

# Module 1: Lecture Notes

## Overview:

In this module, we will discuss consumer behavior fundamentals. We will analyze consumer behavior by defining consumer behavior (CB). Interpret components of CB. Articulate those who benefit from the study of CB. In addition, we will differentiate between consumer and organizational buying behavior

## What is CB?

Understanding the concept of consuming is necessary before we can characterize consumer behavior. The process by which products, services, or ideas are used and converted into value is known as consumption. Consumer needs come first in the fundamental consumer behavior process, that end with value. One might approach consumer behavior, or CB as it is frequently known, from the perspective of human behavior or as a topic of study. Consumer behavior is the collection of value-seeking behaviors that consumers engage in as they go about resolving their actual needs. Thus, consumer behavior describes the actions we take while we look for, buy, and use goods, services, and ideas. Consumer behavior is the study of people, groups, or organizations and the methods they employ to choose, get, use, and dispose of products, services, experiences, ideas, or other needs-satisfying items, as well as the effects these methods have on the consumer and society. CB, to put it simply, is the study of customers as they engage in the consumption process.



## How Does Competition Benefit Consumers?

Dependence and competition are two market characteristics that shed light on how consumers are treated. Customers do not have to put up with subpar service in a market where there is competition since another company will gladly offer a better alternative. As a result, to survive in the market, businesses are driven toward a consumer orientation. A company that relies on repeat business must encourage the development of worthwhile trade relationships with its clients; otherwise, clients would just go somewhere else the next time they need that same commodity or service. Stakeholder marketing is being used by more and more businesses because of their recognition that they serve multiple stakeholders.

## The Role of CB in Society

Consumer behavior is undoubtedly a key factor in company and marketing strategy. Only with an awareness of the precise factors that contribute to a high-value experience can the company create value. Additionally, understanding consumer behavior is crucial to comprehend how customers evaluate rival businesses in a market. Additionally, consumer behavior is crucial because it influences how society is shaped. The use of marketing strategies and methods to change or generate habits that benefit the targeted people or society as a whole is known as social marketing. To generate more informed consumers, marketers must educate them about their own consumption habits and work to influence them in a way that fosters better business ethics, effective purchasing habits, and responsible citizenship. Simply a consumer who is well-informed is a better consumer.

## Approaches and Strategies to CB

There are multiple methods to do a task, according to the idiom "many ways to skin a cat." This is valid for CB techniques and strategies. But understanding the market through market analysis in relation to the 4 Cs—companies, competitors, conditions, and consumers—is the first stage or method. Consumer behavior is studied by numerous people from various backgrounds. Thus, a variety of viewpoints and research methods are used to study consumer behavior. An interpretative method aims to shed light on the deeper motivations and meanings connected to certain consumer experiences. To collect data in a relatively unstructured manner, interpretative research frequently uses qualitative research methodologies including case analyses, clinician interviews, focus group interviews, and others. Quantitative research employs numerical measurement and analysis techniques to answer issues regarding consumer behavior. In structured measurements, the consumer simply selects an answer from a list of options provided by the researcher.

Market segmentation is the next step. A market segment is a part of a larger market whose needs are marginally different from those of the broader market. Markets are segmented by companies, and they select the segment(s) that best suit their skills and market dynamics. The third step is marketing strategy, which entails determining the right levels for the marketing mix based on the target market segments and current market conditions. The consumer choice process, which consists of several processes from problem recognition to information search, alternative evaluation, purchase, use, and post-purchase evaluation, is the fourth. These various

stages might be the focus of marketing campaigns. The fifth topic is outcomes at the societal, business, and individual levels. While profit maximization is frequently a company goal, companies, government agencies, and regulators are concerned about potential negative impacts on individuals and society. Every stage of the marketing process—information gathering, developing marketing strategies to influence customer decisions, and measuring the results of those initiatives—requires a solid grasp of consumer behavior theory and ideas.

### Organizations Also Consume

Organizations or businesses can also be consumers as when a company buys products or services and puts these parts or uses these services to deliver their final products and/or services to consumers AKA B2B. The special nature of organizations and how they behave warrants special attention and usually requires more sophistication and extra steps in the buying process.

The following video helps explain the B2C and B2B.

