

CONSUMER BEHAVIOR IN HOSPITALITY INDUSTRY

Chapter1:

An Introduction to the consumption of Hospitality Service

IN THIS CHAPTER, WE WILL DISCOVER:

- The different between customer and consumer
- Consumer behavior
- Contemporary Hospitality
- Key factors of the growth of consumption
- The value of theory in researching consumer behavior in hospitality
- The development of Consumer Behavior Research
- Three broad approaches to consumption

CUSTOMER VS CONSUMER



Customer

- A simple relationship between a business and a buyer; the individual who undertakes the purchase decision



Consumer

- Wider term; not necessarily based on any form of financial exchange

CONSUMER BEHAVIOR

Gabbott and
Hogg

They do suggest that consumer behavior refers to 'the processes involved when individuals or groups select, purchase, use, or dispose (get rid of, arrange, throw out, throw away) of products, services, ideas or experiences'.

Horner and
Swarbrook

They define it as 'the study of why people buy the product they do and how they make the decision'.

Wilkie

He defines it as 'the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of the products and services so as to satisfy needs and desires'. (wish, want, aspiration)

CONSUMER BEHAVIOR

Those activities directly involved in *obtaining, consuming and disposing (order distribution) of products and services* including the decision processes that precede and follow these actions.

The *mental, emotional and physical* activities that people engage in when selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires.

CONSUMER BEHAVIOR RESEARCH

1. Focus on the role of consumption

2. Discuss aspects of consumption within a recognized social context

3. In relation to the products, services, and markets of the hospitality industry

CONSUMPTION

WHAT CAN WE CONSUME?



Physical goods



Services

WHAT HOSPITALITY SERVICE WE CAN CONSUME?



Bars



Hotels



Clubs



Restaurant

CONTEMPORARY HOSPITALITY

1. Traditional definitions

- a. Focus upon the economic activities
- b. The provision of food and/or drink and/or accommodation away from home
- c. Offering food, beverage and lodging, or offering the basic needs for the person away from home

CONTEMPORARY HOSPITALITY

2. Hospitality Industry definition

- a. Consider non-economic relationships
- b. Comprised of commercial organizations that specialize in providing accommodation and/or, food, and/or drink, through a voluntary *human exchange*, which is contemporaneous (co-) in nature, and undertaken to *enhance the mutual well-being of the parties involved*

KEY FACTORS OF THE GROWTH OF CONSUMPTION

The economy

The growth of the youth market

Social Change

The mass media

Facilitating

Globalization

THE VALUE OF THEORY IN RESEARCHING CONSUMER BEHAVIOR IN HOSPITALITY

1. The relationship between individual preference and the ways in which we categorize decisions is the focus.

2. Researchers have developed models and frameworks explaining these relationships

- a. To simplify our theoretical understanding of consumer decision-making
- b. To help marketing understanding in finding specific causes of consumer behavior and consumer buying decisions

THE DEVELOPMENT OF CONSUMER BEHAVIOR RESEARCH

1. Positivist Approach

- a. All behavior has identifiable causes and effects and can be isolated (out of the way) studied
- b. When making decision, people process all information relevant to it.
- c. After information processing, people make a rational decision.

2. Limitations

- a. It leaves a lot of human behavior unaccounted
- b. The acts of consuming are more complex than buying and selling at a rational level.

THE DEVELOPMENT OF CONSUMER BEHAVIOR RESEARCH

3. Interpretivist Approach (Positivist + Human Interaction) Consumer behavior must consider “Human Interaction”

- a. Cause and effect cannot be isolated (separate) because there is no single objective reality that everyone can agree on.
- b. Reality is an individual’s subjective experience of it, as such each consumers experience is unique.
- c. People are not simply rational information processors (seller) or decision makers; this view takes no account of emotion.

THREE BROAD APPROACHES TO CONSUMPTION

1. The economic, positivist (rational) or cognitive consumer

- a. Logical and adopt a structured approach to consumption.
- b. Based on an analysis of potential benefits and losses.

2. The behavioral, interpretivist consumer (learning)

- a. Based on the learning and response to stimuli
- b. Learn to consume as a response to punishment or reward
- c. Relationship between experience and subsequent (following, next) behavior

3. The experiential consumer (postmodern)

- a. Beyond explanation or prediction
- b. Fantasy, hedonism, symbolism

CONCLUSION

- Consumer
- Customer
- Three broad approaches to consumption

PRE-TEST: ORAL PRESENTATION

- To share 3 examples of consumer behavior regarding your experience about product and service in hospitality industry.

*** Script is not allowed on Oral presentation ***

