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**Marketing**

Second S A edition  
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**Chapter 3:  
Consumer Decision-  
Making**

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**Introduction**

- **What is consumer behaviour (CB)?**
  - purchasing, use and disposal of products
- **The importance of consumer behaviour (CB) to marketers**
  - understand and predict buying behaviour
  - needs and need satisfaction
  - product design
- **Behavioural sciences**

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**Introduction (cont)**

- **Economic buyer theory: All consumers**
  - have full information
  - make comparisons
  - are rational
  - have limited resources to satisfy limitless needs
  - want to maximise satisfaction

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**Consumer's Decision-Making Process**

FACTORS INFLUENCING THE CONSUMER'S DECISION-MAKING PROCESS

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**The Consumer Decision-Making Process**

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**Problem Recognition & Information Search**

- **Problem recognition:**
  - discrepancy
  - sometimes unaware
- **Information search:**
  - internal vs external
  - marketing vs non-marketing controlled
  - extent determined by:
    - » risk, knowledge, prior experience, type of product

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**Evaluation, Purchase and Post-Purchase**

- Evaluation of alternatives
  - evoked set, product features, assign importance
- Purchase
- Post-purchase
  - cognitive dissonance
    - › typical consumer behaviour (next slide)
    - › marketing strategies to overcome (next slide)

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**Post-Purchase Behaviour (cont)**

- Typical Post-Purchase Behaviour
  - justify their decision
  - seek new information to reinforce
  - avoid contradictory information
  - revoke the decision by returning the product
  - deliberately seek contrary information to refute
  - engage in WOM

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**Post-Purchase Behaviour (cont)**

- Strategies to overcome cognitive dissonance
  - post-purchase letter, card
  - instruction booklets
  - advertising
  - refunds
  - guarantees, warranties
  - “cooling off” periods

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**Types of Consumer Buying Decisions**

Routine Response Behaviour	Limited Decision Making	Extensive Decision Making
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Low involvement      High Involvement

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**Decision categorised in terms of:**

- level of involvement
- length of time taken
- cost
- degree of information search
- number of alternatives considered

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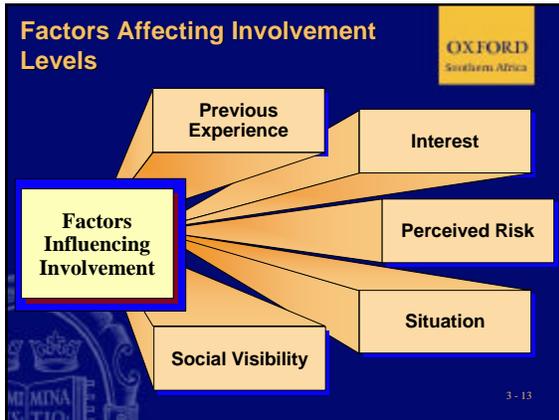
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**Routine Response Behaviour**

- Routine response behaviour
  - the ultimate objective from a marketer’s perspective
  - experiences → learning → attitude
  - long term relationships
  - frequent buyer incentives

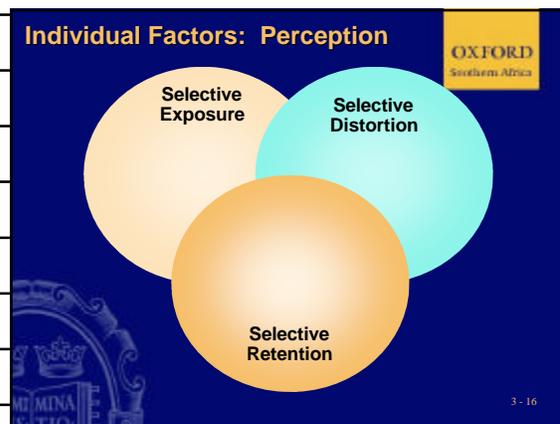
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- ### More on Types of Risk
- **Financial risk**
    - the higher price the higher the involvement
  - **Social risk**
    - social opinion of others
  - **Psychological risk**
    - concern or anxiety
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- ### Marketing Implications of Involvement
- **High involvement**
    - susceptible to cognitive dissonance
    - promotion extensive and informative
    - provide information and specify benefits
  - **Low involvement: consumers not aware of need until in shop**
    - in-store promotions and packaging important.
    - must be eye-catching and easily recognisable
    - tactics such as 2-for-the-price-of-1, coupons and special offers often used
    - link to high-involvement issue e.g. health issues
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- ### Individual Factors: Perception (cont)
- **Selective exposure: see what they want to see**
  - **Selective distortion: they change or distort info that conflicts with their feelings or beliefs**
  - **Selective retention: remembers what fits with existing beliefs**
  - **It explains differing perceptions**
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- ### The Marketing Implications of Perception
- **Helps marketers understand CB**
  - **The importance of cues and stimuli**
    - five senses
  - **branding**
    - labels, prices, product features
  - **just noticeable difference**
    - do consumer notice (perceive) changes in products
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**Individual Factors: Motivation**

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- Motivation: the forces that drive behaviour to satisfy needs
- Helps marketers to understand CB
- Maslow's hierarchy of needs
  - five levels
  - hierarchical

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**The Marketing Implications of Motivation**

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- Firms target different market segments with different motivations using different products or brands
- Examples from text
  - physiological: Energade
  - safety: Mercedes Benz
  - social: Benson and Hedges
  - esteem: Mont Blanc pens
  - self actualisation: American Express

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**Maslow's Hierarchy of Needs**

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- Self-Actualisation Needs (self-development, self-realisation)
- Esteem Needs (self-esteem, recognition, status)
- Social Needs (sense of belonging, love)
- Safety Needs (security, protection)
- Physiological Needs (hunger, thirst)

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**Individual Factors: Learning**

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- Processes that change behaviour
  - experience, practice, information
  - positive experiences repeated: learning
- Two types of learning:
  - experiential learning
  - conceptual learning
- Learning tools
  - reinforcement and repetition
  - stimulus generalisation and stimulus discrimination

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**Individual Factors: Values & Beliefs**

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- Learning → values → self concept, personality, lifestyle → buyer behaviour
- values vary across cultures
- beliefs shape attitude to product or brand
- beliefs can be changed
  - change beliefs about attributes
  - change importance of beliefs
  - add new beliefs

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**Individual Factors: Attitudes**

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- consumers have different attitudes of different strengths
- focus of research
- positive attitude is necessary but not sufficient
- acquired: experience and interaction
- difficult to change

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### Individual Factors: Personality, Self-concept and Lifestyle

- Personality, Self-concept and Lifestyle all influence CB
- Self-concept
  - ideal self-image and real self-image
- Lifestyle
  - psychographics used to describe and predict the CB of different segments
  - activities, interests, opinions
  - often determine advertising themes

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### Social Factors: Culture and Sub-culture

- Culture is the set of values, norms attitudes that shape behaviour and CB
  - reasonably homogeneous
  - it's learned over time and passed on
  - it's dynamic
  - careful not to offend
- Cultural values in SA
  - collectivist (ubuntu) vs individualism
- Sub-cultures
- Sub-cultures in SA

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### Social Factors: Reference Groups

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graph LR
    RG((Reference Groups)) --- Direct[Direct  
Face to face]
    RG --- Indirect[Indirect]
    Direct --- Primary[Primary  
Small, informal group]
    Direct --- Secondary[Secondary  
Large, formal group]
    Indirect --- Aspirational[Aspirational  
Desired to be a member]
    Indirect --- NonAspirational[Non-aspirational  
Avoids membership]
    
```

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### Marketing Importance of Reference Groups

- Reference groups:
  - activities and values influence the CB of others
  - they are information sources
  - they influence others' aspiration levels
  - their norms constrain/stimulate others' CB

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### Social Factors: Reference Groups (cont)

- Reference group: conspicuous consumption:
  - membership
  - aspirational
  - disassociative
- Reference groups' sources of power
  - information
  - legitimate
  - referent
  - expert

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### Social Factors: Reference Groups (cont)

- Opinion leaders: important target market
  - first to try new products
  - typically self-indulgent and influential
  - often casual and personal, socially active
  - early adopters - experience
  - expert power - convincing
  - difficult to find or create

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**Social Factors: Family and Family Life-Cycle**

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- **Family: different roles**
  - initiator, influencer, decision-maker, purchaser, user
- **Family life-cycle**
  - a series of stages
  - attitudes, behaviour and particularly buyer behaviour change over time

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**Social Factors: Social class**

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- **Social class: a group with similar status and behavioural norms**
  - upper class
  - middle class
  - working class
  - lower class

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**The Purchase Situation**

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- **Purchase reason**
  - why is the product or brand bought?
- **Available time**
  - time pressure or not? Find, familiarise, shop
- **Physical environment**
  - can enhance or decrease the likelihood of purchase
  - appeals to the five senses
  - also issues such as privacy, neatness

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**Buying New Products**

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- buying “new to the market” products is a process
- **Six steps in the adoption process**
  - awareness
  - interest
  - evaluation
  - trial
  - decision
  - confirmation

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