

What consumers want: MSU researchers pinpoint common threads

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Michigan State University researchers have identified the common desires of today's sophisticated consumer - a groundbreaking study that could help businesses become more competitive in the troubled global economy.

Each customer is seeking a "total experience" - whether they're staying in a hotel, visiting a bank or shopping at a mall - and that experience consists of four major factors, according to the study in the current issue of *Cornell Hospitality Quarterly*, an academic and industry journal. The factors, in order of importance, are:

- Benefit (i.e., what's in it for me?)
- Convenience (the ease and availability of the experience)
- Price (including both the dollar amount and cost in terms of time - i.e., time is money)
- Environment (does the shopping environment - online or brick-and-mortar - stimulate, entertain, motivate consumer to buy)

Knowing the threads that make up the experience - and how consumers rank them - can help businesses better allocate resources, said Bonnie Knutson, professor of hospitality business and lead author on the study.

"Before, the belief was, if we can't define it and measure it, we can't manage it," Knutson said. "Well, now we've been able to define and measure it."

"The advantage for the business owner," she added, "is now that I know what is important to the customer I can allocate my resources, my strategy and the systems I put in place to enhance that total experience. And that's your competitive advantage."

The study was conducted on the hotel industry but cuts across many business sectors, Knutson said. For example, during down economic times a national coffee chain may choose to focus on convenience, the second most important factor. While it may close some free-standing stores to control costs, it may also open kiosks in grocery stores or malls in an effort to offer customers the convenience they expect, she said.

Consumers' desire for the total experience does not change in a recession, Knutson added, although they may modify one or more of the factors - such as buying their daily latte from a fast-food restaurant or a convenience store.

Source: Michigan State University

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