

Principles of Marketing

Consumer Markets and Consumer Buyer Behavior

Learning Objectives

After studying this chapter, you should be able to:

1. Define the consumer market and construct a simple model of consumer buyer behavior
2. Name the four major factors that influence consumer buyer behavior
3. List and understand the major types of buying decision behavior and the stages in the buyer decision process
4. Describe the adoption and diffusion process for new products

Chapter Outline

- 1. Model of Consumer Behavior**
- 2. Characteristics Affecting Consumer Behavior**
- 3. Types of Buying Decision Behavior**
- 4. The Buyer Decision Process**
- 5. The Buyer Decision Process for New Products**
- 6. Consumer Behavior Across International Borders**

Model of Consumer Behavior

Consumer buyer behavior refers to the buying behavior of final consumers—individuals and households who buy goods and services for personal consumption

Consumer market refers to all of the personal consumption of final consumers

Model of Consumer Behavior

Marketing stimuli
consists of the 4 Ps

- **P**roduct
- **P**rice
- **P**lace
- **P**romotion

Other stimuli include:

- Economic forces
- Technological forces
- Political forces
- Cultural forces

Characteristics Affecting Consumer Behavior

- Cultural Factors
 - Buyer's culture
 - Buyer's subculture
 - Buyer's social class
- Social Factors
 - Reference groups
 - Family
 - Roles and status

Characteristics Affecting Consumer Behavior

- Personal Factors
 - Age and life-cycle stage
 - Occupation
 - Economic situation
 - Lifestyle
 - Personality and self-concept
- Psychological Factors
 - Motivation
 - Perception
 - Learning
 - Beliefs and attitudes

Characteristics Affecting Consumer Behavior

Culture is the learned values, perceptions, wants, and behavior from family and other important institutions

Characteristics Affecting Consumer Behavior

Subculture are groups of people within a culture with shared value systems based on common life experiences and situations

- Hispanic
- African American
- Asian
- Mature consumers

Characteristics Affecting Consumer Behavior

Social classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors

Social class is measured by a combination of occupation, income, education, wealth, and other variables

Characteristics Affecting Consumer Behavior

The major American social classes

- Upper class
- Middle class
- Working class
- Lower class

Characteristics Affecting Consumer Behavior

Social Factors *Groups*

Membership groups have a direct influence and to which a person belongs

Aspirational groups are groups to which an individual wishes to belong

Reference groups are groups that form a comparison or reference in forming attitudes or behavior

Characteristics Affecting Consumer Behavior

Social Factors *Groups*

Opinion leaders are people within a reference group with special skills, knowledge, personality, or other characteristics that can exert social influence on others

- **Buzz marketing** enlists opinion leaders to spread the word
- **Social networking** is a new form of buzz marketing
 - MySpace.com
 - Facebook.com

Characteristics Affecting Consumer Behavior

Social Factors

Family is the most important consumer-buying organization in society

Social roles and status are the groups, family, clubs, and organizations to which a person belongs that can define role and social status

Characteristics Affecting Consumer Behavior

Personal Factors

- Personal characteristics
- Age and life-cycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality and self-concept

Characteristics Affecting Consumer Behavior

Personal Factors

Age and life-cycle stage

- RBC Royal Band stages:
 - Youth—younger than 18
 - Getting started—18-35
 - Builders—35-50
 - Accumulators—50-60
 - Preservers—over 60

Characteristics Affecting Consumer Behavior

Personal Factors

Occupation affects the goods and services bought by consumers

Economic situation includes trends in:

- Personal income
- Savings
- Interest rates

Characteristics Affecting Consumer Behavior

Personal Factors

Lifestyle is a person's pattern of living as expressed in his or her psychographics

- Measures a consumer's AIOs (activities, interests, and opinions) to capture information about a person's pattern of acting and interacting in the environment

Characteristics Affecting Consumer Behavior

Personal Factors

SRI Consulting's Values and Lifestyle (**VALS**) typology

- Classifies people according to how they spend money and time
 - Primary motivations
 - Resources

Characteristics Affecting Consumer Behavior

Personal Factors

- Primary motivations
 - Ideals
 - Achievement
 - Self-expression

Characteristics Affecting Consumer Behavior

Personal Factors

- Resources
 - High resources
 - Innovators exhibit all primary motivations
 - Low resources
 - Survivors do not exhibit strong primary motivation

Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

Personality refers to the unique psychological characteristics that lead to consistent and lasting responses to the consumer's environment

Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

Brand personality refers to the specific mix of human traits that may be attributed to a particular brand

- Sincerity
- Excitement
- Competence
- Sophistication
- Ruggedness

Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

Self-concept refers to people's possessions that contribute to and reflect their identities

Characteristics Affecting Consumer Behavior

Psychological Factors

- Motivation
- Perception
- Learning
- Beliefs and attitudes

Characteristics Affecting Consumer Behavior

Psychological Factors *Motivation*

A **motive** is a need that is sufficiently pressing to direct the person to seek satisfaction

Motivation research refers to qualitative research designed to probe consumers' hidden, subconscious motivations

Characteristics Affecting Consumer Behavior

Psychological Factors

Abraham Maslow's Hierarchy of Needs

- People are driven by particular needs at particular times
- Human needs are arranged in a hierarchy from most pressing to least pressing
 - Psychological
 - Safety
 - Social
 - Esteem
 - Self-actualization

Characteristics Affecting Consumer Behavior

Psychological Factors

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world from three perceptual processes

- Selective attention
- Selective distortion
- Selective retention

Characteristics Affecting Consumer Behavior

Psychological Factors

Selective attention is the tendency for people to screen out most of the information to which they are exposed

Selective distortion is the tendency for people to interpret information in a way that will support what they already believe

Selective retention is the tendency to remember good points made about a brand they favor and to forget good points about competing brands

Characteristics Affecting Consumer Behavior

Psychological Factors

Learning is the changes in an individual's behavior arising from experience and occurs through interplay of:

- Drives
- Stimuli
- Cues
- Responses
- Reinforcement

Characteristics Affecting Consumer Behavior

Psychological Factors *Beliefs and Attitudes*

Belief is a descriptive thought that a person has about something based on:

- Knowledge
- Opinion
- Faith

Characteristics Affecting Consumer Behavior

Psychological Factors *Beliefs and Attitudes*

Attitudes describe a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea

Types of Buying Decision Behavior

- Complex buying behavior
- Dissonance-reducing buying behavior
- Habitual buying behavior
- Variety-seeking buying behavior

Types of Buying Decision Behavior

Complex Buying Behavior

When consumers are highly motivated in a purchase and perceive significant differences among brands

Purchasers are highly motivated when:

- Product is expensive
- Product is risky
- Product is purchased infrequently
- Product is highly self-expressive

Types of Buying Decision Behavior

Dissonance-reducing buying behavior

occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands

Post-purchase dissonance occurs when the consumer notices certain disadvantages of the product purchased or hears favorable things about a product not purchased

Types of Buying Decision Behavior

Habitual buying behavior occurs when consumers have low involvement and there is little significant brand difference

Variety-seeking buying behavior occurs when consumers have low involvement and there are significant brand differences

The Buyer Decision Process

Five stages in the buyer decision process

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior

The Buyer Decision Process

Need Recognition

Need recognition occurs when the buyer recognizes a problem or need triggered by:

- Internal stimuli
- External stimuli

The Buyer Decision Process

Information Search

Information search is the amount of information needed in the buying process and depends on the strength of the drive, the amount of information you start with, the ease of obtaining the information, the value placed on the additional information, and the satisfaction from searching

The Buyer Decision Process

Information Search

Sources of information:

Personal sources—family and friends

Commercial sources—advertising, Internet

Public sources—mass media, consumer organizations

Experiential sources—handling, examining, using the product

The Buyer Decision Process

Evaluation of Alternatives

Evaluation of alternatives is how the consumer processes information to arrive at brand choices

The Buyer Decision Process

Purchase Decision

The purchase decision is the act by the consumer to buy the most preferred brand

The purchase decision can be affected by:

- Attitudes of others
- Unexpected situational factors

The Buyer Decision Process

Post-Purchase Decision

The post-purchase decision is the satisfaction or dissatisfaction the consumer feels about the purchase

Relationship between:

- Consumer's expectations
- Product's perceived performance

The Buyer Decision Process

Post-Purchase Decision

The larger the gap between expectation and performance, the greater the consumer's dissatisfaction

Cognitive dissonance is the discomfort caused by a post-purchase conflict

The Buyer Decision Process

Post-Purchase Decision

Customer satisfaction is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value

The Buyer Decision Process for New Products

New product is a good, service, or idea that is perceived by some potential customers as new

Adoption process is the mental process an individual goes through from first learning about an innovation to final regular use

The Buyer Decision Process for New Products

Stages in the Adoption Process

1. Awareness
2. Interest
3. Evaluation
4. Trial
5. Adoption

The Buyer Decision Process for New Products

Stages in the Adoption Process

Awareness is when the consumer becomes aware of the new product but lacks information

Interest is when the consumer seeks information about the new product

The Buyer Decision Process for New Products

Stages in the Adoption Process

Evaluation is when the consumer considers whether trying the new product makes sense

Trial is when the consumer tries the new product to improve his or her estimate of value

The Buyer Decision Process for New Products

Stages in the Adoption Process

Adoption is when the consumer decides to make full and regular use of the product

The Buyer Decision Process for New Products

Individual Differences in Innovation

Early adopters are opinion leaders and adopt new ideas early but cautiously

Early majority are deliberate and adopt new ideas before the average person

Late majority are skeptical and adopt new ideas only after the majority of people have tried it

Laggards are suspicious of changes and adopt new ideas only when they become tradition

The Buyer Decision Process for New Products

Influence of Product Characteristics on Rate of Adoption

Relative advantage is the degree to which an innovation appears to be superior to existing products

Compatibility is the degree to which an innovation fits the values and experiences of potential consumers

The Buyer Decision Process for New Products

Influence of Product Characteristics on Rate of Adoption

Complexity is the degree to which the innovation is difficult to understand or use

Divisibility is the degree to which the innovation may be tried on a limited basis

Consumer Behavior Across International Borders

Differences can include:

- Values
- Attitudes
- Behaviors

The question for marketers is whether to adapt or standardize the marketing