دانشگاه صنعتی شریف
دانشکده مدیریت و اقتصاد
عنوان درس:
مبانی بازاریابی و فروش
بخش چهارم:
رفتار مصرف‌کننده
مدرس: مهدی قندی آرایی
The study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs or wants.
Figure 6.1 Model of Consumer Behavior
Factors Influencing Consumer Behavior

- **Cultural**
  - Culture
  - Subculture
  - Social class

- **Social**
  - Reference groups
  - Family
  - Roles and status

- **Personal**
  - Age and life cycle stage
  - Occupation
  - Economic situation
  - Lifestyle
  - Personality and self-concept

- **Psychological**
  - Motivation
  - Perception
  - Learning
  - Beliefs and attitudes

- **Buyer**
Cultural Factors

Culture

Subculture

Social Class
Culture is the learned values, perceptions, wants, and behavior from family and other important institutions.
Understanding Culture (cont.) (Variability)

- **Power Distance**: Way members perceive differences in power when they form interpersonal relationships.
- **Uncertainty Avoidance**: Degree to which people feel threatened by ambiguous situations.
- **Masculine versus Feminine**: Degree to which sex roles are clearly delineated.
- **Individualism versus Collectivism**: Extent to which culture values the welfare of the individual versus that of the group.
A culture is a society’s personality; it shapes our identities as individuals.

Myths are stories that express a culture’s values, and in modern times marketing messages convey these values.

Many of our consumption activities including holiday observances, grooming, and gift giving are rituals.

We describe products as either sacred or profane, and it’s not unusual for some products to move back and forth between the two categories.
Subculture

Subculture are groups of people within a culture with shared value systems based on common life experiences and situations

• Hispanic American
• African American
• Asian American
• Mature consumers
Social classes are society’s relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.

- Measured by a combination of occupation, income, education, wealth, and other variables.
### Membership Groups
- Groups with direct influence and to which a person belongs

### Aspirational Groups
- Groups an individual wishes to belong to

### Reference Groups
- Groups that form a comparison or reference in forming attitudes or behavior
Groups and Social Networks

- Word-of-mouth influence and buzz marketing
  - Opinion leaders are people within a reference group who exert social influence on others
  - Also called influentials or leading adopters
  - Marketers identify them to use as brand ambassadors
Groups and Social Networks

• Online Social Networks are online communities where people socialize or exchange information and opinions

• Include blogs, social networking sites (facebook), virtual worlds (second life)
Social Factors

- **Family** is the most important consumer-buying organization in society
- **Social roles and status** are the groups, family, clubs, and organizations that a person belongs to that can define role and social status
Personal Factors

Age

Personality

Life Cycle Stage
Personal Factors

Occupation

Values

Lifestyle

Economic situation
**Lifestyle** is a person’s pattern of living as expressed in his or her psychographics.

- Measures a consumer’s AIOs (activities, interests, opinions) to capture information about a person’s pattern of acting and interacting in the environment.
Lifestyles

• **Lifestyle:** patterns of consumption reflecting a person’s choices of how one spends time and money

• **Lifestyle marketing perspective:** people sort themselves into groups on the basis of:
  • What they like to do
  • How they spend leisure time
  • How they spend disposable income
Personality and self-concept

Personality
- Personality refers to the unique psychological characteristics that lead to consistent and lasting responses to the consumer’s environment

One researcher identified five brand personality traits
1. Sincerity (down-to-earth, honest, wholesome, and cheerful)
2. Excitement (daring, spirited, imaginative, and up-to-date)
3. Competence (reliable, intelligent, and successful)
4. Sophistication (upper class and charming)
5. Ruggedness (outdoorsy and tough)
Brand Personality

- Brand personality: set of traits people attribute to a product as if it were a person
- Brand equity: extent to which a consumer holds strong, favorable, and unique associations with a brand in memory—and the extent to which s/he is willing to pay more for the branded version of a product than for a nonbranded (generic) version
- Extensive consumer research goes into brand campaigns
### Brand Behaviors and Personality Trait Inferences

<table>
<thead>
<tr>
<th>Brand Action</th>
<th>Trait Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand is repositioned several times or changes slogan repeatedly</td>
<td>Flighty, schizophrenic</td>
</tr>
<tr>
<td>Brand uses continuing character in advertising</td>
<td>Familiar, comfortable</td>
</tr>
<tr>
<td>Brand charges high prices and uses exclusive distribution</td>
<td>Snobbish, sophisticated</td>
</tr>
<tr>
<td>Brand frequently available on deal</td>
<td>Cheap, uncultured</td>
</tr>
<tr>
<td>Brand offers many line extensions</td>
<td>Versatile, adaptable</td>
</tr>
</tbody>
</table>
Perspectives on the Self

• We buy products to highlight/hide aspects of the self

• Eastern cultures focus on:
  • The collective self (person’s identity comes from group)
  • The interdependent self (person’s identity defined from relationships with others)

• Western cultures focus on:
  • Individuality
  • Individual appearance
Self-Concept

- Self-concept: the beliefs a person holds about his/her own attributes, and how he/she evaluates these qualities
Real and Ideal Selves

• Ideal self: our conception of how we would like to be

• Actual self: our more realistic appraisal of the qualities we have

• Products can:
  • Help us reach ideal self
  • Be consistent with actual self
Multiple Selves

- Each of us has many selves and roles
- Marketers pitch products needed to facilitate an active role identities

Woman

Sister

Wife

Friend

Pro athlete

Spokesperson

American citizen

Mother
You Are What You Consume

- Social identity as individual consumption behaviors
  - Question: Who am I now?
  - Answer: To some extent, your possessions!
- Inference of personality based on consumption patterns
- Consumers may attach themselves to product to maintain self-concept
- Symbolic self-completion theory: people who have an incomplete self-definition complete the identity by acquiring and displaying symbols associated with it.
Motivation

A **motive** is a need that is sufficiently pressing to direct the person to seek satisfaction

**Motivation research** refers to qualitative research designed to probe consumers’ hidden, subconscious motivations
The Motivation Process

• Motivation: process that leads people to behave as they do
• Also, the forces that drive us to buy/use products
• Motivation:
  • Strength: the pull
  • Direction: the way
• The ad shows desired state and suggests solution (purchase of equipment)
### Specific Needs and Buying Behavior

<table>
<thead>
<tr>
<th>NEED FOR ACHIEVEMENT</th>
<th>NEED FOR AFFILIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value personal accomplishment</td>
<td>Want to be with other people</td>
</tr>
<tr>
<td>Place a premium on products that signify success (luxury brands, technology products)</td>
<td>Focus on products that are used in groups (sports clubs)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NEED FOR POWER</th>
<th>NEED FOR UNIQUENESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control one’s environment</td>
<td>Assert one’s individual identity</td>
</tr>
<tr>
<td>Focus on products that allow them to have mastery over surroundings (muscle cars, loud boom-boxes)</td>
<td>Enjoy products that focus on their unique character (perfumes, clothing)</td>
</tr>
</tbody>
</table>
Levels of Needs in the Maslow Hierarchy

- **Physiological Needs**: Water, sleep, food.
- **Safety Needs**: Security, shelter, protection.
- **Belongingness Needs**: Love, friendship, acceptance by others.
- **Ego Needs**: Prestige, status, accomplishment.
- **Self-Actualization**: Self-fulfillment, enriching experiences.

**Relevant Products**
- Hobbies, travel, education
- Cars, furniture, credit cards, stores, country clubs
- Clothing, grooming products, clubs
- Insurance, alarm systems, retirement, investments
- Medicines, staple items, generics

**Example**
- U.S. Army—“Be all you can be.”
- Royal Salute Scotch—“What the rich give the wealthy.”
- Pepsi—“You’re in the Pepsi generation.”
- Allstate Insurance—“You’re in good hands with Allstate.”
- Quaker Oat Bran—“It’s the right thing to do.”

*Figure 4.2*
Product Involvement

- Product involvement: consumer’s level of interest in a particular product
- Many sales promotions attempt to increase product involvement
- Mass customization enhances product involvement
  - Nikeid.nike.com

Click image for www.nikeid.nike.com
# Measuring Involvement: Involvement Scale

<table>
<thead>
<tr>
<th>To me (object to be judged) is:</th>
<th>1. important</th>
<th><em>.</em>.<em>.</em>.<em>.</em>._</th>
<th>unimportant</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. boring</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>interesting</td>
<td></td>
</tr>
<tr>
<td>3. relevant</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>irrelevant</td>
<td></td>
</tr>
<tr>
<td>4. exciting</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>unexciting</td>
<td></td>
</tr>
<tr>
<td>5. means nothing</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>means a lot</td>
<td></td>
</tr>
<tr>
<td>6. appealing</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>unappealing</td>
<td></td>
</tr>
<tr>
<td>7. fascinating</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>mundane</td>
<td></td>
</tr>
<tr>
<td>8. worthless</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>valuable</td>
<td></td>
</tr>
<tr>
<td>9. involving</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>uninvolveing</td>
<td></td>
</tr>
<tr>
<td>10. not needed</td>
<td><em>.</em>.<em>.</em>.<em>.</em>._</td>
<td>needed</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.1
Dimensions of Involvement

The amount of consumer involvement depends on:

- Personal interest in product category
- Risk importance
- Probability of bad purchase
- Pleasure value of product category
- Sign value of product category (self-concept relevance)
Means-End Chains of Product Knowledge

- Links consumers’ knowledge about product attributes with their knowledge about consequences and values

- Four levels of means-end chain
  - Attributes
  - Functional consequences
  - Psychosocial consequences
  - Values
Common Representation of the Means-End Chain
### Means–End Chain Model of Consumers’ Product Knowledge

<table>
<thead>
<tr>
<th>Level of Abstraction</th>
<th>Examples</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Values</strong></td>
<td>Self-esteem</td>
<td>Preferred end states of being and preferred modes of behavior.</td>
</tr>
<tr>
<td></td>
<td>Thrifty</td>
<td></td>
</tr>
<tr>
<td><strong>Psychosocial</strong></td>
<td>Others notice me</td>
<td>Psychological (How do I feel?) and social (How do others feel about me?) consequences of product use.</td>
</tr>
<tr>
<td></td>
<td>I feel like a good shopper</td>
<td></td>
</tr>
<tr>
<td><strong>Functional</strong></td>
<td>Excellent performance</td>
<td>Immediate, tangible consequences of product use. What does the product do? What functions does it perform?</td>
</tr>
<tr>
<td></td>
<td>Durable</td>
<td></td>
</tr>
<tr>
<td><strong>Attributes</strong></td>
<td>High price</td>
<td>Physical characteristics of product as well as more subjective, less tangible characteristics.</td>
</tr>
<tr>
<td></td>
<td>Good-quality workmanship</td>
<td></td>
</tr>
</tbody>
</table>
Examples of Means–End Chains

**Hair spray**
- **Attributes**
  - Pump dispenser
  - Unscented
- **Functional consequences**
  - Light mist, hair not tacky
- **Psychosocial consequences**
  - Feel more attractive
- **Values**
  - Impress others
  - Self-esteem

**Flavored potato chips**
- **Attributes**
  - Bar-B-Q flavor
  - High calories
- **Functional consequences**
  - Tastes good
  - Gain weight
- **Psychosocial consequences**
  - Guests enjoy themselves more
  - Not attractive to others
- **Values**
  - Social recognition
  - (Low) self-esteem

**Scope mouthwash**
- **Attributes**
  - Sugarless
  - Fluoride
- **Functional consequences**
  - Not fattening
  - Stops cavities
  - Avoids bad breath
- **Psychosocial consequences**
  - Feel confident in social situations
- **Values**
  - I perform better
Identifying Consumers’ Means-End Chains

• Measured by one-on-one personal interviews
• Involves two steps:
  • Researcher must identify/ elicit the product attributes most important to each consumer
  • Laddering – interview process designed to reveal how the consumer links product attributes to more abstract consequences and values
Means-end Chains—Marketing Implications

- Provide a deeper understanding of consumers’ product knowledge
- Identify the basic ends consumers seek when they buy and use certain products and brands
- Gives insight into consumers’ deeper purchase motivations
- Identify the consumer-product relationship
Sensation and Perception

• Sensation is the immediate response of our sensory receptors (eyes, ears, nose, mouth, and fingers) to basic stimuli (light, color, sound, odor, and texture).

• Perception is the process by which sensations are selected, organized, and interpreted.
The Process of Perception

We receive external stimuli through our five senses

<table>
<thead>
<tr>
<th>SENSORY STIMULI</th>
<th>SENSORY RECEPTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sights</td>
<td>Eyes</td>
</tr>
<tr>
<td>Sounds</td>
<td>Ears</td>
</tr>
<tr>
<td>Smells</td>
<td>Nose</td>
</tr>
<tr>
<td>Taste</td>
<td>Mouth</td>
</tr>
<tr>
<td>Textures</td>
<td>Skin</td>
</tr>
</tbody>
</table>

Exposure ➔ Attention ➔ Interpretation

Figure 2.1
Sensory Systems

Our world is a symphony of colors, sounds, odors, tastes, etc.

- Marketers contribute to the commotion
- Advertisements, product packages, radio and TV commercials, billboards provide sensations
Vision

Color

• Color provokes emotion
• Reactions to color are biological and cultural
• Color in the United States is becoming brighter and more complex
• Trade dress: colors associated with specific companies
Vertical-Horizontal Illusion

- Which line is longer: horizontal or vertical?
- If you’re given two 24 oz. glasses, you will pour more into the shorter, wider glass than the taller glass because you focus more on height than width
- Answer: both lines are same length
Smell

Odors create mood and promote memories:

- Coffee = childhood, home

Marketers use scents:

- Inside products
- In promotions (e.g., scratch ‘n sniff)
- In Smellavision
Sound

Sound affects people’s feelings and behaviors

- Consumers buy millions of dollars’ worth of sound recording each year
- Muzak uses sound and music to create mood
  - High tempo = more stimulation
  - Slower tempo = more relaxing

Click for Muzak.com
Touch

- Haptic senses—or “touch”—is the most basic of senses; we learn this before vision and smell
- Haptic senses affect product experience and judgment
- Kansei engineering: Japanese philosophy that translates customers’ feelings into design elements
- Marketers that use touch: perfume companies, car makers
Taste

- Flavor houses develop new concoctions for consumer palates
- Cultural changes determine desirable tastes
- Example: heat of peppers is measured in units called Scovilles
Exposure

- Exposure occurs when a stimulus comes within range of someone’s sensory receptors
- We can concentrate, ignore, or completely miss stimuli
- Example: Cadillac goes from zero to 60 mph in 5 seconds—as shown in a 5-second commercial
Sensory Thresholds

• **Psychophysics**: science that focuses on how the physical environment is integrated into our personal, subjective world

• **Absolute threshold**: the minimum amount of stimulation that can be detected on a given sensory channel
Sensory Thresholds (cont.)

- **Differential threshold:** ability of a sensory system to detect changes or differences between two stimuli
  - Minimum difference between two stimuli is the j.n.d. (just noticeable difference)
  - Example: packaging updates must be subtle enough over time to keep current customers
Sensory Thresholds (cont.)

• Differential thresholds used in pricing strategies:
  • Behavioral pricing: price is information cue that is perceived and interpreted
    • High price = high quality
  • Reference price: price against which buyers compare the actual selling price
    • Original price versus sale price
• Government regulations must protect consumers against deceptive pricing
Differential Threshold

- Minimal difference that can be detected between two similar stimuli
- Also known as the just noticeable difference (the j.n.d.)
Marketing Applications of the J.N.D.

• Marketers need to determine the relevant j.n.d. for their products
  • so that negative changes are not readily discernible to the public
  • so that product improvements are very apparent to consumers
Weber’s Law

• The j.n.d. between two stimuli is not an absolute amount but an amount relative to the intensity of the first stimulus

• Weber’s law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different.
Attention: extent to which processing activity is devoted to a particular stimulus

- Competition for our attention
  - 3,500 ad info pieces per day
  - Sensory overload: consumers exposed to far more information than they can process
- Younger consumers can multitask—process information from more than one medium at a time
- Marketers need to break through the clutter
Personal Selection

- Perceptual selection: people attend to only a small portion of the stimuli to which they are exposed
- Personal selection factors:
  - Perceptual vigilance
  - Perceptual defense
  - Adaptation
Personal Selection (cont.)

• Perceptual vigilance: consumers are more likely to be aware of stimuli that relate to their current needs
  • Example: you’re in the market for a car—so you tend to notice car ads more than before

• Perceptual defense: people see what they want to see—and don’t see what they don’t want to see
  • Example: heavy smoker may block out images of cancer-scarred lungs
Personal Selection (cont.)

- Adaptation: the degree to which consumers continue to notice a stimulus over time
- Factors leading to adaptation:
  - Intensity
  - Duration
  - Discrimination
  - Exposure
  - Relevance
Stimulus Selection Factors

• We are more likely to notice stimuli that differ from others around them

• So, marketers can create “contrast” through:

  - Interpretation: the meaning that we assign to sensory stimuli
    • Meaning we assign to stimulus is based on the schema or set of beliefs
    • Through priming, certain properties of a stimulus evoke a schema
Learning

Learning Theories

Behavioral Theories:
Simple stimulus-response connections

Cognitive Theories:
Consumers as complex problem solvers
Behavioral Learning Theories

• Behavioral learning theories: assume that learning takes place as the result of responses to external events.

Figure 3.1
Learning

Learning Theories

Behavioral Theories

Classical Conditioning

Instrumental Conditioning

Cognitive Theories
Types of Behavioral Learning Theories

Classical conditioning: a stimulus that elicits a response is paired with another stimulus that initially does not elicit a response on its own.

Instrumental conditioning (also, operant conditioning): the individual learns to perform behaviors that produce positive outcomes and to avoid those that yield negative outcomes.
Classical Conditioning

Ivan Pavlov and his dogs

• Rang bell, then squirt dry meat powder into dogs’ mouths
• Repeated this until dogs salivated when the bell rang
• Meat powder = unconditioned stimulus (UCS) because natural reaction is drooling
• Bell = conditioned stimulus (UC) because dogs learned to drool when bell rang
• Drooling = conditioned response (CR)
Marketing Applications of Stimulus Generalization

Stimulus generalization: tendency for stimuli similar to a conditioned stimulus to evoke similar, unconditioned responses.

- Family branding
- Product line extensions
- Licensing
- Look-alike packaging
Instrumental Conditioning

**Positive Behavior**

**Condition Applied**

**Positive Reinforcement**

*Effect:* Positive event strengthens responses preceding occurrence.

*Learning Process:* Consumer learns to perform responses that produce positive outcome.

**Condition Removed**

**Extinction**

*Effect:* Removal of positive event weakens responses preceding occurrence.

*Learning Process:* Consumer learns that responses no longer produce positive outcome.

**Negative Behavior**

**Punishment**

*Effect:* Negative event weakens responses that are followed by negative outcome.

*Learning Process:* Consumer learns not to perform responses leading to punishment.

**Negative Reinforcement**

*Effect:* Removal of negative event strengthens responses that allow avoidance of negative outcome.

*Learning Process:* Consumer learns to perform responses that allow him or her to avoid negative outcome.

**Figure 3.2**
Memory

• The other products we associate with an individual product influences how we will remember it.
• Products help us to retrieve memories from our past.
• Marketers measure our memories about products and ads.
The Buyer Decision Process

Buyer Decision Making Process

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Postpurchase behavior
Continuum of Buying Decision Behavior

- **ROUTINE RESPONSE BEHAVIOR**
  - Low-Cost Products
  - Frequent Purchasing
  - Low Consumer Involvement
  - Familiar Product Class and Brands
  - Little Thought, Search, or Time Given to Purchase

- **LIMITED PROBLEM SOLVING**
  - More Expensive Products
  - Infrequent Purchasing
  - High Consumer Involvement
  - Unfamiliar Product Class and Brands
  - Extensive Thought, Search, and Time Given to Purchase

- **EXTENSIVE PROBLEM SOLVING**
Types of Consumer Decisions

- **Extended problem solving:**
  - Initiated by a motive that is central to self-concept
  - Consumer feels that eventual decision carries a fair degree of risk

- **Limited problem solving:**
  - Buyers not as motivated to search for information or to evaluate rigorously
  - Buyers use simple decision rules to choose

- **Habitual decision making:**
  - Choices made with little to no conscious effort
The Buyer Decision Process

Need Recognition

- Occurs when the buyer recognizes a problem or need triggered by:
  - Internal stimuli
  - External stimuli
The Buyer Decision Process

Information Search
Sources of Information

- Personal sources—family and friends
- Commercial sources—advertising, Internet
- Public sources—mass media, consumer organizations
- Experiential sources—handling, examining, using the product
Identifying Alternatives (cont.)

• Evoked set versus consideration set
  • We usually don’t seriously consider every brand we know about.
  • In fact, we often include only a surprisingly small number of alternatives in our evoked set.

• Marketers must focus on getting their brands in consumers’ evoked set.
  • We often do not give rejected brands a second chance.
Successive Sets Involved in Consumer Decision Making

- Total Set
- Awareness Set
- Consideration Set
- Choice Set
- Decision

- Apple
- Dell
- Hewlett-Packard
- Toshiba
- Compaq
- NEC
-...
-...

- Apple
- Dell
- Hewlett-Packard
- Toshiba
- Compaq

- Apple
- Dell
- Toshiba

- Apple
- Dell

- ?
Internal versus External Search

• Internal search
  • Scanning memory to assemble product alternative information

• External search
  • Obtaining information from ads, retailers, catalogs, friends, family, people-watching, Web sites
Do Consumers Always Search Rationally?

• Some consumers avoid external search, especially with minimal time to do so and with durable goods (e.g. autos)
• Symbolic items require more external search
• We select familiar brands when decision situation is ambiguous
• Variety seeking: desire to choose new alternatives over more familiar ones
Amount of Information Search and Product Knowledge

Figure 9.5
The Buyer Decision Process

Evaluation of Alternatives

- How the consumer processes information to arrive at brand choices
Evaluative Criteria

• Evaluative criteria: dimensions used to judge merits of competing options

• Determinant attributes: features we use to differentiate among our choices
  • Criteria on which products differ carry more weight
  • Marketers educate consumers about (or even invent) determinant attributes
    • Pepsi’s freshness date stamps on cans
## Hypothetical Alternatives for a TV Set

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Importance Ranking</th>
<th>Prime Wave</th>
<th>Precision</th>
<th>Kamashita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of screen</td>
<td>1</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Excellent</td>
</tr>
<tr>
<td>Stereo broadcast capability</td>
<td>2</td>
<td>Poor</td>
<td>Excellent</td>
<td></td>
</tr>
<tr>
<td>Brand reputation</td>
<td>3</td>
<td>Excellent</td>
<td>Excellent</td>
<td>Poor</td>
</tr>
<tr>
<td>Onscreen programming</td>
<td>4</td>
<td>Excellent</td>
<td>Poor</td>
<td>Poor</td>
</tr>
<tr>
<td>Cable-ready capability</td>
<td>5</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Sleep timer</td>
<td>6</td>
<td>Excellent</td>
<td>Poor</td>
<td>good</td>
</tr>
</tbody>
</table>
Decision Rules (cont.)

- **Noncompensatory decision rules** when we feel that a product with a low standing on one attribute can’t compensate for this flaw by doing better on another attribute

- **Types of noncompensatory decision rules:**
  - **Lexicographic rule,** consumers select the brand that is the best on the most important attribute
  - **Elimination-by-aspects rule:** the buyer also evaluates brands on the most important attribute
  - **Conjunctive rule:** entails processing by brand, consumers establish a minimally acceptable cutoff point for each attribute evaluated. Brands that fall below the cutoff point on any one attribute are eliminated from further consideration
• **Compensatory decision rules**: give a product a chance to make up for its shortcomings

• **Types of compensatory decision rules:**
  - **Simple additive rule**: the consumer merely chooses the alternative that has the largest number of positive attributes
  - **Weighted additive rule**: the consumer also takes into account the relative importance of positively rated attributes, essentially multiplying brand ratings by importance weights
Behavioral Decision Theory: Heuristics and Biases in Decision Making

- **Heuristics**: mental rules-of-thumb that lead to a speedy decision
  - Examples: higher price = higher quality

- **Product signal**: observable product attributes that communicate underlying qualities
  - Clean and shiny car = good mechanical condition

- **Covariation**: perceived associations among events
  - **Product type/quality**
  - **Country of origin**: Industrialized countries make better products than developing countries
Behavioral Decision Theory: Heuristics and Biases in Decision Making

• **Zipf’s Law**: our tendency to prefer a number one brand to the competition
  • Brands that dominate the market are sometimes 50% more profitable than their nearest competitors

• **Consumer inertia**: the tendency to buy a brand out of habit merely because it requires less effort

• **Sunk-cost fallacy**: We are reluctant to waste something we have paid for
Business Buyer Behavior

Business buyer behavior refers to the buying behavior of the organizations that buy goods and services for use in production of other products and services that are sold, rented, or supplied to others.

Business buying process is the process where business buyers determine which products and services are needed to purchase, and then find, evaluate, and choose among alternative brands.
1. Business Markets

Differ from consumer markets in:

- Market structure and demand
- Nature of the buying unit
- Types of decisions and the decision-making process
1. Business Markets

Market Structure and Demand

- Fewer and larger buyers
- Geographic concentration
- Derived demand
- Inelastic demand – *not affected as much in the short run by price changes.*
- Fluctuating demand
1. Business Markets

Nature of the Buying Unit

- More buyers
- More professional purchasing efforts

Types of Decisions and the Decision Process

- More complex buying decisions
- More formalized
- Buyers and sellers work closely together and build long-term relationships
Supplier development
systematic development of networks of supplier-partners to ensure an appropriate and dependable supply of products and materials that they will use in making their own products or resell
2. Business Buyer Behavior

*Marketing Stimuli*

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2. Business Buyer Behavior

Major Types of Buying Situations

- **New Task Buying**: Is a routine purchase decision such as a reorder without any modification.
- **Modified Rebuy**: Is a purchase decision that requires some research where the buyer wants to modify the product specification, price, terms, or suppliers.
- **Straight Rebuy**: Is a purchase decision that requires thorough research such as a new product.
2. Business Buyer Behavior

Major Types of Buying Situations

*Systems selling* involves the purchase of a packaged solution from a single seller.
2. Business Buyer Behavior

Participants in the Business Buying Process

**Buying center** is all of the individuals and units that participate in the business decision-making process.

**Users** are those that will use the product or service.

**Influencers** help define specifications and provide information for evaluating alternatives.

**Buyers** have formal authority to select the supplier and arrange terms of purchase.

**Deciders** have formal or informal power to select and approve final suppliers.

**Gatekeepers** control the flow of information.
2. Business Buyer Behavior

Participants in the Business Buying Process

Buying center provides a major challenge

- Who participates in the process
- Their relative authority
- What evaluation criteria each participant uses
- Informal participants
2. Business Buyer Behavior

Major Influences on Business Buyers

- **Environmental**
  - Economic developments
  - Supply conditions
  - Technological change
  - Political and regulatory developments
  - Competitive developments
  - Culture and customs

- **Organizational**
  - Objectives
  - Policies
  - Procedures
  - Organizational structure
  - Systems

- **Interpersonal**
  - Authority
  - Status
  - Empathy
  - Persuasiveness

- **Individual**
  - Age
  - Income
  - Education
  - Job position
  - Personality
  - Risk attitudes

- **Buyers**
2. Business Buyer Behavior

Major Influences on Business Buyers

Environmental Factors

- Demand for product
- Economic outlook
- Money
- Supply of Materials
- Technology
- Culture
- Politics
- Competition
2. Business Buyer Behavior

Major Influences on Business Buyers
Organizational Factors

- Objectives
- Policies
- Procedures
- Structure
- Systems
2. Business Buyer Behavior

Major Influences on Business Buyers

Individual Factors

- Motives
- Perceptions
- Preferences
- Age
- Income
- Education
- Attitude toward risk
2. Business Buyer Behavior

The Buying Process

1. Problem recognition (Internal and External Stimuli)
2. General need description
3. Product specification
4. Supplier search
5. Proposal solicitation
6. Supplier selection
7. Order-routine specifications
2. Business Buyer Behavior

The Buying Process

Problem recognition occurs when someone in the company recognizes a problem or need

- Internal stimuli
  - Need for new product or production equipment
- External stimuli
  - Idea from a trade show or advertising
2. Business Buyer Behavior

The Buying Process

**General need** description describes the characteristics and quantity of the needed item

**Product specification** describes the technical criteria

**Value analysis** is an approach to cost reduction where components are studied to determine if they can be redesigned, standardized, or made with less costly methods of production
2. Business Buyer Behavior

The Buying Process

Supplier search involves compiling a list of qualified suppliers

Proposal solicitation is the process of requesting proposals from qualified suppliers
2. Business Buyer Behavior

The Buying Process

**Supplier selection** is the process when the buying center creates a list of desired supplier attributes and negotiates with preferred suppliers for favorable terms and conditions.

**Order-routine specifications** is the final order with the chosen supplier and lists all of the specifications and terms of the purchase.
2. Business Buyer Behavior

E-Procurement and Buying on the Internet

Advantages
- Access to new suppliers
- Lowers costs
- Speed in order processing and delivery
- Share information
- Sales
- Service and support

Disadvantages
- Can erode relationships as buyers search for new suppliers
- Security
3. Institutional and Government Markets

Institutional markets consist of hospitals, nursing homes, and prisons that provide goods and services to people in their care.

- Characteristics
  - Low budgets
  - “Captive” audience
3. Institutional and Government Markets

Government markets tend to favor domestic suppliers and require suppliers to submit bids and normally award to the lowest bidder

- Carefully monitored
- Affected by similar environmental factors
- Non-economic factors to favor depressed suppliers
  - Minority-owned suppliers
  - Small businesses
با تشکر از توجه شما