



Chapter 1 Consumer Behavior: Its Origins and Strategic Applications

Consumer Behavior,
Ninth Edition

Schiffman & Kanuk

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Types of Consumers

Personal Consumer buys goods and services for personal, household, or for the use of a family member, or for a friend.

Organizational Customer: a business, government agency, or other institution (profit or nonprofit) that buys the goods, services, and/or equipment necessary for its function.

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The Marketing Concept

- When a company must determine the needs and wants of specific target markets and deliver the desired satisfactions better than the competition
- Marketing objectives:
 - Make what you can sell
 - Focus on buyer's needs

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Implementing the Marketing Concept

Consumer Research
Segmentation
Targeting
Positioning

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Successful Relationships

- **Customer Value** - ratio between customer's *perceived* benefits and the resources used to obtain those benefits. Firms must develop a value proposition
- **Customer Satisfaction** - The individual's perceived vs. expected performance. Loyalists, apostles, defectors, terrorists, hostages, and mercenaries
- **Customer Retention** - Provide value to retain highly satisfied (and profitable) customers

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Customer Profitability-Focused Marketing

- Tracks costs and revenues of individual consumers
- Categorizes them into tiers based on consumption behavior (platinum, gold, silver,...)
- A customer pyramid groups customers into four tiers

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Impact of Digital Technologies

- Consumers have more power and access to information
- Marketers can gather more information about consumers
- The exchange between marketer and customers is interactive and instantaneous and goes beyond the PC.
- Marketers must offer more products and services

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Societal Marketing Concept

Marketers must endeavor to satisfy the needs and wants of their target markets in ways that preserve and enhance the well-being of consumers and society as a whole.

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Consumer Behavior Is Interdisciplinary

Contributions from:

- Psychology
- Sociology
- Social psychology
- Anthropology
- Economics

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Chapter 2

Consumer Research

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Concept of Consumer Research

No direct way to look into the Black Box, so we make logical inferences by studying other variables:

- Inductive logic
 - from specifics to generalities
- Deductive logic
 - from generalities to specifics

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Consumer Research Categories

Quantitative (positivist, predictive) – Large, probability samples; Survey, experimental, observational techniques; Statistical analysis; Empirical, and generalizable findings

Qualitative (Interpretivist, explanatory) – Small, non-probability samples; Subjective analysis; uses depth interviews, focus groups, projective techniques etc; Highly trained interviewer-analysts;

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Developing Research Objectives

- Defining purposes and objectives helps ensure an appropriate research design.
- A statement of objectives helps to define the type and level of information needed.

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Secondary Data

- Data that have been collected for reasons other than the specific research project at hand
- Includes internal and external data

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Types of Secondary Data

Internal Data: Data generated in-house

External Data: collected by an outside organizations (governments, periodicals, newspapers, books, search engines, market research firms, etc.

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Data Collection Methods

- Observational Research: watching them buying and using products helps gain an in-depth understanding of the relationship between people and products and a better understanding of what products symbolize
- Personal, mechanical, or electronic (scanner data) observation
- Pantry audits

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Data Collection Methods Experimentation

- Can be used to test the relative sales appeal of many types of variables
- Manipulate only one or some variables at a time while keeping others constant or accounted for.
- Can be conducted in laboratories or in the field

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Surveys Data Collection Methods

Personal Interview

Mail

Telephone

Online

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Attitude Scales.

- Likert scale: easy to prepare and interpret; simple for consumers to answer
- Semantic differential scale: relatively easy to construct and administer
- Behavior intention scale: also easy to construct and administer
- Rank-order scale: subjects rank items in order of preference or in terms of some criteria

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Likert Scale.

Please place the number that best indicates how strongly you agree or disagree with each of the following statements about shopping online in the space to the left of the statement.

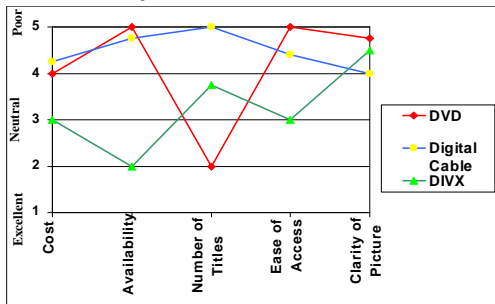
- 1 = Agree Strongly
- 2 = Agree
- 3 = Neither Agree or Disagree
- 4 = Disagree
- 5 = Disagree Strongly

- _____ a. It is fun to shop online.
- _____ b. Products often cost more online.
- _____ c. It is a good way to find out about new products.

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Semantic Differential Profiles of Three Pay-Per-Movie Services



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Rank-Order Scale

Rank the following computer manufacturers in terms of hotline help by placing a 1 next to the one who provides the best telephone help, a 2 next to the second best, until you have ranked all six.

- | | |
|--------------|-----------------------|
| _____ IBM | _____ Hewlett Packard |
| _____ Dell | _____ Gateway |
| _____ Compaq | _____ NEC |

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Validity and Reliability

- A scale is valid if it collects the data it is designed to collect.
- A scale is reliable if the same questions, asked of a similar sample, produce the same findings.
- Sampling plan:
 - Whom to survey
 - How many to survey
 - How to select them

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Qualitative Collection Method Depth Interview

- Usually 30 minutes to 1 hour
- Non-structured
- Interpreted by trained researchers
- Listen to words as well as “body language”

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Qualitative Collection Method Focus Group

- 8-10 participants
- Lasts about 2 hours
- Always taped or videotaped to assist analysis
- Often held in front of two-way mirrors

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Motivation Research Techniques – 1.

1. Word Association Techniques

- Free WA
- Controlled WA
- Successive WA

2. Completion Techniques

- Sentence completion
- Story completion

3. Picture and Visual Techniques

- Rorschach test
- TAT (Thematic Apperception Test)
- Cartoon Strip

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Motivation Research Techniques – 2.

4. Role Playing Techniques

- Psychodrama
- Personification

5. Interview Techniques

- Depth (conversational) interview
- Focused group interview (focus group)
- Chain interview

6. Metaphor Analysis

- Zaltman Metaphor Elicitation Technique (ZMET)

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Qualitative Collection Method Metaphor Analysis

- Based on belief that metaphors are the most basic method of thought and communication
- Zaltman Metaphor Elicitation Technique (ZMET) combines collage research and metaphor analysis to bring to the surface the mental models and the major themes or constructs that drive consumer thinking and behavior.

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Common Sampling Techniques.

Probability:

- Simple random sample
- Systematic random sample
- Stratified random sample
- Cluster (area) sample

Non-probability:

- Convenience sample
- Judgment sample
- Quota sample
- Incremental sample

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Data Analysis and Reporting Findings

- Open-ended questions are coded and quantified.
- All responses are tabulated and analyzed.
- Final report includes executive summary, body, tables, and graphs.

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Chapter 3 Market Segmentation

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Three Phases of Marketing Strategy

Phase 3
Product/Brand Positioning

Phase 2
Target Market and Marketing Mix Selection

Phase 1
Market Segmentation

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Segmentation Studies

- Discover the needs and wants of groups of consumers to develop specialized products to satisfy group needs
- Used to identify the most appropriate media for advertising

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Some Overall Segmentation Variables

- Geographic
- Demographic
- Psychological
- Psychographic
- Socio-cultural
- Family life stages
- Use-Related
- Use-Situation
- Benefit Sought
- Hybrid

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Bases for Segmentation

Psychological Segmentation - Motivations, Personality, Perceptions, Learning, Attitudes

Psychographic Segmentation (Lifestyle Analysis) - AIOs

Sociocultural Segmentation - Family Life Cycle, Social Class, Culture, Subculture, and Cross-Culture

Use-Related Segmentation - Heavy vs. Light, Aware vs. Unaware, Brand Loyal vs. Brand Switchers

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AIO Dimensions

Activities

Work
Hobbies
Social events
Vacation
Entertainment
Community
Shopping
Sports

Interests

family
home
job
community
recreation
food
media
achievement

Opinions

themselves
social issues
politics
business
economics
products
future
culture, etc.

PLUS demographics integrated into various psychographic segments such as geo-demographic, VALS, etc.

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Segmenting Customers by Usage

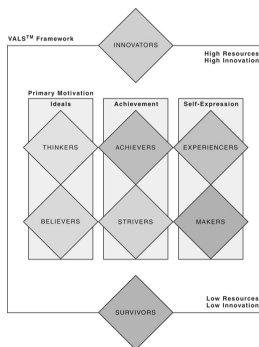
Table 3-8

		Current Share	
		High	Low
Consumption	High	HiHighs (stroke)	LowHighs (chase)
	Low	HiLows (tickle)	LoLows (starve)

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VALS Framework



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Segment Selection and Implementation

- **Segments to be targeted**
 - Identification
 - Sufficiency
 - Stability
 - Accessibility
- **Concentrated Marketing**
 - One segment
- **Differentiated**
 - Several segments with individual marketing mixes

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Chapter 4

Consumer Motivation

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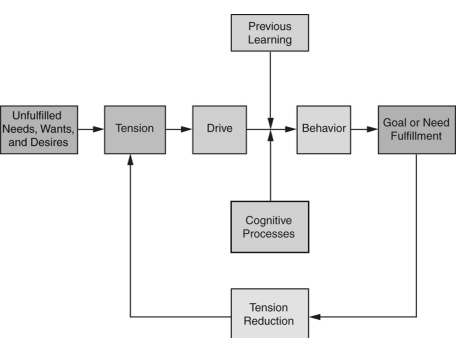
Needs and Motivation

- *Needs* are the essence of the marketing concept. Marketers do not create needs but can make consumers aware of needs.

- *Motivation* is the driving force within individuals that impels them to action.

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Model of the Motivation Process



```

graph LR
    A[Unfulfilled Needs, Wants, and Desires] --> B[Tension]
    B --> C[Drive]
    C --> D[Behavior]
    D --> E[Goal or Need Fulfillment]
    E --> F[Tension Reduction]
    F --> A
    G[Previous Learning] --> C
    H[Cognitive Processes] --> C
  
```

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Types of Needs (Classic Scheme).

- Innate/Primary/Biogenic Needs
 - positive or supply
 - negative or avoidance
 - Species maintenance
- Acquired/Secondary/Psychogenic needs
 - Ego defensive
 - Ego bolstering
 - Affectional

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Goals

- The sought-after results of motivated behavior
- *Generic goals*: general solutions to fulfill consumers' needs
- *Product-specific goals*: specific choices from within the general product or service categories

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The Selection of Goals

- The goals selected by an individual depend on their:
 - Personal experiences
 - Physical capacity
 - Prevailing cultural norms and values
 - Goal's accessibility in the physical and social environment

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Rational versus Emotional Motives

- *Rationality* implies that consumers select goals via objective criteria such as size, weight, price, or miles per gallon
- *Emotional* motives imply the selection of goals according to personal or subjective criteria

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The Dynamic Nature of Motivation

- Needs are never fully satisfied
- New needs emerge as old ones are satisfied
- People who achieve their goals set new and higher goals for themselves

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Substitute Goals

- Are used when a consumer cannot attain a specific goal he/she anticipates will satisfy a need
- The substitute goal will dispel tension
- Substitute goals may actually replace the primary goal over time

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Frustration

- Failure to achieve a goal may result in frustration.
- Some people adapt; others adopt defense mechanisms to protect their self-esteem (ego):
 - Aggression, Rationalization, Regression, Withdrawal, Projection, Identification, Autism, Repression

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Philosophies Concerned with Arousal of Motives

- Behaviorist School
 - Behavior is response to stimulus
 - Elements of conscious thoughts are to be ignored
 - Consumer does not act, but reacts
- Cognitive School
 - Behavior is directed at goal achievement
 - Needs and past experiences are reasoned, categorized, and transformed into attitudes and beliefs

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Murray's List of Psychogenic Needs

- Needs Associated with Inanimate Objects: Acquisition, Conservancy, Order, Retention, Construction
- Needs Reflecting Ambition, Accomplishment, and Prestige: Superiority, Achievement, Recognition, Exhibition, Inavoidance
- Needs Connected with Human Power: Dominance, Deference, Sibilance, Autonomy, Contrarians

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Murray's List of Psychogenic Needs
(con'td.)

- Sado-Masochistic Needs : Aggression, Abasement
- Needs Concerned with Affection between People: Affiliation, Rejection, Nurturance, Succorance, Play
- Needs Concerned with Social Interaction: Cognizance, Exposition

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Motivational Research

- Qualitative research designed to uncover consumers' subconscious or hidden motivations
- Attempts to discover underlying feelings, attitudes, and emotions

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Chapter 5
Personality and
Consumer Behavior

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Factors Influencing how we Relate to our Environment

- **Personality**
- **Attitudes**
- **Moods**

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The Nature of Personality

- **Personality reflects individual differences**
- **Personality is consistent and enduring**
- **Personality can change**

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Theories of Personality

- **Freudian theory**
 - Unconscious needs or drives are at the heart of human motivation
- **Neo-Freudian personality theory**
 - Social relationships are fundamental to the formation and development of personality
- **Trait theory**
 - Quantitative approach to personality as a set of psychological traits

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Freudian Theory

- Id
 - Warehouse of primitive or instinctual needs for which individual seeks immediate satisfaction
- Superego
 - Individual's internal expression of society's moral and ethical codes of conduct
- Ego
 - Individual's conscious control that balances the demands of the id and superego

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Neo-Freudian Personality Theory

- We seek goals to overcome feelings of inferiority
- We continually attempt to establish relationships with others to reduce tensions
- Karen Horney who was interested in child-parent relationships and desires to conquer feelings of anxiety, proposed three personality groups:
 - *Compliant* move toward others, they desire to be loved, wanted, and appreciated
 - *Aggressive* move against others
 - *Detached* move away from others

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Trait Theory

- Personality theory with a focus on psychological characteristics
- Trait - any distinguishing, relatively enduring way in which one individual differs from another
- Personality is linked to how consumers make their choices or to consumption of a broad product category - not a specific brand

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Major Marketing-Oriented Traits

- Innovativeness
- Dogmatism
- Social character – inner/other-directedness
- Need for uniqueness - non-conformity
- OSL - the level/amount of stimulus sought
- Variety-novelty seeking

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Cognitive Personality Factors

- Need for cognition (NC)
 - A person's craving for enjoyment of thinking
 - Individual with high NC more likely to respond to ads rich in product information
- Visualizers versus verbalizers
 - A person's preference for information presented visually or verbally
 - Verbalizers prefer written information over graphics and images.

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From Consumer Materialism to Compulsive Consumption

- Consumer materialism
 - The extent to which a person is considered "materialistic"
- Fixated consumption behavior
 - Consumers fixated on certain products or categories of products
- Compulsive consumption behavior
 - "Addicted" or "out-of-control" consumers

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Consumer Ethnocentrism

- Ethnocentric consumers feel it is wrong to purchase foreign-made products
- They can be targeted by stressing nationalistic themes

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Brand Personality

- Personality-like traits associated with brands
- Examples
 - Purdue and freshness
 - Nike and athlete
 - BMW is performance driven
 - Levi's 501 jeans are dependable and rugged
- Brand personality which is strong and favorable will strengthen a brand but not necessarily demand a price premium

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Product Personality Issues

- **Gender**
 - Often used for brand personalities
 - Some product perceived as masculine (coffee and toothpaste) while others as feminine (bath soap and shampoo)
- **Geography**
 - Actual locations like Philadelphia cream cheese and Arizona iced tea
 - Fictitious names also used such as Hidden Valley and Bear Creek
- **Color**
 - Color combinations in packaging and products denotes personality

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Self and Self-Image

- Consumers have a variety of enduring images of themselves
- These images are associated with personality in that individuals consumption relates to self-image

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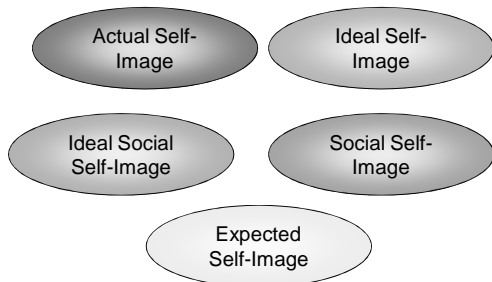
Self and Self-Image (cont'd.)

- **One or multiple selves:** A single person acts differently in different situations, with different people, and has a variety of social roles
- **Makeup of the self-image:** traits, skills, habits, possessions, relationships and behavior patterns developed through background, experience, and social interactions
- **Extended self:** by using self-altering possessions to express individualism
- **Altering the self- image:** maintaining the existing self, creating new self, extending the self, etc.

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Different Self-Images



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Chapter 6

Consumer Perception

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Perception

- The process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world
- How we see the world around us

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Elements of Perception

- **Sensation:** The immediate and direct response of the sensory organs to stimuli (a stimulus is any unit of sensory input).
- **Absolute threshold:** the lowest level at which an individual can experience a sensation.
- **Differential threshold:** Minimal difference that can be detected between two similar stimuli (also known as the just noticeable difference (the j.n.d.)
- **Subliminal perception:** Stimuli that are too weak or too brief to be consciously seen or heard may be strong enough to be perceived by one or more receptor cells. No research evidence that subliminal advertising can cause behavior changes

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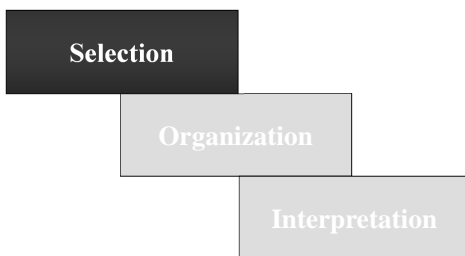
Weber's Law

- The j.n.d. between two stimuli is not an absolute amount but an amount relative to the intensity of the first stimulus
- Weber's law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. Marketers need to determine the relevant level of j.n.d. so that negative changes are not readily discernible to the public while product/service improvements are very apparent to consumers

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Aspects of Perception



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Perceptual Selection

- Consumers subconsciously are selective as to what they perceive.
- Stimuli selected depends on two major factors
 - Consumers' previous experience
 - Consumers' motives
- Selection depends on the
 - Nature of the stimulus
 - Expectations
 - Motives

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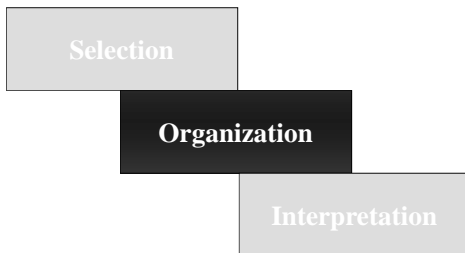
Perceptual Selection

- **Selective Exposure:** Consumers seek out messages which are pleasant, resonate with them, and help them make good purchase decisions
- **Selective Attention:** Heightened awareness when motivated; Prefer different messages and media
- **Perceptual Defense:** Screening out threatening stimuli
- **Perceptual Blocking:** Consumers avoid being bombarded by tuning out, using TiVo etc.

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Aspects of Perception



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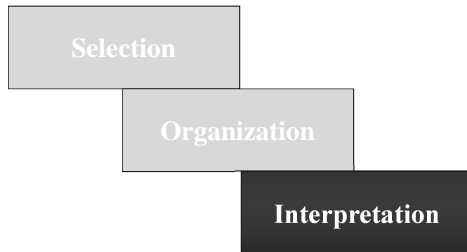
Principles of Perceptual Organization

- **Figure and ground:** experience events by focusing on some part and relegating the rest to a sort of hazy background
- **Grouping:** group stimuli to form a unified impression or concept. Grouping helps memory and recall
- **Closure:** Will often fill in missing pieces
Incomplete messages remembered more than complete
- **Good figures:** Familiar, symmetrical and orderly experiences are perceived faster and remembered longer.

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Aspects of Perception



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Interpretation (*Perceptual Distortion*)

- **Physical Appearances:** People seek positive attributes of experiences to relate to. More attractive models are often more persuasive.
- **Stereotypes:** Ascribe meanings based on fragments of past information.
- **First Impressions:** People look for relevant, important, or predictive stimuli. First impressions are lasting
- **Jumping to Conclusions:** based on information captured first. Put persuasive argument first.
- **Halo Effect:** perceive and evaluate multiple objects based on just one dimension

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Issues in Consumer Imagery

- Product Positioning and Repositioning
- Positioning of Services
- Perceived Price
- Perceived Quality
- Retail Store Image
- Manufacturer Image
- Perceived Risk

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Positioning

- Establishing a specific image for a brand in the consumer's mind
- Product is positioned in relation to competing brands
- Conveys the concept, or meaning, of the product in terms of how it fulfills a consumer need
- Result of successful positioning is a distinctive, positive brand image

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Positioning Techniques

- Umbrella Positioning
- Positioning against Competition
- Positioning Based on a Specific Benefit
- Finding an "Unowned" Position
- Filling Several Positions
- Repositioning

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Perceptual Mapping

- A research technique that enables marketers to plot graphically consumers' perceptions concerning product attributes of specific brands

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Issues in Perceived Price

- Reference prices – used as a basis for comparison in judging another price
 - Internal
 - External
- Acquisition and transaction utility
- One study offers three types of pricing strategies based on perception of value.

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Acquisition-Transaction Utility

- **Acquisition utility**
 - The consumer's perceived economic gain or loss associated with the purchase
 - Function of product utility and purchase price
- **Transaction utility**
 - The perceived pleasure or displeasure associated with the financial aspect of the purchase
 - Determined by the difference between the internal reference price and the purchase price

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Perceived Quality

- Perceived Quality of Products
 - Intrinsic vs. Extrinsic Cues
- Perceived Quality of Services
- Price/Quality Relationship

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Perceived Quality of Services

- Difficult due to characteristics of services
 - Intangible
 - Variable
 - Perishable
 - Simultaneously Produced and Consumed
- SERVQUAL scale used to measure gap between customers' expectation of service and perceptions of actual service

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Price/Quality Relationship

- The perception of price as an indicator of product quality (e.g., the higher the price, the higher the perceived quality of the product.)

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Types of Perceived Risk.

- 1) Functional risk
- 2) Physical risk
- 3) Financial risk
- 4) Social risk
- 5) Psychological risk
- 6) Time risk

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Perceived Risk Highest when.

- little information available about the offering
- the offering is new
- high price
- technically complex product or service
- substantial quality differences among brands
- less experienced consumers
- socially visible decision

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Risk reducing strategies.

- Seek more information
- Buy same brand as before
- Buy brand with best image
- Buy from same or best known store
- Buy the most expensive alternative
- Buy the cheapest alternative
- Seek reassurance

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Chapter 7 Consumer Learning

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Learning

- The process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior
- Marketers must teach consumers:
 - where to buy
 - how to use
 - how to maintain
 - how to dispose of products

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Learning Theories

Behavioral Theories:

Learning result from observable responses to external stimuli. Also known as *stimulus response theories*.

Cognitive Theories:

Learning is based on mental information processing, often in response to problem solving.

Learning can be intentional or incidental

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Elements of Learning Theories

- Motivation
- Cues
- Response
- Reinforcement
 - Types of Reinforcement:
 - Positive
 - Negative
 - Forgetting
 - Extinction

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Behavioral Learning Theories.

- Classical Conditioning
- Instrumental Conditioning
- Modeling or Observational Learning
- Theory of Reasoned Action

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Classical Conditioning

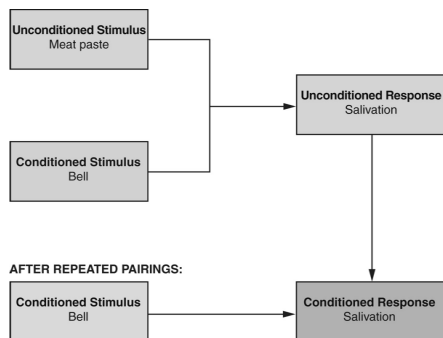
- When a “natural” stimulus that elicits a known response is paired with a “created” stimulus the respondents learn to respond to the created stimulus as if it were the natural stimulus.
- Strategic Applications of Classical Conditioning:
 - Repetition – strengthen association
 - Stimulus generalization - Helps “me-too” products to succeed and in product extensions
 - Stimulus discrimination - Basis of positioning for unique ways to fill needs

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Model of Classical Conditioning (Pavlov)

Figure 7-2a



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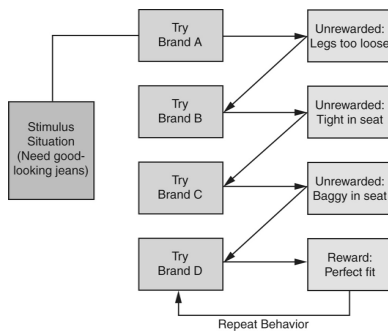
Behavioral Learning

- **Instrumental (Operant) Conditioning:** learning based on a trial-and-error process, with habits forced as the result of positive experiences (reinforcement)
- **Observational Learning/modeling/vicarious learning:** Observing the behavior of others, and its consequences
- **Cognitive Learning:** human beings learn thru problem solving, which enables them to gain some control over their environment

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A Model of Instrumental Conditioning Figure 7-10



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Instrumental Conditioning and Marketing

- Customer Satisfaction (Reinforcement)
- Reinforcement Schedules
- Shaping
- Massed versus Distributed Learning

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Information Processing

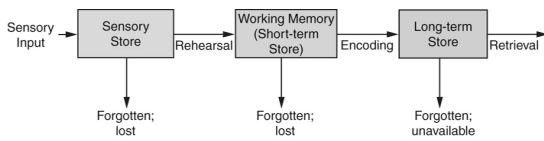
- Relates to cognitive ability and the complexity of the information
- Individuals differ in imagery – their ability to form mental images which influences recall

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Information Processing and Memory Stores

Figure 7.14



Movement from short-term to long-term storage depends on: Rehearsal & Encoding

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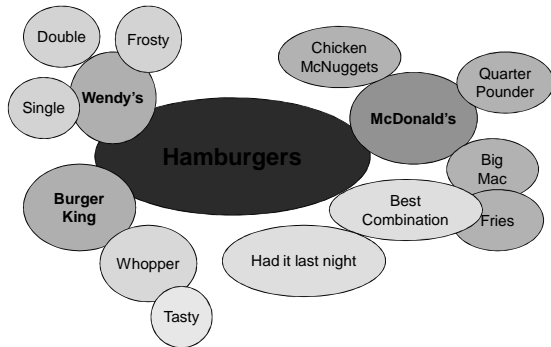
Retention

- Information is stored in long-term memory
 - *Episodically*: by the order in which it is acquired
 - *Semantically*: according to significant concepts
- Total package of associations is called a schema

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Associative Knowledge Network. (Schema)



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Issues in Involvement Theory

- Involvement depends on degree of personal relevance. High involvement is:
 - Very important to the consumer
 - Provokes extensive problem solving
- Central and Peripheral Routes to Persuasion
- Measure of Involvement

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Central and Peripheral Routes to Persuasion

- Central route to persuasion
 - For high involvement purchases
 - Requires cognitive processing
- Peripheral route to persuasion
 - Low involvement
 - Consumer less motivated to think
 - Learning through repetition, visual cues, and holistic perception

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Measures of Consumer Learning

- Recognition and Recall Measures
 - Aided and Unaided Recall
- Cognitive Responses to Advertising
- Attitudinal and Behavioral Measures of Brand Loyalty

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Brand Loyalty

- Function of three groups of influences
 - Consumer drivers
 - Brand drivers
 - Social drivers
- Four types of loyalty
 - No loyalty
 - Covetous loyalty
 - Inertia loyalty
 - Premium loyalty

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Brand Equity

- The value inherent in a well-known brand name
- Value stems from consumer's perception of brand superiority
- Brand equity reflects learned brand loyalty
- Brand loyalty and brand equity lead to increased market share and greater profits

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Chapter 8
Consumer Attitude
Formation and Change

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