# Chapter 1

**Understanding Consumer Behavior and Consumer Research**

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# Chapter Objectives

After studying this chapter, you will be able to...

**Objective 1**—Define consumer behavior.

**Objective 2**—Explain why it is important to understand consumer behavior.

**Objective 3**—Describe how the study of consumer behavior has evolved as a scientific field of study.

**Objective 4**—Discuss how consumer behavior is specifically examined and measured through marketing research.

**Objective 5**—Provide examples of various methods for collecting consumer research data.

# Chapter Summary

Consumer behavior comprises all consumer activities associated with the purchase, use, and disposal of goods and services, including the consumer’s emotional, mental, and behavioral responses that precede, determine, and follow these activities. One important approach to studying consumer behavior is the behavioral science perspective, which relies on rigorous quantitative research methods and procedures to describe, explain, control, and predict consumer behavior. An alternative approach, which relies less on scientific and technological methodology and more on qualitative studies, is called Interpretivism.

Understanding, explaining, and predicting consumer behavior are complicated tasks. This textbook adopts a scientific approach to achieve a deeper understanding of consumer behavior. In this approach, researchers are especially interested in two special relationships between variables, namely, correlational and causal. When a statistically testable and significant relationship exists between an event and a condition, the event and the condition are correlated. A causal relationship between two variables indicates that the variables are correlated and that one variable influences the other, but not vice versa.

Consumer researchers conduct basic and applied research to identify important variables relevant to consumer behavior. Basic research aims at understanding relative relationships between variables, while applied research examines variables within a specific context of interest to the marketer. Two broad sources of research data exist: secondary data and primary data. Secondary data already exist and can be accessed within an organization or from external sources. Primary data are new data collected on a project-by-project basis.

Consumer researchers collect primary data by a number of methods, including observation, direct questioning, experimentation, and projective techniques. Observational techniques record people’s behavior, with or without their knowledge. Questioning the consumer directly takes a variety of forms, including surveys, in-depth interviews, and focus groups. In experiments, variables are manipulated in a controlled setting to determine their relationship to one another; experimentation is the most effective technique for determining causal relationships. Projective techniques are indirect forms of questioning that uncover unspoken feelings and attitudes.

Researchers analyze consumer behavior research data to discover customer needs and wants, deliver products and services that satisfy those needs and wants, and ensure that the customer remains satisfied over time. Ultimately, effective consumer behavior research provides marketers with relevant information for making better decisions and reducing uncertainty.

**TEACHING NOTES**

**Teaching Suggestions**

In the opening session, it is helpful to ask students why studying Consumer Behavior is important. Often, students respond with answers like, “so we can trick the consumer into buying our product.” Although some marketers may attempt to manipulate the consumer through their understanding of consumer behavior, this should not be the norm in today’s relationship-marketing environment. Instead, our understanding of consumer behavior should help us to better *serve* the customer. Understanding consumer behavior provides a platform on which marketing strategies such as market segmentation, product positioning, marketing mix decisions, and advertising development can be designed. The chapter-opening vignette helps to illustrate this point. Additionally, because we are all consumers, studying consumer behavior helps students make better decisions themselves, both as consumers and managers. It may be helpful to use the following analogy: Consumer psychologists study the marketplace the way marine biologists study the sea, but not the way a fishermen does.

**Opening Vignette**

The opening vignette describes reality TV programming as a *product*, just like t-shirts, laptops, or wireless service. The vignette also explains the benefits of reality TV programming to three constituencies: consumers, marketers, and TV producers.

**What Is Consumer Behavior?**

This section defines consumer behavior in terms of *activities* and *responses*. It also differentiates between individual and organizational consumer behavior.

1. All consumer activitiesassociated with the purchase, use, and disposal of goods and services.
2. Consumers’ emotional, mental, and behavioral responses to marketing activities.
	* **Figure 1.1** provides a graphical definition of consumer behavior.

Consumers: Individual versus Organizational

1. Individual consumers purchase goods and services to satisfy their own personal needs or the needs and wants of other *individuals*.
2. Organizational consumers purchase goods and services to produce other products, resell goods and services, and help manage their organizations.

Consumer Activities

1. Purchase activities include gathering and evaluating information, the purchase or transaction method, and additional services, such as warranties.
2. Use activities answer the questions of *where, when,* and *how* the product is used.
3. Disposal activities involve recycling, reusing, and reselling products.

Consumer Responses

1. Affective responses include emotions, feelings, and moods.
2. Cognitive responses involve beliefs, opinions, attitudes, and intentions.
3. Behavioral responses include inquiring, trying, buying, and recommending brands and products.

**Why Study Consumer Behavior?**

This section explains the three beneficiaries of consumer behavior research: businesses, the public and individual consumers.

1. Businesses benefit by improving their customer-focused strategies.
2. Public policy benefits by protecting the public from unfair, unethical, or dangerous business situations (e.g., nutritional food panel).
3. Individual consumers benefit by learning how to make better decisions in the marketplace

**Consumer Behavior as a Field of Study**

This section describes consumer behavior as an applied social science that draws heavily on up-stream disciplines such as psychology, sociology, anthropology, economics, and statistics. It also highlights some of the important down-stream applications used by marketers.

* **The marketing concept** captures the idea that organizations should anticipate and satisfy customer needs and wants in an efficient and profitable manner, while at the same time benefiting the long-term interests of society.
* **Customer-perceived value** describes consumer’s overall assessment of the utility of a product based on perceptions of benefits vs. costs, i.e., net gains.
* **Customer delight** goes a step beyond customer satisfaction by suggesting that marketers exceeded consumers’ expected net gains.

The Evolution of Consumer Behavior Research

1. *Motivational research*, or applied psychoanalytic therapy concepts, is derived from clinical psychology. The methods, developed by Ernest Dichter, a Freudian psychoanalyst, include in-depth interviews, which are designed to uncover a person’s hidden or unconscious motivations.
2. *Behavioral science perspective* (aka positivism or social science) applies the scientific method of relying on systematic, rigorous procedures to describe, explain, predict, and control consumer behavior. The primary method is the experimental approach.
* **Figure 2.1** depicts the scientific method via a flow chart.
1. *Interpretivism*, or postmodernism, views consumers as non-rational beings and their realities as highly subjective. Data is gathered to describe and interpret consumption behavior. The qualitative methods cannot be generalized to larger populations, but they provide in-depth, detail-rich descriptions of a few consumers’ experiences.

**Consumer Behavior Research**

This section defines marketing research as a systematic process of planning, collecting, analyzing, and interpreting data relevant to a specific marketing problem. It also differentiates basic and applied research.

* *Basic research* examines general relationships between variables of interest (e.g., celebrity endorsers and attitudes toward a brand).
* *Applied research* examines specific contexts of interests to marketers (e.g., which celebrity endorser would be most effective in an advertisement for Kraft kid’s yogurt?).

Correlations And Causal Relationships

1. When two variables are statistically related, they are correlated.
2. A causal relationship between two variables exists when they are correlated, the cause precedes the effect, and other potential causes are ruled out.
	* **Figure 1.4** depicts a causal relationship graphically.

Secondary Versus Primary Data

1. Secondary data already exist and are readily accessible from organizational sources (e.g., company records), outside sources (e.g., Bureau of Labor Statistics, and syndicated sources (e.g., Nielson Market Research Company).
	* **Table 1.1** provides examples of secondary data sources.
2. Primary data are new data collected specifically for the purpose at hand. They are specific and relevant to a particular situation or problem, but projects to collect such data are usually very costly.
* *Primary Data Collection Methods* include direct questioning, surveys, interviews, focus groups, experiments, and projective techniques.
* **Figure 1.5** provides an example of a projective technique.

 **Answers to Review and Discussion Questions**

1. ***Based on the definition of consumer behavior, identify some of the consumer behavior-related activities you have engaged in today***.

 Answers should include purchase, use, and disposal activities, such as searching the internet for information related to purchase, buying food at a restaurant, watching a rented movie, and selling something on Ebay.

1. ***What is/are the key difference(s) between customer perceived value and customer delight?***

 Customer perceived value “is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given.” In other words, customer perceived value is the estimated net gain customers receive from their sacrifice of time, money, and effort expended to purchase, use, and dispose of a product or service (benefits vs. costs). Customer delight goes a step beyond customer perceived value, suggesting that customer benefits that not only meet but also exceed expectations in unanticipated ways.

1. ***How do public policy makers use the results of consumer research?***

 Public policy is the establishment of laws and regulations that govern business practice in order to protect consumers. Those interested in shaping public policy study consumer behavior and do research in order to understand the public’s needs and wants, and at the same time protect the pubic from unfair, unethical, or dangerous business practices.

1. ***How might an Interpretivist researcher attempt to examine why more men (versus women) have an emotional attachment to their automobile? How would a behavioral science researcher approach the same question?***

 Answers will vary, but for example, an Interpretivist researcher might engage in a qualitative research project, engaging in-depth interviews with men and women. These interviews would attempt to describe and uncover the reasons behind each group’s emotional attachment. A behavioral science research would most likely engage in a more quantitative study, perhaps measuring several individuals psychological difference variables, and then running statistics to see if the variables vary by each group.

1. ***What is consumer insight?***

Consumer insight lies at the intersection of understanding consumer behavior theory and consumer research. It is a deep, profound “ah-ha moment” type of knowledge of the consumer that comes from integrating traditional marketing research tools with consumer behavior theories. These insights can then structure a company’s thinking and decision-making.

1. ***Define qualitative research and quantitative research and highlight the differences between them. Provide one example of each technique.***

 Quantitative research methods collect *empirical data*, which are numerical data, based on observation, experiment, or experience (rather than speculation or theory) that can be used to perform sophisticated statistical analyses. An example would include an experiment to test the causality between two variables. Qualitative research methods collect descriptive, non-empirical data that can describe an individual consumer’s subjective experience with the product or service. An example would include interviewing physicians about their subjective experiences with their patients.

1. ***Discuss the differences between exploratory, descriptive, and causal research design.***

 Exploratory researchis broad, *qualitative* research done to generate ideas or help further formulate problems for further research and provide guidance for further research. This type of research is often done when little is known about the problem. Descriptive research is more structured and rigid than exploratory research. Descriptive research study is done to describe the characteristics of some group or their behaviors, or to make predictions about trends or variables. The most structured and rigid of the three methods is causal research, which is concerned with identifying and understanding cause-and-effect relationships through experimentation.

1. ***Give an example of a correlational relationship and a causal relationship that you have observed in daily life. Explain how each example illustrates the relationship.***

 Answers will vary, but as an example, consider the correlation between age and far-sightedness. As age increases, far-sightedness increases, thus a positive correlation. A causal relationship could be the relationship between advertising and sales. As advertising increases, this causes an increase in sales. This would be a causal relationship.

1. ***Why is random assignment important in any experiment that seeks to determine causality?***

 Random assignment helps to rule out other possible causes for our results, such as different personalities among participants, varying levels of product knowledge and interest, etc. Random assignment forces these individual differences to cancel out.

1. ***Describe the major differences between secondary and primary data collection, as well as the advantages and disadvantages of each.***

 Secondary data are data that already exist and readily accessible. The advantages of secondary data are that the information is usually readily available, often rich in detail, and may not cost any more than the time and effort it takes to search the Internet or go to the library. The disadvantages of secondary data are that the information may lack currency and relevancy. Primary data are new data collected specifically for the research purpose at hand. The advantages of primary data are that the information is specific and relevant to a specific project, is current, and data collection can be controlled. On the downside, primary data tend to be very expensive and may take a considerable amount of time to collect, organize, and analyze.

**Answers to Short Application Exercises and Managerial Application Challenges**

*Student responses, answers, and examples will vary on these open-ended Short Application Exercises and Managerial Application Challenges.*