Chapter 5

Final Consumers and Their Buying Behavior
At the end of this presentation, you should be able to:

1. Describe how economic needs and income influence the buyer decision process.
2. Understand how psychological variables affect an individual’s buying behavior.
3. Understand how social influences affect an individual’s buying behavior.
4. Explain how characteristics of the purchase situation influence consumer behavior.
5. Explain the process by which consumers make buying decisions
Consumer Behavior for Marketing Strategy Planning (Exhibit 5-1)

- Customers
- Company
- Competitors

S.W.O.T.
- Segmentation and Targeting
- Differentiation and Positioning
CH 5: Buying Behavior of Final Consumers

Consumer decision process:
- Person making a buying decision
  - Economic needs
  - Psychological variables
  - Social influences
  - Purchase Situation

Marketing mixes

All other stimuli:
- Customers
- Company
- Segmentation and Targeting
- Competitors
- Differentiation and Positioning

Person does or does not purchase (response)
How We Will View Consumer Behavior
(Exhibit 5-2)

Person Making Decision

Marketing mixes

Economic needs
- Economy of purchase
- Convenience
- Efficiency in use
- Dependability
- Income

Psychological variables
- Motivation
- Perception
- Learning
- Attitude
- Personality/lifestyle

Social influence
- Family
- Social class
- Reference groups
- Culture
- Ethnic groups

Purchase situation
- Purchase reason
- Time
- Surroundings

All other stimuli

Consumer decision process

Person does or does not purchase (response)
Economic Needs Affect Many Buying Decisions—But They’re Not the Whole Story

They call it a crash test. We call it a product demonstration.

Once again, Subaru has received the highest rating in its class in the Insurance Institute for Highway Safety’s frontal offset crash test. And while we couldn’t be happier about the results, it’s really just another demonstration of our commitment to safety that starts with Subaru All-Wheel Drive. So stop by your Subaru dealer today and test-drive the sedan that showed the competition just what it was made of.
Income Dimensions of the US Market

Percent of total income

- $0: 4.0%
- $27,864: 9.7%
- $49,510: 15.6%
- $75,000: 23.3%
- $112,638: 47.3%
Different Types of Spending

Total Income

Taxes

Necessities

Discretionary Income
A Luxury Item
Psychological Influences within an Individual

- Needs
- Wants
- Drives

Consumers seek benefits to match needs and wants!
Several Needs at the Same Time: PSSP Hierarchy of Needs (Exhibit 5-4)
Ads for Haynes Jeep-Chrysler feature the slogan, “Come to Haynes, where the fun begins.” This is an appeal to the consumer’s:

A. physiological need.
B. safety need.
C. personal need.
D. social need.
E. information need.
Interactive Exercise: Needs

- Personal
- Social
- Safety
- Physiological

Images: Various scenes and a poster with the text "TOBACCO IS WHACKO if you're a teen."
Perception Determines What Consumers See and Feel

Selective Exposure

Selective Retention

Selective Perception
Pat purchased a Ford Taurus, but traded it for another brand before it was out of warranty because it constantly needed repairs. Now, every time Pat sees an ad that mentions the quality of Ford’s new vehicles all she can think about is the problems she had with her Taurus. This an example of:

A. need-based thinking.
B. selective retention.
C. selective exposure.
D. selective perception.
E. psychographics.
Learning Determines What Response Is Likely
(Exhibit 5-5)
Attitudes Relate to Buying

- **Attitude:** A Point of View
- **Belief:** An Opinion
- **Meeting Expectations Is Important**
- **“Green” attitudes and beliefs**
- **Changing Negative Attitudes**
- **Ethical Issues May Arise**

Key Issues
A New Role for Yogurt
Personality and Lifestyle Analysis

Personality: How People See Things

Activities

Interests

Opinions
The Family Life Cycle (Exhibit 5-7)
Family Life Cycle Implications

Key Issues

- Acceptance of New Ideas
- Reallocation for teenagers
- Empty Nesters
Checking Your Knowledge

Which group likely spends the most money on durable goods?

A. Young single.
B. Young married without children.
C. Young married with children.
D. Middle-aged married with children.
E. Older married without children.
Simple Approaches for Measuring Social Class in the U.S

Occupation
Education
Type of Housing
Location of Housing

Income Is Not the Main Determinant!
Other Social Influences

- Reference Groups
- Opinion Leaders
- Culture
Anime, the cartoon-like Japanese art form, has generated significant interest among Generation Y consumers in the U.S. Anime conventions occur frequently and the largest ones draw more than 20,000 attendees. Anime fans, many in costume, come to these conventions to shop, participate in anime workshops, and to simply hang out with people with similar interests. Promotion of these conventions capitalizes mainly on:

A. learning.
B. psychological needs.
C. selective processes.
D. reference group influences.
E. culture.

Checking Your Knowledge
Individuals Are Affected by the Purchase Situation

- Purchase Reason
- Time Available
- Physical Surroundings
Ethnic Dimensions of the US Market

- Buy Differently
- Increasing Median Income
- Avoid Stereotypes
- High Growth Rate
Appealing to Ethnic Markets

“I'M PROUD TO BE MARRIED TO A GM DEALER... AND SO IS MY HUSBAND!”

Before I became a General Motors dealer, I saw firsthand how GM's training and support helped Jim grow his GM dealership. Now, I operate my own successful Saturn dealership. And I'm proud that both Jim and I sell quality, reliable GM cars to people in our community. Lots of folks ask if we consider ourselves competitors. I laugh and tell them that with General Motors on our side, we're both winners.
Expanded Model of Consumer Behavior
(Exhibit 5-8)

Marketing mixes
- Economic needs
- Psychological Variables
- Social influences

All other stimuli
- Purchase situation

Consumer decision process
- Need awareness
  - Problem Solving
    - Information search
    - Identify alternatives
    - Set criteria
    - Evaluate alternatives

- Routinized response
- Purchase decision
- Experience After the purchase

Postpone decision
Feedback based on experience
Problem Solving Continuum (Exhibit 5-10)

Low involvement
- Frequently purchased
- Inexpensive
- Little risk
- Little information

High involvement
- Infrequently purchased
- Expensive
- High risk
- Much information desired

Routinized Response Behavior

Limited Problem Solving

Extensive Problem Solving

Low involvement High involvement
Try Triaminic – the widest range of symptom-specific children’s cold formulas. So you can choose exactly the medicine your child needs, with no side effects from unnecessary ingredients.
Awareness

Interest

Evaluation

Trial

Decision

Confirmation

Dissonance may set in after the decision!
Problem Solving
Alice was a bit unsure about her decision after buying a new car. Her uneasiness was diminished after receiving a congratulatory note from the owner of the dealership. The note contained a coupon stating that her first scheduled maintenance on the vehicle would be free. These tactics are part of the dealer’s strategy to reduce:

A. dissonance.
B. low involvement purchasing.
C. routinized response behavior.
D. social influences.
E. information search.
You should now be able to:

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4. Explain how characteristics of the purchase situation influence consumer behavior.
5. Explain the process by which consumers make buying decisions.
Key Terms

- Economic buyers
- Economic needs
- Discretionary income
- Needs
- Wants
- Drive
- Physiological needs
- Safety needs
- Social needs
- Personal needs
- Perception
- Selective exposure
- Selective perception
- Selective retention
- Learning
- Cues
- Response
- Reinforcement
- Attitude
- Belief
- Expectation
- Psychographics
- Lifestyle analysis
Key Terms

- Empty nesters
- Social class
- Reference group
- Opinion leader
- Culture
- Extensive problem solving
- Limited problem solving
- Routinized response behavior
- Low-involvement purchases
- Dissonance
- Adoption process