

Consumer behavior and shopper marketing assignment

[Art & Culture](#)



cette etude. Les donnees qualitatives de recherche ont consiste en le groupe de foyer avec 4 femelles locales faites au mois d'octobre ; 2009.

Les donnees de recherche quantitative ont ete rassemblees avec l'assistant de questionnaire avec 100 repondants a choisi au hasard. De plus une etude de cas a ete dirigee dans les ventes de (Ariel & Persil) dans Fahed le Marche Super pendant la periode de Jan-09 jusqu'a juillet-09. Acknowledgements From the formative stages of this thesis, to the final draft, I owe an immense debt of gratitude to my supervisor, Dr. El-Kurdi Amal. Her sound advice and careful guidance were invaluable. I would also like to thank those who agreed to be interviewed, for, without your time and cooperation, this project would not have been possible.

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Introduction " There is one thing more powerful than all the armies of the world, and that is an idea whose time has come" Victor Hugo.

It is the time for new marketing concepts it is the time for holistically changing the rules of the game from a consumer centric strategy to a shopper centric strategy. Understanding the consumer is important, but understanding how a consumer behave during a shopping experience and why they behave this way is critical Being the shopper is more than the marketing strategy of he moment , it is a guide to philosophy and way of thinking that forces brand managers & CEO's and everyone involved in products sold in the supermarket to focus on the shopper.

Im a big fan of the modern marketing school not only because it is new & original but also because it focuses on shoppers instead of consumers and am very passionate about applying these new modern trends in our beloved country Lebanon, I do believe that shopper marketing will make us think holistically by understanding the ways in which we communicate & attract shoppers in multidimensional. Every word, color, phrase, claim & ingredients makes a difference. The reality that marketers must accept is that this is a shopper-driven world, but we are ignoring the real shopper.

Too many brand people spend too much time explaining why certain economics & trends occurred, and locks brand in to the never-never land of being stuck in process. [1] In certain sense the shopper's eyes offer a window in to our entire society. I realized that shopper marketing is the cutting edge of social evolution because it brings people & the things that must have together. This is where the dreams and aspiration of consumers and the message of brand owners intersect in a concrete action to make a purchase. If you want to understand our society, taking a trip with a shopper down a supermarket aisle, is very good start.

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I invite you to join me on this journey through the modern supermarket. I think you will be surprised of what we find[2]. In a time of crisis there is no doubt that the average shopper is adapting their behavior with the changing economic environment. They are becoming even more agile and efficient in their decisions and they are trying to control their wallet & not to compromise a lot on the quality. Knowing one's customer is always a vital component of business, but never more so than in a recession, when spending patterns lurch dramatically away from normal trends and become tricky even for the savviest businesses to read.

Finding out which product categories consumers are likely to target as they close their wallets is a vital part of market intelligence. Another is to understand the tactics consumers use as they try to cope with the assault on their spending power[3]. In Middle East, Shopper marketing have been applied for 4 years now mainly driven by big Multinational Companies like P, PepsiCo, L'Oreal, Unilever.. etc. that is why references & researches are not widely available & not all concepts so far are proved to be materializing. Shopper marketing is called sometimes retail marketing or, In-store marketing.

It was very difficult trying to mix & match all the available information about all the Shopper Marketing naming. Consumers are not completely aware about the rational of applying Shopper marketing, which made it difficult to gather information from supermarkets & Hypermarkets. Information about life style & social behavior are not objectively shared, many of the interviewee were not objective in their answers which lead to exclude 19

respondents in my research population. All these aspects & inquiries will be tackled in the search I conducted, where I will focus my search in to 2 parts.

Part one the theoretical part that will be divided in to two chapters chapter one will help in better understanding of the background & concepts of financial crisis consumer behavior & Shopper marketing, it will be divided in to three sections, section one will tackle the aspects of financial crisis & shopper behavior during the crisis; section two will under take consumer behavior literature & the factors affecting it while section three will deal with Shopper marketing literature with overview about the birth of science of shopper marketing.

Chapter two will be divided in to 2 sections, the first one tackle the shopper psychology & section two tackle the 5 theories about how shopper shops.

Part two of the study will mainly focus on Lebanese Market Analysis, where we will engage in deep understanding of the Lebanon landscape n the retail environment, we will divide it in to two sections, the first one will be a case study about Ariel & Persil in store activities & the second will be a full fledge analysis based on the questionnaire conducted on a 100 respondent randomly picked and from different gender, age group & social status. Part One

Consumer Behavior & Shopper Marketing in the shadow of Crisis Chapter 1

[4]Introduction | The economic slowdown has quickly morphed into a stall-out of epic proportions. Enormous increases in commodity prices have placed huge| | pressure on manufacturers. Retailers, reluctant to raise prices, are looking to vendors to absorb the cost of increased promotion, | |

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discounts and offers to keep shoppers in the stores. In the marketing industry, nothing could be closer to a perfect storm, causing anxious discussions across the country about budget cuts, reallocation of marketing dollars and increased spending on trade promotion.

Anything associated with long-term value feels at risk against the need for short-term ROI. Marketers, watching coupon usage rise and retail sales sink, are starting to buy into the notion that consumers will not open their wallets to spend without a deep discount offer. When uncertainty and volatility seem like a more permanent condition, retail forecasting becomes highly unpredictable. Buyers skittishly try to manage down inventory, while shoppers abandon poorly stocked stores in frustration.

Sales forecasts for consumer goods companies are harder to predict and even harder to allocate manufacturing resources against. Many predictive lenses are fuzzy. It's no secret that today's marketing mix is very different and still rapidly changing. Consumers have greater control and are actively using technology to edit or even block the barrage of marketing messages they receive. Today, the mix decisions for manufacturers are much more complex, causing marketers to second guess many decisions. Despite such pressures, leading CPG executive teams clearly recognize that this is a critical time to accelerate shopper marketing. They recognize how to solidly meet the needs of stressed shoppers seeking value from trusted brands. They work on merchandising differentiation and on cementing strong relationships with key retail partners. Careful consideration of the marketing mix, with a focus on shopper marketing activity that delivers solid returns on investment with strategic retail partners, should be the

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cornerstone| | in making this vision a reality³. | Leaders use objective thinking, current consumer/shopper information and broader measurement criteria as the guideposts for marketing | | mix decisions. Avoiding the temptation to randomly increase trade discounting is vital, as companies must be careful to assess and | | understand the corresponding impact on reduction of revenue. | | Leading manufacturers understand that strategic retailers will expect them to spend more to drive purchase behavior, but they also know| | that eroding margins on both sides via discounting tactics is not the answer. | In this paper, we'll explore a range of topics that marketers must consider as they rethink marketing mix decisions. Effectively | | allocating marketing budgets will require decisions to be made based on current knowledge of where along The Shopper's Journey | | consumers are making decisions and why. Shopper emotion drives behavior, and understanding how to leverage emotional values in | | messaging is an art that smart marketers are applying to their shopper marketing strategic model³. | | | | | | | | Financial Crisis Overview[5]: | | The term financial crisis is applied broadly to a variety of situations in which some financial institutions or assets suddenly lose a | | large part of their value.

In the 19th and early 20th centuries, many financial crises were associated with banking panics, and many | | recessions coincided with these panics. Other situations that are often called financial crises include stock market crashes and the | | bursting of other financial bubbles, currency crises, and sovereign defaults. | | Many economists have offered theories about how financial crises develop and how they could be prevented. There is little consensus, | | however, and financial crises are still a regular occurrence

around the world. | | A short list of some major financial crises since 20th century | | 1910 ??? Shanghai rubber stock market crisis | | 1930s ??? The Great Depression ??? the largest and most important economic depression in the 20th century | | 1973 ??? 1973 oil crisis ??? oil prices soared, causing the 1973??? 1974 stock market crash | | 1980s ??? Latin American debt crisis ??? beginning in Mexico | | 1987 ??? Black Monday (1987) ??? the largest one-day percentage decline in stock market history | | 1989-91 ??? United States Savings & Loan crisis | | 1990s ??? Japanese asset price bubble collapsed | | 1992-93 ??? Black Wednesday ??? speculative attacks on currencies in the European Exchange Rate Mechanism | | 1994-95 ??? 1994 economic crisis in Mexico ??? speculative attack and default on Mexican debt | | 1997-98 ??? 1997 Asian Financial Crisis ??? devaluations and banking crises across Asia | | 2001 – dot-com bubble – speculations concerning internet company’s crashed | | 2007-09 ??? The financial crisis of 2007??? 2009 created the late 2000s recession | | The financial crisis of 2007??? 2009 has been called by leading economists the worst financial crisis since the one related to the Great | | Depression of the 1930s The financial crisis of 2007??? 2009 has been called by leading economists the worst financial crisis since the | | one related to the Great Depression of the 1930s. It contributed to the failure of key businesses, declines in consumer wealth | | estimated in the trillions of U. S. dollars, substantial financial commitments incurred by governments, and a significant decline in | | economic activity.

Many causes have been proposed, with varying weight assigned by experts. Both market-based and regulatory solutions | | have been implemented or are under consideration, while significant risks remain for the world

economy. Financial innovation and easy credit conditions, among other factors, connected the nearly \$70 trillion global fixed income investment pool to the housing markets of developed nations significantly for the first time in the early 2000s, resulting in a massive housing bubble. The collapse of this bubble in 2007-2008 caused the values of securities tied to housing prices to plummet, damaging financial institutions globally.

Questions regarding bank solvency, declines in credit availability, and damaged investor confidence caused a ripple effect in global stock markets, which suffered large losses during 2008. Economies worldwide slowed in late 2008 and early 2009 as credit tightened and business investment declined. Critics argued that credit rating agencies and investors failed to accurately price the risk involved with mortgage-related financial products, and that governments did not adjust their regulatory practices to address 21st century financial markets. Governments and central banks responded with unprecedented fiscal stimulus, monetary policy expansion, and institutional bailouts. 6]

How the financial crisis affected Lebanon
Purchasing power parity | | | | | The International Comparison Program (ICP) is a global statistical initiative aimed at estimating purchasing power parities (PPPs) that are used to convert gross domestic product (GDP) and its components from national currency denominations into common international currency units at equal price level.

Prior to the ICP, official exchange rates were generally used to convert GDP to a common currency, but exchange rates do not reflect international price level differences and are subject to short-term fluctuations. However for some purposes, such as comparing international debt positions and

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foreign trade, the use of exchange rate will be more appropriate. For | | comparisons of real domestic volumes of product and relative price levels, the purchasing power of currencies must be taken into | | account. based economic data inform users about the relative sizes of markets, the size and relative shares of key components of GDP, | | and the purchasing power of currencies. 7] | | We will compare the 2005 publication & the 2009 publication to measure the effect of the financial crisis on Lebanon GDP. | | 2005 PPP results from USCWA | |[pic] | | Graph I: Lebanon profile in 2005 ICP , publication form USCWA . www. escwa. un.

org/icp/publications/ICP_2005finalreport. pdf | ? 2008 PPP results from USCWA | Country | PPP?? GDP* | Market?? GDP* | PPP pcGDP | Market pcGDP | PPP Rate** | Market Rate** | Price Level*** | | Egypt | 353. 5 | 98. 8 |\$5, 050 |\$1, 410 | 1. 6 | 5. | 28 | | Qatar | 55. 9 | 42. 1 |\$68, 750 |\$51, 810 | 2. 7?? | 3. 6 | 75 | | China | 5, 334 | 2, 244 |\$4, 090 |\$1, 720 | 3. 4 | 8. 2 | 42 | | Iceland?? | 10. 5 | 16. 3 |\$35, 630 |\$54, 975 | 97 | 63 | 154 | | Tajikistan?? | 9. 7?? | 2. 3 |\$1, 413 |\$337 | 0. 7 | 3. 1 | 24 | * \$Billion????????????? ** per \$????????????????? ***US= 100 Table I : New Purchasing Power Parity Estimates Give Higher GDP and Moderate Cost of living for Lebanon .

Published in: Lebanon opportunities – April 2008 – Issue 130 <http://www.blominvestbank.com/English/NewsDetails.aspx?pageid=295> [8]Lebanon's PPP-based GDP was estimated at \$38. 4B, up from \$21. 6B based on market exchange rates. This is obtained by having a PPP rate of LP847 per \$ against a market exchange rate of LP1507 per \$. This means that a basket of goods and services that costs ! \$ in the US costs LP847 in Lebanon. As important, Lebanon's price level index, which is the ratio of its PPP rate divided by the <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

market exchange rate, equaled 56 (an index over 100 means prices are higher on average than in the US, and an index less than 100 means prices are lower).

This implies that with prices in Lebanon for the same basket of goods and services almost half of what they are in the US, GDP when evaluated at US prices, or at purchasing power parity, should produce almost twice its value based on market exchange rates ??? hence, the \$38. 4B value of its PPP-based GDP. Among the Arab countries, Egypt's PPP-based GDP increased the most, more than tripling from \$98. 8B to \$353. 5B. Also, and in this context, the three most expensive countries were Denmark, Switzerland, and Norway; whereas the cheapest came to be Tajikistan, Ethiopia, and Gambia. In terms of per-capita PPP-based GDP, Luxembourg, Qatar, and Norway turned out to be the highest.

Based on these studies and the comparison between the 2005 & 2008 publications we conclude that the financial crisis did not affect Lebanon's GDP, but we witnessed a healthy growth across the GDP, prior to other GCC regions. Since the crisis did not affect Lebanon market & since the consumer behavior will & shopper behavior will not witness a change, and since we are lacking research about the shopper behavior in Lebanon, taking this thesis to the next level was essential to turn this limitation in to opportunity and peel the onion about the shopper behavior and try to shed the light on the shopper psychology & understand how he shops & what is its store preferences & shopping preparation & how he choose his products in times of crisis if any.

3 WHY SHOPPER MARKETING MATTERS IN THE FINANCIAL CRISIS

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Knowing one's customer is always a vital component of business, but never more so than in a recession, when spending patterns lurch dramatically away from normal trends and become tricky even for the savviest businesses to read. Finding out which product categories consumers are likely to target as they close their wallets is a vital part of market intelligence. Another is to understand the tactics consumers use as they try to cope with the assault on their spending power. We continue to see consumers adapting their behavior to compensate for lost purchasing power although with prices now stabilizing, consumers are starting to comment that they are getting used to a different way of shopping, their new budgets and habits.

Not only do we continue to see a trend towards reduced shopping frequency and banner loyalty and a move to lower end banners and brands; we are also seeing more fundamental changes in behavior. Shoppers are planning their consumption and purchases much more, focusing more on fruit and vegetables (vs more expensive meats and fish), reducing their waste and even growing their own produce. Clearly the longer the economic crisis continues the more intrinsic and natural these habit changes will become and hence the more they could have an impact on retail beyond the economic recovery[9]. The economic slowdown has quickly morphed into a stall-out of epic proportions. Enormous increases in commodity prices have placed huge pressure on manufacturers.

Retailers, reluctant to raise prices, are looking to vendors to absorb the cost of increased promotion, discounts and offers to keep shoppers in the stores[10]. In the marketing industry, nothing could be closer to a perfect

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storm, causing anxious discussions across the country about budget cuts, reallocation of marketing dollars and increased spending on trade promotion. Anything associated with long-term value feels at risk against the need for short-term ROI(Rate On Interest). Marketers, watching retail sales sink, are starting to buy into the notion that consumers will not open their wallets to spend without a deep discount offer. When uncertainty and volatility seem like a more permanent condition, retail forecasting becomes highly unpredictable.

Buyers skittishly try to manage down inventory, while shoppers abandon poorly stocked stores in frustration. It's no secret that today's marketing mix is very different and still rapidly changing. Consumers have greater control and are actively using technology to edit or even block the barrage of marketing messages they receive. Today, the mix decisions for manufacturers are much more complex, causing marketers to second guess many decisions. | Despite such pressures, leading companies clearly recognize that this is a critical time to accelerate shopper marketing. | | They recognize how to solidly meet the needs of stressed shoppers seeking value from trusted brands.

They work on merchandising | | differentiation and on cementing strong relationships with key retail partners. Careful consideration of the marketing mix, with| | a focus on shopper marketing activity that delivers solid returns on investment with strategic retail partners, should be the | | cornerstone in making this vision a reality[11]. | 5 Shopper Trends in the shadow of Crises
There is no doubt that the average shopper is adapting their behavior with the changing economic environment. They are becoming even more agile
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and efficient in their decisions and are having to turn off their ‘ auto-pilot’ switch to ensure their choices are helping them to economies. They are investing more time in food shopping and preparation.

Interestingly many of them to feel that they are not compromising on quality food ??? partly driven by their attentiveness but also the fierce price competition between retailers. Shoppers are also beginning to get used to paying out a certain amount and economizing in a certain way. During the last year particularly were hard months but as food prices begin to stabilize they are getting used to new habits they are forming. Consumers are starting to: shop around for the best buys “ even on everyday items’ shifting allegiances from higher end retailers downwards (in the UK: Waitrose and M are the retailers suffering the most); they are also cutting down on treats and luxuries and overall are focused much more on planning their budget and purchases.

There is a clear trend towards shoppers trying to reduce the cost of their shopping trips either through reducing numbers trips or shopping around at different banners[12]. How consumer anxiety and fear over the economic downturn is impacting consumer values? [13] – Looking for ways to reestablish a feeling of control over finances, possessions, the future, and general anxieties – Searching for confidence and security, including brands and services that are reliable and trustworthy – Wanting to be savvy, smart shoppers as thrift becomes the new norm (61% of women feel “ proud of all the little ways I’ve found to save money. “) – Declining trust in government and institutions renews call for self-sufficiency Consumer Behavior literature

1 Introduction

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Consumer behavior is the study of how individuals, groups and organizations select, buy, use & dispose of goods, services and ideas or experiences to satisfy their needs and wants, studying consumers provides clues for improving or introducing products or services, setting prices devising channels crafting messages and developing other marketing activities[14].

{The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how[15] ??? The psychology of how consumers think, feel, reason, and select between different alternatives (e. g. , brands, products); ??? The psychology of how the consumer is influenced by his or her environment (e. g. culture, family, signs, media); ??? The behavior of consumers while shopping or making other marketing decisions; ??? Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;?? ??? How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and ??? How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer. ??? Behavior occurs either for the individual, or in the context of a group (e. g. , friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use). Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. ??? Consumer behavior involves services and ideas as well as tangible products. ??? The impact of consumer behavior on society is also of relevance. For example,

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aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

2 Four main applications of consumer behavior: ??? The most obvious is for marketing strategy??? i. e. for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices[16]. Social marketing involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic. As a final benefit, studying consumer behavior should make us better consumers. Common sense suggests, for example, that if you buy a 3 liquid ML bottle of laundry detergent, you should pay less per ounce than if you bought two 1 ML bottles. In practice, however, you often pay a size

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premium by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are really getting a bargain.

3 Influences of Consumer Behavior [pic] Figure 1[17]. Consumer behavior factors(Larne's Perner, Consumer Behavior)

1 Culture and Subculture

Culture is part of the external influences that impact the consumer.

That is, culture represents influences that are imposed on the consumer by other individuals. The definition of culture offered in one textbook is " That complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by man person as a member of society. "?? From this definition, we make the following observations: ???

Culture, as a " complex whole," is a system of interdependent components. ??? Knowledge and beliefs are important parts. In the U. S. , they know and believe that a person who is skilled and works hard will get ahead. In other countries, it may be believed that differences in outcome result more from luck. Culture has several important characteristics: 1)??

Culture is comprehensive. This means that all parts must fit together in some logical fashion (2)?? Culture is learned rather than being something we are born with (3)?? Culture is manifested within boundaries of acceptable behavior. (4)?? Conscious awareness of cultural standards is limited. One American spy was intercepted by the Germans during World War II simply because of the way he held his knife and fork while eating. (5)?? Cultures fall somewhere on a continuum between static and dynamic depending on how quickly they accept change. For example, American culture has changed a great deal since the 1950s, while the culture of Saudi Arabia has changed

uch less. 3 Demographics Demographics are clearly tied to subculture and segmentation. Here, however, we shift our focus from analyzing specific subcultures to trying to understand the implications for an entire population of its makeup. Several issues are useful in the structure of a population. For example, in some rapidly growing countries, a large percentage of the population is concentrated among younger generations. In countries such as Korea, China, and Taiwan, this has helped stimulate economic growth, while in certain poorer countries, it puts pressures on society to accommodate an increasing number of people on a fixed amount of land.

Other countries such as Japan and Germany, in contrast, experience problems with a “graying” society, where fewer non-retired people are around to support an increasing number of aging seniors. Because Germany actually hovers around negative population growth, the German government has issued large financial incentives, in the forms of subsidies, for women who have children. In the United States, population growth occurs both through births and immigration. Since the number of births is not growing, problems occur for firms that are dependent on population growth (e. g. , Gerber, a manufacturer of baby food). ??? Social class is a somewhat nebulous subject that involves stratifying people into groups with various amounts of prestige, power, and privilege.

In part , status differentiations here are quite vague. We cannot, for example, associate social class with income, because a traditionally low status job as a plumber may today come with as much income as a traditionally more prestigious job as a school teacher. 4 Families and Family Decision Making ? The Family Life Cycle[18]. Individuals and families tend to <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

go through a “ life cycle:” The simple life cycle goes from Figure 2. Family Life cycle (Larner’s Perner, Consumer Behavior)?? [pic] ? Family Decision Making. Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. Influencers do not ultimately have the power to decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met. The decision maker(s) have the power to determine issues such as: ??? Whether to buy; ??? Which product to buy ??? Which brand to buy; ??? Where to buy it; and ??? When to buy. Note, however, that the role of the decision maker is separate from that of the purchaser.

From the point of view of the marketer, this introduces some problems since the purchaser can be targeted by point-of-purchase (POP) marketing efforts that cannot be aimed at the decision maker. Also note that the distinction between the purchaser and decision maker may be somewhat blurred: ??? The decision maker may specify what kind of product to buy, but not which brand; ??? The purchaser may have to make a substitution if the desired brand is not in stock; ??? The purchaser may disregard instructions (by error or deliberately). It should be noted that family decisions are often subject to a great deal of conflict. The reality is that few families are wealthy enough to avoid a strong tension between demands on the family’s resources.

Conflicting pressures are especially likely in families with children and/or when only one spouse works outside the home. Note that many decisions inherently come down to values, and that there is frequently no “ objective” way to arbitrate differences. One spouse may believe that it is important to save for the children’s future; the other may value spending now (on private schools and computer equipment) to help prepare the children for the future. Who is right? There is no clear answer here. The situation becomes even more complex when more parties??? such as children or other relatives??? are involved.

5 Group Influences[19]

Humans are inherently social animals, and individuals greatly influence each other.

A useful framework of analysis of group influence on the individual is the so called reference group??? the term comes about because an individual uses a relevant group as a standard of reference against which oneself is compared. Reference groups come in several different forms. ??? The aspirational reference group refers to those others against whom one would like to compare oneself. For example, many firms use athletes as spokespeople, and these represent what many people would ideally like to be. ??? Associative reference groups include people who more realistically represent the individuals’ current equals or near-equals??? e. g. , coworkers, neighbors, or members of churches, clubs, and organizations. ??? Finally, the dissociative reference group includes people that the individual would not like to be like.

For example, the store literally named The Gap came about because many younger people wanted to actively dissociate from parents and other older and “ uncool” people. Reference groups come with various degrees of

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influence. Primary reference groups come with a great deal of influence??? e. g. , members of a fraternity/sorority. Secondary reference groups tend to have somewhat less influence??? e. g. , members of a boating club that one encounters only during week-ends are likely to have their influence limited to consumption during that time period. 6 Perception ? Background[20]. Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed.

This works well, for example, when we “ see” a friend three hundred feet away at his or her correct height; however, our perception is sometimes “ off”??? for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume. ? Factors in perception. Several sequential factors influence our perception. Exposure involves the extent to which we encounter a stimulus. For example, we are exposed to numerous commercial messages while driving on the freeway:?? bill boards, radio advertisements, bumper-stickers on cars, and signs and banners placed at shopping malls that we pass. Most of this exposure is random??? we don’t plan to seek it out. However, if we are shopping for a car, we may deliberately seek out advertisements and “ tune in” when dealer advertisements come on the radio.

Exposure is not enough to significantly impact the individual??? at least not based on a single trial (certain advertisements, or commercial exposures such as the “ Swoosh” logo, are based on extensive repetition rather than much conscious attention). In order for stimuli to be consciously processed, attention is needed. Attention is actually a matter of degree??? our attention may be quite high when we read directions for getting an income tax refund, <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

but low when commercials come on during a television program. Note, however, that even when attention is low, it may be instantly escalated??? for example, if an advertisement for a product in which we are interested comes on. Interpretation involves making sense out of the stimulus. For example, when we see a red can, we may categorize it as a CokeO.

Several factors influence the extent to which stimuli will be noticed. One obvious issue is relevance. Consumers, when they have a choice, are also more likely to attend to pleasant stimuli (but when the consumer can't escape, very unpleasant stimuli are also likely to get attention??? thus, many very irritating advertisements are remarkably effective). One of the most important factors, however, is repetition. Consumers often do not give much attention to a stimuli??? particularly a low priority one such as an advertisement??? at any one time, but if it is seen over and over again, the cumulative impact will be greater. 7 Learning and Memory ? Background.

Learning involves “ a change in the content or organization of long term memory and/or behavior. ” The first part of the definition focuses on what we know (and can thus put to use) while the second focuses on concrete behavior. For example, many people will avoid foods that they consumed shortly before becoming ill. Learning is not all knowledge based. For example, we may experience the sales people in one store being nicer to us than those in the other. We thus may develop a preference for the one store over the other; however, if pressed, we may not be able to give a conscious explanation as to the reason for our preference. ? Vicarious learning.

The consumer does not always need to go through the learning process himself or herself??? sometimes it is possible to learn from observing the consequences of others. For example, stores may make a big deal out of prosecuting shop lifters not so much because they want to stop that behavior in the those caught, but rather to deter the behavior in others. Similarly, viewers may empathize with characters in advertisements who experience (usually positive) results from using a product. The Head ' n' Shoulders advertisement, where a poor man is rejected by women until he treats his dandruff with an effective cure, is a good example of vicarious learning.

Memory ranges in duration on a continuum from extremely short to very long term. Sensory memory includes storage of stimuli that one might not actually notice (e. g. , the color of an advertisement some distance away). For slightly longer duration, when you see an ad on TV for a mail order product you might like to buy, you only keep the phone number in memory until you have dialed it. This is known as short term memory. In order for something to enter into long term memory, which is more permanent, you must usually “ rehearse” it several times. For example, when you move and get a new phone number, you will probably repeat it to yourself many times.

Alternatively, you get to learn your driver's license or social security numbers with time, not because you deliberately memorize them, but instead because you encounter them numerous times as you look them up. something new blocks out something old. For example, if you once used WordPerfect than then switched to Microsoft Word, you may have trouble remembering how to use WordPerfect at a friend's house??? more so than if <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

you had merely not used any word processing program for some time. ?

Memorability can be enhanced under certain conditions. One is more likely to remember favorable??? or likable stimuli (all other things being equal).

Salience??? or the extent to which something is highly emphasized or very clearly evident??? facilitates memory.

Thus, a product which is very visible in an ad, and handled and given attention by the actors, will more likely be remembered. 8 Attitudes ?

Introduction. Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some object—within the context of marketing, usually a brand or retail store. These

components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the

object. [pic] (Larne's Perner, Consumer Behavior) ? Beliefs. The first

component is beliefs. A consumer may hold both positive beliefs toward an object (e. g. coffee tastes good) as well as negative beliefs (e. g. , coffee is

easily spilled and stains papers). In addition, some beliefs may be neutral

(coffee is black), and some may be differ in valance depending on the person

or the situation (e. g. , coffee is hot and stimulates—good on a cold morning,

but not good on a hot summer evening when one wants to sleep). ? Affect.

Consumers also hold certain feelings toward brands or other objects.

Sometimes these feelings are based on the beliefs (e. g. , a person feels

nauseated when thinking about a hamburger because of the tremendous

amount of fat it contains), but there may also be feelings which are relatively

independent of beliefs.

For example, an extreme environmentalist may believe that cutting down trees is morally wrong, but may have positive affect toward Christmas trees because he or she unconsciously associates these trees with the experience that he or she had at Christmas as a child. ? Behavioral Intention. The behavioral intention is what the consumer plans to do with respect to the object (e. g. , buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances–e. g. , although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends. Attitude-Behavior Consistency. Consumers often do not behave consistently with their attitudes for several reasons: ? Ability. He or she may be unable to do so. Although junior high school student likes car and would like to buy one, she may lack a driver’s license. ? Competing demands for resources. Although the above student would like to buy a pickup truck on her sixteenth birthday, she would rather have a computer, and has money for only one of the two. ? Social influence. A student thinks that smoking is really cool, but since his friends think it’s disgusting, he does not smoke. ? Measurement problems. Measuring attitudes is difficult.

In many situations, consumers do not consciously set out to enumerate how positively or negatively they feel about mopeds, and when a market researcher asks them about their beliefs about mopeds, how important these beliefs are, and their evaluation of the performance of mopeds with respect to these beliefs, consumers often do not give very reliable answers. Thus, the consumers may act consistently with their true attitudes, which were never uncovered because an erroneous measurement was made. ? Attitude

Change Strategies. Changing attitudes is generally very difficult, particularly when consumers suspect that the marketer has a self-serving agenda in bringing about this change (e. g. , to get the consumer to buy more or to switch brands). A. Changing affect. One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs.

One strategy uses the approach of classical conditioning try to “ pair” the product with a liked stimulus. For example, we “ pair” a car with a beautiful woman. Alternatively, we can try to get people to like the advertisement and hope that this liking will “ spill over” into the purchase of a product. B. Changing behavior. People like to believe that their behavior is rational; thus, once they use the products, chances are that they will continue unless someone is able to get them to switch. One way to get people to switch to the brand is to use temporary price discounts and coupons; however, when consumers buy a product on deal, they may justify the purchase based on that deal?? (i. e. the low price) and may then switch to other brands on deal later. A better?? way to get people to switch to the brand is to at least temporarily obtain better shelf space so that the product is more convenient. Consumers are less likely to use this availability as a rationale for their purchase and may continue to buy the product even when the product is less conveniently located. C. Changing beliefs. Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavorable or inaccurate ones, this is often difficult to achieve because consumers tend to resist. Several approaches to belief change exist: 1. Change currently held beliefs.

It is generally very difficult to attempt to change beliefs that people hold, particularly those that are strongly held, even if they are inaccurate. For example, the petroleum industry advertised for a long time that its profits were lower than were commonly believed, and provided extensive factual evidence in its advertising to support this reality. Consumers were suspicious and rejected this information, however.

2. Change the importance of beliefs. Although the sugar manufacturers would undoubtedly like to decrease the importance of healthy teeth, it is usually not feasible to make beliefs less important—consumers are likely to reason, why, then, would you bother bringing them up in the first place? However, it may be possible to strengthen beliefs that favor us—e. g. a vitamin supplement manufacturer may advertise that it is extremely important for women to replace iron lost through menstruation. Most consumers already agree with this, but the belief can be made stronger.

3. Add beliefs. Consumers are less likely to resist the addition of beliefs so long as they do not conflict with existing beliefs. Thus, the beef industry has added beliefs that beef (1) is convenient and (2) can be used to make a number of creative dishes. Vitamin manufacturers attempt to add the belief that stress causes vitamin depletion, which sounds quite plausible to most people. } Shopper Marketing Literature 1 The birth of the science of shopping[21]

In the early 90's, when shopping was still largely offline and brands focused on consumers and a mass-media model, marketers considered the store to be a tactical channel for price and value promotions. Enter the retail anthropologists??? research teams that stationed themselves in stores to observe children climbing shelves to reach treats, men pulling up the

waistband of their boxers to see what size they should buy, and women avoiding aisles where they'd be jostled about. It was the first time anyone looked beyond the day's receipts and traditional marketing surveys to measure what was going on in the store. And by 2000, the "science of shopping" was born??? a full fledged, practical discipline with the aim of making stores and products more in-tune with shoppers' wants and needs. 2

Capturing a Shopper's Mind, Heart and Wallet

The Store Is Compelling and an Ideal Marketing Canvas ??? With 70 percent of purchase decisions being made in-store¹ and 68 percent of in-store purchases being impulse², marketers have a tremendous opportunity to reach consumers, build brand equity and stimulate consumption through effective shopper marketing. If you have no idea what Shopper Marketing is, you're not alone. But you should know that Shopper Marketing is one of the hottest trends in marketing today, at least in the eyes of major consumer packaged goods companies such as Procter & Gamble, Unilever, Coca-Cola and Kraft, as well as the agencies that serve them[22]. What is Shopper Marketing?

It's been defined in a number of ways, often in "mission statement" fashion, meaning a single sentence of 75 words or more that attempts include every detail. I won't subject you to that form of punishment! Many Definitions Exist, However Only One Matters ??? Despite industry debates and differing opinions, shopper marketing should be consistently defined from the shopper's point-of-view. It should include all marketing stimuli, developed based on a deep understanding of shopper behavior, designed to build brand equity, engage the shopper (i. e. , a consumer in 'shopping mode'), and lead

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him/her to make a purchase. Instead, I'll offer my own definition: Shopper Marketing is a discipline designed to drive growth by improving the shopping experience for the shopper[23].

That may sound basic and obvious, but the twist is that implementing Shopper Marketing is anything but basic and obvious. It is incredibly complicated because it involves every aspect of the shopping experience, from the usual stuff like promotions, displays and packaging up to and including store formats themselves (think in terms of the checkout area, for starters — plenty of room for improvement there, no?) Underneath it all is one area that is largely alien to traditional marketers, whose focus has been almost exclusively on understanding consumers — that is, the consumption of goods and services. What's been ignored is understanding shoppers — that is, consumers when they are in the shopping mode[24].

Connecting with consumers and shoppers and creating loyalty is as challenging as it has ever been for consumer products manufacturers and retailers. Consider the following profile of today's consumers and shoppers[25]: ??? 68 percent are brand switchers ??? Only 5 percent are loyal to one brand ??? 73 percent shop in five or more channels ??? Only 26 percent are loyal to an average retailer These statistics are alarming, given the fact that marketers are making every effort to create the exact opposite effect. 3 Shopper Marketing Stimuli Shopper Marketing Stimuli ??? Any marketing effort that builds brand equity and has the potential to engage or influence an individual to shop or make a purchase. Some examples of shopper marketing[26] stimuli include: Product stimuli, such as the size, shape, color, material and packaging of the product, and the messages, <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

graphics and language conveyed on the packaging ??? Price stimuli, such as price promotions conveyed in circulars, shelf signs, coupon dispensers, and personalized check-out coupons ??? Place stimuli, such as store design, layout, lighting, music, scents, and aisle, shelf, and display locations ??? Promotion stimuli, such as sampling, demonstrations, displays, floor advertisements, kiosks, in-store visual or audio, intelligent shopping carts, and digital signage Not everyone agrees that all of these stimuli should be considered shopper marketing.

However, from the eyes of a shopper, price discounts, store design and product packaging is marketing to the shopper. 12 Shoppers Vs. Consumers In other words, understanding consumers is not the same thing as understanding shoppers. There is some overlap between the two, of course, but if the ultimate goal is to drive growth (and it is), then doesn't it make sense to gain insights into why a shopper decides to buy this brand versus someone else's? There's only one place that happens and that's in the store[27] — Perhaps not surprisingly, the weakest area for both the brand marketers and their agencies is, yes, shopper insights. Shopper Marketing may be the last great frontier of marketing... We have identified 3 types of shoppers[28]:

Quick: these shoppers spend a short time in a small area, with a relatively slow walking speed but high spending speed. Trips result from buying only one or two items or maximum 5 items. Fill-in: these shoppers visit about fifth of the store have a slightly faster ??? but still-slow walking speed and an average spending speed. Stock-up: these shoppers cover a larger area walk more quickly but have a lower spending speed. 13 Consumer mode versus <https://assignbuster.com/consumer-behavior-shopper-marketing-assignment/>

shopper mode One of the most important discoveries of the new science is that people alternate between two modes, or mindsets, when they experience brands. In the consumer mode, we passively receive media messages about the brand, becoming aware of a brand's benefits and relevance.

Ideally, when in "consumer mode," marketers count on us to put the brand into our own consideration set for the future. And yet, in the consumer mode, the decision-making process hasn't kicked in yet. This happens in "shopper-mode." [29] In "shopper-mode," we are actively deciding. We are developing a real list of decision criteria or knowledge gaps. This can happen at numerous points in the experience from shortly before we're in the store, to the moment when we're standing at the shelf. This is the shopper journey, the exploration of what the shopper needs from the store experience to make a choice, and it's where more of the smart marketing budgets are going.

Marketers have learned that it is crucial to target people when they are still in the activity of shopping as they are the moments where they can make the biggest impact??? before customers return home and revert back to the passive "consumer-mode," in which they interact with the product or reflect on the store experience, comparing it to the original brand promise. 14 Why we are choosing the store: In this segment we will see why do we need to use the store as a marketing medium and what is involved in this work. The store is a critical and highly attractive touch point to reach and influence consumers. 70 percent of all purchase decisions are made in-store, and 68

percent of in-store purchases are impulse driven[30]. The store as a venue to convert consumers into buyers is not a new concept.

Sales organizations have been utilizing the store for quite some time through rather substantial trade promotion programs and investments. Brand marketers have only been targeting consumers outside of the store, leading them to the store but leaving them at the front door. They have been neglecting an important moment in the consumer's decision making process, " The First Moment of Truth. " In order to execute holistic 360-degree marketing, marketers can no longer overlook the store or the consumer-turned-shopper. [31] The potential of the store to create impressions and build brand equity is tremendous, and it should be thought Consistent message in store reinforce brand marketing. At least we have 7 touch points with the shopper they are as follows: pic] Figure 3. Consumer Touch point(www. Mnet. pg. com)[32] We must make the store an effective marketing medium, to do so we need to understand & talk about the following: 1. shopper psychology 2. shopper effective package design 3. building equity in store Chapter 2 [33]Introduction Twenty million seconds. That is the time that the all shopper collectively spend in atypical supermarket almost every week, that is 20 million opportunity in a week to sell something. But the tragedy of modern retail is that most of those moments are wasted because retailers & manufacturers by and large do not know what the shopper is doing during these moments.

Researches found that 80% of shopper's time is spent simply in moving from one place to another in the store, not l