

**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

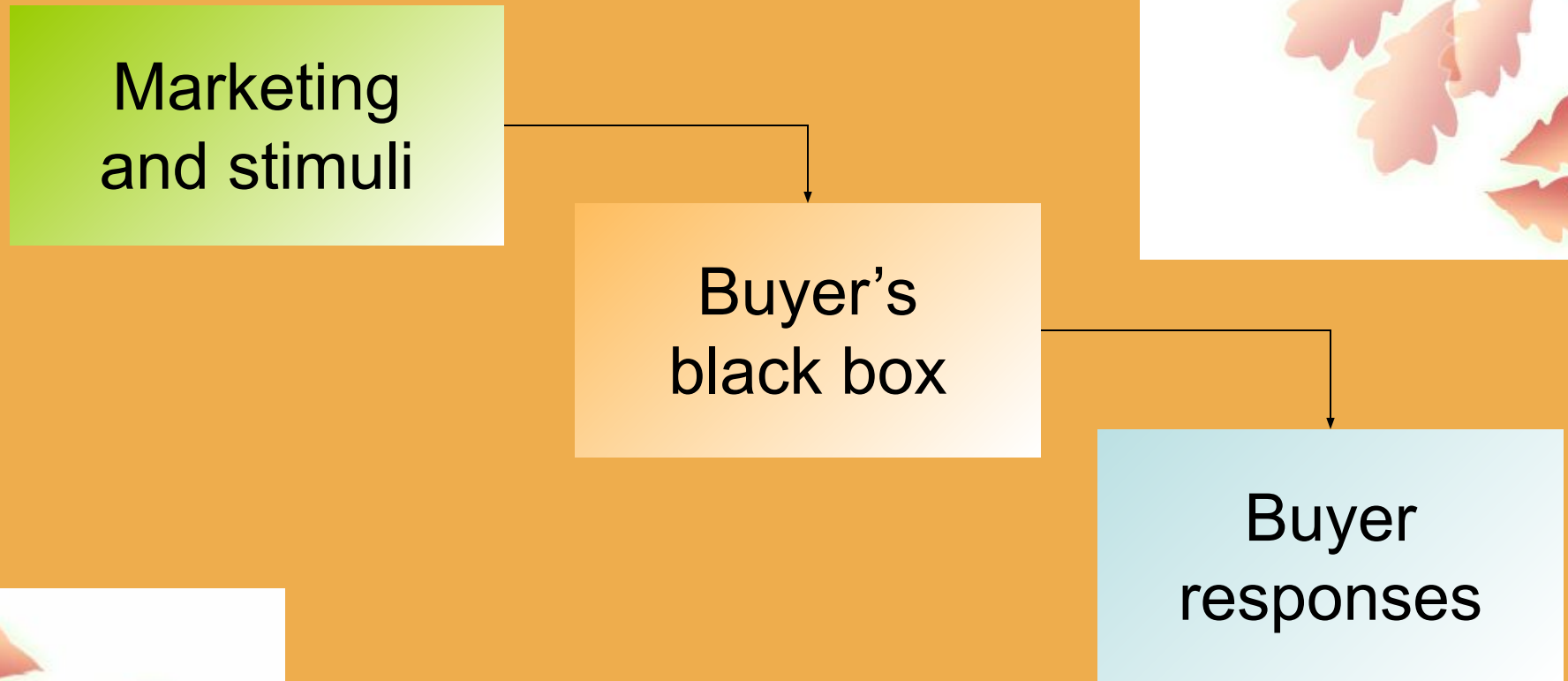


The screenshot shows the Harley-Davidson website interface. On the left is a vertical navigation menu with the following items: Startpagina, Terug, Motoren, Customizing, Parts & Accessories, Modellen 2008 direct leverbaar, Life Style-Shop, and Evenementen. The main content area features a header with 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.' Below this is a link: 'Bekijk de informatie over alle nieuwe Buell 2008 modellen'. A large image of a motorcycle rider is shown 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



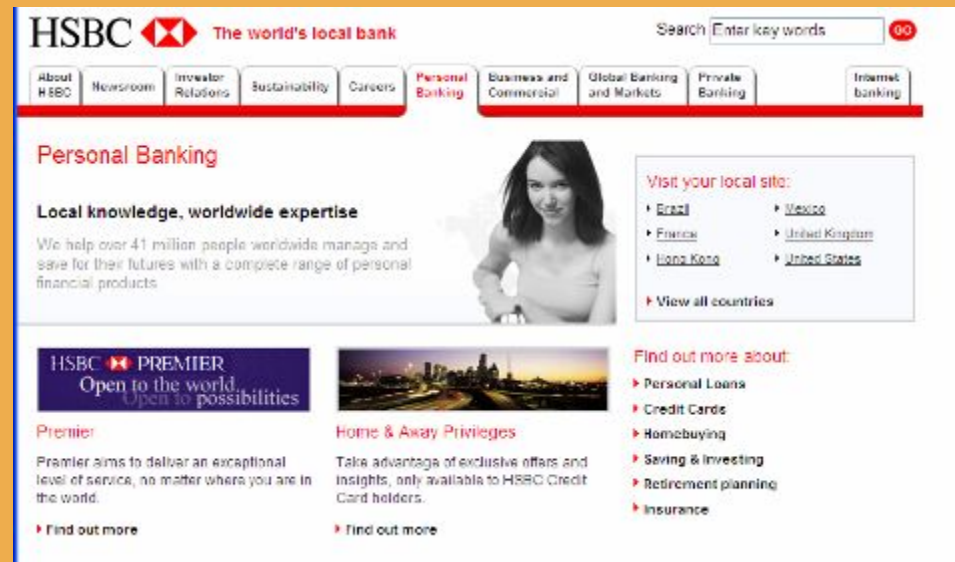
# What is culture?

**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 on the right. Below the logo is a navigation menu with links for "About HSBC", "Newsroom", "Investor Relations", "Sustainability", "Careers", "Personal Banking" (highlighted), "Business and Commercial", "Global Banking and Markets", "Private Banking", and "Internet banking".

The main content area is titled "Personal Banking" and features the headline "Local knowledge, worldwide expertise". Below this, it 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 woman.

Below the headline is a section titled "Visit your local site:" with a grid of links for "Brazil", "Mexico", "France", "United Kingdom", "Hong Kong", and "United States", along with a "View all countries" link.

At the bottom, 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. Link: "Find out more".
- Home & Away Privileges**: Take advantage of exclusive offers and insights, only available to HSBC Credit Card holders. Link: "Find out more".
- Find out more about:** A list of services including Personal Loans, Credit Cards, Homebuying, Saving & Investing, Retirement planning, and Insurance.

# 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?

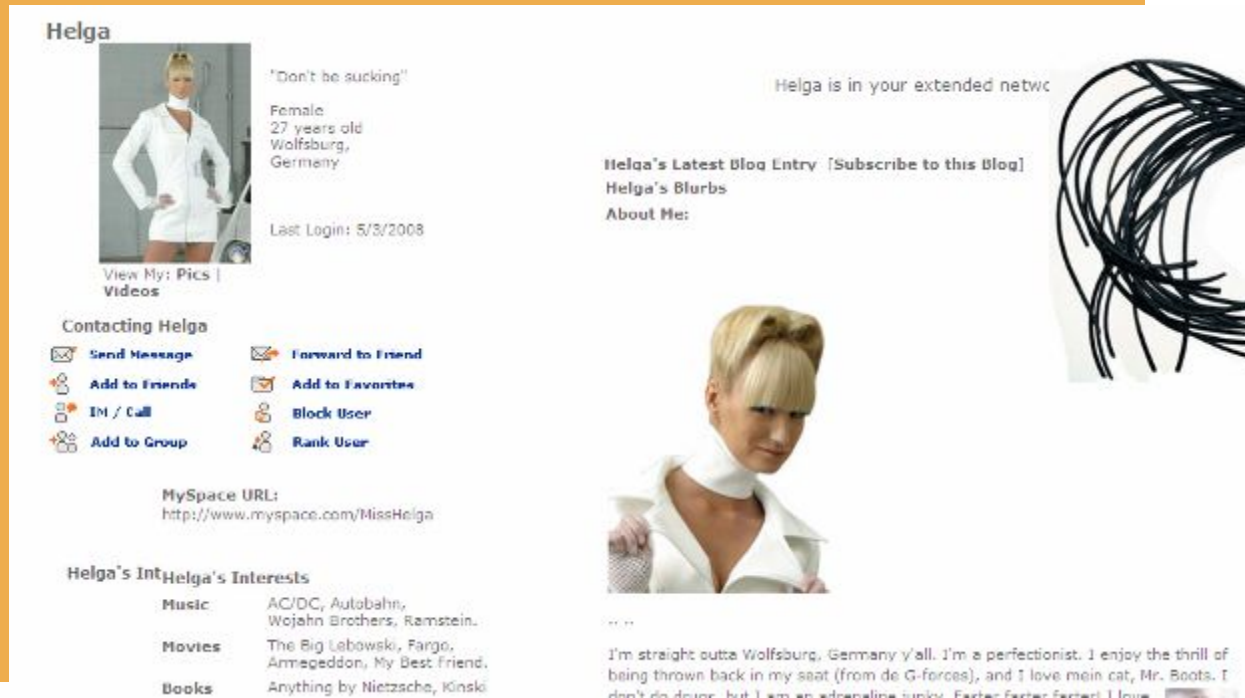
**Opinion leaders** are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.

# 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	<b>Public Luxuries</b> Golf clubs Snow skis Yachts	<b>Private Luxuries</b> TV video games Waste disposal Icemakers
	Weak	<b>Public Necessities</b> Wristwatches Cars Dress clothes	<b>Private Necessities</b> 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](#)
- [Forward to Friend](#)
- [Add to Friends](#)
- [Add to Favorites](#)
- [IM / Call](#)
- [Block User](#)
- [Add to Group](#)
- [Rank User](#)


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


**Helga's Interests**

<b>Music</b>	AC/DC, Autobahn, Wozahn Brothers, Ramstein.
<b>Movies</b>	The Big Lebowski, Fargo, Armageddon, My Best Friend.
<b>Books</b>	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 

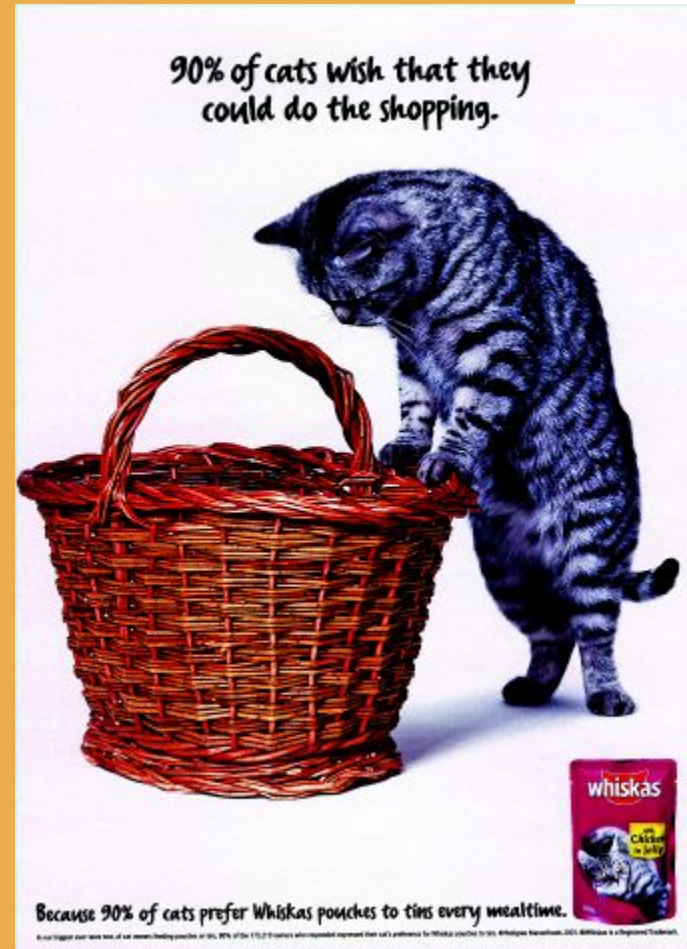
# Family influences

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

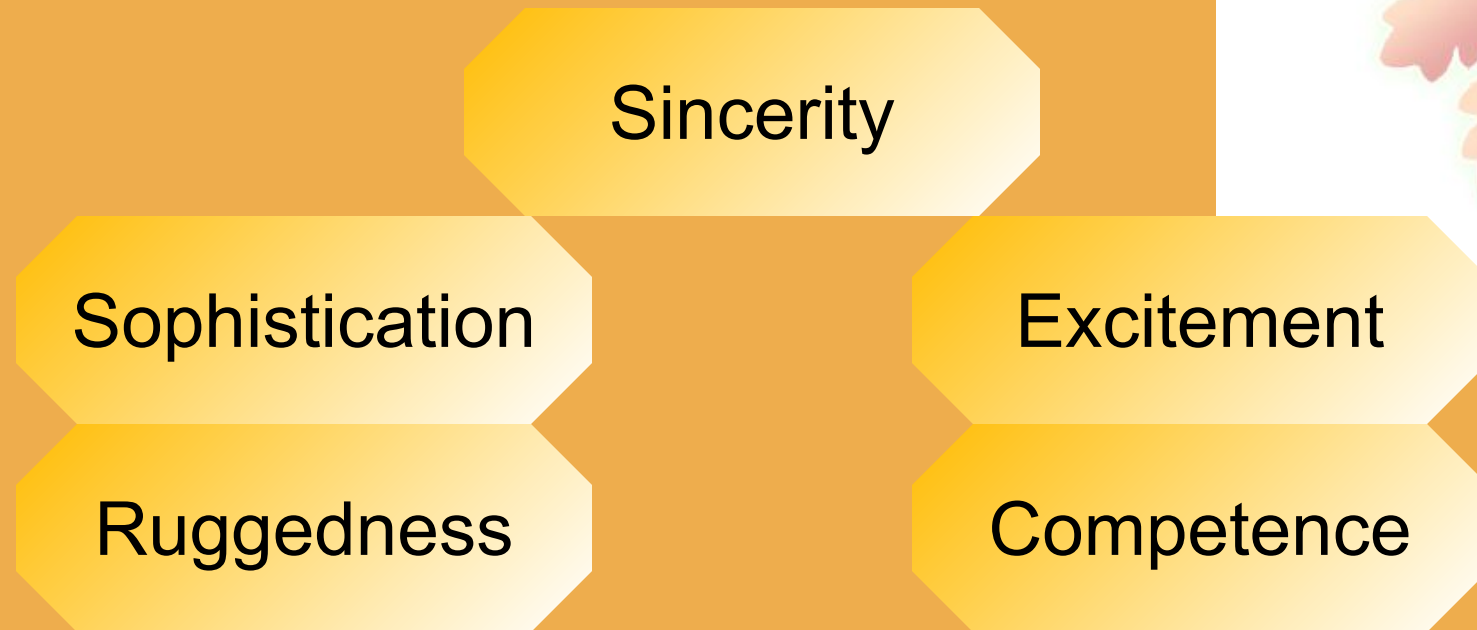
# Lifestyle



# 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

The advertisement features a DVD cover on the left with the text 'MISS POTTER' and 'A BEAUTIFUL AND ENCHANTING MOVIE'. In the center, a framed photograph shows a hand holding a drawing of a rabbit. On the right, a close-up of Renée Zellweger is shown. At the bottom, there are two yellow buttons labeled 'Buy Now' and 'Enter Site'. The L'ORÉAL logo is visible in the bottom left corner.

# 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

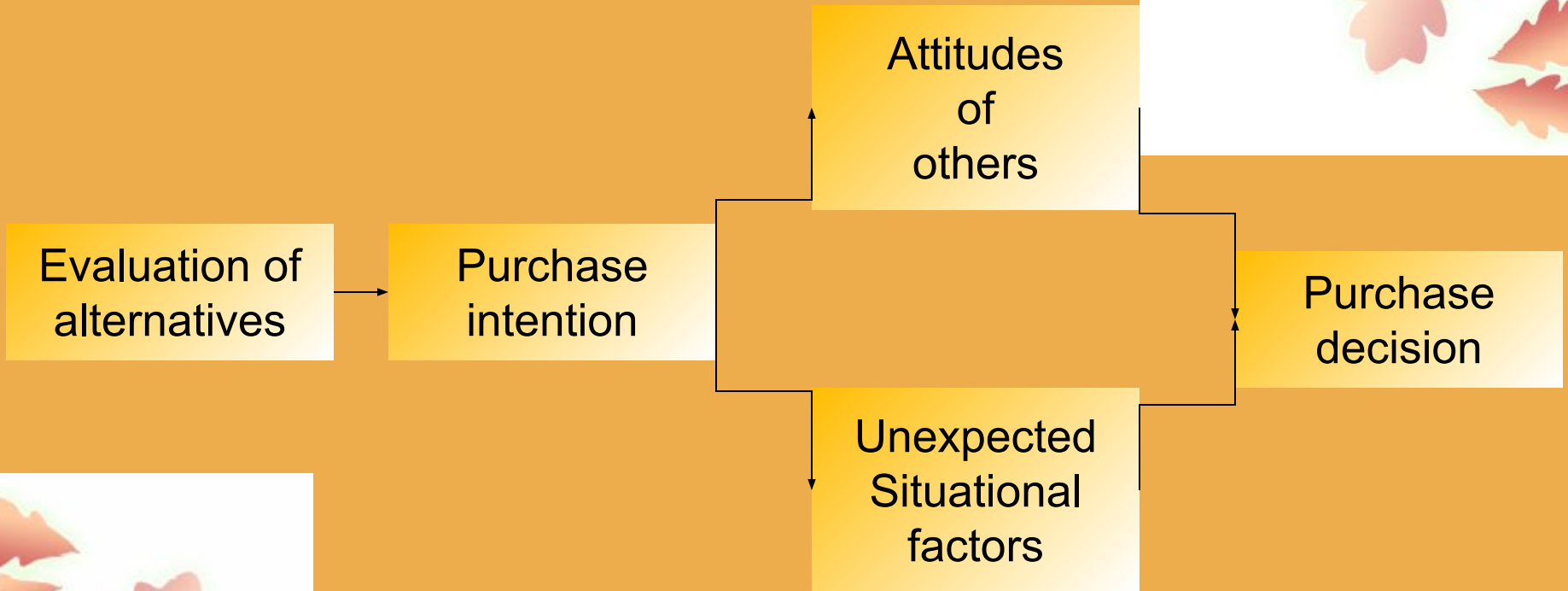
Evaluation of  
alternatives

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

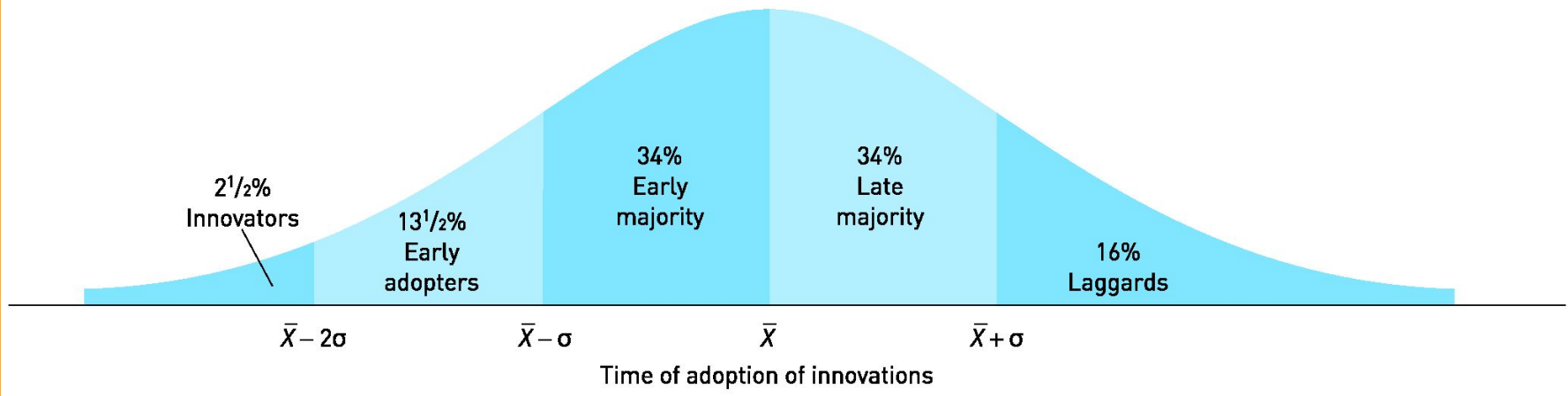
# What do consumers do during the alternative evaluation stage of the buying process?

- 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?