



CONSUMER THEORY AND BEHAVIOURAL ANALYSIS

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Consumer Decision-making Process

It involves the customers to identify their needs, gather information, evaluate alternatives and then make their buying decision.



It is a complex process and involves different stages which ranges from the recognition of needs, searching and collecting information, evaluating alternatives, purchasing the best product out of alternatives and post-purchase activities.

It is simply a process which depicts the journey of the consumer from starting to end for making buying decisions. Marketers use this process as a source of information for acquiring all important data related to consumers.

Stages of Consumer Decision Making Process

There are several stages that are involved in the consumer decision making process. These steps are mentioned below:

Need Recognition

The consumer decision-making process commences by recognizing a need or problem. At this stage, individuals realize that something is lacking in their lives and actively seek ways to address the gap. They identify their desires, which serve as the driving force behind their search for opportunities to fulfil their needs.

Information Search

After recognizing the problem, the consumer initiates the search for information about different products or services available in the market. They actively gather data concerning various options that can potentially fulfil their desires. In this pursuit, they utilize both personal and commercial sources of information. Personal sources include input from family, friends, peers, and other acquaintances, while commercial sources encompass newspapers, television, radio, and the internet.

Evaluation of Alternatives

After gathering information from all sources, consumers check various product alternatives for selecting the most appropriate one. He evaluates the advantages and disadvantages of different available alternatives.

The consumer will develop a set of choices with regard to attributes of product, brand etc. that meet his want, preferences, taste, personality and lifestyle. He might purchase several products in small quantities or uses them for a short span of time for developing an opinion towards product.

Purchase decision

Once the consumer is fully satisfied with the quality of product after taking a trial, he finally buys the product for fulfilling his needs. Here consumer has acquired all of the required knowledge after evaluating all facts and arrive at final conclusion to buy a product. He finally makes a choice of product, brand, dealer, decide an amount and purchase time.

Post-purchase behaviour

Post-purchase behaviour refers to the evaluation process that consumers go through after making a purchase. It involves assessing whether the product has met their expectations and determining its usefulness.

There are three possible outcomes following a purchase:

- The actual performance of the product is in line with the consumer's expectations, it is likely to result in repeat purchase decisions, indicating satisfaction.
- The actual performance of the product exceeds the consumer's expectations, it can lead to the development of consumer loyalty and strengthen their connection to the brand.

- The actual performance of the product falls short of the consumer's expectations, they may reject the product and express dissatisfaction.

In summary, post-purchase behaviour involves evaluating whether the product has fulfilled expectations, which can result in repeat purchases, consumer loyalty, or product rejection based on the level of satisfaction.

Consumer Decision-Making Process Overview



Overall, the consumer decision-making process begins with the identification of a need or problem. The consumer then searches for information on various products or services to fulfil their wants, using both personal and commercial sources. After making a purchase, the consumer engages in post-purchase behaviour to evaluate whether the product has met their expectations. This evaluation can lead to repeat purchases if the product performs as expected, build consumer loyalty if it exceeds expectations, or product rejection if it falls short of expectations.

Consumer Attitudes and Branding

Attitudes are the opinions or evaluations that people have towards something, such as a product, brand, service, price, packaging, or advertisement. They can be either positive (favourable) or negative (unfavourable).



In the context of marketing and consumer behaviour, attitudes play a crucial role as they influence whether consumers choose to purchase a particular product or brand, or decide not to buy it. Attitudes reflect how individuals feel about something and can impact their buying decisions.

Consumers acquire attitudes through various sources, including personal experiences, word of mouth, and marketing influences.

Personality significantly influences attitudes and plays a vital role in shaping them. Since personality is unique to each individual, attitudes also vary greatly from one consumer to another. While attitudes generally align with behaviours, they can be influenced by specific situations.

Influence of Branding on Consumer Behaviour

Brands have a significant impact on consumer behaviour by strategically aligning themselves with consumers' self-image. Advertisements often depict desired levels of happiness and lifestyles that consumers aspire to have, functioning as symbols that represent what the brand stands for.

The influence a brand has on consumer behaviour largely depends on how consumers perceive and connect with the brand.



Brands employ various tactics to establish a strong relationship with consumers and associate themselves with desirable qualities, such as success, adventure, or sophistication, brands seek to evoke positive emotions and a sense of self-enhancement in consumers.

Consumers, in turn, develop perceptions and attitudes towards brands based on their experiences, exposure to marketing messages, and interactions with the brand's products or services. These perceptions can greatly influence their purchasing decisions and brand loyalty.

It is essential for brands to continually monitor and understand consumer perceptions, preferences, and evolving needs to effectively shape consumer behaviour. By consistently delivering on brand promises and maintaining a positive brand image, brands can cultivate strong connections with consumers, leading to increased customer engagement, advocacy, and repeat purchases.

Apple is a prime example of a strong brand that builds innovative, aesthetically-pleasing technology and aligns its marketing with consumer desires. The brand's products create a sense of excitement and exclusivity, attracting passionate fans who eagerly wait in line for new releases.



Apple understands its target market and designs products that enhance their lives and align with their values of creativity, imagination, and innovation. Notably, Apple's branding emphasizes the value and connections its products offer rather than focusing on pricing. The takeaway is that brand managers should emphasize the value of their brand and personalize messages to establish stronger connections with consumers.

Role of Brand Loyalty

Retaining existing customers is more cost-effective and beneficial for business growth compared to acquiring new customers. When a trusted brand is established, customers develop loyalty and continue to choose the business for their consistent quality products or services.



LOYALTY

Positive experiences play a crucial role in building brand loyalty, as customers who receive exceptional service or assistance are likely to return.

Trust is another key factor influencing brand loyalty, as customers want to feel confident in the business they choose to support.

Satisfied customers tend to spread the word about their loyalty, acting as advocates and bringing in new customers through referrals.

Customer Satisfaction

Customer satisfaction is a measure of how people feel when interacting with your brand. It can be influenced by any number of factors, such as:

- Perceived product quality
- Perceived product value
- Convenience
- Customer expectations
- Communication
- Complaint handling

“An investment in customer satisfaction is an investment in your company’s future”

Measuring Customer Satisfaction

The most convenient and easiest way to measure Consumer Satisfaction surveys. These consists of one or two questions asked at the end of a business transaction. A classic question is *“How satisfied are you with the product?”* with answers ranging from *“very satisfied”* to *“very unsatisfied”*.

Why is Customer Satisfaction important?

Customer satisfaction is important because it means your customer base likes what you are doing. Research shows that customer satisfaction leads to greater customer retention, higher lifetime value and a stronger brand reputation.

Three reasons customer satisfaction is important:

It drives customer loyalty:

Satisfied customers tend to share positive experiences with friends and family, while unhappy customers are more likely to share negative experiences. Social media amplifies the impact of customer feedback, allowing millions of people to be reached with a single click. To increase positive referrals, it is important to prioritize excellent service based on customer feedback. A report shows that quick responses are highly valued by customers when choosing a company to buy from.

It encourages repeat purchases

Customer satisfaction leads to repeated purchases because satisfied customers have had a positive experience, develop trust and loyalty towards the brand, have their needs and expectations met, provide word-of-mouth recommendations, and receive excellent customer service and support.

It boosts new customer acquisition

We already know satisfied customers are more likely to tell their friends and family about your brand, which in turn gets you in front of a wider audience.

Improving Customer Satisfaction

You have to focus on gathering data effectively, then use those insights to take action. There are several techniques that can be used to improve customer satisfaction. Some of them are:

- Conduct Customer Surveys
- Monitor Social Media Mentions
- Implement Constructive Feedback

Personalizing the customer experience based on their preferences enhances satisfaction, while maintaining consistent service quality builds trust. Collecting continuous feedback through surveys, reviews, and social media monitoring helps identify areas for improvement. Addressing complaints and issues promptly and effectively demonstrates commitment to customer satisfaction.

By implementing these strategies, businesses can foster stronger relationships with customers and drive overall satisfaction.

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Consumer Analytics

Consumer analytics is the process of collecting and analysing behavioural customer data across a range of channels, devices, and interactions. These analytics give you the insight necessary to form strategies, products, and services that your customers will want to engage with.

For all types of customer analytics, you may need to use techniques like data collection and segmentation, modelling, data visualization, and more.

The importance of customer analytics

Some business benefits of the different types of customer analytics are:

- Higher customer satisfaction and retention
- Lower lead generation and acquisition costs
- Increased sales and revenue
- Better brand awareness
- Increased user/customer engagement

Data tells you what you need to do achieve each and every revenue and growth goal — from how to encourage customer engagement to how to promote customer loyalty. You can't improve what you can't measure.

Gaining Insights from Customer Analytics

Customer analytics allows businesses to gain valuable insights into customer behaviour, preferences, and needs. By leveraging customer data, companies can make informed decisions and improve various aspects of their operations. Here are some key applications of customer analytics:

1. Personalization: By analysing customer data, businesses can understand individual preferences and tailor their content, products, and services accordingly. This helps in delivering personalized experiences, increasing customer satisfaction, and fostering customer loyalty.

2. Targeted marketing campaigns: Customer analytics enables businesses to segment their customer base and identify specific target audiences for their marketing campaigns. By understanding customer behaviour and preferences, companies can create more effective and relevant marketing messages, leading to higher conversion rates and improved marketing ROI.

3. Customer journey optimization: Analysing customer data throughout their journey allows businesses to identify pain points and areas for improvement. By optimizing touchpoints and ensuring positive experiences at each stage, companies can enhance customer satisfaction, loyalty, and retention.

4. Product development: Customer analytics provides insights into customer preferences, buying patterns, and feedback. This information can be used to identify market trends, understand customer needs, and guide product development efforts. By aligning products with customer demands, businesses can increase their chances of success in the market.

5. Sales and revenue optimization: Analysing customer data can uncover valuable patterns and trends related to sales performance. By understanding customer buying behaviours, companies can optimize pricing, promotions, and sales strategies to maximize revenue and profitability.

To fully leverage the potential of customer analytics, organizations often need to integrate data from multiple sources, such as sales records, customer interactions, website analytics, social media data, and more. This comprehensive view of customer data, often facilitated by customer experience platforms, allows businesses to gain a holistic understanding of their customers and make data-driven decisions.

Data Analytics Techniques

Data analytics techniques play a crucial role in analysing and interpreting consumer data to gain insights. Here are three important techniques used in consumer behaviour analysis:

1. Statistical Analysis:

Statistical analysis involves applying various statistical methods to consumer data to uncover patterns, relationships, and trends. It helps in summarizing and interpreting data, making it easier to draw meaningful conclusions.

In consumer behaviour analysis, descriptive statistics is used to summarize and describe key characteristics of a dataset, such as mean, median, mode, standard deviation, and variance.

Hypothesis testing enables researchers to test specific hypotheses about consumer Behaviour, such as determining if there is a significant difference between two groups or variables.

Correlation analysis is employed to identify the strength and direction of relationships between variables, helping to uncover associations that may influence consumer Behaviour.

Regression analysis examines the relationship between a dependent variable (e.g., purchase behaviour) and independent variables (e.g., price, product features) to predict consumer behaviour.

These techniques collectively aid in understanding and interpreting consumer data for insightful analysis.

2. Data Visualization:

Data visualization techniques are used to represent consumer data visually, making it easier to understand and interpret. Effective data visualization aids in identifying patterns, trends, and outliers, facilitating decision-making processes. Common data visualization techniques used in consumer behaviour analysis include:

- **Charts and graphs:** Bar charts, line charts, scatter plots, pie charts, and histograms are commonly used to display different types of data and relationships between variables.
- **Dashboards:** Interactive dashboards present multiple visualizations and key metrics on a single screen, providing a comprehensive view of consumer behaviour and enabling real-time monitoring.
- **Heatmaps:** Visual representations that use colour intensity to display the distribution or concentration of certain variables. Heatmaps are useful for identifying areas of high and low consumer engagement.

3. Predictive Modelling:

Predictive modelling utilizes statistical algorithms and machine learning techniques to forecast future consumer behaviour based on historical data. These models can help businesses make informed decisions and develop effective strategies. Some common predictive modelling techniques used in consumer behaviour analysis include:

- **Regression analysis:** Builds models that predict the relationship between dependent and independent variables. It can be used to predict consumer preferences, purchase behaviour, or response to marketing campaigns.
- **Classification models:** These models classify consumers into different segments or categories based on specific characteristics or behaviours. They are useful for targeted marketing and personalized recommendations.
- **Clustering analysis:** Identifies groups or clusters of consumers with similar attributes or behaviours. Clustering helps in understanding consumer segments and tailoring marketing strategies accordingly.
- **Time series analysis:** Analyses patterns and trends in time-dependent data to forecast future consumer behaviour. It is particularly useful in forecasting sales and demand.

By applying statistical analysis, data visualization, and predictive modelling techniques, businesses can gain valuable insights into consumer behaviour, enabling them to make data-driven decisions and develop effective marketing strategies.

Customer Analytics Tools

Various tools are available to assist in gathering and reporting customer data. These tools provide valuable insights into customer behaviour and help businesses make informed decisions. Some popular customer analytics tools include:

1. Acquire: Acquire is a comprehensive customer engagement platform that centralizes interaction history across multiple channels, such as live chat, website, social media, and chatbots. It enables businesses to access a wide range of customer data and track team actions, such as response times, for improved customer service.



2. Kissmetrics: Kissmetrics focuses on understanding user behaviour on websites, allowing businesses to analyse which elements contribute to higher conversions. It provides valuable insights to optimize website performance and enhance customer experiences.



3. IBM Watson Customer Experience Analytics: IBM Watson Customer Experience Analytics offers advanced capabilities to visualize and analyse the customer journey. It enables businesses to gain a deeper understanding of customer interactions across various touchpoints, helping them identify areas for improvement and deliver personalized experiences.



4. Google Analytics: Google Analytics is a widely used tool for measuring website traffic, user behaviour, and attribution. It provides a robust set of tools and reports to track key metrics, understand visitor demographics, and analyse the effectiveness of marketing campaigns.



5. Hootsuite: Hootsuite offers social media analytics to monitor and measure performance across multiple social media platforms. It provides valuable insights into audience engagement, campaign

effectiveness, and social media trends, enabling businesses to optimize their social media strategies.



6. Hotjar: Hotjar provides powerful tools to analyse and visualize web visitor behaviour. With features like heatmaps, recordings, and feedback polls, it helps businesses understand how visitors interact with their website, identify usability issues, and make data-driven optimizations.



These tools, among others, empower businesses to harness the power of customer analytics, enabling data-driven decision-making and improving overall customer experiences.

Some Successful Marketing Campaigns

Nike: "Just Do It" Campaign

One of the most iconic marketing campaign examples is Nike's "Just do it" campaign. Nike launched the campaign in 1988 and featured both professional and amateur athletes sharing their accomplishments and inspiring viewers to do the same.

One of the first television advertisements for the campaign featured an 80-year-old marathoner named Walt Stack, a dedicated athlete who runs 17 miles every morning. After the campaign went live, thousands of people submitted personal stories about times when they decided to take the leap and "just do it," from quitting their stagnant jobs to losing over a hundred pounds. The line became Nike's emblematic tagline and continues to represent the brand.

What made this marketing campaign successful?

Nike identified an emotional connection with its audience and connected meaningful stories to its core values, like motivation, inspiration, and healthy living. Nike's decision to integrate the company's value proposition with an emotionally-driven message made for a wildly successful marketing campaign.

Key Takeaway for Marketers: Outline your value propositions and connect with your audience emotionally, so they feel aligned with your brand.

Pepsi: The "Is Pepsi OK?" Campaign

During Super Bowl LIII, Pepsi debuted a television advertisement that people would continue talking about. The **"Is Pepsi OK?"** commercial featured Academy Award-nominated and Golden Globe Award-winner Steve Carell, Grammy Award-nominated artist Cardi B and Grammy Award-winner Lil Jon in a fun and playful skit. In the ad, a waiter asks a diner who orders a Coke, "Is Pepsi OK?" and Carell clarifies in his monologue that Pepsi is "More Than OK." This advertisement plays on the typical scenario when people would order a cola, and the waiter would assume Pepsi was not their top choice. The ad was coupled with the Pepsi-sponsored half-time show, a "Planet Pepsi" afterparty, limited-edition cans, and the Pepsi Rookie of the Year Award. The iconic brand leveraged America's most popular sporting event to start a conversation about why Pepsi is better than average.

What made this marketing campaign successful?

The key to the success of Pepsi's campaign was self-awareness. The marketers tapped into real scenarios their customers have at restaurants when they encounter their product. Every time a waiter asks a customer, "Is Pepsi OK?" the customer will inevitably link the statement to the overwhelmingly positive commercial and campaign message.

Key Takeaway for Marketers: Figure out how your consumers perceive your brand and use it to your advantage in self-aware marketing campaigns.

Dove: "Real Beauty" Campaign

People want to hear stories that matter, and Dove's "Real Beauty" Campaign delivered a poignant and authentic message that the beauty industry desperately needs. The Dove Campaign for Real Beauty was launched in 2004 by Unilever, aiming to build self-confidence in women and children. The initial campaign featured research and reported that only 2% of women consider themselves beautiful. The next phase featured a series of billboards starring real women in place of models. The campaign was well-received and expanded into other forms of media, promoting aging, diverse body types, and transparency around wigs, blemishes, and so-called "imperfections." The mission of the ads was to shine a spotlight on how harmful the beauty industry could be to young women and redefine beauty.

What made this marketing campaign successful?

The Dove Campaign for Real Beauty was celebrated because it used marketing to positively impact the cultural landscape, industry, and lives of consumers. The campaign continues to run today to dismantle the #BeautyBias and help "make beauty a source of confidence, not anxiety," This campaign is coupled with change initiatives like "The Dove Self-Esteem Project," which helps children redefine their definition of beauty.

Key Takeaway for Marketers: Select a real issue that aligns with your organization's values and use marketing efforts to impact your community positively.

Old Spice: "The Man Your Man Can Smell Like" Campaign

It's hard to forget a funny story. In this impactful marketing campaign example, Old Spice uses humour to draw in their audience and position their brand as the outstanding choice for male hygiene products. The original television commercial features a man and a 30-second monologue. In this clip, the actor Isaiah Mustafa, now known as "Old Spice Man," speaks to a female audience and says, "Hello ladies. Look at your man, now back to me, now back at your man, now back to me. Sadly, he isn't me. But if he stopped using lady scented body wash and switched to Old Spice, he could smell like he's me." He is smug, over-the-top, and straightforward in his delivery. The overall reception of the commercial was positive; the ad boosted brand awareness for Old Spice's selection of male grooming and hygiene products.

What made this marketing campaign successful?

The Old Spice Man commercial is fast, punchy, and humorous. The advertisement was theatrical and easy to recite over and over with friends. The commercial also plays with the idea of identity and insinuates a greater message that Old Spice allows its consumers to be closer to the type of man they want to be.

Key Takeaway for Marketers: Don't just identify what your consumers want; identify who they want to be and build a brand persona that embodies this character. When used correctly, humour is linked to higher recall, making your ad and brand more memorable.

Coca-Cola: "Share a Coke" Campaign

One hot summer, Coca-Cola rolled out its famous “Share a Coke” campaign across various channels in Australia, encouraging people to get together and share a Coca-Cola. It wasn’t long before the movement expanded to the international level. The campaign printed different names across Coke bottles with the phrase, “Share a Coke with...” Although the ads ran across print ads, commercials, out-of-home bus wraps, and billboards, the most successful distribution platform was social media. Consumers bought their own branded Coke bottles and shared a picture of the names online. Consumers tried to find their names and find names for their friends and family members. The entire campaign hinged on personalization and connection.

What made this marketing campaign successful?

To develop the “Share a Coke” campaign Coca-Cola and the advertising agency Ogilvy teamed up to capitalize on the popular behaviours of their desired target generation; millennials and social sharing.

Key Takeaway for Marketers: Conduct research to determine how your target market behaves online and deliver marketing to them in familiar ways on relevant channels.

Snickers: “You're not you when you're hungry.”

Celebrity appearances continue to attract attention from viewers in Snickers' “You’re not you when you’re hungry” campaign. Snickers recruited everyone from Steve Buscemi to Betty White to act like everyday people, disturbed by their hunger and acting in unlikely ways in this unforgettable movement. The ads start with famous characters in unexpected settings, like Betty White being tackled on a football field, and end with the celebrity taking a bite of a Snickers bar and returning to their true form. The slogan, “You’re not you when you’re hungry,” refers to the common human experience of becoming agitated and angry from hunger.

What made this marketing campaign successful?

This Snicker’s campaign is effective because it uses comedy to highlight how their product, a quick and easy candy bar, is the perfect solution to a widely held problem of being “hangry.” The brand identified a customer pain point and positioned Snickers as the sensible resolution.

Key Takeaway for Marketers: Audiences respond well to clever ads that feel both surreal and relatable; partner with well-known influencers to create hard-hitting ads that can accomplish this.

Apple: “Creativity Goes On” Campaign

During the COVID-19 pandemic, Apple launched the “Creativity Goes On” campaign. The commercial compiles individuals and families at home during the lockdowns using their Apple devices to shoot videos, take pictures, stream content, and engage in other creative pursuits. In Apple’s own words: “We have always deeply believed in the power of creativity. Now, more than ever, we are inspired by people from all corners of the world who find new ways to share their creativity, ingenuity, humanity, and hope.” The commercial is set with a moving piano soundtrack and demonstrates the simple joys people experienced while confined to their homes in a strange slice of time.

What made this marketing campaign successful?

In this successful marketing campaign example, Apple acted as a ray of sunlight breaking through the clouds of the pandemic. Apple also promoted positive AppleTV shows, like John Kransinki’s special feature “Some Good News” and Oprah’s live broadcasts, to lift up their audiences. As a result, Apple created an association with its brand as a genuine, uplifting, and caring presence during difficult times.

Key Takeaway for Marketers: Breakthrough the noise in the market by approaching a widely discussed topic differently than your competitors.

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