

MKTG
Principles Of Marketing
Twelfth Edition

LAMB • HAIR • Mc DANIEL
MKTG¹²
PRINCIPLES OF MARKETING



Chapter 6
Consumer Decision
Making

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Learning Outcomes (1 of 2)

- 6-1 Explain why marketing managers should understand consumer behavior
- 6-2 Analyze the components of the consumer decision-making process
- 6-3 Explain the consumer's postpurchase evaluation process
- 6-4 Identify the types of consumer buying decisions and discuss the significance of consumer involvement
- 6-5 Describe how some marketers are reconceptualizing the consumer decision-making process



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Learning Outcomes (2 of 2)

- 6-6 Identify and understand the cultural factors that affect consumer buying decisions
- 6-7 Identify and understand the social factors that affect consumer buying decisions
- 6-8 Identify and understand the individual factors that affect consumer buying decisions
- 6-9 Identify and understand the psychological factors that affect consumer buying decisions



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Learning Objective 1: The Importance of Understanding Consumer Behavior



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Consumer's behavior

- Consumers' product and service preferences are constantly changing.
- Marketing managers must understand these desires in order to create a proper marketing mix for a well-defined market.
- Marketing managers must understand these desires in order to create a proper marketing mix for a well-defined market.
- Understanding how consumers make purchase decisions can help marketing managers in several ways.



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Value

- Personal assessment of the net worth one obtains from making a purchase
- **Perceived value:** Value a consumer expects to obtain from a purchase
- **Utilitarian value:** Value derived from a product or service that helps the consumer solve problems and accomplish tasks
- **Hedonic value:** Value that acts as an end in itself rather than as a means to an end



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Learning Objective 2: The Traditional Consumer Decision-Making Process



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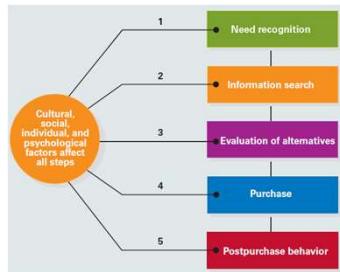
The Traditional Consumer Decision-making Process (1 of 2)

- When buying products, particularly new or expensive items, consumers generally follow the consumer decision-making process: (1) need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase, and (5) postpurchase behavior.
- These five steps represent the traditional buying process, which can be used as a guide for studying how consumers make decisions.



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Exhibit 6.1 : The Consumer Decision-Making Process (2 of 2)



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Need Recognition (1 of 2)

- Result of an imbalance between actual and desired states
- First stage in the decision-making process
- **Want:** Recognition of an unfulfilled need and a product that will satisfy it

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Need Recognition (2 of 2)

- **Stimulus:** Any unit of input affecting one or more of the five senses
 - Sight, smell, taste, touch, and hearing
- Want-got gap: Imbalance between actual and desired states
 - Does not always trigger consumer action
 - Gap must be large enough to drive the consumer to take some action
 - Marketing manager's objective: Get consumers to recognize the want-got gap

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Information Search

- **Internal information search:** Recalling past information stored in the memory
- **External information search:** Seeking information in the outside environment
 - **Nonmarketing-controlled information source**
 - Product information source that is not associated with promotion
 - **Marketing-controlled information source**
 - Product information source that originates with marketers promoting a product

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External Information Searches (1 of 2)

- Customers seek less information about a product when there is:
 - Less risk involved
 - More knowledge and more product experience
 - Low level of interest
 - Confidence in the decision taken



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External Information Searches (2 of 2)

- Customers seek more information about a product when there is:
 - More risk involved
 - Less knowledge and less product experience
 - High level of interest
 - Lack of confidence in the decision taken



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Evaluation of Alternatives and Purchase (1 of 3)

- Consumer is ready to make a decision after creating an evoked set
 - **Evoked set:** Group of brands resulting from an information search from which a buyer can choose
- Consumers evaluate and compare alternatives with the help of:
 - Environment
 - Internal information
 - External information



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Evaluation of Alternatives and Purchase (2 of 3)

- Consumer has to make the following decisions:
 - Whether to buy
 - When to buy
 - What to buy (product type and brand)
 - Where to buy (type of retailer, specific retailer, online or in store)
 - How to pay



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Evaluation of Alternatives and Purchase (3 of 3)

- Planned versus impulse purchase
 - Partially planned purchase: Made by consumers when they know the product category they want to buy but wait until they get to the store or go online
 - Unplanned purchase: Made by consumers on an impulse
- Psychological ownership
 - Consumers sometimes develop feelings of ownership without even owning the good, service, or brand



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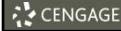
Learning Objective 3: Post purchase Behavior



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Cognitive Dissonance

- Inner tension that a consumer experiences after recognizing an inconsistency between behavior and values or opinions
- Consumers reduce dissonance by:
 - Seeking information that reinforces the purchase decision
 - Avoiding information that contradicts the purchase decision
 - Revoking the original decision by returning the product



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Learning Objective 4: Types of Consumer Buying Decisions and Consumer Involvement



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Cognitive Buying Decisions

- All consumer buying decisions generally fall along a continuum of three broad categories: routine response behavior, limited decision making, and extensive decision making.
- Goods and services in these three categories can best be described in terms of five factors:
 - Level of consumer involvement
 - Length of time to make a decision
 - Cost of the good or service
 - Degree of information search
 - Number of alternatives considered



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Consumer Involvement (1 of 2)

- The level of consumer involvement is perhaps the most significant determinant in classifying buying decisions. **Involvement** is the amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behavior.
- Frequently purchased, low-cost goods and services are generally associated with **routine response behavior**.



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Consumer Involvement (2 of 2)

- **Limited decision making** typically occurs when a consumer has previous product experience but is unfamiliar with the current brands available.
- Consumers practice **extensive decision making** when buying an unfamiliar, expensive product or an infrequently bought item.



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Exhibit 6.2: Continuum of Consumer Buying Decisions

	Routine	Limited	Extensive
Involvement	Low	Low to moderate	High
Time	Short	Short to moderate	Long
Cost	Low	Low to moderate	High
Information Search	Internal only	Mostly internal	Internal and external
Number of Alternatives	One	Few	Many



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Factors Determining the Level of Consumer Involvement (1 of 2)

The level of involvement in the purchase depends on the following factors:

- Previous experience: When consumers have had previous experience with a product or repeated product trials, the level of involvement typically decreases and quick choices are made.
- Interest: Involvement is directly related to consumer interests, such as cars, motorcycles, or electronics.



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Factors Determining the Level of Consumer Involvement (2 of 2)

- Perceived risk of negative consequences: As the risk increases, so does the consumer's level of involvement. Risks include financial risks, social risks, and psychological risks.
- Social visibility: Involvement increases as the social visibility of a product increases. The products that make a statement about the user may include cars, jewelry, furniture, and clothing.
- High involvement can take a number of different forms. It can be product involvement, situational involvement, shopping involvement, enduring involvement, and emotional involvement.



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Factors Determining the Level of Consumer Involvement

- Previous experience
- Interest
- Perceived risk of negative consequences
- Social visibility



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Social Visibility (1 of 2)

- Product involvement means that a product category has high personal relevance.
- Situational involvement means that the circumstances of a purchase may temporarily transform a low-involvement decision into a high-involvement one.
- Shopping involvement represents the personal relevance of the process of shopping. Many consumers also engage in **showrooming**—examining merchandise in a physical retail location without purchasing it and then shopping online for a better deal on the same item.



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Social Visibility (2 of 2)

- Enduring involvement represents an ongoing interest in some product, such as kitchen gadgets, or activity, such as fishing.
- Emotional involvement represents how emotional a consumer gets during some specific consumption activity.



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Marketing Implications of Involvement

- High-involvement purchases:
 - Require extensive and informative promotion to the target market
- Low-involvement purchases:
 - Require in-store promotion, eye-catching package design, and good displays
 - Coupons and two-for-one offers promote low-involvement items



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Learning Objective 5: Reconceptualizing the Consumer Decision Making Process



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Eliminating the Consider and Evaluate Phase

- Automation
 - Streamlines journey steps
- Proactive personalization
 - Uses information to customize the customer experience
- Contextual interaction
 - Uses knowledge about where a customer is in the journey to deliver them to the next set of interactions
- Journey innovation
 - Extends customer interactions to new sources of value



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Exhibit 6.3 : The Consumer Decision Journey

Classic Journey

In the classic journey, consumers engage in an extended consideration and evaluation phase before either entering into the loyalty loop or proceeding into a new round of consideration and evaluation that may lead to the subsequent purchase of a different brand.

Source: David Edelman and Mark Singer, "Competing on Customer Journeys," Harvard Business Review, November 2015.

New Journey

The new journey compresses the consider step and shortens or entirely eliminates the evaluate step, delivering customers directly into the loyalty loop and locking them within it.

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Factors Affecting Consumer Decision Making (1 of 2)

- On the contrary, underlying cultural, social, individual, and psychological factors strongly influence the decision process.
- These factors have an effect from the time a consumer perceives a stimulus and considers the product or service through postpurchase evaluation.
- Cultural factors, which include culture and values, subculture, and social class, exert a broad influence over consumer decision making.

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Factors Affecting Consumer Decision Making (2 of 2)

- Social factors sum up the social interactions between a consumer and influential groups of people, such as reference groups, opinion leaders, and family members.
- Individual factors, which include gender, age, family life cycle stage, personality, self-concept, and lifestyle, are unique to each individual and play a major role in the type of products and services consumers want.

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Exhibit 6.4: Factors That Affect the Consumer Decision Journey

Social Factors
Reference groups
Opinion leaders
Family

Cultural Factors
Culture and values
Subculture
Social class

Individual Factors
Gender
Age and family life cycle stage
Personality, self-concept, and lifestyle

Psychological Factors
Perception
Motivation
Learning
Beliefs and attitudes

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Learning Objective 6: Cultural Influences on Consumer Buying Decisions



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Culture and Values

- Set of values, norms, attitudes, and other meaningful symbols that shape human behavior and the products of that behavior as they are transmitted from one generation to the next
- Characteristics:
 - Pervasive
 - Functional
 - Learned
 - Dynamic



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Subculture and Social Class

- **Subculture:** Homogeneous group of people who share elements of the overall culture as well as cultural elements unique to their own group
- **Social class:** Group of people in a society
 - Considered nearly equal in status or community esteem
 - Regularly socialize among themselves both formally and informally
 - Share behavioral norms



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Exhibit 6.5: U.S. Social Classes

Upper Classes	
Capitalist class	1% People whose investment decisions shape the national economy; income mostly from assets, earned or inherited; university connections
Upper middle class	14% Upper-level managers, professionals, owners of medium-sized businesses; well-to-do, stay-at-home homemakers who decline occupational work by choice; college educated; family income well above national average
Middle Classes	
Middle class	33% Middle-level white-collar; top-level blue-collar; education past high school typical; income somewhat above national average; loss of manufacturing jobs has reduced the population of this class
Working class	32% Middle-level blue-collar, lower-level white-collar; income below national average; largely working in skilled or semi-skilled service jobs
Lower Classes	
Working poor	11–12% Low-paid service workers and operatives; some high school education; below mainstream in living standard; crime and hunger are daily threats
Underclass	8–9% People who are not regularly employed and who depend primarily on the welfare system for sustenance; little schooling; living standard below poverty line



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Impact of Social Class on Marketers

- Social class indicates which medium to use for advertising.
- Knowing what products appeal to which social classes help marketers determine where to best distribute their products.



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Learning Objective 7: Social Influences on Consumer Buying Decisions



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Social Influences

- Many consumers seek out the opinions of others to reduce their search and evaluation effort or uncertainty, especially as the perceived risk of the decision increases.
- Consumers may also seek out others' opinions for guidance on new products or services, products with image-related attributes, or products for which attribute information is lacking or uninformative.
 - Reference Group
 - Optional Leaders
 - Family



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Reference Group (1 of 2)

- A **reference group** consists of all the formal and informal groups that influence the buying behavior of an individual.
- A **primary membership group** includes all groups with which people interact regularly in an informal manner, such as family, friends, members of social media, such as Facebook and coworkers.
- In contrast, people associate with a **secondary membership group** less consistently and more formally.



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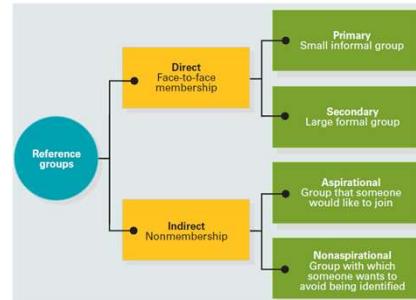
Reference Group (2 of 2)

- An **aspirational reference group** is a group a person would like to join.
- **Nonaspirational reference groups**, or dissociative groups, influence our behavior when we try to maintain distance from them.
- For marketers, reference groups have three important implications:
 - They serve as information sources and influence perceptions;
 - They affect an individual's aspiration levels; and
 - Their norms either constrain or stimulate consumer behavior.

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Exhibit 6.6: Types of Reference Groups



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Optional Leaders

- Reference groups and social media groups frequently include individuals known as group leaders, or **opinion leaders**—persons who influence others.
- Individuals who influence the opinions of others
- Influential, informed, plugged-in, and vocal members of society
- Marketers are looking to social media to find opinion leaders, but the sheer volume of posts and platforms makes determining true opinion leaders challenging.
- May be challenging to locate due to the volume of social media platforms

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Family (1 of 2)

- The family is the most important social institution for many consumers, strongly influencing values, attitudes, self-concept, and buying behavior.
- Moreover, the family is responsible for the **socialization process**, the passing down of cultural values and norms to children.
- Family members assume a variety of roles in the purchase process.

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Family (2 of 2)

- Initiators suggest, initiate, or plant the seed for the purchase process.
- Influencers are members of the family whose opinions are valued.
- The purchaser (probably Dad or Mom) is the one who actually exchanges money for the product.
- Finally, the consumer is the actual user—in this case, Sister.
- Marketers should consider family purchase situations along with the distribution of consumer and decision-maker roles among family members.



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Individual Differences in Susceptibility to Social Influences

- Not all persons are equally influenced in their purchase decisions.
- Consumers differ in their feelings of connectedness to other consumers.
 - **Separated self-schema:** A consumer perceives himself as distinct and separate from others.
 - **Connected self-schema :** A person sees himself as an integral part of a group.



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Learning Objective 8: Individual Influences on Consumer Buying Decisions



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Individual Influences (1 of 2)

- While individuality impacts a person's susceptibility to social influences, factors such as gender, age, life cycle stage, personality, self-concept, and lifestyle also play important roles in consumer decision making.
- While individuality impacts a person's susceptibility to social influences, factors such as gender, age, life cycle stage, personality, self-concept, and lifestyle also play important roles in consumer decision making..



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Individual Influences (2 of 2)

- Most people do not change their gender, and the act of changing personality or lifestyle requires a complete reorientation of one's life.



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Gender

- Physiological differences between men and women result in many different needs, such as with health and beauty products.
- Just as important are the distinct cultural, social, and economic roles played by men and women and the effects that these have on their decision-making processes.
- Fifty-two percent of women have purchased a product based upon a marketer's portrayal of women.



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Age and Family Life Cycle Stage (1 of 2)

- A consumer's age and family life cycle stage can have a significant impact on his or her behavior.
- Nontraditional life cycles: Marketers should also be aware of the many nontraditional life cycle paths that are common today and provide insights into the needs and wants of such consumers as divorced parents, lifelong singles, and childless couples.
- Single parents: Careers often create a *poverty of time* for single parents. To cope with the dual demands of a career and raising children, single parents are always on the lookout for time saving products like quick preparation foods and no-iron clothing.



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Age and Family Life Cycle Stage (2 of 2)

- Life events: Life-changing events can occur at any time—death of a spouse, moving, birth or adoption of a child, retirement, job loss, divorce, and marriage. Typically, such events are quite stressful, and consumers will often take steps to minimize that stress.



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Personality, Self-Concept, and Lifestyle

- **Personality** is a broad concept that can be thought of as a way of organizing and grouping how an individual typically reacts to situations.
- **Self-concept**, or self-perception, is how consumers perceive themselves. Self-concept includes attitudes, perceptions, beliefs, and self-evaluations. Although self-concept may change, the change is often gradual.
- Self-concept combines the **ideal self-image** (the way an individual would like to be perceived) and the **real self-image** (the way an individual actually perceives himself or herself).



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Learning Objective 9: Psychological Influences on Consumer Buying Decisions



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Psychological Influences (1 of 2)

- An individual's buying decisions are further influenced by psychological factors: perception, motivation, and learning.
- They are the tools consumers use to recognize their feelings, gather and analyze information, formulate thoughts and opinions, and take action.
- Unlike the other three influences on consumer behavior, psychological influences can be affected by a person's environment because they are applied on specific occasions.



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Psychological Influences (2 of 2)

- You will perceive different stimuli and process these stimuli in different ways depending on whether you are sitting in class concentrating on the instructor, sitting outside of class talking to friends, or sitting in your dorm room streaming a video.



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Perception

- Process by which people select, organize, and interpret stimuli into a meaningful and coherent picture
- Selective exposure:** Process whereby a consumer notices certain stimuli and ignores others
 - Selective distortion:** To decide which stimuli to notice and which to ignore
 - selective retention:** Remembering only information that supports personal feelings or beliefs



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Marketing Implications of Perception

- Marketers use:
 - Perception to identify important attributes
 - Price
 - Brand names
 - Quality and reliability
 - Threshold level of perception or just-noticeable difference
- Changes in product or repositioning of a product
- Awareness of foreign consumers' perception is required when expanding to global markets



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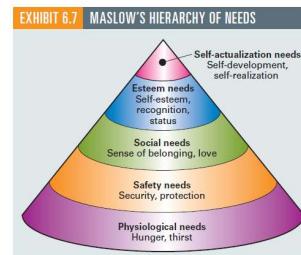
Motivation

- Motive:** Driving force that causes a person to take action to satisfy specific needs
- Maslow's hierarchy of needs:** Method of classifying human needs and motivations into five categories in ascending order of importance
 - Physiological, safety, social, self-esteem, and self-actualization



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Maslow's hierarchy of needs,



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Learning (1 of 2)

- Creates changes in behavior through experience and practice
- Types:
 - Experiential: Occurs when an experience changes behavior
 - Conceptual: Not learned through direct experience but based upon reasoning
 - Reinforcement can be positive or negative.



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Learning (2 of 2)

- Repetition is a key strategy in promotional campaigns because it can lead to increased learning. Generally, to enhance learning, advertising messages should be spread over time rather than clustered together.
- Stimulus generalization** is a form of learning that occurs when one response is extended to a second stimulus similar to the first.
- Stimulus discrimination** is a learned ability to differentiate among similar products.



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Key Terms (1 of 4)

- Consumer behavior
- Value
- Perceived value
- Utilitarian value
- Hedonic value
- Consumer decision-making process
- Need recognition
- Want
- Stimulus
- Internal information search
- External information search



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Key Terms (2 of 4)

- Nonmarketing-controlled information source
- Marketing-controlled information source
- Evoked set (consideration set)
- Cognitive dissonance
- Involvement
- Routine response behavior
- Limited decision making
- Extensive decision making
- Showrooming
- Culture
- Subculture



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Key Terms (3 of 4)

- Social class
- Reference group
- Primary membership group
- Secondary membership group
- Aspirational reference group
- Norm
- Nonaspirational reference group
- Opinion leader
- Socialization process
- Separated self-schema



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Key Terms (4 of 4)

- Connected self-schema
- Personality
- Self-concept
- Ideal self-image
- Real self-image
- Perception
- Selective exposure
- Selective distortion
- Selective retention
- Motive
- Maslow's hierarchy of needs
- Learning
- Stimulus generalization
- Stimulus discrimination



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