

Principles of Marketing

A Global Perspective

Philip Kotler
Gary Armstrong
Swee Hoon Ang
Siew Meng Leong
Chin Tiong Tan
Oliver Yau Hon-Ming

5

**Consumer Markets and
Consumer Buyer
Behavior**

Learning Objectives

After studying this chapter, you should be able to:

1. Define the consumer market and construct a simple model of consumer buyer behavior
2. Name the four major factors that influence consumer buyer behavior
3. List and understand the major types of buying decision behavior and the stages in the buyer decision process
4. Describe the adoption and diffusion process for new products



Chapter Outline

1. Model of Consumer Behavior
2. Characteristics Affecting Consumer Behavior
3. Types of Buying Decision Behavior
4. The Buyer Decision Process
5. The Buyer Decision Process for New Products
6. Consumer Behavior Across International Borders



Model of Consumer Behavior

- **Consumer buyer behavior** refers to the buying behavior of final consumers—individuals and households who buy goods and services for personal consumption.
- **Consumer market** refers to all of the personal consumption of final consumers.



Model of Consumer Behavior

Marketing stimuli consists of the 4 Ps

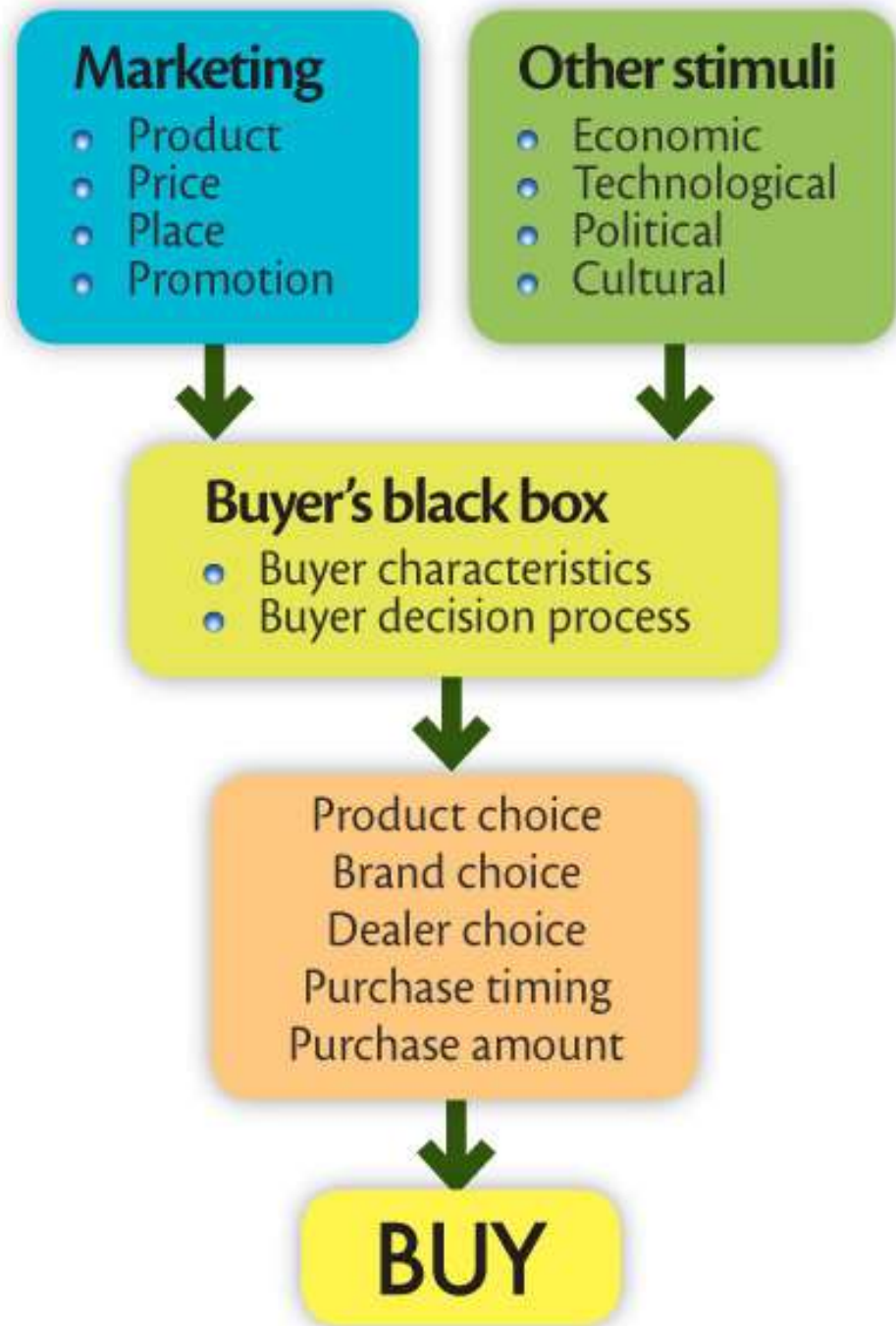
- **P**roduct
- **P**rice
- **P**lace
- **P**romotion



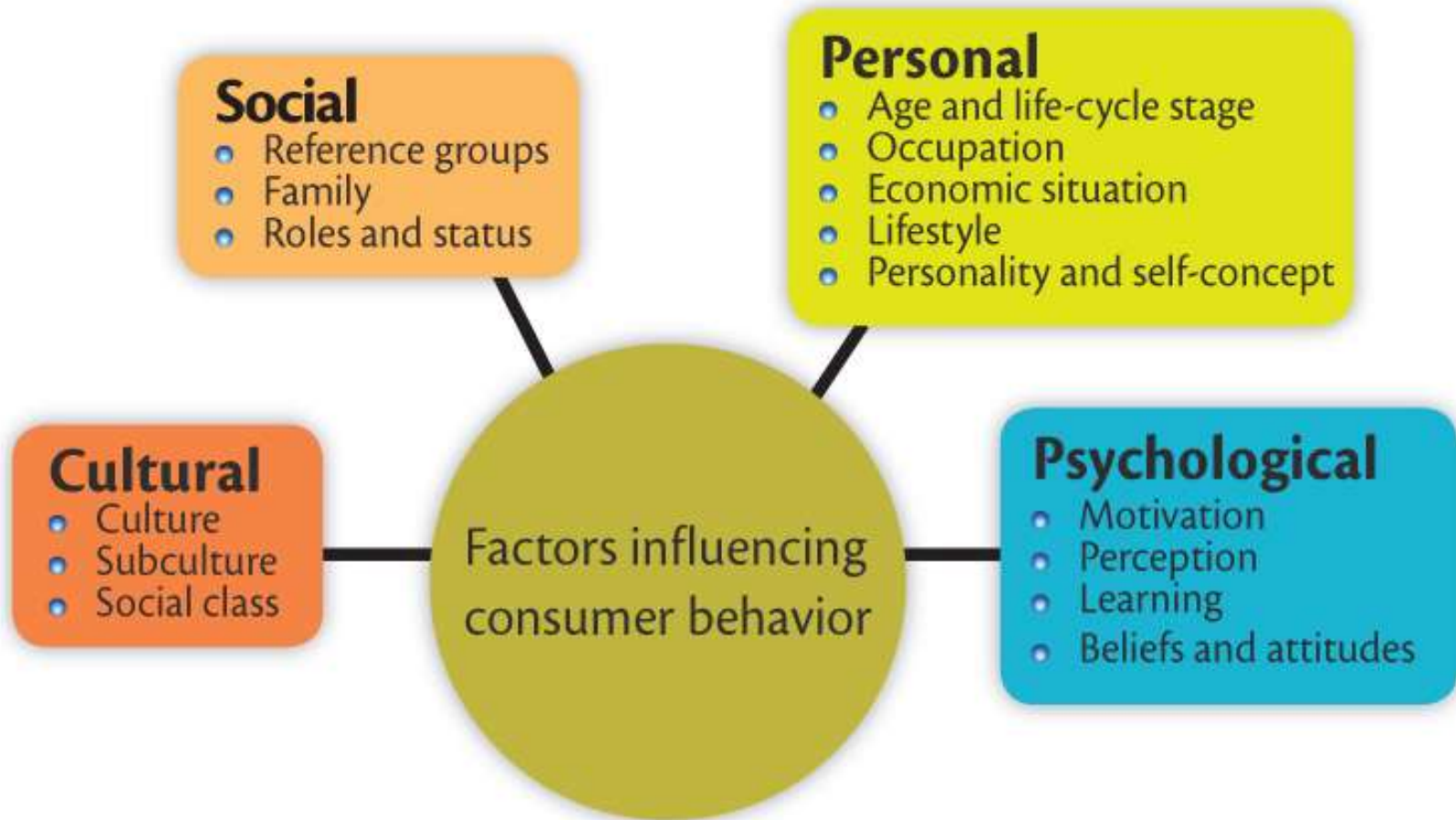
Other stimuli include:

- Economic forces
- Technological forces
- Political forces
- Cultural forces

Model of Consumer Behavior



Factors influencing Consumer Behavior



Characteristics Affecting Consumer Behavior

Cultural Factors

- Buyer's culture
- Buyer's subculture
- Buyer's social class



Social Factors

- Reference groups
- Family
- Roles and status



Characteristics Affecting Consumer Behavior

Personal Factors

- Age and life-cycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality and self-concept

Psychological Factors

- Motivation
- Perception
- Learning
- Beliefs and attitudes



Characteristics Affecting Consumer Behavior



Culture is the learned values, perceptions, wants, and behavior from family and other important institutions.



Characteristics Affecting Consumer Behavior

Subcultures are groups of people within a culture with shared value systems based on common life experiences and situations.

- Chinese
- Indians
- Malays
- Eurasians



Characteristics Affecting Consumer Behavior

- **Social classes** are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.
 - Measured by a combination of occupation, income, education, wealth, and other variables



Characteristics Affecting Consumer Behavior

The major social classes:

- Upper class
- Middle class
- Working class
- Lower class



Characteristics Affecting Consumer Behavior

Social Factors

Groups

- **Membership groups** have a direct influence and to which a person belongs.
- **Aspirational groups** are groups to which an individual wishes to belong.
- **Reference groups** are groups that form a comparison or reference in forming attitudes or behavior.



Characteristics Affecting Consumer Behavior

Social Factors

Groups

- **Opinion leaders** are people within a reference group with special skills, knowledge, personality, or other characteristics that can exert social influence on others.
 - **Buzz marketing** enlists opinion leaders to spread the word.
 - **Social networking** is a new form of buzz marketing
 - MySpace.com
 - Facebook.com



Characteristics Affecting Consumer Behavior

Social Factors

- **Family** is the most important consumer-buying organization in society.
- **Social roles and status** are the groups, family, clubs, and organizations to which a person belongs that can define role and social status.



Characteristics Affecting Consumer Behavior

Personal Factors

- Personal characteristics
- Age and life-cycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality and self-concept



Characteristics Affecting Consumer Behavior

Personal Factors

Age and life-cycle stage

- RBC (Royal Bank of Canada) Royal Bank has identified five life-stage segments:
 - Youth—younger than 18 years
 - Getting started—18-35 years
 - Builders—35-50 years
 - Accumulators—50-60 years
 - Preservers—over 60 years



Characteristics Affecting Consumer Behavior

Personal Factors

- **Occupation** affects the goods and services bought by consumers.
- **Economic situation** includes trends in:
 - Personal income
 - Savings
 - Interest rates



Characteristics Affecting Consumer Behavior

Personal Factors

- **Lifestyle** is a person's pattern of living as expressed in his or her psychographics.
 - Measures a consumer's AIOs (activities, interests, and opinions) to capture information about a person's pattern of acting and interacting in the environment.



Characteristics Affecting Consumer Behavior

Personal Factors

SRI Consulting's Values and Lifestyle (**VALS**) typology:

- Classifies people according to how they spend money and time:
 - Primary motivations
 - Resources



Characteristics Affecting Consumer Behavior

Personal Factors

Primary motivations

- Ideals
- Achievement
- Self-expression



Characteristics Affecting Consumer Behavior

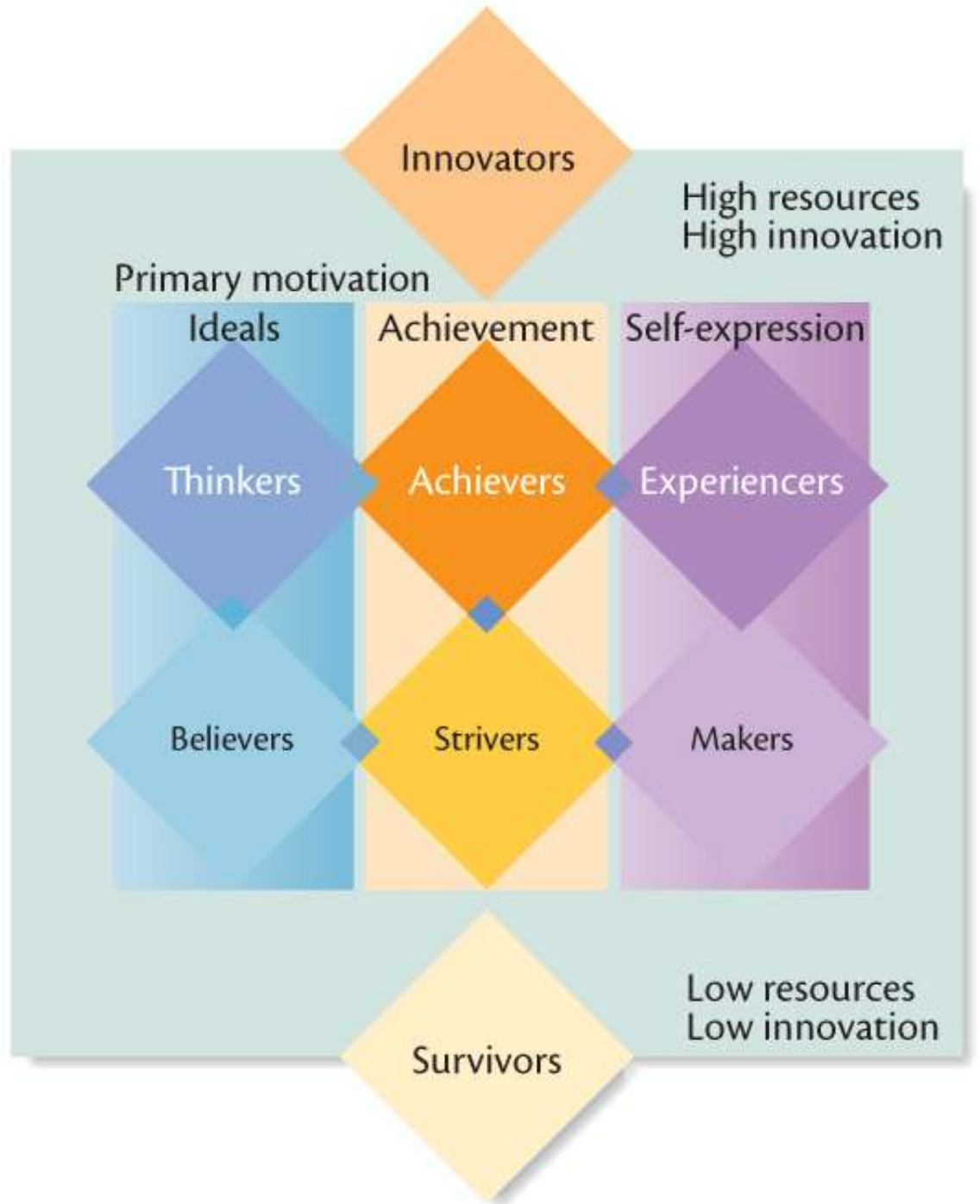
Personal Factors

Resources

- High resources
 - Innovators exhibit all primary motivations.
- Low resources
 - Survivors do not exhibit strong primary motivation.



VALS Lifestyle Classifications



Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

- **Personality** refers to the unique psychological characteristics that lead to consistent and lasting responses to the consumer's environment.



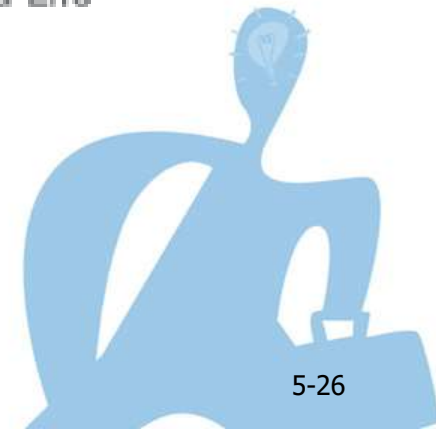
Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

Brand personality refers to the specific mix of human traits that may be attributed to a particular brand:

- Sincerity
- Excitement
- Competence
- Sophistication
- Ruggedness



Characteristics Affecting Consumer Behavior

Personal Factors

Personality and Self-Concept

- **Self-concept** refers to people's possessions that contribute to and reflect their identities.



Characteristics Affecting Consumer Behavior

Psychological Factors

- Motivation
- Perception
- Learning
- Beliefs and attitudes



Characteristics Affecting Consumer Behavior

Psychological Factors

Motivation

- A **motive** is a need that is sufficiently pressing to direct the person to seek satisfaction.
- **Motivation research** refers to qualitative research designed to probe consumers' hidden, subconscious motivations.

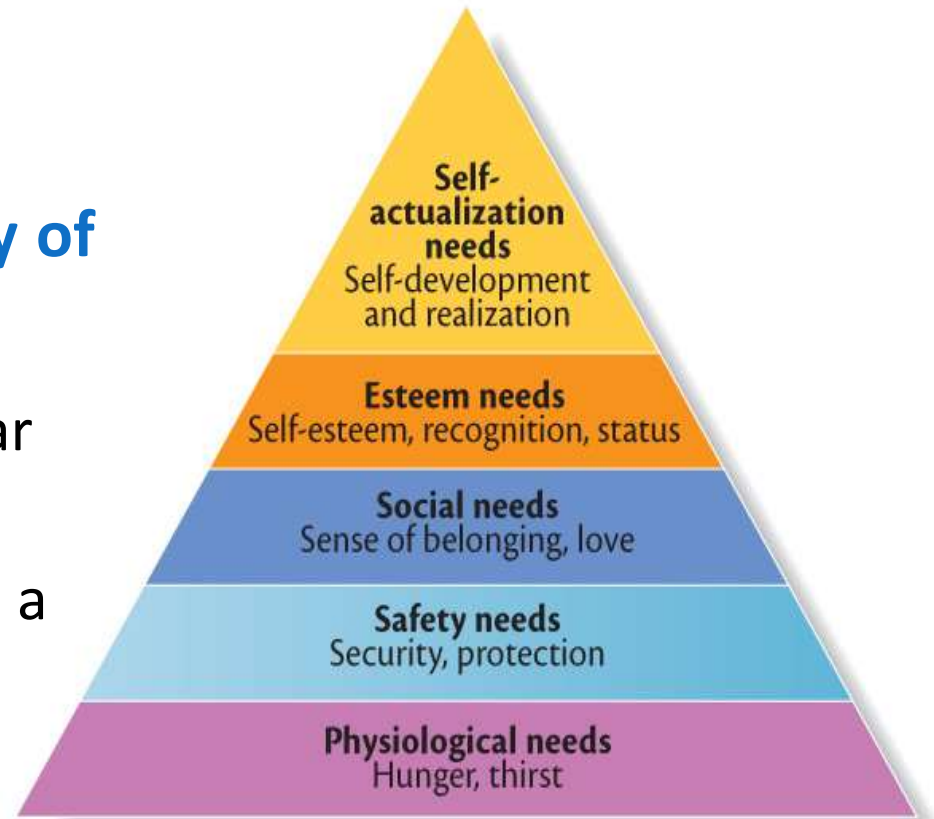


Characteristics Affecting Consumer Behavior

Psychological Factors

Abraham Maslow's Hierarchy of Needs

- People are driven by particular needs at particular times.
- Human needs are arranged in a hierarchy from most pressing to least pressing.



Characteristics Affecting Consumer Behavior

Psychological Factors

- **Perception** is the process by which people select, organize, and interpret information to form a meaningful picture of the world from three perceptual processes:
 - Selective attention
 - Selective distortion
 - Selective retention



Characteristics Affecting Consumer Behavior

Psychological Factors

- **Selective attention** is the tendency for people to screen out most of the information to which they are exposed.
- **Selective distortion** is the tendency for people to interpret information in a way that will support what they already believe.
- **Selective retention** is the tendency to remember good points made about a brand they favor and to forget good points about competing brands.



Characteristics Affecting Consumer Behavior

Psychological Factors

- **Learning** is the changes in an individual's behavior arising from experience and occurs through interplay of:
 - Drives
 - Stimuli
 - Cues
 - Responses
 - Reinforcement



Characteristics Affecting Consumer Behavior

Psychological Factors

Beliefs and Attitudes

- **Belief** is a descriptive thought that a person has about something based on:
 - Knowledge
 - Opinion
 - Faith



Characteristics Affecting Consumer Behavior

Psychological Factors

Beliefs and Attitudes

Attitudes describe a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea.



Four Types of Buying Decision Behavior

- Complex buying behavior
- Dissonance-reducing buying behavior
- Habitual buying behavior
- Variety-seeking buying behavior

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

Types of Buying Decision Behavior

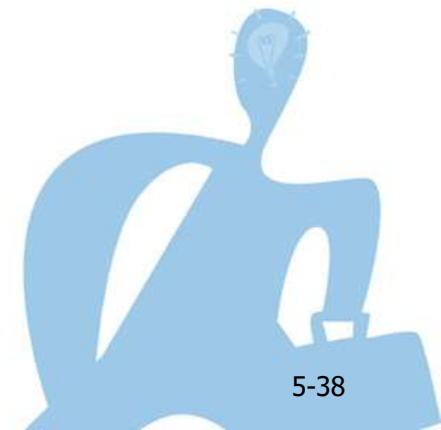
Complex Buying Behavior

- Occurs when consumers are highly motivated in a purchase and perceive significant differences among brands.
- Purchasers are highly motivated when:
 - Product is expensive
 - Product is risky
 - Product is purchased infrequently
 - Product is highly self-expressive



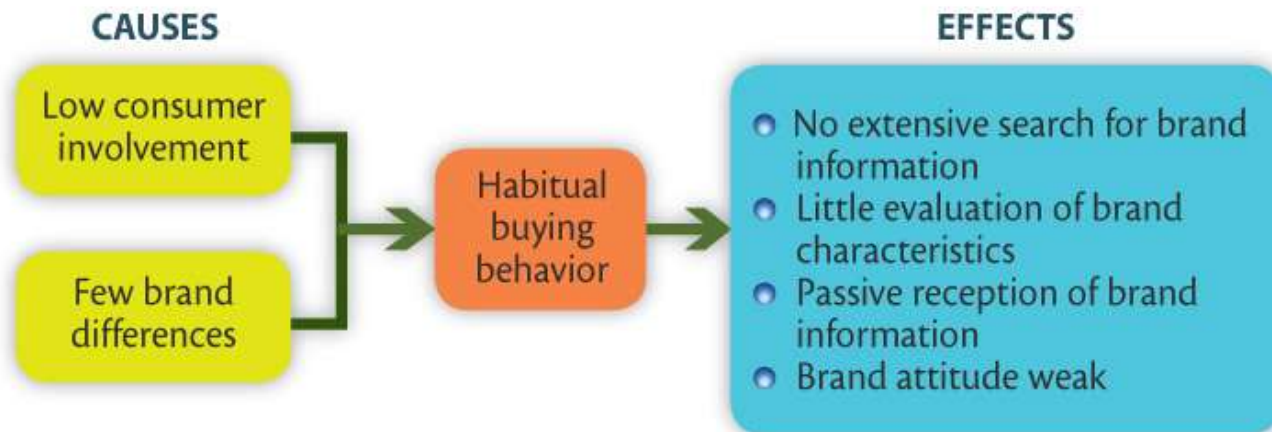
Types of Buying Decision Behavior

- **Dissonance-reducing buying behavior** occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands.
 - **Post-purchase dissonance** occurs when the consumer notices certain disadvantages of the product purchased or hears favorable things about a product not purchased.



Types of Buying Decision Behavior

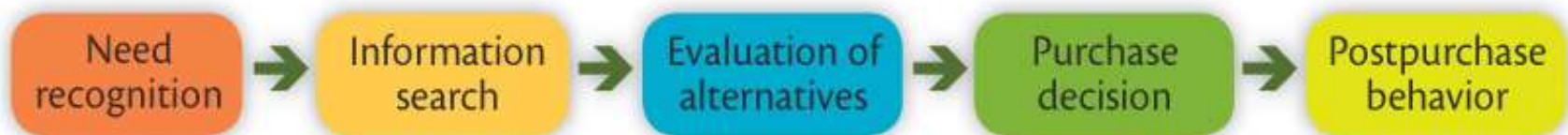
- **Habitual buying behavior** occurs when consumers have low involvement and there is little significant brand difference.
- **Variety-seeking buying behavior** occurs when consumers have low involvement and there are significant brand differences.



The Buyer Decision Process

Five stages in the buyer decision process

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior



The Buyer Decision Process

Need Recognition

- **Need recognition** occurs when the buyer recognizes a problem or need triggered by:
 - Internal stimuli
 - External stimuli



The Buyer Decision Process

Information Search

Information search is the amount of information needed in the buying process and depends on:

- The strength of the drive,
- The amount of information you start with,
- The ease of obtaining the information,
- The value placed on the additional information, and
- The satisfaction from searching.



The Buyer Decision Process

Information Search

Sources of information:

- **Personal sources**—family and friends
- **Commercial sources**—advertising, Internet
- **Public sources**—mass media, consumer organizations
- **Experiential sources**—handling, examining, using the product



Sources and Role of Information

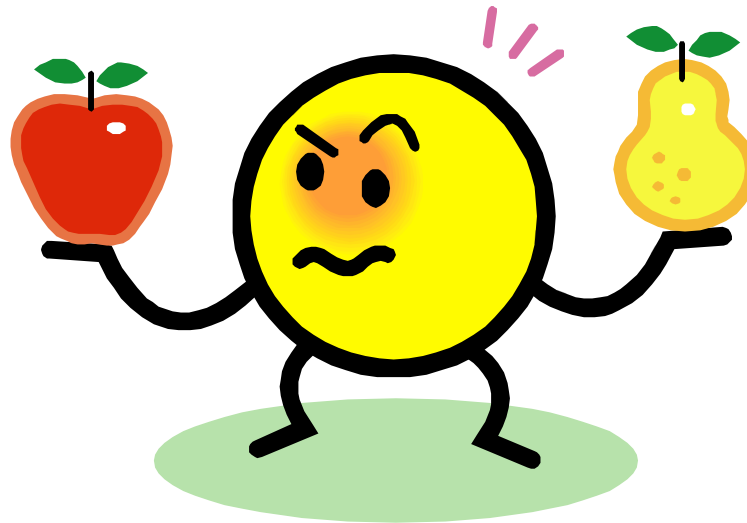
	Personal	Commercial	Public	Experiential
Sources of information	<ul style="list-style-type: none"> • Family • Friends • Neighbours • Acquaintances 	<ul style="list-style-type: none"> • Advertising • Salespeople • Web sites • Dealers • Packaging • Display 	<ul style="list-style-type: none"> • Mass media • Consumer-rating organizations • Internet searches 	<ul style="list-style-type: none"> • Personal handling, examining, and use of brand
Role of information	Legitimize Evaluate	Inform	Inform	Evaluate



The Buyer Decision Process

Evaluation of Alternatives

Evaluation of alternatives is how the consumer processes information to arrive at brand choices.



The Buyer Decision Process

Purchase Decision

- The **purchase decision** is the act by the consumer to buy the most preferred brand.
- The purchase decision can be affected by:
 - Attitudes of others
 - Unexpected situational factors



The Buyer Decision Process

Post-Purchase Decision

- The **post-purchase decision** is the satisfaction or dissatisfaction the consumer feels about the purchase.
- Relationship between:
 - Consumer's expectations
 - Product's perceived performance



The Buyer Decision Process

Post-Purchase Decision

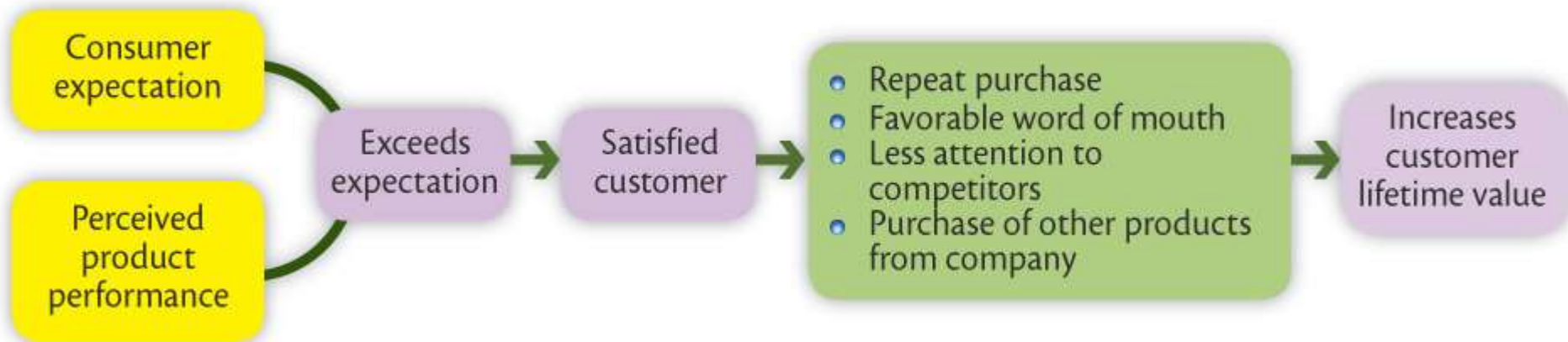
- The larger the gap between expectation and performance, the greater the consumer's dissatisfaction.
- **Cognitive dissonance** is the discomfort caused by a post-purchase conflict



The Buyer Decision Process

Post-Purchase Decision

- **Customer satisfaction** is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value.



The Buyer Decision Process for New Products

- **New product** is a good, service, or idea that is perceived by some potential customers as new.
- **Adoption process** is the mental process an individual goes through from first learning about an innovation to final regular use.



The Buyer Decision Process for New Products

Stages in the Adoption Process

1. Awareness
2. Interest
3. Evaluation
4. Trial
5. Adoption



The Buyer Decision Process for New Products

Stages in the Adoption Process



- **Awareness** is when the consumer becomes aware of the new product but lacks information.
- **Interest** is when the consumer seeks information about the new product.



The Buyer Decision Process for New Products

Stages in the Adoption Process

- **Evaluation** is when the consumer considers whether trying the new product makes sense.
- **Trial** is when the consumer tries the new product to improve his or her estimate of value.
- **Adoption** is when the consumer decides to make full and regular use of the product



The Buyer Decision Process for New Products

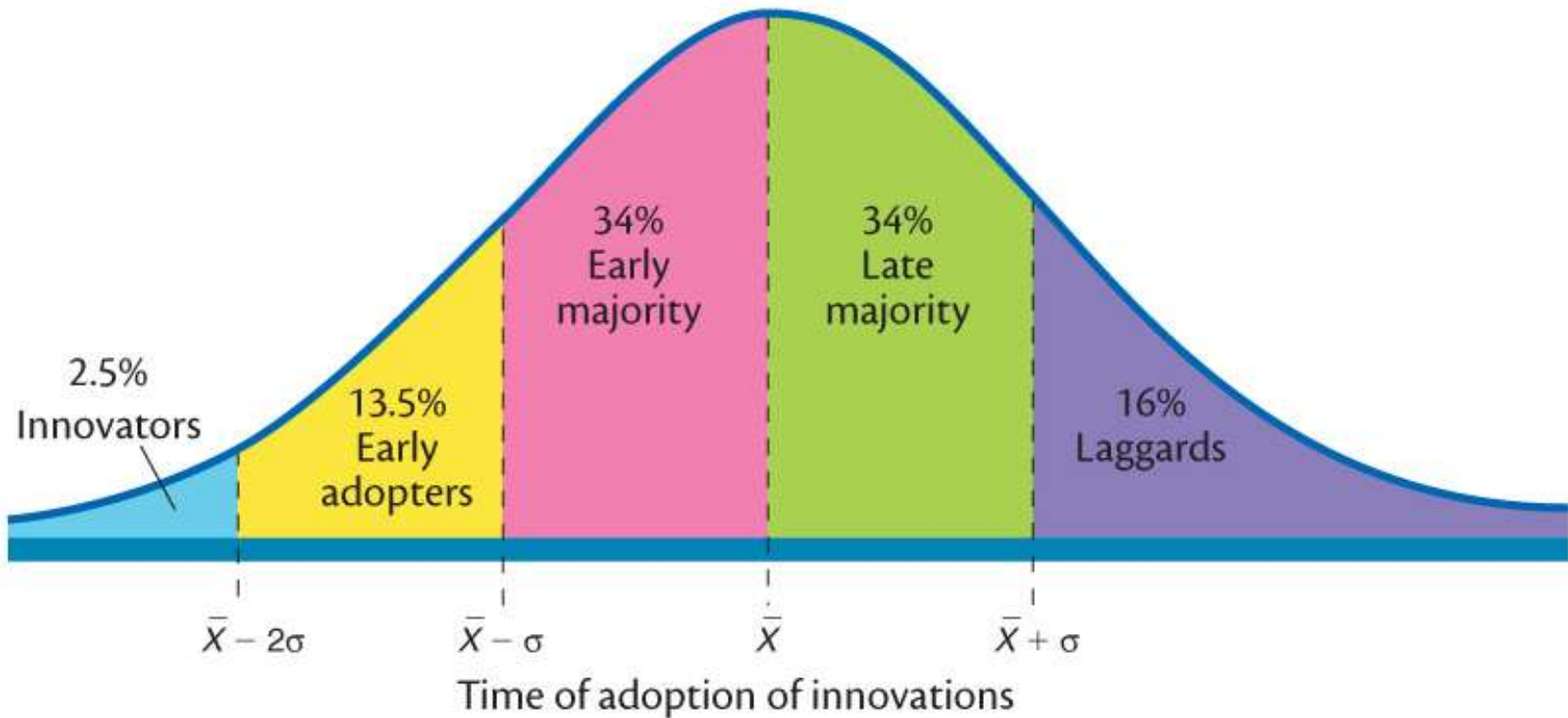
Individual Differences in Innovation

- **Early adopters** are opinion leaders and adopt new ideas early but cautiously.
- **Early majority** are deliberate and adopt new ideas before the average person.
- **Late majority** are skeptical and adopt new ideas only after the majority of people have tried it.
- **Laggards** are suspicious of changes and adopt new ideas only when they become tradition.



The Buyer Decision Process for New Products

Individual Differences in Innovation



The Buyer Decision Process for New Products

Influence of Product Characteristics on Rate of Adoption

- **Relative advantage** is the degree to which an innovation appears to be superior to existing products.
- **Compatibility** is the degree to which an innovation fits the values and experiences of potential consumers.



The Buyer Decision Process for New Products

Influence of Product Characteristics on Rate of Adoption

- **Complexity** is the degree to which the innovation is difficult to understand or use.
- **Divisibility** is the degree to which the innovation may be tried on a limited basis.



Consumer Behavior Across International Borders

- Differences can include:
 - Values
 - Attitudes
 - Behaviors
- The question for marketers is whether to adapt or standardize the marketing.

