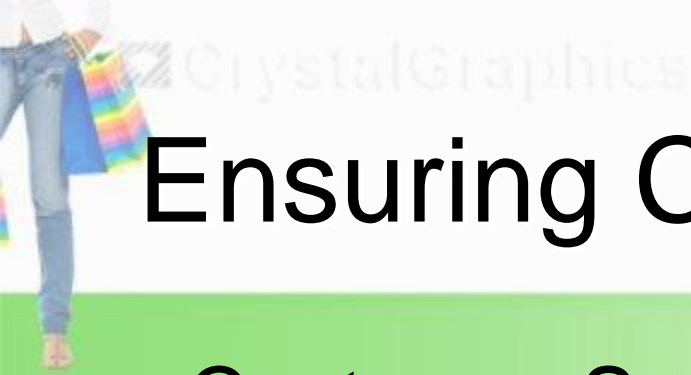
Customer Value, Trust and Retention



- Customer Value: ratio between the customers' perceived benefits (economic, functional and psychological) and the resources (monetary, time, effort, psychological) used to obtain those benefits.



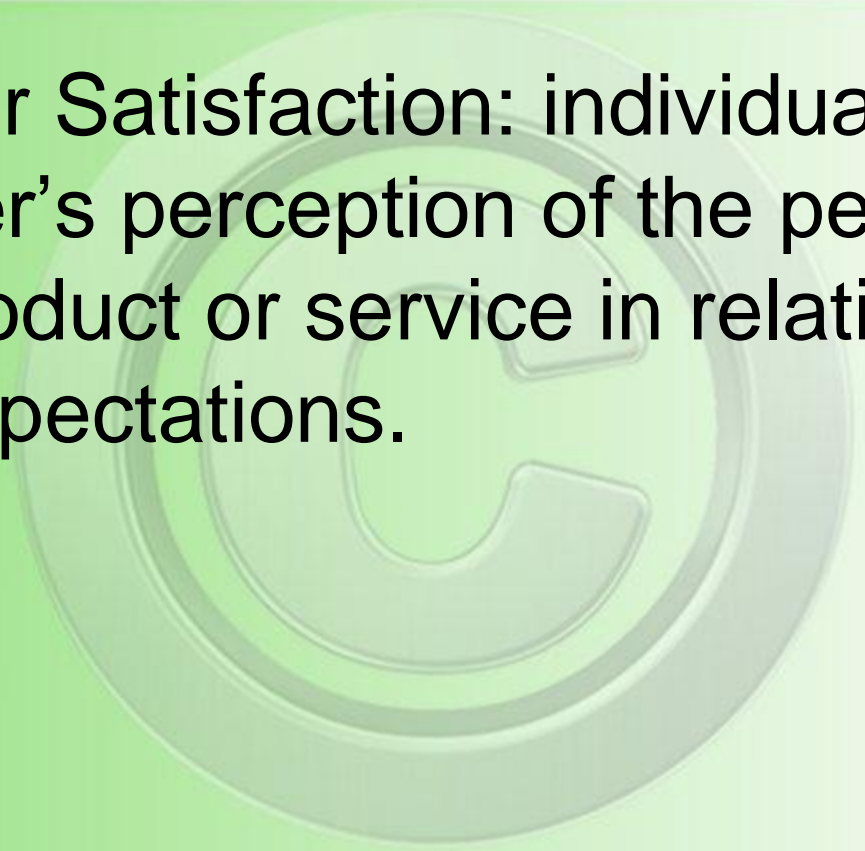
- Developing *value proposition* (unique selling proposition)-→influential factors in attaining successful positioning of a brand.



Ensuring Customer Satisfaction



- Customer Satisfaction: individual consumer's perception of the performance of the product or service in relation to his or her expectations.





Building Customer Trust



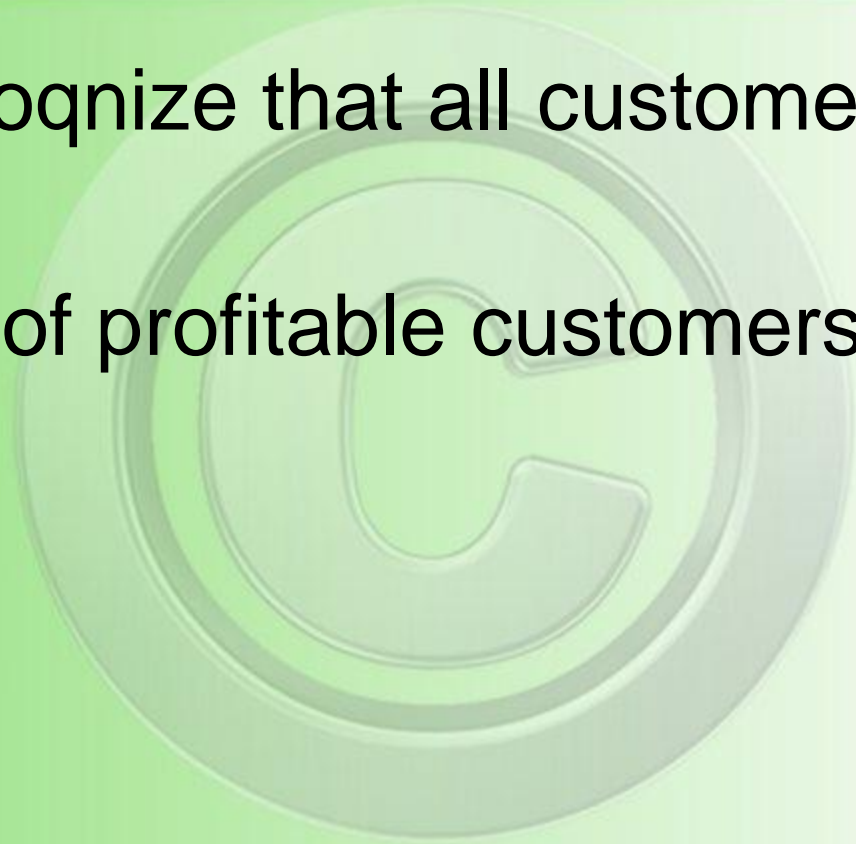
- Not only to the products but also paramount importance to both online and off-line retailers
- Trust is the foundation for maintaining a long-standing relationship with customers and it helps to increase the chances that customers will remain loyal



Securing Customer Retention



- Must recognize that all customers are not equal
- Concept of profitable customers



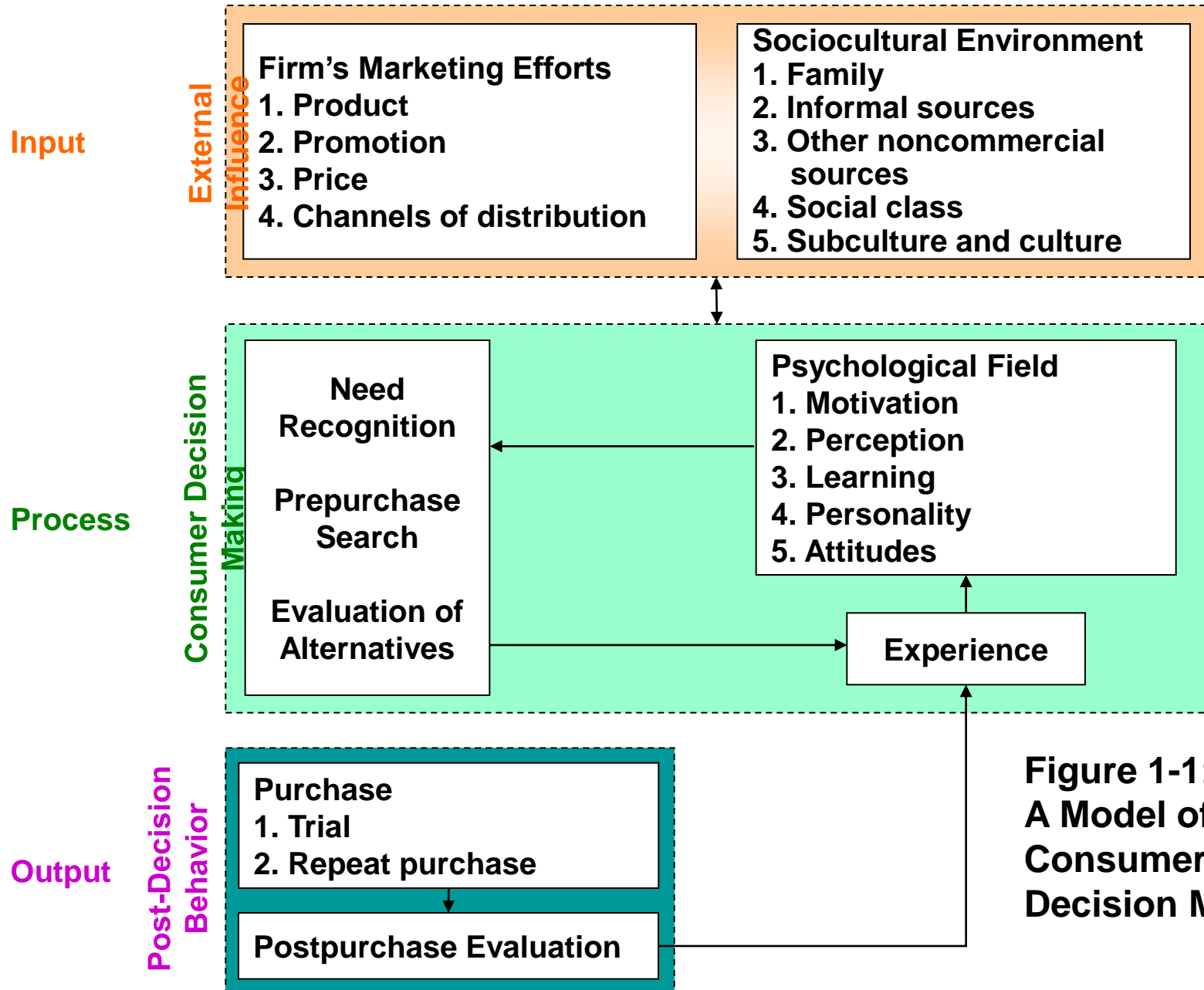
Impact of new technologies on marketing strategies



- Marketers must ensure that the products and services provide the right benefits and value and are positioned effectively to reach the right consumers
- Online communication and emerging digital technologies have introduced several dramatic changes into marketing environment



- Consumers have more power than ever before
- Consumers have more access to information than ever before
- Marketers can and must offer more services and products than ever before



**Figure 1-1:
A Model of
Consumer
Decision Making**



In Class Activity



Consumers do not buy drill bits---they buy ways to make holes

- What are consumers really purchasing when they buy the following items:
 1. A pair of shoes
 2. Lipstick
 3. Jeans
 4. Clothes