

WHO IS THE HIGH-TECH CONSUMER OF OUR DAYS?

Dovleac Lavinia

Transilvania University from Braşov Faculty of Economic Sciences Adress: Brasov, str.Colinei, nr.1, corp A E-mail: dalinalav@yahoo.com Tel: 0723.57.45.86

Balasescu Marius

Transilvania University from Braşov Faculty of Economic Sciences Adress: Brasov, str.Colinei, nr.1, corp A E-mail: marbalasescu@yahoo.com Tel: 0723.033.458

Research and practice indicate that the main features of high tech markets are dynamism and complexity. These features result in a changing target market over the life cycle. The complexity of the high – tech product influences the market acceptance in different ways. As high tech products are more complicated, they require greater customer education and more product information. This necessity results in greater effort on the part of marketing to adequately convey the necessary information as well as greater effort on the part of the consumer to digest the information.

The concept of "speed" defines the high tech markets and is explained by increasing competition and the continuous evolving expectations of customers. To all of this, we remind the higher levels of risk for both the customer and the producer on the high-tech markets. Consumption of high-tech products will continue to grow in the near future and it is very necessary for the producers and retailers to study and understand the high-tech consumers' behavior.

Keywords: high-tech, consumer behavior, decision process, adoption process

Cod JEL lucrare: M31

1. Factors shaping consumer purchase behavior

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."³⁵⁵

People buy different products from different brands to satisfy their needs. Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristic.

The technology keeps growing and it affects every aspect of human life. In electronics and computers innovations have become a necessity rather than a luxury. Modern consumers are always aware of the changes in the marketplace. They have access to a variety of sources that provide information about the changes that happens in the marketplace.

Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristic. Although marketers cannot control such factors, they must give attention to them.

a. Culture

Culture is the set of basic value, perception, wants and behaviors learned by a member of society from family and other institution. Culture is the most basic cause of a person's wants and behavior. Every group or society has a cultural influence on buying behavior may vary greatly from country to country, or even neighborhood to neighborhood.

Example³⁵⁶: when business representative of a US community trying to market itself to Taiwan learned a hard cultural lesson. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. It turned out that the trip was scheduled a month before Taiwan elections, and that green was the color of the political opposition party. Worse yet, that according to Taiwan culture, a man wears green to signify that his wife has been unfaithful.

Subculture

Each culture contains smaller subcultures. Subculture is a group of people with shared value system based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions.

Example: In US, the important subcultures include Hispanic, African American, Asian and Mature consumers.

Social Class

Almost every society has some form of social class structure. Social classes are society's relatively permanent and ordered divisions whose members share similar values, interest, and behaviors. Social class is not determined by single factor, but is measure as combination of occupation, income, education, wealth, and other variables.

³⁵⁵ Lars Perner – Consumer behavior: The Psychology of Marketing, <http://www.consumerpsychologist.com/>

³⁵⁶ Characteristic affecting consumer purchase behavior – published in Marketing and Advertising, on July 17, 2007; <http://bizcovering.com/marketing-and-advertising/characteristic-affecting-consumer-purchase-behavior/>

b. Social Factor

A consumer's behavior also is influenced by social factors, such as the consumer's groups, family, and social roles and status.

Groups: A consumer's behavior is influenced by many small groups. A group can be defined as two or more people who interact to accomplish individual or mutual goals.

Family: Family member can strongly influence consumer's behavior. Husband- wife involvement varies widely by product category and by stage in the buying process. Children may also have strong influence on family buying decision. For example children as young as age six may influence on the family car purchase decision.

Roles and status: The consumer's position in each group can be defined in terms of both role and status. A role consists of the activities people expected to perform according to persons around them. Each role carries a status reflecting the general esteem given to it by society.

c. Personal Factor

A consumer's decision also are influenced by personal characteristics such as the consumer's age and life cycle stage, occupation, economic situation, lifestyle, personality and self concept.

Age and life cycle stage: People change the goods and services they buy over their lifetimes. Clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of family life cycle. Traditional family life cycle stages include young singles and married couples with children.

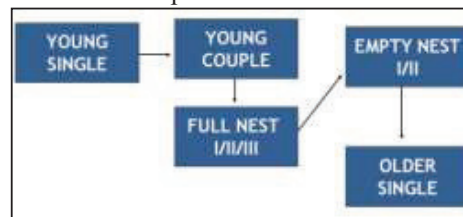


Figure 1: The simple life cycle³⁵⁷

Occupation: A consumer's occupation affects the goods and services bought.

Economic situation: A consumer's economic situation will affect product choice. If economic indicator point to recession, marketers can take steps to redesign, reposition, and reprise their products closely.

Lifestyle: People coming from the same subculture, social class, and occupation may have quite different lifestyles. Lifestyle is a consumer's pattern of living as expressed in his or her psychographics. It involves consumer's activities, interest and opinions.

Personality and self concept: Each consumer's distinct personality influences his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting response to one's own environment. For example, coffee marketer have discovered that heavy coffee drinker tend to be high on sociability.

d. Psychological Factor

Motivation: A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to direct the person to seek satisfaction.

Perception: Perception is the process by which people select, organize, and interpret information to form meaningful picture of the world.

Learning: When people act, they learn. Learning describes change in individual's behavior arising from experience.

Beliefs and Attitudes: Through doing and learning, people acquire beliefs and attitudes. A belief is a descriptive thought that a person has about something. Attitude describes a person's relatively consistent evaluations, feelings and tendencies toward an object or idea. Attitudes put people into a frame of mind liking or disliking things, or moving toward or away from them.

2. The profile of the high-tech consumer

The high-tech consumer is that person who purchases and consumes innovative products and services.

Usually, the person who decides to buy presents the following characteristics:

³⁵⁷ Lars Perner – Consumer behavior: The Psychology of Marketing, <http://www.consumerpsychologist.com/>

Table 1. The profile of high-tech buyer

Main features	
Age	18 – 65
Sex	Both sexes
Income	Substantial
Education	(at least) High school
Location	The developed countries
Preferences	Brand loyal

Source: Adapted from “The emerging high-tech consumer: A market profile and marketing strategy implications” – Allan C. Reddy

2.1. The profile of the high-tech consumer in the digital era

Understanding the consumer's social ecosystem - a person's extended household and larger social network - is essential. Based on a more sophisticated segmentation strategy and an ecosystem approach, companies can tailor offerings, sales, marketing and service experiences, which can, in turn, keep them on pace for market leadership and high performance.

The **Accenture Digital Household Segmentation Study**³⁵⁸ identified eight distinct consumer segments in the digital era:

Early Adopters: High-value users who are consistently interested in the latest devices and services.

Technocentrics: Sophisticated users of technology and heavy consumers of entertainment; such households often contain teenagers.

Convenience Consumers: Also called "simplifiers," this group makes purchases based primarily on whether products and services will make their lives easier.

No Frills: These customers want just the basics; technology developments do not dominate their lives.

Family-Centrics: This group is more interested in Internet-based communications than in creating content.

Socialites: These consumers are more personally involved in the creation and sharing of media content, and may use that activity to form social networks.

Entertainment-Focused: A group more interested in entertainment for the family.

Content Creators: A heavy user of personal computers, this group has embraced the latest technologies to create and share content.

2.2. How the high-tech consumers buy?

High-tech products need a high level of involvement from the consumer. This need appears because of the characteristics of high-tech products.

- *Complex features*
- *Significant differences between alternatives*
- *High price*
- *High perceived risk*
- *Reflect self concept of buyer*

Features of high-tech buyers' lifestyle³⁵⁹

Survivors: Price conscious, not very knowledgeable, depressed.

Sustainers: Strugglers, swayed by brand guarantee, impulse buyers.

Belongers: Conventional conservative, nostalgic, unexperimental.

Emulators: Ambitious, upwardly mobile, status conscious, buy to impress others.

Achievers: Leaders, work in hi tech top line products.

I-am-me: Young, Self engrossed, impulsive.

Experimental: Pursue a rich inner life, High sense of social responsibility.

Integrate: Fully matured psychologically, combination of best elements

A. If we talk about an innovation in the high-tech sector, **the process of adoption** take into account the following factors³⁶⁰:

Relative advantage: The benefits of adopting the new technology compared to the costs

Compatibility: The extent to which adopting and using the innovation is based on existing ways of doing things and standard cultural norms

³⁵⁸http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Industry/Communications/CommunicationsMarketing.htm

³⁵⁹ profsamkulka.files.wordpress.com/2007/12/saksbc.ppt

³⁶⁰ Mohr, J.J., Sengupta, S., Slater, S.F. – Marketing of high-technology products and innovation, second edition, published by Person – Prentice Hall, 2004

Complexity: How difficult the new product is to use

Trialability: The extent to which a new product can be tried on a limited basis

Ability to communicate: The ease and clarity with which the benefits of owning and using the new product can be communicated to the prospective customers

Observability: How easily other customers can observe the benefits received by a customer who has already adopted the product.

B. 5 steps in the decision process of buying high-tech products

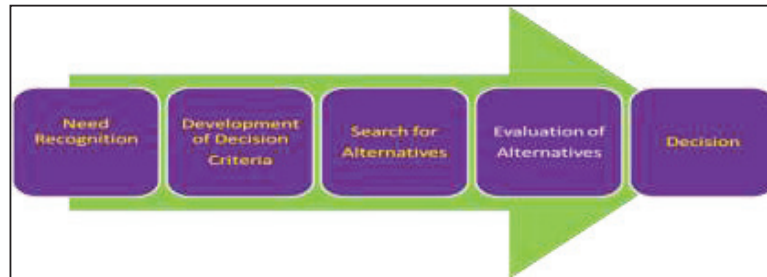


Figure 2: Purchase decision in high involvement products³⁶¹

We chosen an example based on the model shown up, illustrating the purchasing of a car. As you can see, in the first square, there are all the brands on the market (hypothetically speaking), in the second square there are the brands the consumer is aware of, in the third square there are the brands that the consumer take into account, in the fourth square we have the evaluation of the two brands that were chosen. In the last square, we have the purchase brand.

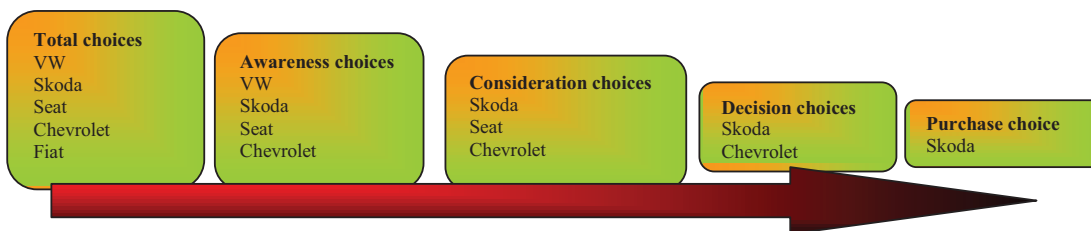


Figure 3: The decision process in car purchasing

C. Post-Purchase evaluation

At this stage, the buyer assesses how well the product has lived up to its potential. Some questions arise for the customer:

- Was I able to successfully learn how to use the new technology?
- Did the technology deliver the promised benefits?
- Were there hidden costs to using the new product?

3. The consumers' segmentation

Purchasing habits fluctuate over time with every generation, but because of increased access to new technology and uncertainty due to world events and insecure futures, the consumer trends of generations have changed. In order for businesses to appeal to these consumers, it is important to understand what these buying habits are, how they have changed, and what techniques can be utilized to expand sales among five consumer segments.

A recent article from **American Demographics Advertising Age**³⁶² highlights these changing behaviors.

Birth -12 years old

Because of the changing tastes of these “sub-teens” towards consumer electronics and fashion goodies, marketing for this age group has now been split into four distinct under-13 segments: newborns -to-3-year-olds, 3-to-5-year olds, 5- to-8-year-olds, and 8-to-12-year-olds.

361 Sameer Kulkarni – Consumer behavior, profsamkulka.files.wordpress.com/2007/12/saksceb.ppt

362 What drives consumer behavior, Article Summary by Erika Rence, April 2006 - <http://www.uwex.edu/ces/cced/downtowns/lfb/lfb/LTB0406.pdf>

Today, children within this market segment also differ from their predecessors in that they are technically empowered. They grow up in a world with ready access to multifunctional gaming consoles and Internet connections.

13-17 years old

The image of the typical teenager looks like this: an optimistic, ambitious, self-assured person with a more confident and positive outlook on life.

Because teenagers are accustomed to multi-tasking, products need to be presented in a way that will catch the attention of the consumer. As self-expression is important to many teenagers, this can be encouraged by allowing them to customize products.

18-34 years old

Technology and luxury are two things this generation clearly desires. Social responsibility plays an important role in selling products to this age group. They are not only concerned with the value of a product but also the extent to which it is environmentally safe, connected to a cause, and gives back to the community. By buying these types of products, they can feel socially responsible without having to commit any significant amount of time to these causes.

Appealing to this generation requires offering a product with good design; good value, preferably luxury; at least the appearance of some social responsibility; and an advertising campaign that sells with the consumer not at them.

35-54 years old

This generation, called the trailing boomers, is characterized by spending a lot but spending carefully. This segment has three primary characteristics. They are quite sophisticated in the use of technology to get information, they have the money to buy things, and they are still in the householder life stage, many raising teens. Another aspect of concern for this age group is fitness and well-being.

This market segment wants to get a deal but not sacrifice quality. A good marketing strategy for these demanding and technologically adept consumers is through product segmentation.

55+ years old

They define themselves based on their values and attitudes giving marketers opportunities in the areas of financial, hospitality, and wellness products and services.

Two key trends describe a change in consumption patterns and priorities of adults in this market segment: "Aging Process" and "Transition to Empty Nest" (20). Products that will "keep them going" are in high demand.

Therefore, the transition to an "empty nest" may not be achieved. Due to this uncertainty, many in this generation are simply concerned with catching the happiness while they can. They are focused on making purchases that will make them happy on a daily basis.

Conclusions

The purchasing behavior of a person is the result of an interaction between many factors (cultural, social, psychological and personal ones). Speaking of purchasing high-tech products, this behavior become different because of the high involvement of consumer. The decision process is longer and it needs much information from different sources.

A big influence in choosing products it has their usage by persons that the consumer considers truthfully. This happens because of the high risk presented by purchasing high-tech products. Not everyone can afford to buy and use high-tech products: those who can, have a special lifestyle and a special education level. Buying these products, they achieve a new status in their community.

Taking into account the social and psychological implications, the high-tech producers must analyze very carefully the behavior of this type of consumer. Not every new product will be accepted and will be bought by consumers because there are products that they can't understand.

So, it must be a permanent relationship between the producers and consumers of high-tech products, and the must collaborate for both side interests: for the producer to create and to sell the product, and for the consumer to buy and to use the product which brings him satisfaction.

References:

1. Mohr, J.J., Sengupta, S., Slater, S.F. – Marketing of high-technology products and innovation, second edition, published by Person – Prentice Hall, 2004
2. Reddy, Allan – The emerging high-tech consumer: A market profile and marketing strategy implications, Greenwood Publishing Group, 1997
3. http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Industry/Communications/Communications_Marketing.htm
4. profsamkulka.files.wordpress.com/2007/12/sakscb.ppt– Consumer behavior, prof. Sameer Kulkarni

5. <http://www.uwex.edu/ces/cced/downtowns/lb/lets/LTB0406.pdf>
What drives consumer behavior, Article Summary by Erika Rence, April 2006 -
6. <http://www.consumerpsychologist.com/> - Consumer behavior: The Psychology of Marketing, Lars Perner
7. <http://bizcovering.com/marketing-and-advertising/characteristic-affecting-consumer-purchase-behavior/>-
Characteristic affecting consumer purchase behavior – published in Marketing and Advertising, on July 17, 2007;