Learning Objectives

- To understand the role consumer behavior plays in the development and implementation of advertising and promotional programs
- To understand the consumer decision-making process and how it varies for different types of purchases
- To understand various internal psychological processes, their influence on consumer decision making, and implications for advertising and promotion

Learning Objectives

- To recognize the various approaches to studying the consumer learning process and their implications for advertising and promotion
- To recognize external factors such as culture, social class, group influences, and situational determinants and how they affect consumer behavior
- To understand alternative approaches to studying consumer behavior
Consumer Behavior

- Process and activities people engage in with relation to products and services to satisfy their needs and desires
  - Searching and selecting
  - Purchasing and using
  - Evaluating
  - Disposing

Figure 4.1 - A Basic Model of Consumer Decision Making

Problem Recognition

- Consumer perceives a need and gets motivated to solve the problem
- Caused by a difference between consumer’s ideal state and actual state
- Sources
  - Out of stock
  - Dissatisfaction, new needs or wants
  - New products, related products or purchases
  - Marketer-induced problem recognition
Examining Consumer Motivations

- Helps in understanding the reasons underlying consumer purchases
- **Motives**: Factors that compel a consumer to take a particular action

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**Figure 4.2 - Maslow’s Hierarchy of Needs**

- Self-actualization needs (self-development and realization)
- Esteem needs (self-esteem, recognition, status)
- Social needs (sense of belonging, love)
- Safety needs (security, protection)
- Physiological needs (hunger, thirst)

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Psychoanalytic Theory

- Influenced modern psychology and explanations of motivation and personality
- Applied to the study of consumer behavior
- Deep motives can only be determined by probing the subconscious
Figure 4.3 - Some of the Marketing Research Methods Used to Probe the Mind of the Consumer

- **Face-to-face interviews**: Face-to-face situations in which an interviewer asks a consumer to talk freely in an unstructured interview using specific questions designed to obtain insights into his or her motives, ideas, or opinions.

- **Projective techniques**: Attempts designed to gain insights into consumers' values, motives, attitudes, or needs that are difficult to express or identify by having them project those internal states upon some external object.

- **Association tests**: A technique in which an individual is asked to respond with the first thing that comes to mind when he or she is presented with a stimulus; the stimulus may be a word, picture, etc., and so on.

- **Focus groups**: A small number of people with similar backgrounds and/or interests who are brought together to discuss a particular product, idea, or issue.

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Criticisms of Psychoanalytic Theory and Motivation Research

**Psychoanalytic theory**

- Very vague
- Unresponsive to the external environment
- Too reliant on the early development of the individual
- Uses a small sample for drawing conclusions

**Motivation research**

- Results are difficult to verify
- Lack of experimental validation
- Findings are not generalizable to the entire population

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Contributions of Psychoanalytic Theory and Motivation Research

**Psychoanalytic theory**

- Insights gained make more effective strategies than rationally based appeals

**Motivation research**

- Helps assess how and why consumers buy
- Helps get around stereotypical or socially desirable responses
- Forerunner of psychographics
Information Search

- **Internal search**: Information retrieval that involves recalling:
  - Past experiences
  - Information regarding various purchase alternatives
- **External search**: Seeking information from external sources:
  - Internet, personal, and public sources
  - Marketer-controlled sources
  - Personal experience

Information Search

- Extent of external source to be used depends on the:
  - Importance of the purchase decision
  - Effort needed to acquire information
  - Amount of past experience relevant
  - Degree of perceived risk associated with the purchase
  - Time available

Perception

- Receiving, selecting, organizing, and interpreting information to create a meaningful picture of the world
- Depends on:
  - Internal factors
  - Characteristics of a stimulus
Perception Processes

**Sensation**
- Immediate, direct response of the senses to a stimulus

**Selecting information**
- Internal psychological factors determine what one focuses on and/or ignores

**Interpreting the information**
- Organizing, and categorizing information is influenced by:
  - Internal psychological factors
  - The nature of the stimulus

**Selective perception**
- Results from the high number and complexity of the marketing stimuli a person is exposed to

Selective Perception Process

**Selective exposure**
- Consumers choose whether or not to make themselves available to information

**Selective attention**
- Consumer chooses to focus attention on certain stimuli while excluding others

**Selective comprehension**
- Consumers interpret information on the basis of their own attitudes, beliefs, motives, and experiences

**Selective retention**
- Consumers do not remember all the information they see, hear, or read even after attending to and comprehending it
  - Mnemonics: Symbols, rhymes, associations, and images that assist in the learning and memory process

Subliminal Perception

- Ability to perceive a stimulus that is below the level of conscious awareness
- Controversial tactic with strong ethical implications
Alternative Evaluation

- Comparing the brands one has identified as being capable of:
  - Solving the consumption problem
  - Satisfying the needs or motives that initiated the decision process
- Evoked set - Subset of all the brands of which the consumer is aware
  - Size depends on the:
    - Importance of the purchase
    - Time and energy spent comparing alternatives

Evaluative Criteria and Consequences

- **Evaluative criteria**: Dimensions or attributes of a product that are used to compare different alternatives
  - Objective or subjective
  - Viewed as product or service attributes
- **Functional consequences**: Concrete outcomes of product or service usage
  - Tangible and directly experienced by consumers

Evaluative Criteria and Consequences

- **Psychosocial consequences**: Abstract outcomes that are more intangible, subjective, and personal
- Subprocesses
  - Process by which consumer attitudes are created, reinforced, and changed
  - Decision rules or integration strategies used to compare brands and make purchase decisions
Attitudes

- Learned predispositions to respond to an object
- Theoretically summarize a consumer’s evaluation of an object
- Represent positive or negative feelings and behavioral tendencies

Multiattribute Attitude Model

- Attributes of a product or brand provide the basis on which consumers form their attitude
- Consumers attach different levels of importance to different attributes

Salient beliefs

- Beliefs concerning specific attributes
- Consequences that are activated and form the basis of an attitude

\[ A_b = \sum_{i=1}^n B_i \times E_i \]

where
- \( A_b \) = attitude toward a brand
- \( B_i \) = beliefs about the brand’s performance on attribute \( i \)
- \( E_i \) = importance attached to attribute \( i \)
- \( n \) = number of attributes considered
Attitude Change Strategies

- Changing the strength or belief rating of a brand on an important attribute
- Changing consumers’ perceptions of the importance or value of an attribute
- Adding a new attribute to the attitude formation process
- Changing perceptions of belief ratings for a competing brand

Integration Processes and Decision Rules

Integration processes

- Combining product knowledge, meanings, and beliefs to evaluate alternatives

Decision rules - Strategies used to decide among alternatives

- **Heuristics**: Simplified decision rules customers use for purchase decisions
- **Affect referral decision rule**: Selection is made on the basis of:
  - Overall impression or summary evaluation of the various alternatives under consideration

Purchase Decision

- **Purchase intention**
  - Predisposition to buy a certain brand by matching purchase motives with attributes of brands considered

- **Brand loyalty**
  - Preference for a particular brand that results in its repeated purchase
Postpurchase Evaluation

- Satisfaction - Consumer’s expectations are met or exceeded
- Dissatisfaction - Product performance is below expectations
- **Cognitive dissonance**: Psychological tension experienced after a difficult purchase choice

Behavioral Learning Theory

- Based on the stimulus–response orientation (S–R)
- Learning occurs as a result of responses to external stimuli in the environment
- **Classical conditioning**: Learning is an associative process with existing relationship between a stimulus and a response

Figure 4.6 - The Classical Conditioning Process
Operant Conditioning

- Learning occurs when individual actively operates or acts on some aspect of the environment
- **Reinforcement**: Reward or favorable consequence associated with a particular response
  - Reinforced behavior strengthens the bond between stimulus and response

Figure 4.7 - Instrumental Conditioning in Marketing

Schedules of Reinforcement

- **Continuous**: Learning occurs rapidly and every response is rewarded
  - Behavior is likely to cease when reinforcement stops
- **Partial or intermittent**: Learning occurs more slowly but lasts longer
  - Only some responses are rewarded
- **Shaping**: Reinforcement of successive acts that lead to a desired behavior pattern or response
Environmental Influences on Consumer Behavior

- **Culture**
  - Complexity of learned meanings, values, norms, and customs shared by members of a society

- **Subcultures**
  - Smaller segments within a culture, whose beliefs, values, norms, and patterns of behavior set them apart from the larger cultural mainstream

- **Social class**
  - Homogeneous divisions in a society into which people sharing similar lifestyles, values, norms, interests, and behaviors can be grouped

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**Figure 4.8 - Application of Shaping Procedures in Marketing**

Terminal Goal: Repeat Purchase Behavior

<table>
<thead>
<tr>
<th>Approximation Sequence</th>
<th>Shaping Procedure</th>
<th>Reinforcement Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Induce product trial</td>
<td>Free samples distributed, large discount coupon</td>
<td>Product performance, coupon</td>
</tr>
<tr>
<td>Induce purchase with little financial obligation</td>
<td>Discount coupon prompts purchase with low-cost coupon, good for small discount on next purchase encouraged</td>
<td>Product performance, coupon</td>
</tr>
<tr>
<td>Induce purchase with moderate financial obligation</td>
<td>Small discount coupon prompts purchase with moderate cost</td>
<td>Product performance</td>
</tr>
<tr>
<td>Induce purchase with high financial obligation</td>
<td>Purchase occurs without coupon assistance</td>
<td>Product performance</td>
</tr>
</tbody>
</table>

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**Figure 4.9 - The Cognitive Learning Process**

Goal - Perseverance behavior - Insight - Goal achievement
Environmental Influences on Consumer Behavior

**Reference group**
- Group whose presumed perspectives or values are being used by an individual as the basis for his or her judgments, opinions, and actions

**Situational determinants**
- Specific situation in which consumers plan to use the product or brand directly affects their perceptions, preferences, and purchase behaviors
- Types - Usage, purchase, and communications situation

Alternative Approaches to Consumer Behavior

- New methodologies
  - Qualitative methods
  - Linguistic or historical perspective of communications
  - Examining the symbolic meanings of advertising and the facets of consumption
- Leads to better understanding of:
  - Cultural significance of advertising messages
  - Influence of advertising images on society