

Consumer Markets and Consumer Buyer Behavior

Chapter 6

Objectives

- Be able to define the consumer market and construct a simple model of consumer buyer behavior.
- Know the four major factors that influence consumer buyer behavior.

Objectives

- Understand the major types of buying decision behavior and the stages in the buyer decision process.
- Be able to describe the adoption and diffusion process for new products.

Case Study

Harley-Davidson

- Harley “Hogs” account for 1/5 of U.S. cycle sales
- Sales have exceeded supply for years
- 1986-2000: Four stock splits, increase of 7,100%
- Fiercely loyal clientele revolves around 7 core customer types
- Harley owners use their bikes to express their lifestyle and attitudes
- Advertising reflects the Harley mystique

Definitions

- **Consumer Buying Behavior**
 - Buying behavior of individuals and households that buy products for personal consumption.
- **Consumer Market**
 - All individuals/households who buy products for personal consumption.

Model of Consumer Behavior

- **Stimulus Response Model**
 - Marketing and other stimuli enter the buyer's "black box" and produce certain choice/purchase responses.
 - Marketers must figure out what is inside of the buyer's "black box" and how stimuli are changed to responses.

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- **Culture**
 - **Subculture**
 - Hispanic consumers
 - African Americans
 - Asian Americans
 - Mature consumers
 - **Social Class**

Characteristics Affecting Consumer Behavior

- **Hispanics**
 - 35 million consumers purchase \$425 billion worth of goods and services.
 - Expected to grow 64% in 20 years.
 - Spanish media makes group easy to reach.
 - Brand loyal group.

Characteristics Affecting Consumer Behavior

- **African Americans**
 - 35 million consumers purchase \$527 billion worth of goods and services.
 - Growing more affluent / sophisticated.
 - Price and brand name conscious; quality and selection are important.
 - Certain media target this group.

Characteristics Affecting Consumer Behavior

- **Asian Americans**

- 10 million consumers purchase \$229 billion worth of goods and services.
- Fastest growing, most affluent subculture.
- Many nationalities comprise this group.
- Consumer packaged goods companies now target this group more heavily.

Characteristics Affecting Consumer Behavior

- **Mature Consumers**
 - 75 million consumers aged 50+ will grow to 115 million within 25 years.
 - Mature consumers control 50% of all discretionary income.
 - Attractive market for travel, restaurant, and cosmetics products, among others.

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - **Social**
 - *Personal*
 - *Psychological*
- **Groups**
 - Membership
 - Reference
 - ❖ *Aspirational groups*
 - Opinion leaders
 - ❖ *Buzz marketing*
 - **Family**
 - Children can influence
 - **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**
 - Brand personality

Characteristics Affecting Consumer Behavior

Brand Personality Dimensions

- Sincerity
- Excitement
- Ruggedness
- Competence
- Sophistication

Characteristics Affecting Consumer Behavior

Key Factors

- *Cultural*
 - *Social*
 - *Personal*
 - *Psychological*
- **Motivation**
 - Needs provide motives for consumer behavior
 - Motivation research
 - Maslow's hierarchy of needs
 - **Perception**
 - Selective attention, selective distortion, selective retention
 - **Learning**
 - Drives, stimuli, cues, responses and reinforcement
 - **Beliefs and attitudes**

Characteristics Affecting Consumer Behavior

Maslow's Hierarchy of Needs



Types of Buying-Decision Behavior

*Difference
between brands*

Involvement Level

High

Low

Significant
Differences

*Complex
buying behavior*

*Variety-seeking
buying behavior*

Few
Differences

*Dissonance-
reducing buying
behavior*

*Habitual buying
behavior*

The Buyer Decision Process

- **Five Stages:**
 - Need recognition
 - Information search
 - Evaluation of alternatives
 - Purchase decision
 - Postpurchase behavior

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
- Interest
- Evaluation
- 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

Adopter Categories

- Innovators
- Early Adopters
- Early Majority
- Late Majority
- Laggards

Buyer Decision Process for New Products

Product Characteristics

- Relative Advantage
- Complexity
- Compatibility
- 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.