Consumer Buying Behavior

- **Consumer Buying Behavior**: the buying behavior of final consumers -- individuals and households that buy products for personal consumption.
- **Central question**: How do consumers respond to marketing efforts?

A Framework for Buyer Behavior

- **Marketing and Other Stimuli**
  - Product
  - Price
  - Place
  - Promotion

- **Buyer**
  - Economic
  - Technological
  - Political
  - Cultural
  - Social
  - Personal
  - Psychological

Key Factors Affecting Consumer Behavior

I. Cultural Factors

- **Culture**: Learned values, perceptions, wants (not needs!), behaviors. It is the most basic cause of a person's wants and behavior.
- **Subculture**: Sub-group within a culture with shared value systems based on common life experiences. (ethnic groups, regions, senior citizens, etc.)
- **Social Class**: division of people in a culture based on socio-economic variables (occupation, income, education …)
II. Social Factors

- Groups and Social Networks
  - Membership
  - Aspirational
- Opinion Leader / Influential
- Family
- Roles and Status

IV. Psychological Factors

- Motive / Need
- Perception
- Learning
- Beliefs and Attitudes

III. Personal Factors

- Age and Life Cycle Stage
- Occupation
- Income / Affluence
  - Activities
  - Interests
  - Opinions
- Lifestyle
- Personality & Self-Concept

Cell phones can be seen as a status symbol
Maslow’s Hierarchy of Needs

Perception

The process by which an individual selects, organizes, and interprets stimuli into a meaningful picture.

- Selective Attention
- Selective Distortion (Comprehension)
- Selective Retention

Involvement

… effort and deliberation given to the purchase decision

High Involvement
- risky, expensive, self-expressive item
- active, careful decision making

Low Involvement
- low risk and price, frequent buy
- quick / efficient decision

A Classification of Buying Decisions

High Involvement
- Significant differences between brands

Low Involvement
- Few differences between brands

<table>
<thead>
<tr>
<th>Complex Buying Behavior</th>
<th>Variety- Seeking Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissonance- Reducing Buying Behavior</td>
<td>Habitual Buying Behavior</td>
</tr>
</tbody>
</table>
Buyer Decision Process

1. Need Recognition
2. Information Search
3. Evaluation of Alternatives - Choice
4. Purchase
   Consumption
5. Post-Purchase Behavior

Step 1. Need Recognition

occurs when the buyer recognizes a problem or need triggered by:

- **Internal Stimuli** (hunger, thirst, self-esteem ...)
- **External Stimuli** (TV, magazine, radio, friends, ...)

Step 2. Information Search

**Personal Sources:** Family, friends, neighbors ...
- Most influential source of information

**Commercial Sources:** Advertising, Internet, salespeople ...
- Most information is received from these sources

**Public Sources:** Mass media, consumer-organizations ...

**Experiential:** Handling, examining, using the product
- Learning

Step 3. Choice

- No single or simple evaluation process
  careful calculation & logical vs. impulse, intuition or habit
- If there are not many choice alternatives
  and you rate a brand best on all attributes,
  choice would be easy.
Choice

… But

- Typically many alternatives
  - Only some brands may be considered for purchase: Consideration Set
- No brand is best on all attributes / dimensions
  - May consider an attribute above all (e.g. styling)
  - or consider several attributes each with different importances
  - or …

Step 4. Purchase

Purchase Intention

attitudes of others

unexpected situational factors

Actual Choice

Step 5. Postpurchase Behavior

Satisfaction vs. Dissatisfaction
- expectations vs. actual product performance

Cognitive Dissonance
- discomfort caused by a post-purchase conflict

Decision Process for New Products

Awareness
Interest
Evaluation
Trial
Adoption
Individual Differences for Timing of Adoption

<table>
<thead>
<tr>
<th>Time of Adoption</th>
<th>Early</th>
<th>Early Majority</th>
<th>Late Majority</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovators</td>
<td>2.5%</td>
<td>Early Adopters</td>
<td>Early Majority</td>
<td>Late Majority</td>
</tr>
<tr>
<td></td>
<td>Early</td>
<td>13.5%</td>
<td>34%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Product Characteristics that Affect Adoption

- **Relative Advantage**: Is the innovation superior to existing products?
- **Compatibility**: Fit the values and experiences of the target market?
- **Complexity**: Difficult to understand or use?
- **Divisibility**: Can be used on a trial basis?
- **Communicability**: Can be easily observed or described?