

# NOTES FROM 4/2

## □ Consumer Buying process

- 1) Problem need/Recognition = (Ex. Need to replace old shoes)
- 2) Informational Seeking= (Ex. Search for stores, styles, prices, opinions )
- 3) Evaluation of Alternatives= Which are comfortable?
- \*4) Purchase Decision(Chose rationality or emotionality)
- 5) Post-purchase Evaluation= (Observe reaction of the consumer)

## Categories of consumer Products

### 1) Convenience goods and services=

- Consumed rapidly and regularly
- Inexpensive
- Purchase often and with little input of time and effort
- o Milk
- o Newspaper

### 2) Shopping goods and services=

- Purchase less often
- More expensive
- Consumers may shop around and compare products based on style, performance, color.
- o Television set
- o Tires
- o Car insurance

### 3) Specialty goods and services=

- Purchased infrequently
- Expensive
- Costumers decides ona precise product and will not accept substitutions and spends a good
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Wedding dress= man selling his ex wife dress, for marines tickets and beer

## Product Life Cycle

## Series of the stages in a product's commercial

- Introduction stage= making consumers aware of new product
- Growth=Sell begin and profit.
- Maturity=Competition gets heavy (in the peak of profit)
- Decline= you don't see the product any more(DVD)

## Branding

- Process of using symbols to communicate the qualities of a product made by a particular producer = m= m&m

## Next Chapter

### \*\*Price skimming

- Setting an initially high price to cover new product cost and generate a profit
- o Breast feeding baby doll= magic of motherhood

### \*\*Penetration Price

- Setting an initial low price to establish a new product in the market

### Dynamic pricing-

- a variable
- o Ex= Women in Dubai buys a car really cheap

### -Price Tactics-

#### Price Lining

- Setting a limiting number of prices for certain categories of products ( Everything a cheaper price)

#### Psychological Pricing

- Consumers do not always respond rationally to prices(I deserve them)

## Distribution Mix

- Combination
- \*\*\*\*How do you ship it?\*\*\*\*
- o By truck= low breakage, less packing, good for short distances

- o By railroad= piggyback, multiple car on train going to dealership
- o Water slowest/cheapest
- o Plane= most expensive=a quick "get shrimp from the coast to N. Dakota"
- o Pipeline= an affective by weather

#### \*Promotion

- How does it communicate the information about the product they are selling

#### Advertising

- Paid, non-profit...
- How to advertise=
  - o Newspaper= highest capital outlay, flexible, broad coverage(main advantage) most widely used
  - o Radio= Concert for an artist(Eminem for "Artist of the year"
  - o Direct Mail= Mostly mailed to consumer's house
  - o Magazine= Highly segmented(old) Long lived, Long lead time
  - o Outdoor advertisement= Inexpensive repeat exposure=little competition
  - o Advocacy Advertisement= Ex. Mothers Against Drunk Driving
  - o Television= most expensive

#### Personal Selling

- One-on-one selling= critical point is closing the deal.
- o Order processing, creative selling, missionary.

#### Sales Promotions

- Short -term promotional activity designed to encourage consumer buying, industrial sales, or cooperation for distributors
- o Coupons, etc

#### Public relations

- Company-influenced information directed at building goodwill with the public