Consumer Behavior and Marketing Strategy

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Consumer Behavior In The News...

Segmenting the Automobile Market

- J.D. Powers Examined Car-Buyer Segments.
- Can You Predict the Market for Each Brand?
  - Honda Civic
  - Honda Accord
  - Toyota Sienna Mini Van
  - Cadillac STS
  - Lexus LS 430

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Segmenting the Automobile Market
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  - Honda Civic – “teenage terror”
  - Honda Accord – “recent MBA grad”
  - Toyota Sienna Mini Van – “suburban mom”
  - Cadillac STS – “mid-career executive”
  - Lexus LS 430 – “titan of industry”

Applications of Consumer Behavior

1. Marketing Strategy
2. Regulatory Policy
3. Social Marketing
4. Informed Individuals

Social marketing is applying marketing strategies and tactics to alter or create behaviors that have a positive effect on the targeted individuals or society as a whole.

For example...
Market Segmentation

Market segmentation is a portion of a larger market whose needs differ from the larger market.

Market Segmentation Involves Four Steps:
1. Identifying Product-Related Need Sets
2. Grouping Customers with Similar Need Sets
3. Describing Each Group
4. Selecting an Attractive Segment(s) to Serve
**Marketing Strategy**

- **Marketing Strategy** is the answer to the question: *How will we provide superior customer value to our target market?*

- This requires the formulation of a consistent *marketing mix*, which includes the:
  1. Product
  2. Price
  3. Communications
  4. Distribution, and
  5. Services

**Consumer Decisions**

The consumer decision process intervenes between the *marketing strategy*, as implemented in the *marketing mix*, and the *outcomes*.

The firm can succeed only if consumers see a need that its product can solve, become aware of the product and its capabilities, decide that it is the best available solution, proceed to buy it, and become satisfied with the result of the purchase.

**Outcomes**

*Creating Satisfied Customers*
The Nature of Consumer Behavior

Overall Conceptual Model of Consumer Behavior

External Influences

- Culture
- Demographics and social stratification
- Ethnic, religious, and regional subcultures
- Families and households
- Groups

Internal Influences

- Perception
- Learning
- Memory
- Motives
- Personality
- Emotions
- Attitudes
The Nature of Consumer Behavior

**Self-Concept and Lifestyle**

*Self-concept* is the totality of an individual’s thoughts and feelings about oneself.

*Lifestyle* is how one lives, including the products one buys, how one uses them, what one thinks about them, and how one feels about them.

The Nature of Consumer Behavior

**Situations and Consumer Decisions**

Consumer decisions result from perceived problems and opportunities. Consumer problems arise in specific situations and the nature of the situation influences the resulting consumer behavior.