



Technology-Driven Consumer Behavior



Consumer Behavior

Leon G. Schiffman

Joseph Wisenblit

Chapter 1 Learning Objectives



- 1.1 To understand the evolution of the marketing concept, the most prominent tools used to implement marketing strategies, the relationship between value and customer retention, and the objectives of socially responsible marketing.
- 1.2 To understand how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.
- 1.3 To understand the interrelationships among customer value, satisfaction, and retention, and technology's revolutionary role in designing effective retention measures and strategies.
- 1.4 To understand consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.

How can a car help express its owners' characteristics?



porscheusa.com/boxsterusa

Unfulfilled dreams cost a lot more.

Of all the emotions you can expect while driving a Boxster, regret will never be one of them. The top glides down. The Boxer engine comes to life. Its nimble, mid-engine balance recreates the thrills of Porsche motorsport legends. And its philosophy of getting more from less, the core of Porsche Intelligent Performance, invokes another feeling altogether: the harmony of your heart and head. Porsche. There is no substitute.

The Boxster. Starting at \$47,600.



Learning Objective 1.1

1.1 To understand the evolution of the marketing concept, the most prominent tools used to implement marketing strategies, the relationship between value and customer retention, and the objectives of socially responsible marketing.



Marketing Concept

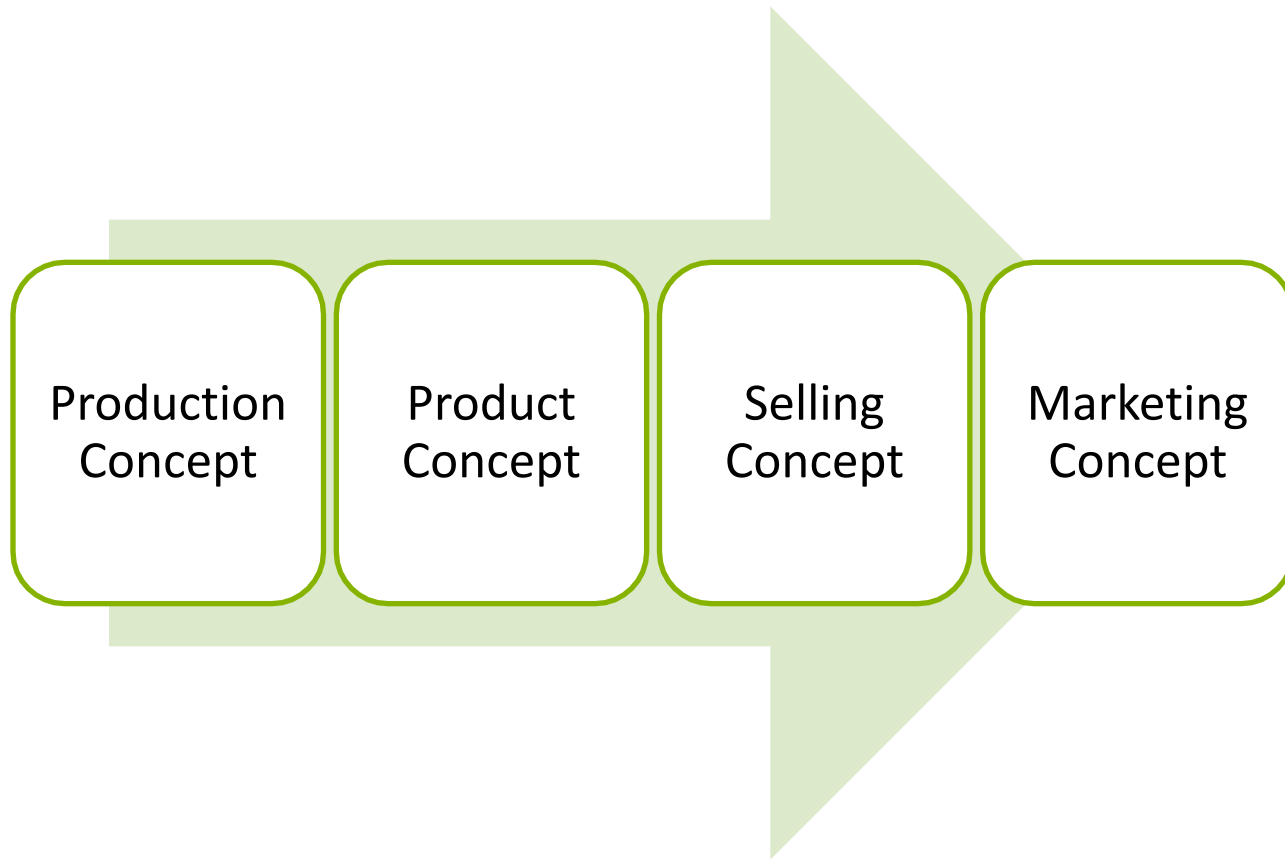
The essence of marketing consists of satisfying consumers' needs, creating value, and retaining customers.

Marketing Concept Application

How does Classico's ad relate to the marketing concept?



Development of the Marketing Concept



Marketing Concept Requirements

- Consumer Research
- Market Segmentation, Targeting and Positioning
- The Marketing Mix (4 Ps)
 - Product or service
 - Price
 - Place
 - Promotion

Socially Responsible Marketing

What is the societal marketing concept?



Learning Objective 1.2

1.2 To understand how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.

Consumers Have Embraced Technology

FIGURE 1.5

The Ownership of Technological Gadgets across Age Groups (percentages)

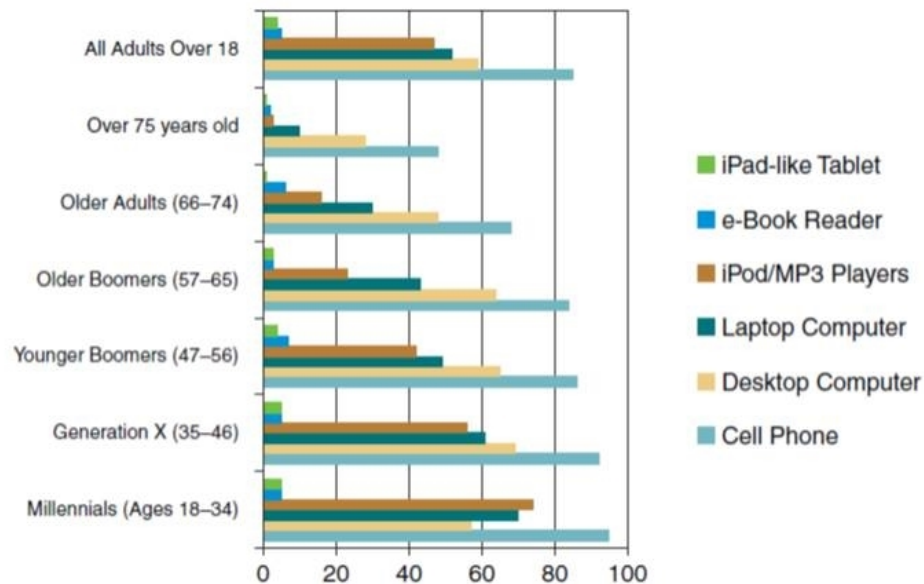
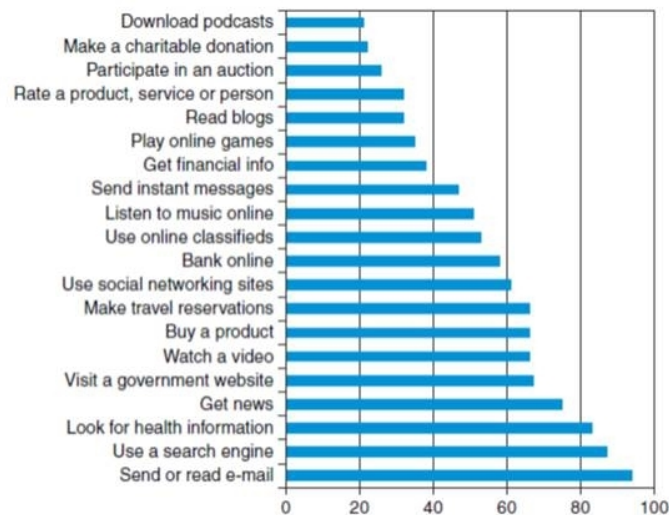


FIGURE 1.6

Americans' Most Prominent Online Activities (percentages)



Behavior Information and Targeting

	NOVO	DELONEX	TOME
Size	3.9" × 4.8	3.5" × 4.9	4.0" × 4.1
Weight	7.8 ounces	7.5 ounces	8.6 ounces
Touch Screen	Some models	No	All models
Screen Pixels	600 × 800	758 × 1024	1200 × 1600
Memory	8 GB	16 GB	16 to 64 GB
Battery Life	Up to 8 hours	Up to 11 hours	Up to 12.5 hours
Bookstore	Amazon	Amazon	Amazon and Sony
3G Phone	Available with selected providers	Available with selected providers	Available with all US providers
Overseas Capacity	Yes (roaming charges apply)	No	No
Content Storage	Free <i>CloudNovo</i> storage for Novo content	Free <i>DeLonex.Sky</i> for DeLonex content	Free storage for content and address book, calendar, and bookmarks
Price	\$ 199	\$ 279	\$ 359

FIGURE 1.7 Comparing E-Readers

- Specialized information exchanges and cookies
- Consumer access to information; product comparisons

Discussion Question

How does technology affect the Marketing Mix?

Provide examples:

- Interactive and novel communication channels
- Customizing products and promotional messages
- Better prices and distribution

Learning Objective 1.3

1.3 To understand the interrelationships among customer value, satisfaction, and retention, and technology's revolutionary role in designing effective retention measures and strategies.

Successful Relationships

Customer value

High level of
customer
satisfaction

Customer
retention

Successful Relationships

Value, Satisfaction, and Retention

- Customer Value
 - Customer Satisfaction
 - Customer Retention
- Defined as the ratio between the customer's perceived benefits and the resources used to obtain those benefits
 - Perceived value is relative and subjective
 - Developing a value proposition is critical

Discussion Questions

- How does McDonald's create value for the consumer?
- How do they communicate this value?



Successful Relationships

Value, Satisfaction, and Retention

- Customer Value
- Customer Satisfaction
- Customer Retention

- The individual's perception of the performance of the product or service in relation to his or her expectations.
- Customer groups based on loyalty include loyalists, apostles, defectors, terrorists, hostages, and mercenaries

Successful Relationships

Value, Satisfaction, and Retention

- Customer Value
- Customer Satisfaction
- Customer Retention

- The objective of providing value is to retain highly satisfied customers.
- Loyal customers are key
 - They buy more products
 - They are less price sensitive
 - Servicing them is cheaper
 - They spread positive word of mouth

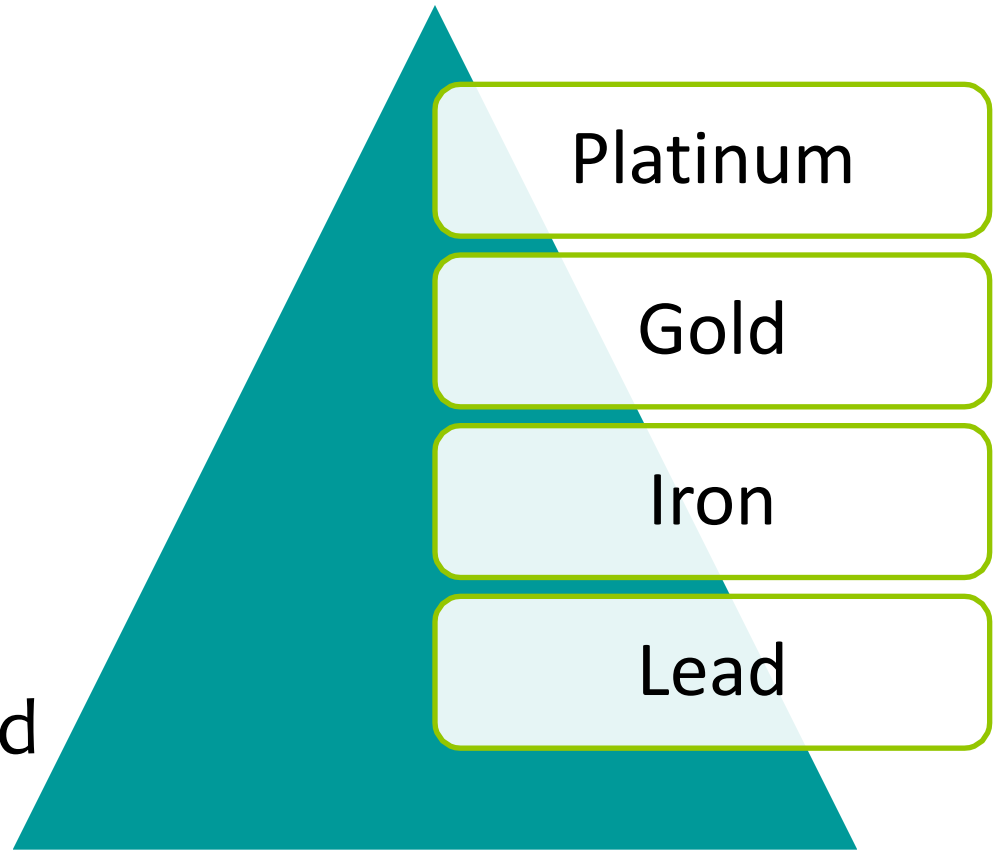
Technology and Customer Relationships

For Discussion:

- Provide two examples where brands used technology to engage consumers/enhance customer relationships.
- Provide two examples where technology was used to add value to the consumer.

Customer Profitability-Focused Marketing

- Tracks costs and revenues of individual consumers
- Categorizes them into tiers based on consumption behavior
- A customer pyramid groups customers into four tiers



Profitability-Focused Segmentation

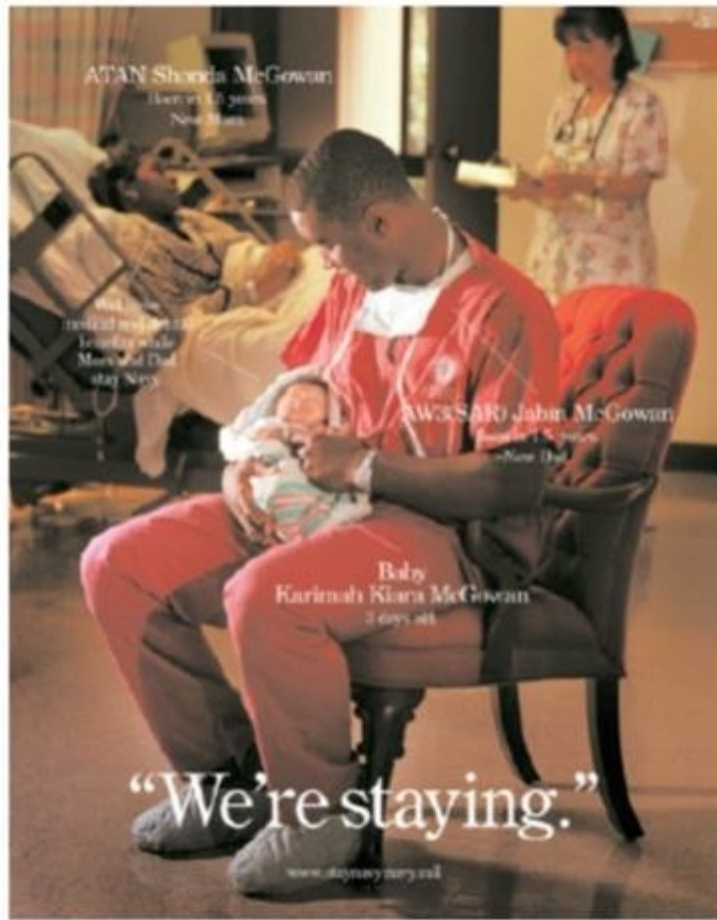
Miles Travelled Annually and Matching Revenues

Airplane's Class and Matching Revenues Per Mile		At least 250,000 miles	At least 150,000 miles	At least 100,000 miles
	First Class (\$ 4 per mile)	\$ 1,000,000 DIAMOND	\$ 600,000 EMERALD	\$ 400,000 EMERALD
	Business Class (\$ 2 per mile)	\$ 500,000 EMERALD	\$ 300,000 SAPPHIRE	\$ 200,000 SAPPHIRE
	Premium Economy (\$ 0.6 per mile)	\$ 150,000 ELITE	\$ 90,000 SELECT	\$ 60,000 SELECT
	Economy (\$ 0.3 per mile)	\$ 75,000 SELECT	\$ 45,000	\$ 30,000

Discussion Questions

- What is the difference between emotional and transactional bonds?
- Identify and describe four of the eleven determinants of customer satisfaction with online merchants. Characterize each selected determinant as primarily driven by emotion or stemming from the mechanics of the transaction.

Why is Internal Marketing Important?



Learning Objective 1.4

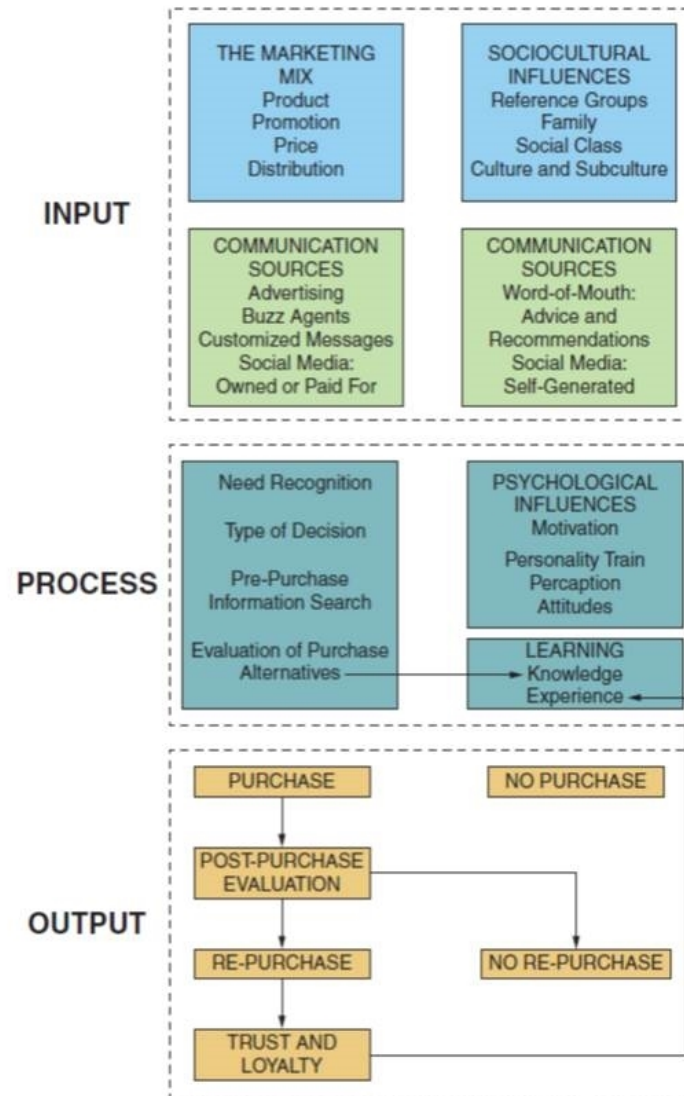
1.4 To understand consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.



Consumer Decision Making

- Inputs
 - Firm marketing efforts
 - Sociocultural influences
- Process
 - Psychological factors
 - Need Recognition, Decision Type, Prepurchase Search, Evaluation of Alternatives
 - Learning
- Outputs
 - Purchase
 - Post-purchase evaluation

Consumer Decision Making





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