

Digital Consumer Behavior

Prepared by Dr. Perihan Salah

MKT713
Master of Digital Marketing

Lecture 1



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Introduction to Digital Consumer Behavior

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Chapter

01

LEARNING OBJECTIVES

On successful completion of the program, graduate must be able to:

- Explain and apply the key terms, definitions, and concepts used in the study of consumer behavior.
- Demonstrate how as a marketer you can use your knowledge of consumer behavior concepts to develop better marketing programs and strategies to influence those behaviors.

Chapter
01

LEARNING OBJECTIVES

On successful completion of the program, graduate must be able to:

- Critically evaluate the effectiveness of various advertisement and promotions and their attempts to influence the behaviors of individuals.
- Complete a project that demonstrates both your working knowledge and analytical skills in assessing the consumer decision-making process.
- Analyze the trends in consumer behavior and apply them to the marketing of an actual product or service.

Introduction

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- 1 Technology-Driven Consumer Behavior
 - 2 Consumer Motivation
 - 3 Consumer Personality
 - 4 Consumer Perception
 - 5 Consumer Learning
 - 6 Consumer Attitude
 - 7 Reference Groups & Word of mouth
 - 8 The Family and It's Social Standing
 - 9 Culture's Influence on Consumer Behavior

What is Marketing?



- **Marketing:** the **process** by which companies **create value** for customers and build **strong customer relationships** in order to capture **value back** from customers
- **The Goal of Marketing:** Is to attract new customers by promising superior *value*, and to keep current customers by delivering *satisfaction*.
- Current Customers
- Potential customers (customers of competitors or future customers)



1. Buyer's characteristics influence how he/she perceives and reacts to the stimuli.
2. Buyer's decision process itself affects the buyer's behavior.



Consumer:

Someone who buys things for a non-commercial purpose, either for themselves or for others.

Clients:

The word client refers to people who establish long-term relationships with a service provider (Hospitals, transportation, banks, education,..e

Customer:

A customer is an individual, household or that buys a product/brand. (is customized to buy certain product/brand)



What is Consumer Behavior?



What is Consumer Behavior?

The buying behavior of final consumers, individuals and households who buy goods and services for personal consumption

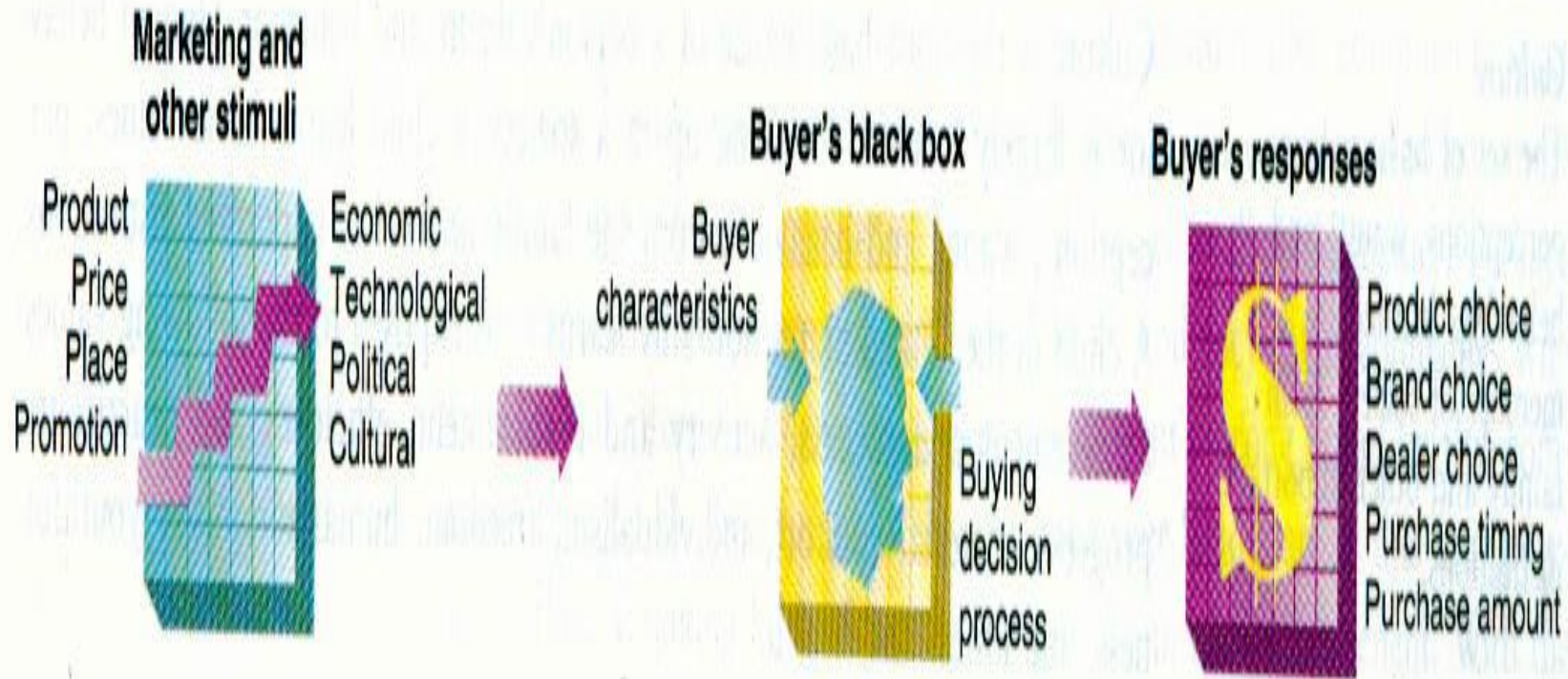


What is Consumer Behavior?



The study of consumer behavior describes what products and brands consumers buy, why they buy them, when they buy them, where they buy them, how often they buy them, how often they use them, how they evaluate them after the purchase, and whether or not they buy them repeatedly.

The stimulus response model of buyer behavior



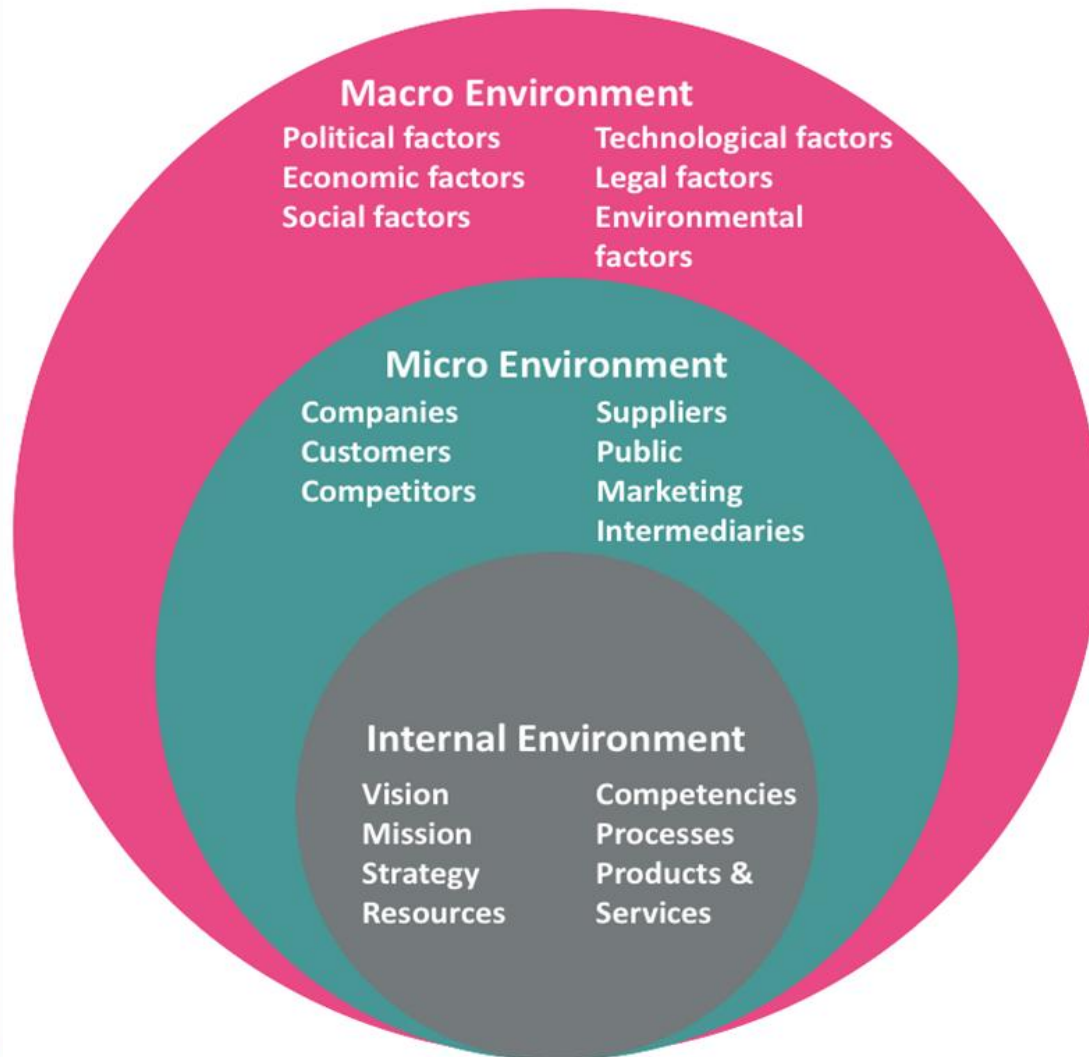
Marketing Concept Requirements



- Consumer Research
- Market Segmentation, Targeting and Positioning
- The Marketing Mix (4 Ps)
 - Product or service
 - Price
 - Place
 - Promotion

Forms of Product





PESTEL



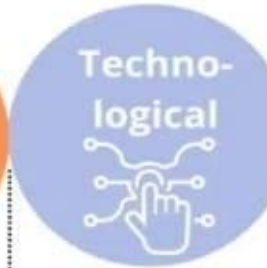
- War,
- Dictatorship,
- Facilities for starting a business
- Waste reduction policy,
- High taxes



- High GDP,
- Price inflation
- Saturated markets
- High loan rates for companies...



- Purchasing habits
- The budget per household
- Trends and cultural influence in the country



- The country's technical and logistical resources
- The level of expertise
- The latest developments (tools, research)



- Law "to preserve animal and plant life",
- Suitable Environment to launch the activity (soils, climate)



- Employment laws of the country,
- Laws related to the activity
- Permits, authorizations and other requirements.

Societal marketing concept requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being while meeting their business objectives.

Not all companies focus on society, but some companies believe socially responsible marketing is a part of organizational effectiveness.

Further, not-for-profit advocacy organizations are driven by a mission to encourage actions that are ethically and morally right.

CSR



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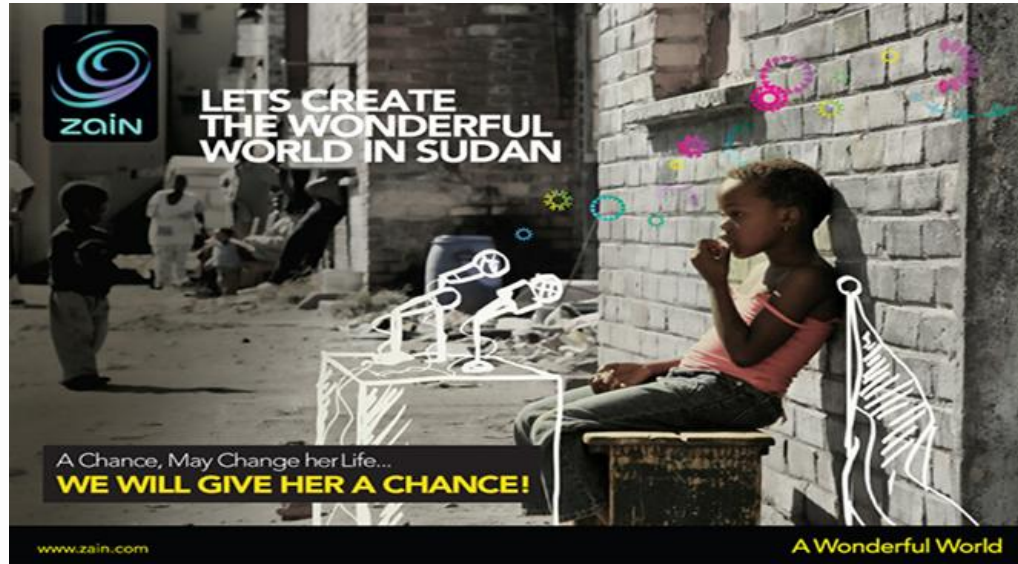


الأضلي مصري

ممثل في حد

لا اجتماعنا مسئوليتنا





1. Buyer's characteristics influence how he/she perceives and reacts to the stimuli.
2. Buyer's decision process itself affects the buyer's behavior.



Purchase Influences



Culture

Culture
Subculture
Social class

Social

Reference group
Family
Role & Status

Personal

Age ,life cycle
Occupation
Life style
Personality

Psychological

Attitude
Perception
Beliefs
Learning
motivation

How can a car help express its owners' characteristics?



Unfulfilled dreams cost a lot more.

Of all the emotions you can expect while driving a Boxster, regret will never be one of them. The top glides down. The Boxer engine comes to life. Its nimble, mid-engine balance recreates the thrills of Porsche motorsport legends. And its philosophy of getting more from less, the core of Porsche Intelligent Performance, invokes another feeling altogether: the harmony of your heart and head. Porsche. There is no substitute.

The Boxster. Starting at \$47,600.

PORSCHE
INTELLIGENT
PERFORMANCE



GOING
PLACES, IN
STYLE WITH

Opel Astra Vauxhall

THE SPEED OF SAFETY

BLIND SPOT DETECTION
ACTIVE LANE KEEPING ASSISTANT
NIGHT VISION WITH PEDESTRIAN DETECTION
FRONTAL COLLISION WARNING



The opening vignette suggests that although people buy cars because they need personal transportation, the types of cars people choose are determined not by needs alone, but also by how cars express their owners' characteristics.

Marketing Concept Application

How does Classico's ad relate to the marketing concept?

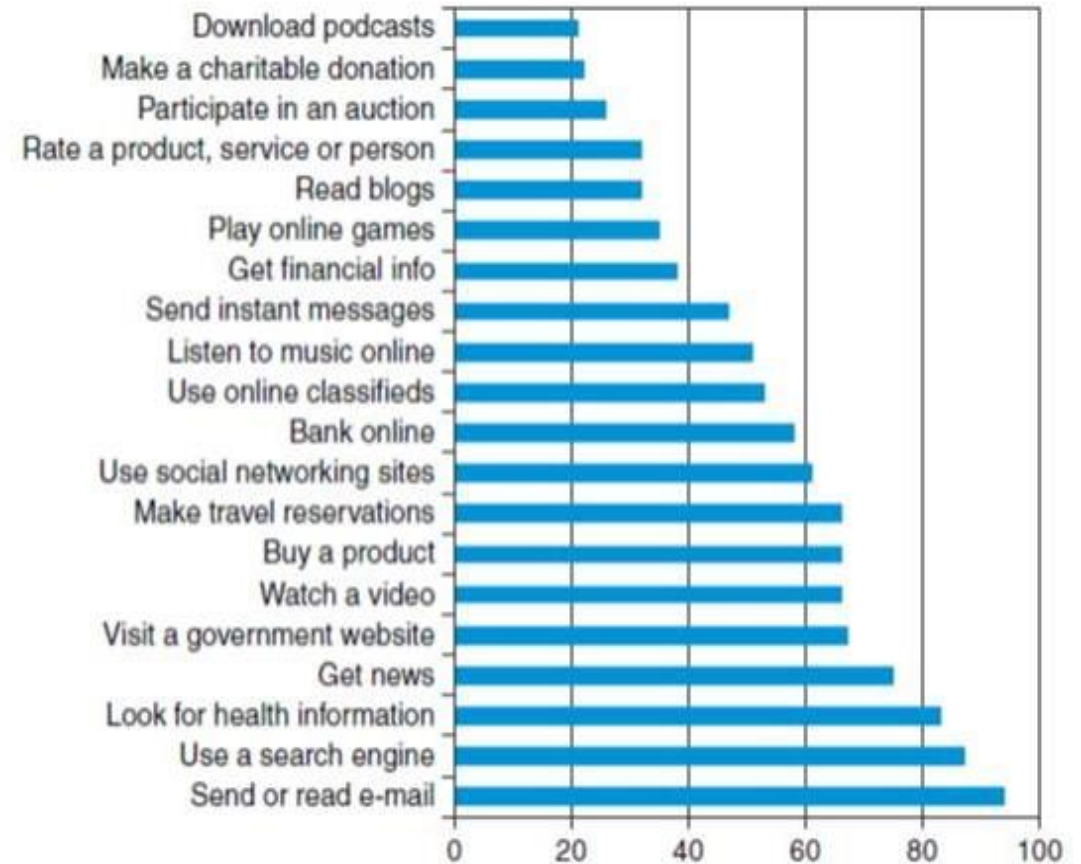
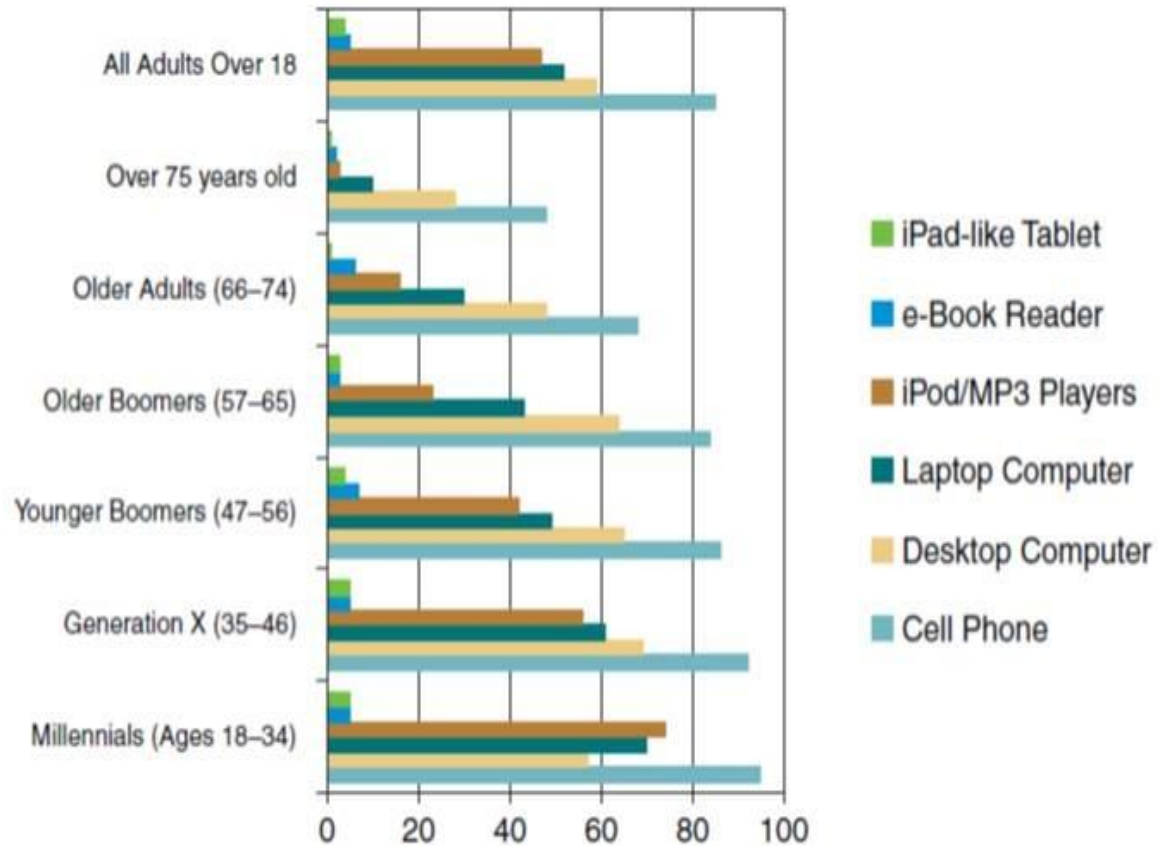


Marketing Concept Requirements

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 - Promotion



Consumers Have Embraced Technology



How Does Technology Affect The Marketing Mix?

Provide examples:

- Interactive and novel communication channels
- Customizing products and promotional messages
- Better prices and distribution



Glovo: Order Anything. Food Delivery and Much More





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Provide examples:

- Interactive and novel communication channels
- Customizing products and promotional messages
- Better prices and distribution



Customer Profitability-Focused Marketing

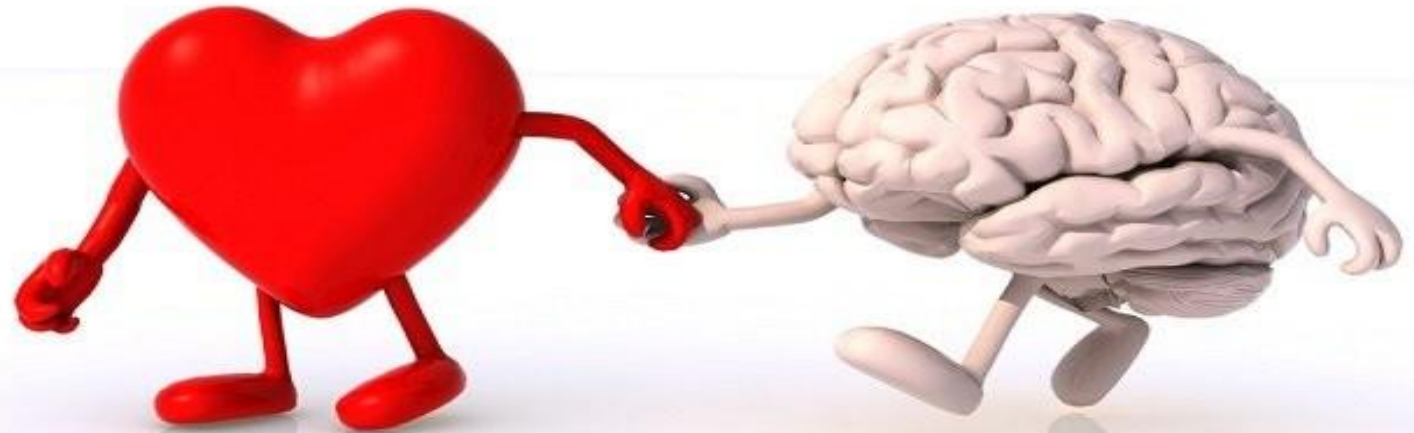
- Tracks costs and revenues of individual consumers
- Categorizes them into tiers based on consumption behavior
- A customer pyramid groups customers into four tiers





شريف توفيق أو زي ما صاحبه مسمينه ملك السفریات

Transactional bonds and Emotional bonds



For every brand/product, we have 2 types of bonds

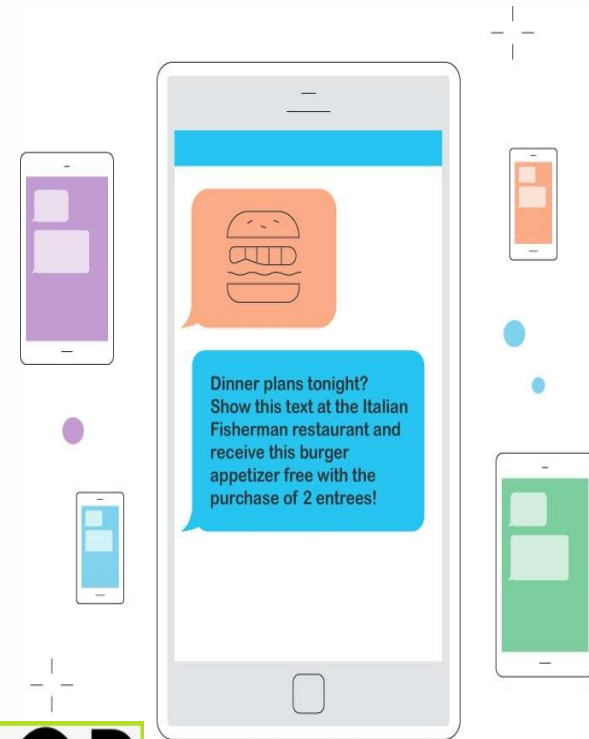
Emotional bonds

represent a customer's high level of personal commitment and attachment to the company.

Transactional bonds

are the mechanics and structures that facilitate exchanges between consumers and sellers.

1. Adaptation
2. Interactivity
3. Nurturing
4. Commitment
5. Network

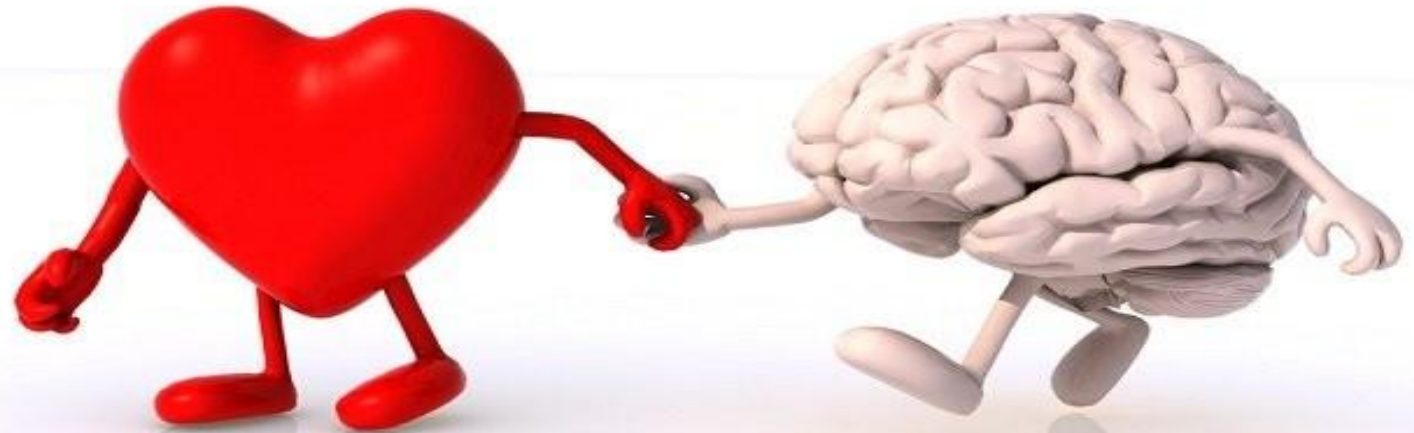


The Eleven Determinants Are

6. Assortment
7. Transaction ease
8. Engagement
9. Loyalty
10. Inertia
11. Trust



Transactional bonds and Emotional bonds



For every brand/product, we have 2 types of bonds

Emotional bonds

represent a customer's high level of personal commitment and attachment to the company.

Transactional bonds

are the mechanics and structures that facilitate exchanges between consumers and sellers.

1. *Adaptation:* customized solutions (emotional)

2. *Interactivity:*

- Merchandize offerings and tools ;
- search tool that enables one to quickly locate products;
- having tools that make comparisons easy;
- useful information. (transactional)

3. *Nurturing:*

- Receiving reminders
- providing relevant information for one's purchases
- acknowledgment of appreciating one's business.
(emotional)

4. *Commitment:*

- Delivering goods on time; responding to problems encountered;
- customer friendly return policies;
- taking good care of customers. (emotional and transactional)

5. *Network:*

- Customers sharing experiences about their product purchases on merchant's website
- useful network for sharing experiences
- shoppers benefit from the community of prospects and customers.

(emotional)

6. *Assortment:*

- provides “one-stop shopping” for most online purchases
- site satisfies shopping needs; carries wide assortment and selection of products. (transactional)

7. *Transaction ease:*

- site is user-friendly and enables quick transactions.
(transactional)

8. *Engagement:*

- site design is attractive; enjoyable shopping
- feel that the site is inviting;
- feel comfortable shopping
(emotional)

9. *Loyalty:*

- Seldom consider switching to another merchant
- Usually click on the merchant's site whenever needing to make a purchase
- like to navigate the site; (emotional and transactional)

10. *Inertia:*

- not worth the bother to switch;
 - difficult to stop shopping elsewhere;
 - High cost in time, money, to change .
- (transactional)

11. *Trust:*

- complete purchase transactions successfully;
- trusting the site's performance;
- feeling reliable and honest. (emotional)

Consumer behavior stems from four disciplines

1. Psychology (human mind, mental factor)
2. Sociology (social groups)
3. Anthropology (cultural societies)
4. Communication



Consumer Decision Making Process

INPUT

THE MARKETING MIX
Product
Promotion
Price
Distribution

SOCIOCULTURAL INFLUENCES
Reference Groups
Family
Social Class
Culture and Subculture

COMMUNICATION SOURCES
Advertising
Buzz Agents
Customized Messages
Social Media:
Owned or Paid For

COMMUNICATION SOURCES
Word-of-Mouth:
Advice and
Recommendations
Social Media:
Self-Generated

PROCESS

Need Recognition
Type of Decision
Pre-Purchase
Information Search
Evaluation of Purchase
Alternatives

PSYCHOLOGICAL INFLUENCES
Motivation
Personality Train
Perception
Attitudes

LEARNING
Knowledge
Experience

OUTPUT

PURCHASE

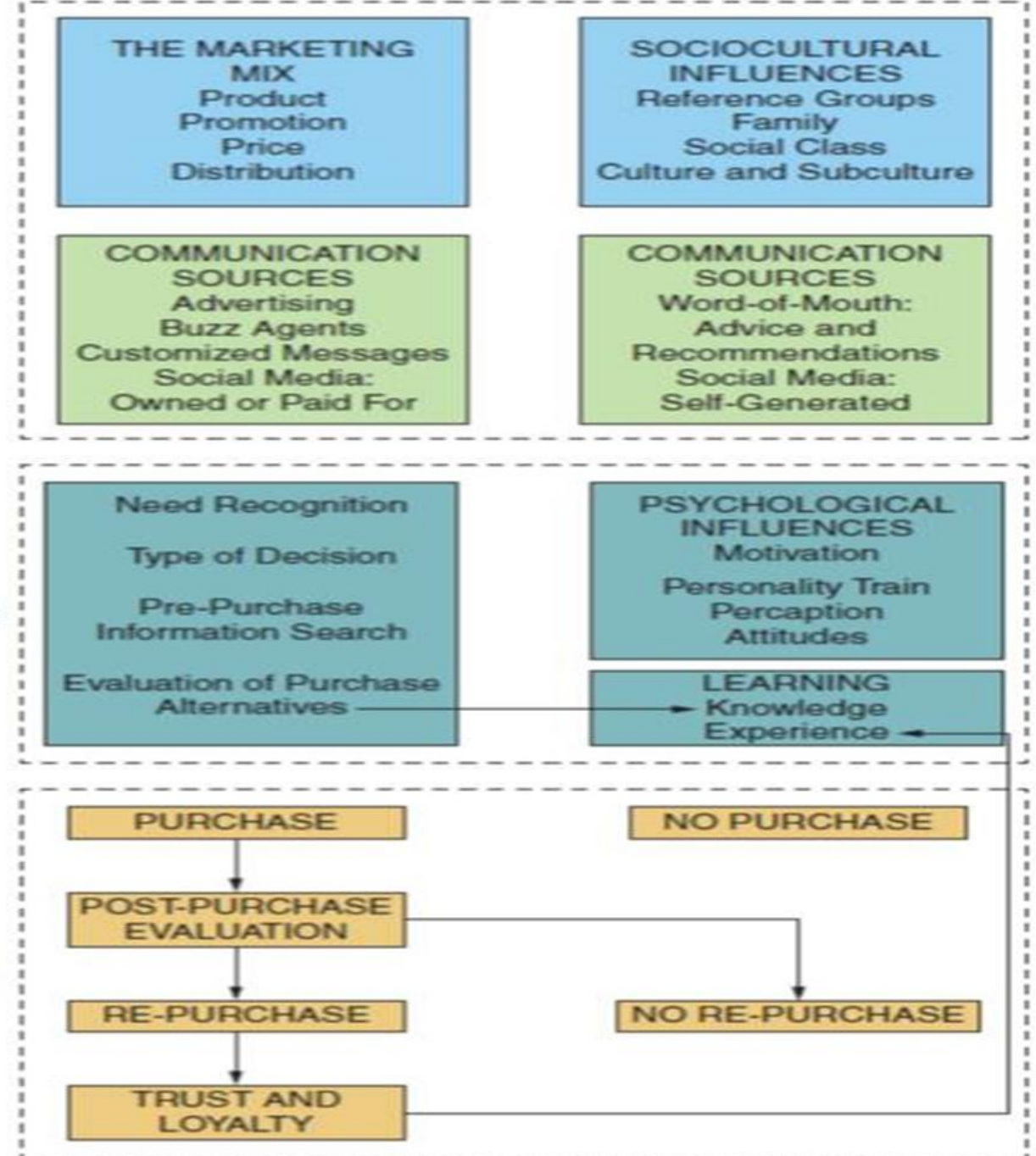
NO PURCHASE

POST-PURCHASE EVALUATION

RE-PURCHASE

NO RE-PURCHASE

TRUST AND LOYALTY



- We described the evolution of the marketing concept, marketing strategies for satisfying consumers' needs, and socially responsible marketing.
- Understood how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.
- Explained the interrelationships among customer value, satisfaction, and retention, and using technology to design more effective retention strategies.
- Understood consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.



Chapter

1

To Sum Up...



Thank You

Dr. Perihan Salah

