

# Introduction to Consumer Behavior



*Consumer Behaviour IIB 3430*

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# Consumer Behaviour

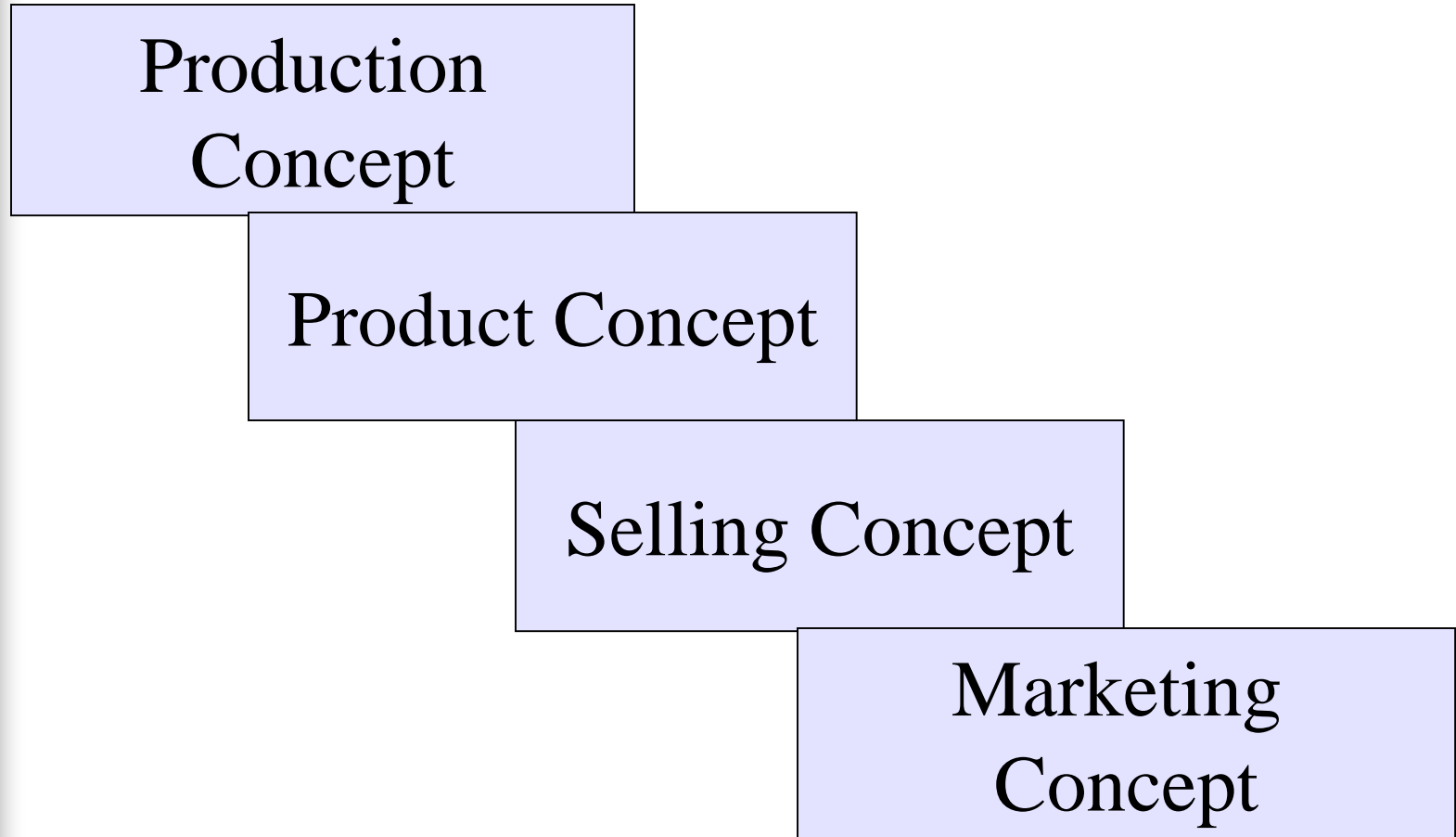
The behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.



# 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.

# Development of the Marketing Concept



# What is the fifth concept?

Online marketing  
concept such as  
Amazon, Alibaba



# The Production Concept

- Assumes that consumers are interested primarily in **product availability at low prices**
- Marketing objectives:
  - Cheap, efficient production
  - Intensive distribution
  - Market expansion



# The Product Concept

- Assumes that consumers will buy the product that offers them **the highest quality, the best performance, and the most features**
- Marketing objectives:
  - Quality improvement
  - Addition of features
- Tendency toward Marketing Myopia



# The Selling Concept

- Assumes that consumers are unlikely to buy a product unless they are **aggressively persuaded to buy so**
- Marketing objectives:
  - Sell, sell, sell
- Lack of concern for customer needs and satisfaction





# The Marketing Concept

- Assumes that to be successful, a company must determine the **needs and wants** of **specific target markets** and deliver the desired satisfactions **better than the competition**
- Marketing objectives:
  - Profits through customer satisfaction

# How do you know about customer satisfaction?

By conducting research

# Business Leaders Who Understood Consumer Behaviour

■ Alfred Sloan, General Motors



■ Colonel Sanders, KFC



■ Ray Kroc, McDonald's





# Implementing the Marketing Concept

- Consumer Research
- Segmentation
- Targeting
- Positioning



# Segmentation, Targeting, and Positioning

- **Segmentation**: process of dividing the market into subsets of consumers with common needs or characteristics
- **Targeting**: selecting one or more of the segments to pursue
- **Positioning**: developing a distinct image for the product in the mind of the consumer



# Successful Positioning

- **Communicating the benefits of the product, rather than its features**
- **Communicating a Unique Selling Proposition for the product**



# The Marketing Mix

- Product
- Price
- Place
- Promotion



# The Societal Marketing Concept

- All companies prosper when society prospers.
- Companies, as well as individuals, would be better off if social responsibility was an integral component of every marketing decision.
- The emerging of “**CSR**” Corporate Social Responsibility



# Online Selling

- Allows customization of products, services, and promotional messages like never before
- Enhances relationships with customers more effectively and efficiently
- More selection, Buy online, Speed Delivery, Pay by phone.





# Online Selling - Continued

- The exchange between consumers and marketers has become more interactive
- May affect the way marketing is done



# Changes brought on by Online Selling revolution

- Changes in segmentation strategies
- Re-evaluation of promotional budgets
  - reduced impact of television?
  - More internet-based promotion?
- Integrated marketing becomes critical
  - Using off-line promotions to drive consumers to company's website (and vice-a-versa)



# Changes brought on by Online Selling - continued

- Revamping distribution systems
  - Direct distribution becomes more of an option
- Pricing methods may need to be re-evaluated
  - Comparison shopping made easier
- Consumer research methods may change
  - How do you measure web-based promotions?



# Why study consumer behaviour?

- Knowledge of consumer behaviour is essential for profit organizations



# Why study consumer behavior?

- High quality service initiatives have to be based on an understanding of consumer behavior

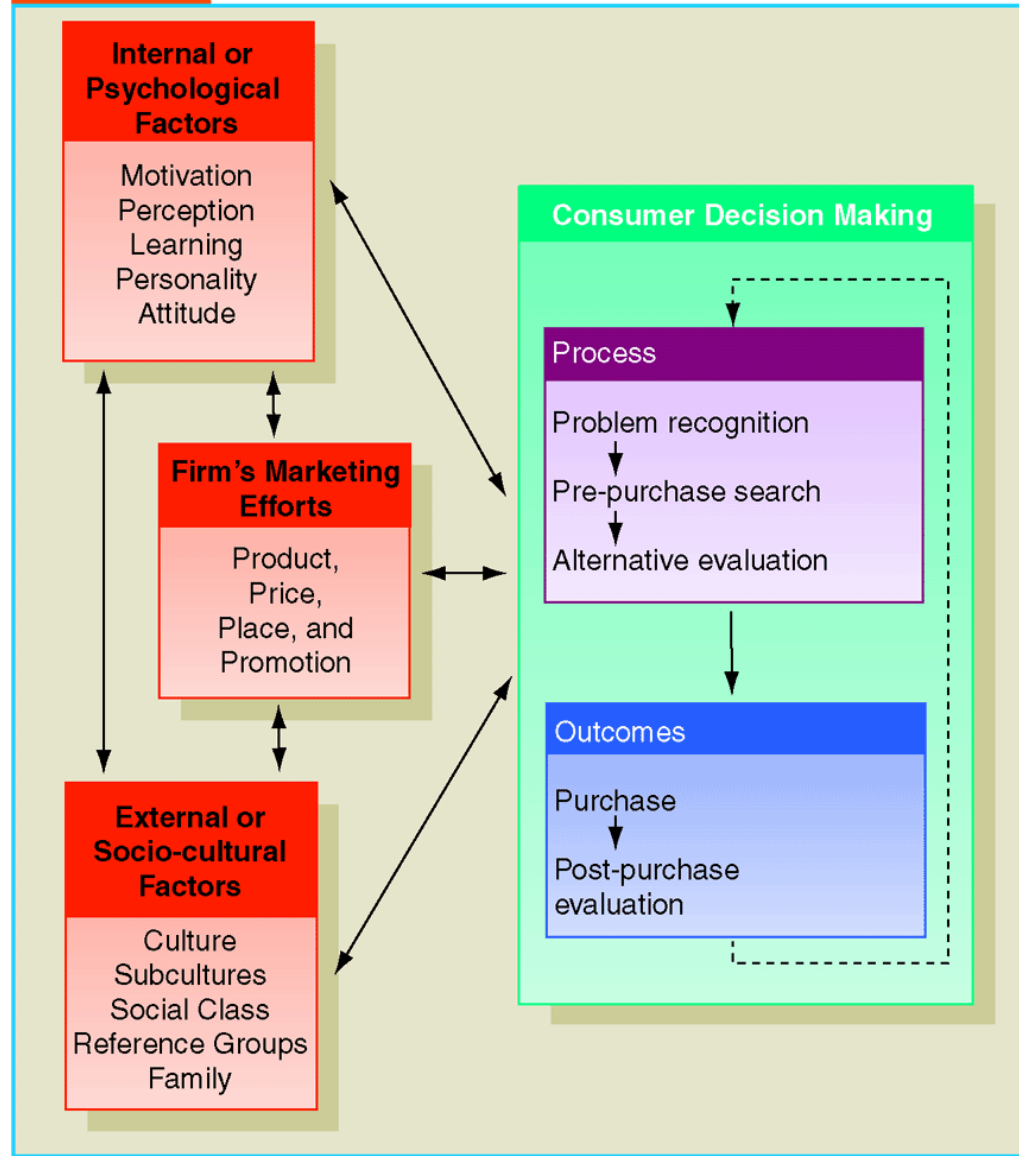


# Why study consumer behavior?

- Better understanding of our own consumption behaviour

FIGURE 1-2

# A Simplified Model of Consumer Behaviour







# Assignment #2

- 1. Draw a simplified model of consumer behavior
- 2. Explain five reasons of studying consumer behavior.
- 3. Distinguish between consumer behavior and personal consumer.
- 4. Explain the development of marketing concept. And explain the online selling concept.
- 5. Explain market segmentation, targeting, and positioning.