

# Consumer Behavior

Week 7

SESSION 13

## 18. Consumer Segmentation

Purpose: segment consumers

## 19. Economic and Social Segments

Purpose: segment consumers

## 20. Organizational and Household Behaviors

Purpose: segment organizational and household consumption behaviors

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# Consumer Segmentation

Given consumer variability, not all products are willed at the same time, let alone that the same products are always willed by consumers.

That is, there is both consumer variability and product variability.

A way to set both variables on a par is through segmentation

Achieving market segmentation requires that organizations are aware of both the idiosyncrasies of consumers so as to classify them in segments, and the contextual (i.e. environmental) factors are involved in consumption.

**Segment A1**

**Group Profile**  
*0.11% of Indian Households*

This segment consists of singles and married couples with no kids. The chief wage earners have good educational background and have their own business majority in wholesale and retail trade.



Chief Wage Earner	
Age (Median):	30 Yrs
Marital status:	80 % Married
Education:	87 % Graduate
Industry (Major):	32 % Wholesale and Retail Trade
Enterprise:	94 % Proprietorship
Occupation:	100% Self Employed

Typical segments include:

- Topographical: region, country, city, density, climate.
- Demographical: age, gender, family, income, occupation, education, religion, ethnicity.
- Psychographical: status, lifestyle, personality.
- Behavioral: occasions, benefits, use, (brand) loyalty, (buyer) readiness, attitude (towards the product).

In choosing the segments, organizations may choose the following strategies:

- Undifferentiated marketing, where organizations ignore differences between segments and operate one marketing mix for the entire market.

Example: Skype offering internet services.



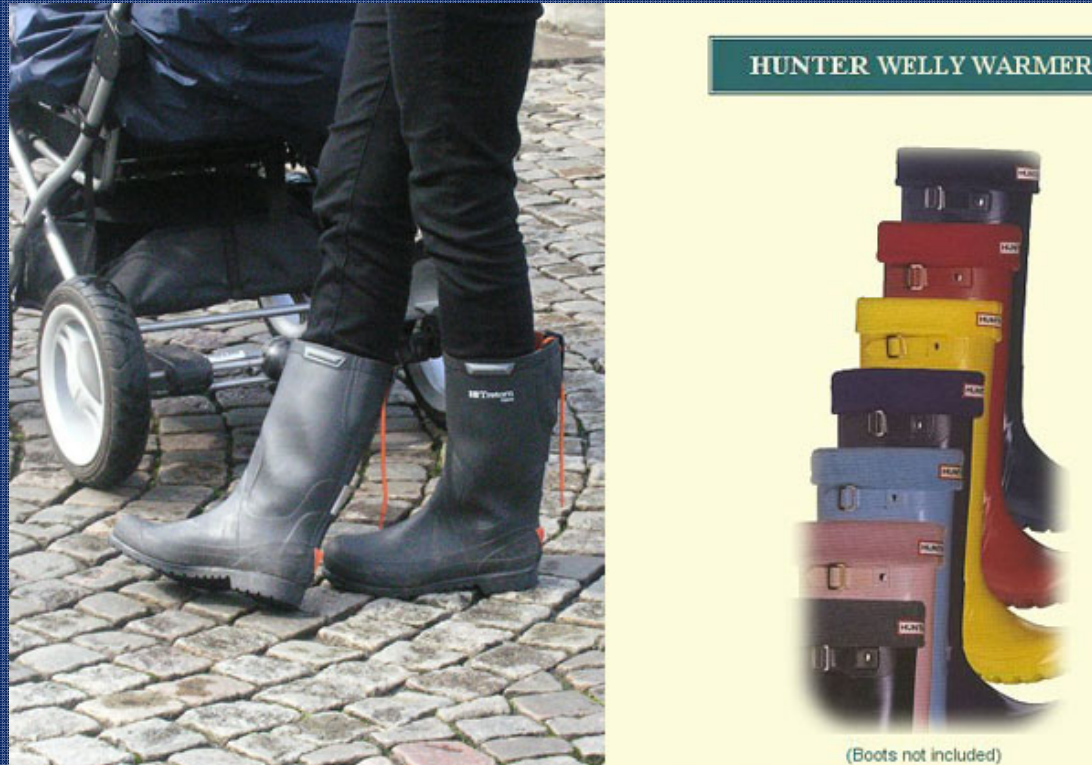
- Differentiated marketing, where organizations operate in several segments and design marketing mixes for each segment.

Example: Nike and Reebok offering shoes for nearly every type of sport.

- Concentrated (niche) marketing, where organizations focus on one segment and design their marketing mix accordingly.

Example: Bang & Olufsson offering high-end products to audiophiles.

If segmentation focuses on a broad classification of consumers relative to organizational strategies, customization is about a refined classification of consumers.





If with segmentation organizations gain information to classify consumption, with product positioning they decide what products to offer in the segments



**Stand Out in the Crowd**

# Economic and Social Segments

Consumer involvement brings about a consumer symbolic capital, an asset that consumers use to carry out effective consumer activities, a habitus.



(cont)

In particular such capital is associated with:

- Economic capital: financial resources
- Social capital: associative resources
- Cultural capital: skilled resources

Consumer symbolic capital is expressed in status-oriented consumption activities where acquired products play the role of status symbols indicating any of the following:

Social class

Ethnic origin



Social class, typically, delimits the following segments:

- Upper class (old money, nouveau riche, get set): quite difficult to target owing to mobility; important brand loyalty; important brand switching
- Middle class: sensitive to price changes; attracted by upper class symbolism; brand loyalty or switching based on income
- Working class: price sensitive; important brand loyalty

Social class is associated with following class-related changes:

Upward mobility entailing the a move to a higher social class as a result of educational or occupational achievement

Downward mobility entailing a move to a lower social class as a result of structural or industry-based unemployment

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If the mobility of consumer symbolic capital spreads from the upper class to the lower one, some aspects may spread the other way round – status float

Example: rap music, sneakers, tattoos, piercing





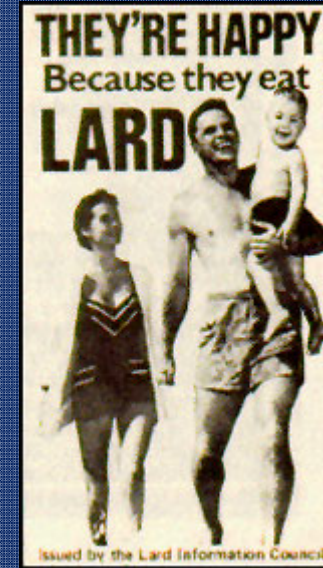
# Organizational and Household Behaviors

Organizations and households are group formations; they are cultures; consumer groups are consumer cultures.



Business organizations as organizational cultures display consumer behaviors through:

- Mission statements.
- Organizational stories.
- Organizational rituals.



Such consumer behaviors qualify organizational consumption.

Household groups qualify household (family)  
consumption that varies according to the following:

- Strength: consumption affected by relationship by blood and type of contract.
- Composition: consumption affected by the number of members and gender type.
- Residence: consumption affected by the geographical location and type of dwelling.

(cont)

- Life cycle: consumption affected by the stage and generational differences.
- Morals: consumption affected by altruism and kinship.
- Communication: consumption affected by contact by adherence to convention and use of cooperative styles.

(cont)

- Conflict management: consumption affected by strategies for avoiding and resolving conflict.
- Role: consumption affected by perceived roles and role specialization.

Household consumption occurs on the basis of consumer socialization where, typically, older consumers impart values, norms, and beliefs through stories and rituals to younger consumers.

Moreover, consumer socialization may occur between young or older consumers through interpersonal influence.

# case studies