



This is “Consumer Behavior: How People Make Buying Decisions”, chapter 3 from the book [Marketing Principles \(index.html\)](#) (v. 2.0).

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Chapter 3

Consumer Behavior: How People Make Buying Decisions

Why do you buy the things you do? How did you decide to go to the college you're attending? Where do you like to shop and when? Do your friends shop at the same places or different places? Do you buy the same brands multiple times or eat at the same restaurants frequently?

Marketing professionals that have the answers to those questions will have a much better chance of creating, communicating about, and delivering value-added products and services that you and people like you will want to buy. That's what the study of consumer behavior is all about. **Consumer behavior**¹ considers the many reasons—personal, situational, psychological, and social—why people shop for products, buy and use them, sometimes become loyal customers, and then dispose of them.

Companies spend billions of dollars annually studying what makes consumers “tick.” Although you might not like it, Google, AOL, and Yahoo! monitor your Web patterns—the sites you search, that is. The companies that pay for **search advertising**², or ads that appear on the Web pages you pull up after doing an online search, want to find out what kind of things interest you. Doing so allows these companies to send you popup ads and coupons you might actually be interested in instead of ads and coupons for things such as retirement communities.

Massachusetts Institute of Technology (MIT), in conjunction with a large retail center, has tracked consumers in retail establishments to see when and where they tended to dwell or stop to look at merchandise. How was it done? By tracking the position of the consumers' mobile phones as the phones automatically transmitted signals to cellular towers, MIT found that when people's “dwell times” increased, sales increased, too. “The Way the Brain Buys,” *Economist*, December 20, 2009, 105–7.

Researchers have even looked at people's brains by having them lie in scanners and asking them questions about different products. What people say about the products is then compared to what their brains scans show—that is, what they are really thinking. Scanning people's brains for marketing purposes might sound nutty, but maybe not when you consider the fact that eight out of ten new consumer products fail, even when they are test marketed. Could it be possible that what people say about potential new products and what they think about them are

1. The study of when, where, and how people buy things and then dispose of them.
2. Advertising that appears on the Web pages pulled up when online searches are conducted.

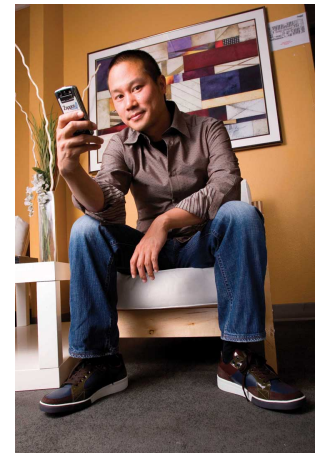
different? Marketing professionals want to find out. "The Way the Brain Buys," *Economist*, December 20, 2009, 105–7.

Studying people's buying habits isn't just for big companies. Small businesses and entrepreneurs can study the behavior of their customers with great success. By figuring out what zip codes their customers are in, a business might determine where to locate an additional store. Small businesses such as restaurants often use coupon codes. For example, coupons sent out in newspapers are given one code. Those sent out via the Internet are given another. When the coupons are redeemed, the restaurants can tell which marketing avenues are having the biggest effect on their sales.

Some businesses, including a growing number of startups, are using blogs and social networking Web sites to gather information about their customers at a low cost. For example, Proper Cloth, a company based in New York, has a site on the social networking site Facebook. Whenever the company posts a new bulletin or photos of its clothes, all its Facebook "fans" automatically receive the information on their own Facebook pages. "We want to hear what our customers have to say," says Joseph Skerritt, the young MBA graduate who founded Proper Cloth. "It's useful to us and lets our customers feel connected to Proper Cloth." Rebecca Knight, "Custom-made for E-tail Success," *Financial Times*, March 18, 2009, 10. Skerritt also writes a blog for the company. Twitter and podcasts that can be downloaded from iTunes are two other ways companies are amplifying the "word of mouth" about their products. Rebecca Knight, "Custom-made for E-tail Success," *Financial Times*, March 18, 2009, 10.

Environmental factors (such as the economy and technology) and marketing actions taken to create, communicate about, and deliver products and services (such as sale prices, coupons, Internet sites, and new product features) may affect consumers' behavior. However, a consumer's situation, personal factors, and culture also influence what, when, and how he or she buys things. We'll look at those factors in Section 3.1 "Factors That Influence Consumers' Buying Behavior". Section 3.2 "Low-Involvement Versus High-Involvement Buying Decisions and the Consumer's Decision-Making Process" focuses on different

Figure 3.1



Tony Hsieh, the chief executive of the shoe company Zappos.com, reportedly has thirty thousand followers on Twitter and his Zappos blog. Dell has begun making millions on Twitter by providing followers with exclusive deals, outlet offers, and product updates. To see the top users of Twitter, go to <http://www.twitterholic.com>.

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types of buying decisions and the stages consumers may go through when making purchase decisions.

3.1 Factors That Influence Consumers' Buying Behavior

LEARNING OBJECTIVES

1. Describe the personal and psychological factors that may influence what consumers buy and when they buy it.
2. Explain what marketing professionals can do to influence consumers' behavior.
3. Explain how looking at lifestyle information helps firms understand what consumers want to purchase.
4. Explain how Maslow's hierarchy of needs works.
5. Explain how culture, subcultures, social classes, families, and reference groups affect consumers' buying behavior.

You've been a consumer with purchasing power for much longer than you probably realize—since the first time you were asked which cereal or toy you wanted. Over the years, you've developed rules of thumb or mental shortcuts providing a systematic way to choose among alternatives, even if you aren't aware of it. Other consumers follow a similar process, but different people, no matter how similar they are, make different purchasing decisions. You might be very interested in purchasing a Smart Car, but your best friend might want to buy a Ford F-150 truck. What factors influenced your decision and what factors influenced your friend's decision?

As we mentioned earlier in the chapter, consumer behavior is influenced by many things, including environmental and marketing factors, the situation, personal and psychological factors, family, and culture. Businesses try to figure out *trends* so they can reach the people most likely to buy their products in the most cost-effective way possible. Businesses often try to influence a consumer's behavior with things they can control such as the layout of a store, music, grouping and availability of products, pricing, and advertising. While some influences may be temporary and others are long lasting, different factors can affect how buyers behave—whether they influence you to make a purchase, buy additional products, or buy nothing at all. Let's now look at some of the influences on consumer behavior in more detail.

Situational Factors

Have you ever been in a department store and couldn't find your way out? No, you aren't necessarily directionally challenged. Marketing professionals take physical

factors such as a store's design and layout into account when they are designing their facilities. Presumably, the longer you wander around a facility, the more you will spend. Grocery stores frequently place bread and milk products on the opposite ends of the stores because people often need both types of products. To buy both, they have to walk around an entire store, which of course, is loaded with other items they might see and purchase.

Store locations also influence behavior. Starbucks has done a good job in terms of locating its stores. It has the process down to a science; you can scarcely drive a few miles down the road without passing a Starbucks. You can also buy cups of Starbucks coffee at many grocery stores and in airports—virtually any place where there is foot traffic.

Physical factors that firms can control, such as the layout of a store, music played at stores, the lighting, temperature, and even the smells you experience are called **atmospherics**³. Perhaps you've visited the office of an apartment complex and noticed how great it looked and even smelled. It's no coincidence. The managers of the complex were trying to get you to stay for a while and have a look at their facilities. Research shows that "strategic fragrancing" results in customers staying in stores longer, buying more, and leaving with better impressions of the quality of stores' services and products. Mirrors near hotel elevators are another example. Hotel operators have found that when people are busy looking at themselves in the mirrors, they don't feel like they are waiting as long for their elevators. Patricia Moore, "Smells Sell," *NZ Business*, February 2008, 26–27.

Not all physical factors are under a company's control, however. Take weather, for example. Rainy weather can be a boon to some companies, like umbrella makers such as Totes, but a problem for others. Beach resorts, outdoor concert venues, and golf courses suffer when it is raining heavily. Businesses such as automobile dealers also have fewer customers. Who wants to shop for a car in the rain?

Firms often attempt to deal with adverse physical factors such as bad weather by offering specials during unattractive times. For example, many resorts offer consumers discounts to travel to beach locations during hurricane season. Having an online presence is another way to cope with weather-related problems. What could be more comfortable than shopping at home? If it's raining too hard to drive to the GAP, REI, or Abercrombie & Fitch, you can buy products from these companies and many others online. You can shop online for cars, too, and many restaurants take orders online and deliver.

3. The physical aspects of the selling environment retailers try to control.

Crowding is another situational factor. Have you ever left a store and not purchased anything because it was just too crowded? Some studies have shown that consumers

feel better about retailers who attempt to prevent overcrowding in their stores. However, other studies have shown that to a certain extent, crowding can have a positive impact on a person's buying experience. The phenomenon is often referred to as "herd behavior." Carol J. Gaumer and William C. Leif, "Social Facilitation: Affect and Application in Consumer Buying Situations," *Journal of Food Products Marketing* 11, no. 1 (2005): 75–82.

If people are lined up to buy something, you want to know why. Should you get in line to buy it too? Herd behavior helped drive up the price of houses in the mid-2000s before the prices for them rapidly fell. Unfortunately, herd behavior has also led to the deaths of people. In 2008, a store employee was trampled to death by an early morning crowd rushing into a Walmart to snap up holiday bargains.

Social Situation

The social situation you're in can significantly affect your purchase behavior. Perhaps you have seen Girl Scouts selling cookies outside grocery stores and other retail establishments and purchased nothing from them, but what if your neighbor's daughter is selling the cookies? Are you going to turn her down or be a friendly neighbor and buy a box (or two)?

Video Clip

Thin Mints, Anyone?

[\(click to see video\)](#)

Are you going to turn down cookies from this cute Girl Scout? What if she's your neighbor's daughter? Pass the milk, please!

Companies like Pampered Chef that sell their products at parties understand that the social situation makes a difference. When you're at a friend's Pampered Chef party, you don't want to look cheap or disappoint your friend by not buying anything. Certain social situations can also make you less willing to buy products. You might spend quite a bit of money each month eating at fast-food restaurants like McDonald's and Subway. Where do you take someone for your first date? Some people might take a first date to Subway, but other people would perhaps choose a restaurant that's more upscale. Likewise, if you have turned down a drink or dessert on a date because you were worried about what the person you were with might have thought, your consumption was affected by your social situation. Anna S. Matilla and Jochen Wirtz, "The Role of Store Environmental Stimulation and Social Factors on Impulse Purchasing," *Journal of Services Marketing* 22, no. 7 (2008): 562–67.

Time

The time of day, time of year, and how much time consumers feel like they have to shop affect what they buy. Researchers have even discovered whether someone is a “morning person” or “evening person” affects shopping patterns. Have you ever gone to the grocery store when you are hungry or after pay day when you have cash in your pocket? When you are hungry or have cash, you may purchase more than you would at other times. Seven-Eleven Japan is a company that’s extremely in tune to time and how it affects buyers. The company’s point-of-sale systems at its checkout counters monitor what is selling well and when, and stores are restocked with those items immediately—sometimes via motorcycle deliveries that zip in and out of traffic along Japan’s crowded streets. The goal is to get the products on the shelves when and where consumers want them. Seven-Eleven Japan also knows that, like Americans, its customers are “time starved.” Shoppers can pay their utility bills, local taxes, and insurance or pension premiums at Seven-Eleven Japan stores, and even make photocopies. Allan Bird, “Retail Industry,” *Encyclopedia of Japanese Business and Management* (London: Routledge, 2002), 399–400.

Companies worldwide are aware of people’s lack of time and are finding ways to accommodate them. Some doctors’ offices offer drive-through shots for patients who are in a hurry and for elderly patients who find it difficult to get out of their cars. Tickets.com allows companies to sell tickets by sending them to customers’ mobile phones when they call in. The phones’ displays are then read by barcode scanners when the ticket purchasers arrive at the events they’re attending. Likewise, if you need customer service from Amazon.com, there’s no need to wait on the telephone. If you have an account with Amazon, you just click a button on the company’s Web site and an Amazon representative calls you immediately.

Reason for the Purchase

The reason you are shopping also affects the amount of time you will spend shopping. Are you making an emergency purchase? What if you need something for an important dinner or a project and only have an hour to get everything? Are you shopping for a gift or for a special occasion? Are you buying something to complete a task/project and need it quickly? In recent years, emergency clinics have sprung up in strip malls all over the country. Convenience is one reason. The other is sheer necessity. If you cut yourself and you are bleeding badly, you’re probably not going to shop around much to find the best clinic. You will go to the one that’s closest to you. The same thing may happen if you need something immediately.

Purchasing a gift might not be an emergency situation, but you might not want to spend much time shopping for it either. Gift certificates have been popular for years. You can purchase gift cards for numerous merchants at your local grocery

store or online. By contrast, suppose you need to buy an engagement ring. Sure, you could buy one online in a jiffy, but you probably wouldn't do that. What if the diamond was fake? What if your significant other turned you down and you had to return the ring? How hard would it be to get back online and return the ring? Jacob Hornik and Giulia Miniero, "Synchrony Effects on Customers' Responses and Behaviors," *International Journal of Research in Marketing* 26, no. 1 (2009): 34–40.

Mood

Have you ever felt like going on a shopping spree? At other times wild horses couldn't drag you to a mall. People's moods temporarily affect their spending patterns. Some people enjoy shopping. It's entertaining for them. At the extreme are compulsive spenders who get a temporary "high" from spending.

A sour mood can spoil a consumer's desire to shop. The crash of the U.S. stock market in 2008 left many people feeling poorer, leading to a dramatic downturn in consumer spending. Penny pinching came into vogue, and conspicuous spending was out. Costco and Walmart experienced heightened sales of their low-cost Kirkland Signature and Great Value brands as consumers scrimped. "Wal-Mart Unveils Plans for Own-Label Revamp," *Financial Times*, March 17, 2009, 15. Saks Fifth Avenue wasn't so lucky. Its annual release of spring fashions usually leads to a feeding frenzy among shoppers, but spring 2009 was different. "We've definitely seen a drop-off of this idea of shopping for entertainment," says Kimberly Grabel, Saks Fifth Avenue's senior vice president of marketing. Stephanie Rosenbloom (New York Times News Service), "Where Have All the Shoppers Gone?" *Fort Worth Star-Telegram*, March 18, 2009, 5E. To get buyers in the shopping mood, companies resorted to different measures. The upscale retailer Neiman Marcus began introducing more mid-priced brands. By studying customer's loyalty cards, the French hypermarket Carrefour hoped to find ways to get its customers to purchase nonfood items that have higher profit margins.

The glum mood wasn't bad for all businesses though. Discounters like Half-Price books saw their sales surge. So did seed sellers as people began planting their own gardens. Finally, what about those products (Aqua Globes, Snuggies, and Ped Eggs) you see being hawked on television? Their sales were the best ever. Apparently, consumers too broke to go on vacation or shop at Saks were instead watching television and treating themselves to the products. Alyson Ward, "Products of Our Time," *Fort Worth Star-Telegram*, March 7, 2009, 1E.

Personal Factors

Personality and Self-Concept

Personality⁴ describes a person's disposition, helps show why people are different, and encompasses a person's unique traits. The "Big Five" personality traits that psychologists discuss frequently include **openness** or how open you are to new experiences, **conscientiousness** or how diligent you are, **extraversion** or how outgoing or shy you are, **agreeableness** or how easy you are to get along with, and **neuroticism** or how prone you are to negative mental states.

Do personality traits predict people's purchasing behavior? Can companies successfully target certain products to people based on their personalities? How do you find out what personalities consumers have? Are extraverts wild spenders and introverts penny pinchers?

The link between people's personalities and their buying behavior is somewhat unclear. Some research studies have shown that "sensation seekers," or people who exhibit extremely high levels of openness, are more likely to respond well to advertising that's violent and graphic. The problem for firms is figuring out "who's who" in terms of their personalities.

Marketers have had better luck linking people's self-concepts to their buying behavior. Your **self-concept**⁵ is how you see yourself—be it positive or negative. Your **ideal self**⁶ is how you would *like* to see yourself—whether it's prettier, more popular, more eco-conscious, or more "goth," and others' self-concept, or how you think others see you, also influences your purchase behavior. Marketing researchers believe people buy products to enhance how they feel about themselves—to get themselves closer to their ideal selves.

The slogan "Be All That You Can Be," which for years was used by the U.S. Army to recruit soldiers, is an attempt to appeal to the self-concept. Presumably, by joining the U.S. Army, you will become a better version of yourself, which will, in turn, improve your life. Many beauty products and cosmetic procedures are advertised in a way that's supposed to appeal to the ideal self people seek. All of us want products that improve our lives.

- 4. An individual's disposition as other people see it.
- 5. How a person sees himself or herself.
- 6. How a person would like to view himself or herself.

Gender, Age, and Stage of Life

While demographic variables such as income, education, and marital status are important, we will look at gender, age, and stage of life and how they influence purchase decisions. Men and women need and buy different products. Cheryl B. Ward and Tran Thuhang, "Consumer Gifting Behaviors: One for You, One for Me?"

Services Marketing Quarterly 29, no. 2 (2007): 1–17. They also shop differently and in general, have different attitudes about shopping. You know the old stereotypes. Men see what they want and buy it, but women “try on everything and shop ‘til they drop.” There’s some truth to the stereotypes. That’s why you see so many advertisements directed at one sex or the other—beer commercials that air on ESPN and commercials for household products that air on Lifetime. Women influence fully two-thirds of all household product purchases, whereas men buy about three-quarters of all alcoholic beverages. Genevieve Schmitt, “Hunters and Gatherers,” *Dealernews* 44, no. 8 (2008): 72. The article references the 2006 Behavioral Tracking Study by Miller Brewing Company. The shopping differences between men and women seem to be changing, though. Younger, well-educated men are less likely to believe grocery shopping is a woman’s job and would be more inclined to bargain shop and use coupons if the coupons were properly targeted at them. Jeanne Hill and Susan K. Harmon, “Male Gender Role Beliefs, Coupon Use and Bargain Hunting,” *Academy of Marketing Studies Journal* 11, no. 2 (2007): 107–21. One survey found that approximately 45 percent of married men actually *like* shopping and consider it relaxing.

One study by Resource Interactive, a technology research firm, found that when shopping online, men prefer sites with lots of pictures of products and women prefer to see products online in lifestyle context—say, a lamp in a living room. Women are also twice as likely as men to use viewing tools such as the zoom and rotate buttons and links that allow them to change the color of products.

Video Clip

What Women Want versus What Men Want

[\(click to see video\)](#)

Check out this Heineken commercial, which highlights the differences between “what women want” and “what men want” when it comes to products.

Many businesses today are taking greater pains to figure out “what men want.” Products such as face toners and body washes for men such as the Axe brand and hair salons such as the Men’s Zone and Weldon Barber are a relatively new phenomenon. Some advertising agencies specialize in advertising directed at men. There are also many products such as kayaks and mountain bikes targeted toward women that weren’t in the past.

Figure 3.2



You have probably noticed that the things you buy have changed as you age. Think about what you wanted and how you spent five dollars when you were a child, a teenager, and an adult. When you were a child, the last thing you probably wanted as a gift was clothing. As you became a teen, however, cool clothes probably became a bigger priority. Don't look now, but depending on the stage of life you're currently in, diapers and wrinkle cream might be just around the corner.

Marketing to men is big business. Some advertising agencies specialize in advertisements designed specifically to appeal to male consumers.

© 2010 Jupiterimages Corporation

If you're single and working after graduation, you probably spend your money differently than a newly married couple. How do you think spending patterns change when someone has a young child or a teenager or a child in college? Diapers and day care, orthodontia, tuition, electronics—regardless of the age, children affect the spending patterns of families. Once children graduate from college and parents are empty nesters, spending patterns change again.

Empty nesters and baby boomers are a huge market that companies are trying to tap. Ford and other car companies have created "aging suits" for young employees to wear when they're designing automobiles. "Designing Cars for the Elderly: A Design Story," http://www.businessweek.com/globalbiz/content/may2008/gb2008056_154197.htm (accessed April 13, 2012). The suit simulates the restricted mobility and vision people experience as they get older. Car designers can then figure out how to configure the automobiles to better meet the needs of these consumers.

Video Clip

Car Makers Design Special Aging Suit

[\(click to see video\)](#)

The "aging suit" has elastic bindings that hamper a car designer's movement and goggles that simulate deteriorating eyesight. The suit gives the designer an idea what kinds of car-related challenges older consumers face.

Lisa Rudes Sandel, the founder of Not Your Daughter's Jeans (NYDJ), created a multimillion-dollar business by designing jeans for baby boomers with womanly bodies. Since its launch seven years ago, NYDJ has become the largest domestic manufacturer of women's jeans under \$100. "The truth is," Rudes Sandel says, "I've never forgotten that woman I've been aiming for since day one." Rudes Sandel "speaks to" every one of her customers via a note tucked into each pair of jean that

reads, “NYDJ (Not Your Daughter’s Jeans) cannot be held responsible for any positive consequence that may arise due to your fabulous appearance when wearing the Tummy Tuck jeans. You can thank me later.” Sarah Saffian, “Dreamers: The Making of Not Your Daughter’s Jeans,” *Reader’s Digest*, March 2009, 53–55.

Your **chronological age**⁷, or actual age in years, is one thing. Your **cognitive age**⁸, or how old you perceive yourself to be, is another. A person’s cognitive age affects his or her activities and sparks interests consistent with his or her perceived age. Benny Barak and Steven Gould, “Alternative Age Measures: A Research Agenda,” in *Advances in Consumer Research*, vol. 12, ed. Elizabeth C. Hirschman and Morris B. Holbrook (Provo, UT: Association for Consumer Research, 1985), 53–58. Cognitive age is a significant predictor of consumer behaviors, including people’s dining out, watching television, going to bars and dance clubs, playing computer games, and shopping. Benny Barak and Steven Gould, “Alternative Age Measures: A Research Agenda,” in *Advances in Consumer Research*, vol. 12, ed. Elizabeth C. Hirschman and Morris B. Holbrook (Provo, UT: Association for Consumer Research, 1985), 53–58. Companies have found that many consumers feel younger than their chronological age and don’t take kindly to products that feature “old folks” because they can’t identify with them.

Figure 3.3



You’re only as old as you feel—and the things you buy.

© 2010 Jupiterimages Corporation

Lifestyle

If you have ever watched the television show *Wife Swap*, you can see that despite people’s similarities (e.g., being middle-class Americans who are married with children), their lifestyles can differ radically. To better understand and connect with consumers, companies interview or ask people to complete questionnaires about their lifestyles or their activities, interests, and opinions (often referred to as AIO statements). Consumers are not only asked about products they like, where they live, and what their gender is but also about what they do—that is, how they spend their time and what their priorities, values, opinions, and general outlooks on the world are. Where do they go other than work? Who do they like to talk to? What do they talk about? Researchers hired by Procter & Gamble have gone so far as to follow women around for weeks as they shop, run errands, and socialize with one another. Robert Berner, “Detergent Can Be So Much More,” *BusinessWeek*, May 1, 2006, 66–68. Other companies have paid people to keep a daily journal of their activities and routines.

7. A person’s age in years.

8. The age a buyer perceives himself or herself to be.

A number of research organizations examine lifestyle and psychographic characteristics of consumers. **Psychographics**⁹ combines the lifestyle traits of consumers and their personality styles with an analysis of their attitudes, activities, and values to determine groups of consumers with similar characteristics. One of the most widely used systems to classify people based on psychographics is the VALS (Values, Attitudes, and Lifestyles) framework. Using VALS to combine psychographics with demographic information such as marital status, education level, and income provide a better understanding of consumers.

Psychological Factors

Motivation

Motivation¹⁰ is the inward drive we have to get what we need. In the mid-1900s, Abraham Maslow, an American psychologist, developed the hierarchy of needs shown in [Figure 3.4 "Maslow's Hierarchy of Needs"](#).

Figure 3.4 Maslow's Hierarchy of Needs



9. Measuring the attitudes, values, lifestyles, and opinions of consumers using demographics.

10. The inward drive people have to get what they need.

Maslow theorized that people have to fulfill their basic needs—food, water, and sleep—before they can begin fulfilling higher-level needs. Have you ever gone shopping when you were tired or hungry? Even if you were shopping for something

that would make you the envy of your friends (maybe a new car) you probably wanted to sleep or eat even more. (Forget the car. Just give me a nap and a candy bar.)

The need for food is recurring. Other needs, such as shelter, clothing, and safety, tend to be enduring. Still other needs arise at different points in time in a person's life. For example, during grade school and high school, your *social* needs probably rose to the forefront. You wanted to have friends and get a date. Perhaps this prompted you to buy certain types of clothing or electronic devices. After high school, you began thinking about how people would view you in your "station" in life, so you decided to pay for college and get a professional degree, thereby fulfilling your need for *esteem*. If you're lucky, at some point you will realize Maslow's state of *self-actualization*. You will believe you have become the person in life that you feel you were meant to be.

Following the economic crisis that began in 2008, the sales of new automobiles dropped sharply virtually everywhere around the world—except the sales of Hyundai vehicles. Hyundai understood that people needed to feel secure and safe and ran an ad campaign that assured car buyers they could return their vehicles if they couldn't make the payments on them without damaging their credit. Seeing Hyundai's success, other carmakers began offering similar programs. Likewise, banks began offering "worry-free" mortgages to ease the minds of would-be homebuyers. For a fee of about \$500, First Mortgage Corp., a Texas-based bank, offered to make a homeowner's mortgage payment for six months if he or she got laid off. Andrea Jares, "New Programs Are Taking Worries from Home Buying," *Fort Worth Star-Telegram*, March 7, 2010, 1C-2C.

While achieving self-actualization may be a goal for many individuals in the United States, consumers in Eastern cultures may focus more on belongingness and group needs. Marketers look at cultural differences in addition to individual needs. The importance of groups affects advertising (using groups versus individuals) and product decisions.

Perception

Perception¹¹ is how you interpret the world around you and make sense of it in your brain. You do so via stimuli that affect your different senses—sight, hearing, touch, smell, and taste. How you combine these senses also makes a difference. For example, in one study, consumers were blindfolded and asked to drink a new brand of clear beer. Most of them said the product tasted like regular beer. However, when the blindfolds came off and they drank the beer, many of them described it as

11. How people interpret the world around them.

“watery” tasting. Laura Ries, *In the Boardroom: Why Left-Brained Management and Right-Brain Marketing Don't See Eye-to-Eye* (New York: HarperCollins, 2009).

Consumers are bombarded with messages on television, radio, magazines, the Internet, and even bathroom walls. The average consumer is exposed to about three thousand advertisements per day. Kalle Lasn, *Culture Jam: The Uncooling of America* (New York: William Morrow & Company, 1999). Consumers are surfing the Internet, watching television, and checking their cell phones for text messages simultaneously. Some, but not all, information makes it into our brains. Selecting information we see or hear (e.g., television shows or magazines) is called selective exposure.

Have you ever read or thought about something and then started noticing ads and information about it popping up everywhere? Many people are more perceptive to advertisements for products they need. **Selective attention**¹² is the process of filtering out information based on how relevant it is to you. It's been described as a “suit of armor” that helps you filter out information you *don't* need. At other times, people forget information, even if it's quite relevant to them, which is called **selective retention**¹³. Often the information contradicts the person's belief. A longtime chain smoker who forgets much of the information communicated during an antismoking commercial is an example. To be sure their advertising messages get through to you and you remember them, companies use repetition. How tired of iPhone commercials were you before they tapered off? How often do you see the same commercial aired during a single television show?

Another potential problem that advertisers (or your friends) may experience is **selective distortion**¹⁴ or misinterpretation of the intended message. Promotions for weight loss products show models that look slim and trim after using their products, and consumers may believe they will look like the model if they use the product. They misinterpret other factors such as how the model looked before or how long it will take to achieve the results. Similarly, have you ever told someone a story about a friend and that person told another person who told someone else? By the time the story gets back to you, it is completely different. The same thing can happen with many types of messages.

12. The process whereby a person filters information based on how relevant it is to them.

13. The process whereby a person retains information based on how well it matches their values and beliefs.

14. The process whereby consumers misinterpret information and messages.

Video Clip

A Parody of an iPhone Commercial

[\(click to see video\)](#)

Check out this parody on Apple's iPhone commercial.

Using surprising stimuli or **shock advertising**¹⁵ is also a technique that works. One study found that shocking content increased attention, benefited memory, and positively influenced behavior among a group of university students. Darren W. Dahl, Kristina D. Frankenberger, and Rajesh V. Manchanda, “Does It Pay to Shock? Reactions to Shocking and Nonshocking Advertising Content among University Students,” *Journal of Advertising Research* 43, no. 3 (2003): 268–80.

Subliminal advertising¹⁶ is the opposite of shock advertising and involves exposing consumers to marketing stimuli such as photos, ads, and messages by stealthily embedding them in movies, ads, and other media. Although there is no evidence that subliminal advertising works, years ago the words *Drink Coca-Cola* were flashed for a millisecond on a movie screen. Consumers were thought to perceive the information subconsciously and to be influenced to buy the products shown. Many people considered the practice to be subversive, and in 1974, the Federal Communications Commission condemned it. Much of the original research on subliminal advertising, conducted by a researcher trying to drum up business for his market research firm, was fabricated. Cynthia Crossen, “For a Time in the ’50s, A Huckster Fanned Fears of Ad ‘Hypnosis,’” *Wall Street Journal*, November 5, 2007, eastern edition, B1. People are still fascinated by subliminal advertising, however. To create “buzz” about the television show *The Mole* in 2008, ABC began hyping it by airing short commercials composed of just a few frames. If you blinked, you missed it. Some television stations actually called ABC to figure out what was going on. One-second ads were later rolled out to movie theaters. Josef Adalian, “ABC Hopes ‘Mole’ Isn’t Just a Blip,” *Television Week*, June 2, 2008, 3.

Different consumers perceive information differently. A couple of frames about *The Mole* might make you want to see the television show. However, your friend might see the ad, find it stupid, and never tune in to watch the show. One man sees Pledge, an outstanding furniture polish, while another sees a can of spray no different from any other furniture polish. One woman sees a luxurious Gucci purse, and the other sees an overpriced bag to hold keys and makeup. James Chartrand, “Why Targeting Selective Perception Captures Immediate Attention,”

<http://www.copyblogger.com/selective-perception> (accessed October 14, 2009).

15. Advertising designed to startle people so as to get their attention.

16. Advertising that is not apparent to consumers but is thought to be perceived subconsciously by them.

17. The process by which consumers change their behavior after they gain information or experience with a product.

Learning

Learning¹⁷ refers to the process by which consumers change their behavior after they gain information or experience. It’s the reason you don’t buy a bad product twice. Learning doesn’t just affect what you buy; it affects how you shop. People with limited experience about a product or brand generally seek out more information than people who have used a product before.

Companies try to get consumers to learn about their products in different ways. Car dealerships offer test drives. Pharmaceutical reps leave samples and brochures at doctor's offices. Other companies give consumers free samples. To promote its new line of coffees, McDonald's offered customers free samples to try. Have you ever eaten the food samples in a grocery store? While sampling is an expensive strategy, it gets consumers to try the product and many customers buy it, especially right after trying in the store.

Another kind of learning is **operant or instrumental conditioning**¹⁸, which is what occurs when researchers are able to get a mouse to run through a maze for a piece of cheese or a dog to salivate just by ringing a bell. In other words, learning occurs through repetitive behavior that has positive or negative consequences. Companies engage in operant conditioning by rewarding consumers, which cause consumers to want to repeat their purchasing behaviors. Prizes and toys that come in Cracker Jacks and McDonald's Happy Meals, free tans offered with gym memberships, a free sandwich after a certain number of purchases, and free car washes when you fill up your car with a tank of gas are examples.

Another learning process called **classical conditioning**¹⁹ occurs by associating a conditioned stimulus (CS) with an unconditioned stimulus (US) to get a particular response. The more frequently the CS is linked with the US, the faster learning occurs and this is what advertisers and businesses try to do. Think about a meal at a restaurant where the food was really good and you went with someone special. You like the person and want to go out again. It could be that classical conditioning occurred. That is, the food produced a good feeling and you may associate the person with the food, thus producing a good feeling about the person.

Attitude

Attitudes²⁰ are "mental positions" or emotional feelings, favorable or unfavorable evaluations, and action tendencies people have about products, services, companies, ideas, issues, or institutions. "Dictionary of Marketing Terms," <http://www.allbusiness.com/glossaries/marketing/4941810-1.html> (accessed October 14, 2009). Attitudes tend to be enduring, and because they are based on people's values and beliefs, they are hard to change. Companies want people to have positive feelings about their offerings. A few years ago, KFC began running ads to the effect that fried chicken was healthy—until the U.S. Federal Trade Commission told the company to stop. Wendy's slogan that its products are "way better than fast food" is another example. Fast food has a negative connotation, so Wendy's is trying to get consumers to think about its offerings as being better.

18. A type of behavior that's repeated when it's rewarded.

19. A learning process where consumers associate a response with a condition that was previously not associated with the response.

20. "Mental positions" or emotional feelings, favorable or unfavorable evaluations, and action tendencies people have about products, services, companies, ideas, issues, or institutions.

An example of a shift in consumers' attitudes occurred when the taxpayer-paid government bailouts of big banks that began in 2008 provoked the wrath of Americans, creating an opportunity for small banks not involved in the credit bailout and subprime mortgage mess. The Worthington National Bank, a small bank in Fort Worth, Texas, ran billboards reading: "Did Your Bank Take a Bailout? We didn't." Another read: "Just Say NO to Bailout Banks. Bank Responsibly!" The Worthington Bank received tens of millions in new deposits soon after running these campaigns. Joe Mantone, "Banking on TARP Stigma," *SNL*, March 16, 2009, <http://www.snل.com/Interactivex/article.aspx?CdId=A-9218440-12642> (accessed October 14, 2009).

Figure 3.5



Worthington National, a small Texas bank, capitalized on people's bad attitudes toward big banks that accepted bailouts from the government in 2008–2009. After running billboards with this message, the bank received millions of dollars in new deposits.

© WorthingtonBank.com

Societal Factors

Situational factors, personal factors, and psychological factors influence what you buy, but only on a temporary basis. Societal factors are a bit different. They are more outward and have broad influences on your beliefs and the way you do things. They depend on the world around you and how it works.

Culture

Culture²¹ refers to the shared beliefs, customs, behaviors, and attitudes that characterize a society. Culture is a handed down way of life and is often considered the broadest influence on a consumer's behavior. Your culture prescribes the way in which you should live and has a huge effect on the things you purchase. For example, in Beirut, Lebanon, women can often be seen wearing miniskirts. If you're a woman in Afghanistan wearing a miniskirt, however, you could face bodily harm or death. In Afghanistan women generally wear *burqas*, which cover them completely from head to toe. Similarly, in Saudi Arabia, women must wear what's called an *abaya*, or long black garment. Interestingly, abayas have become big business in recent years. They come in many styles, cuts, and fabrics and some are encrusted with jewels and cost thousands of dollars. To read about the fashions women in Muslim countries wear, check out the following article: <http://www.time.com/time/world/article/0,8599,1210781,00.html>.

Even cultures that share many of the same values as the United States can be quite different. Following the meltdown of the financial markets in 2008, countries around the world were pressed by the United States to engage in deficit spending to stimulate the worldwide economy. The plan was a hard sell both to German politicians and to the German people in general. Most Germans don't own credit cards and running up a lot of debt is something people in that culture generally don't do. Credit card companies such as Visa, American Express, and MasterCard must understand cultural perceptions about credit.

Subcultures

A **subculture**²² is a group of people within a culture who are different from the dominant culture but have something in common with one another such as common interests, vocations or jobs, religions, ethnic backgrounds, and geographic locations. The fastest-growing subculture in the United States consists of people of Hispanic origin, followed by Asian Americans, and African Americans. The purchasing power of U.S. Hispanics continues to grow, exceeding \$1 trillion in 2010. "Latino Purchasing Power Now Pegged at \$1 Trillion," Mariowire.com, May 4, 2011, <http://www.mariowire.com/2011/05/04/latino-purchasing-power-1-trillion/>. Home Depot has launched a Spanish version of its Web site. Walmart is in the process of converting some of its Neighborhood Markets into stores designed to appeal to Hispanics. The Supermercado de Walmart stores are located in Hispanic neighborhoods and feature elements such as cafés serving Latino pastries and coffee and full meat and fish counters. Jonathan Birchall, "Wal-Mart Looks to Hispanic Market in Expansion Drive," *Financial Times*, March 13, 2009, 18. Marketing products based on the ethnicity of consumers is useful but may become harder to do in the future because the boundaries between ethnic groups are blurring.

21. The shared beliefs, customs, behaviors, and attitudes that characterize a society used to cope with their world and with one another.

22. A group of people within a culture who are different from the dominant culture but have something in common with one another, such as common interests, vocations or jobs, religions, ethnic backgrounds, or sexual orientations.

Figure 3.6



Care to join the subculture of the “Otherkin”? Otherkins are primarily Internet users who believe they are reincarnations of mythological or legendary creatures—angels, demons, vampires—you name it. To read more about the Otherkins and seven other bizarre subcultures, visit http://www.oddee.com/item_96676.aspx.

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Subcultures, such as college students, can develop in response to people’s interests, similarities, and behaviors that allow marketing professionals to design specific products for them. You have probably heard of the hip-hop subculture, people who engage in extreme types of sports such as helicopter skiing or people who play the fantasy game Dungeons and Dragons.

Social Class

A **social class**²³ is a group of people who have the same social, economic, or educational status in society. Princeton University, “WordNet,”

<http://wordnetweb.princeton.edu/perl/webwn?s=social+class&sub=Search+WordNet&o2=&o0=1&o7=&o5=&o1=1&o6=&o4=&o3=&h=> (accessed October 14, 2009). While income helps define social

23. A group of people who have the same social, economic, or educational status in society.

class, the primary variable determining social class is occupation. To *some* degree, consumers in the same social class exhibit similar purchasing behavior. In many countries, people are expected to marry within their own social class. When asked, people tend to say they are middle class, which is not always correct. Have you ever been surprised to find out that someone you knew who was wealthy drove a beat-up old car or wore old clothes and shoes or that someone who isn't wealthy owns a Mercedes or other upscale vehicle? While some products may appeal to people in a social class, you can't assume a person is in a certain social class because they either have or don't have certain products or brands.

Table 3.1 "An Example of Social Classes and Buying Patterns" shows seven classes of American consumers along with the types of car brands they might buy. Keep in mind that the U.S. market is just a fraction of the world market. The rise of the middle class in India and China is creating opportunities for many companies to successfully sustain their products. For example, China has begun to overtake the United States as the world's largest auto market. "More Cars Sold in China than in January," *France 24*, February 10, 2009, <http://www.france24.com/en/20090210-more-cars-sold-china-us-january-auto-market> (accessed October 14, 2009).

Table 3.1 An Example of Social Classes and Buying Patterns

Class	Type of Car	Definition of Class
Upper-Upper Class	Rolls-Royce	People with inherited wealth and aristocratic names (the Kennedys, Rothschilds, Windsors, etc.)
Lower-Upper Class	Mercedes	Professionals such as CEOs, doctors, and lawyers
Upper-Middle Class	Lexus	College graduates and managers
Middle Class	Toyota	Both white-collar and blue-collar workers
Working Class	Pontiac	Blue-collar workers
Lower but Not the Lowest	Used Vehicle	People who are working but not on welfare
Lowest Class	No vehicle	People on welfare

In a recession when luxury buyers are harder to come by, the makers of upscale brands may want their customer bases to be as large as possible. However,

companies don't want to risk "cheapening" their brands. That's why, for example, Smart Cars, which are made by BMW, don't have the BMW label on them. For a time, Tiffany's sold a cheaper line of silver jewelry to a lot of customers. However, the company later worried that its reputation was being tarnished by the line. Keep in mind that a product's price is to some extent determined by supply and demand. Luxury brands therefore try to keep the supply of their products in check so their prices remain high.

Figure 3.7



The whiskey brand Johnnie Walker has managed to expand its market share without cheapening the brand by producing a few lower-priced versions of the whiskey and putting them in bottles with different labels.

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Some companies, such as Johnnie Walker, have managed to capture market share by introducing "lower echelon" brands without damaging their luxury brands. The company's whiskeys come in bottles with red, green, blue, black, and gold labels. The blue label is the company's best product. Every blue-label bottle has a serial number and is sold in a silk-lined box, accompanied by a certificate of

authenticity. “Johnnie Walker,” http://en.wikipedia.org/wiki/Johnnie_Walker (accessed October 14, 2009).

Reference Groups and Opinion Leaders

Reference groups²⁴ are groups (social groups, work groups, family, or close friends) a consumer identifies with and may want to join. They influence consumers’ attitudes and behavior. If you have ever dreamed of being a professional player of basketball or another sport, you have an aspirational reference group. That’s why, for example, Nike hires celebrities such as Michael Jordan to pitch the company’s products. There may also be **dissociative groups**²⁵ or groups where a consumer does not want to be associated.

Opinion leaders²⁶ are people with expertise in certain areas. Consumers respect these people and often ask their opinions before they buy goods and services. An information technology (IT) specialist with a great deal of knowledge about computer brands is an example. These people’s purchases often lie at the forefront of leading trends. The IT specialist is probably a person who has the latest and greatest tech products, and his opinion of them is likely to carry more weight with you than any sort of advertisement.

Today’s companies are using different techniques to reach opinion leaders. Network analysis using special software is one way of doing so. Orgnet.com has developed software for this purpose. Orgnet’s software doesn’t mine sites like Facebook and LinkedIn, though. Instead, it’s based on sophisticated techniques that unearthed the links between Al Qaeda terrorists. Explains Valdis Krebs, the company’s founder: “Pharmaceutical firms want to identify who the key opinion leaders are. They don’t want to sell a new drug to everyone. They want to sell to the 60 key oncologists.” Anita Campbell, “Marketing to Opinion Leaders,” *Small Business Trends*, June 28, 2004, <http://smallbiztrends.com/2004/06/marketing-to-opinion-leaders.html> (accessed October 13, 2009).

Family

- 24. Groups a consumer identifies with and wants to join.
- 25. Groups a consumer does not want to associate with or join.
- 26. People with expertise certain areas. Consumers respect these people and often ask their opinions before they buy goods and services.

Most market researchers consider a person’s family to be one of the most important influences on their buying behavior. Like it or not, you are more like your parents than you think, at least in terms of your consumption patterns. Many of the things you buy and don’t buy are a result of what your parents bought when you were growing up. Products such as the brand of soap and toothpaste your parents bought and used, and even the “brand” of politics they leaned toward (Democratic or Republican) are examples of the products you may favor as an adult.

Companies are interested in which family members have the most influence over certain purchases. Children have a great deal of influence over many household purchases. For example, in 2003 nearly half (47 percent) of nine- to seventeen-year-olds were asked by parents to go online to find out about products or services, compared to 37 percent in 2001. IKEA used this knowledge to design their showrooms. The children's bedrooms feature fun beds with appealing comforters so children will be prompted to identify and ask for what they want. "Teen Market Profile," Mediamark Research, 2003, <http://www.magazine.org/content/files/teenprofile04.pdf> (accessed December 4, 2009).

Marketing to children has come under increasing scrutiny. Some critics accuse companies of deliberately manipulating children to nag their parents for certain products. For example, even though tickets for Hannah Montana concerts ranged from hundreds to thousands of dollars, the concerts often still sold out. However, as one writer put it, exploiting "pester power" is not always ultimately in the long-term interests of advertisers if it alienates kids' parents. Ray Waddell, "Miley Strikes Back," *Billboard*, June 27, 2009, 7-8.

KEY TAKEAWAY

- Situational influences are temporary conditions that affect how buyers behave. They include physical factors such as a store's buying locations, layout, music, lighting, and even scent. Companies try to make the physical factors in which consumers shop as favorable as possible. If they can't, they utilize other tactics such as discounts. The consumer's social situation, time factors, the reason for their purchases, and their moods also affect their buying behavior.
- Your personality describes your disposition as other people see it. Market researchers believe people buy products to enhance how they feel about themselves. Your gender also affects what you buy and how you shop. Women shop differently than men. However, there's some evidence that this is changing. Younger men and women are beginning to shop more alike. People buy different things based on their ages and life stages. A person's cognitive age is how old one "feels" oneself to be. To further understand consumers and connect with them, companies have begun looking more closely at their lifestyles (what they do, how they spend their time, what their priorities and values are, and how they see the world).
- Psychologist Abraham Maslow theorized that people have to fulfill their basic needs—like the need for food, water, and sleep—before they can begin fulfilling higher-level needs. Perception is how you interpret the world around you and make sense of it in your brain. To be sure their advertising messages get through to you, companies often resort to repetition. Shocking advertising and product placement are two other methods. Learning is the process by which consumers change their behavior after they gain information about or experience with a product. Consumers' attitudes are the "mental positions" people take based on their values and beliefs. Attitudes tend to be enduring and are often difficult for companies to change.
- Culture prescribes the way in which you should live and affects the things you purchase. A subculture is a group of people within a culture who are different from the dominant culture but have something in common with one another—common interests, vocations or jobs, religions, ethnic backgrounds, sexual orientations, and so forth. To some degree, consumers in the same social class exhibit similar purchasing behavior. Most market researchers consider a person's family to be one of the biggest determinants of buying behavior. Reference groups are groups that a consumer identifies with and wants to join. Companies often hire celebrities to endorse their products to appeal to people's reference groups. Opinion leaders are people with expertise in certain

areas. Consumers respect these people and often ask their opinions before they buy goods and services.

REVIEW QUESTIONS

1. Explain what physical factors, social situations, time factors, and/or moods have affected your buying behavior for different products.
2. Explain how someone's personality differs from his or her self-concept. How does the person's ideal self-concept come into play in a consumer behavior context?
3. Describe how buying patterns and purchase decisions may vary by age, gender, and stage of life.
4. Why are companies interested in consumers' cognitive ages and lifestyle factors?
5. How does the process of perception work and how can companies use it to their advantage in their marketing?
6. How do Maslow's hierarchy of needs and learning affect how companies market to consumers?
7. Why do people's cultures and subcultures affect what they buy?
8. How do subcultures differ from cultures? Can you belong to more than one culture or subculture?
9. How are companies trying to reach opinion leaders?

[citation redacted per publisher request]

[citation redacted per publisher request]

3.2 Low-Involvement Versus High-Involvement Buying Decisions and the Consumer's Decision-Making Process

LEARNING OBJECTIVES

1. Distinguish between low-involvement and high-involvement buying decisions.
2. Understand what the stages of the buying process are and what happens in each stage.

As you have seen, many factors influence a consumer's behavior. Depending on a consumer's experience and knowledge, some consumers may be able to make quick purchase decisions and other consumers may need to get information and be more involved in the decision process before making a purchase. The *level of involvement* reflects how personally important or interested you are in consuming a product and how much information you need to make a decision. The level of involvement in buying decisions may be considered a continuum from decisions that are fairly routine (consumers are not very involved) to decisions that require extensive thought and a high level of involvement. Whether a decision is low, high, or limited, involvement varies by consumer, not by product, although some products such as purchasing a house typically require a high-involvement for all consumers. Consumers with no experience purchasing a product may have more involvement than someone who is replacing a product.

You have probably thought about many products you want or need but never did much more than that. At other times, you've probably looked at dozens of products, compared them, and then decided not to purchase any one of them. When you run out of products such as milk or bread that you buy on a regular basis, you may buy the product as soon as you recognize the need because you do not need to search for information or evaluate alternatives. As Nike would put it, you "just do it." Low-involvement decisions are, however, typically products that are relatively inexpensive and pose a low risk to the buyer if she makes a mistake by purchasing them.

27. When consumers make automatic purchase decisions based on limited information or information they have gathered in the past.

Consumers often engage in **routine response behavior**²⁷ when they make low-involvement decisions—that is, they make automatic purchase decisions based on limited information or information they have gathered in the past. For example, if you always order a Diet Coke at lunch, you're engaging in routine response behavior. You may not even think about other drink options at lunch because your

routine is to order a Diet Coke, and you simply do it. Similarly, if you run out of Diet Coke at home, you may buy more without any information search.

Some low-involvement purchases are made with no planning or previous thought. These buying decisions are called **impulse buying**²⁸. While you're waiting to check out at the grocery store, perhaps you see a magazine with Angelina Jolie and Brad Pitt on the cover and buy it on the spot simply because you want it. You might see a roll of tape at a check-out stand and remember you need one or you might see a bag of chips and realize you're hungry or just want them. These are items that are typically low-involvement decisions. **Low-involvement decisions**²⁹ aren't necessarily products purchased on impulse, although they can be.

By contrast, **high-involvement decisions**³⁰ carry a higher risk to buyers if they fail, are complex, and/or have high price tags. A car, a house, and an insurance policy are examples. These items are not purchased often but are relevant and important to the buyer. Buyers don't engage in routine response behavior when purchasing high-involvement products. Instead, consumers engage in what's called **extended problem solving**³¹, where they spend a lot of time comparing different aspects such as the features of the products, prices, and warranties.

High-involvement decisions can cause buyers a great deal of postpurchase dissonance (anxiety) if they are unsure about their purchases or if they had a difficult time deciding between two alternatives. Companies that sell high-involvement products are aware that postpurchase dissonance can be a problem. Frequently, they try to offer consumers a lot of information about their products, including why they are superior to competing brands and how they won't let the consumer down. Salespeople may be utilized to answer questions and do a lot of customer "hand-holding."

28. Purchases that occur with no planning or forethought.
29. Products that carry a low risk of failure or have a low price tag for a specific individual or group making the decision.
30. Products that carry a high price tag or high level of risk to the individual or group making the decision.
31. Purchasing decisions in which a consumer gathers a significant amount of information before making a decision.
32. Purchasing decisions made based on consideration of some outside information.

Limited problem solving falls somewhere between low-involvement (routine) and high-involvement (extended problem solving) decisions. Consumers engage in **limited problem solving**³² when they already have some information about a good or service but continue to search for a little more information. Assume you need a new backpack for a hiking trip. While you are familiar with backpacks, you know that new features and materials are available since you purchased your last backpack. You're going to spend some time looking for one that's decent because you don't want it to fall apart while you're traveling and dump everything you've packed on a hiking trail. You might do a little research online and come to a decision relatively quickly. You

Figure 3.8



might consider the choices available at your favorite retail outlet but not look at every backpack at every outlet before making a decision. Or you might rely on the advice of a person you know who's knowledgeable about backpacks. In some way you shorten or limit your involvement and the decision-making process.

Allstate's "You're in Good Hands" advertisements are designed to convince consumers that the insurance company won't let them down.

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Products, such as chewing gum, which may be low-involvement for many consumers often use advertising such as commercials and sales promotions such as coupons to reach many consumers at once. Companies also try to sell products such as gum in as many locations as possible. Many products that are typically high-involvement such as automobiles may use more personal selling to answer consumers' questions. Brand names can also be very important regardless of the consumer's level of purchasing involvement. Consider a low- versus high-involvement decision—say, purchasing a tube of toothpaste versus a new car. You might routinely buy your favorite brand of toothpaste, not thinking much about the purchase (engage in routine response behavior), but not be willing to switch to another brand either. Having a brand you like saves you “search time” and eliminates the evaluation period because you know what you're getting.

When it comes to the car, you might engage in extensive problem solving but, again, only be willing to consider a certain brand or brands. For example, in the 1970s, American-made cars had such a poor reputation for quality that buyers joked that a car that's “not Jap [Japanese made] is crap.” The quality of American cars is very good today, but you get the picture. If it's a high-involvement product you're purchasing, a good brand name is probably going to be very important to you. That's why the manufacturers of products that are typically high-involvement decisions can't become complacent about the value of their brands.

Video Clip

1970s American Cars

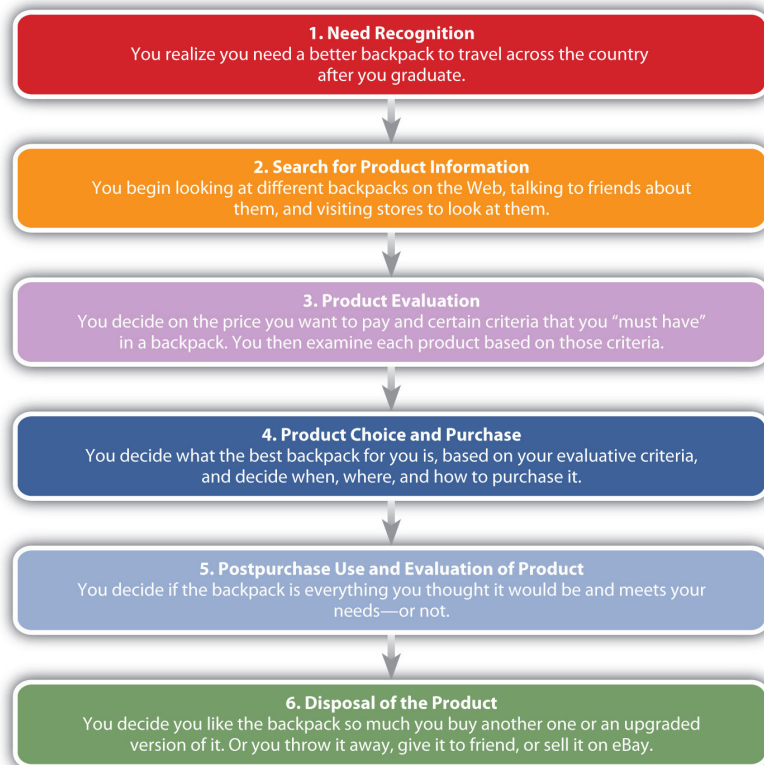
[\(click to see video\)](#)

Today, Lexus is the automotive brand that experiences the most customer loyalty. For a humorous, tongue-in-cheek look at why the brand reputation of American carmakers suffered in the 1970s, check out this clip.

Stages in the Buying Process

Figure 3.9 "Stages in the Consumer's Purchasing Process" outlines the buying stages consumers go through. At any given time, you're probably in a buying stage for a product or service. You're thinking about the different types of things you want or need to eventually buy, how you are going to find the best ones at the best price, and where and how will you buy them. Meanwhile, there are other products you have already purchased that you're evaluating. Some might be better than others. Will you discard them, and if so, how? Then what will you buy? Where does that process start?

Figure 3.9 *Stages in the Consumer's Purchasing Process*



Stage 1. Need Recognition

You plan to backpack around the country after you graduate and don't have a particularly good backpack. You realize that you must get a new backpack. You may also be thinking about the job you've accepted after graduation and know that you must get a vehicle to commute. Recognizing a need may involve something as simple as running out of bread or milk or realizing that you must get a new backpack or a car after you graduate. Marketers try to show consumers how their

products and services add value and help satisfy needs and wants. Do you think it's a coincidence that Gatorade, Powerade, and other beverage makers locate their machines in gymnasiums so you see them after a long, tiring workout? Previews at movie theaters are another example. How many times have you heard about a movie and had no interest in it—until you saw the preview? Afterward, you felt like you *had* to see it.

Stage 2. Search for Information

For products such as milk and bread, you may simply recognize the need, go to the store, and buy more. However, if you are purchasing a car for the first time or need a particular type of backpack, you may need to get information on different alternatives. Maybe you have owned several backpacks and know what you like and don't like about them. Or there might be a particular brand that you've purchased in the past that you liked and want to purchase in the future. This is a great position for the company that owns the brand to be in—something firms strive for. Why? Because it often means you will limit your search and simply buy their brand again.

If what you already know about backpacks doesn't provide you with enough information, you'll probably continue to gather information from various sources. Frequently people ask friends, family, and neighbors about their experiences with products. Magazines such as *Consumer Reports* (considered an objective source of information on many consumer products) or *Backpacker Magazine* might also help you. Similar information sources are available for learning about different makes and models of cars.

Internet shopping sites such as Amazon.com have become a common source of information about products. Epinions.com is an example of consumer-generated review site. The site offers product ratings, buying tips, and price information. Amazon.com also offers product reviews written by consumers. People prefer “independent” sources such as this when they are looking for product information. However, they also often consult non-neutral sources of information, such as advertisements, brochures, company Web sites, and salespeople.

Stage 3. Product Evaluation

Obviously, there are hundreds of different backpacks and cars available. It's not possible for you to examine all of them. In fact, good salespeople and marketing professionals know that providing you with too many choices can be so overwhelming that you might not buy anything at all. Consequently, you may use choice heuristics or rules of thumb that provide mental shortcuts in the decision-making process. You may also develop evaluative criteria to help you narrow down

your choices. Backpacks or cars that meet your initial criteria before the consideration will determine the set of brands you'll consider for purchase.

Evaluative criteria³³ are certain characteristics that are important to you such as the price of the backpack, the size, the number of compartments, and color. Some of these characteristics are more important than others. For example, the size of the backpack and the price might be more important to you than the color—unless, say, the color is hot pink and you hate pink. You must decide what criteria are most important and how well different alternatives meet the criteria.

Companies want to convince you that the evaluative criteria you are considering reflect the strengths of their products. For example, you might not have thought about the weight or durability of the backpack you want to buy. However, a backpack manufacturer such as Osprey might remind you through magazine ads, packaging information, and its Web site that you should pay attention to these features—features that happen to be key selling points of its backpacks. Automobile manufacturers may have similar models, so don't be afraid to add criteria to help you evaluate cars in your consideration set.

Stage 4. Product Choice and Purchase

With low-involvement purchases, consumers may go from recognizing a need to purchasing the product. However, for backpacks and cars, you decide which one to purchase after you have evaluated different alternatives. In addition to which backpack or which car, you are probably also making other decisions at this stage, including where and how to purchase the backpack (or car) and on what terms. Maybe the backpack was cheaper at one store than another, but the salesperson there was rude. Or maybe you decide to order online because you're too busy to go to the mall. Other decisions related to the purchase, particularly those related to big-ticket items, are made at this point. For example, if you're buying a high-definition television, you might look for a store that will offer you credit or a warranty.

Figure 3.10



Osprey backpacks are known for their durability. The company has a special design and quality control center, and Osprey's salespeople annually take a "canyon testing" trip to see how well the company's products perform.

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33. Certain characteristics of products consumers consider when they are making buying decisions.

Stage 5. Postpurchase Use and Evaluation

At this point in the process you decide whether the backpack you purchased is everything it was cracked up to be. Hopefully it is. If it's not, you're likely to suffer what's called **postpurchase dissonance**³⁴. You might call it *buyer's remorse*. Typically, dissonance occurs when a product or service does not meet your expectations. Consumers are more likely to experience dissonance with products that are relatively expensive and that are purchased infrequently.

You want to feel good about your purchase, but you don't. You begin to wonder whether you should have waited to get a better price, purchased something else, or gathered more information first. Consumers commonly feel this way, which is a problem for sellers. If you don't feel good about what you've purchased from them, you might return the item and never purchase anything from them again. Or, worse yet, you might tell everyone you know how bad the product was.

Companies do various things to try to prevent buyer's remorse. For smaller items, they might offer a money back guarantee or they might encourage their salespeople to tell you what a great purchase you made. How many times have you heard a salesperson say, "That outfit looks so great on you!" For larger items, companies might offer a warranty, along with instruction booklets, and a toll-free troubleshooting line to call or they might have a salesperson call you to see if you need help with product. Automobile companies may offer loaner cars when you bring your car in for service.

Companies may also try to set expectations in order to satisfy customers. Service companies such as restaurants do this frequently. Think about when the hostess tells you that your table will be ready in 30 minutes. If they seat you in 15 minutes, you are much happier than if they told you that your table would be ready in 15 minutes, but it took 30 minutes to seat you. Similarly, if a store tells you that your pants will be altered in a week and they are ready in three days, you'll be much more satisfied than if they said your pants would be ready in three days, yet it took a week before they were ready.

Stage 6. Disposal of the Product

34. Situations that occur when experiences do not match expectations and consumers rethink their decisions after purchasing products and wonder if they made the best decision.

There was a time when neither manufacturers nor consumers thought much about how products got disposed of, so long as people bought them. But that's changed. How products are being disposed of is becoming extremely important to consumers and society in general. Computers and batteries, which leech chemicals into landfills, are a huge problem. Consumers don't want to degrade the environment if they don't have to, and companies are becoming more aware of this fact.

Take for example Crystal Light, a water-based beverage that's sold in grocery stores. You can buy it in a bottle. However, many people buy a concentrated form of it, put it in reusable pitchers or bottles, and add water. That way, they don't have to buy and dispose of plastic bottle after plastic bottle, damaging the environment in the process. Windex has done something similar with its window cleaner. Instead of buying new bottles of it all the time, you can purchase a concentrate and add water. You have probably noticed that most grocery stores now sell cloth bags consumers can reuse instead of continually using and discarding of new plastic or paper bags.

Other companies are less concerned about conservation than they are about **planned obsolescence**³⁵. Planned obsolescence is a deliberate effort by companies to make their products obsolete, or unusable, after a period of time. The goal is to improve a company's sales by reducing the amount of time between the repeat purchases consumers make of products. When a software developer introduces a new version of product, it is usually designed to be incompatible with older versions of it. For example, not all the formatting features are the same in Microsoft Word 2007 and 2010. Sometimes documents do not translate properly when opened in the newer version. Consequently, you will be more inclined to upgrade to the new version so you can open all Word documents you receive.

Products that are disposable are another way in which firms have managed to reduce the amount of time between purchases. Disposable lighters are an example. Do you know anyone today that owns a nondisposable lighter? Believe it or not, prior to the 1960s, scarcely anyone could have imagined using a cheap disposable lighter. There are many more disposable products today than there were in years past—including everything from bottled water and individually wrapped snacks to single-use eye drops and cell phones.

Figure 3.11



The hike up to Mount Everest used to be pristine. Now it looks more like this. Who's responsible? Are consumers or companies responsible, or both?

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35. A deliberate effort by companies to make their products obsolete, or unusable, after a period of time.

Figure 3.12



Disposable lighters came into vogue in the United States in the 1960s. You probably don't own a cool, nondisposable lighter like one of these, but you don't have to bother refilling it with lighter fluid either.

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KEY TAKEAWAYS

Consumer behavior looks at the many reasons why people buy things and later dispose of them. Consumers go through distinct buying phases when they purchase products: (1) realizing the need or wanting something, (2) searching for information about the item, (3) evaluating different products, (4) choosing a product and purchasing it, (5) using and evaluating the product after the purchase, and (6) disposing of the product. A consumer's level of involvement is how interested he or she is in buying and consuming a product. Low-involvement products are usually inexpensive and pose a low risk to the buyer if he or she makes a mistake by purchasing them. High-involvement products carry a high risk to the buyer if they fail, are complex, or have high price tags. Limited-involvement products fall somewhere in between.

REVIEW QUESTIONS

1. How do low-involvement decisions differ from high-involvement decisions in terms of relevance, price, frequency, and the risks their buyers face? Name some products in each category that you've recently purchased.
2. What stages do people go through in the buying process for high-involvement decisions? How do the stages vary for low-involvement decisions?
3. What is postpurchase dissonance and what can companies do to reduce it?

[citation redacted per publisher request]

[citation redacted per publisher request]

3.3 Discussion Questions and Activities

DISCUSSION QUESTIONS

1. Why do people in different cultures buy different products? Discuss with your class the types of vehicles you have seen other countries. Why are they different, and how do they better meet buyers' needs in those countries? What types of cars do you think should be sold in the United States today?
2. What is your opinion of companies like Google that gather information about your browsing patterns? What advantages and drawbacks does this pose for consumers? If you were a business owner, what kinds of information would you gather on your customers and how would you use it?
3. Are there any areas in which you consider yourself an opinion leader? What are they? How are companies getting information about opinion leaders?
4. What purchasing decisions have you been able to influence in your family and why? Is marketing to children a good idea? If not, what if one of your competitors were successful in doing so? Would it change your opinion?
5. Name some products that have led to postpurchase dissonance on your part. Then categorize them as high- or low-involvement products.
6. Describe the decision process for impulse purchases at the retail level. Would they be classified as high- or low-involvement purchases?
7. How do you think the manufacturers of products sold through infomercials reduce postpurchase dissonance?
8. Explain the relationship between extensive, limited, and routine decision making relative to high- and low-involvement decisions. Identify examples of extensive, limited, and routine decision making based on your personal consumption behavior.
9. Why is understanding consumer behavior so important for companies? Think of examples where you do not think companies understood their consumers.

ACTIVITIES

1. Go to <http://www.ospreypacks.com> and enter the blog site. Does the blog make you more or less inclined to purchase an Osprey backpack?
2. Select three advertisements and describe the needs identified by Abraham Maslow that each ad addresses. Find an international version of an advertisement for one of the products. What differences do you detect in the international version of the ad?
3. Break up into groups and visit an ethnic part of your town that differs from your own ethnicity(ies). Walk around the neighborhood and its stores. What types of marketing and buying differences do you see? Write a report of your findings.
4. Using Maslow's hierarchy of needs, identify a list of popular advertising slogans that appeal to each of the five levels.
5. Identify how McDonald's targets both users (primarily children) and buyers (parents, grandparents, etc.). Provide specific examples of strategies used by the fast-food marketer to target both groups. Make it a point to incorporate Happy Meals and Mighty Kids Meals into your discussion.

[citation redacted per publisher request]

[citation redacted per publisher request]