

Consumer Behaviour



Welcome

to the Fascinating World of Consumers



- Dear Diary—Here Is My Consumer Behavior
- Visions of the Consumer—From Shopper to Reveler
- Exchange, Value, Resources—The Holy Trinity of Market and Consumption
- Marketing Creates a Need!—A Profession Under Delusion
- Seeing The Future First—Marketing's Not-So-Obvious Mission

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Rumor Has It, Phoebe Loves Pottery Barn!

Phoebe. Phoebe and Rachel—two friends, two roommates. Phoebe is excited to see in their living room a new coffee table Rachel bought that day—an antique apothecary table from Pottery Barn. The problem is that Phoebe hates Pottery Barn because she doesn't like anything that is mass-produced. So Rachel lies about the source of the table, telling Phoebe that she bought the table from the flea market. Phoebe gets all wrapped up, examining the table and taking pleasure in visualizing how, in the drawers of that table, they must have kept all the stuff to make their potions. She is very happy, having something with a history behind it.

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One day Rachel and Phoebe are taking a walk when they arrive in front of a Pottery Barn store, and, peeking through the glass door, Phoebe spots an identical table in the store. Afraid the lie she (Rachel) told Phoebe is about to be exposed, Rachel tries to pull Phoebe away, but Phoebe is drawn in by the look of the entire living room display in the store, which, she notices, looks exactly identical to her (and Rachel's) own apartment. She realizes now that, indeed, Rachel had bought not only the table, but also all the other items from this store—items about which, too, Rachel had made up stories of their unique historic origins.

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All the items except a lamp, that is. The lamp is there in the store but not in their apartment. While Rachel is begging Phoebe not to be mad at discovering the truth about the source of the stuff in their apartment, Phoebe is actually now contemplating buying that lamp. She takes Rachel inside the store and buys that lamp. Hate Pottery Barn? No, Phoebe actually loves it!

INTRODUCTION

Phoebe. Phoebe Buffay. One of the six most famous *Friends* in TV land, who share their everyday life with one another, and, vicariously, with millions of viewers around the world. A life filled with the usual quota of travails and jubilations of coming to grips with mature adulthood. Of working at a job, a career, a credo. Of falling in love and then falling out of it. Of finding a date and a mate. Of choosing things, buying stuff, admiring it, connecting to it. Of constructing an inner world, only half grounded in the reality of the stuff we buy and use and live our lives with and through; the other half existing only as figments of our imaginations. Show Phoebe a “thing”—like this coffee table, tell her it is an antique, and she has transported herself to an extra-terrestrial experience of the mind. An experience where she is “unique,” and proving it is all her “one of a kind” stuff. Tell her instead that it was really mass-marketed ware from Pottery Barn, and she is back on *terra firma*, questioning if it is worthy of her real-self, her cherished identity (no matter that Pottery Barn is actually a store many consider chic). But *terra firma* has, by definition, its own solid footing, and it reminds her that this stuff is real—take it or leave it. She will take it, of course, that coffee table and a few more things—like that lamp out there.

Phoebe. Each one of us has a little bit of Phoebe in us. That is our nature, as humans and as consumers. Male or female, young or old, rich or poor, we are all consumers in the Pottery Barn that the marketplace is. We love it. We hate it. But we can't live without it. From it we pick things, to build the mosaic we call living. It is a hassle. It is fun. But above all, it is an experience.

Welcome to the fascinating world of consumers. In this book, we are going to describe, dissect, and discourse about consumer behavior—human behavior in the world of products. We will study how we think, feel, and act in the marketplace—how we come to see the products the way we see them, how we make our choices from the mind-boggling array of goods, how we buy them and then weave them into the tapestry of our lives. How we consume them to sustain and energize our bodies, feed our minds, and construct our egos and our identities. This is the study of consumer behavior.

WE ARE CONSUMERS—24-7!

We are all consumers. This much must come as no surprise to you. But what you may have not realized is how much of your waking day you spend being a consumer—and we count not just when you are consuming or you are buying something, but rather, as



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we will explain later, you are a consumer anytime you are even thinking about acquiring and/or consuming anything. To be sure, we also live at least part of our lives not being consumers—like when we are conversing with a friend (without using a phone or any other product), reflecting on our futures or for that matter the future of mankind. But most of the rest of the day is filled with plotting and enacting consumption. Write a daily journal for a week if you like and see for yourself. A group of consumers did just that, at our request. We reproduce one of them (see box: The Diary of a Consumer). This journal was quite representative of all we received in one respect; they all showed the same thing—We are consumers 24-7!

Dear Diary—Here is My Consumer Behavior by Ellen Tibbs

Monday, 10 July 2006

- This morning on the way to work I bought a Sugar Free Red Bull and Special K blueberry breakfast bar. On the way out I spotted the newest issue of *Cosmopolitan*, grabbed it, got back in line and made my second purchase of the day.
- I ran out of laundry detergent so I went to Kroger to pick some up. . .
- I was walking to my car earlier and saw a woman with a new Coach purse. I am getting sick of the one I am carrying now. Once I save up some money I might treat myself and buy one!
- My friend just called and said she had an extra ticket to go to the Journey concert in two weeks. I really want to go so I told her I would meet up with her later to pay for the ticket.

Tuesday, 11 July 2006

- I got my hair colored and highlighted at the salon, Madalyn San Tangelo this morning.
- My friend Lindsay and I wanted to eat sushi so I placed a carry out order at AOI, a Japanese cuisine restaurant at Newport on the Levee. We both ordered California Rolls, rice and we split an appetizer.
- Lindsay and I are planning to see *Pirates of the Caribbean* with some friends tonight. We don't know if we want to go to see it at the Levee because it costs to park and is kind of a hassle. The other movie theatre we could see it at would be Wilder. We will probably go there because it is close, has free parking and is never crowded.
- I was online today and bought and downloaded music from iTunes. I have a gift certificate for music downloads and bought some songs by James Blunt and Jack Johnson. I also checked out some iPods online because I am thinking of upgrading. I currently have the Mini, but I think I might want a Nano.

Wednesday, 12 July 2006

- I bought gas today at UDF on my way to work. ...I went inside, grabbed a Sugar Free Red Bull (my morning fix) and prepaid for my gas.
- For lunch, I was craving barbeque so I called Hoggy's, a new restaurant near my office and requested they fax a menu. I decided on the pulled pork lunch with a sweet potato and a sweet tea.
- I love my car, but I want a new one. I saw a new dark gray/silver Scion today and want it badly. I called my mom and talked to her about trading my car in for a new car. She said she would have to think about it because she is buying a car for my younger brother.
- I looked online for a desk for my room. I have a computer and printer, but no work station. I usually sit at my kitchen table or on the floor to do homework and it's getting really annoying. I looked at Pottery Barn, Bova and a couple of random sites, but didn't see anything I liked.

Saturday, 15 July 2006

- I bought an Icee Mango at Panera Bread...
- I went shopping today at Kenwood Mall for something to wear tonight. I went to a couple of stores, but didn't find anything. I went into Forever 21 and was excited when I found a white skirt and black camisole. I was even more excited when I found great accessories to match!
- I bought a birthday card and gift bag at Hallmark. It is my friend Brittney's 21st birthday and we are going out tonight. I also need to stop at a liquor store before meeting up so I can buy a mini bottle of Patron to give to her as a present.
- We met at Brio on the Levee for appetizers and cocktails. . .

Sunday, 16 July 2006

- I had a headache this morning and was out of Advil so I went to Walgreen's. I bought water and a bottle of Advil gel caplets. In line I grabbed a new tube of Burt's Beeswax and bought that too.
- I had to buy gas again today. I feel like I filled up! I hate buying gas. It is so expensive and is a pain in the butt. The only thing worse than buying it is to know you will have to buy it again in three days!
- I work at JB Fin's on the Levee, so I went shopping on my break. I went to Hollister and PacSun. I didn't find anything I liked. However, I did buy a new belly button ring from the outside vendor.

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CONSUMERS ARE FASCINATING

As consumers, we are fascinating. Consider a conversation we recently had with a consumer, Jackie, 30. We will let that interview speak for itself, and you decide whether you agree that consumers are indeed fascinating.

VISIONS OF THE CONSUMER

When we think of consumers such as Jackie, several images come to mind. They are the browsers in the department store, shoppers in the mall, patrons enjoying a meal in a restaurant, visitors standing in long lines at Disneyland, youngsters flocking to video arcades, and old ladies rushing to grab the door-buster sale items. These and many other visions of the consumer can be aptly grouped into the following five categories:

1. Consumer as a Problem-Solver
2. Consumer as an Economic Creature
3. Consumer as a Computer
4. Consumer as a Shopper
5. Consumer as a Reveler

Consumer as a Problem Solver In this vision, consumers are searching for solutions to the needs of daily life, looking for a product or service that will meet that need in the best possible way. Once they find the “solution product,” they can relax and move on with their lives. The following self-report from a consumer illustrates this¹:

After I purchased my new pants recently, I spent most of my free time thinking about the shoes I already have, which ones would go with the new outfit that was also forming in my mind. Finally, I decided that I didn't have any shoes to go with my new pants. I formed an idea in my mind about the type of shoes that would be a perfect match for my new pants. On Tuesday, I started my search at Payless Shoe Source, but didn't have any luck. I continued my search at Dillard's and JC Penny's but once again I just didn't see what I was looking for. I became very discouraged. I decided that later that evening, my final store to shop would be Shoe Carnival. As soon as I walked in I saw them, the perfect pair of shoes. They were a little pricey at \$38.99 but with a 10% sale, I bought them. I was very excited and relieved that I had found the shoes I was looking for.

—Angie, 22

Consumer as an Economic Creature Consumers are also planners and managers of personal finances; they want to use their money wisely. As such they seek to buy products at the best prices available. This does not mean that they always go for the lowest price (although often they do), but always that they want to maximize their utility. As one consumer stated:

My fiancée and I always cut coupons before we go grocery shopping. It always saves us at least \$20 per trip. We both agree that Kroger and Thriftway are too expensive for our large bi-monthly shopping trips. We prefer to go to Meijer and likely save another \$40 just by going there. Once at Meijer, we aren't too picky about the brands we buy. We can often be seen calculating the per unit price based on the Meijer brand versus the name brand with coupon. On most everything, the lower per-unit cost always wins. Oddly enough ketchup is the one item that I purchase based on the brand name. I grew up with Heinz Ketchup and I still prefer it to generic. Other than that, I would rather save money and buy the generic version of canned vegetables, macaroni & cheese, chips, soda, etc.

—Christopher, 23.

“I Obey My Thirst!”

A Consumer Interview

We intercepted Jackie Cooper, a 30-year old African-American male, walking with a shopping bag in hand, in the Downtown Mall, Cincinnati. Our interviewer was Pamela Ryckman, a junior marketing student, who conducted the interview as part of her class project.

Q. Excuse me sir, would you mind answering a few questions for my class project?

A. Sure, you can ask me anything.

Q. Great, thank you. (Pointing at the shopping bag) What did you buy today?

A. I just bought this new fly Fubu jersey. It is uh, blue and yellow, double zero on the back. It's phat.¹

Q. How do you buy your clothing?

A. You know, whatever looks good. Stay away from stripes though.

Q. Why?

A. Oh, it could make you look bulky, you know.

Q. What kind of clothes do you buy?

A. Well, I have a lot of Nike. My favorite is Fubu, you know. I also got Sean-John. That is the only kind of stuff I buy.

Q. Why do you like these brands? What do you look for when you buy clothes?

A. Its gotta be comfortable. I have to be able to move in it, or play ball in it, and still go to the clubs ... comfortable but still nice.

Q. Do you go on spending sprees?

A. Nah, I try to keep my platinum bill on the D.L.²

Q. Are you happy with the way you buy clothes?

A. Yeah, I got my own system. Hasn't failed me yet.

Q. Do you like shopping for clothes?

A. Clothes shopping? Yes, I like it. I love it. You know, I gotta keep my threads on top of the game.

Q. Is choosing clothes a problem for you?

A. Nah, I usually just try whatever catches my eye and I just buy it. I go in, do my business, and then I'm out. ... I am like flash ... you know flashin' in, flashin' out. Bling blingin'!

Q. What role does clothing play in your life?

A. See, I look at clothing like it's a part of me. It's like people be lookin' at my clothes. It is like they're seein' into my soul. You know what I mean? That's why I dress the way I dress.

Q. Do you pay attention to clothes advertising?

A. Nah, I just buy what I like; I will not bow to any sponsor. I buy what I want! I'm like Sprite—I obey my thirst. That is the way it is.

INTERVIEWER: Ok. Thank you for your time.

1. Pretty hot and tempting.

2. Down Low

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Consumer as a Computer We also see consumers reading package labels, asking salespersons questions, checking-off items on a shopping list, pondering information in their heads, looking at an ad, making sense of instructions on how to use a product—in other words, sorting out all the information about products and the marketplace. Indeed, our brains act like human computers. This vision can be seen in the following self-report from a couple:

We were in the market for a house. We began by searching the MLS site on the Internet. We searched listings by price, by location, by school district, and by features. Then we found a realtor and let him do the searching. He showed

us several houses on the computer within our price range. One house seemed to have all the features but was on a street with no sidewalks, and sidewalks were important to us because we have children. Another house had everything but the deck was small; a third house had a large deck but the kitchen was small. We tried to figure how much it would cost to make the deck bigger, and we thought that expanding the kitchen would be very cumbersome. We kept turning in our heads the three houses we liked and their various features, and finally, taking everything into account, we settled on the one with the small deck.
—Jenny, 23, and Paul, 24

Consumer as a Shopper This is the familiar image of consumers, coming out of a store, loaded with shopping bags in both hands. Inside the store, they are totally taken in by vast merchandise, enchanted by all that is on display, theirs to have if they like, but to enjoy the sight anyway. Stores and marketplaces are the proverbial Alice's Wonderland for the consumer as a shopper. As one of our research respondents put it:

I shop all the time. Days, evenings, weekdays, weekends. Whenever I can get out. I shop at department stores and just as much at boutique shops. And I shop online—my favorite site is Alloy.com. I shop for sales and I shop for rare merchandise. If I am getting bored I will go to the mall. In fact if I don't go shopping for 2 or 3 days at a stretch, I begin to feel depressed. I buy very carefully, after full deliberation, but I browse a lot and I window-shop a lot. Mall is a place I couldn't live without. You could say I was born to shop.

Christy, 22

Consumer as a Reveler Finally, we all have visions of consumers just having a good time—at a restaurant, a rock concert, a beach resort on Spring Break—enjoying life with all the wonderful things the marketplace has to offer. Below are two excerpts from consumer interviews.

I am really big into smelling good. I spend hundreds of dollars on top name cologne. I feel that appearance and smell at first are what make the man what he is. I can be running to the grocery store and I put on cologne. —Chad, 22.

I love attending a live concert. Rap, country, rock, gospel, alternative—I love them all. My favorite band is Dave Mathews—I have got all 14 of their CDs and two live concert DVDs!
—Joe, 23.

We obtained a photo of a group of consumers. When it comes to consumers as revelers, a picture does speak a thousand words!

All of these visions are true. They exist not only in different consumers, but also sometimes in the same consumer. Thus, we are economic creatures sometimes, watching every penny; at other times, we just want to experience, just want to be revelers, with money as no object. Sometimes, we are assessing a product and soaking up all the information, with our internal computers' drives whirring. A consumer is indeed multi-faceted. And our study will cover all these facets.

Now, we are ready to begin our formal study consumer behavior.

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WHAT IS CONSUMER BEHAVIOR?

We define **consumer behavior** as the **mental** and **physical activities** undertaken by consumers to acquire and consume products so as to fulfill their needs and wants.

Our definition of *consumer behavior* has several elements worth noting. Let us discuss these one by one.

Mental and Physical Activities First, consumer behavior includes both mental and physical activities. **Mental activities** are acts of the mind, and they relate to what we think, feel, and know about products. **Physical activities** are, in contrast, acts of the human body, and they relate to what we physically do to acquire and consume products.

When you are contemplating buying a product, even dreaming about it, you are engaging in a mental activity. You are also engaging in a mental activity when you are mulling over a product's benefits and risks; making sense of an advertisement; trying to remember the price of a product in the store you previously visited; trying to recall what you read in Food and Wine magazine about the wines that go well with the pasta you are planning to cook tonight; or just wondering if a three-buttoned suit jacket will be good to wear to a forthcoming job interview or if instead you should stick to the more conservative two-buttoned jacket.

Physical activities include visiting stores, clipping coupons, talking to salespeople, surfing the Internet, test-driving a car, placing an item in the shopping cart, abandoning a shopping cart, and saving empty cartons for later recycling. Physical activities entailed in actual consumption are also included—such as preparation to consume (e.g., setting the table, soaking off grease from pizzas and fries, etc.), consumption situations (e.g., choosing take out or dining in, using cell phone while driving), consumption rituals (e.g., a makeup regimen), or routine trivial behaviors (e.g., TV channel flipping). Indeed, it is by observing consumer inconveniences and improvisations during product use that marketers often conceive new products and tailor their communications. Some activities are hybrids—both physical and mental—such as reading *Consumer Reports*, or reading product labels.

It should be noted that mental and physical activities we study under consumer behavior are not limited to the specific act of buying and using the product. Rather they include activities that the consumer undertakes in preparation for and prior to the actual buying act, and they include activities that continue long after the product is actually consumed or used. When a consumer hears a friend praising a product and makes a mental note to try it sometime in the future, this preparatory activity is part of consumer behavior. Likewise, a few months after using the product, if the consumer suddenly recalls the experience of using that product and chuckles about it, enjoying the memory of past consumption, then that post-use mental activity is also consumer behavior.

Product Second, we use the term *product* broadly, to refer to any physical or nonphysical product or service that offers some benefit to the consumer, including a place, a person, or an idea offered for exchange. Thus, not only are the physical products we buy included, such as a car, a shirt, a golf club, etc., but also services such as a fitness club, college education, wireless phone service, TV programs, and a “breakup letter service”—more on that later. Also included are places such as vacation destinations, outlet malls, or video arcades. And persons such as political candidates or candidates for the student council of your college seeking your votes are included. And, finally, ideas are included such as the idea of opposing a tax levy for a new stadium, donating blood, vegetarianism, or buying virtual ice cream (!) (read about it in Chapter 19). The important point here is that casting your vote for a candidate is just as good an example of consumer behavior as is buying a brand of toothpaste; so is visiting a museum, choosing a college, donating to the Tsunami Relief Fund, reading Malcolm Gladwell's 2005 best seller, *Blink*, or displaying a “Save Our Environment” bumper sticker on your new Element.

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Consumer Karma

Hi, My Name Is Bon Milano

Hi, my name is Bon Milano. I was born on July 21, 2006. I live on Happy Island. On this Island, we don't count our age by the earthly clock. I was born 35 years old. As soon as I was born, I got myself some new skin, a face job, and a mini hair transplant too. But most exciting was getting a new wardrobe. See the blue shirt, black jeans, and beige blazer I am wearing? My new clothes are cool, aren't they? In case you didn't realize it, they are all virtual.

So is my *Avatar*—my alter ego in Second Life world.

Soon I plan to buy some land on the island and build myself a house.

And get to know the Residents. The other day, I met Kooletti Godmother, Waterfalzz Extraordinaire, Anomaly Rothschild, and Nevermind Bliss. They told me about the listening party for Regina Spektor's new album *Begin to Hope*, podcasted exclusively in Second Life world—and “exclusively” means you can't hear it in meatspace (that is what we avatars call our First Life world, namely, our equally wonderful planet earth).

I missed it. But I am going to have my avatar audition for MTV's next Virtual Fashion Show. Someday, you and I might share a discussion on *MyCBBook*, here on the Happy Island. Life here is surreal.

Visit me sometime.



We Are Consumers and This Is What We Do

MyCBBook

Consumers Third, our definition includes the word consumers. In general, a consumer is anyone engaged in the acquisition and use of products and services available in the marketplace. Although a few humans on our planet might well be living lives sustained entirely by self-produced products and services (rather than those acquired in the marketplace), most of us acquire the products and services we need and want through marketplace exchange. Each of us, therefore, is a consumer.

The use of the term *consumer* in this text is broader than in practice, where different marketers call them, instead, by different names. For example, retail stores generally refer to their patrons as customers (rather than as consumers); so do utility companies (e.g., electricity or phone service providers), financial companies (e.g., banks), and service companies (e.g., dry cleaners, etc.). Professional service providers refer to them as clients (e.g., lawyers, real estate agents, tax advisors) or by their more context-specific roles (e.g., doctors call them “patients,” educators call them “students,” fund-raisers call them “donors,” etc.). And personal service providers call them either customers or clients (e.g., palm readers and fortune tellers, massage therapists, and boutiques that do the piercing and tattooing of our bodies). Only manufacturers who do not routinely deal with the end-users of a product (e.g., Procter & Gamble, Johnson & Johnson, Kraft, and General Foods, etc.) refer to these household end users as “consumers.” In this text, however, we refer to all of these kinds of acquirers and users of products and services as consumers.

Our use of the term consumer also goes beyond its literal meaning—persons who consume. Of course, some products do get consumed, such as food items, but other products do not get “consumed” (i.e., depleted), such as household appliances or other durables. For these products, we are users rather than consumers. Again, we will use the term *consumers* to refer to the users of all products or services, whether these products are consumables or durables.

Correspondingly, we define **consumption** as any and all usage of products whether or not the products are actually “consumed” away; i.e., depleted. Thus, when we look at our digital pictures and we show them to others or email them, we are consuming them.

And of course we also count as consumption activities such as TV viewing, visiting art galleries, and being in a chat-room on our PCs.

Needs and Wants Finally, two important words in our definition are *needs* and *wants*. *Needs* and *wants* are perhaps the two words most freely used by consumers—“freely” in the sense that they seldom ponder before uttering these words. They utter these words merely, but unmistakably, to indicate their desire or intent to possess and/or consume something. Philosophers of diverse ilk have ruminated for centuries as to what *need* and *want* mean, and understandably there is no consensus. Consequently, consumer researchers who study consumer needs and wants also vary in their definitions of the terms. Indeed, it would be futile to search for a definition on which everyone would agree. So, here is the definition we will use in this book.

A **need** can be defined as a discomforting human condition. It can be discomforting in a physiological sense or in a psychological sense. Examples of the physiologically discomforting condition are a hungry stomach or a body unprotected against the winter cold; examples of discomforting *psychological* conditions are feeling bored, feeling insecure, or experiencing being looked down upon. As consumers, we seek products or services in the marketplace exchange so as to alleviate these conditions of discomfort. A **want** is a desire for a specific object or product. The consumer who wants a product judges that it would restore his or her condition to a satisfactory state. Thus, the felt discomfort of a hungry stomach is a need; desire for food and for a specific kind of food is a want. Feeling insecure is a need; desire for the latest model of Nike shoes, even when barely within one’s means, is a want.

The definitions we use here differ from common speech, where needs are equated with necessities, and wants with luxuries. There are good reasons for this, which we will explore in a later section. For now, just remember that *need* is your felt discomfort, period. And remember also that the discomfort has to be perceived by the person himself or herself. Thus, a need is not someone else’s assessment of your condition. I cannot say that your hair looks long, so you need a haircut, or that your clothes look all faded and worn out, so you need a new pair of jeans. Or, that you don’t need a PDA (personal digital assistant), a diamond ring, hair coloring, body piercing, or a HUMMER. It is for you to decide if not having these things is discomforting for you, psychologically speaking. Indeed, then, *need* is a very subjective word. It is a very personal feeling.

EXCHANGE, VALUE, AND RESOURCES

Three Essentials of Consumer Behavior

There are three essential elements in all consumer behavior. Without these, no “consumer behavior” can take place. And they work in unison—inseparably, as three grand enablers of consumer behavior. These are exchange, resources, and value. Let us examine each.

EXCHANGE

Exchange refers to an interchange between two parties where each receives from the other something of more value and gives up something of less value. Within that specific exchange, what is given up is of less value to the giver than it is to the receiver, so that both parties gain more in value than they give up. Thus, when we buy a shirt, we part with our money (say, 20 dollars or 40 rubles or 25 euros or 120 pesos or 80 yen) because at that time that particular shirt is more valuable to us than keeping that money in our pockets; conversely, when we sell that shirt in a garage sale for one dollar, at that time, that shirt’s value to us is less than even one dollar.

Although an exchange can also occur between any two consumers, it is customary to call one of the parties the *marketer* and the other party the *consumer*. A **marketer** is an

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individual or an organization with an organizational goal that offers products and services in exchange for the consumer's money or (occasionally) other resources. When a marketer primarily seeks money and has making money as the principal organizational goal, then that marketer is referred to as a **commercial entity**. When a marketer offers products and services either free of cost or at a nominal charge insufficient to cover costs or make any profit, the marketer is typically a **non-profit** or social organization. Typically, nonprofit or social organizations promote an idea (e.g., smoking cessation) or a person (e.g., a presidential candidate). An important point here is that the study of consumer behavior is just as useful for non-profit and social and community organizations.

RESOURCES

A **resource** is something we own or possess that people value. Since people value those resources, more or less universally, as consumers we can use them to acquire a whole host of products and services. That is, as humans, we value resources ourselves, and, because other humans value them too, we can exchange some of them to satisfy our needs and wants.

Five Resources

There are five types of resources: money, time, skills and knowledge, body and physical energy, and social capital. Of these, money is the most often used resource for marketplace exchanges—when we acquire products and services, we typically pay for them with money. We also use money to acquire the other four resources. We buy time-saving devices to gain more time; we hire a maid so we ourselves don't expend time in housekeeping chores. We buy books and take college courses to gain knowledge, we buy home-improvement books to learn to do handiwork, and we pay for dancing lessons to acquire dancing skills.

To build our bodies and enhance physical energy as a resource, we spend money and join a gym. We spend time doing yoga. And we buy vitamins and nutrition-supplements to get energy. Finally, we spend time and money to build **social capital**—the network of friends and professional connections that can be of help in our hours of need. We buy designer brand clothes that will help us gain acceptance among our peers. We spend time writing thank-you notes and sending gifts to keep the friends we have. And we pay fees to join social clubs and associations to enlarge our social networks.

Sometimes we use other resources so we can pay less in money. We pay, in part, with our time when we choose to take a cheaper airline flight with a stopover instead of a direct flight. Or when we buy a modular furniture system that we have to assemble ourselves, we exchange our time, physical energy, and skills to save money. If we believe that we have the requisite skills, then we choose a low fee discount broker rather than a full service investment advisor, or we buy stocks online. We use our healthy bodies themselves as a resource when we donate blood or pledge to donate some organ. And good looks are themselves “exchanged” to attract a date, companion, and mate.

VALUE

The third essential element in all consumer behavior is value. **Value** is the sum total of net benefits we receive from an activity or an exchange. Indeed, value is the core goal of all exchanges humans undertake.

Value, not money, is the basic currency of all human interaction. When we meet someone, we try to quickly assess how long it would be worth our while to be talking to that person. If an incoming phone call shows up on our caller ID, we promptly decide if we would gain anything by taking that call at that time.... It is even more true of marketplace exchanges. The only reason customers are even in the marketplace is that they are looking for something of value.
(ValueSpace, 2001, p. 3-4.)²

Value comes from all the benefits, all the desired outcomes that consumers obtain and experience from their use of products. When a cream eradicates our zits, that is a desired outcome to us and hence a value; when a musical play uplifts our moods, that is a desired outcome and hence it is a value; when wearing a particular suit or dress brings us compliments from others, we are receiving value. And when we feel good about ourselves donating to a charity, we are experiencing value. In everything we buy, in everything we consume, in every advertisement to which we pay attention, from every salesperson to whom we lend our ears, in every store we enter, on every Web site we visit, we seek value.

Thus, value comes in multiple forms. Basically, value accrues when some need is satisfied. Because human needs are countless, so also are forms of value. However, they can be categorized into four major types, captured in the acronym USER: (a) utilitarian, (b) social, (c) ego/identity, and (d) recreational.³

Utilitarian value is the set of tangible outcomes of a product's usage (or of an activity). It comprises physical consequences of a product and its effects in the physical world around us and within us (i.e., our body). Also called *functional value*, utilitarian value comes from objects when they enable us to manage our lives as biological and physical beings and to manage our external physical environments as well. Examples include filling our bellies with food, energizing our bodies with nutrients, moisturizing our skin with lotions, navigating physical distance by using a Segway™, etc. But don't mistake it for mere basic necessity. A computer that allows us to write and save letters, a personal jet that enables us to reach places at will, and a digital camera phone that lets us shoot pictures anytime anywhere and then email them instantly to our friends—these products yield specific benefits that are also utilitarian.

Social value comes from our ability to manage our social worlds

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DOES MARKETING CREATE A NEED?

Some people blame marketing for creating consumer needs. They charge that marketing creates a desire for products we don't need. Does it? Let us examine this closely. Mainly, this charge is based on two prevalent views of what a *need* is. First, the charge comes from those who define true needs as only the basic things we require for survival. Consequently, they argue that we only need a basic car, not a fancy car, but marketers create in us a desire for a fancy car, and that we do not need a \$150 Nike shoe, but fancy advertising beguiles us into believing that we do.

The second definitional problem is that in common parlance, a need is confused with a product. This leads to the argument that no one needed a DVD player until DVDs came along, and no one needed hair transplants until hair transplants became available. A discourse on whether or not we needed something is impossible if we use the terms *need* and *product* interchangeably.

In contrast, we have defined *need* as a condition (an unsatisfactory one), not as a

product that improves that condition. So the need to be entertained always existed; DVDs provided a solution. And the need to impress peers or express ourselves had always existed; Nike offers, to some consumers, a way to do it. Consider digital camera cell phones. Before they became available, we did not need digital camera cell phones. In fact, we did not even need cell phones. But the need to be able to call our moms or friends from a place with no payphone nearby had always existed. And every once in a while we were in a place and we were looking at something, some product, some transient scene, and then we wished we could capture it in a photo and show it to a friend far away in real time to get his or her opinion. We had always needed, too, the ability to see the caller's face in our tiny cell phone's screen. Since these possibilities were not available, we dreamed about them every once in a while and then pushed the thought away from our active attention. Until one day, science made available the cell phone, and then the cell phone with digital camera and with email capabilities, and we suddenly recognized these products as solutions to our long-dormant needs. But it was science that gave us those products, not marketing. Marketing brought the news and explained their functions and benefits. The same goes for every invention—from Post-it® Digital Notes to hair transplants, science made them available, and, *after* that, marketing brought us the information and offered the invention at a price (sometimes a hefty sum, mind you). And those who saw these products as solutions to their needs—the conditions that were bugging them—bought them immediately, without much persuasion, whereas others waited a while or never bought them (a high intensity marketing effort, not withstanding!).

Speaking of the products science has brought us, smart consumers would have discovered their benefits even in the absence of marketers, and from them, in turn, all consumers would have. Marketers should be flattered to receive this credit, but it is not duly theirs. Consumers who credit marketers with creating in them the need for all those new inventions are merely shifting responsibility, or guilt if you will, from themselves to marketers.

What about products that are not scientific inventions, but mere packaging of image, you might ask. Like designer brands? Here, too, marketing receives more blame (or credit) than it deserves. Imagine a world where only one brand and one type of shoes (in all sizes, of course) was available, and only one brand and one style of clothes, and only one make and style of car. Would you then have been happier? When people got their clothes tailored, they got them customized not only for size but for style as well; when they sewed them themselves, they always gave them little personal touches, to reflect their personalities. This need to differentiate, not to be stamped from a cookie cutter, to show something unique, is also an inherent human need. What marketers do, to consumers' benefit, is simply to make those varieties, those differentiations in product offerings available to humans who had until then improvised those style differentiations. And in countries where these

<p>IMAGE OMITTED</p>	<p>Two consumers. Two different self-identities. Expressed through clothes.</p> <p>_____, a “watch repair artist” (L), _____, an eco-design professor, Fedora hat and tie-dye T-shirt—to each his own, courtesy of the marketplace.</p> <p>(Incidentally, no amount of clever marketing can make ____ trade his fedora hat for the tie-dye T. And ____ will absolutely, positively not do the trade either. They might as well, but not because of marketing.)</p>	<p>IMAGE OMITTED</p>
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products are not freely available (and thus there is no marketing), many consumers would kill to get them from the gray market if they could!

Somehow, consumers have their ideas of what will make them happy, and they will do anything to get those things, marketing or no marketing. The important question therefore is this: From where do consumers get their ideas? From diverse sources, actually. From the media for one. From seeing what the film stars are driving, and what the rap artists are wearing. And they observe people around them. Who is wearing Seven7™ or True Religion jeans, who is driving the Scion, and who is walking with iPod ear buds as a fashion statement? Thus, it is the media, and it is the society as a whole, the culture, the world around us, or the streets we are roaming—these are the sources of our desires. Marketing is a part of this environment, no more, and no less.

Let us look at it another way. Consider how many products are introduced in a typical year, and how many of them become abysmal failures. With all the marketing prowess behind them, marketers just can't convince enough number of consumers to part with their money to buy those products. And then there is the battle of the brands. In clothing, there is Kenneth Cole, and there is Tommy Hilfiger. Open any issue of *GQ* or *Esquire* and you can find advertisements for both. And yet, why do you buy one brand and not the other? There is a very simple reason: each brand makes a certain brand promise, each projects a certain image, each fits a certain consumer's inner self-image, and the consumer buys that which speaks to him or her. To other marketers, consumers vote a "No"—with their wallets and purses. Yes, consumers respond to advertising, to marketing, but only to the brand and only to the marketer that in fact respond first to what is within the consumer already. As one tattoo artist, describing how he helps his clients choose a design, put it: "The tattoo is already within the consumer; all I do is bring it out for the world to see!"

SEEING THE FUTURE FIRST: MEETING CONSUMERS' LATENT NEEDS

Consider the telephone. It is a miracle. It was invented in 1876. Suddenly, two persons continents apart could talk to each other. Since then, the technology experts in phone companies have upgraded the device over the years, improving sound fidelity and adding such features as pulse tone, and later speed dial, memory, and mute features. But their gaze remained focused on the telephone device. And while they kept in mind the consumer need the device served, that need seems to have been understood in its most obvious form: the need to talk to someone not within hearing range. They did not look deeper; it was assumed, inadvertently, that whenever someone wanted to talk to a distant person, that other person would be available at that location and at that time, and that he or she would want to talk to the caller. Furthermore, it was assumed that the two would speak the same



The Tattoo is already inside you!

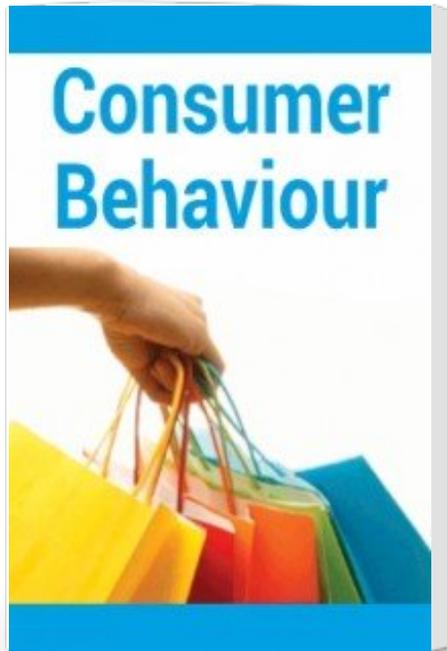
This consumer, Victor Strunk, used to sixth-sense extra-terrestrial characters protecting him from dangers both from outside and from within, and then got them on his skin.



A car is more than transportation. For some consumers, it is an extension of themselves.

Jamie Schworer, a thirty-something consumer, a resident of Cincinnati (U.S.A.) A marketing graduate, she now runs her own Limo Service business. She bought the 2006 Scion tC the moment she saw it.

Consumer Behaviour



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