

Consumer Behaviour Notes Sem 1, 2015

PREVIEW NOTES (HD RESULT)

Please note this document is only a PREVIEW and includes only minimal content.

Week 2

What is Marketing Strategy?

- organisation - human need * - sustainable advantage = core values

→ Strengths/weaknesses, competitors are reference point to gain more resources/capabilities

The **process** of matching org strength's to the customer needs, with the aim of achieving a competitive advantage in the market.

The Goal of Marketing Strategy:

- The goal is the **COMPETITIVE ADVANTAGE**
 - limits competition, leads to supernormal profits
- Competitive advantage:
 - utility
 - uniqueness
 - no limitation

→ Find something no one else has and make the customer WANT that difference (understanding customer needs)

Elements of Marketing Strategy:

- Marketing strategy process:
 1. **Segmentation**: determine

Why Empathise Goals?

- Goals are the desired states. Play a central role in consumer decision process.
- Goals influence all aspects of consumer decision making including: Problem perception, search and information evaluation, preference formation, motivation, attitude, personality, and the post purchase satisfaction.

Goals hierarchy: - meta-goals - goals - objectives

Implication of Goals

- The central role of consumer goals means that consumption is not an end in itself. Rather, it is a means to achievement of goals.
 - o Marketing implications: relevance of goals, which match org's strengths
 - o Consumer implications: (free) selection of goals important to happy existence

Implication of Goals

- **Involvement**: how important the decision is to the consumer. High value goals lead to high involvement in the decision process.

- **High-involvement:** associated with – high goal value – high risk – infrequent purchase

PREVIEW Final Exam Articles: ALL SUMMARISED

Week 2: Consumer Behaviour and Marketing Strategy

1. Dobni, B., Dobni, D., & Luffman, G. (2001). Behavioral approaches to marketing strategy implementation. *Marketing Intelligence & Planning*, 19(6/7), 400-408.

Summary:

Value differentiation and superior performance today and in the future will be defined and sustained through distinctive capabilities possessed by employees. The organization's culture will be the interface between the employees and the environment that will foster the internal behaviours necessary to develop a continuous cycle of innovation, and the external relationships necessary to build sustainable customer loyalty and commitment.

These approaches to strategy implementation foster a competitive position by leveraging on the distinctive skills and capabilities of employees and then selectively directing these competencies as a basis to compete in the marketplace.

Week 5: Preference Construction: Information Search and Evaluation

1. Huffman, C., & Houston, M.J. (1993). Goal-oriented experiences and the development of knowledge. *Journal of Consumer Research*, 20(2), 190-207.

Summary: This research investigates the learning that occurs throughout several information acquisition and choice experiences. The effects of three factors that may naturally vary in consumer experiences are studied: a consumer's goals, how much the consumer knows about the product's features prior to information acquisition and choice, and the content of feedback received after choice. Results show that the information consumers learn is organized in memory around the goal(s) that drives the experiences. Further, higher levels of prior feature knowledge result in more accurate knowledge after experience, but, contrary to predictions, subjects with no prior feature knowledge are quite adept at focusing on their goal in the choice process and at learning goal-appropriate information. The presence of feedback and its consistency with a consumer's goal are also shown to affect the goal orientation and organization of brand and feature knowledge gained during choice experiences.

PREVIEW Final Exam Sample Questions and Answers

Discuss how you can use your understanding of emotions to affect consumer behaviour

Emotion is a sub cortex level response to a stimulus and they trigger generalised behaviours to given stimuli. Emotions can be used to guide product positioning, sales and advertising. Emotion arousal includes the motives aroused by emotional factors and can be seen as a product benefit.

Emotional response has three components that interact to control behaviour, including arousal, experience and expression. Each of these responses contains a control feedback mechanism. Arousal is the motivation component in emotional and determines the intensity of experience. Evaluation of a stimulus in relation to the goal determines the quality of the emotional response. Emotional experience is the experience of the motivational potential. Processing of stimulus information in the neocortex moderates the expression of emotions; it has an inhibitory function.

Emotions are strong, relatively uncontrollable feelings that affect behaviour. Emotions occur when environmental events or mental processes trigger physiological changes, including increased perspiration, eye-pupil dilation, increased heart and blood pressure rate, and elevated blood-sugar levels. These changes are interpreted as specific emotions based on the situation. They affect consumers' thoughts and behaviours. Marketer's design and positioning product to both arouse and reduce emotions. Advertisements include emotion-arousing material to increase attention, degree of processing, and remembering and brand preference through either classical conditioning or direct evaluation.

With this knowledge we can target a product to a consumer to ensure it will arouse them and verify their brand preference. This ultimately results positive cognitive thoughts towards the brand, such as Samsung's Galaxy S4 emotional ad campaign, appealing to the feeling of family and love.

PREVIEW Online Quiz 1: Collated Possible Answers Question Pool

1. Sarah is doing her weekly shopping at Costco. Which of the following decisions does she exhibited decision-making?
 - a. While walking down the aisle, she immediately puts a bottle of Coke in her trolley.
 - b. **When buying new toothpaste, the Sensodyne brand caught her eye over the Colgate Whitening Toothpaste as she has had sensitive teeth in the last couple of days.**
 - c. She went to the milk aisle to purchase Dairy Farmers milk but saw the A2 milk was marked down causing her to assess her options before purchasing her usual Dairy Farmers milk.

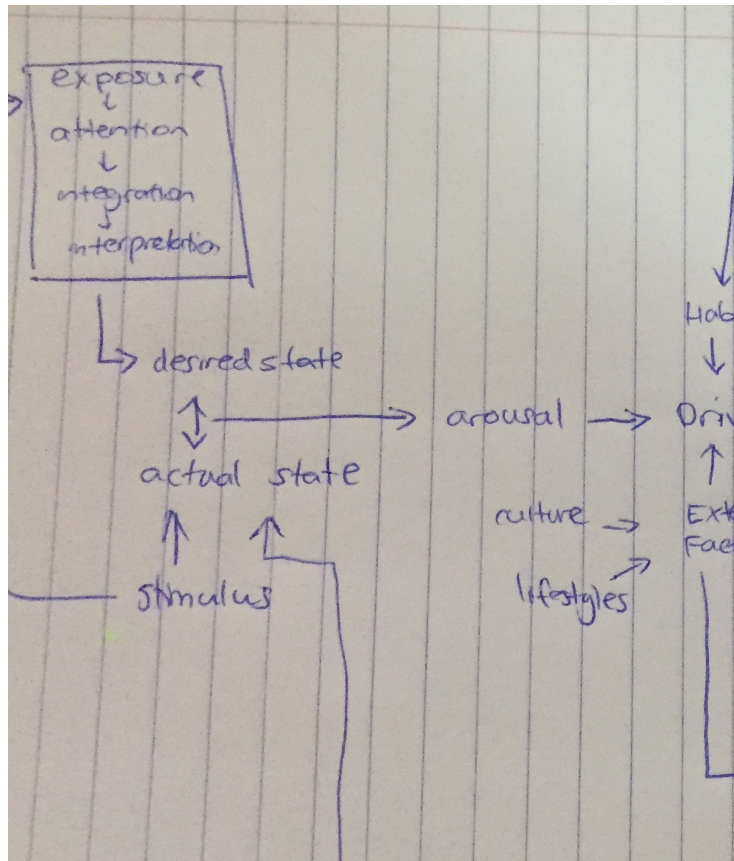
- d. After researching the night before, Sarah goes to the electronics department, assesses the laptop stocked, asks the sales assistant on her opinion and then finally purchases a HP.
 - e. At the check out, Sarah notices that there is no Spearmint Extra Gum available so she decides not to buy gum.
2. When the iPhone 6 was launched on September 2014, the line outside Apple's 5th Avenue Store in New York stretched for 12 blocks with people even sleeping in boxes. Which of the following attributes best highlights the way in which Apple uses abstract goals to change an inactive goal into a need for the consumer?
- a. IOS software, big screen and the colour of the phone
 - b. Social media hype, loyal customer and functionality
 - c. Used as a company device, big screen and functionality
 - d. IOS software, loyal customer and social acceptance
 - e. **Apple company, social acceptance and innovation**
3. According to Leith and Riley, which of the following characteristics of Estée Lauder's new sales sections in Harrod's stores reflects their recognition of customer's different Need States while shopping?
- 1. Sections without salespeople for trying their products more privately.
 - 2. Having a new, easy-to-navigate layout for their product layout.
 - 3. Updating the colour schemes of their sections to more positive affect consumer moods.
 - 4. Having counters with clerks to give advice and information on the product.
- a. 1 & 2
 - b. 3 & 4
 - c. **1 & 4**
 - d. 2 & 3
 - e. All of the above
4. Why is it important to understand consumer goals?
- a. To understand the processes they use to select, use and dispose a product or a service.
 - b. To gain insights to their emotional, psychological processes as consumers towards the product/services that are on the market.
 - c. To create a marketing strategy to promote and place their products in-line with consumer's needs.
 - d. To predict a response behaviour of the consumer.
 - e. **It is fundamental knowledge to predict consumer behaviour, purchasing patterns, involvement and motivation.**

PREVIEW FINAL EXAM Model Essay

DIAGRAM ON LAST PAGE

The first part of the CB model that needs to be explicitly stated is that the model is continuous, one part cannot happen independently and thus there is no defined "starting point". Secondly, the entire process is encapsulated in the "need state" as the state in which the person is, changes not only the way they may perceive and search information but also in the choices they make.

The starting point of the above model of CB is at exposure to new stimuli. At this point the stimuli simply comes into contact with the consumers sensory receptors. This information is not necessarily heavily considered by the consumer and is just stored. Upon **attention**, the consumer is consciously aware of the stimuli. This prompts the process of problem recognition. At this point, the consumer develops a desired state, which ultimately devalues their actual (ie: current) state. As such, arousal of the need state occurs. As **Venkatesh** (1990) states: "the presence of needs is considered a necessary condition for almost any purchase...".



Preview CB Model, the rest is in full document.