

# Consumers in the market place

## Consumer behaviour defined

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.

# Importance of consumption

Consumption plays an important role in our social, psychological, economical, political, and cultural lives.

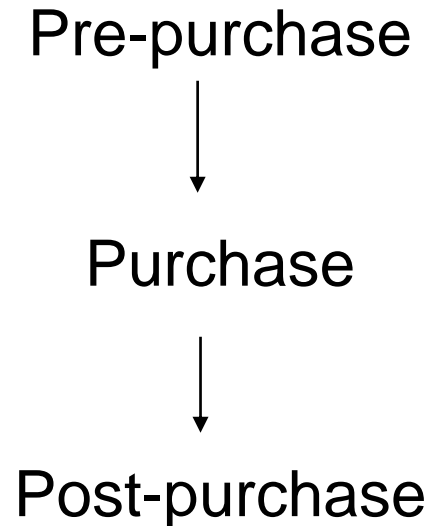
# Role theory and consumer behaviour

Consumer behaviour resembles actions/roles in plays.

- Choosers – choosing between different alternatives.
- Communicators – selecting goods that display our roles and statuses.
- Identity seekers – showing our real selves.
- Pleasure seekers – in search of a real kick of pleasure.
- Victims – of fraudulent or harmful offerings.
- Rebels – reacting against authority turning something into something else.
- Activists – boycotting products that do not meet ethical standards.

# Consumption – an ongoing process

An exchange in which two or more organisations or people give and receive something of value.



# Pre-purchase issues in the consumption process

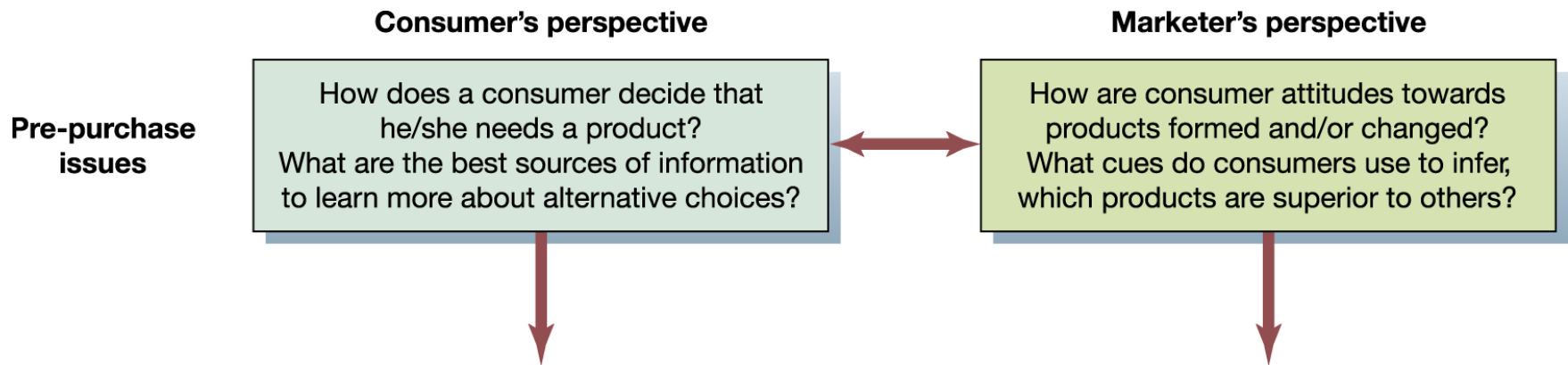


Figure 1.1

# Pre-purchase issues in the consumption process

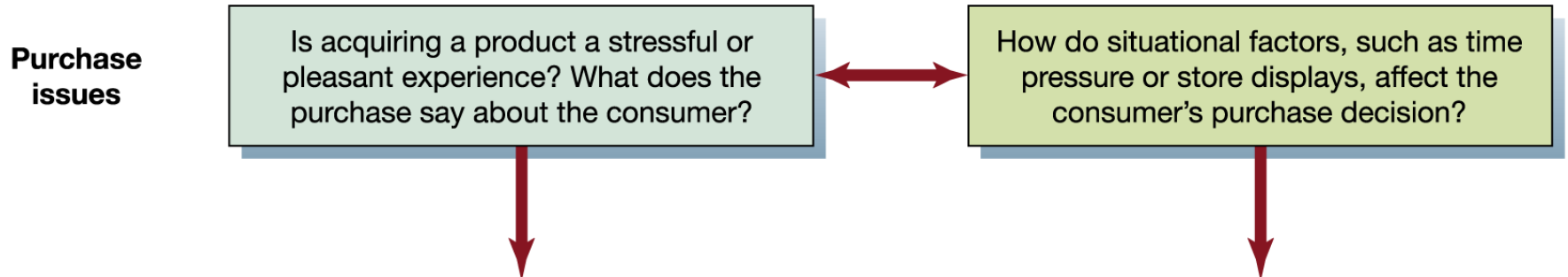


Figure 1.1 Continued

# Pre-purchase issues in the consumption process

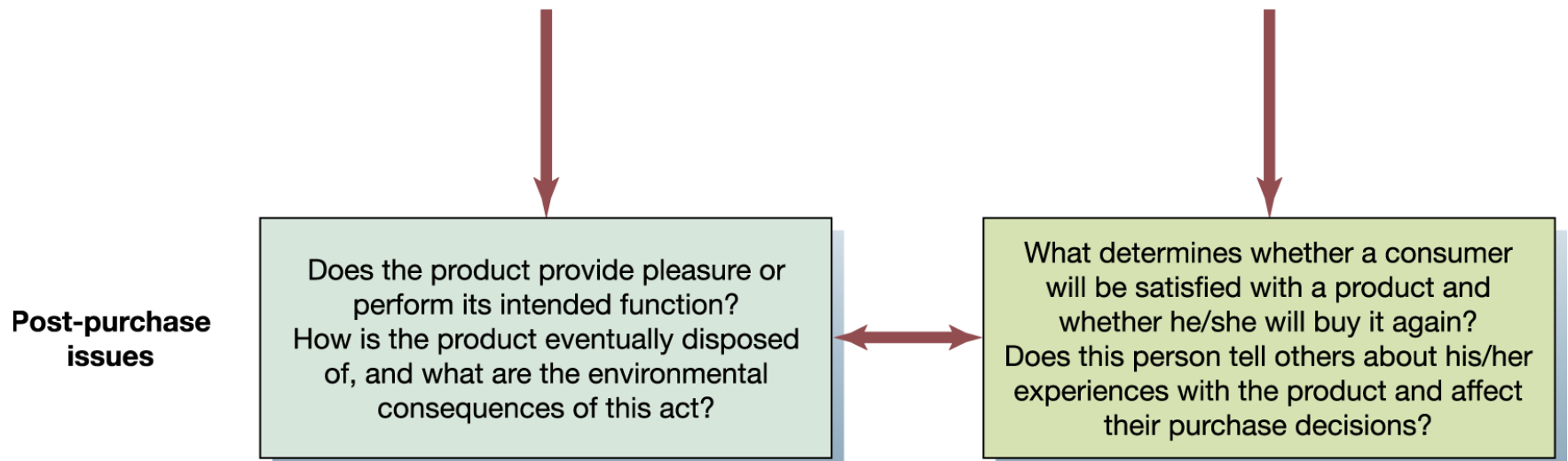


Figure 1.1 Continued



## Actors in the consumption play

- Purchaser.
- User.
- Influencer.
- Organisations (different company agents, and the family for example).

# The need to understand consumer behaviour

- Makes good business sense if companies want to understand their customers' needs.
- As an input into the marketing strategy – consumer response may often be the ultimate test of whether or not a marketing strategy will succeed.

# Market segmentation

Market segmentation is an important aspect of consumer behaviour.

Market segmentation delineates segments whose members are similar to one another in one or more characteristics and different from members of other segments.

# Variables used in market segmentation

Category	Variables
Demographics	Age Gender Social class, occupation, income Ethnic group, religion Stage in life Purchaser vs. user
Geographic	Region Country differences
Psychographic	Self-concept, personality Lifestyle
Behavioural	Brand loyalty, extent of usage Usage situation Benefits desired

**Table 1.1**

## Ensuring segmentation is valid

Segmentation is only valid when the following characteristics are met:

- consumers within the segment are similar to one another in terms of product needs, and these needs are different from consumers on other segments.
- important differences among segments can be identified.
- the segment is large enough to be profitable.
- consumers in the segment can be reached by an appropriate marketing mix.
- the consumers in the segment will respond in the desired way.

## Tools that help marketers become more attuned to their consumers

- *Relationship marketing* – building lifetime relationships and bonds between brands and consumers.
- *Database marketing* – tracking consumers' buying habits by computer and crafting products and information tailored specifically to people's wants and needs.

## Marketing's impact on consumers

- Do consumers view the world from marketers' perspectives?
- Do marketers create, shape and communicate popular culture?
- Do marketing messages govern consumers' buying behaviour?

## Consumers' relationships with products

- Self concept attachment – the product helps to establish the user's identity.
- Nostalgic attachment – the product serves as a link with a past self.
- Interdependence – the product is a part of the user's daily routine.
- Love – the product elicits bonds of warmth, passion, or other strong emotion.



## Consumption activities

- An experience – when consumption is a personal, emotional, or aesthetic goal in itself.
- As integration – using and manipulating consumption objects to express aspects of oneself.
- As classification – to communicate association with objects, both to self and others.
- As play – to participate in a mutual experience and merge identities with that of a group.

# Consumer welfare

- Creation of ethical standards.
- Companies adopting socially responsible behaviour.
- Growth of social marketing.

European or national consumer protection laws and the various marketing associations issue codes of ethics, which provide guidelines for conduct on many areas of marketing practice.

# EU priorities for consumer policy (1 of 2)

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**Ten major priorities for the future development of consumer policy have been defined by the European Commission:**

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- Major improvement in the education and information of consumers
  - Completion, review and updating of the legislative framework to protect consumer interests in the internal market
  - Review of the consumer aspects of financial services
  - Review of the protection of consumer interests in the supply of essential public utility services
  - Helping consumers to benefit from the information society
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## Table 1.2

Source: European Commission, [www.cec.org.uk](http://www.cec.org.uk) (accessed 25 July 2005).

# EU priorities for consumer policy (2 of 2)

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Ten major priorities for the future development of consumer policy have been defined by the European Commission:

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- Improving consumer confidence in foodstuffs
  - Practical encouragement of sustainable consumption
  - Strengthening and increasing consumer representation
  - Helping the development of consumer policies in central and eastern Europe
  - Review of consumer policy in developing countries.
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## Table 1.2 Continued

Source: European Commission, [www.cec.org.uk](http://www.cec.org.uk) (accessed 25 July 2005).

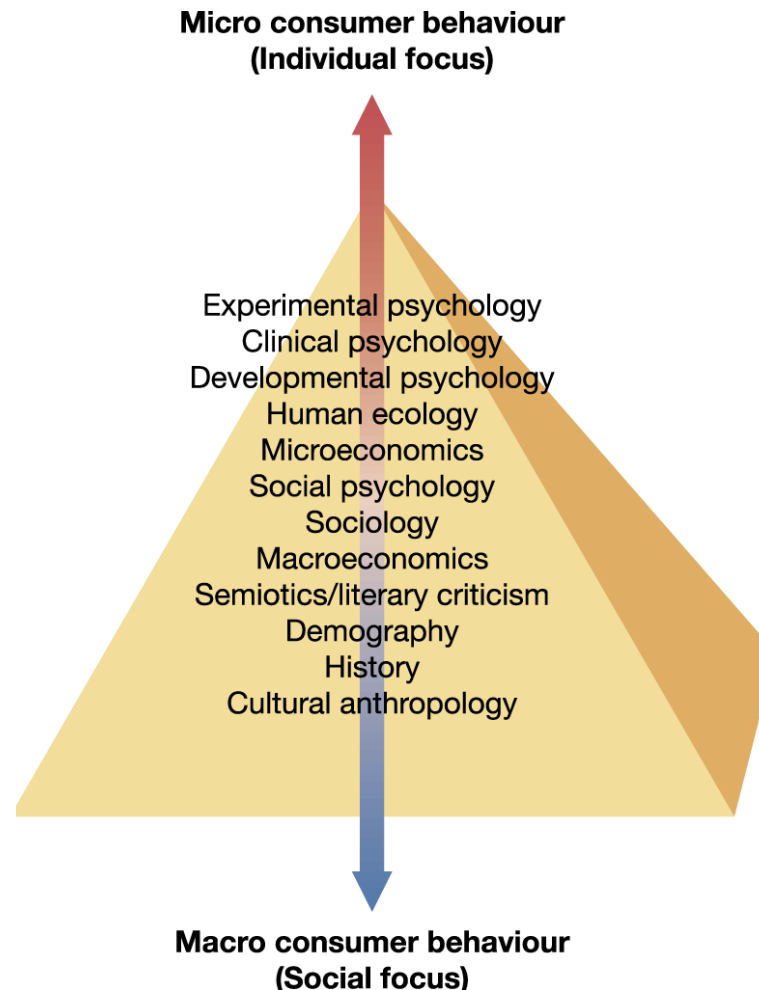
## Do marketers manipulate consumers? (1 of 2)

- Do marketing techniques convince consumers of the need to buy a product?
- Do marketers create artificial needs?
- Do marketers promise miracles?

## Do marketers manipulate consumers? (2 of 2)

- Do consumers have free will?
- Can consumers decide independently what to do and not be prevented from carrying out this action?
- What are the differences between needs and wants?
- Do consumers react automatically in a predefined way to certain stimuli?

# The pyramid of consumer behaviour



**Figure 1.2**

# Interdisciplinary research issues in consumer behaviour (1 of 2)

Disciplinary focus	Magazine usage sample research issues
<b>Experimental Psychology:</b> product role in perception, learning and memory processes	How specific aspects of magazines, such as their design or layout, are recognized and interpreted; which parts of a magazine are most likely to be read
<b>Clinical Psychology:</b> product role in psychological adjustment	How magazines affect readers' body images (e.g. do thin models make the average woman feel overweight?)
<b>Microeconomics/Human Ecology:</b> product role in allocation of individual or family resources	Factors influencing the amount of money spent on magazines in a household
<b>Social Psychology:</b> product role in the behaviours of individuals as members of social groups	Ways that ads in a magazine affect readers' attitudes towards the products depicted; how peer pressure influences a person's readership decisions
<b>Sociology:</b> product role in social institutions and group relationships	Pattern by which magazine preferences spread through a social group

**Table 1.3**



# Interdisciplinary research issues in consumer behaviour (2 of 2)

## Disciplinary focus

## Magazine usage sample research issues

### Macroeconomics:

product role in consumers' relations with the marketplace

Effects of the price of fashion magazines and expense of items advertised during periods of high unemployment

### Semiotics/Literary Criticism:

product role in the verbal and visual communication of meaning

Ways in which underlying messages communicated by models and ads in a magazine are interpreted

### Demography:

product role in the measurable characteristics of a population

Effects of age, income and marital status of a magazine's readers

### History:

product role in societal changes over time

Ways in which our culture's depictions of 'femininity' in magazines have changed over time

### Cultural Anthropology:

product role in a society's beliefs and practices

Ways in which fashions and models in a magazine affect readers' definitions of masculine vs. feminine behaviour (e.g. the role of working women, sexual taboos)

**Table 1.3** Continued

## Positivism and interpretivism

*Positivism* emphasises the objectivity of science and the consumer as a rational decision maker.

*Interpretivism* stresses the subjective meaning of the consumer's individual experience and the idea that any behaviour is subject to multiple interpretations rather than one single explanation.

# Positivist versus interpretivist approaches to consumer behaviour

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, co-operative, with researcher being part of phenomenon under study

## Table 1.4

Source: Adapted from Laurel A. Hudson and Julie L. Ozanne, 'Alternative Ways of Seeking Knowledge in Consumer Research', *Journal of Consumer Research* 14 (March 1988): 508–21. Reprinted with the permission of The University of Chicago Press.