

#### Consumer behaviour

- Consumer behaviour consists of all the activities people undertake when obtaining, consuming and disposing of products and services.
- One of the most important areas of marketing
- Emphasis on customer centrality
- Large proportion of academic research
- The decision-making process: the Engel, Kollat and Blackwell model (EKB) or Consumer Decision Process (CDP)



#### Consumer behaviour

#### The Consumer Decision Process (CDP) stages:

- Need recognition
- Search for alternatives
- Pre-purchase evaluation of the alternatives
- Purchase
- Consumption
- Post-consumption evaluation
- Divestment



1. Recognition by the consumer of a dissatisfied need.

Need recognition: a divergence between the persons' actual state and their desired state.

A wide variety of stimuli (internal or external) can activate needs or desires.

- Internal stimuli (hunger / thirst, pain, boredom)
- External stimuli, coming from the senses (visual, sensory, etc.)

Marketing is: understand the needs that a product can satisfy; understand unfulfilled desires.



- Self-Actualization
- Esteem
- Love
- Safety
- Physiological



#### MOST NEEDS HAVE TO DO WITH SURVIVAL PHYSICALLY AND PSYCHOLOGICALLY

PHYSIOLOGICAL OR SURVIVAL NEEDS

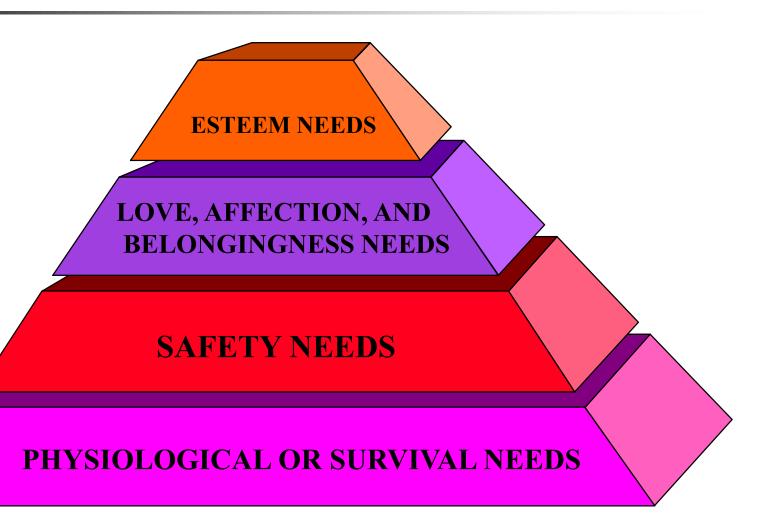


# ON THE WHOLE AN INDIVIDUAL CANNOT SATISFY ANY LEVEL UNLESS NEEDS BELOW ARE SATISFIED

**SAFETY NEEDS** 

PHYSIOLOGICAL OR SURVIVAL NEEDS



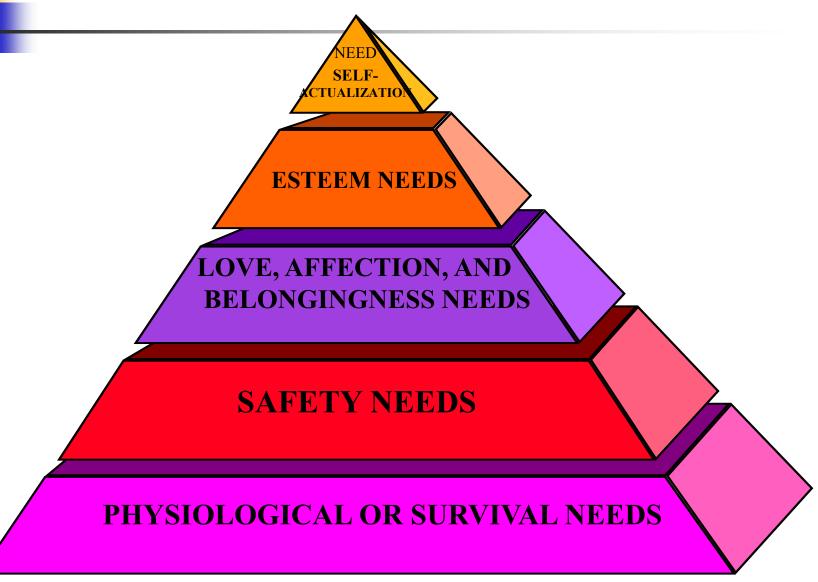




#### MASLOW EMPHASIZES NEED FOR SELF ACTUALIZATION IS A HEALTHY INDIVIDUAL'S PRIME MOTIVATION

SELF-ACTUALIZATION MEANS ACTUALIZING ONE'S POTENTIAL BECOMING ALL ONE IS CAPABLE OF BECOMING



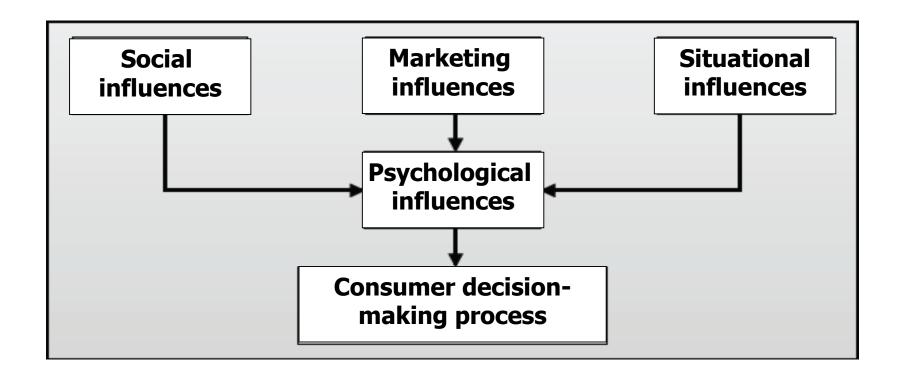




- 2) Search for alternatives to satisfy needs (sources of information)
- Internal (knowledge / experience) => usual purchases
- Social (family / friends / known expert) => new purchases, changes
  - => consumer / prescriber (skimming the market)
- Marketing (advertising / sellers / label) => test purchases
- Public (magazines / sites / publications) => complex purchases
- Experience (exam / test) => expensive purchases



- The explanation of consumer buying behavior is very complex.
- A schematization of the elements leading to the decision-making process is shown in the following diagram



## 4

## Consumer buying behavior

#### **Social influences:**

- Cultural systems
- Social class
- Reference group / person

#### **Marketing influences:**

- Product attributes (material and immaterial); appearance
- Price savings; value of quality
- Communication content;
- Distribution is easy to find; exclusive points of sale; sale on store

#### Situational influences (conscious and unconscious):

- Physical environment (place)
- Social environment (people)
- Time perspective (relative and absolute time)
- Definition of the task (buyer / user)
- Antecedent conditions (moods / conditions)



The information provided by the social, marketing and situational aspects are elaborated by the psychological factors that modify the interpretation and the impact on the decision-making process

Two significant psychological factors in this regard are:

- Product knowledge: a set of information stored in the consumer's memory about particular classes and forms of product, brands, models and ways of buying them. It influences the speed of decision making
- Product involvement: a consumer's perception of the importance or personal interest of a good. Extend the decision-making process



#### Influences on the buying process:

- Product knowledge
- Product involvement
- Frequency of purchase
- => Familiarity

#### Influences of the type of product:

- Convenience goods
  - The customer knows the product very well
  - The product is purchased with the minimum effort (ordinary products)
- Shopping goods
  - Comparison in quality, price, styles; different points of sale
  - The customer does not have a complete knowledge of the product (complex product)
- Specialty goods
  - The customer knows the product perfectly
  - The customer is ready to support a considerable effort to buy a specific brand



- 3) Evaluation of alternatives (logical sequence)
  - knowledge of the alternatives
  - selection of the alternatives of interest
  - consideration of the attributes of the selected alternatives
  - focus on attributes of interest
  - identification of the alternative with the best attributes
  - assignment of preference and desire to purchase



#### 4) Purchase decision

The passage from the identification of the best alternative to the purchase is conditioned by the perception of risk, considered from different points of view: a) economic, b) dissatisfaction result / use c) loss of image. The consumer tends to minimize the risk through three strategies:

- quantity reduction
- downsizing expectations
- acquisition of further information

5) Post-purchase evaluation

Fundamental for the repetition of the purchase in the future.

The more satisfied the consumer is the more the "stimulus-response" sense of trust and loyalty => CUSTOMER LOYALTY

The consumer mechanism takes root which leads to the same decision and establishes and reinforces the experience or to a state of perplexity and uncertainty regarding the purchase, which can be determined by:

- financial and / or psychological implications
- presence of many alternatives with comparable characteristics
- (cognitive dissonance)

#### Confirmation / Disconfirmation Paradigm

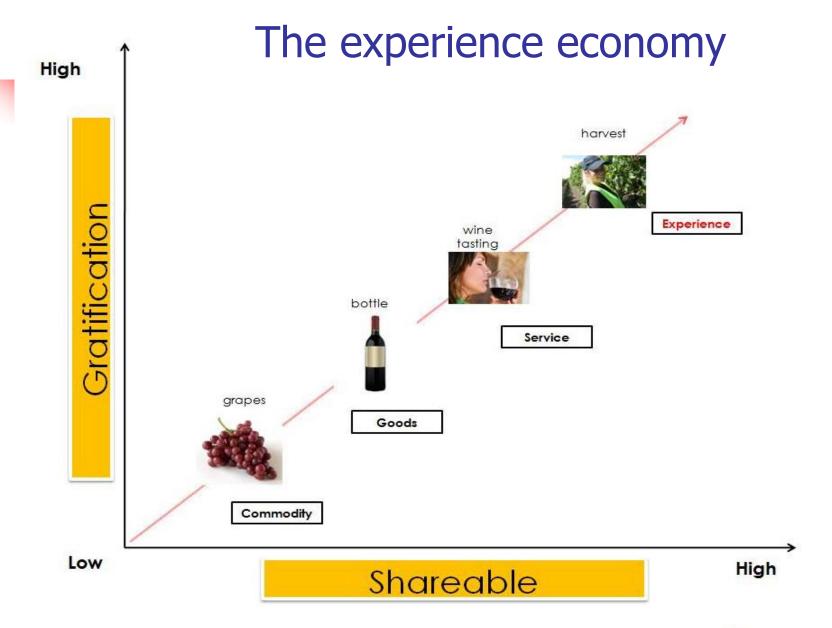
- Consumers expectations before the purchase
- Gap between expectation and product performances

#### Characteristics of a product:

- «research»
- «experience»
- «trust»
  - Trust: all the characteristics that a consumer is not able to verify:
  - Brand (=> guarantee of quality) = «signal of quality»
    - Company from owner to «keeper» of its brand
  - Price = «signal»
  - Quality certification (organic, PDO, etc.) = «indicator» of quality



- «Consumatore» (= consumer)
- «Consumat-tore» (= consumer + actor)
- Prosumer = Producer + Consumer (i.e. IKEA)
- Experience economy







## The experience economy

#### The decommoditization cycle

Through the decommoditization cycle the consumer shifts from being just a user to enjoying an experience and being a coffee expert

#### Coffee as a commodity:

Coffee grounds are sold in bulk (wholesale)



Cost: 2-5€/kg (1kg = 140 servings)\*

#### Coffee as experience:

Consumers can stay at the cafe as long as they like, surfing the internet and working/studying



Cost: 3-5€

\* Some luxury roasting can go up to 20€/kg

#### Coffee as a product:

Toasted coffee is selected, branded and marketed in retail as toasted with a special process





Cost: 4-7€ (500gr)

#### Course in coffee tasting

The single consumer is now a coffee expert



#### Coffee as a service:

Together with the coffee itself, the consumers buy the service at the cafè



Cost: 1€ per serving

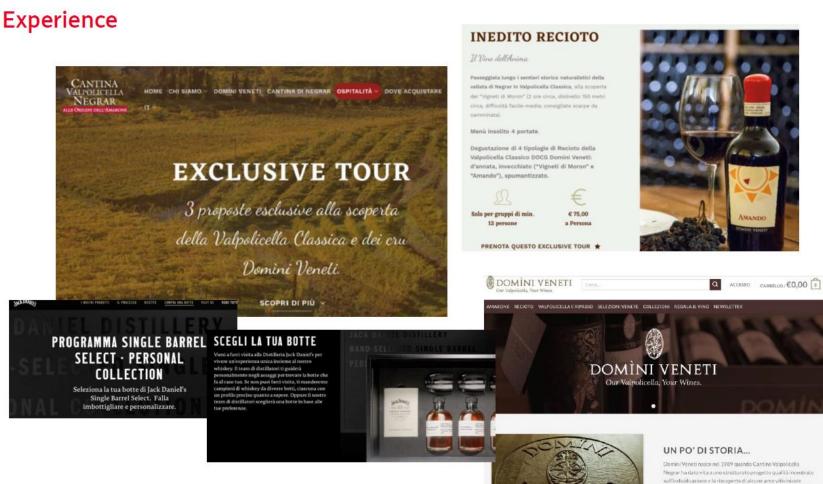
#### FINAL RESULT: complete transformation

The single consumer is now an expert and a coffee evangelist





## The experience economy



Source: Mario Di Mauro, Innovazione di business nell'era digitale, Presentation Wine Business Course, Tollo 22.02.2020

particolarmente preziose della Valpolicella. Da linea di prodotto, oggi Domini Veneti è diventato vero e proprio marchio della