

Concept Details: Week 1

Introduction to Consumer Behaviour

Learning Objectives:

1. What is CB and Why Should I Care?
2. Value and the Consumer Behavior Value Framework

Consumer behaviour & The Basic CB Process:

Consumer behavior is the set of value-seeking activities that take place as people go about addressing and attempting to address real needs. In other words, when a consumer is motivated by a need, a process kicks in as the consumer sets out to find desirable ways to fill this need. The process involves multiple psychological events, including thinking, feeling, and behaving, and the entire process culminates in value. If it's successful, the process creates sufficient value to address the need that began the process.

The figure illustrates the basic consumption process. Consider an example of a social media consumer.

At some point, the consumer realized a need to more conveniently access outside media, such as Snapchat, Viber, and email, via the Internet. The realization of this need may be motivated by a desire to have better access to friends and family, to more quickly post news about personal activities, or some combination of reasons. The realization of a need creates a want.

Realizing the need, the consumer decides to visit an electronics retailer like Harvey Norman. After looking at several alternative devices and talking it over with a salesperson, the consumer selects the iWatch.

The consumer then uses the product and experiences all the associated benefits and costs associated with consumption. **Benefits** are positive results of consumption experiences. The benefits are multifaceted, ranging from easier text, email, and social network access, and benefits from other smartwatch apps that do things like monitor heart rate and calories consumed. Other tacit benefits may exist for some consumers who like the fact that other consumers notice and admire the smartwatch.

Over time, the consumer evaluates the costs and benefits and reacts to the purchase in some way. These reactions involve thoughts and feelings. The thoughts may involve reactions to features such as the ease of use. The feelings may sometimes include frustration if the features do not work correctly or conveniently. Ultimately, the process results in a perception of value.



Consumer Behaviour as a Field of Study:

Consumer behavior as a field of study represents the study of consumers as they go through the consumption process. In this sense, consumer behaviour is the science of studying how consumers seek value in an effort to address real needs.

Like other fields of study, CB has family ties with other disciplines. The figure displays the relationship between CB and other disciplines. Research in various disciplines produced relevant knowledge for marketers seeking to understand consumers. The exhibit displays the overlapping nature of CB and marketing; other fields that sometimes contribute to and to which CB sometimes contributes are also shown. A few of these disciplines share a special bond with CB.. CB shares particularly strong interdisciplinary connections with economics, psychology (particularly social psychology), marketing, and anthropology.

CB Field's Role in Business, Society, and for Consumers:

Multiple reasons for studying consumer behaviour exist. Each perspective provides unique and interesting opportunities for study. CB is important in at least three ways:

- CB provides an input to business/marketing strategy.
- CB provides a force that shapes society.
- CB provides an input to making responsible decisions as a consumer.

Consumer Behaviour and Marketing Strategy:

In **undifferentiated marketing**, the same basic product is offered to all customers. Mass merchandisers typify undifferentiated marketers in that they rely on selling a high volume to be successful. As such, they focus on serving very large segments in which consumers do not have specific desires (are not picky). An example for this is the **model T** Ford. When Henry Ford introduced the Ford Automobile which was one of the first examples for the common man's car, he offered one model to the market with one color option, black.

Differentiated marketers serve multiple market segments, each with a unique product offering. A market orientation usually serves a differentiated marketer well. The emphasis here is on matching a product with a segment. Examples for this include the different Ford cars available today including the **Ford Mustangs for the speed** loving consumer segment, the **Ford Falcons** for the tradies and the **Ford Focus for sedan** customers.

Firms that specialize in serving one market segment with particularly unique demand characteristics practice **niche marketing**. Niche marketers may be consumer oriented. However, some niche marketers are product oriented and produce a product that has unique appeal within a segment. An example for this include the Rolls Royce which is aimed at a Niche market – the elite or the luxury segment of consumers.

Consumer Behaviour and Society:

The things that people buy and consume end up determining the type of society in which we live. Things like customs, manners, and rituals all involve consumption—value-producing activities. Certainly, not every society around the world is the same. Just think about the ways we eat and the types of food consumed around the world. Additionally, when governments create laws that govern the way we buy and consume products, consumer behavior is involved. Thus, consumer behavior creates the society in which we live and serves as an important source of input to public policy in a free society.

Cognitive Dissonance and Satisfaction

Satisfaction and cognitive dissonance are closely related topics. The major difference between the two concepts is that satisfaction is generally felt *after* a consumption experience but dissonance may be experienced even before consumption begins.

Problems commonly applied to satisfaction measures:

Consumer Satisfaction/Dissatisfaction Measurement Issues

There are many ways that marketers can measure consumer satisfaction. **Three popular ways are as follows:**

Direct, Global Measure: Simply asks consumers to assess their satisfaction on a scale.

Attribute-Specific: Assesses a consumer's satisfaction with various components, or attributes, of a product, service, or experience.

Disconfirmation: Compares the difference between expectations and performance perceptions. This measure can be taken in a direct, subjective fashion.

Disposing of products:

Disposal Decisions

A final step in consumption is disposal of any consumer refuse. **Consumer refuse** is any packaging that is no longer necessary for consumption to take place or, in some cases, the actual good that is no longer providing value to the consumer.

A number of disposal alternatives are available. These include the following:

- **Trashing:** One alternative that a consumer has is to simply throw away waste material including unused products, packaging, and by-products. There are environmental concerns with this alternative.
- **Recycling:** Another alternative for consumers is to recycle used products or packaging. Recycling cuts down on garbage while providing raw materials for other new products.
- **Converting:** Consumers can convert products or product packaging into new products in a number of creative ways. For example, consumers often use old t-shirts and socks as car-wash rags.
- **Trading:** Another alternative for consumers is to trade in old products for new products. The automotive industry has encouraged this practice for years.
- **Donating:** Consumers also have the ability to donate used products to various causes. Eyeglasses, clothing, etc. are often donated in order to help other consumers who may not be able to afford new products.
- **Reselling:** One of the most popular methods for permanently disposing of used products is to simply sell them. Garage sales and swap meets are popular means of disposing of products in this way.