

## 4.11: Why It Matters- Identifying and Understanding Customer Behavior



Imagine you're in-store at your local supermarket, watching customers in the dairy section as they shop for yogurt. Think about the products on the shelves; the various brands, styles and flavors. Think about the different sizes and configurations—jars, cups, tubs and tubes. Think about product placement—eye level or in the bin at the bottom of the section. Now, focus on a single shopper. Watch as she makes her choice. What do you think made her select the one she chose? Was it the brand? Flavor? Price? Health credentials? Advertising? Her previous experience? A desire to try something new? Impulse? A recommendation? An accident? What if it wasn't a single factor, but some combination of several of these factors that led to the consumer's decision? What had the most impact? What had the least? Was anything irrelevant? What if the shopper wasn't even conscious of the decision and what motivated it?

As a retailer, you're trying to provide the broadest assortment and best possible value to help consumers select and purchase the products that are best for them, right? Well, think how much complexity shopper preferences and biases add; think how much more difficult they make your job.

Here is a short list of questions that you have to consider when you're trying to understand consumer behavior:

- What products should be included in the assortment?
- How much space should be dedicated to specific brands? Sizes? Individual flavors?
- Which segments, brands and products should go on each shelf?
- What signage and messaging will have the most impact for consumers?
- What prices should be set?
- Should products be discounted and put on-sale? How often? When?

Can you imagine the complexity involved in making the best choices for the department? Now, spread the same variables across all department, categories and segments. Think about the dozens, hundreds, and thousands of small, instantaneous, and considered decisions customers make when they're shopping.

Marketers study the buying process and consumer motivations in an attempt to understand how purchase decisions are made. In doing so, they work through how shoppers sort through and make sense of information, the explicit needs, implicit needs, and the models for how they make the decisions they do. We'll touch on many of these same topics in the upcoming sections.

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