

CONSUMER BEHAVIOR, MANAGERIAL RELEVANCE OF

In developing different strategies to achieve the marketing task, management can adopt one of three different orientations: a selling orientation, a product orientation, and a consumer orientation. In adopting a selling orientation, management presumes that consumers will not buy the product unless there is a substantial promotional and selling effort. This approach is based on the "if you can make it, I can sell it" school of thought. Emphasis is on advertising, promotion, personal selling, and point of purchase displays. If carried to an extreme, this orientation evolves into a "hard sell" approach which can be offensive to many consumers. The second orientation, the product orientation, is embodied in the "build a better mousetrap" school of thought. Characteristic of this approach are heavy research and development costs, an emphasis on higher technology, and frequent product failures. Consequently, the marketing mix variables receive minimal attention, and almost no consumer research is undertaken. The third orientation is the consumer orientation, which arises from the "find out what they want and give it to them" school of thought. The key tasks in this orientation are (1) the determination of the needs and wants of the consumers within the target market, and (2)

motivating the company to satisfy market needs and wants more effectively and efficiently than the competitors. The primary emphasis is on market research, but product development, promotion, and the other marketing mix variables are equally important. Thus a fully integrated marketing plan is utilized in the consumer-oriented philosophy of marketing management.

Benefits of a Consumer Orientation--Several specific and tangible benefits result from the adoption of a consumer orientation:

1. The company obtains a better picture of the structure of its market. Because consumer needs are more durable than products, they will reveal the true substitutability and complementarity of products. These relationships based on consumer needs often transcend the traditional industry viewpoint of competition.

2. There will be less waste and greater efficiency of the marketing effort, thereby decreasing marketing costs and increasing profitability. By providing the consumers with what they need or want, persuasion is not necessary. Further, receptivity of marketing communications will increase, reducing the amount of promotion necessary.

3. Product development stems from changes in the wants of consumers rather than from changes in technology. Product research becomes more structured and meaningful,

and product failure is less likely.

4. Products that are no longer desired in the marketplace are more easily discarded and replaced by new, more quickly successful products. The company becomes a leader instead of a follower.

5. Customer satisfaction is increased because customers have been provided with what they want. This increased satisfaction leads to favorable word-of-mouth communications, probably the most effective form of promotion for the generation of new demand. Increased satisfaction also leads to brand loyalty and a more positive public opinion.

6. There is less pressure on product development personnel for "spontaneous" new ideas because the consumer is the catalyst for most new products. Similarly, promotional personnel face less stress because they are no longer responsible for unloading products which fulfill no needs in the marketplace.

Criticisms of a Consumer Orientation—Recently a few marketing scholars have voiced what they believe to be some potential drawbacks of the consumer orientation. They argue that the consumer orientation has resulted in an excessive emphasis on minor product changes epitomized by the label of "new and improved." Also, as a result of looking to the consumer for new product ideas, companies

have almost completely ceased all research efforts to develop revolutionary new technological advances. Thus, they conclude that the consumer orientation is one of the main explanations for the U.S.'s loss of technological leadership to other countries, such as Japan (Bennett and Cooper, 1981).

While these criticisms may appear to possess some merit, they are largely based on a faulty interpretation of the consumer orientation. The consumer orientation posits that a company must not only identify current consumer needs but also anticipate future needs. Therefore, by following the consumer orientation a company should continue development of new technology which has the potential for solving present and future consumer needs.

Defining Consumer Behavior

Consumer behavior is not merely the use of goods and services marketed by profit-seeking companies and individuals; nor is it restricted to the actual act of consumption, such as the eating of french fries; nor is it restricted to the individual consumer. To more fully understand the complete scope and complex nature of consumer behavior, its three aspects need to be examined separately.

Objects of Consumption--The most typical objects of consumption are those products and services provided by companies or individuals who have a profit motive. Included among these are (1) nondurable goods such as groceries, personal care items, and household cleaning supplies; (2) semidurable goods such as clothing; (3) consumer durables such as furniture, appliances, and automobiles; and (4) private services such as doctors, lawyers, and beauticians. Additionally, the products and services of companies regulated by government, exemplified by the utility and transportation industries, should be included in this group.

However, people also consume public services provided by "nonprofit" organizations catering to such needs as health and recreation. Also included are those goods and services freely provided by the public sector such as highways, personal safety services, and educational facilities. The last, and the most subtle, addition are those goods and services satisfying the political, moral, and religious values of society. Included in these are the marketing of churches, politicians, and astrology.

This expansion to less traditional goods and services is relevant for management because they are all competing for pieces of the same well-defined pie, namely, the consumer's time, interest, and money.

Consuming Units--It is insufficient to consider only individuals when discussing consumption behavior. Groups of individuals formed as social living units are important focal points for analysis. Usually most attention is directed at the traditional family as a consuming unit, but within the past decade the non-traditional household composed of single parents, unmarried couples living together, or communal groups has emerged as a major factor (Sheth, 1983b). Organizations must also be considered as consumers of products and services. The dominant types of organizations in our economy are industries, public institutions (hospitals, schools), private institutions (retail stores, clubs, restaurants), and government (local, state, and national). The single most important, and the largest, member of this group of consuming units is the national government. In addition, it is critical to remember that other living creatures are consuming units even though they are not the actual purchasers of the goods and services. Pets and livestock require such diverse items as food, shelter, medical services, and transportation.

Behavioral Roles--Having delineated the who (consumers) and the what (goods and services), it now remains to classify the how and why (activities and processes) to complete the complex picture of consumer

behavior. Consumer behavior can be broadly categorized in two distinct ways: (1) by the nature of the activities and processes (behavioral roles) and (2) by the underlying motives and characteristics (behavioral types). Within the activities and processes, seven behavioral roles can be identified: problem recognition, establishment of goals, information gathering, decision making, purchasing, consuming, and post-purchase evaluation. These roles are important because they represent distinct parts of the total process, parts that permit specialization enabling them to be performed by different people in a household or organization in different places at different times.

Problem recognition involves the discernment of a need or problem that requires a solution. The triggering mechanisms for problem recognition may be internal physiological or psychological states of being, or it may be external stimuli provided by such sources as advertising messages, friends' comments, or salespersons' suggestions. A problem exists for a consumer when the desired state of affairs is different from the actual state of affairs. Because this is clearly a matter of personal interpretation, it is difficult to predict which conditions will lead to problem recognition for a specific consumer.

Once a problem is recognized, the role of establishment of goals becomes important. The delineation of goals

for solving the problem typically revolves around consideration of desired benefits, permissible costs, acceptable risks, and an allowable time frame. For example, goals for resolving a transportation problem may include buying a car that gets at least thirty miles per gallon, costs less than \$7,000, has a five year warranty, and can be bought straight off the dealer's lot.

The role of information gathering includes all activities regarding the collection, sorting, and evaluation of information concerning the benefits, risks, and consequences of the different alternatives. Information may be actively sought or passively received, and can be obtained from many sources including advertisements, point-of-purchase displays, word-of-mouth communications, and so on. Of importance to management is the ability of the decision maker to be selective in information gathering. This selectivity can result in perceptual biases of the information received, causing a difference between objective information presented and the information perceived. For example, many consumers believe that there is a qualitative difference between national brands and store brands even though they are made by the same company.

Another behavioral role is decision or choice making. The process of choice making can be represented as a series of sequential steps. First, the decision maker

must decide whether or not the product should be bought, depending on existence of the need, desire, and ability to buy the product. Second, he or she must narrow down the number of alternatives to a manageable few. Next, a choice of brands must be made from among the selected set of alternatives. Finally, he or she must decide on the place and method of purchase.

While the decision maker, purchaser, and user may all be the same person, frequently this is not the case. Almost always in organizational buying, the three roles are separated. For example, in the consumption of raw materials, the decision is made by the quality control department, the procurement by the purchasing department, and the consumption by the production department. This separation is also frequently evidenced in family buying behavior, most notably in the case of goods consumed by children where the decision making and purchasing are usually performed by the parents.

Purchasing refers to all the activities related to the procurement of the product or service. The most common activities include going to the store, physically searching for the product, picking up the product off the shelf, paying for the product, and transporting the product to the place of consumption. Consuming and purchasing do not have to occur at the same place or at the same time.

Goods are frequently stockpiled for later consumption, and while usually purchased at the seller's place of business, they are most often consumed elsewhere. This discontinuity in time and place is important because the satisfaction obtained at the time of consuming may not equal the expectation at the time of purchase.

Consuming includes all the activities related to the actual utilization of the product or service. It can occur instantaneously or over a period of years. For example, an automobile burns gasoline, a child eats a candy bar, and a family wears out their living room rug.

After the product or service is purchased and at least partially consumed, there is usually a process of formal or informal post-purchase evaluation in which the performance of the product or service is compared against the consumer's goals and expectations. If the evaluation is positive, the consumer will be satisfied with his or her specific choice and will probably give strong consideration to purchasing that particular product or service when the problem arises again in the future. However, if the consumer's expectations are not realized, dissatisfaction will occur. Depending on the level of dissatisfaction, the consumer may pursue a range of options including avoiding future purchases of that product, voicing displeasure and demanding compensatory action from the

supplier of the product, or expressing disappointment to friends and relatives.

Types of Behavior. In addition to separating behaviors into different activities, they can also be categorized by the underlying motives of the buying process. The six most common types of buying behavior are described below. Each type of behavior has different implications for marketing management.

1. Impulse purchasing is the simplest type of buying behavior. It is completely unplanned and involves no previous search, deliberation, or systematic choice. For example, a person randomly selects a candy bar while waiting at the checkout counter. While the marketer has less direct influence over this type of buying behavior, the most relevant aspects of the marketing mix are point-of-purchase displays and package designs.

2. Habitual buying behavior refers to those purchases that have become routinized and are performed almost mechanistically. The behavior is fully learned, involves highly repetitive purchases, and occurs over short time cycles. While it is somewhat more involved than impulse purchasing, there is no information gathering or decision making involved on the part of the consumer. A common example is the consumer who always buys the same type, size, and brand of bread at the same grocery store.

The most relevant marketing strategy is to ensure good distribution so that the product is always available.

3. Problem-solving behavior refers to the deliberative and calculated decision-making approach to purchasing and includes the following steps: (a) the recognition of needs, (b) the establishment of goals to meet the needs, (c) the collection of information, (d) the determination of a set of alternatives, (e) the calculation of the potential of each of the alternatives to meet the goals, (f) a decision rule for choosing one of the alternatives, and (g) the purchase of the chosen alternative. The purchase of a home for most people involves problem-solving behavior. The total integrated marketing concept becomes most relevant in this type of buying behavior.

4. Curiosity-motivated buying behavior arises from a state of satiation or boredom with existing situations which creates a need for change, a need for increased complexity. This behavior is most susceptible to environmental stimuli (information). The product is tried because it is new or different. Many new products in a test market attain substantial first-time purchases but not enough repeat purchases to sustain the product because people buy the product owing to its novelty rather than its intrinsic superiority over existing products.

5. Innovative buyer behavior refers to the adoption

of a new product or idea which may result in fundamental changes in the individual's life style. The activities involved are similar to those of the problem-solving behavior but refer primarily to new areas of consumption. Because of the fundamental change required, adoption is more difficult than ordinary problem solving. The adoption process will be more fully developed later.

6. Collective decision making is jointly performed by several people. It requires special attention, for in addition to the previously discussed activities involved in the decision-making process, two new aspects result. First, the roles are often more differentiated, indicating a separation of the marketing strategies. Second, interpersonal conflict results, making conflict resolution relevant for the marketing manager. Two specific types of collective purchasing, family buying and organizational buying, will be more fully developed later.

Explanations of Consumer Behavior

Within the last several decades, many theories have been developed in an attempt to explain and predict consumer behavior. Often derived from different discipline perspectives, all have resulted in varying degrees of success, each with its own advantages and disadvantages. Although highly divergent in nature and scope, most

theories can be classified into one of the following categories: learning and habit formation, demographic and socioeconomic theories, social class theories, cultural and reference group theories, motivation research, perceived risk, cognitive dissonance, and attitude theories.

Learning and Habit Formation—One of the most intriguing phenomena in consumer behavior is brand, store, or supplier loyalty. A variety of approaches have been introduced in an attempt to explain this phenomenon of repeat purchasing, and while differing substantially in their formulations, they are all derived from the psychological theories of learning and conditioning. Learning, in psychology, refers to the change in an individual's response pattern which results from past experience. Thus, learning implies that the future purchases of an individual will be determined by his or her past purchases. Past experience can affect future responses in two ways. Based on the classical conditioning theory, the first approach postulates that the individual "learns" to make the same responses when confronted with the same stimuli by doing them over and over. For example, in the checkout line at the supermarket when the clerk asks for money, the consumer gives the amount requested, rather than making a counter offer and then bargaining for the price to be paid. The consumer does this because it is

what he or she has always done.

Furthermore, the outcomes of past behavior also have an effect on future behavior. Based on the operant conditioning theory (reinforcement theory), a suggestion has been made that past behaviors that have resulted in favorable outcomes are more likely to recur than those resulting in less or unfavorable outcomes. If a consumer buys a brand of detergent and finds that it gets clothes very clean, he or she is more likely to buy it again than if it did not get clothes clean.

Thus, the amount of learning will depend on both the habit strength--the number of previous stimulus-response associations--and on the incentive motivation--the expectation of reward based on past experience. In addition, both the internal state of the individual and the strength of the stimulus will affect the response tendency. It has been found, for example, that people tend to purchase more unplanned groceries when they are hungry (e.g., right before lunch) than when they are not hungry. Similarly, the aroma of fresh pastries that is coming from a bakery with open doors is more likely to bring about the purchase of some bakery products than would a billboard advertisement several blocks away.

Socioeconomic and Demographic Factors--One of the more traditional approaches to explaining consumer behavior is

the use of socioeconomic and demographic (SED) factors. SED variables are characteristics by which an individual may be described, and they include physical characteristics, social characteristics, and economic characteristics. Generally, they can be separated into two categories: those that are ascribed, i.e., outside the control of the consumer for the most part, and those that are attainable, i.e., within the control of the individual. The ascribed SED variables include, sex, race, religion, ethnic origin, physical characteristics, and age. The attainable SED variables include income, education, occupation, marital status, home ownership, family occupation, and place of residence.

The theory holds that various aspects of consumer behavior such as brand choices and preferences, media habits, and shopping habits can be explained through differences in the SED characteristics of consumers. That is, people with the same SED characteristics are more likely to behave in the same manner.

SED models have several advantages (Sheth 1977). First, they are easy data to collect and communicate. Respondents have a better understanding of what is being asked than they do with questions involving attitudes, beliefs, and values. Second, because they are objective, SED variables generally elicit more reliable responses.

Third, because this type of data is collected by the Census Bureau, results can be easily generalized to entire populations. Fourth, by analyzing SED variables related to potential target markets, marketing managers gain a better understanding of the background and motivations of their customers. Fifth, because we live in a highly dynamic and open culture, SED variables help marketers to anticipate and respond to major trends in product usage based on demographic shifts. For example, two critical movements in the U.S. in recent years have been the increased size and importance of older consumers and the emergence of Hispanic consumers as a powerful economic force. Finally, SED variables help to guide the selection of promotional media that will "deliver" a particular audience in a cost efficient manner.

SED variables present two major problems in explaining consumer behavior, however. First, they have proven to be poor correlates of brand choice in the past, and second, they are outside the control of marketing management. Therefore, SED variables should be used in the explanation of consumer behavior with the following considerations:

1. They are probably more relevant at the product level. While not differentiating well between brand users, they may help explain differences in product usage.
2. Owing to the increasing affluence of the lower

classes, some SED variables are becoming obsolete. This is true for income, for example; however, race, sex, age, and religion are still very relevant SED variables.

3. Some marketing managers feel "handcuffed" when they discover that the SED profile for their target market is not dramatically different from the profiles of the non-target groups. In such cases, assuming that the target group does have a legitimate unfulfilled need, the marketer should proceed by using a "shotgun" rather than a "rifle" approach. In other words, it may be more difficult and less efficient to reach the particular target market because general viewership media may be required (Winter, 1981).

4. Finally, these variables will at best provide only a partial explanation; hence idealistic models developed using only SED variables will be unrealistic.

Social Class—Closely related to SED variables is the concept of social class. Most societies have some form of categorization system that groups members of that society into fairly distinct classes. Typically a person's social class placement is based on a composite of his or her income, occupation, education, and perhaps family background. Of particular relevance to marketers is the fact that consumers perceive strong connections between certain products or brands and certain social classes. For

example, most respondents would probably agree that a Rolls Royce is an upper class car, while a Chevrolet Chevette is a lower class car. Research has also shown that even elementary age children develop for many product classes a linkage between brands and social class.

The concept of social mobility relates to a person's movement from one social class to another social class. Typically most consumers aspire to move up on the social class ladder by means of occupational advancement, educational achievement, income expansion, or even marriage to a spouse from a higher social class. The potential for social mobility varies across cultures with the U.S. offering a high degree of social mobility and other more traditional cultures, such as Mexico and France, allowing very little chance for social mobility. In an attempt to utilize consumers' desires for upward social movement, advertisers often suggest that the ownership of their product will enhance a consumer's social class position.

Culture and Reference Groups--The consumption behavior of an individual is determined in part by the social forces acting on her or him. The two major social forces in consumer behavior are culture and reference groups.

Culture. Culture refers to the learned response patterns and feelings of a homogeneous group of individuals which collectively reflects their values and meaningful

symbols as they are transmitted from one generation to the next. Thus, culture is an attempt of each society to adapt to its particular environment.

The most common identification of culture is with national boundaries. However, culture can transcend national boundaries. More than one nation may belong to the same relevant culture, as for example the industrialized Western European nations, or more than one culture may be found within the same country—especially true in the United States and India, where there are many large ethnic groups, each with its own culture and traditions.

There are numerous dimensions along which cultures vary and which are significant to marketers (Triandis and Brislin, 1980). Six relevant factors are orientation toward nature, activity orientation, time perspective, sex roles, role of children, and willingness to delay gratification. 1. Some cultures believe that humans should control and utilize the natural environment, while other cultures believe that humans should attempt to coexist with nature and avoid harming the environment. As pollution increases and the supply of natural resources decreases, this debate will continue to intensify. 2. The United States has a penchant for a high level of activity in work and recreation. Conversely, many other

cultures pursue a more passive approach to life. 3. Another crucial distinction among cultures is their time perspective. Most modern, industrialized countries adopt a very strict approach to time utilization which is typified by precise beginning and ending times for events and rather severe sanctions for time misuse. Meanwhile, the more traditional, Agrarian societies utilize a more relaxed style in which time is more loosely construed. Many enlightening, and sometimes humorous, anecdotes can be cited about the frustrated U.S. businessperson who cannot understand why foreign businesspeople are so nonchalant about appointments and time pressures (Hall, 1959).

4. The roles of men and women vary greatly across cultures. The emergence of equal rights for females has resulted in dramatic changes in product usage and purchasing behavior of American consumers. However, in most cultures the male is still the dominant decision maker, especially for major consumer durable purchases. 5. One source of variance that is often ignored is the role of children in a culture. In some cases children are highly treasured and glorified as symbolic objects of love and are sheltered from life's realities. But other cultures believe that children are primarily an economic asset which should be utilized for the benefit of the broader family unit. The level and pattern of child care and

gifts for children will obviously vary greatly given different roles for children. 6. Finally, a culture's willingness to delay gratification has interesting implications. If a culture believes in the potential of the future, there will be a high emphasis placed on education and savings. If, however, the future appears bleak or uncertain, people will "live for today" and reap as much immediate gratification as possible.

Reference Groups. A social force with a more direct impact on consumption behavior is the reference group. A reference group can be defined as any aggregation of people that influences an individual's attitudes or behaviors by serving as a point of reference. While reference groups may be classified in many ways, the most relevant types are membership groups, aspirational groups, dis-associative groups, and primary groups.

Membership groups, those groups to which an individual belongs by a voluntary choice, are the most general form of reference group. Aspirational groups are groups to which an individual desires to belong, as for example, the local country club. In such instances, the individual will emulate the members of this group, especially in the consumption of conspicuous products. The impact of aspirational groups is best demonstrated by the effectiveness of advertising endorsements. Just the opposite,

disassociative groups represent those groups with which an individual does not want to be identified. Consequently, the individual will go out of his or her way to avoid using products and brands that would indicate membership in that particular group. Finally, primary groups are those groups whose members all have face-to-face interaction. They represent the most forceful social influence on patterns of consumption. Their influence is exerted through group roles and group norms. Each group member will have one or more roles which she or he is expected to perform. The parameters of a role are the acceptable limits of behavior for the person performing that role. The parameters may be quite wide, for instance, when a person is in charge of entertainment for a social club. Or they may be quite narrow in the case of a soldier who has to get a haircut. If a person exceeds these parameters, the group usually imposes some form of sanctions upon the violator. A person may also experience difficulty with group roles when he or she discovers that membership in multiple groups creates role conflict. This is especially relevant to working mothers who find that they cannot adequately meet the demands of their roles as wife, mother, and employee simultaneously. Norms exist in groups because they serve as guides to acceptable behavior for all persons within that group. For example, most

religious groups have a norm regarding appropriate dress for religious services. An intriguing facet of norms is the attempt by marketers to influence group norms. In some instances, particularly in the personal care and fashion industries, such attempts are highly successful.

Motivation Research--While culture, reference group, and SED explanations of consumer behavior involve the identification of explicit consumer characteristics, motivation research refers to the understanding of human motives which are hidden, deep-rooted, and otherwise not obvious, but at the same time are determinants of product choices. Relying on the theory and methodology of clinical psychology, motivation research has evolved into three major types in studying consumption behavior:

1. Psychoanalytic theory seeks hidden motives. It postulates that the human personality structure is composed of the id, ego, and the superego. The id represents the force acting in the body to satisfy the biological needs, the ego acts as the mediator between the demands of the id and the person's environment by determining behaviors that can satisfy the needs, and the superego provides the societal and personal norms that constrain behavior. Behavior is a result of the unconscious motivation resulting from the interaction of these three parts. Psychoanalytic theory has prompted the use of sexuality in

the design of both products and promotion.

2. Projective techniques represent a method whereby the hidden and socially unacceptable or objectionable motivations of an individual can be determined. It assumes that in addition to sex, a human being can be motivated by such things as the need for power, achievement, money, and social acceptance. The technique consists of having an individual playact, for example, describing what he or she sees in a picture, or complete a short story. The individual's motives are then determined through the subjective analysis of his or her responses.

The purpose of these first two types of motivation research can be seen as only exploratory. They provide a means for pretesting and developing new ideas. They are too costly to perform in large numbers, highly subjective, and difficult to quantify.

3. Personality characteristics represent the major influence of motivation research on consumer behavior. Personality traits are those characteristics that cause two people to behave differently in the same situation. Thus, personality is an individual difference variable. For the theory to be useful, it is necessary to assume that many individuals will have the same personality characteristics, that these characteristics will be stable over time, and that they will consistently influence a

wide variety of behaviors.

Personality traits can be measured through the use of specially designed instruments called personality tests. The traits are then used as independent variables in an attempt to find the relationship between them and product or brand choice.

Perceived Risk and Cognitive Dissonance--Two distinct cognitive theories that attempt to explain a consumer's choice behavior are (1) perceived risk theory and (2) cognitive dissonance theory.

Perceived Risk. This refers to the individual's evaluation of the negative consequences which are likely to arise if he or she makes a wrong choice among available alternatives. Thus, perceived risk is a function of two components: (1) aversive consequences and (2) degree of uncertainty. The theory posits that the consumer will act in such a way as to reduce the risk involved in the choice situation.

Five general types of risk have been identified in the product choice situation: physical risk, social risk, economic risk, functional risk, and psychological risk. Physical risk is the risk that something may happen to harm the individual physically: for example, injury due to product failure. Social risk refers to the undesirable social effects resulting from a wrong choice: for

example, ridicule for wearing outlandish clothes.

Economic risk can result from either loss of money or loss of time. The risk that the product or service will not perform as expected is functional risk (performance uncertainty). Finally, consumers may face psychological risk (ego) if they discover that they cannot adequately master the use of the product or service as in the purchase of a home computer or dance lessons.

Because people will act to decrease risk, the theory has the following implications for consumer behavior:

1. The greater the perceived risk, the more likely the development of brand loyalty. People will stick with something they are sure of.

2. The greater the perceived risk, the more extensive the individual's search for information, hence the greater the impact of advertising.

3. The greater the perceived risk, the greater the importance of word-of-mouth communications.

4. The greater the perceived risk, the more thorough the deliberation an individual will engage in; therefore, impulse purchasing is less likely to occur.

5. The greater the perceived risk, the more likely the consumer will attempt to reduce the potential negative consequences of the purchase by seeking strong warranties or buying only a small trial amount of the product or

service.

6. The greater the perceived risk, the consumer is more likely to "go with the flow" and buy a very popular brand that has been on the market for a long time.

Cognitive Dissonance. This refers to the psychological discomfort experienced immediately following a choice decision between two or more attractive alternatives. While perceived risk is relevant to pre-decision behavior, cognitive dissonance is more applicable to post-decision activities. In order for cognitive dissonance to occur, the following antecedant conditions are necessary:

1. There must be a number of desirable alternatives; that is, a choice exists.
2. The unchosen alternatives must in fact have some desirable features that are not obtainable in the chosen alternative.
3. There must be some commitment to the choice, and the choice must be seen as irrevocable.
4. The individual must not feel forced into the particular decision, but rather must believe that the choice was of his or her own volition.

Under such circumstances, the individual will experience mental discomfort and will act in such a way as to reduce this tension after making the choice. The methods of dissonance reduction are very relevant for

marketing management. First, the individual may psychologically decrease the attractiveness of the unchosen alternative and increase the attractiveness of the chosen. Thus, cognitive dissonance should lead to the development of brand loyalty. The individual can also search for information to support or rationalize the choice. Thus, he or she will prefer consonant to discrepant information. This implies that marketing should not stop with the act of purchase but also continue to reinforce the decisions of those customers who have bought the product. Consumers will want to rationalize their choices. Advertising's greatest impact is often on loyal customers.

Attitudinal Theories--An attitude may be defined as some mental state of the individual which reflects favorableness or unfavorableness toward an object and includes his or her predisposition to behave in specific ways toward that object. Because attitudes represent prior predispositions, they can be used to predict future behavior. An individual's choice among products or brands will be determined by personal attitudes toward them, resulting in a choice of the most favorable. Thus, the key to understanding choice behavior is the understanding of the underlying attitudes.

Attitudes are presumed to be determined by a number of factors. This determination of attitudes has been a major

source of controversy in social psychology, resulting in four major schools of thought: the behavioral school, the perceptual school, the functional school, and the cognitive consistency school.

1. The behavioral school hypothesizes that attitudes are a direct result of the experiences of past behaviors. Attitudes are the result of behaviors rather than the cause.

2. The perceptual school holds that attitudes are determined by the relative position of products to each other and to an ideal product within some defined product space. An individual's attitudes are estimated from this product space by comparing the distances between different products and the individual's ideal point. The individual is said to have the most favorable attitude toward that product which lies closest to his or her ideal point. Attitude change is brought about by changing the individual's perception of the products in the product space.

3. The functional school deals with the possibility that many people have the same attitude toward a particular product but for different reasons. The functional school posits that attitudes serve four functions for the individual. The utilitarian function of an attitude is to express a feeling about the usefulness of an object for

satisfying an individual's functional and physical needs. The knowledge function of an attitude is to help individuals cope with a complex world. This function permits the stereotyping of objects into categories of like or dislike so that when confronted with them in future situations, the individual will not have to engage in extensive decision making. The expressive function of an attitude is to reflect the individual's self-concept. It is this function which often results in purchase of products not so much for their functional utility as for the expression of social psychological needs by conspicuous consumption behavior. The final function of an attitude is to protect the individual from internal anxieties. In this sense, the attitude serves as an ego-defensive mechanism, often leading to the perceptual biasing of information.

4. The last school of thought, the cognitive consistency school, has had the greatest influence on consumer behavior theory and research. This theory posits that attitudes are based on three factors: a cognitive factor, an affective factor, and a conative factor. The cognitive factor represents an individual's information about an object, consisting of two basic types of beliefs: beliefs in the existence of an object (awareness) and beliefs about the object (evaluative beliefs). The

affective dimension of attitude is the overall feeling of like or dislike. In consumer behavior, it is generally believed that this overall affect is a direct function of the person's evaluative beliefs. Specifically, affect for a product is hypothesized to be the sum of the evaluative beliefs (weighted according to their importance) over all the relevant product attributes. Research in this area has focused on the method of selecting salient product attributes, the method of measurement of both the evaluative beliefs and the importance of those beliefs, the inclusion or exclusion of the weights in the model, and the manner in which the beliefs are combined to form the overall affect toward the product.

The apparent uncertainty is due in part to the inability of evaluative beliefs to exactly predict affect and hence product choice. It has thus been suggested that the conative factor mediates affect and behavior. This conative factor is the gross behavioral intention of the individual.

Sheth (1983a) has observed that there are situations in which people's attitudes and behavior are not consistent (see Figure 1). For example, many people have a positive attitude toward carpooling, but they fail to perform the appropriate behavior. In such cases, the strategy of inducement is the most appropriate strategy to

utilize. It refers to minimizing or removing organizational, socioeconomic, time and place constraints which intervene between the positive attitude and the consequent behavior. For carpooling, this may involve the establishment of a mechanism for locating other potential carpool users or the rescheduling of the time and place dimensions of the person's work schedule.

Conversely, a person may be currently engaged in a behavior even though he has a negative attitude toward it. To improve this situation, a rationalization strategy is effective. Rationalization strategy includes utilization of persuasion and propaganda principles in which information is packaged in a biased way in favor of the desired behavior. Additionally, this strategy may include the use of economic incentives to encourage the continuation of the engaged behavior. An example is the use of propaganda regarding the benefits of physical exercise and gift coupons awarded for each visit for people who belong to a health club but do not enjoy the strain of exercising.

Of course, marketing managers desire the optimal situation when the consumer purchases the company's product on a regular basis and she also has a positive attitude toward the purchase behavior. To ensure this continued state of affairs, a manager should use reinforcement strategies which reward the consumer for her

actions. This may involve such rewards as maintaining consistent, high-quality standards for the company's products, applauding the wise judgment of the loyal consumer in the company's advertisements, or even the presentation of personal awards of recognition to long-time buyers.

Finally, when both attitude and behavior are negative, the appropriate strategy is the confrontation strategy. This situation, which often occurs in social marketing contexts, requires the unlearning of old habits and the learning of new desirable behaviors and attitudes. This radical transformation may involve the use of economic disincentives, behavior modification, and mandatory rules and regulations. For example, to minimize the level of drunk driving, the government may increase the tax on alcohol, place offenders in therapy sessions, and limit the hours of liquor store sales.

Figure 1: A Typology of Strategy Mix Choice

		Attitude	
		Positive	Negative
Relevant Behavior	Engaged	Reinforcement Strategies	Rationalization Strategies
	Disengaged	Inducement Strategies	Confrontation Strategies

The Diffusion of Innovations

Diffusion theory is concerned with the adoption of new products. There are three compelling reasons why the study of diffusion of innovations is relevant to marketing management. First, by understanding the diffusion process, managers may be able to minimize the number of new products that do not achieve full dissemination in the marketplace. Second, the rate of diffusion is of interest because it has a major impact on a firm's ability to maintain steady sales and profits performances. Finally, the field of social marketing is concerned with the diffusion of socially desirable products, services, or ideas in a society, such as proper nutritional habits and effective birth control techniques.

The major components of theories of diffusion, from a marketing perspective, are (1) the innovation and its characteristics, (2) the process by which the new product is accepted, (3) the sources of communication relevant for the adoption process, and (4) the characteristics of different types of adopters.

Defining an Innovation—The most important of these elements is the innovation. Most marketers define an innovation as any new product, but this definition is misleading. A better definition of innovation is a product which is perceived as new by the potential adopters.

There are several characteristics of an innovation which determine whether or not the product will be adopted, and if it is adopted, the rate of adoption--the speed at which it is diffused throughout the society.

1. Relative advantage of a new product is the extent to which it is perceived as being superior to existing alternatives. Relative advantage is a multidimensional concept based on many factors including initial cost, maintenance costs, risk, time and effort savings, discomfort reductions, and the speed of gratification.

2. Compatibility refers to the extent the new product blends in with current behavior patterns, values, beliefs, and attitudes. The less disruptive of current life an innovation is, the faster it will be adopted.

3. Complexity of a product refers to the amount of knowledge necessary for the use and understanding of a new product. If a new product is too complex, and therefore very difficult to understand, relatively few people will be able to adopt initially, and the rate of diffusion will be very slow. Furthermore, more complex products are more difficult to communicate.

4. Trialability refers to the extent the consumer can experience the product firsthand before a decision to adopt must be made. Innovations that must be accepted without trial will diffuse more slowly than those that can

be tried. Trial can occur through a division of the product into smaller units (such as in the adoption of new food products) or through use without commitment to adopt (such as the test driving of a new automobile).

5. Finally, communicability is also an important characteristic. The more easily the new product can be communicated to individuals, the faster it will be adopted. Communication can be of three forms: demonstration of the product itself, pictorial descriptions of the product, or verbal descriptions. Of these, demonstration will have the greatest effect.

Process of Adoption--There are several theories describing the process an individual goes through in accepting a new product. The best-known theory of adoption process is that developed by Rogers and Shoemaker (1971). Their paradigm consists of four stages in the individual's acceptance process. The first stage, knowledge, consists of the individual's awareness of the product's existence and knowledge about its characteristics. The second stage, persuasion, refers to the process of forming an attitude or opinion toward the product. The attitude may be either positive or negative. In the third stage of the adoption process, the decision, the individual will decide either to adopt the product or to reject it. However, the decision need not be final.

In some instances it is possible to discontinue use after adoption, and in some instances it is possible merely to postpone the decision. Because of the lack of finality, the adoption process does not stop with the decision. If the consumer does accept the product, he or she will desire support for the decision. Therefore, in the fourth stage, confirmation, the consumer seeks reinforcement for the decision to adopt, and this reinforcement can come from actual use of the product, from social sources, or from commercial sources.

Sources of Communication--Sources of communication affecting the adoption process can be either interpersonal or mass media. Because of the nature of the adoption process, interpersonal communication, especially from a social source, is often crucial in the acceptance of new products. However, it is impossible for everyone to obtain information from social sources prior to adoption; hence a two-step flow of communication has been proposed to explain the communication process. The fundamental principle of the two-step flow process is that some people will rely more on mass media and commercial sources for information regarding a new product while the rest will depend more on interpersonal and social sources.

The people who use mass media extensively are the ones whom the rest of society relies upon for information and

are called the opinion leaders. They constitute a fundamental part of the diffusion process.

A person becomes an opinion leader because she or he has a high level of involvement or interest in the specific product class. Although opinion leaders may possess any socio-economic background, they all tend to be rather gregarious and to utilize specialized publications that relate to their particular product class of interest. Opinion leadership for any one individual is usually restricted to one or at most a few related product classes. Rarely is a person an opinion leader in many product areas (although we probably all are familiar with some people who believe they are universal opinion leaders!).

Adopter Characteristics--Because many new product adoption curves follow a cumulative normal distribution (the so-called "S-shaped curve"), the most common classification system of adopters is based on the time of adoption (relative to others) and consists of innovators, early adopters, early majority, late majority, laggards, and non-adopters.

Innovators are the first people to adopt a new product and represent the first 3 to 5 percent of the population. They are venturesome, like to take risks, and generally have control of their financial resources and are able to withstand a possible financial loss. They are also able

to easily understand the use and nature of the new product.

Early adopters are more respectable in the community than innovators and are the next 13 to 15 percent of the population. They are more integrated into the social structure and often serve as models for the rest of society. They exhibit the greatest amount of opinion leadership.

Members of the early majority (the next 35 percent) are more deliberate. They want more information, especially from a social source; hence they have more frequent social interactions. However, their social interactions seldom occur outside their own area.

Those members of the late majority and laggards are more tradition-oriented and exhibit a high degree of product and/or brand loyalty. The demonstration of the perceived advantages of the new product is necessary for these individuals to adopt a new product.

It is important to remember that not all people will eventually adopt every new innovation. The reasons for non-adoption include a lack of a perceived need and possibly a lack of access to the innovation because of inadequate purchasing power or a poor product distribution system.

A consumer's placement in an innovator category is

product specific. For example, Mr. Jones may be an early adopter for solar-powered calculators but a laggard for graphite tennis rackets.

At the collective societal level the concept of attitude toward innovations is also relevant to marketing managers. In most modern social systems, such as the majority of the U.S., there is a high degree of acceptance and appreciation of new product innovations. Such innovations are perceived to be a sign of progress and success. However, more traditional social systems, such as the Amish in the U.S. or the devout Muslims in the Mideast countries, view many innovations as a threat to their cultural heritage and traditions.

Recently, Sheth (1981) has proposed a theory of innovation resistance in order to explain why consumers resist adoption of new technologies, new programs, or new ideologies. Sheth has postulated that resistance to innovations can arise either because there is a strong habit or tradition associated with the existing behavior that the innovation tries to displace or because the innovation is too risky.

Figure 2: A Typology of Innovation Resistance

		Risk	
		High	Low
Habit	Strong	Dual Resistance Innovations (Social Programs)	Habit Resistance Innovations (Continuous Innovations)
	Weak	Risk Resistance Innovations (Discontinuous Innovations)	No Resistance Innovations (Fads and Fashions)

The maximal resistance is encountered when the perceived risk is high and there is also a strong prior habit. Many social programs regarding education, welfare, nutrition, and conservation fall into this category. Even when the perceived risk is low, there may still be a strong habit which may inhibit the acceptance of innovation. This is commonly confronted for products which are continuous innovations that represent only a slight change from the existing products the consumer is already using. The reverse circumstance, when the risk is high and the habit is weak, will often occur for discontinuous innovations which are major technological improvements over past products. Examples include nuclear energy, picture phones, and birth control pills. Finally, the least

resistance arises when the risk is low and there is a weak habit, as for fads and fashions.

Family Buying Behavior

The most relevant aspect of the family buying process, as opposed to the individual process, is that the decision may be made either autonomously by a single individual or jointly by two or more members of the family. It is, therefore, necessary to separate those instances when a joint decision is more likely from those when an autonomous decision will be made (Sheth, 1974).

There are three family determinants of the decision making process: (1) social class, (2) life cycle, and (3) role orientation. It is found that there is more joint decision making among members of the middle class than among families in either the upper or lower classes. Similarly, joint decision making tends to be more prevalent as the family moves up the family life cycle. Newly marrieds without children are less likely to make joint decisions than are couples with young children. Finally, the more separated the family role structure is, the more likely family members are to make autonomous decisions.

In addition to the family determinants of the decision-making process, there are three product determinants: (1) time pressure, (2) perceived risk, and (3)

importance of purchase. As the amount of time available for a decision decreases, the likelihood of an autonomous decision increases. However, as the perceived risk inherent in a product increases, the likelihood becomes greater that the decision making will be joint.

A second and more important part of the theory revolves around the concept of conflict. Conflict will occur in the family decision process if first, there is a felt need for a joint decision, and second, if there is a difference in goals or perceptions among family members. The type of conflict resolution depends on the reason for the conflict.

When conflict occurs because of a disagreement on the evaluation of different brands to satisfy the motives, its resolution will be by the problem-solving process. The consequences of problem-solving resolution is that family members will seek additional information from outside to support or refute the alternatives. They may even search for new alternatives.

However, the disagreement may be deeper than just the evaluation of the alternative brands. The members may disagree as to the criteria with which they should be evaluating the alternatives. Resolution in this instance occurs through a process of persuasion. For example, the teenage son may want a car of his own for reasons of

prestige, but the other family members may persuade him that he will need his money for college, which is much more important to him. Thus, in effect, they demonstrate to him the inconsistency of his motives.

If two members have motives that are irreconcilable, then resolution involves a process of bargaining. In this type of situation one member of the family may be given the permission to make an autonomous decision in return for some favor granted to the other members. Thus, the father gets to buy a new set of golf clubs for recreation if he takes the whole family on a vacation.

Finally, the disagreement may go beyond even differences in motives. Conflict may occur over the very style of life. When disagreement is this deep, resolution is only possible through the process of politicking. This style of resolution usually involves the formation of coalitions and subgroups within the family, but may also result in the dissolution of the family.

There are two plausible explanations for a particular family member's level of influence on family decision making. The resource contribution perspective states that the greater a person's contribution to the family in terms of income, status, expertise, or physical effort, the greater the amount of influence that person will have in the family. The alternative viewpoint, the sociocultural

perspective, asserts that different cultures assign differential levels of influence to family members based on tradition. For example, in countries such as Greece, Japan, and Mexico, the husband is deemed to be the dominant decision maker. Conversely, in Sweden and Denmark husbands and wives exert relatively equal levels of influence in decision making.

The question of who possesses the strongest influence in family decision making is critical to effective marketing, especially in the field of personal selling. The salesperson must endeavor to identify the dominant influence in the family and then pattern her or his sales presentation accordingly.

Organizational Buyer Behavior

Although the volume of goods and services purchased by organizations exceeds the volume bought by consumers, until recently relatively little attention was directed at organizational buyer behavior. Now, fortunately, this deficiency is being rectified.

One of the paramount questions to be resolved is whether organizational buyer behavior is different from consumer buyer behavior. A popular notion holds that the organizational buyer is a more rational decision maker than the consumer. However, a significant amount of

evidence indicates that the organizational buyer is far from rational (Sheth, 1973).

Probably the biggest difference between organizational and consumer buyer behavior is the predominance of conflict within the organizational buying process. Conflict is almost always a part of organizational buying because of the fundamental differences between the groups that normally engage in the decision-making process. The buying decisions are usually made by members of the purchasing department, the quality control department, the financial analysis department, and the manufacturing department. Conflict arises because of the fundamental differences in the purchasing criteria of these groups. The purchasing agent is most concerned about the price of the product, desiring to minimize cost. Quality control wants the best quality product on the market. And manufacturing wants the product to be the safest and the easiest to use. These criteria are often mutually exclusive, and, therefore, conflict arises.

Other relevant distinctions between organizational behavior and consumer behavior include:

1. Organizational buying usually involves larger volume purchases.
2. The organizational buyer may be very concerned about service after the purchase.

3. Women play a more dominant role in consumer buying than they do in organizational buying, although this situation is gradually changing.

4. The decision process in organizations is often more complicated and lengthy.

5. There is usually a closer interaction between buyers and sellers in organizational marketing, particularly in terms of product design, price negotiation, and delivery schedules. However, there are numerous exceptions to this generalization (Sheth, 1979). While consumer goods are typically subject to mass marketing, and industrial goods are usually subject to direct marketing, it is important to note that some industrial goods, such as oils, hand tools, and electric motors, do receive mass marketing treatment. Likewise, direct marketing is the norm for certain consumer goods, like homes.

Conclusion

Consumer behavior is highly complex and full of variety. The manager who believes that she or he fully understands consumer behavior for an organization's products and services is often in the same situation as the proverbial seven blind men and the elephant. It is best to hold a conservative view about the mystique of consumer

behavior. Not only is consumer behavior complex, but it is also a dynamically changing phenomenon. What the manager knows about the firm's customers today may not necessarily hold true in the future.

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