

## Consumers and the Marketing Concept

Dr Grazyna Rembielak

SGGW Erasmus July 2014

University of  
**Salford**  
MANCHESTER

## What is Consumer Behaviour?

*The behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs (Schiffman and Kanuk, 2010)*

*The study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires (Solomon et al., 2013)*



Adapted from Pearson Education powerpoint slides (Solomon, 2013), (Schiffman and Kanuk, 2010), Inc. publishing as Prentice Hall

University of  
**Salford**  
MANCHESTER

## Fig.1 Development of the Marketing Concept

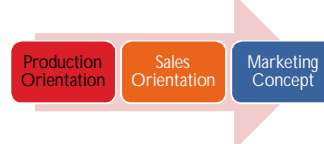


Schiffman and Kanuk (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of  
**Salford**  
MANCHESTER

## Production Orientation

- From the 1850s to the late 1920s
- Companies focus on production capabilities
- Consumer demand exceeded supply

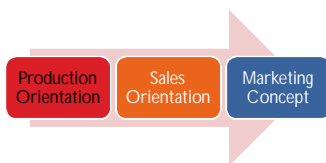


Schiffman and Kanuk (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of  
**Salford**  
MANCHESTER

## Sales Orientation

- From the 1930s to the mid 1950s
- Focus on selling
- Supply exceeded customer demand



Schiffman and Kanuk (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of  
**Salford**  
MANCHESTER

## Marketing Concept

- 1950s to current - Focus on the customer!
- Determine the needs and wants of specific target markets
- Deliver satisfaction better than competition



Schiffman and Kanuk (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of  
**Salford**  
MANCHESTER

## Societal Marketing Concept



- Considers consumers' long-run best interest
- Good corporate citizenship

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## The Marketing Concept

### Embracing the Marketing Concept

- Consumer Research
  - Segmentation
  - Market Targeting
  - Positioning
- The process and tools used to study consumer behavior



Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## The Marketing Concept

### Implementing the Marketing Concept

- Consumer Research
  - Segmentation
  - Market Targeting
  - Positioning
- Process of dividing the market into subsets of consumers with common needs or characteristics

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Discussion

1. What products that you regularly purchase are highly segmented?
2. What are the different segments?
3. Why is segmentation useful to the marketer for these products?

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## The Marketing Concept

### Implementing the Marketing Concept

- Consumer Research
  - Segmentation
  - Market Targeting
  - Positioning
- The selection of one or more of the segments identified to pursue

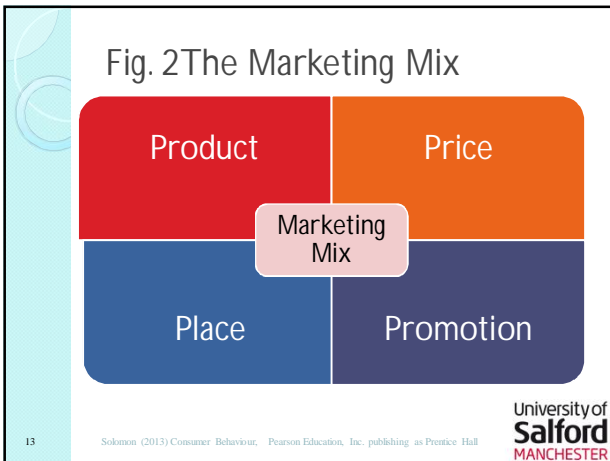
Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## The Marketing Concept

### Implementing the Marketing Concept

- Consumer Research
  - Segmentation
  - Market Targeting
  - Positioning
- Developing a distinct image for the product in the mind of the consumer
  - Successful positioning includes:
    - Communicating the benefits of the product
    - Communicating a unique selling proposition

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall



### Successful Relationships

*Value, Satisfaction, Trust, and Retention*

- Customer Value
- Customer Satisfaction
- Customer Trust
- 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

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

### Discussion

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

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

### Successful Relationships

*Value, Satisfaction, Trust, and Retention*

- Customer Value
- Customer Satisfaction
- Customer Trust
- 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

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

### Successful Relationships

*Value, Satisfaction, Trust, and Retention*

- Customer Value
- Customer Satisfaction
- Customer Trust
- Customer Retention

- Establishing and maintaining trust is essential.
- Trust is the foundation for maintaining a long-standing relationship with customers.

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

## Successful Relationships

### Value, Satisfaction, Trust, and Retention

- Customer Value
- Customer Satisfaction
- Customer Trust
- 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

19

Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

Tab. 2 Top 10 Ranked U.S. Companies in Terms of Consumers' Trust and Respect of Privacy

Top 10 Companies
• American Express
• eBay
• IBM
• Amazon
• Johnson & Johnson
• Hewlett-Packard
• U.S. Postal Service
• Procter and Gamble
• Apple
• Nationwide

20

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

THE TRADITIONAL MARKETING CONCEPT	VALUE- AND RETENTION-FOCUSED MARKETING
Make only what you can sell instead of trying to sell what you make.	Use technology that enables customers to customize what you make.
Do not focus on the product; focus on the need that it satisfies.	Focus on the product's perceived value, as well as the need that it satisfies.
Market products and services that match customers' needs better than competitors' offerings.	Utilize an understanding of customer needs to develop offerings that customers perceive as more valuable than competitors' offerings.
Research consumer needs and characteristics.	Research the levels of profit associated with various consumer needs and characteristics.
Understand the purchase behavior process and the influences on consumer behavior.	Understand consumer behavior in relation to the company's product.
Realize that each customer transaction is a discrete sale.	Make each customer transaction part of an ongoing relationship with the customer.

21

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

## Impact of Digital Technologies

### Marketers

- More products and services through customization
- Instantaneous exchanges
- Collect and analyze data

### Consumers

- Power
- Information
- Computers, phones, PDA, GPS, smart TV



22

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

## Fig. 3 The Mobile Consumer

Fig. 3 Penetration of Internet Usage Among Mobile Subscribers in 16 Countries



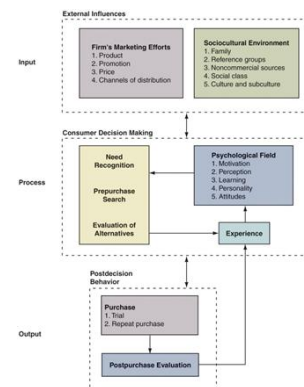
- Wireless Media Messages will expand as:
  - Flat-rate data traffic increases
  - Screen image quality is enhanced
- Consumer-user experiences with web applications improve

23

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

Fig.4 A Simple Model of Consumer Decision Making -

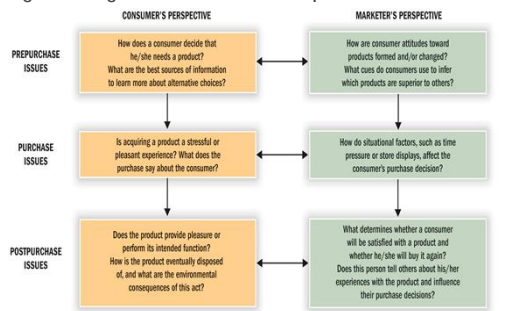


24

Schiffman and Kanak (2010) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

University of Salford MANCHESTER

Fig. 5 Stages in the Consumption Process



Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Actors in Consumer Behavior

A consumer is a person who identifies a need or desire, makes a purchase, and then disposes of the product.

- Purchaser versus user versus influencer
- Organization/group as consumer



Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Two Consumer Entities

### Personal Consumer

- The individual who buys goods and services for his or her own use, for household use, for the use of a family member, or for a friend.

### Organizational Consumer

- A business, government agency, or other institution (profit or nonprofit) that buys the goods, services, and/or equipment necessary for the organization to function.

Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Consumers' Impact on Marketing

Understanding consumer behavior is good business

- Understanding people/organizations to satisfy consumers' needs
- Knowledge and data about customers:
  - Help to define the market
  - Identify threats/opportunities to a brand

Importance of consumer behaviour from different points of view.

- From the perspective of marketing, the study of consumer behaviour is important in helping to forecast and understand consumer demand for products as well as brand preferences.
- From the perspective of consumer policy, it is important to inform consumers about the alternatives open to them and to avoid deceiving them. Consumers also need to gain insight into their own behaviour if they are to spend their income optimally.
- From the perspective of science, the study of consumer behaviour is a rich domain in which to test economic, cognitive, economic-psychological and social-psychological theories.

## Segmenting Consumers: Demographics

Demographics: statistics that measure observable aspects of a population, such as

- Age
- Gender
- Family structure
- Social class/income
- Race/ethnicity
- Geography



Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Segmenting Consumers: Lifestyles

### Psychographics

- The way we feel about ourselves
- The things we value
- The things we do in our spare time



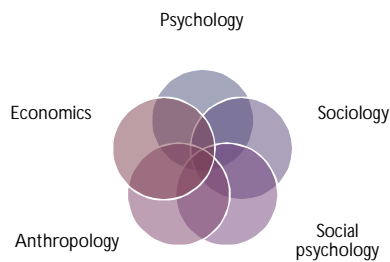
Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Tapping into Consumer Lifestyles

- Relationship marketing: interact with customers regularly; give them reasons to maintain a bond with the company
- Database marketing: tracking specific consumers' buying habits and crafting products and messages tailored precisely to people's wants

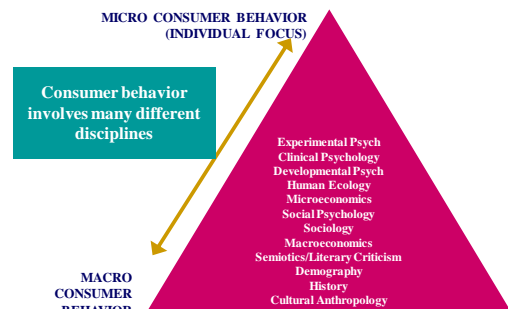
Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Fig. 6 Consumer Behavior Is Interdisciplinary



Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Fig. 7 Disciplines in Consumer Research



Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall

## Tab. 3 Interdisciplinary Research Issues in Consumer Behavior

Disciplinary Focus	Product Role
Experimental Psychology	Perception, learning, and memory processes
Clinical Psychology	Psychological adjustment
Microeconomics/Human Ecology	Allocation of individual or family resources
Social Psychology	Behavior of individuals as members of social groups
Sociology	Social institutions and group relationships
Macroeconomics	Consumers' relations with the marketplace
Semiotics/Literary Criticism	Verbal and visual communication of meaning
Demography	Measurable characteristics of a population
History	Societal changes over time
Cultural Anthropology	Society's beliefs and practices

Solomon (2013) *Consumer Behaviour*, Pearson Education, Inc. publishing as Prentice Hall