

Figure 3.1 Understanding consumer purchasing decisions is important because it allows companies to better influence those behaviors. (credit: modification of work "Hong Kong Street Market" by Bernard Spragg. NZ/flickr, Public Domain)

Chapter Outline

- 3.1 Understanding Consumer Markets and Buying Behavior
- 3.2 Factors That Influence Consumer Buying Behavior
- 3.3 The Consumer Purchasing Decision Process
- 3.4 Ethical Issues in Consumer Buying Behavior



In the Spotlight

There is no denying that COVID-19 affected the entire economy, but fast-food restaurants were particularly hard-hit when indoor dining was restricted. McDonald's quickly adapted during the pandemic by focusing on what it calls the 3 Ds: digital, delivery, and drive-through.

McDonald's had a strong position in terms of digital innovation even before the pandemic. It had installed self-order kiosks in its restaurants beginning in 2015 and launched its mobile app (Mobile Order & Pay) in 2017, allowing customers to browse the menu, find nearby restaurants, place their orders, and pay within the app. Digital sales exceeded \$10 billion in 2020, nearly 20 percent of system-wide sales.

The company also tackled the efficiency of its drive-through lanes by investing in dynamic menu boards and cutting its menu items to its "core menu." As a result, McDonald's was able to shave 30 seconds from its drive-through time. That time savings enabled the company to serve 300 million additional drive-through customers.

The pandemic and the subsequent restrictions on indoor dining also led McDonald's to scale up its delivery platform and the number of restaurants that offer delivery. By ramping up the number of restaurants that offer delivery from 28,000 to 41,000 total restaurants, delivery sales more than tripled.

Focusing on the 3 Ds enabled McDonald's to weather the pandemic and create a faster, easier, and improved customer experience.¹

3.1 Understanding Consumer Markets and Buying Behavior

Learning Outcomes

By the end of this section, you will be able to:

- 1 Define consumer buying behavior.
- 2 Explain the nature of the buyer's black box.
- 3 Describe how consumer behavior is characterized into types.

Consumer Markets and Consumer Buying Behavior Defined

How many buying decisions did you make today? Perhaps you stopped on the way to work or class to buy a soft drink or coffee, went to the grocery store on the way home to get bread or milk, or ordered something online. You likely make buying decisions nearly every day and probably don't give most of those decisions much thought. But the way you make those decisions is significant for marketers, because if they can understand *why* you buy what you buy and *when* you buy it, they can use that information to boost revenue.

Consumer buying behavior refers to the decisions and actions people undertake to buy products or services for personal use. In other words, it's the actions you take before buying a product or service, and as you will see, many factors influence that behavior. You and all other consumers combine to make up the **consumer market**.

The Buyer's Black Box

It stands to reason that the hundreds of millions of people who make up the global consumer market don't all buy the same products and services. Why do certain people prefer different items than others? The answer lies in the factors that influence consumer buying behavior. One model of consumer buying behavior is what's known as the **buyer's black box**, which is named as such because little is known about what goes on in the human mind. It's also known as the stimulus-response model.

As illustrated in the model shown in <u>Figure 3.2</u>, consumer buying behavior is based on stimuli coming from a variety of sources—from marketers in terms of the **4Ps (product, price, promotion, and place)**, as well as from environmental stimuli, such as economic factors, legal/political factors, and technological and cultural factors.

These stimuli go into your "black box," which consists of two parts: buyer characteristics such as beliefs and attitudes, motives, perceptions, and values, and the buyer decision-making process, which is covered later in the chapter. Your response is the outcome of the thinking that takes place in that black box. What will you buy, where, when, how often, and how much?

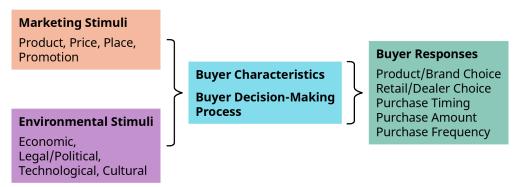


Figure 3.2 Stimulus-Response Model/Buyer's Black Box (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Types of Consumer Buying Behavior

Buying behavior is not influenced solely by the external environment. It's also determined by your level of involvement in a purchase and the amount of risk involved in the purchase. There are four types of consumer

buying behavior, as shown in Figure 3.3.

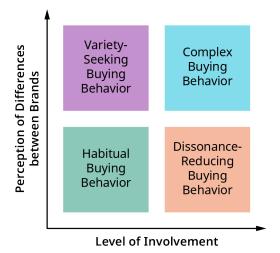


Figure 3.3 Types of Consumer Buying Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Complex buying behavior occurs when you make a significant or expensive purchase, like buying a new car. Because you likely don't buy a new car frequently, you're highly involved in the buying decision, and you probably research different vehicles or talk with friends or family before reaching your decision. By that time, you're likely convinced that there's a significant difference among cars, and you've developed your own unique set of criteria that helps you decide on your purchase.

Dissonance-reducing buying behavior occurs when you're highly involved in a purchase but see little difference among brands. Let's say you're replacing the flooring in your kitchen with ceramic tile—another expensive, infrequent purchase. You might think that all brands of ceramic tile in a certain price range are "about the same," so you might shop around to see what's available, but you'll probably buy rather quickly, perhaps as a result of a good price or availability. However, after you've made your purchase, you may experience post-purchase dissonance (also known as buyer's remorse) when you notice some disadvantages of the tile you purchased or hear good things about a brand you didn't purchase.

Habitual buying behavior has low involvement in the purchase decision because it's often a repeat buy, and you don't perceive much brand differentiation. Perhaps you usually buy a certain brand of organic milk, but you don't have strong brand loyalty. If your regular brand isn't available at the store or another brand is on sale, you'll probably buy a different brand.

Variety-seeking buying behavior has the lowest customer involvement because brand switching is your norm. You may not be unhappy with your last purchase of tortilla chips, but you simply want to try something new. It's a matter of brand switching for the sake of variety rather than because of dissatisfaction with your previous purchase.

LINK TO LEARNING



The 4Ps and Consumer Behavior

Watch this short, humorous 4Ps video as a way to help you remember the concept. This video also includes several examples of target markets and how a marketer might respond.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-1-understanding-consumer-markets-and-buying-behavior)</u>

Consumer behavior is an important marketing topic, and depending on the marketing program at your

institution, you may have the opportunity to take a consumer behavior course and learn more about the topics covered above. Studying consumer behavior is important in marketing because it will teach you how to best know your customer, an integral aspect to marketing a product or service. You can also watch this selfLearn-en video to get a stronger grasp of consumer behavior.

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As mentioned, environmental factors have an impact on consumer behavior. Can you think of a recent environmental influence that has had a significant impact? The coronavirus pandemic has probably been the most influential in recent years, and for many reasons! We still have a lot to learn about the impacts of the pandemic, and new information is being released daily about changing human behavior and the impact on marketing. For example, in this Google article, the author shares a cultural anthropologist's insights (https://openstax.org/r/thinkwithgoogle) for understanding consumer behavior and how it relates to three core needs all people experience—self-care, social connection, and identity—and how these needs correlate to recent YouTube video trends. Learn about how marketers can respond to this trend.

Continually trying to understand environmental influences will keep you on the cutting edge and ahead of the competition. It's a great practice to always be looking for the latest information so that you can shift your strategies as needed. Bain & Company is an example of one company that wanted to understand how the pandemic changed consumer behavior. The company ran a survey in 2021 to better understand the impact of the pandemic, and it found five trends from the data.

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A <u>survey from Accenture (https://openstax.org/r/insightsstrategy)</u>, one of the top-ranked consulting firms in the world, found that the pandemic caused 50 percent of consumers to evaluate their purpose and what's important to them. Read more about the findings in this article.

Always be looking for information to be the best marketer you can be!

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

- 1. You're considering buying a widescreen TV. You've researched different features, looked up and reviewed models on the Internet, and even asked a few friends for their recommendations. What type of buying behavior are you exhibiting?
 - a. Dissonance-reducing buying behavior
 - b. Variety-seeking buying behavior
 - c. Complex buying behavior
 - d. Habitual buying behavior
- **2**. In the buyer's black box, external stimuli that are planned and created by the producer and/or seller are known as ______ stimuli.
 - a. economic
 - b. marketing
 - c. technological
 - d. social
- **3.** Samantha sees a TV commercial announcing that a mattress she's been considering is on sale through the holiday weekend and makes plans to visit the store the next day in order to take advantage of the sale. In

terms of the buyer's black box, how would this TV commercial be characterized?

- a. Product choice
- b. Brand choice
- c. Social stimuli
- d. Purchase timing
- 4. You're at the grocery store buying potato chips for a barbeque you're having this weekend. You normally buy Lay's potato chips, but you notice that Ruffles are on sale, so you pick up a few bags of Ruffles. What buying behavior have you displayed?
 - a. Dissonance-reducing buying behavior
 - b. Habitual buying behavior
 - c. Variety-seeking buying behavior
 - d. Complex buying behavior
- 5. The decisions and actions people undertake to buy products or services for personal use are known as
 - a. the consumer market
 - b. the buyer's black box
 - c. consumer buying behavior
 - d. complex buying behavior
- 3.2 Factors That Influence Consumer Buying Behavior

Learning Outcomes

By the end of this section, you will be able to:

- 1 List and describe the cultural factors that influence consumer buying behavior.
- 2 Explain the social factors that impact consumer buying behavior.
- 10 3 Discuss the personal factors that influence consumer buying behavior.
- 4 Describe the psychological factors that influence consumer buying behavior.
- 5 Explain situational factors that impact consumer buying behavior.

Cultural Factors That Influence Consumer Buying Behavior

Why people buy isn't always a straightforward question. Think about the last time you bought a car, a bike, or other item. Why did you buy that specific make and model? Was it because its sleek style made you feel good about yourself? Perhaps you bought a particular brand because someone in your family bought the same brand. These are just a couple of examples of some of the factors that influence consumer buying behavior. Let's examine some others.

Cultural factors comprise a set of values or ideologies of a particular community or group of individuals. These can include culture, subcultures, social class, and gender as outlined in Figure 3.4.

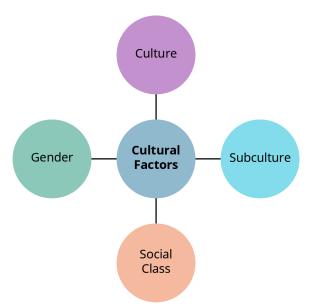


Figure 3.4 Cultural Factors Influencing Consumer Purchasing Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Culture refers to the values, ideas, and **attitudes** that are learned and shared among members of a group. Human behavior is largely learned. When you were a child, you learned basic values, perceptions, wants, and behaviors from your family and other external influences like the schools and churches you attended. Consider how these values and attitudes have shaped your buying behavior. For example, in a traditional Hindu wedding in India, a bride may wear red lehenga to the wedding, whereas Christian brides typically wear white. In India, widows are expected to wear white, whereas widows in the United States and other parts of the world generally wear more somber colors to a funeral.²

A **subculture** is a group of people, such as environmentalists or bodybuilders, who share a set of values. Ethnic and racial groups share the language, food, and culture of their heritage. Other subcultures, like the biker culture, which revolves around a dedication to motorcycles, are united by shared experiences. The Amish subculture is known for its conservative beliefs and reluctance to adapt to modern technology. Think about what subculture(s) you may belong to and how they influence your buying behavior. For example, hip-hop music has long been associated with fashion, particularly sneakers. Run DMC's 1986 hit "My Adidas" led to the first endorsement deal between a fashion brand and a musical act, setting the stage for lucrative partnerships spanning the decades since—Master P with Converse, Jay-Z and 50 Cent with Reebok, Missy Elliott and Big Sean with Adidas, and Drake with Nike.

LINK TO LEARNING



Failures and Inspirations

Cultural factors play a major role in determining how best to market to consumers. There are numerous examples of company efforts that failed because they did not reflect an understanding of the culture in a particular market. Watch this CNBC video on why Starbucks failed in Australia and read this article about how Coca-Cola and PepsiCo failed (https://openstax.org/r/examplescompanyfailure) when they first moved into the Chinese market.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

Also check out this CNBC video about why 7-Eleven failed in Indonesia.

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Failures are always important because they come with learned knowledge, and if you understand the WHY behind the failure, the learning can lead to shifts in strategy and possible success. Read the <u>inspiring story</u> (https://openstax.org/r/inspiringstory) behind Run DMC's revolutionary market deal with Adidas and how it opened the door for current artists like 50 Cent, Jay-Z, and Puffy.

For more success stories, check out these <u>videos about numerous companies that got it right</u> (https://openstax.org/r/examplesofbrands). Examples include stories from Rihanna's Fenty beauty line, Adobe's "When I See Black" ad, Bumble's "Find Me on Bumble" campaign, and many more!

Your **social class** is also an important influence on your buying behavior. Sociologists base definitions of social class on several different factors, including income, occupation, and education. While there is disagreement on the number of social classes defined by income in the United States, many sociologists suggest five social classes: upper class, upper-middle class, lower-middle class, working class, and the economically disadvantaged.³ Income is largely defined by disposable income (the money you have left to spend or save after taxes are deducted), but its influence goes beyond just dollars, euros, yen, etc. For example, a lower-middle-class individual might focus primarily on price when considering a product, whereas an upper-middle-class person might consider product quality and features before price. However, you also can be influenced by a social class to which you don't belong but by which you want to be accepted. Have you ever spent money you really didn't have on brand name running shoes or a designer purse because that's what your friends have?

Finally, your **gender** plays an important role in your buying behavior. People of different genders not only want different products as a result of their upbringing and socialization, but they approach shopping itself with different motives, perspectives, and considerations. While it's always dangerous to stereotype, those who identify as male typically follow a utilitarian, more logic-based approach when shopping. They want a quick, effortless shopping experience. Those who identify as female, on the other hand, make decisions on a more emotional level. Zappos considers these different motives and provides different layouts on their landing pages for different genders. While the "male" version focuses on providing clear navigation by product categories, the "female" version aims to sell on emotion.⁴

LINK TO LEARNING



Behind the Gender Differences

Gender differences lead to different buying behaviors. Read this article about <u>one such example, Birchbox</u> (https://openstax.org/r/men-vs-women), a hair care and skin care subscription service. For even more information, check out this article about the reasons for the differences (https://openstax.org/r/women-vs-men), which include purpose, experience, brain make-up, and more. Interesting reads!

You can also watch this Gaby Barrios TED Talk. Barrios is a marketing expert who speaks about how targeting consumers based on gender is bad for business.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

This humorous video from The Checkout, a TV show about consumer affairs, discusses gender marketing packaging decisions and their impact on your wallet.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

Another video about fashion brands focuses on how their parent companies leverage gender strategies.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

CAREERS IN MARKETING



Women in Marketing

Let's look at gender from another angle—women advancing in marketing. Part of a series about jobs in marketing (https://openstax.org/r/gender-diversity), this article examines equity in the world of marketing. Findings include data on gender balance and inequality, and guidance on ways to improve.

For an inspirational moment, be sure to read these heartwarming stories about <u>six mothers of great marketers (https://openstax.org/r/behindeverygoodmarketer)</u>.

Social Factors That Influence Consumer Buying Behavior

Social factors are those factors that are prevalent in the society where the consumer lives. Every society is composed of individuals who have different preferences and behaviors, and these individuals influence the personal preferences of others in the society. Humans are social individuals, and the influences of people's family, reference groups, and roles and status (refer to <u>Figure 3.5</u>) have a huge impact on their buying behavior.

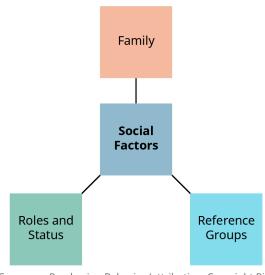


Figure 3.5 Social Factors Influencing Consumer Purchasing Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Let's first consider the influence of **family**. It is generally believed that most people pass through two families: a family of orientation (i.e., the family to which you were born or with whom you grew up) and a family of procreation (the family formed through marriage or cohabitation, including your spouse, partner, and/or children). Consider first the family of orientation. When you were growing up, whether or not you recognized it, you likely developed some degree of buying behavior through watching adult members of your household and probably tend to buy the same products or services as you grow older. Was your father a die-hard Chevy driver? If so, the chances are good that you'll probably at least consider buying a Chevy, too. Now consider the influence that your spouse, partner, and/or children have on your buying behavior. You may want that Chevy pickup because that's what your father drove, but your spouse or partner may subtly (or perhaps not so subtly)

sway you toward a Chevy crossover SUV because it's more practical with kids to transport to school, sports, and other activities.

Reference groups are those groups with which you like to be associated. These can be formal groups, such as members of a country club, church, or professional group, or informal groups of friends or acquaintances. These groups serve as role models and inspirations, and they influence what types of products you buy and which brands you choose. Reference groups are characterized by having opinion leaders—people who influence others. These opinion leaders aren't necessarily higher-income or better educated, but others view them as having more expertise in a particular area. For example, a teenage girl may look to the opinion leader in her reference group of friends for fashion guidance, or a college student might aspire to getting an advanced degree from the same university as an admired professor. Social media influencers also play a role here. Consider the influence that celebrities like Kendall Jenner (with more than 217 million Instagram followers)⁵ or Leo Messi (with over 310 million Instagram followers)⁶ have on individuals.

All people assume different roles and status depending upon the groups, clubs, family, or organizations to which they belong. For example, a working mother who is taking classes at the local community college assumes three roles at varying times—that of an employee, a mother, and a student. Her buying decisions will be influenced by each of these roles at different times. When she is shopping for clothing, her purchases may be influenced by any or all of these roles—professional attire for the office, casual clothes for classes, or yoga pants for home.

Personal Factors That Impact Consumer Buying Behavior

Personal factors, such as your occupation, age and life cycle stage, economic situation, lifestyle, and personality and self-concept also play a major role in your buying behavior (refer to Figure 3.6). Let's examine each of these in more detail.

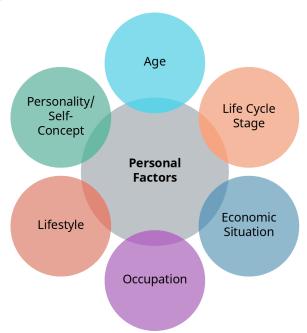


Figure 3.6 Personal Factors Influencing Consumer Purchasing Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Age is a major factor that influences buying behavior because consumer needs and wants change with age. Your buying habits as a teenager or twentysomething are likely to be vastly different from your buying habits in middle age and beyond. Consider the four generational cohorts currently comprising the consumer market:

• Baby boomers (born between 1946 and 1964) are currently in their 60s and 70s. This generational cohort is approximately 70 million people strong in the United States and accounts for \$2.6 trillion in buying

power, so you can imagine its impact on the consumer market. What types of products would you expect baby boomers to buy? Key categories for this group of buyers include pharmacy and health care products, household goods and appliances, wine, books (both digital and physical), cosmetics, and skin care products.8

- Generation X (born between 1965 and 1979/80) are currently in their 40s and 50s. This cohort is approximately 65 million strong⁹ and generally has more spending power than younger generational cohorts because they're at or reaching the peak of their careers, and many Gen Xers are dual-income families.¹⁰ This makes them an optimal target for higher-end brands and convenience-related goods, like made-to-order or prepared meals from the grocery store.
- Generation Y, also known as Millennials, (born between 1981 and 1994/96) are currently in their 20s and 30s. This cohort is the largest generation group in the United States, with an estimated population of 72 million. 11 One interesting aspect of Millennial buying is that they shop sustainably. They shop for brands that produce items with natural ingredients and ethical production lines and sustainable goods in every sector, such as food, household cleaning products, linens, and clothes.¹²
- Generation Z, also known as Zoomers, (born between 1997 and 2012) are currently in their teens to early 20s, and they are just starting to have an economic impact on the consumer market. Although over 67 million strong, 13 many Zoomers are still in school and living with their parents, and their discretionary spending is limited.

MARKETING IN PRACTICE



Marketing to the Ages

Knowing how to speak to your target market is critical. Knowing how to frame your message to a Baby Boomer versus a Gen Xer is what makes marketers successful. Want to know how to speak to each group? Check out these articles about marketing to different age demographics (https://openstax.org/r/ marketingtodifferentage) and generational marketing (https://openstax.org/r/generationalmarketing).

Learn from real-world examples of how age-agnostic marketing (https://openstax.org/r/ageagnostic) can work.

Have you ever seen a commercial or advertisement that pulls on your heartstrings because it gets you reminiscing? Nostalgia is an impactful tool in marketing because it gives a feeling of meaning and comfort. Check out this online blog to learn more about the impact of nostalgia (https://openstax.org/r/ examplesnostalgia) in marketing.

Likewise, your **life cycle stage** has a major influence on your buying habits. Consider the different buying choices you would make as a single person who is renting an apartment in an urban area versus the choices you would make as a homeowner in the suburbs with children. It should be noted, though, that age and life cycle stage can often be poor predictors of buying behavior. For example, some 40-year-olds are just starting their families, while others are sending their kids off to college. Still other 40-year-olds are single (or single again). Some 70-year-olds may fit the stereotype of a retired person with a fixed income; others are still active or perhaps still working, with plenty of disposable income.

Your economic situation (income) is a huge influence on your buying behavior. Higher income typically means higher disposable income, and that disposable income gives consumers more opportunity to spend on highend products. Conversely, lower-income and middle-income consumers spend most of their income on basic needs such as groceries and clothing.

Your **occupation** is also a significant factor in your buying behavior because you tend to purchase things that are appropriate to your profession. For instance, a blue-collar worker is less likely to buy professional attire like business suits, whereas attorneys, accountants, and other white-collar workers may favor suits or business casual work clothes. There are even companies that specialize in work clothes for certain types of workers, such as health care professionals who buy scrubs or construction workers who buy steel-toed boots.

Your **lifestyle** reflects your attitudes and values. What do you consider to be your lifestyle? Do you strive to live an active, healthy lifestyle? If so, your purchasing decisions may focus on healthier food alternatives instead of fast food. Do you consider yourself to be a soccer parent? You may (perhaps reluctantly) forgo that sports car for a minivan in order to transport your kids to youth sporting events or other activities.

Your personality and self-concept are also important factors influencing your buying behavior. **Personality** is the characteristic patterns of thoughts, feelings, and behaviors that make a person unique. It's believed that personality arises from within the individual and remains fairly consistent throughout life. ¹⁴ Some examples of the many personality traits people might have include things like self-confidence, individualism, extroversion, introversion, aggression, or competitiveness. Your personality greatly influences what you buy as well as when and how you use or consume products and services.

Perhaps even more importantly, as consumers, people tend to buy not only products they need but also those products or services that they perceive as being consistent with their "self-concept." In other words, they generally want the products they buy to match or blend in with who they think they are.¹⁵

Psychological Factors That Influence Consumer Buying Behavior

Your buying choices are further influenced by several major psychological factors, including motivation, perception, learning, feelings, beliefs, and attitudes (refer to Figure 3.7).

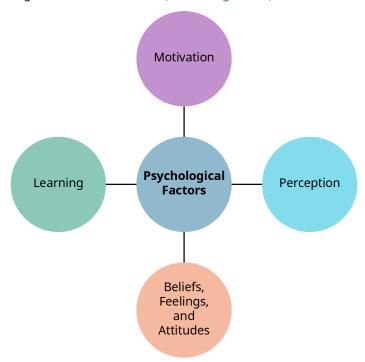


Figure 3.7 Psychological Factors Influencing Consumer Buying Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Let's first consider how motivation affects your buying behavior. **Motivation** is the process that initiates, guides, and maintains goal-oriented behaviors. It's the driving force behind your actions. One of the most widely known motivation theories is **Maslow's hierarchy of needs** (see <u>Figure 3.8</u>).

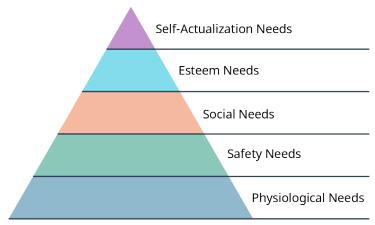


Figure 3.8 Maslow's Hierarchy of Needs (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Abraham Maslow asserted that all individuals have five needs, arranged from the most basic lower-level deficiency needs to the highest-level growth needs. As Figure 3.8 shows, physiological needs are at the most basic level and include things like adequate food, water, and shelter. Think about how marketers may try to appeal to consumers based on physiological needs. For example, Snickers ran a very successful ad campaign based on the slogan "You're not you when you're hungry."

The second level is safety and security, the need to be safe from physical and psychological harm. Once again, consider just a few successful marketing campaigns that have focused on safety—"You're in Good Hands with Allstate" and Lysol's "Practice Healthy Habits" campaign with its tagline "What It Takes to Protect."

The third level is belonging, or social needs. This level includes things like the need for emotional attachments, friendship, love, or belonging to community or church groups.

Esteem, the fourth level, includes such needs as recognition from others, taking pride in your education or work, awards, and/or prestige.

The highest level is self-actualization, which involves self-development and seeking challenges. For example, Nike's "Find Your Greatness" campaign was intended to spark greatness in ordinary people, not just professional athletes.

LINK TO LEARNING



Examples of Maslow's Five Needs

Check out this Snickers' "You're not you when you're hungry" commercial, which appeals to basic human physiological needs.

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This Lysol "What It Takes to Protect" commercial appeals to the human needs for safety and security.

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Consider this public service announcement (PSA) from the Ad Council that is dedicated to fostering a more welcoming nation where everyone can belong. How does it appeal to the human need for community and belonging?

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One awesome esteem level example to check out is this one from Dove. Dove launched a <u>campaign to boost female self-esteem (https://openstax.org/r/doveself)</u> and to celebrate female beauty in all shapes and sizes. The company also created "confidence-boosting boards" on Pinterest. The boards include self-esteem activities so girls and their parents can share words of encouragement.

Check out one of Nike's commercials from the "Find Your Greatness" campaign. How does it appeal to the human need for self-actualization?

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Maslow asserted that people strive to satisfy their most basic needs before directing their behavior toward satisfying higher-level needs, so it stands to reason that consumer buying behavior would follow this model. For example, you'd first have to fulfill your needs for food and shelter before you might consider putting money away for retirement or purchasing a home security system.

LINK TO LEARNING



Maslow and Marketing

Understanding Maslow's hierarchy of needs will help you be an effective and impressive marketer. You're going to see this model in many of your business courses, not just marketing, so take the time to learn about it. Check out this brief video that may help you understand how to use Maslow's hierarchy of needs in marketing. Learn about why Maslow's hierarchy of needs matters.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

Perception is the way in which people identify, organize, and interpret sensory information. It's another variable in consumer buying behavior because the perceptions you have about a business or its products or services have a dramatic effect on your buying behavior. What makes perception even more complex is that consumers can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. Let's take a closer look.

Every day, you're bombarded with marketing messages from TV commercials, magazine and newspaper ads, billboards, and social media ads. As of 2021, it was estimated that the average person encounters between 6,000 and 10,000 ads every single day. ¹⁶ It stands to reason that you can't possibly pay attention to all of the competing stimuli surrounding you, so you'll pay attention to only those stimuli that you consider relevant to your wants and needs at the time and screen out the rest. That's the process known as **selective attention**.

MARKETING IN PRACTICE



When Bombarding Backfires

Bombarding consumers with marketing messages can cause more harm than good. According to this <u>article from Marketing Dive (https://openstax.org/r/studyadoverload)</u>, bombarding people with ads would negatively impact a brand. This <u>article from the Advertising Association (https://openstax.org/r/newcredos)</u> shares data that indicates bombardment and intrusiveness negatively impact perceptions of advertising.

How can you combat the issue? Quantcast outlines (https://openstax.org/r/bombardmentmight) ways to

avoid ad bombardment.

CAREERS IN MARKETING



It's about Ability

Your personal brand will be a significant factor when it comes to finding a job. What does your personal brand say today? What is your marketing story? Is it what you want it to be? If not, what will you do to change it? The end-of-chapter content includes various ways to explore your personal brand to help you prepare for your job search.

How are you going to stand out among other candidates? What can you do with your résumé? According to Jason Shen's TED Talk, you should highlight your abilities and not your experience. He speaks to potential and how you can make yourself more attractive to potential employers by telling a story in a compelling way.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

According to the American Marketing Association (AMA), you need to know yourself well. Self-knowledge will help you know the kind of work environment you perform best in and what kind of work you enjoy most. The AMA is a great place to learn how to <u>stand out as a marketing job applicant</u> (https://openstax.org/r/howtostandout), target companies, prepare your best résumé, and have a successful interview.

Check out these sources on how to stand out and ways you can beat the competition:

- <u>Freemanleonard (https://openstax.org/r/marketersandcreat)</u>: "How Marketers and Creatives Can Stand Out in Today's Competitive Job Market"
- Recruiter.com (https://openstax.org/r/13triedandtrue): "13 Tried-and-True Creative Tactics Candidates Have Used to Stand Out in Interviews"
- Acadium (https://openstax.org/r/digitalmarketingcareer): "Launch Your Digital Marketing Career: How to Stand Out as a Candidate"
- Indeed (https://openstax.org/r/careeradvice): "8 Marketing Interview Questions to Expect"
- Entrepreneur (https://openstax.org/r/buildingyourbrand): "Building Your Brand Is How You Will Stand Out When Applying for a Job"
- Smart Insights (https://openstax.org/r/tacticstohelp): "7 Tactics to Help You Stand Out as a Marketer and Get Better Jobs"
- 24 Seven (https://openstax.org/r/10tipstoace): "10 Tips to Ace Your Next Marketing Job Interview"

If you want to go the extra mile in making yourself stand out, reach out to current marketers and ask them questions. You can find hundreds, even thousands, of current marketers on LinkedIn. Try targeting people from companies you're interested in or would like to learn more about. Look for specific people who are doing jobs that interest you. Going to an interview armed with information is incredibly powerful and will speak volumes to your interviewer. Be sure to find a way to work your completed research into the interview conversation because it will speak to your drive, curiosity, and ambition—all traits every interviewer wants to hear about. This will also be another way you can stand out from others interviewing for the job. Questions you could ask current marketers in preparation for an interview include (but by no means are limited to):

What about you stood out in your interview process that made your current company hire you?

- Can you tell me about examples of people you've interviewed and why they stood out to you?
- · How have candidates stood out when they spoke about their abilities in a job interview scenario?
- What are your thoughts on candidates sharing a college project with you as a way to demonstrate abilities?
- · What advice do you have for me?

Be creative with your questions! Look online for other questions you could ask. Have fun!

Even the stimuli that people notice don't always come across in the way in which the marketers intended. **Selective distortion** is the tendency of people to interpret information in a way that fits their preconceived notions. This was demonstrated years ago when PepsiCo launched its Pepsi Challenge blind taste test commercials. Participants were presented with two colas in unmarked plastic cups and asked to taste both colas and choose the one they liked better. Then the tester would lift a small screen to reveal the brand the participants preferred. In TV commercials that aired for years, Pepsi showed the stunned reactions of loyal Coca-Cola drinkers who had chosen Pepsi over Coke in the test. One grandmother in a commercial said, "I can't believe it. I've never had a Pepsi in my life, but it must be better!"¹⁷

People also tend to forget much of what they learn and to retain information that supports their preconceived attitudes and beliefs. That's the power of **selective retention**, a bias by which you're more likely to remember messages that are closely related to your interests, values, and beliefs rather than those that are contrary to those values and beliefs.

Beliefs, feelings, and attitudes also play an important role in consumer buying behavior. **Beliefs** are consumer perceptions of how a product or brand performs relative to different attributes. These beliefs are generally formed through personal experience, advertising, and conversations with others, and they play a vital role because they can be either positive or negative. You can even hold both positive and negative beliefs about the same thing. For example, you may believe that coffee is good for you because it helps you focus and stay alert, but you may also worry about the effect of coffee on your health and the way it stains your teeth. Human beliefs aren't always accurate and can change according to the situation.

Consumer attitudes are a composite of a consumer's beliefs, feelings, and behavioral intentions toward a product or service (see <u>Figure 3.9</u>).

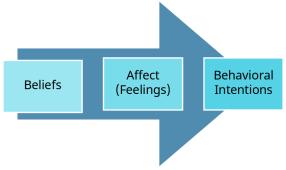


Figure 3.9 Components of Attitudes (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

We've already talked about beliefs, so let's focus for a moment on affect, or feeling. Consumers often have certain feelings toward brands, products, or services. Sometimes these feelings are based on people's beliefs, such as a vegetarian who can't stand the thought of eating a hamburger, but you may also have feelings that are relatively independent of your beliefs. For example, someone who has strong environmentalist beliefs may object to clearing forests to make way for a housing development but may have positive feelings toward Christmas trees because they subconsciously associate these trees with the experience that they had at Christmas as a child.

The behavioral intention aspect of an attitude is what you as a consumer plan to do—buy the brand or not buy the brand. As with affect, this is sometimes a logical consequence of your beliefs but may sometimes reflect other circumstances. Consider a consumer who doesn't particularly like a restaurant but will go there because it's an after-class gathering spot with her friends.¹⁸

Learning is still another important factor in consumer buying behavior. The fact is that consumer behavior is learned, and much of what you buy is based on your previous experiences with particular brands. This is commonly known as the Law of Effect, which asserts that, if an action is followed by a pleasant consequence, you're likely to repeat it; if the action is followed by an unpleasant consequence, you're less likely to repeat it. For example, let's say you buy an Apple iPhone. If your experience with the iPhone is positive, you'll probably be more inclined to buy another Apple product when you're looking for a tablet or wearable. On the other hand, if you've had a not-so-positive experience with your iPhone, you're likely to look at other brands when considering purchasing other devices.

MARKETING IN PRACTICE



Lessons in Psychology

Psychology is a big part of marketing. Insight into your customers' thinking will allow you to create marketing messages and stories that better speak to their needs. Learning, the process where customers acquire information they can apply to future purchases, is a foundational concept in marketing. Learn about the various types of learning and how they can impact marketing strategies from this Forbes article (https://openstax.org/r/becomeamindreader).

Situational Factors That Impact Consumer Buying Behavior

Situational factors influencing consumers are external (refer to <u>Figure 3.10</u>). These factors play an important role in how consumers experience a product and how these consumers' opinions are formed.

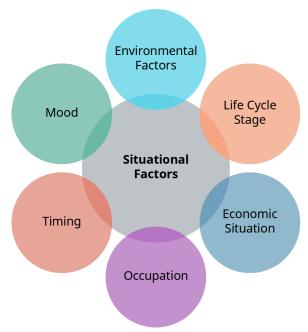


Figure 3.10 Situational Factors Influencing Consumer Buying Behavior (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

Environmental factors such as music, lighting, ambient noise, and even smells can either discourage or

encourage a consumer's purchase decision. For example, researchers conducted a study on the effect of lighting on consumer purchases in a grocery store. They lit half the store with traditional fluorescent lighting and the other half of the building with LED lighting. Researchers conducted the study over 21 weeks and discovered that consumers bought 25 percent more products on the LED-lit side of the store.¹⁹

Spatial factors also play a role. The way a product is displayed may make it seem desirable, but a crowded store or a long line at the cash register can suddenly make that same product seem less desirable. Think about it: Have you ever seen a long line to check out at the cash register and put the product you intended to buy back on the shelf because it simply wasn't worth it to waste your time standing in line?

The Marketing in Practice feature box shows how sound and smell can affect consumers.

MARKETING IN PRACTICE



Abercrombie & Fitch



Figure 3.11 Psychological factors like smell and sound affect buying behavior, so Ambercrombie & Fitch utilizes fragrances and music as a way to attract customers. (credit: "Abercrombie & Fitch" by prayitnophotography/flickr, CC BY 2.0)

As consumers, people usually don't think twice about what a store smells or sounds like, the way it makes them feel or think, or what it makes them do. But Abercrombie & Fitch (A&F) thinks about it a lot (see Figure 3.11).

The company has its own line of men's fragrances called "Fierce," which is sprayed liberally in stores to give off what the company describes as a "lifestyle... packed with confidence and a bold, masculine attitude." A&F knows who it wants in its stores, and by associating its fragrance with its stores, it creates a self-fulfilling prophecy for its male clientele who, by wanting to smell like A&F, will be like the models and sales staff in the store.

A&F also plays loud club music throughout its stores, attracting young people who can withstand loud music longer, while older customers may run from it. It's just another way that A&F is enabling its stores to maintain a more youthful clientele and a "fresher" image.²⁰

Watch this video on Abercrombie & Fitch's brand transformation for further insight on how A&F has positioned its retail brand Hollister as a global iconic teen brand and modernized the A&F brand to focus on young millennial consumers.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-2-factors-that-influence-consumer-buying-behavior)</u>

The social situation of shopping is another situational factor. Did you know that you're more likely to stop to look at certain products when you're in the company of a friend as opposed to a parent? The social aspect can even alter the price you're willing to pay. You might be more inclined to purchase a more expensive product when you're with a colleague or potential partner than you would if you're with a friend or spouse.²¹

The goal of your shopping trip is yet another situational factor. If you go to a store to look for a birthday present for your mother, your purpose is totally different than if you're casually shopping for a new pair of shoes. The reason for shopping dictates the kinds of products customers are willing to interact with at that time and may cause them to bypass certain products they would normally interact with on another shopping trip. This is even true at the grocery store. You'll interact with products differently if you're on your weekly shopping trip versus simply going into the store because you're out of milk.

Much like the purpose of your shopping trip, timing also influences your consumer behavior. If you're in a rush because it's Christmas Eve and you haven't bought a present for your best friend yet, you'll interact with fewer products than if you have hours to shop. Even if two people are looking for the same type of product, the one in a rush will probably end up with the most accessible product, whereas the leisurely consumer has time to weigh the price and quality of offerings.

Finally, your mood influences your buying behavior. Someone who is feeling sad or stressed interacts differently with products than a happy, relaxed shopper. The same can be said for someone who's fatigued versus someone who's full of energy.

MARKETING IN PRACTICE



Situational Factors

There are many examples where companies use situational factors in their marketing approaches. Here are several online sites and specific articles:

- Westin and the White Tea Signature Scent (https://openstax.org/r/transportedbyfragrance)
- The Aroma Trace (https://openstax.org/r/examplesofolfactory): "Best Examples of Olfactory Marketing in Companies"
- Sync Originals (https://openstax.org/r/musicpart): "10 Brands That Made Music Part of Their Marketing
- Omnify (https://openstax.org/r/lightingtechniques): "8 Simple Lighting Techniques That Boost Retail Sales"
- · Science News (https://openstax.org/r/sciencedaily): "Does Background Noise Make Consumers Buy More Innovative Products?"
- Journal of the Academy of Marketing Science (https://openstax.org/r/springerlink): "Sounds Like a Healthy Retail Atmosphere Strategy: Effects of Ambient Music and Background Noise on Food Sales"

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

- 1. You're at the shopping mall looking for a new pair of shoes when you smell the wonderful aroma of freshly baked pretzels. Before you know it, you've bought a giant pretzel with cheese sauce. What type of factors influenced your purchase?
 - a. Psychological factors
 - b. Social factors

- c. Situational factors
- d. Personal factors
- 2. Traditionally, in China, the bride's wedding gown is red because the color is associated with good luck, happiness, and prosperity. Which influence on consumer buying behavior does this illustrate?
 - a. Culture
 - b. Social class
 - c. Lifestyle
 - d. Personality
- 3. Jazmine purchases a wireless alarm system for her apartment. According to Maslow's hierarchy of needs, which level of needs does this purchase reflect?
 - a. Physiological
 - b. Safety/security
 - c. Self-esteem
 - d. Social
- 4. The tendency of people to interpret information in a way that supports what they already believe is known
 - a. cognitive dissonance
 - b. selective attention
 - c. selective retention
 - d. selective distortion
- **5**. Attitudes are a composite of a consumer's beliefs, feelings about, and _____ toward a product or service.
 - a. predispositions
 - b. behavioral intentions
 - c. preconceived notions
 - d. attributions

The Consumer Purchasing Decision Process 3.3

Learning Outcomes

By the end of this section, you will be able to:

- 1 Explain the first stage in the consumer purchasing decision process.
- 10 2 Summarize the second stage in the consumer purchasing decision process.
- 10 3 Describe the third stage in the consumer purchasing decision process.
- 4 Discuss the fourth stage in the consumer purchasing decision process.
- 5 Explain the fifth and final stage in the consumer purchasing decision process.

Consumer Decision Process

This chapter has examined many of the factors that influence consumer buying behavior, but behind the visible act of making a purchase lies an important decision process that takes place before, during, and after the purchase of a product or service. Figure 3.12 shows the five stages of the consumer decision process.

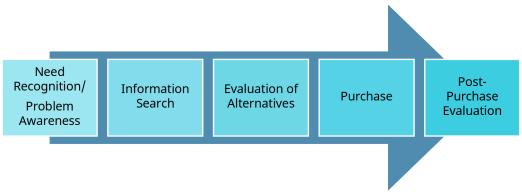


Figure 3.12 The Consumer Decision Process (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

A buyer passes through five stages of the consumer decision process when making choices about which products or services to buy. Let's examine each, starting at the beginning.

Stage 1: Need Recognition

The buying process starts when you sense a difference between your actual state and your desired state. This is referred to as problem awareness or need recognition. You might become aware of a need through internal stimuli (such as feeling hungry or thirsty when you're on a long road trip) or external stimuli (such as passing a bakery and smelling the wonderful aroma of cookies baking).

Sometimes recognizing the problem or need is easy. You've run out of toilet paper or milk. But other times recognizing the problem or issue is more complicated. For example, think about this first stage in terms of your decision to enroll in college. What was the stimulus that triggered your interest in attending college? Are you a working adult who has recognized that upward advancement in your company won't happen without possessing a college degree? Have you long aspired to be an entrepreneur, and you wanted to get some business and marketing courses under your belt so that you're better prepared for the challenges of entrepreneurship? Perhaps a career in marketing has been on your internal radar since high school, and you've decided to take the plunge and get your degree in marketing. Or perhaps, after graduating from high school, your parents gave you an ultimatum—either find a job or enroll in college.

Stage 2: Information Search

Now that you've identified the problem or need, you'll be inclined to search for more information. There are two different search states. The milder search state is called "heightened attention," in which you become more receptive to information about the product or service. The stronger search state is called "active information search," in which you might do some research about the product or service on the Internet (referred to as an internal search), ask friends and/or family members their opinions (what's known as an external search), or even visit stores to view and touch the product (called an experiential search).

Keep in mind, of course, that not all needs/problems identified in Stage 1 will require this second stage. If you've run out of bread or toilet paper, you're probably not going to do an information search; rather, you'll just go to the store to buy what you need, and your information search may be as simple as checking prices at the grocery store to see if your favorite brand is available or another brand is on sale. However, purchase decisions of more consequence will usually trigger an information search of some type.

Again, consider the process you went through in deciding which college to attend. What sources of information did you use to find out about the colleges or universities you considered attending? Did you look at their websites, talk with friends or family who attended that school, or perhaps even visit the campus and meet with an admissions counselor?

Stage 3: Evaluation of Alternatives

Consumers are said to view a product or service as a "bundle of product attributes," and you evaluate several

attributes of a product or service in reaching your purchase decision. For example, if you're buying a smartphone, you'll consider factors such as battery life, speed, storage capacity, or price. If you're booking a hotel, you'll probably consider its location, cleanliness, free Wi-Fi, whether it has a free breakfast in the morning or a pool, and of course price.

What bundle of attributes did you use when evaluating your college alternatives? You may have considered factors such as location, size of the campus, whether the school had the program of study you wanted, if it had online learning, and cost.

Stage 4: Purchase Decision

This stage involves actually reaching a decision on the purchase of the product or service. One way people navigate all the information, evaluations, and choices in their purchase decision is to use **heuristics**—mental shortcuts or "rules of thumb." Heuristics are types of preexisting value judgments that people use to make decisions.

For example, do you believe that the more expensive product is always of higher quality than the lower-priced product? That's known as the price = quality heuristic. Brand loyalty is another heuristic people use in reaching their purchase decisions. For example, do you eat cereal? Do you always buy the same brand, or do you buy whatever's on sale or a brand for which you have a coupon? Country of origin is still another heuristic. Given a choice, do you prefer to buy products made in the United States versus products made in other countries?

How did you make your purchase decision to enroll in your college or university? What heuristics did you use?

Stage 5: Post-Purchase Evaluation

After purchasing the product or service, you'll experience either satisfaction or dissatisfaction. You may have second thoughts after making a purchase decision, and these doubts lead to cognitive dissonance, or buyer's remorse—tension caused by uncertainty about the correctness of your decision. This may lead you to search for additional information to confirm the wisdom of your decision in order to reduce that tension.

What determines if a consumer is very satisfied, somewhat satisfied, or dissatisfied with his or her purchase? Satisfaction is a function of the closeness between the buyer's expectations and the product's perceived performance. If the product's performance falls short of expectations, you'll be dissatisfied. If the product's performance meets your expectations, you'll be satisfied, and if the product's performance exceeds your expectations, you'll be very satisfied.

Think about the purchase decision you made when you decided to enroll in your college or university. Are you very satisfied, satisfied, or dissatisfied with your decision? Refer to Table 3.1 for a summary of the five stages of the consumer decision process.

Stage	Description
Stage 1: Need Recognition	The buying process actually starts when you sense a difference between your actual state and your desired state. This is referred to as problem awareness or need recognition. You might become aware of the need through internal stimuli (such as feeling hungry or thirsty when you're on a long road trip) or external stimuli (such as passing a bakery and smelling the wonderful aroma of cookies baking).
Stage 2: Information Search	Once the problem of need is identified, the next step is to search for more information that will help you make a choice. There are two different search states—heightened attention and active information search.

Table 3.1 Five Stages of the Consumer Decision Process

- 4	1	

Stage	Description
Stage 3: Evaluation of Alternatives	This is the stage in the process where you'll evaluate several attributes of the product or service in making a decision on a purchase.
Stage 4: Purchase Decision	This stage involves actually reaching a decision on the purchase of the product or service.
Stage 5: Post- Purchase Evaluation	After purchasing the product or service, you'll now experience either satisfaction or dissatisfaction. You may have second thoughts after making the purchase decision, and these doubts lead to cognitive dissonance, or buyer's remorse. This may lead you to search for additional information to confirm the wisdom of your decision in order to reduce that tension.

Table 3.1 Five Stages of the Consumer Decision Process

CAREERS IN MARKETING



You Are Also a Consumer

Learn about the five stages of the consumer decision process in this video from Open Up (Upatras) Entrepreneurship and this <u>article from Business Study Notes (https://openstax.org/r/stagesconsumerdecision)</u>.

<u>Click to view content (https://openstax.org/books/principles-marketing/pages/3-3-the-consumer-purchasing-decision-process)</u>

GWI, a company that researches global consumer thinking, published its 2022 consumer trends report (https://openstax.org/r/connectingthedots), which showed that consumers' needs and priorities have shifted. Read the report and see if you find the same results for yourself. Have your priorities and needs changed since the pandemic hit? What are the other factors influencing your needs assessment?

Several tools can help you with a personal needs assessment. Practice your marketing skills on yourself by trying this needs assessment worksheet (https://openstax.org/r/selfassessment). This personal awareness will help you in many ways, including finding the right job that best fits your interests and abilities. Also take a few assessments and compare your results to better identify jobs worth learning more about. There are several free career aptitude tests to try:

- 123 Career Test (https://openstax.org/r/careertest)
- Interest Assessment (https://openstax.org/r/interestassessment)
- Work Values Matcher (https://openstax.org/r/workvaluesmatcher)
- A Personality Color Test (https://openstax.org/r/personalitytest)

In addition to career aptitude tests, personality tests assess your skill level and your ability to succeed in a career. Try a few of these:

- Typology Central Jung Personality Test (https://openstax.org/r/typologycentral)
- Myers-Briggs Type Indicator (https://openstax.org/r/mbtipersonalitytype)

The Balance Careers site also provides a wealth of resources (https://openstax.org/r/freecareeraptitude) on additional aptitude, personality, talent, and preemployment tests. It's worth your time to dive into this information to help you identify which career might be your best fit.

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

- 1. Janelle and her sister are planning a reception for their parents' 50th wedding anniversary. They have looked at several venues, comparing size, location and accommodations, photo opportunities, and parking. What stage in the consumer decision process model does this best illustrate?
 - a. Need recognition
 - b. Information search
 - c. Evaluation of alternatives
 - d. Purchase decision
- 2. Ra'Shana's car broke down on the way to work, and she realizes that she needs to quickly find a repair shop to take care of her vehicle. Which stage of the consumer decision process model does this represent?
 - a. Need recognition
 - b. Information search
 - c. Evaluation of alternatives
 - d. Purchase decision
- 3. Jason is considering buying a new laptop computer. He is researching different models based on factors like the processor, the hard drive capacity and speed, RAM, operating system, and price. He has also asked a few friends what they like and dislike about their laptops. Which stage of the consumer decision process model does this illustrate?
 - a. Problem identification
 - b. Evaluation of alternatives
 - c. Information search
 - d. Post-purchase evaluation
- **4**. What is a heuristic?
 - a. It is the mental conflict that occurs when a person's behaviors and beliefs do not align.
 - b. It is a mental shortcut that allows people to solve problems and make judgments more quickly and efficiently.
 - c. It is a function of the closeness between your expectations of a product or service and its actual performance.
 - d. It is the process of assigning the cause of behavior to either internal or external characteristics.
- 5. Nathan and his husband have decided to purchase a new car. They have narrowed their list to a few models and visited a few dealerships to see the models and test-drive them. Which stage of the consumer decision process does this illustrate?
 - a. Need recognition
 - b. Information search
 - c. Evaluation of alternatives
 - d. Purchase decision

Ethical Issues in Consumer Buying Behavior

Learning Outcomes

By the end of this section, you will be able to:

- 1 Describe ethical issues related to consumer buying behavior.
- 2 Identify the characteristics of an ethical consumer.

Ethical Issues in Consumer Buying Behavior

All purchase behavior is in some sense ethical, involving moral judgment. For example, a consumer is concerned about the abuse of human rights in a foreign country, so corporate involvement in that country may be a factor in the consumer's purchasing decisions. Similarly, consumers concerned about animal rights may consider whether a cosmetic product has been tested on animals. For example, in one 2017 survey, 32 percent of US cosmetics consumers reported that they would "very likely" stop purchasing their favorite brand if the manufacturer tested on animals.²²

Ethical Consumerism

Economic theory suggests that consumers seek to maximize utility (the total satisfaction received from consuming a product or service) at the lowest cost possible, so it follows that firms that have higher costs of production will be driven out of the market. Recently, more and more firms have started using "ethical" labels as a means of product differentiation, a marketing strategy in which a brand identifies the one thing that makes it genuinely different from competitors and then leverages that notion in its branding and messaging. But what does this look like in action? Let's take a quick look at one popular brand that honed its differentiation strategy and succeeded as a result.

Like many fast-food chains, Chipotle (see Figure 3.13) focuses on the quality of its ingredients above all else. One of the brand's hallmarks is that it works with family farmers within a 130-mile radius of each of its locations and attempts whenever possible to source local and sustainably raised ingredients. Additionally, Chipotle eliminated genetically modified (GMO) foods from its menu, citing public concerns about the safety of genetically modified ingredients.²³



Figure 3.13 Chipotle works with family farmers and has eliminated genetically modified foods as a way to differentiate itself in the market. (credit: "Chipotle" by JeepersMedia/flickr, CC BY 2.0)

MARKETING IN PRACTICE



Ethics and Corporations

Hundreds of companies are known for being ethical, including Patagonia (more information later in this chapter), TOMS, and Conscious Coffees, among others. Read about five examples of truly ethical companies (https://openstax.org/r/trulyethicalcompanies) and how they are working to make an impact in their markets.

Business Insider provides a list of the most ethical companies (https://openstax.org/r/ themostethicalcompanies) in the world. Do any of the companies on this list surprise you? Are there companies missing that you think should be included?

What corporate ethical decisions are you aware of that have positively impacted a company's brand? Here are 10 examples (https://openstax.org/r/ethicaldecisionmaking) where companies made the ethical decision.

Many consumers research companies before making a purchasing decision. Is the ethical footprint of a company important to you? Does it impact where you purchase products and services? Why or why not?

Are You an Ethical Consumer?

At its most basic level, being an ethical consumer simply means choosing goods that are ethically sourced, produced, and distributed. Ethical consumerism has become something of a buzzword over the last decade, and organizations are taking notice of consumers' expectations in terms of social and environmental practices. Consider some statistics to better understand how consumers put ethical consumerism in practice:

- According to a Statista poll, 90 percent of US survey respondents indicated that they would boycott a brand if they discovered that the company was engaged in irresponsible business practices.²⁴
- Research from Mintel, a market research firm, indicates that 56 percent of US consumers indicate that they would no longer do business with organizations they believe to be unethical.²⁵
- A recent survey showed that consumers seek a match between their beliefs and those exemplified by the organization. According to the survey, an overwhelming 72 percent of respondents indicated that they purchase goods and services from companies with beliefs similar to theirs in terms of environmental preservation and child labor.²⁶

By choosing brands that align with their values, consumers are voting with their pocketbooks. Modern consumers are more than willing to take their business elsewhere if they perceive a disconnect between their values and those of the organization, and they will likely share their sentiments on social media.

MARKETING IN PRACTICE



Consumer Ethics

Do consumers care about ethics when making a purchasing decision? You can find marketers on both sides of the fence on this hotly debated topic. Some studies show that consumers are interested in products that align with their values. Other studies show that consumers aren't interested. According to an article from Kellogg Insight (https://openstax.org/r/productisethical) (a publication from the Kellogg School of Management at Northwestern University), current research by Jacob Teeny, an assistant professor of marketing at Kellogg, suggests that consumers care.

This Jason Garman TEDx Talk focuses on ethical consumerism and the power of having a choice and a voice through purchasing decisions.

Click to view content (https://openstax.org/books/principles-marketing/pages/3-4-ethical-issues-inconsumer-buying-behavior)

Are you new to ethical shopping? Watch this video to learn the basics about shopping ethically. Also check out this article to learn specific reasons for being an ethical consumer (https://openstax.org/r/ whyshopethically).

Click to view content (https://openstax.org/books/principles-marketing/pages/3-4-ethical-issues-inconsumer-buying-behavior)

This hotly debated topic is becoming a larger part of the conversation in marketing with the increase of eco-friendly products on the market. It's important in your marketing work that you're aware of the discussion, as it will help you to become a great marketer.

COMPANIES WITH A CONSCIENCE



Patagonia



Figure 3.14 Patagonia is known for its ethical leadership and environmental mission. (credit: "Trekkin!" by Pierce Martin/Zach

If you're looking for a company that's a leader in environmental and social responsibility on many fronts, look no further than Patagonia, a designer of outdoor clothing gear for the "silent sports"—climbing, surfing, skiing, snowboarding, fly fishing, and trail running (see Figure 3.14). Just start with Patagonia's mission statement: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."

In addition to being fair-trade certified for all of its sewing production, the brand knows and publicly discloses all of its first-tier suppliers and is actively working to map out the rest down to the farm level for the raw materials used in its gear. Many consider Patagonia to be an outdoor brand, but it offers products in many categories, from sundresses to skinny jeans.²⁷

A large portion of the company's products are made from recycled materials or raw organic cotton. Plastic soda bottles are made into fleece jackets, quayule plants are made into wetsuits, and they take back worn-

out Patagonia products that consumers return to the store at no charge and then recycle them into their supply chain. Look no further if you want to be an ethical consumer!²⁸

Read more (https://openstax.org/r/supplychainenvironmental) about Patagonia's environmental responsibility program.

Chapter Summary

This chapter defined consumer markets and consumer buying behavior and discussed the buyer's black box, the concept that attempts to mark the pattern consumers follow when making a purchase decision. It also categorized consumer buying behavior into four types: complex buying behavior, dissonance-reducing buying behavior, habitual buying behavior, and variety-seeking buying behavior.

This chapter also looked at the cultural, social, personal, psychological, and situational factors that influence consumer behavior and scrutinized the stages of the consumer decision process. Finally, it examined the role of ethics in consumer buying behavior and discussed ethical consumerism.

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Key Terms

4Ps the "marketing mix"—product, price, promotion, and place

attitudes a learned set of emotions, beliefs, and behaviors developed toward a particular brand, object, person, thing, or event

beliefs ideas that a person holds as being true

buyer's black box a model used in the study of the buying behavior of consumers

cognitive dissonance the mental conflict that occurs when a person's behaviors and beliefs do not aliqn; also referred to as buyer's remorse

complex buying behavior the consumer buying behavior that occurs when the consumer is highly involved with the purchase and perceives significant differences between brands

consumer buying behavior the actions taken by consumers before buying a product or service consumer decision process the process through which consumers become aware of and identify their needs, collect information on how to best solve those needs, evaluate alternative options, make a purchasing decision, and evaluate their purchase

consumer market a market where consumers purchase products and/or services for consumption cultural factors a set of values or ideologies of a particular community or group of individuals that include culture, subcultures, social class, and gender

culture the pattern of learned and shared behavior and beliefs of a particular social, ethnic, or age group dissonance-reducing buying behavior any activity aimed at decreasing the tension or feelings of discomfort and unease that accompany an unfamiliar purchase

economic situation a measure of a consumer's income and financial situation

environmental factors factors such as music, lighting, ambient noise, and smell that can either discourage or encourage a consumer's purchase decision

family a group of persons united by ties of marriage, blood, or adoption, or those who live in the same household

gender the socially constructed roles, behaviors, and norms of individuals, which vary between societies and

habitual buying behavior consumer buying decisions made out of "habit" and without much deliberation or product comparison

heuristics mental shortcuts that allow people to solve problems and make judgments quickly and efficiently **learning** the acquisition of knowledge or skills through experience, study, or being taught

life cycle stages various stages in a human's life, including fetus, baby, childhood, adolescence, adulthood, and elderly

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

Maslow's hierarchy of needs a theory of motivation by Abraham Maslow which states that five categories of human needs dictate an individual's behavior

motivation the process that initiates, guides, and maintains goal-oriented behaviors

occupation an activity or task with which one occupies oneself, usually the productive activity, service, trade,

or craft for which one is regularly paid

perception the manner in which sensory information is organized, interpreted, and consciously experienced
 personality the combination of characteristics or qualities that form an individual's distinctive character
 product differentiation a marketing strategy in which a brand identifies the one thing that makes it genuinely different from competitors

reference groups groups that consumers compare themselves to or associate with
 roles the set of norms, values, behaviors, and personality characteristics attached to a status
 selective attention the process of directing one's awareness to relevant stimuli while ignoring irrelevant
 stimuli in the environment

selective distortion a tendency of people to interpret information in a manner that supports what they already believe

selective retention the tendency of people to retain only part of the information to which they are exposed **social class** a group of people within a society that possesses the same or similar socioeconomic status **social factors** factors that are prevalent in the society where a consumer lives **status** the relative social, professional, or other standing of an individual

subculture a cultural group within a larger culture, often having beliefs or interests at variance with those in the larger culture

variety-seeking buying behavior the buying tendencies of consumers who do not have a high involvement with a product when there are significant differences between brands

Applied Marketing Knowledge: Discussion Questions

- 1. What sort of purchasing behavior do you, as a student, exhibit? Do you stop by a convenience store and buy a soda on the way to class? This is convenience shopping behavior, and the business is located, conveniently, in your daily pathway. Do you sometimes buy a different beverage, perhaps an energy drink or a bottled iced tea? You're exhibiting variety-seeking behavior. When the time came for you to choose your college, what sort of shopping behavior did you engage in?
- **2.** You belong to many membership groups. You might be a member of the college soccer team or sing in a choir. Right now, you likely aspire to join the group of college graduates. Why is it so important for marketers to know which groups consumers have joined or refer to when making purchases?
- **3.** Businesses send you thousands of marketing messages each day through the radio, TV, Internet, billboards, and bus benches. You sort through these messages, perhaps unconsciously, and decide which ones to pay attention to. This is called selective attention. Which messages are most influential right now in your life as a student? Messages regarding your social life? Personal life? Psychological factors relating to your motivation to try a new product? Cultural factors such as gender-related products? A situational factor such as a flat tire? Where would you find an example of each message?
- **4**. Provide a recent example of a purchase you made and describe your progress through the stages of the consumer decision process model.
- **5.** You just locked your door and are heading out to get a haircut. How do these two needs—safety through the locked door and esteem through the haircut—fit with Maslow's hierarchy of needs? Why is this hierarchy helpful for marketers in understanding human needs and resulting buying behavior?

☐ Critical Thinking Exercises

1. Research has shown that consumers' buying behavior changes over time, reflecting their age or stage of the family life cycle. Visit Salesfloor.com and <u>read the summaries (https://openstax.org/r/shoppinghabits)</u> this site offers on age-based shopping habits. Do you agree with research findings that despite being bombarded with digital content, Zoomers still prefer to stop in store? Do you research products thoroughly through search engines, reviews, and social media before purchasing? Explain why you agree

or disagree with this study's conclusions about generational buying behavior.

2. One way consumers evaluate alternatives is by identifying the "bundle of attributes" of a product or service. Assume that you're in the market for a new smartphone. What would that bundle of attributes look like? In other words, what attributes do you consider important, and how would you rank the importance of these features on a scale of 1 to 5, with 5 being the attribute of greatest importance and 1 being the attribute of lowest importance? Some attributes are already listed, but you can add your own attributes as well. Complete <u>Table 3.2</u> with your rankings.

Attributes Considered	Importance of Attribute
Storage	
Battery Life	
Processing	
Price	
Ease of Use	
Durability	
Camera Quality	

Table 3.2 The Bundle of Attributes

3. Delve into McDonald's, a company mentioned at the beginning of this chapter. Does McDonald's have an environmental sustainability statement? If so, list evidence showing how McDonald's carries out this policy.



Building Your Personal Brand

Knowing yourself well is essential to helping you identify your personal brand. How would you characterize your personal brand right now? Is it what you want it to be?

There are numerous free tools to help you gain self-awareness. The Careers in Marketing section earlier in this chapter lists numerous resources that you could try. Or you can try this short personality assessment (https://openstax.org/r/humanmetrics) that is similar to the Myers-Briggs Type Indicator. After you complete the assessment, your personality information will be revealed. You'll learn if you're extroverted or introverted, thinking or feeling, sensing or intuitive, and judging or perceiving. The results are shown as a four-letter acronym (for example, ENFP or ISTJ), and there are 16 possibilities that could arise.

Is the outcome a surprise to you, or is it as expected? Does it help explain some of your friendships, how you approach your studies, or the feelings you have? Keep your personality type in mind as you gain better understanding of yourself and others, and especially as you begin to develop and express your personal brand.



What Do Marketers Do?

Have you ever wondered where analysts gather consumer behavior data and how they make sense of it? One way to find out is to ask someone who currently does this job. Using LinkedIn, conduct a search for data analysts in your geographic area and invite one or more to connect with you through the LinkedIn platform.

Once connected, send a message to each one telling them who you are and that you're a marketing student. Request a 15-minute phone conversation with them to ask them about their job. Come prepared to the phone conversation with a list of questions you want to ask. Be prepared to go off script and ask questions that come to mind on the spot. You can learn a lot about various marketing careers, and you can make great contacts by simply asking the right questions! What questions do you want to ask? You might consider some of the following:

- · How did you get started in this area of marketing?
- Where do you collect data from, and how do you complete an analysis?
- What happens after you conduct an analysis?
- Do you help make marketing decisions based on your analysis?
- · What areas of the company does your analysis impact?
- What specific courses did you take to prepare you for this job/career?

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Closing Company Case

Wired Coffee Bar



Figure 3.15 Recognizing an opportunity to open a coffee shop in a small community where none existed, Wired Coffee Bar was launched. (credit: reproduced with permission of Wired Coffee Bar)

During high school and college, Lisa worked in an upscale retail boutique. On the mornings Lisa opened the store, she grew to love the deep, rich smell of the coffee that would permeate the air from the local gourmet food store across from the boutique. Her love for coffee only deepened as she experienced local cafés throughout her travels while in college. In the back of her mind, she glamorized opening her own café.

Throughout her early thirties, Lisa looked at locations, talked with coffee entrepreneurs, developed business feasibility studies, and dreamed of one day having her own place. One big problem was finding the right geographical area where a small, independent coffee shop would be successful.

After moving for the fifth time, Lisa realized the new, growing community where she now lived with her two small children lacked one important thing—good coffee. The town was rapidly expanding and was the fastest-growing community in the state of Tennessee. This might be the time and place to revisit the idea of a coffee shop.

Every feasibility study Lisa completed pointed to the need for strong community support. This new town had two important ingredients—college students and a burgeoning population. The area was abundant with many different church denominations; a few small, local colleges; and some new international businesses that had

recently relocated to the community.

With no coffee shop in the town, Lisa believed her concept could be successful. Currently, if you wanted a coffee, the nearest place to grab a cup was a Starbucks, which was over 20 minutes away. Starbucks made specialty coffee mainstream, but it seemed that sitting down to enjoy a cup of coffee was becoming a thing of the past. As more and more people began grabbing their coffee from the drive-through, could a community coffee bar with a wide variety of seating options and complimentary Wi-Fi be successful?

Going forward with the idea, Lisa began to develop Wired Coffee Bar. Prior to opening, Lisa went to every local community event and provided free coffee for people to sample. Once the community had a taste of the coffee and an expectation for the opening, there was an eager clientele waiting in line on the first day of business. One customer even hugged Lisa to thank her for bringing coffee to the community.

The concept took off, and soon Lisa was a purveyor of fine coffee. Wired Coffee Bar was widely supported by the community. The local churches loved to meet for a coffee drink and connect with friends and neighbors. Throughout the day, business was conducted at the tables over a coffee, and into the evening hours college students gathered to study and talk with friends.

If you looked at the clientele throughout the day, you could see the "grab and go" customers who came every morning to get their mochas, lattes, and cappuccinos. Into the late-morning hours, the tables filled up with business meetings—builders and their new clients, PTA groups, pharmaceutical sales reps strategizing for the day and grabbing coffee for customers, and moms meeting for coffee before picking up kids at school. As the afternoon wore on, the seats would fill up with high school students meeting with tutors and friends to complete homework. The later evening hours had every seat filled with college students doing class projects or just "hanging out" with friends.

Wired Coffee Bar had a focused niche of coffee and community. The menu wasn't complex. It featured just coffee—hot, iced, and frozen. Wired also offered a variety of teas that could be served hot or iced. Along with the drink options, customers could choose from a selection of sweet or savory locally baked muffins, scones, quiche, cookies, and coffee cakes. But Wired was not a restaurant; they were a true coffee bar.

With a regular and steady customer base, Wired could see the busier times happening when school was in session, and then summers saw a lighter revenue stream as the college students left and the local families took summer vacations out of town. The coffee business definitely needed the local support to offset the vacation schedules of the college students.

Just as Wired Coffee Bar was hitting its stride, new coffee shops started to enter the once-dormant community. Each new coffee location offered a drive-through, something Wired Coffee Bar never wants to be—fast-food coffee. As Lisa looked at ways to create more business, provide good coffee, and differentiate from the masses, she wondered if her concept could survive the hustle and the need for quicker service and a less laid-back atmosphere.

For further resources, visit the company <u>website (https://openstax.org/r/thewiredcoffeebar)</u>. They also have a <u>Facebook page (https://openstax.org/r/facebookwiredcoffeebar)</u> and an Instagram account (<u>@getwiredcoffee (https://openstax.org/r/getwiredcoffee)</u>).

Case Questions

- 1. What type of consumer buying behavior are consumers exhibiting when they are buying coffee?
- **2.** Consumers are faced with many different influences when they are making purchasing decisions. What social influences have the greatest impact on the decision to purchase coffee from Wired Coffee Bar? What personal influences have the greatest impact?
- 3. What situational factors may influence consumers to purchase from Wired Coffee Bar versus Starbucks?
- 4. How might Wired Coffee Bar further differentiate itself from other coffee bars as consumers search for

alternatives in their buyer decision-making process?

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