Chapter Summary

**LO1 Describe the consumer value framework, including its basic components.**

The Consumer Value Framework represents consumer behavior theory illustrating factors that shape consumption-related behaviors and ultimately determine the value associated with consumption. Value lies at the heart of the CVF. Value results from the consumption process, which represents the decision-making process of consumers seeking value. This process is influenced directly and indirectly by external and internal influences such as culture and psychology, respectively. When high value results, consumers may become loyal and build relationships with customers. The CVF is useful for organizing consumer behavior knowledge both in theory and in practice.

**LO2 Define consumer value and compare and contrast two key types of value.**

Value is a personal assessment of the net worth obtained from an activity. Value is what consumers ultimately pursue because valuable actions address motivations that manifest themselves in needs and desires. In this sense, value captures how much gratification a consumer receives from consumption. Activities and objects that lead to high utilitarian value do so because they help the consumer accomplish some task. Utilitarian value is how the consumer solves jobs that come along with being a consumer. The second type of value is hedonic value, which is the net worth obtained from the experience itself and the emotions associated with consumption. Hedonic value represents the immediate gratification that comes from some activity or experience. Hedonic value is very emotional and subjective in contrast to utilitarian value; however, the best consumption experiences offer some levels of both types of value.

Value = What you get – What you give

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**Glossary Terms**

- **affect** feelings associated with objects or experienced during events
- **augmented product** actual physical product purchased plus any services such as installation and warranties necessary to use the product and obtain its benefits
- **cognition** thinking or mental processes that go on as we process and store things that can become knowledge
- **corporate strategy** way a firm is defined and its general goals
- **customer lifetime value (CLV)** approximate worth of a customer to a company in economic terms; overall profitability of an individual consumer
- **Customer Relationship Management (CRM)** systematic management information system that collects, maintains, and reports detailed information about customers to enable a more customer-oriented managerial approach
- **elasticity** degree to which a consumer is sensitive to changes in some product characteristic
- **external influences** social and cultural aspects of life as a consumer
- **hedonic value** value derived from the immediate gratification that comes from some activity
- **ideal points** combination of product characteristics that provide the most value to an individual consumer or market segment
- **individual differences** characteristic traits of individuals, including personality and lifestyle
- **internal influences** things that go on inside of the mind and heart of the consumer
- **market segmentation** separation of a market into groups based on the different demand curves associated with each group
- **marketing mix** combination of product, pricing, promotion, and distribution strategies used to implement a marketing strategy
marketing strategy way a company goes about creating value for customers
marketing tactics ways marketing management is implemented; involves price, promotion, product, and distribution decisions
perceptual map tool used to depict graphically the positioning of competing products
product differentiation marketplace condition in which consumers do not view all competing products as identical to one another
product positioning way a product is perceived by a consumer
relationship quality degree of connectedness between a consumer and a retailer, brand, or service provider
situational influences things unique to a time or place that can affect consumer decision making and the value received from consumption
social environment elements that specifically deal with the way other people influence consumer decision making and value
strategy planned way of doing something
target market identified segment or segments of a market that a company serves
total value concept business practice wherein companies operate with the understanding that products provide value in multiple ways
utilitarian value value derived from a product that helps the consumer with some task
value a personal assessment of the net worth obtained from an activity

LO3 Apply the concepts of marketing strategy and marketing tactics to describe the way firms go about creating value for consumers.

A marketing strategy is the way a company goes about creating value for customers. Thus, strategy and value go hand in hand. Marketing strategy is most effective when a firm adopts the total value concept. The total value concept is practiced when companies operate with the understanding that products provide value in multiple ways. Many products and brands, for instance, provide benefits that produce utilitarian value and some that provide hedonic value.

LO4 Explain the way market characteristics like market segmentation and product differentiation affect marketing strategy.

Market segmentation is the separation of a market into groups based on the different demand curves associated with each group. Product differentiation is a marketplace condition in which consumers do not view all competing products as identical to one another. Thus, if multiple segments are offered a unique product that closely matches their particular desires, all segments can receive high value. These characteristics affect the value consumers take from consumption. Individual market segments represent groups of consumers with similar tastes and thus receive value in much the same way as the other.

LO5 Analyze consumer markets using elementary perceptual maps.

Positioning refers to the way a product is perceived by a consumer. This can be represented by the amount and types of characteristic perceived. A standard marketing tool is a perceptual map. A perceptual map is used to depict the positioning of competing products graphically. Consumer ideal points also can be located on a perceptual map. Perceptual mapping can help marketers identify competitors, analyze the potential effect associated with changing the marketing mix, and spot opportunities in the marketplace.

LO6 Justify adopting the concept of consumers’ lifetime value as an effective long-term orientation for many firms.

Customer Lifetime Value represents the approximate worth of a customer to a company in economic terms. Put another way, CLV is the overall profitability of an individual consumer. Thus, marketers can maximize the value they receive from exchange by concentrating their marketing efforts on consumers with high CLVs. From a business standpoint, firms that adopt the CLV as an important outcome are consumer-oriented in the long term.