

Content

1. Consumer Behaviour: Buying Decisions (Models/Frameworks)
2. Consumer Buying Process
3. Product Life Cycle (quick revisit)
4. Production Adoption Process

Consumer Behaviour Models & Frameworks



Consumer Behaviour: Defined

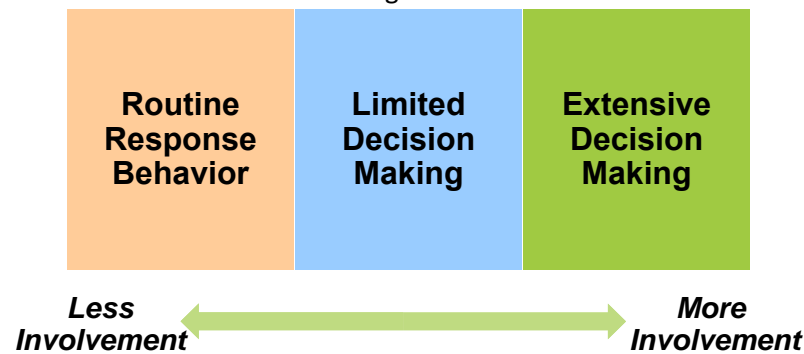
- Processes a consumer uses to make purchase decisions, as well as to use and dispose of purchased goods or services; also includes factors that influence purchase decisions and the product use.



Consumer
Behavior

Consumer Buying Decisions and Consumer Involvement

- Three levels of decision making



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Consumer Buying Decisions and Consumer Involvement

Three levels of consumer decision-making:

1. Routine-response behaviour (low involvement)

- Consumers have experience with the product category & well established set of criteria for evaluation
- Consumer make automatic purchase decisions based on limited information or information they have gathered in the past.
- Can also include impulse buying
- Ex: Buy same brand of juice

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Consumer Buying Decisions and Consumer Involvement

Three levels of consumer decision-making:

2. Limited problem-solving

- Consumers have established a basic criteria for product evaluation &/or some experience with the product
- Medium involvement because consumers have some information about a good or service but continue to search for a little more information.
- Brand preferences not fully established
- Ex: new back pack and you have an old one

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Consumer Buying Decisions and Consumer Involvement

Three levels of consumer decision-making:

3. Extensive problem-solving (High Involvement)

- Consumers have not yet established a criteria for evaluating the product
- Decisions carry a higher risk to buyers if they fail because they are complex, and/or have high price tags.
- Consumer spend a lot of time comparing different aspects of product: prices, benefits, and warranties.
- Ex: car, a house, cell phone

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Consumer Buying Decisions and Consumer Involvement

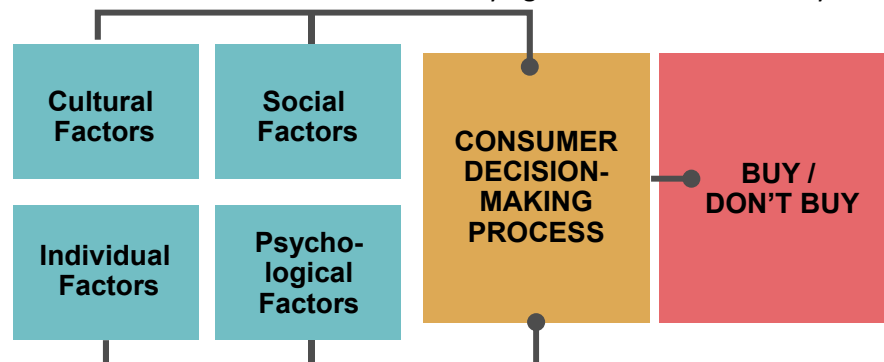
Involvement & Marketer Use:

- Firms evaluate their products in this way, and provide the correct information for evaluation as required by type of decision
- Ex: Car –key data is available for comparisons, to support decisions

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Consumer Buying Decisions –Culture, Social, Psychological & Individual Factors

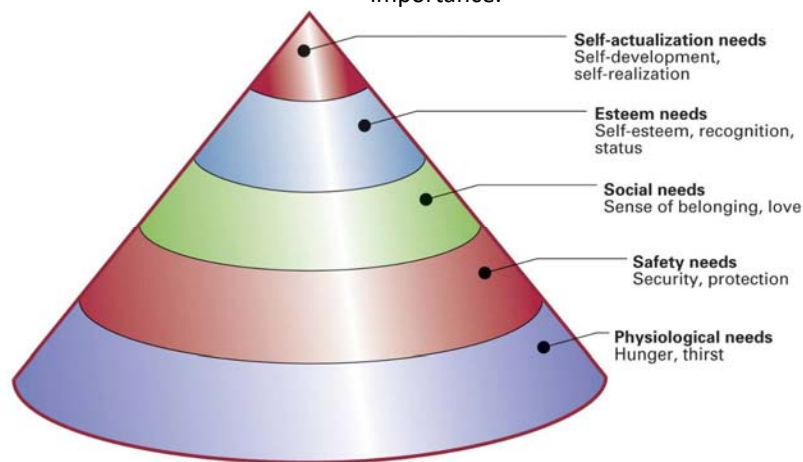
The factors influence the consumer buying decisions in various ways



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Consumer Buying Decisions –Psychological

Maslow's Hierarchy of Needs - arranges needs in ascending order of importance.



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Consumer Buying Decisions –Psychological

Maslow's Hierarchy of Needs & Marketing Use

Marketers use Maslow Hierarchy as a guide – Consumer decision making decision-making are motivated by one of the five need levels in his hierarchy.

- Marketers should ensure their product appeals directly to one or more of these basic needs.
- Segment their market so they can appeal to consumer needs in a relevant, meaningful way.

Ex: Auto safety and security = Maslow's second needs level

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Consumer Buying Decisions –Culture

Culture Components :

- Values are general statements that guide behavior and influence beliefs.
- Beliefs are propositions that reflects a person's particular knowledge and assessment of something.
- Customs are modes of behavior that constitute culturally approved ways of behaving in specific situations.

Values

Beliefs

Customs

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Consumer Buying Decisions –Culture

Culture & Marketing Use

Marketers reinforce existing beliefs, values and customs of the targeted culture.

Examples:

- Flowers for Mothers' Day or Valentine's Day
- White dresses for weddings
- Diamonds for engagements



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Consumer Buying Decisions - Social

- Reference groups: groups that consumers compare themselves to or associate with & who influence purchasing patterns
 - Ex: friends, celebrities
- Opinion leaders: people consumers look to for guidance in making purchase decisions
 - Characteristics: knowledge of the subject, honest and impartial
- Family: parents, family dimensions, gatekeeper or decision maker for purchases, & family life cycle

Reference Groups

Opinion Leaders

Family

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Consumer Buying Decisions - Social

Social and Marketing Use:

- Consumers interact socially with reference groups, opinion leaders, and family members to obtain product information and decision approval
 - Ex: **peer** endorses a product via use or shared info.
 - Ex: **Life cycle**, an orderly series of stages through which consumers' attitudes and behavior evolve through maturity, experience, and changing income and status & this influences purchase and disposable income



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Consumer Buying Decisions - Individual

- **Personality** Consumers seldom buy products that jeopardize their **self-concept**.
- **Lifestyle** is a mode of living as identified by a person's activities, interests, and opinions.
- **Age:** Consumer tastes in clothes, food, cars, and recreation are often age related.
- **Physiological:** Taste for foods, allergies, etc.

**Personality
Self-Concept
Lifestyle**

**Age
Cycle**

Physiological

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Consumer Buying Decisions - Individual

Social and Marketing Use:

- Marketing plans should focus on target market, segmentation concepts for specific products or services

**Personality
Self-Concept
Lifestyle**

**Age
Cycle**

Physiological

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Consumer Buying Process



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Consumer Buying Process

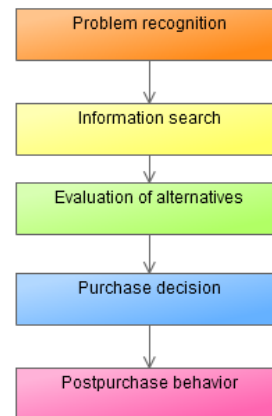
- Five-stage decision-making process consumer move through when purchasing a product.
- Level of Involvement (covered earlier) is important to note when considering the consumer buying process

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Consumer Buying Process

Five-stage decision-making process that consumers go through when purchasing a product

The Five-Stage Model



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Consumer Buying Process

Stage 1 Need Recognition

- The buying process starts with need recognition.
- At this stage, the buyer recognizes a problem or need
 - e.g. 'I am hungry', or, responds to a marketing stimulus (e.g. you pass Starbucks and are attracted by the aroma of coffee).



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Consumer Buying Process

Stage 2 Information Search

- **Internal search:** Buyers search their memories for information about products that might solve their problem
- **External search:** Buyers seek information from outside sources
- **Decide how much information (if any) is required.**
 - Cost versus benefit of search for of information



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Consumer Buying Process

Stage 3: Evaluation of Alternatives

- Evaluation stage where customer must choose between the alternative brands, products and services.



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Consumer Buying Process

Stage 4 Purchase

- Purchase the product or service based upon evaluation
- The choice of seller may affect the final product selection.
- Factors such as terms of sale, price, delivery, and warranties may affect the sale.



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Consumer Buying Process

Stage 5 Post Purchase Evaluation

- Post-purchase evaluation – do they feel good about the purchase?
- Cognitive dissonance
 - A buyer's doubts sometimes occur shortly after a purchase, about whether the decision was the right one
 - Buyers are mostly likely to seek reassurance after the purchase of an expensive, high-involvement product



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Consumer Buying Process

Consumer Buying Process and Marketing Use:

Understanding of these stages, and the information that can be provided to encourage a purchase, are important



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example



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Product Life Cycle (quick revisit)



Product Life Cycle (PLC)

Describes the expected life cycle (and stages) of a typical product category from intro to decline/obsolescence

Model is **product focused**: sales and time

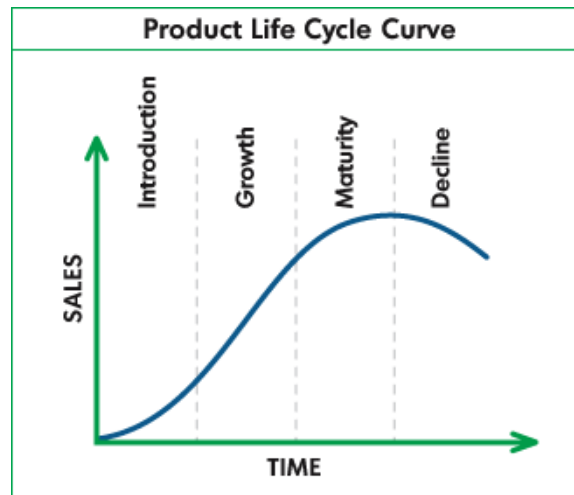
All product move through all 4 stages

- Axis are sales and time
- Curve shape is also important to note.
- Product may move through the cycle slow or fast
- Cycle can be halted, slowed or restarted based on features added
- Model lends itself to product categories better than specific products.
Ex: Product Category: breakfast cereal versus Product: Cornflakes
- Products do not necessarily have a predefined life-span but they generally follow the shape.

Product Life Cycle (PLC)

- The PLC has this shape ..and axis
- Note the stages and that as time progresses sales change

Sometimes product move fast and some move slow through the stages.



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Product Life Cycle (PLC)

- **Product life cycle** model will track sales (and indicate distinct market conditions), depending upon the particular PLC stage.
 - Condition can include level of competition and how the product features change

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Product Life Cycle (PLC)

Product Life Cycle (PLC) and Marketing Use:

Marketing analysis includes review of stages and deciding when it is appropriate to:

- increase advertising,
- reduce prices,
- exit the industry,

and

- when competition is increasing or decreasing,
- when to expand to new markets, or
- when to redesign packaging

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Product Adoption Process



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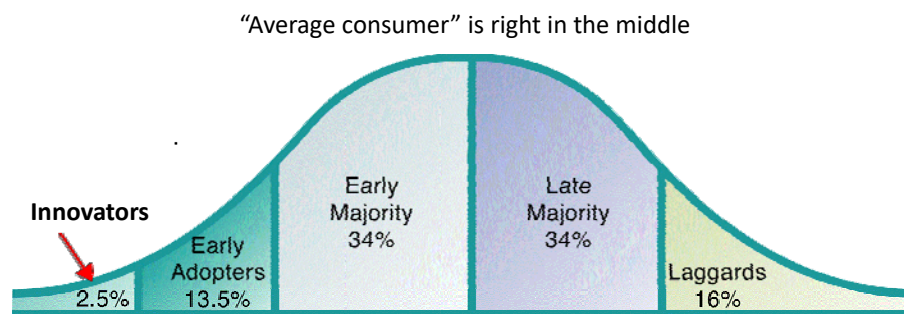
Product Adoption Process

- Theory explains how, and at what rate, new ideas & technology spread.
- Model is **consumer focused**: consumer type and time
 - Adoption refers to consumers' acceptance of a new product line or type
- Involves five adopter groups that differ in their value orientations and their motives for adopting or resisting a new product
 - Groups: innovator, early adopter, early majority, late majority, and laggards

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Product Adoption Process

Time and the Adopter Groups



Adopter Categories Based on Innovativeness

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Product Adoption Process

Innovators: 2.5%

- Trendsetters who first try a new product and willing to take risks
- They show the others the product if it is viable and valuable (and sometimes it's not)

Early Adopters: 13.5%

- Key opinion leaders with their neighbors and friends
- Want the newest but not willing to take as many risks, so like others to test the product first

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Product Adoption Process

Early Majority 34%

- Waits to see if a new product or idea works
- Responsible for mass purchase and significant increase of sales

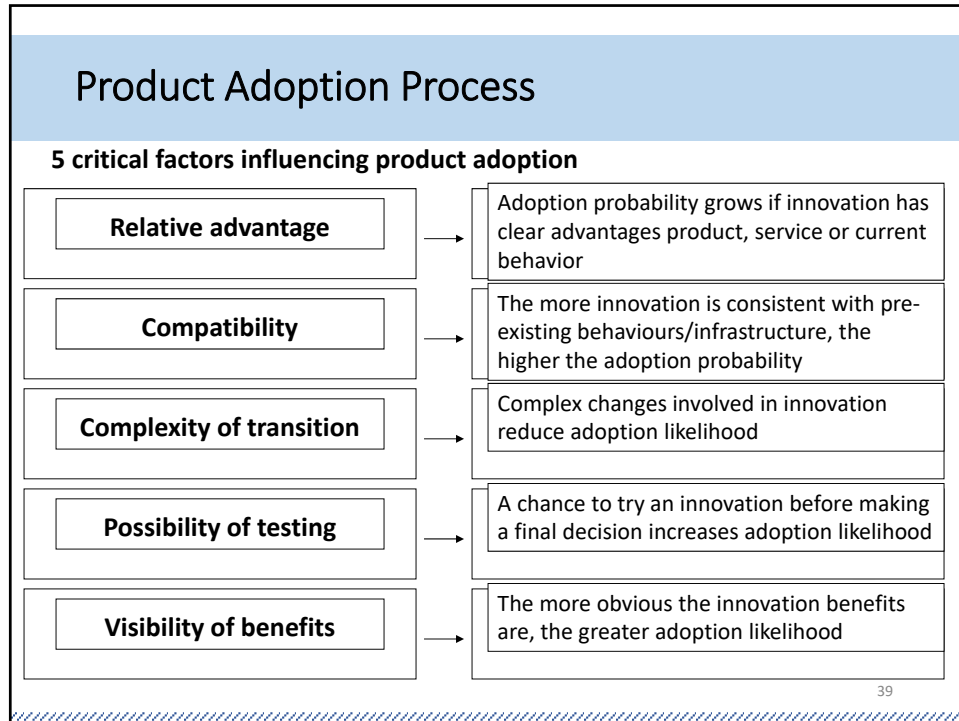
Late Majority 34%

- Their decision to purchase brings in the majority of the target market. They don't want to be left out but are late to the party.

Laggards 13%

- Not much quantity or sales achieved from this group. Some laggards will never purchase the product at all.

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Product Adoption Process

Product Adoption Process and Marketing Use:

Marketing analysis uses any or all of the 5 critical factors to encourage product adoption, and to try and speed up the adoption process

Review what can be done to encourage group to adopt and then influence following groups



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Product Life Cycle and Product Adoption Process

- These two processes are related:
 - Both focus on sales, time and new products
 - Differences: PLC is product focused, while PAP is consumer focused

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- End of slides

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