

e-Learning on Digital Agriculture

Lecture 6. Consumer Behavior

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What is Consumer Behavior?

The study of how consumers

- Select
- Purchase
- Use
- Dispose of

goods and services in the process of satisfying their personal and household needs and wants.

Why did consumer behavior become a separate discipline from marketing?

- Marketers came to realize that consumers did not always act or react as marketing theory suggested they would
- Consumers rejected mass-marketed products, preferring differentiated products that reflected their own special needs, personalities and lifestyles
- Even in industrial markets, where needs are more homogeneous than consumer markets, buyers exhibited diversified preferences and less predictable purchase behavior

Other factors that contributed to the growing interest in consumer behavior

- The accelerated rate of new product development
- The consumer movement
- Public policy considerations
- Environmental concerns
- The opening of national markets throughout the world

Consumer behavior is more than just purchasing

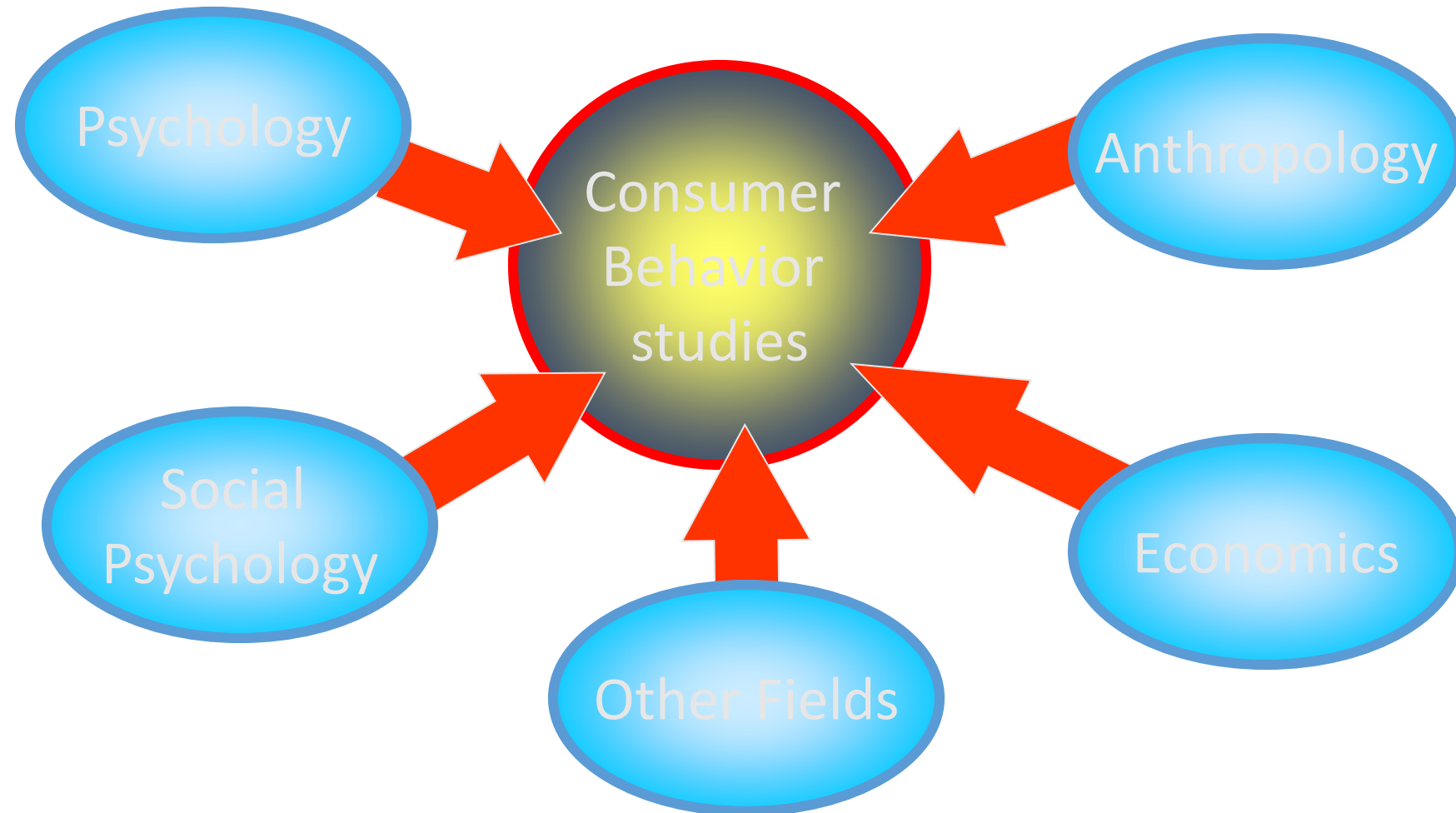
Consumer Behavior involves

- Exposure to the media
- Browsing
- Influencing others
- Being influenced by others
- Complaining about and returning products

Economics alone does not explain consumer behavior

- Early theories based on notion that individuals act *rationally* to maximize their benefits (satisfaction) from purchasing
- Later research discovered that consumers are just as likely to
 - Purchase impulsively
 - Be influenced by family, friends, advertisers and role models
 - Be influenced just as strongly by mood, situation and emotion

Consumer behavior is an Interdisciplinary Field



What Do Buying Decisions Involve?

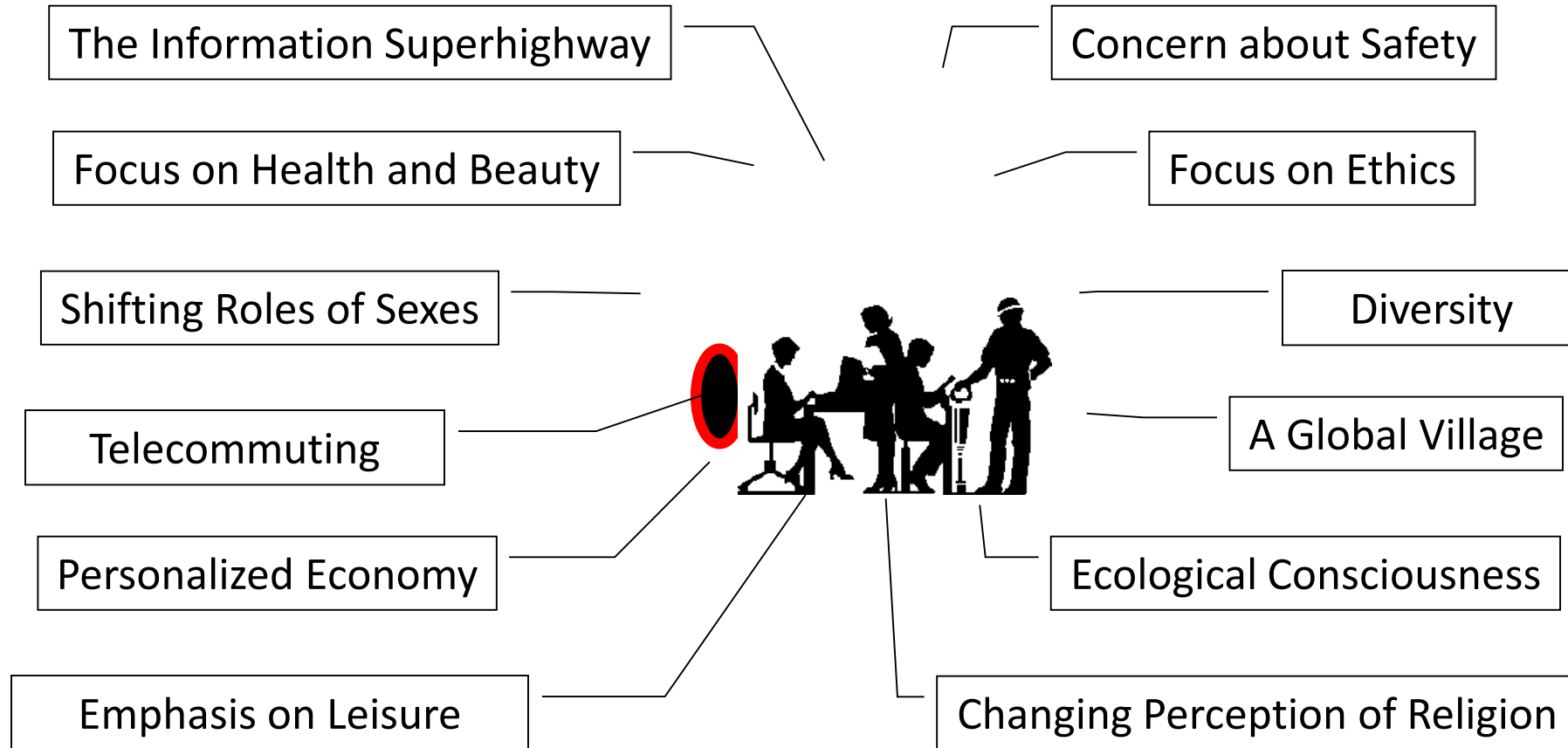
Consider a decision to acquire a pet

- Decision entails determining:
 - Where to learn about pets
 - Where to purchase the selected pet
 - How much to pay for it
 - Who will take care of it
 - What supplies or services are needed for it
 - Where to purchase such supplies or services
 - How much to pay for supplies and services

The Marketing Concept

- An operating philosophy of business in which the consumer is the focal point of the firm's activities
- Embodies the view that industry is a *customer-satisfying process*, not a goods-producing process (the “selling concept”)
- Key assumption is 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

Trends influencing consumer behavior in contemporary society



1. Growth of the information superhighway

Positive Implications

- Marketers can be in touch with anyone, anywhere and at any time
- Availability of information increases consumers' knowledge and power in the marketplace.

Negative Implications

- Increased information *about* consumers raises serious privacy issues
- Creation of a *digital divide* that further stratifies society based on wealth, education and age

2. Focus on health, fitness, and beauty

- Golden opportunities are created for marketers of many products ranging from fat-free foods to vitamins, as well as for services ranging from plastic surgery to hair implants.

3. Shifting roles of men and women

- More women in the workforce
- More women in management positions
- More women raising children alone
- Gay and lesbian families changing the traditional model of the family

- A redefinition of *buying decision centers* within the family
- A redefinition of sales and advertising strategies

4. Telecommuting and the office of the future

- Decline in demand for products and services such as cars, public transportation, automobile insurance, car repair, child care, and baby-sitting services
- Increased need for efficient package-delivery services
- Rise in demand for state-of-the-art communication devices

5. Emphasis on leisure

- People engage in leisure activities for different reasons
- Knowing those reasons helps marketers select appropriate promotional appeals

6. Concern About Personal Safety

- Enhanced demand for defense-related products
- Post 9/11 issues relating to travel

7. Diversity in the workplace and marketplace

“Traditional” minority groups in the US include:

- Women
- African-Americans
- Asian-Americans
- Latinos

Even in “lily white” Vermont recent immigrant groups have included:

- Russian Jews
- Bosnians
- Tibetans
- Vietnamese
- Congolese
- Sudanese

- A *salad bowl* in which these diverse groups maintain elements of their traditions

- Diversity offers divergent perspectives and enhanced creativity and innovation within the workplace
- Product adaptation becomes necessary to suit the tastes of distinct ethnic groups
- Promotional appeals must be adjusted

8. Focus on ethics

- For much of history, *business ethics* was considered an oxymoron
- In the 1980's, ethics became an issue with the discovery of numerous instances of corporate wrongdoing
 - Ford Pinto
 - Bhopal disaster
 - Asbestos
 - Tobacco

- Ethical codes were enacted by many companies and institutions and ethics became part of the curriculum of business schools
- It is likely that ethics in marketing will receive greater attention from the public and from government and private watchdog groups

9. Ecological consciousness

Studies show that:

- Consumers consider themselves “environmentalists”
- They have changed their habits to protect the environment
- They are willing to pay more for products that are considered environmentally safe

- An increasing flow of environmentally friendly products
- Positive shift in public attitudes toward firms and products that protect the environment
- As a result, the rise of *green marketing*
- Greater potential for *deception* based on false claims of environmental safety of products

10. The rise of the global village

- An increasing acceptance of the free market system in many foreign countries (e.g., Eastern Europe)
- Growth of major regional free-trade areas, such as NAFTA and the EU, resulting in increased trade
- Expansion of American media—including advertising—to other nations exposes consumers to availability of American goods

- Potential for abuse arises

- Marketers need to understand the cultures of foreign countries to market their products effectively

- Potential for abuse arises

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