

## TOPICS:

- I. Introduction — Introduction
- II. Decision Process I: Situation & Problem
- III. Segments, Decision Process, Situation & Problem
- IV. Decision Processes III Purchase & Post-Purchase Decision
- V. Internal Influences — Perception
- VI. Mid-Semester Examination
- VII. Perception, Learning and Memory
- VIII. Motivation & Personality
- IX. Attitudes
- X. Demographics and Household Characteristics as External Influences
- XI. Group and Communication as External Influences
- XII. Social Stratification & Culture as External Influences
- XIII. Increasingly Complex World and Market

# Lecture 1

## INTRODUCTION

→ check lecture slides for academic journals/popular press

### OBJECTIVES:

theory, explain, apply, strategy

- 'Co learning' leaders
- Consumer Behaviour, CB classrooms, assessments, group

### WHAT, HOW, WHY?

Advertising, selling, company strategy, value creation, product creation, competitive analysis product design, new technology and the old ways/habits.

what = content

### CONSUMER BEHAVIOUR

→ product, person, situation specific

*Thoughts, feelings and actions involved in consumption experiences. A set of value-seeking activities when people exchange items of value. A set of concepts, frameworks and theories that assist marketing managers to better explain and predict how consumers are likely to behave.*

#### Basic types of consumer behaviour

Buying behaviour: the decision processes and actions of people involved in acquiring, using and disposing of products.

Personal/consumer buying behaviour: the buying behaviour of ultimate consumers – those who actually purchase products for personal/household use – end-users, ultimate consumer

**Organisational buying behaviour: purchase behaviour of producers, re-sellers, govt units**

Customer value: the difference between all the benefits derived from a total product and all the costs of acquiring those benefits

# Lecture 2

## DECISION PROCESS I: SITUATION & PROBLEM

### OBJECTIVES:

- Involvement
- Segments
- How situational influences may impact decisions and behaviour
- Theory and real-world applications
- Problem recognition

### INVOLVEMENT

*Level of perceived personal importance and/or interest evoked by a stimulus within a specific situation or product category*

High involvement could depend on affective (emotional) or cognitive responses. Being clear or featuring lots of information assuming the target audience will put a lot of cognitive effort into processing an advertisement.

### Decision process

*Systematic review of all important aspects of consumer behaviours, checklist of Qs, reveals gaps*

Situation/Decision Stage	Low Involvement	High Involvement Decision
Problem Recognition	Trivial to monitor	Important and personally meaningful
Information search	Internal to limited external search	Extensive search
Alternative evaluation	Few alternatives evaluated on few performance criteria	Many alternatives considered using many performance criteria
Store choice, purchase	One-stop shopping, with substitution highly possible	Multiple store visits, with substitution less likely
Post purchase activities	Simple evaluation of performance	Extensive performance evaluation, use and disposal

### Involvement motives

*Interest (needs/values)*

Intrinsic motivation linked to as a specific product or product class e.g. I collect history books

*Pleasure*

Hedonic reward value – positive, emotions, moods, sensations e.g. I love my Tommy shirt

*Signs*

Intra and interpersonal meanings – self-esteem, social or relationship status e.g. I see myself as an athlete so I always buy high performance running shoes

*Risk importance*

Extent of actual damage inflicted by wrong choice – I want to buy the safest car

*Risk probability*

Lack of confidence in choosing 'right' product for a specific context e.g. always order the same meal

## MARKET SEGMENTATION

Process of dividing a market into distinct subsets of consumers with common needs and selecting one or more segments to target. The marketer may then decide to target that segment and thereby adapt the image of the product, position in to appeal to that segment.

### Operation

Used to guide the positioning of a new product, hence research is needed to identify the right customers with the right needs to meet. Criteria for effective targeting:

- Identifiable: recognise and measure the characteristic
- Stable: lifestyle and consumption patterns
- Congruent: with company objectives and resources
- Sizeable: segment is stable in terms of needs, demographics and psychological factors
- Accessible: Able to access and reach the segment in an economical way

### Bases for segmentation

	Consumer-rooted	Consumption-specific
Facts	<p><i>Empirical personal features</i></p> <ul style="list-style-type: none"> <li>* Demographics: age, age cohorts, gender, marital status, family life cycle, income, education, occupation, social class</li> <li>* Geographic location, address and geodemographics</li> </ul>	<p><i>Usage and purchase behaviours</i></p> <ul style="list-style-type: none"> <li>* Usage rate</li> <li>* Usage situation/occasion</li> <li>* Brand loyalty (the behaviour component)</li> <li>* Psychographics—factual behaviours (e.g. leisure activities, hobbies)</li> </ul>
Cognitions	<p><i>Personality, lifestyles and sociocultural values</i></p> <ul style="list-style-type: none"> <li>* Personality traits</li> <li>* Lifestyles, psychographics and VALS</li> <li>* Sociocultural values and beliefs</li> </ul>	<p><i>Attitudes and preferences regarding the product</i></p> <ul style="list-style-type: none"> <li>* Benefits wanted</li> <li>* Level of involvement</li> <li>* Awareness of product alternatives</li> <li>* Brand loyalty—perceived commitment and level of relationship</li> </ul>

### Psychographic ^

Also known as activities, interests and opinions

### Sociocultural

Based upon: family life cycle, social class, core cultural values, subcultural memberships, cross-cultural affiliation e.g. exercising

### User-related segmentation

Rate of usage and level of intensity, awareness and degree of brand loyalty

### Benefit segmentation (aka needs based)

Examines the major benefits consumers look for in a product class. Changing lifestyles play a major role in determining important product benefits, can be used very effectively for niche segmentation.

## IMPLEMENTING SEGMENTATION STRATEGIES

Behavioural targeting and micro targeting enable marketers to deliver personalised advertising messages.

- Behavioural targeting: based upon usage behaviour
- Micro targeting: applies narrowcasting to deliver personalised messages to individuals following extensive use of hybrid segmentation techniques

- Concentrated marketing: targets one segment with a unique marketing mix
- Differentiated marketing: involves targeting several segments w/ individualised marketing mix
- **Counter-segmentation:** marketer combines 2 or more smaller segments and targets based upon a generic need

### **Situational influences**

4 main situations: communication, purchase, usage, disposal. 5 dimensions with situations: physical, social, temporal (based on time), task (reason) and antecedent (not lasting moods, cash, tired).

### **Unplanned purchases**

Can be based on mood or convenience, the context you're in ie. Shopping centre

### **Rituals**

Socially defined symbolic behaviours. Can define consumptions such as seasonal gifts that can be continued or developed. Packaging and media could also shape purchase.