7 Marketing and consumer behaviour with respect to foods

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7.1 Introduction

Except for some food production for private consumption, most food products are purchased in the market. This is the domain of food marketing. Broadly speaking, marketing as a scientific discipline is concerned with the exchange processes that occur between a firm or organization that offers products or services to the market, and the target group(s) of potential buyers in its environment. Marketing focuses on policies and strategies which firms adopt to satisfy the needs and wants of the target groups more effectively and efficiently than competitors do. The basic assumption is that the organization that can do so most effectively and efficiently will be most successful in achieving its organizational objectives.

The first scientific contributions to the marketing discipline appeared in the beginning of this century (e.g. Shaw, 1912; Weld, 1917; Copeland, 1923). Since then, marketing has evolved from an emphasis on production to selling and from selling to a full fledged marketing operation. In the early days of marketing, most markets were characterized by a demand potential that exceeded product supplies. At the same time lack of money prevented many consumers from materializing their potential demands. In those circumstances many companies focused marketing operations on the physical product and on the efficiency of production and distribution. This approach is generally referred to as the 'production concept' in marketing. Marketing efficiency, in particular distribution efficiency, was an important marketing subject. The emphasis on the performance of marketing functions, the role of marketing institutions and the impact of product characteristics on the marketing process is reflected in early definitions of marketing as:

> 'all those activities involved in the distribution of goods from producers to consumers and in the transter of title thereto' (Bartels, 1970: 41).

According to Bartels (1970: 36) the key issues in the marketing discipline in the period 1910–1920 were: 'selling, buying, transporting and storing'. Product policy and promotional activity were not of central concern yet.

By the 1930s, in many Western markets basic consumers' needs were satisfied and shortages in basic food supply were solved. Food markets gradually developed into buyers' markets. As a result food suppliers had to put more efforts in stimulating demand and meeting competition. The struggle for the consumers' money became harder. Up until the 1950s this struggle was mainly fought by the 'selling' approach to marketing which Kotler (1994: 17) defines as:

> 'the selling concept holds that consumers, if left alone, will ordinarily not buy enough of the organization's products. The organization must therefore undertake an aggressive selling and promotion effort.'

Basically, the idea was that any product could be sold through aggressive and effective selling techniques. Neither identification of consumers' needs and wants, nor the product in terms of its quality and need satisfying value had a central position in this approach.

In the second part of this century the evolution from the 'selling concept' towards the true 'marketing concept', i.e. '. . . delivering the desired satisfactions more effectively and efficiently than competitors' (Kotler, 1994: 18) took place in many markets. This evolution was largely induced by changing market conditions. Purchasing power and consumer spending increased and product supply became more abundant in quantity and variety because of productivity increase, R&D efforts in agricultural and food industry, and price and income support to agriculture, such as the Common Agricultural Policy of the European Union. In fact, agriculture and food markets changed from a seller's to a buyer's market in which customers are critical and demanding. In addition, retail companies became big businesses with a strong impact on food marketing. They have developed specific marketing policies, are cost conscious and have a strong bargaining power *vis-à-vis* food producers (e.g. Heijbroek *et al.*, 1994). Adjustment of market supply to the needs and wants of potential buyers has become a necessary condition for market success in the light of demanding customers and of fierce competition between food suppliers.

As a result of these market developments and developments in marketing theory, marketing management has become the dominant stream in marketing theory (e.g. Howard, 1957; McCarthy, 1960; Borden, 1964). Marketing management is

> 'the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives' (Kotler, 1994: 13).

It rests on four main pillars: market focus, customer orientation, coordinated marketing and profitability. This approach requires a good insight into the market structure and customer behaviour. Important issues are amongst others:

> 'Which market segments can be distinguished? What are the needs and wants of potential buyers? How do potential buyers make their product choice decisions? How do potential buyers react to a specific combination of marketing instruments?'

In order to answer these questions and to evaluate their implications for marketing policies, organizations need to conduct marketing research. This marketing research is to a large extent based on theories of consumer behaviour. Through a co-ordinated use of marketing mix instruments: product, price, promotion and place (distribution), the company attempts to satisfy identified customer needs more effectively and efficiently than competitors do. This will increase the company's product's attractiveness relative to competing products, materializing in customer preferences and choice and ultimately in profitability. In light of the changing market opportunities, strategic marketing planning, aimed at the firm's long term profitability is becoming increasingly important.

The purpose of this chapter is to provide an introduction to marketing and consumer behaviour with respect to foods. We will focus on consumer marketing of processed and branded food products (e.g. Coca Cola, Nescafé) which conforms to the marketing approach taken in marketing management. Marketing of agricultural fresh produce (i.e. agricultural marketing) differs from general marketing theory due to specific characteristics of these products (e.g. its perishability, seasonality of production and consumption, and uncertainty about quality and quantity of production) and the market structure (small production units and specific marketing organization such as cooperatives, auctions, etc). For specific information about agricultural marketing the reader is referred to Kohls and Uhl (1990) and Meulenberg (1993). In section 7.2, we will introduce the general marketing concept from a marketing management perspective. We will discuss key elements of marketing systems and some of the marketing strategies at the corporate level. Marketing is executed at different levels within the company. Section 7.3 discusses marketing strategies at the business level, and section 7.4 discusses some basic considerations with respect to marketing mix decisions at the product level. As the marketing management approach critically depends on the understanding of consumer behaviour, relevant issues in consumer behaviour in general and their implications for food choice behaviour in affluent societies will be discussed in sections 7.5 and 7.6. Section 7.7 will discuss the consumer behaviour implications for food marketing. Section 7.8 presents an illustration of some of the key concepts in the context of consumer oriented product development, and section 7.9 contains the conclusions.

7.2 Marketing

A well known definition of marketing is

> 'Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others' (Kotler, 1994: 6).

Marketing is in particular concerned with the efficiency and effectiveness of exchange processes. Somewhat simplified, exchange processes can be depicted as at least two parties being involved, each having specific needs and wants and something of value to offer that may contribute to the realization of the other party's objectives. Each party feels it is appropriate to engage in an exchange process with the other party, but is free to accept the other party's offering (see Houston and Gassenheimer, 1987). Both parties enter an exchange process with specific objectives (profit making and/or need satisfaction) and offer something of value to the achievement of the other parties' objective (food products *vs.* money). Thus, both parties may benefit from a particular exchange but also have access to alternative parties with whom an exchange process might be undertaken.

The marketing process can be understood by using some concepts of systems thinking (e.g. Churchman, 1968), such as system's objectives, environment, instruments, subsystems, planning and control. From a marketing point of view a company may be looked upon as a *marketing system*, with several *subsystems*. Many large companies are organized into a number of more or less autonomous Strategic Business Units (SBUs), in which the marketing activities for a set of related products are coordinated. SBUs may be defined in terms of customer groups that will be served, customers needs that will be met, and the technology that will satisfy the need (Abell, 1980). SBUs carry the strategic responsibility for a particular product assortment and reflect the different businesses a company is operating. SBUs consist of several individual products and/or brands for which concrete marketing plans are developed and executed. At each of these levels, specific marketing objectives may be discerned in terms of Return on Investment, sales or market share. Objectives will have to be realized within a *marketing environment*, consisting of the target group of customers, the competitive suppliers, the distribution structure, and government and lobby groups, such as consumers' unions. For example a producer of diet food will be focussing his product on a specific target group of consumers, will be trying to serve customers better than competitive suppliers, will offer services in particular logistical services to retail companies, and will abide by government laws and regulations, such as the food and drugs law, and will try to satisfy the policies and requirements of consumers' unions. The marketing system has *instruments* available to realize the marketing objective. At the level of individual products and brands these are the marketing mix instruments or the 4 Ps:

> Which benefits do I offer to the consumer (*Product*), at what costs (*Price*), by what information/persuasion (*Promotion*), at which place and time (*Place/distribution*)?

For instance, our diet food producer might develop a health food for diabetics, which is sold in regular food shops at a fair price, and which is promoted by advertising in special weeklies and leaflets to nutritionists and medical doctors. The development and implementation of a marketing plan requires a specific marketing organization (*subsystems*). Marketing activities of the company are reflected in *marketing plans*. Procedures are developed for monitoring, evaluating and *controlling* the marketing plans, which requires a systematic feed back from the environment about (dis)satisfaction of clients, both retailer and consumer.

Given the fierce competition and dynamics in the marketing environment in which food companies operate, strategic planning is of crucial importance for the achievement of the company's long term objectives. Strategic planning is

> 'the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they yield target profits and growths' (Kotler, 1994: 62).

Corporate headquarters are responsible for the corporate strategic plan to ensure a profitable future for the company. Corporate strategies have received considerable attention during the last two decades. Basic issues of the corporate marketing strategy are:

(a) *Definition of the company's mission.* This defines the organization's scope by answering fundamental questions such as: 'What is our business? Who are our customers? What kinds of value can we provide to these customers? and What should our business be in the future?' (Walker *et al.*, 1992).

(b) *Identification of company's strategic business units.* Most companies, even small ones operate several businesses. Ideally, a strategic business unit should be designed to incorporate a unique set of products aimed at a homogeneous set of markets. It should also have responsibility for its own strategic planning and profit performance and control over the resources that affect that performance (Walker *et al.*, 1992).

(c) *Analysis and evaluation of the current portfolio of businesses.* Based on their present and expected future performance, the corporate management will assign to the SBUs strategic planning goals and appropriate funding, to ensure future operation in profitable businesses.

		Relative Market Share	
		>1	<1
Market Growth Rate	> 10%	Stars	Question Marks
	< 10%	Cash Cows	Dogs

Figure 7.1 Boston Consulting Group's Growth–Share matrix.

Several *portfolio evaluation models* are available for the evaluation of SBUs, such as the Growth–Share matrix of the Boston Consulting Group, The General Electric Matrix and the Shell Directional Matrix (see e.g. Jain, 1993 for an overview). For ease of exposition, we will briefly illustrate portfolio analysis in terms of the Growth–Share matrix of the Boston Consulting Group which classifies the company's SBUs in terms of *market growth*, and *market share* relative to the largest competitor. On that basis SBUs can be classified as Stars, Cash Cows, Question Marks and Dogs (Figure 7.1).

The following strategies are suggested for the distinguished four cells. *Stars* and (if chances seem good) *Question Marks*: invest in order to increase future sales and share. Strong *Cash Cows*: maintain position or invest selectively. Weak *Cash Cows* and *Dogs*: increase cash flow regardless of long term effects. *Dogs*: withdraw so as to maximize cash flow.

Thus the prime responsibility at the corporate level is to define the corporate objectives and to develop strategic planning aimed at shaping and reshaping the companies SBUs so that the combined result of all SBUs generates satisfactory profits and growth. This may include divesting some businesses and development or acquirement of new businesses.

As the corporate long term objectives have to be realized in a competitive environment, competitive strategy at the corporate level has received considerable attention. In particular Porter (1980, 1985) has substantially contributed to the understanding of strategic aspects of competition. Porter (1980) argues that the degree of rivalry in an industry depends on Potential Entrants (threat of new entrants), on Buyers (bargaining power of customers), Suppliers (bargaining power of suppliers) and Substitutes (threats of substitute products or services). He has suggested three general competitive strategies: *Focus* on one or a limited number of narrow market segments; *Differentiate* by achieving superior performances in some important customer benefit area valued by the market as a whole, and *Overall Cost Leadership*, by achieving the lowest costs of production and distribution. In his book on competitive advantage Porter (1985) describes the characteristics of a good competitor amongst others as being realistic about the industry and its competitive position, knowing its costs and not unwittingly cross subsidizing product lines or understating its overhead.

7.3 Marketing strategies at the product and brand level

The mission statement of the company and the portfolio-analysis of business units constitute the framework within which marketing policies at the level of product groups and individual brands are developed and executed. This section focuses on marketing strategies, whereas the next section will focus on operational decisions with respect to the marketing mix.

Within the broader corporate mission, each SBU has a specific mission with associated marketing objectives. Based on an analysis of the strength and weaknesses of the firm in relation to the opportunities and threats in the external environment in which the business operates (the so-called SWOT-analysis), management will formulate goals and strategies to achieve these goals. At the level of products and brands, specific marketing programs will be planned for carrying out these strategies. Finally, procedures will be developed for organizing, implementing and controlling the marketing effort.

To a large extent, the business strategies aim at identifying specific market segments in which the company can deliver products which match with the needs and wants of the target group. As the specific choice of strategies is highly specific depending on the corporate mission, the competitive environment and resources of the company, there are no 'golden rules' for marketing strategy. Rather we will review some of the basic marketing strategies that may be adopted.

7.3.1 Market segmentation

Market segmentation builds on the idea that markets consist of customers that may differ in their specific needs and wants. Market segmentation aims at the identification of subgroups of customers (a market segment) that are internally homogeneous in some relevant aspects (e.g. their needs and wants) and different from other market segments. A company may develop a product and/or service which fits specifically to the needs and wants of a particular target group of customers. The segmentation strategy is familiar to many marketers of food products, since the affluent consumers of Western countries want to be served according to their specific wants and needs. Consequently there are not many opportunities for standard products to be served in the same way to every consumer. Water, salt and some other basic food products are exceptions. The ultimate type of market segmentation is customized production, which is more common in industrial markets, such as special machinery, than in food markets which are mostly mass markets.

7.3.2 Product differentiation

In highly competitive food markets producers try to differentiate their product supply from that of competitors. They want to create customer loyalty by doing better on one or more product characteristics and by being distinctive in the market from competitive suppliers. The ultimate form of product differentiation is a strong international brand, such as international food-brands of Kraft, Nestlé and Unilever. Being familiar and recognizable to consumers is a necessary condition for consumer loyalty. At present, branding is extensively used by retail companies (private labelling) in order to strengthen their image and/or to generate substantial gross margin at fair consumer price. Differentiation is not always worth while. Kotler (1994: 306) argues that differentiation is only meaningful if it satisfies the following criteria: The difference delivers a highly valued benefit to a sufficient number of buyers (i.e. *important*), it is not being offered by others or in a more distinct way (i.e. *distinctive*), it is *superior* to other ways to obtain the same benefit, it is visible to buyers (i.e. *communicable*), it cannot easily be copied (i.e. *preemptive*), consumers can afford to pay for the difference (i.e. *affordable*) and the company will find it *profitable* to introduce the difference. As a result, necessary conditions for effective product differentiation are high product standard, substantial market share, stable market supply, stable prices and substantial promotion.

Many authors use the term *positioning* for effective product differentiation, that is the act of placing a brand in that part of the market where it will receive a favourable reception compared to competing products.

> 'Positioning tells what the product stands for, what it is, and how customers should evaluate it' (Jain, 1993: 382).

It may be necessary to reposition a product, when the actual positioning does not generate sufficient sales. For example, one might change the position of milk in the product map of drinks from a healthy food being necessary for children to a modern tasty food that also suits youngsters.

7.3.3 Product development/innovation

Product development/innovation is extremely important for the company's long-term profits and growth. Many factors in the marketing environment, such as changing customer needs, competitive innovation activity and legislation threaten a product's long term success. This is reflected in the product life cycle describing the evolution of a product in the market from its introduction to market decline in terms of sales and profits. Theoretically product life cycles (PLC) are portrayed as an S-shaped curve, split up in the stages of introduction, growth, maturity and decline. By the end of the maturity stage, sales and profits are reducing. Apart from learning about generation of cash and profits, insight into the PLC is important because different marketing strategies may be appropriate at different stages of the PLC.

Product development and innovation is necessary to replace the products that are in the decline stage of the PLC. Product development and innovation strategies are classified as pro-active and re-active in nature, depending on whether the company takes an active role in initiating new product development or takes the role as a market follower (Urban and Hauser, 1993). Examples of re-active strategies are the 'me-too' strategy and the 'second-but-better' strategy. In these strategies, companies imitate new products introduced by innovating companies. They learn the flaws and weak points of a new product and try to introduce an improved product, without having to spend lots of money on basic research and marketing efforts in order to get a foothold in the market. The reverse side of the coin is that a reactive policy will have to carve out a place in the market in which the innovative companies have built up strong positions (the first-entry or pioneering advantage). Reactive policies can be blocked by patents or other unique expertise being only available with the first innovators. Nevertheless reactive strategies of imitating others have been practised by companies lacking the financial means for extensive R&D and marketing programs.

Product development and innovation may also be used in a more initiating way to realize growth (i.e. pro-active). According to Ansoff (1957) product development and market development are the fundamental means of realizing growth in sales for the company. Product development either for current or new markets (diversification) has become an intensively studied issue in marketing (e.g. Urban and Hauser, 1993), partly because of the high failure rate. It should be noted in this context that not all new products carry the same degree of newness. For example, Booz, Allen and Hamilton (1982) have classified new products according to their newness to the market and the company into six categories: New-to-the-world, New-product-lines, Additions to Existing Product Lines, Improvements in Revisions to Existing Products, Repositionings, and Cost Reductions. They conclude that only 10% of the new products are real innovations.

7.3.4 Competitive strategy

The competitive strategies discussed at the corporate level equally apply at the product and brand level, depending on the choice of one or more product market combinations. For example, some companies may try to create a strong position in the market by featuring low prices as the unique selling point to their customers. This strategy is based on low costs of production and logistics and on limited service and extras with the product (i.e. low cost strategy). A classic example of this strategy is a discount shop that competes in the market on the basis of low prices across its total assortment. Similarly, a company may focus on one specific segment (focus strategy) or attempt to achieve a competitive advantage in several or all market segments through a differentiation strategy.

7.4 Marketing tactics: organizing the marketing mix

Having formulated the basic marketing strategy for a product, the company has to plan specific marketing programs to carry out the strategies. Tactical decisions have to be made with respect to the four marketing mix elements: Product, Price, Promotion and Place. Marketing managers and product managers carry the responsibility for development and monitoring of specific marketing plans.

In this section some basic aspects to be considered in planning the marketing mix elements will be discussed. For more elaborate discussions on the marketing mix decisions, the reader is referred to the many textbooks on marketing (e.g. Kotler, 1994).

7.4.1 Product

Marketers think of products at different levels of inclusiveness, ranging from the *core product*, which determines what the product functionally does for the consumer, to the *product as marketed* which consists of the physical product augmented with all the marketing efforts associated with it (e.g. branding, packaging, additional services, guarantees etc.). In terms of product decisions, the product managers have to decide on the quality level of the physical product and how the desired quality image is realized by specific marketing mix decisions.

A key issue with respect to product decisions is the product quality level which will be offered to satisfy the needs and wants of the target group. Product quality and consumer perception of it have received considerable attention in the marketing literature (see e.g. Steenkamp, 1989). Insight into the quality attributes, the functional and psychological utility generating benefits that make up the consumer's quality perception, is important as these constitute the quality dimensions the product should compete on. In the food context, quality attributes include sensory and hygienic quality among other factors. Quality attributes may be delivered through intrinsic and extrinsic quality cues. Intrinsic quality cues are product characteristics that are intrinsic to the product and cannot be changed without altering the product. These cues find their basis in the physical product. On the other hand, quality image may also be influenced through other marketing efforts such as price, brand name, packaging, point of purchase etc. (extrinsic quality cues).

For many products packaging forms an integral part of the product mix. In addition to its protective function, it may contribute to quality attributes such as convenience. Packaging may also play an important role in the communication of information about the product and contribute to the product's quality image. In some cases, packaging may even become the product's unique selling point. For example, it is argued that Marlboro has become a world cigarette brand, *amongst others* by the introduction of a rugged box with a flip-up top. The real augmented product is the branded product. A brand is more that just a name or symbol and provides the consumer with a guarantee for specific product benefits. A brand has intrinsic value (brand equity) in that it may create brand awareness, stimulate brand loyalty to the familiar brand, serve as indicator for perceived quality and may evoke associations not explicitly communicated (Aaker, 1991). Development and maintenance of a positive brand image is extremely important, because much of consumer choice behaviour is based on routine and risk aversiveness. As the product's image may change under the influence of actual consumption experiences, it is extremely important that the product/brand lives up to its expectations (see also the chapter by Cardello). Therefore, product quality of the physical product is a prerequisite for long term success.

Strong brands may allow for brand extensions: i.e. new products introduced under the umbrella of the established brand. Obviously, a strong brand image can pave the way for a new product in the introduction stage of the life cycle, provided that the new product fits in with the brand's image. Consequently, if the image is based on general characteristics such as reliability, innovativeness, and high quality, successful brand extension will be easier to achieve than when image is based on specific characteristics. A particularly intriguing development is the increasing share of own brands of food retail shops. Own brands started out as an attractive proposition for retailers to substitute the low sales of a large number of less important brands, by one own brand with high turnover and being purchased in large quantities at a low price. Gradually own brands of many retail chains shift from price competition to quality competition.

7.4.2 Price

Price is the second marketing mix element that is under the marketer's control. From a financial perspective the price of a product should cover the 'out of pocket' costs (manufacturing and marketing costs), and on top of it generate a sufficient contribution to overheads and profits. Price setting thus depends on the expected quantities that can be sold at that price level. The determination of the 'break-even' point, the quantity that should be sold at a given price to cover fixed costs, is an important tool in this respect.

So, it is important for price setting to know the relationship between price and consumer demand. Consumers evaluate prices in relation to the product's perceived quality ('value for money') and the prices of competitive substitute products. In addition to considering price as a financial sacrifice to obtain the product, consumers may also use price as an indicator for quality (Gabor and Granger, 1966). Therefore too low prices may harm the company both financially and psychologically in terms of brand image.

Price setting is further complicated by the fact that consumer products are sold to final consumers through middlemen, both wholesalers and retailers. The price policy of a producer should suit these middlemen. Trade margins and discounts are important in this respect.

Apart from these long-term price-setting considerations, price promotions may be an important marketing instrument in the market to have new customers try the product. At the introduction stage of a new product, two common pricing tactics are the market-skimming pricing and penetration pricing. Market skimming entails relatively high introduction prices to skim a maximum amount of revenue from the market segments. When competition comes in, prices may be lowered as a defence. This tactic may be appropriate under market conditions of low price elasticity of demand, low levels of competition and modest financial resources of the firm. Market penetration pricing entails relatively low introduction prices in an attempt to create a substantial group of customers that may become brand loyal to the product in the long run. This tactic may be appropriate at high price elasticity of demand, strong potential competition and larger financial resources of the firm.

7.4.3 Promotion

In today's markets with abundant product supplies that can all satisfy the same basic needs, promotion, the communication with current and prospective customers, has become an important tool. Promotion plays an important role in creating brand awareness and brand recognition as well as in communicating the product's benefits (image development) and in stimulating demand.

Programming of promotion as a marketing instrument includes a number of interrelated decisions, such as identification of the target audience, determination of communication objectives, design of the message, selection of communication channels, allocation of total promotion budget, and decisions on the promotion mix. Of particular importance is the assessment of the effectiveness of promotional activities in relation to the communication objectives. Communication may be achieved through the promotional tools of advertising, personal selling, sales promotion, and public relations. One of the key decisions is the determination of the total promotional budget and its allocation across promotional tools and specific campaigns. To a large extent these decisions depend on the specific communication objectives the firm wants to achieve. These objectives should be translated into specific goals, e.g. an increase in awareness by a certain percentage of the target group or a specific number of new triers of the product. Advertising agencies will usually carry the responsibility of translating the objectives into a concrete form of communication in terms of message, format, timing etc. Marketing theory has developed a great many conceptual models and check lists for use in promotion programming. Also a great many analyses have been made about the impact of advertising on sales and communication objectives (e.g. Aaker and Myers, 1987; Blattberg and Neslin, 1993; Lilien *et al.*, 1992, chs. 6, 7).

7.4.4 Place

Distribution decisions are concerned with getting the product at a particular place at a specific time. Distribution activities are programmed within the strategic choice of a marketing channel, i.e. about when and where to supply products (e.g. through specialty shops, supermarkets, discounters etc.). The programming of distribution activities primarily consists of activities aimed at development and maintenance of the relationship with retailing organizations and physical distribution to ensure the product's availability at the point of purchase. Since physical distribution costs (transport, storage) account for a substantial share of total product costs they are crucial for overall profitability. Planning of transport and storage is improving because of better information exchange between producer and client on stocks, shippings and future sales. Progress in information technology (product scanning and Electronic Data Interchange) is revolutionizing distribution programming (see e.g. Chapman and Holtham, 1994). Physical distribution has become an element of *Logistics*, the total planning of physical product flows both of input, of materials in the company and final products to the customer. In logistics, models and concepts have been developed aiming at efficient and effective planning of product flows from producer to consumer (e.g. Bowersox *et al.*, 1986). One such concept is Just-In-Time (JIT):

> 'The basic philosophy of JIT is that inventory only exists to cover problems. By reducing inventories, problems in the manufacturing process are exposed. These problems must be solved before inventories can be further reduced.' (Bowersox *et al.*, 1986: 61)

Co-ordination of distribution both horizontally, with other activities in the company such as purchasing and production, and vertically, with distribution activities of other companies in the marketing channel, is very important for improving the efficiency and effectiveness of distribution.

7.4.5 Coherence in marketing mix decisions

The success of marketing programming to a large extent depends on the coherence in the decisions with respect to the individual marketing mix elements. The balanced choice of marketing mix decisions is reflected in the marketing plan that should realize the selected marketing strategies. For example, a product's positioning in the luxury segment, has implications for all marketing mix elements, such as the quality of the physical product and its packaging, the price (which should not be too low to avoid doubts about the product's quality), the choice of the distribution outlet (e.g. the luxury image may be supported by distribution through specialty shops), and communication which should support the luxury image.

7.5 Consumer orientation in marketing

The previous section emphasized the importance of customer orientation of the marketing management approach. In Figure 7.2, summarizing the marketing management approach in its environment, this is reflected in the central position of the customer.

Marketers attempt to adjust to these customers and their specific needs and wants by means of marketing programmes that are expressed in terms of the four controllable marketing mix elements: product, price, promotion and place. However, this process is embedded in an environmental context which is largely beyond the marketer's control. The environment includes such diverse factors as the economic environment, the cultural and social environment, the political and legal environment, the competitive environment, and the technological environment. Factors in each of these domains may exert an influence on the marketing management process either because they influence the structure of the customer's needs and wants or because they influence the marketing manager's freedom in his decisions with respect to the marketing mix elements. Given the dynamics in the uncontrollable environment and the uncertainties that arise from it, marketing and consumer behaviour research serve as an important input for

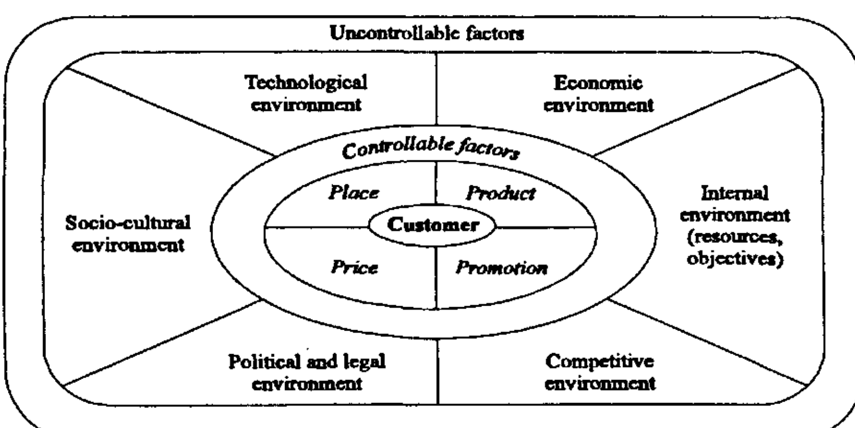

Figure 7.2 The marketing management approach in its environment (after McCarthy and Perreault, 1993).

marketing. To be effective and efficient marketing policy should be the mirror image of consumer behaviour and developments therein. In this section we will discuss some basic elements of consumer behaviour theory.

Consumer behaviour may be broadly defined as the study of

> 'the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experience to satisfy needs and desires' (Solomon, 1992).

This definition already highlights that consumer behaviour covers a very wide range of activities. It covers attainment and use of products as well as how consumers dispose of them. In addition to tangible products it also applies to non-tangible 'products' such as ideas and services. Finally, it emphasizes the (decision) processes consumers engage in.

The study of consumer behaviour has developed into a discipline in its own right. It takes a multi-disciplinary approach in that it integrates insights from different scientific fields. Psychology makes an important contribution through its concepts of motivation, perception, attitude, personality and learning theory. Sociology and social psychology are important sources of inspiration in terms of influences of groups, family structures, social class, reference groups etc. Theories about diffusion processes (i.e. the dissemination of a product from the moment of its introduction across different consumers and consumer groups in the population) also find their basis in sociology. Cultural anthropology provides insight into the ways societies function and in the values and norms that shape product consumption. Finally, economics more or less forms the basis from which consumer behaviour theory developed. From a system of axioms about the consumer, economic theory has largely focussed on how consumers react to changing prices and incomes.

The field of consumer behaviour has integrated many of these diverse insights, and has developed its own specific theories and models about consumer behaviour. Some of these early models of consumer behaviour attempted to capture an integral view on consumer behaviour. Examples include the models developed by Howard and Sheth (1969), Engel *et al.* (1986), Bettman (1979) and Howard (1989). Most of the current models, however, focus on specific elements of consumer behaviour like the gathering and processing of information and consumer reactions on specific marketing mix elements such as price and quality. Specific models have been developed for product quality perception (Steenkamp, 1989), service quality perception (Zeithaml *et al.*, 1990), brand loyalty (e.g. Wierenga, 1974), consumer response to price (Gabor and Granger, 1966) and variety seeking in product choice behaviour (e.g. Van Trijp, 1995). The broadness of the field of consumer behaviour renders it impossible to cover all its aspects. Rather we will focus on specific elements that have relevance for consumer behaviour with respect to foods. For more detail into consumer behaviour theory, the reader is referred to the numerous textbooks in this area such as Howard (1989), Schiffman and Kanuk (1991) and Solomon (1992).

Most comprehensive models for consumer behaviour focus on decision making at a relatively high level of elaboration. This type of consumer decision making is referred to as extended problem solving (Howard and Sheth, 1969). Although certainly not all consumer decisions are accompanied with such a high level of elaboration, these models provide a useful framework in which the various influential elements on consumer decision making can be classified. Most of these models recognize five stages in the consumer decision process: (i) problem recognition, (ii) search behaviour, (iii) evaluation of alternatives, (iv) purchase, and (v) evaluation of purchase outcomes. Each of these stages will be discussed below in some more detail.

7.5.1 Problem recognition

Problem recognition is the driving force behind consumer decision making and purchase behaviour. It results from a perceived discrepancy between the consumer's perception of the ideal state and the actual state he or she is experiencing. This discrepancy results in perceived tension and the desire to resolve the discrepancy, in the present context through purchase and consumption behaviour. The tension and the desire to resolve it is what we refer to as needs or motives (these two terms are often used interchangeably in the consumer behaviour context). A consumption motive is the driving force behind behaviour which gives direction and intensity to behaviour. Motives and needs constitute the 'why' of behaviour and for that reason take a central place in consumer behaviour theory. Motives and needs can be of different nature. In the psychological literature an important distinction is made between physiological motives and those of a psychological nature. Physiological (or primary) motives are innate and necessary to maintain a biological equilibrium (e.g. the needs for food, water, air, protection and sex). Psychological (or secondary) motives are acquired and relate to subjective psychological well being and the relationships with others (e.g. the need for luxury and the need for self-actualization). The well-known need structure suggested by Maslow (1954) assumes that there is an implied hierarchy in the individual's need structure. Physiological needs are defined at the lower level of the hierarchy and psychological motives at the higher end. Maslow suggests that needs at the lower level need to be fulfilled before needs at the higher level are searched after. Maslow distinguishes between physiological needs (e.g. water, sleep and food), safety needs (e.g. security, shelter and protection), social needs (e.g. love, friendship and acceptance by others), esteem needs (e.g. prestige, status and accomplishment), and self actualization needs (self fulfilment and enriching experiences)

Maslow's need hierarchy is just one of the many classifications that have been proposed in the literature (see e.g. MacFadyan, 1986 for an overview). It is non-product choice specific in that the motives guide human behaviour in general. Others have proposed classifications that are consumption or even product choice specific (see e.g. Sheth, 1975; McGuire, 1976; Hanna, 1980). Building on the work of Fennell (1975, 1978), Rossiter and Percy (1987) developed a classification that distinguishes between eight basic motivations for product choice behaviour, which are classified as either positive or negative. Negative motivations are those that have an aversive origin and primarily reflect utilitarian aspects of consumption. Positive motivations on the other hand have an appetitive origin and reflect more hedonic aspects of consumption such as sensory pleasure, intellectual stimulation and conspicuous consumption for the sake of social approval. A third category of choice motivations reflects those of a mildly negative origin, where the consumer runs out of a product and routinely repurchases the previous brand. The distinction between utilitarian and hedonic motivations in consumption is receiving increasing attention in the consumer behaviour literature, based on the recognition that (food) consumption may be a goal in and of itself (hedonic consumption) as well as an instrumental means to achieve some further goal (utilitarian consumption).

Consumer specific classifications, although primarily taxonomic tools too, have an advantage over general classifications in that they may provide more concrete guidance for marketing efforts. These motivations manifest themselves in specific product requirements, which can be fulfilled by specific marketing policies. In this respect it is important to realize that specific consumption acts may be guided by combination of underlying motivations. Also, different consumers may satisfy the same basic motivations in different ways. The particular form of consumption used to satisfy a need is termed a 'want' and will be discussed in the evaluation of alternatives stage of the model. How consumers translate needs into wants largely depends on the consumer's history, learning experience and value structure.

7.5.2 Search behaviour

Having recognized a consumption problem, the consumer is supposed to search for consumption alternatives or consumption behaviours that may solve the consumption problem. Internal search relates to the information actively or passively stored in memory. In case this internal information is not deemed sufficient for solving the problem, the consumer is hypothesized to engage in additional external search behaviour about the alternatives and the extent to which they may contribute to solving the consumption problem. Examples of external search would include consultation of consumer reports, and other sources (e.g. labelling, etc.).

Based on internal and external search behaviour, the consumer forms a perception about marketing stimuli. Perception is the process of selection, organization and interpretation of stimuli to a meaningful picture of the world around us. It includes both cognitive (the knowledge consumers have about foods) and affective factors (feelings and emotions). Perception is a complex process, insight into which provides the marketing manager with a lot of relevant information. One of the key characteristics is that information has to go through a perceptual filter before it is stored in the consumer's knowledge structures. Perception is a selective process both in terms of exposure, attention, comprehension, acceptance and retention of available marketing information. More specifically this implies that the consumer may perceive and interpret information in a different way than it was intended by the source. Insight into the beliefs consumers hold about the product (or brand) in relation to competing brands in the product category is of particular importance to the firm in relation to (re-)positioning strategies. These insights are obtained through what is commonly referred to as perceptual mapping or image research (e.g. Hauser and Koppelman, 1979).

7.5.3 Evaluation of alternatives

After internal and/or external search for information about the alternatives that may potentially solve the consumption problem, the consumer is hypothesized to engage in an evaluation process. The purpose of this stage is to determine the most suitable alternative that satisfies the need in line with the consumer's want structure. Alternatives are evaluated on a limited number of choice criteria (e.g. taste, health, price, etc.). Each of these criteria has a weight attached to it reflecting its relative importance in the overall evaluative judgements (attitude, preference, image, etc.). Which aspects are considered by the consumer and the relative importance attached to them, depends on the underlying motivations, distinctiveness of the available alternatives, personality and lifestyle, reference groups, culture and the information about and prior experiences with the choice alternatives. Several decision rules (both compensatory and non-compensatory) have been proposed in the consumer behaviour literature about how consumers form overall evaluative judgments (e.g. Bettman, 1979). A popular compensatory model for the integration of beliefs into an overall evaluative judgment is the Fishbein attitude model, which models the overall judgment about the product (attitude toward the object) as a weighted linear combination of a selected number of salient beliefs. Whether or not this attitude toward the object translates into a behavioural intention to buy the product depends on the influence of relevant others, i.e. the social context in which the decision is made. This social norm element in the Fishbein model represents the individual's perception of what other relevant individuals expect from the consumer's behaviour. The extended Fishbein-model has the attitude toward the object and the social norm as its two components. Social norm is modelled as a function of the normative beliefs and the individual's motivation to comply. The Fishbein model is more extensively discussed in the chapter by Shepherd.

7.5.4 Choice and outcomes of choice

Choice is modelled as the resultant of two forces: purchase intention and unanticipated circumstances. These unexpected circumstances can be of many different forms such as changes in the available resources and out-of-stock conditions. After choice, the product will actually be consumed and the outcomes of choice can be assessed. Satisfaction with the choice will act as a reinforcer of the choice process, whereas dissatisfaction will lead to changes in the decision process.

7.5.5 Consumer behaviour under low involvement

The structure of consumer choice behaviour discussed so far assumes that consumers go through an extensive and elaborative process of decision making. The primary strength of such models is that they structure the influential factors in consumer decision making. However, in practice it would be unrealistic to assume that for every single purchase the consumer would go through such a detailed process. Consumers are 'cognitive misers' that attempt to limit the time and effort devoted to consumption behaviour. Involvement and prior experience with the product category are two primary determinants of the extensiveness of the decision making process. Involvement is the degree of personal relevance a product has to the consumer and to a large extent depends on the perceived financial, functional, social and physical risk associated with consumption of the product.

Several authors have claimed that many consumption decisions are of a low involvement nature and that consumers devote very limited cognitive effort to their purchases (e.g. Olshavsky and Granbois, 1979; Hoyer, 1984). The distinction between decision making under low and high involvement is often represented in terms of the beliefs → choice → evaluation hierarchy of effects scheme, rather than the beliefs → evaluation → choice scheme for high involvement decision making. The consumer learns about the product passively, makes a choice and on the basis of experience with the product evaluates whether or not the product will be repurchased. Petty and Cacioppo (1986) use this distinction in their Elaboration Likelihood Model (ELM) for persuasive communication. In high involvement situations, information is processed through the central route in which the content of the message is evaluated extensively in terms of pros and cons of a product or a particular consumption behaviour. Under low involvement situations, the message is processed through the peripheral route, where cognitive elaboration is limited and consumers form attitudes on the basis of simple cues in the message or the context of the message, such as the source authority or the number of time the message is repeated. This illustrates the importance of insight into consumer involvement for marketing communication strategies.

Extensiveness of the decision making process is further influenced by the degree of experience with the product or the product category (Howard, 1989), reflected in the product's position in the product life cycle. During the introduction phase consumers are relatively unfamiliar with the products in the product category. They have insufficient knowledge about which choice criteria to use and how the available choice alternatives would rate on these choice criteria. The consumer decision making strategy at this stage is characterized by an extensive use of available product information and by slow speed. In the product growth phase of the life cycle, most consumers have developed choice criteria on which they evaluate the product, but they are not yet familiar with all available alternatives and how they rate on these choice criteria (e.g. because of new brands introduced into the market place). Decision making at this stage will be of the Limited Problem Solving type. Consumers engage in less detailed information processing (only to get insight into the (new) alternative's ratings on the choice criteria) and speed in the decision making is higher than in Extended Problem Solving. At the maturity stage of the life cycle most consumers have considerable experience with the product category and the available choice items, so that both the evaluative criteria and the product ratings are well established. In such situations, consumers hardly process any information and decision making occurs at a high speed. Consumers have developed relatively stable preferences as well as a so-called evoked set of a limited number of alternatives that they will actively consider in the choice situation. This type of decision making is referred to as Routinized Response Behaviour (Howard, 1989).

7.6 Food choice behaviour in affluent societies

Western food markets have developed into true buyers' markets in which consumers are critical and demanding. High purchasing power and expenditure on foods, in combination with abundant product supplies in terms of quantity and variety, has put the food consumer in a relatively comfortable position. Food consumption has reached high levels, up to a certain point of satiation where physiological needs are concerned. If we assume that consumers strive to maximize utility derived from food consumption, it may be concluded that increases in quantity of consumption hardly contribute to this objective. For many products, utility can more effectively be increased by 'qualitative' rather than 'quantitative' changes in consumption. These qualitative improvements can be achieved through the consumption of food products that better match the idiosyncratic product demands. As a result, psychological motives have come to the forefront as primary motivators of food consumption behaviour.

At the same time, basic quality standards of food supply have increased substantially during the last decade, due to the increased attention for product quality (e.g. Steenkamp, 1989). In modern food markets it is hard to find products that do not meet the basic standard in terms of hygienic and sensory quality. This decreasing horizontal quality differentiation (Abbott, 1955) has considerably reduced the overall quality risk associated with choices from a particular product category. Despite the fact that hygienic and sensory quality are still the most *important* choice criteria that need to be fulfilled, we believe that the availability of a broad product assortment with comparable performance on these criteria is reducing their role as a *decisive* criterion for consumer food choice behaviour. Sensory and hygienic quality are gradually becoming necessary rather than sufficient conditions for market success.

We believe that current market conditions have allowed 'new' choice motives to come to the forefront as determinant food choice criteria. Examples would include 'product-pluses' such as convenience, environmental characteristics, and conspicuous consumption among other factors. We refer to these choice criteria as 'secondary' (*cf.* Van Trijp, 1995) to indicate that in an absolute sense they are probably not as important to the consumer as the attributes at the core of overall product quality (e.g. taste, absence of dangerous substances etc.). However, they are hypothesized to be *determinant* in shaping choice behaviour as long as adequate basic product quality is ensured. Therewith they will become the potential competitive advantages that should guide food marketing strategies of the future. We further believe that contrary to the basic quality criteria, the secondary choice motives are more idiosyncratic in nature. This will result in increased fragmentation of consumer demand in food markets.

Several macro-level developments also exert an influence on food demand, resulting in even more specific food choice criteria. For example, in terms of demographic changes many Western countries witness stagnation in population growth, increasing shares of elderly in the population and smaller household sizes, stimulating the demand for smaller portion sizes among other factors. Intensifying international competition and increasing migration stimulate among other factors the demand for exotic food products. Technological developments have an impact on food marketing through the availability of new technology in preparation (e.g. microwaves), production (e.g. biotechnology), packaging and conservation.

7.7 Implications for food marketing

The fragmentation in consumer demand, combined with the intensifying competition and the high quality standards in product supply has important implications for food marketing. We will discuss several of these implications with reference to relevant stages of the consumer decision process (section 7.5).

7.7.1 Market segmentation

In light of the increasing fragmentation in consumer demand, effective market segmentation will become increasingly important, and increasingly difficult. Because of the individualization in life-styles and consumption motivations, traditional market segmentation techniques based on socio-demographic and economic factors fall short. There will be an increased need for market segmentation based on food consumption-specific values and life styles. Due to fragmentation, conformance to the criteria for effective market segmentation, in terms of segment size, measurability, accessibility and actionability will become increasingly important.

7.7.2 Product differentiation

Product differentiation is another strategy that will gain in importance in light of the abundant product supplies and freedom of choice to the consumer. High creativity, based on insight into the idiosyncratic product demands in the target group, will be necessary to distinguish the product from the competition and to build a sustainable competitive advantage in the market place. It will become increasingly important to differentiate the product in terms of consumer benefits, rather than product characteristics. More explicitly than before, food products will have to be positioned as value-satisfiers rather than physical entities. Marketing should emphasize the communication of 'what the product does to the customer' in terms of its contribution to the achievement of the customers' values deemed important in life, rather than 'what the product is'. A useful way of thinking about this problem is in terms of means–end chain theory (e.g. Gutman, 1982). Means–end theory formalizes the link between the consumer's concrete demand for product attributes and its contribution to value achievement, in terms of a simple knowledge structure connecting interconnected meanings about attributes, consequences and values. It assumes that product attributes are means to further ends either in terms of the immediate consequences they are believed to lead to (e.g. 'what is it good for in terms of benefits and risks?') and their contribution to value achievement (i.e. 'to what extent does it help me achieve the things I deem important in life?'). Figure 7.3 gives a graphical representation of the basic elements of the means–end chain.

One of the key elements of effective product differentiation will be the identification of those 'secondary' choice motives that are decisive in choice behaviour of the target market and may provide the firm with a sustainable competitive advantage. Insight into attribute importance alone, may be

Product knowledge						Self-knowledge				
concrete attribute	>	abstract attributes	>	functional consequences	>	psychosocial consequences	>	instrumental values	>	terminal values

Figure 7.3 Basic elements of means–end chains.

insufficient as fulfilment of many of the most important choice criteria have become necessary rather than sufficient conditions for market success. The reader is referred to Myers and Alpert (1977) for a more elaborate discussion of the identification of important and determinant attributes.

The development of a strong brand is one way of establishing product differentiation (e.g. Aaker, 1991). While this strategy is very common in the marketing of processed foods, it is not yet very common at the level of agricultural fresh produce. Brand development as a product differentiation strategy for agricultural fresh produce may be expected to become more important in the future as a means to differentiate product supply and to provide the customer with a basic guarantee for product quality.

Marketing communication will become important as a tool in product differentiation. It should communicate the Unique Selling Points to the customer, taking into account the low levels of involvement. Unless there is a strong recognizable competitive advantage *vis-à-vis* competitive product supply, communication should emphasize the peripheral route of communication. Note that this not only applies to food marketers but equally to nutritional educators who try to influence food consumption into a more desirable direction.

7.7.3 Product development and innovation

Product development and innovation will become increasingly important in the light of the dynamics in the marketing environment. These dynamics include competitive innovation activity, changing consumer demands, availability of new technology, and changing legislation in the food sector. As these dynamics are likely to intensify, product life cycles are likely to shorten even further, making product development and innovation a must to the food company. Also, it is becoming more important that product development and innovation strategies are adjusted to identified needs in the market. More than before, this will require the 'translation' of consumers' abstract choice criteria into tangible specifications which provide the Research and Development department with sufficiently detailed guidance for product development. The ultimate aim of this process is that the engineers develop a new product which carries the tangible characteristics that will deliver the abstract need satisfaction consumers demand. This is a very complex and difficult process (see e.g. Gupta *et al.*, 1985, 1986; McBride, 1990; Van Trijp and Schifferstein, 1995).

The organization of product development activities, in particular the cooperation between marketing and R&D will require more attention in the near future. Quite recently Quality Function Deployment as a technique for formalizing the integration and communication between marketing, R&D, engineering and manufacturing has been introduced in the marketing literature (e.g. Hauser and Clausing, 1988). This technique first introduced by the Japanese in 1972 carefully structures the communication among functional groups about how the abstract consumer demands in the market place can be translated into concrete and tangible characteristics of the physical product and its production process. These structured procedures may be expected to become increasingly important in the near future.

7.7.4 Marketing organization

Fierce competition and highly specific customer demands with respect to food, have implications for the organization of marketing activities. In addition to the need for a smooth marketing organization within the food company, there will be an increasing need for coordination of the marketing activities with suppliers of input and clients (wholesalers and/or retailers). This evolution of marketing organization has stimulated *chain marketing*, a joint operation of two or more subsequent companies in the marketing channel, e.g. farmer—food industry—retailer. Also the need for efficient logistical operations and for integrated quality control favour vertical coordination in the food marketing channel. This may either be achieved through *administered* vertical marketing systems, where marketing is coordinated between companies by deliberation and persuasion, by *contractual* vertical marketing systems, where marketing between companies is coordinated by formal contracts, or by *corporate* vertical marketing systems where co-ordination is brought about by vertical integration of companies (Stern and El-Ansary, 1992). At present many food companies already put much effort in the development of relationships with suppliers and clients. It is to be expected that this development will continue and may result in wider adoption of vertical food marketing systems, probably with the food retail companies in a dominant position because of their bargaining power.

7.8 Illustration: consumer oriented product development

In this section we will illustrate some of the basic marketing issues outlined above, in the context of consumer oriented product development. Let us assume that the company wants to achieve growth, and that a particular product category has been chosen to achieve this goal. The marketing manager will now make an in-depth analysis of growth opportunities (Ansoff, 1957). Growth may be achieved through intensifying marketing efforts for the present products in current markets (market penetration), but also by approaching new markets with the present product (market development). An example of the latter case would be the introduction of a high-energy-drink, previously positioned in the professional sports market into the non-professional market. The company may also decide to realize the desired growth through the introduction of a new product, either in an existing market (product development) or a new market (diversification).

Let us assume that the firm opts for new product development and takes a pro-active consumer oriented approach. Then the decision process may be described in five steps (Urban and Hauser, 1993): (i) opportunity identification, (ii) design of the new product, (iii) market testing of the new product, (iv) introduction, and (v) life-cycle management. The opportunity identification stage concerns the definition of the best market (segment) to enter and the generation of new product ideas that could be the basis for entry. The market will be analysed in terms of its structures and component segments to identify viable market opportunities (growing, profitable markets that can be entered) that match the strengths and weaknesses of the innovating company and its initial new product ideas. A large number of market structure models is available (see e.g. DeSarbo *et al.*, 1993) including macro-type analyses on actual purchase behaviour (e.g. scanner and panel data) and perceptual approaches. Based on an evaluation of characteristics (such as growth potential, competitive attractiveness, required investments) of potential markets, the firm will conduct a market profile analysis to identify the most promising product-market combinations. For these markets the firm will search for creative new product ideas that might generate value for customers in these market segments. Sources for new product ideas are diverse and may arise from new technologies, competitive actions, and consumer needs among others. Several techniques are available for the generation and evaluation of new product ideas (see Urban and Hauser, 1993). These initial product ideas for selected target markets are brought into the design phase. At the design phase the purpose is: (i) to identify the key benefits the product is to provide to customers, (ii) the positioning of these benefits versus competitive products, and (iii) the development of the physical product, marketing strategy, and service policy to fulfil the key benefits.

Marketing research plays an important role in the design phase. Qualitative research techniques (e.g. focus groups) are utilized in early stages of the design process to obtain a qualitative signal of how consumers go about purchasing from the product category, what they consider important in their choice behaviour, how they gain information about the product category, what they consider shortcomings in present product supply and so forth. Results from this qualitative research provide insight into some basic issues in the design process, and also serve as input for quantitative consumer research. The purpose of the quantitative analysis is to gather input for more formal quantitative modelling of consumer choice behaviour. Research into consumer perception plays a central role at this stage. Typically consumers will be asked to rate a number of products (potentially including one or more new product ideas) on a number of criteria deemed relevant by the consumer. Basic cognitive dimensions underlying consumer perception may be identified through multivariate techniques such as factor-analysis, discriminant analysis, multi-dimensional scaling and free choice profiling. Relationships between consumer perceptions and physical product features will be identified as these provide guidance for production (Steenkamp and Van Trijp, 1989). Relationships between consumer perceptions and preference will be assessed as a means for setting priorities in terms of product positioning. Market segmentation will be conducted to identify relevant subgroups of consumers that are homogenous in terms of preference formation and choice behaviour, probably justifying separate marketing strategies. Based on these consumer models, 'what-if' forecasts may be made in terms of expected market share for new product options, taking into account expected consumer awareness for the new product as well as expected availability of the new product at the point of sale. These analyses allow the firm an evaluation of the expected profitability of the new product. Depending on the go on/no go decision, the product may be carried into the next phase of product development, be refined or eliminated.

If the prospects for the new product are promising it may be considered for introduction. Marketing efforts for the product will be fine-tuned and specific marketing programs will be developed in terms of product packaging, product name, price setting, choice of outlets through which the product will be distributed, and communication efforts (advertising, promotional activity). In certain situations it may be desirable to carry the fully developed new product into a test-market to make a more formal assessment of expected market success. If all these evaluations yield satisfactory results, the product may actually be introduced into the market. After introduction, the marketing efforts will be adjusted to the stages of the Product Life Cycle the new product is going through.

7.9 Conclusions

This chapter has discussed basics of food marketing from a marketing management perspective. The consumer orientation of this approach implies that the needs, wants and specific demands of potential customers should guide the firm's marketing efforts. We discussed several developments in consumer behaviour in Western food markets as well as their implications to food marketing. To a large extent these developments can be attributed to the fact that most food markets have developed into true buyer's markets. They are characterized by an abundant supply of generally high quality products. As a result consumers have become very demanding in an attempt to satisfy their higher order consumption needs in a very idiosyncratic way. There is little reason to believe that this situation will change in the future. It is more likely that product competition and product assortments will further increase. This situation sets high requirements on the food marketer to whom it will become even more important to understand the consumer and his/her behaviour and to satisfy the idiosyncratic product demands.

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