
The dynamic behavioural evolvments in consumer purchase life-cycle: Exploration and exploitation in yogurt market

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Keywords

Consumer behavioural evolvment, yogurt market, store scanner data, consumer purchase life-cycle

Abstract

For the purpose of learning, consumers are either sampling different brands to extend their market knowledge (i.e. exploring) or continuously purchasing a subset of their preferred brands to avoid risks (i.e. exploiting). This research aims to explore how consumers' purchase behaviours evolve in their purchase life-cycles in a yogurt market. It investigates 707 consumers with their associated 132,233 transactional records ranging from Year 2004 to 2007 in the Pittsfield yogurt market in the US. The investigated consumers' dynamic choice behaviours in response to promotions are quantified using the behavioural measurements developed by Luo et al. (2015), which are then used for conducting clustering analysis. Four types of purchase behaviours including "Promotion-averse Exploiters", "Promotion-averse Explorers", "Opportunistic Exploiters", and "Opportunistic Explorers" are identified every year from Year 2004 to 2007. Due to the lack of market knowledge, the initial status of consumers is likely to be either "Opportunistic Exploiters" or "Promotion-averse Exploiters". With the increase of market knowledge in consumer purchase life-cycle, consumers in yogurt market are suggested to evolve from exploiters to brand loyal via explorers even though most of the consumers are not likely to significantly change their purchase behaviours within a short period of time. In their purchase decision making, consumers make trade-offs between the extension of market knowledge and the maximization of immediate purchase value. The dynamic behavioural evolvment routes of "Opportunistic Exploiters" and "Promotion-averse Exploiters" differ as the extension of market knowledge and the maximization of immediate purchase value play different roles in the purchase decision making of these two types of consumers.

We discuss the implications of these findings in terms of managerial recommendations regarding promotion activities for retailers to increase the rates of response to promotions and offer suggestions for future research.

Acknowledgement

This research was financial supported by National Natural Science Foundation of China (71433006, 91746202). Special thanks to Dr. Oscar de Bruijn and Dr. Yu-wang Chen in Alliance Manchester Business School, the University of Manchester, UK, who provide guidances and supports for this study.
