

LECTURE 2 – UNDERSTANDING CONSUMER BEHAVIOUR

CHAPTER 1 – UNDERSTANDING CONSUMER BEHAVIOUR

CONSUMER BEHAVIOUR

- Consumer behaviour → the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, time and ideas by human-making units (over time)
 - **Acquisition** → the process by which a consumer comes to own an offering
 - **Consumption** → the process by which a consumer uses an offering
 - **Disposition** → the process by which a consumer discards an offering

WHAT AFFECTS CONSUMER BEHAVIOUR

THE PSYCHOLOGICAL CORE (MAO)

- Before consumers can make a decision, they must have some source of knowledge or information upon which to base their decisions
- The psychological core covers
 - Motivation
 - Ability and opportunity
 - Exposure
 - Attention perception and comprehension
 - Memory and knowledge
 - Attitudes about an offering

THE PROCESS OF DECISION MAKING

- The process that are part of the psychological core are intimately tied to the process of making decisions
 - Problem Recognition and Information Search
 - Judgement and Decision Making
 - Post-Decision Processes

THE CONSUMERS CULTURE: EXTERNAL PROCESSES

- Culture → the typical or expected behaviours, norms and ideas that characterise a group of people
 - It can be a powerful influence on all aspects of human behaviour
- Reference group → a group of people consumers compare themselves within for information regarding behaviours, attitudes or values
- Other Influences include:
 - Diversity Influences
 - Household and Social Class Influences
 - Values, personality and lifestyle

CHAPTER 2 – THE PSYCHOLOGICAL CORE I: MOTIVATION, ABILITY AND OPPORTUNITY (MAO)

MOTIVATION

- Motivation → an inner state of activation that provides energy needed to achieve a goal
- The motivated consumer is energized, ready and willing to engage in a goal-relevant activity
- Consumers can be motivated to engage in behaviours, make decisions, or process information

THE EFFECTS OF MOTIVATION

- High Effort Behaviour → motivation drives behaviours consistent with a goal but also creates a willingness to expend time and energy engaging with these behaviours
- High Effort Information Processing and Decision Making → more likely to pay careful attention to it, think about it, attempt to understand or comprehend goal-relevant information, evaluate that information critically and try to remember it for later use

FELT INVOLVEMENT

- Felt involvement → the consumers experience of being motivated with respect to a product of service, or decisions and actions about these (SCARE)
 - o **Enduring Involvement** → a long-term interest in an offering, activity or decision eg. sports / hobbies
 - o **Situational (temporary) Involvement** → a temporary interest in an offering, activity or decision, often caused by situational circumstances eg. no one cares about the sport after the Olympics
 - o **Cognitive Involvement** → an interest in thinking about and learning information pertinent to an offering, activity or decision eg. university
 - o **Affective Involvement** → an interest in expending emotional energy and evoking deep feelings about an offering, an activity, or a decision eg. loving a celebrity
 - o **Response Involvement** → an interest in certain decisions and behaviours

DRIVERS OF CONSUMER BEHAVIOUR

- Factors that affect the decision making process
- 1) **Personal relevance** → the extent to which it has a direct bearing on and significant implications for your life
- 2) **Consistency with self-concept** → our mental view of who you are – your view of yourself and the way you think others view you
- 3) **Values** → beliefs about what is right, important or good
- 4) **Needs** → an internal state of tension caused by disequilibrium from an idea/desired physical or psychological state
 - o Approach-approach situational conflict → choice between two attractive alternatives
 - o Approach-avoidance situational conflict → positive and negative consequences
 - o Avoidance-avoidance situational conflict → choice between two undesirable alternatives
- 5) **Goals** → outcomes that we would like to achieve
 - o Regulatory focus
 - Promotion-focused → focus on the positive outcomes – want a good mark
 - Prevention-focused → focus on the negative outcomes – don't want to fail
- 6) **Perceived risk** → the extent to which the consumer is uncertain about the consequences of an action (i.e. buying, using, disposing of an offering)
 - o Tends to be higher with
 - Lack of information
 - New/not enough experience
 - High price
 - Technologically complex
 - Brands differ substantially
- 7) **Inconsistency with attitudes** → the extent to which new information is consistent with previously acquired knowledge or attitudes
 - o Consumers tend to be motivated to process messages
 - Moderately inconsistent with our knowledge or attitudes
 - Moderately threatening and uncomfortable
 - o Consumers tend to be less motivated to process messages
 - Highly inconsistent with our knowledge or attitudes
 - They simply reject it
- 8) **Consumer Ability → Resources to Act**
Factors that affect our ability to process information:
 - o Financial
 - o Cognitive
 - o Emotional
 - o Physical resources
 - o Social and cultural resources
 - o Education
 - o Age
- 9) **Consumer Opportunity**
Influenced by
 - o Time
 - Opportunities (fast food, read-to-use products)
 - High time pressure → less information processed
 - o Distraction
 - More on information processing less on emotions
 - o Amount, complexity, repetitions and control of information
 - How to videos
 - Visualization

RETRIEVAL FAILURES – DIP

- Decay → the weakening of memory nodes or links over time eg. study
- Interference → semantic (relating to memory) networks being too closely aligned (competing memories)
 - Chunking (CB) vs Clusters (MR)
- Primary and recency effects → The tendency to show greater memory for information that comes first or last in a sequence eg. 1st and last commercials during a commercial break are remembered

HOW RETRIEVAL IS ENHANCED

- Enhance memory first (RERC) → chunking, rehearsal and similar factors
- Four factors affect retrieval → the stimulus itself, what its linked to, the way its processed, the characteristics of consumer
- Characteristics of the stimulus
 - Salience → big, bright, complex, moving or prominent in its environment
 - Prototypical or pioneer brands
 - Redundant cues → information items go together naturally – chunking
 - What the stimulus is linked to in memory
 - Brand name as a retrieval cue → evoke rich imagery, are novel or unexpected, suggest the offering and its benefits
- The way it is processed in short term memory
 - Imagery memory tend to be better remembered than discursive memory
 - Imagery creates a greater number of associations in memory
- Consumer characteristics affecting retrieval
 - Mood → positive mood enhance recall, recall information consistent without mood
 - Expertise → experts can retrieval more

LECTURE 4 – THE PSYCHOLOGICAL CORE III ATTITUDES

CHAPTER 5 – ATTITUDES BASED ON HIGH EFFORT

ATTITUDES

- An attitude is an overall evaluation that expresses how much we like or dislike an object, issue, person or action.
- Importance of attitudes – ABC
 - Cognitive function → how attitudes influence our thoughts eg. Menulog → triggered = don't like
 - Affective function → Katz' notion that our feelings influence our attitudes eg. on period = more food
 - Behavioural (conative) function → how attitudes influence our behaviour eg. Menulog – would use Deliveroo

FORMING AND CHANGING ATTITUDES

- The foundations of attitudes
 - Attitudes can be based on thoughts we have about information received from an external source or information about product function
 - Attitudes are also based on emotions
- The role of effort in attitude formation and change → how much extensive thinking of elaboration consumers put forth affects their attitude formation and change processes as well
 - **Central-route processing** → the attitude formation and change process when effort is high
 - **Peripheral-route processing** → the attitude formation and change process when effort is low

COGNITIVE RESPONSES TO COMMUNICATIONS

- **Counterarguments** → thoughts that express disagreements with the message eg. Nutribullet “just a blender”
- **Support arguments** → thoughts that express agreement with the message eg. Nutribullet “WOAH”
- **Source Derogations** → thoughts that discount or attack the message source eg. Nutribullet “being paid to say they like it”
- **Belief Discrepancy** → when a message is different from what consumer believe eg. Nutribullet – used it but don't agree with advertised messages

THE MESSAGE

- The following aspects if what affects the credibility of a message:
 - **Strong arguments** → present the best features of central merits of an offering in a convincing manner
 - **One-sided message** → a marketing message that presents only positive information eg. Hitler propaganda
 - **Two-sided message** → a marketing message that presents both positive and negative information
 - **Comparative message** → a message that makes a direct comparison with other competitors eg. should've gone to Specsavers

LECTURE 8: CONSUMER CULTURE I

CHAPTER 12 – CONSUMER DIVERSITY

WHAT CAUSES YOU TO BE THE WAY YOU ARE?

- Consumers shaped by the environment then affect the environments
- Culture – environmental issues
 - o Age, culture, ethnic values, religion, values, social class, family / household, gender, personal, group influences

HOW AGE AFFECTS CONSUMER BEHAVIOUR

CHARACTERISTICS	IMPLICATIONS
TEENS AND GENERATION Y (BORN 1979 – 1994) <ul style="list-style-type: none"> - More financial independence - Friends as a major source of information - Socialising as one of the major reasons to shop - Consider environmental impact before buying 	<ul style="list-style-type: none"> - Mobile marketing - Target for Building Brand Loyalty - Transition time <ul style="list-style-type: none"> o High motivation to shop o Need varieties - Process into faster <ul style="list-style-type: none"> o Short and snappy phrases - Preferences change faster
GENERATION X (BORN 1965 – 1975) <ul style="list-style-type: none"> - Building careers, having families and buying homes - Believe to not match their parents level of success - Fewer own homes - Less pressured to settle down and often delay marriage 	<ul style="list-style-type: none"> - Cynical to obvious marketing techniques - Clever message consistent with values - Watch less TV - Tech savvy <ul style="list-style-type: none"> o Enjoy benefits from tech o Early adopter of new technologies - Internet influences: main source - Portable digital devices: Mobile phone, tablet, laptop computer
BABY BOOMERS (BORN 1946 – 1964) <ul style="list-style-type: none"> - 5.1 million in Australia - Size and buying power - Value individualism and freedom - Grew up with TV, tend to watch it more 	<ul style="list-style-type: none"> - Target for cars, housing, travel, entertainment, recreation equipment, motor homes - Heavy consumers of financial services - Comfortable clothing - Anti-aging products
SENIORS (“GREY MARKET”, 65+) <ul style="list-style-type: none"> - More women - Information-processing skill deteriorates <ul style="list-style-type: none"> o Less search o Harder remembering and making complex decision - Susceptible to the “truth effect” - Need help or education when making decisions - Tend to be brand loyal 	<ul style="list-style-type: none"> - Aging population <ul style="list-style-type: none"> o Health related products/services o Retirement communities - Marketing communications <ul style="list-style-type: none"> o Radio/traditional channels o Activity-specific publications and TV - Lifestyle related events - Specialised sales and promotion

HOW GENDER AFFECTS CONSUMER BEHAVIOUR

SEX ROLES

- Agentic Goal → stresses mastery, self-assertiveness, self-efficiency, strength and no emotion (more associated with men)
- Communal Goal → stresses affiliation and fostering harmonious relations with others, submissiveness, emotionality and home orientation (more associated with women)
- Women → similar to high MAO decision making
- Men → similar to low MAO decision making

HOW REGIONAL INFLUENCES AFFECT CONSUMER BEHAVIOUR

CLUSTERING

- Helps marketers describe consumers in different regions based on similar demographic and consumption characteristics rather than one geographic location only

HOW VALUES CAN BE MEASURED

- To segment the market by values, marketers need some means of identifying consumers' values, gauging their importance and analysing changes of trends in values
- Inferring values from the Cultural Milieu
 - Milieu → a person's social environment – purchase pattern
 - Criticism of cultural milieu → indicator of values that researchers never know whether culture reflects values or creates them
- Means-end chain analysis
 - A technique that can help explain how values link to attributes in products and services
 - Can be used to identify product attributes that will be consistent with certain values
- Value questionnaires
 - Marketers can directly assess values by using questionnaires
 - Research Value Survey (RVS) → a survey that measures instrumental and terminal values
 - List of Values (LOV) → a survey instrument that efficiently measures nine principal values driving consumer behaviour

THE VALUES THAT CHARACTERISE WESTERN CULTURES

- Given that values are an important influence on behaviours, marketers need to understand some of the values that characterise consumption in Western societies
 - 1) **Materialism** → placing a high importance on acquiring and owning material goods and money
 - 2) **Home** → placing a high value on the home and believe in marketing it as attractive and comfortable as possible
 - 3) **Work and play** → not everyone in every culture shares the same values of work and play
 - 4) **Individualism** → western cultures generally place a high value on individualism – values independence and self-reliance, seeing an individual's needs and rights as a higher priority than a group's needs and rights
 - 5) **Family and children** → cultures differ in the values they place on their families and children – brands and certain product categories face limitations and strict guidelines for marketing
 - 6) **Health** → place a high value on health due to reasons of self-esteem and concerns about longevity and survival
 - 7) **Hedonism** → the principle of pleasure seeking
 - 8) **Youth** → high value on youth, evidenced by the wide range of offerings for combating or reducing signs of aging
 - 9) **Authenticity** → people value authentic things – cheap knockoffs tend to be valued much less
 - 10) **The environment** → environmental protection has become an important value – interested in conserving natural resources, preventing pollution and supporting environmentally friendly goods, services and activities
 - 11) **Technology** → consumers are fascinated by technological advances – consumers value technology that makes their lives easier

PERSONALITY

- Personality → general enduring differences between people in terms of behaviour patterns, feeling and thinking
- Consists of distinctive patterns of behaviours, tendencies, qualities or personal dispositions that make one individual different from another lead to a consistent response to environmental stimuli

RESEARCH APPROACHES TO PERSONALITY – PSYCHOANALYTIC APPROACH

- Personality arises from a set of dynamic, unconscious internal struggles within the mind
- The subconscious can influence behaviour
- Consulting firms conduct research to delve deeper into consumers' psyches and uncover subconscious reasons why they buy a particular product

RESEARCH APPROACHES TO PERSONALITY – TRAIT THEORIES

- Trait theories → propose that personality is composed of a set of characteristics that describe and differentiate individuals
- Five major personality traits "The Big 5"
 - 1) Agreeableness
 - 2) Conscientiousness
 - 3) Emotional stability
 - 4) Openness
 - 5) Extraversion

LECTURE 10: CONSUMER BEHAVIOUR OUTCOMES AND ISSUES

CHAPTER 15 – INNOVATIONS: ADOPTION, RESISTANCE AND DIFFUSION

INNOVATIONS

- The ability to develop successful new products is critical to compare company's sales, future growth and long term survival potential
- Innovation → an offering that is perceived as new by consumers within a market segment and has an effect of existing consumption patterns

TYPE OF INNOVATION

- Continuous innovations → an innovation that has a limited effect on existing consumption patterns
- Dynamically continuous innovations → an innovation that has a pronounced effect on consumption practices and often involves a new technology
- Discontinuous innovations → an offering that is so new that we have never known anything like it before

TYPE OF BENEFITS OFFERED

- Functional innovations → a new product, service, attribute or idea that has utilitarian benefits that are different from a better than those of alternatives
- Hedonic or aesthetic innovation → an innovation that appeals to our aesthetic, pleasure-seeking and/or sensory needs
- Symbolic innovations → a product, service, attribute or idea that has new social meaning

INNOVATIONS AND COCREATION

- Companies have controlled the innovation process, developing new offerings based on detailed knowledge of their customer's needs and purchasing patterns
- Co-creation → actively involving consumers in creating value through participation in new product development, among other marketing activities

POTENTIAL BENEFITS OF COCREATION

- Fit better with consumer needs
- Gathering ideas from consumers via social media or a website is relatively fast and inexpensive
- Strengthens the relationship with the company
- Consumers who are involved in selecting the products to be marketed exhibit higher demand for them, because they feel a sense of psychological ownership

RESISTANCE VS ADOPTION

- Resistance → A desire not to buy the innovation, even in the face of pressure to do so
- Adoption → A purchase of an innovation by an individual consumer or household
 - Will take place only if consumers do not resist the innovation
- Consumers resist adopting an innovation because it is simpler or seems preferable for them to continue using a more familiar product or service
- Consumers with low need for change and cognition → most likely to resist innovations
- Consumers with high needs for change and cognition → least likely to resist innovations

DIFFUSION

- Diffusion → the percentage of the population that has adopted an innovation at a specific point in time
- To examine how offerings spread through a market → look at the pattern of adoption over time

S-SHAPED DIFFUSION CURVE

- A diffusion curve characterised by slow initial growth followed by a rapid increase in diffusion
- Adoption of the products begins relatively slowly → after a certain period, the rate of adoption increases dramatically → adoption grows at a decreasing rate then flattens out

