

Consumer Behaviour

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The Stimulus-Consumer-Response model and the Consumer Decision Process:

- Problem recognition (stimulus)
- Perceptual effects (moderator)
- Preferences development (mediator)
- Motivation and emotion effects (moderator)
- Attitude and personality (mediator)
- Choice & post-purchase effects (response)
 - o Learning (feedback loop)

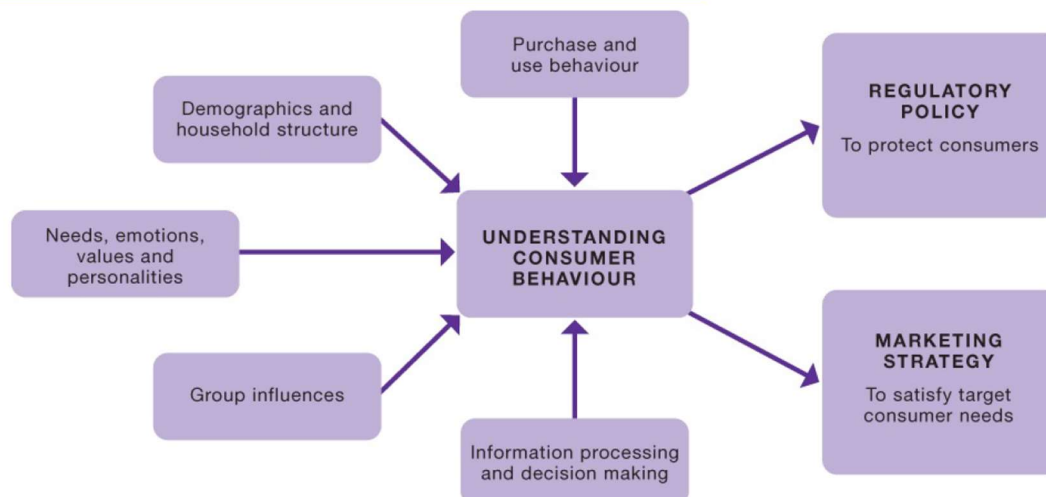
- The object is to achieve integration among the marketing mix elements. A consistent positioning means a consistent signal based on all four marketing mix elements.
- **Marketing mix:** the combination of product, price, distribution and promotion.

What is consumer behaviour?

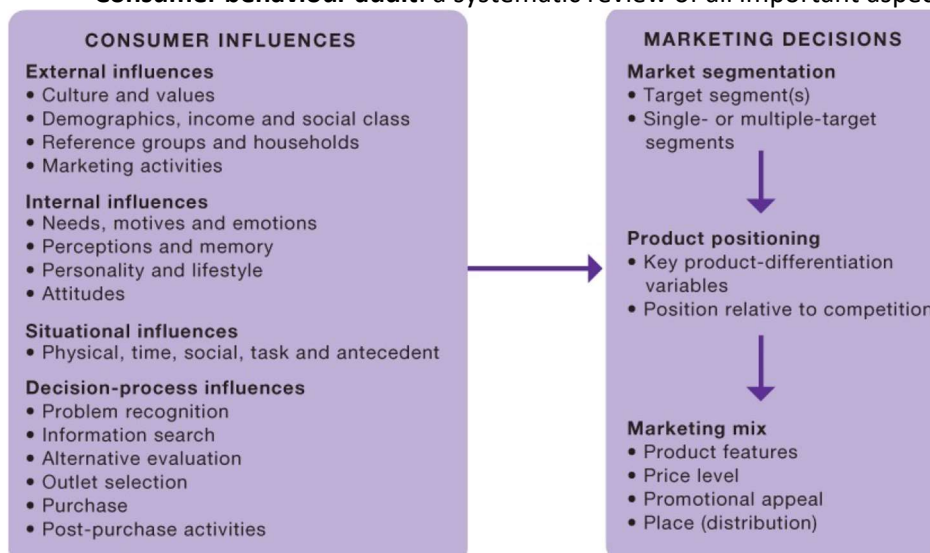
- “The dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspects of their lives” - American Marketing Association
- Consumer Behaviour investigates:
 - **Psychological** (cognitive, emotional, and behavioural) aspects of decision making that lead consumers to make purchase decisions in the market.
 - **Sociological** (group dynamics, culture, and subculture) aspects that influence the market decision process.
- Consumer behaviour is product-person-situation specific.
- **Consumerism:** the activities of governments, businesses, independent organisations and concerned consumers aimed at protecting and enhancing the rights of consumers.

Why do we want to understand consumer behaviour?

- Unlike economics, marketing is interested in the psychological antecedents of consumer behaviour because we believe we can use this to:
 - Predict choice
 - Influence decision making
 - Intelligently guide production towards creation of utility



- **Consumer behaviour audit:** a systematic review of all important aspects of consumer behaviour.



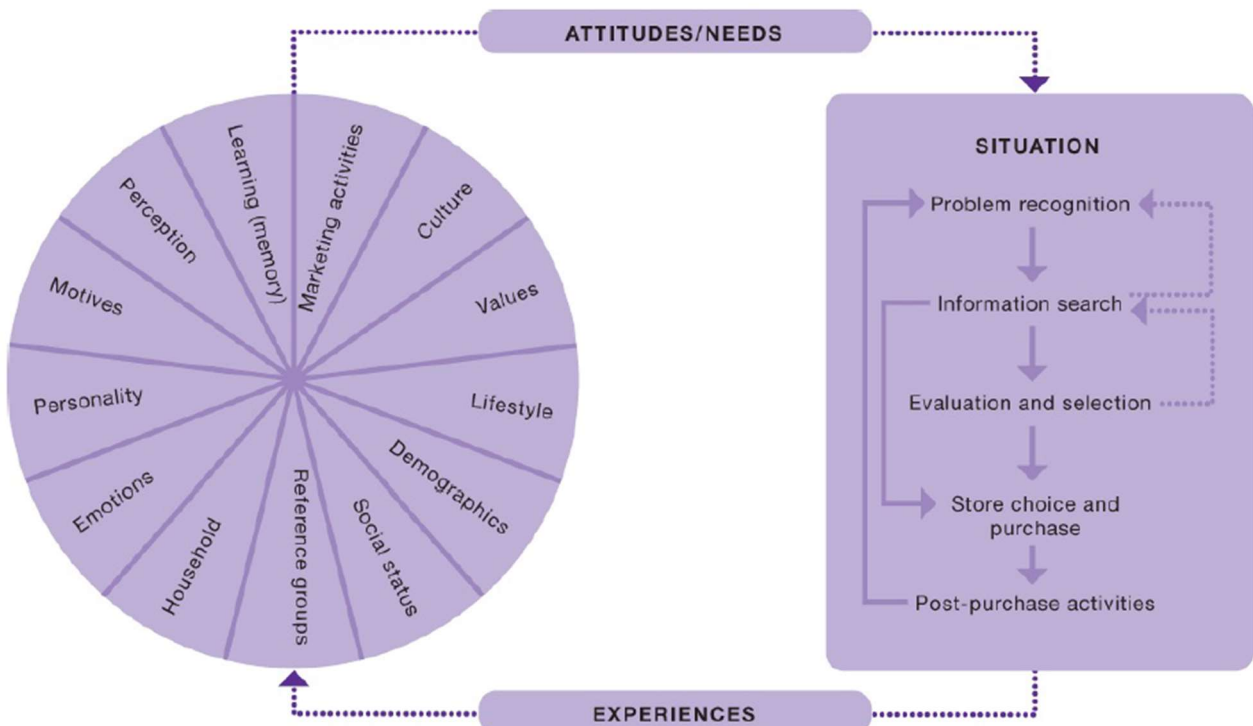
Consumer decision process

- Approach to consumer behaviour:



- Stimulus-Consumer-Response model**

- Based on the presented stimulus, we want to predict the consumer response.
- This will allow us to design stimuli that elicit responses desired by the organisation (purchase).

Model of consumer behaviour**Consumption**

- Injurious consumption:** consumer behaviour that may be harmful to oneself or others.
- Modernism:** the application of scientific principles to achieve progress.
- Post-modernism:** a varied set of views and philosophies that share the belief that scientific principles may not necessarily lead to more or better knowledge.

Australasian society: demographics and lifestyles**Demographics**

- Demographics:** description of a population in terms of its size, structure and distribution.
- Population size:** the number of individuals in a population.
- Population structure:** description of a population in terms of age, income, education, occupation, and so on.
- Population distribution:** location of individuals in terms of geographic region and rural, urban or suburban location.

- Demographics play an important role in marketing mix decisions:
 - the size, age-group composition and distribution of the Australian population
 - the income characteristics of the populations
 - the occupational distribution of the populations
 - the educational attainment of the populations.
- **Cohort effects:** the principle that a younger age group may not behave the way a current older group behaves when they reach the same age.
- **Buying-power index:** an index that combines an area's population, income and value of retail purchases.

Gender

- **Achievement role:** a role acquired as a result of performance, over which an individual has some degree of control.
- **Ascribed role:** a role based on an attribute over which the individual has little or no control.
- Researchers have categorised married women as having either a traditional or a modern orientation, based on their preference for one of two contrasting lifestyles:
 - *traditional*—a relationship where the husband assumes responsibility for providing financially for the family and the wife runs the house and takes care of the children.
 - *modern*—a relationship where both parties share these responsibilities; each works and each shares homemaking and childcare responsibilities.

Population segments

- **Population segment:** a group of consumers who are clustered together because of shared characteristics that cause them to have similar product needs.
- Population segments can be identified on the basis of shared characteristics such as nationality, ethnicity, religion, age, geographic location, gender or social class.

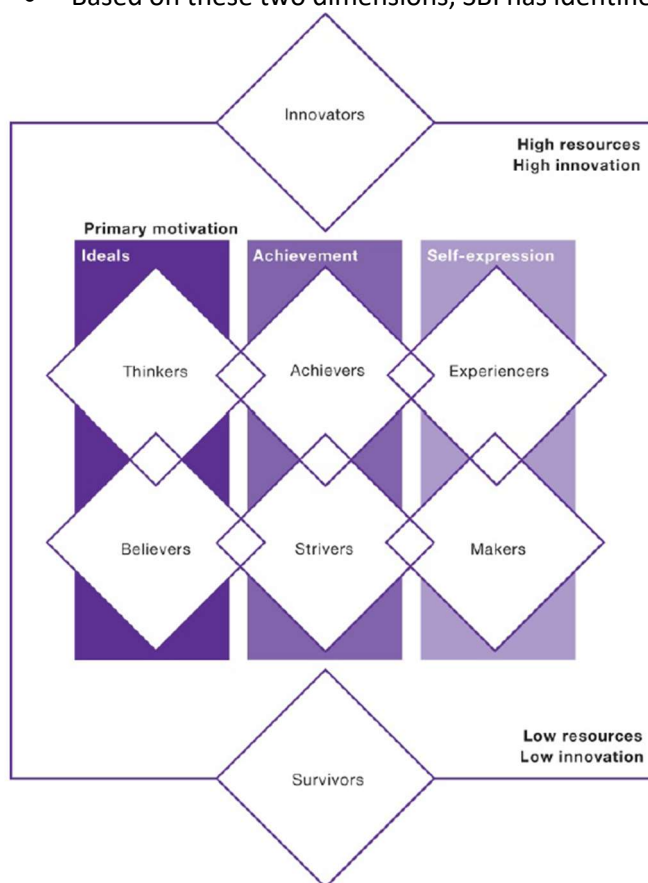
Age segments

- *Generation X* – This segment was born between 1965 and 1980.
- *Generation Y* – Members of this group, born between 1981 and 1994.
- *Millennials* – this group comprises those born between 1992 and 2001.
- *Tweens* – Tweens are children aged between approximately eight and 14 years—the term tween comes from the fact that they are between childhood and adolescence.
- *Baby boomers* – The mature market includes a very important subgroup: baby boomers, or those born between 1946 and 1964.

Lifestyle

- **Lifestyle:** how a person lives – a function of inherent individual characteristics that have been shaped and formed through social interaction as that person moves through their life cycle.
- Measurements of lifestyle:
 - **Psychographics:** attempts to describe and quantify consumers' lifestyles, including current activities, interests and opinions.
 - **AIO inventory:** an instrument that aimed to measure individuals' lifestyles, focusing on the three dimensions of activities, interests and opinions.
- Now psychographics or lifestyle studies typically include the following:
 - *attitudes*—evaluative statements about other people, places, ideas, products, and so on
 - *values*—widely held beliefs about what is acceptable and/or desirable
 - *activities and interests*—non-occupational behaviours to which consumers devote time and effort, such as hobbies, sports, community service and religion
 - *demographics*—age, education, income, occupation, family structure, ethnic background, gender and geographic location
 - *media patterns*—the specific media that consumers use
 - *usage rates*—measurements of consumer consumption within a specified product category. Often, consumers are categorised as heavy, medium or light users, or non-users.

- **VALS:** a lifestyle segmentation system originally devised by SRIC-BI (now referred to as Strategic Business Insights, or SBI), which identifies nine general psychographic segments.
- Individuals are classified into a VALS group based on how they respond to 35 attitude statements and four demographic statements.
- These 2 sets of questions enable them to be classified according to 2 corresponding dimensions: the *primary motivation dimension* (based on their responses to the attitude statements) and the *resources dimension* (based on their responses to the demographic statements).
- **Primary motivation:** dimension reflects the motivations, objectives and approaches to life that the individual finds desirable.
 - *ideals motivated*—these individuals are guided in their choices by their beliefs and principles rather than by feelings, events or a desire for approval.
 - *achievement motivated*—these individuals are heavily influenced by the actions, approval and opinions of others.
 - *self-expression motivated*—these individuals desire social or physical activity and variety, and are resistant to social controls that threaten their sense of self-reliance.
- **Resources dimension** reflects the full range of psychological, physical, demographic and material means upon which the individual can draw.
- Based on these two dimensions, SBI has identified eight general psychographic segments.



Innovators are successful, sophisticated, active, 'take-charge' people with high self-esteem and abundant resources.

Thinkers are mature, satisfied, comfortable, reflective people who value order, knowledge and responsibility.

Believers are conservative, conventional people with concrete beliefs based on traditional, established codes: family, church, community and the nation.

Achievers are successful career- and work-oriented people who like to, and generally do, feel in control of their lives.

Strivers look to others to indicate what they should be and do, whereas achievers, who are more resourceful and active, seek recognition and self-definition through achievements at work and in their families.

Experiencers are young, vital, enthusiastic, impulsive and rebellious.

Makers are practical people who have constructive skills and value self-sufficiency.

Survivors' lives are constricted.

- Despite its widespread use, the VALS system does have some shortcomings, including:
 - VALS segments are measures of individuals but some consumption decisions are household decisions or are heavily influenced by other household members.
 - Few individuals are 'pure' in terms of primary motivation. Although one of the three themes identified may be dominant for most individuals, the degree of dominance will vary, as will the motivation that is second in importance.
 - VALS may not be as useful for products that are evenly distributed across VALS types as it is for important or ego-involving purchases. VALS collects data on thousands of product purchases

and consumer activities, but some products and activities, such as the purchase of laundry detergent, are common to all VALS types.

- The VALS system was developed with US consumers in mind, so some aspects of its content and relevance lack broad equivalence and do not apply in other countries.
- **Roy Morgan values segments:** a 10-segment lifestyle segmentation system developed for Australian consumers by Roy Morgan Research.
- *Young optimists:* It comprises students and young professionals who are career-oriented. They are ambitious individuals who are progressive thinkers. They tend to be active people who participate in sports, travel, music and social activities.
- *Socially aware:* People in this top socioeconomic group are both early adopters and influencers who are socially active, community-minded and progressive. They need a lot of information before making a purchase decision.
- *Something better:* Competitive and ambitious, members of this group seek the better things in life, often extending their budget by using credit to project an image of success. They seek more power, improved status and security.
- *Visible achievers:* These are career and success-motivated people who work for stimulation and financial reward. Family-focused, this value segment seeks quality and value for money.
- *Look at me:* Younger, unsophisticated and active people who are highly conscious of image and fashion make up this segment. Self-centred and peer-driven, they spend 100 per cent of what they earn.
- *Conventional family life:* Younger families whose lives centre around marriage and raising a family make up this segment. They strive to build homes and to improve their family's standard of living. They enjoy spending time with friends and family.
- *Traditional family life:* It is Australia's largest group, aged 50+, with grown-up families and contented home lives. They enjoy spending time with grandchildren, are financially secure and want community respect.
- *Real conservatism:* These are mature people who hold conservative social, moral and ethical values and like a safe, ordered and predictable society. They are asset rich but income poor.
- *A fairer deal:* It contains unskilled and semi-skilled workers aged less than 35 years. They tend to be blue-collar workers with financial insecurity, which creates a pessimistic view of life.
- *Basic needs:* These are older, mainly retired people who hold conservative moral, social and religious values and look for security and control of their lives. Their reduced expectations of life are in line with their reduced income.

Geo-demographic lifestyle analysis

- **Geo-demographic analysis:** analysis focusing on the demographics of geographic areas, based on the belief that lifestyle and therefore consumption are largely driven by demographic factors.
- **Exographics:** a broad form of segmentation focusing on geographical regions.

Limitations of psychographic segmentation

- Critics of psychographic segmentation focus on several issues that can prevent marketers from reaping the benefits they might expect from this approach.
- These issues include the inability of any segmentation system to fully account for consumers' preferences and behaviours, the degree of overlap that exists between segments and the tendency for individuals to move between segments at any given point in time.

- **Factors influencing the actual state:**
 - past decisions; normal depletion; product/brand performance; individual development; emotions; the efforts of consumer groups and government departments; availability of products; the current situation.
- Many products need to perform on two levels—instrumental and symbolic.
 - **Symbolic performance:** the symbolic, expressive, aesthetic or image-enhancement performance of a product.
 - **Instrumental performance:** the physical or functional performance of a product.

The Role of Consumer Goals

Why Emphasise Goals?

- Goals are the **desired states**.
- They play a central role in consumer decision process.
 - Goals influence all aspects of consumer decision making, including:
 - ❖ *Problem perception, search and information evaluation, preference formation, motivation, attitude, personality, and the post purchase satisfaction.*
- Predicting response behaviour requires understanding of consumer goals.
- Goals are often organized in a hierarchy:
 - **Meta-goals** – e.g. be happy
 - **Goals** – e.g. treat yourself
 - **Objectives** – e.g. eat ice-cream

Implications of Goals?

- The central role of consumer goals means that **consumption is not an end in itself. Rather, it is a means to achievement of goals.**
- **Marketing implications:**
 - Understand which goals are relevant, and which match the organisation's strengths:
 - ❖ Segmentation based on goals, targeting specific goals, positioning relative to consumer goals.
 - Understand how goals develop and change, and how they can be influenced.
- **Consumer implications:**
 - Free selection of goals is at the core of consumer sovereignty.
 - Selection of goals is important to a happy existence.

The Role of Involvement

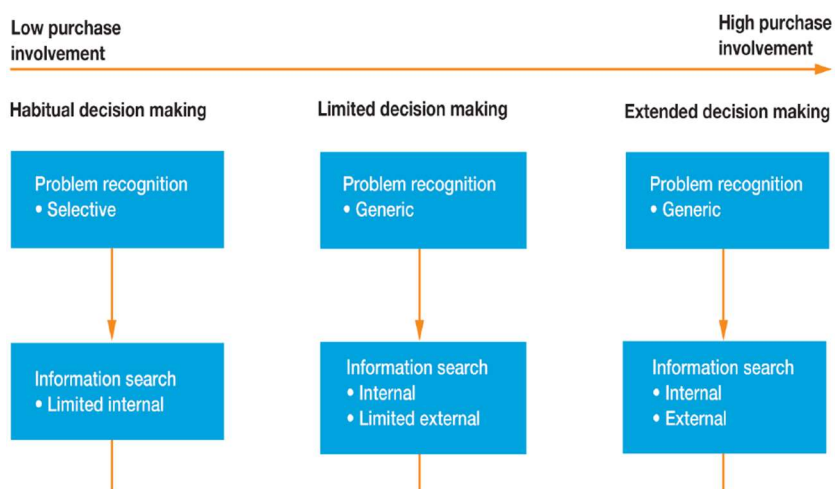
- **Involvement** describes **how important the decision** is to the consumer.
 - It is dependent on the value of the goal that the consumer aims to achieve. High value goals lead to high involvement in the decision process.
- **High-involvement** is associated with:
 - High goal value
 - High Risk
 - Infrequent purchase
- Involvement levels result in different types of decision making:
 - Habitual
 - Limited
 - Extended

These represent different levels of effort in the decision-making process.
- Generally, higher the involvement the more effort in the decision process.
 - However, **consumers also face limited information processing capacity (Lines & Denstadli, 2004) some high involvement decisions may receive limited consideration.**

Types of Decision Making

- **Purchase involvement:** the level of concern for, or interest in, the purchase process, once the purchase process has been triggered by the need to consider a particular purchase.

- **Habitual decision making:** a purchase decision effectively involving no decision as such; occurs when there is very low involvement with the purchase and results in repeat purchasing behaviour (also called routinised purchase behaviour).
 - **Brand-loyal decisions:** decisions made by a consumer who displays a high degree of product involvement and emotional attachment to that brand.
 - **Repeat-purchase decisions:** a pattern of consumer behaviour that involves the purchase of the same good or service over time, with or without loyalty to that good or service.
- **Limited decision making:** decision making that covers the middle ground between habitual decision making and extended decision making; in its simplest form (lowest level of purchase involvement), it is very similar to habitual decision making.
 - For example, a consumer may select a product without seeking information beyond internal memory that it 'tastes good'; no other alternative may be considered.
- **Extended decision making:** the response to a very high level of purchase involvement; an extensive internal and external information search is followed by a complex evaluation of multiple alternatives; after the purchase, uncertainty about its correctness is likely, and a thorough evaluation of the purchase will take place.



Marketing Strategy Implications

- **Aiding** problem recognition:
 - Creation of desired states (fashion, feature improvement).
 - Focus of awareness on unsatisfactory actual states (old car).
- **Timing** problem recognition:
 - Effect-effort tradeoff (E.g.: winter colds, summer drinks, etc.).
- **Suppressing** problem recognition:
 - Monitoring actual states and shifts in desired states.
 - Reducing the need gap below the point motivating change in behaviour for habitual buyers.

Marketing strategy and problem recognition

Measuring problem recognition

- **Activity analysis:** analysis that focuses on a particular activity, such as preparing dinner, mowing the lawn or washing your hair; the survey or focus group attempts to determine what problems consumers face during the performance of that activity.
- **Product analysis:** similar to activity analysis but examines the purchase and/or use of a particular product or brand; consumers may be asked about problems associated with using, for example, their lawnmower or their hairdryer.
- **Human factors research:** research that attempts to determine human capabilities in areas such as vision, strength, response time, flexibility and fatigue, and the effect of such things as lighting, temperature and sound on these capabilities.
- **Emotion research:** research that attempts to discover the role played by emotions in the consumer decision process.

Responding to consumer problems

- Once a consumer problem has been identified, the marketer may structure the marketing mix to solve the problem.
- This can involve developing or altering products, modifying channels of distribution, changing pricing policy or revising advertising strategy.

Activating problem recognition

- Two basic approaches to stimulating problem recognition are generic problem recognition and selective problem recognition.
- **Generic problem recognition** refers to the recognition of a discrepancy that a variety of brands within a product category could resolve.
- Generally, a firm will try to influence generic problem recognition when the problem is latent or of low importance, and:
 - it is early in the product life cycle
 - the firm has very high market penetration
 - an external search after problem recognition is likely to be limited
 - an industry-wide cooperative effort is being made.
- **Selective problem recognition** refers to the recognition of a discrepancy that only one brand in the product category can resolve.
 - So, while generic problem recognition generally results in an expansion of the total market, firms will try to cause selective problem recognition to gain or maintain market share.
- How can a firm influence problem recognition?
 - Problem recognition is a function of both the importance and the magnitude of the discrepancy between the desired state and an existing state.
 - So, the firm could try to influence the size of the discrepancy by altering either the desired state or the perceptions of the existing state.
- Timing of problem recognition:
 - Consumers often recognise problems at a time when purchasing a solution is either difficult or impossible.
 - In some instances, marketers try to help consumers to solve such problems after they arise.
 - The more common strategy is to trigger problem recognition in advance of the actual problem.
 - That is, it is often to both the consumer's and the marketer's advantage for the consumer to recognise and solve potential problems before they become actual problems.

Suppressing problem recognition

- Competitors, consumer organisations and government departments sometimes introduce information in the marketplace, triggering problem recognition that particular marketers would prefer to avoid.
- E.g. manufacturers of brands with substantial market share based on habitual or limited-decision purchases do not want their current customers to recognise problems with their brands.

SITUATIONAL INFLUENCES

Situations and consumer behaviour

- **Situation:** the set of factors other than the individual consumer and the stimulus object (e.g. product, television advertisement) to which the consumer might react (e.g. by purchasing the product or viewing the advertisement).
- **Situational influence:** the influence on purchase decisions of situational factors.
- In order to use situational influence in marketing strategy, a marketer must understand three important aspects of this influence:
 - when a particular situation will influence consumer behaviour;
 - how strong the effect is likely to be; and
 - the way in which the situation will influence behaviour.

Situations relevant to the consumption process

- The consumption process occurs within four broad situations:
 - the communication situation; the purchase situation; the usage situation; the disposal situation

The communication situation

- **Communication situation:** the situation in which consumers receive information about goods and services.
 - E.g. Consumers may be more receptive to a serious message, such as the dangers of drink driving, if the advertisement puts them in a good mood. Advertisers often use humour in an attempt to put the audience in a good mood, which they hope will make them more receptive to the message.

The purchase situation

- **Purchase situation:** the situation in which product selection and purchase occurs.
 - The purchase situation (which includes factors such as weather conditions) combines with individual characteristics to affect preferences and subsequent behaviour.

The usage situation

- **Usage (or consumption) situation:** the situation in which the purchased good or service will be used (or consumed).
 - Based on this knowledge, marketers can communicate how their products promote consumer satisfaction in each relevant consumption situation.

The disposal situation

- **Disposal situation:** the situation in which the product and/or product packaging is discarded before or after use.
 - Some consumers consider ease of disposal an important product attribute.
 - Others may only purchase items that can be recycled easily.
 - In some cases, disposal of an existing product must occur before, or simultaneously with, the new product acquisition.
- Marketers need to understand the situational influences affecting disposal decisions in order to develop more effective and ethical products and marketing programs.

Classification of situational influences

- A useful classification scheme has been developed by Russell Belk, based on the following five types of objectively measurable situations.
 1. *Physical surroundings* include geographical and institutional location, decor, sounds, aromas, lighting, weather and visible configurations of merchandise or other material surrounding the stimulus object.
 2. *Social surroundings* provide additional depth to the description of a situation. Examples are the other people present, their characteristics, their apparent roles and the interpersonal interactions occurring.
 3. *Temporal perspective* may be specified in units ranging from time of day to season of the year. Time may also be measured relative to some past or future event relevant to the situational participant. This includes conceptions such as time constraints imposed by prior commitments. Time is also relevant in terms of the ability of a particular product to provide consumers with opportunities to reduce the amount of time required for task completion.
 4. *Task definition* refers to the reason for engaging in the consumption behaviour, and includes the intent or requirement to select, shop for or get information about a general or specific product. In addition, tasks may reflect different buyer and user roles anticipated by the individual. For instance, a person shopping for a small appliance as a wedding gift for a friend is in a different situation from one shopping for a small appliance for personal use.

5. *Antecedent states* are momentary moods (such as anxiety, pleasantness, hostility or excitement) or momentary conditions (such as cash on hand, fatigue or illness) as opposed to long-term individual traits.

Physical Surroundings

- **Physical surroundings:** the material environment surrounding the consumer at the time of communication, purchase or consumption.
- **Store atmospherics:** the way a store's internal environment affects shoppers' mood and willingness to visit and linger.
 - The sum of all physical features of a retail environment.
- **Servicescape:** the physical environment of service delivery.

Social Surroundings

- **Social surroundings:** the presence of other people who could have an influence on the individual consumer's behaviour.
 - Social influence is a very significant force acting on behaviour, since individuals tend to comply with group expectations, particularly when their behaviour is visible. Therefore, shopping and the act of consuming goods in public are both subject to social influences.

Temporal Perspectives

- **Temporal perspectives:** situational characteristics that deal with the effect of time on consumer behaviour.
 - The amount of time available for a particular purchase has a significant effect on the consumer decision process.
 - Time as a situational factor can manifest in a number of different ways.
 - As a generalisation, the less time there is available (and hence the greater the time pressure), the shorter the information search period, the less use will be made of available information and the more suboptimal purchases will be made.

Task Definition

- **Task definition:** the reason for engaging in the consumption behaviour; the task may reflect different buyer and user roles anticipated by the individual.
 - While many situational factors remain important in all situations, the specific emphasis on one or another of a product's benefits can vary substantially depending on where and with whom the product is to be purchased or consumed.
 - Therefore, both the general task definition (e.g. purchasing clothes) and the specific task definition (e.g. purchasing clothes online) influence purchase behaviour.

Antecedent states

- **Antecedent states:** features of an individual consumer that are not lasting characteristics.
 - Rather, they are momentary moods or conditions—for example, the experience, from time to time, of low mood or high excitement that are not normally part of the individual's make-up.
- **Mood:** a transient state of mind that is generally not tied to a specific event or object
 - They tend to be less intense than emotions and may operate without the individual's awareness.
 - Although moods may affect all aspects of a person's behaviour, they generally do not completely interrupt ongoing behaviour as an emotion might.
 - Moods both affect and are affected by the consumption process.
 - One of the mechanisms by which this may occur is the 'shaken self'.
 - Aspects of certain situations can cause us to have momentary lapses in confidence that result in consumption behaviours that are motivated by a desire to bolster our self-esteem.
- **Momentary conditions:** transient states of being, such as being tired, being unwell, having a lot of money, having no money, etc.

Situational influences and marketing strategy

- Unfortunately, there is no magic formula that allows marketers to recognise the potential influence of a situation, but simply being aware of situational characteristics and their influences will certainly help.
 - It is important to remember that individuals do not encounter situations randomly.
 - Instead, people 'create' many of the situations they face.

- The situational influence matrix:

	Physical surroundings	Social surroundings	Time	Task	Antecedent states
Communication					
Purchase					
Usage					
Disposal					

- The person–situation segmentation procedure: outlines the steps a firm can take while studying the usage situation in order to be more successful in segmenting markets, positioning products and creating advertisements designed to communicate this positioning.

