

C ONSUMER BEHAVIOR

A Decision-
Making Approach



BERGIEL
&
WALTERS

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A Decision-
Making Approach

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ST60AA
PUBLISHED BY

SOUTH-WESTERN PUBLISHING CO.

CINCINNATI WEST CHICAGO, IL CARROLLTON, TX LIVERMORE, CA

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by South-Western Publishing Co.
Cincinnati, Ohio

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ISBN: 0-538-80200-6

1 2 3 4 5 6 7 8 9 Ki 6 5 4 3 2 1 0 9 8

Printed in the United States of America

Market-driven philosophy is probably the hottest concept today in business practice. And it is not limited to business organizations: many public service organizations, including the post office, health care, public welfare, and even the tax collecting agencies such as the Internal Revenue Service, are interested in being market- or customer-driven organizations.

A number of forces are responsible for this changing focus from technology or operations to market or customers. First, most sectors of the economy in all advanced countries tend to be mature and, therefore, buyers' markets with excess capacities, intense competition, and oligopolistic structures. More importantly, in many industries, customers are both economically powerful and technically sophisticated to make the products or services on their own rather than buy in the market place. In short, customers are capable of becoming competitors. This is especially true in service industries including insurance, telecommunications, and training and education.

Second, in recent years many industries have achieved excellent scale efficiency in their manufacturing and operations, especially following the great successes by the Japanese companies. Quality Circle (QC), Just In Time (JIT), zero defect, and flexible manufacturing concepts have contributed significantly in manufacturing excellence.

The next frontier for both efficiency and effectiveness is marketing. Top management seems to be more and more convinced that a company's competitive advantage or vulnerability lies in the marketing area. Indeed, the marketing productivity challenge may be the next wave of corporate commitment. Obviously, this is creating more interest in a market-driven philosophy.

Finally, with the emergence of a global economy and significant offshore competition in virtually all sectors of an economy, markets are becoming more complex. Domestic market understanding seems to be less useful as companies enter offshore markets. The excellent domestic marketing practices are not doing so well in international markets. Therefore, marketing managers are relying more

on understanding customers and are willing to adjust their marketing programs, where necessary, to succeed in foreign markets.

In short, the modern marketing concept suggested by such eminent scholars as Peter Drucker, Theodore Levitt, and Philip Kotler is finally implemented in marketing practice. Peter Drucker was the first one to suggest that the purpose of business is to create and retain customers. Theodore Levitt talked about the marketing myopia inherent in a technology-driven philosophy; Philip Kotler suggested how the modern marketing concept focuses on customers and their needs, and not on products or sales.

The role of understanding the customer in a market-driven philosophy is obvious. A market is composed of customers and especially the end-user consumers. Knowing why and how they make buying decisions becomes the foundation for the market-driven philosophy. This knowledge base becomes a key competitive advantage for a company.

In this respect, *Consumer Behavior: A Decision-Making Approach* is a very timely textbook. Furthermore, Professors C. Glenn Walters and Blaise Bergiel have written a textbook which has at least three distinctive and unique features as compared to other textbooks in the area.

The first, and probably the most important, unique feature of their textbook is its managerial orientation. Indeed, this may probably be the only textbook in consumer behavior which explicitly addresses the role of product, promotion, price distribution, and service in consumer's decision-making process. In other words, it discusses how the consumer uses information provided by the marketing practice as she or he makes purchase decisions.

Second, I was very pleased to note that the textbook addresses the area of postpurchase behavior, and especially what happens when the consumer is dissatisfied with her or his purchase decision. Customer satisfaction is an extremely important concept for improving marketing efficiency and effectiveness. The textbook discusses such issues as business ethics, consumerism, and complaint behavior as mechanisms for abating consumer dissatisfaction.

Finally, the textbook provides an integrative conceptual framework which is both rich and simple. It focuses on four areas of consumer decision making: problem recognition, search for market related information, evaluation and decision, and post-purchase assessment. These four areas of consumer decision making are then examined in the context of basic determinants (such as needs, perceptions, past experiences, and personality) and environmental influences (such as marketing, family, society, and culture).

I am very pleased that Professors Walters and Bergiel agreed to publish this textbook as part of the marketing series at South-Western Publishing Co.

Jagdish N. Sheth
University of Southern California

It is time for a change in studying consumer behavior. No change is needed in the content of the subject; that has become established since the mid-1960s. We now have a grip on the important variables of consumer behavior, and we are beginning to develop some confidence in the relationships. Consumer behavior has probably come further faster than any previous subject in marketing. Consumer behavior is rapidly maturing as an integral part of the marketing curriculum.

A change is needed, but it is a change in the manner of presenting and teaching consumer behavior. In the past most of our presentation was spent simply describing the internal and environmental variables of consumer behavior. Very little attention was given to the decision process that consumers engage in when acting in the marketplace. It is this decision process that lies at the heart of consumer behavior, and that is where the emphasis has been placed in this new approach to the subject. The book is organized around the steps in the consumer's decision process: problem recognition, search for information, evaluation and decision, and postpurchase assessment. The emphasis is always on the decision process. The basic and environmental determinants of consumer behavior are integrated into this decision process. However, none of these determinants have been slighted in the presentation. This decision-oriented approach to consumer behavior is more logical. It provides an easy flow of material for the instructor without changing the essential components that must be taught. The instructor should feel comfortable with the specific topics presented. This approach solves a major problem for students who had difficulty understanding the relationship between a decision process and the variables of consumer behavior when they were presented as essentially separate subjects. Previous texts spent two or three chapters discussing the decision process and devoted the remainder of the text to a description of the basic and environmental determinants. The decision approach is also inherently more interesting for the teacher and the student. It should aid understanding.

The authors have not neglected the effect that consumer decision making has on business management. Each chapter presents examples relating its subject to business management. Furthermore, each step in the consumer decision process

has two chapters dealing with business policy related to that step. All aspects of business management are included. Market segmentation is covered, as well as are the four P's (product, place, promotion, and price). There are also chapters on international marketing decisions, consumer research, and management's adjustment to change.

This book is written for advanced undergraduate students. A basic knowledge of marketing and the social sciences is assumed, but since we do not expect that the student remembers every detail included in previous courses, some repetition is necessary. The concepts included in the book were selected for their relevance and importance for explaining the consumer decision process. They may sometimes be difficult, but the attempt was made to relate to students rather than to impress scholars or talk down to students. References are used for three purposes in the text. Some refer to specific research findings quoted in the text, some provide in-depth knowledge of the subject under discussion, and some demonstrate positions contrary to those taken in the text.

So many persons have contributed to this book, directly or indirectly, that we cannot publicly thank all of them. However, several persons must be mentioned. We want to thank our Consulting Editor, Jagdish N. Sheth from the University of Southern California, as well as all members of our Marketing Advisory Board. In addition, we thank the reviewers of the text: Gordon C. Bruner II of Southern Illinois University of Carbondale, Stephen W. McDaniel of Texas A & M University, Donna Tillman of California State Polytechnic University, and M. Venkatesan of the University of Rhode Island. Their contributions materially improved the final product.

We thank our secretaries, Debbie Portier, Sherry Schrivner, Jerry Fremin, Hazel Folse, Mona Zeringue, and Margie Guillory, whose help with the typing and technical aspects of the book were invaluable. We thank Dr. Donald Ayo, president of Nicholls State University, Dr. O. E. Lovell, vice-president of Academic Affairs, whose support was important to the development of this book. We also thank Dr. Bill Roe and Rose Edwards.

C. Glenn Walters
Blaise J. Bergiel

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The Nature of Consumer Decision Making

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- II. WHO IS THE CONSUMER
 - A. Consumers Versus Influencers
 - B. Potential and Realized Consumers
 - C. Final Consumers and Industrial Buyers
- III. CONSUMER BEHAVIOR
 - A. Purchase Decision: Goal of Consumer Behavior
 - B. Basic Determinants
 - C. Environmental Influences
 - D. Communication
- IV. MARKETING STRATEGY DEPENDS ON CONSUMER KNOWLEDGE
 - A. Marketing and Marketing Strategy
 - B. Market Segmentation
 - C. Product Policy
 - D. Distribution Policy
 - E. Promotion and Price
- V. CONSUMER DECISION PROCESS
 - A. Problem Recognition
 - B. Search for Market-Related Information
 - C. Evaluation and Decision
 - D. Post-Purchase Assessment
- VI. PLAN OF THE BOOK

CHAPTER OBJECTIVES

After completing your study of Chapter 1, you should be able to:

1. Discuss why we should study consumer behavior.
2. Identify and define who is the consumer.
3. Identify and discuss the key elements of the purchase decision.
4. Describe how marketing strategy depends on consumer knowledge.
5. Identify and explain the key elements of the consumer decision process.

The consumer buying process is so familiar that we tend to accept it as a casual, uncomplicated act requiring little thought. Seldom do we consider the complex business decisions that make products and services available when, where, and how we want to purchase them. Even less attention is devoted to the consumer. What types of inner and external forces are at work that cause the individual to want certain products, why are specific brands and stores preferred over others, and what decision processes led to the final choices? In spite of the experience of every individual as a consumer, these and similar questions are not fully understood. Such questions go to the very roots of human behavior and must be answered before the marketing executive can develop effective marketing strategies to satisfy consumer needs.

This book is about consumers, and how a better understanding of people, in the process of consuming, can lead to more efficient marketing operations.¹ The book is a marketing text because consumers are a basic ingredient in marketing. The emphasis is on the interrelationships between consumers and marketing managers, but the perspective is from the consumer's side of the market. This book is a practical book. It deals with generally accepted concepts that can serve both to specify types of consumer information useful to marketers and to provide insights for interpreting these facts.

WHY STUDY CONSUMER BEHAVIOR

Consumer behavior has two sides. On one side is the consumer, on the other the marketing manager. We are all consumers, but the art of consuming is an inexact activity. Some of us may become marketing managers, and consumer orientation is essential to marketing strategy.

The direct benefit from a clear understanding of consumer behavior is that it can make us all better and more prudent consumers. The improvement can result from:

1. A greater appreciation of the complexity of decisions facing consumers.
2. A better understanding of our own motives and decision processes as consumers.
3. A sounder choice of products, services, brands, and stores.

All individuals should be interested in consumer behavior, because at some point almost everyone becomes involved in buying a product or service. As a buyer an individual makes up one half of the marketing process. In its elemental form,

Photo 1-1

Everyone should be interested in consumer behavior since we are all consumers.

