

Consumer Markets and Consumer Buyer Behavior

Chapter 5

Learning Goals

- 1. Learn the consumer market and construct model of consumer buyer behavior**
- 2. Know the four factors that influence buyer behavior**
- 3. Understand the types of buying decision behavior and stages in the process**
- 4. Comprehend the adoption and diffusion process for new products**

Case Study

Harley Davidson

Building Success

- **Understanding the customers' emotions and motivation**
- **Determining the factors of loyalty**
- **Translating this information to effective advertising**

Measuring Success

- **Currently 22% of all U.S. bike sales**
- **Demand above supply**
- **Sales doubled in the past 5 years with earnings tripled.**

Definitions

- **Consumer buyer behavior refers to the buying behavior of final consumers – individuals and households who buy goods and services for personal consumption**
- **All of these final consumers combine to make up the consumer market**

Stimulus-Response Model of Consumer Behavior

Stimuli

4P's

Other characteristics

- economic
- technological
- political
- cultural



Buyer's Black Box

Buyer characteristics

Buyer decision process



Buyer Response

Product choice

Brand choice

Dealer choice

Purchase timing

Purchase amount

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- **Culture**
 - *Forms a person's wants and behavior*
- **Subculture**
 - *Groups with shared value systems*
- **Social Class**
 - *Society's divisions who share values, interests and behaviors*

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- **Groups**
 - Membership
 - Reference
 - Aspirational
 - Opinion Leaders
 - Buzz marketing
- **Family**
 - Many influencers
- **Roles and Status**

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- Age and life cycle
- Occupation
- Economic situation
- Lifestyle
 - *Activities, interests and opinions*
 - *Lifestyle segmentation*
- Personality and self-concept

Characteristics Affecting Consumer Behavior

Brand Personality Dimensions

- **Sincerity**
- **Ruggedness**
- **Excitement**
- **Competence**
- **Sophistication**

Characteristics Affecting Consumer Behavior

Key Factors

Cultural

Social

Personal

Psychological

- **Motivation**
- **Perception**
- **Learning**
- **Beliefs and attitudes**

Psychological Factors

Motivation

- **A motive is a need that is sufficiently pressing to direct the person to seek satisfaction**
- **Motivation research is based on Freud; Looks for hidden and subconscious motivation**
- **Maslow ordered needs based on how pressing they are to the consumer**

Psychological Factors

Perception

- **Perception is the process by which people select, organize, and interpret information**
- **Perception Includes:**
 - **Selective attention**
 - **Consumers screen out information**
 - **Selective distortion**
 - **People interpret to support beliefs**
 - **Selective retention**
 - **People retain points to support attitudes**

Psychological Factors

Learning

Learning describes changes in an individual's behavior arising from experience

Learning occurs through:

- **Drives**
 - Internal stimulus that calls for action
- **Stimuli**
 - Objects that move drive to motive
- **Cues**
 - Minor stimuli that affect response
- **Reinforcement**
 - Feedback on action

Psychological Factors

Beliefs and Attitudes

Belief

- a descriptive thought about a brand or service
- may be based on real knowledge, opinion, or faith

Attitude

- describes a person's evaluations, feelings and tendencies toward an object or idea
- They are difficult to change

Types of Buying Decision Behavior

Complex

- Highly involved, significant brand differences
- Example – computer

Dissonance-reducing

- Highly involved, little brand differences
- Example – carpeting

Habitual

- Low involvement, little brand differences
- Example – salt

Variety-seeking

- Low involvement, significant perceived brand differences
- Example – cookies

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

Needs can be triggered by:

- **Internal stimuli**
 - Normal needs become strong enough to drive behavior
- **External stimuli**
 - Advertisements
 - Friends of friends

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Consumers exhibit heightened attention or actively search for information.**
- **Sources of information:**
 - **Personal**
 - **Commercial**
 - **Public**
 - **Experiential**
- **Word-of-mouth**

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Evaluation procedure depends on the consumer and the buying situation.**
- **Most buyers evaluate multiple attributes, each of which is weighted differently.**
- **At the end of the evaluation stage, purchase intentions are formed.**

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Two factors intercede between purchase intentions and the actual decision:**
 - **Attitudes of others**
 - **Unexpected situational factors**

The Buyer Decision Process

Process Stages

Need recognition

Information search

Evaluation of alternatives

Purchase decision

Postpurchase behavior

- **Satisfaction is important:**
 - **Delighted consumers engage in positive word-of-mouth.**
 - **Unhappy customers tell on average 11 other people.**
 - **It costs more to attract a new customer than it does to retain an existing customer.**
- **Cognitive dissonance is common**

Buyer Decision Process for New Products

New Products

- **Good, service or idea that is perceived by customers as new.**

Stages in the Adoption Process

- **Marketers should help consumers move through these stages.**

Buyer Decision Process for New Products

Stages in the Adoption Process

Awareness
Evaluation

Interest
Trial

Adoption

Buyer Decision Process for New Products

Individual Differences in Innovativeness

- Consumers can be classified into five adopter categories, each of which behaves differently toward new products.

Product Characteristics and Adoption

- Five product characteristics influence the adoption rate.

Buyer Decision Process for New Products

Product Characteristics

Relative Advantage
Compatibility

Complexity
Divisibility

Communicability

Buyer Decision Process for New Products

International Consumer Behavior

- **Values, attitudes and behaviors differ greatly in other countries.**
- **Physical differences exist which require changes in the marketing mix.**
- **Customs vary from country to country.**
- **Marketers must decide the degree to which they will adapt their marketing efforts.**