

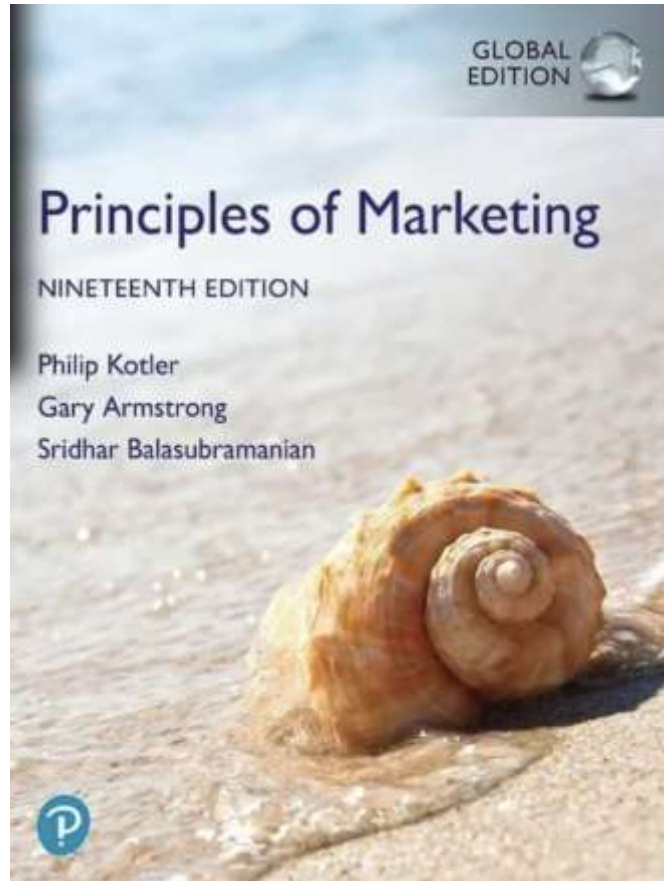
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Haute école de gestion
Genève

CHAPTER 5: MARKETING CONSUMER BEHAVIOUR

Marketing Principles 1
Anna Wehren

Principles of Marketing



Chapter 5

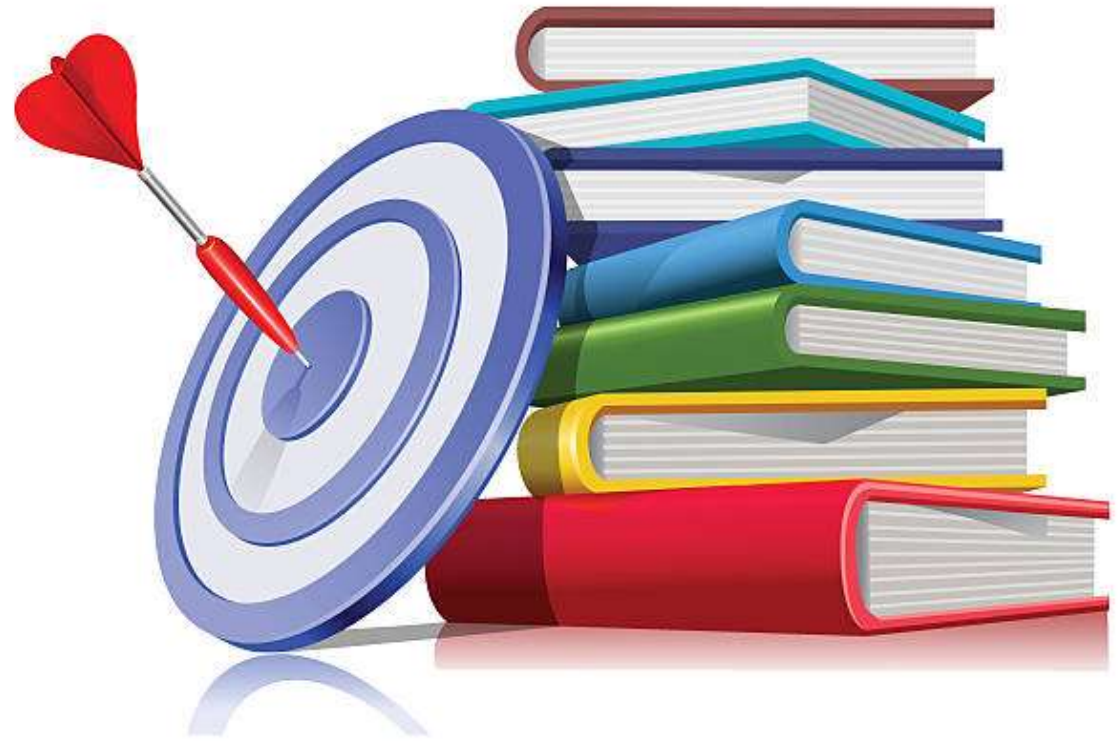
Consumer Behaviour

Learning Objectives

1. Define the consumer market and construct a simple model of **consumer buyer behavior**.
2. Name the **4 major factors** that influence consumer buyer behavior.
3. List and define **the 4 types of buying decision behavior** and the stages in the buyer decision process.
4. Describe the **adoption and diffusion process** for new products.

Learning Objective 1

Define **the consumer market** and construct a simple model of consumer buyer behavior.



Consumer Markets and Buyer Behavior

Consumer buyer behavior is the buying behavior of final consumers —individuals and households that buy goods and services for **personal consumption**.

Consumer markets are made up of all the individuals and households that buy or acquire goods and services for **personal consumption**.



Consumer Buying Behavior

Consumers make many buying decisions every day and **the buying decision is the focal point of the marketing effort.**

BUT....



Consumer Buying Behavior

Learning about the *driving forces* behind consumer buying behavior is not so easy.

The answers are often locked deep within the consumer's mind.

Often, consumers themselves don't know exactly what influences their purchases.



Consumer Buying Behavior

Do you know how quickly consumers makes their purchase decisions?



Consumer Buying Behavior

Average time spent to make a brand purchase
in store:

13 seconds

Average time spent to make a brand purchase
online:

19 seconds



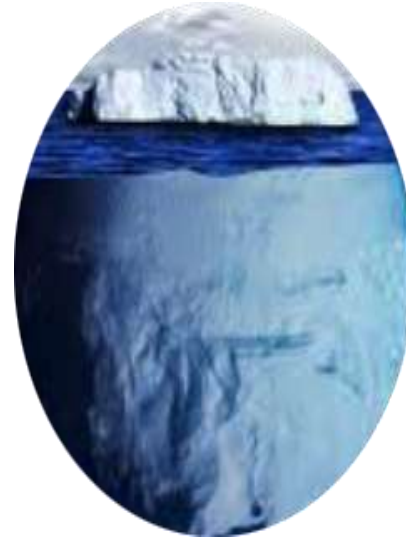
People Prefer What is Easy & Familiar



Up to 10,000
decisions a day



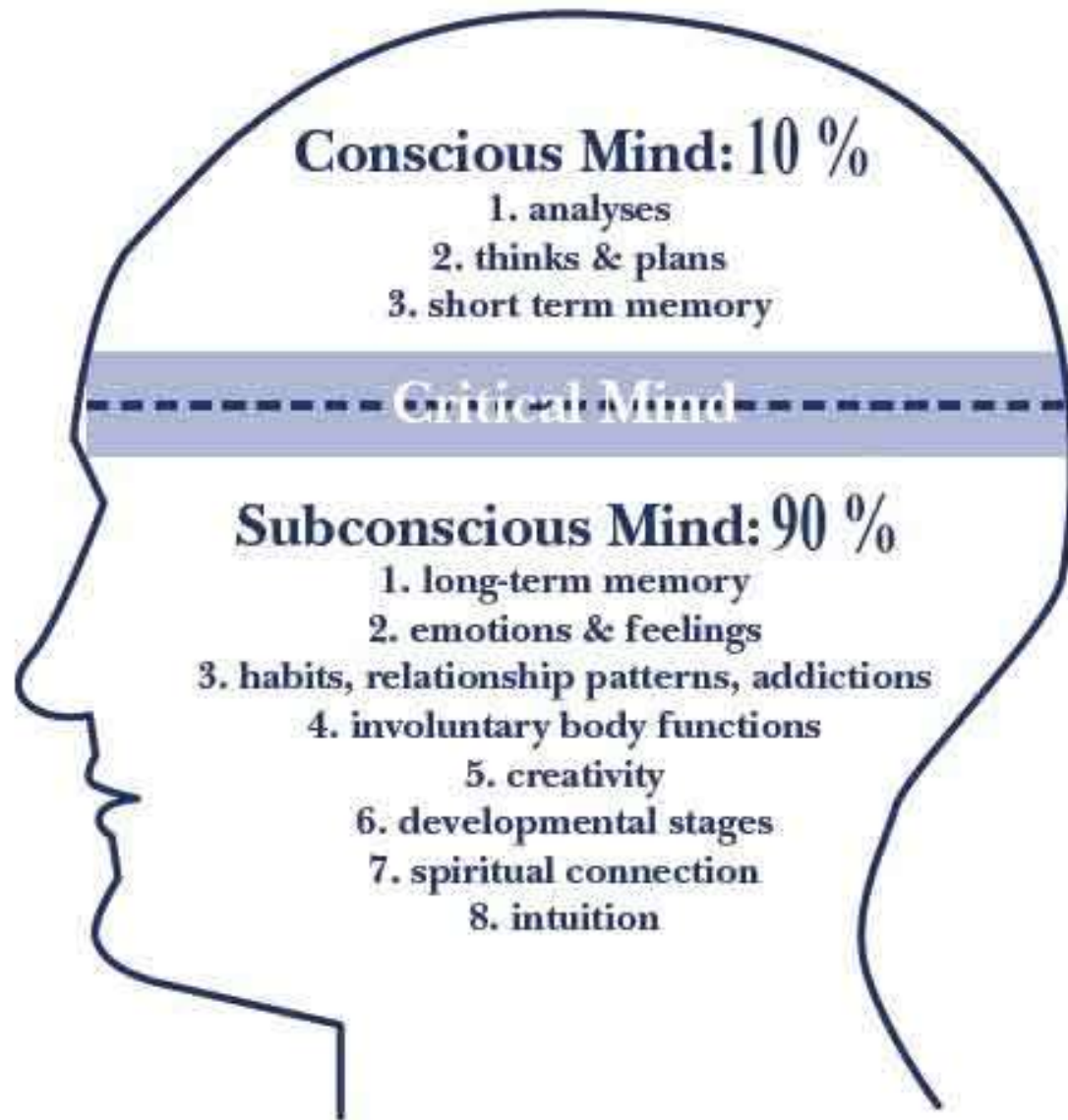
“Good Enough”
decisions that
happen in a blink



90% based on
intuition and what
feels right

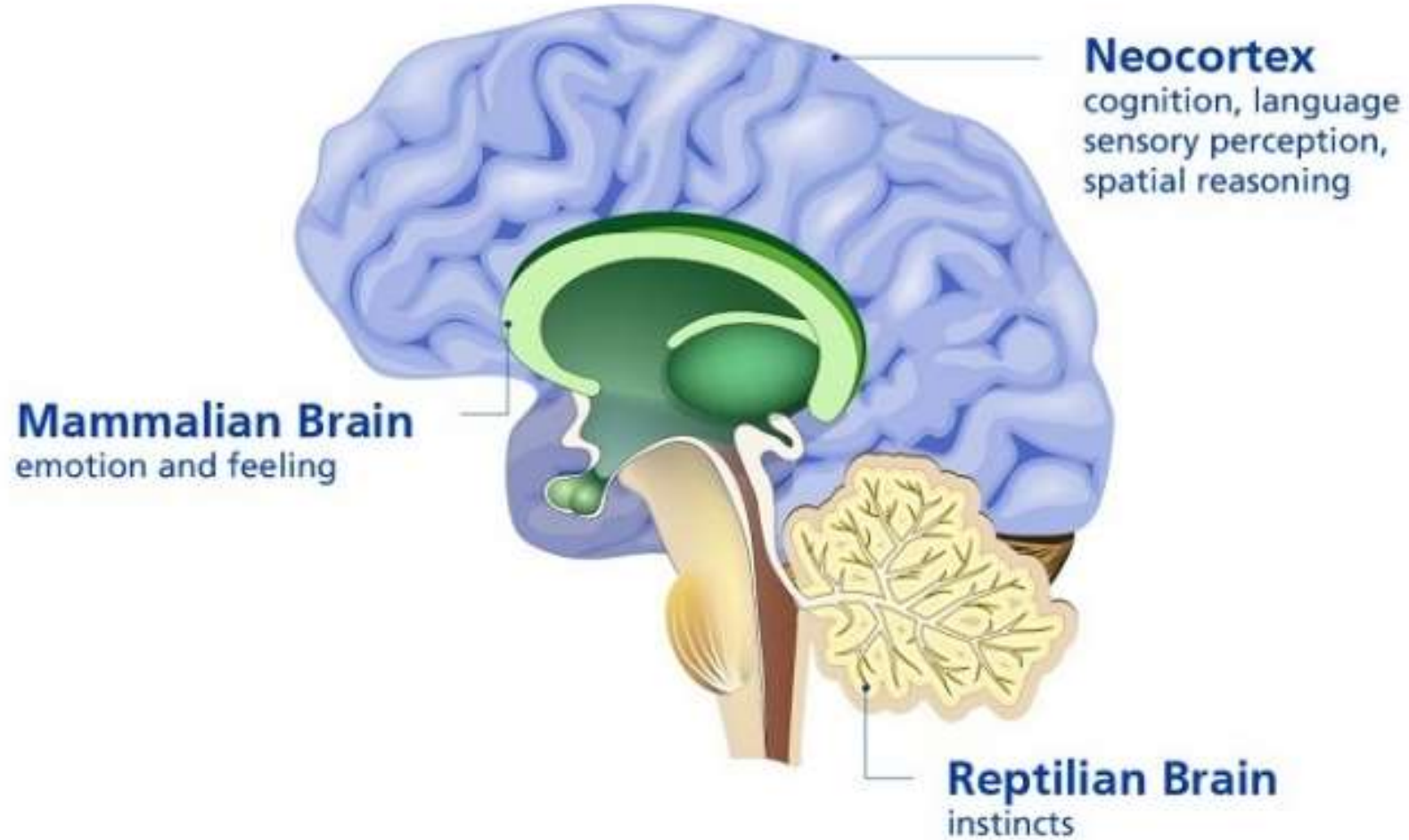


To make it through
the day, people go
to familiar,
accessible,
popular



The Buyer Decision Process

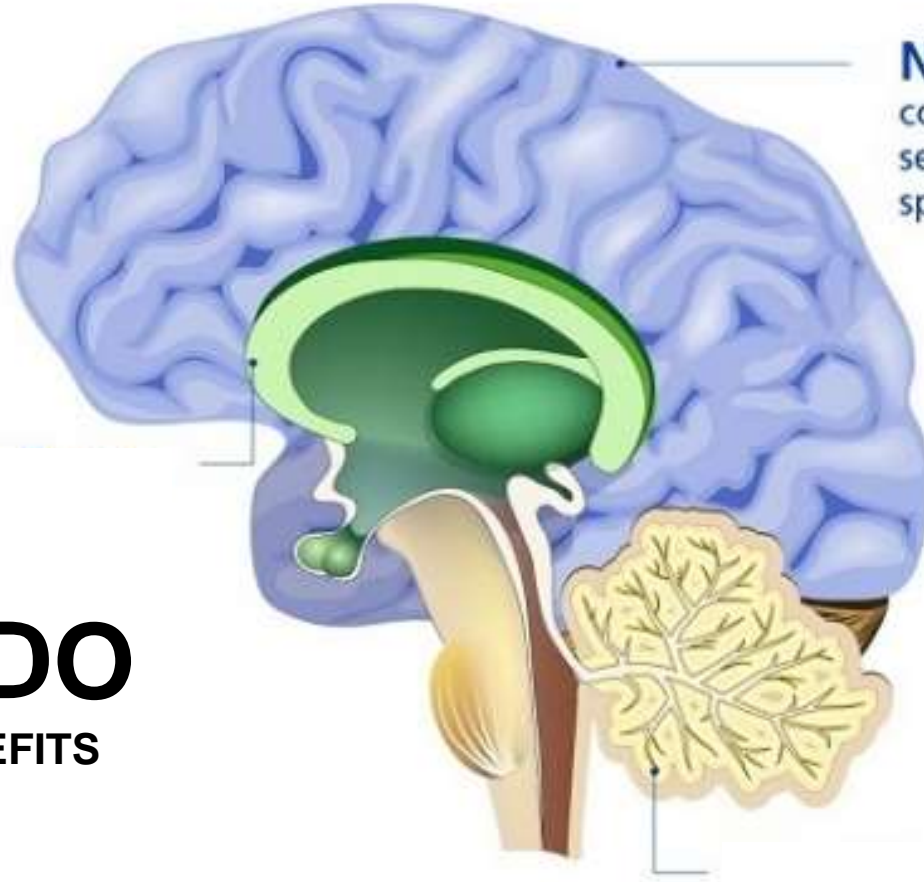
The 3 brains



Neo-Cortex

The “new brain”:

- Analytical brain
- Responsible for rational thinking
- Can analyse language, features, benefits, price



Neocortex

cognition, language
sensory perception,
spatial reasoning

WHAT YOU DO

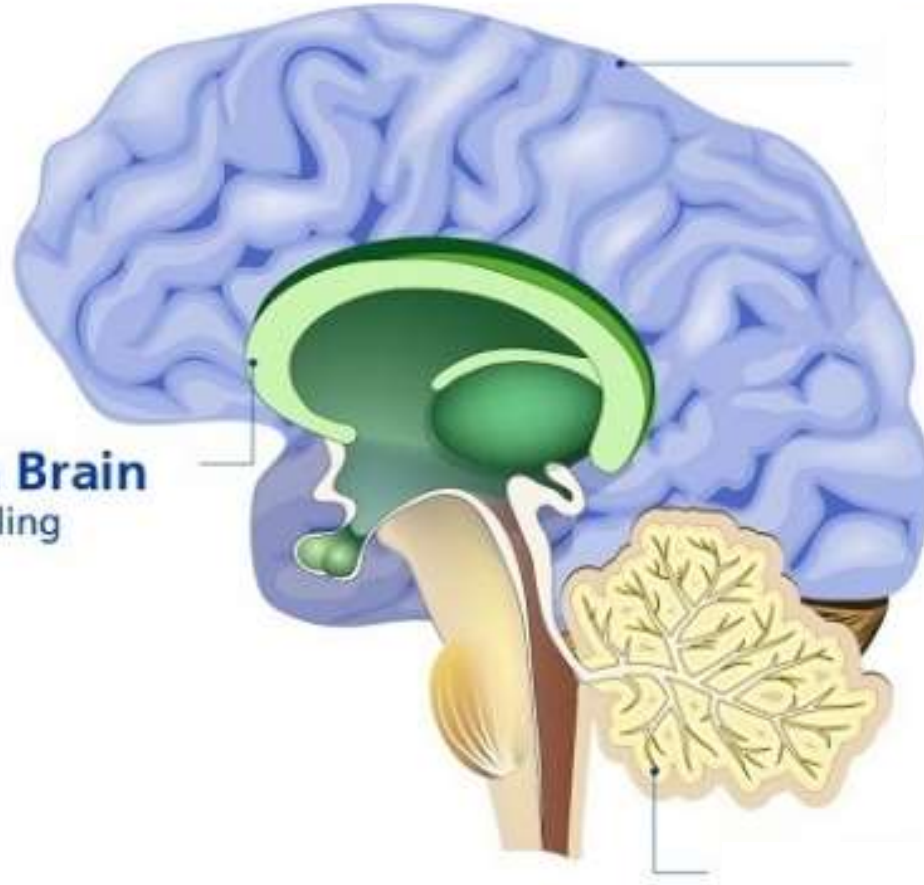
YOUR PRODUCT & ITS BENEFITS



Limbic Brain

- Responsible for feelings & emotions such as trust & loyalty
- Gut feeling
- Drives behaviour & decision making

Mammalian Brain
emotion and feeling



**YOUR
PURPOSE**
WHY YOU DO WHAT YOU
DO

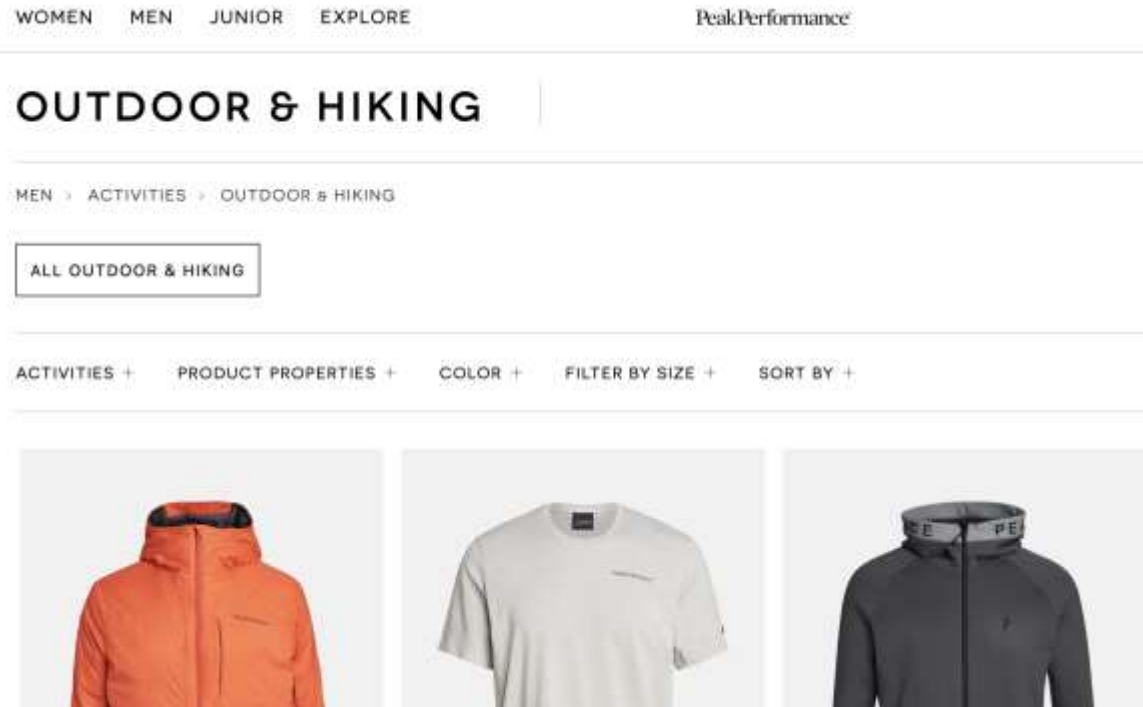


Benefits (What) vs Purpose (Why)

Peak Performance



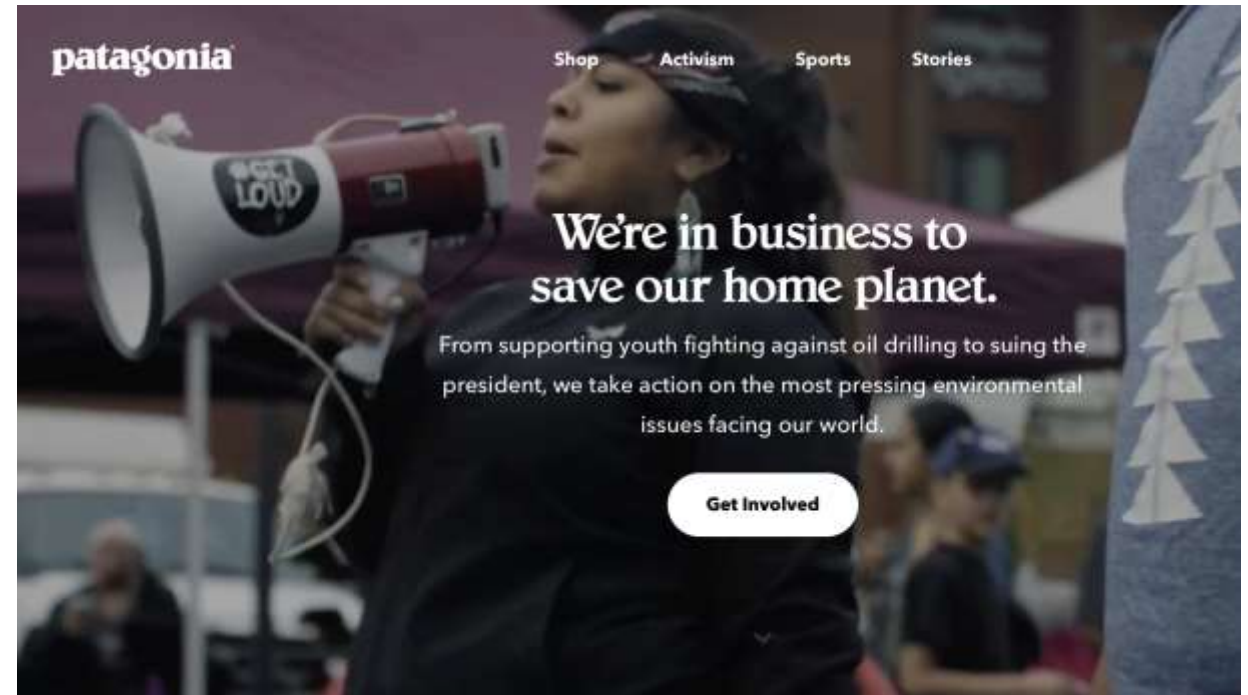
We make the best outdoor & hiking gear, combining excellent functionality with simple, attractive design. We also use quality materials and constructions so that our clothes last for longer and encourage you to repair and reuse your garments.



Patagonia



We are on a mission to save our home planet. We take action on the most pressing environmental issues facing our world and invite you to get involved so that we can all continue to rejoice in the outdoor sports that we love. By the way, we have great quality outdoor gear with a life long guarantee.

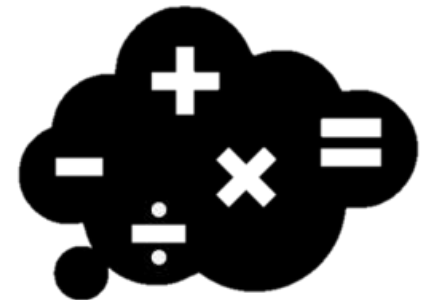


Start With Your Purpose

PURPOSE



**VALUE
PROPOSITION**



Tell the story of
WHY you do what
you do

Create an emotion,
build loyalty & trust

Reassure with the
benefits of WHAT
you do

Create the rational
confirmation about the
decision

Consumer Buying Behavior

Hence the importance of **knowing your consumer deeply** (back to market research & consumer insights !)

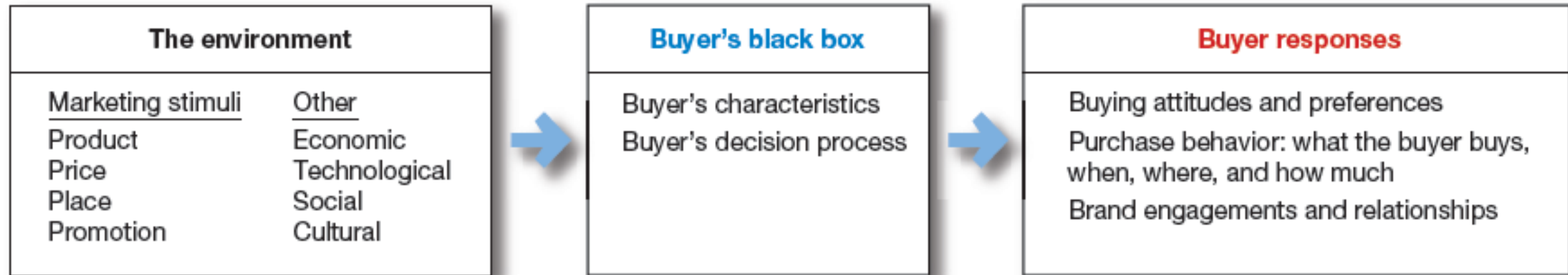
what consumers buy, where do they buy it, how and how much do they buy, when and why....



Our objective as marketers is to understand
The consumer path to purchase

The Model of Buyer Behavior

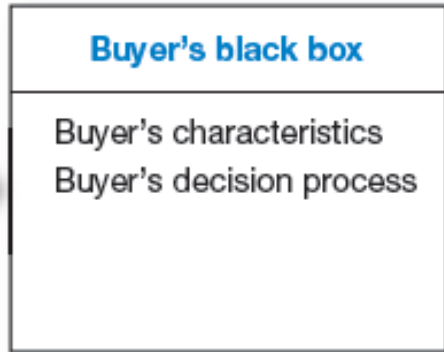
● FIGURE | 5.1
The Model of Buyer Behavior



We can measure the whats, wheres, and whens of buyer behavior. But it's difficult to "see" inside the consumer's head and figure out the whys (that's why it's called the black box).

We look first at buyer characteristics as they affect buyer behavior and then discuss the buyer decision process.

The Model of Buyer Behavior

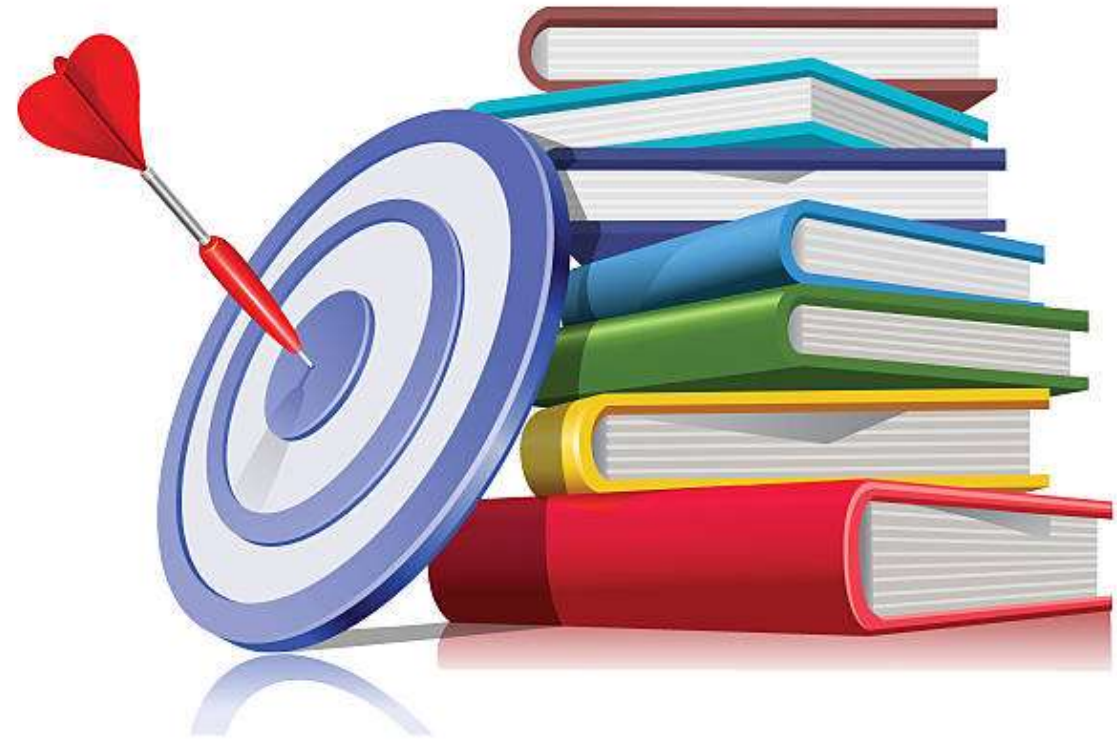


Marketers try to understand how the stimuli are changed into responses inside the consumer black box. This includes 2 things:

- 1. Buyers' characteristics** influencing how she or he will perceive the stimuli.
- 2. The buyer decision process itself.** Decision process includes need recognition, info search... and begins long before the purchase is made.

Learning Objective 2

Look at buyers' characteristics and name the **four major factors** that influence consumer buyer behavior.



5 minutes to think about the following

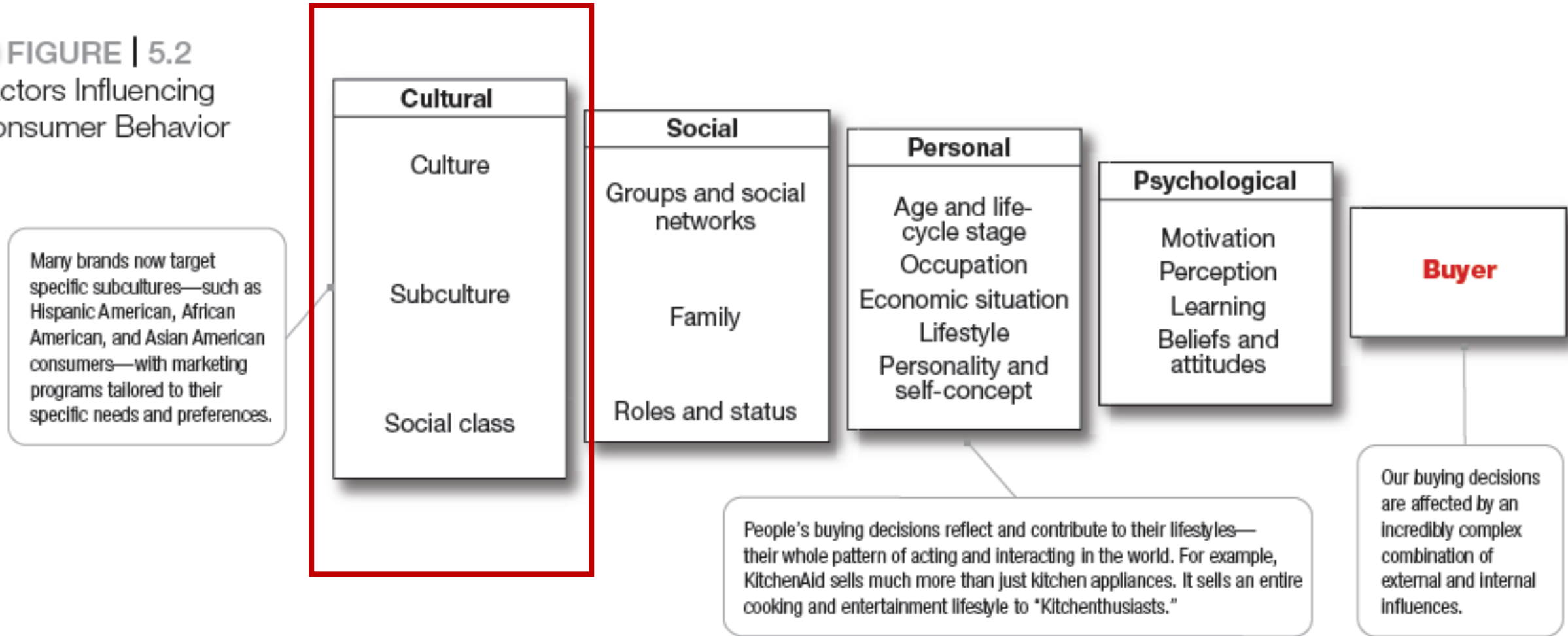
What have you recently purchased that cost over 100.- Frs?

Write down **all the reasons** you purchased this particular item.



4 Factors That Influence Consumer Buyer Behavior

● FIGURE | 5.2
Factors Influencing
Consumer Behavior



1. Cultural Factors

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

It is the most basic cause of a person's wants and behavior.

Human behavior is largely learned and growing up in a certain society will clearly influence your behaviors based on the values, perceptions, wants which have been transmitted to you.



1. Cultural Factors

Example of cultural shifts

The rise of health and well-being in a lot of countries having created a big industry for health and fitness services, vegan alternatives, etc.





i'm lovin' it™



TM

Influencing Culture

always

WHAT DOES IT MEAN TO DO SOMETHING
“LIKE A GIRL”?

1. Cultural Factors

Subcultures are groups of people within a culture with shared value systems based on common life experiences and situations. It includes nationalities, religions, racial groups and geo regions.

Cross-cultural marketing is the practice of including ethnic themes and cross-cultural perspectives within mainstream marketing. Cross-cultural marketing appeals to consumer similarities across subcultures rather than differences.



● Targeting Hispanic consumers: Toyota's award-winning “Más Que un Auto” campaign created a strong emotional connection between Hispanics and their Toyotas with free, official-looking, personalized nameplates for their much-loved cars—here, Pepe.

Toyota Motor Sales, U.S.A. Inc.

 TOYOTA

MAS QUE UN AUTO

Can you give me other examples of subcultures?



Example: African American Consumers

- A growing population with 47 millions black consumers in the US.
- 1.5 trillion\$ in annual buying power.
- Many companies developing products and marketing programs specifically for them.

IT'S TIME FOR EVERYONE TO **#TalkAboutBias**

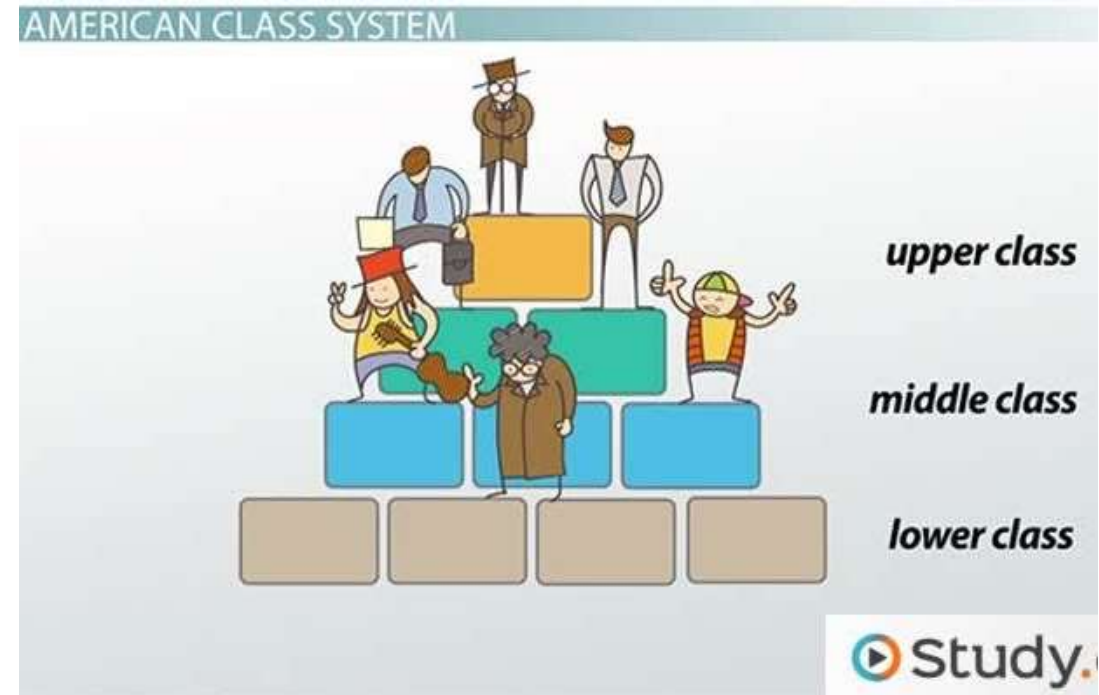
1. Cultural Factors

Social classes are society's ordered divisions whose members share similar values, interests, and behaviors.

Measured as a combination of occupation, income, education, wealth.

Major American Social Classes

- Upper Class
- Middle Class
- Working Class
- Lower Class



1. Cultural Factors

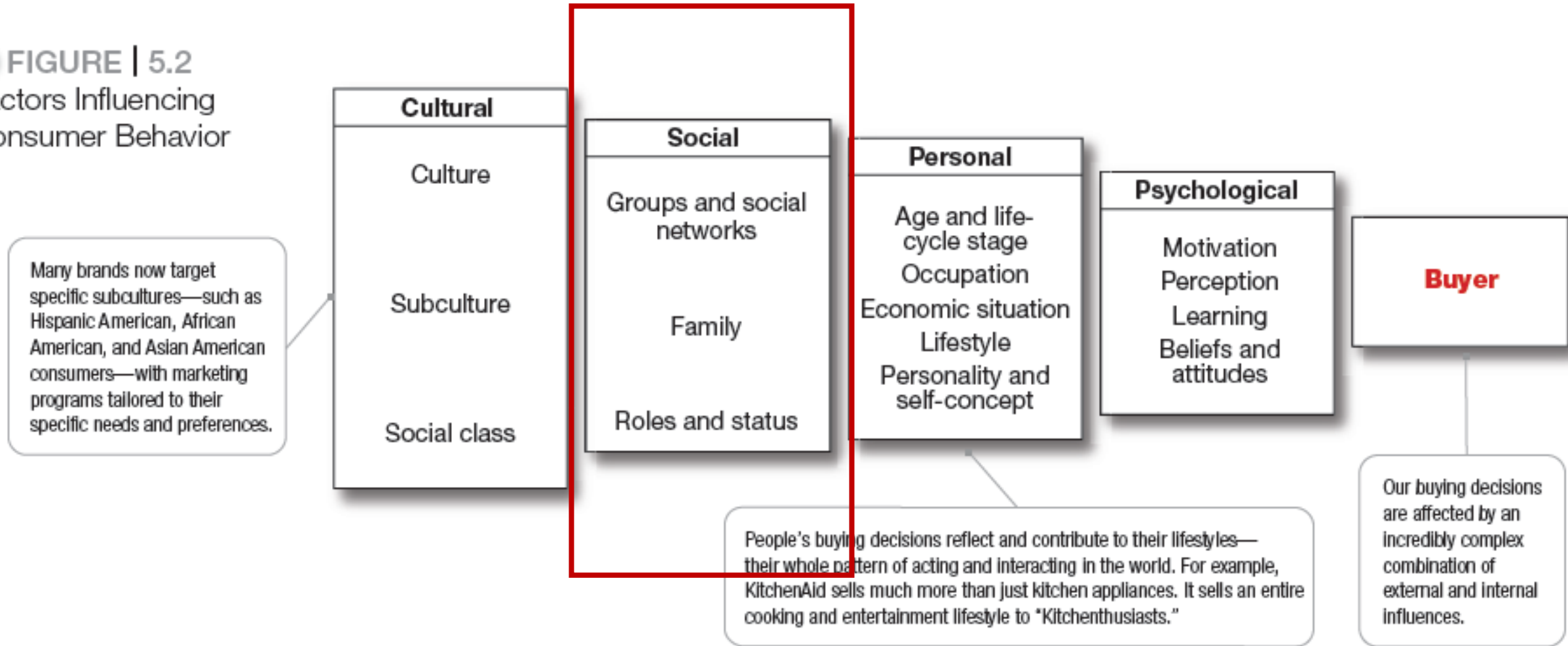
Why are social classes important?

- Because people within one social class tend to show similar buying behavior.
- Think about education, travel, leisure, consumption ... people within the same social class tend to demonstrate similar behavior.



4 Factors That Influence Consumer Buyer Behavior

● FIGURE | 5.2
Factors Influencing
Consumer Behavior



What kind of groups or networks can you think of?

Do you belong to any group or what type of groups can influence you?



Characteristics Affecting Consumer Behavior

Social Factors

Groups and Social Networks

Membership Groups

- Groups with direct influence and to which a person belongs

Aspirational Groups

- Groups an individual wishes to belong to

Reference Groups

- Groups that form a comparison or reference in forming attitudes or behavior

2. Social Factors

Groups & Social Networks

- Online social networks
- Buzz marketing
- Social media sites
- Virtual worlds
- Word of mouth
- Opinion leaders



● **Harnessing the power of online social networking: Dunkin' Donuts uses Vine personality Logan Paul to promote its Dunkin' Donuts app and DD Perks loyalty program with posts on Vine and other social media.**

Courtesy Logan Paul

2. Social Factors

Word-of-mouth & Influencer Marketing

- **Word-of-mouth influence** is the direct recommendation of someone you trust (trusted friends, associates, other consumers tend to be more credible and have more power than a commercial ad). **This is one of the strongest persuaders available to marketers.**
- **Influencer marketing** is when a brand uses influencers to spread the word about a brand or a product.



2. Social Factors

Social Media

SOME has led to an explosion of WOM, with online influencers and ambassadors who can have a powerful impact on consumer buying behavior.



Authenticity is key !



Do you have examples of great WOM or great influencer marketing plans?



Nike and Colin Kaepernick



- **Colin Kaepernick (American quarter back & activist) used as key influencer** for what he represents.
- Make the overall story '*believe in something even if it means sacrificing everything*' **meaningful and authentic.**
- **Why?** Because in 2016, Kaepernick remained seated during the playing of the U.S. national anthem prior to the game, rather than stand as is customary, as a protest against racial injustice, police brutality and oppression in the country. A clear opposition to Trump.

2. Social Factors

Family

Family is the most important consumer-buying organization in society. Family members can strongly influence buyer behavior, including children who have an influence on family buying decisions.



What brands do you purchase because it is what your parents used?

Why do you think this occurs?



2. Social Factors

Role and Status

Role and status can be defined by a person's position in a group. A person belongs to many groups (*association, club, communities...*).

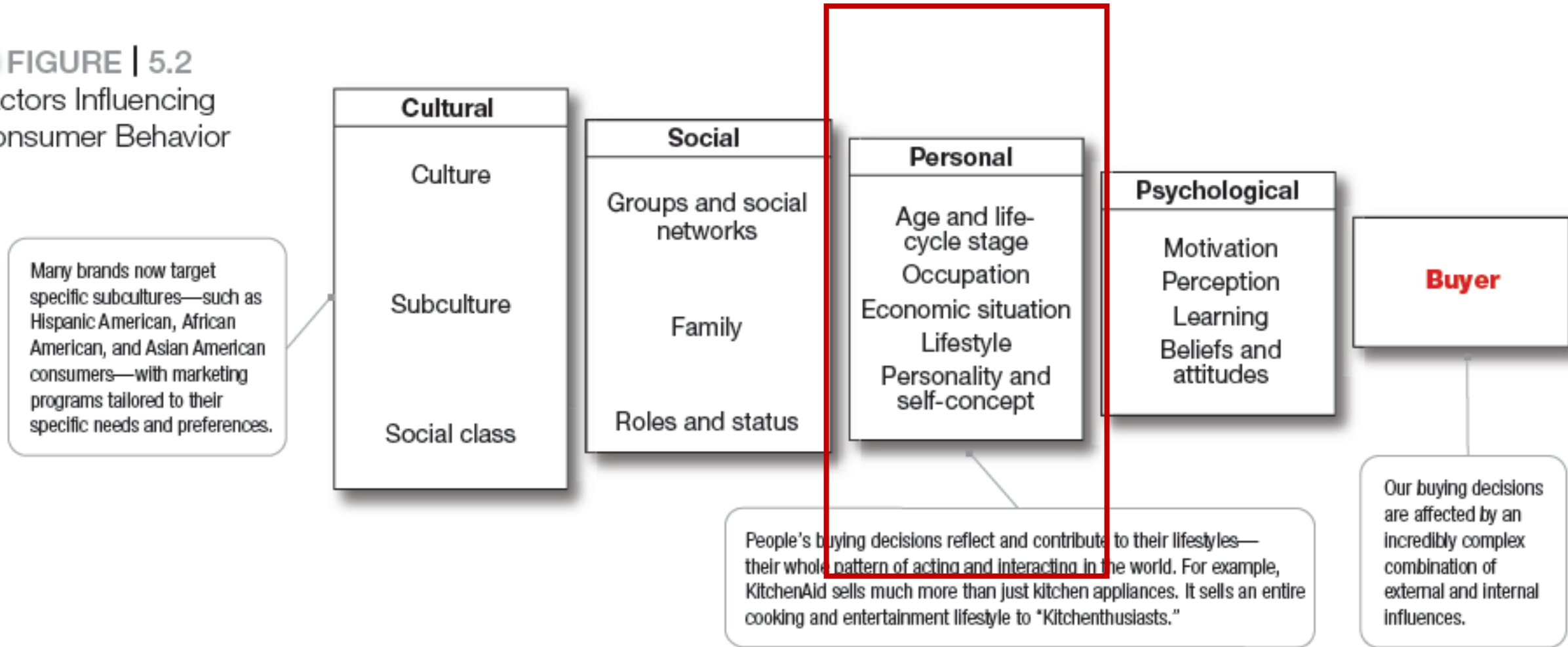
People usually choose products appropriate to their *roles* and *status*.

Eg. a working mother plays different roles such as a marketing director, a mother, perhaps a sports fans etc... she will choose different clothes, etc. depending on the role she is playing.



4 Factors That Influence Consumer Buyer Behavior

● FIGURE | 5.2
Factors Influencing
Consumer Behavior



Personal factors

5 key types of personal factors

- **Age and life-cycle stage:** people change products and services they buy over time). Taste in food, clothes, furniture are often age related, same for family purchases (depends on the life cycle of the family).
- **Occupation:** blue collar workers vs. executives will not have the same buying behavior (also linked to social class...)
- **Economic Situation:** spending, personal income, savings, interest rates.
- **Lifestyle:** activities, interest, opinions.
- **Personality:** customers are likely to choose brands with personalities that match their own.

Personal Factors

Example of targeting based on age and Lifestyle

The resulting five segments proved attitudinally differentiated and demographically distinct.



YOUNG ACHIEVERS



CONCERNED MOMS



FINANCIALLY MATURE



HO HUM



SOLO CONTENT

	Young Achievers	Concerned Moms	Financially Mature	Ho Hum	Solo Content
Demographics	Younger Skews male	Young, Middle Age Mostly female	Mature Skews male	Middle Age Mostly female	Mature Male and Female
Attitudes	Early adopters, technical Driven, Risk taker Price sensitive	Use social media, but not otherwise technical Don't know where to begin Price sensitive	Recognize value of insurance Confident about financial matters Least price sensitive	Late adopters Risk averse Not primary decision makers and not thinking about LI	Use social media Mistrustful of financial inst. Least interest in LI

Personal Factors

Example of Personality

Personality refers to the unique psychological characteristics that distinguish a person or group.

Brands also have personality, also called brand character, and consumers tend to choose brands reflecting their own personality.

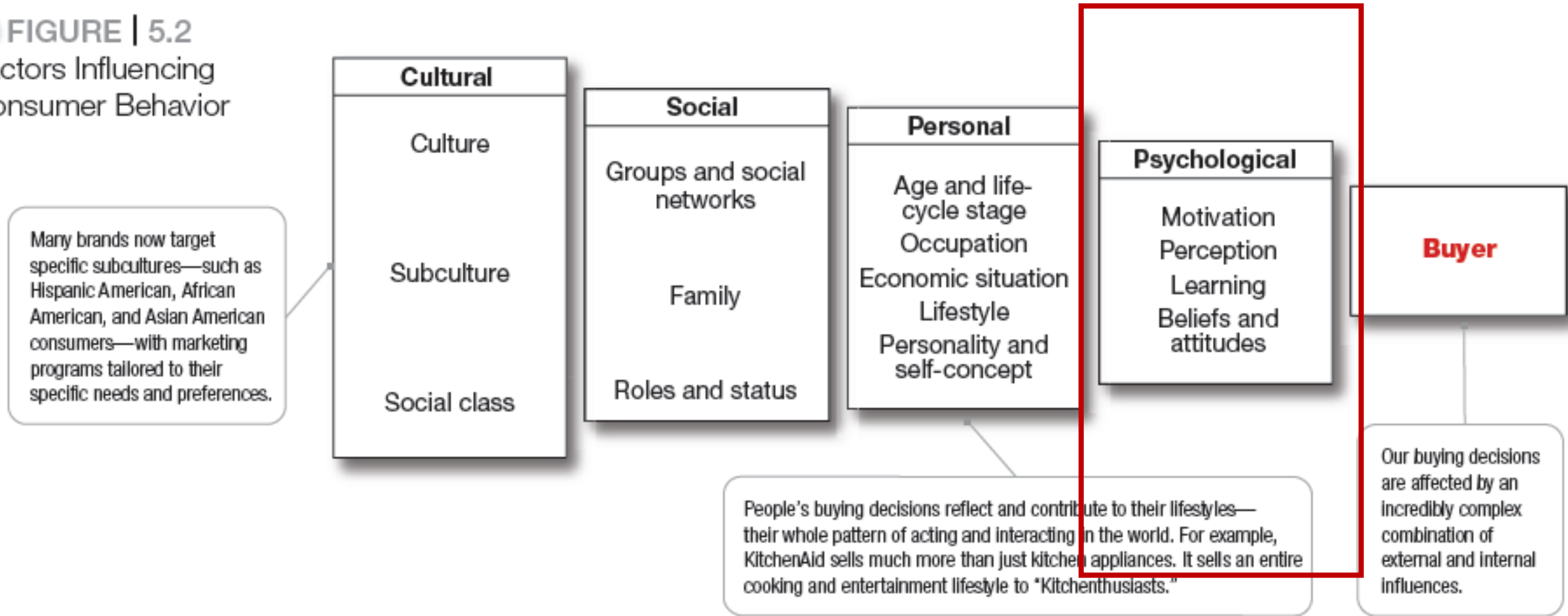




INNER CHILD

4 factors that influence consumer buyer behavior

● FIGURE | 5.2
Factors Influencing
Consumer Behavior



4. Psychological Factors

Motivation

A **motive** (or **drive**) is a need that is sufficiently pressing to direct the person to seek satisfaction of the need.

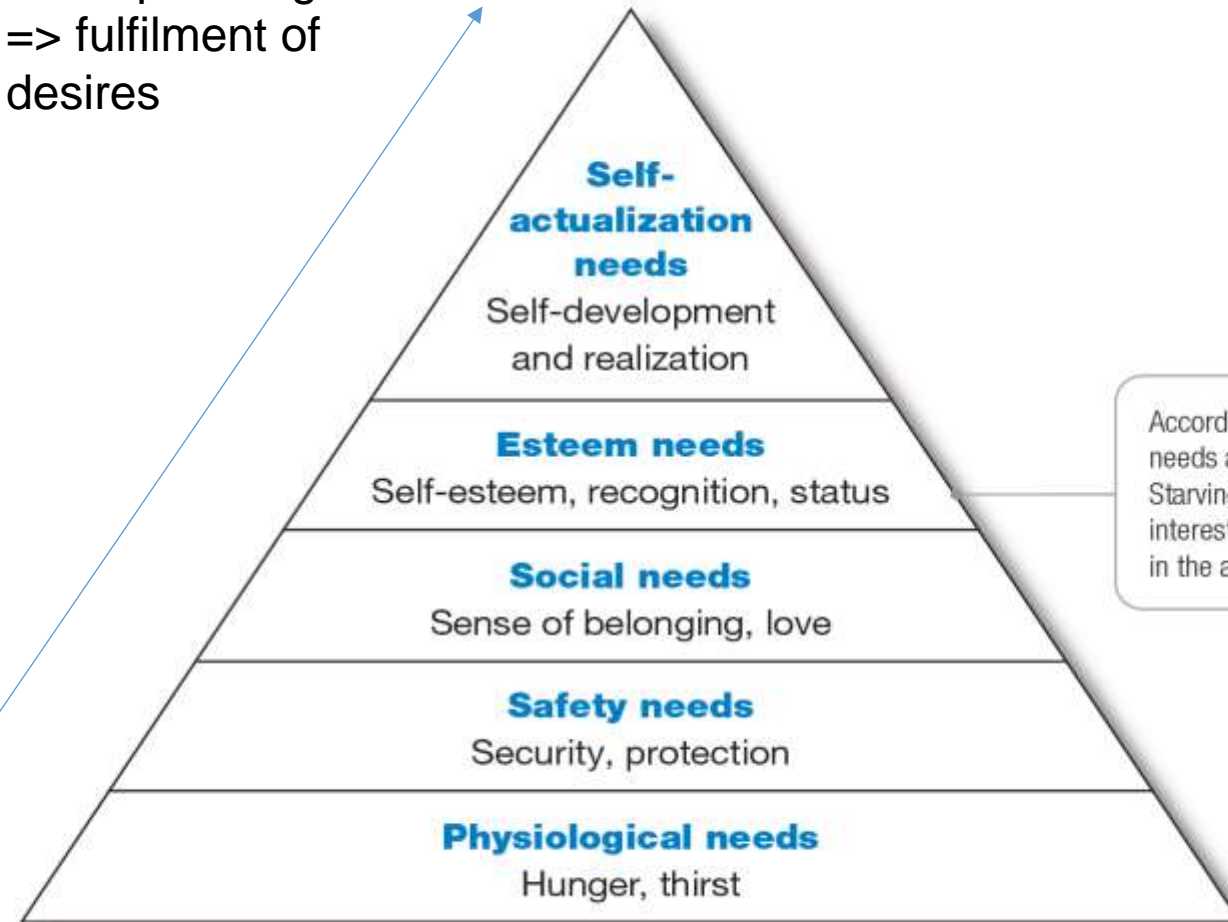


4. Psychological Factors

Motivation

● FIGURE | 5.3
Maslow's Hierarchy of Needs

Least pressing need
=> fulfilment of
desires



According to Maslow, human needs are arranged in a hierarchy. Starving people will take little interest in the latest happenings in the art world.

Most pressing need

4. Psychological Factors

Perception

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.



If you watched television or on line media last night, what ads do you remember seeing?

Why did you remember that one / those ones over another?



4. Psychological Factors

Perception

- **People can form different perceptions of the same stimulus** because of 3 different perceptions processes.
- **Remember people are exposed to thousands of stimulus every day,** it's impossible to pay attention to everything!

Selective Attention

You screen out most of the information you're exposed to.

Selective Distortion

Tendency to interpret information in a way that will support what you already believe.

Selective Retention

You will pay attention to something that is relevant to you (needs, values...) or good points on a brand.

4. Psychological Factors

Learning

Learning is the change in an individual's behavior arising from experience.

Most human behaviors are learnt.



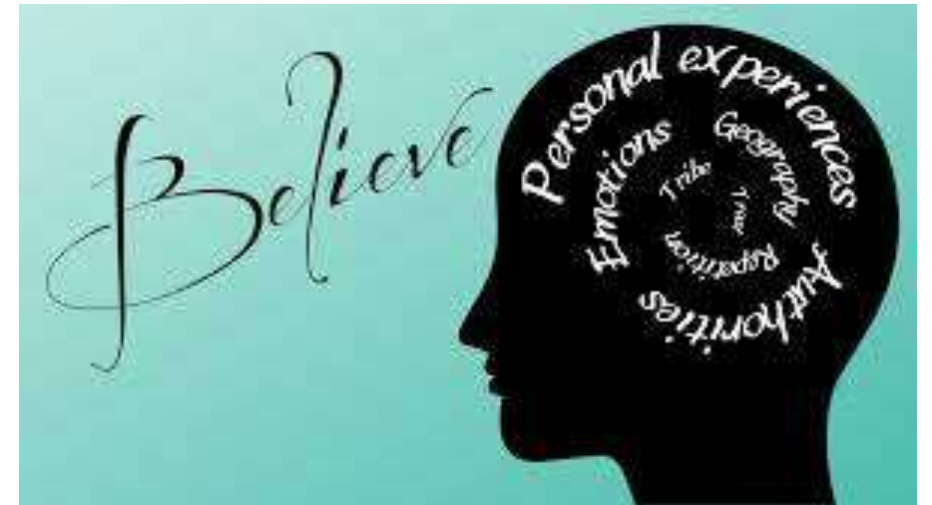
4. Psychological Factors

Learning

A **belief** is a descriptive thought that a person has about something based on:

- Knowledge
- Opinion
- Faith

An **attitude** describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea.



How did a belief that you hold influence one of your purchase decisions?



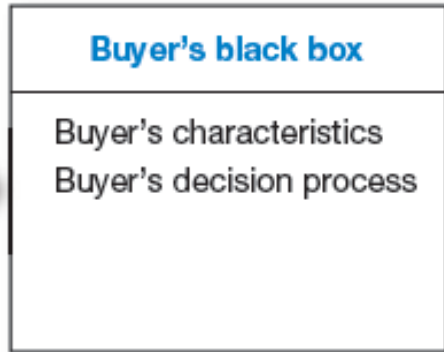


EST. 1873

Heineken[®]
open your world



The Model of Buyer Behavior

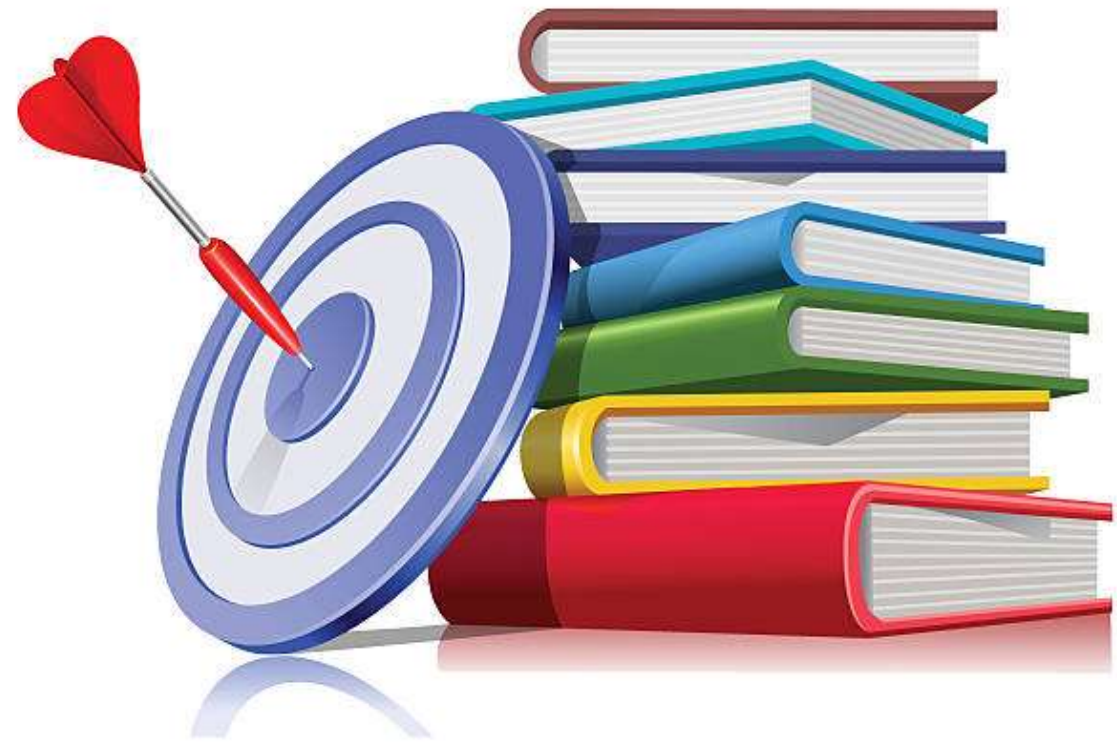


Marketers try to understand how the stimuli are changed into responses inside the consumer black box. This includes 2 things:

1. **Buyers characteristics** influencing how she or he will perceive the stimuli.
2. **The buyer decision process itself.** Decision process includes need recognition, info search... and begins long before the purchase is made.

Learning Objective 3

List and **define the major types of buying decision behavior** and **the stages** in the buyer decision process.



Buying Decision Behavior

Buying behaviours will depend greatly on whether you buy a tube of toothpaste or toilet paper vs. a house or a car. The more complex and important the buying decision is, the more participants will be involved in the buying decision.



4 types of buying behaviours

Buying Decision Behavior

Involvement in the category

Differences that exist between brands

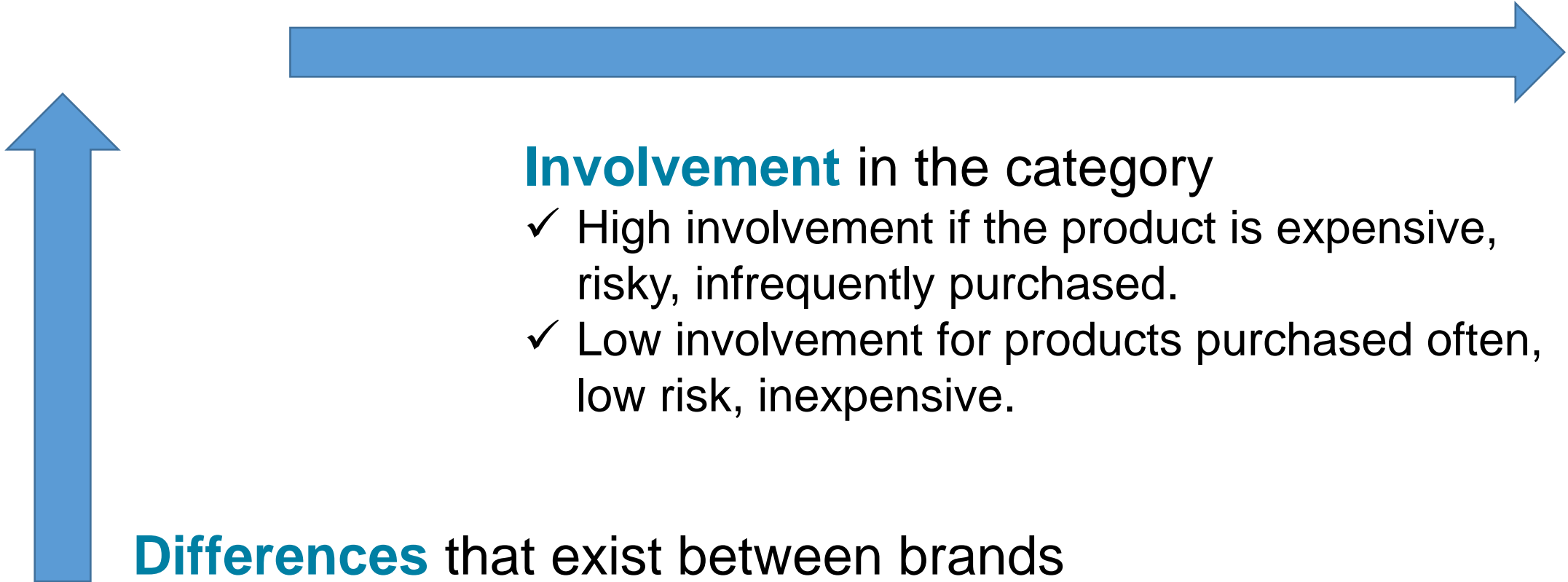
Significant differences between brands

Few differences between brands

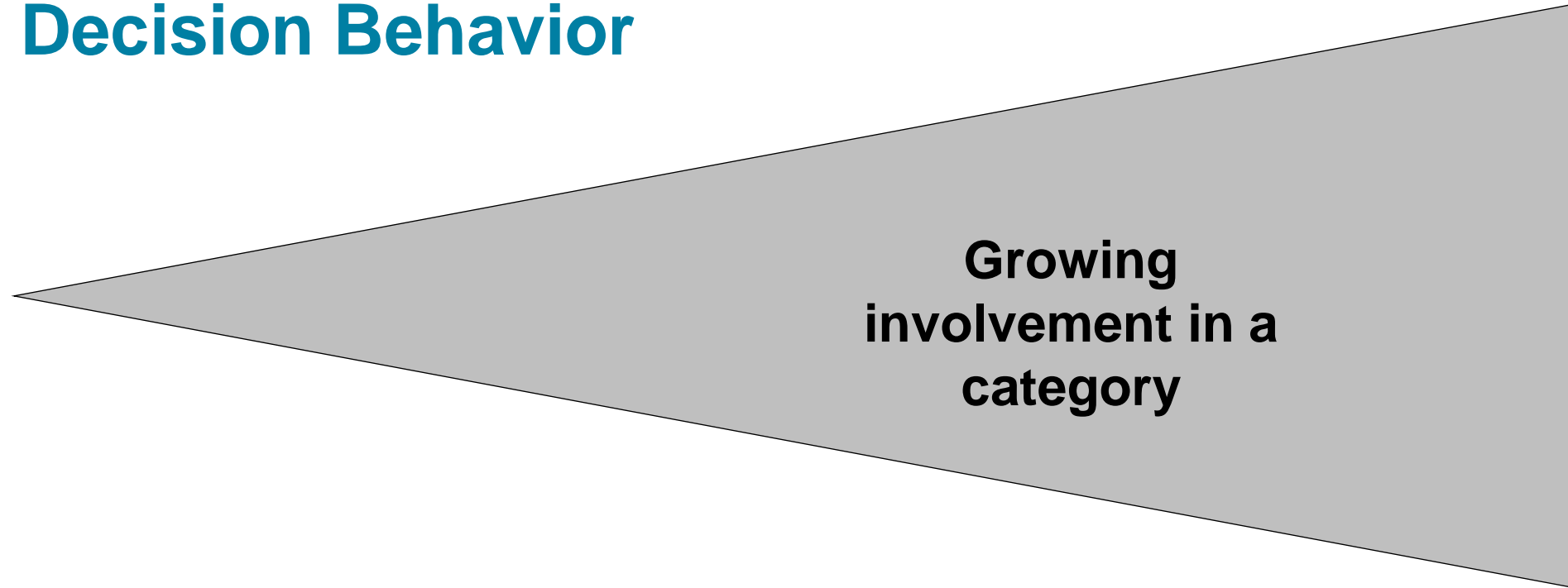
High involvement **Low** involvement

Complex buying behavior	Variety-seeking buying behavior
Dissonance-reducing buying behavior	Habitual buying behavior

Buying Decision Behavior



Buying Decision Behavior



Shampoos – 3
Make up- 4
Perfumes – 5



7

9

14

16

Buying Decision Behavior

Complex Buying Behavior

- **High involvement** in the category and significant difference between brands perceived by the consumer.
- **Full information-gathering and brand evaluation process.**



Buying Decision Behavior

Dissonance Reducing Buying Behavior

- Consumers **highly involved** with an expensive, infrequent or risky purchase.
- **BUT see little differences** between brands.



Buying Decision Behavior

Habitual Buying Behavior

- Low consumer involvement (habit)
- Little difference between brands



Buying Decision Behavior

Variety Seeking Buying Behavior

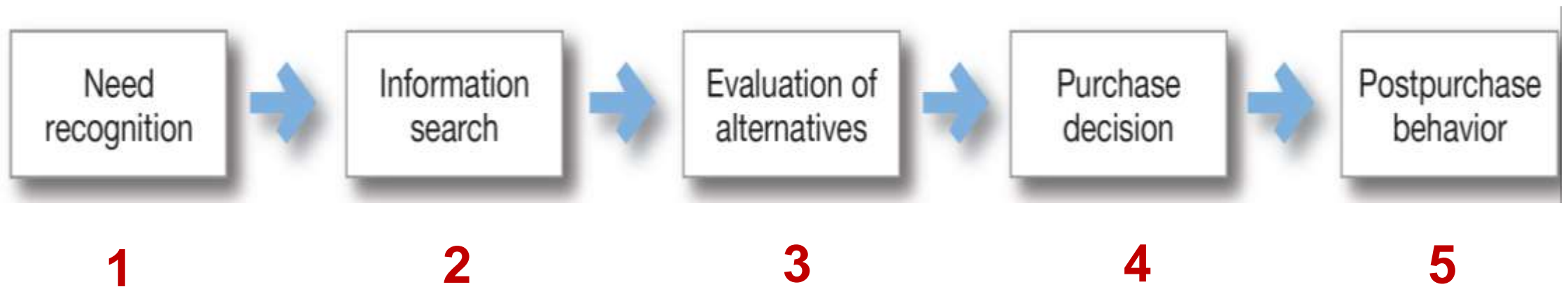
- **Low consumer involvement.**
- But **significant differences** between brands.
- Consumers often do a lot of **brand switching** (occurs for the sake of variety more than because of dissatisfaction).



The Buyer Decision Process

5 steps in the decision process

- The buying process starts long before the actual purchase and continues long after.
- Marketers must focus on **the entire buying process**, not just the purchase decision. The more usual/routine the purchase is, the more consumers will tend to skip some steps.



The Buyer Decision Process

Step 1: Needs recognition

Need recognition is the first stage of the buyer decision process, in which the consumer recognizes a problem or need triggered by:

- Internal stimuli (you realize you have a specific need in your daily life).
- External stimuli (advertisement, discussion with friend...).



The Buyer Decision Process

Step 2: Information Search

Information search is the stage of the buyer decision process in which the consumer is motivated to search for more information.

Sources of information:

- Personal sources (friends, family...)
- Commercial sources (ads, website...)
- Public sources (social media, ratings and reviews...)
- Experiential sources (using the product to test)



The Buyer Decision Process

Step 3: Evaluation of Alternatives

Alternative evaluation is the stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set.

The consumer **ranks brands and forms purchase intentions.**



The Buyer Decision Process

Step 4: Purchase Decision

Once the evaluation is complete, the consumer **buys** the preferred brand.



The Buyer Decision Process

Step 5: Post-Purchase Behavior

Post purchase behavior is the stage of the buyer decision process in which consumers take further action after purchase, based on their satisfaction or dissatisfaction.

=> Link between consumers' expectations and perceived performance will lead to customer loyalty.



The Buyer Decision Process

Step 5: Post-Purchase Behavior



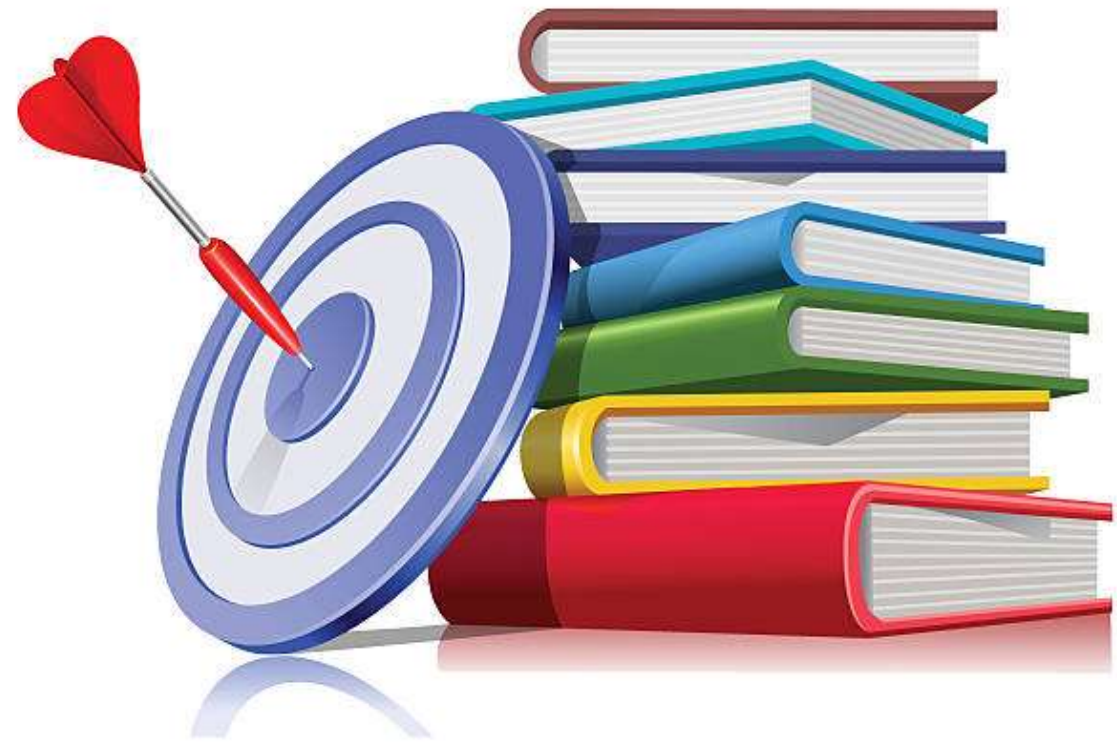
Customer satisfaction is key to build long-term profitable relationships that drive loyalty and referrals.

Satisfaction is created when the purchase matches the perceived customer value.

Remember: it is 5x cheaper to keep an existing consumer vs. acquiring a new one!

Learning Objective 4

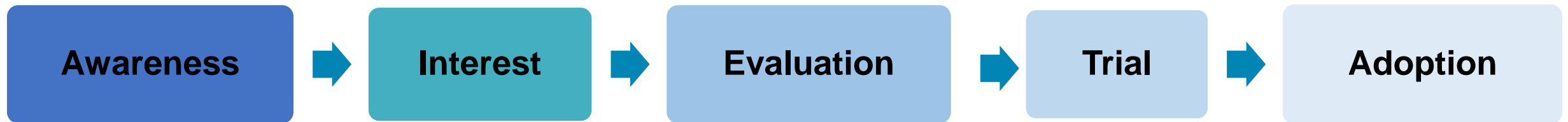
Describe **the adoption and diffusion** process for new products.



The Buyer Decision Process for New Products

The **adoption process (or purchase funnel)** is the mental process an individual goes through from first learning about an innovation to final regular use.

Stages in the adoption process include:



The Buyer Decision Process for New Products



The Buyer Decision Process for New Products

Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are “consumption pioneers” and early adopters. Other individuals adopt new products much later.

People can be classified as follows:

- **Innovators** (try new ideas and accept risks associated)
- **Early Adopters** (adopt new ideas early but carefully – Opinion Leaders)
- **Early Mainstream** (adopt new ideas before the average population, but are rarely leaders)
- **Late Mainstream** (skeptical, adopt an innovation after a majority has tried it)
- **Lagging Adopters** (tradition bound, suspicious of change and only adopt an innovation once it almost became a tradition in itself)



on stage

Martin Lindstrom

Neuromarketing Expert

Delving Inside the Customer's Mind

What Did You Learn?

- The best way to generate brilliant **insights is to know your WHO intimately.**
- The **unconscious part** of the brain is key! This is where brands are built.
- Importance of **iconic assets.**

Herbal Essences

A



B



C



Influencing Consumer Behaviour

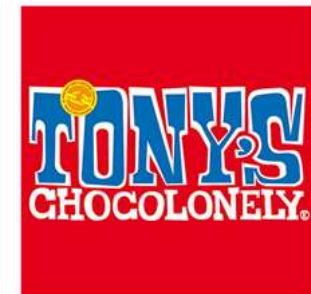
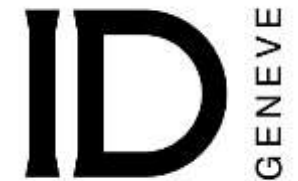
- Marketers must understand buyer behaviour to best reach and connect with their consumers
- BUT
- Marketing is also a very powerful tool to influence behaviour!



Influencing Consumer Behaviour

How can we use marketing as a powerful tool for positive transformation in the world?

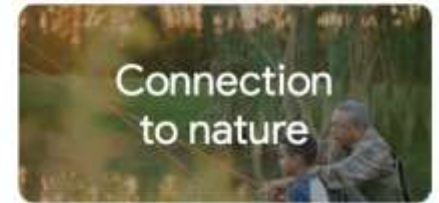
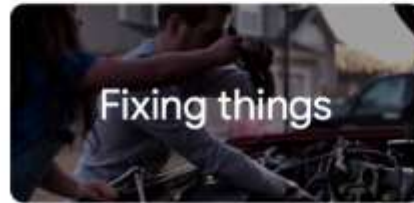
- Innovate for sustainability
- Tell new stories of what success looks like
- Make new sustainable consumption habits desirable
- Influence brainprint in advertising



Brainprint

Are you using any of these in your creative?

Green examples



Not so green examples














A Brand Guide to Driving Sustainable Behavior Change

Create an advantage in the marketplace through sustainable and innovative solutions that influence consumer behavior

Brands must address the perceived barriers that are preventing consumers from taking action on the SB Nine Sustainable Behaviors™

ADDRESS CLIMATE CRISIS	PRESERVE RESOURCES FOR LIFE	FOSTER RESILIENT SOCIETIES
 <p>PRICE "The cost of these foods would need to go down a lot"</p> <p>EAT MORE PLANTS</p>	 <p>CONVENIENCE "We are so used to using a lot of water it's hard to change"</p> <p>REDUCE FOOD + WATER WASTE</p>	 <p>LACK OF INFORMATION "Don't know of companies that are specifically women oriented... if good and competitively priced I would probably buy it over another product"</p> <p>SUPPORT WOMEN & GIRLS</p>
 <p>ALREADY DOING WHAT THEY CAN "I try to conserve energy at home but there aren't too many opportunities to use renewables around here"</p> <p>BE ENERGY SMART</p>	 <p>LOCAL RESTRICTIONS "My community does not have a recycling program, so I don't do it"</p> <p>GO CIRCULAR</p>	 <p>LACK OF INFORMATION "I am not always knowledgeable about which brands have this when standing in the store"</p> <p>EXPAND EQUITY & OPPORTUNITY</p>
 <p>PRICE "I would buy more durable, reusable products if they were available for purchase at a comparable cost to disposable ones"</p> <p>THINK DURABLE</p>	 <p>LACK OF INFORMATION "It is not always clear on the label, and I purchase the items that I am aware of"</p> <p>CHOOSE NATURE-FRIENDLY</p>	 <p>LACK OF INFORMATION "I don't actively research the environmental stance of companies"</p> <p>SHOW UP</p>

Afdhel Aziz on Purpose & Next Gen Values



Key Points to Remember

- Understanding **the model of buying behavior** will help your marketing decisions.
- **4 factors** that influence consumer buyer behavior. Don't underestimate cultural.
- **Buying decisions** – think how you buy stuff. Same for consumers.
- **Post-purchase behavior** is important.
- **Adoption process or “purchase funnel”** is one of the critical concepts in marketing.



Group Project

- Groups of 4 to 5
- Chose an interesting company – not one of the big, well-known ones like Apple et al
- Written assignment: 3000 – 4000 words. Upload as Word-document.
- Accurate referencing required. Plagiarism check will be on – do not copy any text. If AI is used, this should be included in the references and in case of direct copy, use quotes.
- Oral assignment: 10–15-minute presentation
- Grading: 70% on written report, 30% on oral presentation
- Follow the style of a marketing plan:
 - Intro (10%)
 - Competitive review (10%)
 - Marketing Strategy (20%)
 - Marketing Mix (20%)
 - Conclusion (10%)
 - Oral Presentation (30%)
- 30% of total module

Group Project

- Part A: Introduction (10%)
 - ✓ Company presentation e.g. history, activities / portfolio, size, development stage
 - ✓ Scope of your work (in case it is limited to part of the company's portfolio or to a geography)
 - ✓ What customer/consumer needs does the company fulfill? Are there any key consumer insights used by the company?
 - ✓ Relevant macro-environment factors
 - ✓ Objectives

Group Project

- Part B: Market and Competitive Analysis (10%)
 - ✓ Market description, size and evolution
 - ✓ Competitive review: key players and market shares (or company sizes if not available) - Smaller players
 - ✓ Recent launches, relevant competitor's insights
 - ✓ Channels and logistics review (if relevant)
 - ✓ SWOT analysis

Group Project

- Part C: Marketing strategy (20%)
 - ✓ Market segmentation
 - ✓ Targeting approach
 - ✓ Value proposition: positioning and differentiation
- Part D: Marketing Mix (20%)
 - ✓ 4Ps: Product, Price, Place, Promotion (show how the marketing strategy comes to life)
- Part E: Conclusion (10%)
 - ✓ Summary and evaluation of the marketing strategy and activities based on your findings
 - ✓ Your opinion or recommendation

Group Project

- **Confirm groups and submit company proposal deadline: Week 9**
- Submission (report & slides): Week 12
- First group presentations: Week 12
- Second group presentations: Week 13
- Attendance is compulsory for everyone for both sessions!
- Results shared before Week 15

The background is a dark, abstract space filled with vibrant, out-of-focus light trails. A prominent blue trail curves from the top left towards the center, while a red trail curves from the bottom left towards the center. In the upper center, there is a bright, glowing white and yellow orb. The overall effect is that of a high-speed, futuristic environment.

SEE YOU NEXT WEEK