

CHAPTER

five

Consumer markets

Principles of Marketing
FIFTH EUROPEAN EDITION
Kotler, Armstrong,
Wong, Saunders

Previewing concepts (1)

- Define the consumer market and construct a simple model of consumer buyer behaviour
- Tell how culture, subculture and social class influence consumer buying behaviour
- Describe how consumers' personal characteristics and primary psychological factors affect their buying decisions

Previewing concepts (2)

- List and understand the major types of buying decision behaviour and the stages in the buyer decision process
- Discuss how consumer decision making varies with the type of buying decision

Prelude case: Harley-Davidson Motorfietsen

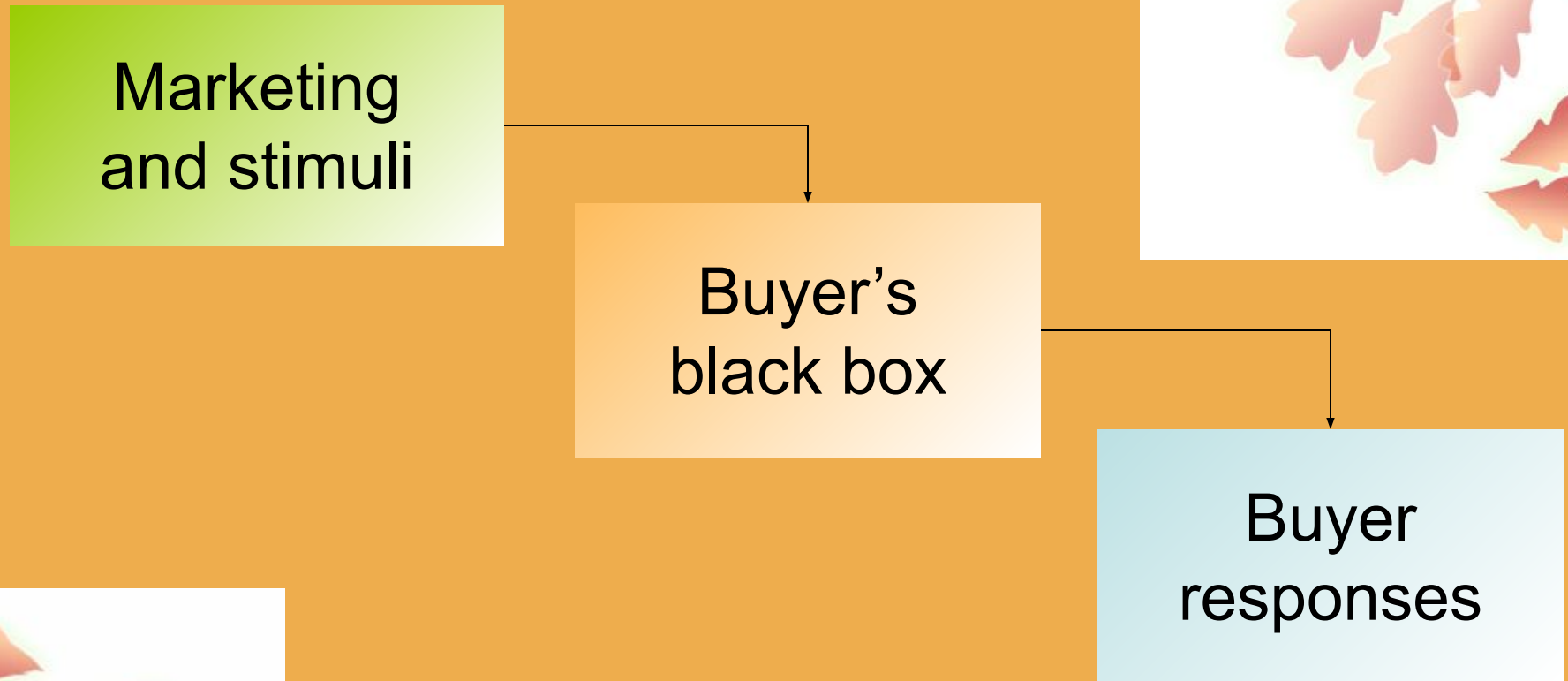


The screenshot shows the Harley-Davidson website interface. On the left is a vertical navigation menu with the following items: Startpagina, Terug, Motoren, Customizing, Parts & Accessories, Modellen 2008 direct leverbaar, Life Style-Shop, and Evenementen. The main content area features a header with the Harley-Davidson logo, the text 'Motoren Buell', and the Buell logo. Below the header is a navigation bar with links: H-D 2008, H-D 2007, Buell 2008, Buell 2007, Occasions, Inruil / Aankoop, Werkplaats, Financiering, and Verzekeren. The main text reads: 'Sinds September 2001 is O.I.T. Harley-Davidson ook officieel Buell dealer.' and 'Bekijk de informatie over alle nieuwe Buell 2008 modellen'. Below this is a large image of a motorcycle with the text 'BUILT FROM THE RIDER DOWN' and '2008 BUELL MOTOREN' overlaid.

Analysing consumer behaviour

- What do consumers buy?
- Where do they buy?
- When do they buy?
- Why do they buy?
- How do they buy?
- Who buys?

Figure 5.1 Stimulus-response model of buyer behaviour



What is neuromarketing?

Neuromarketing is the use of neuro-technology to improve marketing decision making.

Figure 5.2 Factors influencing consumer behaviour

Cultural

Social

Personal

Psycho-
logical

Buyer

Cultural factors

- Culture
- Subculture
- Social class



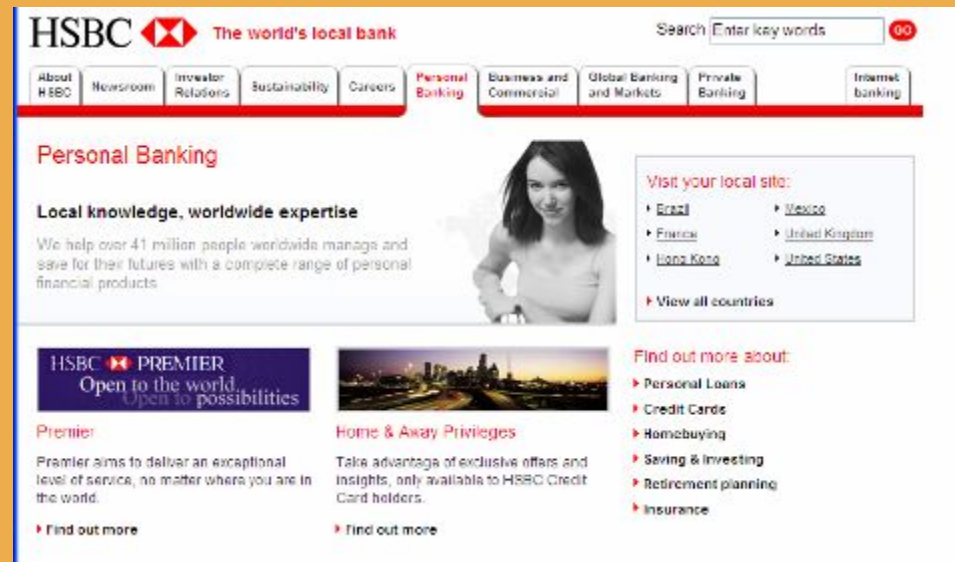
What is culture?

Culture is the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions.

Subcultures

- Nationalities
- Religion
- Racial groups
- Geographic regions

HSBC is the first to offer Islamic financial products.



The screenshot shows the HSBC website's Personal Banking section. At the top, the HSBC logo is followed by the tagline "The world's local bank". A search bar is located on the right. Below the logo, a navigation menu includes links for "About HSBC", "Newsroom", "Investor Relations", "Sustainability", "Careers", "Personal Banking" (which is highlighted), "Business and Commercial", "Global Banking and Markets", "Private Banking", and "Internet banking".

The main content area for "Personal Banking" features the heading "Local knowledge, worldwide expertise" and a sub-heading "Local knowledge, worldwide expertise". Below this, a paragraph states: "We help over 41 million people worldwide manage and save for their futures with a complete range of personal financial products." To the right of this text is a photograph of a smiling woman.

Below the main text, there are three promotional boxes:

- HSBC PREMIER**: "Open to the world. Open to possibilities." Premier aims to deliver an exceptional level of service, no matter where you are in the world. [Find out more](#)
- Home & Away Privileges**: Take advantage of exclusive offers and insights, only available to HSBC Credit Card holders. [Find out more](#)
- Find out more about:**
 - Personal Loans
 - Credit Cards
 - Homebuying
 - Saving & Investing
 - Retirement planning
 - Insurance

On the right side, there is a section titled "Visit your local site:" with links for Brazil, Mexico, France, United Kingdom, Hong Kong, and United States, and a "View all countries" link.

Social classes

- | | |
|-----|-----------------------------------------------------------------------------------------------------|
| 1 | Higher managerial and professional occupations |
| 1.1 | Employers and managers in large organisations (senior private and public sector employees) |
| 1.2 | Higher professionals (partners in law firms, etc.) |
| 2 | Lower managerial and professional occupations (middle managers and professionally qualified people) |
| 3 | Intermediate occupations (secretaries, policemen, etc.) |
| 4 | Small employers and sole traders |
| 5 | Lower supervisory, craft and related occupations (skilled manual workers) |
| 6 | Semi-routine occupations (shop assistants, etc.) |
| 7 | Routine occupations (semi-skilled or unskilled manual workers) |

Social factors

- Reference groups
- Family
- Roles and status

Groups

- Membership groups include primary and secondary groups
- Reference groups serve as points of comparison in forming a person's attitudes or behaviour



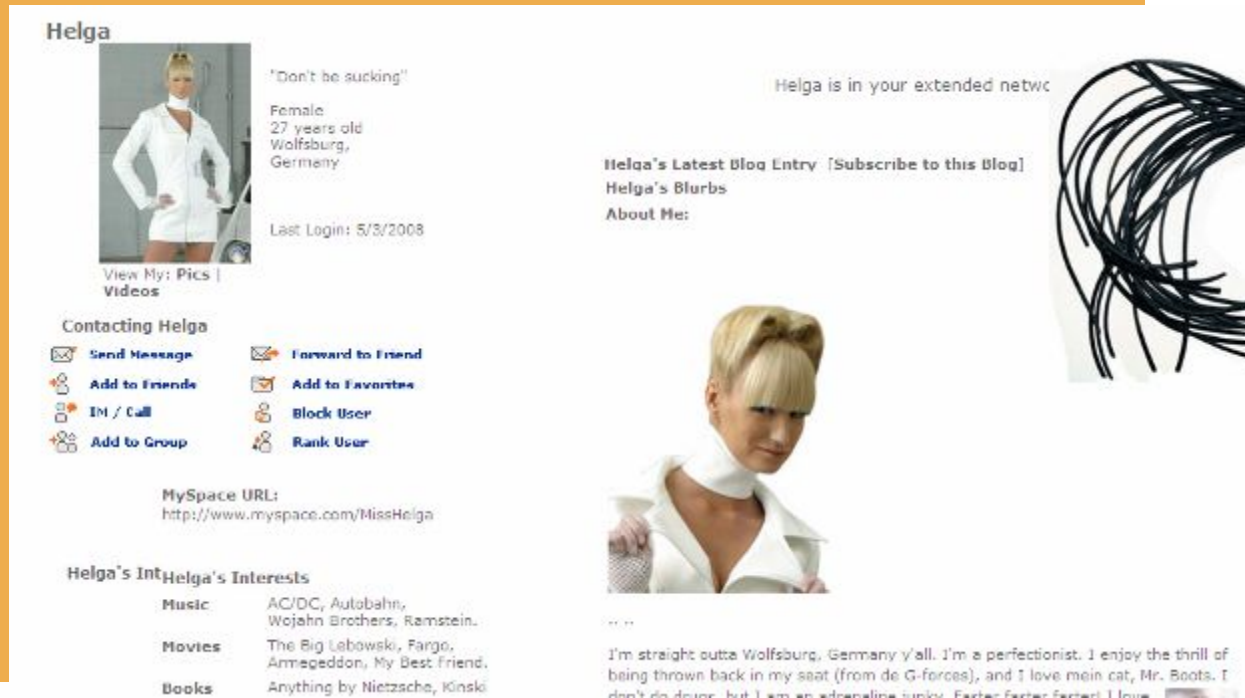
What is an opinion leader?

Opinion leaders are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.

Figure 5.3 Extent of group influence on product and brand choice

		Group influence on brand choice	
		Strong	Weak
Group influence on product choice	Strong	Public Luxuries Golf clubs Snow skis Yachts	Private Luxuries TV video games Waste disposal Icemakers
	Weak	Public Necessities Wristwatches Cars Dress clothes	Private Necessities Mattresses Floor lamps Refrigerators

VW's Helga relied on social networking for branding



The image shows a screenshot of a MySpace profile for a user named Helga. The profile includes a profile picture of Helga in a white lab coat, a bio, contact options, and a list of interests. A large, tangled black scribble is overlaid on the right side of the profile, partially obscuring the 'About Me' section and a smaller photo of Helga. The background of the slide is orange with decorative leaf patterns in the corners.

Helga

"Don't be sucking!"

Female
27 years old
Wolfsburg,
Germany

Last Login: 5/3/2008

View My: [Pics](#) | [Videos](#)

Contacting Helga

- [Send Message](#)
- [Add to Friends](#)
- [IM / Call](#)
- [Add to Group](#)
- [Forward to Friend](#)
- [Add to Favorites](#)
- [Block User](#)
- [Rank User](#)

MySpace URL:
<http://www.myspace.com/MissHelga>

Helga's Interests

Music	AC/DC, Autobahn, Wozahn Brothers, Ramstein.
Movies	The Big Lebowski, Fargo, Armageddon, My Best Friend.
Books	Anything by Nietzsche, Kinski

Helga is in your extended network

Helga's Latest Blog Entry [[Subscribe to this Blog](#)]
Helga's Blurbs
About Me:

I'm straight outta Wolfsburg, Germany y'all. I'm a perfectionist. I enjoy the thrill of being thrown back in my seat (from de G-forces), and I love mein cat, Mr. Boots. I don't do drugs, but I am an adrenaline junky. Farter farter farter! I love

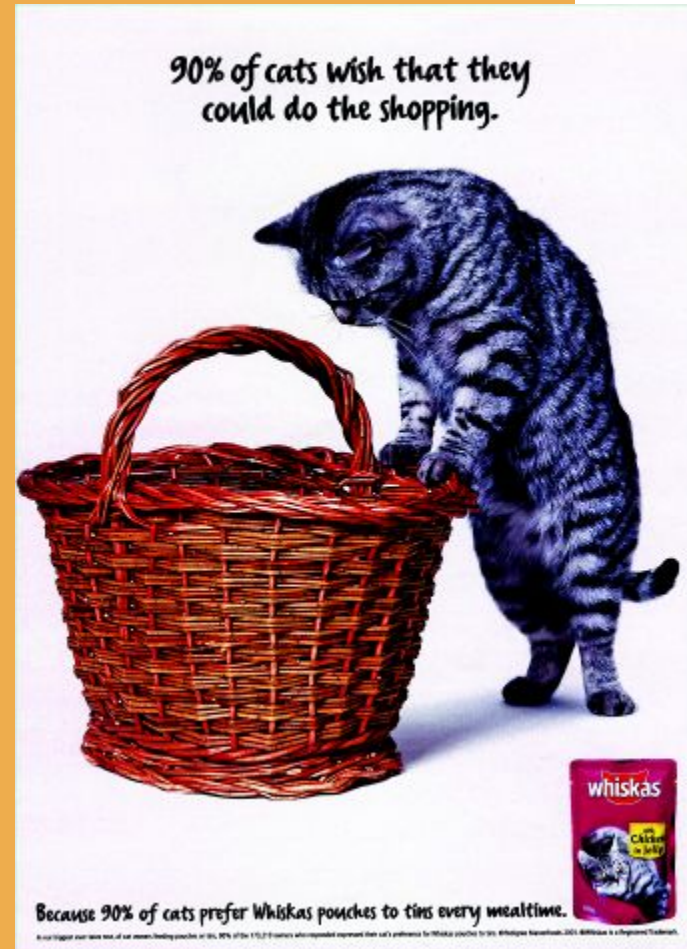
Family influences

Family of orientation

Family of procreation

Consumers' buying roles

- Initiator
- Influencer
- Decider
- Buyer
- User



Personal factors

- Buyer's age
- Lifecycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality
- Self-concept

Family life-cycle stages

Young

- Single
- Married without children
- Married with children
- Divorced with children

Older

- Older married
- Older unmarried

Middle-aged

- Single
- Married without children
- Married with children
- Married without dependent children
- Divorced without children
- Divorced with children
- Divorced without dependent children

Lifestyle segmentation

Activities

Interests

Opinions

Demographics



Lifestyle segmentation



Marketing Birmingham

Lifestyle dimensions (1)

Activities

- Work
- Hobbies
- Social events
- Holidays
- Entertainment
- Club membership
- Community
- Shopping
- Sports

Interests

- Family
- Home
- Job
- Community
- Recreation
- Fashion
- Food
- Media
- Achievements

Lifestyle dimensions (2)

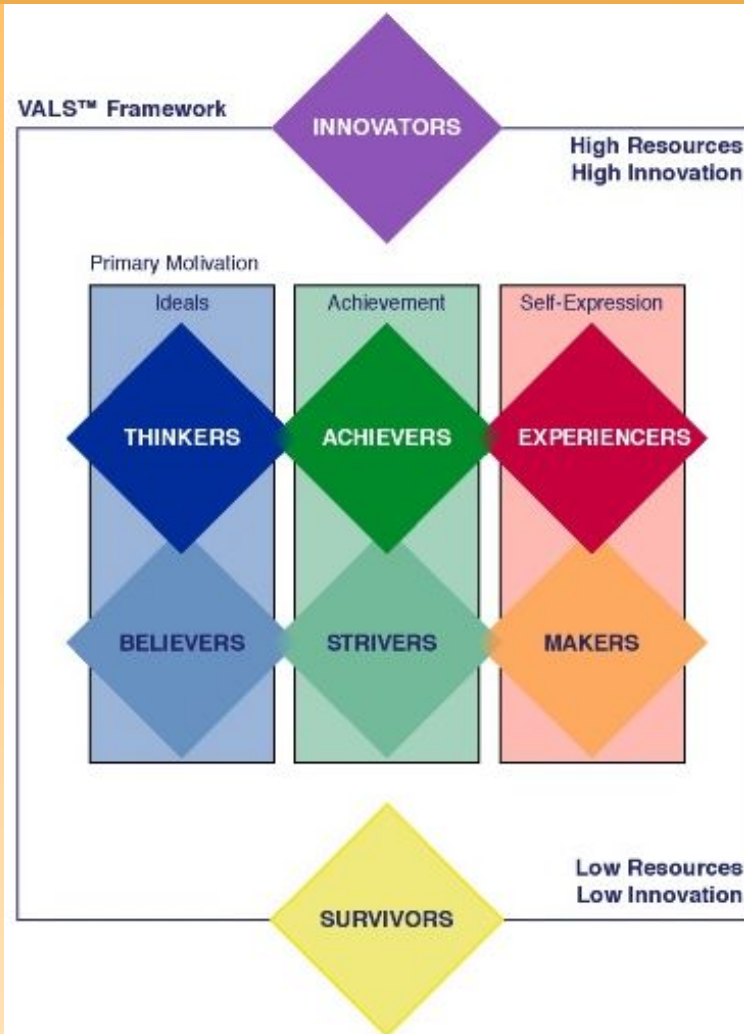
Opinions

- Themselves
- Social issues
- Politics
- Business
- Economics
- Education
- Products
- Future
- Culture

Demographics

- Age
- Education
- Income
- Occupation
- Family size
- Dwelling
- Geography
- City or town size
- Stage in life cycle

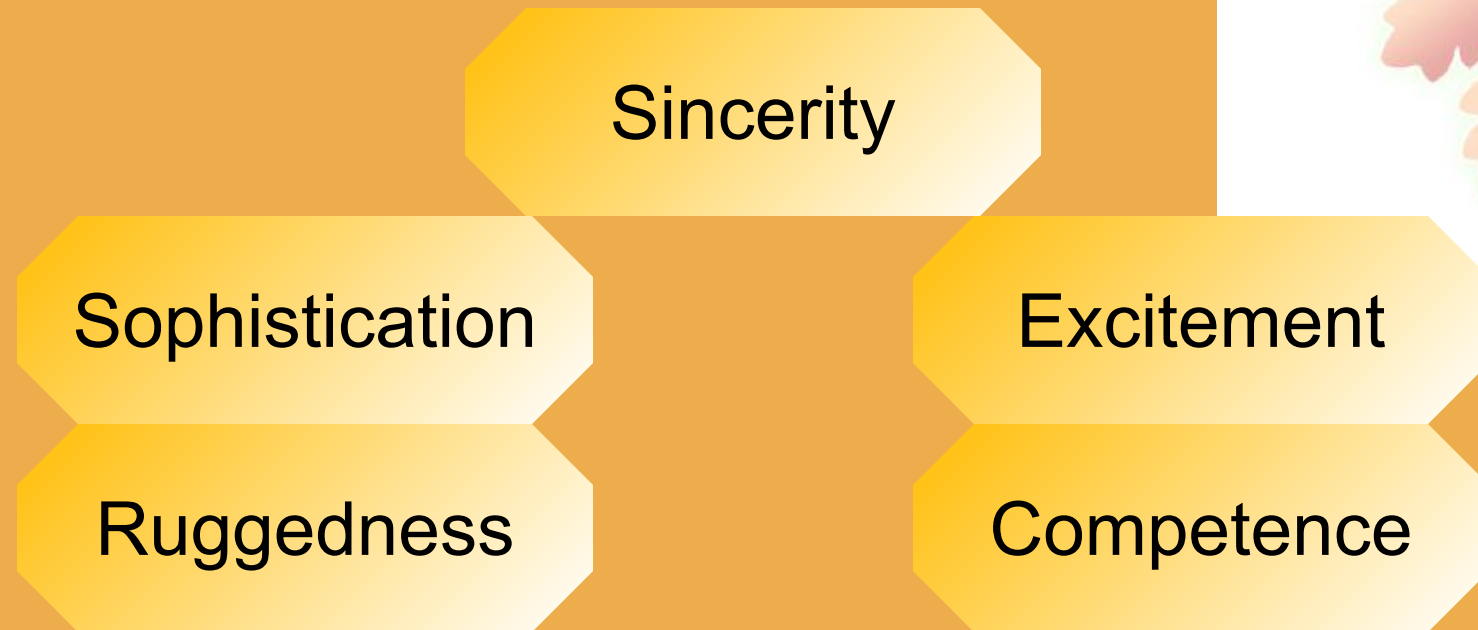
Lifestyle



What is personality?

Personality is a person's distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.

Brand personalities



Psychological factors

- Motivation
- Perception
- Learning
- Beliefs and attitudes



What is suggested by Freud's theory of motivation?

Freud suggested that a person's buying decisions are affected by subconscious motives that even the buyer may not understand.

Figure 5.4

Maslow's hierarchy of needs



Perception

- Perception is the process by which people select, organise and interpret information to form a meaningful picture of the world
 - Selective attention
 - Selective distortion
 - Selective retention

What is the difference between attitudes and beliefs?

A **belief** is a descriptive thought a person has about something.

An **attitude** describes a person's favourable or unfavourable evaluations, feelings, and tendencies towards an object or idea.

Consumer decision process

Consumer choice results from a complex interplay of cultural, social, personal, and psychological factors.



Figure 5.5 Four types of buying behaviour

	High involvement	Low involvement
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

Endorsements from celebrities increase sales

"Renée Zellweger proves once again why she is one of Hollywood's finest"
- Rachel Smith, KVVU-TV (Las Vegas - Fox)

"Miss Potter is one of the sweetest, most charming and beautiful movies of the year."
- Jeffery Lyons, NBC's REEL TALK

OWN IT ON DVD
JUNE 19

[Buy Now](#) [Enter Site](#)

L'ORÉAL

What is dissonance-reducing buying behaviour?

Dissonance-reducing buying behaviour is consumer behaviour in situations characterised by high involvement but few perceived differences among brands.

Leveraging habitual buying behaviour

- Establish conditions of low consumer involvement and low brand difference
- Create brand familiarity with ad repetition
- Develop strong channel of distribution
- Use price and sales promotion to stimulate trial

Leveraging variety-seeking buying behaviour

- Establish situation of low consumer involvement and high perceived brand differences
- Dominate shelf space
- Avoid out-of-stock conditions
- Run frequent reminder advertising
- Offer lower prices, promotions, and free samples

Figure 5.6

The buyer decision process

Need
recognition

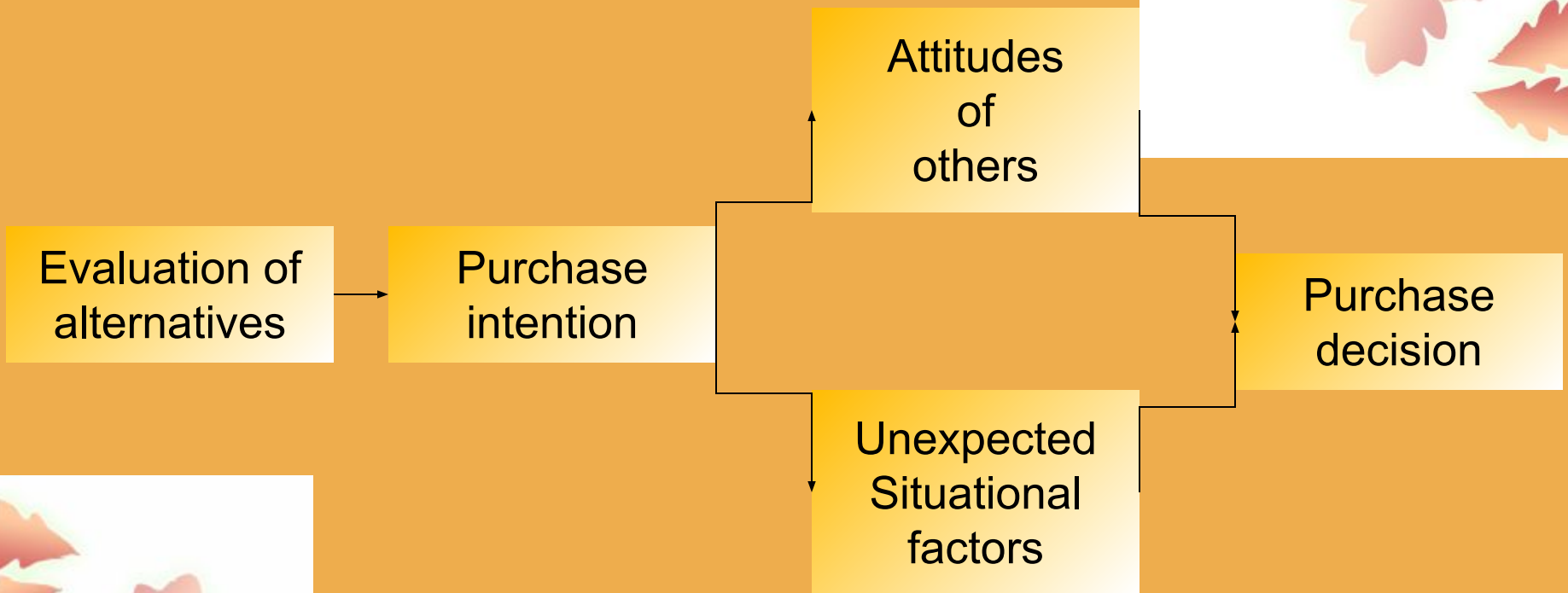
Information
search

Evaluation of
alternatives

Purchase
decision

Postpurchase
behaviour

Figure 5.7 Steps between evaluation of alternatives and purchase decision



Sources used during information search

- Personal sources
- Commercial sources
- Public sources
- Experiential sources

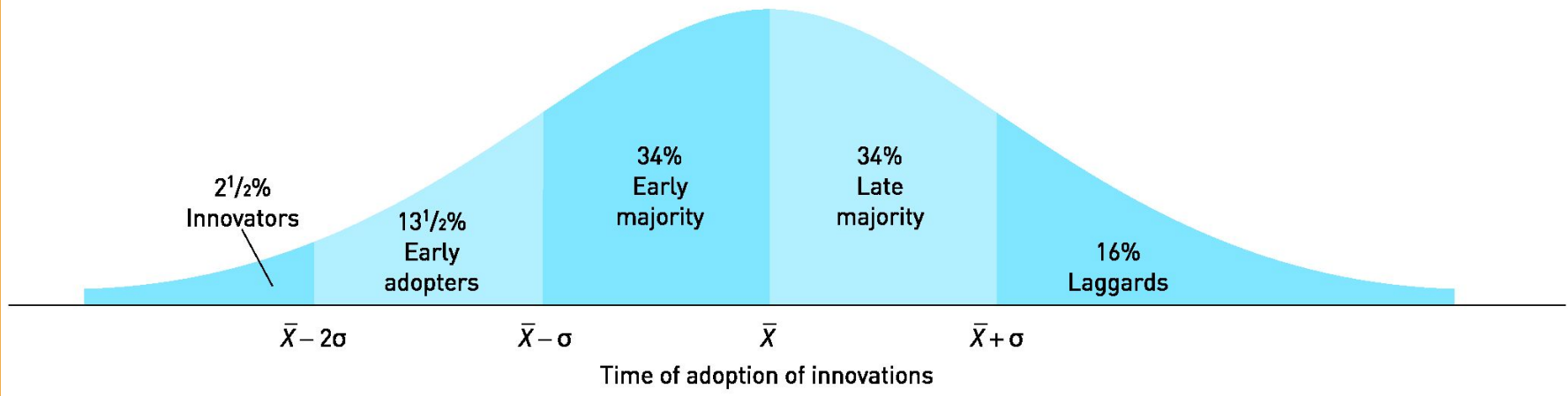
What do consumers do during the alternative evaluation stage of the buying process?

- Look for certain benefits that can be acquired by buying a product
- Attach degrees of importance to each attribute
- Develop brand beliefs about each brand
- Use a utility function for each attribute
- Arrive at attitudes toward each brand through an evaluation procedure

Stages in adopting a new product

- Awareness
- Interest
- Evaluation
- Trial
- Adoption

Figure 5.8 Adopter categorisation on basis of relative time of adoption of innovations



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Characteristics affecting rate of adoption

Relative advantage

Compatibility

Complexity

Divisibility

Communicability

Using the rate of adoption characteristics, evaluate the likely rate of adoption for HDTV

Radio and Telly

- Home
- Digital TV
- Freeview
- Satellite TV
- Sky FAQ
- Sky+
- Sky HD
- Cable TV
- BT Vision
- Glossary
- Newsletter
- Forum
- News
- Podcast

ShareThis


Hi-Def TV in the UK

High Definition TV in the UK

What is HDTV?

High Definition (HD) represents the latest in TV picture quality. HD offers a higher quality picture: more vibrant colours, greater detail and crisp picture clarity. You'll also benefit from improved sound quality (5.1 surround sound).

How does it work? Well, a standard UK TV picture is made up of 576 lines of pixels, but a high-definition TV screen uses either 720 or 1080 lines (offering up to 4 times the number of pixels used to create a standard definition TV picture).



[Sony Bravia KDL32E2010 32" High Definition Digital LCD TV](#)

HD in the UK

Discussing the concepts (1)

- Thinking about the purchase of a hi-fi system, indicate the extent to which cultural, social, personal, and psychological factors affect how a buyer evaluates hi-fi products and choose a brand.
- Describe and contrast any differences in the buying behaviour of consumers for the following: a music download, a notebook computer, a pair of trainers, and a breakfast cereal.

Discussing the concepts (2)

- Why might a detailed understanding of the model of the consumer buying decision process help marketers develop more effective marketing strategies to capture and retain customers? How universal is the model?
- In designing adverts for a soft drink, which would you find more helpful: information about demographics or lifestyles? Give examples.

Discussing the concepts (3)

- Imagine your firm is launching a new contraception method targeted to young men. What are the main factors you firm must research when developing a marketing programme for this product?
- It has been said that consumers' buying behaviour is shaped more by perception than by reality. Do you agree? Why or why not?