

wbs
WARWICK BUSINESS SCHOOL
THE UNIVERSITY OF WARWICK

For the Change Makers

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Term 1



Understanding Customers and Consumers

Session objectives

By the end of this session you will:

- Be able to distinguish between a 'customer' and a 'consumer'
- Have reviewed the primary drivers of customer/consumer choice.
- Have reflected upon the process of decision making B2B and B2C contexts
- Have considered the range of influence upon customer and consumer choice and the drivers of satisfaction

Get your Mentimeter app ready...

Are you looking
at 'customers' or
'consumers'?



What is the difference between a 'customer' and a 'consumer'?

Definitions of 'Customer'

The party which acquires, or agrees to acquire, ownership (in the case of goods) or benefit or usage (in the case of services) in exchange for money or other consideration under a contract of sale.

Professional purchaser specialising in a specific group of materials, goods or services and experienced in market analysis, purchase negotiations, bulk buying and delivery coordination.

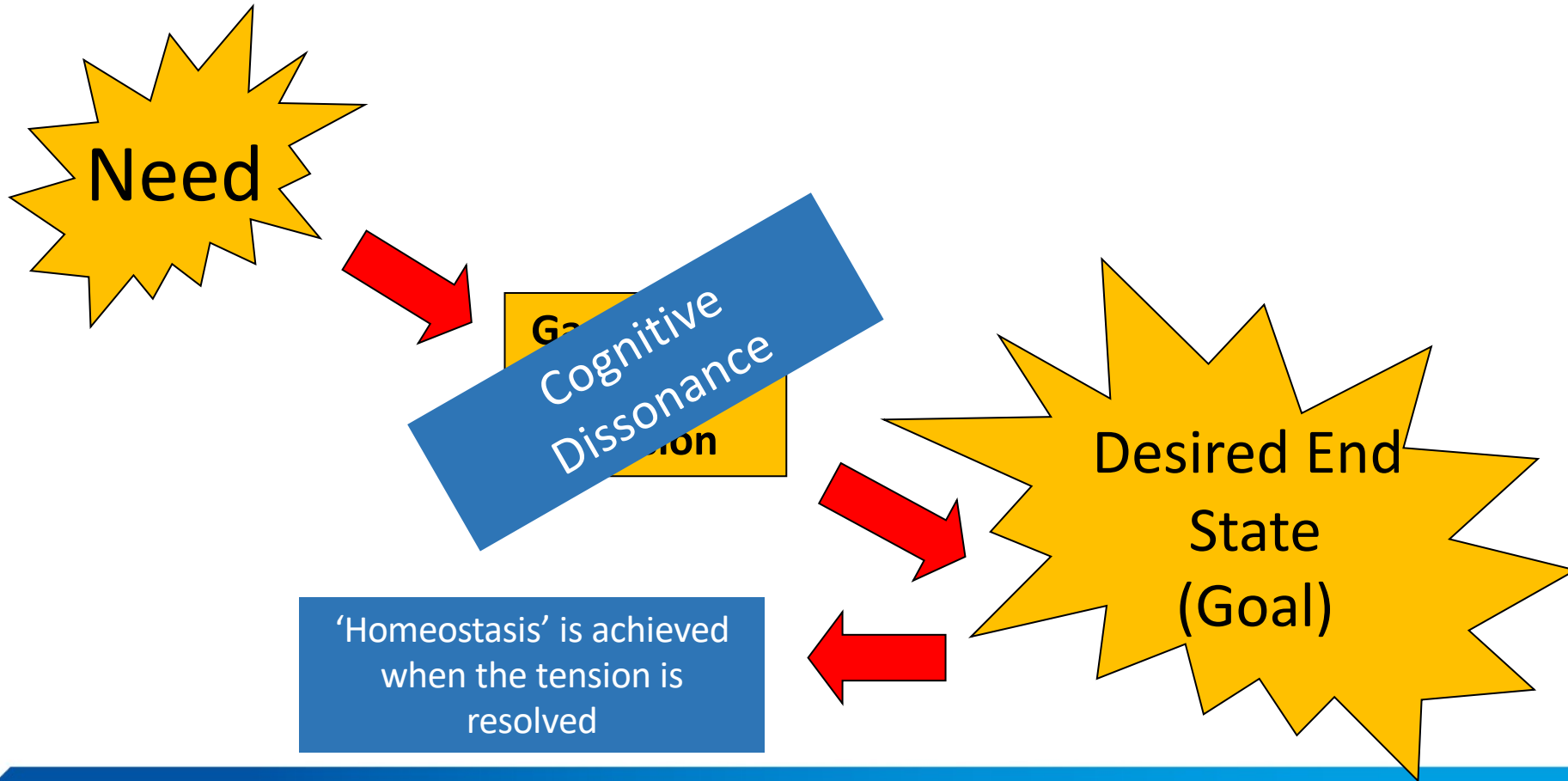
Definitions of 'Consumer'

The purchaser of a good or service in retail.

An end user, and not necessarily the purchaser in the distribution chain of a good or service.

Source: [Businessdictionary.com](https://www.businessdictionary.com)

Why do consumers, consume?



It's a journey... a customer journey that starts with 'cognitive dissonance'.



**Problem Recognition
(Need vs Opportunity)**

Why did you buy your last phone...?

Maslow's Hierarchy of Needs (1943)



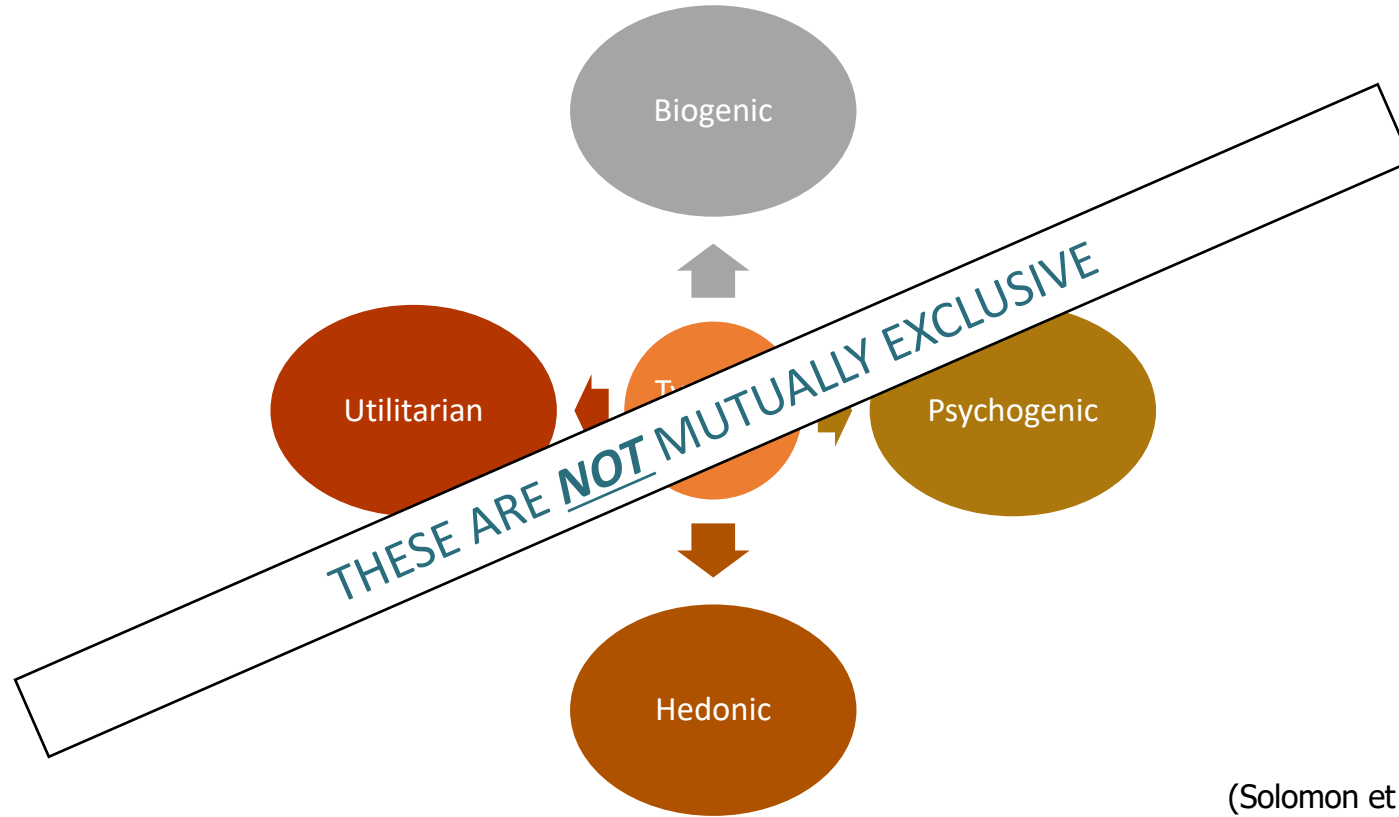
Maslow – is it a model for the 21st century? (de Mooij 2004)

- As a list of need types, there is still relevance
- The prioritisation of physical and safety needs over non-physiological issues still stands.

BUT

- Cultural differences are likely to affect the order of the non-physiological need types.
- ‘Self actualisation’ highly subjective
 - In collectivist cultures:
 - the self is less important than the honour of the ‘in group’
 - Safety and belonging merge as one is seen as the result of the other

Other ways of classifying needs...



(Solomon et al 2018)

- For each of these products, can you identify what kind of need(s) they satisfy?
- What challenges does this highlight for marketers?



Motivation

“To understand motivation is to understand why people do what they do”

(Solomon, Bamosssey and Askegaard 2013)



Motivational Theory



Focuses on biological needs that produce unpleasant states of arousal

Tension



Homeostasis

Motivational Theory

**EXPECTANCY
THEORY
(Vroom 1964)**

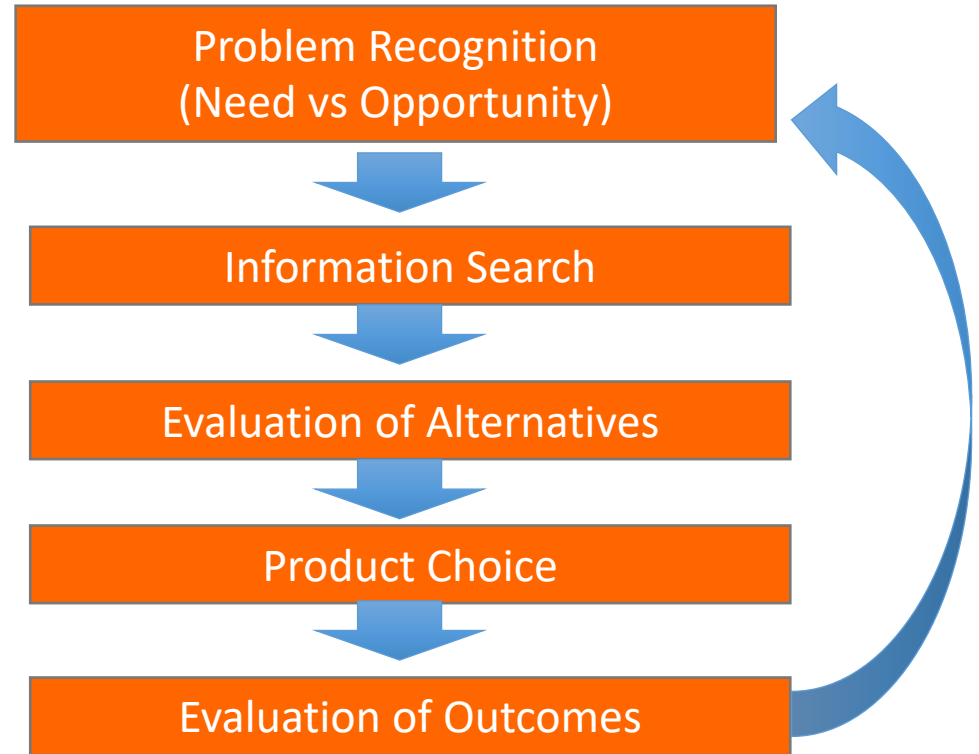
Behaviour is pulled by expectations of achieving desirable outcomes

Behaviour



Reward

It's a journey... a customer journey



**Stages in the Engel, Blackwell, and Miniard (1993)
consumer decision making process model**

Factors that influence consumer behaviour



- Culture
- Household type and family lifecycle
- Self concept
- Reference groups

Culture (Kotler et al 2019)

- The fundamental determinant of a person's wants and behaviour
- The shared meanings of most people within a social group
- Provide the blueprint for behaviour through shared norms and values



'Family' or 'Household' Decision Making...?

The 'household' is the basic consumption unit for most consumer goods.



Houses, cars, appliances are often consumed by households rather than individuals



Expenditure on one item within a household can divert funds from another (i.e. new kitchen vs holiday)



Hawkins and Mothersbaugh (2013)

Why is an understanding of the family so important? (Gilly and Ennis 1982)

The family life cycle has been an accepted indicator of consumption behaviour in sociology since 1936 and marketing since 1955.



Attitudes and behaviour tend to change over the course of an individual's life

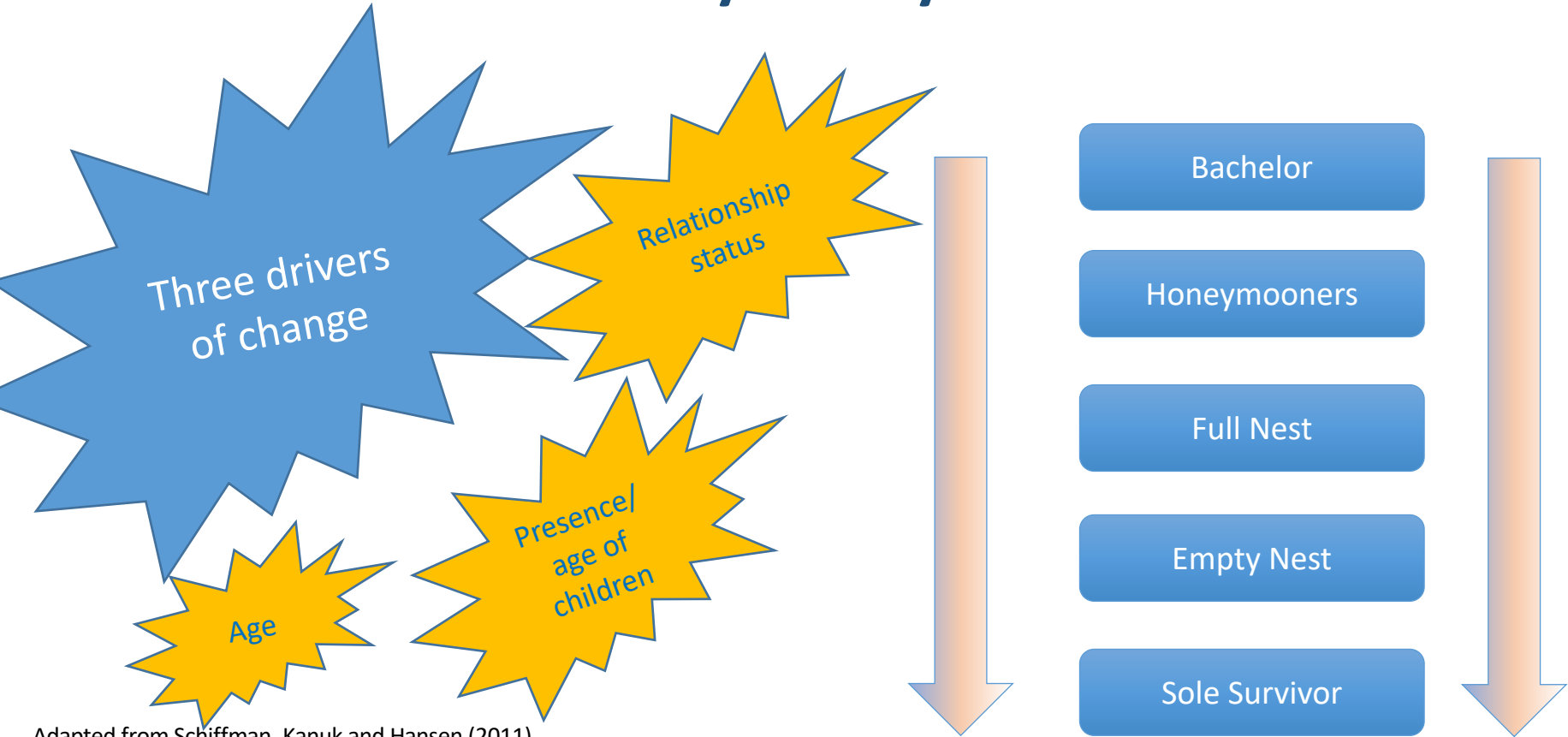


Key life events are more significant drivers of change than chronological age

“because the life cycle concept combines trends in earning power with demands placed on income, it is one of the most powerful ways of classifying and segmenting individuals and families”

Engel, Kollat and Blackwell (1978)

The Traditional Family Life Cycle



Adapted from Schiffman, Kanuk and Hansen (2011)

Self Concept: we are comprised of multiple selves (Onkvisit and Shaw 1987)

Ideal self
'the good
me'

Actual
self
'me as I
am'

Negative
self
'That is SO
not me'

Looking
Glass self
'How I'd like
others to
see me'

Extended
self
'Me as part
of a wider
group'

‘Reference groups’

“an actual or imaginary individual or group conceived of having significant relevance upon an individual’s evaluations, aspirations or behaviour”

They are ‘identificational’

Linked directly with self concept

Solomon, Bamossy and Askegaard (2013)

Types of reference groups



- Associative
- Dissociative
- Membership
- Aspirational
- Formal
- Informal

Solomon, Bamossey and Askegaard (2013)

Summary

- Consumers and customers are not necessarily the same thing
- Customer/consumer choice is influenced by a number of internal and external forces
- In marketing, it is important to understand not only the processes that customers and consumers go through when making decisions but also the influences upon those choices.
- This understanding allows them to create products and services that not only address the needs of the customer/consumer but also formulate other aspects of marketing strategy, for example, communication and distribution strategies

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