



Understanding Consumer Behaviour
Topic 1:
Introduction – Consumer Needs, Motives and Values

Scope and Coverage

This lecture will cover:

- Introduction to consumer behaviour
- Consumer decision-making process
- Consumer needs and wants
- Consumer motivation
- Consumer values



Learning Objectives

By the end of this lecture students will be able to:

- Define what is meant by consumer behaviour (CB)
- Describe theories of how conscious and unconscious needs drive motivation to purchase products and services
- Distinguish between needs, motives and values
- Explain how an understanding of consumer behaviour may influence marketing strategy



CIM Marketing Definition

“Marketing is a management process responsible for identifying, anticipating and satisfying customers requirements, profitably”
(Chartered Institute of Marketing, 2015)

Key words: process, identifying, anticipating, satisfying and profitably

- Why are these important?
- What are the key drivers for a consumer purchase?



Consumer Behaviour (CB) Definition

CIM (Chartered Institute of Marketing) (2014) definition for CB is:

“The habits and patterns of consumers when buying and using products and services.”

- What is a habit?
- What is a pattern?
- Why is this important?



Why do we Need to Understand CB?

If we understand the consumers needs, wants, motivations and values we can tailor our marketing efforts

We need to understand:-

- How and why consumers buy a product or service
- Consumer reactions to pricing, communications and how we can target and position effectively
- What promotional incentives encourages consumers to respond
- The impact of factors such as – social, technological, economical and environmental.



Develop Effective Marketing Strategies

- Provides insight of similar characteristics within segments and how consumers behave
- Supports the development of brands, products and services that can be targeted at specific segments
- Supports the development of marketing communications that appeal to the needs/motives of consumers when making a purchase decision
- Adopting a relationship marketing approach encourages loyalty between the consumer and organisation




Influences on Consumer Buying DMP





Environmental Influences (PESTLE)



(Johnson et al, 2008)




Influences

- Consumers are influenced in many ways
 - Individual wants, needs, motivations, values
 - Demographic factors – age, gender, social class
 - Psychographic factors – personality, lifestyle
 - Environment – social groups, local culture, family
 - Geographic – locality, national/international, global, glocal (local business operating locally) and online
 - The marketing mix 7Ps (Product, Place, Price, Promotion, Process, People and Physical evidence)



The Consumer Buying DMP

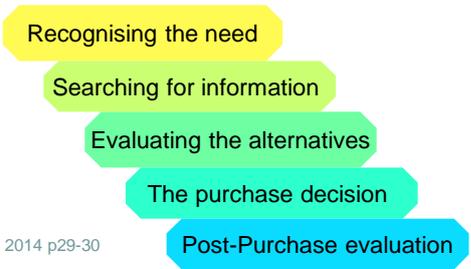
CIM (Chartered Institute of Marketing) (2014) definition for consumer buying DMP is:

“The process that consumers go through when making a purchase decision.”

- Why a process?
- Can you go through each stage and back again? (Iterative?)
- Why is this important for marketers?



The Decision Making Process (DMP)



CIM, 2014 p29-30



Recognising the Need

When a consumer 'needs' or 'wants' a product

- I 'need' food, I am hungry
- I 'want' a new designer Gucci watch

What should a marketer be doing at this time?

- Target a consumer when a 'need/want' arises
- Monitor their 'behaviour' to identify the perfect timing
- Promote crafted USPs (Unique Selling Points) to encourage purchase



Searching for Information

- Consumers undertake a search to identify a suitable purchase
- Search will be online and/or offline in stores
- A variety of options and alternatives will be made available

- What should marketers be doing at this time?
 - Promoting targeted advertising to a differentiated audience?



Evaluating the Alternatives

- Consumers will evaluate all options available
- The 7Ps will be apparent here and interplay with considerations
- Alternatives of all the options will be compared to decide the right purchase for them

- What should marketers be doing at this time?
 - Consider various adverts for McDonalds & Nike
 - How do these companies encourage you to choose them?



The Purchase Decision

- An action to purchase will be undertaken
- Consumers should be purchasing with confidence
- Decisions will be made based on social and group influences, individual conditioning, promotional incentives and many more factors
- What should marketers be doing at this time?
 - Transparent advertising and marketing of all products and services should be presented with clarity
 - If not, consumers will be dissatisfied that there were 'hidden small print'




Post-Purchase Evaluation

- Cognitive Dissonance (Festinger, 1957) linked to memory, thoughts and associations post-purchase
- Once a purchase has been made, the consumer should be delighted (more than satisfied). If not, the consumer may;
 - Demand a refund
 - Initiate negative word of mouth (NWOM)
 - Social Media to consider!
- What should marketers be doing at this time?
 - Loyalty and customer relationship strategies must be implemented to ensure retention
 - Manage expectations and social media coverage




DM Purchasing Situations or 'Problem-solving'

Soft drink	Washing machine	Sports car
Routine DM	Limited DM	Extensive DM
Situation: Low price, low risk Frequent, Habit model and repeat purchase	Situation: Moderate price, moderate risk Relatively infrequent purchase	Situation: High price, high risk Cognitive model (high-thinking) Infrequent purchase

East et al (2013 p 6-14)
CIM (2014 p36)




Understanding Consumer Needs and Wants

- One of the main principles of marketing is to **satisfy customer needs and wants** in a way that is beneficial to a company
- Needs and wants are what motivate a consumer to act – to buy a product or service to satisfy the need or want
- Wants (desirables) are just as important as needs (essentials) to marketers – both act as a motivator

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Needs and Wants

- A need and a want – very different
- Need – physiological – hunger
- Want - social acceptance or psychological – acquiring status, belonging to a group
- Maslow described a hierarchy of needs – he suggested that lower levels of needs must be at least partially met before higher level needs became important
- Consider the difference between a 'need' and a 'want' and why this is important for a marketer

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Maslow's Hierarchy of Needs

Sourced from: Evans et al/2009 p12

Maslow's Needs

- Physiological needs – hunger, thirst, shelter, sleep
- Safety needs – protection, security
- Social needs – relationships, family, love, acceptance, belonging
- Esteem needs – achievement, recognition, status
- Cognitive needs – learn, know, understand
- Aesthetic needs – creativity
- Self-actualisation needs – self-realisation, meaningful activities



Consider

- Do we have to satisfy the needs of one level before we move to another?
- Do we move rigidly up the levels or may we skip a level or drop a level at different times? (e.g. iterative process)
- Does everyone in a society move through the levels at the same rate?
- Based on Maslow's model, how can marketers use this to promote benefits?



Motivation

- Why would **YOU** buy a particular car?
- Other reasons:
 - Can be positive (approach) – people look for positive situations, pleasure, comfort, goals they want to reach – e.g. holidays, ice cream
 - Or negative (avoidance) – escape from negative situations, pain, illness – avoid and remove problems e.g. pain killers, insurance policies
 - Can be internal or external, created by attractiveness of environmental stimuli (products and services)
- Individual motives can be very varied, e.g. motives for shopping, adventure, social, gratification, ideas, role, value (Arnold and Reynolds, 2003)



Freud's Psychoanalysis Theory

- Suggests we are not aware of all our wants and needs - behaviour is driven by unconscious needs
- Freud identified three structures of the mind:
 - **Id** – Unconscious – tries to satisfy whatever delivers pleasure, subliminal, naughty but nice
 - **Superego** – Conscious – controls behaviour according to morals and values
 - **Ego** – Subconscious – mediates between the other two to find an acceptable way of satisfying Id

Marketing messages may appeal to the different structures – but how do we identify unconscious or subconscious wants and needs?

(Source: Evans *et al* (2012, p15-22)



Consumer Values

- Krystallis *et al* (2013, p1439) state that *“values can serve as predictors of behaviour over extended periods of time, and they are of particular importance for marketing decisions”*
- Vinson and Lamont (1977) Consumer value system
 - Global values – enduring beliefs about modes of behaviour
 - Domain-specific values – beliefs relevant to economic, social, religious
 - Evaluations of product attributes – beliefs concerning product attributes



Development of Values

- Engel *et al* (1986) – Intergenerational value transmission – families, religious institutions and schools, plus early life experience leads to value transmission between generations
- Values differ in different cultures
- Marketing activities may seek to associate particular values with a product or service



Marketing and Consumer Motivations

- Consumers buy solutions to their needs – they buy the benefits offered by products not their features
 - Consumers need 8mm holes, not 8mm drill bits
- Marketing messages 'promote' the benefits of products so consumers can see more clearly how they meet their needs
- Consumers may not always be aware of their needs – marketing messages and images may be directed at unconscious as well as conscious needs and motivations
- Consider – Apple launched the smartphone before consumers knew they needed or wanted it! Powerful insight with hardly any previous consumer behaviour to analyse



Marketing, Consumer Motivations and Values

- Understanding consumer needs, wants and motivations aids the identification of segments to target unique messages
 - e.g. toothpaste isn't just bought because it cleans teeth
 - this allows for differentiation of brands that satisfy the needs of different segments
- Values are different in different cultures
- Values may become associated with products and services through marketing messages
- Values can be used as a USP



References

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Further Reading

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Awarding Great British Qualifications

Topic 1 – Consumer Needs, Motives and Values

Any Questions?
