

# Consumer Behavior (Special topics)

Topic: The Effects of Modern Macro Environment.

# Changes in Macro Environment.


- 1. Change in computer technology and information technology. This change makes customers everywhere in the world have or be able to get the same information with high speed.
- In other words, consumers have more knowledge and their holistic needs and wants become similar worldwide.

# Changes in Macro Environment

- 2. Changes in payment
- New ways of payment such pay online, pay by phones, bar code, and etc.
- In other words, consumer ways of shopping and payment method have changed

# Changes in Macro Environment

- 3. The rise of China .
- This is means China trade is dominated the world.
- In other words, we do not compete with only the local competitors as in the past, but we have to compete with all international competitors and China



What are the effects to  
modern consumer  
behaviors?

The answer are...

# Who are consumers? (Defining)

- **Buyer** – the person who buys our product such as mother, housewife, purchasing department.
- **Users** – the person who use our product such as patient who uses our pill
- **Influencer** – the person who can influence the buyer and users such as doctor who told the mother to buy specific brand of medicine for her children.

# 1. Customer loyalty decline.

- Customers have too many choices to choose from.
- The product life cycle is shorter.
- Customers switch brand easily and require new product constantly.
- To satisfy customers, firm has to offer new ideas, new products, new technology, and innovative product.

## 2. Quality sensitive

- Customers have access to information from around the world.
- Customers are able to compare product quality with other international products
- The benchmark of quality is higher. Customers can no longer accept low quality standard.
- Firm has to benchmark with international quality standard, not local standard.



### 3. Price sensitive

- Customers are able to compare various prices and will accept only best product with the lowest price.
- Consumers will switch to the lowest price and has a very low brand loyalty.
- Firm must be able to lower its cost and offer the lowest price.

## 4. Time sensitive

- Customers want only products that can serve their need right now, or at this moment.
- Firm must be able to provide speed products and services such as 24 hours ATM, E-banking, One stop service, instant noodles cup.

## 5. Co-creation services


- Modern customers want to participate in the process of production and services such as be able to choose favor of ice cream, Contest – allow participation to call and vote.
- Firm must provide product and service that customized and allow customers to participate in the process.

## 6. Variety products and choices

- Customers want a product and service in form of buffet, which allows customers to pick and to choose from many choices available.
- Firm must offer products with variety of color, size, pattern, accessories, etc.

## 7. Service mind

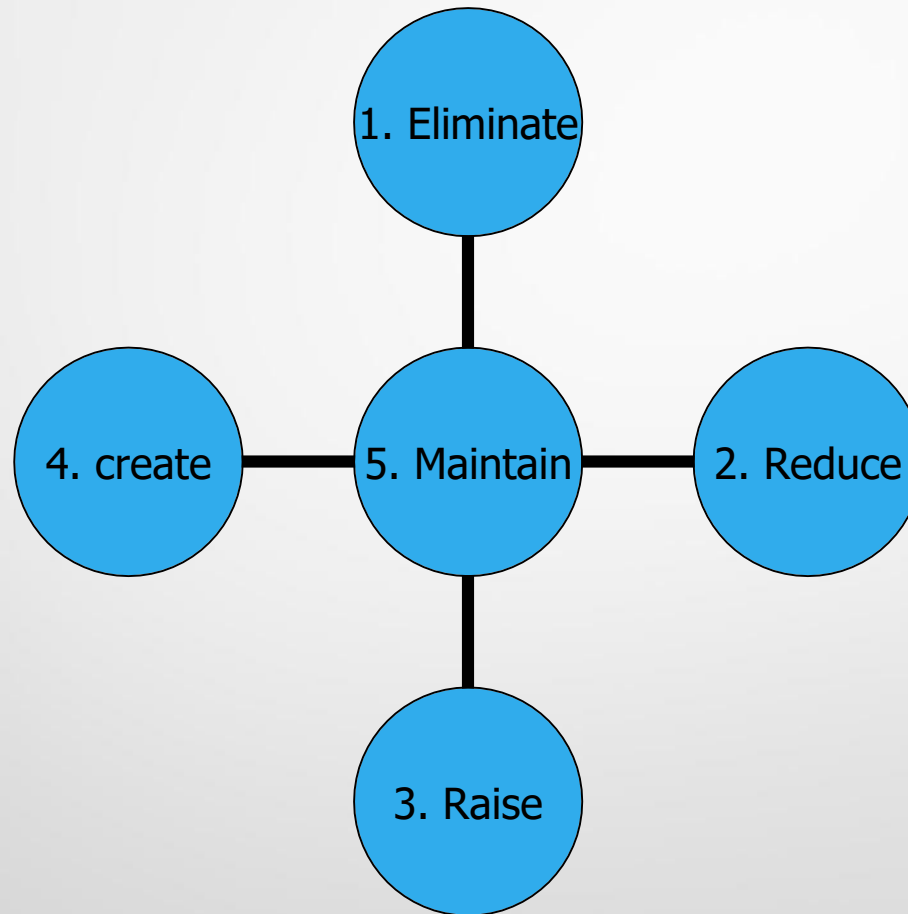
- The focus is customer center. The point is to satisfy customer. Without customers, the business will be gone.
- To know what customers want and need, firm must invest in research and survey to find out how to satisfy customers.



Five actions that need to be  
done by to keep up with new  
customer behaviors.

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# Five actions



# 1. Eliminate

- To eliminate what customers used to want in the past and no longer need this product or services. It is useless to keep it because time changes and consumer behaviors change.
- E.g. typewriter



## 2. Reduce

- To reduce some items or standard that customers do not care. Try to achieve high standard of some products or service that customers do not care very much is useless.
- E.g. public telephone

## 3. Raise

- 3. To increase the more items or standard of service to be higher than any company in the whole industry. This means focus on our core competency which is our strength. We want to keep it higher standard than any other companies.
- E.g. Internet hi-speed

## 4. Create

- To create new product and service that customers value or think it is important.
- This has to do with new ideas, new services, new products.
- For example, the new menu must be in our restaurant every three months.
- E.g. I-pod

## 5. Maintain

- To maintain whatever customers are already happy or what we have satisfied customers and believe that this products and service will be needed in the near future.
- E.g. hybrid car, Electric car

# Southwest Airline

## (The first low cost airline)

- A transforming from a normal airline into the first low cost airline in the world by using five actions.
- 1. eliminate – meals and drinks on airplane
- 2. reduce - connecting flights, lounge, price
- 3. raise – more direct flights and short flights
- 4. create – booking and buying on internet.
- 5. Maintain – speed, fast travel

# Assignment # 1

- 1. Define the word “customers” with examples.
- 2. Draw a chart and explain five actions model with examples.
- 3. List and explain seven major effects of macro environment to consumer behaviors.
- 4. Use five actions model to transform a luxury hotel into a low cost hotel. (see Southwest example)