

Consumer
Decision
Making

MKTG 8

Chapter 6

Lamb, Hair, McDaniel
2014-2015

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Learning Outcomes

- LO¹ Explain why marketing managers should understand consumer behavior
- LO² Analyze the components of the consumer decision-making process
- LO³ Explain the consumer's postpurchase evaluation process
- LO⁴ Identify the types of consumer buying decisions and discuss the significance of consumer involvement

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Learning Outcomes

- LO⁵ Identify and understand the cultural factors that affect consumer buying decisions
- LO⁶ Identify and understand the social factors that affect consumer buying decisions
- LO⁷ Identify and understand the individual factors that affect consumer buying decisions
- LO⁸ Identify and understand the psychological factors that affect consumer buying decisions

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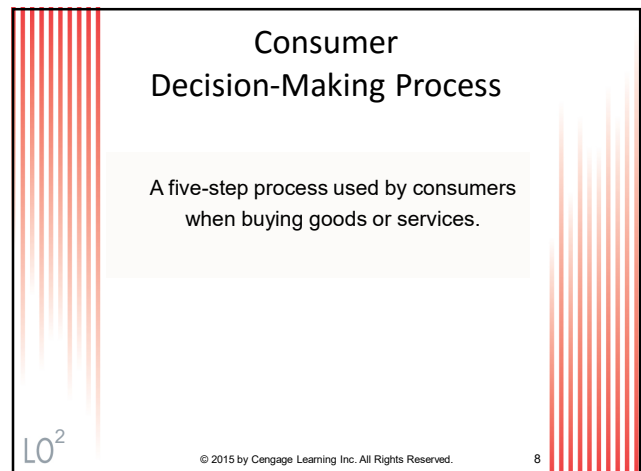
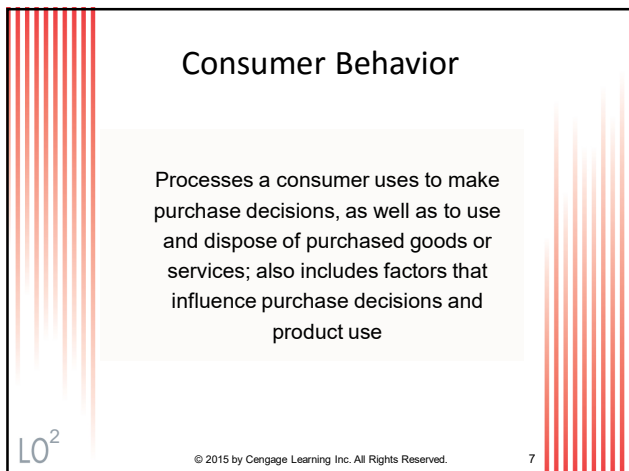
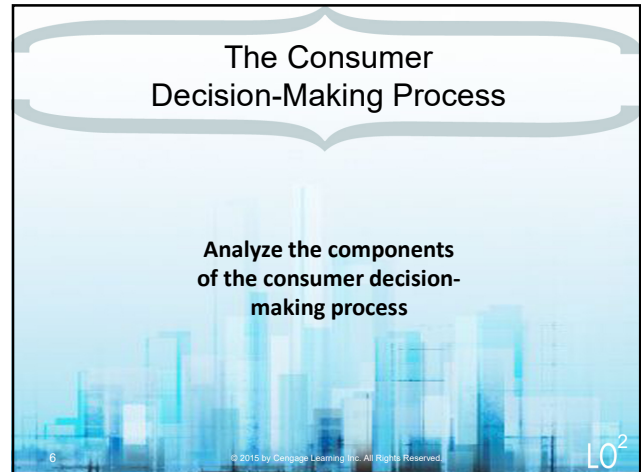
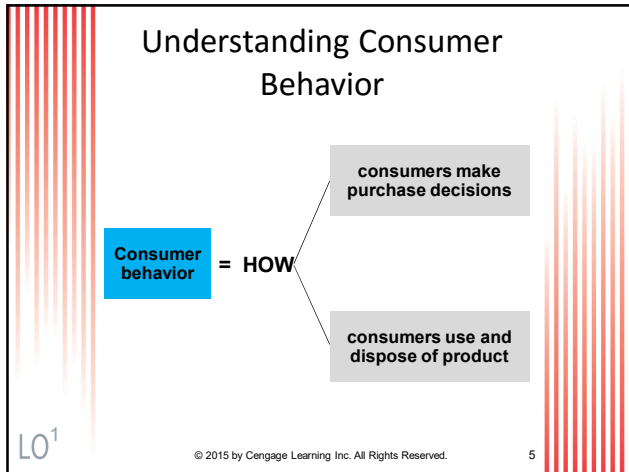
The Importance of Understanding
Consumer Behavior

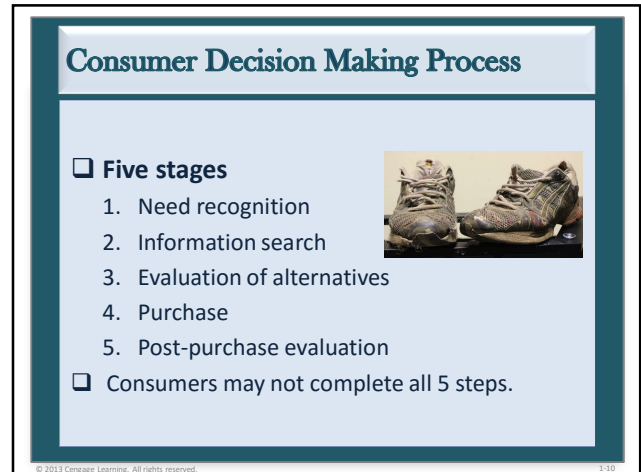
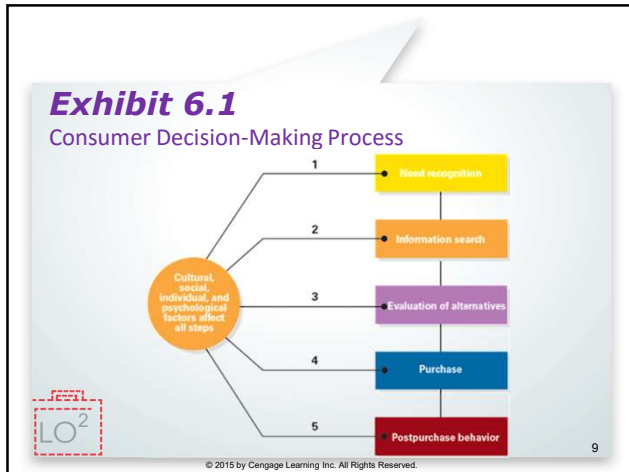
**Explain why marketing
managers
should understand
consumer behavior**

LO¹

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Need Recognition
(also called Problem Recognition)

Result of an imbalance between actual and desired states.

Need recognition is the first stage in the decision-making process

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When “Need” Turns to Greed

- In 2011, a woman allegedly pepper sprayed a crowd of shoppers reaching for discounted Xbox 360s.
- Black Friday:
 - Retailers offer their best bargains of the year
 - Consumers camp out for days at stores' front doors
- Violent incidents were reported in at least seven states during the 2011 Black Friday sales, most occurring at or near Walmart stores.

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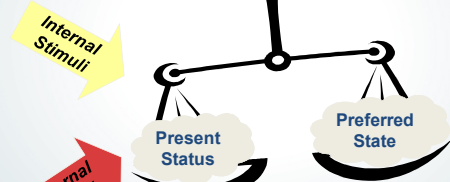
Need Recognition Stage

- ❑ Occurs when a buyer becomes aware of a difference between a desired state and an actual condition
 - Speed of consumer problem recognition can be rapid or slow
 - Some consumers are unaware of their problems or needs



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Need Recognition



Marketing helps consumers recognize an imbalance between present status and preferred state.



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Stimulus

Any unit of input affecting one or more of the five senses:

- Sight
- Smell
- Taste
- Touch
- Hearing



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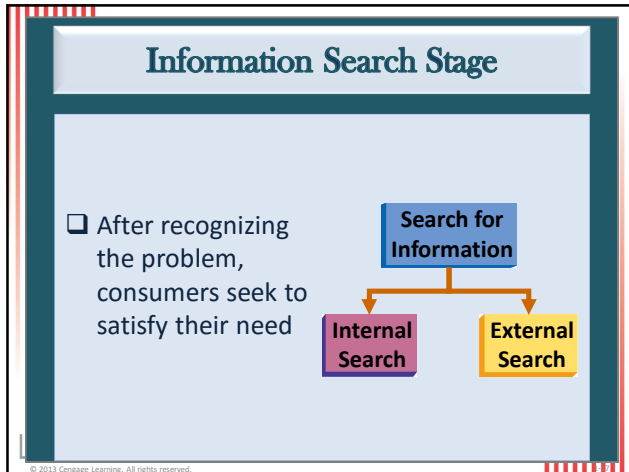
Understanding Needs and Wants

- If marketers don't understand the target market's needs, the right good or service may not be produced.
- An excellent way to understand needs is to view them as job statements or outcome statements.
- Marketers selling their products in global markets must observe the needs and wants of consumers in various regions.



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Information Search

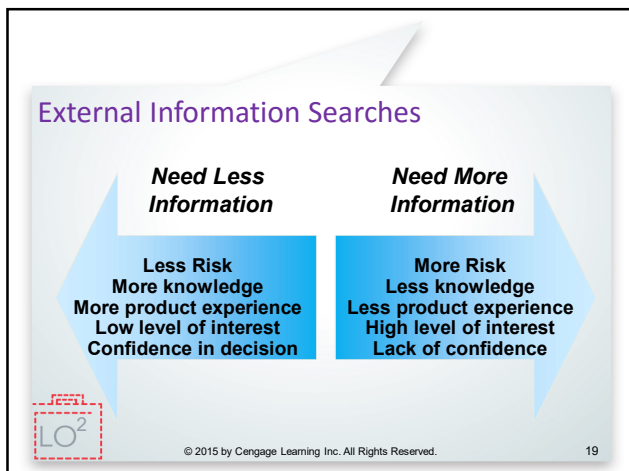
Internal Information Search

- Buyers search their memories for information about products that might solve their problem

External Information search

- When an internal search is not sufficient, consumers seek additional information from outside sources
- Seek information in outside environment
 - *Nonmarketing-controlled*
 - *Marketing-controlled*
 - *Personal contacts and the internet are common sources of information.*

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Evoked Set

Group of brands, resulting from an information search, from which a buyer can choose

- Also called a “consideration set”
- Usually, the brands are from a particular product category and serve as alternatives for possible purchase

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Evaluation of Alternatives The Evoked Set

- ❑ What if you don't recognize a brand?
- ❑ Can we name a consideration set offhand?
 - ❑ Phone Brands
 - ❑ Automobile Brands
 - ❑ Airline Brands

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Evaluation of Alternatives

- ❑ **Evaluative criteria:** Objective and subjective product characteristics that are important to the buyer
 - ❑ Objective criteria? (e.g. size, weight, etc.)
 - ❑ Subjective criteria? (e.g. style, design, etc.)
 - ❑ What about price?
- ❑ Marketers can influence customers by *framing* the alternatives
 - ❑ Product attributes, ad emotions, and other elements of the marketing mix can be emphasized or de-emphasized when "framing" alternatives.
 - ❑ Example: [Kindle vs iPad](#)
 - ❑ How does the Kindle ad "frame" the iPad?

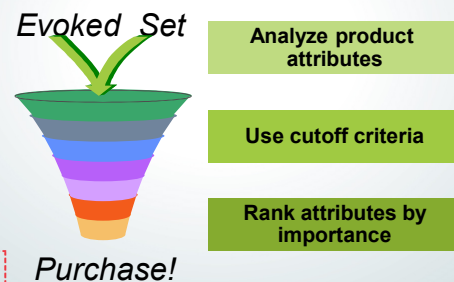
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Think About it

- ❑ Consider the Kindle ad from a buyer's perspective.
 - What problem does the product solve?
 - What claims does the video make about the product?
 - How does it work differently than other tablets on the market? Does the ad tell us?

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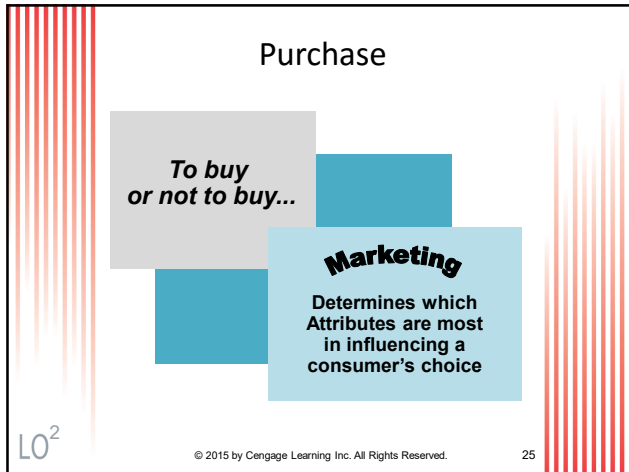
Evaluation of Alternatives and Purchase



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Purchase Stage

- ☐ The buyer
 - ☐ Whether to buy
 - ☐ May choose not to buy
 - ☐ When to buy
 - ☐ What to buy (product type or brand)
 - ☐ Where to buy
 - ☐ Product availability is a factor
 - ☐ How to pay
 - ☐ Negotiates the terms of the transaction
 - ☐ New ways to pay? (NFC technology?)

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Postpurchase Behavior

Explain the consumer's postpurchase evaluation process

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Cognitive Dissonance

Inner tension that a consumer experiences after recognizing an inconsistency between behavior and values or opinions.

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Postpurchase Behavior

Consumers can reduce dissonance by:

- ❑ Seeking information that reinforces positive ideas about the purchase
- ❑ Avoiding information that contradicts the purchase decision
- ❑ Revoking the original decision by returning the product

Marketing can minimize dissonance through effective communication with purchasers.

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Consumer Decision Making Process

❑ Review

❑ Five stages

1. Need (or Problem) recognition
2. Information search
3. Evaluation of alternatives
4. Purchase
5. Post-purchase evaluation

- ❑ Consumers may not complete all 5 steps.

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Types of Consumer Buying Decisions and Consumer Involvement

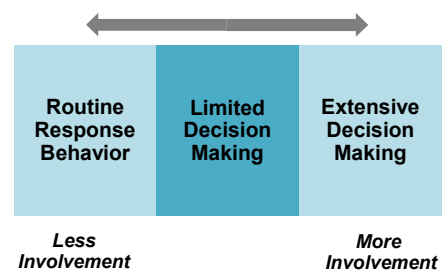
Identify the types of consumer buying decisions and discuss the significance of consumer involvement

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Consumer Buying Decisions and Consumer Involvement



Tends to mirror need for information search

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Involvement

The amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behavior.

- High-involvement products
- Low-involvement products

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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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Routine Response Behavior

- Little involvement in selection process
- Frequently purchased low cost goods
- May stick with one brand
- Buy first/evaluate later
- Quick decision

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Limited Decision Making

- Low levels of involvement
- Low to moderate cost goods
- Evaluation of a few alternative brands
- Short to moderate time to decide

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Extensive Decision Making

- High levels of involvement
- High cost goods
- Evaluation of many brands
- Long time to decide
- May experience cognitive dissonance

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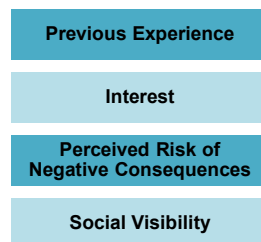
Summary: Problem Solving Strategies

- ❑ **Routine Response Behavior:** Used when buying frequently purchased, low-cost items that require very little search-and-decision effort
 - ❑ Example?
- ❑ **Limited decision making:** Utilized when buying products occasionally, or when one needs to obtain information about an unfamiliar brand in a familiar product category
- ❑ **Extensive decision making:** Occurs when purchasing unfamiliar, expensive, or infrequently bought items
- ❑ **Impulse buying:** Involves no conscious planning; is often a powerful urge to buy something immediately
 - ❑ Those shoes are on clearance!!!



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Factors Determining the Level of Consumer Involvement

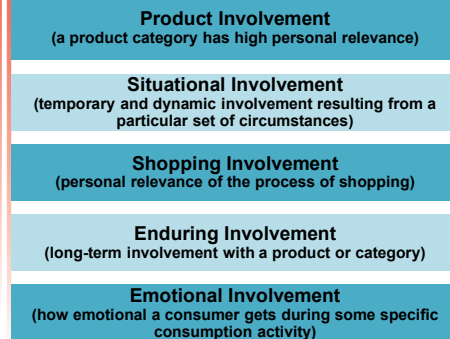


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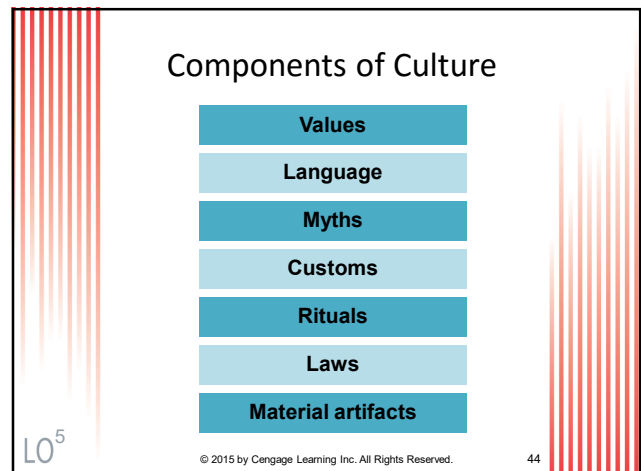
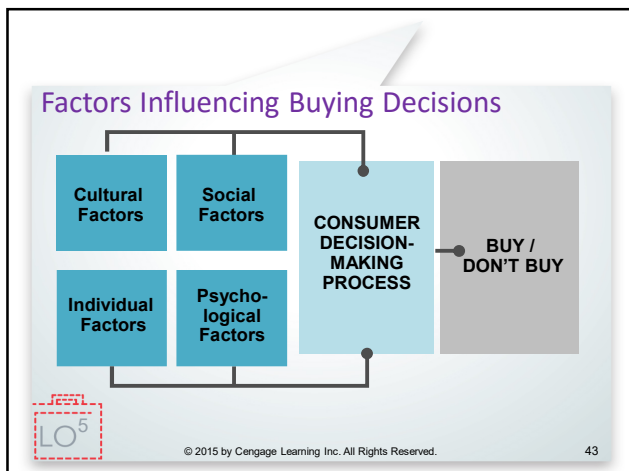
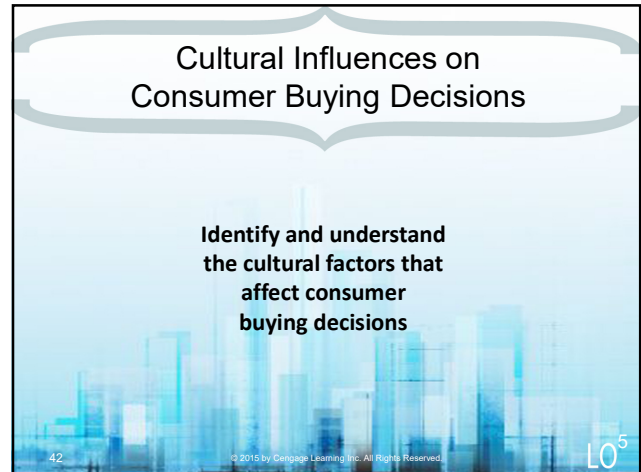
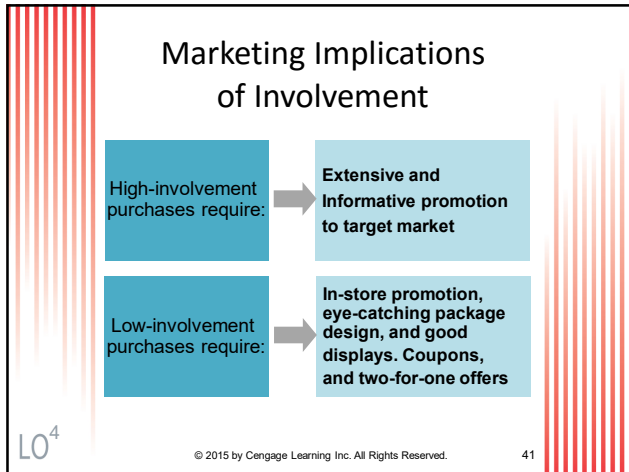
Not All Involvement Is The Same



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Coors Light: Turn it Lose!!!
But in Spanish...



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Pepsi: We bring you back to life!
But in China...

Pepsi brings your ancestors back from the grave!



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Culture is. . .

Pervasive (food, dress, language, etc)
Functional (establishes expectations)
Learned
Dynamic

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Value

An enduring belief that a specific mode of conduct is personally or socially preferable to another mode of conduct.

1. The most defining element of a culture is its values.
2. People with similar value systems tend to react alike to prices and other parts of the marketing mix.
3. Values also correspond to consumption patterns.

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Subculture

A homogeneous group of people who share elements of the overall culture as well as cultural elements unique to their own group.

Often concentrated geographically (but not always).



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Social Class

A group of people in a society who are considered nearly equal in status or community esteem, who regularly socialize among themselves both formally and informally, and who share behavioral norms.

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Exhibit 6.4 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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Social Class Measurements

Occupation

Income

Education

Wealth

Other Variables

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The Impact of Social Class on Marketing

- Indicates which medium to use for advertising
- Helps determine the best distribution for products

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Social Influences on Consumer Buying Decisions

Identify and understand the social factors that affect consumer buying decisions

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Social Influences

Reference Groups

Opinion Leaders

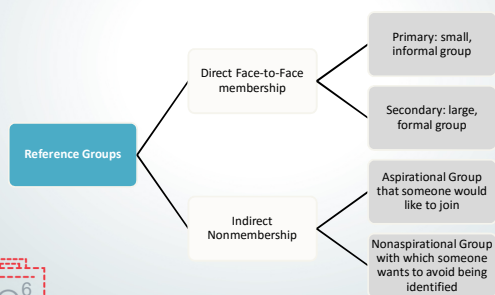
Family Members

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Exhibit 6.5 Types of Reference Groups



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Influences of Reference Groups

- They serve as information sources and influence perceptions.
- They affect an individual's aspiration levels.
- Their norms either constrain or stimulate consumer behavior.

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Opinion Leaders

The first to try new products and services out of pure curiosity.

May be challenging to locate.

Marketers are increasingly using blogs, social networking, and other online media to determine and attract opinion leaders.

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Family

Purchase Process Roles in the Family

- Initiators – suggest or initiate the purchase process
 - Influencers – members whose opinions are valued
 - Decision Makers – makes the decision to buy or not to buy
 - Purchasers – one who exchanges money for the product
 - Consumers – one who uses the product
- Children can have great influence over the purchase decision.

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Individual Influences on Consumer Buying Decisions

Identify and understand the individual factors that affect consumer buying decisions

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Individual Influences

Gender

**Age
Life Cycle**
(income, attitudes, and behavior change with age)

**Personality
Self-Concept (ideal and real self-image)
Lifestyle**

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Gender

- Physiological differences between men and women result in different needs, such as health and beauty products.
- Trends in gender marketing are influenced by the changing roles of men and women in society.

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Age and Family Life Cycle Stage

- Consumer tastes in food, clothing, cars, furniture, and recreation are often age related.
- Marketers define target markets according to life cycle stages such as “young singles” or “young married with children.”

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Personality, Self-Concept, and Lifestyle

- Personality combines psychological makeup and environmental forces
- Human behavior depends largely on self-concept
- Self-concept combines **ideal self-image** and **real self-image**

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Psychological Influences on Consumer Buying Decisions

Identify and understand the psychological factors that affect consumer buying decisions

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Psychological Influences

- Perception
- Motivation
- Learning
- Beliefs & Attitudes

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Perception

Selective Exposure	Consumer notices certain stimuli and ignores others
Selective Distortion	Consumer changes or distorts information that conflicts with feelings or beliefs
Selective Retention	Consumer remembers only that information that supports personal beliefs

People cannot and do not perceive Every stimulus in the environment.

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Marketing Implications of Perception

- Important attributes
- Price
- Brand names
- Quality and reliability
- Threshold level of perception
- Product or repositioning changes
- Foreign consumer perception
- Subliminal perception

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Exhibit 6.6 Maslow's Hierarchy of Needs



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Types of Learning

Experiential

An experience changes behavior

Conceptual

Not learned through direct experience

Reinforcement and repetition boost learning.

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Beliefs and Attitudes

Belief

An organized pattern of knowledge that an individual holds as true about his or her world.

Attitude

A learned tendency to respond consistently toward a given object.

Beliefs and attitudes are closely linked.
How can a marketer change attitudes about a brand?

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Changing Beliefs

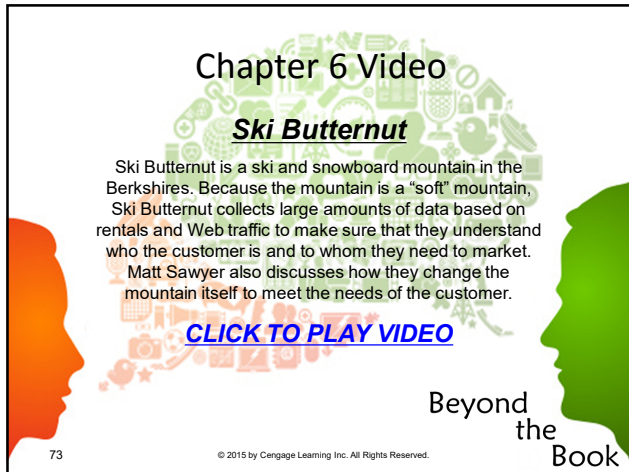
A marketer may want to...

- turn a neutral, negative, or incorrect belief about a product attribute into a positive one.
- change the relative importance of a belief.
- add a new belief.

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Chapter 6 Video

Ski Butternut

Ski Butternut is a ski and snowboard mountain in the Berkshires. Because the mountain is a "soft" mountain, Ski Butternut collects large amounts of data based on rentals and Web traffic to make sure that they understand who the customer is and to whom they need to market. Matt Sawyer also discusses how they change the mountain itself to meet the needs of the customer.

[CLICK TO PLAY VIDEO](#)

Beyond
the
Book

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