

Consumers, Their Behavior, and How to Win Them Over: An Exercise in Consumer Behavior and Marketing Strategy

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Abstract

This article describes an innovative activity in which students develop a marketing strategy for a specific product through a combination of market segmentation and analysis of consumer behavior. The analysis is used to develop recommendations to the producer of the selected product. The purpose of this activity is to provide students (undergraduate or graduate) an opportunity to integrate concepts from market segmentation and consumer behavior in developing marketing strategy and tactics. Three instructional skills will be emphasized: (1) preparing the class for the activity, (2) engaging students and orchestrating the activity in an effective manner, and (3) emphasizing, summarizing, and discussing the objectives of the activity.

I. INTRODUCTION AND BACKGROUND

The skill of marketing is often described in simple terms such as: discovering and determining the needs of certain consumers and then developing a product and marketing mix that can meet those needs. The process, therefore, begins with an understanding of the consumers and their needs, within a particular market segment, and in particular with the kinds of behavior patterns that these consumers engage in when making purchasing decisions related to specific products.

The textbook approach to this process is necessarily oriented to generalities and commonalities, the objective being to provide students an overall understanding of the various aspects of consumer behavior and how they may subsequently connect to purchase decisions of various products and services. Typical textbooks begin with an overview of the various types of influences that affect consumer buying behavior, before moving on to the decision making process. The decision-making process itself generally begins, for most consumers, with a need or want recognition, which can be stimulated by a number of sources. Having refined the need in scope, that is the level at which one wants to address the need (often associated with some idea of cost), a consumer then engages in some sort of evaluation of alternative ways to meet the identified need.

Assuming that the need will be met through the purchase of a product or service, the consumer next moves forward in the process to select both a channel and a product that will meet the need in a relatively optimum fashion. This step is what is often referred to, in consumer language, as “shopping around”. This simple term, however, often masks a number of very intricate thought and decision-making behaviors, including evaluation and selection of channel (outlets), product varieties, brands, and finally a specific product within a brand (or a specific brand of a well-defined product). How marketers go about diagnosing all of this process, as it pertains to specific brands and products, is indeed a huge challenge requiring complex learning and skills.

Many courses in marketing attempt to meet this challenge through some combination of textbook reading, lecture, case studies, and experiential activity. The benefit of the textbook and lecture components lies mainly in providing students with an understanding of basic concepts, marketing language, and other

tools that help someone understand the field: what marketing is all about, and what persons engaged in some aspect of marketing may need to know to acquire the skills related to that particular aspect. The benefit of the case study approach and the experiential approach is more in the application side of these concepts: providing students with an opportunity to apply what they have acquired, analyze marketing situations using the concepts and terms pertaining to a given situation, and then make hypothetical decisions or recommendations related to marketing a product or service in a specific case or situation.

II. ACTIVITY DESIGN AND PURPOSE

The activity described herein attempts to help address the challenges involved in a case/experiential approach to learning. The activity is designed to be implemented relatively early in a semester, but only after the sections on market segmentation and consumer behavior have been addressed. Depending upon how a course is structured, it is best included in the class session related to whichever topic is addressed second. The design begins with the development of specific market segments, by students, as related to specific categories of products, thus providing them an opportunity to practice their skills at applying what they have learned about various demographic and psychographic market dimensions.

In this initial phase of the activity, students learn to identify specific target segments for the product types that they are assigned to work with and then give these segments a name or an identifier of some kind. They then proceed to the “consumer behavior” component of the activity, though analysis and speculation of the kind of process that a target consumer might be expected to go through in arriving at a purchase decision for a specific brand and product within their product category.

Herein lies the purpose of the activity: having been assigned a type of product or service, it can hardly be assumed that the students in any one group are experts, or even well-informed, about the particular product. The point of the activity in its initial phases, and throughout, is to challenge students to act on incomplete knowledge and to do their best in speculating about the kinds of thought processes and behaviors that consumers of different products will possibly engage in, in arriving at purchase decisions. It is to provide them a sampling of the kinds of processes that marketing practitioners go through, albeit on a much more sophisticated and informed level. More importantly, it provides students an opportunity to apply certain concepts, from two components of a marketing course, in an integrated fashion that mimics “real-world” application.

In the second half of the activity, the students take what they have developed, as it pertains to a product category, and apply it to specific branded products. In this stage of the activity, they work first with two products, linked to the two market segments they identified in the first phase, the objective being to review and further describe the consumer behavior patterns that they developed in the first part. In so doing, they are charged with creating a case example of a consumer going through a complete purchase decision-process. Having made these refinements, they are lastly charged with choosing one specific branded product, and from the manufacturer’s perspective, making changes, adjustments, or modifications to what they believe to be the marketing strategy for that particular product or service.

III. THE ACTIVITY: CONSUMERS, CONSUMER BEHAVIOR, AND HOW TO WIN THEM OVER:

A. Overview: The instructor divides the class up into groups of 3-4 students and assigns each group a product category. Any type of product may be used; however, the selection of types of products should be such that the chances are good that students will have some degree of familiarity with the category assigned. Having been assigned a product category (e.g. cameras, cell phones, suntan lotion), each person in the class is given Part I (below) of the activity. Students are given 10 minutes individually to

form their own ideas, after which they are instructed to move into groups of 3-4 persons and work collectively on Part I. (note: The products listed below in Part I are only suggestions. Also, a variation can be to have more categories than student groups and allow each group to select the category that they want to work with; however, under this option groups would be formed first, and there would not be an individual phase).

Once the groups have completed Part I (about 20-25 minutes), the instructor takes a few minutes to review the findings of 2-3 groups, more if time allows. The instructor may ask questions aimed at helping the groups narrow their findings of the two target segments, and pressing them for further information on various influences to consumer purchase decisions. The instructor then hands out Part II and instructs the groups to work through this section in 20-30 minutes. Following the completion of Part II, the instructor has each group present its findings as pertains to one of the four products in their category: the one for which they developed recommendations to the company as to how to market to the selected consumer segment.

Upon completion of the activity, the instructor then has the opportunity and responsibility to review the learning objective of the activity. “What have we learned” is a good generic way to begin a discussion of such, and this approach can be enhanced by asking students to initially write down one thing that they believed they may have gained from the activity. A sharing of comments from students can then be used to generate a discussion of the outcomes and value of the activity. Finally, the instructor may wish to share his or her own ideas on the purpose of the activity: the art of integration of marketing concepts in the development of marketing strategy; the need to be able to combine different aspects of marketing – in this case market segmentation and consumer behavior – in the development or modification of successful marketing strategies.

B. Activity Hand-out

Part I: Market Segmentation and Consumer Behavior

Products: (1) Cameras (2) Red Wine: Merlot (3) Mountain Bikes (4) Blue Jeans (5) Outdoor Grills (6) Sunscreen Lotion (7) Cell Phones (8) Pizza (9) Car Washes (10)

Your designated product category: _____

1. Take this product category and:

- (a) Identify 2-3 demographic variables that are relevant to consumers of this Product.
- (b) Identify 2 psychographic variables that are relevant to consumers of this Product.

2. Now define three distinct market segments by combining 2 demographic and 1 or 2 psychographic variables

- 1.
- 2.
- 3.

3. Choose two of the defined segments above, give them a name, and describe what, in terms of benefits, they seek in this product.

1. First segment: “the....
2. Second segment: “the....

4. Describe the target consumer in terms of typical purchase behavior: A. Extensive decision making, B. Limited decision-making, C. Routine decision-making, D. Impulse decision-making.

Segment 1:

Segment 2:

5. What types of influences – social, marketing, situational, psychological – are most likely to have an effect upon a consumer of this type of product? (Select no more than 2 types and describe)

Segment 1:

Segment 2:

Part II: Consumer Behavior and Marketing Strategy

Product Categories (note: these are just some, among many, options that could be used)

1. Cameras:

Kodak EasyShare Z1485:	\$112.99
Canon Powershot SX 510:	\$250
Nikon D5000	\$530
Leica V-LUX	\$1,350

6. Red Wine: Merlot

Blackstone Winery Merlot	\$7
Gallo Sonoma Merlot	\$11
Beringer Merlot Napa Valley	\$20
Paloma Merlot Napa Valley	\$55

2. Mountain Bikes

Pacific Bikes	\$110 - \$200
Mongoose	\$350 - \$500
Trek	\$850 - \$1,500
Fezzari	\$1,600 - \$2,500

7. Women's Blue Jeans

Faded Skinny Blue Jeans	\$10
Levi 512 Perfectly Slimming	\$35
Atelier Gardeur Jeans	\$180
7 for All Mankind Josefina	\$225

3. Outdoor Grills

Weber One touch 18" charcoal	\$79
Char-Broil 2 burner Propane classic	\$179
Broil King Baron liquid propane	\$499
Webber Genesis S-310 Natural gas grill	\$869

8. Sun Screen Lotion

Coppertone Sport Sunscreen 8 oz	\$8.49
Banana Boat Sport performance 6 oz	\$10.49
Neutrogena Age Shield Sunblock 4 oz	\$10.49
L'Oreal Advanced Suncare 1.7 oz	\$9.97

4. Car Washes

Big Bear Wash (do-it-yourself)	\$3.50 - \$4.25
Prime Shine Express	\$7.00
Modesto Hand Car Wash	\$25.00
Loubes Custom Auto Detailing	\$65-\$125

9. Pizza (large)

Little Caesars	\$6-\$8
Pizza Hut	\$9 - \$15
Round Table	\$15-\$20
Picazzo's	\$20-\$26

5. Cell-Phones

T-Mobile Pre-paid Nokia Lumia 5214G	\$50
Samsung Galaxy S 5 (w contract)	\$100.
Apple iPhone 6 16GB	\$200.
LG G3 (w contract) Shine Gold	\$600.

10. Men's Running Shoes

Saucony Ride 6	\$48
New Balance Fresh Foam 980	\$99
Asics Men's Gel-Nimbus 16	\$148
Nike Air Max 2014	\$180

1. From the list of 4 Branded Products in your assigned Product Category, choose the two products that most closely fit your 2 target consumers (if you need to “tweak” the target consumer to fit, then do so).

1.

2.

2. Review typical purchase behavior, previously identified, for the chosen two segments (Part 1, number 4 and 5). Does it hold true for each of the products that you selected?
3. Choose one of the two products, and give a case example of someone considering buying your selected Brand. What might influence them most, and what type of behavior might they exhibit in making the purchase decision? Within a price category, is “brand” important?
4. Develop a quick synopsis of specific actions that the company owning the brand might take, with regards to marketing this product, that would be consistent with both (a) the target consumer and benefits they are seeking, (b) the target consumer’s typical purchase behavior, as you have described it, and (c) influences on consumer decision making. Consider the full marketing mix (product, price, promotion, distribution) but focus mainly on *promotion and distribution*. Be specific.

Part III: Presentation of Strategic Recommendations and the Rationale behind them.

Part IV: Discussion and summary of learning objectives.