CONSUMER BEHAVIOR*

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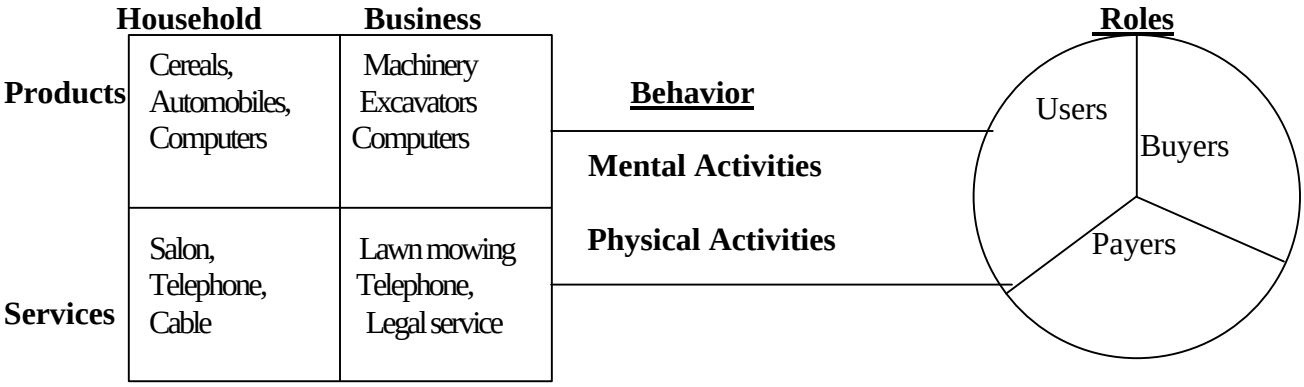
DOMAIN OF CONSUMER BEHAVIOR

Consumer behavior is the ***mental and physical activities undertaken by household and business consumers that result in decisions and actions to pay for, purchase, and use products and services***[i]. Our definition of consumer behavior includes a variety of activities and a number of roles that people hold as consumers. In addition to the actual purchaser (buyer), our definition of consumer includes payers as consumers and users as consumers. For example, a child may be the user but not the buyer or the payer, or in gift giving where the buyer and the payer are not the users. The figure below illustrates consumer's behavior, as we will shortly explain.



Consumer behavior deals with the buying behavior of consumers for both products and services. However, since there is a separate chapter on services marketing in this textbook, in this chapter we focus mainly on consumer's behavior as it may relate

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to products. Similarly, though our definition of consumer behavior includes business consumers, the focus in this chapter will be on household consumers since the behavior of business consumers is covered in another chapter.

IMPORTANCE OF THE THREE ROLES

In identifying and satisfying consumer needs and wants, it is important to recognize the value of each consumer role. Ignore one of them and you lose the consumer. First and foremost, the user role is important in the very design of the product. The features of the product have to be the ones that the user is seeking and that will meet the user's need or want the best.

The other two roles are equally important. The payer plays a critical role in that if the price or other financial considerations do not satisfy the payer, the user simply cannot buy the product. Without the payer, no sale will ever occur. The mushrooming of consumer credit card companies is testimony to this acknowledgment. Today, financing and leasing for consumers is a booming business. Affordability to the payer constrains marketplace transactions more than any other factor.

Finally, the buyer role is also important. The buyer's task is to find the merchandise and find a way to order or acquire it. If the buyer's access to the product or service is constrained, the buyer will simply not buy the product, and thus, the user would not have the product available for use. For example, if the store is open only on weekdays and not on weekends it will result in access problems. Also, if the product is not on the store shelf, it creates access problems.

To understand consumer behavior, we need to understand about consumers ***needs and wants***, their ***perceptions***, how they ***learn***, their ***motivations and emotions***, how they

form ***attitudes*** and how they ***make purchase decisions***. This chapter will address each of these issues. In the following section we will discuss the differences between consumers' needs and wants, as well as the factors that influence needs and wants.

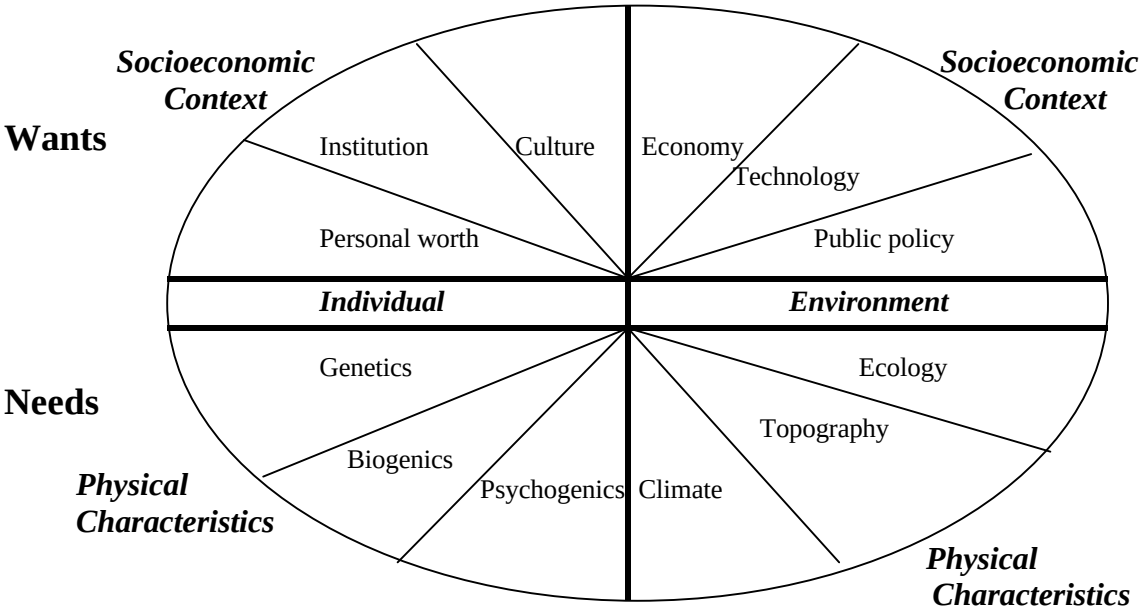
CONSUMER NEEDS AND WANTS

To understand consumer behavior, we need to understand how consumers' perceive, learn and make decision to satisfy their needs and wants. In this section we will discuss the differences between consumers' needs and wants, as well as the factors that influence needs and wants.

It is important to understand what the needs and wants of users, payers, and buyers are. It is the needs and wants of consumers that marketers have to satisfy. ***A need is an unsatisfactory condition of the consumer that leads him or her to an action that will make the condition better. A want is a desire to obtain more satisfaction than is absolutely necessary to improve an unsatisfactory condition.*** The difference between a need and a want is that need arousal is driven by discomfort in a person's physical and psychological conditions. Wants occur when humans desire to take their physical and psychological conditions beyond the state of minimal comfort. Thus food satisfies a need, and gourmet food additionally satisfies a want. Just any car satisfies a need for transportation from point A to point B, whereas a Miata, Porsche, or Lexus, in addition, satisfy a want to get the excitement of performance, or gain prestige among one's peers, or project the right self-image to significant others. Only when needs are satisfied do wants surface.

Needs and wants also differ because the factors that cause them are different. Consumer needs are determined by the ***physical characteristics of the individual*** **and** ***the***

environment. In contrast, consumer wants are determined by the ***socioeconomic context of the individual*** **and** ***the environment.*** This is represented in the figure below.



DETERMINATION OF NEEDS

Three physical characteristics of the person determine needs*:* ***genetics, biogenics and psychogenics.***

Genetics is a branch of science that deals with the heredity and chemical/biological characteristics of organisms. Recently, there has been an explosive growth in research and knowledge in the field of genetics. People in different parts of the world have different clusters of gene types, and their food and beverage habits and needs differ accordingly.

Another determinant of needs consists of the biological characteristics that people possess at birth, such as gender, race, and the age. The study of these characteristics is called **biogenics**. Biogenic characteristics create obvious differences in the needs of men and women, young and old, and whites and non-whites. Many consumption decisions are

attempts to satisfy biogenic needs, such as drives of hunger, thirst, and sleep. For example, as people age beyond 50 years, they begin having difficulty falling asleep.

The third individual characteristic which affects needs is **psychogenics** – which refers to individual states and traits induced by a person's brain functioning. These states are such entities as moods, emotions, perceptions, cognition, and experiences stored in the brain. Thus, mood swings and emotional states necessitate the consumption of certain products. For example, the need for social conversation and interaction, need for affection, need to succeed, need to feel in control, need for recreation, and need to express oneself are all psychogenic needs. Although these are not traditionally considered needs, their deprivation causes near traumatic discomfort on the person both physically and mentally. Thus, it is reasonable to classify these psychogenic effects as needs to the extent that their minimal satisfaction is imperative rather than discretionary. Consumers often buy products to satisfy a need based on their mood or emotions, such as buying a greeting card, jewelry, perfume, or patriotically buying only nationally produced products.

Three physical characteristics of the environment also affect consumer needs: ***climate, topography, and ecology.***

Climate includes conditions such as temperature, altitude, and rainfall. Climatic conditions affect consumers' need for food, clothing, and shelter. For example, needs for clothing is different in cold climates versus those in warmer climates. As the marketplace continues to expand globally, and countries ship products around the world, packaging becomes more critical if there are significant climate differences.

The **topography** of a geographic area refers to the physical condition of the location on earth, the spatial profile of the territory (e.g., mountains or plains), and the presence of bodies of water (e.g., river, ocean, etc.). For example, consumers living in the mountains will need hiking boots, four-wheel-drive vehicles, and a whole range of other products. On the other hand, individuals living near water will be more likely to own boats and water skis.

The third physical characteristic of the environment that influences consumer needs is **ecology**, which includes the quality of air, the ozone layer, and the food chain. Ozone pollution at ground level (due to smog) affects the quality of the air we breathe, resulting in ozone alerts that keep individuals with heart or breathing conditions indoors on those days. Similarly, pollen in the atmosphere at the onset of Spring or Fall affects a large portion of people who suffer from cough and cold allergies. Both of these ecology concerns can affect individuals' activity levels and need for medication.

DETERMINANTS OF WANTS

A person's wants are determined by two factors: the personal context and the environmental context surrounding the consumer. The personal context consists of three dimensions: ***personal worth, institutions, and culture***.

Personal worth refers to the financial resources available to a consumer. These comprise a person's income, assets, inheritance, and borrowing power. These resources influence wants by giving the consumer the purchasing power to buy products that would satisfy more than the basic, physical needs. Thus, rather than merely buying a car, a person with economic resources is able to buy a luxury car with higher driving thrill and greater social prestige.

The **institutional context** refers to the groups and organizations a person belongs to. The institutional context includes the workplace, the religious and educational institutions, the family and friends and the peer groups. All of these serve as settings that can shape our wants as users, payers and buyers. Workplace requires a particular style of clothing, for example. For example, the Southern Baptist church advised its members to boycott the Walt Disney company when American Broadcasting Corporation (ABC), a television network owned by Disney, did not drop the serial of a lesbian star.

The third dimension affecting wants comes from the consumers' **cultural context**. Culture's influence on consumers is pervasive, for culture shapes everything we do, desire, or become. For example, in some cultures, a person is valued for what he or she is, rather than for what he or she possesses. Consumers in these cultures are less likely to seek conspicuous consumption of goods. Similarly, some cultures value age (for age is supposed to give wisdom) while others value youth. Consumers from the former culture are less likely to want anti-aging products and services (such as plastic surgery) compared with consumers from the latter culture.

The environmental context also consists of three dimensions: ***economy, technology, and public policy.***

Economy refers to economic development and business cycles in a nation's economy. The economic level of a nation, the level of inflation, unemployment rate, and wage and income growth all have an impact on consumers both in the household and business markets. For example, high inflation can impact a consumer's decision not to purchase a house because interest rates may be too high, or it may influence a business

company to postpone capital budget spending if the money is to be borrowed at a high interest rate.

The environmental influence of **technology** on consumers' wants is manifested in many ways. Technology is the man-made inventions and devices used to sustain, facilitate, and enhance human life and activities. With respect to infrastructure, some countries have better technology deployment, such as the highways, energy, telecommunications, or educational systems. The proposed national information superhighway will similarly influence business consumers' wants for new communications services. For example, the electronic commerce is dramatically changing the way business consumers order products or services and process payments.

The final influence within the environmental context is **public policy**, especially as it relates to market behavior. Public policy refers to governmental laws and regulations that control human behavior. For example, in Saudi Arabia and Kuwait, public policies have been enacted to create a dress code for women. Likewise, in Singapore and Malaysia very strong policy initiatives have been instituted to make drug usage a crime punishable by death in most cases. Most business practices such as product safety and reliability, advertising and promotion, and pricing practices are regulated by public policy.

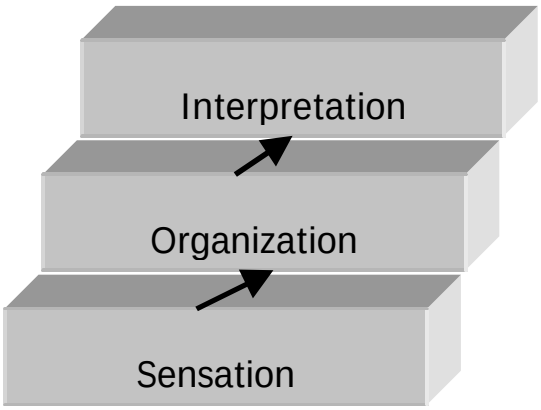
PERCEPTION

The objective reality of a product matters little; what matters is the consumer's perception of a product or a brand. *Perception is the process by which an individual selects, organizes, and interprets the information he or she receives from the environment*. Marketers want to understand the sources of consumer perceptions and to

influence them. For example, cereals darker in color to make them appear more masculine while mouthwashes are colored green or blue to connote a clean, fresh feeling.

The perceptual process in consumer behavior consists of three steps:

1. Sensation – attending to an object or an event in the environment with one or more of the five senses: seeing, hearing, smelling, touching, and tasting. Examples include the sensation of an aircraft taking off or feeling the texture and taste of a hot, juicy hamburger at a particular restaurant.
2. Organization – categorizing by matching the sensed stimulus with similar object categories in one's memory. In the example of eating a hamburger, organization occurs as the consumer identifies all the ingredients and classifies it as a specific type similar to or different from the ones he or she has eaten before.
3. Interpretation – attaching meaning to the stimulus, forming a "ruling" as to whether it is an object you like, and of what value it would be to you, the perceiver. In the hamburger example, interpretation occurs when the consumer judges whether the hamburger tastes good and whether he or she likes it more or less than those eaten before.



Taco Bell restaurants, for example, currently feature bright purple and green color motif in their interiors, replacing a somewhat lackluster look of the past. When Taco Bell made this change a few years ago, the new colors were so significantly different from before that most customers inevitably sensed the change. Moreover, given the prior associations most people have had with bright, neon colors, customers readily interpreted the new motifs to signify youthfulness and an upbeat ambience.

Factors that Shape Perception

Perception is not merely a matter of objectively absorbing the stimuli present in the environment. There are three factors that shape consumer perceptions. They are:

Stimulus Characteristics- the nature of the information from the environment
Context – the setting in which the information is received; this includes social, cultural, and organizational contexts
Consumer Characteristics – Personal knowledge and experiences, including the consumer's expertise on the relevant topic and prior experience with similar stimuli.

Stimulus Characteristics

People perceive a stimulus differently according to its characteristics. For example, you might respond differently to a salesperson depending on whether he is wearing pinstripes or a plaid jacket. When evaluating stimulus characteristics, marketers need to consider both their sensory characteristics and information content. A characteristic is "sensory" if it stimulates any of the five senses. For example strong sensory characteristics include bright colors, loud noises, and strong aromas. Such strong characteristics tend to attract more attention (and thus are perceived more) than weak sensory characteristics. The other characteristic of a stimulus that shapes perception is its information content. Assume that by its sense characteristics, an advertisement has achieved sensation, or sense perception; next, how consumers come to perceive the advertised brand depends on the information in the advertisement. Informational content moves the perceptual process beyond sensation or stimulus selection toward organization and interpretation.

Context

In perceiving a stimulus with a given set of characteristics, consumers will also be influenced by the context of the stimulus[ii]. Say a restaurant waiter keeps a polite by

impersonal demeanor. A waiter with this style could be deemed unfriendly in a low- to mid-price, mass-market restaurant such as Denny's – a restaurant chain in the United Sates. The same mannerism in an upscale European restaurant may be perceived, on the other hand, as respectful (not getting personal).

Consumer Characteristics

Finally, perceptions are influenced by consumer characteristics; notably what consumers already know and feel about the stimuli. Such prior knowledge and feelings become expectations-prior beliefs about what something will possess or offer. Expectations influence perception in that we often end up seeing what we expect to see. This is called 'confirmatory bias.' There are other biases that occur in the perceptual process of consumers.

BIASES IN THE PERCEPTUAL PROCESS

To cope with the barrage of marketing communications (and other information in everyday life), consumers become "selective." Consumers employ three selective processes: selective exposure, selective attention, and selective interpretation.

Selective Exposure

Of the more than 3,000 marketing communications that a typical consumer is potentially exposed during a typical week, only a small number achieve actual exposure. Consumers seek out some advertisements, some shelf displays, some salespersons or other sources of information, while they avoid others, depending on their needs and interests. For example, think about how many times you have visited the same mall and how many stores here you have never even set foot in. In these and other ways, consumers choose to selectively expose themselves to market communications.

Selective Attention

Even if an advertisement or a product display manages to come face-to-face with a consumer, the consumer may still choose to ignore it if it does not relate to his or her interests. Initially, a person's attention is impelled by the stimulus characteristics of contrast and vividness. Beyond, the initial attention, however, a person's further processing of a stimulus advertisement or display depends on the personal interest the featured product or service arouses.

Selective Interpretation

Consumers also interpret the content and message of marketing communications selectively. People generally view a political message or a political candidate, for example, positively or negatively based on their political affiliation. Similarly, after an important purchase, consumers seek communication that will reassure them about the wisdom of their selection. Consumers also distort negative information that might threaten their ego. This phenomenon is called **perceptual distortion** and refers to information being encoded by a person in a manner that makes it more congruent with his or her prior beliefs than it objectively is.

Perceptual Threshold

The perception process has been described as consisting of sensation, organization, and interpretation. Of these, sensation is the most important; if it fails, then the marketing stimulus is rendered totally inconsequential. But not every stimulus gets sensed. Imagine sitting in your classroom. You have been here before-every week this semester. Now take a look around the room. Are the lights today somewhat dimmer than before? No? Are you absolutely sure? What if the university authorities decided to lower

the lights just a tad in all the campus buildings? That small decrease in light illumination can save the university a bundle, and you wouldn't even notice it. You don't notice this change because it is below your **perceptual threshold**, the minimum level or magnitude at which a stimulus begins to be sensed. A related concept is **the just noticeable difference**. This refers to the magnitude of change necessary for the change to be noticed. Some years ago, M&M/Mars successfully reduced the size of its candy bars by keeping the size change small.

LEARNING

Learning is a change in the content of long-term memory. As humans we learn because what we learn helps us respond better to our environment. Thus, a child who accidentally puts his hand on a hot electric bulb learns never again to touch anything resembling that object again. A consumer who gets trapped into buying a substandard product from a mail-order firm on nonreturnable terms of purchase learns never again to buy anything from that firm. Thus, human learning is directed at *acquiring a potential for future adaptive behavior.*

Mechanisms of Learning

As consumers, we face a marketplace environment of a multitude of product and service choices; we learn to adapt and respond to this environment. There are four different mechanisms of learning: cognitive learning, classical conditioning, instrumental conditioning, and modeling.

Cognitive Learning

When people talk about learning, they often are thinking of cognitive learning, or acquiring new information from written or oral communication. When we acquire

information about something, whether incidentally and passively or deliberately and actively, we learn. Much of our learning about products comes this way.

Cognitive learning occurs on two levels: rote memorization and problem solving. With rote memorization, we rehearse the information until it gets firmly lodged in our long-term memory. This can occur actively (memorizing a phone number) or passively (from repeated exposure to a stimuli). A great deal of advertising aims simply to create a rote memory of the brand name by repeated presentation. Problem solving, on the other hand, is a type of cognitive learning that occurs when the consumer is actively processing information (weighing it, discounting some, combining and integrating disparate pieces of information) to reach certain judgments.

Classical Conditioning

Pavlov's experiment with his dog is very famous. Ivan Pavlov, a Russian psychologist, studied human learning processes by experimenting on animals. Pavlov harnessed a dog, gave him some meat powder, and observed that the dog salivated. This salivation is an inherited reflex. Next, he rang a bell just before giving the meat powder, repeating this sequence several times. Then he merely rang the bell without giving any meat powder. The dog, however, still salivated. The dog was said to have been conditioned to salivate to the bell ringing. It had learned a salivating response to the bell.

It should be noted that the salivating response to the meat powder itself did not have to be learned, since it already existed as an instinctual response. Rather, the transfer (i.e., conditioning) of this response to a previously neutral bell stimulus is what constitutes "learning." In this experiment, the meat powder is called an unconditioned stimulus, and the bell is called the conditioned stimulus. Unconditioned stimulus refers

to a stimulus toward which a consumer already has a pre-existing specific response, so the response to it does not have to be conditioned. Conditioned stimulus is a stimulus to which the consumer either does not have a response or has a pre-existing response that needs modification, so a new response needs to be conditioned.[iii] Classical conditioning is the process in which a person learns an association between two stimuli due to their constant appearance as a pair. Because of this constant contiguity (pairing), consumers tend to attribute to the previously unknown stimulus whatever they think or feel about the paired other stimulus.

Classical conditioning is pervasive in our daily lives. Marketers use this principle in pairing their brand with a likable celebrity. The celebrity's personality, by classical condition, rubs onto the product itself. Thus, CK perfume is more "youthful" because of the teenage models used in the brand's advertising. Similarly while Coca-Cola uses "Mean" Joe Green to convey it's "real-thing" image, Pepsi has used Michael Jackson and Michael J. Fox to promote its "New Generation" image.

Instrumental Conditioning

The third learning mechanism is instrumental conditioning, whereby we learn to respond in certain ways because they are rewarding; that is, a response is instrumental to obtaining a reward. For example, we frequent a particular restaurant because we always find the food there satisfying. We visit the same barber because the haircut is always perfect. Marketers use this learning mechanism through instrumental conditioning when they make the product its own intrinsic reward. But when a brand becomes a parity brand with no intrinsically superior rewards compared to its competing brands, marketers offer extrinsic rewards to attract consumer patronage. Examples are coupons,

sweepstakes, and rebates. The best example of instrumental learning is the frequent-flier programs that accumulate mileage toward future free flight rewards.

Modeling

The fourth mechanism of learning is modeling, whereby we learn by observing others. Children learn much of their social behavior by observing the elders around them. Some psychologists have found that we imitate the behavior of those whom we see rewarded, because we expect to be rewarded ourselves by adopting that behavior, either by the person we model or by other who admire that person.

We may model our behavior based on persons superior in the age hierarchy (as is common in eastern countries like Japan and India), grade hierarchy (as in Western countries like the U.S.). We may also model our behavior based on social status, or people who are superior in an intelligence ranking system.

MOTIVATION

Motivation is what moves people – the driving force for all human behavior. More formally, it is defined as "the state of drive or arousal that impels behavior toward a goal-object." Thus, motivation has two components: (1) drive or arousal, and (2) goal-object. A drive is an internal state of tension that produces actions purported to reduce that tension. A goal-object is something in that external world whose acquisition will reduce the tension. Arousal or drive provides the energy to act; goal-object provides the direction for one to channel that energy. As an analogy the arousal or drive is akin to "stepping on gas" in an automobile, while the goal-object is analogous to the steering of the vehicle. Having one without the other is not productive.

Facets of Motivation

Whatever the direction of motivation, it manifests in three facets: needs, emotions, and psychographics. Needs are gaps between the desired and the current state, and lend themselves more readily to cognitive consciousness and appraisal. Emotions are more autonomic and engender more personal experience. Psychographics combine behaviors driven both by needs and emotions.

Consumer Needs

The concept of needs and wants described earlier is closely aligned to the concept of motivation. There is nearly infinite number of possible needs a human could possess. To make sense of them, psychologists and consumer researchers have suggested various categories of needs. Among the most relevant to marketers is Maslow's need hierarchy.

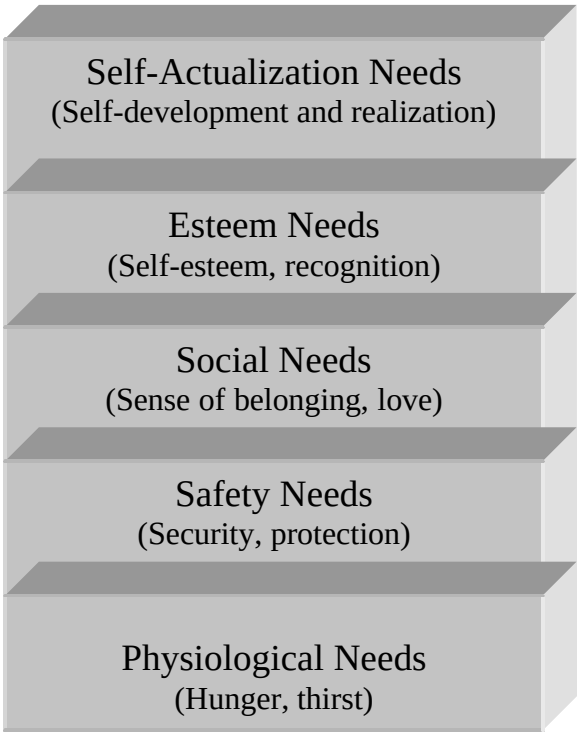
Maslow's Hierarchy of Needs

According to psychologist Abraham Maslow, human needs and wants are arranged in a hierarchy. Higher level needs are dormant until lower level needs are satisfied. As shown in the figure below, Maslow's hierarchy of needs consists of (from lowest to highest):

1. Physiological needs
2. Safety and Security needs
3. Belongingness and love needs
4. Esteem and ego needs
5. Need for self-actualization[iv].

A person "progresses" to higher-level needs if the lower-level needs are satisfied; he or she "regresses" back to lower-level needs should these needs become unsatisfied again. Maslow does not distinguish between needs and wants, but most contemporary

books on marketing do. According to this distinction, only the first two needs in Maslow's hierarchy would be "needs," while the last three are "wants."



Examples of Maslow's needs abound. Physiological needs lead consumers to strive for and purchase and use food, clothing, and shelter. For all humans, these needs are paramount. For many, such as those below the poverty line, these needs remain perpetually less than adequately met so that they never rise to higher-level needs.

At the next level, safety and security are what is responsible for many people's fear of flying, for example, and for buying insurance against various uncertainties of life. Personal safety is a motive as old as survival itself-early man developed arrows and spears to kill predatory animals that threatened his survival. In marketing terms,

automobile safety is becoming a major concern, reflected in the renewed emphasis on safety features by almost all carmakers. For example, Volvo appeals to the concern for this need in all their advertisements with their slogan – "Drive Safely."

Social motives of belongingness and love are evident when consumers want to buy products that are well regarded by others so that the use of those products brings the user their peer approval, their affection, and a sense of belonging. Many products, such as greeting cards, flowers, and other kinds of gifts, are bought specifically to promote relationships between individuals. Marketers, specially the greeting card manufacturers, have been credited with promoting mother's day, father's day, boss's day, secretary day, mother-in-law day, and the like. In these cases the marketers are hoping to cash in on consumers need to conform and belong.

Next, we all work hard to gain success in our individual sphere of activity and to acquire the qualities others consider desirable and virtuous so that we may win our own and others' esteem. We also buy products and services we deem fitting of our esteem. Beyond impressing others, we even buy and give gifts to ourselves because we feel we "deserve it."

Finally, once these physiological, safety, social, and esteem needs are satisfied, people begin to explore and extend the bounds of their potential—seek self-actualization, that is. This self-actualization motive is what is behind a person engaging, for example, in self-improvement activities, such as taking an adult education course or tenaciously pursuing a skill towards perfection. The U.S. Army's slogan "Be All You Can Be" is a call to a person's need for self-actualization.

CONSUMER EMOTIONS

Needs and emotion are closely related. Similar to needs, emotions are also capable of energizing the person toward relevant goal-objects. Felt deprivations of desired goal-objects (which engender the drive) are experienced in consciousness as negative emotions, and their attainment (which subsides the drive) are experienced in consciousness as positive emotion. We all seek positive emotional experiences and avoid negative emotional experiences. Much of the consumption or use of products is driven by and immersed in emotion.

As humans, we are creatures of emotion. Emotions lace our lives and guide everyday actions. We cuddle a baby because we feel affection and love for it. We swear at a rude driver who cuts in front of us because we feel anger and frustration. Although we have all experienced emotion, it is not easy to define. The reason is that emotion is a complex set of processes, occurring concurrently in multiple systems of humans. Emotions are consciousness of the occurrence of some physiological arousal followed by a behavioral response along with the appraised meaning of both. Thus, emotions have three components: physiological, behavioral, and cognitive[v].

Let's say you are going about your day. Suddenly a stimulus appears before you (e.g., the shadow of some intruder in the dark). Instantly and automatically, your nervous system is aroused: that is, you feel a tremor in the visceral system; you perspire. This is the physiological component, and because it occurs by reflex, almost automatically, it is called "**autonomic**" arousal. Then follows cognitive interpretation or "**meaning analysis**" – what does the stimulus mean: For example, is the intruder a friend or a foe? This is the cognitive component.

Depending on the cognitive appraisal and the meaning you make of the initial stimulus, there can be further autonomic arousal (or reduced arousal, when the nervous system is "calming down"). If the intruder is a friend, your arousal calms down; if a foe, you experience more arousal. Next, but almost instantly, you act out a physiological response (or a behavior). Thus, you flee if the intruder is a foe; and approach if he or she is a friend. This is the behavioral component.

CONSUMER MOODS

Do you recall the last time you really enjoyed shopping? Maybe you were in a bookstore such as Border's, and some especially mellow music was playing. You relaxed and lingered on, browsing through the books on the "new release" shelves. Maybe you ended up buying four books that day. That is the power of positive mood! This is the same reason many online storefronts have audio files attached such that when you visit their website you hear music playing in the background.

Moods are simply emotions felt less intensely; they are also short-lived. They are easy to induce, and they appear and disappear in consciousness frequently and readily. They are pervasive in that we are always in some kind of mood—happy mood or sad mood, pensive mood or "brain dead" mood, irritated or pleased, amused or bored. Moods affect our behavior of the moment in general and our response to the marketing activities to which we might be exposed at the time. For this reason, moods are important for marketers to understand.

Moods are induced both by external stimuli as well as internally by autistic thinking – that is, recalling some past incident or fantasizing about some event. Among the marketing stimuli that can induce positive or negative moods are:

- The ambiance of the store or service delivery facility
- The demeanor of the salesperson
- The sensory features of the product
- The tone and manner of advertising

Mood states have consequences in terms of the favorable or unfavorable consumer response to marketer efforts. We would simply not buy from salespersons who put us in an unpleasant mood—for example by not showing that they care for our business. Research studies indicate that consumers linger longer in positive mood environments, recall those advertisements more that had created positive moods and feel more positive toward brands based on advertising that created feelings of warmth[vi].

Emotions and moods drive a host of consumption behaviors. While detergents, microwave ovens, and insurance policies, are purchased and used for some utilitarian/functional end-states, such products and services as perfumes/colognes, bubble baths, and activities such as sports, theater, going to the movies, and so on, are used or engaged in purely for the emotional or hedonic values they provide. **Hedonic consumption** refers to the use of products/services for the sake of intrinsic enjoyment rather than to solve some problem in the physical environment. More specifically, hedonism refers to sensory pleasure. Many products such as those mentioned above are bought based on the emotional appeal they represent or the mood of the consumer at the time of purchase.

Involvement

Involvement is a general term that can be defined as the degree of personal relevance of an object or product or service to a consumer. Some consumers who are

interested in hunting may be involved with a decision to purchase guns. Others who have pets but are not interested in hunting may be involved in decisions regarding pet foods rather than with guns. Furthermore, involvement is a matter of degree—how relevant or how central a product is. Accordingly, we can expand the definition of involvement to refer, beyond relevance, to the degree to which a consumer finds a product or service of interest. While table salt and golf clubs are relevant to consumers, it is quite likely that they would be more involved in a decision about golf clubs rather than table salt.

Involvement, defined as the degree of interest, can be viewed as having two forms: enduring involvement and situational involvement. **Enduring involvement** is the degree of interest a consumer feels in a product or service on an ongoing basis. In contrast, **situational involvement** is the degree of interest in a specific situation or on a specific occasion, such as when buying a product or when consuming something in the presence of an important client or friend. Consumers typically are not very interested in dishwashers. However when a dishwasher breaks down and has to be replaced they get very involved in the decision to buy a dishwasher. However, this involvement is temporary and ceases to exist once the problem is solved. Hence, this would be situational involvement. Some consumers are interested in knowing more about computers, irrespective of whether they are purchasing one or not. This kind of involvement does not depend on the situation but is enduring in nature. The extreme form of enduring involvement is deep involvement.

PSYCHOGRAPHICS

Along with needs and emotions, the third facet of motivation is psychographics. Psychographics are characteristics of individuals that describe them in terms of their

psychological and behavioral makeup—how people occupy themselves (behavior) and what psychological factors underlie that activity pattern. For example, a person's need to seek affiliation or peer approval makes him or her engage, say, in going to theaters or playing golf. Theater going or playing golf thus becomes part of his or her psychographics. This psychographic in turn drives consumers to buy golf equipment or doing whatever is needed to implement that particular psychographic; it thus becomes motivational. Psychographics have three components: values, self-concept, and lifestyles.

Values

When you think about what is important to you in life, you are thinking about your values. Values are end-states of life, the goals one lives for. Psychologist Milton Rokeach has identified two groups of these: terminal and instrumental. **Terminal values** are the goals we seek in life (e.g., peace and happiness), whereas **instrumental values** are the means or behavioral standards by which we pursue these goals (e.g., honesty).

Linking Product Attributes to Consumer Values

One of the basic tenets of marketing has been that consumers don't buy products or services; rather, they buy benefits. Thus, when consumers buy an automobile, they are not buying simply 5,000 pounds of sheet metal. Rather they are buying transportation. When they want a car with ergonomic seats, the shape and construction of the seats have no use to them if they did not make their body feel comfortable. Or a car with acceleration from 0 to 60 miles per hour in 7 seconds versus 10 seconds has no meaning if it does not translate into greater driving thrill.

But we need not stop here. We can ask, Why is it important to consumers to get greater driving thrill, to have their bodies sit comfortably, or to have transportation? The possible answers would be to overcome the physical distance barrier, or to escape to a more desirable place, to master the machine, and to get a sense of using material tools for bodily comfort. Ultimately, then, the product or service features make sense only because they serve some more fundamental needs (as in Maslow's hierarchy) or values (as in "List of Values"). Identifying the connections between product/service features on the one hand and consumers' fundamental needs and values on the other is important if marketers are to design features that would offer value to consumers.

Self-Concept

Everyone has a self-image—who he or she is. This is called self-concept. Furthermore, the self-concept includes an idea of what the person currently is and what he or she would like to become. These two concepts are respectively called **actual self** and **ideal self**.

The self-concepts influence a person's consumption deeply, for people live their self-concepts in large measure by what they consume. For example, some business students who in their senior years begin to think of themselves as businesspersons begin to dress like one, retiring their baseball caps and sneakers. According to one report, many Generation X youth, now past their teen years, begin to nurture a self-concept of being a "grown up, responsible person," an consequently, they are flocking to tattoo parlors to take off their body tattoos—the same tattoos that they had proudly sported all these years.

Individuals have their self-concepts as individuals in general, of course. But they also have a self-concept of themselves, which varies according to the consumer role they play. The three consumer roles we described earlier were that of users, payers and buyers. Illustratively, a user could have the self-concept of a very discerning connoisseur user, or a very involved user. The payer could have the self-concept of being thrifty, financially prudent, or "money is no object to me." Finally the buyer could have the self-concept of being a convenience seeker or service seeker or being very time conscious.

Lifestyle

Along with what we think of ourselves and what we value, psychographics describes us in terms of lifestyles, or the way we live. Lifestyles are determined by (a) a consumer's personal characteristics, namely, genetics, race, gender, age, and personality; (b) his or her personal context—namely, culture, institutions, and reference groups, and personal worth; and (c) needs and emotions. These three sets of factors together influence the patter of our activities—how we spend time and money.

Values and Lifestyles (VALS)

One of the most used psychographic profiling schemes is called VALS (Values and Lifestyle). Developed by SRI International, Inc., its first version (VALS I) groups the entire U.S. population into nine groups, based on the identities they seek and implement via marketplace behaviors. According to SRI, "People pursue and acquire products, services, and experiences that provide satisfaction and give shape, substance, and character to their identities.[vii]" Although this scheme has been replaced by an eight-segment classification (called VALS 2), the original scheme, introduced in 1978, is important to understand. The scheme used two dimensions for its conceptual foundation:

(1) Maslow's hierarchy—the theory that people rise from physiological, to safety, to social belonging, to self-esteem, to self-actualization motivations; and (2) Riesman's Social Character Theory—that a person is either inner directed or outer directed, deriving one's code of conduct respectively from oneself or from others. Inner directed persons are more independent minded, whereas outer-directed persons are concerned with other's opinion of them.

At the bottom of the VALS hierarchy are *Survivors* and *Sustainers*, who are, respectively, the elderly poor and unemployed youth. *Belongers* is the next group, the largest of the nine groups and comprising middle-aged, middle-class, outer-directed Americans. Along with the Belongers, two other outer-directed groups are called *Emulators* and *Achievers*. Achievers are the most affluent, successful professionals and businesspeople. In contrast, Emulators don't have as much money or success, but try to emulate the lifestyles of achievers. On the other side are three inner-directed segments, *I-am-me* s, *Experientials*, and *Societally Conscious*. I-am-me's are teenagers with rebellion against the established ways as their principal motto. Experientials are big on experiencing all the sensory and recreational experiences life has to offer—mountaineering, skiing, sports, travel, and so on. The Societally Conscious are concerned about and work for larger, societal issues such as the environment, world peace, and racial harmony. Finally the group at the top is the *Integrateds*, a small group that has gained material well being and success in the material world and is at the same time working for larger issues or in jobs that give some intrinsic meaning to life rather than merely fame and wealth.

ATTITUDE: DEFINITION AND CHARACTERISTICS

Gordon Allport, the psychologist, defines, "**attitudes** are learned predispositions to respond to an object or class of objects in a consistently favorable or unfavorable way[viii]. The definition has several implications:

- Attitudes are learned. That is, they get formed on the basis of some experience with or without information about the object.
- Attitudes are predispositions. As such they reside in the mind.
- Attitudes cause consistent response. They precede and produce behavior.

Therefore, attitudes can be used to predict behavior. Thus, for example, if we know that your attitude toward a candidate is some election is positive, then we could predict that you are likely to vote for that candidate. Marketers therefore use attitude measure before launching new products. Alternatively, behavior can be used to infer the underlying attitudes. In everyday life, we observe somebody's behavior toward us and use that observation to infer whether that person likes us; we then use that inferred attitude to predict how the person will behave toward us in the future. Marketers, too, often use this logic. When consumers buy a product, this purchase behavior is used to infer a favorable attitude toward the related product class, which is in turn deemed to be an indicator of the potential purchase of an item in the related product class.

Attitudes, then, are our evaluations of objects—people, places, brands, products, organizations, and so on. People evaluate in terms of their goodness, likability, or desirability. Consumers may hold attitudes towards salespersons in general (for example, "Salespeople are basically all hucksters"), about specific companies (such as "Company X is a company that makes good electronic appliances but not computers").

Three Component Model of Attitude

The previous view of attitude as an overall evaluation of objects treats attitude as a single dimensional "global" concept. This view informs us how a person feels in overall terms about an object, but not why he or she feels that way, or what underlies that specific attitude. Psychologists have identified three underlying dimensions to global attitude: knowledge, feeling, and action. That is, when we hold an attitude about an object, typically it is based on some knowledge and beliefs about the object. We feel some positive or negative emotion toward it, and we want to act in a certain way toward it—either embracing it or spurning it, for example. In this view, the three components of attitude are called cognitive, affective, and conative.

Cognitions or thoughts about brands or objects are also called beliefs. More specifically, beliefs are expectations as to what something is or is not or what something will or will not do. Statements of belief connect an object (person, brand, or store) to an attribute or benefit. Accordingly, a brand belief is a thought about a specific property or quality of the brand.

There are three types of beliefs: descriptive, evaluative, and normative. Descriptive beliefs connect an object or person to a quality or outcome. Evaluative beliefs connect an object to personal likes or dislikes, preferences, and perceptions. Normative beliefs invoke moral and ethical judgments in relation to someone's acts.

Affect is the feelings a person has toward an object or the emotions that object evokes for the person. Finally, conation is the action a person wants to take toward the object.

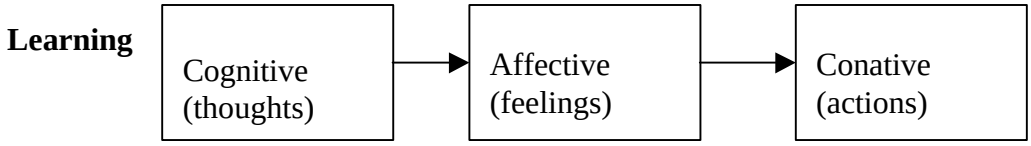
Hierarchies in Attitude

If attitudes have three components, we need to know how, if at all, they are related. Do you think first and then act, or do you act first and think afterwards? Or, when you see a person, product, brand, store, or any other object, do you just feel a sudden burst of emotion immediately, and then you might think about it or act on it?

Marketers have addressed these questions by looking for an attitude hierarchy. Attitude hierarchy refers to the sequence in which the three components occur.

Learning Hierarchy The most commonly discussed hierarchy is the learning hierarchy. In the learning hierarchy, cognitions come first, affect next, and action last. That is, you think first, feel next, and act last. The learning hierarchy assumes that brand beliefs underlie our feelings toward the brand. Brand beliefs lead to brand feelings, which then cause brand purchase and use (or avoidance). We call this learning hierarchy a "rational" hierarchy.

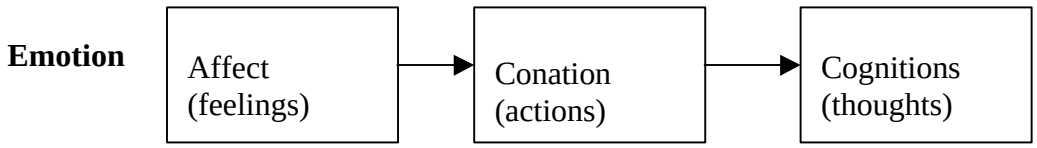
Learning Hierarchy of Attitude



Emotional Hierarchy "But wait a minute," you might say. "The last time I decided on my spring break plan—well, what happened was that we were with a bunch of friends watching this show on cable TV, called MTV Spring Break; it was basically a live scene from Panama City Beach, where lots and lots of college students were having one big party on the beach." And we said, " that is it. That is where we are going."

This description of your attitude feelings, action, and thoughts toward the Panama City Beach illustrates a different process, the emotional hierarchy of attitude. Here you feel first, then act, and think last. Based on your emotions—attraction or repulsion toward certain brands or persons or things—you embrace or avoid them, buy them, use them. Finally, through experience, you learn more about them. Thus, in this hierarchy, affect comes first, conation next, and cognition last.

Emotional Hierarchy of Attitude

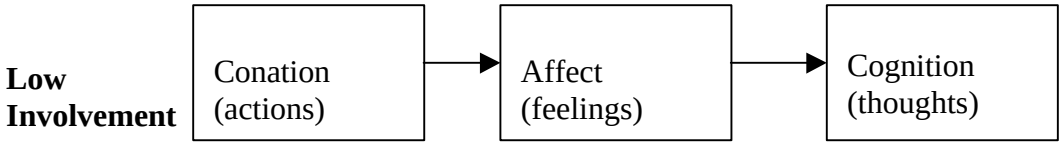


Low-Involvement Hierarchy The learning and emotional hierarchies are high-involvement hierarchies because the attitude object generates high involvement. As we defined involvement earlier, it can be viewed as the degree of importance of an object to you. It is the stakes you have in the object. It is how much owning the object matters to you. The spring break site is a high-involvement object for you if it is very important to you that you not waste the time in some substandard, less desirable place. The spring break site is not something you want to acquire an attitude toward casually or cursorily. Rather, you want to have the attitude that you can feel confident above, you can feel committed to.

In contrast is the low-involvement mode. Here, not much is at stake, and it would not matter if your attitude happened to be wrong. These are matters of relative low importance in your life that you could take or leave. With these, you don't want to take the time to think, nor do you particularly feel strongly positive or negative about them. For these matters, then, the hierarchy is called a "low-involvement attitude hierarchy."

Low-involvement attitude hierarchy refers to the sequence in which the three attitude components occur in a person's acquisition of attitude toward objects that are of low salience or importance to the consumer in his or her life. This model has the sequence of conation, affect, cognition.

Low-Involvement Hierarchy of Attitude

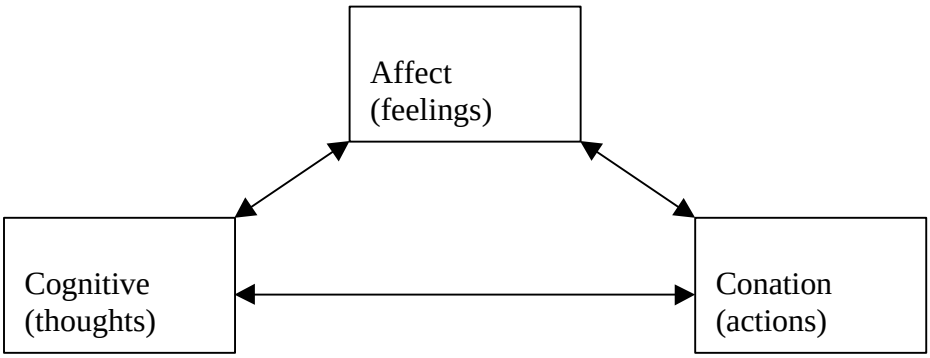


Although the three components develop in terms of hierarchies, they imply one another. A person tries to make the three components consistent and to maintain consistency among them. Certain cognitions inevitably give rise to certain affect and certain action tendencies, and vice versa.

The consistency can be related to two factors: valence and intensity. **Attitude valence** refers to favorable and unfavorable thoughts, feelings, and actions. Thus, favorable cognitions will be associated with positive affect, and unfavorable cognition with negative affect, regardless of the sequence in which they might have arisen initially. Likewise, favorable action tendencies will be associated with positive affect and positive cognitions. If one of them needs to be modified, then the other components will need to be modified as well. For example, suppose that you have recently tied a new kind of multigrain bread, and after several uses, you don't like its taste anymore; then you will have to modify some cognitions (e.g., "The grains don't really taste as good as they first did"), and conation too (e.g., "I wont buy it in the future").

The second dimension on which the three components have to be consistent is intensity: the strength with which they occur. Some beliefs are strong; others weak. Likewise, some feelings are deep; others mild. Finally, there is strong action commitment toward some things and "take it or leave it" stance toward others. **Attitude strength** refers to the degree of commitment one feels toward a cognition or feeling or action. Just as on valence, so too on strength: the three components have to be balanced. Strong beliefs produce strong feelings and very committed action tendencies, and vice versa.

Since these three components must be mutually consistent, regardless of their initial sequence or hierarchy, they continue to mold one another. Thus, they are mutually interdependent and mutually influential. The figure below hence shows the arrows going in both directions among all three of the components.



CONSUMER DECISION MAKING

Many psychological concepts and processes involved in consumer behavior have been described thus far. They include consumers needs and wants, perception, learning, motivation and attitude formation. Consumers use all or some of these processes when they make decisions to buy (or not buy) a product. Purchase decisions are sometimes

made by individuals in households; at other times they are made collectively by groups of people such as spouses and children. The individual consumer decision making is described next and this is finally followed by household decision making.

Individual Consumer Decision Making

We had earlier discussed about three different roles that consumers adopt in the decision-making scenario – buyer, payer and user. In each of these roles, consumers constantly face choices—how much to spend, what alternative to acquire, and where to purchase it from. These choices call for consumer to make decisions. Typically, these decisions include *whether* to purchase, *what* to purchase, *when* to purchase, from *whom* to purchase, and *how* to pay for it. Consumers have finite resources by way of money and time and hence they have to constantly weigh the possibility of either postponing or forsaking the purchase of a product. You may have to scrap a vacation plan because you have to study for a test (lack of time), or postpone buying a Lexus until you have landed your dream job (lack of money). Thus we constantly make decisions about *whether* to purchase and *what* to purchase at the product/service level.

An important consumer behavior at this category level decision **is mental budgeting**—how the budget consumers set for a product category guides their subsequent behavior as a consumer. The payer plays the most important role in case of mental budgeting as the user is constrained by what the payer has budgeted and whether the product is within the budget. This occurs even when the same consumer is playing both the payer and user roles.

Following the choice at the product/service level, the consumer makes another "what to purchase" decision—a choice among brands. Thus, illustratively, if a "product

category level" decision is made-namely, "take the vacation"—the next decision is which brand to purchase (e.g., which travel destination to select and how to get there and so on).

The process of consumer decision making consists of the steps shown in the figure below.

Step 1: Problem Recognition

The decision process begins with a consumer recognizing a problem to be solved or a need to be satisfied. The consumer notices, for example, that he or she is hungry and needs to get some food, that the light bulb in the patio has blown out and needs replacement, that the roof has begun to leak and needs repairing. As these examples illustrate, a consumer "problem" is not necessarily a physical problem such as a hungry stomach. Rather a **consumer problem** is any state of deprivation, discomfort, or wanting (whether physical or psychological) felt by a person. **Problem recognition** is a realization by the consumer that he or she needs to buy something to get back to the normal state of comfort.

Problem recognition can occur due to either an internal stimulus or an external stimulus. **Internal Stimuli** are perceived states of discomfort—physical or psychological (e.g., hunger or boredom, respectively). **External Stimuli** are marketplace information that lead the consumer to realize the problem. Thus, an advertisement about

multivitamins can serve as a reminder, or the smell of coffee coming from a coffee house can serve as external stimulus to arouse the recognition of a need.

Problem recognition can occur for each consumer role. A VCR was not considered a need until one such was made available. There was no obvious problem that the VCR solved. However, once it was available, consumers could use it to view programs that they had missed and the need to be able to watch a program at one's convenience was recognized. Hence, though the need had existed, it was not recognized till the advent of a VCR. The same is true for a product such as "Post-it" notes. These products serve the latent needs of the consumer in the user role.

Consumers typically had to go to a store selling pizza to buy their pizza before home-delivery was made available. The convenience of being able to order the pizza from home is a solution to buying a pizza. This serves the needs of a consumer in the role of a buyer. For the payer, the availability of leasing automobiles has improved affordability. Also, availability of credit makes many consumers realize the need to buy a new car or furniture.

To see the variety of problems consumer recognize, we can classify them along two dimensions: familiar versus novel and vivid versus latent (see figure below). Familiar problems generally occur due to what is commonly called "stock depletion"—for example, a hungry stomach or a worn-out tire. Novel problems arise generally with life events that mark passage from one stage to another. Examples include a new job, a marriage, or even a child going to the next school grade.

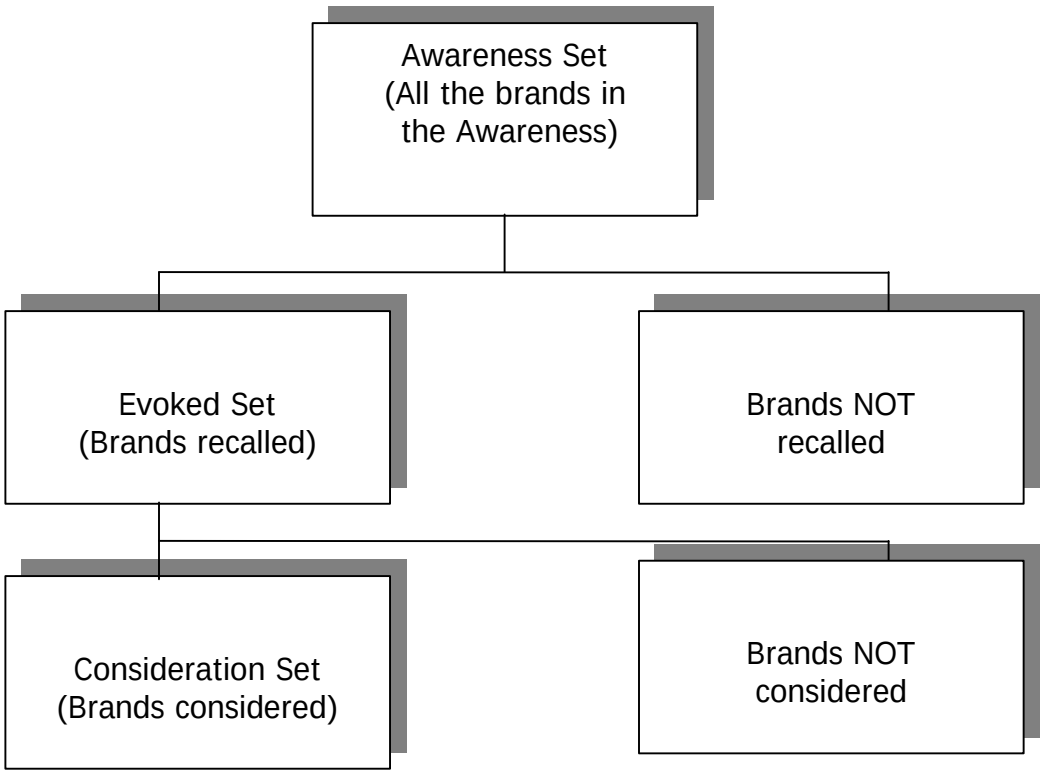
	VIVID	LATENT
FAMILIAR	Stock depletion	Educational marketing
NOVEL	Life stage change	New product technology

Vivid problems such as a just emptied cereal box or the arrival of the "back-to-school" month are easily recognized. A latent problem is not immediately obvious and needs shaping either by self-reflection or more likely by an external agent such as a salesperson. Hence, the recognition of latent problems (whether familiar or novel) generally requires educational marketing effort (e.g., counseling by a salesperson about the need for a life-insurance policy). Similarly, novel problems which are latent like the need for caller ID service or a microwave oven, before its advent, are solved typically with the availability of a new product due to technology.

Step 2: Information Search

Once the need has been recognized, consumers search for information about various alternative ways of solving the problem. That search rarely includes every brand in existence. Rather, as shown in the figure below, consumers consider only a select subset of brands, organized as follows:

- The awareness set consists of brands a consumer is aware of.
- An evoked set consists of the brands in a product or service category that the consumer remembers at the time of decision making.
- Of the brands in the evoked set, not all are deemed to fit your needs. Those considered unfit are eliminated right away. The remaining brands are termed the consideration set-- the brands a consumer will consider buying.



Initially, consumers seek information about the consideration set of brands—which is a subset of evoked sets. New information can bring in additional brands into the awareness, evoked, and consideration set. Three elements characterize the information search phase of the decision process: (1) sources of information, (2) search strategies, and (3) amount of search.

Sources of Information

Sources of information may be categorized into marketer or nonmarketer. Marketer sources are those that come from the marketer of the product or service itself. These consist of advertising, salespersons, product/service literature and brochures, and in-store displays. One of the latest marketer sources is the Internet—more and more

companies have set up a home page on the Internet, a site consumers can visit at their convenience.

Nonmarketer sources are those that are independent of the marketer's control. They include personal sources and independent sources. Since these source have no personal interest in biasing the information (unlike marketer sources), they are deemed to be more credible. Friends and other acquaintances with past experience and/or greater knowledge of the product category are sought and valued for their advice.

Search Strategies

The choice of information sources depends partly on the consumer's search strategy. A search strategy is the pattern of information acquisition consumers utilize to solve their decision problems. Since information acquisition has costs in terms of time, physical effort, and mental effort, consumer weigh the costs against the likely gains from information acquisition. That comparison helps them decide how much information they will acquire and from what sources.

Based on the amount of search deemed necessary, consumer decision strategies may be routine, limited or extended problem-solving strategies[ix]. **Routine problem solving** is a strategy in which no new information is considered. This strategy is utilized for purchase problems that have occurred and have been solved previously. This is akin to purchasing out of habit. Information search in this case is minimal. **Extended problem solving** occurs when the search is extensive and deliberation prolonged. This strategy becomes necessary for purchases never made before, or made long ago, or where risks of wrong choice are high. For example, purchasing life insurance or an automobile would entail extended problem solving. Finally, **limited problem solving** is a strategy

wherein the consumer invests some limited amount of time and energy in search and evaluating alternative solutions. Consumers adopt this strategy when purchases are nontrivial, the risk is limited, and the product or service is not complex or technical in terms of its features. There is some familiarity with the product/service class, but a desire for variety (e.g., buying a new dress) or unavailability of previous solutions (e.g., stockout of your usual brand) necessitates some amount of search.

The description so far seems to imply that consumer prefer systematic search strategy which consists of a comprehensive search and evaluation of alternatives. However, consumers may also use a contrasting search strategy, termed heuristics. **Heuristics** are quick rules of thumb and shortcuts used to make decisions. Heuristics can be implemented in a variety of ways:

- Broad inferences are quickly drawn from partial information (e.g., price may be used to judge quality).
- Past experiences are considered adequate.
- Others' judgments are sought and summarily adopted as final choice.
- Brand names are heavily relied on to the exclusion of seeking further attribute information.

Although these strategies are not systematic, they are also not irrational. They are rational to their users in terms of the cost versus benefit trade-offs they perceive.

Determinants of the amount of search

Imagine you are in the market for a CD player, or a pair of shoes. How much information will you seek? How much effort will you put in processing this information? Actually, this depends on several factors. These factors include perceived risk, involvement, prior experience and expertise; time pressure; and information overload.

The **perceived risk** is the degree of loss (i.e., amount at stake) in the event that a wrong choice is made. There are five types of risks:

1. Performance risk – The product or service may not perform well or not as well as some other alternatives.
2. Social risk – Reference group members and significant others may not like it.
3. Psychological risk – The product or service may not reflect oneself.
4. Financial risk – The alternative may be overpriced; there may exist a better purchase.
5. Obsolescence risk – The alternative may be replaced by newer substitutes.

The financial risk is of most concern to the payer, whereas other risks are of concern to the user. The greater the perceived risk, the greater the likelihood that the purchase will be postponed or in any case, the search and deliberation will be extensive.

As discussed earlier, **involvement** is defined as the perceived importance of the product or service. We purchase and consume hundreds of products and services in our lives, but we are not equally involved in all of them. We take some for granted, not even noticing unless something wrong happens. There are other products we consider very important in our lives which we consume with full consciousness and which we purchase with great care. Involvement in this context may be classified as purchase-decision involvement and enduring involvement. **Purchase-decision involvement** is the degree of concern and caring that consumers bring to bear on the purchase decision. For example, we sometimes spend 30 minutes or more to purchase a greeting card that costs only $2. There are other products or services that we may have an on-going interest in. This is termed as **enduring involvement**. Many consumers have an enduring involvement in products such as music CDs, automobiles, and computers.

Consumers have familiarity and expertise as a result of prior information acquisition and prior personal experience. The relationship between prior experience and external information search is generally inverse; with increasing prior experience, less external search occurs. Prior experience also implies that the purchase problem is solved in the routine problem-solving mode, as happens with most of the day-to-day purchases

of staple items. However, even with high prior experience, routine problem solving may not be considered a desirable strategy if: (a) the experience with the prior purchase was not positive; (b) if technology has changed to render the prior experience obsolete; (c) the goal is to build an assortment rather than replace prior purchase; (d) the purchase is infrequent; (e) the product or service is a high-risk purchase.

Prior experience refers to the history of purchase and consumption and information obtained with respect to that product or service. In contrast, **expertise** refers to the understanding of the attributes in a product or service class, and knowledge about how various alternatives stack up on these attributes. When a consumer judges prior experience to be inadequate for the impending purchase and decides that new information search will be useful, expertise comes in play in determining how much search will be undertaken.

One of the most conspicuous characteristics of the consumer in the 1990s is **time pressure**. Time has become and is becoming more and more scarce, due to (a) both spouses working, (b) some consumers being employed in more than one job, (c) many consumers re-enrolling in school to acquire new skills necessary for a more complex employment market, and (d) new leisure activities enabled by technology. Some have called the "always on the go" consumer the "harassed decision maker." Time pressure is making consumer look for more convenience in shopping. In addition, time-pressed consumer are likely to cut short their information search, comparison shopping, and decision-making time[x].

There are times when helpful salespeople in their zeal overload us with information. **Information overload** occurs when exposed to too much information—so

much so that you are unable to process it to make a decision. There are a number of studies that have been conducted that indicate that consumers experience discomfort when they are over loaded with information. Also, they tend to avoid information when they are exposed to too much information. Hence, it follows that consumers tend to be selective in their acquisition of information, and because of this selectivity, they may not always make the best decisions.

Step 3: Alternative Evaluation

Now that the consumer has all the information, how does he or she use that information to arrive at the choice? Consumers select one of the several alternatives (brands, dealers, and so on) available to them. These specific processes and steps are referred to by researchers as "choice models." There are two broad categories of choice models: compensatory and noncompensatory[xi].

Compensatory Model

In the compensatory model, the consumer arrives at a choice by considering all of the attributes for a product or service (or benefits for a service) and mentally trading off the alternative's perceived weakness on one or more attributes for its perceived strength on other attributes. A consumer may go about making this calculation in two ways. One method of arriving at a choice is simply to add the number of positive attributes and subtract the number of negative attributes each alternative has, and then choose the one that has the most positive and fewest negative attributes. While sometimes consumers do make decisions based on a simple numerical count of pluses and minuses, often, the individual does not consider each plus or minus equally significant. Some considerations are clearly more important than others, and every minus may or may not cancel a plus on

some other feature. Hence, the simple method described above may lead to arbitrary decisions.

A second and more systematic approach is to weigh every attribute for each alternative in terms of its relative importance. To implement this approach, the decision-maker also estimates the degree to which the alternative possesses each positive and negative attribute. This can be done on a numerical scale of, say 0 to 10 where 10 means a perfect performance on that attribute. The score on the scale is then multiplied by the relative importance of the attribute. The sum of these products for each alternative provides a total score for that alternative. This model is called compensatory because a shortfall on one attribute may be compensated by a good rating on another attribute.

Noncompensatory Models

While there are several noncompensatory models that have been identified, four are most common and useful. These are called conjunctive, disjunctive, lexicographic, and elimination by aspects[xii]. In the **conjunctive model**, the consumer begins by setting the *minimum cutoffs on all salient attributes*. Each alternative is then examined on each attribute, and any alternative that meets the minimum cut-offs on all attributes can potentially be chosen. If an alternative fails the cut-off, even on one attribute, it is dropped from further consideration. If all the alternatives fail to meet the cut-off levels, then the consumer may revise his or her minimum cut-off levels or use another decision model. On the other hand, if more than one alternative meets all the minimum cut-off levels, the consumer might resort to another decision model, to further eliminate alternatives until only one survives the process.

The **disjunctive model** entails *trade-offs between aspects of choice alternatives*. Sometimes the consumer is willing to trade off one feature for another. For example, a homebuyer might say that the house he or she would be willing to consider buying should have either five bedrooms or, if it has only four bedrooms, a finished basement. Although similar trade-offs are made in the compensatory model, there are differences. First, the disjunctive model considers the sheer presence or absence of attributes, rather than the degree or amount in which these attributes are present. Second, in the compensatory model, the attributes traded off need not serve the same purpose, while in the disjunctive model they tend to.

Another model consumers use to make a choice is termed **the lexicographic model**. In this model, attributes of *alternatives are rank-ordered in terms of importance*. Consumers examine all alternatives on the most important criterion and identify the one with the highest level on that criterion. If more than one alternative remains in the choice set, then they consider the second most important criterion and examine the remaining alternatives with respect to that criterion. The process continues until only one alternative remains.

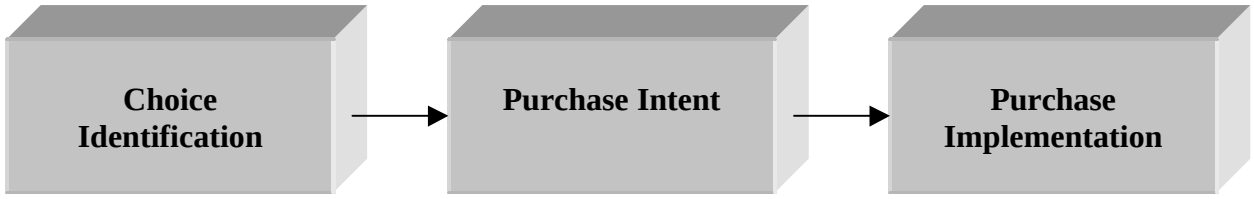
The **elimination by aspects model** is similar to the lexicographic model but with one important difference. The consumer *rates the attributes in the order of importance and, in addition, defines cut-off values*. He or she then examines all alternatives first on the most important attribute, admitting for further consideration only those which satisfy the minimum cut-off level on this most important attribute. If more than one alternative meets the requirement, then the consumer goes to the next step, appraising the remaining

alternatives on the second attribute, delineating those that meet the minimum cut-off level on this attribute, and so on.

It has been found that consumers may use any of these choice models independently or use a combination of the choice models discussed thus far. For some of the more important decisions, a consumer might first use a noncompensatory model and then, to further identify the choice, use a compensatory model. The noncompensatory model could be used to eliminate choices and narrow down the set of alternatives for closer comparisons. In the second stage, termed "alternative selection stage" the smaller set of alternatives is further examined. The objective of the first stage is thus to identify the *acceptable alternatives*, whereas the second stage is meant to identify the *best*, among all acceptable alternatives.

Step 4: Purchase

Once the consumer has evaluated the alternatives, he or she makes the purchase. This appears a straightforward step, but even here consumer behavior at times becomes intriguing. To understand this behavior, let us break down this step into three substeps as shown in the figure below.



The first substep occurs when the consumer identifies the most preferred alternative, based on the alternative evaluation process described earlier. The next substep is to form a purchase intent—a determination that one would buy that product or

service. It is the act of giving self-instruction, like, "The next time I am in the market, I am going to buy it"; it is to make a mental note, to put it on the "to do" list, so to speak. The final substep is implementing the purchase. This entails arranging the terms of the transaction, seeking and obtaining the transfer of title or ownership from the seller, paying for the product or service, and receiving possession of the product or of service commitment from the seller. While the three steps described here are automatic in the case of groceries, they become important in the case of purchases such as automobiles or homes. In case of rare artifacts, purchase implementation, including finding the seller, may be a long drawn process.

Some times the consumer purchase implementation process may be derailed due to a deviation from the identified choice. Several conditions account for this. First, the preferred brand may be out of stock, thus forcing the consumer to buy a brand different from the one identified. Second, new in-store information may reopen the evaluation process. Third, financing terms may render a purchase infeasible, forcing the consumer either to abandon the purchase altogether or to substitute the purchase with a lower-level model or another brand available on preferred terms.

Step 5: Post-Purchase Experience

The consumer's decision process does not end with the purchase. Rather, the experience of buying and using the product provides information that the consumer will use in future decision making. In some cases, the consumer will be pleased with the experience and will buy the same product from the same supplier again. In other cases, the consumer will be disappointed and may even return or exchange the product. In

general, the post-purchase process includes four steps: decision confirmation, experience evaluation, satisfaction or dissatisfaction, and future response (exit, voice, or loyalty).

After a consumer makes an important choice decision, he or she experiences an intense need to confirm the wisdom of that decision. The flip side is that he or she wants to avoid the disconfirmation. One of the processes that occur at this stage is cognitive dissonance: a postpurchase doubt the buyer experiences about the wisdom of the choice. Methods of reducing dissonance and confirming the soundness of one's decision are seeking further positive information about the chosen alternative and avoiding negative information about the chosen alternative.

Following purchase, the product or service is actually consumed. Marketers need to know whether consumers consume it routinely or are consciously evaluating it. This depends on the level of enduring involvement in the product or service and the finality of the preference that caused this purchase. Also, consumers buy some products and services on a trial basis, without making their preference final yet. These products, even if not of enduring involvement, are the ones that the consumer is likely to be using with an eye to appraisal. Often, when consumers receive free samples, they are not necessarily in an evaluative mode; therefore, they use them routinely, without consciously trying to register the product or service performance.

Whether or not they actively evaluate a product or service during product use or consumption, users do experience the usage outcome. This outcome is characterized as satisfaction or dissatisfaction. Measuring overall satisfaction/dissatisfaction is easy as consumer researchers do so frequently. What is more challenging to understand *why* consumers feel the way they do. Research indicates that consumers do not evaluate the

performance of a product/service on an absolute basis but compare it to the expected performance. Thus, if the product or service fulfills prepurchase expectations, then satisfaction results. On the other hand, if the prepurchase expectations are not met, dissatisfaction results. This makes intuitive sense in our everyday experience.

Following the experience of satisfaction or dissatisfaction, consumers have three possible responses: exit, voice or loyalty. If consumers are dissatisfied with their experience with a brand, they may decide never again to buy the brand. This places them back to the start of the decision process the next time the problem recognition arises. Some dissatisfied consumers may complain and then decide either to give the brand or marketer another chance or simply to exit. Following the complain, negative word-of-mouth is less likely and repatronage more likely if the complaint is successfully redressed. If the complaint is not successfully redressed, the negative word-of-mouth might in fact be further intensified beyond what it would have been had the consumer not made the complain in the first place. Research has found that consumer complaint may actually be good for the marketers. According to one study, about 19 percent of the dissatisfied consumers complain; of the complaining consumers, a significant majority continue to buy the product or service, compared to those who are dissatisfied but do not bother to complain. Thus, complainers care enough to complain. Noncomplainers simply walk out, taking their patronage to a competitor.

The third response is, of course, loyalty. Consumer loyalty means the consumer buys the same brand repeatedly. It is fair to assume that satisfied consumers are more likely to be loyal. However the converse is not necessarily true as some researchers have

found that not all satisfied consumers are loyal. Some consumers exhibit a switching behavior despite being satisfied with the current brand.

Household Decision Making

Households are the basic unit of buying and consumption in a society. A household is a consumption unit of one or more persons identified by a common location with an address. While a number of consumer decisions are no doubt made by individuals for their personal consumption (e.g., buying food during office lunch hour), the more significant decisions are made by individuals jointly with other members of their household, and for joint use by the members of the household.

Household decisions are important to study as it is likely to be different from that of the individual decision making process. The critical difference is that while in the case of the individual it is quite likely that all three roles—that of buyer, user and payer are more likely to merge in one person, in the case of the household it is possible to separate the three roles. The separation of the three roles makes household buying behavior somewhat complex to track and influence. Moreover, these role allocations are dynamic. They vary from time to time, from one product to another, and from one family type to another.

Families and Households

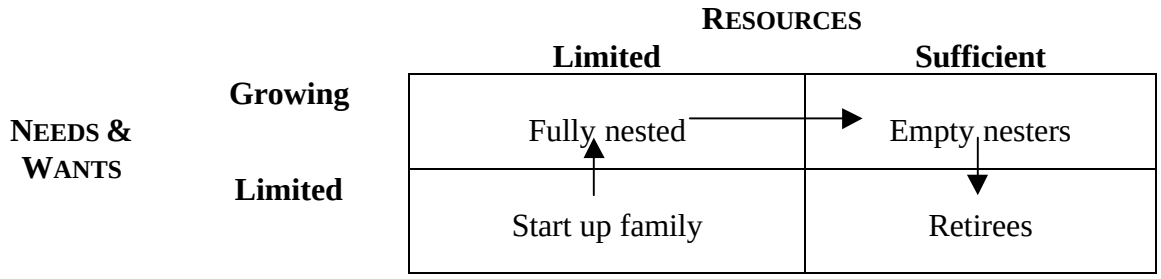
Years ago, a typical U.S. household would have been described as a nuclear family, consisting of a husband, wife, and 2.5 children. In 1970, married couples with children comprised 41 percent of all households in the United States. By 1998, such household had declined to 23.4 percent. In its place the proportion of single-parent

households rose from 6 percent in 1970 to 11.70 percent in 1998[xiii]. Today's households display much more diversity.

The size of a typical family varies from culture to culture and from subculture to subculture. In some cultures, the family extends beyond the immediate nucleus to include cousins, brother, and sisters. Even in the United States, the extended family was at one time the most common form of the family unit that included grandparents, brothers, and other relatives. Today, however, the "typical" family has changed dramatically. Hence, it is evident that the composition of the family is dynamic and changes with time and place.

Families go through different stages starting from the time a person is young and single to the time he or she becomes a single, solitary survivor. This concept is called the family life cycle and consists of four stages: couple, full nest, empty nest, and survivor.

To distinguish these four family life-cycle stages, we can characterize them along two dimensions: (1) needs and wants, and (2) resources (see figure below). The start-up family has limited resources but also limited needs and wants. The needs are limited because the family is small, and there are no children. Although the couple needs to set up a new household, they may either continue to live in a rented apartment, or buy a small home. The resources are limited because one of the spouses may still be in college, or still trying to find a job in the new city. Even when both spouses are employed, they are typically in their first jobs at starting points of the salary scale. Although the couple might perceive this stage to be a time of struggle, the pressure on resources is nowhere as much as in the next stage.



In the fully nested stage, families begin to have children, and correspondingly the household needs grow rapidly, often fasten than the resources. Families begin to make trade-offs between increasing their resources, or having one parent stay at home with the children and make do with reduced resources. If only one spouse works outside the home, the working spouse may try to bring in additional income by taking a second job or simply working hard. Typically at this stage, the family purchases a larger home, a larger car or a second car, appliances, clothes, and family vacations. Even though resources are constrained, major purchases are seen as investments so the families buy appliances, furniture, and homes by financing.

In the empty-nester stage, the kids have moved out of the home, and the family's needs begin to plateau, or even decline. However, at this stage, the grandchildren begin to enter into the household, but, fortunately, the resources are generally sufficient. Working spouses have more freedom to slow down in discretionary work habits, increasing their time resource. Experience and maturity make the couple wiser in dealing with family situations, expert at managing the family and household, and more efficient in spending time or effort or money. With time freed from taking care of children, empty nesters look to living a life they had postponed for so long—indulging in the comforts of life, buying, for instance, a big screen TV, or a luxury car that they now plan to trade

every two or three years. Also, due to an increase in discretionary time, more vacations, cruise trips, and so forth, become appealing to this group.

Finally, in the retiree stage, needs and wants decline, and the resources stay sufficient, as retirement income is available and equity builds up if there was adequate financial planning. The movement from empty nester to retiree is market by divestment of resource so that there is a marked increase in "planned giving" to charities and foundations, and in establishing living trusts and estate planning (especially by the affluent). Obviously the above description is merely that of a typical family. There are bound to be variations with variations in income in all the four stages.

Steps in Family Buying Decisions

If you think back to a recent marketplace decision made in your family, you might recall that various members undertook various activities, en route to the final decision. Based on research and observations, scholars have identified and described the family buying process as consisting of the following steps[xiv].

1. Initiation of the purchase decision.
2. Gathering and sharing of information.
3. Evaluating and deciding.
4. Shopping and buying.
5. Conflict management.

The first four steps are self-explanatory and are similar in interpretation to those described in the case of the individual consumer. The fifth step is particularly salient in the context of family decision making and will be discussed in detail later in this section. Regarding the first four steps, although their meaning is self-evident and their basic operation similar to that in individual decision-making, the actual dynamics are more involved. Different members of the family play different roles in the decision process. Thus, one member might initiate the purchase decision by making a product request. Another member of the family might collect information. A third member might evaluate

and decide. Yet another member might make the actual product purchase. Finally, someone might take the responsibility of resolving any differences of preference and conflicts that may arise. Such conflicts not only arise before the decision is made, but may continue or may arise anew after the purchase. The interspousal or intrafamily influence can vary from step to step.

Husband-Wife Decision Roles

With regard to the roles of husband and wife, five patterns of relative influence are possible: (1) autonomous decision by the husband only; (2) husband-dominated decision; (3) syncratic decisions (equal role by both); (4) wife-dominated decision, and (5) autonomous decision by the wife. **Autonomous decisions** are decisions made independently by the decision-maker. **Syncratic decisions** are decisions in which all play an equal role in making the decision.

Among these decision types, the three joint decision making scenarios are obviously more interesting to study. Several factors affect the pattern of decision sharing among spouses. Some of those factors are gender role orientation, wife's employment status, family life cycle stages, time pressure, and socioeconomic development level of the population group.

Gender roles among spouses can be placed on a continuum of traditional to modern. The degree to which specific behaviors and norms are linked to a person's gender, rather than being shared across genders, is called **gender role orientation**. The traditional view is one of sharply dichotomous roles for the husband and wife, while the modern view is one of more sharing of responsibilities among the two sexes. In the United States, there has been a blurring of gender roles in households. A fascinating

aspect of family decision making is the variation in gender role orientation across diverse countries and cultures, and how this gender role variation influences interspousal decision sharing in different population groups.

The **wife's employment status** significantly influences gender-role orientation. In families where a wife is employed outside of the home, there is greater acceptance of her role in important family decisions. Greater exposure of the world outside of the home makes the wife more knowledgeable about a variety of products and services and hence she is able to contribute a lot to the decision making process.

Family life cycle has also been found to influence decision-making in the families. Recently married couples tend to make more joint decisions; as the marriage ages, the chores become allocated along with the purchases that accompany those chores. However, for important purchases couples use joint decision making, irrespective of the stage of the family life cycle.

Families with **high time pressure** tend to rely less on joint decision making, since autonomous or one-member dominated decision processes are generally perceived to be more time-efficient. However, such decisions may sacrifice effectiveness and may not be optimal.

Gender role orientations and role specializations vary from one to another. Specifically, the culture of a country is related to the stage of socioeconomic development of the population. Thus, underdeveloped countries have a more traditional gender role orientation than do more developed countries. With development and the resulting modernization, urbanization, and concomitant increasing employment of women outside of the home, women's involvement in decision making increases.

Children's Influence in the Family Decision Making

In 1997, U.S. children controlled or influenced about $120 billion in spending and enjoyed a personal income of $46 billion from allowances, gifts and part-time jobs[xv]. Children's influence increases with age. Children influence household buying in three ways. First, children influence household purchases by having individualistic preferences for products paid for and bought by parents. Second, children in their teen years begin to have their own money and become their own payers and buyers of items of self-use. Third, children influence their parents' choice of products that are meant for shared consumption (e.g., family vacation) or even products used by parents only, by exerting expertise influence (e.g., high tech products or latest fashions in clothes).

Children's influence on family decision making also differs based on the nature of the parents. If the parents are authoritarian, children's influence on decision making is lowest. In case the parents are neglectful, there is not much communication between the children and the parents. Hence, the children may not be able to influence the purchase of products that the parents use. However, if they have a source of income and parents are neglectful, they are fairly autonomous in decisions to purchase products for their own use. In case of parents who are democratic, the children share influence with other members. If the parents are permissive, children exercise relative autonomy for products for which they are the principal or sole user, exercising both the buyer and the decision-maker role.

Conflict in Family Decisions

Family decision making may give rise to conflict, whether the consumer roles are distributed among family members or shared by family members. Conflict among

distributed roles arises when the user, payer, and buyer roles are played by different family members and different alternatives satisfy each. Conflict also arises due to shared roles, when a single role is shared by multiple family members and their goals diverge. For example, in the case of a family car, the husband may be interested in the high-performance of a turbo engine car, while the wife may want a minivan that is safe and roomy for small children in the family.

The conflicts that are inevitable arise if there is disagreement between family members either on goals or on perceptions. The nature of the conflict will differ according to whether there is a disagreement in one or both of these areas.

Four strategies of conflict resolution have been suggested by scholars: problem solving, persuasion, bargaining, and politicking. Problem solving entails members trying to gather more information, or to add new alternatives. When motives/goals are congruent and only perceptions differ, obtaining and sharing information often suffices to resolve conflicts. Persuasion requires educating about the goal hierarchy; the wife might argue how a safe and large car is in the best interest of the whole family since the car is needed to transport children. Bargaining entails trading favors (husband gets to buy the house of his choice as long as the car that is being bought is one that the wife prefers). When goals and evaluations are so divergent that even bargaining is infeasible, politicking is resorted to. Here, members form coalitions and subgroups within the family and by so doing simply impose their will on the minority coalition (It is not unusual for parents to find themselves a part of the minority coalition).

SUMMARY

In this chapter, you learned that a consumer is a person that is party to a transaction with the marketer. Consumer behavior consists of the mental and physical activities undertaken by consumers. The three roles a consumer plays are those of a user, the payer, and the buyer.

The first section in the chapter described the needs and wants of consumers-whether as user, payers, or buyers. A need was defined as an unsatisfactory physical condition of the consumer that leads him or her to an action that will satisfy or fulfill that condition. A want was defined as a desire to obtain more satisfaction than is absolutely necessary to improve an unsatisfactory condition. Needs are determined by the physical characteristics of the consumer (genetics, biogenics, and psychogenics) and by the physical characteristics of the environment (climate, topography, and ecology). Wants are determined by the personal context (culture, institutions and groups, and personal worth) and environmental context (economy, technology and public policy).

In the next section, we discussed some of the underlying processes consumers use to make product and brand choices: perception, learning, motivation, and attitude formation. In the perceptual process, we identified the influence of the characteristics of the stimulus or incoming information, the context, and consumers themselves. Next, we described three biases in the perception process: selective exposure, selective attention, and selective interpretation.

In discussing the consumer as a learner, we described four models of learning: cognitive learning, classical conditioning, instrumental conditioning, and modeling. Classical conditioning occurs when a preexisting consumer response to a stimulus is

transferred to another product/service the stimulus is constantly paired with. Instrumental conditioning occurs when consumers learn to engage in a behavior repeatedly because the behavior is rewarding. Cognitive learning occurs when consumers obtain new information. Modeling occurs by observing other consumers whose behavior we find worth imitating.

Next, we dealt with consumer motivations—why consumers buy, pay for, and use specific products and services. This topic was organized in terms of needs, emotions, and psychographics. Needs are felt deprivations of desired states. In this context we discussed Maslow's hierarchy of needs. Human emotions also play a significant role in motivating human behavior. One specific topic in our discussion of emotions and moods was hedonic consumption and the related phenomenon of "product use involvement." Psychographics describe consumers' profile of needs, emotions, and resulting behaviors, and as such explain much of consumer behavior. Psychographics include self-concept, personal values, and lifestyles. We discussed, in depth, one type of psychographics – namely the VALS (Values and Life Styles).

This was followed by our discussion on attitude. Attitudes are described as consumers' likes and dislikes toward various products and services and their predispositions to respond to them (approach or avoid them). These attitudes have three components—cognition (thoughts), affect (feelings), and conation (actions). Consumers acquire these three components in a specific sequence, and three such sequences were identified: learning, emotional, and low-involvement. Because the three components usually exist in harmony, changing any one of them would usually drive a change in others.

Based on these processes we studied consumer decision making. This is a five-step process: problem recognition → information search → alternative evaluation → choice → post-choice. The consumer decision problem begins with problem recognition. The problem recognition occurs due to an internal cue which comes from one's motives being in a state of unfulfillment, or from external stimuli evoking these motives. A typology of problems was suggested—namely, familiar-latent, familiar-vivid, novel-latent, and novel-vivid. Once problem recognition occurs, the consumer (a) either relies on prior knowledge and previously learned solutions, or (b) searchers for new solutions through new information acquisition and its evaluation and integration. In the information search stage, there are several determinants of information search, including perceived risk, involvement, prior experience, expertise, and time pressure.

Evaluations of alternatives entail use of compensatory (trade off) and noncompensatory (non trade off) decision models. The latter include conjunctive, disjunctive, lexicographic, and elimination-by-aspects models. The outcome of these evaluation processes is the identification of a preferred brand and the formation of purchase intent. Such purchase intent is then implemented by the actual purchase act, but it was suggested that the purchase act does not always occur as planned. Sometimes, substantial delays occur in purchase implementation, and other times, the brand actually bought is different from the one planned, because of stock outs or new information at the time of purchase. In the post-choice phase, the processes of decision confirmation, satisfaction/dissatisfaction, exit, complaining, and loyalty responses were discussed.

Other than making purchase decisions as individuals, consumers make purchase decisions as members of households. Pricinipally, these decisions are complex because

the user, payer, and buyer roles are distributed among different household members. We then defined various types of households and explained the movement of consumers in belonging to one form of household to another due to a process of "family life cycle." The family buying process was described as one in which different members of the family influence various stages of the decision process. The exact influence of either spouse was determined by such factors as gender role orientation, wife's employment status, family life cycle, and time pressure. Next, children's influence in family buying decisions was described. Children influence parental choices of products and services, in products they use as well as those used by parents only.

Thus, in this chapter we have defined consumer behavior, discussed various processes involved in consumer behavior and described how these psychological processes are related to consumer decision making—both as individuals, as well as members of a household unit.

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[iv] Abraham H. Maslow, "A Theory of Human Motivation," *Psychological Review* 50 (July 1943), pp. 370-96; also, Abraham H. Maslow, *Motivation and Personality* (New York: Harper & row, 1970).

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[vii] VALS description on the Internet, at http://futures.sri.com.

[viii] Gordon W. Allport, "Attitudes," in C.A. Muchinson, ed., *A Handbook of Social Psychology* (Worcester, MA: Clark University Press, 1935), pp. 798-844.

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[x] Peter L. Wright, "The Harassed Decision Marker: Time Pressure, Distractions, and the Use of Evidence," *Journal of Applied Psychology* 59 (October) pp.555-61.

[xi] For a fuller discussion of these and other modles, see James R. Bettman, *An Information Processing Theory of Consumer Choice* (Reading MA:Addison-Wesley, 1979), pp.173-228.

[xii] Hillel J. Einhorn (1970), "Use of Nonlinear, Noncompensatory Models in *Psychological Bulletin* 73, pp. 221-30.

[xiii] Based on U.S. government census estimates, obtained from the Internet Web site

http://www.census.gov/population/socdemo/hh-fam/98ppla.txt

[xiv] Jagdish N. Sheth, "Models of Buyer Behavior: Conceptual, Quantitative, and Empirical," in *A Theory of Family Buying Decisions*, (New York: Harper & Row), pp. 17-33.

[xv] Lisa Reilly Cullen (1997), "Ride the Echo Boom to Stock Profits," *Money* 26, July, pp.98-104.