

Understanding the Customer

Chapter 3

Buyer Behavior

- What is buyer behavior?
 - at a general level
- What is consumer behavior?
 - at a more specific level
- Factors to consider
 - Individual (Psychological)
 - External (Social and Group) Influences
 - Information
 - Situational factors

Kurt Lewin's Model

- General Model
- $B = f(P, E)$
 - P - Personal Influences
 - E - Environmental Forces
- Consumer Behavior Model
- $B = f(I, E)$
 - I - Individual (Psychological) Influences
 - E - External (Social, Group, Information, Situational) Influences

Buying Decision Process

- Need (or Problem) Recognition
- Choice of Involvement Level
- Information Search and Identification of Alternatives
- Evaluation of Alternatives
- Purchase and related decisions (including the purchase Act)
- Consumption experience and behavior (post-purchase evaluation)

Variations on the Process

- Consumers can at any stage
- Some stages may be
- Stages are generally of varying
- Some stages may be performed
- Level of involvement affects the process
- Significant effect of purchase situation
 - extent to which all stages are followed depends on the circumstances of the purchase situation

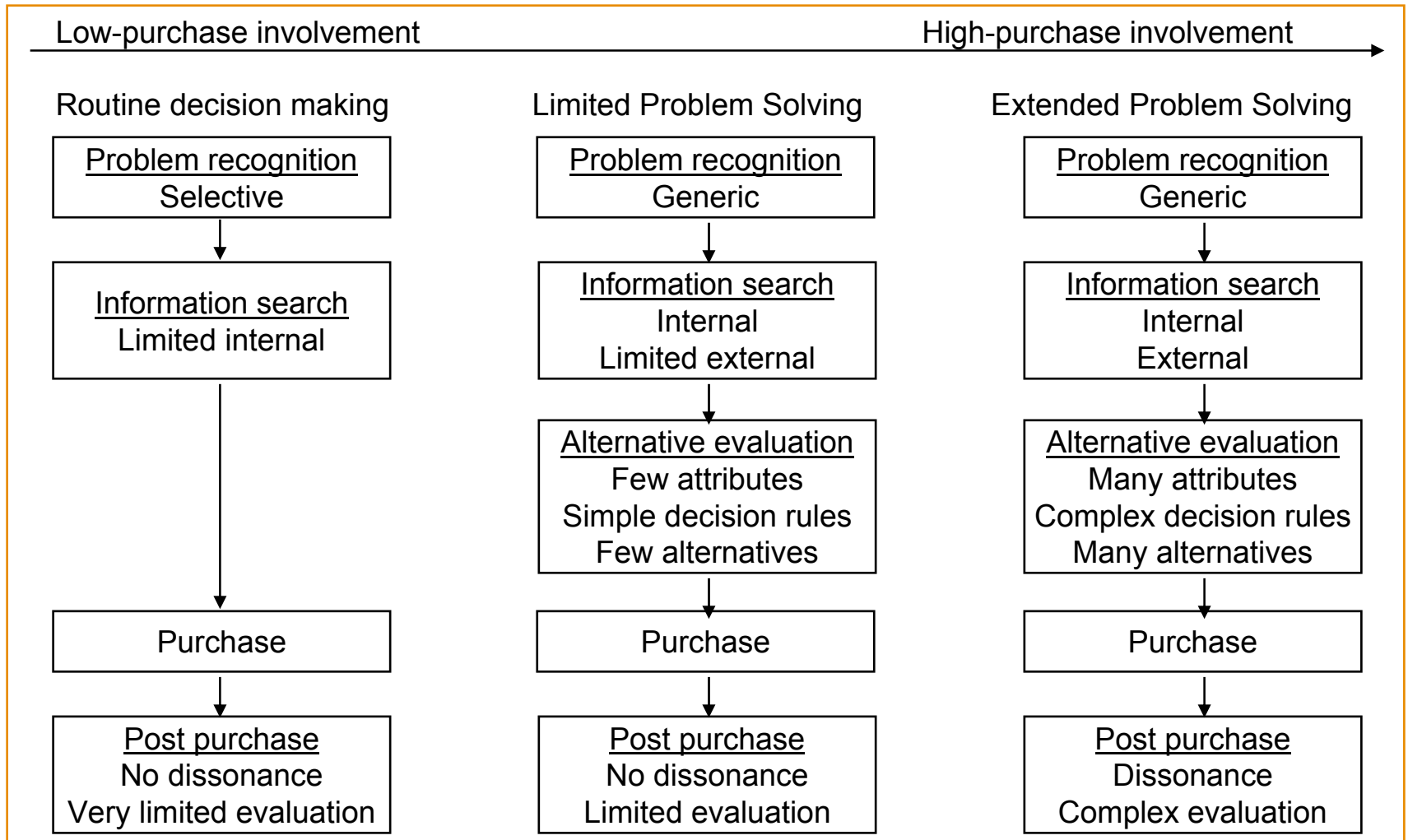
Need Recognition

- May be internal or an external stimulus
- Will consider needs and wants
- Consumer perceives a need and becomes motivated
- Gap between current state and desired state.
- Changes in desired state
 - New
 - New
- Changes in current state

Level of Involvement

- Influences the amount of effort devoted to the purchase decision process
- Involvement is higher when
 - Consumer lacks about purchase
 - Product or service is considered
 - Risk of a bad decision is perceived to be
 - Product or service is
 - Product or service has potential to provide
- Impulse buying is low-involvement

Involvement and Types of Decision Making



Identification of Alternatives

- Search for alternatives
 - options close at hand or wider
- Sometimes, only one alternative is considered
- Search for alternatives is influenced by:
 - information available
 - past experience and other internal information
 - confidence in the information
 - expected benefit or value of additional information

Evaluation of Alternatives

- Alternatives must be evaluated
 - varying degrees of
- Criteria for evaluation of alternatives
 - Can vary in importance across consumers
 - Come from several sources
 - » own experience
 - » opinions of others

Purchasing and Related Decisions

- Decision to buy
 - beginning of a more complex decision process
- What should marketers do?
- What are some of the additional decisions that consumers need to make?
- Patronage motives
 - Why should consumers shop at “a” store?

Consumption Experience

- Consumer learning through the process of buying
 - Will affect future purchases
- Cognitive dissonance
 - not sure whether the decision was right
 - What affects cognitive dissonance?
 - How can they reduce cognitive dissonance?

Information and Purchase Decisions

- Consumer search for additional information
 - depends on current knowledge level
- Information sources
 - Commercial or social/interpersonal sources
 - Advertising, sales people, e-mail and the Web
 - Word-of-mouth

Social And Group Influences

- Cultural Influences
- Reference Group Influences
- Family and Household Influences

Cultural Influences

- Definition of culture
 - A complex group of symbols and artifacts created by a given society and handed down from generation to generation as determinants and regulators of human behavior
 - Sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society
- Rate of change
- Cultural Differences
- Sub-cultures

Canadian Sub-cultures

- English Versus French
 - Please read the differences
- Middle or East European origin
- Spanish origin
- Asian origin

Some Characteristics of the Asian Background Market

- Tend not to be impulse buyers
- Prefer well known or familiar brands
- Likely to buy what their parents bought
- Buy brands perceived to be more prestigious
- Prefer fresh to frozen or prepared items
- Buy brands that are advertised by their ethnic-group stores
- Prefer to shop at smaller stores
- Dislike impersonal stores
- New product adoption sometimes inhibited by difficulty with English
- Are less confident shoppers

Age Subcultures

- Stages of the Family life cycle
- Millennium busters
- Generation Y
- Generation X or Busters
- Baby boomers
- The Elderly Consumers

Social Influences and social class

- **Social influence**
 - All Interactions with and Influences resulting from both formal and informal group memberships other than the family are included
- **Social class**
 - the division of members of a society
 - into a hierarchy of distinct status classes
 - so that members of all other classes have
 - either more or less status.
- **Social Class membership can affect both**
 - life-style and
 - purchasing behavior
- **Small group effects**
- **Innovators and Opinion Leaders.**

Groups

- **Groups: two or more individuals who**
 - share a set of norms,
 - have role relationships, and
 - experience inter-dependent behaviors
- **Status**
 - person's relative position in a group
- **Roles**
 - what members of the group expect of the individual
- **Reference groups**
 - Groups whose value structures and standards influence a person's behavior
 - » Membership groups
 - » Aspirational groups
 - » Disassociative group

Family and Household Influences

- Family
 - is a unit having at least two people related by blood or marriage living together
- Household
 - Any group of people who occupy a housing unit
- Degree of family Influence
- Family's role in purchase decisions
 - Influencer, decision maker, buyer, user, etc.
- Role played by other family members
 - Children, teens, other relatives

Characteristics of Family

- Families make and spend money continuously, day after day, for many years.
- Family decisions are made within a private, intimate, social group.
- Family consumption decisions are often not independent from one another.
- Families have multiple decision makers.
- Family decision making differs by the type of product or service being studied.
- Families differ significantly from each other.

Household Decision Making

- How do households make decisions?
- **Consensual** -
 - family members share the same goal but the details need to be settled
- **Accommodative** -
 - family members have different goals, thus conflict resolution must occur

Psychological Influences

- Motivation
- Perception
- Learning
- Personality
- Attitudes
- Values and lifestyles

Motivation

- What are needs?
 - Basic requirements - could be utilitarian or hedonistic
- Needs Vs. Wants
 - Needs are basic whereas wants are needs for specific products (or brands)
- Different Motives
 - Needs from physiological states of tension
 - Needs from psychological states of tension
- What are Motives?
 - Inner state that directs a person toward the goal of satisfying a need

Motivation



“lack of something necessary to the well-being of an individual

“uncontrollable feeling activated by internal and/or external stimulus



“action taken by an individual to reduce aroused tensions and satisfy stimulated needs”

Maslow's Hierarchy of Needs



Perception

- What is Perception?
 - process by which people select, organize, and interpret stimuli
- How does Perception occur?
 - interaction between external stimulus factors and internal individual factors
- Perceptual Selectivity
 - Consumers need to select stimuli for further processing
 - Selective attention, distortion, retention
- Perceptual Organization
 - Closure
 - » consumers tend to perceive an incomplete picture as complete.
 - Similarity
 - » consumers tend to group objects together.
 - Figure-ground
 - » part of stimulus will dominate

Learning and Self-concept

- What is Learning?
- Behavioral Learning
 - Classical and instrumental conditioning
 - Drives and cues
 - Reinforcement and learning
- Role of Memory
 - Associative learning

Personality

- A person's unique inner psychological makeup
 - Which consistently influences the way the person
 - Responds to his or her
- Nature of Personality
 - Personality reflects
 - Personality is
 - Personality can

Self-concept

- Who are we?
 - has four parts
 - Looking glass self
 - Real self
 - Self image
 - Ideal self

Attitudes

- **What are Attitudes?**
 - a learned pre-disposition
 - to respond favorably or unfavorably to stimuli
 - based on relatively enduring evaluations of
 - people, objects, and issues
- **Three Components of Attitude**
 - Cognitive – what I
 - Affective – what I
 - Behavioral – how I
- **Attitude Change**

How Attitudes Are Formed

- Standard Learning Hierarchy
 - Cognition, affect, behavior
- Low Involvement Hierarchy
 - Cognition, behavior, affect
- Experiential Hierarchy
 - Affect, behavior, cognition

Values and Life-style

- Values – ideals about what is desirable
- Life-style refers to
 - How people live
 - How they spend their money
 - And how they allocate their time
- Life-style results from
 - Personality
 - Plus income
 - Plus culture

Situational Influences

- Time effects
- Where consumers buy - shopping Environment
- How consumers buy - Terms and conditions of purchase
- Conditions under which consumers buy - states and mood
- Why consumers buy