

University of Global Village (UGV), Barishal
Department of Business Administration
Consumer Behavior

Course Code : 0413-724	Credits : 03
Exam Hours : 03	CIE Marks : 90 SEE Marks : 60

❖ **Course Learning Outcomes (CLOs):** Upon completing this course, students should be able to

CLO1	Understand, Explain and Distinguish the key concepts, theories, and models of consumer behavior, including psychological, social, and cultural factors influencing consumer decision-making processes.
CLO2	Describe, List and Demonstrate the comprehension of the stages of the consumer decision-making process and their implications for marketing strategies.
CLO3	Evaluate and Apply relevant behavioral theories and models to analyze and predict consumer motivations, attitudes, and behaviors.
CLO4	Comprehend, Summarize and Evaluate the effectiveness of segmentation and targeting strategies in meeting consumer needs and achieving marketing objectives.

❖ **Course plan specifying Topics, Teaching time and CLOs**

Sl no	Topic	Hours	CLOs
1	What is CB and Why should I care?	8	CLO1 CLO2
2	Value and Consumer Behavior Frame work	2	CLO1
3	Personality, lifestyles and The self-concept	8	CLO2 CLO3
3	Attitudes and Attitude Change	6	CLO2 CLO4
4	Group Influence	6	CLO1 CLO3
5	Consumer Culture and Micro-culture	6	CLO2 CLO3
6	Consumers in situations and Decision making I and II	6	CLO2 CLO4

❖ **Course plan specifying content, CLOs, co-curricular activities (if any), teaching learning and assessment strategy matching with CLOs.**

Week	Topic	Teaching-Learning Strategy	Assessment Strategy	CLOs
1	What is CB and Why should I care?: Introduction Consumption and Consumer behavior Basic Consumption Process Consumer Behavior as a field of study Relationship between CB and other Discipline CB and Marketing Strategy CB field's role in business, society and consumer Effects of Consumer Behavior Consumer Behavior is Dynamic.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
2	What is CB and Why should I care?: Big Date Change economy Sharing economy and Collaborative Consumption Global Consumer Trends Value Two types of Values Consumer Value Framework Consumer Value Framework Factors Total Value Concept.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO1 CLO2
3	Value and Consumer Behavior Frame work: Value Co-creation Perceptual Map Blue Ocean Strategy example Perceptual Map for alternative tourist attraction Customer Lifetime Value.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1
4	Personality, lifestyles and The self-concept: Personality Defined Personality traits examples Key concepts The nature of personality and the various approaches.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3
5	Personality, lifestyles and The self-concept: Why Marketers are interested to know consumer personality? Personality and the various approaches: psychoanalytic Approach to Personality Psychoanalytic Approach and Motivation Research ID, SUPEREGO and EGO.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
6	Personality, lifestyles and The self-concept: Trait Approach to Personality Major traits examined Five Factor Model of Personality Traits Brand Personality Lifestyle, Psychographics and Demographics The Self-concept The Self-concept Dimensions Self-congruency theory.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test ▪ Quiz 	CLO1 CLO2
7	Attitudes and Attitude Change: Attitudes Definition The power of attitude ABC approach to attitude Functional Theory of attitude.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test 	CLO2
8	Attitudes and Attitude Change: Functions of Consumer attitude Consumer attitude: Affective Cognitive Conative Purchase context and hierarchy of effects. Attitude Toward the Objects (ATO)	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test 	CLO2 CLO4

	Model.		<ul style="list-style-type: none"> ▪ Written Test 	
9	Attitudes and Attitude Change: Behavioral intention model Behavioral Intentions Model / Theory of Reasoned Action Theory of Planned Behavior Types of Appeal.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test 	CLO2 CLO4
10	Attitudes and Attitude Change: Fear appeal Humor appeal Reasons for using humor appeal in ads Sex appeal Music Appeal Advantages of Music appeal Rational Appeals Emotional Appeal.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Group discussion ▪ Oral presentation 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO2 CLO4
11	Group Influence: Introduction Reference Group Influence Types of Group Conformity and Authority.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO1 CLO3
12	Group Influence: Social Power Types of social power Reference Group Influence on product selection Social Media and Consumer Behavior Social Media Terms Primary functions of Social Media Advertising Effectiveness Facebook versus Twitter Word of Mouth.	<ul style="list-style-type: none"> ▪ Written exam ▪ MCQ test ▪ Presentation 	<ul style="list-style-type: none"> ▪ Written exam ▪ MCQ test ▪ Oral test 	CLO2 CLO3
13	Consumer Culture and Micro-culture: Consumer Culture Cultural Functions Culture Defined Customs and Etiquette in Bangladesh High and Low Context Culture Where does Culture come from?	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3
14	Consumer Culture and Micro-culture: Cultural Norms and Cultural Sanctions Dimensions of cultural values Geert Hofstede's Cultural Dimensions Core societal values (CSV) or cultural values: How culture is learned? Micro-culture.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO2 CLO3
15	Consumers in situations and Decision making I and II: Situations Defined Consumer in situations Understand how value vary with situation Different ways that time affect behavior Shopping defined Places shape consumer activities and categories Impulsive shopping and consumption Impulsive Shopping Vs. Unplanned Shopping Atmosphericics to create consumer value.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3
16	Consumers in situations and Decision making I and II: Consumer decision-making process The major types of decision-making approaches Consideration set in decision-making process	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Group discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test ▪ Quiz 	CLO2 CLO4
17	Consumers in situations and Decision making I and II: Factors that affect the amount of search Evaluation of alternative: criteria Value and alternative evaluation Affect based and Attribute based Evaluation Factors Determining evaluative criteria used.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment ▪ Oral presentation 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO2 CLO4

Assessment and Evaluation

1) **Assessment Strategy:** Group Discussion, Class tests, Case Study, Term Paper, Presentation.

2) **Marks distribution:**

a) **Continuous Assessment:**

- Class attendance is mandatory. Absent of 70% classes; disqualify the student for final examination only authority recommendation will be accepted with highly reasonable causes.
- Late submission of assignments is not allowed. Late submission of assignments will be only taken with highly reasonable causes and 20% mark will be deducted.
- To pass this course student will have to appear mid-term and final examination.

b) **Summative:**

❖ **CIE- Continuous Internal Evaluation (90 Marks)**

Bloom's Category	Test	Assignments	Quiz	External Participation in Curricular/ Co-curricular Activities
Marks (out of 90)	(15)	(15)	(15)	(15)
Remember	05			Bloom's Affective Domain: (Attitude or will) Attendance: 15 Copy or attempt to copy: - 10 Late Assignment: -10
Understand	05	06	07	
Apply	05			
Analyze	10		08	
Evaluate	05	09		
Create	10			
	05			

❖ **SEE- Semester End Examination (60 Marks)**

Bloom's Category	Test
Remember	10
Understand	10
Apply	10
Analyze	10
Evaluate	10
Create	10

3) Make-up Procedures: Dates for exams will be strictly followed. No makeup exam (Normal case), for exceptional case university rules and regulation should be followed.

Learning Materials

1) **Recommended Readings:**

- Consumer Behavior Student Edition By Barry J. Babin & Eric G. Harris.

2) **Supplementary Readings:**

- Consumer Behavior By Leon G. Schiffman Leslie Lazar Kanuk.

Table

Week: 1
Slides 1-13

BABIN + HARRIS

CB⁸

CONSUMER BEHAVIOR



1

What Is CB and Why Should I Care?



NOW WITH CB ONLINE

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Introduction

- The human experience is made up largely of consumption-relevant episodes. We wake , we drink, we eat, we clean, we dress, we ride, we shop, we play, we read, we choose, we watch, we Instagram, we tweet on and on. Practically everything we do involves consumer behavior (CB) in some way. Take a look at Pinterest and it becomes obvious that many of the posts and tweets call attention to buy, places to go, things to do and how they should be done. Websites like Pinterest mimic real discussions where one consumer tells other about the things that bring value to their lives. Certainly, these activities help consumers make decisions.
- Consumer decisions are sometimes simple, Involving few resources, and other times complex , involving large amount of resources. When consumers make decisions, they set in a place a chain of reactions that change their lives, the lives of those around them, and the lives of people they don't even know.

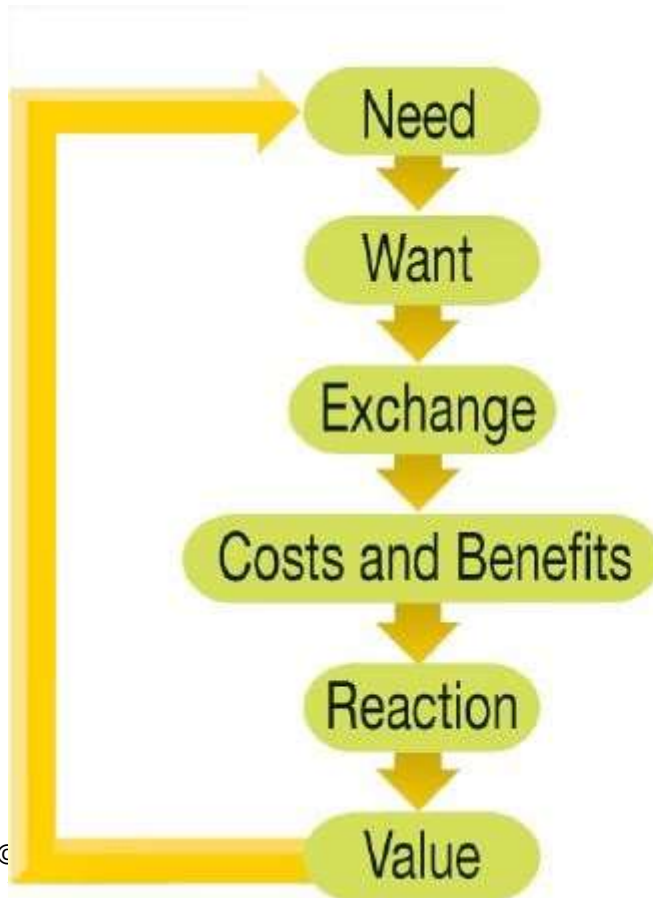


CONSUMPTION AND CONSUMER BEHAVIOUR

- The term consumer behavior refers to:
 1. The actual human thoughts, feelings and actions involved in consumption experiences, and/or
 2. A field of study (human inquiry) that is developing an accumulated body of knowledge about human consumption experiences

The Basic Consumption Process

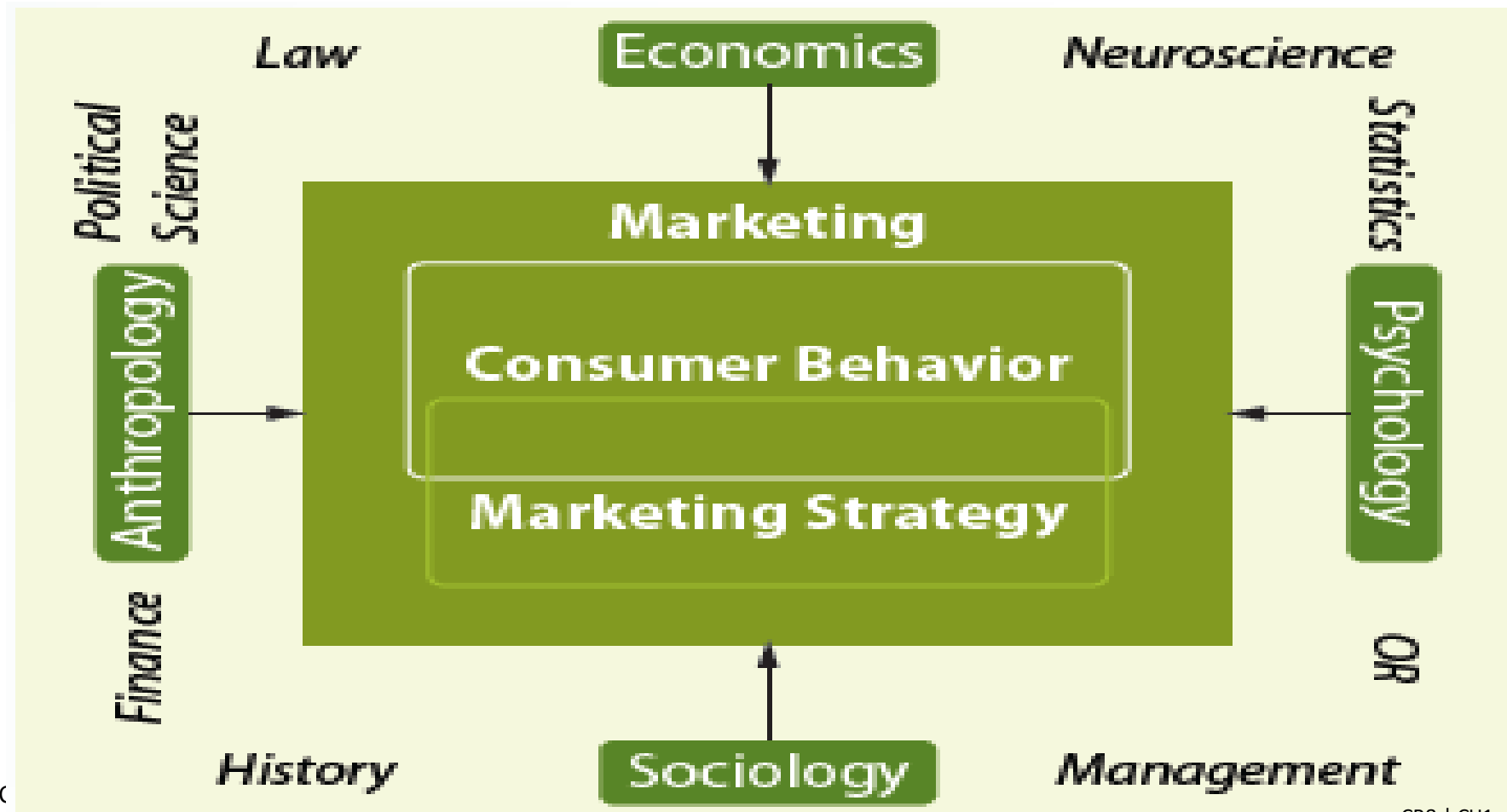
- **Consumer behaviour - Set of value-seeking activities that take place as people go about addressing their real needs**
- **The Basic Consumption Process**



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BUYER / CONSUMER BEHAVIOUR AS A FIELD OF STUDY

- Study of consumers as they go about the consumption process; the science of studying how consumers seek value in an effort .



Relationship between CB and other disciplines

Economics often is defined as the study of production and consumption. A free enterprise system allows individuals to participate freely in the market

Psychology is the study of human reactions to their environment. Psychology seek to explain the thoughts, feelings, and behaviors that represents human reactions.

Social Psychology focuses on the thoughts, feelings, and behaviors that people have as they interact with other peoples. Consumer behaviour most often takes place in some type of social settings or sometimes with the specific intention to affecting the way others view the self.

Marketing involves the multitude of value-producing seller activities that facilitate exchange between buyers and sellers. These activities include the production, promotion, pricing, distribution, and retailing of goods, services, ideas, and experiences that provide value for consumers and other stakeholders.

Sociology focuses on the study of groups of people within a society. This has relevance for customer behaviour, because consumption often takes place within group settings or is in one way or another affected by group dynamics.

Anthropology has contributed to consumer behaviour research by allowing researches to interpret the relationships between consumers and the things they purchase, the products they own, and the activities in which they participate.

- **Resource-advantage theory:** Prominent theory that explains why companies fail or succeed
 - *Success is attained by acquiring more resources and using them to gain physical and intellectual capital advantages*
- **Product:** Potentially valuable bundle of benefits
 - **Attribute:** *Tangible feature of a product that potentially delivers a benefit of consumption*

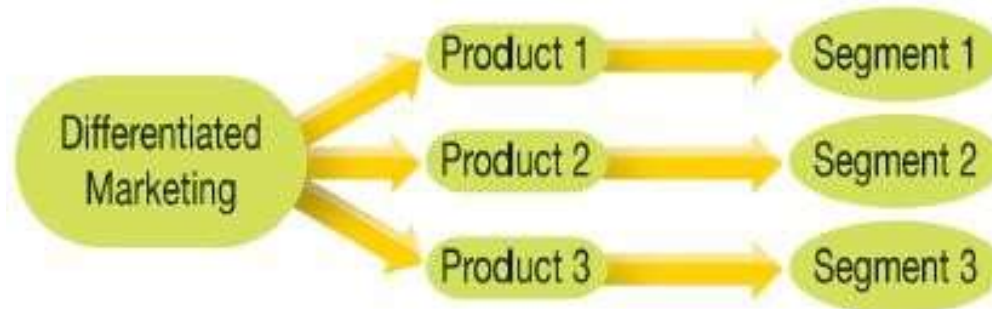


CB FIELD'S ROLE IN BUSINESS, SOCIETY, AND FOR CONSUMERS

- CB is important in at least three ways:
 - CB provides an input to business/marketing strategy.
 - CB provides a force that shapes society.
 - CB provides an input to making responsible decisions as a consumer.

CONSUMER BEHAVIOUR AND MARKETING STRATEGY

LO 3



- CB and society
 - *CB creates the society one lives in and serves as an essential source of input for public policy*
- CB topics that can enlighten customers
 - *Consequences of poor budget allocation*
 - *Role of emotions in decision making*
 - *Social influences on decision making*
 - *Environmental effects on CB*
 - *Avenues for seeking redress for unsatisfactory purchases*

Consumer Behavior Is Dynamic

- All one has to do is examine the differences in standards of living between today's American consumers and those living in the years 1875, 1925, 1985, and 2005 to gain an appreciation of how CB has changed over time
- The way marketers respond to consumers is changing dramatically.
- Marketers have historically used advances in technology to provide consumers with greater opportunities to communicate with companies.

Table

Week: 2
Slides 14-22

- Internationalization
 - *Companies are required to deal with geographical and cultural distances*
 - *People from different cultures interpret products and behaviors differently*
 - *Consumer perception will determine the success or failure of the product*
- Technological advances have made geographical distance a nonissue

- The term **big data** has come to be used to represent massive amounts of data available to companies that can be used to predict customer behaviors
 - ***Predictive analytics***: Application of statistical tools in an effort to discover patterns in data that allow prediction of consumer behavior

- Factors contributing to stagnant income
 - *Unemployment*
 - *Limited prospects in the workforce*
 - *Decreased opportunity to work at an acceptable wage*
- Consumers are cautious about expenses and react favorably to price-cutting policies

Sharing Economy and Collaborative Consumption

- **Sharing economy** the global consumer trend toward rental (temporary usage for hire) rather than ownership.
- **Collaborative consumption** the term used for a rental transaction activity that is consumer to consumer, rather than business to consumer or business to business

Exhibit 1.7

Global Consumer Trends

- ▶ Selling “Shares”—not just Uber, but all manner of sharing services including sharing what you wear as in “Girl Meets Dress.”
- ▶ International Shopping—malls, particularly in emerging economies, offer consumers access to far-away experiences
- ▶ Consumers as Marketers—many consumers become vloggers spreading videos that include their brand likes and dislikes
- ▶ Green and Healthy—consumers will pay for options they see as good for the Earth and body, but it's not so simple
- ▶ Easy over Size—consumers now see convenience as a nearby albeit smaller option for food and staples

Source: Kasriel-Alexander, K. (2015), Top 10 Global Trends for 2015, Entrepreneur International.

RAMIN + HARRIS

CB⁸

CONSUMER BEHAVIOR



2

Value and the Consumer Behavior Framework

4LTR
PRESS

NOW WITH CB ONLINE

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VALUE

- Value - A personal assessment of the net worth obtained from an activity
- The value equation

Value

=

What you get

—

What you give

Benefits such as:

Quality

Convenience

Emotions

Prestige

Experience

Other factors like:

Scarcity

Nostalgia

Sacrifice of:

Time

Money

Effort

Opportunity

Emotions

Image

TWO TYPES OF VALUE

- Utilitarian value - Gratification derived because something helps a consumer solve a problem or accomplish some task
- Hedonic value - Value derived from the immediate gratification that comes from some activity





Consumer Value Framework(CVF)

- Consumer Value Framework represents consumer behavior theory, illustrating factors that shape consumption –related behaviors and ultimately determine the value associated with consumptions.

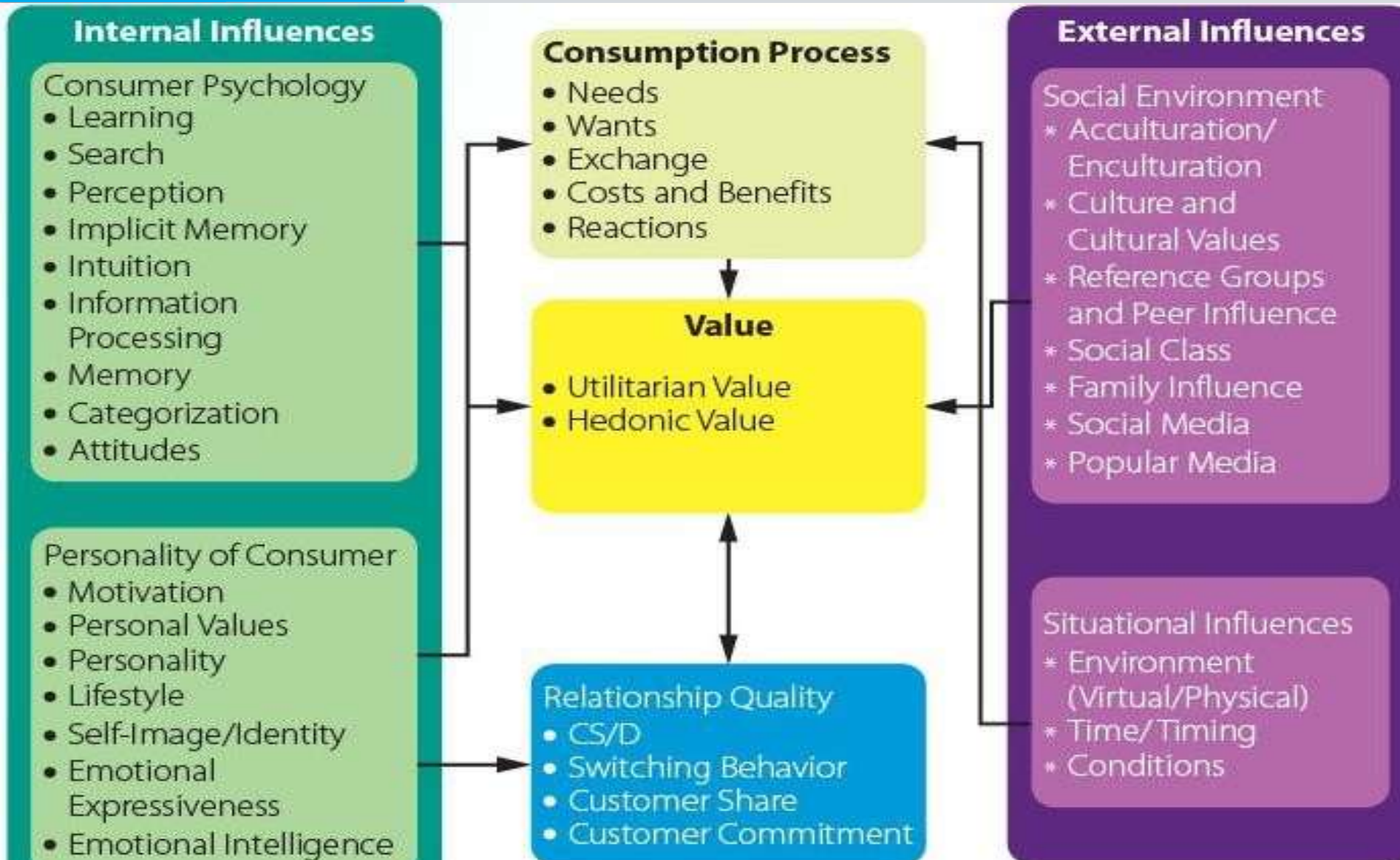
Table

Week: 3

Slides 24- 33

Figure 2.1

Consumer Value Framework (CVF)





CONSUMER VALUE FRAMEWORK FACTORS

- Relationship quality - Reflects the connectedness between a consumer and a retailer, brand, or service provider
- Consumption process - Involve a great deal of decision making and thus represents a consumer decision-making process and the results of service
- Internal Influences - Things that go on inside of the mind and heart of the consumer or that are truly a part of the consumer psychologically
- The Psychology and Personality of the Consumer
- External influences - Social and cultural aspects of life as a consumer

Total Value Concept

- Total value proposition - Basic benefits, the augmented product, and the feel benefits
 - ***Augmented product***: *Original product plus the extra things needed to increase the value from consumption*
- Companies operate with the understanding that products provide value in multiple ways

Value Co-Creation

- Realization that a consumer is necessary and must play a part in order to produce value
- Consumers add resources in the form of knowledge and skills to do their own part in the consumption process

Perceptual Map

- Tool used to depict graphically the positioning of competing products
- Helps identify competitors and opportunities for doing more business
- Diagnoses potential problems in the marketing mix
- Used in every competitive industry, including in the nonprofit sector

Perceptual Map (continued)

- **Blue ocean strategy:** Positioning a firm far away from competitors' positions so that it:
 - *Creates an industry of its own*
 - *Isolates itself from competitors*
- **Ideal point**
 - *Combination of product characteristics that provide the most value to an individual consumer or market segment*

Blue Ocean Strategy Examples

iTunes

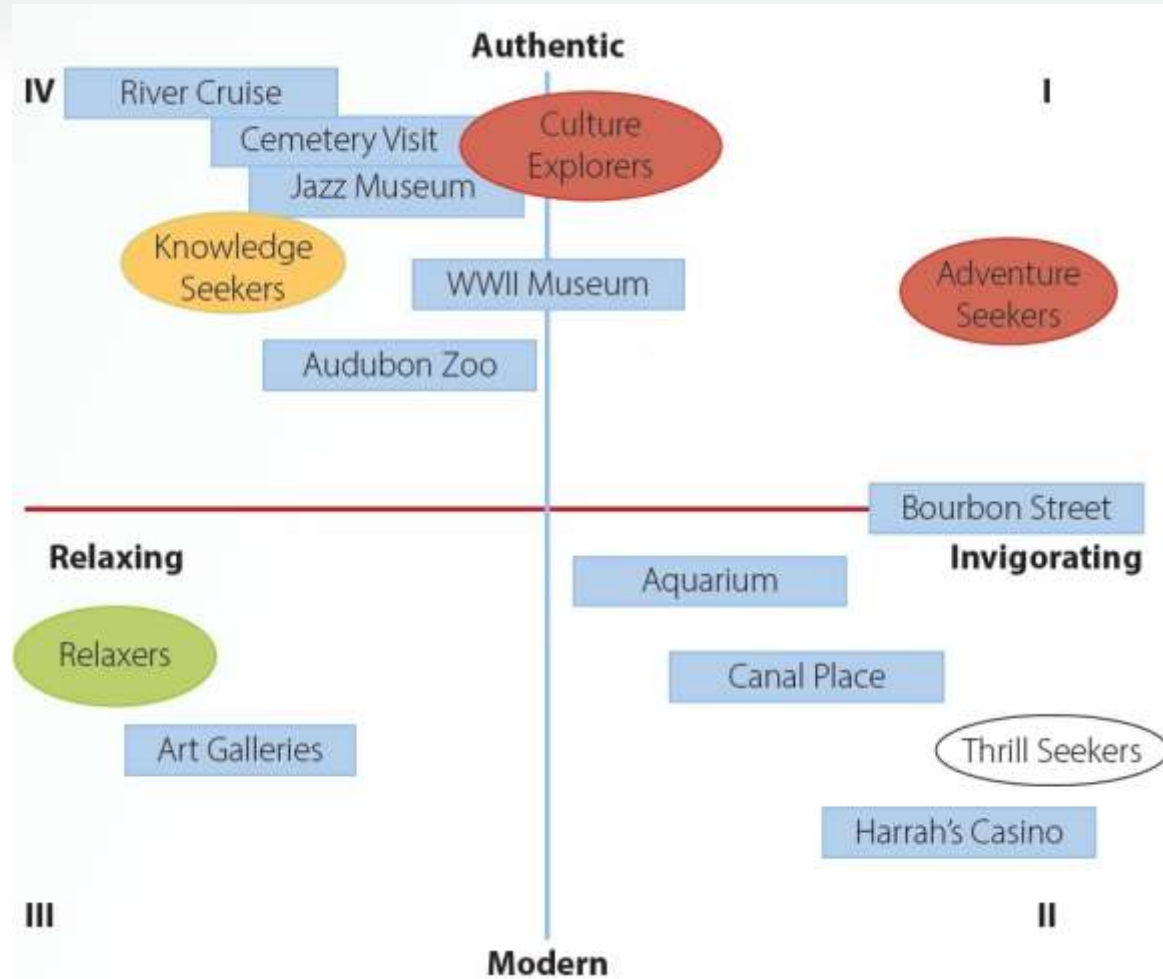
- With the launch of iTunes, Apple unlocked a blue ocean of new market space in digital music that it has now dominated for more than a decade.
- Apple observed the flood of illegal music file sharing that began in the late 1990s, enabled by file sharing programs such as Napster, Kazaa, and LimeWire. By 2003 more than two billion illegal music files were being traded every month. While the recording industry fought to stop the cannibalization of physical CDs, illegal digital music downloading continued to grow.

Canon

- Canon's strategic move, which created the personal desktop copier industry, is a classic example of blue ocean strategy. Traditional copy machine manufacturers targeted office purchasing managers, who wanted machines that were large, durable, fast, and required minimal maintenance.

Figure 2.9

Perceptual Map for Alternative Tourist Attractions



Customer Lifetime Value (CLV)

- Approximate worth of a customer to a company in economic terms
- Overall profitability of an individual consumer
- $CLV = npv(\text{sales} - \text{costs}) + npv(\text{equity})$
 - *Npv - Net present value*

Week: 4
Slides 34-44

Chapter 3

PERSONALITY, LIFESTYLES, AND THE SELF-CONCEPT

INTENDED LEARNING OBJECTIVES

With this lecture, you will learn:

1. Personality, Lifestyles, and the Self-Concept.
 1. Define Personality, know various approaches to studying personality and understand major traits in consumer research.
 2. Comprehend why lifestyles, psychographics, and demographics are important to the study of consumer behaviour.
 3. Understand the role of the self-concept and the concept of self-congruency and how it applies to consumer behaviour issues.

Introduction

How would you describe yourself?

Are you outgoing and adventurous? Or are you quiet and reserved?

Does a recent selfie say anything about how you feel about yourself?

Key Concepts

Marketers are interested in concepts like personality, lifestyle and self-concept.

Personality: *the sum of an individual's **inner psychological attributes**.
The totality of thoughts, emotions, tendencies and behaviour that a person exhibits consistently as s/he adapts to the environment*

Lifestyle: *the habits, attitudes, tastes, moral standards, economic level, etc., that together constitute the **mode of living of an individual or group**.*

Lifestyles refer to the ways consumers **live and spend their time and money** (e.g. Healthy versus unhealthy lifestyles, alternative and even dangerous lifestyles)

Self-concept: *the sum total of our **beliefs and feelings** about our self*

Rewards cards, Social Media posts, Likes, search terms in Google, Location requests from apps, etc.

PERSONALITY AND THE VARIOUS APPROACHES

Personality

- Totality of thoughts, emotions, intentions, and behaviors that a person exhibits consistently as he or she adapts to his or her environment.

Personality Qualities

- Unique to an individual.
- One's overall personality can be conceptualized as a combination of specific traits or characteristics.
- Traits are relatively stable and interact with situations to influence behaviour (e.g., an unstable person waiting in a restaurant)
- Specific behaviours can vary across time (ex- materialistic personality)

Why Marketers are interested to know consumer personality?

- Consistent patterns of thoughts, emotions, intentions, and behavior can signal the need for individualized marketing campaigns.
- Today's marketers are quite adept at individualizing messages
- IT (smart phones apps) has enabled marketers to communicate one-on-one with their customers.
- Companies can learn about their customers personalities by researching social media postings and tweets.
- All those tweets say a lot about a person!



PERSONALITY AND THE VARIOUS APPROACHES: PSYCHOANALYTIC

According to the famous psychologist Sigmund Freud, human behavior is influenced by **an inner struggle between various systems** within the personality system.

His approach, commonly referred to as the **psychoanalytic approach to personality**, is applicable to both motivation and personality inquiry.

Freud' approach **highlights** the importance of **unconscious mental** processes in **influencing behaviour**.

The idea is that **deep seated motivations** lead people to act in **various ways**.

Psychoanalytic Approach to Personality

Approaches

Psychoanalytic: Applicable to both motivation and personality inquiry

For Freud, the human personality consists of three important components: the *id*, the *superego*, and the *ego*.

- *Id* - Focuses on pleasure-seeking and immediate gratification.
- *Superego* - Works against the *id* by motivating behavior that matches societal norms and expectations.
- *Ego* - Focuses on resolving the conflicts between the *id* and the *superego*.

Motivational Research Era: Researchers utilized tools such as depth interviews and focus groups to improve their understanding of inner motives and needs

EXAMPLE: *How do you feel? What does it mean to feel this way? What kind of things do you think? Etc.*



1 D

**Wants whatever
feels good at the
time, with no
consideration
for the reality of
the situation.**

SUPEREGO



The superego is the moral part of us and develops due to the moral and ethical restraints placed on us by our caregivers.



EGO

**Its the ego's job to meet
the needs of the id, while
taking into
consideration the reality
of the situation.**

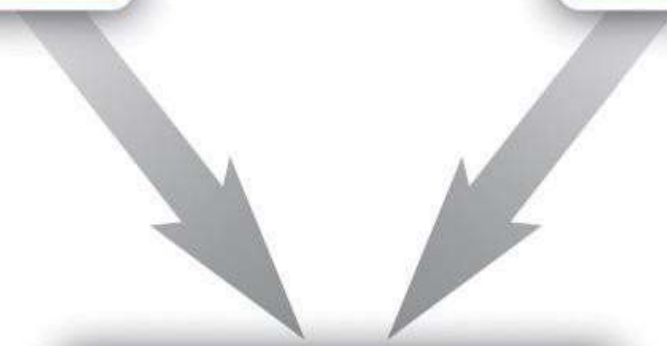
It could be his head wasn't screwed on just right.
It could be, perhaps, that his shoes were too tight.
But I think that the most likely reason of all,
May have been that his heart was two sizes too small.

Week: 5
Slides 46-56

ID
"I want that
right now!"

SUPEREGO
"Good people
don't think about
those things."

EGO
"Let's figure
out a way to
work together."



Examples

Id: Meeting basic needs anyway

Sally was thirsty. Rather than waiting for the server to refill her glass of water, she reached across the table and drank from Mr. Smith's water glass, much to his surprise.

Ego: Dealing with reality

Sally was thirsty. However, she knew that her server would be back soon to refill her water glass, so she waited until then to get a drink, even though she really just wanted to drink from Mr. Smith's glass.

Superego: Adding morals

While away on business, Tom had many opportunities to be unfaithful to his wife. However, he knew the damage such behaviour would have on his family, so made the decision to avoid the women who had expressed interest in him.

The Psyche (Personality)



Id:

Instincts

Ego:

Reality

Superego:

Morality

ID, SUPEREGO AND EGO

- **Id (unconscious):** basic drives. Acts as pleasure principle.
- **Superego:** The Super-ego strives to act in a socially appropriate manner, whereas the id just wants instant self-gratification. The Super-ego controls our sense of right and wrong and guilt.
- **Ego:** Separates what is real. It seeks to please the id's drive in realistic ways. Balance between primitive drives and reality (defence mechanisms)

Trait Approach to Personality

Trait Approach to Personality: Trait - A distinguishable characteristic that describes one's tendency to act in a relatively consistent manner. Multiple approaches available for consumer researchers.

Multiple Approaches to Personality:

- Nomothetic Perspective (variable centred approach: 'complaint prone customers')
- Idiographic Perspective (total person and his uniqueness)
- Single-Trait Approach
 - focus is on one particular trait (tendency to be productive affects leisure activities)
- Multiple-Trait Approach
 - Combinations of traits are examined and the total effect of the collection of traits is considered. Scores on numerous traits are potential predictors of behaviour.

PERSONALITY AND THE VARIOUS APPROACHES

Approaches

Trait Approach to Personality: Trait - A distinguishable characteristic that describes one's tendency to act in a relatively consistent manner. Multiple approaches available for consumer researchers.

Multiple Approaches to Personality:

- Nomothetic Perspective
- Idiographic Perspective
- Single-Trait Approach
- Multiple-Trait Approach



Materials covered in 1st in-course exam

- Chapters Covered by Usmita Afroz (1, 2 and 3 Chapters)

- Definition of CB The basic CB process
- Consumer Behavior as a field of study
 - ways of doing business
 - CB and Society
 - CB and Personal growth
- **Consumer value framework CVF**
- **Marketing Strategy and Consumer value**
- **Definition of customer life time value**

- Definition learning and perception
- Element of consumer perception
- Consumer perception process
- **JND concept**
- **Implicit an Explicit memory**
- **Ways to get consumer attention**
- intentional and unintentional learning

- Chapter 4 and Chapter 5 covered by Arifur Rahman

Exam Info:

You have to answer 3 out of 4 questions
(3 X 5 = 15)

Question patterns

- Short essay type questions
- Mix of theory and practice

MAJOR TRAITS EXAMINED

Important Traits Studied

Value Consciousness: Tendency for consumers to focus on maximizing what is received from a transaction as compared to what is given (Redeeming coupons)

Materialism: Extent to which material goods are important in a consumer's life (western culture; possessiveness, nongenerosity, envy, young vs old)

Innovativeness: Degree to which consumers are open to new ideas; and How quickly consumers adopt to buying new products, services, or experiences early in their introduction. Young, educated, affluent. Adoption, novelty seeking, information seeking)

Need for Cognition: Degree to which consumers tend to engage in effortful cognitive information processing (Rational vs emotional, low vs high need for cognition)

Competitiveness: Defined as an enduring tendency to strive to be better than others.

Productivity Orientation *represents the tendency for consumers to focus on being productive, making progress and accomplishing more in less time.*

Five Factor Model of personality traits

The most popular multiple-trait approaches found in both personality psychology and consumer research is the five-factor model (FFM).

Five dominant traits are found in the human personality:

- 1) **Extroversion:** *The degree to which a person is outgoing, sociable, talkative, and comfortable meeting and talking to new people.*
- 2) **Agreeableness:** *The degree to which a person is to get along with others by being good-natured, cooperative, forgiving, compassionate, understanding, and trusting.*
- 3) **Conscientiousness:** *The degree to which a person is responsible, dependable, persistent, efficient, careful, orderly and precise.*

Five Factor Model of personality traits

- 4) **(Emotional) stability:** *The degree to which a person is well-adjusted, calm and secure.*
- 5) **Openness to experience (creativity):** *The degree to which a person has a broad range of interests and is imaginative, creative, and willing to consider new ideas.*

A person's personality is a combination of these traits and that each consumer will vary on the respective traits.

By examining consumers across the five dimensions, we gain an expanded view of how multiple traits influence specific consumer behaviours.

The traits found in the FFM have shown to impact CB such as:

Complaining,
bargaining, banking,
compulsive shopping,
mass media consumption and
commitment to buying environmentally friendly products.



MAJOR TRAITS EXAMINED

EXHIBIT

6.2

Five-Factor Model

Personality Trait	Description
Extroversion	Talkative, outgoing
Agreeableness	Kindhearted, sympathetic
Openness to Experience	Creative, open to new ideas, imaginative
Stability	Even-keeled, avoids mood swings
Conscientiousness	Precise, efficient, organized

Source: Based on R. R. McCrae and P. T. Costa, *Personality in Adulthood: A Five-Factor Theory Perspective*, 2nd ed. (New York: Guilford, 2005).

MAJOR TRAITS EXAMINED

EXHIBIT 6.1

Examples of Other Traits in Consumer Research

Frugality	The tendency of a consumer to exhibit restraint when facing purchases and using resources.
Trait Superstition	A tendency to follow superstitions and superstitious beliefs.
Trait Anxiety	A tendency to respond with anxiety when facing threatening events.
Bargaining Proneness	The tendency for a consumer to engage in bargaining behaviors when making purchases.
Trait Vanity	The tendency for consumers to take excessive pride in themselves, including their appearance and accomplishments.

Week: 6
Slides 57-69

LIFESTYLES, PSYCHOGRAPHICS, AND DEMOGRAPHICS

Lifestyles refer to the ways consumers **live and spend their time and money** (e.g. Healthy versus unhealthy lifestyles, alternative and even dangerous lifestyles)

Lifestyle: the habits, attitudes, tastes, moral standards, economic level, etc., that together constitute the **mode of living of an individual or group**.

Instead of asking consumers if she is ‘an outdoor type’, a lifestyle approach will ask the consumer about the amount of time she spends outdoor and what she does when she is outdoors’.

LIFESTYLES, PSYCHOGRAPHICS, AND DEMOGRAPHICS

Psychographics

- Way consumer lifestyles are measured.
- Used to gain an understanding of consumers' activities, interests, and opinions.

Demographics

- Observable, statistical aspects of populations including such factors as age, gender, or income.
- Can be used in conjunction with psychographic analysis.



Example: European Tourism Industry lifestyle segment profiles

▶ **Home Loving.** Fundamentally focused on the family, this segment values product quality. These consumers enjoy cultural activities such as visiting art exhibits and monuments. The home-loving group takes the greatest number of long, family-oriented travel vacations.

- ▶ **Idealistic.** These responsible consumers believe that the road to success is based on bettering the world. They enjoy classical music and theater and travel to destinations that include rural locations and country villages.
- ▶ **Autonomous.** These independent-thinking consumers strive to be upwardly mobile. They enjoy the nightlife and read few newspapers. This segment enjoys weekend travel.
- ▶ **Hedonistic.** The hedonistic segment values human relationships and work. They are interested in new product offerings and enjoy listening to music. These consumers enjoy visiting large cities.
- ▶ **Conservative.** Like the home-loving segment, this segment focuses largely on the family. These consumers tend to view success simply in terms of their work careers. This group dislikes nightlife and modern music and instead focuses on issues related to religion, law, and order.

LIFESTYLES, PSYCHOGRAPHICS, AND DEMOGRAPHICS

VALS: *Values and Lifestyles*

Classifies consumers into Eight distinct segments based on resources available to the consumer and Primary motivations.

- Innovators
- Thinkers
- Achievers
- Experience
- Believers
- Strivers
- Makers
- Survivors

• **Innovators.** Innovators are successful, sophisticated people who have high self-esteem. They are motivated by achievement, ideals, and self-expression. Image is important to these consumers.

• **Thinkers.** Thinkers are ideal motivated. They are mature, reflective people who value order and knowledge. They have relatively high income and are conservative, practical consumers.

• **Achievers.** Achievers have an achievement motivation and are politically conservative. Their lives largely center around church, family, and career. Image is important to this group, and they prefer to purchase prestige products.

• **Experiencers.** Experiencers are self-expressive consumers who tend to be young, impulsive, and enthusiastic. These consumers value novelty and excitement.

• **Believers.** In some ways, believers are like thinkers. They are ideal motivated and conservative. They follow routines, and their lives largely center around home, family, and church. They do not have the amount of resources that thinkers have, however.

• **Strivers.** Strivers are achievement motivated, but they do not have the amount of resources that are available to achievers. For strivers, shopping is a way to demonstrate to others their ability to buy.

• **Makers.** Makers are like experiencers in that they are motivated by self-expression. They have fewer resources than experiencers. They tend to express themselves through their activities such as raising children, fixing cars, and building houses.

• **Survivors.** Survivors are very low on resources and are constricted by this lack of resources. They tend to be elderly consumers who are concerned with health issues and who believe that the world is changing too quickly. They are not active in the marketplace, as their primary concerns center around safety, family, and security.

CASE 2-1: CLIMBING TO THE TOP!

Written by Dr. David Matthews, SUNY Adirondack; students Sandra Dickinson and Christina Green, SUNY Adirondack

- Present this case in the class tomorrow in a group
- This case and the ppts of ch6 have been uploaded in your FB page.

THE SELF-CONCEPT

The Role of the Self-Concept

- Totality of thoughts and feelings that an individual has about him or her self

According to a *Symbolic Interactionism* perspective: 'Consumers agree on the shared meaning of products and symbols'.

Semiotics - Study that relates to the symbolic interactionism: 'Study of symbols and their meanings'.



THE SELF-CONCEPT

Types of Self-Concept

- Actual Self
- Ideal Self
- Social Self
- Ideal Social Self
- Possible Self
- Extended Self

Self-Esteem: Positivity of an individual's self-concept.

Body Esteem: Positivity with which one holds their body image.



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THE SELF-CONCEPT

Types of Self-Concept

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Self-Esteem: Positivity of an individual's self-concept.

Body Esteem: Positivity with which one holds their body image.



THE SELF-CONCEPT

Consumers have a number of “concepts” about himself that may emerge over time and surface in different social situations.

- The **actual self** refers to how consumers currently perceive themselves (that is, who I am).
- **The ideal self** refers to how consumers would like to perceive themselves (that is, who I would like to be in the future).
- The **social self** refers to the beliefs that consumers have about how they are seen by others.
- The **ideal social self** represents the image that a consumer would like others to have about her.
- The **possible self**, much like the ideal self, presents an image of what the consumer could become.
- The **extended self** represents the various possessions that a consumer owns that help him form perceptions about himself.

SELF-CONGRUENCY CONCEPT

‘Proposes that much of consumer behavior can be explained by the congruence (match) between a consumer’s self-concept and the image of typical users of a focal product’.
Ex-Self image and store image = Store loyalty (like mindedness)

Segmentation and Self-Congruency

- Marketers use self-congruency theory to segment markets: *Into groups of consumers who link high self-concept congruence with their product image. (being stylish, are stylish who drives Corvettes will be motivated to drive Corvette, Ford built for tough, hardworking man)*

Consumer Identity and Product Ownership

- Beyond consumer-product congruity: *Some consumers view brands much more intensely.*
- Some researchers suggest that brands are used to express and validate consumer identity. (match B/W consumer values and brand values, identification strengthen)

Organizational Identification

- Presence of organizational identification: *When consumers feel very close to organizations.*

WEEK: 7
SLIDES 70-77



**CHAPTER 7& 8: ATTITUDES AND GROUP
INFLUENCE)**

Chapter Objectives

When you finish this chapter, you should understand why:

- ▶ It's important for consumer researchers to understand the **Attitudes and Attitude Change**
- ▶ Attitudes are more complex than they first appear.
- ▶ We form attitudes in several ways.

Attitudes

- ▶ Do you like Facebook?
- ▶ Do you post on Facebook a lot?
- ▶ Do you send a lots of tweets?
- ▶ If so, why?
- ▶ Is it fun for you?
- ▶ Is it a good way to get your thoughts and opinions out to your friends?
- ▶ Do you think you will post or tweet something later today?

These are all questions about your attitude towards these social networking.

Attitudes

- Attitudes - Relatively enduring overall evaluations of objects, products, services, issues, or people
- Attitudes are particularly **important** because they motivate **people to behave in relatively consistent ways.**



An attitude is NOT the same as:

Value

- Values are **judgments** about how **important** something is to us
- Less concrete, more stable, more general
- e.g. “loyalty is very important to me”

Mood

- Here and now
- Fluctuates quickly, short term emotional state
- Very general
- e.g. state of anger/happiness/anxiety

Belief

- More cognitive
- “If A, then B”
- Not facts



Attitudes and value are closely related.

The Power of Attitudes

- ▶ Attitude: a lasting, general evaluation of people, objects, advertisements, or issues
- ▶ Attitude object (A_o): anything toward which one has an attitude





WEEK: 8
SLIDES 78-85

ABC APPROACH TO ATTITUDES

- Approach that suggests that attitudes encompass one's affect, behaviour, and cognitions (or beliefs) toward an object
- Attitudes possess three components: affect, behaviour, and cognitions.
 - Affect - Feelings about an object
 - Cognitions - Beliefs the consumer has about the object
 - Behaviour - Overt behaviour that consumers exhibit as well as their intentions to behave

"I like Facebook"



"FB messaging is a good way for me to stay connected with friends"

"I always read the FB messages my friends send me"

ABC approach

The ABC approach to attitudes describes attitudes having three components- Affect, Behaviour and Cognition

Affect- the emotional reaction one has toward an attitude object, for example “I really like my new Adidas shoes”.

Behaviour- the way one behaves when exposed to an attitude object, for example “I always buy Adidas shoes”.

Cognition- the thoughts and beliefs one has about an attitude object, for example “my Adidas shoes help me on long runs”.



Functional Theory of Attitudes

UTILITARIAN FUNCTION:

Relates to rewards
and punishments

KNOWLEDGE FUNCTION:

Need for order, structure,
or meaning; simplify decision-
making process

VALUE-EXPRESSIVE FUNCTION:

Expresses consumer's
core values or self-concept
and beliefs to others

EGO-DEFENSIVE FUNCTION:

Protect ourselves from
external threats
or internal feelings



Functions of Consumer Attitudes

EXHIBIT 7.1
Functions of Consumer Attitudes

Function	Description	Example
Utilitarian	Attitudes are used as a method to obtain rewards and to minimize punishment.	Fraternity members express a desire to enjoy a sense of belonging to the group.
Knowledge	The knowledge function of attitudes allows consumers to simplify their decision-making processes.	Consumers may not like to listen to telemarketers and will therefore avoid calls from them.
Value-expressive	This function of attitudes enables consumers to express their core values, self-concept, and beliefs.	Consumers often attach bumper stickers to their cars to express their attitudes about products and social issues.
Ego-defensive	The ego-defensive function of attitudes works as a defense mechanism for consumers to avoid facts or information that threaten their own self-concept.	People with positive feelings about smoking tend to filter out information suggesting the behavior is bad for their health.

Functions of Attitudes

Exhibit 7.1

Functions of Consumer Attitudes

Attitude Function	Description	Example
Utilitarian	Attitudes are used as a method to obtain rewards and to minimize punishment.	High school boys wear cool brands so they fit in.
Knowledge	The knowledge function of attitudes allows consumers to simplify their decision-making processes.	A consumer will only consider HP computers because she believes that HP is the best brand on the market.
Value-expressive	This function of attitudes enables consumers to express their core values, self-concept, and beliefs to others.	A consumer supports Greenpeace because he places much value on environmentalism.
Ego-defensive	The ego-defensive function of attitudes works as a defense mechanism for consumers to avoid facts or to defend themselves from their own low self-concept.	Smokers discount information that suggests that smoking is bad for their health.

YouTube Videos on Functional theory of Attitudes

UtilitarianPleasurable Cadbury

Video: <https://www.youtube.com/watch?v=TnzFRV1LwIo>

- ▶ We develop attitudes on things if they are **pleasurable or painful**. Example: chocolate tastes good; I like it.

Jaguar value expressive commercial

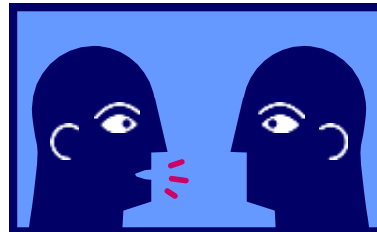
- ▶ <https://www.youtube.com/watch?v=gdXlevfK8a4>
- ▶ A person forms a product attitude not because of its objective benefits, **but what it says about him**. Example: he drives a Jaguar, what does that say about him?

Imodium record store : Ego defensive commercial

- ▶ <https://www.youtube.com/watch?v=FyvtKMPuqt0>
- ▶ Attitudes formed to **protect consumers from external/internal threat insecurities**: example: deodorants
- ▶ <https://www.youtube.com/watch?v=mvgAdQItsIO>

Discussion

- ▶ *Imagine that you work for the marketing department of your college or university and have segmented students into four different clusters, each representing one of the four functions identified by Katz.*
- ▶ *Develop a marketing strategy based on each of the four functions to motivate students to stay in school and complete their degrees.*



▪ ATTITUDE-TOWARD-THE-OBJECT (ATO) MODEL

- Attitude model that considers three key elements,
 - Beliefs consumers have about salient attributes
 - Strength of the belief that an object possesses the attribute
 - Evaluation of the particular attribute
- The formula for predicting attitudes with this approach is:

$$A_o = \sum_{I=1}^N (b_i)(e_i)$$

where A_o = attitude toward the object in question (or A_{brand}),

b_i = strength of belief that the object possesses attribute i ,

e_i = evaluation of the attractiveness or goodness of attribute i , and N = number of attributes and beliefs.

The image features a dark purple gradient background. In the top right corner, there is a vertical pink rectangular bar. Several semi-transparent circles of varying sizes are scattered across the background. The text 'WEEK: 9' and 'SLIDES 87-94' is centered in a bold, pink, sans-serif font.

WEEK: 9
SLIDES 87-94

▪ ATTITUDE-TOWARD-THE-OBJECT (ATO) MODEL

The **attitude-toward-the-object (ATO) model** (sometimes simply referred to as the *Fishbein model*) proposes that three key elements must be assessed to understand and predict a consumer's attitude.

The first element consists of the salient beliefs that a person has about the attributes of an object. The second element is the strength of the belief that a certain object under consideration does indeed have the attribute. The third element is an evaluation of the attribute in question. These elements are combined to form the overall attitude toward the object (referred to as A , or attitude toward the object). The formula for predicting attitudes with this approach is as illustrated above:

The formula states that belief (b) and evaluative ratings (e) for product attributes are combined (multiplied), and the resulting product terms are added together to give a numerical expression of a consumer's attitude toward a product. This model can be used both for predicting a consumer's attitude and for understanding how beliefs, strength of beliefs, and evaluations influence attitude formation.

Applications: ATO approach

Jamal is evaluating the following three complexes: *City Pointe*, *Crown View*, and *Kings Landing*. He first thinks of the attributes, or features, that come to mind when he thinks of apartment complexes. He decides that the following attributes are relevant: **location, high rent/fees, security, fitness center, and pet friendliness.**

It is important to emphasize that the attributes need to really be relevant to the product under consideration. After identifying the relevant attributes, Jamal thinks of how likely it is that each apartment will perform well on the various attributes, or how likely it is that the complexes have these attributes.

Jamal would be answering questions such as:

How likely is it that City Pointe is pet-friendly?

To begin, note that belief ratings Denoted by (b) can be measured on a **10-point scale such as**

Applications: ATO approach

Jamal rates each apartment across all relevant attributes. His belief (*b*) ratings for the apartments are shown the next slide. From his belief ratings, we can see that he thinks that Kings Landing is most pet-friendly. This complex allows dogs of any size. **City Pointe allows dogs under fifty pounds with a large damage deposit**, and Crown View does not allow any pet over twenty pounds.

Next, Jamal considers how he *feels* about the relevant attributes, or how good (or bad) the attributes are. An example from the model would be:

How good/bad is it that an apartment complex is pet-friendly?

The evaluative Denoted by (*e*) rating can then be measured on a **-3 to +3 scale such as**

ATO MODEL – RENTING AN APARTMENT

- How likely is it that City Pointe is pet-friendly?

- Denoted by - „b“

1 2 3 4 5 6 7 8 9 10
Extremely unlikely *Extremely likely*



- How good/bad is it that an apartment complex is pet-friendly?

- Denoted by - „e“

-3 -2 -1 0 +1 +2 +3
Very bad *Very good*

Application: ATO model

Exhibit 7.3

Attitude-Toward-the-Object Model Applied to Apartment Complexes

Attribute	<i>e</i>	City Pointe		Crown View		Kings Landing	
		<i>b</i>	<i>(b)(e)</i>	<i>b</i>	<i>(b)(e)</i>	<i>b</i>	<i>(b)(e)</i>
Location	3	7	21	9	27	6	18
High rent/fees	-2	8	-16	9	-18	7	-14
Security	3	7	21	8	24	6	18
Fitness center	1	5	5	7	7	10	10
Pet friendliness	-3	5	-15	2	-6	9	-27
<i>A_o</i>			16		34		5

Note: *e* = **evaluative ratings**. These ratings are generally scaled from -3 to +3, with -3 being very negative and +3 being very positive.
b = **strength of belief** that the object possesses the attribute in question. Beliefs are generally scaled from 1 to 10, with 1 meaning "highly unlikely" and 10 meaning "highly likely." *(b)(e)* is the product term that is derived by multiplying the evaluative ratings (*e*) by belief strength (*b*). *A_o* is the overall attitude toward the object. This is determined by adding the *(b)(e)* product terms for each object.

Attitude-toward-the-object (ATO) model

Three key elements need to be assessed to understand and predict consumer behaviour:

- **Salient beliefs** about the features/attributes of an object
- **Strength of belief** that a certain object has those features/attributes
- **Evaluation** of the attribute

$$A_o = \sum_{i=1}^n b_i e_i$$



ATO: Another example

Attitude-toward-the-object (ATO) model - Example

We're flying from Melbourne to Bali

$$A_o = \sum_{i=1}^n b_i e_i$$

			Qantas		Virgin		AirAsia
	e	b	b e	b	b e	b	b e
Convenience	2	9	18	9	18	6	12
Price	0	7	0	6	0	9	0
Comfort	-1	5	-5	7	-7	5	-5
Safety	2	8	16	7	14	6	12
Perks	1	9	9	2	2	2	2
			38		27		21
e: rates between -2 and 2							
b: rates between 1 to 10							

Do Attitudes always predict behaviour?

In general,

- ▶ Attitudes are strong predictor of behaviour (e.g. high involvement decision situation)
- ▶ When situational factors do not impede (out of stock/being short on cash)
- ▶ When the attitude is held quite strongly
- ▶ However, attitudes don't always predict behaviour



WEEK : 10
SLIDES 96-106

BEHAVIORAL INTENTIONS MODEL

- BIM - A model developed to improve on the ATO model, focusing on behavioral intentions, subjective norms, and attitude toward a particular behavior

$$B \approx BI = w_1(A_{\text{behavior}}) + w_2(SN)$$

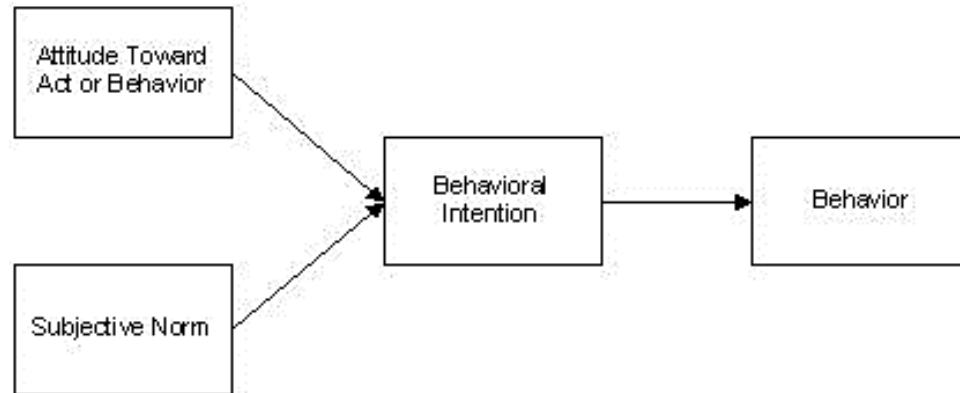
where B = behavior, BI = behavior intention, A_{behavior} = attitude toward performing the behavior (or A_{act}),
 SN = subjective norm, and w_1, w_2 = empirical weights.

This model states that a consumer's behavior is influenced by the intention to perform that behavior (BI), and that this intention is determined by the attitude toward performing the behavior $A(\text{behaviour})$ and *subjective norms* (SN).

Behavioural Intentions Model / Theory of Reasoned Action

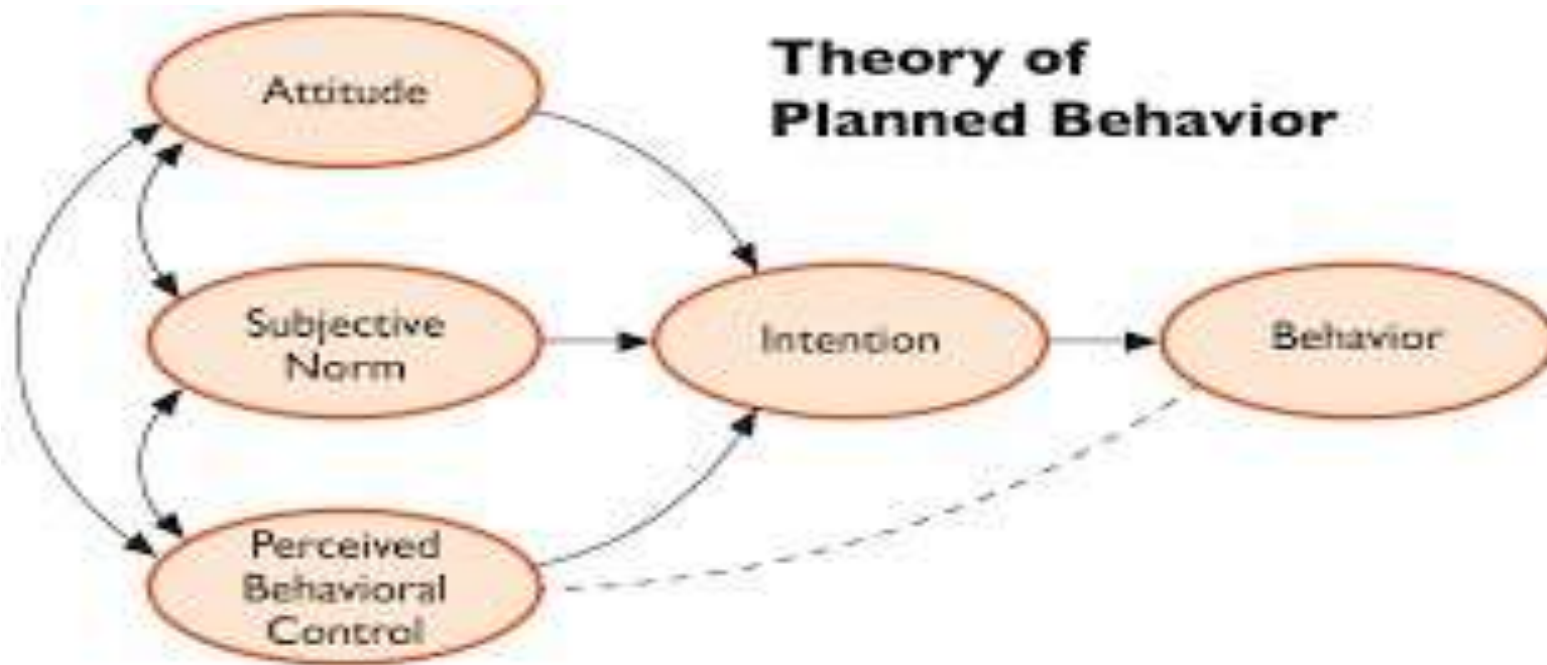
Different from ATO:

- Focuses on intentions to act in some way rather than focusing explicitly on attitudes
- Adds a component that assesses the consumer's perceptions of what other people think they should do (subjective norm)



Theory of Planned Behaviour

- ▶ Ajzen's (1991) theory of planned behaviour explain behaviour change as the outcome of behavioural intention, and behavioural intention as the outcomes of social norms and individual's attitude to the behaviour.
- ▶ The theory illustrates how behavioural intention is determined by the person's attitude towards the behaviour (behavioural attitude), the person's understanding of social norms (subjective norms), and the person's beliefs about the ease of carrying out the behaviour (perceived behavioural control).
- ▶ The theory states that people's actions (behaviour/behaviour change) are likely to match their intentions when they believe:
 - ▶ (a) that the benefits of success outweigh the costs of failure,
 - ▶ (b) that important 'others' expect them to perform the action (e.g., spouse, peers, family or role models), and
 - ▶ (c) that they have control over the barriers and impediments to action (how well one can execute courses of action required to deal with prospective situations).



CASE 2-1: CLIMBING TO THE TOP!

Written by Dr. David Matthews, SUNY Adirondack; students Sandra Dickinson and Christina Green, SUNY Adirondack

- ▶ Present this case in the class today
- ▶ This case has already uploaded in your FB page before the vacation.

Case: CLIMBING TO THE TOP!

Q1: What types of programs or tactics would you suggest the owner institute to reduce Baby Boomers fear of and change their attitudes toward rock climbing? What type of personality would the institute attract? Why?

Q2. Explain what Personality Traits best suit rock climbers with this institute. How can a consumer be directly linked to a brand? What „Brand Relationship“ exists between the consumer and rock climbing?

C3. Using the multiple trait approach to consumer behaviour, analyse which specific consumer traits would explain ones motivation to rock climb. For example, the Five Factor Model of personality traits is one framework that can be used.

C4. What segments of the market exist that may rock climb? Apply psychographics and demographics in your discussion.

C5. What VALS segment best describes the personality of rock climbers? Give examples.

Major Assignment

Sit together with your group and discuss:

- Do you have an ad?
- Who is going to do what?
- What do you have so far?

Important things to think about concerning the report:

- Use at least 4 non-text book references
- Be aware of type of references: Peer reviewed article, book, website
- Reference your Youtube video appropriately
- Write in 3rd person, not in 1st (so no “I”, “we”, “us”)
- Harvard referencing style and be consistent

Workshop Questions

S2Q1: What are attitudes? How does it affect consumer behaviour?

S2Q2: What are the three important components of attitude according to the ABC approach to attitudes?

S2Q3: What is a reference group and how does it affect a consumer?

S2Q4: Think about any reference group you are in. How does this reference group affect your perception?

S2Q5: How has Social Media affected Consumer Behaviour?

Class activities

Q1. How has social media marketing campaigns influenced consumer behaviour?

Q2. Using a personal example, explain how social media (e.g.; YouTube video campaign, etc.) affected your purchasing behaviour?



Thank you!



Chapter Summary

- ▶ Attitudes are very powerful, and they are formed in several ways.
- ▶ People try to maintain consistency among their attitudinal components and their attitudes and behaviors.

Week:11
Slides 108-115

Chapter 8: Group Influence

Progress on major Assignment

Group assignment progress report:

Please hand in a summary of your group progress report

Sit together with your group and discuss:

- Do you have an ad?
- Who is going to do what?
- What do you have so far?

Important things to think about concerning the report:

- Use at least 4 non-text book references
- Be aware of type of references: Peer reviewed article, book, website
- Reference your Youtube video appropriately (see website for APA referencing style)
- Write in 3rd person, not in 1st (so no “I”, “we”, “us”)
- Harvard/APA referencing style and be consistent

Questions/Learning objectives

- Q1: What is a reference group and how does it affect a consumer?
- Q2: Think about any reference group you are in. How does this reference group affect your perception?
- Q3: How has Social Media affected Consumer Behaviour?

Introduction

- An important human need is the need to belong.
- Nearly everything a consumer does in one way or other is influenced by other people, groups or organizations.
- Consumers belong to many different groups and these groups exert significant influence on behavior.
- Online magazine (choice.com) /Social media (Pinterest) allows individual to influence others by recommending things like crafts, recipes and clothing



REFERENCE GROUP

- Reference group is a group of Individuals who have significant relevance for a consumer and who have an impact on the consumer's evaluations, aspirations, and behavior.



This influence affects the ways that consumers seek and receive value from consumption. Most people don't realize....

Consumers become members of many groups that either meet physically or, thanks to the Internet, meet in cyberspace

GROUP INFLUENCE



- **Group influence** - Ways in which group members influence attitudes, behaviours, and opinions of others within the group
- *Group members share common goals and interests (Ex-MADD).*
- *Group members communicate with and influence one another (e.g. Alumni members; DUFA)*
- *Group members share a set of expectations, rules, and roles (Cricket team rules for its members).*
- *Group members view themselves as members of a common social unit (e.g. current and ex military members proudly display their affiliation with their branch of service).*
- Consumers typically think in terms of *ingroups and outgroups*

Types of Groups

Primary: *Characterized by their small size, intimate relationships, and shared culture*

Secondary Groups: *interaction within the group is much less frequent than in a primary group. Characterized by their large size, impersonal nature, and interchangeability of individual roles (e.g. professional organizations and social clubs, KISS army brand community)*

Formal: *A group in which a consumer formally becomes a member (e.g., member of a church congregation)*

Informal: *A group that has no membership or application requirements, and codes of conduct may be nonexistent*

Aspirational: *Refers to those others against whom one would like to compare oneself*

Dissociative: *Includes people that the individual would not like to be like*

Video on Reference Group

- [https://youtu.be/ Z1zInB_aAk](https://youtu.be/Z1zInB_aAk)
- Application in Marketing with examples
- <https://youtu.be/LdTQki8CZ0w>

Week: 12
Slides 117-125

Conformity and Authority

Two important topics in the study of group and interpersonal influence are *conformity and authority*

- **Conformity** is the result of group influence in which an individual yields to the attitudes and behaviors of others (persuasion vs. conformity)
- **Authority** is the ability of a person or group to enforce the obedience of others such as the authority of governments and municipalities over us.
- **Peer pressure** is the extent to which group members feel pressure to behave in accordance with group expectations; often the strongest type of influence a consumer experiences in daily life.
- Negative peer pressure (i.g. binge/under-age drinking, tobacco consumption)

Social Power

Consumer often believe that others hold a great deal of power over their own behaviour. As a result, social power can greatly influence the types of products that consumers buy, the attitudes they hold, and the activities in which they participate.

Power: How one person can get another to do something

Types of power:

- **Referent:** *Based on liking, identification. Leading by example.*
- **Expert:** *Grounded in knowledge*
- **Legitimate:** *Based on having a certain position*
- **Coercive:** *Rooted in the ability to punish others*
- **Reward:** *Rooted in the ability to reward others*



Types of social power

- Ability of an individual or a group to alter the actions of others

Types of Social Power

Type of Power	Description	Example
Referent Power	A consumer admires the qualities of a group and emulates their behavior.	A student joins Enactus and emulates that group's behaviors.
Legitimate Power	Specific agreements are made regarding membership, and the punishment for nonconformity is understood	A neighborhood association has the power to annually increase membership fees.
Expert Power	Groups possess knowledge that members, prospective members, or other consumers seek.	Consumers seek out medical information from groups such as the American Dental Association.
Reward Power	Groups have the power to reward members for various behaviors.	Weight loss clubs give out prizes for weight loss goals.
Coercive Power	Groups have the power to sanction group members for breaking rules or failing to follow expectations.	A member of a professional association is excused for breaking a code of conduct.

SOCIAL MEDIA AND CONSUMER BEHAVIOUR

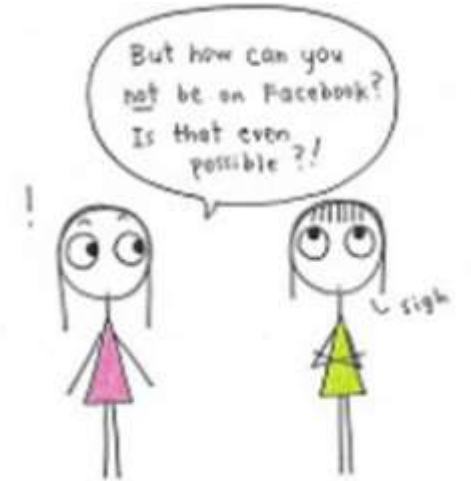
Social media has greatly impacted interpersonal influence.

How many Facebook groups do you like?

How many people or companies do you follow on Twitter?

Have you discovered any music from Myspace or leaned about a new hobby on Pinterstet?

Do you get a lot of Snapchat photos or Vine video clips?



SOCIAL MEDIA AND CONSUMER BEHAVIOUR

Social media has emerged as a very powerful online marketing force in today's internet driven world. Don't you think social media marketing is one of the essential keys to your business success?



Social Media Marketing

<https://www.youtube.com/watch?v=yDA864>

UskXc

SOCIAL MEDIA AND CONSUMER BEHAVIOR

- Social media - Media through which communication occurs
- Social networks - Consumers connecting with one another based on common interests, associations, or goals
- Social networking websites - Website that facilitates online social



WORD-OF-MOUTH

- **(WOM)** - Information about products, services, and experiences that is transmitted from consumer to consumer

- **Social media marketing**



Workshop activities

Q1. How has social media marketing campaigns influenced consumer behaviour?

Q2. Using a personal example, explain how social media (e.g.; a Facebook campaign, YouTube video campaign, etc.) affected your purchasing behaviour



Thank you!





Week: 13
Slides 127-143

Ch 9: Consumer Culture and Micro-culture

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Two Assignments Due

1. Discussion: Article on Reference group influence
2. Video presentations on some aspects of consumer behavior

Assignment: Group video making and presentation, Due Today

Please present a 1-3 minute video on (select one topic only):

1. How „value expressive function of attitudes“ affects consumer behavior
2. Reference group influence on product/brand selections (public/private products/brands)
3. Positive peer pressure influence on consumer behavior (e.g. product/brand selection)
4. Negative peer pressure influence on consumer behavior (e.g. product/brand selection)
5. Dissociative group influence on consumer behavior
6. Affects of reward power on consumer behavior
7. Affects of referent power on consumer behavior

LEARNING OBJECTIVES

With this lecture, you will be able to understand :

1. How culture provides the true meaning of objects and activities
2. Key dimensions of core societal values apply to apply the concept of cultural distance
3. Consumer Culture and decision making
4. Micro-cultures



Consumer Culture

- ▶ Do **love and marriage** go together?
- ▶ Marriage and consumption go together.
- ▶ Average U.S. wedding costs over \$28,500; Chinese average wedding costs is \$16000
- ▶ Some couple opt for “Naked Wedding”(just bare essentials)
- ▶ The way consumer finds mates is not Universal. For instance,
- ▶ Western culture: Romantic marriage
- ▶ Eastern and Arab culture: Arranged marriage

CONSUMER CULTURE

- Consumer culture - Commonly held societal beliefs that define what is socially gratifying within a specific society

Culture, Meaning, and Value

Behavior	Typical Meaning in United States	Alternate Meaning
People gathering to eat barbecue pork ribs	This food is part of a pleasant social event such as a tailgate or backyard BBQ.	Pork is not an acceptable food item among some religions including Jews and Muslims.



Cultural Foundations

- ▶ A marketer can't avoid the obvious truth that people in Belgium, Brazil and Bali are different despite the growth of global travel services, global media networks, global hotel chains, and global product offerings.

Since marketing is people oriented functions, this affects the marketer powerfully.

Culture Defined

Defining culture has always been difficult.

▶ Culture is the underlying **value framework** that guides an individual's behavior.

Culture is reflected in perceptions, social interactions, business interactions

▶ Culture guides the selection of **appropriate responses** in social situations

▶ Culture is a pattern of **learned behavior**. People learn **do's & don't** as they grow up

Shared indicative definitions of culture:

- 'Culture is the total way of life in a society' (Fletcher, 1979)
- Culture is the collective programming of the mind (Hofstede, 1980)

Video: Cultural differences

- ▶ Mistakes Americans Make with World Cultures

▶ [_https://youtu.be/I0AKSSAdsHQ](https://youtu.be/I0AKSSAdsHQ)

- ▶ A Kiss is not a Kiss - Misunderstandings in Anglo-American Dating Strategies

▶ [_https://youtu.be/Fyy0WrFksII](https://youtu.be/Fyy0WrFksII)

Customs and Etiquette in Bangladesh

10

- ▶ Meeting & Greeting
- ▶ Greetings usually take place between members of the same sex.
- ▶ The hand shake is common although they may feel rather limp.
- ▶ Women will only really be met within business contexts and even so, it is best to wait to see if a hand is extended before doing so.
- ▶ The traditional greeting for Muslims is Asalamu alaikum to which the response is wa alaikum salam.
- ▶ Naming conventions are very much based on the hierarchical nature of Bangladeshi society.
- ▶ Bangladeshis will append a suffix to a person's name to denote respect and the level of closeness between the two people.
- ▶ In general, age dictates how people are addressed.
- ▶ If people are of the same age, they use first names.
- ▶ If the person being addressed is older than the speaker, the person is called by their first name and a suffix that denotes the family relationship.

Understanding Australian Customs

GREETINGS

In Australia there are many different ways of greeting people



- ❖ Men usually shake hands when greeting other men and sometimes when greeting females
- ❖ In work or social situations women may also shake hands to greet each other



Arabian culture

Culture across countries

- ▶ Some countries are multicultural:- India, China, US, Russia. These countries have several sub-cultures.
- ▶ While many are mono-cultural. UK, France, Germany, Columbia, Peru etc.
- ▶ Culture is the "Silent Language"(Hall's 5 silent languages) in business
 - ▶ Relationship with Time, Space & Energy, friendship pattern, material possession, agreements across cultures etc
- ▶ **Space**, or the ways of communicating through specific handling of personal space, for example, North Americans tend to keep more space between them while communicating than do South Americans
 - ▶ **Time**, which is either *monochronic* (scheduling and completing one activity at a time) or *polychronic* (not distinguishing between activities and completing them simultaneously)
- ▶ Information flow, which is the structure and speed of messages between individuals and/or organizations.
 - ▶ Body language

Key Cultural Differences

- ▶ Time: Perceptions about time vary across cultures. 4 mins video (Monochronic vs polychronic) <http://www.youtube.com/watch?v=o1bICOV3Lug>
- ▶ Space: can be both physical and abstract (Aus. Vs Iranian: “Aussies Keep running away from us”)
- ▶ Language: precision versus ambiguity.
- ▶ Familiarity: friendship patterns; speed of friendships to be formed; friendship obligations
- ▶ Consumption patterns: material possessions and dress
- ▶ Gender: different cultures have different attitudes to women
- ▶ Business customs: vary, for example, in some cultures bribery is acceptable; tea money is quite common

High vs Low context Culture

- ▶ **High context (Most European, Japan, India)**
- ▶ In a high-context culture, there are many contextual elements that help people to understand the rules. As a result, **much is taken for granted**.
- ▶ This can be very confusing for person who does not understand the 'unwritten rules' of the culture.

- ▶ **Low context (USA, Australia, New Zealand)**
- ▶ In a low-context culture, very little is taken for granted. Here, meaning should be explicit. **Context conveys little or no extra information**. Whilst this means that more explanation is needed, it also means there is less chance of misunderstanding particularly when visitors are present.

- ▶ Example: French contracts tend to be short (in physical length, not time duration) as much of the information is available within the high-context French culture. American content, on the other hand, is low-context and so contracts tend to be longer in order to explain the detail.

Video: Low Context vs. High Context Societies

15

▶ <https://youtu.be/tKHXRxgvi7M>

- ▶ Cultural Diversity: High Context vs Low Context Communication



Cultural Diversity: High Context vs Low Context Communication

Video: How Cultural Differences Affect Business

16

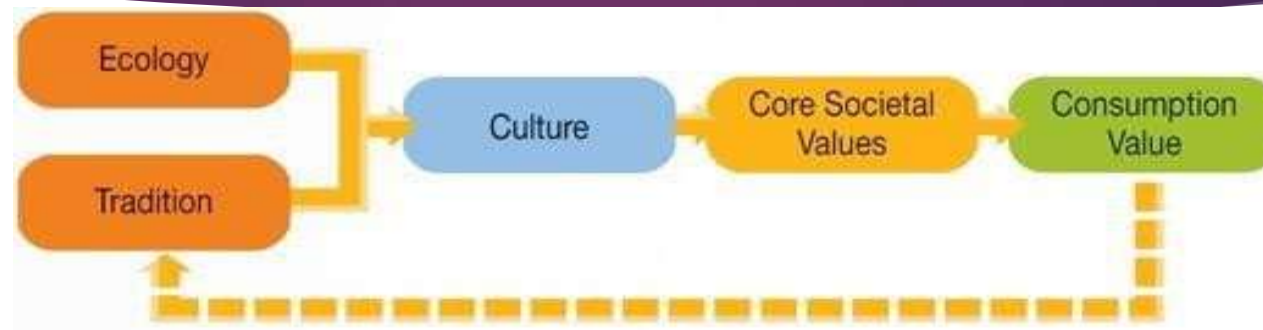
▶ <https://youtu.be/zQvqDv4vbEg>

- ▶ In Japan: KY (someone who is unable to read atmosphere) is important: You must be able to pick up/read the air/atmosphere



Erin Meyer: How Cultural Differences Affect Business

WHERE DOES CULTURE COME FROM?



- Ecological factors - Physical characteristics that describe the physical environment and habitat of a particular place (ex-value of water in desert vs areas with freshwater lakes)
- Tradition - Customs and accepted ways of everyday behaviour in a given culture (ex- family and political structures of a society [India vs U.S.])



Week: 14
Slides 145-161

DIMENSIONS OF CULTURAL VALUES

- Core societal values (CSV) - Commonly agreed-upon consensus about the most preferable ways of living within a society, also known as cultural values

Individualism	Masculinity	Power Distance	Uncertainty Avoidance	Long-Term Orientation	Indulgence	Pragmatic Outlook
<ul style="list-style-type: none">• High Score: Society expects one to take responsibility for self and family• Low Score: Life intertwined with large cohesive group	<ul style="list-style-type: none">• High Score: Society values assertiveness and control• Low Score: Values caring, conciliation, and community	<ul style="list-style-type: none">• High Score: Society values the division of authority and privilege• Low Score: Society blurs distinction among classes	<ul style="list-style-type: none">• High Score: Society values novelty, risk-taking• Low Score: Society values clarity and familiarity and avoids risks	<ul style="list-style-type: none">• High Score: Society values future rewards over short-term rewards• Low Score: Society oriented in the present	<ul style="list-style-type: none">• High Score: Values happiness and extraversion• Low Score: Values restraint and reserved personality	<ul style="list-style-type: none">• High Score: The unexplained aspects of life accepted• Low Score: Values absolute truth and establishment of society

Geert Hofstede's Cultural Dimensions

- ▶ Hofstede's work is especially significant because the type of organization is held constant; his is the only large-scale cross-cultural study in which the respondents all worked for a multinational corporation that had uniform personnel policies. He develops empirical profiles of these 53 countries across five dimensions of basic cultural values:
- ▶ Individualism Vs Collectivism (Me Vs We)
- ▶ Masculine Vs Feminism (Gender role)
- ▶ Uncertainty Avoidance Vs Risk Taking
- ▶ Power Distance (Hierarchy, inequality vs Equality)
- ▶ Confucian Dynamism: Long term outlook, work ethic of Chinese

Hofstede's Cultural Dimensions

1. Power distance or the degree to which members of a society automatically accept a hierarchical or unequal distribution of power in organizations and the society
2. Uncertainty avoidance or the degree to which members of a given society deal with the uncertainty and risk of everyday life and prefer to work with long-term acquaintances and friends rather than with strangers

Hofstede's Cultural Dimensions

3. Individualism or the degree to which individuals perceive themselves to be separate from a group and to be free from group pressure to conform
4. Masculinity or the degree to which a society looks favorably on aggressive and materialistic behavior
5. Time horizon (short-term to long-term) or the degree to which members of a culture are willing to defer present gratification to achieve long-term goals

Hofstede's Cultural Dimensions

3. Individualism or the degree to which individuals perceive themselves to be separate from a group and to be free from group pressure to conform
4. Masculinity or the degree to which a society looks favorably on aggressive and materialistic behavior
5. Time horizon (short-term to long-term) or the degree to which members of a culture are willing to defer present gratification to achieve long-term goals

Core societal values (CSV) or cultural values:

“Commonly agreed-upon consensus about the most preferable ways of living within a society”

Power distance: The extent to which people accept as fact the principle of division of authority and privilege among different groups within society (Ex-calling by first name; senior/junior, seating arrangements; one gets served first or last etc.)

Individualism versus Collectivism: ‘I’ or ‘we’

- ▶ **Individualism:** a preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families (western society provides high value on self-reliance, individual initiative and personal achievement)
- ▶ **Collectivism:** a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty (Eastern nations tend to be more compliant with requests from group members)

Core societal values (CSV) or cultural values

Uncertainty Avoidance: The degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. Should we try to control the future or just let it happen? Consumers high in uncertainty avoidance tend to prefer the known, avoid taking risks, and like life to be structured and routine.

Ex-nations that are high in UA will be slower to adopt product innovations. Superstitions and myths play a bigger role (ex- astrological charts to help plan visits casinos)

Masculinity versus Femininity:

- ▶ **Masculinity:** Represents a preference in society for achievement, heroism, assertiveness and material rewards for success.
- ▶ **Femininity:** A preference for cooperation, modesty, caring for the weak and quality of life

Ex- An Ad for tablets in Japan (product benefits: faster computer) vs Brazil (being able to stay in touch with family and social networks)

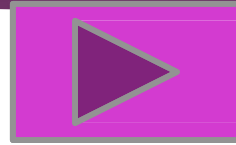
Core societal values (CSV) or cultural values

Long Term versus Short Term Orientation:

- ▶ **Short term:** Prefer to maintain time-honoured traditions and norms while viewing societal change with suspicion (Focus on present instead of future)
- ▶ **Long term:** values consistent with Confucian philosophy and a prioritization of future rewards over short term benefits. Focus on long-term relationships (Guanxi -China, Japan)

Hofstede's Dimensions of Culture - Explained Easily

Video



<https://www.youtube.com/watch?v=6gJzRS0I7tA>

<https://www.youtube.com/watch?v=EcrFudqIGr4>

Questions

Core societal values (CSV) or cultural values

1. A country high in which CSV is uncomfortable with things that are ambiguous or unknown?
2. Which of the CSV refers to the extent to which an individual's life is intertwined with a large cohesive group?



HOW IS CULTURE LEARNED?

- Socialization - Learning through observation of and the active processing of information about lived, everyday experience

Social interaction



Modeling



Reinforcement



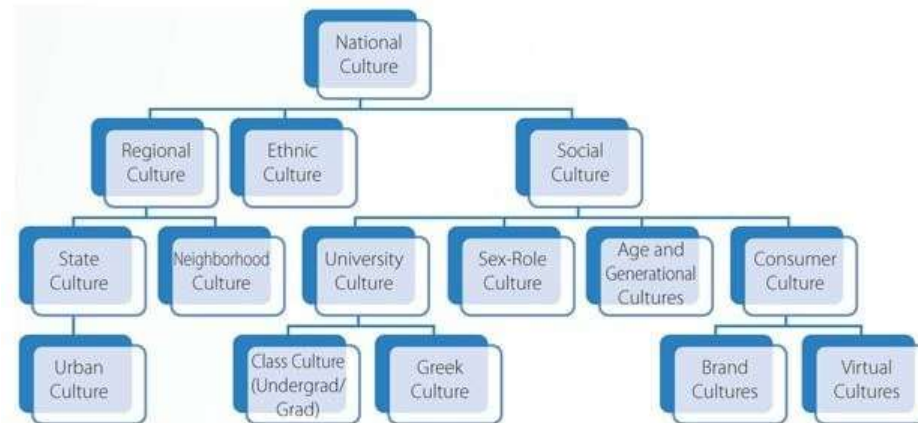
- Enculturation - Way people learn their native culture



- Acculturation - Process by which consumers come to learn a culture other than their natural, native culture

MICROCULTURE

- Microculture - A group of people who share similar values and tastes that are subsumed within a larger culture.



DIMENSIONS OF MICROCULTURE

- Regional Microculture



- Sex Roles and Microculture - societal expectations for men and women among members of a cultural group



DIMENSIONS OF MICROCULTURE.. CONT

- Age-based microculture - Concept that people of the same age end up sharing many of the same values and develop similar consumer preferences



- **Generation Microculture**
 - Cohort - a group of people who have lived the same major experiences, which end up shaping their core values
 - Examples - Greatest generation, Baby Boomers, Generation X, Millenials, Silent generation and Generation Z

DIMENSIONS OF MICROCULTURE.. CONT

- Religious Microculture



- Ethnic Microculture

- Eg: Hispanic culture

- Income and Social Class Microculture

- Street Microcultures



Discussion Questions

Q1: What is consumer culture?

Q2: Where Does Culture Come from?

Q3: Using an example, explain how is Culture Learned?

Q4: What do the terms acculturation and enculturation mean and how do they relate to consumer socialization?

Q5: How do micro cultures affect value?



Thank you

A decorative header banner with a dark purple background. It features several overlapping circles in shades of purple and blue. A vertical magenta rectangle is positioned on the right side of the banner.

WEEK: 15
SLIDE 163-174



Consumer Behavior

Chapter 11 & 12 : Consumers in situations and Decision making

LEARNING OBJECTIVES

With this lecture, you will learn:

1. Consumers in Situations (Ch 11)
 1. Understand how value varies with situations and how time affects consumer behaviour.
 2. Analyse shopping as a consumer activity using different categories of shopping activities.
 3. Concept of atmospherics to create consumer value and understand the term 'Antecedent conditions.
2. Decision Making I: Need Recognition and Search (Ch 12)
 1. Understand the activities involved in the consumer decision-making process.
 2. Describe and explain the three major decision-making research perspectives and types of approaches.
 3. Understand the importance of the consideration and the factors that influence the type and amount of search performed by consumers.
3. Decision Making II: Alternative Evaluation and Choice (Ch 13)

Situations defined

- ▶ **Belk (1975, p. 85)** defines situations as all those factors particular to a time and place of observation, which do not follow from a knowledge of personal (intra-individual) and stimulus (object or choice alternative) attributes and which have a demonstrable and systematic effect on current behaviour.

Consumers in situations

- ▶ The focus is on ways that a particular situation alters how much value a consumer associates with and then obtains from a particular consumption act.
- ▶ For example, some consumers like to travel and others find travelling a royal pain. Travelling presents consumers with a host of situations that can alter a service's value.
- ▶ Let's consider a breakfast.
- ▶ How much is too much a for nice breakfast with toasts, eggs, coffee and juice?
- ▶ \$10? How does \$45 sound?

UNDERSTAND HOW VALUE VARIES WITH SITUATIONS

Situational Influences

Contextual effects independent of enduring consumer, brand, or product characteristics.

Contexts can affect communication, shopping, brand preference, purchase, actual consumption, and the evaluation of that consumption

- Time (a matinee movie, consumer expects to pay less)
- Place (the total aura of a shopping environment)
- Conditions (economic / weather conditions)



DIFFERENT WAYS THAT TIME AFFECTS BEHAVIOR

Time and Consumer Behavior

- Time Pressure - *Sense of Urgency*
- Time of Year - *Seasonality*
- Time of Day - *Circadian Cycle*

Seasonality

The regular occurring conditions that vary with the time of year (ex-Iced tea on a hot, sunny summer vs cloudy winter day)

Advertiming

Companies buy advertising with a schedule that runs the advertisement primarily at times when customers will be most receptive to the message.

PLCAE SHAPES CONSUMER SHOPPING ACTIVITIES AND CATEGORIES

Shopping Activities

Acquisitional

- Activities oriented toward a specific, intended purchase or purchases (booking air ticket).

Epistemic

- Activities oriented toward acquiring knowledge about products (e.g. studying vacation destinations/ reviews of restaurants).

Experiential

- Recreationally oriented activities designed to provide interest, excitement, relaxation, fun, social interaction, or some other desired feeling (ex-shopping with friends on weekends).

Impulsive

- Spontaneous activities characterized by a diminished regard for consequences, heightened emotional involvement, and a desire for immediate self-fulfillment. (e.g. buying 4 pairs of shoes because of 50% discount)

CONSUMER SHOPPING ACTIVITIES AND CATEGORIES

Shopping Value

Personal shopping value (PSV) - Overall subjective worth of a shopping activity considering all associated costs and benefits.

Types of Values

- Utilitarian
- Hedonic



Retail Personality

Way a retail store is defined in the mind of a shopper:

- Functional quality
- Affective quality

ATMOSPHERICS TO CREATE CONSUMER VALUE

Retail and Service Atmospherics

Atmospherics - Feelings created by the total aura of physical attributes that comprise the physical environment.

Servicescape - Physical environment in which consumer services are performed.

Atmosphere Elements

Two factors help create a *competitive advantage*

- Fit - Appropriateness of the elements for a given environment.
- Congruity - Consistency of the elements with one another.



Elements: Odors; Music; Color; Merchandising; Social setting; Crowding - Nonlinear effect; and Virtual shopping.

Chapter 12: Consumer decision-making process

Group Project due Next week

- ▶ Presentations starting from next week
- ▶ Two/four groups shall be presenting each week
- ▶ Each group **MUST** submit your group report on November 9, 2017.

Consumer decision-making process

“The process of value-seeking activities that consumers perform as they go about satisfying needs”

1. **Need recognition:** Recognition of the need and the consumer has a need to satisfy.
2. **Search for information:** Consumer finds out what might be the best product or service for satisfying the need.
3. **Evaluation of alternatives:** Consumer decides upon a set of criteria by which to assess each alternative.
4. **Choice/ Purchase:** Consumer decides what to buy and from whom to buy it.
5. **Post choice evaluation:** satisfaction or dissatisfaction with the product or service.





WEEK: 16
SLIDE 176-198

CONSUMER DECISION-MAKING PROCESS.

EXHIBIT 12.1

Basic Consumption Process and Decision Making

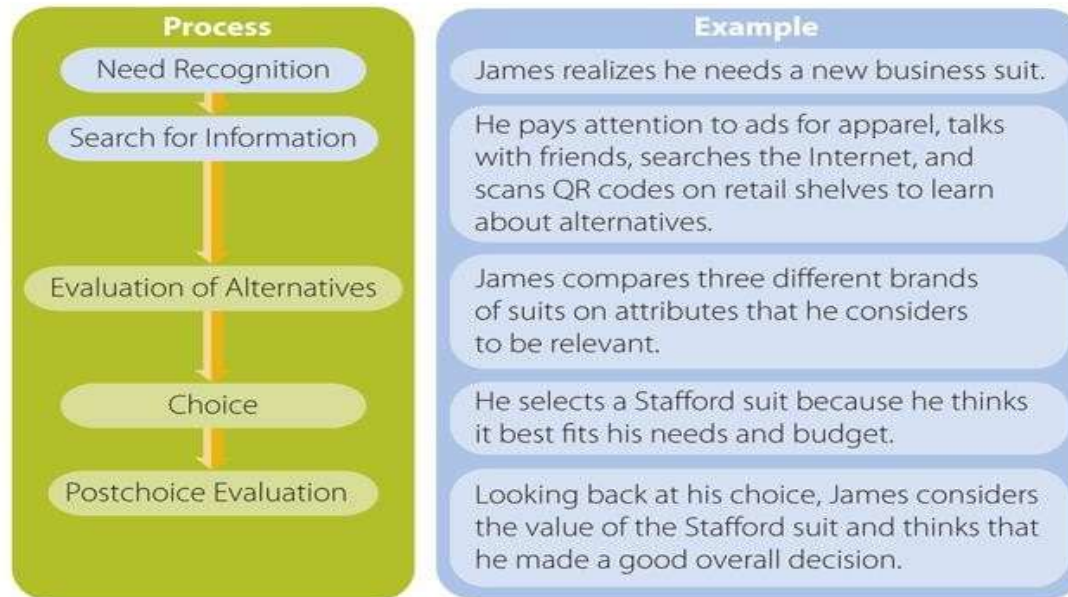


Example: Buying a car

Cars/Evaluative criteria	Fuel economy 40%	Price 30%	Brand value 10%	Maintenance and repair costs 20%	Rating
Toyota					A
Mazda					B
Honda					C
Holden					D

CONSUMER DECISION-MAKING PROCESS.

EXHIBIT 12.2 Consumer Decision-Making Process



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THREE MAJOR TYPES OF DECISION-MAKING APPROACHES

Involvement and Risk

Involvement - The degree of personal relevance that a consumer finds in pursuing value from a given act.

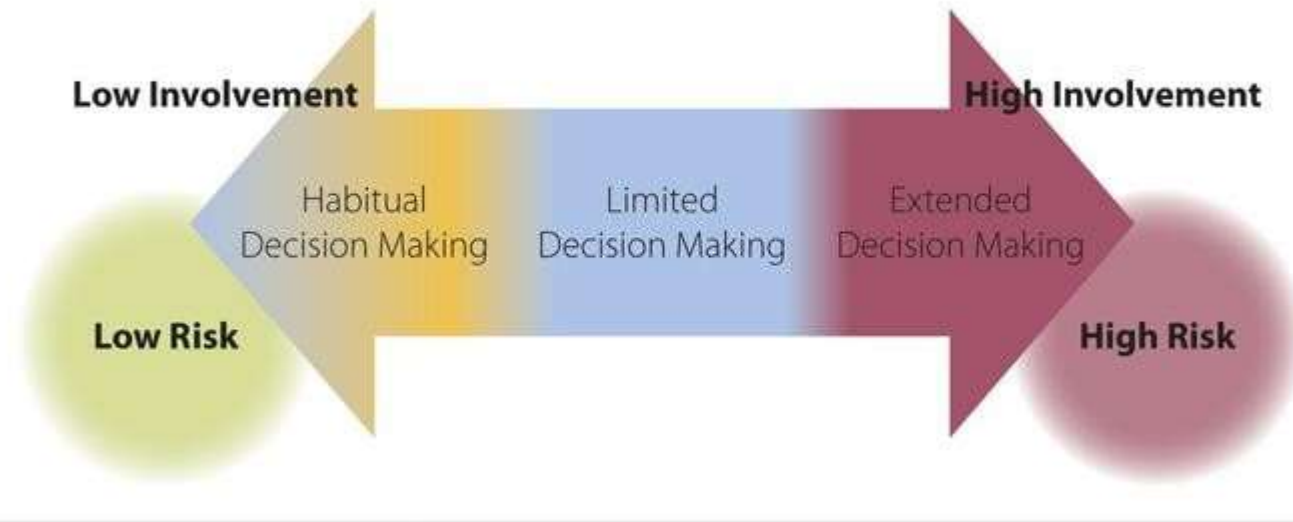
Types of risk

- Financial-risk associated with the cost of the product
- Social-associated with how other consumers will view the purchase.
- Performance-associated with the likelihood of the product performing as expected.
- Physical-associated with the safety of the product and the likelihood that physical harm will result from its consumption
- Time-associated with the time required to search for the product and the time necessary for the product to be serviced or maintained



THREE MAJOR TYPES OF DECISION-MAKING APPROACHES

EXHIBIT 12.4 Decision-Making Approaches



CONSIDERATION SET IN THE DECISION- MAKING PROCESS

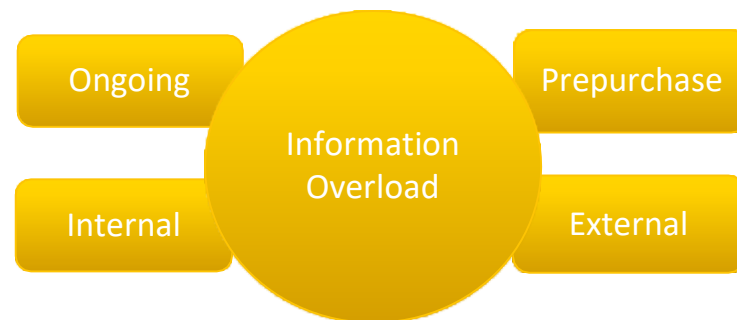
Need Recognition

Consumer perceives a difference between an actual state and a desired state.

States of need recognition include:

- Actual state
- Desired state

Search Behavior



CONSIDERATION SET IN THE DECISION-MAKING PROCESS

EXHIBIT 12.5 Consideration Set



FACTORS THAT INFLUENCE THE AMOUNT OF SEARCH

External Search

Gathering of information from external sources.

Factors considered:

- Ease of obtaining information from the source.
- Objectivity of the source.
- Trustworthiness of the source.
- The speed with which the information can be obtained.



Evaluative Criteria

Product attributes that consumers consider when reviewing possible solutions to a problem.

Two that are used across almost all consumer decisions: (1) Price; and (2) Quality.

FACTORS THAT INFLUENCE THE AMOUNT OF SEARCH

Factors Influencing Amount of Search

- Product experience
- Involvement
- Perceived risk
- Value of search effort
- Time availability
- Attitude toward shopping
- Personal factors
- Situational influencers

FACTORS THAT INFLUENCE THE AMOUNT OF SEARCH

Search Regret

- Negative emotions that come from a failed search process.
- When consumers are unable to find a solution to their problems, the decision-making process stops - *Consumers may feel the process was a wasted effort.*

Example

- Reuben browsed through 3 online retailers' websites looking for the game, Assassin's Creed Brotherhood.
- Every website said that the product is out of stock.
- He was frustrated by the amount of time he spent looking for the game.

Discussion questions

Q1. What type of decision-making approach do most consumers use when deciding between smartphones, tablets, laptops, or desktop computers?

Q2. What factors influence the amount of search that most consumers will exert when buying a smartphone or a tablet?

Q3. What perceived risks are associated with purchasing a Smartphone, Tablet, Laptop and / or PC?

Q4. What decision-making approaches best suits the following devices and why: Smartphone, Tablet, Laptop and PC.

Q5. What roles does Price and Quality play in the search process of a consumer?

CONSUMER DECISION-MAKING PROCESS



EVALUATION OF ALTERNATIVES: CRITERIA



EVALUATIVE CRITERIA

- Evaluative criteria - Attributes that consumers consider when reviewing alternative solutions to a problem
- Feature - Performance characteristic of an object
- Benefit - Perceived favorable result derived from a particular feature

Product	Feature	Benefit
Phablet	Screen size	Easy viewing





WEEK: 199-207

SLIDE 173-186

DETERMINANT CRITERIA

- Not all evaluative criteria are equally important.
- Determinant criteria - Criteria that are most carefully considered and directly related to the actual choice that is made

Marketers position their product based on determinant criteria that apply to **a specific situation**. Ex-Buying a car by a father for his daughter (safety) or for himself (gas mileage)



VALUE AND ALTERNATIVE EVALUATION

- **Value** plays a key role in decision-making.
- Hedonic criteria - Emotional, symbolic, and subjective attributes
 - Prestige that one associates with owning a luxury car
- Utilitarian criteria - Functional or economic aspects
 - **Safety** of a Volvo is a utilitarian criterion
- Bounded rationality - Perfectly rational decisions are not always feasible due to constraints found in information processing.



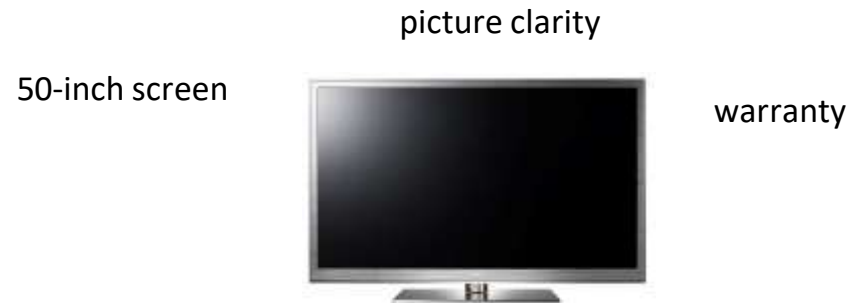
AFFECT-BASED AND ATTRIBUTE-BASED EVALUATIONS

- Affect-based evaluation - Evaluative process wherein consumers evaluate products based on the overall feeling that is evoked by the alternative

“I’m not even sure why I bought this sweater; I just liked it”



- Attribute-based evaluation - Evaluative process wherein alternatives are evaluated across a set of attributes that are considered relevant to the purchase situation



FACTORS DETERMINING EVALUATIVE CRITERIA USED

- Situational influences (buying a gift [hedonic] vs college formal [utilitarian])
- Product knowledge (a basketball player buying athletic shoes)
- Expert opinions (brand experts; market mavens is a trusted source)
- Social influences (friends, family, ref groups for automobile)
- Online sources (consumerreports.com/choice.com.au)
- Marketing communications (Hall mark cards)

CONSUMER CHOICE: DECISION RULES

- Compensatory rules - Decision rule that allows consumers to select products that may perform poorly on one criterion by compensating for the poor performance by good performance on another

It's OK that this car isn't very stylish; it gets good mileage (km/l) . I'll buy it



- Noncompensatory rules - Decision rule in which strict guidelines are set prior to selection and any option that does not meet the guidelines is eliminated from consideration

"I'll only choose a car that gets good gas mileage. I am not budging on that."



Discussion Questions

Q1: Using an example, describe evaluative and determinant criteria. Q2:
What roles do features and benefits play in the evaluation of alternatives?

Q3: Using an example, explain the relationship between utilitarian and hedonic value and the evaluation of alternatives

Q4: Using an example, explain Affect-based evaluation.

Q5. Using an example, explain Attribute-Based Evaluation.





Thank You

See you next session

Thank you!

