

Analyzing consumer markets and buyer behavior



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In addition to a company's marketing mix and factors present in the external environment, a buyer is also influenced by personal characteristics and the process by which he or she makes decisions.

A buyer's cultural characteristics, including values, perceptions, preferences, and behavior learned through family or other key institutions, is the most fundamental determinant of a person's wants and behavior. Consumer markets and consumer buying behavior have to be understood before sound marketing plans can be developed. The consumer market buys goods and services for personal consumption. It is the ultimate market in the organization of economic activities. In analyzing a consumer market, one needs to know the occupants, the objects, and the buyers' objectives, organization, operations, occasions, and outlets. The buyer's behavior is influenced by four major factors: cultural (culture, subculture, and social class), social (reference groups, family, and roles and statuses), personal (age and life-cycle state, occupation, economic circumstances, lifestyle, and personality and self-concept), and psychological (motivation, perception, learning, and beliefs and attitudes).

All of these provide clues as to how to reach and serve buyers more effectively. Before planning its marketing, a company needs to identify its target consumers and their decision processes. Although many buying decisions involve only one decision-maker, some decisions may involve several participants who play such roles as initiator, influencer, decider, buyer, and user. The marketer's job is to identify the other buying participants, their buying criteria, and their influence on the buyer.

The marketing program should be designed to appeal to and reach the other key participants as well as the buyer. The amount of buying deliberateness and the number of buying participants increase with the complexity of the buying situation. Marketers must plan differently for four types of consumer buying behavior: complex buying behavior, dissonance-reducing buying behavior, habitual buying behavior, and variety-seeking buying behavior. These four types are based on whether the consumer has high or low involvement in the purchase and whether there are many or few significant differences among the brands.

In complex buying behavior, the buyer goes through a decision process consisting of need recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior. The marketer's job is to understand the buyer's behavior at each state and what influences are operating. This understanding allows the marketer to develop an effective and efficient program for the target market. Lecture—Consumer Concerns

This lecture is intended for use with Chapter 7, "Analyzing Consumer Markets and Buying Behavior." It focuses on several major new issues in studies and strategies related to consumer marketing. The discussion begins by considering the privacy issue related to the consumer's right to privacy.

This leads into a discussion of some of the different types of consumers we find in the U. S. today and the implications for marketers in the future.

Objectives To stimulate students to think about the privacy issue, pro and con, for a firm when it attempts to achieve a better understanding of its customers.

To communicate the role of various types of information that help the firm achieve a clearer understanding of its customers and the consumer behavior environment of the present and future. Discussion Introduction Americans today feel more protective of their privacy than they did during most of the 1990s. That is the fundamental conclusion of two surveys on privacy issues. Polls by Yankelovich and Louis Harris & Associates indicate continued high levels of concern over the way business obtains, uses, and disperses consumer information.

The more alarming figures arise from the Yankelovich survey, in which nine out of ten respondents favored legislation to regulate business uses of consumer information. Forty-five percent of those polled strongly feel the need for privacy legislation, up from 23 percent in 1990. According to a Yankelovich partner: “ Very seldom do we get 90 percent agreement on anything. That really attests to the fact that this is an enormously important issue to people.

” The Harris study is more reassuring, providing a less negative message. Although 82 percent of the respondents say they are “ somewhat” or “ very concerned” about threats to their personal privacy, their uneasiness is more focused on the government than business. The majority of respondents (57 percent) think businesses that handle personal information “ are paying more attention to privacy issues these days. ” An interesting aspect of this poll is, however, that 72 percent of the respondents agreed that “ if companies and industry associations adopt good voluntary privacy policies, that would be better than enacting government regulations. ” There are some very consistent messages that have gotten clearer in recent years.

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They are: People regard their transaction information as something they feel they have lost control over, and that concerns them.

People are different. Some don't want any direct marketing, some want everything you can give them, and in between there are people who want some say in what gets to them and what doesn't. People in the last group (those who want a say in what comes to them) comprise the largest segment of the total (55 percent). This group recognizes the benefits of using personal information for business uses.

However, they have to be convinced that the data being sought are relevant and subject to fair information practices. For these people, notice and the ability to opt out are very important. This group “ favors voluntary standards, but they will back legislation when they think not enough is being done by voluntary means. As it is, over half the respondents (54 percent) do not believe current laws or business practices adequately protect their privacy. At the same time, the Direct Marketing Association (DMA) reports that consumers purchased over \$700 billion through direct marketing channels in 1998.

This is not the contradiction it might seem. A 1994 survey regarding interactive services revealed that the respondents who were most interested in subscribing were also the most likely to have made purchases through direct marketing. They were also the most concerned about privacy, and their willingness to release personal information for interactive marketing purposes was contingent on the presence of policies that protected their privacy. According to various surveys, the best customers for direct

marketing are many of the same people who are looking for proper safeguards in the relationship between the marketer, the service provider, and the consumer.

The apparent message here is that it would be a mistake for direct marketers to assume that their customers are not interested in privacy. Clearly, they are the people concerned about privacy. Respondents to one of the surveys actually expressed a desire for better relationships with marketers. The survey indicated the people are tired of having to be vigilant about everything they do, and they would like to be able to trust a little bit again, but still they are looking for protection. The theme seems to be that it will take more than individual effort.

A company could be doing everything right, but ten other companies are doing everything wrong, so in the consumer's mind all marketers stink. The point is that businesses have to make much more of a concerted effort to show that they really do respect privacy. From the surveys there are some important conclusions. First, companies cannot brandish the survey data and say they can prove that the industry is rock-solid and forthcoming. Secondly, if one considers the process from a broader point of view, it is clear that the public wants industry to be more forthcoming, and they will listen if the industry responds.

If the industry does not respond, there could be potential for more regulation. The number of bills to regulate direct marketing passed and pending in various state legislatures is clear evidence of this point. Legislators are showing that this is an issue that people care about.

Behavioral Analysis There is a substantial question about how well the American consumer is faring in this era of low inflation, downsizing, and global competition. It can be argued that maybe some of this fits VALS 2, but it is likely that one thing is for sure: just when we believe that we have a good understanding of the consumer, some movement or person comes along and upsets our theory.

We can learn about the consumer by looking at recent surveys. In general, the surveys tell us the consumer is possessive but despite the events of the latter months of 2001 still somewhat passive.