Consumer Behavior
Lectures in Marketing
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Consumer Behavior Research seeks answers to 7 questions

• 1. Who buys (Who is in the Market)?
• 2. What they buy?
• 3. How do they buy?
• 4. When do they buy?
• 5. Where do they buy?
• 6. Why do they buy?
• 7. Who participates in the buying process?

Why do Consumers Buy?

• Consumers purchase and otherwise obtain products and services in an attempt to assemble the maximum amount of satisfaction or utility for their felt needs or motives (drives).
• Needs become motives when aroused to a sufficient level of intensity and people seek to satisfy them.
Some Definitions

- A *Need* is state of felt deprivation
- A *Want* is the form that a need takes as it is shaped by culture and individual personality
- A *Demand* is a want backed by purchasing power.

Consumer Behavior is Complex

- Demographic and economic descriptors of a market will often be insufficient to explain what is purchased by consumers.
- They give us good indicators of the total quantity of purchases to be made by a consumer market, but
- *However,* they tell us little the individual assortment of products bought by a consumer, or about brand choice / brand switching.

Consumer Example

- In Consecutive observations of the same consumer we find that she purchase a bottle of red wine on each of three trips to the same store.
  - Observation 1: 750 ml. Merlot @ 6 Euro's.
  - Observation 2: 750 ml. Merlot @ 14 Euro's.
  - Observation 3: 1000 ml. Table wine @ 3.75 Euro's.
- How can we explain this behavior?
A (simple) Model of Consumer Behavior

- External stimuli affect consumers
- Internal factors also affect consumers
- Situational variables affect consumers
- Stimuli come in and responses come out, but we are not entirely sure of the processes in-between.

Simple Response Model

Stimulus → Organism → Response

Model of Buying Behavior

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Characteristics Affecting Consumer Behavior

Factors Affecting Consumer Behavior: Culture

Culture is a basic determinant of a person's wants, behavior. Values, and Perceptions

Social Factors in Consumer Behavior: Groups

- **Reference Groups** serve as direct or indirect points of comparison for a person.
- **Membership groups** the ones belonged to.
  - Primary: regular interaction, family school, work
  - Secondary: less interaction, religious, political
- **Aspirational groups** the ones an individual would like to belong to
- **Disassociative groups** are avoided.
Social Factors: **Rôles and Status**

- People participate in Groups.
- Within each of these groups we have Rôles.
- Each rôle carries a Status.
- Certain consumption items can be used as cues of our status - real or implied.
- Opinion leaders are also important in group dynamics.

Social Factors: **The Family**

- Two family groupings are important.
- Family of orientation is the one an individual is brought up in and socialized by. Considered primarily responsible for the formation of the super-ego.
- Family of procreation is the primary buying unit studied in consumer behavior.

**The Family / Household Life Cycle**
Factors Affecting Consumer Behavior: Personal

Personal Influences
- Age
- Occupation
- Economic Situation
- Personality & Self-Concept

Lifestyle Identification
- Activities
- Opinions
- Interests

Some Typical Lifestyle Questions Found in AIO Inventories

Activity questions
- What outdoor sports do you participate in at least twice a month?

Interest questions
- In which if the following are you more interested—sports, church, work?

Opinion questions (agree / disagree)
- The Russian people are just like us.

VALS 2
- Principle Oriented: Fulfilleds, Believers, Strugglers
- Status Oriented: Achievers, Strivers, Makers
- Action Oriented: Actualizers, Experiencers, Believers

Abundant Resources
- Minimal Resources
Three Concepts of Self

• **Self Image ('real self')**: How the individual perceives him/her self (How you think you are)
• **Looking Glass Self Image**: How the individual perceives that others perceive him/her.
• **Ideal Self Image**: The way you would really like to be

Factors Affecting Consumer Behavior: Psychological

Motivation: Two Views

• **Freud**: assumed that forces shaping people’s behavior are largely unconscious. People may be unwilling, or unable to tell identify what is motivating them.
• **Maslow**: People are driven to satisfy certain needs at particular times and these needs can be arranged in a hierarchical pattern.
Maslow’s Hierarchy of Needs

- **Physiological Needs** (hunger, thirst, sex)
- **Safety Needs** (security, protection)
- **Social Needs** (sense of belonging, love)
- **Esteem Needs** (self-esteem, status)
- **Self-Actualization**

Perception

- The process by which individuals select, organize and interpret information inputs
- Is influenced by the physical characteristics
- Relation of stimuli to their surroundings,
- Conditions within ourselves

**Selective Perception**: Screening out of most stimuli and interpretation of remainder

- **Selective Exposure**: means that out of the multitude of stimuli bombarding the individual daily, we self-select only a small fraction to be ‘exposed to’.
- **Selective Attention**: Only a small set of these are allowed into the mind
- **Selective Distortion (Interpretation)**: this small set of stimuli is distorted to reinforce the individual’s predisposition with respect to the product
- **Selective Retention**: most of what does get noticed is forgotten.
Learning Theory

- **Drives**: Aroused needs (motives)
- Cause us to seek actions to reduce the level of these drives.
- Actions can be shaped by
- **Cues** which help to direct actions in certain directions
- **Actions** lead to **satisfactions**
- Which are reinforced for future use either positive or negative

Beliefs and Attitudes

- **Belief**: An organized pattern of knowledge about how a product performs
- **Attitude**: How we consistently respond to an object or idea on an emotional basis
- **Changing Beliefs**
  - change existing beliefs
  - change importance
  - add new beliefs

How Consumers Arrive at their Decisions of What to Buy

- Depend on the importance of an item to the individual
  - High and low levels of consumer involvement
- And the **search process** involved in arriving at a solution to the need.
Levels of Involvement in decision making

- The extent to which an individual is interested in and attaches importance to a product, price often helps, too.
- High Involvement Goods: Purchases that are related to important motives or values, or are important to life-style - cars, fashion clothing, cigarettes, alcoholic beverages out.
- Low Involvement Goods: Purchases not perceived to have important differences among product offers, especially when not important to values or life-style - socks, underwear (most), basic foods.

Perceived Risk Factors in Product Purchase

- Performance: Product perform as expected?
- Financial: Price too high? Paying too much?
- Social: Will others approve? Is it appropriate?
- Physical: Will the product hurt me?
- Time-loss: How much effort will the purchase require?

Risk Can be Managed

- Armstrong World Industries handled risk of product failure for DIY market.
- Financial Markets Handle financial risk with Obligations.
The Buyer Decision Process

Step 1. Need Recognition

Need Recognition
Difference between an actual state and a desired state

Internal Stimuli
- Hunger
- Thirst
- A person’s ‘normal’ needs

External Stimuli
- TV advertising
- Magazine ad
- Radio slogan
- Stimuli in the environment

Step 2. Information Search

Personal Sources
- Family, friends, neighbors
- Most influential source of information

Commercial Sources
- Advertising, salespeople
- Receives most information from these sources

Public Sources
- Mass Media
- Consumer-rating groups

Experiential Sources
- Handling the product
- Examining the product
- Using the product
The Buyer Decision Process

Step 3. Evaluation of Alternatives

- **Product Attributes (choice Criteria)**
  - Evaluation of Quality, Price, & Features

- **Degree of Importance**
  - Which attributes matter most to me?

- **Brand Beliefs**
  - What do I believe about each available brand?

- **Total Product Satisfaction**
  - Based on what I’m looking for, how satisfied would I be with each product?

- **Evaluation Procedures**
  - Choosing a product (and brand) based on one or more attributes.

The Buyer Decision Process

Step 4. Purchase Decision

- **Purchase Intention**
  - Desire to buy the most preferred brand

- **Attitudes of others**

- **Unexpected situational factors**

- **Purchase Decision**
The Buyer Decision Process
Step 5. Post-purchase Behavior

Three Broad Classes of Buying Decisions

• 1. Routinized: Frequently purchased items aware of product class, brands, and attributes - bread, milk, cigarettes

• 2. Limited Problem Solving: Aware of product class but not all brands and attributes - wine, Wrist watches

• 3. Extensive Problem Solving: Not aware of criteria for choice or attributes of brands/items - cars, houses, universities