# PRINCIPLES OF MARKETING

### **Chapter Five**

Consumer Markets and Consumer Buyer Behavior



# Consumer Markets and Consumer Buyer Behavior

### **Topic Outline**

- Model of Consumer Behavior
- Characteristics Affecting Consumer Behavior
- Types of Buying Decision Behavior
- The Buyer Decision Process
- The Buyer Decision Process for New Products



### **Model of Consumer Behavior**

- Consumer buyer behavior refers to the buying behavior of final consumers—individuals and households who buy goods and services for personal consumption
- Consumer market refers to all of the personal consumption of final consumers



**Culture** is the learned values, perceptions, wants, and behavior from family and other important institutions



- Subculture are groups of people within a culture with shared value systems based on common life experiences and situations
  - Hispanic
  - African American
  - Asian
  - Mature consumers



- Social classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors
- Measured by a combination of occupation, income, education, wealth, and other variables



### **Groups and Social Networks**

### Membership Groups

 Groups with direct influence and to which a person belongs

### Aspirational Groups

Groups an individual wishes to belong to

### Reference Groups

 Groups that form a comparison or reference in forming attitudes or behavior



### **Groups and Social Networks**

- Word-of-mouth influence and buzz marketing
  - Opinion leaders are people within a reference group who exert social influence on others
  - Also called influentials or leading adopters
  - Marketers identify them to use as brand ambassadors



### **Groups and Social Networks**

 Online social networks are online communities where people socialize or exchange information and opinions

 Include blogs, social networking sites (facebook), virtual worlds (second life)



# Characteristics Affecting Consumer Behavior Social Factors

 Family is the most important consumer-buying organization in society

 Social roles and status are the groups, family, clubs, and organizations that a person belongs to that can define role and social status



#### **Personal Factors**

- Age and life-cycle stage
- RBC Royal Band stages
  - Youth—younger than 18
  - Getting started—18-35
  - Builders—35-50
  - Accumulators—50–60
  - Preservers—over 60



**Personal Factors** 

Occupation affects the goods and services bought by consumers

**Economic** situation includes trends in:



Savings

Interest rates



### **Personal Factors**

Lifestyle is a person's pattern of living as expressed in his or her psychographics

 Measures a consumer's AIOs (activities, interests, opinions) to capture information about a person's pattern of acting and interacting in the environment



### **Personal Factors**

- Personality and Self-Concept
  - Personality refers to the unique psychological characteristics that lead to consistent and lasting responses to the consumer's environment



Personal Factors

**Dominance** 

**Autonomy** 

**Defensiveness** 

**Adaptability** 

**Aggressiveness** 



**Psychological Factors** 

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 refers to qualitative research designed to probe consumers' hidden, subconscious motivations



### **Psychological Factors**

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world from three perceptual processes

- Selective attention
- Selective distortion
- Selective retention



### **Psychological Factors**

Selective attention is the tendency for people to screen out most of the information to which they are exposed

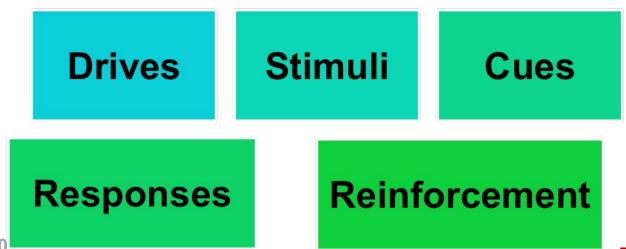
Selective distortion is the tendency for people to interpret information in a way that will support what they already believe

Selective retention is the tendency to remember good points made about a brand they favor and forget good points about competing brands



### **Psychological Factors**

 Learning is the change in an individual's behavior arising from experience and occurs through interplay of:



Marketing

**Psychological Factors Beliefs and Attitudes** 

**Belief** is a descriptive thought that a person has about something based on:

- Knowledge
- Opinion
- Faith



**Psychological Factors** 

Attitudes describe a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea



# Types of Buying Decision Behavior

Complex buying behavior

Dissonance-reducing buying behavior

Habitual buying behavior

Variety-seeking buying behavior



### **Need Recognition**

- Occurs when the buyer recognizes a problem or need triggered by:
  - Internal stimuli
  - External stimuli



### Information Search Sources of Information

- Personal sources—family and friends
- Commercial sources—advertising,
   Internet
- Public sources—mass media, consumer organizations
- Experiential sources—handling, examining, using the product



### **Evaluation of Alternatives**

 How the consumer processes information to arrive at brand choices



### **Purchase Decision**

- The act by the consumer to buy the most preferred brand
- The purchase decision can be affected by:
  - Attitudes of others
  - Unexpected situational factors



### **Postpurchase Decision**

- The satisfaction or dissatisfaction that the consumer feels about the purchase
- Relationship between:
  - Consumer's expectations
  - Product's perceived performance
- The larger the gap between expectation and performance, the greater the consumer's dissatisfaction
- Cognitive dissonance is the discomfort caused by a postpurchase conflict



### **Post-Purchase Decision**

Customer satisfaction is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value



### The Buyer Decision Process for New Products

Adoption process is the mental process an individual goes through from first learning about an innovation to final regular use.

Stages in the process include:





### The Buyer Decision Process for New Products

Influence of Product Characteristics on Rate of Adoption

Relative advantage

Compatibility

Complexity

Divisibility

Communicability



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