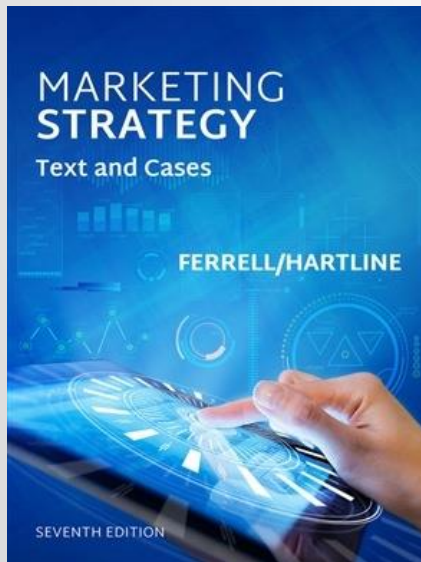




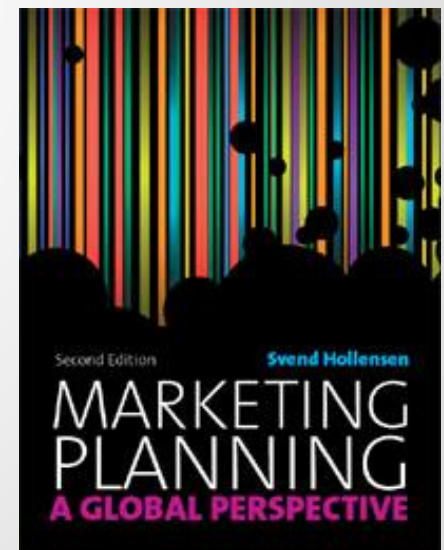
MARKETING PLANNING 312

CHAPTER 5 PART 1

CUSTOMER BEHAVIOR



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MARKETING STRATEGY

Text and Cases

FERRELL/HARTLINE

SEVENTH EDITION

Chapter 5 Customers, Segmentation, and Target Marketing

Chapter Outline

- Introduction
- Buyer behavior in consumer markets
- Market segmentation
- Identifying market segments
- Target marketing strategies

Segmentation and Target Marketing

- Consider markets as individuals, institutions, or a group of people
 - Have similar needs that can be met by a specific offering
- Aim
 - To identify specific customer needs and design marketing programs to satisfy those needs

Segmentation and Target Marketing

(Continued)

- Firms must comprehensively:
 - Understand current and potential customers
 - Know customer motivations, behaviors, needs, and wants
- Marketers must comprehend and define consumer needs better to help attain success



Buyer Behavior in Consumer Markets

- Often irrational and unpredictable
- Progresses through five stages
- Issues in the buying process
 - Consumers do not always follow stages in the sequence and can be swayed by brand loyalty
 - Involves making parallel decisions
 - What to buy
 - Where to buy
 - Bias towards a merchant limits purchasing powers

Exhibit 5.1 - The Consumer Buying Process

Stages	Key Issues
Need Recognition	• Consumer needs and wants are not the same. • An understanding of consumer wants is essential for market segmentation and the development of the marketing program. • Marketers must create the appropriate stimuli to foster need recognition.
Information Search	• Consumers trust internal and personal sources of information more than external sources. • The amount of time, effort, and expense dedicated to the search for information depends on (1) the degree of risk involved in the purchase, (2) the amount of experience the consumer has with the product category, and (3) the actual cost of the search in terms of time and money. • Consumers narrow their potential choices to an evoked set of suitable alternatives that may meet their needs.

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Exhibit 5.1 - The Consumer Buying Process (Continued)

Stages	Key Issues
Evaluation of Alternatives	• Consumers translate their needs into wants for specific products or brands. • Consumers evaluate products as bundles of attributes that have varying abilities to satisfy their needs. • Marketers must ensure that their product is in the evoked set of potential alternatives. • Marketers must take steps to understand consumers' choice criteria and the importance they place on specific product attributes.
Purchase Decision	• A consumer's purchase intention and the actual act of buying are distinct concepts. Several factors may prevent the actual purchase from taking place. • Marketers must ensure that their product is available and offer solutions that increase possession utility.
Postpurchase Evaluation	• Postpurchase evaluation is the connection between the buying process and the development of long-term customer relationships. • Marketers must closely follow consumers' responses (delight, satisfaction, dissatisfaction, cognitive dissonance) to monitor the product's performance and its ability to meet customers' expectations.

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The Consumer Buying Process:

Need Recognition

Need

- Occurs when the consumer's existing level of satisfaction and desired level of satisfaction are not the same
- Based on internal or external stimuli

Want

- Consumer's desire for a specific product that will satisfy the need

Demand

- Occurs when a consumer's ability and willingness to purchase a specific product backs up the want for that product

Discussion Questions

- Many people criticize marketing as being manipulative based on the argument that marketing activities create needs where none previously existed. Marketers of SUVs, tobacco products, diet programs, exercise equipment, and luxury products are typically the most criticized. Given what you now know about the differences between needs and wants, do you agree with these critics? Explain.

The Consumer Buying Process: Information Search

- Marketing activities can stimulate a desire for information
 - Passive information search
 - Active information search
- Sources of information
 - Internal sources - Personal experiences and memories
 - External sources - Advertising, websites, packaging, display, and salespeople

The Consumer Buying Process: Information Search (Continued)

- Amount of time, effort, and expense dedicated to information search depends on:
 - Degree of risk involved in the purchase
 - Amount of expertise with the product category
 - Actual cost of the search (time and money)
- Evoked set
 - Narrowing down potential product choices to a few products that can meet consumer needs
 - Represents the outcome of information search

The Consumer Buying Process: Evaluation of Alternatives

- Consumers evaluate products as bundles of attributes
 - Each attribute has a different level of importance
 - Priority of choice criteria can change during the process
- Important considerations
 - Products must be in the evoked set
 - Consumers' choice criteria must be understood

The Consumer Buying Process: Evaluation of Alternatives



The Consumer Buying Process: Evaluation of Alternatives (Continued)

- Marketing programs must be designed to:
 - Change priority of choice criteria
 - Change consumers' opinions about product or brand image



The Consumer Buying Process: Purchase Decision

- Unforeseen circumstances can interfere with consumer's decision to buy a product
- Marketers overcome these factors by:
 - Reducing the risk of purchase
 - Making purchase easy
 - Finding creative solutions to unexpected problems.
- Key issues in the purchase decision stage:
 - Product availability
 - Possession utility

The Consumer Buying Process: Postpurchase Evaluation

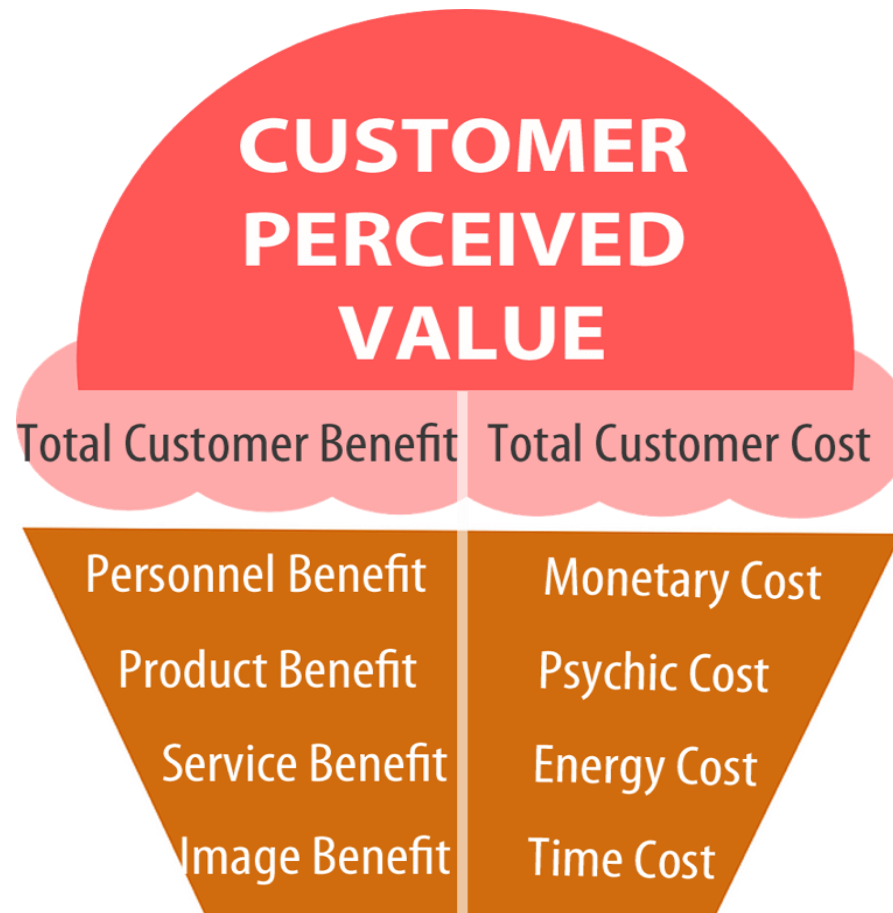
- Connection between buying process and developing long-term customer relationships
- Four possible outcomes
 - Delight
 - Satisfaction
 - Dissatisfaction
 - Cognitive dissonance (post-purchase doubt)

The Consumer Buying Process: Postpurchase Evaluation (Continued)

- High likelihood of experiencing dissatisfaction or cognitive dissonance when:
 - Dollar value of the purchase increases
 - Opportunity costs of rejected alternatives are high
 - Purchase decision is emotionally involving



The Consumer Buying Process: Postpurchase Evaluation (Continued)



Factors Affecting the Consumer Buying Process

Decision-making complexity

- Primary reason for variations in the buying process

Individual influences

- Demographics, perceptions, motives, interests, attitudes, opinions, or lifestyles

Social influences

- Culture, subculture, social class, reference groups, and opinion leaders

Situational influences

- Affect amount of time and effort devoted to the purchase task

Common Situational Influences

- Physical and spatial influences
 - Example - Retail atmospherics
- Social and interpersonal influences
 - Example - Salespeople
- Temporal influences
 - Example - Lack of time



Common Situational Influences (Continued)

- Purchase task or product usage influences
 - Example - Special occasions
- Consumer dispositional influences
 - Example - Stress



Factors Influencing the Buying Process

- Environmental conditions
 - Increase uncertainty, risk, and complexity associated with purchase
- Organizational factors
 - Include internal and external environmental conditions
- Individual factors
 - Importance depends on specific buying situations and the importance of the firm's goals and objectives

LOONEY TUNES



"That's all Folks!"