

Chapter 1

Consumers Rule

**CONSUMER
BEHAVIOR, 8e**
Michael Solomon



Chapter Objectives

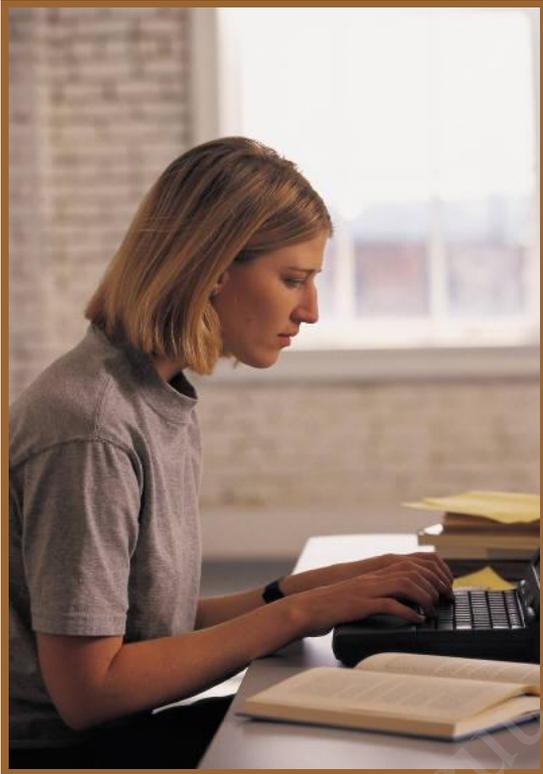
When you finish this chapter you should understand why:

- Consumer behavior is a process.
- Consumers use products to help them define their identities in different settings.
- Marketers need to understand the wants and needs of different consumer segments.
- The Web is changing consumer behavior.
- Consumer behavior relates to other issues in our lives.

Chapter Objectives (cont.)

- Consumer activities can be harmful to individuals and to society.
- Many different types of specialists study consumer behavior.
- There are two major perspectives that seek to understand and study consumer behavior.

Aspects of Consumer Behavior



Gail, business student and consumer

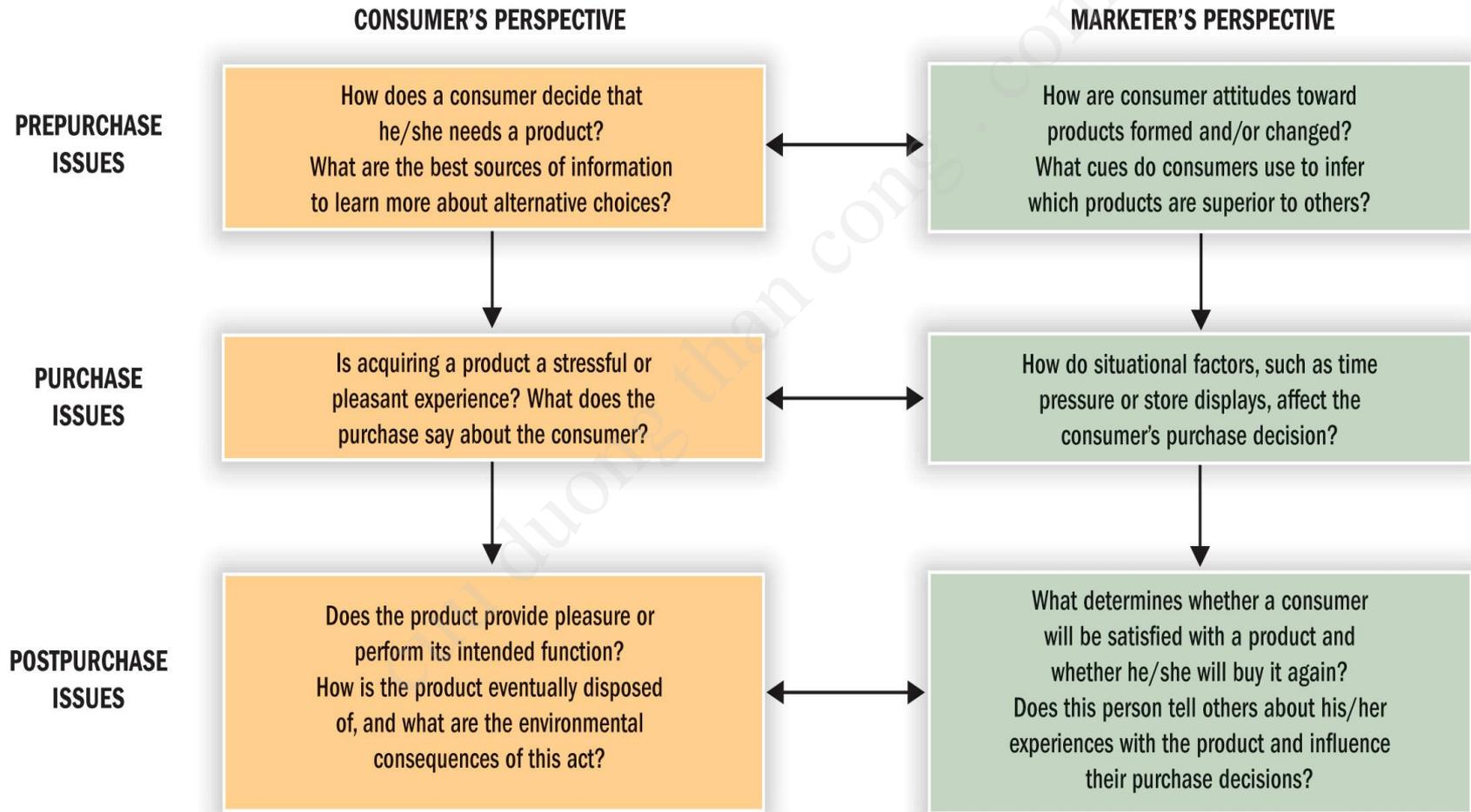
- Segmented by marketers by demographics
 - Market segmentation: targeting a brand to specific groups of consumers
- Influenced by peer groups (such as sorority sisters)
- Exposed to competing brands seeking her loyalty
- Evaluates products by the appearance, taste, texture, smell

What is Consumer Behavior?

Consumer behavior: 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.



Consumer Behavior is a “Process”



Actors in Consumer Behavior

Consumer: 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



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

Segmenting Consumers

- Market segmentation is even more important today
- Promotion budgets used toward more specialized media
 - McDonalds uses ethnic programming, women's blogs, in-store videos for young men
- Marketers build brand loyalty by going after heavy users
 - Taco Bell developed higher-calorie Chalupa for its loyal customers



Hoang Duc Binh, MBA - 2008

CuuDuongThanCong.com



<https://fb.com/tailieudientucnt>

Segmenting Consumers: Demographics

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

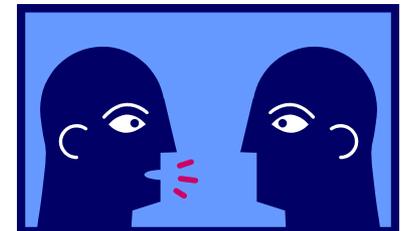
- Age
- Gender
- Family structure
- Social class and income
- Race and ethnicity
- Geography



Discussion

What are some products or services that are widely used by your social group?

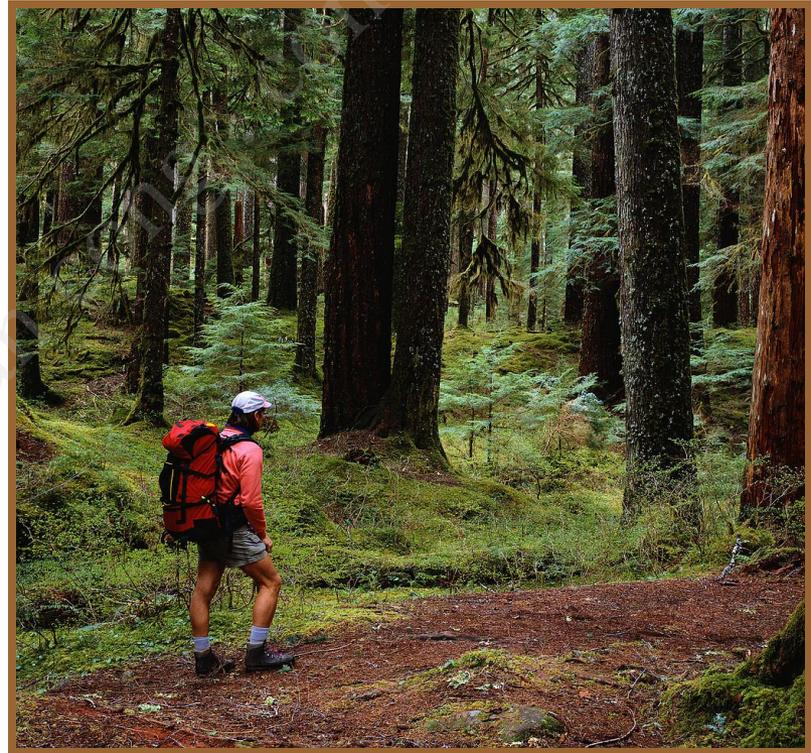
- *Do these products or services help you form bonds with your group? If yes, give examples.*
- *Are there any product or services you would avoid because of the social group you belong to?*



Segmenting Consumers: Lifestyles

Psychographics

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



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

The Meaning of Consumption

- People often buy products not for what they do, but for what they mean
- Consumers can develop relationships with brands:

Self-Attachment Concept

Nostalgic Attachment

Interdependence

Love

The Global Consumer



Global Consumer Culture

- People united by common devotion to:
 - Brand name consumer goods
 - Movie stars
 - Celebrities
 - Leisure activities
- Ubiquitous networks (u-commerce)
- RFID tags

Virtual Consumption

- Impact of the Web on consumer behavior
 - 24/7 shopping without leaving home
 - Instantaneous access to news
 - Handheld devices & wireless communications



↑ [Click photo for Amazon.com](#)

Virtual Consumption (cont.)

- C2C e-commerce
 - Virtual brand communities
 - Consumer chat rooms
- “Wired” Americans spend...
 - Less time with friends/family
 - Less time shopping in stores
 - More time working at home after hours
- But, e-mail can strengthen family ties

Marketing and Reality

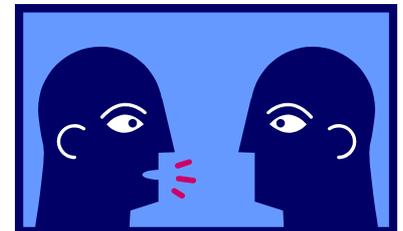
“Blurred boundaries” between marketing efforts and “the real world”

- One Monopoly game “brands” its playing pieces
- Vermont ski resort has “Altoids” gondolas
- San Francisco hotel has a Haagen-Dazs “sweet suite”

Discussion

It seems that everywhere you turn, marketers are trying to capture your attention. Sports stadiums are named after corporate sponsors, and brands are advertised on everything from buses to t-shirts.

- *Do advertisers have the right to reach you all the time?*
 - *If yes, why?*
 - *If no, why?*



Marketing Ethics and Public Policy

- Business ethics: rules of conduct that guide actions in the marketplace
- Cultural differences in ethics:
 - Codes of ethics less formal in Mexico
 - U.S. Foreign Corrupt Practices Act prohibits use of bribery by U.S. businesspeople—no matter where they're doing business
 - Bribery commonly practiced in other countries

Do Marketers Create Artificial Needs?

Objective of marketing: create awareness that needs exist, not to create needs

- Need: a basic biological motive
- versus**
- Want: one way that society has taught us that the need can be satisfied

Are Advertising & Marketing Necessary?

Does advertising foster materialism?

- Products are designed to meet existing needs;
- Advertising only helps to communicate their availability

Do Marketers Promise Miracles?

Does advertising promise “magical” products?

- Advertisers simply do not know enough about people to manipulate them



Public Policy & Consumerism

Concern for the welfare of consumers

Department of Agriculture

Federal Trade Commission

Food and Drug Administration

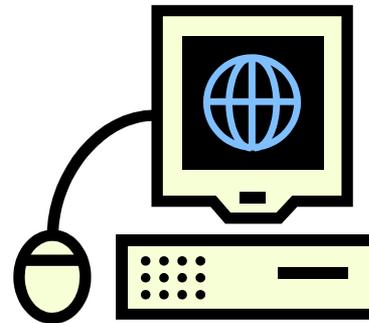
Securities and Exchange Commission

Environmental Protection Agency

Consumer Activism

- American Legacy Foundation's "The Truth"
 - Alerts everyone to the lies and hidden practices of the cigarette companies
- Save the Redwoods/Boycott the GAP
- The Organic Consumers Association (OCA)

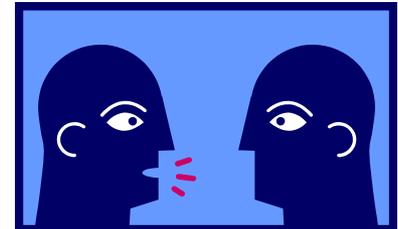
Click for Adbusters.com →



Discussion

Advertisers are often blamed for promoting a materialistic society by making their products as desirable as possible.

- *Do you agree with this?*
 - *If yes, is materialism a bad thing?*
 - *If no, what are your reasons?*



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

Consumerism & Consumer Research

- JFK's "Declaration of Consumer Rights" (1962)
 - The right to safety
 - The right to be informed
 - The right to redress
 - The right to choice
- Social Marketing
- Green Marketing

The Consumer “Dark Side”

Consumer terrorism

Addictive consumption

Compulsive consumption

Consumed consumers



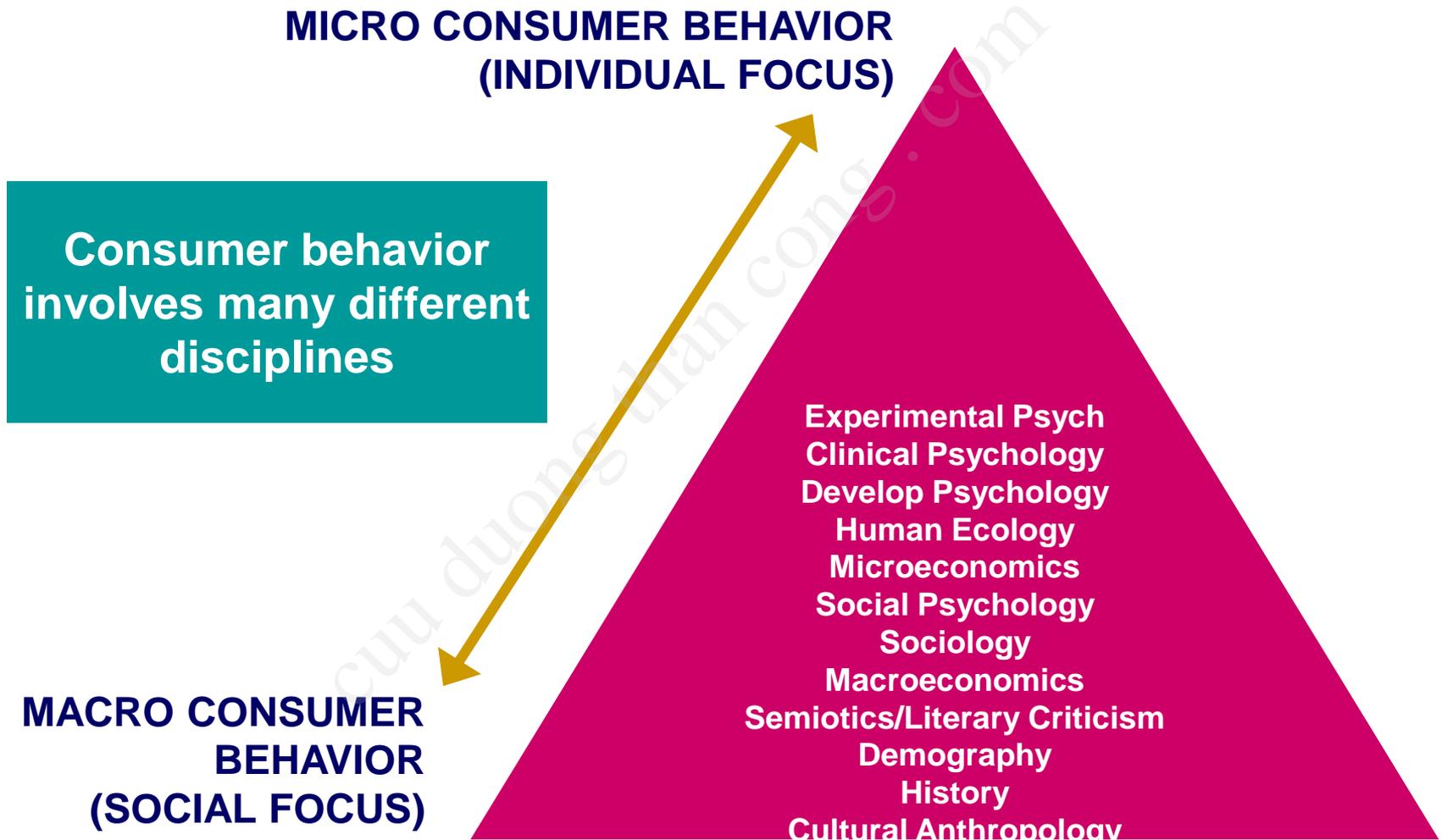
Illegal activities

Sample of Federal Legislation Intended to Enhance Consumers' Welfare

Year	Act
1951	Fur Product Labeling Act
1953	Flammable Fabrics Act
1958	National Traffic and Safety Act
1958	Automobile Information Disclosure Act
1966	Fair Packaging and Labeling Act
1966	Child Protection Act
1967	Federal Cigarette Labeling and Advertising Act

Year	Act
1968	Truth-in-Lending Act
1969	National Environmental Policy Act
1972	Consumer Products Safety Act
1975	Consumer Goods Pricing Act
1975	Magnuson-Moss Warranty-Improvement Act
1990	Nutrition Labeling and Education Act
1998	Internet Tax Freedom Act

Pyramid of Consumer Behavior



Positivist versus Interpretivist Approaches

Assumptions	Positivist Approach	Interpretivist Approach
Nature of reality	Objective, tangible Single	Socially constructed Multiple
Goal	Prediction	Understanding
Knowledge generated	Time free Context-independent	Time-bound Context dependent
View of causality	Existence of real causes	Multiple, simultaneous shaping events
Research relationship	Separation between researcher and subject	Interactive, cooperative with researcher being part of phenomenon under study

Wheel of Consumer Behavior

