**Chapter 6**

**The Importance of Understanding Consumer Behavior:**

* **HOW consumers make purchase decisions**
* **HOW consumers use and dispose of product**

**Value** is a personal assessment of the net worth one obtains from making a purchase. What you get minus what you give up.

**Utilitarian value** is derived from a product or service that helps the consumer solve problems and accomplish tasks.

**Hedonic value:** is an end in itself rather than as a means to an end. Its emotional – good feelings, happiness and satisfaction.

**The consumer decision-making process:** represents a general five-step process that moves the consumer from recognition of a need to the evaluation of a purchase decision. It is a guideline for studying how consumers make decisions.

**The Consumer Decision-Making Process:**

1. Need Recognition
2. Information Search
3. Evaluation of alternatives
4. Purchase
5. Postpurchase behavior

**Need Recognition:** Result of an imbalance between actual and desired states.

**Want:** Unfilled need & a product will satisfy it

**Stimulus:**

**Any unit of input affecting one or more of the five senses:**

* Sight
* Smell
* Taste
* Touch
* Hearing

***Internal Stimuli***

-Occurrences you experience

- It is triggered from the inside

***External Stimuli*:** Triggered from an outside source

**Information Search:**

* **Internal Information Search:** Recall information in memory
* **External Information Search:** Seek information in outside environment

**Planned VS. Impulse Purchase:**

***Fully* planned purchase**🡺 the customer has rich information about what to buy (i.e. Washing machine)

***Partially* planned purchase**🡺 the customer knows what category to buy but waits to visit the store or online (i.e. shirts, pants)

***Unplanned* purchase (*Impulse purchase***)🡺 when buying inexpensive products (i.e. items at the checkout in a supermarket such as gums, chocolate, soda, batteries)

**Cognitive Dissonance:** Inner tension that a consumer experiences after recognizing an inconsistency between behavior and values or opinions.

**Involvement**: The amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behavior.

**Continuum of Consumer Buying Decisions:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Routine** | **Limited** | **Extensive** |
| **Involvement** | **Lo** Low **w** | Low to Moderate | High |
| **Time** | Short | Short to Moderate | Long |
| **Cost** | Low | Low to Moderate | High |
| **Information Search** | Internal Only | Mostly Internal | Internal and External |
| **Number of Alternatives** | One | Few | Many |

**Cultural Influences on Consumer Buying Decisions:**

**- Culture:** It is the set of values, norms, attitudes, and other meaningful symbols that shape human behavior. It is the essential character of a society that distinguishes it from other cultural groups.

**- Subculture:** A homogeneous group of people who share elements of the overall culture as well as cultural elements unique to their own group.

**Social Class:** A group of people in a society who are considered nearly equal in status or community esteem, who regularly socialize among themselves both formally and informally, and who share behavioral norms.

**Consumers interact socially with:**

1. ***Reference Groups:*** All formal & informal groups that influences the buying behavior of an individual.
2. **Opinion Leaders (bloggers, fist-adopters):**

An individual who influences others. They are often the most influential, informed, plugged in, and vocal members of society.

-The first to try new products and services out of pure curiosity.

1. **Family**: The family is the most important social institution for many consumers, influencing values, attitudes, and buying behavior.

**Individual Influences on Consumer Buying Decisions:**

***- Personality*:** A way of organizing and grouping the consistencies of an individual’s reactions to situations

***- Self-Concept*:** How consumers perceive themselves in terms of attitudes, perceptions, beliefs, & self-evaluations

***- Ideal Self-Image*:** The way an individual would like to be perceived

***- Real self-image*:** The way an individual actually perceives himself or herself

**The three psychological factors that influence buyer behavior are:**

1. **Perception**
2. **Motivation**
3. **Learning**

**Perception:** The process by which people select, organize, & interpret stimuli into a meaningful and coherent picture

**Motivation**: A motive is the driving force that causes a person to take action to satisfy specific needs

***Learning*:** A process that creates changes in behavior, immediate or expected, through experience and practice

***Stimulus Discrimination*:** A learned ability to differentiate among similar products.