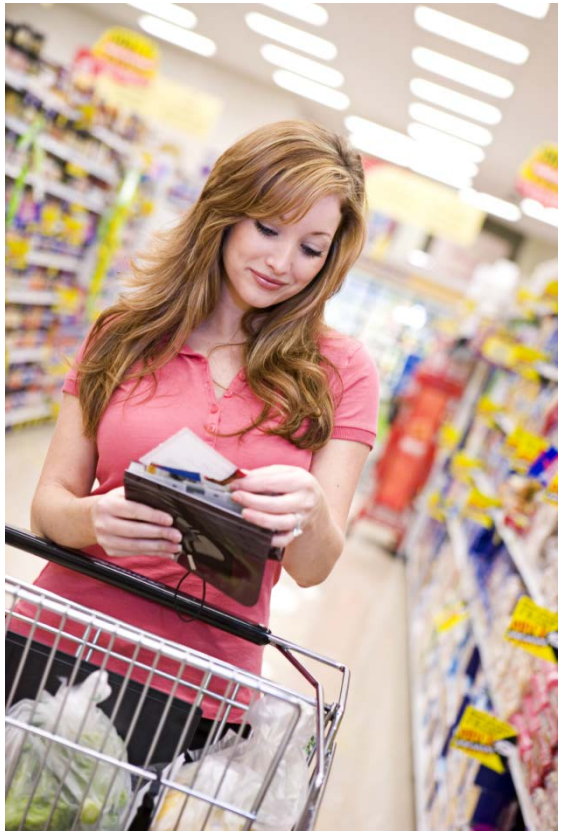
# Fundamentals of Marketing

## Instructor's Handouts

# Chapter 3

## Consumer Behaviour



# Chapter Objectives

- To point out the importance of consumer behaviour research as the starting point for the design of marketing strategies
- To describe the process of buying decisions and the variables that influence it
- To define the internal variables of the consumer in the buying decision process
- To enumerate the external conditions in buying behaviour
- To describe the main behaviour models

# 3.1 The Study of Consumer Behaviour

- The purpose served by understanding the consumer's behaviour can be summed up as follows:
  - Knowing the consumption structure in order to design marketing strategies.
  - Identifying current and future needs in the most effective way possible.
  - Improving communication capacity with customers.
  - Obtaining their trust and ensuring their loyalty.
  - Designing more effective marketing strategies.
  - Evaluating decisions taken.

# 3.2 The Buying Decision Process

**Problem Recognition**

- The consumer recognizes that a need or desire should be filled.

**Search for Information**

- The consumer seeks more information about the problem or desire facing them and the options available to them.

**Evaluation of Alternatives**

- The various alternatives and information available to the consumer are considered

**Purchase**

- The actual act of the consumer completing the transaction for the chosen product

**Post Purchase**

- Consumer expectations about the product are compared against how it actually performed. Differences can shape the next purchase decision.

## 3.3 The Search for Information

- Consumers search for information before making their consumption decisions. Information comes through impersonal means, such as advertising in the media or through personal means, such as family, friends and reference groups.

- The volume of information depends on the importance of the decision and the on the following factors (Grande, 2006):

  - Amount of stored information as a consequence of learning and experience.
  - Updated stored information since consumption decisions require permanent updating.
  - Perceived risk: the higher the perceived risk; the greater effort required to gather information.

# 3.4 Internal Behaviour Determinants

- **Needs**
  - **Physiological**: the primary needs of a human being, food, housing, etc.
  - **Safety**: these refer to a protected and consolidated job, health and accident, etc. insurance; they do not offer immediate happiness but a future one.
  - **Belonging**: these led us to relationships with the rest of the members of society, of looking for their affection.
  - **Esteem**: average people have a need or wish for a stable evaluation of self-confidence, of being useful and necessary.
  - **Self-actualization:** they refer to the integral realization of self-potential.

# 3.4 Internal Behaviour Determinants

- **Motivation**

  - **Physiological or psychological**: the former are related to the satisfying of biological needs such as hunger or thirst. The latter, in contrast, focus on the satisfaction of mental needs, such as friendship, knowledge, etc.
  - **Primary or selective**: the primary motives guide the buying behaviour towards generic products, such as televisions, cars, etc. The selective ones complement the former and guide in the selection of the model and brand of the generic products or among the shops which sell them.
  - **Rational or emotional**: rational motives are generally associated to observable or objective features of the product, such as size, consumption, duration, price, etc. Emotional motives are related to subjective feelings, such as comfort, pleasure or prestige derived from the product purchased.
  - **Conscious or unconscious**: conscious motives are those that the consumer is aware that influence their buying decision, whereas the unconscious are those that influence their decision without the decider being aware.
  - **Positive or negative**: positive motives guide the consumer to reaching the desired goals, whereas the negative ones steer them clear of the non-desired ones.

# 3.4 Internal Behaviour Determinants

- **Wants**
  - Wants are needs with a proper name. They can be guided towards a specific brand.
  - They can have an effect only at the generic level – for example the want for a moisturizing cream– or be guided towards a specific brand or a specific place – for example, the want for a cream from a particular thermal bath.

# 3.4 Internal Behaviour Determinants

- **Perception**
  - Perception is a process of selection, organization and integration of sensory stimuli into a significant and coherent image. We can establish four stages:
    - Exposure to information
    - Attention paid
    - Understanding or interpretation of the message
    - Retention of the information in memory

# 3.4 Internal Behaviour Determinants

- **Attitudes**
  - Attitudes are learned predispositions to consistently respond favourably or unfavourably to an object.
  - They have three components: beliefs (cognitive component); value (affective component) and the tendency to act (behavioural component).
  - The functions of attitudes are the following:
    - **Utilitarian**. Attitudes guide the consumer to satisfy the desired needs.
    - **Expressing value**. Attitudes express a self-concept and a system of values.
    - **Ego-defensive.** Attitudes protect the ego from anxiety and threats.
    - **Of knowledge organization**. Attitudes organize the amount of information the consumer is exposed to and set the standards with which to judge the information.

# 3.5 External Behaviour Determinants

- External conditioners are the macro and micro-environment variables that influence consumer's behaviour.

- Among the first we must point out the political, economic, legal, cultural, technological and environmental environment.

- Among the latter are:

  - Social class
  - Social group
  - Family
  - Personal influences
  - Purchasing or consumption situations.

## 3.6 The Buying Decision

- **The price.** Consumers do not always choose an establishment for its low prices, although it is a significant attraction factor.
- **Promotions** are important when assessing the point of sale, although in high implication purchases other factors such as customer service have an effect.
- **Speedy service.** Very important in services companies where time is the differentiating factor.
- **Professional salespeople**. Consumers are every day more demanding because they are better trained and they know what they want. Politeness, abilities and knowledge of the sales people are key factors in the choice of establishment.
- **Convenience factors**. Establishment proximity and environmental attributes, such as cleanliness, temperature, aspect and product distribution are appealing factors, as well as car parks, child care, etc.
- **Wide range of products**. The existence of a wide range that will allow the purchasing of different products in the same establishment.
- **Customer service**. The choice of establishment may be influenced by the perception of risk.

# 3.7 Models of Consumer Behaviour

- A number of consumer behaviour models have been developed, but one of the most representative is the one by Engel, Kollat and Blackwell.

- This model has four variable groups:

  - **Inputs**: sets of stimuli the consumer receives
  - **Information processing:** is made up of five stages: exposure to information, attention, understanding, acceptance and memory retention.
  - **Decision process:** stems from the acceptance of a problem that makes the consumer search for information, both internal and external.
  - Variables that influence the decision process: environmental influences such as culture, social class, etc. and individual differences, such as experience, personality, lifestyle, etc.