

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.

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

- | | |
|---|---|
| <ul style="list-style-type: none"> • <i>Cultural</i> • <i>Social</i> • <i>Personal</i> • <i>Psychological</i> | <ul style="list-style-type: none"> • Culture • Subculture <ul style="list-style-type: none"> – 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

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

Maslow's Hierarchy of Needs



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.

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.

Adopter Categories

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

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.

Keywords

- Consumer buyer behavior
- Household
- Consumer market
- Black box
- Culture, subculture
- Social factors
- Personal factors
- Maslow's Needs Hierarchy
- Buying-Decision Behavior (Complex, Variety Seeking, Dissonance reducing, Habitual)
- Buyer Decision Process
- Internal stimuli
- External stimuli
- New Product Adoption Process
- Adopter categories (Innovators, Early Adopters, Early Majority, Late Majority, Laggards)