Chapter Five

Consumer Markets and Consumer Buyer Behavior

Topic Outline

- Model of Consumer Behavior
- Characteristics Affecting Consumer Behavior
- Types of Buying Decision Behavior
- The Buyer Decision Process
- The Buyer Decision Process for New Products
Model of Consumer Behavior

**Consumer buyer behavior**: The buying behavior of final consumers, individuals and households, who buy goods and services for personal consumption.

**Consumer market**:
* All the individuals and households that buy or acquire goods and services for personal consumption final consumers.
* All of the personal consumption of final consumers.

---

Model of Consumer Behavior

<table>
<thead>
<tr>
<th>The environment</th>
<th>Buyer's black box</th>
<th>Buyer responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing stimuli</td>
<td>Other characteristics</td>
<td>Buying attitudes and preferences</td>
</tr>
<tr>
<td>Product</td>
<td>Economic</td>
<td>Purchase behavior: what the buyer buys, when, where, and how much</td>
</tr>
<tr>
<td>Price</td>
<td>Technological</td>
<td></td>
</tr>
<tr>
<td>Place</td>
<td>Social</td>
<td>Brand and company relationship behavior</td>
</tr>
<tr>
<td>Promotion</td>
<td>Cultural</td>
<td></td>
</tr>
</tbody>
</table>

---

Chapter 5- slide 3

Chapter 5- slide 4
Model of Consumer Behavior

The Environment:
Marketing stimuli consist of the four Ps: Product, Price, Place, and Promotion. Other stimuli include major forces and events in the buyer’s environment: Economic, Technological, Political, and Cultural. All these inputs enter the buyer’s black box, where they are turned into a set of buyer responses:

Buyers Black Box:
This shows that marketing and other stimuli enter the consumer’s “black box” and produce certain responses. Marketers must figure out what is in the buyer’s black box.

Buyers Responses:
The buyer’s brand and company relationship behavior and what he or she buys, when, where, and how often

Characteristics Affecting Consumer Behavior

Factors Influencing Consumer Behavior

<table>
<thead>
<tr>
<th>Cultural</th>
<th>Social</th>
<th>Personal</th>
<th>Psychological</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Reference groups</td>
<td>Age and life cycle stage</td>
<td>Motivation</td>
</tr>
<tr>
<td>Subculture</td>
<td>Family</td>
<td>Occupation</td>
<td>Perception</td>
</tr>
<tr>
<td>Social class</td>
<td>Roles and status</td>
<td>Economic situation</td>
<td>Learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lifestyle</td>
<td>Beliefs and attitudes</td>
</tr>
</tbody>
</table>

Buyer
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 American
- African American
- Asian American
- Mature consumers
Social classes are 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.

**Characteristics Affecting Consumer Behavior**

**Membership Groups**
- Groups with direct influence and to which a person belongs.

**Aspirational Groups**
- Groups an individual wishes to belong to.

**Reference Groups**
- Groups that form a comparison or reference in forming attitudes or behavior.
Characteristics Affecting Consumer Behavior

Groups and Social Networks

Membership Groups: Groups that have a direct influence and to which a person belongs are called membership groups.

Aspirational (Self-Improving): People often are influenced by reference groups to which they do not belong.

Reference groups: serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or behavior.

Characteristics Affecting Consumer Behavior

Groups and Social Networks

• Word-of-mouth influence and buzz marketing
  – Opinion leaders are people within a reference group who exert social influence on others
  – Also called influentials or leading adopters
  – Marketers identify them to use as brand ambassadors
Characteristics Affecting Consumer Behavior

Groups and Social Networks

- Online Social Networks are online communities where people socialize or exchange information and opinions
- Include blogs, social networking sites (facebook), virtual worlds (second life)

Social Factors

- Family is the most important consumer-buying organization in society
- Social roles and status are the groups, family, clubs, and organizations that a person belongs to that can define role and social status
Characteristics Affecting Consumer Behavior

Personal Factors

Age and life-cycle stage

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, opinions) to capture information about a person’s pattern of acting and interacting in the environment
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.
  - Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices.
  - Self-concept is made up of one's self schemes, and interacts with self-esteem, self-knowledge, and the social self to form the self as whole. It includes the past, present, and future selves.
Characteristics Affecting Consumer Behavior

Psychological Factors

Motivation
Perception
Learning
Beliefs and attitudes

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 (investigation) consumers’ hidden, subconscious motivations
Characteristics Affecting Consumer Behavior

Maslow’s Hierarchy of Needs

- Self-actualization needs
  Self-development and realization
- Esteem needs
  Self-esteem, recognition, status
- Social needs
  Sense of belonging, love
- Safety needs
  Security, protection
- Physiological needs
  Hunger, thirst

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 (misrepresentation) is the tendency for people to interpret information in a way that will support what they already believe.

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

Characteristics Affecting Consumer Behavior

Psychological Factors

- **Learning** is the change in an individual’s behavior arising from experience and occurs through interplay of:

  - Drives (energies)
  - Stimuli (incentives)
  - Cues (signals)
  - Responses (Replies)
  - Reinforcement (Support)
Characteristics Affecting Consumer Behavior
Psychological Factors
Beliefs and Attitudes

**Belief** (confidence or trust) is a descriptive thought that a person has about something based on:

- Knowledge
- Opinion
- Faith (trust)

Characteristics Affecting Consumer Behavior
Psychological Factors

**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 (lack of agreement) reducing buying behavior
- Habitual (usual) buying behavior
- Variety-seeking buying behavior

Four Types of Buying Behavior

<table>
<thead>
<tr>
<th>High involvement</th>
<th>Low involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant differences between brands</td>
<td>Complex buying behavior</td>
</tr>
<tr>
<td>Few differences between brands</td>
<td>Dissonance-reducing buying behavior</td>
</tr>
<tr>
<td></td>
<td>Variety-seeking buying behavior</td>
</tr>
<tr>
<td></td>
<td>Habitual buying behavior</td>
</tr>
</tbody>
</table>
The Buyer Decision Process

Buyer Decision Making Process

- Need recognition
- Information search
- Evaluation of alternatives
- Purchase decision
- Postpurchase behavior

Need Recognition

- Occurs when the buyer recognizes a problem or need triggered by:
  - Internal stimuli
  - External stimuli
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

• How the consumer processes information to arrive at brand choices
The Buyer Decision Process

Purchase Decision

- 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 satisfaction or dissatisfaction that the consumer feels about the purchase
- Relationship between:
  - Consumer’s expectations
  - Product’s perceived (supposition of) performance
- The larger the gap between expectation and performance, the greater the consumer’s dissatisfaction
- Cognitive (reasoning) 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 (gaining) their customer lifetime value.

The Buyer Decision Process for New Products

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

- Stages in the process include:
  - Awareness
  - Interest
  - Evaluation
  - Trial
  - Adoption
What is Organizational Buying?

The business market versus the consumer market

Organizational buying: the decision-making process by which formal organizations establish the need for purchased products and services and identify, evaluate, and choose among alternative brands and suppliers.

Characteristics of the business market

- Fewer buyers
- Larger buyers
- Close supplier-customer relationship
- Geographically concentrated buyers
- Derived (to take or give something) demand
- Inelastic (inflexible) demand
- Fluctuating (changing) demand
- Professional (expert) purchasing
- Several buying influences (effects)
- Directed (focused) purchasing
- Reciprocity (exchange)
- Leasing (installments)