

**Trier 3**

# **Consumer (and business) buyer and market behaviour**

# Previewing concepts (1)

- Define the consumer market and construct a simple model of consumer buyer behaviour
- Demonstrate how culture, subculture and social class influence consumer buying behaviour
- Describe how consumers' personal characteristics and primary psychological factors affect their buying decisions

# Previewing concepts (2)

- List and understand the major types of buying decision behaviour and the stages in the buyer decision process
- Discuss how consumer decision making varies with the type of buying decision

# Previewing concepts (3)

- Define the business market and explain how business markets differ from consumer markets
- List and define the steps in the business buying decision process

# Harley-Davidson Motorfietsen



The screenshot shows the O.I.T. Harley-Davidson website. On the left is a vertical navigation menu with the O.I.T. logo at the top. The menu items are: Startpagina, Terug, Motoren, Customizing, Parts & Accessories, Modellen 2008 direct leverbaar, LifeStyle-Shop, and Evenementen. The main header features the Harley-Davidson logo, the text 'Motoren Buell', and the Buell logo. Below the header is a navigation bar with links: H-D 2008, H-D 2007, Buell 2008, Buell 2007, Occasions, Inruil / Aankoop, Werkplaats, Financiering, and Verzekeren. The main content area includes the text 'Sinds September 2001 is O.I.T. Harley-Davidson ook officieel Buell dealer.' and 'Bekijk de informatie over alle nieuwe Buell 2008 modellen'. Below this is a large image of a motorcycle with the text 'BUILT FROM THE RIDER DOWN' and '2008 BUELL MOTOREN' overlaid.

**O.I.T. Harley-Davidson**

Startpagina

Terug

Motoren

Customizing

Parts & Accessories

Modellen 2008 direct leverbaar

LifeStyle-Shop

Evenementen

**Motoren Buell**

**Buell**

[H-D 2008](#) || [H-D 2007](#) || [Buell 2008](#) || [Buell 2007](#) || [Occasions](#) || [Inruil / Aankoop](#) || [Werkplaats](#) || [Financiering](#) || [Verzekeren](#)

Sinds September 2001 is O.I.T. Harley-Davidson ook officieel Buell dealer.

Bekijk de informatie over alle nieuwe [Buell 2008 modellen](#)

**Built from the Rider Down**  
2008 BUELL MOTOREN

# The brand - Harley-Davidson

- Most products and personalities come and go but others, like the Harley-Davidson, achieve long-lasting cult status. Why do you think this occurs?
- Harley-Davidson makes motorcycles. What do Harley-Davidson owners buy?
- How do you think the buying process for buying a Harley-Davidson differs from buying other €20,000 products?

# Harley-Davidson

- Harley has instilled a high degree of brand loyalty in its target market.
- The company researches its customer base to understand buyer behaviour.
- The research revealed seven core customer types: 1) adventure-loving traditionalists, 2) sensitive pragmatists, 3) stylish status-seekers, 4) laid-back campers, 5) classy capitalists, 6) cool-headed loners, and 7) cocky misfits.

# Harley-Davidson

- The Harley-Davidson example shows that *many factors* affect consumer buying behaviour.
- Consumer buyer behaviour refers to the buying behaviour of *final* consumers—individuals and households who buy goods and services for personal consumption.



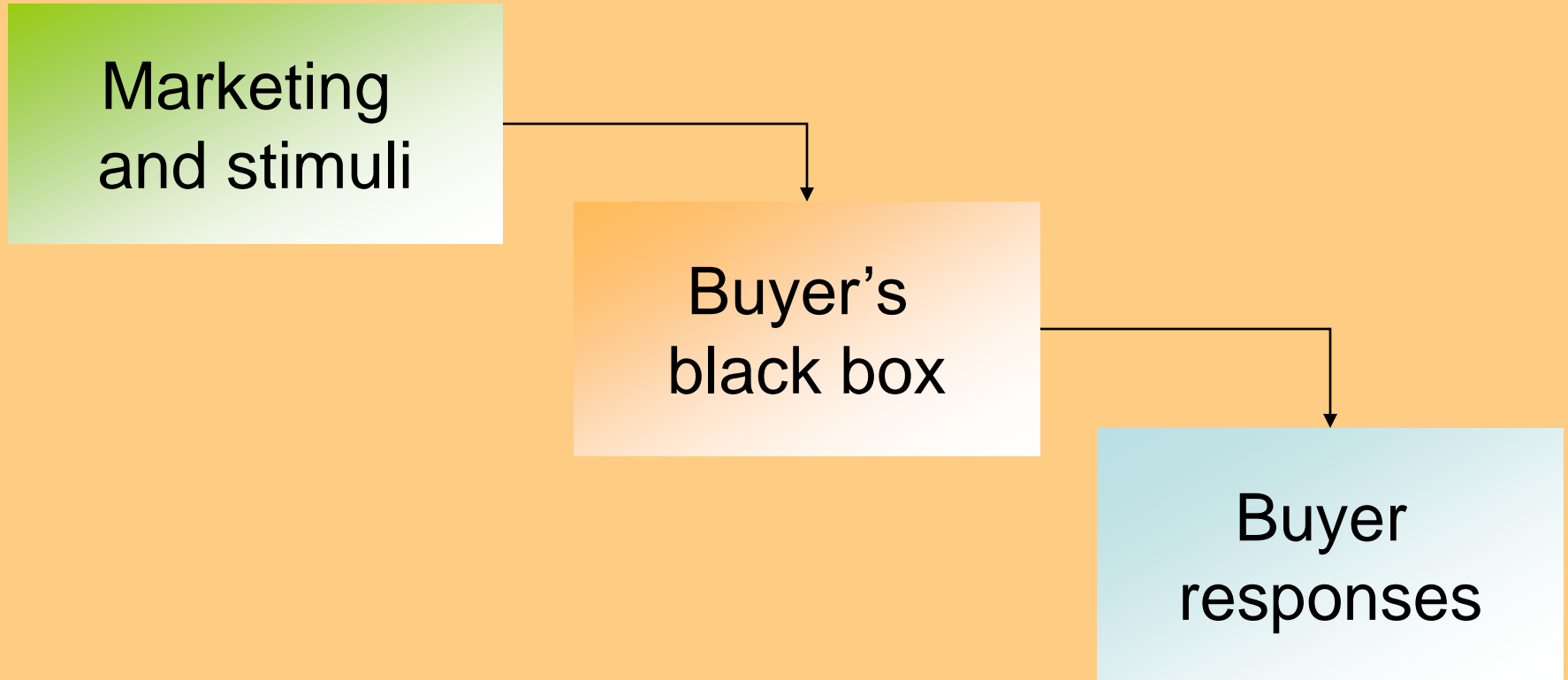
# Analysing consumer behaviour: Kipling's six Q's

- *What* do consumers buy?
- *Where* do they buy?
- *When* do they buy?
- *Why* do they buy?
- *How* do they buy?
- *Who* buys?

# Key Question!

- How do consumers respond to various marketing efforts?
- The starting point for answering this question is the stimulus-response model of buyer behaviour shown in Figure 5.1.

# Figure 5.1 Stimulus-response **Model** of buyer behaviour



# Key Q - What is in the buyer's 'black box'?

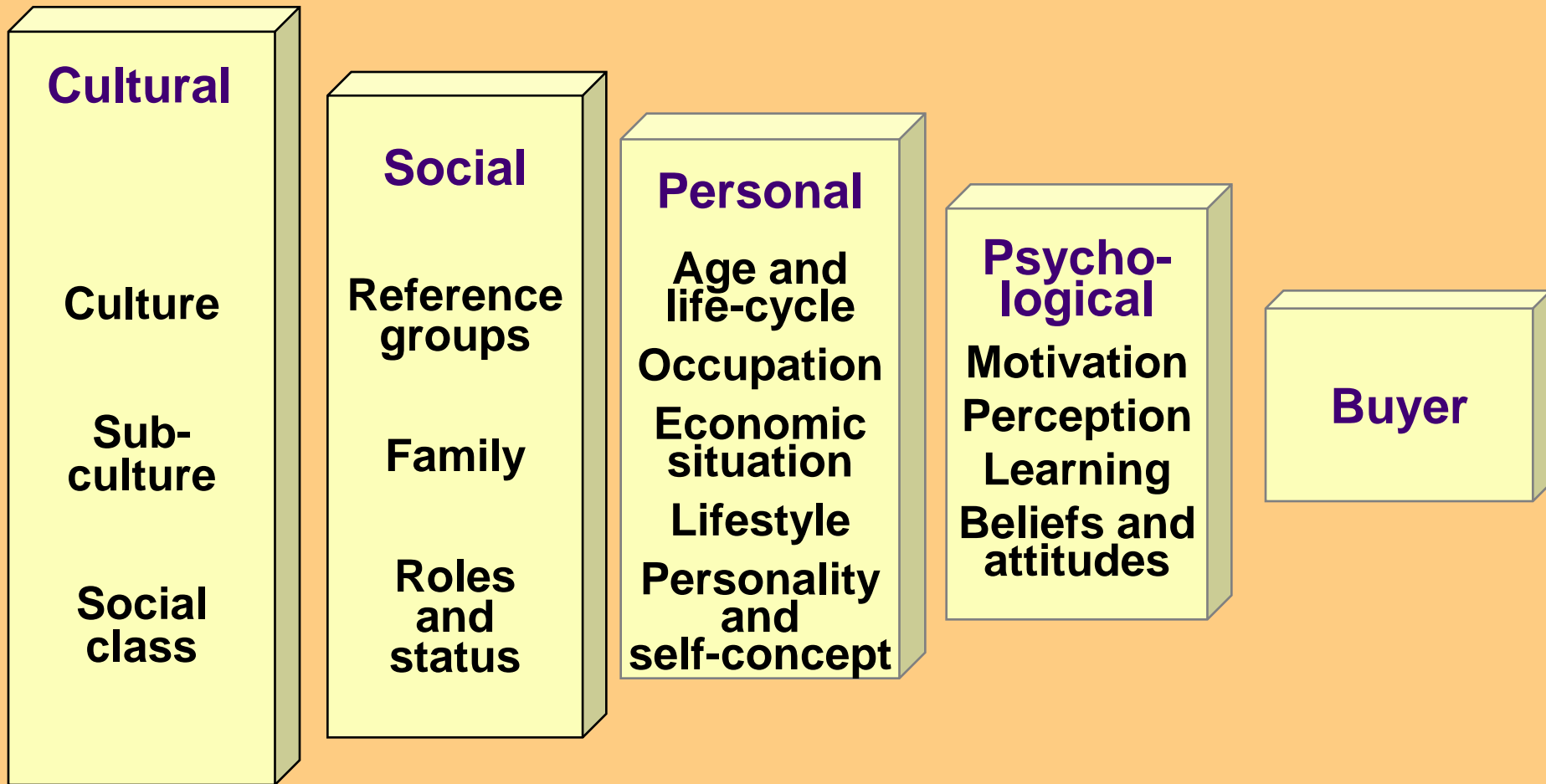
- Marketing and other stimuli enter the consumer's 'black box' and produce certain responses.
- Marketing stimuli consist of the 4 Ps: product, price, place, and promotion.
- Other stimuli include major forces and events in the buyer's environment.
- The buyer's characteristics influence how he or she perceives and reacts to the stimuli.
- The buyer's decision process itself affects the buyer's behaviour.

# What is neuromarketing?

Researchers are using technology to  
'look inside the brain'

**Neuromarketing** is the use of neuro-  
technology to improve marketing  
decision making.

# ***Factors Influencing Consumer Behaviour***



# What is culture?

**Culture** is the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions.

# Cultural factors

- Culture is the most basic cause of a person's wants and behaviour. Culture is the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions.
- Each culture contains smaller subcultures, or groups of people with shared value systems based on common life experiences and situations. *Subcultures include nationalities, religions, racial groups, and geographic regions.*



# *Influences on Culture*



# Subcultures

- Nationalities
- Religion
- Racial groups
- Geographic regions

*HSBC is the first to offer Islamic financial products.*

The screenshot displays the HSBC website's 'Personal Banking' section. At the top, the HSBC logo is followed by the tagline 'The world's local bank'. A search bar is located on the right. Below the header, a navigation menu includes links for 'About HSBC', 'Newsroom', 'Investor Relations', 'Sustainability', 'Careers', 'Personal Banking' (which is highlighted), 'Business and Commercial', 'Global Banking and Markets', 'Private Banking', and 'Internet banking'. The main content area for 'Personal Banking' features the heading 'Local knowledge, worldwide expertise' and a sub-headline 'We help over 41 million people worldwide manage and save for their futures with a complete range of personal financial products'. To the right of this text is a photograph of a woman. Further right, a box titled 'Visit your local site:' lists links for Brazil, Mexico, France, United Kingdom, Hong Kong, and United States, with a 'View all countries' link at the bottom. Below this, there are two promotional banners. The first is for 'HSBC PREMIER' with the tagline 'Open to the world. Open to possibilities.' and a link to 'Find out more'. The second is for 'Home & Away Privileges' with a link to 'Find out more'. On the right side of the page, under the heading 'Find out more about:', there is a list of services: Personal Loans, Credit Cards, Homebuying, Saving & Investing, Retirement planning, and Insurance.

HSBC The world's local bank

Search Enter key words

About HSBC Newsroom Investor Relations Sustainability Careers **Personal Banking** Business and Commercial Global Banking and Markets Private Banking Internet banking

### Personal Banking

**Local knowledge, worldwide expertise**

We help over 41 million people worldwide manage and save for their futures with a complete range of personal financial products

**Visit your local site:**

- [Brazil](#)
- [Mexico](#)
- [France](#)
- [United Kingdom](#)
- [Hong Kong](#)
- [United States](#)

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**HSBC PREMIER**  
Open to the world.  
Open to possibilities

**Premier**

Premier aims to deliver an exceptional level of service, no matter where you are in the world.

► [Find out more](#)

**Home & Away Privileges**

Take advantage of exclusive offers and insights, only available to HSBC Credit Card holders.

► [Find out more](#)

**Find out more about:**

- [Personal Loans](#)
- [Credit Cards](#)
- [Homebuying](#)
- [Saving & Investing](#)
- [Retirement planning](#)
- [Insurance](#)

# Cultural factors (con't)

- Social classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviours.
- Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables.

# Social classes

1	Higher managerial and professional occupations
1.1	Employers and managers in large organisations (senior private and public sector employees)
1.2	Higher professionals (partners in law firms, etc.)
2	Lower managerial and professional occupations (middle managers and professionally qualified people)
3	Intermediate occupations (secretaries, policemen, etc.)
4	Small employers and sole traders
5	Lower supervisory, craft and related occupations (skilled manual workers)
6	Semi-routine occupations (shop assistants, etc.)
7	Routine occupations (semi-skilled or unskilled manual workers)

# Social factors

Social factors can also affect consumer behaviour.

- Reference groups
- Family
- Roles and status

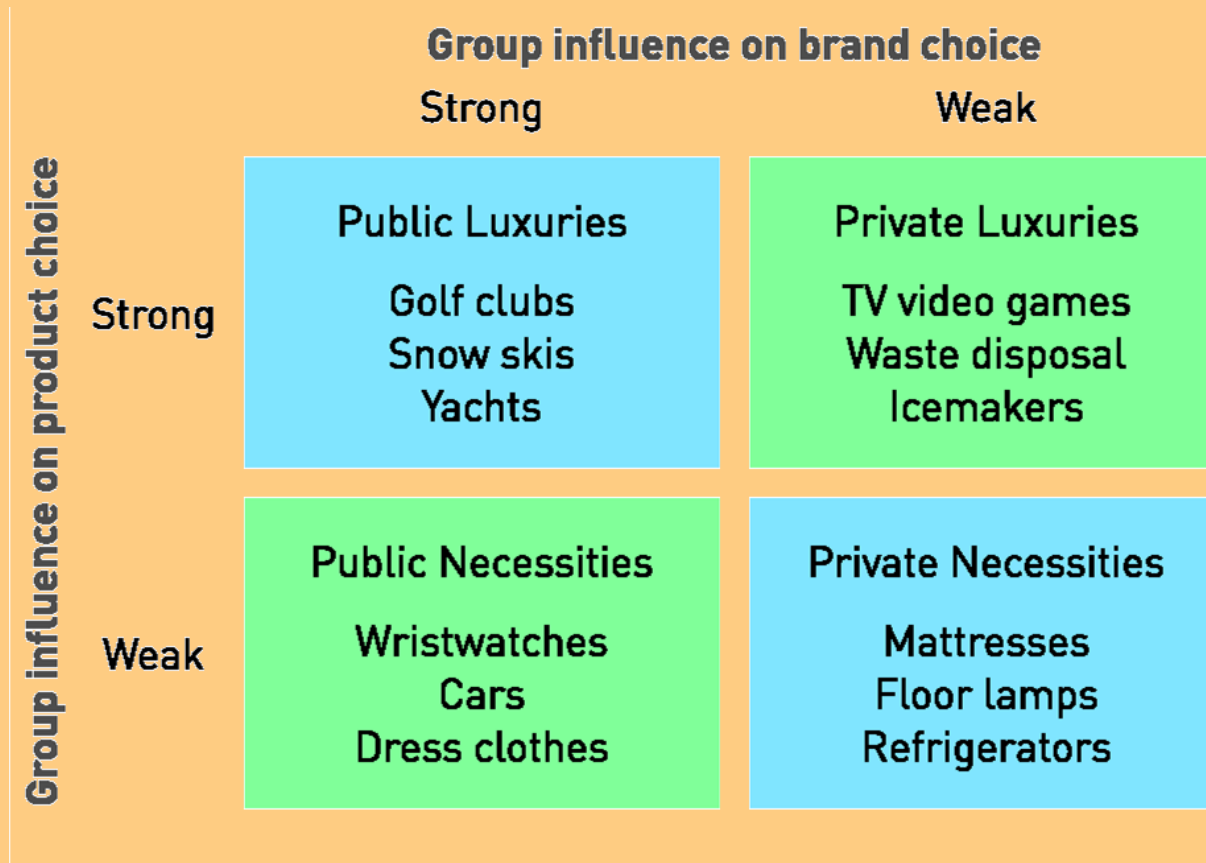
# Think-Pair-Share

- Consider an item you bought which is typical of what your peers (a key reference group) buy, such as a compact disc, a mountain bike or a brand of trainer.
- Were you conscious that your friends owned something similar when you made the purchase? Did this make you want the item more or less? Why or why not?

# What is an opinion leader?

- **Opinion leaders** are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.
- Manufacturers of products and brands *subjected* to strong group influence must figure out how to reach opinion

# Figure 5.3 Extent of group influence on product and brand choice





# Blogs and social networking sites

- Social networking, social interaction carried out over Internet media, illustrates the importance of social influence on consumer behaviour.
- MySpace.com; Facebook.com

# VW's Helga relied on social networking for branding

## Helga



"Don't be sucking"

Female  
27 years old  
Wolfsburg,  
Germany

Last Login: 5/3/2008

[View My: Pics | Videos](#)

### Contacting Helga

<a href="#">Send Message</a>	<a href="#">Forward to Friend</a>
<a href="#">Add to Friends</a>	<a href="#">Add to Favorites</a>
<a href="#">IM / Call</a>	<a href="#">Block User</a>
<a href="#">Add to Group</a>	<a href="#">Rank User</a>

MySpace URL:  
<http://www.myspace.com/MissHelga>

### Helga's Interests

<b>Music</b>	AC/DC, Autobahn, Wojahn Brothers, Ramstein...
<b>Movies</b>	The Big Lebowski, Fargo, Armageddon, My Best Friend...
<b>Books</b>	Anything by Nietzsche, Kinski



Helga is in your extended network

### Helga's Latest Blog Entry

[\[Subscribe to this Blog\]](#)

#### Helga's Blurbs

About Me:



I'm straight outta Wolfsburg, Germany y'all. I'm a perfectionist. I enjoy the thrill of being thrown back in my seat (from de G-forces), and I love mein cat, Mr. Boots. I don't do drugs, but I am an adrenaline junky. Farther farther farther I love...

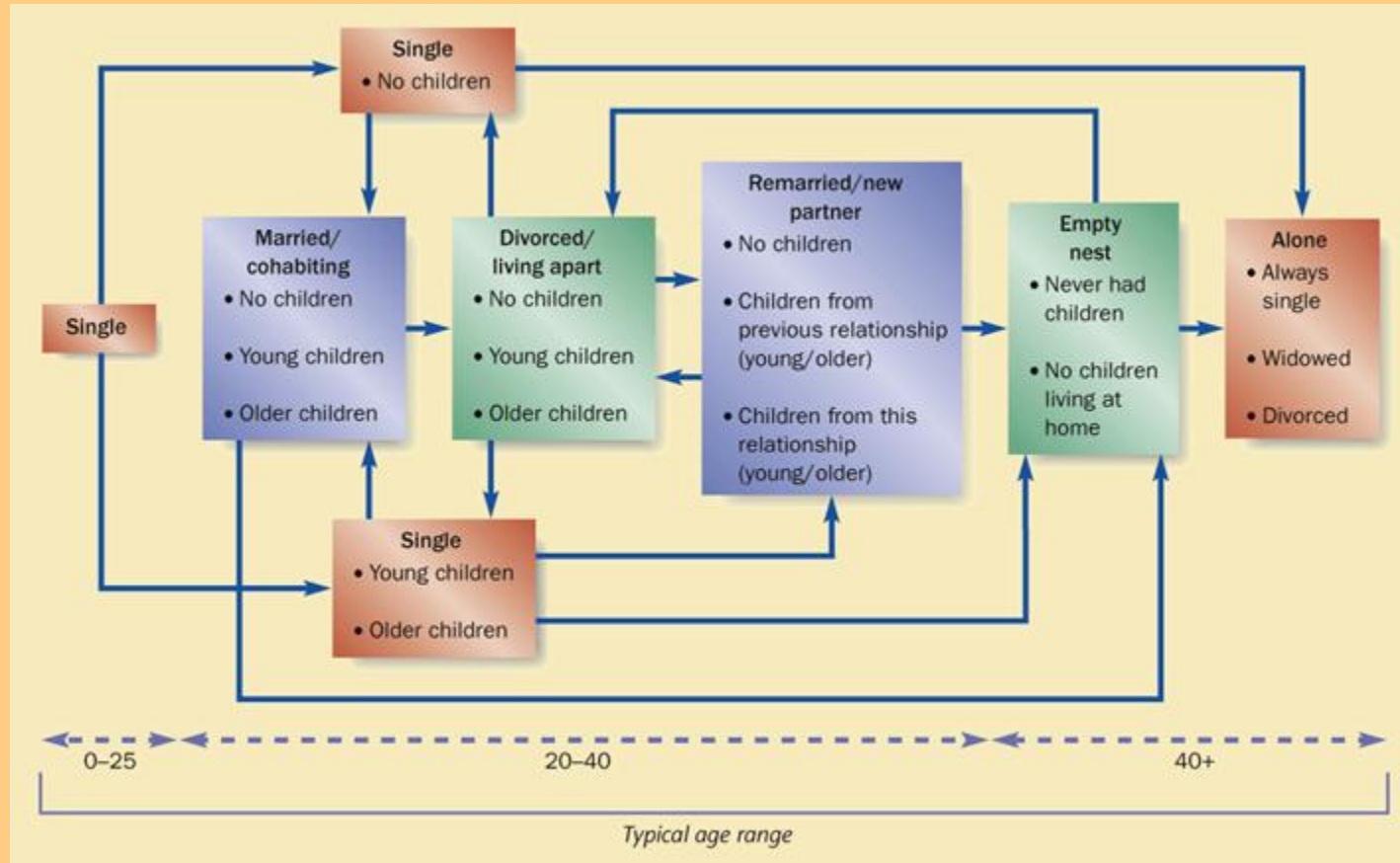
# Family members can strongly influence

- The buyer's parents make up the family of orientation.
- The family of procreation (the buyer's spouse and children) has a more direct influence on everyday buying behaviour.
  - » Husband-wife involvement varies widely by product category and by stage in the buying process
  - » Children may also have a strong influence on family buying decisions in the form of “pester power.”

# Think-Pair-Share

- Now, think of brands that you currently use which your parents also use. Examples may include soap, tea, or butter/milk.
- Did you think through these purchases as carefully as those influenced by your peers or were these purchases simply the result of following old habits?

# Figure 3.4 Family Life Cycle



# Consumers' buying roles

- Initiator
- Influencer
- Decider
- Buyer
- User



# Decision-making unit (DMU)

- » The initiator is the person who first suggests or thinks of the idea of buying a particular product or service.
- » The influencer is the person whose view or advice influences buying decision.
- » The decider is the person who ultimately makes the buying decision or any part of it.
- » The buyer is the person who makes the actual purchase.

# Role and Status

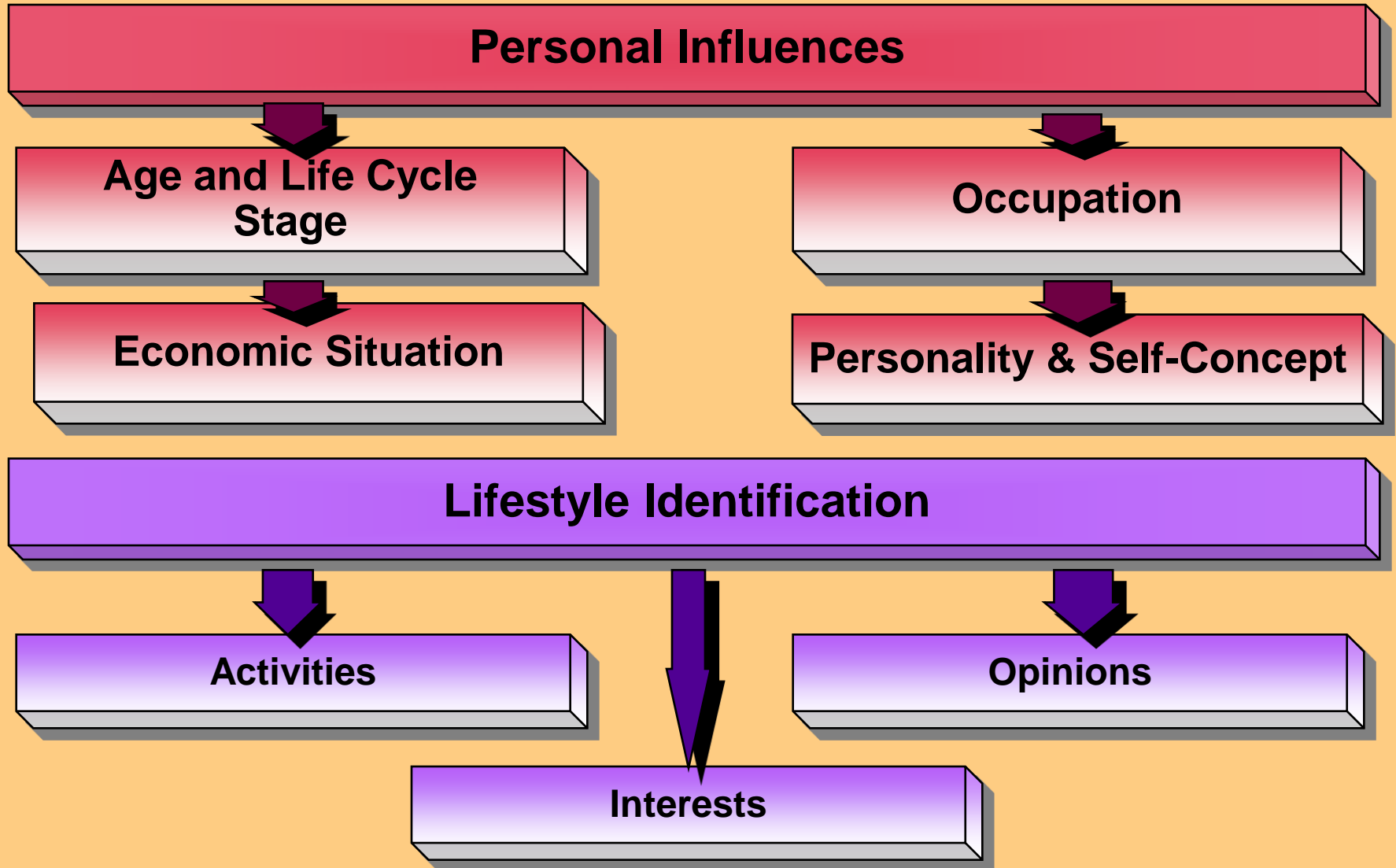
- A person's position within each group can be determined in terms of role and status.
- A role consists of the activities that people are expected to perform according to the persons around them.
- Status is the general esteem given to a role by society.



# Personal factors

- Buyer's age
- Lifecycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality
- Self-concept

# Personal Factors Affecting Consumer Behaviour:



# Family life-cycle stages

## Young

- Single
- Married without children
- Married with children
- Divorced with children

## Older

- Older married
- Older unmarried

## Middle-aged

- Single
- Married without children
- Married with children
- Married without dependent children
- Divorced without children
- Divorced with children
- Divorced without dependent children

# Think-Pair-Share

How should a marketer of bedroom furniture consider life-cycle stage in his/her strategy?

Can you think of a furniture retailer that places emphasis on a particular life-cycle stage?

# Individual exercise

- Go to the VALS Web site at <http://www.sric-bi.com/VALS/presurvey.shtml>.
- Take the VALS survey. Read and consider the profiles that result from your survey. What things do you agree with? Disagree with?
- What four products have high indexes for your type? Do you buy these products?
- Do you think that an instrument such as this has any value to marketers?

# Think-Pair-Share

In designing adverts for a soft drink, which would you find more helpful: information about demographics or lifestyles? Give examples.

# What is personality?

**Personality** is a person's distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.

# Personality

Personality can play a role in consumer behaviour, particularly with high involvement products (e.g., choice of holiday)

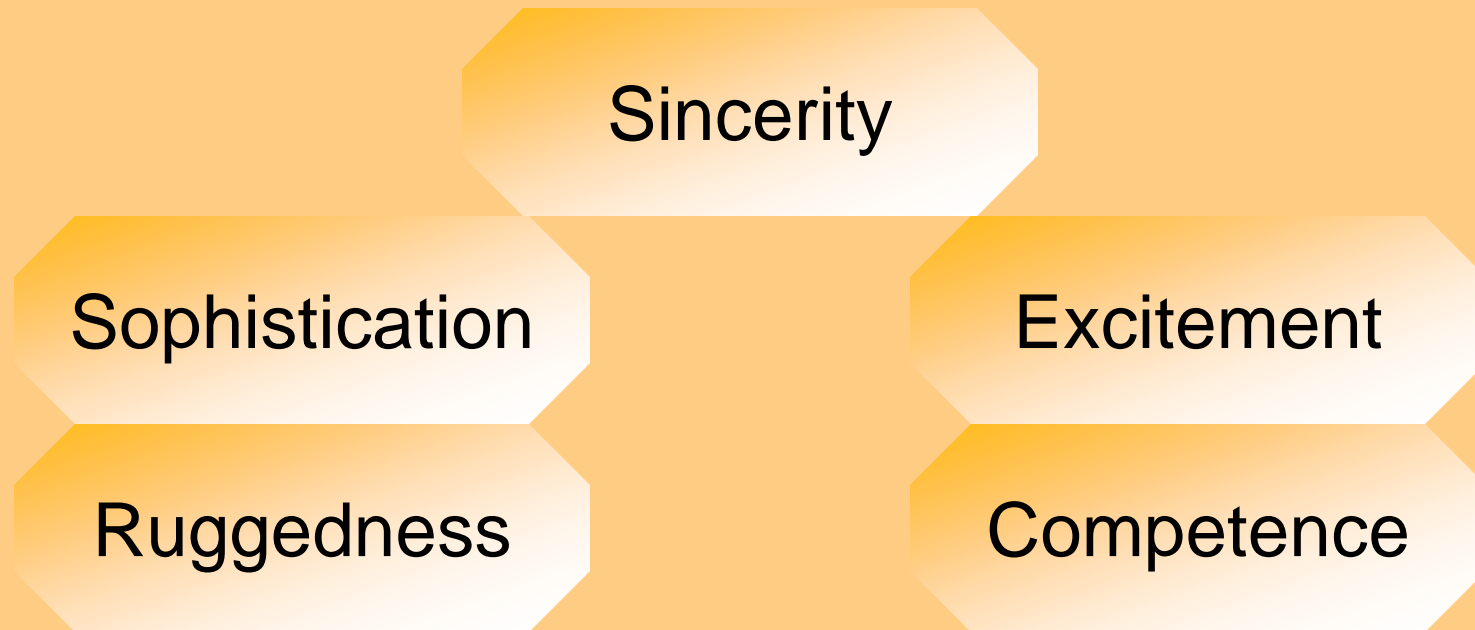


Source: © Hayes & Jarvis (Travel) Ltd <http://www.hayesandjarvis.co.uk>





# Brands have personalities too



# Personality and Self-Concept

- Related to personality is a person's self-concept. The basic self-concept premise is that people's possessions contribute to and reflect their identities.
- “We are what we have”
  - Visit somebody's home/apartment?

# ***Factors Affecting Consumer Behaviour: Psychological***



What is suggested by  
Freud's theory of motivation?

Freud suggested that a person's buying decisions are affected by subconscious motives that even the buyer may not understand.

# Figure 5.4

## Maslow's hierarchy of needs



# Exercise

- Study Maslow's hierarchy of needs
- Cut out print ads that appear to be focused on appealing to the different needs of this hierarchy. Find one ad for each level of needs.


# Perception

Perception is the process by which people select, organise and interpret information to form a meaningful picture of the world

# Perceptions



Selective  
attention



Selective  
perception



Selective  
retention



# What is the difference between attitudes and beliefs?

A **belief** is a descriptive thought a person has about something.

An **attitude** describes a person's favourable or unfavourable evaluations, feelings, and tendencies towards an object or idea.

# Skoda Responded to Negative Attitudes



# PEER GROUP EFFECTS

- How do you get young people to change their attitudes about Clarks shoes from “Shoes their parents would wear” to “Cool and modern”?



# Consumer decision process

**Consumer choice** results from a complex interplay of cultural, social, personal, and psychological factors.

# Figure 5.5 Four types of buying behaviour

	High involvement	Low involvement
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

# Buying decision behaviour

- ***Habitual buying behaviour***
  - Characterised by low consumer involvement and few significant perceived brand differences
- ***Variety seeking buying behaviour***
  - Low consumer involvement but significant perceived brand differences

# Endorsements from celebrities increase sales

"Renée Zellweger proves once again why she is one of Hollywood's finest"

- Rachel Smith, KVVU-TV (Las Vegas - Fox)

"Miss Potter is one of the sweetest, most charming and beautiful movies of the year."

- Joffrey Lyons, NBC's REEL TALK

OWN IT  
ON DVD  
JUNE 19

PG PARENTAL STRONG CAUTIONED  
SOME MATERIAL MAY BE INAPPROPRIATE FOR CHILDREN UNDER 13  
http://www.filmratings.com  
http://www.parentalguide.org

Buy Now Enter Site

L'OREAL

The poster features a DVD box set on the left, a framed photo of a hand holding a drawing of a rabbit in the center, and a large image of Renée Zellweger and Ewan McGregor on the right. The background is a lush green landscape with a body of water. The L'OREAL logo is in the bottom left corner.

# What is dissonance-reducing buying behaviour?

**Dissonance-reducing buying behaviour** is consumer behaviour in situations characterised by high involvement but few perceived differences among brands.



# Dissonance-reducing buying behaviour

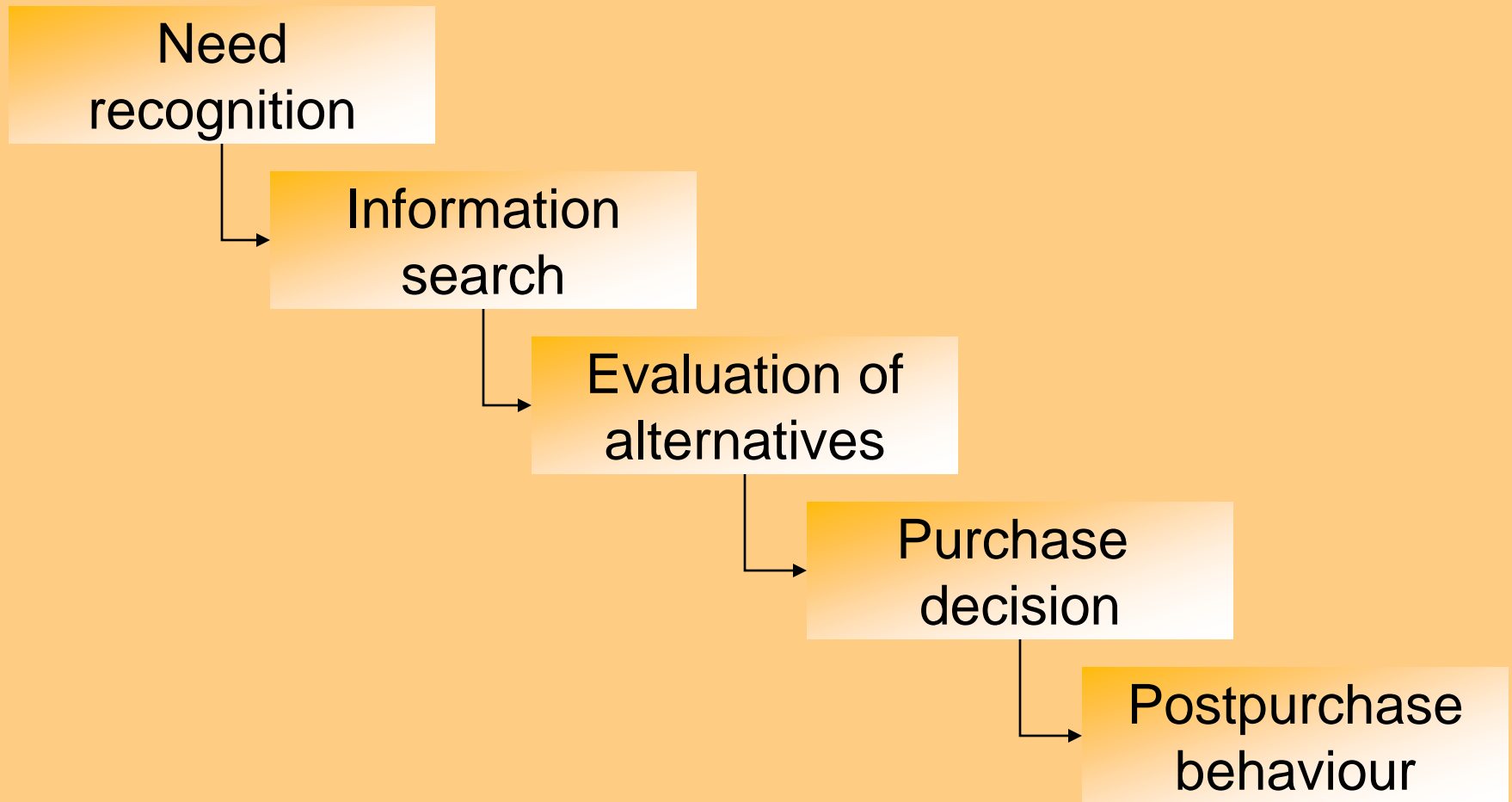
- Dissonance-reducing buying behaviour occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands.
- After the purchase, consumers might experience postpurchase dissonance (after-sale discomfort) when they notice certain disadvantages of the purchased brand or hear favorable things about brands not purchased.

# UNDERSTANDING BUYING PROCESSES IS CRUCIAL

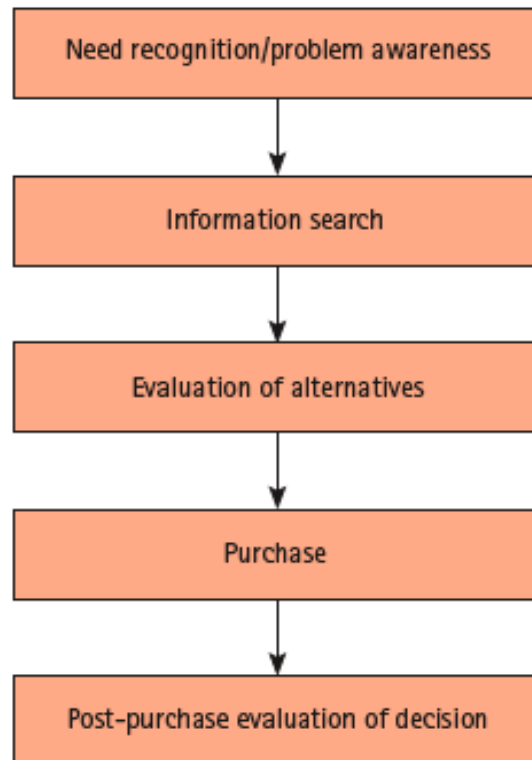
- Months of marketing planning can be dismissed in the few moments that a buyer makes a purchase decision

# Figure 5.6

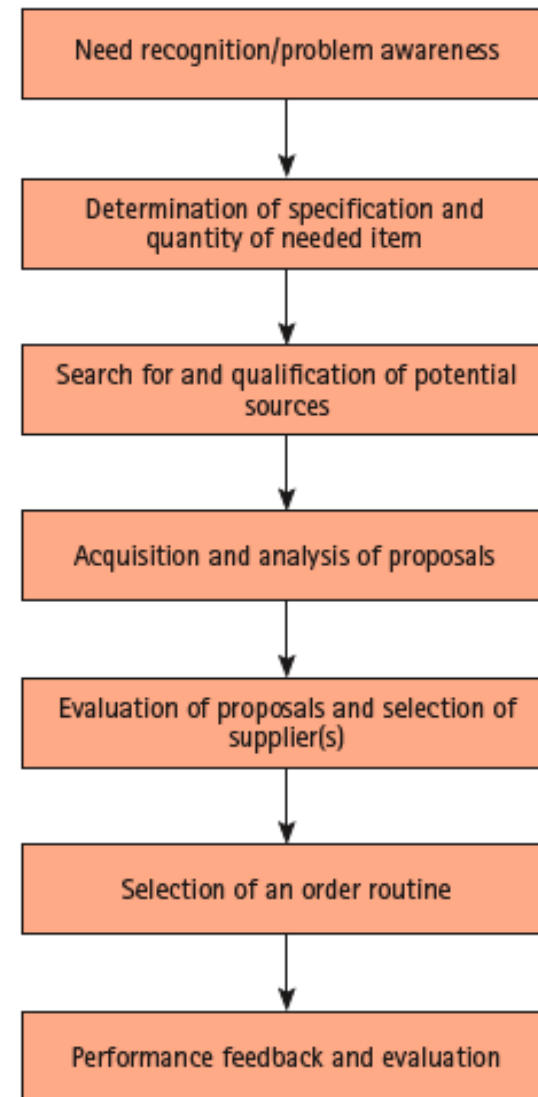
## The buyer decision process



*The consumer decision-making process*



*The organizational decision-making process*



**Figure 3.2** Buying – decision processes

# ***The Buyer Decision Process***

## ***Step 1. Need Recognition***

**Need Recognition**  
**Buyer Recognizes a Problem or Need**

### **Internal Stimuli**

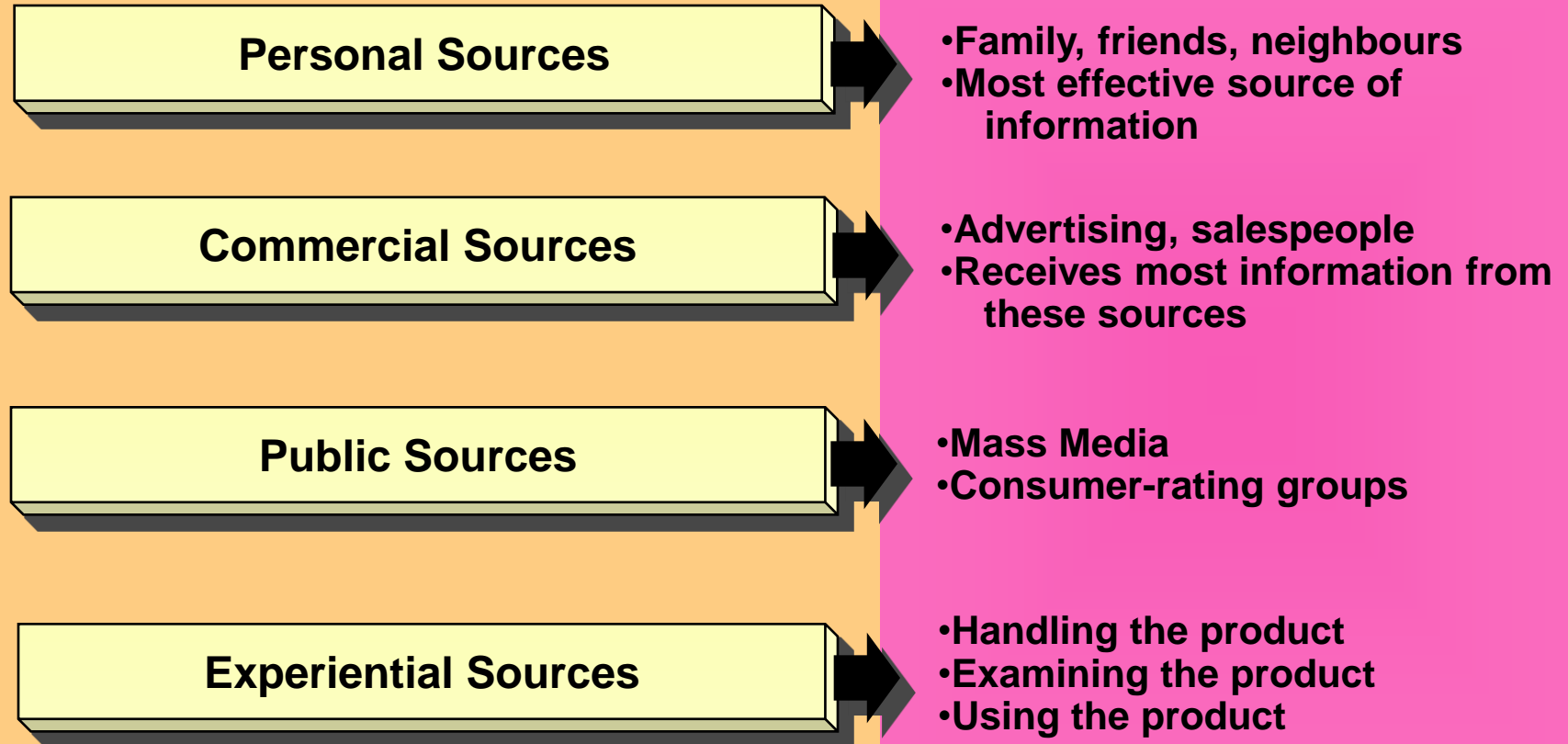
- **Hunger**
- **Thirst**
- **A person's normal needs**

### **External Stimuli**

- **TV advertising**
- **Magazine advert**
- **Radio slogan**
- **Stimuli in the environment**

# The Buyer Decision Process

## Step 2. Information Search



# Information Search

- What kind of purchase will address problem?
- How can the product be obtained?
- What information is needed?



mine's  
styled  
to suit  
me

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Source: C&G <http://www.cheltglos.co.uk>

# What do consumers do during the alternative evaluation stage of the buying process?

- Look for certain benefits that can be acquired by buying a product
- Attach degrees of importance to each attribute
- Develop brand beliefs about each brand
- Use a utility function for each attribute
- Arrive at attitudes toward each brand through an evaluation procedure



**Table 3.1** Choice criteria used when evaluating alternatives

Type of criteria	Examples
Technical	Reliability Durability Performance Style/looks Comfort Delivery Convenience Taste
Economic	Price Value for money Running costs Residual value Life cycle costs
Social	Status Social belonging Convention Fashion
Personal	Self-image Risk reduction Morals Emotions

# Interactive Decision Aids

http://www.igodigital.com - BestBuy.com -- MP3 Player Shopping Assistant - Microsoft Internet Explorer

**BEST BUY** Shopping Assistant SHOP.BESTBUY.COM

ANSWER THE 3 QUESTIONS BELOW TO FIND THE PERFECT MP3 PLAYER FOR YOU.

What's Important To You?

**1. Storage Capacity\*** [Learn More](#)  
How much music do you want to store on your MP3 player?

☐ Up to 1GB\*, for up to 16 hours (22 items)

☐ 1.5GB\* to 6GB\*, for up to 80 hours (12 items)

☐ 8GB\* to 20GB\*, for up to 333 hours (2 items)

☐ More than 20GB\* (6 items)

☒ No preference (42 items)

**2. Brand**  
Do you prefer a certain brand?

☐ Apple (12 items)

☐ Creative Labs (2 items)

☐ iRiver (3 items)

☐ MPiO (1 item)

☐ Napster (2 items)

☐ Olympus (1 item)

☐ Philips (2 items)

☐ Samsung (9 items)

 **MP3 Players Shopping Assistant**

Use the filter feature on the left. Indicate your preferences in each category or just one. Then hit find and we'll show you all the MP3 players that are right for you.

**More options**

- ▶ [See all MP3 players](#)
- ▶ [Learn more about MP3 players](#)
- ▶ [See other Shopping Assistants](#)

# Stages in adopting a new product

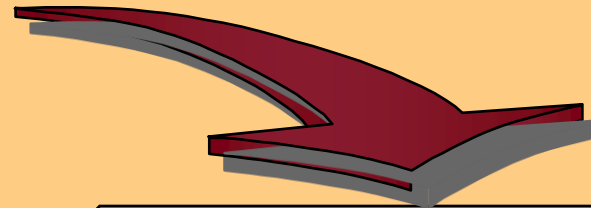
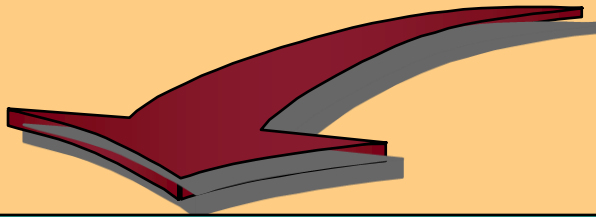
- Awareness
- Interest
- Evaluation
- Trial
- Adoption

# ***The Buyer Decision Process***

## ***Step 5. Postpurchase Behaviour***

**Consumer's Expectations of  
Product's Performance**

**Product's Perceived Performance**



**Satisfied Customer!**

**Dissatisfied Customer**

**Cognitive Dissonance**

# Post-Purchase Evaluation

- Affects likelihood of repeat purchase
- May evoke cognitive dissonance



# Post-purchase evaluation

Has the purchase lived up to its expectations?

Marketers can help reduce cognitive dissonance by:

- Ensuring that customers' needs and wants have been carefully researched.
- Tailoring the marketing mix to suit the audience.
- Painting a realistic picture of the product/service in all advertising literature.
- Making sure consumers' expectations are rooted in reality - for example letting the consumer test the product/service before purchase.
- Good after sales care.

# POST-PURCHASE EVALUATION

- Did our purchase live up to expectations?
- If not, we could:
  - Return the product
  - Tell others
  - Rationalise our thoughts to overcome "cognitive dissonance"

# ***Impact of Dissatisfied Customers***

“Dissatisfied customers can tell up to eleven other people about their bad experiences, which is two to three times more people than a satisfied customer will talk to.”

*Smith, 1993*



# Review of the Decision-Making Process

