Chapter 04

Consumer Behaviour

Consumer Behaviour and Its Role in Marketing Decisions

Learning Objective 01

Consumer Behaviour is the process through which buyers make purchase decisions

PERSONAL DETERMINANTS OF CONSUMER BEHAVIOUR

NEEDS & MOTIVES
ATTITUDES
PERCEPTIONS
SELF CONCEPT
LEARNING

Influences on Buyer Behaviour

Cultural Influences
- Core Canadian Values
- Micro cultures
- Quebecois
- Chinese/South Asian Canadians
- Other cultures

Social Influences
- Reference Groups
- Social Classes
- Opinion Leaders

Family Influences
- Four types of spousal influences
- Children & Teenagers in Family Purchases

CONSUMER DECISION PROCESS

Problem Opportunity Recognition
Information Search
Evaluation of Alternatives
Purchase Decisions
Purchase Act
Post purchase Evaluation

High Involvement Decisions
Low Involvement Decisions
Routinized Response Behaviour
Limited Problem Solving
Extended Problem Solving

INPERSONAL DETERMINANTS OF CONSUMER BEHAVIOUR

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Learning Objective 02
Interpersonal Determinants of Consumer Behaviour

CULTURAL INFLUENCES

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Core Canadian Values

Culture – Values, beliefs, preferences, and tastes handed down from one generation to the next.

Micro cultures – Smaller groups within a society that has their own distinct characteristics and modes of behaviour

FAMILY INFLUENCES

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Every consumer belongs to a number of social groups (friendship, neighborhood, school, organizations, and sports)

These groups influence an individual’s purchase decisions in overt and subtle ways

Every group establishes certain norms of behaviour. Differences in groups’ status also affect behaviour

Social media provides opportunities for individuals to form and be influenced by new types of groups

SOCIAL INFLUENCES

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Reference Groups

- These are individuals or institutions whose opinions are valued and to whom a person looks for guidance in his or her own behaviour, values and conduct, such as family, friends or celebrities

- Consumers usually try to coordinate their purchase behaviour with their perceptions of the values of their reference groups

- Some consumer groups (children) are vulnerable to the influence of reference groups

Social Classes

- Researchers have identified six social classes in small/large North American cities – upper/upper, lower/upper, upper/middle & lower/middle

- Class rankings are determined by occupation, income, education, family background and residence location

- Occupation and income has been the primary characteristics of social class

- People of one social class may aspire to a higher class and exhibit buying behaviour common to that class

Opinion Leaders

- Opinion leaders are trend setters who purchase new products before others in a group and then influence others in their purchases

- They share their experience mainly through word of mouth

- Individuals tend to act as opinion leaders for specific goods and services based on their knowledge and interests

- Some opinion leaders influence purchases merely through their own actions

Four Types Spousal Influences

Four Types Spousal Influences

Autonomic Role
- Partners independently make equal numbers of decisions

Husband Dominant Role
- Husband usually makes certain purchase decisions

Wife Dominant Role
- Wife making most of the buying decisions

Syncratic Role
- Refers to joint decisions by both husband and wife

Children and Teenagers in Family Purchases

- They influence their parents buy

- They are bombarded with messages from a variety of media

- Preteens and teens have their own spending money

Values changes over time.

- Technology changes the way people exchange information, consumers adopt goods and services

- There are communication differences between age and generational cohorts the way they use technology

- Canada’s racial mix continues to change. By 2031, 29-32 of Canadians will belong to a visible minority

- Buying habits will be significantly different between different micro cultures and marketers will need to be sensitive to these changes

- The predicted changes of these micro cultures will affect the products that companies manufacture and the way they are marketed to meet the specific needs of these groups

See pages 110 to 112 for specific characteristics of some of Quebecois, Chinese Canadians, South Asian Canadians, and other cultural groups
PERCEPTIONS

- Perception is the meaning that a person attributes to incoming stimuli gathered through five senses (sight, hearing, touch, taste and smell).
- Behaviour is influenced to a larger extent by his/her perceptions of goods and services.
- A person's perception is affected by stimulus factors (characteristics of the physical product) and individual factors (sensory process and experiences).
- Perceptual screens – mental filter or block through which all inputs must pass to be noticed. The average consumer is bombarded with thousands of marketing messages and perceptual screens will determine how they respond to messages selectively.
- Some techniques work better than others to get through perceptual clutter. Word of mouth is still an effective method.

NEEDS & MOTIVES

- A need is an imbalance between consumers' actual and desired states. A Motive is an inner state that directs a person toward the goal of satisfying a need.
- Maslow's hierarchy of needs characterizes needs and arranges them into a hierarchy and states motives for an individual to move from one need level to another. These hierarchy of needs include – physiological needs, safety needs, social/belongingness needs, esteem needs and self-actualization needs.
- See pages 118-119 for a description of the hierarchy. See table 4.1 for suggested marketing strategies based on this hierarchy.
- As per Maslow, a satisfied need no longer has to be met. Once a lower order need is met, the individual moves on to pursue satisfaction of higher order needs.
- Critics have pointed out flaws in this model. They argue some needs can be in the same order, one can bypass some needs etc.

LEARNING

- Learning – knowledge or skills that is acquired as a result of experience, which changes consumer behaviour.
- Learning in a marketing context refers to immediate, expected changes in consumer behaviour as a result of experience.
- It includes the component of drive – which is a strong stimulus that implies action.
- Learning also relies on a cue – That is any object/signal in the environment that determines the nature of the consumer's response to a drive.
- Reinforcement is the reduction in drive that results from a proper response. It is the rationale that underlies frequent buyer programs.
- Marketers use shaping (process of applying a series of rewards and reinforcements to permit more complex behaviour to evolve over time) to develop a desired outcome (purchase, repeat purchase, brand loyalty) over a period of time.

ATTITUDES

- Attitudes – a person's enduring favourable or unfavourable evaluations, emotions or action tendencies towards an object or idea.
- They are formed over time through individual experiences and group contacts. They become highly resistant to change.
- Attitude has cognitive (individuals information and knowledge about a concept), affective (feelings and emotional reactions) & behavioural (tendencies to act in certain manner) components. They are interrelated to another.
- Markets attempt to produce consumer attitudes that will lead to a purchase or create and modify products to appeal to current attitudes.
- It is easier to create and maintain a positive attitude than to change an unfavourable attitude to a favourable one.
- At times although consumer attitudes towards your product are not unfavourable, consumers will not see a need or a motive to purchase. Marketers need to identify this difference clearly.

SELF CONCEPT

- Self-concept is a person's multifaceted picture of himself or herself. This plays an important role in consumer behaviour.
- Based on how you see yourself, one will act accordingly.
- A person's self-concept has four components:
  - Real Self – is an objective view of the total person
  - Self-Image – the way an individual views him/herself
  - The looking glass self – the way an individual thinks others see him/her
  - The Ideal Self – the image a person aspires
- When purchasing goods, people are likely to choose products that move them closer to their ideal self-images.
- Social media appeal to people's ideal self-images.
- Understanding the self-concept of a consumer will help marketers tailor their massages to suit their needs.
Learning Objective 05
Consumer Decision Process

Problem Opportunity Recognition
- The consumer becomes aware of a gap between the existing situation and a desired situation
- Marketers main task during this stage is to help the prospective buyers identify and recognize potential problems and needs

Information Search
- The consumer gathers information about the attainment of a desired state. For a high involvement purchase, there would be extensive research carried out than for a low involvement purchase
- Consumer may use internal sources (past experiences) or external sources (family, friends, co-workers, advertisements)
- Search will identify alternative brands considered for possible purchase. This is known as the evoked set

Evaluation of Alternatives
- Here the consumer will evaluate the evoked set options
- The consumer will use an evaluate criteria (features that a consumer considers in choosing among alternatives.) They could be objective facts or subjective impressions. Marketers can influence customers at this stage by educating customers about attributes that are important, attempt to show why a specific brand may fulfill these criteria, or induce the customer to expand their evoked set

Purchase Decisions & Purchase Act
- Here the customer has evaluated each alternative in the evoked set based on his/her personal set of evaluative criteria and narrowed the alternative to one
- The consumer decides where or from whom to make the purchase
- The above decision is also part of the evaluative criteria

Post purchase Evaluation
- The purchase will either make the buyer feel satisfied or will experience post purchase anxieties. This anxiety results from an imbalance among a person’s knowledge, beliefs and attitudes (cognitive dissonance)
- Marketers should help reduce this by providing information that supports the chosen alternative. The other alternative will be to change the product

High Involvement Decisions
- Buying decisions that evokes high levels of potential social or economic consequences. Example – buying a car or deciding where to go to a university

Low Involvement Decisions
- Routine Purchases that pose little risk to the consumer. Example – purchasing a candy bar from a vending machine

High versus Low Involvement Decisions

Routinized Response Behaviour
- Rapid consumer problem solving in which no new information is considered; the consumer has already set evaluative criteria and identified available options

Limited Problem Solving
- Situation in which the consumer invests a small amount of time and energy in searching for and evaluating alternatives

Extended Problem Solving
- Situation that involves lengthy external searchers and long deliberation; results when brands are difficult to categorize