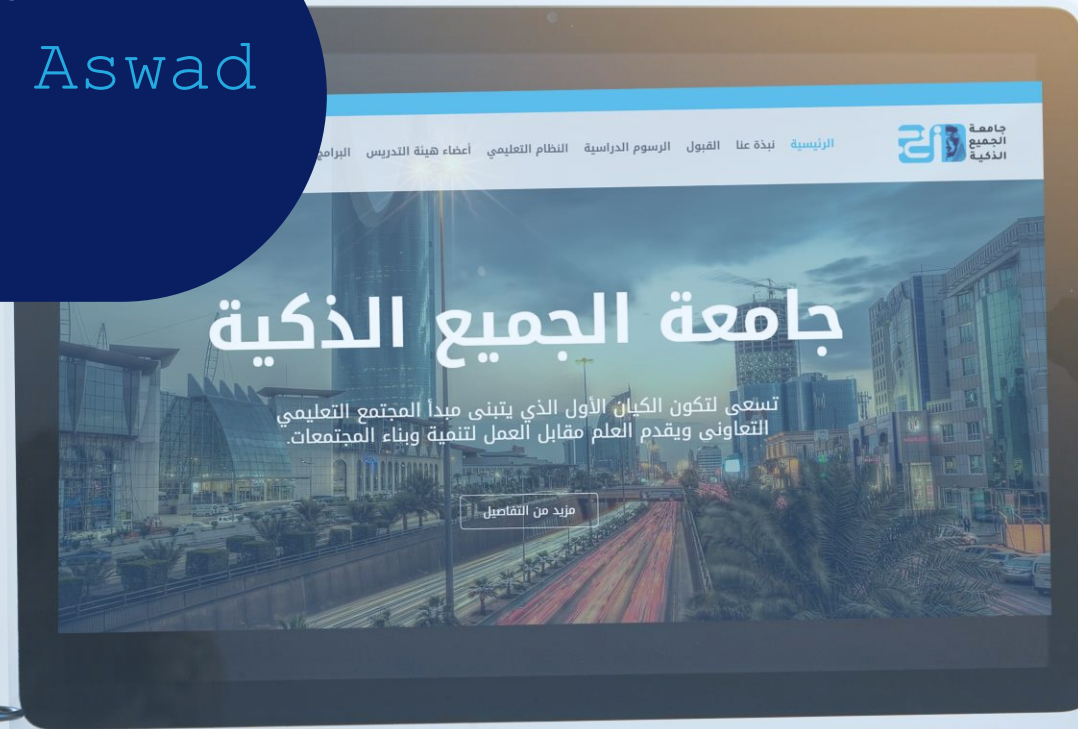


Digital Consumer Behavior

Prepared by Dr. Noha El Aswad

Lecture 7



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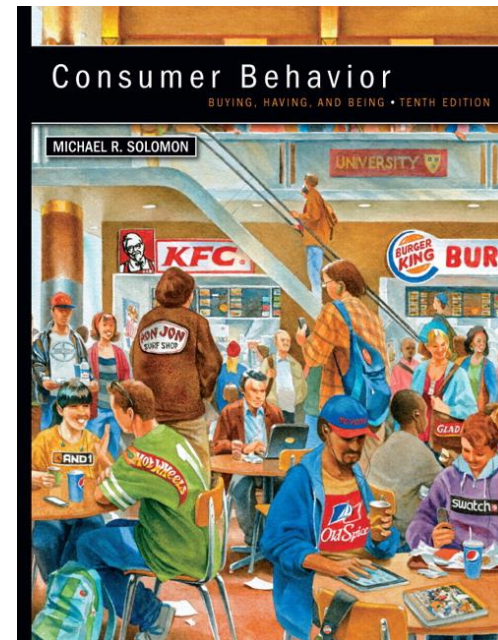
MKT713

Master of Digital Marketing

Chapter 02

Buying, Having, Being

CONSUMER BEHAVIOR, 10e Michael R. Solomon



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When you finish this chapter, you should understand why:

- **Ethical business** is good business.
- **Marketers have an obligation** to provide safe and functional products as part of their business activities.
- **Consumer behavior impacts directly** on major public policy issues that confront our society.
- **Consumer behavior** can be harmful to individuals and to society

When you finish this lecture, you should understand why:

- Part 2 in Learning objective one in chapter 2
 - **Ethical business** is good business.
 - Do Marketers promise Miracles?
 - Materialism: are You What You Own?
 - Curation

When you finish this lecture, you should understand why:

- Part 1 Learning objective two in chapter 2 (Marketers have an obligation to provide safe and functional products as part of their business activities).
 - Consumers' rights and product Satisfaction

- Ethical business is good business.
 - Do Marketers promise Miracles?
 - Materialism: are You What You Own?
 - Curation

- Advertising leads us to believe that products have magical properties; the things we buy will transform our lives.

- We will be beautiful, successful, perhaps even live forever.

- In this respect, advertising functions as mythology does in primitive societies:

- It provides simple, anxiety reducing answers to complex problems.

- Marketers simply do not know enough about people to manipulate them.

- Consider that the failure rate for new products ranges from 40 percent to 80 percent.

- Although people think that advertisers have an endless source of magical tricks and scientific techniques to manipulate them, **in reality the industry is successful when it tries to sell good products and unsuccessful when it sells poor ones.**

- Most young people can't imagine a life without cell phones, MP3 players and other creature comforts. In fact, we can think of marketing as a system that provides certain standards of living to consumers.

- To some extent, then, the standards of living we expect and desire influence our lifestyles, either by personal experience or as a result of the affluent characters we see on TV in “reality shows” for example.

Materialism refers to the importance people attach to worldly possessions.

A study comparing specific items that low versus high materialists value found that

- *Materialists* are more likely to value possessions for their status and appearance related meanings, whereas those who do not emphasize this value tend to prize products that connect them to other people or that provide them with pleasure when they use them.¹⁷ As a result, high materialists prefer expensive products that they publicly consume.

- A study comparing specific items that low versus high materialists value found that People who were non-materialists cherished items with personal significance, such as a mother's wedding gown, picture albums, a rocking chair from childhood, or a garden

- In contrast, high materialists preferred prestige goods such as jewelry, or a vacation home.

- Materialistic people also appear to link more of their self-identity to products. consumers who are “love-smitten” with their possessions tend to use these relationships to compensate for loneliness and a lack of affiliation with social networks.

- Yet another found that materialists tend to value a product before they buy it because they believe it will make them happy, but their satisfaction with it diminishes after the purchase when they realize this didn't happen.

- Nonetheless, consumers' appetites for material goods continue to grow—especially in developing markets where luxury goods reign supreme. Analysts predict modest growth in sales of luxury products in Europe and the United States, but huge growth in China as well as solid gains in new markets such as Azerbaijan, Brazil, Indonesia, Kazakhstan, Malaysia, Mexico, South Africa, Turkey, and Vietnam. Asian consumers now account for more than 50 percent of global luxury sales.

- One important dimension today is provenance Shoppers are willing to pay more for an item when they know exactly where it comes from, and they are assured that “real people” have thoughtfully selected the things from which they choose.

- This process of curation, which used to refer to an expert who carefully chooses pieces to include in a museum exhibit, now applies to a range of consumer products such as food, clothing, and travel.

Learning objective 2

- Marketers have an obligation to provide safe and functional products as part of their business activities.
 - Consumers' rights and product Satisfaction

- If you're not happy with a product or service, what can you do about it? You have three possible courses of action (though sometimes you can take more than one).

- 1 **Voice response**—You can appeal directly to the retailer for redress (e.g., a refund).

- 2 **Private response**—You can express your dissatisfaction to friends and boycott the product or the store where you bought it.

- 3 **Third-party response**—Like the judge, you can take legal action against the merchant, register a complain, write a letter to the newspaper

- In one study, business majors wrote complaint letters to companies. When the firm sent a free sample in response, this action significantly improved how the students felt about it.
- This didn't happen, however, when they *only* received a letter of apology—but no swag.
- Even worse, students who got no response reported an even more negative image than before.
- This shows that *any* kind of response is better than none.

- A number of factors influence which route we choose. People are more likely to take action if they're dissatisfied with expensive products such as household durables, cars, and clothing than for problems with inexpensive products.

- Ironically, consumers who are satisfied with a store in general are more likely to complain if they experience something bad; they take the time to complain because they feel connected to the store. And, if a company resolves the problem, customers feel even better about it than if they hadn't complained in the first place!

- Although nobody likes criticism, organizations should encourage people to complain for these reasons:

- 1 They get the chance to correct the situation.

- 2 They will avoid an escalating problem that results when consumers take to social media to let others know they've been treated badly. People are more likely to spread the word about unresolved negative experiences to their friends than they are to boast about positive occurrences.

- 3 They collect valuable insights about customers' experiences that will (hopefully) help them to improve for future customers.

- 4 If consumers do not believe that the store will respond to their complaint, they will be more likely to simply switch than fight as they just take their business elsewhere.

- Companies that score high in customer satisfaction often benefit from a big competitive advantage—especially when so many firms skimp on the attention they pay to customers.
- A five-year study of customer satisfaction in the Canadian banking industry provides typical results: Banks that provided better service commanded a larger “share of wallet” than did others (i.e., their customers entrusted them with a larger proportion of their money).

- Even so, more than half of the chief marketing officers (CMOs) who participated in a large survey reported that their companies *do not reward their employees* if customer satisfaction improves. More than one-third said they have no way to track word-of-mouth among customers, and less than 3 in 10 said their firms are good at resolving customers' complaints. What is wrong with this picture?

We have been learning:-

Part 2 in Learning objective one in chapter 2

Ethical business is good business.

Do Marketers promise Miracles?

Materialism: are You What You Own?

Curation

Part 1 Learning objective two in chapter 2 (Marketers have an obligation to provide safe and functional products as part of their business activities).

Consumers' rights and product Satisfaction

A number of factors influence which route we choose



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Thank You!