Learning Outcomes

1. Explain why marketing managers should understand consumer behavior.
2. Analyze the components of the consumer decision-making process.
3. Identify the types of consumer buying decisions and discuss the significance of consumer involvement.
4. Identify and understand the cultural factors that affect consumer buying decisions.
5. Identify and understand the social factors that affect consumer buying decisions.
6. Identify and understand the individual factors that affect consumer buying decisions.
7. Identify and understand the psychological factors that affect consumer buying decisions.
The Importance of Understanding Consumer Behavior

Consumers’ product and service preferences are constantly changing. In order to address this constant state of flux and to create a proper marketing mix for a well-defined market, marketing managers must have a thorough knowledge of consumer behavior. Consumer behavior describes how consumers make purchase decisions and how they use and dispose of the purchased goods or services. The study of consumer behavior also includes an analysis of factors that influence purchase decisions and product use.

Understanding how consumers make purchase decisions can help marketing managers in several ways. For example, if a manager knows through research that gas mileage is the most important attribute for a certain target market, the manufacturer can redesign the product to meet that criterion. If the firm cannot change the design in the short run, it can use promotion in an effort to change consumers’ decision-making criteria. When Virgin Mobile realized that Gen Yers were looking for more flexibility and convenience and more value-added services than traditional mobile phone plans offered, the company redesigned its marketing strategy to more closely match targeted consumers’ needs, wants, and desires.

The Consumer Decision-Making Process

When buying products, consumers generally follow the consumer decision-making process shown in Exhibit 5.1: (1) need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase, and (5) postpurchase behavior. These five steps represent a general process that can be used as a guide for studying how consumers make decisions. This guideline does not assume that consumers’ decisions will proceed in order through all of the steps of the process. In fact, the consumer may end the process at any time or may not even make a purchase. The section on the types of consumer buying decisions later in the chapter discusses why a consumer’s progression through these steps may vary. Before addressing this issue, however, we...
need recognition
result of an imbalance
between actual and
desired states
stimulus
any unit of input affecting
one or more of the
five senses: sight, smell,
taste, touch, hearing
want
recognition of an unfulfilled
need and a product
that will satisfy it
internal information search
the process of recalling
past information stored
in the memory
external information search
the process of seeking
information in the outside
environment
nonmarketing-controlled
information source
a product information
source that is not associated
with advertising or promotion
someone has an unfulfilled need and has determined
that a particular good or service will satisfy it. A want
can be for a specific product, or it can be for a certain
attribute or feature of a product. For example, if your
cell phone runs through the washing machine in your
jeans pocket, you’ll need to buy a replacement and may
want one with Bluetooth capabilities.
A marketing manager’s objective is to get consumers
to recognize an imbalance between their present status and their preferred state. Advertising
and sales promotion often provide this stimulus. Surveying buyer preferences provides marketers
with information about consumer needs and wants that
can be used to tailor products and services.
Another way marketers create new products and
services is by observing trends in the marketplace.
IKEA, the home furnishing giant, realized that
Generation Y consumers prefer furniture that is stylish, easy to clean, multifunctional, and portable, so it
created a line of products to meet those preferences. One item in
the line is a space-saving, multifunctional desk that can be converted into a dining table; it has
wheels so that it can be easily moved.
Consumers recognize unfulfilled wants in various ways. The
two most common occur when a current product isn’t performing properly and when the consumer
will describe each step in the process in greater
detail.

Need Recognition
The first stage in the consumer decision-making process is need recognition. Need recognition
occurs when consumers are faced with an imbalance
between actual and desired states. Need recognition is triggered
when a consumer is exposed to either an internal or
an external stimulus. Internal stimuli are occurrences you
experience, such as hunger or thirst. External stimuli are influences
from an outside source such as someone’s recommendation
of a new restaurant, the design of a package, or an advertisement
on television or radio.
Marketing managers can create wants on the part of the
consumer. A want exists when
someone has an unfulfilled need and has determined
that a particular good or service will satisfy it. A want
can be for a specific product, or it can be for a certain
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two most common occur when a current product isn’t performing properly and when the consumer

is about to run out of something that is generally kept
on hand. Consumers may also recognize unfulfilled
wants if they become aware of a product that seems
superior to the one currently used. Aware of the popularity of MP3s and consumers’ desire to take their
music with them, car stereo manufacturers such as Sonicblue and Kenwood have added MP3 interfaces.
And as you read in Chapter 4, marketers selling
their products in global markets must carefully
observe the needs and wants of consumers in various
regions.

Information Search
After recognizing a need or want, consumers search for
information about the various alternatives available to
satisfy it. An information search can occur internally,
externally, or both. In an internal information search,
the person recalls information stored in the memory.
This stored information stems largely from previous
experience with a product, for example, recalling
whether a hotel where you stayed earlier in the year
had clean rooms and friendly service.
In contrast, an external information search seeks information in the outside
environment. There are two basic
types of external information sources: nonmarketing-controlled and marketing-controlled. A nonmarketing-controlled
information source is not associated with
marketers promoting a product. These
information sources include personal experiences (trying or observing a new product);
personal sources (family, friends, acquaintances, and coworkers who may recommend
a product or service); and public sources, such as Underwriters Laboratories, Consumer

Exhibit 5.1
Consumer Decision-Making Process

<table>
<thead>
<tr>
<th>1</th>
<th>Need recognition</th>
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<tbody>
<tr>
<td>2</td>
<td>Information search</td>
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<td>3</td>
<td>Evaluation of alternatives</td>
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<td>4</td>
<td>Purchase</td>
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<td>5</td>
<td>Postpurchase behavior</td>
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Reports, and other rating organizations that comment on products and services. For example, if you feel like seeing a movie, you may search your memory for past experiences at various cinemas when determining which one to go to (personal experience). To choose which movie to see, you may rely on the recommendation of a friend or family member (personal sources), or you may read the critical reviews in the newspaper or online (public sources). Marketers gather information on how these information sources work and use it to attract customers.

On the other hand, a marketing-controlled information source is biased toward a specific product, because it originates with marketers promoting that product. Marketing-controlled information sources include mass-media advertising (radio, newspaper, television, and magazine advertising), sales promotion (contests, displays, premiums, and so forth), salespeople, product labels and packaging, and the Internet. Many consumers, however, are wary of the information they receive from marketing-controlled sources, believing that most marketing campaigns stress the product’s attributes and ignore its faults. These sentiments tend to be stronger among better educated and higher income consumers.

The extent to which an individual conducts an external search depends on his or her perceived risk, knowledge, prior experience, and level of interest in the good or service. Generally, as the perceived risk of the purchase increases, the consumer enlarges the search and considers more alternative brands. You would probably spend more time researching the purchase of a laptop or a car than an energy drink. A consumer’s knowledge about the product or service will also affect the extent of an external information search. A consumers who is knowledgeable and well informed about a potential purchase is less likely to search for additional information and will conduct the search more efficiently, thereby requiring less time to search.

The extent of a consumer’s external search is also affected by confidence in one’s decision-making ability. Consumers who have had a positive prior experience with a product are more likely to limit their search to items related to the positive experience. For example, when flying, consumers are likely to choose airlines with which they have had positive experiences, such as consistent on-time arrivals, and avoid airlines with which they had a negative experience, such as lost luggage.

Finally, the extent of the search is positively related to the amount of interest a consumer has in a product. A consumer who is more interested in a product will spend more time searching for information and alternatives. A dedicated runner searching for a new pair of running shoes may enjoy reading about the new brands available and spend more time and effort than other buyers in deciding on the right shoe.

The consumer’s information search should yield a group of brands, sometimes called the buyer’s evoked set (or consideration set), which are the consumer’s most preferred alternatives. From this set, the buyer will further evaluate the alternatives and make a choice. Consumers do not consider all brands available in a product category, but they do seriously consider a much smaller set. Having too many choices can, in fact, confuse consumers and cause them to delay the decision to buy or, in some instances, cause them to not buy at all.

Evaluation of Alternatives and Purchase

After getting information and constructing an evoked set of alternative products, the consumer is ready to make a decision. A consumer will use the information stored in memory and obtained from outside sources to develop a set of criteria. These
of spending $25,000 new, you may revise your criteria and select the used car.

The goal of the marketing manager is to determine which attributes have the most influence on a consumer’s choice. Several attributes may collectively affect a consumer’s evaluation of products. A single attribute, such as price, may not adequately explain how consumers form their evoked set. Moreover, attributes the marketer thinks are important may not be very important to the consumer. A brand name can also have a significant impact on a consumer’s ultimate choice. By providing consumers with a certain set of promises, brands in essence simplify the consumer decision-making process so consumers do not have to rethink their options every time they need something.

Following the evaluation of alternatives, the consumer decides which product to buy or decides not to buy a product at all. If he or she decides to make a purchase, the next step in the process is an evaluation of the product after the purchase.

Standards help the consumer evaluate and compare alternatives. One way to begin narrowing the number of choices in the evoked set is to pick a product attribute and then exclude all products in the set that don’t have that attribute. For example, if you are buying a car and live in the mountains, you will probably exclude all cars without 4-wheel drive.

Another way to narrow the number of choices is to use cutoffs. Cutoffs are either minimum or maximum levels of an attribute that an alternative must pass to be considered. If your budget for that new car is $25,000, you will not consider any 4-wheel drive vehicle above that price point. A final way to narrow the choices is to rank the attributes under consideration in order of importance and evaluate the products based on how well each performs on the most important attributes.

If new brands are added to an evoked set, the consumer's evaluation of the existing brands in that set changes. As a result, certain brands in the original set may become more desirable. If you discover that you can get the exact car you want for $18,000 used instead of spending $25,000 new, you may revise your criteria and select the used car.

Survey Says... Households earning as much as $75,000 a year have begun changing their spending habits in response to rising fuel prices and slowdowns in the housing market. Items most likely to be thrown out of the evoked set: fashion accessories, clothing, home décor, electronics, and entertainment. Middle-income shoppers are being more deliberate about when—and how often—to trade up to a high-end item.

Postpurchase Behavior

When buying products, consumers expect certain outcomes from the purchase. How well these expectations are met determines whether the consumer is satisfied or dissatisfied with the purchase. For the marketer, an important element of any postpurchase evaluation is reducing any lingering doubts that the decision was sound. This is particularly important because 75 percent of all consumers say they had a bad experience in the last year with a product or service they purchased.3

When people recognize inconsistency between their values or opinions and their behavior, they tend to feel an inner tension called cognitive dissonance. For example, suppose a regular tanning bed customer decides to try a new—but more expensive—airbrush tanning method, called mystic tanning. Prior to purchase, the person may feel tension or anxiety, which is a feeling of dissonance. In her mind, the disadvantages (like higher costs) battle the advantages (being free of harmful ultraviolet rays).4

Consumers try to reduce dissonance by justifying their decision. They may seek new information that reinforces positive ideas about the purchase, avoid information that contradicts their decision, or revoke the original decision by returning the product. In some instances, people deliberately seek contrary information in order to refute it and reduce dissonance. Dissatisfied customers sometimes rely on word of mouth to reduce cognitive dissonance, by letting friends and family know they are displeased.

Marketing managers can help reduce dissonance through effective communication with purchasers. Postpurchase letters sent by manufacturers and dissonance-reducing statements in instruction booklets may help customers feel at ease with their purchase. Advertising that displays the product’s superiority over competing brands or guarantees can also help relieve the possible dissonance of someone who has already bought the product. Ultimately, the marketer’s goal is to ensure that the outcome meets or exceeds the customer’s expectations rather than being disappointing.5

LO3 Types of Consumer Buying Decisions and Consumer Involvement

All consumer buying decisions generally fall along a continuum of three broad categories: routine response behavior, limited decision making, and extensive decision making (see Exhibit 5.2). 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, and the number of alternatives considered. 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. These goods and services can also be called low-involvement products because consumers spend little time on search and decision before making the purchase. Usually, buyers are familiar with several different brands in the product category but stick with one brand. Consumers engaged in routine response behavior normally don’t experience need recognition until they are exposed to advertising or see the product displayed on a store shelf. Consumers buy first and evaluate later, whereas the reverse is true for extensive decision making.

Limited decision making typically occurs when a consumer has previous product experience but is unfamiliar with the current brands available. Limited
decision making is also associated with lower levels of involvement (although higher than routine decisions) because consumers expend only moderate effort in searching for information or in considering various alternatives. If a consumer’s usual brand of something is sold out, he or she will likely evaluate several other brands before making a final purchase.

Consumers practice extensive decision making when buying an unfamiliar, expensive product or an infrequently bought item; requires use of several criteria for evaluating options and much time for seeking information.

Factors Determining the Level of Consumer Involvement

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

- **Previous experience:** When consumers have had previous experience with a good or service, the level of involvement typically decreases. After repeated product trials, consumers learn to make quick choices. Because consumers are familiar with the product and know whether it will satisfy their needs, they become less involved in the purchase.

- **Interest:** Involvement is directly related to consumer interests, as in cars, music, movies, bicycling, or electronics. Naturally, these areas of interest vary from one individual to another. A person highly involved in bike racing will be more interested in the type of bike she owns that someone who rides a bike only for recreation.

- **Perceived risk of negative consequences:** As the perceived risk in purchasing a product increases, so does a consumer’s level of involvement. The types of risks that concern consumers include financial risk, social risk, and psychological risk. First, financial risk is exposure to loss of wealth or purchasing power. Because high risk is associated with high-priced purchases, consumers tend to become extremely involved. Therefore, price and involvement are usually directly related: As price increases, so does the level of involvement. Second, consumers take social risks when they buy products that can affect people’s social opinions of them (for example, driving an old, beat-up car or wearing unattractive clothes). Third, buyers undergo psychological risk if they feel that making the wrong decision might cause some concern or anxiety. For example, some consumers feel guilty about eating foods that are not healthy, such as regular ice cream rather than fat-free frozen yogurt.

- **Situation:** The circumstances of a purchase may temporarily transform a low-involvement decision into a high-involvement one. High involvement comes into play when the consumer perceives risk in a specific situation. For example, an individual might routinely buy canned fruit and vegetables, but for dinner parties shop for high-quality fresh produce.

- **Social visibility:** Involvement also increases as the social visibility of a product increases. Products often on social display include clothing (especially designer labels), jewelry, cars, and furniture. All these items make a statement about the purchaser and, therefore, carry a social risk.

Marketing Implications of Involvement

Marketing strategy varies according to the level of involvement associated with the product. For high-involvement product purchases, marketing managers have several responsibilities. First, promotion to the target market should be extensive and informative. A good ad gives consumers the information they need for making the purchase decision and specifies the benefits and unique advantages of owning the product.

For low-involvement product purchases, consumers may not recognize their wants until they are in the store. Therefore, marketing managers focus on package design so the product will be eye-catching and easily recognized on the shelf. In-store promotions and displays also stimulate sales of low-involvement products. A good display can explain the product’s purpose and prompt recognition of a want. Coupons, cents-off deals, and two-for-one offers also effectively promote low-involvement items.
Factors Influencing Consumer Buying Decisions

The consumer decision-making process does not occur in a vacuum. On the contrary, underlying cultural, social, individual, and psychological factors strongly influence the decision process. They have an effect from the time a consumer perceives a stimulus through postpurchase behavior. Cultural factors, which include culture and values, subculture, and social class, exert the broadest influence over consumer decision making. 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.

Psychological factors determine how consumers perceive and interact with their environments and influence the ultimate decisions consumers make. They include perception, motivation, learning, beliefs, and attitudes. Exhibit 5.3 summarizes these influences.

LO4 Cultural Influences on Consumer Buying Decisions

Of all the factors that affect consumer decision making, cultural factors exert the broadest and deepest influence. Marketers must understand the way people’s culture and its accompanying values, as well as their subculture and social class, influence their buying behavior.

Culture and Values

Culture is the essential character of a society that distinguishes it from other cultural groups. The underlying elements of every culture are the values,

Some components of American culture:

- Custom—Bathing daily
- Ritual—Thanksgiving dinner
- Value—Success through hard work
- Myth—Santa Claus and Easter Bunny
Language, myths, customs, rituals, and laws that shape the behavior of the culture, as well as the material artifacts, or products, of that behavior as they are transmitted from one generation to the next.

Culture is pervasive. What people eat, how they dress, what they think and feel, and what language they speak are all dimensions of culture. It encompasses all the things consumers do without conscious choice because their culture’s values, customs, and rituals are ingrained in their daily habits.

Culture is functional. Human interaction creates values and prescribes acceptable behavior for each culture. By establishing common expectations, culture gives order to society. Sometimes these expectations are enacted into laws, like drivers must stop at red lights. Other times these expectations are taken for granted: grocery stores and hospitals are open 24 hours whereas banks are open only 9 a.m. to 5 p.m.

Culture is learned. Consumers are not born knowing the values and norms of their society. Instead, they must learn what is acceptable from family and friends. Children learn the values that will govern their behavior from parents, teachers, and peers.

Culture is dynamic. It adapts to changing needs and an evolving environment. The rapid growth of technology in today’s world has accelerated the rate of cultural change. Television has changed entertainment patterns and family communication and has heightened public awareness of political and other news events. Automation has increased the amount of leisure time we have and, in some ways, has changed the traditional work ethic. Another factor that contributes to cultural shifts in the United States is our rapidly increasing diversity, which influences American food, music, clothing, and entertainment.

The most defining element of a culture is its values—the enduring beliefs shared by a society that a specific mode of conduct is personally or socially preferable to another mode of conduct. People’s value systems have a great effect on their consumer behavior. Consumers with similar value systems tend to react alike to prices and other marketing-related inducements. Values also correspond to consumption patterns. For example, Americans place a high value on convenience. This value has created lucrative markets for products such as breakfast bars, energy bars, and nutrition bars that allow consumers to eat on the go.

Core American values—those considered central to the American way of life—include things like success, freedom, materialism, capitalism, progress, and youth.

The personal values of target consumers have important implications for marketing managers. When marketers understand the core values that underlie the attitudes that shape the buying patterns of America’s consumers and how these values were molded by experiences, they can target their message more effectively. Values represent what is most important in people’s lives. Therefore, marketers watch carefully for shifts in consumers’ values over time.

Exhibit 5.3
Factors that Affect the Consumer Decision-Making Process
Tomers to “Turn it loose,” but the phrase in Spanish means “Suffer from diarrhea.” Though marketers expanding into global markets generally adapt their products and business formats to the local culture, some fear that increasing globalization, as well as the proliferation of the Internet, will result in a homogeneous world culture of the future.

Subculture

A culture can be divided into subcultures on the basis of demographic characteristics, geographic regions, national and ethnic background, political beliefs, and religious beliefs. A subculture is a homogeneous group of people who share elements of the overall culture as well as cultural elements unique to their own group. Within subcultures, people’s attitudes, values, and purchase decisions are even more similar than they are within the broader culture. Subcultural differences may result in considerable variation within a culture in what, how, when, and where people buy goods and services.

In the United States alone, countless subcultures can be identified. Many are concentrated geographically. People belonging to the Mormon religion, for example, are clustered mainly in Utah; Cajuns are located in the bayou regions of southern Louisiana. Many Hispanics live in states bordering Mexico, whereas the majority of Chinese, Japanese, and Korean Americans are found on the West Coast.

Other subcultures are geographically dispersed. For example, computer hackers, people who are hearing or visually impaired, Harley-Davidson bikers, military families, university professors, and gays may be found throughout the country. Yet they have identifiable attitudes, values, and needs that distinguish them from the larger culture.

Once marketers identify subcultures, they can design special marketing programs to serve their needs. In response to the growing Hispanic market, companies have been spending a larger percentage of their marketing budgets advertising to this group. Companies like Procter & Gamble, Anheuser-Busch, Hershey, and Chuck E. Cheese...
Social Class

The United States, like other societies, has a social class system. A social class is a group of people who are considered nearly equal in status or community esteem, who regularly socialize among themselves, who share behavioral norms both formally and informally, and who depend primarily on the welfare system for sustenance; little schooling; living standard below poverty line

One view of contemporary U.S. social class system is shown in Exhibit 5.4. The upper and upper middle classes comprise the small segment of affluent and wealthy Americans who are more likely to own their own home and purchase new cars and trucks and are less likely to smoke. The most affluent consumers are more likely to attend art auctions and galleries, dance performances, operas, the theater, museums, concerts, and sporting events.

The majority of Americans today define themselves as middle class, regardless of their actual income or educational attainment. This phenomenon most likely occurs because working-class Americans tend to aspire to the middle-class lifestyle while some of those who do achieve affluence may downwardly aspire to respectable middle-class status as a matter of principle.

The working class is a distinct subset of the middle class. Interest in organized labor is one of the most common attributes among the working class. This group often rates job security as the most important reason for taking a job. The working-class person depends heavily on relatives and the community for economic and emotional support.

Lifestyle distinctions between the social classes are greater than the distinctions within a given class. The most significant difference between the classes occurs between the middle and lower classes, where there is a major shift in lifestyles. Members of the lower class have incomes at or below the poverty level.

Social class is typically measured as a combination of occupation, income, education, wealth, and other variables. For instance, affluent upper-class consumers are more likely to be salaried executives or self-employed professionals with at least an undergraduate degree. Working-class or middle-class consumers are more likely to be hourly service workers or blue-collar employees with only a high school education. Educational attainment, however, seems to be the most reliable indicator of a person’s social and economic status. Those with college degrees or graduate degrees are more
Opinion Leaders

Reference groups frequently include individuals known as group leaders, or opinion leaders—those who influence others. Obviously, it is important for marketing managers to persuade such people to purchase their goods or services. Many products and services that are integral parts of Americans’ lives today got their initial boost from opinion leaders. For example, DVDs and SUVs (sport-utility vehicles) were purchased by opinion leaders well ahead of the general public.

Opinion leaders are often the first to try new products and services out of pure curiosity. They are typically self-indulgent, making them more likely to explore unproven but intriguing products and services. Technology companies have found that teenagers, because of their willingness to experiment, are key opinion leaders for the success of new technologies. For example, text messaging became popular with teenagers before it gained widespread appeal. As a result, many technology companies include it in their marketing programs targeted to likely to fall into the upper classes, while those people with some college experience but fall closest to traditional concepts of the middle class.

Marketing managers are interested in social class for two main reasons. First, social class often indicates which medium to use for advertising. An insurance company wanting to sell its policies to middle-class families might advertise during the local evening news because middle-class families tend to watch more television than other classes do, but if the company wanted to sell more policies to affluent individuals, it might place a print ad in a business publication like the Wall Street Journal. Second, knowing what products appeal to which social classes can help marketers determine where to best distribute their products.

LO5 Social Influences on Consumer Buying Decisions

Most consumers are likely to 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 where attribute information is lacking or uninformative. Specifically, consumers interact socially with reference groups, opinion leaders, and family members to obtain product information and decision approval.

Reference Groups

All the formal and informal groups that influence the buying behavior of an individual are that person’s reference groups. Consumers may use products or brands to identify with or become a member of a group. They learn from observing how members of their reference groups consume, and they use the same criteria to make their own consumer decisions.

The activities, values, and goals of reference groups directly influence consumer behavior. For marketers, reference groups have three important implications: (1) they serve as information sources and influence perceptions; (2) they affect an individual’s aspiration levels; and (3) their norms either constrain or stimulate consumer behavior. Understanding the effect of reference groups on a product is important for marketers as they track the life cycle of their products. Retailer Abercrombie & Fitch noticed it was beginning to lose its target audience of college students when its stores began attracting large numbers of high school students trying to be more like the college students. To solve the problem, A&F created its Hollister store chain specifically for high school students.9

Chapter 5: Consumer Decision Making

9

CLASSY IDEA

BMW is looking for opinion leaders in the “idea class,” a group comprised of roughly 1.5 million architects, professionals, innovators, and entrepreneurs who are more interested in design, authenticity, and independent thinking. Over a five-year period, BMW has increased U.S. sales by 62 percent, but still has less than a 2 percent share of the U.S. market.10

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Opinion leadership is a casual, face-to-face phenomenon, and usually inconspicuous, so locating opinion leaders can be a challenge. Thus, marketers often try to create opinion leaders. They may use high school cheerleaders to model new fall fashions or civic leaders to promote insurance, new cars, and other merchandise. Revatex, the maker of JNCO jeans, sponsors extreme-sports athletes who appeal to the teen market. It also gives free clothes to trendsetters among teens in the hopes they will influence others to purchase the brand. JNCO outfits big-name DJs in the rave scene, as well as members of hip, alternative bands favored by the teen crowd.

How Blogs Are Defining Today’s Opinion Leaders

Increasingly, marketers are looking to Web logs, or blogs, as they’re commonly called, to find opinion leaders. In 2005, 10 percent of consumers read blogs, twice as many as in the previous year. The problem, though, is that with over 25 million unique blogs and 70,000 new ones coming online every day, it’s getting harder to separate the true opinion leaders from intermediate Web users who are just looking to share random thoughts or vacation photos with family and friends. The fashion industry used to dismiss bloggers as snarky and small time, effectively limiting their access to hot events during semi-annual fashion week shows. Now, however, fashion bloggers have the attention of the fashion establishment because many are claiming bigger followings than traditional media. Still, not all fashion blogs are equal. Bloggers from FashionTribes.com and Bagtrends.com received tickets to some fall 2006 shows, but shopology.com and Coutourture.com were denied access because their audiences were too small.

Family

The family is the most important social institution for many consumers, strongly influencing values, attitudes, self-concept—and buying behavior. For example, a family that strongly values good health will have a grocery list distinctly different from that of a family that views every dinner as a gourmet event. Moreover, the family is responsible for the socialization process, the passing down of cultural values and norms to children. Children learn by observing their parents’ consumption patterns, and so they will tend to shop in a similar pattern.

Decision-making roles among family members tend to vary significantly, depending on the type of item purchased. Family members assume a variety of roles in the purchase process. Initiators suggest, initiate, or plant the seed for the purchase process. The initiator can be any member of the family. For example, Sister might initiate the product search by asking for a new bicycle as a birthday present. Influencers are those members of the family whose opinions are valued. In our example, Mom might function as a price-range watchdog, an influencer whose main role is to veto or approve price ranges. Brother may give his opinion on certain makes of bicycles. The decision maker is the family member who actually makes the decision to buy or not to buy. For example, Dad or Mom is likely to choose the final brand and model of bicycle to buy after seeking further information from Sister about cosmetic features such as color and imposing additional criteria of his or her own, such as durability and safety. The purchaser (probably Dad or Mom) is the one who actually exchanges money for the product. Finally, the consumer is the actual user—Sister, in the case of the bicycle.

Marketers should consider family purchase situations along with the distribution of consumer and decision-maker roles among family members. Ordinary marketing views the individual as both decision maker and consumer. Family marketing adds several other possibilities: Sometimes more than one family member is involved in the decision; sometimes only children are involved in the decision; sometimes more than one consumer is involved; and sometimes the decision maker and the consumer are different people.
Age and Family Life-Cycle Stage

The age and family life-cycle stage of a consumer can have a significant impact on consumer behavior. How old a consumer is generally indicates what products he or she may be interested in purchasing. Consumer tastes in food, clothing, cars, furniture, and recreation are often age related. For example, researchers from American Demographics magazine and the research firm Encino examined the correlation between television shows and the age of viewers. As expected, the target audience of many TV shows directly coincided with the age of their viewers.

Related to a person’s age is his or her place in the family life cycle. As Chapter 7 explains in more detail, the family life cycle is an orderly series of stages through which consumers’ attitudes and behavioral tendencies evolve through maturity, experience, and changing income and status. Marketers often define their target markets in terms of family life cycle, such as “young singles,” “young married with children,” and “middle-aged married without children.” As you can imagine, the spending habits of young singles, young parents, empty nesters are very different. For instance, the presence of children in the home is the most significant determinant of the type of vehicle that’s driven off the new car lot. Parents are the ultimate need-driven car consumers, requiring larger cars and trucks to haul their children and all their belongings. It comes as no surprise then that for all households with children, SUVs rank either first or second among new-vehicle purchases followed by minivans.

Marketers should also be aware of the many non-traditional 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.

Personality, Self-Concept, and Lifestyle

Each consumer has a unique personality. Personality is a broad concept that can be thought of as a way of organizing and grouping how an individual typically reacts to situations. Thus, personality combines psychological makeup and environmental forces. It includes people’s underlying dispositions, especially their most dominant characteristics. Although
describe and measure, lifestyle characteristics are useful in segmenting and targeting consumers. Lifestyle and psychographic analysis explicitly addresses the way consumers outwardly express their inner selves in their social and cultural environment. Many companies now use psychographics to better understand their market segments. Psychographics and lifestyle segmentation are discussed in more detail in Chapter 7.

Psychological Influences on Consumer Buying Decisions

An individual’s buying decisions are further influenced by psychological factors: perception, motivation, learning, and beliefs and attitudes. These factors are what consumers use to interact with their world. 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 spe-

| self-concept | how consumers perceive themselves in terms of attitudes, perceptions, beliefs, and self-evaluations |
| ideal self-image | the way an individual would like to be |
| real self-image | the way an individual actually perceives himself or herself |
| lifestyle | a mode of living as identified by a person’s activities, interests, and opinions |

Through self-concept, people define their identity, which in turn provides for consistent and coherent behavior.

Self-concept combines the ideal self-image (the way an individual would like to be) and the real self-image (how an individual actually perceives himself or herself). Generally, we try to raise our real self-image toward our ideal (or at least narrow the gap). Consumers seldom buy products that jeopardize their self-image. For example, someone who sees herself as a trendsetter wouldn’t buy clothing that doesn’t project a contemporary image.

Human behavior depends largely on self-concept. Because consumers want to protect their identity as individuals, the products they buy, the stores they patronize, and the credit cards they carry support their self-image. By influencing the degree to which consumers perceive a good or service to be self-relevant, marketers can affect consumers’ motivation to learn about, shop for, and buy a certain brand. Marketers also consider self-concept important because it helps explain the relationship between individuals’ perceptions of themselves and their consumer behavior.

An important component of self-concept is body image, the perception of the attractiveness of one’s own physical features. For example, a person’s perception of body image can be a stronger reason for weight loss than either good health or other social factors. With the median age of Americans rising, many companies are introducing products and services aimed at aging baby boomers who are concerned about their age and physical appearance. Marketers are also seeing boomers respond to products aimed at younger audiences. For instance, to the surprise of company managers, Starwood’s “W” Hotels, designed and advertised to attract a young, hip crowd, are attracting large numbers of boomers as well.

Personality and self-concept are reflected in lifestyle. A lifestyle is a mode of living, as identified by a person’s activities, interests, and opinions. Psychographics is the analytical technique used to examine consumer lifestyles and to categorize consumers. Unlike personality characteristics, which are hard to
A typical consumer is exposed to more than 2,500 advertising messages a day but notices only between 11 and 20.

Perception

The world is full of stimuli. A stimulus is any unit of input affecting one or more of the five senses: sight, smell, taste, touch, and hearing. The process by which we select, organize, and interpret these stimuli into a meaningful and coherent picture is called perception. In essence, perception is how we see the world around us and how we recognize that we need some help in making a purchasing decision.

People cannot perceive every stimulus in their environment. Therefore, they use selective exposure to decide which stimuli to notice and which to ignore. The familiarity of an object, contrast, movement, intensity (such as increased volume), and smell are cues that influence perception. Consumers use these cues to identify and define products and brands. The shape of a product’s packaging, such as Coca-Cola’s signature contour bottle, for instance, can influence perception. Color is another cue, and it plays a key role in consumers’ perceptions. Packaged foods manufacturers use color to trigger unconscious associations for grocery shoppers who typically make their shopping decisions in the blink of an eye, like using green to signal environmental well-being and healthy, low-fat foods, and black, brown, and gold to convey the use of superior ingredients. The shape and look of a product’s packaging can also influence perception.

What is perceived by consumers may also depend on the stimulus’s vividness or shock value. Graphic warnings of the hazards associated with a product’s use are perceived more readily and remembered more accurately than less vivid warnings or warnings that are written in text. “Sexier” ads excel at attracting the attention of younger consumers. Companies like Calvin Klein and Guess use sensuous ads to “cut through the clutter” of competing ads and other stimuli to capture the attention of the target audience.

Two other concepts closely related to selective exposure are selective distortion and selective retention. Selective distortion occurs when consumers change or distort information that conflicts with their feelings or beliefs. For example, suppose you buy a Sonicblue Rio MP3 player. After the purchase, if you get new information about an alternative brand, such as an Apple iPod, you may distort the information to make it more consistent with the prior view that the Sonicblue Rio is just as good as the iPod, if not better.

Selective retention is remembering only information that supports personal feelings or beliefs. The consumer forgets all information that may be inconsistent. Consumers may see a news report on suspected illegal practices by their favorite retail store, but soon forget the reason the store was featured on the news. Which stimuli will be perceived often depends on the individual. People can be exposed to the same stimuli under identical conditions but perceive them very differently. For example, two people viewing a TV

Is Subliminal Perception Real?

In 1957, a researcher claimed to have increased popcorn and Coca-Cola sales at a movie theater after flashing “Eat popcorn” and “Drink Coca-Cola” on the screen every five seconds for 1/300th of a second, although the audience did not consciously recognize the messages. Almost immediately consumer protection groups became concerned that advertisers were brainwashing consumers, and this practice was pronounced illegal in California and Canada. The researcher later admitted to making up the data, and scientists have been unable to replicate the study since. Nonetheless, consumers are still wary of hidden messages that advertisers may be sending.
Motives
Analyzing Marketing Opportunities, shown in Exhibit 5.5, social, the minimum difference in include actualization
a method of classifying human needs and motivations into five categories in ascending order of importance: physiological, safety, social, esteem, and self-actualization.

Marketers must recognize the importance of cues, or signals, in consumers’ perception of products. Marketing managers first identify the important attributes, such as price or quality, that the targeted consumers want in a product and then design signals—like price—to communicate these attributes. Gibson Guitar Corporation briefly cut prices on many of its guitars to compete with Japanese rivals Yamaha and Ibanez but found instead that it sold more guitars when it charged more for them. Consumers perceived that the higher price indicated a better quality instrument.19

Marketing managers are also interested in the threshold level of perception: the minimum difference in a stimulus that the consumer will notice. This concept is sometimes referred to as the “just-noticeable difference.” For example, how much would Apple have to drop the price of its iPod Shuffle before consumers recognized it as a bargain—$25? $50? or more? One study found that the just-noticeable difference in a stimulus is about a 20 percent change. That is, consumers will likely notice a 20 percent price decrease more quickly than a 15 percent decrease. This marketing principle can be applied to other marketing variables as well, such as package size or loudness of a broadcast advertisement.20

Another study showed that the bargain-price threshold for a name brand is lower than that for a store brand. In other words, consumers perceive a bargain more readily when stores offer a small discount on a name-brand item than when they offer the same discount on a store brand; a larger discount is needed to achieve a similar effect for a store brand.21 Researchers also found that for low-cost grocery items, consumers typically do not see past the second digit in the price. For instance, consumers do not perceive any real difference between two comparable cans of tuna, one priced at $1.52 and the other at $1.59, because they ignore the last digit.22

Marketing managers who intend to do business in global markets should be aware of how foreign consumers perceive their products. For instance, in Japan, product labels are often written in English or French, even though they may not translate into anything meaningful. Many Japanese associate foreign words on product labels with the exotic, the expensive, and high quality.

Motivation
By studying motivation, marketers can analyze the major forces influencing consumers to buy or not buy products. When you buy a product, you usually do so to fulfill some kind of need. These needs become motives when aroused sufficiently. For instance, you can be motivated by hunger to stop at McDonald’s for, say, an Egg McMuffin before an early-morning class. Motives are the driving forces that cause a person to take action to satisfy specific needs.

Why are people driven by particular needs at particular times? One popular theory is Maslow’s hierarchy of needs, shown in Exhibit 5.5, which arranges needs in ascending order of importance: physiological, safety, social, esteem, and self-actualization. As a person fulfills one need, a higher level need becomes more important.

The most basic human needs are physiological—that is the needs for food, water, and shelter. Because they are essential to survival, these needs must be satisfied first. Safety needs include security and freedom from pain and discomfort. Marketers sometimes appeal to consumers’ fears and anxieties about safety to sell their products. After physiological and safety needs have been fulfilled, social needs—especially love and a sense of belonging—become the focus. Love includes acceptance by one’s peers, as well as sex and romantic love. Marketing managers probably appeal more to this need than to any other. The need to belong is also a favorite of marketers, especially those marketing products to teens. Shoes and clothing brands such as Nike, adidas, Tommy Hilfiger,
consumers that their sales are generally unaffected by economic downturns.

The highest human need is self-actualization. It refers to finding self-fulfillment and self-expression, reaching the point in life at which “people are what they feel they should be.” Maslow felt that very few people ever attain this level. Even so, advertisements may focus on this type of need.

**Learning**

Almost all consumer behavior results from learning, which is the process that creates changes in behavior through experience and practice. It is not possible to observe learning directly, but we can infer when it has occurred by a person’s actions. For example, suppose you see an advertisement for a new and improved cold medicine. If you go to the store that day and buy that remedy, we infer that you have learned something about the cold medicine.

There are two types of learning: experiential and conceptual. Experiential learning occurs when an experience changes your behavior. For example, if the new cold medicine does not relieve your symptoms, you may not buy that brand again. Conceptual learning, which is not acquired through direct experience, is the second type of learning. Assume, for example, that you are standing at a soft drink machine and notice a new diet flavor with an artificial sweetener. Because someone has told you that diet beverages leave an aftertaste, you choose a different drink. You have learned that you would not like this new diet drink without ever trying it.

Reinforcement and repetition boost learning. Reinforcement can be positive or negative. If you see a vendor selling frozen yogurt (stimulus), buy it (response), and find the yogurt to be quite refreshing (reward), your behavior has been positively reinforced. On the other hand, if you buy a new flavor of yogurt and it does not taste good (negative reinforcement), you will not buy that flavor of yogurt again (response). Without positive or negative reinforcement, a person will not be motivated to repeat the behavior pattern or to avoid it. Thus, if a
Beliefs and Attitudes

Beliefs and attitudes are closely linked to values. A belief is an organized pattern of knowledge that an individual holds as true about his or her world. A consumer may believe that Sony’s camcorder makes the best home videos, tolerates hard use, and is reasonably priced. These beliefs may be based on knowledge, faith, or hearsay. Consumers tend to develop a set of beliefs about a product’s attributes and then, through these beliefs, form a brand image—a set of beliefs about a particular brand. In turn, the brand image shapes consumers’ attitudes toward the product.

An attitude is a learned tendency to respond consistently toward a given object, such as a brand. Attitudes rest on an individual’s value system, which represents personal standards of good and bad, right and wrong, and so forth; therefore, attitudes tend to be more enduring and complex than beliefs. For an example of the nature of attitudes, consider the differing attitudes of American and European consumers toward the practice of purchasing on credit. Americans have long been enthusiastic about charging goods and services and are willing to pay high interest rates for the privilege of postponing payment. To many European consumers, doing what amounts to taking out a loan—even a small one—to pay for anything seems absurd.

Changing Beliefs

If a good or service is meeting its profit goals, positive attitudes toward the product merely need to be reinforced. If the brand is not succeeding, however, the marketing manager must strive to change target consumers’ attitudes toward it. This change can be accomplished in three ways: changing beliefs about the brand’s attributes, changing the relative impor-
more difficult than getting them to change brands of razor blades. Image, which is also largely intangible, significantly determines service patronage. Service marketing is explored in detail in Chapter 11.

The second approach to modifying attitudes is to change the relative importance of beliefs about an attribute. For years, Cole Haan used boats and cars in its ads for years to associate the brand with active lifestyles, an important attribute for men. Now that it is selling women’s products, its new ads use models and emphasize how the products look, an important attribute for women.23 Marketers can also emphasize the importance of some beliefs over others. The third approach to transforming attitudes is to add new beliefs, such as that breakfast cereal is also a great after-school snack.

Changing beliefs about a service can be more difficult because service attributes are intangible. Convincing consumers to switch hairstylists or lawyers or to go to a mall dental clinic can be much more difficult than getting them to change brands of razor blades. Image, which is also largely intangible, significantly determines service patronage. Service marketing is explored in detail in Chapter 11.

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Members of “idea class” > 1.5 million

Median income of someone with a bachelor’s degree > $64,406

Levels in Maslow’s hierarchy of needs, steps in the consumer decision-making process > 5

< Number of shows in fall 2006 fashion week

< Actual highway gas mileage of Hummer H3

< Perceived highway gas mileage of Hummer H3

< Number of advertising messages a consumer actually remembers each day

< Number of advertising messages a typical consumer is exposed to in a day

2,500

11-20

191

13

20

$64,406