

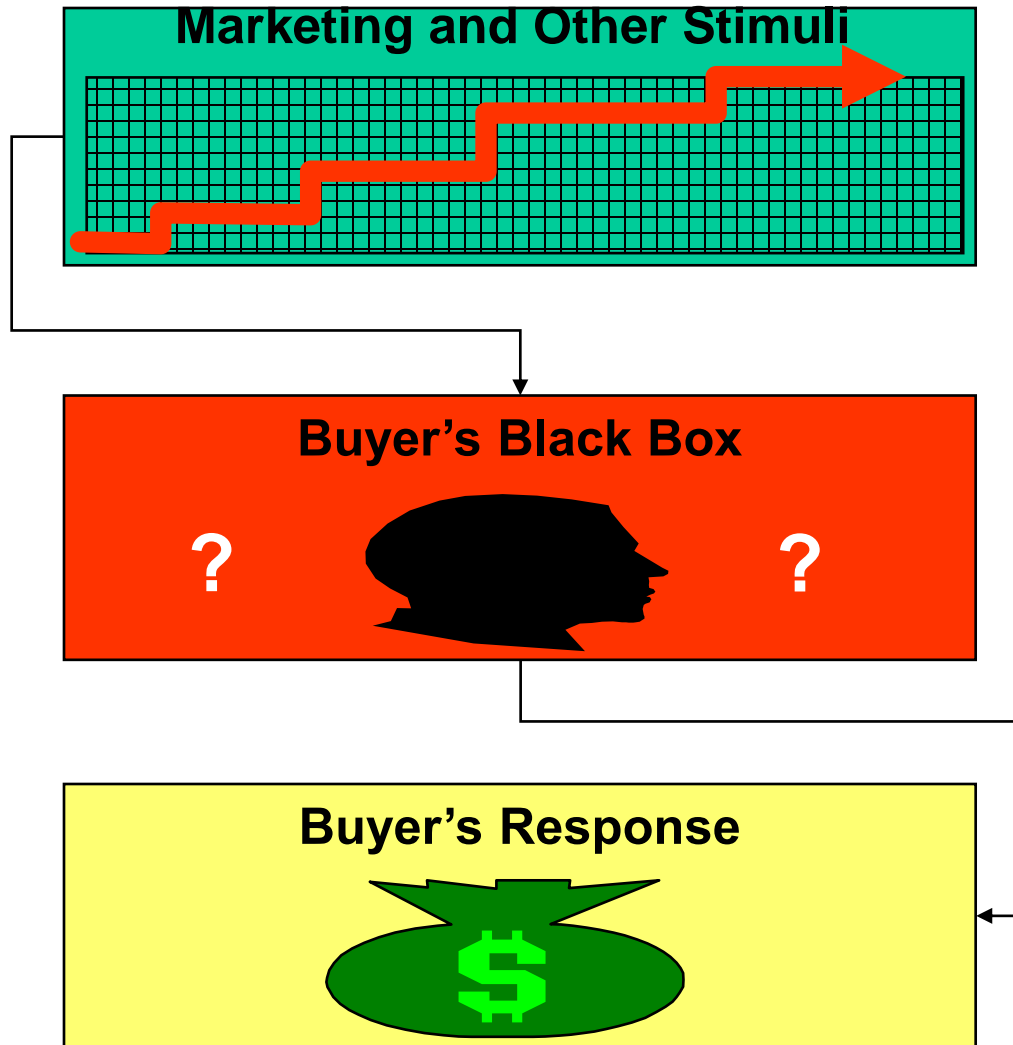
Consumer Markets and Consumer Buyer Behavior

Chapter 5

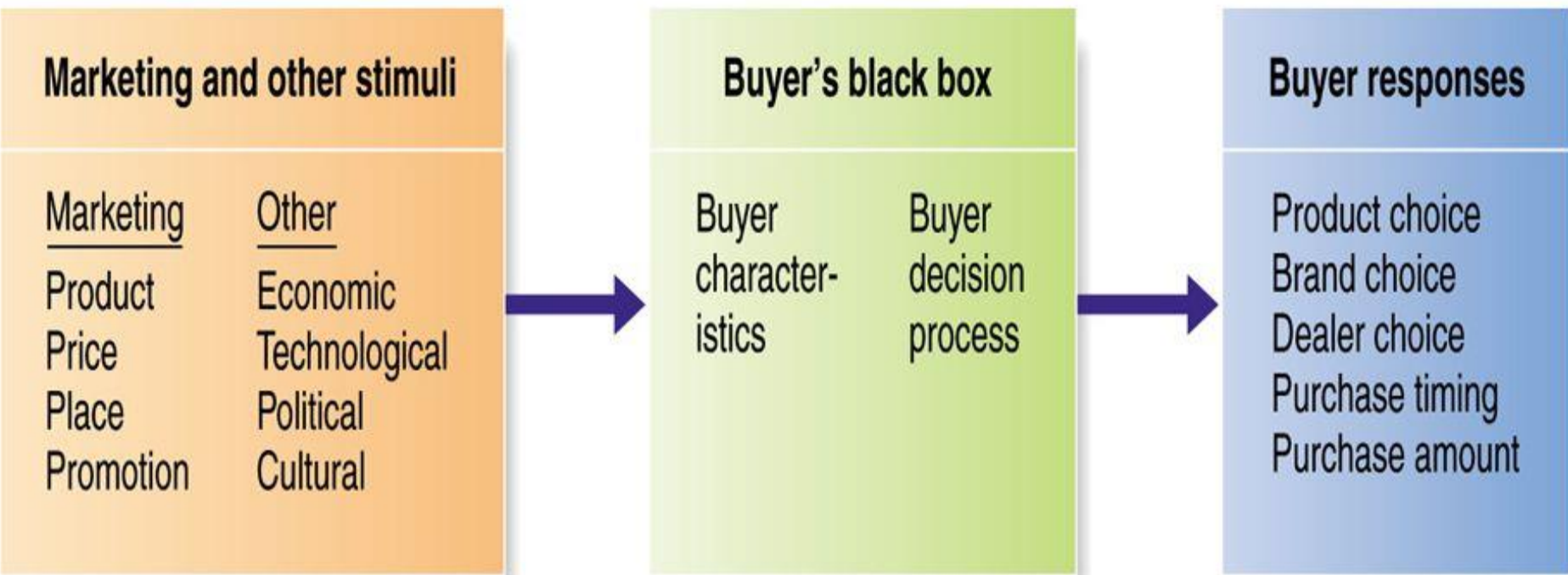
Definitions

- **Consumer Buying Behavior**
 - Buying behavior of individuals and households that buy products for personal consumption.
- **Consumer Market**
 - All individuals/households who buy products for personal consumption.

Model of Consumer



Model of Buyer Behavior

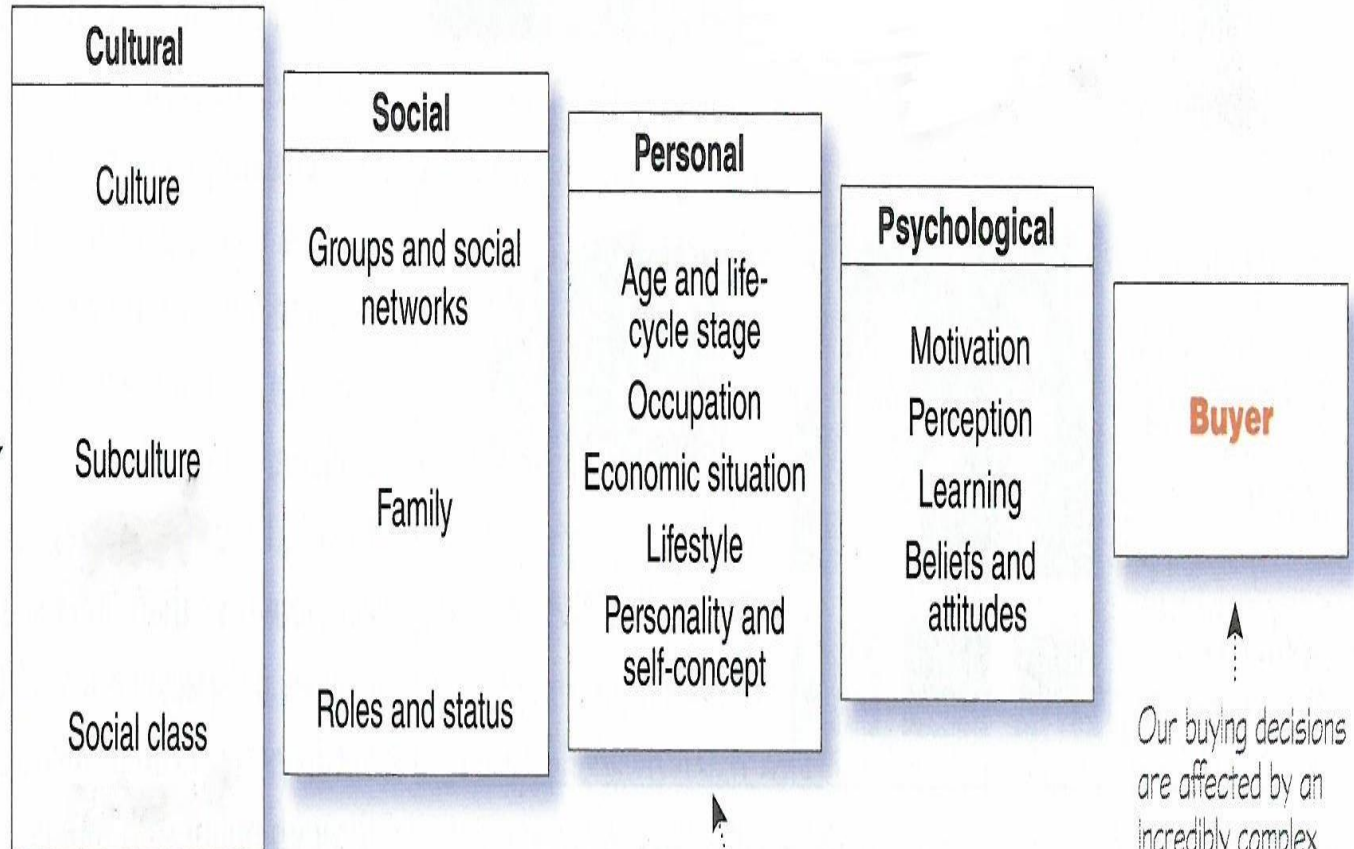


Model of Consumer Behavior

- **Stimulus Response Model**
 - Marketing and other stimuli enter the buyer's "black box" and produce certain choice/purchase responses.
 - Marketers must figure out what is inside of the buyer's "black box" and how stimuli are changed to responses.

Factors Influencing Consumer Behavior

Many brands now target specific subcultures—such as Hispanic American, African American, and Asian American consumers—with marketing programs tailored to their specific needs and preferences.



People's buying decisions reflect and contribute to their lifestyles—their whole pattern of acting and interacting in the world. For example, Pottery Barn sells more than just home furnishings. It sells an upscale yet casual, family- and friend-focused lifestyle.

Our buying decisions are affected by an incredibly complex combination of external and internal influences.

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- Culture
 - Subculture
 - Social Class

Characteristics affecting consumer behavior:

Cultural factors

- Culture: the set of basic values, perceptions, wants and behaviors learned by a member of society from family and other important institutions
 - Asian Culture, African Culture, Arab Culture, American Culture Chinese Culture etc
- Subculture: smaller groups of people within each culture with shared value systems based on common life experiences and situations- Hispanic culture
- Social class: society's relatively permanent and ordered divisions whose members share similar values, interests and behaviors
 - Measured by a combination of occupation, income, education, wealth, and other variables

- Cross cultural marketing : is the practice that includes ethnic themes & cross cultural perspectives within their mainstream marketing.



Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- **Groups**
 - Reference group
 - Opinion leaders
 - **Family**
 - Children can influence
 - **Roles and Status**

Social Factors Groups and Social Networks

- Membership Groups : Groups with direct influence and to which a person belongs
- Aspirational Reference Groups: Groups an individual wishes to be like
- Associative Reference Groups : Groups include people who more realistically represent the individuals' current equals or near-equals
- Dissociative Reference Group: group includes people that the individual would not like to belong to

Social Factors

- Opinion leaders are people within a reference group who exert social influence on others
 - Also called ~~influentials~~ or leading adopters or early adopters
 - Marketers identify them to use as brand ambassadors
- Buzz Marketing: Enlisting / creating opinion leaders & use them
- Online Social Networks are online communities where people socialize or exchange information and opinions: • Blogs • Social networking sites (Facebook) • Virtual worlds (Second Life)s brand ambassadors

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- Age and life cycle
 - Occupation
 - Economic situation
 - Lifestyle-pattern of living
 - Activities- work, hobbies, shopping, sports
 - Interests- food, fashion, recreation
 - Opinions- about themselves, social issues, business, product
 - Personality and self-concept
 - Brand personality

Life cycle

- Young and singles, married, married with children, unmarried couples, single parents, same sex couples etc.
- Royal Bank identified five lifecycle stages:
 - Youth- under 18
 - Getting started- 18 to 35 yrs old-first job, first credit card, first car, first child.
 - Builders- 35 to 50 yrs- build career and family, peak earning years
 - Accumulators- 50 to 60 yrs- worry about saving and investing carefully for retirement
 - Preservers- above 60yrs- want to maximize their retirement income to maintain desired lifestyle

Personality and self-concept

- Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's environment.
 - ❖ *Self-confidence*
 - ❖ *Dominance*
 - ❖ *Autonomy*
 - ❖ *Defensiveness etc.*
- Brand personality is the specific mix of human traits that may be attributed to a particular brand.
 - Sincerity- down to earth, honest. Dove
 - Excitement- Apple
 - Competence- CNN
 - Sophistication- Rolex watch
 - Ruggedness- Bata shoe

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- **Motivation**
 - Needs provide motives for consumer behavior
 - Maslow's hierarchy of needs
 - **Perception**
 - Selective attention, selective distortion, selective retention
 - **Learning**
 - **Beliefs and attitudes**

Characteristics Affecting

Connected with Motivation, Satisfied need and unsatisfied need. When our one need is satisfied, we jump to the upper

Consumer Behavior

Maslow's Hierarchy of Needs

A theory of psychology

Self-actualization

Esteem Needs

Social Needs

We seek love and belonging, close family, friends, join a society. After we are a part of society as soon as we wish to be different than the rest

Safety Needs

Safety for present and future, earn money, build up resources and look for shelters that protects us from dangers

Physiological Needs

food, water, shelter

Need to breath, eat, drink sleep

Psychological (cont)

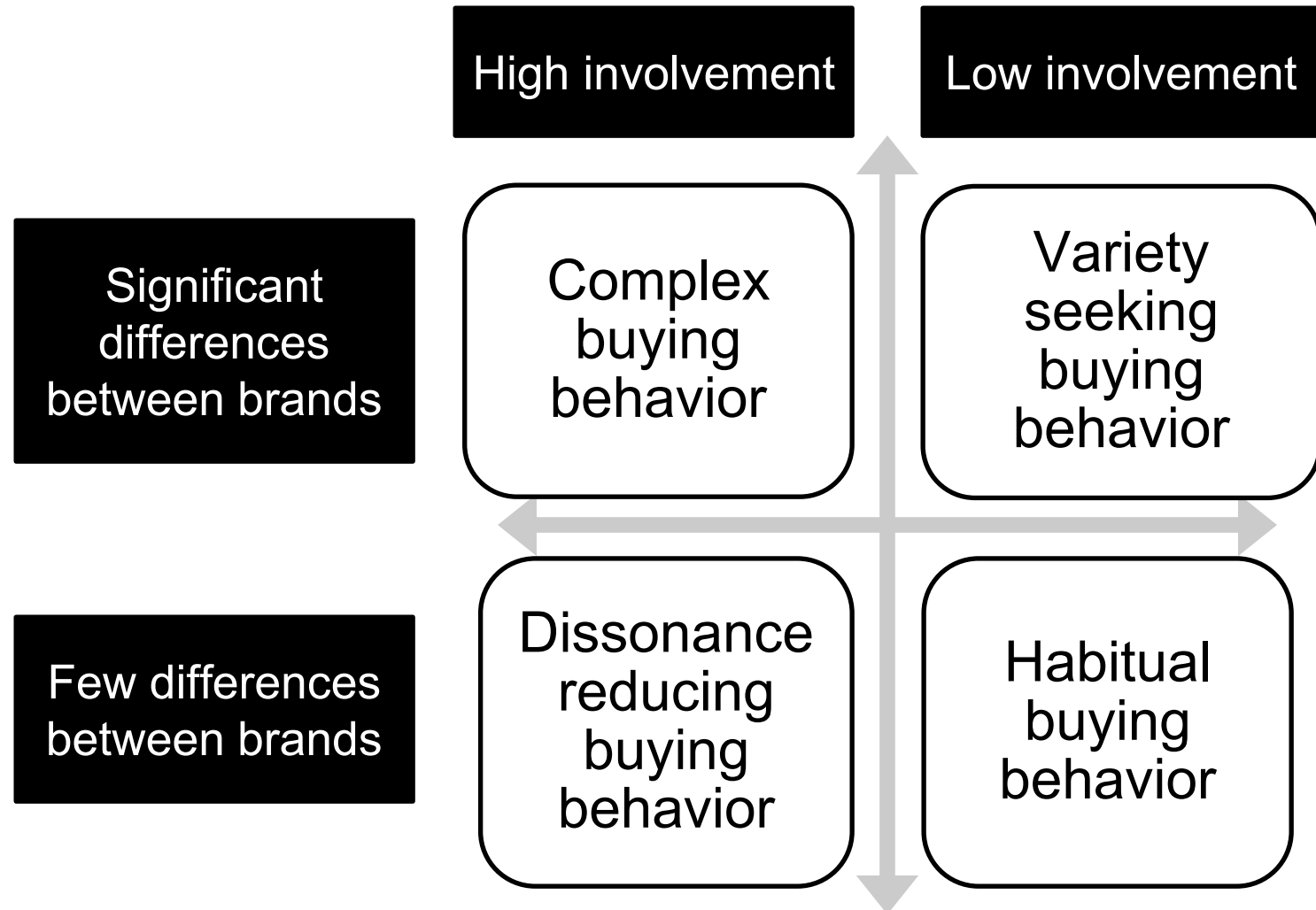
- Perception: process by which people select, organize and interpret info to form a meaningful picture of the world.
 - Selective attention- tendency of people to screen out info to which they are exposed. Marketers must work to attract customers attention
 - selective distortion- tendency of people to interpret info in such a way that will support what they believed. Marketers should understand the mindset of consumers
 - selective retention- consumers are likely to remember good point of a specific brand.

- Learning describes changes in an individual's behavior arising from experience
- Learning occurs through:
 - Drives
 - ❖ *Internal stimulus that calls for action*
 - Stimuli
 - ❖ *Objects that move drive to motive*
 - Cues
 - ❖ *Minor stimuli that affect response*
 - Reinforcement
 - ❖ *Feedback on action*

Psychological (cont)

- **Belief-** descriptive thoughts that a person holds about something.
 - May be based on real knowledge, opinion, or faith
 - May or may not carry emotional charge.
- **Attitude**
 - Describes a person's relatively consistent evaluations, feelings and tendencies toward an object or idea.
 - They are difficult to change
 - "Buy the Best"

Type of buying decision behavior



Types of Buying Decision Behavior

- **Complex**
 - Highly involved, significant brand differences
 - Example – computer
- **Dissonance-reducing**
 - Highly involved, little brand differences
 - Example – carpeting, furniture
- **Habitual**
 - Low involvement, little brand differences
 - Example – salt
- **Variety-seeking**
 - Low involvement, significant perceived brand differences
 - Example – cookies

The buyer decision process

- 5-step process:

1. Need recognition

Needs can be triggered by:

- Internal stimuli
 - ❖ *Normal needs become strong enough to drive behavior*
- External stimuli
 - ❖ *Advertisements*
 - ❖ *Influence of friends or others*

2. Information search

1. Sources:

1. Personal- family, friends, neighbor (most effective source)
 2. Commercial- ad, salespeople, website, packaging, labeling (most informative source)
 3. Public- mass media, Internet searches
 4. Experiential- handling, examining, using the product

3. Evaluation of alternatives:

- Evaluation procedure depends on the consumer and the buying situation.
- Most buyers evaluate multiple attributes, each of which is weighted differently.
- At the end of the evaluation stage, purchase intentions are formed.

4. Purchase Decision:

- Two factors intercede between purchase intentions and the actual decision:
 - Attitudes of others
 - Unexpected situational factors

5. Post purchase Decision:

- **Satisfaction is important:**
 - Delighted consumers engage in positive word-of-mouth.
 - Unhappy customers tell on average 11 other people.
 - It costs more to attract a new customer than it does to retain an existing customer.
- **Cognitive dissonance is common:** is the discomfort caused by a post-purchase conflict.

The Buyers decision process for New Product:

New Product and Adoption Process

- A 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.

Stages in the Adoption Process



Stage	Buyer's response
Awareness	The buyer becomes aware of the product
Interest	The buyer seeks information and is receptive to learning about the product
Evaluation	The buyer considers the product's benefits and decides whether to try the product
Trial	The buyer examines, tests, or tries the product to determine if it meets his or her needs
Adoption	The buyer purchases the product and can be expected to use it again whenever the need for this general type of product arises

Adopter groups- for new products

- ~~The 5 adopter groups have differing values:~~
 1. Innovators- they try new ideas at some risks.
 2. Early adopters- they are opinion leaders in their community and adopt new ideas early but carefully.
 3. Early majority- they are not leaders, but they adopt before average person
 4. Late majority- they adopt an innovation only after majority people adopted it
 5. Laggards- suspicious about new things and adopt only when it becomes tradition

Influence on product characteristics on rate of adoption

- Relative advantage- speed the rate of adoption, and appears superior to existing product. HDTV (better quality picture)
- Compatibility-degree to which new product is compatible to potential consumers.
- Complexity- degree to which new product is difficult to use or understand.
- Divisibility- degree to which new product is used in a limited basis. Expensive product.
- Communicability - degree to which the result of using the new product can be observed or described to others.