


BABIN / HARRIS CB

Introduction to CB & its role in decision making



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Learning Outcomes

- LO¹** Understand the meaning of *consumption* and *consumer behavior*.
- LO²** Describe how consumers get treated differently in various types of exchange environments.
- LO³** Explain the role of consumer behavior in business and society.
- LO⁴** Be familiar with basic approaches to studying consumer behavior.
- LO⁵** Describe why consumer behavior is so dynamic and how recent trends affect consumers.

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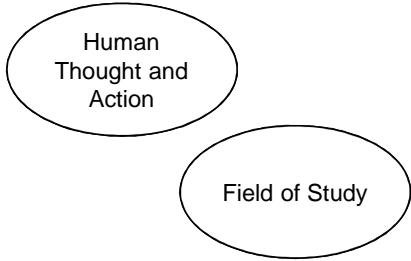
LO¹

Understand the meaning of *consumption* and *consumer behavior*.

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LO¹ Consumer Behavior Perspectives



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LO¹ Consumer Behavior as Human Behavior

Consumer behavior is the set of value seeking activities that take place as people go about addressing realized needs.

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LO¹ Consumer Behavior as Human Behavior

The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

Shiffman and Kanuk (2010)

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LO1 The Basic Consumption Process



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LO1 Consumption

Process by which goods, services or ideas are used and transformed into value.



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LO1 Macro or Micro?

Economists study consumer behavior from a macro, or broad, perspective.

Consumer behavior researchers study consumer behavior on a micro, or more individual, level.

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LO1 Evolving new dominant logic

Pre-1900

Goods-Centered Model of Exchange (Concepts: tangibles, statics, discrete transactions, and operand resources)

Thought leaders in marketing continually move away from tangible output with embedded value in which the focus was on activities directed at discrete or static transactions. In turn, they move toward dynamic exchange relationships that involve performing processes and exchanging skills and/or services in which value is cocreated with the consumer. The worldview changes from a focus on resources on which an operation or act is performed (operand resources) to resources that produce effects (operand resources).

Twenty-first Century

Service-Centered Model of Exchange (Concepts: intangibles, competencies, dynamics, exchange processes and relationships, and operand resources)

Classical and Neoclassical Economics (1800-1920)

Formative Marketing Thought (Descriptive: 1900-1950)

- Commodities
- Marketing institutions
- Marketing functions

Marketing Management School of Thought (1950-2000)

- Customer orientation and marketing concept
- Value determined in marketplace
- Manage marketing functions to achieve optimal output
- Marketing science emerges and emphasizes use of optimization techniques

Marketing as a Social and Economic Process (Emerging Paradigm: 1980-2000 and forward)

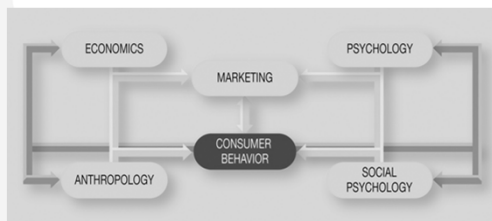
- Market orientation processes
- Services marketing processes
- Relationship marketing processes
- Quality management processes
- Value and supply management processes
- Resource management and competitive processes
- Network management processes

Stephen, V. & R. Lusch (2004), Evolving to a New Dominant Logic for Marketing, Journal of Marketing, Vol. 68, No.1, pp. 1-17.

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LO1 Consumer Behavior and Closely Related Disciplines



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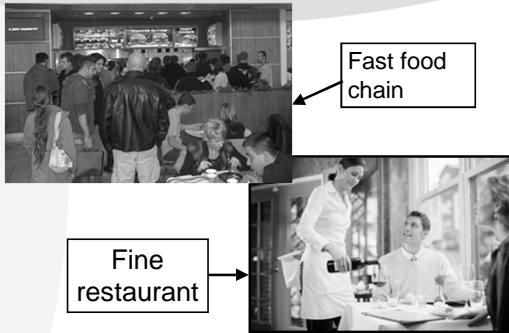
LO2

Describe how consumers get treated differently in various types of exchange environments.

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LO² How are Consumers Treated?



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LO² Questions to Consider

How competitive is the marketing environment?

How dependent is the marketer on repeat business?

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LO² Some Terminology

Consumer (customer) orientation

Market orientation

Relationship Marketing

Touchpoints

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LO³

Explain the role of consumer behavior in business and society.

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LO³ Why Study CB?

Input to business/marketing strategy

Force that shapes society

Input to making responsible decisions as a consumer

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LO³ Resource-Advantage Theory

The resource-advantage theory explains why companies succeed or fail; the company goes about obtaining resources from consumers in return for the value the company's resources create.

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LO³ How Old are These Companies?

COMPANY ¹	CORE PRODUCTS	YEAR OF "BIRTH"	PLACE
Apple	Computers, Communication Devices	1976	California
Home Depot	Building Supply and Retailing	1979	Georgia
Walmart	Mass Merchandising	1962	Arkansas
Microsoft	Computer Software	1975	New Mexico
Tesco	Food Retailing	1919	London, UK
Samsung	Electronics	1969	Seoul, South Korea
McDonald's	Fast Food	1956	Illinois
Toyota	Motor Cars	1937	Japan

Source: All dates taken from company websites. Samsung was originally founded in 1938 but as a Korean food exporter. In 1969, Samsung Electronics was created.

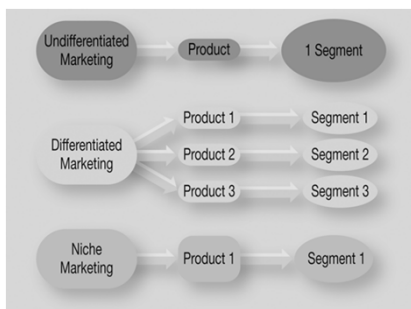
LO³ Make-Up or Hope?



A myopic business view defines the business in terms of products and not the value consumers receive.

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LO³ Different Ways of Doing Business



LO³ CB and Society

As this billboard shows, attitudes toward smoking have certainly changed over the last few decades. Smoking isn't so cool.



IMAGE COURTESY OF THE ADVERTISING ARCHIVES

LO³ CB and Personal Growth

Studying CB helps consumers make better decisions by understanding:

Consequences of poor budgeting

Role of emotions

Avenues for redress

Social influences

Environmental effects

LO³ Hold the Phone!



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Should public restrictions on mobile phone usage be created?

LO⁴

Be familiar with basic approaches to studying consumer behavior.

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LO⁴ Different Approaches to Studying CB

Interpretive Research

Quantitative Research

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LO⁴ Comparing Quantitative and Qualitative Research


Qualitative Research	Research Aspect	Quantitative Research
Discover Ideas, Used in Exploratory Research with General Research Objects	Common Purpose	Test Hypotheses or Specific Research Questions
Observe and Interpret	Approach	Measure and Test
Unstructured, Free-Forms	Data Collection Approach	Structured Response Categories Provided
Researcher is Intimately Involved. Results Are Subjective.	Researcher Independence	Researcher Uninvolved Observer; Results Are Objective.
Small Samples—Often in Natural Settings	Samples	Large Samples to Produce Generalizable Results (Results that Apply to Other Situations)
Exploratory Research Designs	Most Often Used	Descriptive and Causal Research Designs

Source: Zeithaml, V.G. and B.J. Malin (2007), Marketing Research, Thompson South-Western, Mason, Ohio.

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LO⁴ Sporting Events

Ethnography is useful in understanding how consumers turn sports experiences and memorabilia into value.



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LO⁵

Describe why consumer behavior is so dynamic and how recent trends affect consumers.

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LO⁵ Trends

- Internationalization
- Technological Changes
- Changing Communications
- Changing Demographics
- Changing Economy



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LO⁵ Internationalization

Starbucks is everywhere!



<http://fishgtree.blogspot.co.uk/2010/03/starbucks-already-in-vietnam-but-nobody.html>

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