

CONSUMER BEHAVIOR AND STP PROCESS IN SERVICES

1. Consumer behavior
2. STP process
3. Segmentation
4. Targeting
5. Positioning



"A successful salesperson takes care of his customers first, and then of the goods."

1. CONSUMER BEHAVIOR

- ▶ B2C ⇒ consumer market
- ▶ B2B ⇒ organization market



ROLE OF CONSUMERS AND CUSTOMERS

- We play the role of consumer and customer during all life (from birth to death).
- **Customer versus consumer?!**
- **Consumer behavior** - a summary of external symptoms, activities, actions and reactions of the organism, divided by the psychological nature into instinctive, addictive and intellectual areas.
- Consumer behavior cannot be understood in isolation without regard to the general behavior and without links to the micro and macrostructure of society.
- We can get information about consumer behavior from different disciplines – psychology, sociology, cultural anthropology, economics and so on.
- Most models of consumer behavior are based on the comprehensive approach to behavior.

CONSUMER BEHAVIOR IN DIFFERENT CULTURES

"Where is heaven and where is hell?" Heaven is where French people cook, German people are mechanics, English people are policemen, Italians are lovers and Swiss people organize it. And hell? This is where French people are mechanics, German people are policemen, Englishmen cook, Swiss people are lovers and Italian people organize it! (Usunier)

- ▶ Many cultural elements that create a predisposition consumer influence consumer behavior. These are mainly customs and values, symbols, rituals, myths, religion, value orientation and so on.
- ▶ **Socio-cultural specifics must be reflected in marketing strategies to match the expectations and demands of consumers!!!**

CONSUMER BEHAVIOR IN DIFFERENT CULTURES

- ▶ **Country of Origin Effect** - so called made in - the image that we create for the country since childhood, it affects the assessment of the products and brands according to the country of origin. Products manufactured in developed countries are perceived as lower quality and conversely. Certain countries enjoy a reputation for certain goods: Japan for automobiles and consumer electronics, USA for high-tech innovations, soft drinks, toys, cigarettes and jeans, France for wine, perfume and luxury goods,
- ▶ **The rate of ethnocentrism in society** - it includes the perception of values and norms of one's own group as the only correct, useful and truthful. In the context of consumer behavior it is the customer's concern of own nation economic damage in the case of buying foreign products.

CONSUMER BEHAVIOR IN DIFFERENT CULTURES



USA



FRANCE



Technology



Wine



Jeans



Perfume

AFFLUENT CLIENT

- ▶ They are active, self-confident, demanding, earn enough and want to enjoy themselves. They take care of their money, plan and choose. They are not *millionaires* . But *they have enough to spend* .
- ▶ These are clients with an average salary, but are expected to use a cross-selling strategy.



CONSUMER BUYING BEHAVIOR



WORD OF MOUTH (WoM)

- ▶ It is interpersonal, informal, and it takes place among two or more people, none of whom is a commercial seller who would directly profit from such communication.
- ▶ A way to reduce post-purchase dissonance.
- ▶ Cheap, quick X loss of control over distributed content.

▶ **pWoM X eWoM !!!**



▶ **Negative WOM spreads faster than positive!!!**

2. STP PROCESS



Customers are not the same!!!

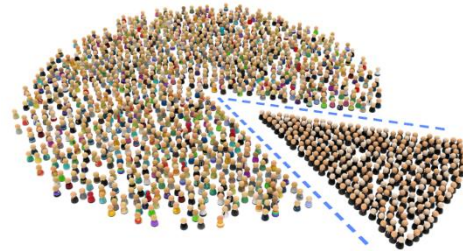
THE STP PROCESS

STP = SEGMENTATION - TARGETING - POSITIONING



3. SEGMENTATION

- ▶ **Segmentation** - dividing the market into market segments based on segmentation criteria.
- ▶ **Characteristics of a good segment:**
 - internally homogeneous,
 - outwardly heterogeneous,
 - large enough,
 - measurability, availability, suitability.
- ▶ **Specific target groups!**



SEGMENTATION CRITERIA

Variables	Typical values
Geographical	region, size of countries, size of cities, population density, climate, ...
Demographic	age, gender, family size, family life cycle stage, income, occupation, education, religion, race, nationality, ...
Psychographic	social class, lifestyle, personality, ...
Behavioral	purchase occasion (regular purchase, special occasion), expected benefit (quality, service, savings), user status (non-users, ex-users, potential users, inexperienced users, regular users), frequency of use (rarely, moderately, frequently), loyalty (none, moderate, strong, absolute), readiness to buy (not aware of the product, aware of the existence of the product, informed, preoccupied with purchase options, willing to buy, decision to buy), attitude towards the product (enthusiastic, positive, indifferent, negative, hostile)

DEMOGRAPHIC SEGMENTATION - AGE

- ▶ Boomer generation ⇒ 1945 - 1964
- ▶ Generation X ⇒ 1965 - 1976
- ▶ **Generation Y ⇒ 1977 - 1994 ⇒ " Millennials ", " iGen ", "Net generation "**
- ▶ **Generation Z ⇒ 1995+**
- ▶ **" Millennials ":**



- Emphasis on work-life balance.
- Openness to change.
- Technology is an integral and essential part of life and communication.
- Communication must be short and clear (i.e. no more e-mail, just SMS, messenger).
- Liberal views on new social phenomena.
- Fun first, then work.

GENERATION BABY BOOMERS, X, Y, Z



Gen Z

Born Between
1995 - 2015



Millennial

Born Between
1980 - 1994



Gen X

Born Between
1965 - 1979



Baby Boomer

Born Between
1944 - 1964

BEHAVIORAL SEGMENTATION



DEMOGRAPHIC/BEHAVIORAL SEGMENTATION



4. TARGETING

- ▶ After market segmentation, it is necessary to decide how many segments the company will focus on and which segment is the most interesting for it.



*"It is better to have a large share of a small market
than a small share of a large market"*

TARGETING STRATEGY

- ▶ **Undifferentiated marketing** - the company ignores the differences between segments and applies only one type of offer to the entire market.
- ▶ **Differentiated marketing** - the company operates in most market segments, but applies a specific marketing program for each market.
- ▶ **Concentrated marketing** - the company's goal is to gain a large share of one or a few market segments.
- ▶ **One -to- one marketing** (customization) - individual approach X
Mass customization !
- ▶ **Market niche!**

5. POSITIONING

- ▶ "The place in the consciousness, in the minds of customers" that a product has in relation to a competing product.
- ▶ Creating a service or brand image and placing it in the subconscious of customers (Hilton hotel, wellness - Petrovice u Karviná castle, Charles University, restaurant with a Michelin star,...).
- ▶ Position maps.



FORMS OF INCORRECT POSITIONING

- ▶ **Insufficient** - there is not enough differentiation of the service (gas station, University of Economics, financial services, ...).
- ▶ **Exaggerated** - exaggerated attention to only one benefit of the given product (price).
- ▶ **Confusing** - the cause may be inconsistent communication or poorly chosen distribution channels (sale of branded goods in supermarkets, ...).

REPOSITIONING

- ▶ Change of the positioning.
- ▶ Great emphasis is placed on marketing communication.
- ▶ Coop, Česká spořitelna, Benzina, ...



REPOSITIONING VERSUS REBRANDING

- ▶ **Repositioning** = the company name is fine, but the image and message to the public is wrong.
- ▶ **Rebranding** = the name of the company can create a confusing impression on the public. The change is needful.
- ▶ **Repositioning + Rebranding** = creates an image of a contemporary, successful and profitable company.

