

Principles of Marketing

Session 5

Consumer Behavior



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Consumer Behavior

Today's Learning Objectives



- Describe the stages in the consumer decision process.
- Distinguish among three variations of the consumer decision process: routine, limited, and extended problem solving.
- Identify major psychological influences on consumer behavior.
- Identify major socio-cultural influences on consumer behavior.



CONSUMER PURCHASE DECISION PROCESS

- **Consumer behavior** consists of the actions a person takes in purchasing and using products and services, including the mental and social processes that come before and after these actions.
- **Behavioral** sciences answer questions such as why people choose one product or brand over another, how they make these choices, and how companies use this knowledge to provide value to consumers.

Purchase Decision Process

- The stages a buyer passes through in making choices about which products and services to buy



CONSUMER PURCHASE DECISION PROCESS

□ Information Search: Seeking Value

- Internal Search
- External Search
 - Personal Sources
 - Public Sources
 - Market-Dominated Sources



CONSUMER PURCHASE DECISION PROCESS

- Alternative Evaluation: Assessing Value
 - Evaluative Criteria
 - Consideration Set
- Purchase Decision: Buying Value
- Postpurchase Behavior: Value in Consumption or Use
 - Cognitive Dissonance

Consumer Report's evaluation of portable MP3-capable CD players: The Consideration Set

BRAND	MODEL	PRICE	SOUND QUALITY	BUMP IMMUNITY	BATTERY LIFE (HOURS)		EASE OF USE
					CD	MP3	
Sony	D-CJ01	\$130			30	23	
Philips	EXP503/17	180			17	15	
Panasonic	SL-MP50	100			29	11	
Philips	EXP203	100			7	11	
RCA	RP-2415	120			6	8	
Samsung	MCD-SM60	80			17	15	
SonicBlue	Rio Volt SP90	100			6	15	
SonicBlue	Rio Volt SP250	180			5	13	

Rating:



Excellent



Very Good



Good

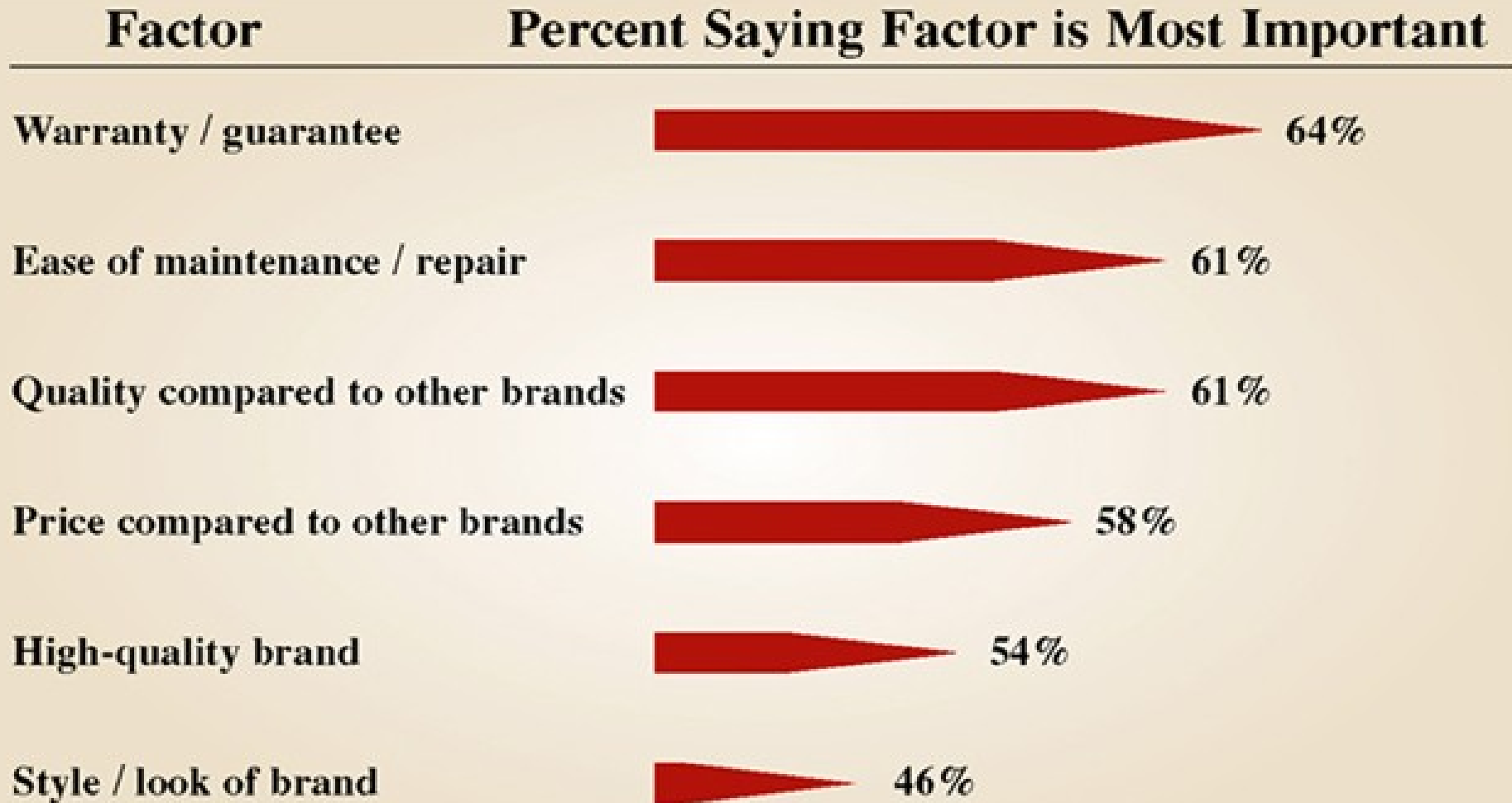


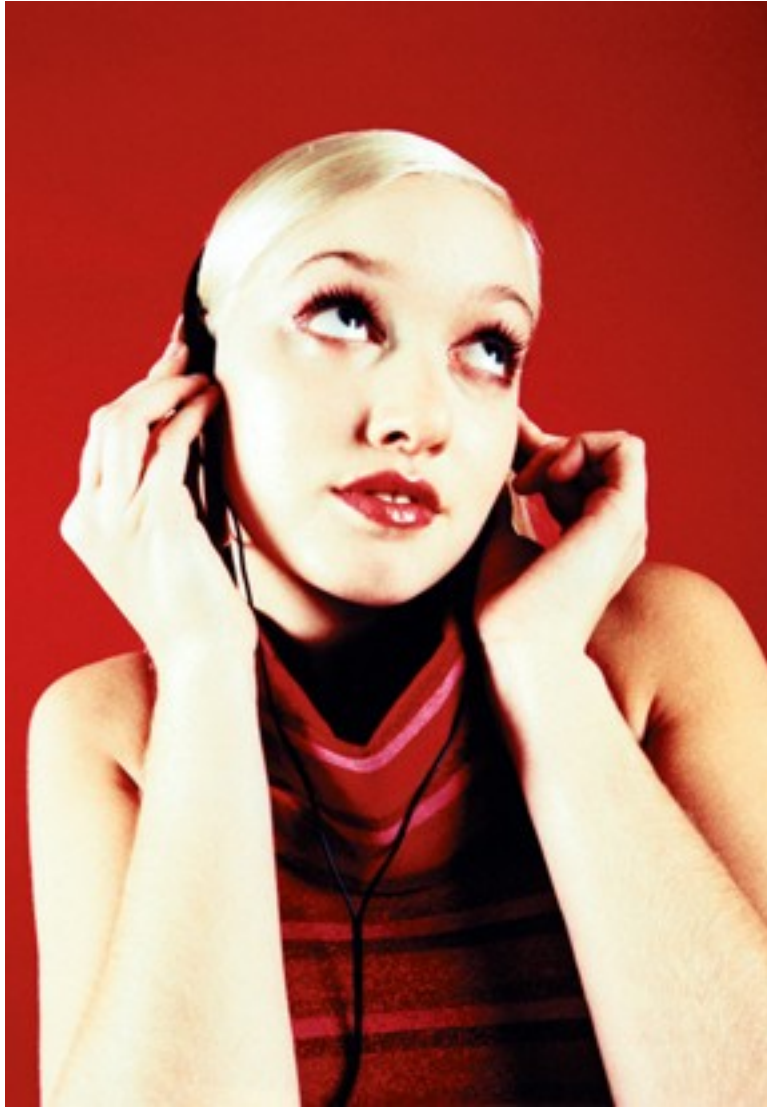
Fair



Poor

What new car buyers consider most important in deciding what new car to buy





Consumer Purchase Decision

**Why is post purchase
behavior important?**

CONSUMER PURCHASE DECISION PROCESS

- **Involvement** and Problem-Solving Variations
- Involvement consists of the personal, social, and economic significance of the purchase to the consumer.
 - Extended Problem Solving
 - Limited Problem Solving
 - Routine Problem Solving

Comparison of Problem-Solving Variations

CHARACTERISTICS OF THE CONSUMER PURCHASE DECISION PROCESS	CONSUMER INVOLVEMENT		
	HIGH		LOW
	EXTENDED PROBLEM SOLVING	LIMITED PROBLEM SOLVING	ROUTINE PROBLEM SOLVING
Number of brands examined	Many	Several	One
Number of sellers considered	Many	Several	Few
Number of product attributes evaluated	Many	Moderate	One
Number of external information sources used	Many	Few	None
Time spent searching	Considerable	Little	Minimal

PURCHASE DECISION PROCESS Involvement & Marketing Strategy

□ Low Involvement

- Maintain Product Quality
- Avoid Stockouts
- Reduce Cognitive Dissonance with Ads

□ High Involvement

- Use Ads and Personal Selling



CONSUMER PURCHASE DECISION PROCESS



□ Situational Influences

- Purchase Task - The reason for engaging in the decision.
- Social Surroundings - Others present when making a purchase decision
- Physical Surroundings - Store decor, music, and crowding
- Temporal Effects - Time of day or time available.
- Antecedent States - The consumer's mood or cash on hand.

Influences on the Consumer Purchase Decision Process



PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

□ Motivation and Personality

■ Motivation

- Physiological Needs
- Safety Needs
- Social Needs
- Personal Needs
- Self-Actualization Needs

■ Personality

- Self-Concept

Maslow's Hierarchy of Needs



Discussion

- “Marketing to self-actualizing people (Maslow) does not make sense”. Discuss.

PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

- Perception - the process by which an individual selects, organizes, and interprets information to create a meaningful picture of the world.
 - Selective Perception
 - Selective Exposure
 - Selective Comprehension
 - Selective Retention
 - Subliminal Perception



PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

□ Perception

■ Perceived Risk

- Obtain Seals of Approval
- Secure Endorsements from Influential People
- Provide Free Trials of the Product
- Give Extensive Usage Instructions
- Provide Warranties and Guarantees

PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

□ **Learning** - behaviors that result from (1) repeated experience and (2) reasoning.

■ Behavioral Learning

- **Drive** - a need that moves an individual to action.
- **Cue** - a stimulus or symbol that one perceives.
- **Response** - the action taken to satisfy the drive.
- **Reinforcement** – the reward

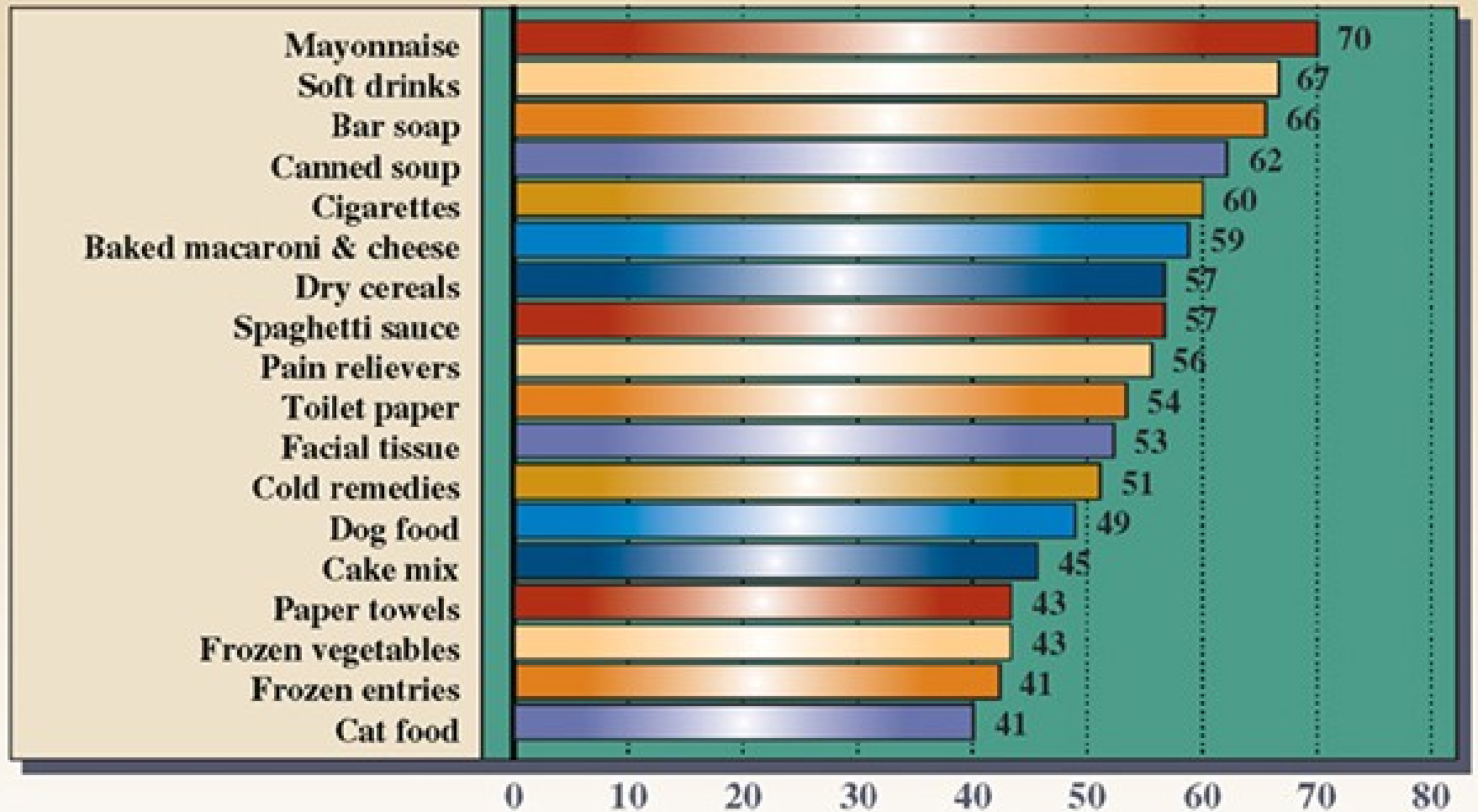


PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

- **Stimulus Generalization**
- **Stimulus Discrimination**
- **Cognitive Learning**
- **Brand Loyalty**
 - It results from positive reinforcement of previous actions.
 - It reduces risk and saves time due to favorable results.

Brand Loyalty Tendency by Product Category

(Percent of U.S. consumers with strong brand preference)



PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

□ Attitude Formation

- Attitude - “learned predisposition to respond to an object or class of objects in a consistently favorable or unfavorable way.”
- Beliefs - consumer’s subjective perception of how a product or brand performs on different attributes based on personal experience, advertising, and discussions with other people.

PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

- Attitude Change - Marketers use three approaches to try to change consumer attitudes toward products and brands:
 - Change Beliefs About a Brand's Attributes
 - Change Perceived Importance of Attributes
 - Add New Attributes to the Product

Colgate Total Toothpaste and Bayer Extra Strength Aspirin

How did these ads change attitudes?



Bad news. Your toothpaste won't make it past the soup.*

Unless you use Colgate Total[®], most toothpastes can't fight plaque after you eat or drink[†], when teeth become more vulnerable to bacteria. But Colgate Total is different, its unique formula has an antibacterial ingredient that attaches to teeth to protect for 12 hours. Even after eating and drinking.



12 Hour Protection

©2008 Colgate-Palmolive Co. *Based on studies on 12 other brands of toothpaste. †Based on studies on 12 other brands of toothpaste.



**EXTRA POWER.
EXTRA GENTLE.**

Extra Strength BAYER Plus.
Extra strong for your pain, plus
extra gentle for your stomach.

Nothing is stronger for tough body pain, aching joints and minor aches than Extra Strength BAYER Plus. Just two caplets relieve 1000 milligrams of BAYER Aspirin. Plus an ingredient that helps protect against the occasional upset stomach some aspirin users may experience.



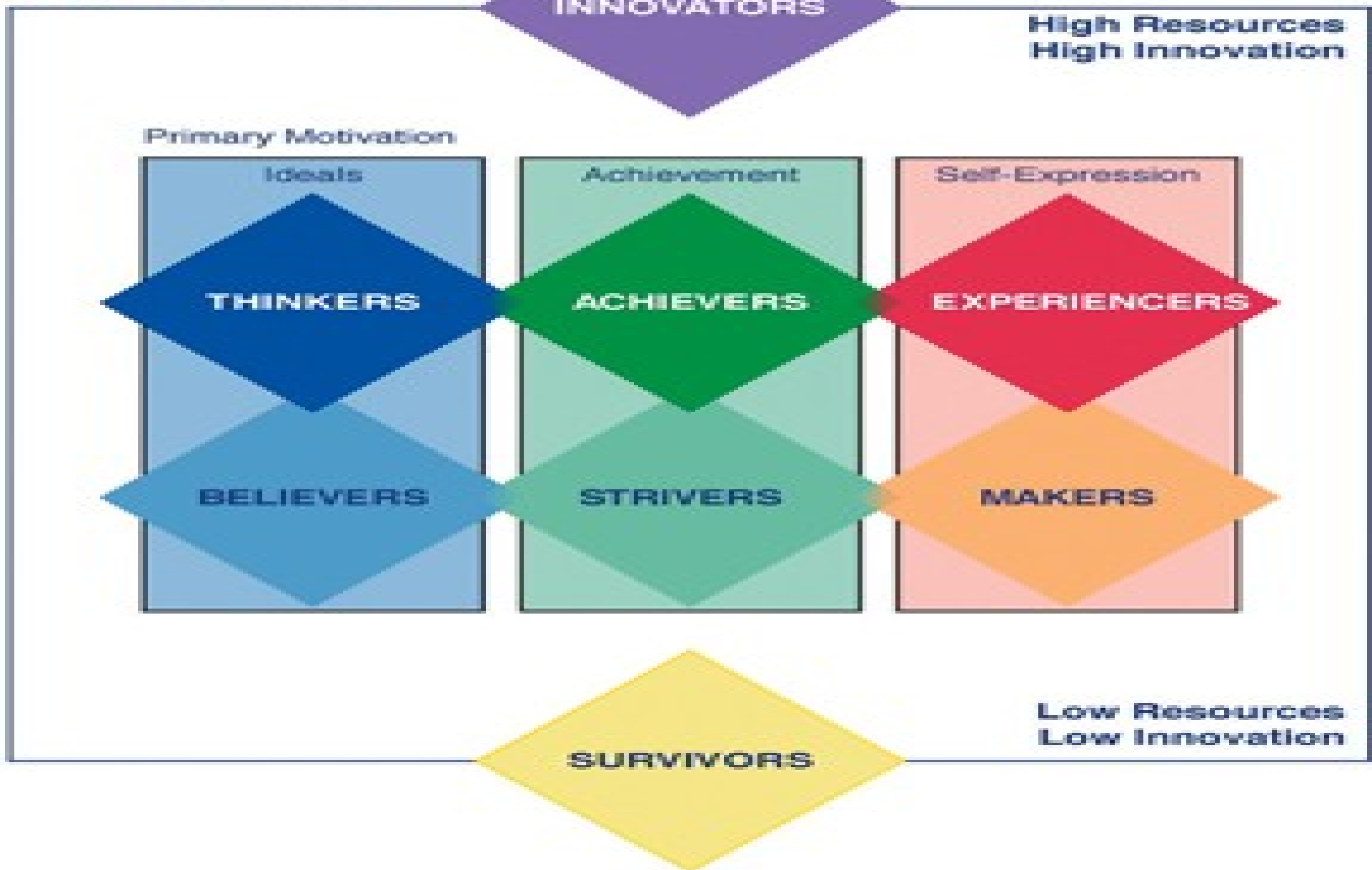
THE POWER OF BAYER

PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR

□ Lifestyle

- Psychographics
- VALS™ - Values and Lifestyles
 - Thinkers
 - Believers
 - Achievers
 - Strivers
 - Experiencers
 - Makers
 - Innovators
 - Survivors

VALS™ Framework



The VALS Framework -

<http://www.strategicbusinessinsights.com/vals/presurvey.shtml>

- The VALS system seeks to explain why and how consumers make purchase decisions. The eight segments are:
- Thinkers are mature, reflective, and educated who value order, knowledge, and responsibility. They are practical, deliberate information seekers. They value durability and functionality in products over style and newness.
- Believers, with fewer resources, are conservative beliefs regarding family, religion, community, and the nation. They choose locally-made brands and are brand loyal.
- Achievers, are busy, goal-directed, and have a deep commitment to career and family. Image is important to them. They prefer established, prestige products and services and are interested in timesaving devices.

The VALS Framework

- Strivers are trendy, fun-loving, and less self-confident than achievers. They also have lower levels of education and household income. Money defines success for them. They favor stylish products and are as impulsive as their financial circumstances permit.
- Experiencers are young, enthusiastic, and impulsive consumers who become excited about new possibilities. They engage in exercise, sports, outdoor recreation, and social activities. Their income is spent on fashion items, entertainment, socializing, and having the latest things.
- Makers, with fewer resources, express themselves by working—building a house, raising children, or fixing a car. They are practical, value self-sufficiency, and are unimpressed by material possessions.

The VALS Framework

- Innovators are successful, sophisticated, take-charge people with high self-esteem and abundant resources. Image is important as an expression of cultivated tastes, independence, and character. They are receptive to new ideas and technologies and like variety.
- Survivors, with the least resources of any segment, focus on meeting basic needs rather than fulfilling desires. They are a small market for most products and are loyal to favorite brands, especially if purchased at a discount.

SOCIOCULTURAL INFLUENCES ON CONSUMER BEHAVIOR

□ Personal Influence

- Opinion Leadership
 - Opinion Leaders
 - Word of Mouth
 - Buzz



Pierce Brosnan and Anna Kournikova

Why use celebrity spokespersons?

Pierce
Brosnan's Choice



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Ω
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Anna
Kournikova's Choice

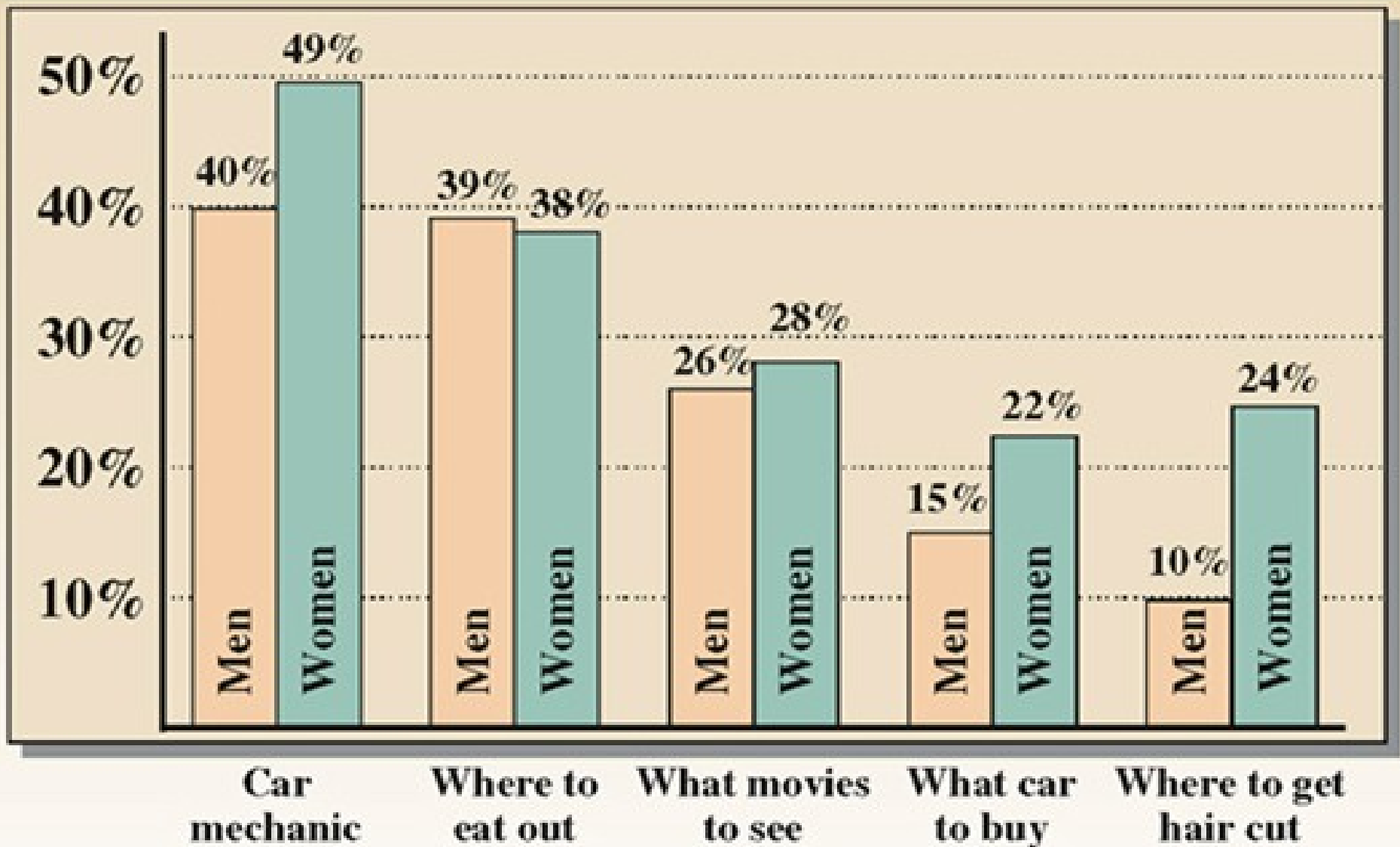


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Word of Mouth Influence



SOCIOCULTURAL INFLUENCES ON CONSUMER BEHAVIOR

□ Reference Groups

- Membership Group
- Aspiration Group
- Dissociative Group

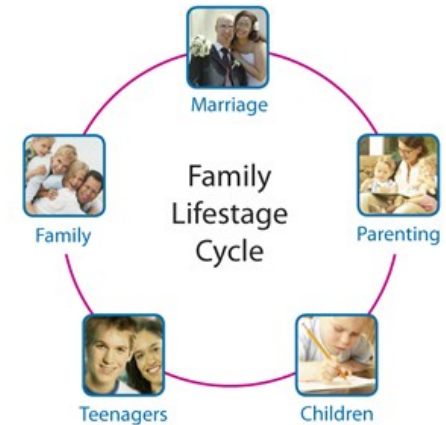


SOCIOCULTURAL INFLUENCES ON CONSUMER BEHAVIOR

□ Family Influence

- Consumer Socialization
- Family Life Cycle
- Family Decision Making

- Information Gatherer
- Purchaser
- Influencer
- User
- Decision Maker



THE END

□ Any questions?

□ A = Ask

□ S = Seek

□ K = Knock

