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Marketing Research: Process and Systems for Decision Making

Marketing managers require current, reliable, useful information to make effective decisions. In today's highly competitive global economy, marketers need to exploit opportunities and avoid mistakes if they are to survive and be profitable. Not only is sound marketing research needed, but also a system that gets current, valid information to the marketing decision maker in a timely manner.

This chapter is concerned with the marketing research process and information systems for decision making. It begins by discussing the marketing research process that is used to develop useful information for decision making. Then, marketing information systems are briefly discussed. The chapter is intended to provide a detailed introduction to many of the important topics in the area, but it does not provide a complete explanation of the plethora of marketing research topics.

THE ROLE OF MARKETING RESEARCH

Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making.[1] It cannot be overstated that *marketing research is an aid to decision making and not a substitute for it*. In other words, marketing research does not make decisions, but it can substantially increase the chances that good decisions are made. Unfortunately, too many marketing managers view research reports as the final answer to their problems; whatever the research indicates is taken as the appropriate course of action. Instead, marketing managers should recognize that (1) even the most carefully executed research can be fraught with errors; (2) marketing research does not forecast with certainty what will happen in the future; and (3) they should make decisions in light of their own knowledge and experience, since no marketing research study includes all of the factors that could influence the success of a strategy.

Although marketing research does not make decisions, it can reduce the risks associated with managing marketing strategies. For example, it can reduce the risk of introducing new products by evaluating consumer acceptance of them prior to full-scale introduction. Marketing research is also vital for investigating the effects of various marketing strategies

after they have been implemented. For example, marketing research can examine the effects of a change in any element of the marketing mix on customer perception and behavior.

At one time, marketing researchers were primarily engaged in the technical aspects of research, but were not heavily involved in the strategic use of research findings. Today, however, many marketing researchers work hand-in-hand with marketing managers throughout the research process and have responsibility for making strategic recommendations based on the research.

THE MARKETING RESEARCH PROCESS

Marketing research can be viewed as systematic processes for obtaining information to aid in decision making. There are many types of marketing research, and the framework illustrated in Figure 2.1 represents a general approach to the process. Each element of this process is discussed next.

Purpose of the Research

The first step in the research process is to determine explicitly why the research is needed and what it is to accomplish. This may be much more difficult than it sounds. Quite often a situation or problem is recognized as needing research, yet the nature of the problem is not clear or well defined nor is the appropriate type of research evident. Thus, managers and researchers need to discuss and clarify the current situation and develop a clear understanding of the problem. At the end of this stage, managers and researchers should agree on (1) the current situation involving the problem to be researched, (2) the nature of the problem, and (3) the specific question or questions the research is designed to investigate. This step is crucial since it influences the type of research to be conducted and the research design.

FIGURE 2.1
The Five Ps of the
Research Process

Plan of the Research

Once the specific research question or questions have been agreed on, a research plan can be developed. A research plan spells out the nature of the research to be conducted and includes an explanation of such things as the sample design, measures, and analysis techniques to be used. Three critical issues that influence the research plan are (1) whether primary or secondary data are needed, (2) whether qualitative or quantitative research is needed, and (3) whether the company will do its own research or contract with a marketing research specialist.

Primary versus Secondary Data

Given the information needed and budget constraints, a decision must be made as to whether primary data, secondary data, or some combination of the two is needed. *Primary data* are data collected specifically for the research problem under investigation; *secondary data* are those that have previously been collected for other purposes but can be used for the problem at hand. For example, if a company wanted to know why users of a competitive brand didn't prefer its brand, it may have to collect primary data to find out. On the other hand, if a company wanted to know the population size of key global markets that it might enter, it could find this information from secondary sources. Secondary information has the advantage of usually being cheaper than primary data, although it is not always available for strategy-specific research questions.

There are many types of secondary data that could be useful for understanding a market and for answering a particular research question. There are also many sources of secondary data. Some of these data can be found from sources *internal* to the organization such as sales invoices, quarterly sales reports, and marketing research done by the organization for other purposes but useful for the problem at hand.

Other secondary data must be obtained from sources *external* to the organization and include information such as the types listed in Figure 2.2. Organizations can get such information from a number of sources. One source is syndicated data providers, such as ACNielsen (which offers sales–tracking data across grocery, drug, and mass merchandisers among other services) and J.D. Power Associates (which offers in-depth reports on automotive, travel, health, and other industries). Another external source is the volume of data and information provided by the government, such as U.S. census data, *Guide to Industrial Statistics*, *U.S. Industrial Outlook*, *Survey of Current Business,* and *Guide to Foreign Trade Statistics*. Finally, much useful information about competitors can be found by analyzing their websites, other published reports about them, and their annual reports.

Qualitative versus Quantitative Research

Given a research question, a decision must be made whether qualitative or quantitative research would be a better approach. Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic, such as a brand name, a product, a package, or an advertisement. The two most common types of qualitative research in marketing are focus groups and long interviews. *Focus groups* typically involve discussions among a small number of consumers led by an interviewer and are designed to generate insights and ideas about products and brands. *Long interviews* are conducted by an interviewer with a single respondent for several hours. They are designed to find out such things as the meanings various products or brands have for an individual or how a product influences a person's life.

Quantitative research involves more systematic procedures designed to obtain and analyze numerical data. Four common types of quantitative research in marketing are observation, surveys, experiments, and mathematical modeling.

FIGURE 2.2   Common Types of Information Available in a Secondary Data Search

Demographics

Population growth: actual and projected
Population density
In-migration and out-migration patterns
Population trends by age and ethnic background

Employment Characteristics

Labor force growth
Unemployment levels
Percentage of employment by occupation categories
Employment by industry

Economic Data

Personal income levels (per capita and median)
Type of manufacturing/service firms
Total housing starts
Building permits issued
Sales tax rates

Competitive Characteristics

Levels of retail and wholesale sales
Number and types of competing retailers
Availability of financial institutions

Supply Characteristics

Number of distribution facilities
Cost of deliveries
Level of rail, water, air, and road transportation

Regulations

Taxes
Licensing
Wages
Zoning

International Market Characteristics

Transportation and exporting requirements
Trade barriers
Business philosophies
Legal system
Social customs
Political climate
Cultural patterns
Religious and moral background

Source: From Joseph Hair, Jr., Robert Bush, and David Ortinau, *Marketing Research 4E,* p. 53. Reprinted with permission of McGraw-Hill Education.

Observational research involves watching people and recording relevant facts and behaviors. For example, retail stores may use observational research to determine what patterns customers use in walking through stores, how much time they spend in various parts of the store, and how many items of merchandise they examine. This information can be used to design store layouts more effectively. Similarly, many retail marketers do traffic counts at various intersections to help determine the best locations for stores.

Survey research involves the collection of data by means of a questionnaire by mail, phone, online, or in person. Surveys are commonly used in marketing research to investigate customer beliefs, attitudes, satisfaction, and many other issues. Mail surveys are useful for reaching widely dispersed markets but take more time to get responses than telephone surveys; personal surveys involving structured questions are useful but expensive.

Experimental research involves manipulating one variable and examining its impact on other variables. For example, the price of a product could be changed in one test store, while left the same in other stores. Comparing sales in the test store with those in other stores can provide evidence about the likely impact of a price change in the overall market. Experiments are useful for getting a better idea of the causal relationships among variables, but they are often difficult to design and administer effectively in natural settings. Thus, many marketing research experiments are conducted in laboratories or simulated stores to carefully control other variables that could impact results.

Mathematical modeling often involves secondary data, such as scanner data collected and stored in computer files from retail checkout counters. This approach involves the development of equations to model relationships among variables and uses econometric and statistical techniques to investigate the impact of various strategies and tactics on sales

Qualitative research is commonly used for

- Identifying a business problem or opportunity situation, or establishing information requirements.
- Obtaining preliminary insights into the motivation, emotional, attitudinal, and personality factors that influence marketplace behaviors.
- Building theories and models to explain marketplace behaviors or relationships between two or more marketing variables.
- Developing valid scales for investigating specific market factors, consumer qualities (e.g., attitudes, emotional feelings, preferences, beliefs, perceptions), and behavioral outcomes.
- Determining the preliminary effectiveness of marketing strategies on actual marketplace behaviors.
- Developing new products and services, or repositioning current product or service images.

Quantitative research is commonly used for

- Validating or answering a business problem or information requirements.
- Obtaining detailed descriptions or insights into the motivation, emotional, attitudinal, and personality factors that influence marketplace behaviors.
- Testing theories and models to explain marketplace behaviors or relationships between two or more marketing variables.
- Assessing the reliability and validity of scales for investigating market factors, consumer qualities (e.g., attitudes, emotional feelings, preferences, beliefs, perceptions) and behavioral outcomes.
- Assessing the effectiveness of marketing strategies on marketplace behaviors.
- Examining new-product/service development or repositioning current products or service images.
- Segmenting and/or comparing large or small differences in markets, new products, services, or evaluation and repositioning of current products or service images.

Source: From Joseph Hair, Jr., Robert Bush, and David Ortinau, *Marketing Research 4E,* p.154–155. Reprinted with permission of McGraw-Hill Education.

and brand choices. Math modeling is useful because it provides an efficient way to study problems with extremely large secondary data sets.

Which of these types of research is best for particular research questions requires considerable knowledge of each of them. Often, qualitative research is used in early stages of investigating a topic to get more information and insight about it. Then, quantitative approaches are used to investigate the degree to which the insights hold across a larger sample or population. Figure 2.3 provides a comparison of a variety of qualitative and quantitative data collection methods.

Company versus Contract Research

Most large consumer goods companies have marketing research departments that can perform a variety of types of research. In addition many marketing research firms, advertising agencies, and consulting companies do marketing research on a contract basis. Some marketing research suppliers have special expertise in a particular type of research that makes them a better choice than doing the research internally. A decision about whether the marketing research department has the ability to do a particular type of

FIGURE 2.3   A Comparison of Data Collection Methods Used in Marketing Research

Method	Advantages	Disadvantages
Focus groups	• Depth of information collected. • Flexibility in use. • Relatively low cost. • Data collected quickly.	• Requires expert moderator. • Questions of group size and acquaintanceships of participants. • Potential for bias from moderator. • Small sample size.
Telephone surveys	• Centralized control of data collection. • More cost-effective than personal interviews. • Data collected quickly.	• Resistance in collecting income, financial data. • Limited depth of response. • Disproportionate coverage of low-income segments. • Abuse of phone by solicitors. • Perceived intrusiveness.
Mail surveys	• Cost-effective per completed response. • Broad geographic dispersion. • Ease of administration. • Data collected quickly.	• Refusal and contact problems with certain segments. • Limited depth of response. • Difficult to estimate nonresponse biases. • Resistance and bias in collecting income, financial data. • Lack of control following mailing.
Personal (in-depth) interviews	• More depth of response than telephone interviews. • Generate substantial number of ideas compared with group methods.	• Easy to transmit biasing cues. • Not-at-homes. • Broad coverage often infeasible. • Cost per contact high. • Data collection time may be excessive.
Mall intercepts	• Flexibility in collecting data, answering questions, probing respondents. • Data collected quickly. • Excellent for concept tests, copy evaluations, other visuals. • Fairly high response rates.	• Limited time. • Sample composition or representativeness is suspect. • Costs depend on incidence rates. • Interviewer supervision difficult.
Internet surveys	• Inexpensive, quickly executed. • Visual stimuli can be evaluated. • Real-time data processing possible. • Can be answered at convenience of respondent.	• Responses must be checked for duplication, bogus responses. • Respondent self-selection bias. • Limited ability to qualify respondents and confirm responses. • Difficulty in generating sample frames for probability sampling.
Projective techniques	• Useful in word association tests of new brand names. • Less threatening to respondents for sensitive topics. • Can identify important motives underlying choices.	• Require trained interviewers. • Cost per interview high.
Observation	• Can collect sensitive data. • Accuracy of measuring overt behaviors. • Different perspective than survey self-reports. • Useful in studies of cross-cultural differences.	• Appropriate only for frequently occurring behaviors. • Unable to assess opinions of attitudes causing behaviors. • May be expensive in data-collection-time costs.

Source: From William Bearden, Thomas Ingram and Raymond LaForge, Marketing: *Principles and Perspectives 5E,* 2007, p. 135. Reprinted with permission of McGraw-Hill Education.

research itself or whether all or part of the research should be contracted with a research supplier must be made. In either case, schedules for task completion, the exact responsibilities of all involved parties, and cost need to be considered.

Performance of the Research

Performance of the research involves preparing for data collection and actually collecting them. The tasks at this stage obviously depend on the type of research that has

A. Planning
1. Segmentation: What kinds of people buy our products? Where do they live? How much do they earn? How many of them are there?
2. Demand estimation: Are the markets for our products increasing or decreasing? Are there promising markets that we have not yet reached?
3. Environmental assessment: Are the channels of distribution for our products changing? What should our presence on the Internet be?

B. Problem Solving
1. Product
   a. In testing new products and product-line extensions, which product design is likely to be the most successful? What features do consumers value most?
   b. What kind of packaging should we use?
   c. What are the forecasts for the product? How might we reenergize its life cycle?
2. Price
   a. What price should we charge for our products?
   b. How sensitive to price changes are our target segments?
   c. Given the lifetime value assessments of our segments, should we be discounting or charging a premium to our most valued customers?
   d. As production costs decline, should we lower our prices or try to develop higher-quality products?
   e. Do consumers use price as a cue to value or a cue to quality in our industry?
3. Place
   a. Where, and by whom, are our products being sold? Where, and by whom, should our products be sold?
   b. What kinds of incentives should we offer the trade to push our products?
   c. Are our relationships with our suppliers and distributors satisfactory and cooperative?
4. Promotion
   a. How much should we spend on promotion? How should it be allocated to products and to geographic areas?
   b. Which ad copy should we run in our markets? With what frequency and media expenditures?
   c. What combination of media—newspapers, radio, television, magazines, Internet ad banners—should we use?
   d. What is our consumer coupon redemption rate?

C. Control
1. What is our market share overall? In each geographic area? By each customer type?
2. Are customers satisfied with our products? How is our record for service? Are there many returns? Do levels of customer satisfaction vary with market? With segment?
3. Are our employees satisfied? Do they feel well trained and empowered to assist our customers?
4. How does the public perceive our company? What is our reputation with the trade?

Source: From Dawn Iacobucci and Gilbert A. Churchill, Jr., Marketing Research: *Methodological Foundations 10E.* © 2010 South-Western, a part of Cengage Learning, Inc. Reproduced by permission. www.cengage. com/permissions.

been selected and the type of data needed. If secondary data are to be used, they must be located, prepared for analysis, and possibly paid for. If primary data are to be collected, then observational forms, questionnaires, or other types of measures must be designed, pretested, and validated. Samples must be drawn and interviews must be scheduled or preparations must be made for mailing or phoning selected individuals.

Social media monitoring involves the observation and analysis of conversations in social media such as Facebook, Twitter, blogs, and product review sites. Such observation and analysis can provide marketing researchers with a rich source of useful information because these sites are a natural place for consumers to share information about products, brands, and organizations. The analysis looks at patterns of clicks, searches, purchases, and other variables to establish patterns and develop new insights into markets.

Intense interest in personal data about Internet users is booming, along with the practice of "scraping"—using sophisticated software to harvest online conversations and collect personal details from social networking sites, résumé sites, and online forums where people share their lives. Tracking peoples' activities online to gather details of their behavior and personal interests has become big business. There is even software to match peoples' real names to the pseudonyms they use on blogs, social nets, and online forums.

Nielsen Buzzmetrics is a leader in social media monitoring, collecting data from 130 million blogs, 8,000 message boards, Twitter, and social networks. Its services include Threat-Tracker, which alerts a company if its brand is being discussed in a negative way.

A new tool is collecting the equivalent of fingerprints from every computer, cell phone, and TV in the world—every device will have a "reputation" based on its owner's online behavior, shopping habits, and demographics. This will be more difficult for users to block than earlier tools to monitor online behavior, such as browser cookies. Similarly, "deep packet inspection" technology provides a powerful way of reading packets of data traveling across the Internet to track not just web browsing but all online activity.

The growth of social networks like Facebook and Twitter has led to companies scrambling to decode the new data about peoples' online relationships to develop new insights. They are finding that a person is more likely to buy something if online "friends" have bought it. For example, San Francisco company Rapleaf harvests data from blogs, online forums, and social networks, following the network behavior of 480 million people, and advises companies on promotions. From "friendship" data, Rapleaf found that borrowers are a better bet if their friends have higher credit ratings.

Insurance companies are, for example, preparing to use people's Facebook profiles as a way of setting premiums based on lifestyles—online data about food purchases, activities, and social groups provide an indicator of life expectancy.

Source: From David Cravens and Nigel Piercy, *Strategic Marketing 10E,* 2013, p. 152. Reprinted with permission of McGraw-Hill Education.

In terms of actual data collection, a cardinal rule is to obtain and record the maximal amount of useful information, subject to the constraints of time, money, and respondent privacy. Failure to obtain and record data clearly can obviously lead to a poor research study, while failure to consider the rights of respondents raises both practical and ethical problems. Thus, both the objectives and constraints of data collection must be closely monitored.

Processing of Research Data

Processing research data includes the preparation of data for analysis and the actual analysis of them. Preparations include such things as editing and structuring data and coding them for analysis. Data sets should be clearly labeled to ensure they are not misinterpreted or misplaced.

The appropriate analysis techniques for collected data depend on the nature of the research question and the design of the research. Qualitative research data consist of interview records that are content analyzed for ideas or themes. Quantitative research data may be analyzed in a variety of ways depending on the objectives of the research.

A critical part of this stage is interpreting and assessing the research results. Seldom, if ever, do marketing research studies obtain findings that are totally unambiguous. Usually, relationships among variables or differences between groups are small to moderate, and judgment and insight are needed to draw appropriate inferences and conclusions. Marketing researchers should always double-check their analysis and avoid overstating the strength of their findings. The implications for developing or changing a marketing strategy should be carefully thought out and tempered with judgment about the overall quality of the study.

Preparation of the Research Report

The research report is a complete statement of everything done in a research project and includes a write-up of each of the previous stages as well as the strategic recommendations from the research. The limitations of the research should be carefully noted. Figure 2.4 illustrates the types of questions marketing researchers and managers should discuss prior to submitting the final research report.

Research reports should be clear and unambiguous with respect to what was done and what recommendations are made. Often research reports must trade off the apparent precision of scientific jargon for everyday language that managers can understand. Researchers should work closely with managers to ensure that the study and its limitations are fully understood.

Limitations of the Research Process

Although the foregoing discussion presented the research process as a set of simple stages, this does not mean that conducting quality marketing research is a simple task. Many problems and difficulties must be overcome if a research study is to provide valuable information for decision making.[2] For example, consider the difficulties in one type of marketing research, *test marketing*.

The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely. In this way, future sales potential can often be estimated reasonably well. Listed here are a number of problems that could invalidate test marketing study results.

1. Test market areas are not representative of the market in general in terms of population characteristics, competition, and distribution outlets.
2. Sample size and design are incorrectly formulated because of budget constraints.
3. Pretest measurements of competitive brand sales are not made or are inaccurate, limiting the meaningfulness of market share estimates.
4. Test stores do not give complete support to the study such that certain package sizes may not be carried or prices may not be held constant during the test period.

FIGURE 2.4
Eight Criteria for Evaluating Marketing Research Reports

1. Was the type of research appropriate for the research questions?
2. Was the research well designed?
   a. Was the sample studied appropriate for the research questions?
   b. Were measures well developed, pretested, and validated?
   c. Were the data analysis techniques the best ones for the study?
3. Was there adequate supervision of data collection, editing, and coding?
4. Was the analysis conducted according to standards accepted in the field?
5. Do the findings make sense, given the research question and design, and were they considered in light of previous knowledge and experience?
6. Are the limitations of the study recognized and explained in detail?
7. Are the conclusions appropriately drawn or are they over- or understated?
8. Are the recommendations for marketing strategy clear and appropriate?

Marketing researchers have ethical responsibilities to the respondents who provide primary data, clients for whom they work, and subordinates who work under them. Here are a number of ethical responsibilities to these groups.

RESPONSIBILITIES TO RESPONDENTS

1. *Preserving respondent anonymity.* Marketing researchers should ensure that respondents' identities are safe from invasion of privacy.
2. *Avoiding mental stress for respondents.* Marketing researchers should minimize the mental stress placed on respondents.
3. *Avoiding questions detrimental to respondents.* Marketing researchers should avoid asking questions for which the answers conflict with the self-interest of the respondents.
4. *Avoiding the use of dangerous equipment or techniques.* Physical or reputational harm to respondents based on their participation in marketing research should not occur. Respondents should be informed of any other than minimal risks involved in the research and be free to self-determine their participation.
5. *Avoiding deception of respondents.* Respondents should not be deceived about the purpose of the study in most cases. Many consider deception acceptable in research where it is needed to obtain valid results, there is minimal risk to respondents, and respondents are debriefed explaining the real purpose of the study.
6. *Avoiding coercion of respondents.* Marketing researchers should avoid coercing or harassing people to try to get them to agree to be interviewed or fill out questionnaires.

RESPONSIBILITIES TO CLIENTS

1. *Providing confidentiality.* Marketing researchers are obliged not to reveal information about a client to competitors and should carefully consider when a company should be identified as a client.
2. *Providing technical integrity.* Marketing researchers are obliged to design efficient studies without undue expense or complexity and accurately report results.
3. *Providing administrative integrity.* Marketing researchers are obliged to price their work fairly without hidden charges.
4. *Providing guidance on research usage.* Marketing researchers are obliged to promote the correct usage of research and to prevent the misuse of findings.

RESPONSIBILITIES TO SUBORDINATE EMPLOYEES

1. *Creating an ethical work environment.* Marketing research managers are obliged to create an ethical work environment where unethical behavior is not encouraged or overlooked.
2. *Avoiding opportunities for unethical behavior.* Marketing research managers are obliged to avoid placing subordinates in situations where unethical behavior could be concealed but rewarded.

5. Test-market products are advertised or promoted beyond a profitable level for the market in general.
6. The effects of factors that influence sales, such as the sales force, season, weather conditions, competitive retaliation, shelf space, and so forth, are ignored in the research.
7. The test-market period is too short to determine whether the product will be repurchased by customers.

A list of such problems could be developed for any type of marketing research. However, careful research planning, coordination, implementation, and control can help reduce such problems and increase the value of research for decision making.

MARKETING INFORMATION SYSTEMS

Most marketers use computer-based systems to help them gather, sort, store, and distribute information for marketing decisions.[3] A popular form of marketing information system is the marketing decision support system, which is a coordinated collection of data, tools, and techniques involving both computer hardware and software by which marketers gather and interpret relevant information for decision making. These systems require three types of software:

1. Database management software for sorting and retrieving data from internal and external sources.

FIGURE 2.5 Some Information Sources for Marketing Information Systems

Selected Government Sources

American Factfinder	http://factfinder.census.gov/
Economics Statistics Briefing Room	http://www.whitehouse.gov/fsbr/esbr.html
EDGAR Database of Corporate Information (SEC filings)	http://www.sec.gov/edgar.shtml
FedStats	http://www.fedstats.gov/
GPO Access	http://www.gpoaccess.gov/
Stat-USA	http://www.stat-usa.gov/
U.S. Bureau of Labor Statistics	http://www.bls.gov/
U.S. Bureau of the Census	http://www.census.gov/
U.S. Department of Commerce	http://www.commerce.gov/
U.S. Small Business Administration	http://www.sbaonline.sba.gov/
U.S. Patent and Trademark Office	http://www.uspto.gov/
CBDNet (Commerce Business Daily)—government procurement, sales, and contract awards	http://www.cbdnet.access.gpo.gov

Selected Proprietary Sources (with some free information)

Gallup Poll	http://www.gallup.com/poll/
Harris Poll	http://www.harrisinteractive.com/harris_poll/
The Polling Report	http://www.pollingreport.com/
Public Opinion	http://europa.eu.int/comm./public_opinion/
Public Agenda	http://www.publicagenda.org/
Roper Center for Public Opinion Research	http://www.ropercenter.uconn.edu
Poll Question Database	http://www.irss.unc.edu/data_archive/pollsearch.html
Forrester Research Reports	http://forrester.com
Roper Reports	http://www.nopworld.com
JD Power Satisfaction Studies	http://www.jdpower.com
Quirk's Marketing Research Review	http://www.quirks.com
Ad Forum	http://www.adforum.com
BizMiner	http://www.bizminer.com

Selected Nonproprietary Sources

Ad* Access	http://scriptorium.lib.duke.edu/adaccess/
Advertising World (ad industry portal)	http://advertising.utexas.edu/world
American Demographics	http://www.demographics.com
Competia Express (industry portal)	http://www.competia.com/express/
Global Edge	http://www.demographics.com
Kerlins.net Qualitative Research Bibliography	http://kerlins.net/bobbi/research/qualresearch/bibliography/
KnowThis.com Marketing Virtual Library	http://knowthis.com
Marketing and Research Library	http://www.mrlibrary.com/
MarketingPower.com	http://marketingpower.com

Source: From Donald Cooper and Pamela Schindler, *Marketing Research,* 2006, p. 122–123. Reprinted with permission of McGraw-Hill Education.

2. Model base management software that contains routines for manipulating data in ways that are useful for marketing decision making.

3. A dialog system that permits marketers to explore databases and use models to produce information to address their decision-making needs.

Marketing decision support systems are designed to handle information from both internal and external sources. Internal information includes such things as sales records, which can be divided by territory, package size, brand, price, order size, or salesperson; inventory data that can indicate how rapidly various products are selling; or expenditure data on such things as advertising, personal selling, or packaging. Internal information is particularly important for investigating the efficiency and effectiveness of various marketing strategies.

External information is gathered from outside the organization and concerns changes in the environment that could influence marketing strategies. External information is needed concerning changes in global economies and societies, competitors, customers, and technology. Figure 2.5 lists a sample of sources of external information that could be monitored by a marketing information system to help marketers make better decisions. Of course, information from marketing research studies conducted by an organization is also put into marketing information systems to improve marketing strategy development.

SUMMARY

This chapter emphasized the importance of marketing research for making sound marketing strategy decisions. The chapter discussed marketing research as a process involving several stages, which include determining the purpose of the research, designing the plan for the research, performing the research, processing the research data, and preparing the research report. Then, marketing information systems were discussed and one type, the marketing decision support system, was explained. Such systems should provide decision makers with the right information, at the right time in the right way, to make sound marketing decisions.

Additional Resources

Burns, Alvin C. and Ronald Bush. *Marketing Research,* 7th ed. Upper Saddle River, NJ: Prentice-Hall, 2014.

Churchill, Gilbert A., Jr.; Tom J. Brown; and Tracy A. Suter. *Basic Marketing Research*. 8th ed. Mason, OH: Thomson South-Western, 2014.

Hair, Joseph F., Jr., Robert P. Bush, and David J. Ortinau. *Marketing Research*. 4th ed. Burr Ridge, IL: McGraw-Hill/Irwin, 2009.

Iacobucci Dawn, and Gilbert A. Churchill Jr. *Marketing Research: Methodological Foundations*. 10th ed. Mason, OH: Thomson South-Western, 2010.

Molhatra, Naresh K. *Marketing Research*. 6th ed. Upper Saddle River, NJ: Pearson Education, 2010.

Zikmund William G., and Barry J. Babin. *Essentials of Marketing Research*. 5th ed. Mason, OH: Thomson South-Western, 2013.

Key Terms and Concepts

Experimental research: Experimental research involves manipulating one variable and examining its impact on other variables.

Focus groups: A type of qualitative research that typically involves discussions among a small number of consumers led by an interviewer and designed to generate insights and ideas about products and brands.

Long interviews: A type of qualitative research conducted by an interviewer with a single respondent for several hours and designed to find out such things as the meanings various products and brands have for the person or how a product influences the person's life.

Marketing research: Marketing research is the process by which information about the environment is generated, analyzed, and interpreted for use in marketing decision making. Most often consumers or organizational buyers are the subject of the research.

Mathematical modeling: Mathematical modeling involves developing equations to model relationships among variables to investigate the impact of various strategies and tactics on sales and brand choices.

Observational research: Observational research involves watching people and recording relevant facts and behaviors.

Primary data: Primary data are data collected specifically for the research problem under investigation.

Qualitative research: Qualitative research typically involves face-to-face interviews with respondents designed to develop a better understanding of what they think and feel concerning a research topic, such as a brand name, a product, a package, or an advertisement.

Quantitative research: Quantitative research involves systematic procedures designed to obtain and analyze numerical data.

Secondary data: Secondary data are those that have previously been collected for other purposes but can be used for the problem at hand.

Survey research: Survey research involves the collection of data by means of a questionnaire either by mail, phone, online, or in person.

Test marketing: The major goal of most test marketing is to measure new product sales on a limited basis where competitive retaliation and other factors are allowed to operate freely. In this way, future sales potential can often be estimated reasonably well.
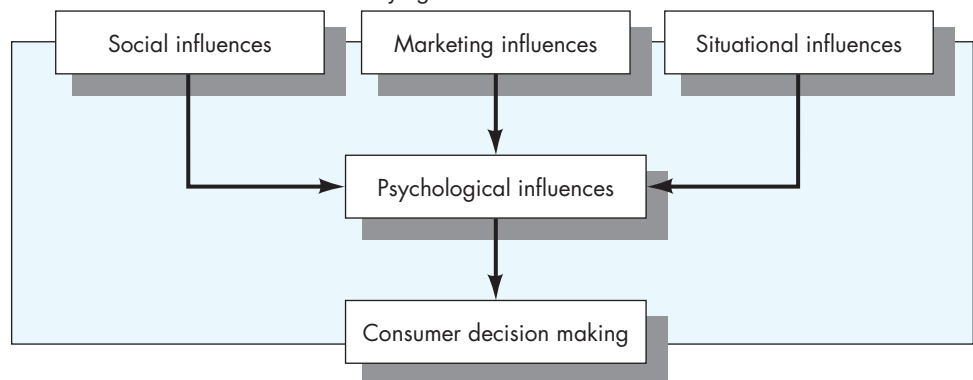
Chapter **3**

Consumer Behavior

The marketing concept emphasizes that profitable marketing begins with the discovery and understanding of consumer needs and then develops a marketing mix to satisfy these needs. Thus, an understanding of consumers and their needs and purchasing behavior is integral to successful marketing. Unfortunately, there is no single theory of consumer behavior that can totally explain why consumers behave as they do. Instead, there are numerous theories, models, and concepts making up the field. In addition, the majority of these notions have been borrowed from a variety of other disciplines, such as sociology, psychology, anthropology, and economics, and must be integrated to understand consumer behavior.

In this chapter, consumer behavior will be examined in terms of the model in Figure 3.1. The chapter begins by reviewing social, marketing, and situational influences on consumer decision making. These provide information that can influence consumers' thoughts and feelings about purchasing various products and brands. The degree to which this information influences consumers' decisions depends on a number of psychological influences. Two of the most important of these are product knowledge and product involvement, which will then be discussed. The chapter concludes by discussing the consumer decision-making process.

FIGURE 3.1 An Overview of the Buying Process

Value	General Features	Relevance to Marketing
Achievement and success activity	Hard work is good; success flows from hard work.	Acts as a justification for acquisition of goods ("You deserve it").
	Keeping busy is healthy and natural.	Stimulates interest in products that are time-savers and enhance leisure time.
Efficiency and practicality	Admiration of things that solve problems (e.g., save time and effort).	Stimulates purchase of products that function well and save time.
	People can improve themselves; tomorrow should be better than today.	Stimulates desire for new products that fulfill unsatisfied needs; ready acceptance of products that claim to be "new" or "improved."
Material comfort	"The good life."	Fosters acceptance of convenience and luxury products that make life more enjoyable.
Individualism	Being oneself (e.g., self-reliance, self-interest, self-esteem).	Stimulates acceptance of customized or unique products that enable a person to "express his or her own personality."
Freedom	Freedom of choice.	Fosters interest in wide product lines and differentiated products.
External conformity	Uniformity of observable behavior; desire for acceptance.	Stimulates interest in products that are used or owned by others in the same social group.
Humanitarianism	Caring for others, particularly the underdog.	Stimulates patronage of firms that compete with market leaders.
Youthfulness	A state of mind that stresses being "young at heart" and having a youthful appearance.	Stimulates acceptance of products that provide the illusion of maintaining or fostering youthfulness.
Fitness and health	Caring about one's body, including the desire to be physically fit and healthy.	Stimulates acceptance of food products, activities, and equipment perceived to maintain or increase physical fitness.

Source: From Leon G. Schiffman and Leslie Lazar Kanuck, Consumer Behavior 10th edition, © 2010. Reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

SOCIAL INFLUENCES ON CONSUMER DECISION MAKING

Behavioral scientists have become increasingly aware of the powerful effects of the social environment and personal interactions on human behavior. In terms of consumer behavior, culture, social class, and reference group influences have been related to purchase and consumption decisions. It should be noted that these influences can have both direct and indirect effects on the buying process. By direct effects, we mean direct communication between the individual and other members of society concerning a particular decision. By indirect effects, we mean the influence of society on an individual's basic values and attitudes as well as the important role that groups play in structuring an individual's personality.

Culture and Subculture

Culture is one of the most basic influences on an individual's needs, wants, and behavior, since all facets of life are carried out against the background of the society in which an individual lives. Cultural antecedents affect everyday behavior, and there is empirical support for the notion that culture is a determinant of certain aspects of consumer behavior.

Cultural values are transmitted through three basic organizations: the family, religious organizations, and educational institutions; and in today's society, educational institutions are playing an increasingly greater role in this regard. Marketing managers should adapt the marketing mix to cultural values and constantly monitor value changes and differences in both domestic and global markets. To illustrate, one of the changing values in America is the increasing emphasis on achievement and career success. This change in values has been recognized by many business firms that have expanded their emphasis on time-saving, convenience-oriented products.

In large nations such as the United States, the population is bound to lose a significant amount of its homogeneity, and thus subcultures arise. In other words, there are subcultures in the American culture where people have more frequent interactions than with the population at large and thus tend to think and act alike in some respects. Subcultures are based on such things as geographic areas, religions, nationalities, ethnic groups, and age. Many subcultural barriers are decreasing because of mass communication, mass transit, and a decline in the influence of religious values. However, age groups, such as the teen market, baby boomers, and the mature market, have become increasingly important for marketing strategy. For example, since baby boomers (those born between 1946 and 1962) make up about a third of the U.S. population and soon will account for about half of discretionary spending, many marketers are repositioning products to serve them. Snickers candy bars, for instance, used to be promoted to children as a treat but are now promoted to adults as a wholesome between-meals snack.

Social Class

While many people like to think of America as a land of equality, a class structure can be observed. Social classes develop on the basis of such things as wealth, skill, and power. The single best indicator of social class is occupation. However, interest at this point is in the influence of social class on the individual's behavior. What is important here is that different social classes tend to have different attitudinal configurations and values that influence the behavior of individual members. For marketing purposes, four different social classes have been identified.[1]

Upper Americans comprise 14 percent of the population and are differentiated mainly by having high incomes. This class remains the group in which quality merchandise is most prized and prestige brands are commonly sought. Spending with good taste is a priority as are products such as theater; books; investments in art; European travel; household help; club memberships for tennis, golf, and swimming; and prestige schooling for children.

The *middle class* comprises 34 percent of the population, and these consumers want to do the right thing and buy what is popular. They are concerned with fashion and buying what experts in the media recommend. Increased earnings have led to spending on more "worthwhile experiences" for children, including winter ski trips, college education, and shopping for better brands of clothes at more expensive stores. Appearance of the home is important. This group emulates the upper Americans, which distinguishes it from the working class.

The *working class* comprises 38 percent of the population, people who are "family folk" who depend heavily on relatives for economic and emotional support. The emphasis on family ties is only one sign of how much more limited and different working-class horizons are socially, psychologically, and geographically compared to those of the middle class. For them, "keeping up with the times" focuses on the mechanical and recreational, and thus, ease of labor and leisure are what they continue to pursue.

Lower Americans comprise 16 percent of the population and are as diverse in values and consumption goals as are other social levels. Some members of this group are homeless and penniless although most work part-time or full-time jobs at low wages. Most receive public housing, food stamps, and Medicaid. The primary demands of this group are food, clothing, and other staples. Given that a number of people in this group have little education or resources, many people feel it is unethical to try to market alcoholic beverages or tobacco products to it.

For the marketing manager, social class offers some insights into consumer behavior and is potentially useful as a market segmentation variable. However, there is considerable controversy as to whether social class is superior to income for the purpose of market segmentation.

Reference Groups and Families

Groups that an individual looks to (uses as a reference) when forming attitudes and opinions are described as *reference groups*.[2] Primary reference groups include family and close friends, while secondary reference groups include fraternal organizations and professional associations. A buyer may also consult a single individual about decisions, and this individual would be considered a reference individual.

A person normally has several reference groups or reference individuals for various subjects or different decisions. For example, a woman may consult one reference group when she is purchasing a car and a different reference group for lingerie. In other words, the nature of the product and the role the individual is playing during the purchasing process influence which reference group will be consulted. Reference group influence is generally considered to be stronger for products that are "public" or conspicuous—that is, products that other people see the individual using, such as clothes or automobiles.

As noted, the family is generally recognized to be an important reference group, and it has been suggested that the household, rather than the individual, is the relevant unit for studying consumer behavior.[3] This is because within a household the purchaser of goods and services is not always the user of these goods and services. Thus, it is important for marketing managers to determine not only who makes the actual purchase but also who makes the decision to purchase. In addition, it has been recognized that the needs, income, assets, debts, and expenditure patterns change over the course of what is called the *family life cycle*. The family life cycle can be divided into a number of stages ranging from single, to married, to married with children of different age groups, to older couples, to solitary survivors. It may also include divorced people, both with and without children. Because the life cycle combines trends in earning power with demands placed on income, it is a useful way of classifying and segmenting individuals and families.[4]

MARKETING INFLUENCES ON CONSUMER DECISION MAKING

Marketing strategies are often designed to influence consumer decision making and lead to profitable exchanges. Each element of the marketing mix (product, price, promotion, place) can affect consumers in various ways.

Product Influences

Many attributes of a company's products, including brand name, quality, newness, and complexity, can affect consumer behavior. The physical appearance of the product, packaging, and labeling information can also influence whether consumers notice a product in-store, examine it, and purchase it. One of the key tasks of marketers is to differentiate their products from those of competitors and create consumer perceptions that the product is worth purchasing.

Price Influences

The price of products and services often influences whether consumers will purchase them at all and, if so, which competitive offering is selected. Stores, such as Walmart, which are perceived to charge the lowest prices, attract many consumers based on this fact alone. For some offerings, higher prices may not deter purchase because consumers believe that the products or services are higher quality or are more prestigious. However,

Marketers know that reference groups can influence both product and brand decisions. They also know that reference group influence varies depending on whether the good is used publicly (a car) or privately (a toothbrush) and whether it is a necessity (a mattress) or a luxury (a sailboat). By examining the nature of products and brands on these two dimensions, the following matrix can be constructed. Marketers could use this matrix to judge how reference group influence should be used in advertising and personal selling efforts. For example, public luxuries could benefit from ads showing owners being admired and complimented for their product and brand selection, whereas ads for private necessities might focus more on superior functional performance.

	Necessity	Luxury
Public	**Public necessities** Reference group influence Product: Weak Brand: Strong Examples: Wristwatch, automobile, man's suit	**Public luxuries** Reference group influence Product: Strong Brand: Strong Examples: Golf clubs, snow skis, sailboat, health club
Private	**Private necessities** Reference group influence Product: Weak Brand: Weak Examples: Mattress, floor lamp, refrigerator	**Private luxuries** Reference group influence Product: Strong Brand: Weak Examples: Plasma TV, trash compactor, ice maker

Source: Adapted from William O. Bearden and Michael J. Etzel, "Reference Group Influences on Product and Brand Purchase Decisions," *Journal of Consumer Research,* September 1982, p. 185, as reported in J. Paul Peter and Jerry C. Olson, *Consumer Behavior and Marketing Strategy,* 9th ed. (Burr Ridge, IL: McGraw-Hill/Irwin, 2010), pp. 340–341.

many of today's value-conscious consumers may buy products more on the basis of price than other attributes.

Promotion Influences

Advertising, sales promotions, salespeople, and publicity can influence what consumers think about products, what emotions they experience in purchasing and using them, and what behaviors they perform, including shopping in particular stores and purchasing specific brands. Since consumers receive so much information from marketers and screen out a good deal of it, it is important for marketers to devise communications that (1) offer consistent messages about their products and (2) are placed in media that consumers in the target market are likely to use. Marketing communications play a critical role in informing consumers about products and services, including where they can be purchased, and in creating favorable images and perceptions.

Place Influences

The marketer's strategy for distributing products can influence consumers in several ways. First, products that are convenient to buy in a variety of stores increase the chances of consumers finding and buying them. When consumers are seeking low-involvement products, they are unlikely to engage in extensive search, so ready availability is important. Second, products sold in exclusive outlets such as Nordstrom may be perceived by consumers as having higher quality. In fact, one of the ways marketers create brand equity—that is, favorable consumer

The recent recession changed the behavior of consumers and marketers. According to a Gallup Poll, 55 percent of consumers said they cut household spending as a result of lower prices in the stock market and fears about the economy. They said they cut back on travel for the holidays (63 percent), eating out at restaurants (81 percent), entertainment such as going to the movies (72 percent), and household services such as housekeeping and lawn service (37 percent). Although the economy has improved, millions of people are still unemployed and many consumers continue to be frugal.

Consumers also sold old jewelry and ransacked closets to find "stuff" to put on eBay. According to eBay CEO John Donahoe, Americans typically have about $3,200 worth of goods at home they could sell to raise cash. Coupon usage to trim grocery costs also went up for the first time in 15 years. Rather than use credit cards, many consumers started saving money to buy something they wanted, and layaway plans in which consumers pay in advance for items weekly or monthly also made a comeback. eLayaway, a start-up that handles layaway programs for 1,000 retailers, had its customer base jump from 150 to 3,000 in the fall of the year.

The number of consumers who had both a full-time and a part-time job increased 11 percent over the previous year, according to the Bureau of Labor Statistics. Many of these consumers were trying to increase their income so they could save more to help make up some of the losses in their retirement accounts. Also, sales of Blu-ray high definition disks more than tripled during the year as consumers found watching them at home a lot cheaper than a night at the movies. Finally, 29 percent of consumers said they were buying more store and generic brands to save money.

So what did marketers do to try to keep merchandise moving and the economy from stalling? Most retailers put products on sale at deep discounts and many companies tried to promote the idea that their products provided value to consumers. For example, Procter & Gamble promoted its new Total Care versions of Tide detergent and Downy fabric softener as products that preserved the look of new clothes. In other words, the products would keep clothes looking new longer so consumers wouldn't have to buy clothes as often and could save money. Since consumers were eating more meals at home, Campbell and Kraft banded together to promote a low-cost classic meal: tomato soup and a grilled cheese sandwich. "Warm hearts without stretching budgets" read the copy in the ad that shows a package of Kraft Singles cheese slices and a can of Campbell's tomato soup. Kraft's DiGiorno pizza aired ads that stated that a home-delivered pizza cost twice as much as a DiGiorno.

Gillette ran a series of ads to justify the $20 to $25 price for eight Fusion Power razor blades arguing that "In the world of high performance, what machine can you run for as little as a dollar a week?" Kellogg cereals played up the idea that a bowl of cereal with milk was a meal that cost only 50 cents. It also snatched up paid search terms including "cereal," "breakfast," and "value," on portals such as Google.com to drive budget-conscious consumers to its website. When they click on the ad, consumers are linked to a site that plays up the "excellent economic value" of Kellogg's cereal and offers a dollar-off coupon to buy some. Velveeta cheese ads tell shoppers to "forget the cheddar, Velveeta is better," and claim that a package of Velveeta is "twice the size of cheddar, for the same price."

In sum, many consumers tried to find new ways to live within their means and still live comfortably during a difficult economic time. Many marketers tried to convince consumers that their products provided good value for the money, but in a way that did not detract from their high-quality image.

Sources: Mark Jewell, "Recession Breeds Frugality," *Wisconsin State Journal*, April 4, 2013, p. C1t; Jarne O'Donnell and Sandra Block, "Consumers Get Frugal, So Retailers Get Creative," *USA Today,* January 28, 2009, p. B1; Mindy Fetterman, "Americans Are Digging Deep to Save Money," *USA Today,* November 17, 2008, p. 1A+; Laura Petrecca, "Marketers Try to Promote Value Without Cheapening Image," *USA Today*, November 17, 2008, p.1B+.

perceptions of brands—is by selling them in prestigious outlets. Third, offering products by nonstore methods, such as on the Internet or in catalogs, can create consumer perceptions that the products are innovative, exclusive, or tailored for specific target markets.

SITUATIONAL INFLUENCES ON CONSUMER DECISION MAKING

Situational influences can be defined as all the factors particular to a time and place that have a demonstrable and systematic effect on current behavior. In terms of purchasing situations, five groups of situational influences have been identified.[5] These influences may be perceived either consciously or subconsciously and may have considerable effect on product and brand choice.

1. *Physical features* are the most readily apparent features of a situation. These features include geographical and institutional location, decor, sounds, aromas, lighting, weather, and visible configurations of merchandise or other materials.

2. *Social features* provide additional depth to a description of a situation. These include other persons present, their characteristics, their apparent roles and interpersonal interactions.

3. *Time* is a dimension of situations that may be specified in units ranging from time of day to season of the year. Time also may be measured relative to some past or future event for the situational participant. This allows such conceptions as time since last purchase, time since or until meals or paydays, and time constraints imposed by prior or standing commitments.

4. *Task features* of a situation include an intent or requirement to select, shop for, or obtain information about a general or specific purchase. In addition, task may reflect different buyer and user roles anticipated by the individual. For instance, a person shopping for a small appliance as a wedding gift for a friend is in a different situation than when shopping for a small appliance for personal use.

5. *Current conditions* make up a final feature that characterizes a situation. These are momentary moods (such as acute anxiety, pleasantness, hostility, and excitation) or momentary conditions (such as cash on hand, fatigue, and illness) rather than chronic individual traits. These conditions are considered to be immediately antecedent to the current situation to distinguish the states the individual brings to the situation from states of the individual resulting from the situation. For instance, people may select a certain motion picture because they feel depressed (an antecedent state and a part of the choice situation), but the fact that the movie causes them to feel happier is a response to the consumption situation. This altered state then may become antecedent for behavior in the next choice situation encountered, such as buying a hot dog from a street vendor after leaving the theater.

PSYCHOLOGICAL INFLUENCES ON CONSUMER DECISION MAKING

Information from group, marketing, and situational influences affects what consumers think and feel about particular products and brands. However, a number of psychological factors influence how this information is interpreted and used and how it affects the consumer decision-making process. Two of the most important psychological factors are product knowledge and product involvement.[6]

Product Knowledge

Product knowledge refers to the amount of information a consumer has stored in her or his memory about particular product classes, product forms, brands, models, and ways to purchase them. For example, a consumer may know a lot about coffee (product class),

ground versus instant coffee (product form), Folgers versus Maxwell House (brand), and various package sizes (models) and stores that sell it (ways to purchase).

Group, marketing, and situational influences determine the initial level of product knowledge as well as changes in it. For example, a consumer may hear about a new Starbucks opening up from a friend (group influence), see an ad for it in the newspaper (marketing influence), or see the coffee shop on the way to work (situational influence). Any of these increase the amount of product knowledge, in this case, a new source for purchasing the product.

The initial level of product knowledge may influence how much information is sought when deciding to make a purchase. For example, if a consumer already believes that Folgers is the best-tasting coffee, knows where to buy it, and knows how much it costs, little additional information may be sought.

Finally, product knowledge influences how quickly a consumer goes through the decision-making process. For example, when purchasing a new product for which the consumer has little product knowledge, extensive information may be sought and more time may be devoted to the decision.

Product Involvement

Product involvement refers to a consumer's perception of the importance or personal relevance of an item. For example, Harley-Davidson motorcycle owners are generally highly involved in the purchase and use of the product, brand, and accessories. However, a consumer buying a new toothbrush would likely view this as a low-involvement purchase.

Product involvement influences consumer decision making in two ways. First, if the purchase is for a high-involvement product, consumers are likely to develop a high degree of product knowledge so that they can be confident that the item they purchase is just right for them. Second, a high degree of product involvement encourages extensive decision making by consumers, which likely increases the time it takes to go through the decision-making process.

CONSUMER DECISION MAKING

The process by which consumers make decisions to purchase various products and brands is shown in Figure 3.2. In general, consumers recognize a need for a product, search for information about alternatives to meet the need, evaluate the information, make purchases, and evaluate the decision after the purchase. There are three types of decision making, which vary in terms of how complex or expensive a product is and how involved a consumer is in purchasing it.

Extensive decision making requires the most time and effort since the purchase typically involves a highly complex or expensive product that is important to the consumer. For example, the purchase of a car, house, or computer often involves considerable time and effort comparing alternatives and deciding on the right one. In terms of the number of purchases a consumer makes, extensive decision making is relatively rare, but it is critical for marketers of highly complex or expensive products to understand that consumers are willing to process considerable information to make the best choice. Thus, marketers should provide consumers with factual information that highlights competitive advantages for such high-involvement products.

Limited decision making is more moderate but still involves some time and effort searching for and comparing alternatives. For example, when buying shirts or shorts, consumers may shop several stores and compare a number of different brands and styles. Marketers of products for which consumers usually do limited decision making often use eye-catching advertising and in-store displays to make consumers aware of their products and encourage consumers to consider buying them.

FIGURE 3.2   The Consumer Decision-Making Process
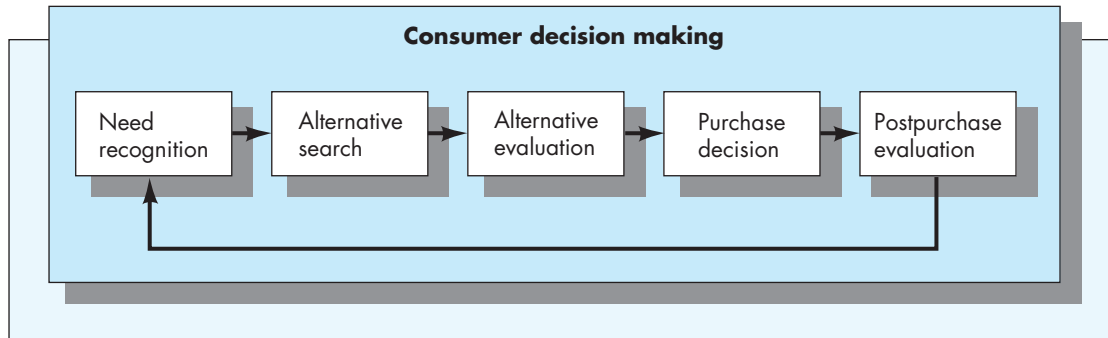
Routine decision making is the most common type and the way consumers purchase most packaged goods. Such products are simple, inexpensive, and familiar; and consumers often have developed favorite brands that they purchase without much deliberation. For example, consumers often make habitual purchases of soft drinks, candy bars, or canned soup without carefully comparing the relative merits of different brands. Marketers of such products need to have them readily available for purchase in a variety of outlets and price them competitively if price is an important criterion to consumers. Marketers of these low-involvement products often use celebrity spokespeople and other non-product-related cues to encourage purchases.

Need Recognition

The starting point in the buying process is the consumer's recognition of an unsatisfied need. Any number of either internal or external stimuli may activate needs or wants and recognition of them. Internal stimuli are such things as feeling hungry and wanting some food, feeling a headache coming on and wanting some Excedrin, or feeling bored and looking for a movie to go to. External stimuli are such things as seeing a McDonald's sign and then feeling hungry or seeing a sale sign for winter parkas and remembering that last year's coat is worn out.

It is the task of marketing managers to find out what needs and wants a particular product can and does satisfy and what unsatisfied needs and wants consumers have for which a new product could be developed. In order to do so, marketing managers should understand what types of needs consumers may have. A well-known classification of needs was developed many years ago by Abraham Maslow and includes five types.[7] Maslow's view is that lower-level needs, starting with physiological and safety needs, must be attended to before higher-level needs can be satisfied. Maslow's hierarchy is described here:

Physiological needs. This category consists of the primary needs of the human body, such as food, water, and sex. Physiological needs will dominate when all needs are unsatisfied. In such a case, none of the other needs will serve as a basis for motivation.

Safety needs. With the physiological needs met, the next higher level assumes importance. Safety needs consist of such things as protection from physical harm, ill health, and economic disaster and avoidance of the unexpected.

Belongingness and love needs. These needs are related to the social and gregarious nature of humans and the need for companionship. This level in the hierarchy is the point of departure from the physical or quasi-physical needs of the two previous levels. Nonsatisfaction of this level of need may affect the mental health of the individual.

Esteem needs. These needs consist of both the need for awareness of importance to others (self-esteem) and actual esteem from others. Satisfaction of these needs leads to feelings of self-confidence and prestige.

Self-actualization needs. These can be defined as the desire to become everything one is capable of becoming. This means that the individual will fully realize her or his talents and capabilities.

Maslow assumed that satisfaction of these needs is only possible after the satisfaction of all the needs lower in the hierarchy. While the hierarchical arrangement of Maslow presents a convenient explanation, it is probably more realistic to assume that the various need categories overlap. Thus, in affluent societies, many products may satisfy more than one of these needs. For example, gourmet foods may satisfy both the basic physiological need of hunger as well as esteem and status needs for those who serve gourmet foods to their guests.

Alternative Search

Once a need is recognized, the individual then searches for alternatives for satisfying the need. The individual can collect information from five basic sources for a particular purchase decision.

1. *Internal sources*. For many purchases, consumers have had previous experience dealing with particular needs and wants. Consumers can readily "search" through their memories for stored information and experiences dealing with need-satisfying alternatives. If a previously acceptable product and brand is remembered, a purchase decision may be made with little or no additional information search or evaluation. A purchase may be made quickly at a store or website. This is quite common for simple, inexpensive products that are frequently purchased and for brands to which the consumer is highly loyal.

2. *Group sources*. A common source of information for purchase decisions comes from communication with other people, such as family, friends, and neighbors. This information can be conveyed via face-to-face conversations as well as via social media like Facebook or Twitter. Generally, a consumer views some of these relevant others as having particular expertise for the product class being considered. Group sources are often the most powerful influence on purchase decisions.

3. *Marketing sources*. Marketing sources include such things as advertising, salespeople, dealers, packaging, websites, and displays. For many purchases that require a high degree of decision making, consumers first go to their search engines and look up manufacturer and retail websites to collect information about products and brands. Marketing sources provide a major means by which consumers learn about purchase options. However, consumers often do not trust these sources as much as group or public sources because they are viewed as biased.

4. *Public sources*. Public sources of information include such things as product ratings in *Consumer Reports*; buyer reviews on websites like Amazon.com; and articles written about the product in newspapers, in magazines, on independent blogs, and on other websites. Here, product quality and value perceptions are important marketing management considerations because many of these sources are highly trusted by consumers. They are more trusted because their purpose is to provide useful information for making purchase decisions rather than to actually sell particular products.

5. *Experiential sources*. Experiential sources refer to handling, examining, and perhaps trying on or using a product. This usually requires an actual shopping trip to a brick-and-mortar store or trying out the products and brands owned by friends and relatives. Alternatively, consumers can order online in order to have the product delivered so it can be tried out and kept if acceptable.

The consumer then processes information collected from these sources.[8] However, the exact nature of how individuals process information to form evaluations of products is not fully understood. In general, information processing is viewed as a four-step process in which the individual is (1) exposed to information, (2) becomes attentive to the information, (3) understands the information, and (4) retains the information.[9]

The marketing profession has long recognized the need to uphold its integrity, honor, and dignity. Listed here are the ethical norms established by the American Marketing Association to be used by marketers in dealing with consumers and other stakeholders.

As marketers we must:

1. **Do no harm.** This means consciously avoiding harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices we make.
2. **Foster trust in the marketing system.** This means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution.
3. **Embrace ethical values.** This means building relationships and enhancing consumer confidence in the integrity of marketing by affirming these core values: honesty, responsibility, fairness, respect, transparency, and citizenship.

Source: www.marketingpower.com, Reprinted with permission.

Alternative Evaluation

During the process of collecting information or, in some cases, after information is acquired, the consumer evaluates alternatives on the basis of what he or she has learned. One approach to describing the evaluation process is as follows:

1. The consumer has information about a number of brands in a product class.
2. The consumer perceives that at least some of the brands in a product class are viable alternatives for satisfying a recognized need.
3. Each of these brands has a set of attributes (color, quality, size, and so forth).
4. A set of these attributes is relevant to the consumer, and the consumer perceives that different brands vary in how much of each attribute they possess.
5. The brand that is perceived as offering the greatest number of desired attributes in the desired amounts and desired order will be the brand the consumer will like best.
6. The brand the consumer likes best is the brand the consumer will intend to purchase.[10]

Purchase Decision

If no other factors intervene after the consumer has decided on the brand that is intended for purchase, the actual purchase is a common result of search and evaluation. Actually, a purchase involves many decisions, which include product type, brand, model, dealer selection, and method of payment, among other factors. In addition, rather than purchasing, the consumer may make a decision to modify, postpone, or avoid purchase based on an inhibitor to purchase or a perceived risk.

Traditional risk theorists believe that consumers tend to make risk-minimizing decisions based on their *perceived* definition of the particular purchase. The perception of risk is based on the possible consequences and uncertainties involved. Consequences may range from economic loss, to embarrassment if a new food product does not turn out well, to actual physical harm. Perceived risk may be either functional (related to financial and performance considerations) or psychosocial (related to whether the product will further one's self- or reference-group image). The amount of risk a consumer perceives in a particular product depends on such things as the price of the product and whether other people will see the individual using it.

The perceived risk literature emphasizes that consumers generally try to reduce risk in their decision making. This can be done by either reducing the possible negative consequences or by reducing the uncertainty. The possible consequences of a purchase might be minimized by purchasing in small quantities or by lowering the individual's aspiration level to expect less in the way of results from the product. However, this cannot always be done. Thus, reducing risk by attempting to increase the certainty of the purchase outcome may be the more widely used strategy. This can be done by seeking additional information regarding the proposed purchase. In general, the more information the consumer collects prior to purchase, the less likely post-purchase dissonance is to occur.

Postpurchase Evaluation

In general, if the individual finds that a certain response achieves a desired goal or satisfies a need, the success of this cue-response pattern will be remembered. The probability of responding in a like manner to the same or similar situation in the future is increased. In other words, the response has a higher probability of being repeated when the need and cue appear together again, and thus it can be said that learning has taken place. Frequent reinforcement increases the habit potential of the particular response. Likewise, if a response does not satisfy the need adequately, the probability that the same response will be repeated is reduced.

For some marketers this means that if an individual finds that a particular product fulfills the need for which it was purchased, the probability is high that the individual will repurchase the product the next time the need arises. The firm's promotional efforts often act as the cue. If an individual repeatedly purchases a product with favorable results, loyalty may develop toward the particular product or brand. This loyalty can result in habitual purchases, and such habits are often extremely difficult for competing firms to alter.

Although many studies in the area of buyer behavior center on the buyer's attitudes, motives, and behavior before and during the purchase decision, behavior after the purchase has also been studied. Specifically, studies have been undertaken to investigate postpurchase dissonance, as well as postpurchase satisfaction.

The occurrence of postdecision dissonance is related to the concept of *cognitive dissonance*. This theory states that there is often a lack of consistency or harmony among an individual's various cognitions, or attitudes and beliefs, after a decision has been made—that is, the individual has doubts and second thoughts about the choice made. Further, it is more likely that the intensity of the anxiety will be greater when any of the following conditions exist:

1. The decision is an important one psychologically or financially, or both.
2. There are a number of forgone alternatives.
3. The forgone alternatives have many favorable features.

These factors can relate to many buying decisions. For example, postpurchase dissonance might be expected to be present among many purchasers of such products as automobiles, major appliances, and homes. In these cases, the decision to purchase is usually an important one both financially and psychologically, and a number of favorable alternatives are usually available.

These findings have much relevance for marketers. In a buying situation, when a purchaser becomes dissonant, it is reasonable to predict such a person would be highly receptive to advertising and sales promotion that support the purchase decision. Such communication presents favorable aspects of the product and can be useful in reinforcing the buyer's wish to believe that a wise purchase decision was made. For example, purchasers of major appliances

Influencing Factor	Increasing the Influencing Factor Causes the Search to:
I. Market characteristics	
A. Number of alternatives	Increase
B. Price range	Increase
C. Store concentration	Increase
D. Information availability	Increase
1. Advertising	
2. Point-of-purchase	
3. Sales personnel	
4. Packaging	
5. Experienced consumers	
6. Independent sources	
II. Product characteristics	
A. Price	Increase
B. Differentiation	Increase
C. Positive products	Increase
III. Consumer characteristics	
A. Learning and experience	Decrease
B. Shopping orientation	Mixed
C. Social status	Increase
D. Age and household life cycle	Mixed
E. Product involvement	Mixed
F. Perceived risk	Increase
IV. Situational characteristics	
A. Time availability	Increase
B. Purchase for self	Decrease
C. Pleasant surroundings	Increase
D. Social surroundings	Mixed
E. Physical/mental energy	Increase

Source: From Delbert Hawkins, David Mothersbaugh and Roger Best, Consumer Behavior: *Building Marketing Strategy 12E,* 2013, p. 528. Reprinted with permission of McGraw-Hill Education.

or automobiles might be given a phone call or sent a letter reassuring them that they have made a wise purchase.

As noted, researchers have also studied postpurchase consumer satisfaction. Much of this work has been based on what is called the *disconfirmation paradigm*. Basically, this approach views satisfaction with products and brands as a result of two other variables. The first variable is the expectations a consumer has about a product before purchase. These expectations concern the beliefs the consumer has about the product's performance.

The second variable is the difference between expectations and postpurchase perceptions of how the product actually performed. If the product performed as well as expected or better than expected, the consumer will be satisfied with the product. If the product performed worse than expected, the consumer will be dissatisfied with it.

One implication of this view for marketers is that care must be taken not to raise prepurchase expectations to such a level that the product cannot possibly meet them. Rather, it is important to create positive expectations consistent with the product's likely performance.[11]

SUMMARY

This chapter presented an overview of consumer behavior. Social, marketing, and situational influences on consumer decision making were discussed first, followed by a discussion of two important psychological factors: product knowledge and product involvement. Consumer decision making, which can be extensive, limited, or routine, was viewed as a series of stages: need recognition, alternative search, alternative evaluation, purchase decision, and postpurchase evaluation. Clearly, understanding consumer behavior is a prerequisite for developing successful marketing strategies.

Additional Resources

Hawkins, Del I., and David L. Mothersbaugh. *Consumer Behavior: Building Marketing Strategy.* 12th ed. Burr Ridge, IL: McGraw-Hill, 2013.

Hoyer, Wayne D., and Deborah J. MacInnis. *Consumer Behavior.* 6th ed. Mason, OH: South-Western, 2013.

Peter, J. Paul, and Jerry C. Olson. *Consumer Behavior and Marketing Strategy.* 9th ed. Burr Ridge, IL: McGraw-Hill/Irwin, 2010.

Schiffman, Leon G., and Leslie Kanuck. *Consumer Behavior.* 10th ed. Upper Saddle River, NJ: Prentice Hall, 2010.

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Key Terms and Concepts

Belongingness and love needs: According to Maslow, the needs related to the social and gregarious nature of humans and the need for companionship.

Cognitive dissonance: A lack of harmony among a person's thoughts after a decision has been made—that is, the individual has doubts and second thoughts about the choice that was made.

Current conditions: Situational influences such as momentary moods and conditions that influence consumer behavior.

Disconfirmation paradigm: Approach that views consumer satisfaction as the degree to which the actual performance of a product is consistent with expectations a consumer had before purchase. If the product is as good as expected, then the consumer will be satisfied; if not, then the consumer's expectations are disconfirmed.

Esteem needs: According to Maslow, the needs that consist of both the need for awareness of importance to others (self-esteem) and actual esteem from others.

Experiential sources of information: The information a consumer gets from handling, examining, and perhaps trying a product while shopping.

Extensive decision making: Level of decision making that requires the most time and effort since the purchase typically involves a highly complex or expensive product that is important to the consumer.

Family life cycle: Framework that divides the development of a family into a number of stages based on the needs, assets, debts, and expenditures that change as a family begins, grows, and matures.

Group sources of information: A common source of information for purchase decisions that comes from communication with other people such as family, friends, neighbors, and acquaintances.

Internal sources of information: Stored information and experience a consumer has in memory for dealing with a particular need.

Limited decision making: Level of decision making that requires a moderate amount of time and effort to search for and compare alternatives.

Lower Americans: Comprise 16 percent of the population and have the lowest education levels and resources; the bottom of the social class hierarchy.

Marketing sources of information: Include such things as advertising, salespeople, dealers, packaging, and displays offered by marketers to influence consumer decision making and behavior.

Middle class: Middle social class; comprises 34 percent of the population and is concerned with doing the right thing and buying what is popular. This class tends to emulate Upper Americans.

Need recognition: The first step in the consumer decision making process; the recognition by the consumer of a felt need or want.

Physical features of a situation: The geographical and institutional decor, sounds, aromas, lighting, weather, and visible configurations of merchandise or other materials.

Physiological needs: According to Maslow, the primary needs of the human body such as food, water, and sex.

Product knowledge: The amount of information a consumer has stored in her or his memory about particular product classes, product forms, brands, and models, and ways to purchase them.

Public sources of information: Publicity, such as newspaper articles about the product, and independent ratings of the product, such as *Consumer Reports.*

Reference groups: Groups that an individual looks to (uses as a reference) when forming attitudes and opinions.

Routine decision making: The most common type of decision making, involves little in the way of thinking and deliberation. It is often habitual and is the way consumers commonly purchase packaged goods that are inexpensive, simple, and familiar.

Safety needs: According to Maslow, things such as protection from physical harm, ill health, and economic disaster and avoidance of the unexpected.

Self-actualization needs: According to Maslow, the desire to become everything one can become and fully realize talents and capabilities.

Situational influences: All of the factors particular to a time and place that have a demonstrable and systematic effect on current behavior.

Social features of a situation: Include other persons present in a situation, their characteristics, their apparent roles and interpersonal interactions.

Task features of a situation: Include the intent or requirement to select, shop for, or obtain information about a general or specific purchase.

Time dimension of a situation: The temporal dimension of a situation such as the time of day or season of the year. It can also be relative to other life events such as the time since the last purchase or time until payday.

Upper Americans: Social class that comprises 14 percent of the population and is differentiated mainly by having high incomes. This social class remains the group in which quality merchandise is most prized and prestige brands are commonly sought.

Working class: Social class that comprises 38 percent of the population; "family folk" who depend heavily on relatives for economic and emotional support.