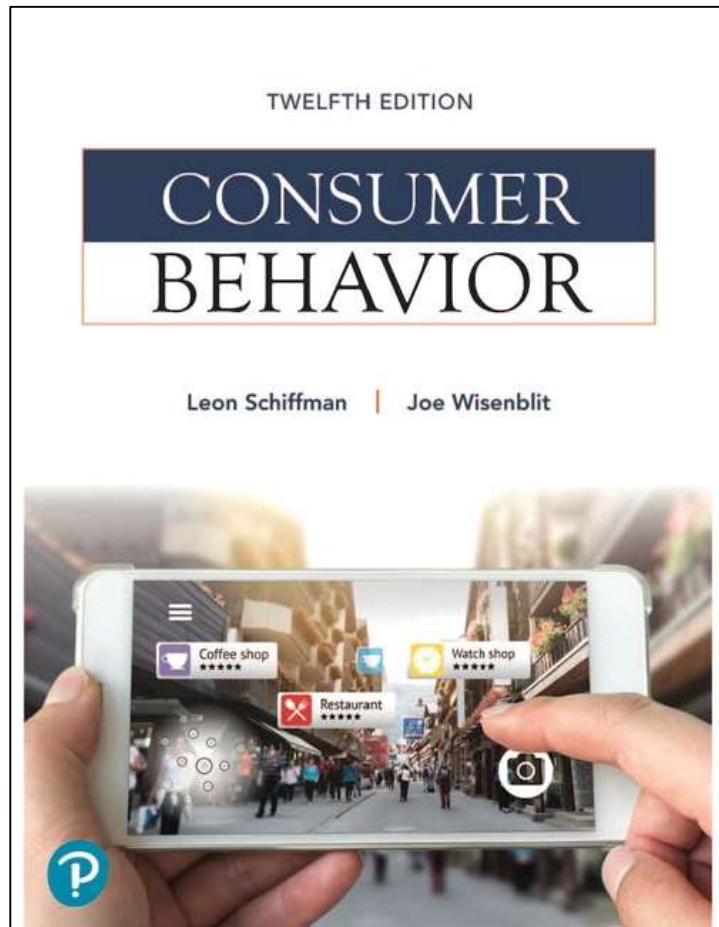


Consumer Behavior

Twelfth Edition



Chapter 1

Consumer Behavior and Technology

Learning Objectives

- 1.1** To understand the evolution of the marketing concept, what consumer behavior is, and the components of strategic marketing.
- 1.2** To understand how technology has benefited both marketers and consumers.
- 1.3** To understand providing value and satisfaction and how technology has enhanced customer loyalty and retention.
- 1.4** To understand marketers' social and ethical responsibilities.
- 1.5** To understand consumer decision-making as the foundation of this book.
- 1.6** To explain how the knowledge of consumer behavior advances seeking employment after graduation.

Marketing

Defined

Marketing is the activity, set of institutions, and processes for creating, communicating, and delivering offerings that have value for customers, clients, partners, and society.

Consumer Behavior

Defined

Consumer behavior is the study of consumers' choices during searching, evaluating, purchasing, and using products and services that they believe would satisfy their needs.

What Can a Car Help Express About its Owner?



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.

PORSCHE INTELLIGENT PERFORMANCE



PORSCHE

Vices and Virtues

- Presence of healthy food option “licensed” consumers to eat unhealthy food
- Estimated burger calories decreased over 100 calories when accompanied by three celery sticks.
- How and why do consumers make decisions based on other factors than facts and rationality?

Learning Objective 1.1

1.1 To understand the evolution of the marketing concept, what consumer behavior is, and the components of strategic marketing.

Marketing Concept

Defined

The premise that marketing consists of satisfying consumers' needs, creating value, and retaining customers, and that companies must produce only those goods that they have already determined would satisfy consumer needs and meet organizational goals.

Marketing Concept Application

How does the Vans ad relate to the marketing concept?



Development of the Marketing Concept

- Production Concept
- Product Concept
- Selling Concept
- Marketing Concept

Marketing Myopia

- Short-sighted approach where companies “look in the mirror instead of out the window”
- In other words, managers focus on the product, not the needs it is designed to fulfill

Marketing Concept Requirements

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

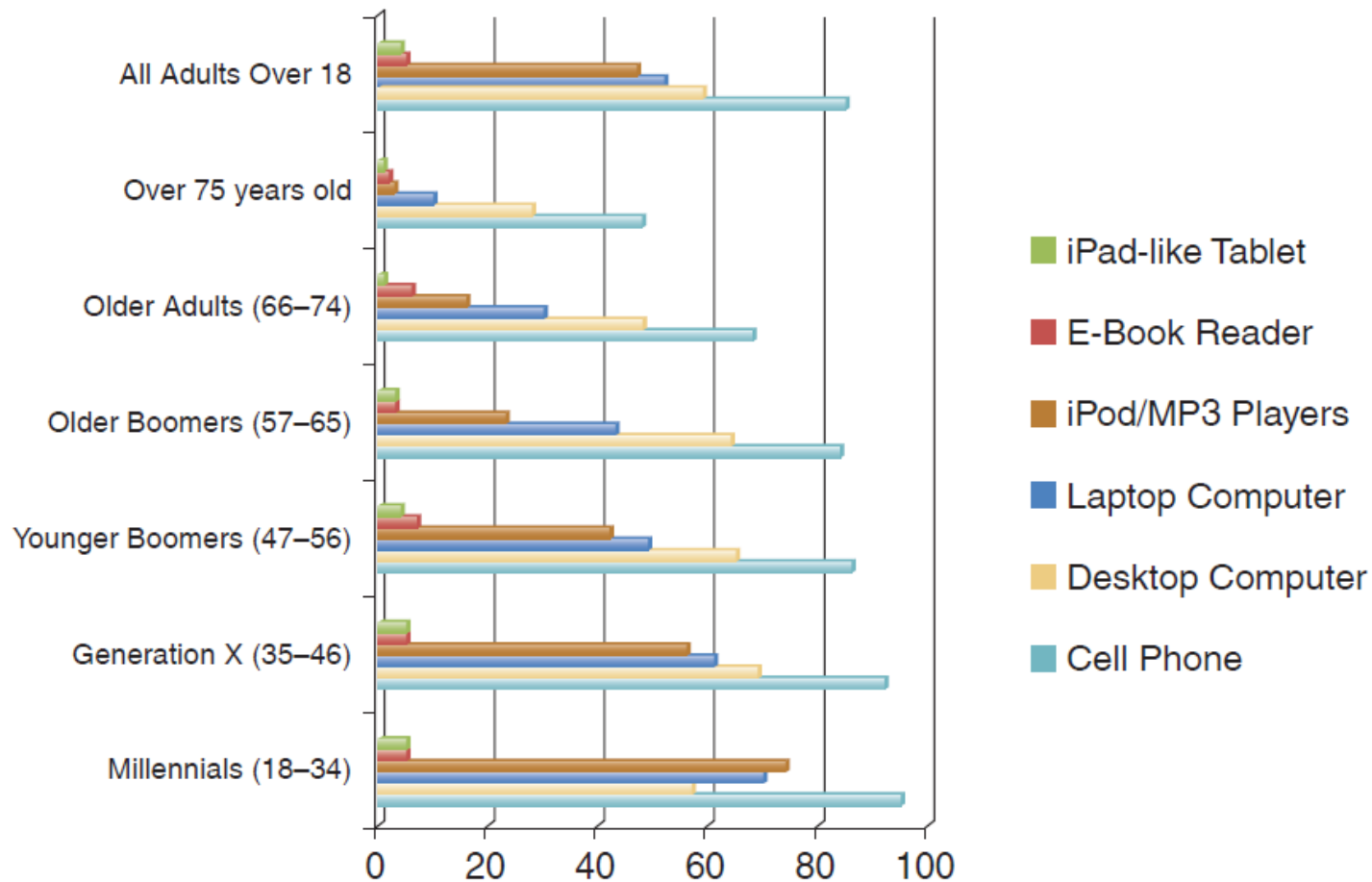
Learning Objective 1.2

1.2 To understand how technology has benefited both marketers and consumers.

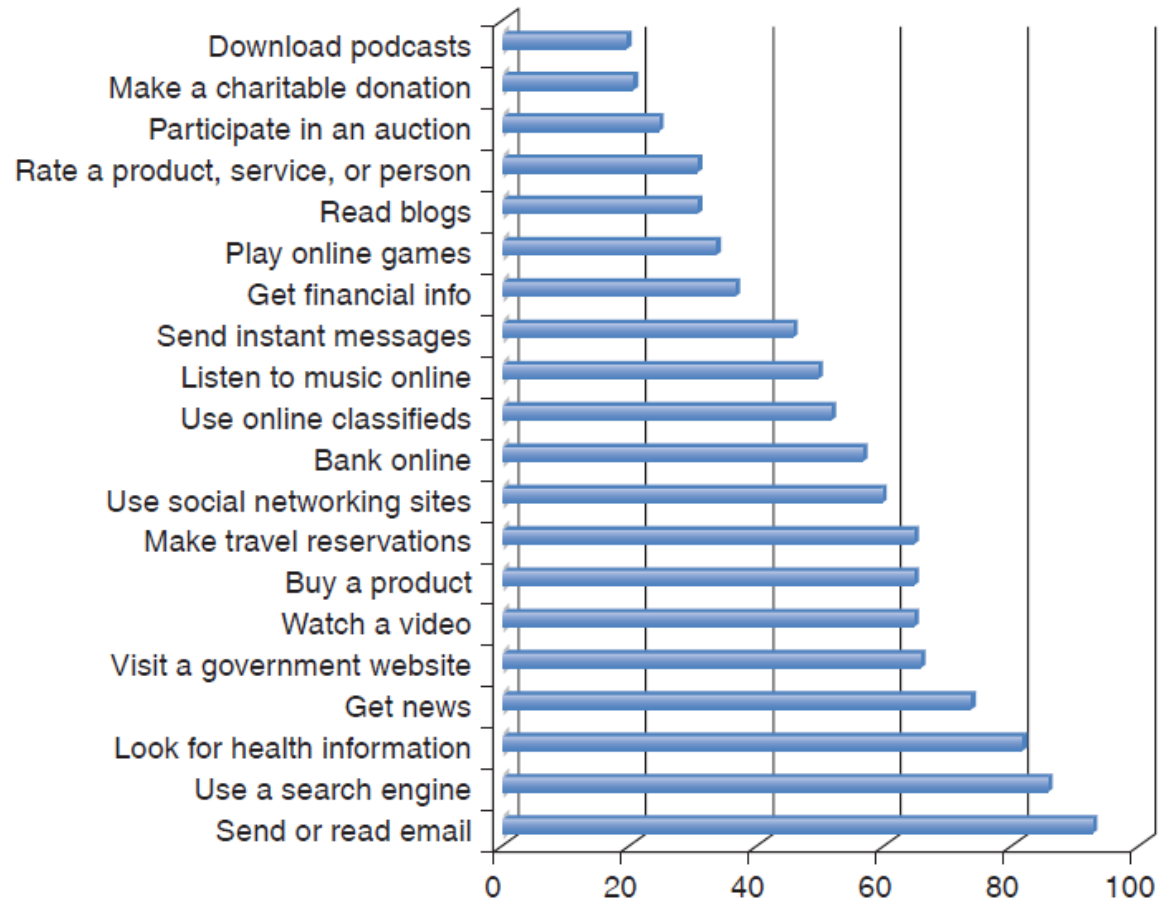
Value Exchange

- Technologies create a value exchange
- Technology makes it easier to shop and access information, entertainment, and customized products
- Consumers pay for content with information about themselves

Consumers Have Embraced Technology



Most Prominent Online Activities



More Precise Targeting

- Cookies
- Global Positioning Systems (GPS)
- Selfies
- Interactive communications

Cross-Screen Marketing

Defined

A promotional strategy that consists of tracking and targeting users across their computers, mobile phones, and tablets, and sending them personalized ads based on their interests, as observed by marketers.

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 providing value and satisfaction and how technology has enhanced customer loyalty and retention.

Successful Relationships (1 of 3)

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 (2 of 3)

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 (3 of 3)

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

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.

Forms of Engagement

- Emotional Bonds
 - Personal commitment and attachment
 - Social media attempts to get consumers to engage emotionally with products and brands
- Transactional Bonds
 - Mechanics and structures that facilitate exchanges between consumers and sellers
 - Factors like assortment and transaction ease could shape the relationship

Determinants of Site Satisfaction

- Adaptation
- Interactivity
- Nurturing
- Commitment
- Network
- Assortment
- Transaction ease
- Engagement
- Loyalty
- Inertia
- Trust

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

Measures of Customer Retention

- Customer valuation
- Retention rates
- Analyzing defections

Review Question

- 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.

Learning Objective 1.4

1.4 To understand marketers social and ethical responsibilities.

Social Responsibility

- Companies incorporate social goals into their mission statements
- Marketing ethics and social responsibility can shape organizational effectiveness
- Socially responsible activities improve image among stakeholders

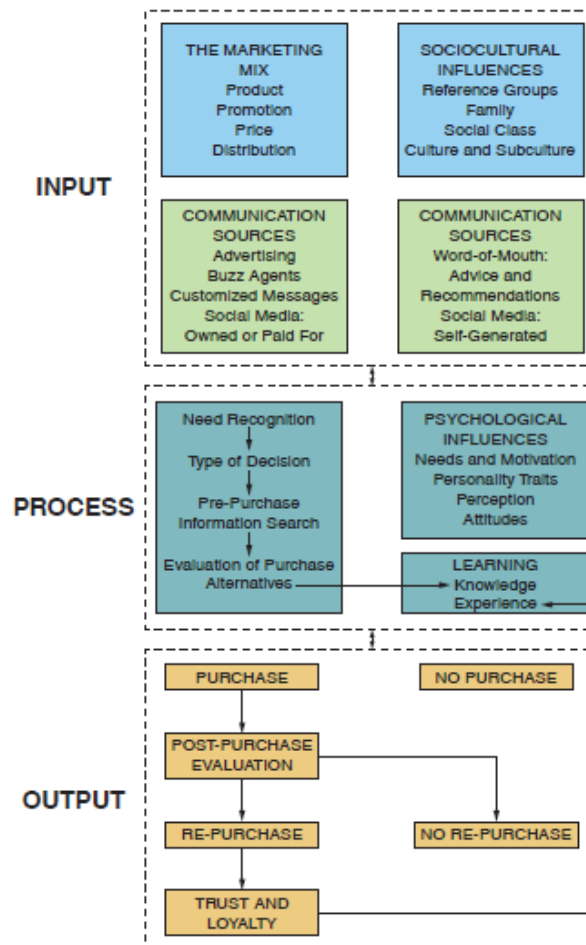
Learning Objective 1.5

1.5 To understand consumer decision-making as the foundation for this book.

Consumer Decision Making (1 of 2)

- 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 (2 of 2)



Learning Objective 1.6

1.6 To explain how knowledge of consumer behavior advances seeking employment after graduation.

Employment Opportunities

- Brand management
- Advertising
- Consumer research

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