**CHAPTER 1**

Understanding Consumer Behavior

CHAPTER SUMMARY

Consumer behavior involves understanding the set of decisions (what, whether, why, when, how, where, how much, and how often) that an individual or group of consumers makes over time about the acquisition, use, or disposition of goods, services, ideas, or other offerings. The psychological core exerts considerable influence on consumer behavior. A consumer’s motivation, ability, and opportunity affect his or her decisions and influence what a person is exposed to, what he or she pays attention to, and what he or she perceives and comprehends. These factors also affect how consumers categorize and interpret information, how they form and retrieve memories, and how they form and change attitudes. Each aspect of the psychological core has a bearing on the consumer decision-making process, which involves (1) problem recognition, (2) information search, (3) judgments and decision making, and (4) evaluating satisfaction with the decision.

Consumer behavior is affected by the consumer’s culture and by the typical or expected behaviors, norms, and ideas of a particular group. Consumers belong to a number of groups, share their cultural values and beliefs, and use their symbols to communicate group membership. Household and social class influences are involved in consumer behavior, as are each individual’s values, personality, and lifestyles. Consumer behavior can be symbolic and express an individual’s identity. It is also indicative of how quickly an offering spreads throughout a market. Further, ethics and social responsibility play a role in consumer behavior.

Marketers study consumer behavior to gain insights that will lead to more effective marketing strategies and tactics. Ethicists and advocacy groups are keenly interested in consumer behavior, as are public policy makers and regulators who want to protect consumers from unsafe or inappropriate offerings. Consumers and society can both benefit as marketers learn to make products more user-friendly and to show concern for the environment. Finally, studying consumer behavior helps marketers understand how to segment markets and how to decide which to target, how to position an offering, and which marketing-mix tactics will be most effective.

Chapter Learning Objectives

At the end of this chapter, students will be able to:

1. Define consumer behavior and explain the components that make up the definition.
2. Identify the four domains of consumer behavior that affect acquisition, usage, and disposition decisions.
3. Discuss the benefits of studying consumer behavior.
4. Explain how companies apply consumer behavior concepts when making marketing decisions.

chapter outline

I. **Defining Consumer Behavior**

*The totality of consumers’ decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by human decision-making units (over time).*

A. Consumer Behavior Involves Goods, Services, Activities, Experiences, People and Ideas

1. In addition to products, services, activities, ideas, people and time are also the target of marketing efforts and studies in consumer behavior.

2. The term offering is used to encompass all entities that can be marketed.

B. Consumer Behavior Involves More Than Buying

1. How consumers acquire, use, and dispose of products, services, activities, and ideas must be considered by marketing managers.

1. Disposition, how consumers get rid of an offering they have previously

acquired, can have important implications for marketers.

1. Buying represents one type of acquisition behavior.
2. Managing money and making financial decisions.

C. Consumer Behavior Is a Dynamic Process

1. Consumers interact with the offerings they encounter in various environments over a period of time as they move through the process of acquisition, use, and disposition.

D. Consumer Behavior Can Involve Many People

1. Many individuals may be involved in the acquisition, use, and disposal of an offering, each person holding one or more consumer roles in the process.

E. Consumer Behavior Involves Many Decisions

1. Whether to Acquire/Use/Dispose of an Offering

a) Is this an offering for me?

2. What offering to Acquire/Use/Dispose of

a) Which category should I choose from? Which brand

\* refer students to figure- Average Annual U.S. Consumer Spending, By Category and note that most of spending are on basic needs such as housing

3. Why Acquire/Use/Dispose of an Offering

a) Is this offering compatible with my needs, values, and goals? Will it help me to fit in?

4. Why an Offering is Not Acquired/Used/Disposed of

a) What keeps me from purchasing an item?

5. How to Acquire/Use/Dispose of an Offering

a) Ways of Acquiring an Offering––Can I trade for this product? Rent or lease it. Should I give it as a gift? Can I barter for the item?

b) Ways of Using an Offering––What are the appropriate uses for an item? Are there innovative uses of this product? How are consumers educated to use this product?

c) Ways of Disposing of an Offering––What should I do when I am done with it. Should I find a new use? Get rid of it temporarily? Permanently?

6. When to Acquire/Use/Dispose of an Offering

a) When is it “appropriate” to acquire or use an offering in a given situation. Special occasions? Every day? 24 hours a day?

7. Where to Acquire/Use/Dispose of an Offering

a) Is this offering easily found or returned at a general merchandisers or is it a specialty item? Retail? Wholesale? Cyber sale?

8. How Much, How Often, and How Long to Acquire/Use/Dispose of an Offering

a) Do I use this all the time? Infrequently?

F. Consumer Behavior Involves Emotions and Coping

a) Emotions, both positive and negative, as well as specific emotions such as hope, fear, regret, guilt, embarrassment, and general moods can affect consumers’ behavior.

b) Consumers may have to cope with stress from consumption situations.

c) There is differing coping behavior among certain segments, such

as low-literacy consumers.

II. **What Affects Consumer Behavior?**

A. The Psychological Core: Internal Consumer Processes

1. Motivation, Ability, and Opportunity

a) Is the consumer motivated to focus on the decision?

b) Will the consumer have the opportunity to make an informed choice?

c) Does the consumer have the ability to distinguish one offering from another?

2. Exposure, Attention, Perception, and Comprehension

a) Is the consumer exposed to information related to the choice?

b) Is the consumer able to attend to and perceive the information that is available? And to categorize and comprehend the information?

c) This process is termed the comprehension process.

3. Memory and Knowledge

a) Storage and recall in part depends on MAO.

b) Choice is based on information retrieved, not stored.

4. Forming and Changing Attitudes

a) Based on the information the consumer receives, what attitudes are formed? How do these evaluations change in the presence of new information?

B. The Process of Making Decisions

1. Problem Recognition and the Search for Information

a) Does the consumer recognize problems and search for necessary information?

2. Making Judgments and Decisions

a) To what extent does the consumer expend time, and mental and emotional energy in making a decision?

3. Making Post-decision Evaluations

a) To what extent does the consumer’s post-decision evaluation provide feelings of satisfaction or dissatisfaction?

C. The Consumer’s Culture: External Processes

1. Reference Groups and Other Social Influences

a) What groups does the consumer perceive the he/she is a member and how do these groups influence the consumer’s behavior?

2. Diversity Influences

1. Ethnic or religious groups affect consumer decisions; these may be regional or broader.
2. Diversity impacts one’s vacation choices, for example.

3. Household and Social Class Influences

a) For example, the upper middle class and living with parents impact decisions.

4. Values, Personality, and Lifestyles

a) To what extent do the consumer’s beliefs, personality, activities, interests and opinions influence the consumer choices he/she makes?

D. Consumer Behavior Outcomes and Issues

1. Consumer Behaviors Can Symbolize Who We Are

a) How do consumers’ behaviors reflect and project “who they are”?

2. Consumer Behaviors Can Diffuse Through a Market

a) How do the behaviors of certain individuals spread to others in the market?

3. Consumer Behavior, Ethics, and Social Responsibility

a) Sometimes consumers face potentially conflicting priorities.

b) Consumers and marketers can and do use marketing for

constructive purposes.

III. **Who Benefits from the Study of Consumer Behavior?**

A. Marketing Managers

1. How do marketing managers use consumer behavior to develop marketing strategies and tactics?

2. How do they adapt to consumers’ different wants and needs?

B. Ethicists and Advocacy Groups

1. To what extent is it appropriate to use knowledge of consumer behavior to promote certain types of products or services?

C. Public Policy Makers and Regulators

1. To what extent is it appropriate to use knowledge of consumer behavior to influence laws and business rules?

D. Academics

1. How do academics use consumer behavior concepts both in the classroom and when conducting research?

E. Consumers and Society

1. To what extent does knowledge of consumer behavior make people better consumers?

IV. Making Business Decisions Based on the Marketing Implications of Consumer Behavior

A. Developing and Implementing Customer-Oriented Strategy

1. How is the market segmented?

2. How profitable is each segment?

3. What are the characteristics of consumers in each segment?

4. Are consumers satisfied with existing offerings?

B. Selecting the Target Market

1. Which consumer groups are appropriate targets for a firm’s marketing efforts?

C. Developing Products

1. What ideas do consumers have for new products?

2. What attributes can be added to or changed in an existing offering?

3. How should the offering be branded?

4. What should the package and logo look like?

D. Positioning

1. How are competitive offerings positioned?

2. How should our offerings be positioned?

3. How should our offerings be repositioned?

E. Making Promotion and Marketing Communications Decisions

1. What are our communications objectives?

2. What should our marketing communications look like?

3. Where should advertising be placed?

4. When should we advertise?

5. Has our advertising been effective?

6. What about sales promotion objectives and tactics?

7. Have our sales promotions been effective?

8. How can salespeople best serve customers?

F. Making Pricing Decisions

1. What price should be charged?

2. How sensitive are consumers to price and price changes?

3. When should certain pricing tactics be used?

G. Making Distribution Decisions

1. Where and when are our target consumers likely to shop?

2. What do customers want to see in stores?

3. How should stores be designed?

QUESTIONS FOR REVIEW AND DISCUSSION

Possible answers are as follows.

1. *How is consumer behavior defined?*

Consumer behavior entails the acquisition of, use of, and disposition of goods. Note that disposition is often forgot as an aspect of cb.

1. *What is an offering?* A product or service or activity or idea offered by a marketing organization to consumers.
2. *What are some of the factors in the psychological core that affect consumer decisions and behavior?*

MAO- Motivation, ability, opportunity

Exposure, Attention, and Perception

Knowing and Understanding

Attitude formation and Change

Memory and Retrieval

1. *What aspects of the consumer’s culture influence decisions and behavior?*

Diversity Influences

Social Class and Household Influences

Values, Personality, and Lifestyles

Reference Groups

Other Social Influences

1. *How is marketing defined?*

A social and managerial process through which individuals and groups obtain what they need and want by creating and exchanging products and value with others.

1. *How can public policy decision makers, advocacy groups, and marketing managers use consumer research?*

To understand what consumers and clients value. To help develop and understand what appropriate goods and services deem best for consumers. Policy makers use research to set law and policy in government, for instance a texting while driving law may be based on consumer research about safety and phone use while driving. Advocacy groups use research in the same way; yet, they focus on using research to advocate a point or view (e.g., Mothers Against Drunk Driving MADD). Marketing managers can help consumers by understanding consumer use and desires via research.

1. *What kinds of marketing questions can companies use consumer behavior research to answer?*

How is the market segmented?

How profitable is each segment?

What are the characteristics of consumers in each segment?

Are customers satisfied with existing offerings?

How are competitive offerings positioned?

How should our offerings be positioned?

What ideas do consumers have for new products?

What attributes can be added to or changed in an existing offering?

What should our offerings be called?

What should our package and logo look like?

What are our advertising objectives?

What should our advertising look like?

Where should our advertising be placed?

When should we advertise?

Has our advertising/sales promotions been effective?

When should sales promotions take place?

When should certain price tactics take place?

1. *How can you benefit from studying consumer behavior?*

Consumer behavior studies can help consumers in the marketplace to understand the market, and its role in business practice.

**Supplementary Material**

**IN CLASS ASSIGNMENT**

(Courtesy of Lars Perner, Ph.D., University of Southern California)

**ANALYZING CONSUMER**

**GENERATED CONTENT**

Your task is to analyze **consumer generated** online postings—e.g., blog entries, pictures, and videos—for a product category or brand of your choice. **The material should be generated by consumers** (advertisements are usually created by firms and/or their advertising agencies and are *not* appropriate).

Please:

1. Select some individuals with whom you will be comfortable working. Teams can be any size from one through the entire class.
2. Select (a) a product category (e.g., baseballs, tomatoes, aftershave) or (b) a brand that may encompass several product categories or (c) a specific product category for a specific brand (e.g., Nike basketball shoes) of interest.
3. Find a number of online postings by consumers discussing or portraying their experience with the product or brand. You may want to consider:
   1. Blog entries (which can be searched through the Google Blog Search feature at <http://blogsearch.google.com/>).
   2. Consumer product evaluations sites such as epions.com and evaluations on merchant sites such as Amazon.com.
   3. Photos (available from Flickr (<http://www.flickr.com/>) , WebShots (<http://www.webshots.com/>), Picasa Web (<http://www.picasaweb.com>), and any other photo share sites. You can also search using the Google Images search feature (<http://images.google.com>).
   4. Video recordings (available from YouTube and Google Video Search (<http://video.google.com>).
   5. Other online media.

**IMPORTANT NOTE:** **The purpose here is not to find advertisements or other marketer generated materials.**

**You should focus on finding *material generated by consumers.*** You can, however, show ads to demonstrate how consumer generated material *differs* from firm generated advertisements

1. Discuss the possible motives of the consumers generating the material in question (e.g., genuine desire to help others, wanting to look good, desire to promote a favorite brand, desire to present an alternative brand to the market leader, “blowing off steam,” show off creative talents more than dealing with substance per se, desire to entertain).
2. Identify the extent to which different people who create material on similar topics/brands either compete with each other or promote other people’s material.
3. Identify theme or issues identified. Note that photos and videos may be “staged” or sensationalized to some extent. Nevertheless, do these at least suggest certain underlying consumer motivations, emotions, and/or perceptions?
4. Identify implications for the marketing of the product or brand in question—e.g.,
   1. Effective advertising messages (e.g., could a particular photo—with proper permissions—be used as an ad with a suitable caption?)
   2. Issues for product design and or content (e.g., are there aspects enjoyed or aspects causing frustration apparent?)
   3. Information that should be available for consumers on manufacturer web sites.
5. Prepare a brief report to the rest of the class (up to four minutes in length, including time spent on showing illustrations).