

Chapter 5 Notes  
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Most economists assume that customers are **economic buyers** – people who know all the facts and logically compare choices to get the greatest satisfaction from spending their time and money. The economic-buyer theory says that consumers decide what to buy based on **economic needs**, which are concerned with making the best use of a consumer's time and money – as the consumer judges it.

Some economic needs include:

1. Economy of purchase or use
2. Efficiency in operation or use
3. Dependability of earnings
4. Improvement of earnings
5. Convenience

Improved value does not just mean offering lower prices.

Many firms adjust their marketing mixes for target markets that place a high value on convenience.

The ability to satisfy economic needs largely depends on how much money a consumer has available – which in turn depends a great deal on household income. In most households, people don't have enough income to buy everything they want. A family's purchase of "luxuries" comes from **discretionary income** – what is left of income after paying taxes and paying for necessities.

Everybody is motivated by needs and wants. **Needs** are the basic forces that motivate a person to do something. Needs are more basic than wants. **Wants** are "needs" that are learned during a person's life. When a need is not satisfied, it may lead to a drive. A **drive** is a strong stimulus that encourages action to reduce a need. In marketing, a product purchase results from a drive to satisfy some need.

A good marketing manager studies what consumer drives, needs, and wants already exist and how they can be satisfied better.

Consumer psychologists often argue that a person may have several reasons for buying – at the same time. **Physiological needs** are concerned with biological needs – food, liquid, rest, and sex. **Safety needs** are concerned with protection and physical well-being. Marketers that offer *solutions* to consumer problems build brand loyalty. **Social needs** are concerned with love, friendship, status, and esteem – things that involve a person's interactions with others. Marketers that help *connect* with others inspire positive feelings about their own brands. **Personal needs** are concerned with an individual's need for personal satisfaction – unrelated to what others think or do.

Consumers select varying ways to meet their needs sometimes because of differences in **perception** – how we gather and interpret information from the world around us. Why are some people not affected by some advertising?

1. **Selective exposure** – our eyes and minds seek out and notice only information that interests us.
2. **Selective perception** – we screen out or modify ideas, messages, and information that conflict with previously learned attitudes and beliefs.
3. **Selective retention** – we remember only what we want to remember.

Our needs affect these selective processes. And current needs receive more attention.

Almost all consumer behavior is learned. **Learning** is a change in a person's thought processes caused by prior experience. Consumer learning may result from things that marketers do, or it may result from stimuli that have nothing to do with marketing.

Learning process: depending on the **cues** – products, signs, and ads – an individual chooses some specific response. A **response** is an effort to satisfy a drive. **Reinforcement** of the learning process occurs when the response is followed by satisfaction.

An **attitude** is a person's point of view toward something while a **belief** is a person's opinion about something. In an attempt to relate attitude more closely to purchase behavior, some marketers stretch the attitude concept to include consumer "preferences" or "intention to buy." Attitudes and beliefs sometimes combine to form an **expectation** - an outcome or event that a person anticipates or looks forward to. Consumer expectations often focus on the benefits or value that the consumer expects from a firm's marketing mix.

**Trust** is the confidence a person has in the promises or actions of another person, brand, or company. Trust drives expectations, because when people trust, they expect the other party to fulfill promises or perform capably. Trusted brands are less susceptible to price-based competition.

**Psychographics** or **lifestyle analysis** is the analysis of a person's day-to-day pattern of living as expressed in that person's activities, interest, and opinions. Family members may share many attitudes and values, consider each other's opinion, and divide various buying tasks. Marital status, age, and the age of any children in the family have an especially important effect on how people spend their income.

A **social class** is a group of people who have approximately equal social position as viewed by others in the society. In the U.S. simple approaches for measuring social class groupings are based on a person's occupation, education, and type and location of housing.

A **reference group** refers to the people to whom an individual looks when forming attitudes about a particular topic. Reference influence is stronger for products that others "see" and which relate to status in the group. An **opinion leader** is a person who influences others. Social media exposes consumers to a wider range of reference groups. Social media also amplifies the voices of opinion leaders. Marketing managers should closely monitor online opinion leaders because they can be quick to let their followers know when they don't like a marketing mix.

**Culture** is a whole set of beliefs, attitudes, and ways of doing things of reasonably homogenous set of people. A marketer needs to study ethnic dimensions very carefully because they can be subtle and fast-changing. Each foreign market may need to be treated as a separate market with its own submarkets.

Why a consumer makes a purchase can affect buying behavior. When the need is urgent, customers will be less inclined to evaluate a range of options – and place more emphasis on speed and convenience. Surroundings can affect buying behavior. Different purchase situations may require different marketing mixes – even when the same target market is involved.

The consumer decision process begins when a consumer becomes aware of an unmet need. The consumer's problem-solving process then focuses on how best to meet that need. To solve the problem a consumer may search for information, identify alternatives, decide what factors are important, and then evaluate one or more alternative products that meet the need. Consumers use **extensive problem solving** when they put much effort into deciding how to satisfy a need – as is likely for a completely new purchase or to satisfy an important need.

**Limited problem solving** is used by consumers when some effort is required in deciding the best way to satisfy a need.

A consumer uses **routinized response behavior** when he or she regularly selects a particular way of satisfying a need when it occurs. This behavior is also typical for **low-involvement purchases** – purchases that have little importance or relevance for the customer.

The idea of a decision process does not imply that consumers always apply rational processes in their buying decisions. When a customer decides to delay a purchase, oftentimes the sale is lost.

**Dissonance** is a feeling of uncertainty about whether the correct decision was made.

Consumers are more likely to share stories about being dissatisfied than satisfied.

When consumers face a really new concept, their previous experience may not be relevant. These situations involve the **adoption process** - the steps individuals go through on the way to accepting or rejecting a new idea.

1. **Awareness** – the potential customer comes to know about the product but lacks details
2. **Interest** – if the consumer becomes interested, he or she will gather general information about the product
3. **Evaluation** – a consumer begins to give the product mental trial, applying it to his or her personal situation
4. **Trial** – the consumer may buy the product to experiment with it in use
5. **Decision** – the consumer decides on either adoption or rejection
6. **Confirmation** – the adopter continues to rethink the decision and searches for support for the decision – that is, further reinforcement