

What is Marketing?

The Consumer

The Consumer?

- Explain how marketing influences consumers
- Explain how cultural and ethnic differences among consumers influence marketing
- Compare the buying behaviour and decision-making processes of a variety of consumers.
- Summarize the factors that motivate a consumer to purchase a product.
- Classify products according to type.
- Apply the product life cycle to different types of products
- Relate marketing to concepts of supply and demand.

Consumers Defined.

Consumer

- A person who uses a product

Customer

- A person who buys the product

Gatekeeper

- A customer who buys a product for use by another consumer

The
difference
between
wants a
needs.



Wants

Not essential
for survival



Needs

Essential for
survival

Introduction

Growth

Maturity

Decline

Decision-point

Product Life Cycles

Production Life Cycle - Introduction

- When a new product is launched into the marketplace.
- Product launch can be very expensive.

Product Life Cycle - Growth

- Early adopter have purchased
- Increased visibility of the product.
- Reputation has been spread by word of mouth and advertising.
- Firm has advertised heavily.
- growth stage will have the competition.
- Watch for competitors entering the market
- Create barriers to entry
 - Small mark size
 - Cost of research and development
 - Advertising expenses,
 - Factory and equipment costs,
 - Design costs
 - Lack of distribution channels

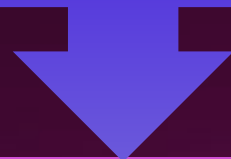
Product Life Cycle - Maturity

- Sales increase slowly if at all.
- Advertising and promotion is based on reminding.
- Costs of sales and distribution is low meaning profits are highest.
- Businesses use the income generated by the mature products to develop new products and fund product launches.

Sales have started to decline



Address the cause of the decline to determine if a correction is necessary



Consider

Redesigning

Reformulating

Or
Repackaging

Product
Life Cycle
- Decline

Product Life Cycle – Decision Point

- End of the product life cycle leads to two possible decisions
- Continue Available Options
 - New promotion and pricing to relaunch
 - New markets
 - Discontinue
- Discontinue Available Options
 - Stop manufacturing

Non-traditional product markets

Fads

Short-term increase in popularity

Trends

Long-term increase in popularity

Niche

Small part of the market

Seasonal

Part of the market that is only available in a particular season.

Maslow's Hierarchy of Needs

Physiological

Safety

Affiliation

Esteem

Actualizaiton

Alderfer's ERG Theory



GROWTH NEEDS



RELATEDNESS
NEEDS



EXISTENCE
NEEDS

Purchase decisions

- Impulse Buys
- Routine
- Limited
- Extensive

Industrial / Institutional Consumer

The consumer can be heavily influenced by advertising

The industrial consumer bases decisions only on **rationality**