CHAPTER 6

CONSUMER BEHAVIOUR

CHAPTER OBJECTIVES

1. To explain why consumer behaviour is a central topic in marketing.
2. To provide some simple tools that can be used for thinking about consumers, speculating about their possible behaviours, analysing marketing problems from a consumer-behaviour perspective, and, most important of all, designing studies that investigate consumer behaviour in a concrete product and market context.
3. To present a simple model of consumer decision-making, and, based on this, to distinguish four basic types of consumer purchases.
4. To consider how consumers learn about products and services from their environment and how they use this information to direct their behaviour.
5. To introduce the concepts of values, lifestyle, and culture.

CHAPTER SUMMARY

This chapter introduces the important area of consumer behaviour. It explains why it is important and puts forward a simple decision-making model. Types of decision making are explored as is consumer information processing. The chapter also looks at values and lifestyles as well as cultural and cross-cultural differences in behaviour.

ANNOTATED LECTURE OUTLINE

Point 1 - Introduction.

A fundamental understanding of consumer behaviour underpins all marketing activity and is a necessary prerequisite to organizations being marketing orientated and thus profitable.
Point 2 - Why study consumer behaviour?

Most products eventually end up in private households even though they will pass through a number of steps on their way from producer to end user. Producers and traders form vertical chains or networks, called value chains, at the end of which is the consumer. Understanding consumer behaviour is not only important for the producer but for all the other actors in the chain. The value that the consumer puts on the goods or services limits what everyone else can get from the value chain.

Point 3 - A basic model of consumer decision-making.

Engel’s four-step model can be used as a basic model for analysing a consumer purchase. Most purchases are made to satisfy a problem. Analysis of problem recognition can be done through the ‘means-end’ chain concept. This looks at what motivates a consumer to buy products. The search for information can be either internal or external, the latter can also be either active or passive. Consumers usually have a number of alternative solutions to choose from and, depending upon the complexity of the purchase, will either be multi-attribute decision-making or based on decision heuristics. Outcomes tend to depend upon the degree to which performance meets expectations which in turn can be influenced by a number of factors within and outside the marketer’s control.

Point 4 - Types of decision-making: involvement and habit formation

Although the model is useful, two other factors that need to be taken into account are involvement and habit formation. Involvement refers to the subjective important of the purchase and is a function of financial and functional importance, perceived risk, emotional value and sign value. Alternatively many decisions can be based on habit, habit formation being a prerequisite of brand loyalty. Depending on the degree of involvement and whether a habit has been formed or not, four types of buying decision emerge: complex decisions, brand loyalty, limited decisions, and inertia.
Point 5 - Consumer information processing.

There are four aspects of consumer information processing; attention and comprehension, storage in and retrieval from the memory, attitude formation, and inference processes and decision-making.

Point 6 - Values and lifestyle.

Life values are believed to provide the motivation for buying. They are usually characterised by a set of values, which differ in relative importance from person to person. They tend to be abstract so their impact on consumer behaviour will be quite indirect. The way in which consumers use product and services in a certain area to attain their life values can also be called consumer lifestyle. What is important from a marketing point of view is that different types of consumers have to be addressed in different ways. Lifestyle is thus a useful tool for segmentation.

Point 7 - Culture and cross-cultural differences.

Culture is used to describe what people within a group have in common. Culture is learned and consumer behaviour is related to it in several ways. Cultural differences in consumer behaviour present obvious hazards for the exporting manufacturer and is therefore an important area of international marketing.

Point 8 - The future.

Understanding consumers requires use of sophistication in terms of both theories applied and methods used.

Point 9 - Conclusion.

We can see that understanding consumer behaviour is a vital aspect of marketing. Marketers need to understand the role of involvement and habit, information processing and the concept of life values in consumer behaviour as well as cultural determinants.
Answers to the discussion questions and suggested activities:-

1. Students need to select four different products which fulfil the criteria given in Figure 6.4 on page 116. The complex decision should be quite easy to categorize, the decision based on inertia may prove a little more difficult!

2. Students here need to develop their own diagrams based on Figure 6.3 (pp112) for each low and high involvement product they select.

3. Products which will tend to be non-habit forming will be those that are not purchased regularly, such as cars, durables and furniture. Information will come from a number of sources.

4. The advertising will need to address specific issues, e.g. reassurance regarding product quality, product performance, financial investment, emotional involvement, through the use of devices such as celebrity endorsement, demonstration of performance, etc.

5. Social factors are where consumer decision-making is affected by others and control factors are those which affect our buying decisions but are beyond our control (pp123). With regard to social factors, marketing strategy should be targeted at all people who will influence the decision-making process. Control factors need counteracting by, for example, strong branding or advertising.

6. Using Figure 6.8 (pp124) and the accompanying text, get students to suggest possible products e.g. the value domain of self-stimulation may be attracted by exotic, adventurous holidays. Students should then be encouraged to suggest how these products may be promoted, made available, and priced.

7. A repositioning strategy is probably needed here, but, without the knowledge of what consumers want when they buy the product, this will be difficult to achieve.
Answer to discussion questions

1. By using tightly targeted below-the-line activity, SCA Molynlycke influences the search, evaluation of alternatives and outcome phases.

2. Here personal relevance criteria come into effect when women become pregnant they become more receptive to information relating to their condition. Discussion of overcoming barriers to selective attention revolves around the strength of sensory impression and personal relevance (Fig 6.5 pp118) and external and internal activation. The message of the promotional activity is very relevant to the target market at that precise moment and the same can be said of the follow-up activity. With regard to integration, as the information being given is likely to be new it will be stored in the memory ready for retrieval later. Retrieval cues e.g. the sample pack just prior to birth, will the messages originally sent out.

As the text states, in Sweden consumers are used to sales promotional activity, this, coupled with a relatively open approach to discussing sensitive issues such as child birth, means this type of activity will not cause offence. In countries where this would not be the case other methods of promotional activity may have to be used.