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BMCB5103
Consumer Behaviour

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BMCB5103 CONSUMER BEHAVIOUR

Dr Lennora Putit

OPEN UNIVERSITY MALAYSIA

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Table of Contents

Course Guide			**ix–xiv**
Topic 1	**Buying, Having and Being**		**1**
	1.1	Consumer Behaviour	2
	1.2	Consumers' Impact on Marketing Strategy	3
	1.3	Marketing Ethics and Public Policy	5
	1.4	Consumer Behaviour as a Field of Study	6
		1.4.1 Segmenting Consumers	7
		1.4.2 Relationship Marketing: Building Bonds with Consumers	8
	Summary		9
	Key Terms		10
	References		10
Topic 2	**Perception, Learning and Memory**		**12**
	2.1	Sensory System	13
		2.1.1 Exposure	14
		2.1.2 Attention	15
		2.1.3 Interpretation	16
	2.2	Learning and Memory	18
	2.3	Behavioural Learning Theories	19
		2.3.1 Classical Conditioning	20
		2.3.2 Instrumental or Operant Conditioning	23
	Summary		24
	Key Terms		25
	References		25
Topic 3	**Motivation**		**27**
	3.1	Motivation Process	28
	3.2	Motivational Theories	29
		3.2.1 Maslow's Hierarchy of Needs	29
		3.2.2 McClelland's Needs Theory	31
		3.2.3 The ERG Theory of Alderfer	32
		3.2.4 Vroom's Expectancy Theory	32
		3.2.5 Goal Setting Theory	33
	3.3	The Nature of Needs	34

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	3.4	Consumer Involvement	36
		3.4.1 Levels of Involvement: From Inertia to Passion	37
		3.4.2 Involvement and Its Different Facets	37
	3.5	Values	39
		3.5.1 Core Values	39
		3.5.2 Application of Values in Consumer Behaviour	39
	Summary		40
	Key Terms		41
	References		42
Topic 4	**The Self, Personality and Psychographics**		**43**
	4.1	The Self	44
	4.2	Sex Roles	45
	4.3	Body Image	45
	4.4	Personality	46
		4.4.1 Theories on Personality	47
		4.4.2 Consumer Innovativeness and Related Personality Traits	52
		4.4.3 Brand Personality	54
	4.5	Psychographics	54
		4.5.1 Activities, Interests and Opinions (AIOs)	55
		4.5.2 Psychographic Segmentation Typologies	56
	4.6	Dark Side of Consumer Behaviour	57
	Summary		58
	Key Terms		59
	References		60
Topic 5	**Attitudes and Persuasion**		**61**
	5.1	Attitude and Its Characteristics	62
	5.2	Theories on Formation of Attitude	62
		5.2.1 Functional Theory of Attitudes	63
		5.2.2 The ABC Model of Attitudes	64
	5.3	Multi-Attribute Attitude Model	66
	5.4	Forming Attitudes	70
	5.5	Attitude Change Strategies	71
	Summary		73
	Key Terms		74
	References		74

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Topic 6	**Decision Making**	**75**
	6.1 Four Views of Consumer Decision Making	76
	6.2 Levels of Decision Making	77
	6.3 Consumer Decision-Making Model	78
	Summary	85
	Key Terms	85
	References	86
Topic 7	**Buying and Disposing**	**87**
	7.1 Factors Affecting Consumer Behaviour	88
	7.2 Antecedent States	90
	7.3 Shopping Orientation: Is Shopping a Burden or an Adventure?	90
	7.4 Purchase Environment	92
	7.4.1 In-store Decision Making	92
	7.5 Post-Purchase Processes in Consumer Decision Making	94
	Summary	95
	Key Terms	96
	References	96
Topic 8	**Organisational and Household Decision Making**	**97**
	8.1 Collective Decision Making	98
	8.1.1 Categories of Organisational Buyers	99
	8.1.2 Decision Roles in the DMU	100
	8.1.3 Differences in Decision Making Between Organisations and Individual Consumers	102
	8.2 Processes Involved in the DMU	103
	8.3 The Family	104
	8.3.1 Children as Decision Makers and Their Influential Tactics in Decision Making	104
	8.3.2 Family Life Cycle	106
	8.3.3 Household Decisions	107
	Summary	108
	Key Terms	109
	References	109
Topic 9	**Reference Group and Social Media**	**110**
	9.1 Types of Reference Group	111
	9.1.1 Types of Reference Group Influence	112
	9.1.2 Types of Social Power	113
	9.2 Opinion Leadership	115
	9.2.1 Characteristics of Opinion Leadership	116
	9.2.2 Identification of Opinion Leadership	117

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9.3 Word-of-Mouth Communication 117
9.4 Social Media 119
Summary 121
Key Terms 122
References 122

Topic 10 Other External Factors Influencing Decision Making 124
10.1 Social Class 125
10.1.1 Dimensions of Social Class 127
10.2 Lifestyles 129
10.3 Culture 129
10.3.1 Culture and Its Underlying Traits 131
10.3.2 Culture and Its Four Dimensions 132
10.4 Subculture 134
10.5 Intra-National Culture 135
10.6 National Culture 135
10.7 Cross-National Culture 136
Summary 137
Key Terms 138
References 138

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COURSE GUIDE

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COURSE GUIDE DESCRIPTION

You must read this *Course Guide* carefully from the beginning to the end. It tells you briefly what the course is about and how you can work your way through the course material. It also suggests the amount of time you are likely to spend in order to complete the course successfully. Please keep on referring to the *Course Guide* as you go through the course material as it will help you to clarify important study components or points that you might miss or overlook.

INTRODUCTION

BMCB5103 Consumer Behaviour is one of the courses offered at Open University Malaysia (OUM). This course is worth 3 credit hours and should be covered over 8 to 15 weeks.

COURSE AUDIENCE

This course is offered to all learners taking the Master of Business Administration programme. This module aims to introduce learners to the concepts, issues, theories and applications of consumer behaviour. Understanding such concepts and theories would enable marketers to develop more effective marketing strategies, which can then influence consumers' decision-making processes when it comes to consumption.

As an open and distance learner, you should be acquainted with learning independently and being able to optimise the learning modes and environment available to you. Before you begin this course, please ensure that you have the right course materials, and understand the course requirements as well as how the course is conducted.

STUDY SCHEDULE

It is a standard OUM practice that learners accumulate 40 study hours for every credit hour. As such, for a three-credit hour course, you are expected to spend 120 study hours. Table 1 gives an estimation of how the 120 study hours could be accumulated.

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Table 1: Estimation of Time Accumulation of Study Hours

STUDY ACTIVITIES	STUDY HOURS
Briefly go through the course content and participate in initial discussions	5
Study the module	60
Attend 3 to 5 tutorial sessions	15
Online participation	10
Revision	10
Assignment(s), Test(s) and Examination(s)	20
TOTAL STUDY HOURS ACCUMULATED	**120**

COURSE OUTCOMES

By the end of this course, you should be able to:

1. Describe consumer behaviour concepts, processes, issues and applications;
2. Evaluate various theories, researches and marketing applications from various perspectives;
3. Conduct activities and research related to consumer behaviour;
4. Explain the importance of consumer behaviour and its impact on individuals, marketers and society as a whole; and
5. Apply the knowledge of consumer behaviour for self-reflection and development.

COURSE SYNOPSIS

This course is divided into 10 topics. The synopsis for each topic is listed as follows:

Topic 1 gives an overview of psychology and consumer behaviour, the impact of consumers on marketing strategy, as well as marketing ethics, public policy and relationship marketing.

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Topic 2 exposes learners to the concept of perception which involves sensory system, exposure, attention, interpretation and learning. The study of perception focuses on what we add to or take away from these raw sensations as we choose which to notice, and then go about assigning meaning to them. This topic emphasises that people undergo stages of information processing in which stimuli are input and stored.

Topic 3 explains what consumer motivations are all about. It reflects stimulating forces that activate behaviour as well as provide purpose and direction to the said behaviour. There are numerous motivation theories that we can learn to understand why humans are motivated to undertake certain behaviours as compared to others.

Topic 4 describes personality and in what way these psychological characteristics determine how an individual reacts to his environment. Several theories are highlighted in this topic pertaining to development of personality. Brand personality also is explained in association with consumers' feelings and emotions towards a particular brand.

Topic 5 describes attitude and its formation. Attitude reflects a learned tendency to behave consistently in a favourable or unfavourable manner with respect to a given object. Several models of attitude are discussed in this topic such as the Functional Approach model, ABC model and Multi Attribute model among others. Strategies of attitude change are also discussed, to which marketers could apply these strategies in their advertising.

Topic 6 focuses on consumer decisions and the four views of decision making. The different levels of the consumer decision-making process are also explained which involve extensive problem solving, limited problem solving and routinised problem solving.

Topic 7 examines consumers' decision-making processes as they choose between various alternative purchasing behaviours. The main focus is on purchase choices of products, brands or services. Decision making is treated as a problem solving process to which the consumers' cognitive representation of the main issue is the ultimate key in understanding the process. Extensive problem solving occurs when consumers do not have any established criteria for evaluating an item within a product category.

Topic 8 emphasises organisational decision making processes and also collective decision making. Organisational buyers are introduced and the members of the decision-making unit are elaborated on. We will also explore the factors that affect the organisational buyer's perceptions of a purchase situation. The role of family in a consumer's decision-making process is also discussed in this topic. The family

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unit entails the system within a group of people related by birth or marriage or an extended family. Most of these groups make decisions collectively on behalf of the system that they are currently in.

Topic 9 focuses on reference groups and social media. It explains the different types of reference groups and highlights the different types of power that the groups uses on its people. In this topic, the Word of Mouth (WOM) campaign, highlighting both negative and positive WOM is emphasised. The strategies in dealing with WOM by marketers are also discussed. Finally, social media is also touched on and its impact on consumer behaviour is also highlighted.

Topic 10 highlights the importance of other external factors that may shape an individual's consumption behaviour. Social class exists everywhere in any society. As marketers, it is imperative to recognise the different groups of social groups, understand their needs and apply appropriate strategies to meet the demands of these groups. In addition, lifestyles also play a part in affecting consumer behaviour. It is not static and is continually changing, depending on the circumstance that customers are in at that time. This topic also explains about culture, which is very unique and represents a society's personality.

TEXT ARRANGEMENT GUIDE

Before you go through this module, it is important that you note the text arrangement. Understanding the text arrangement will help you to organise your study of this course in a more objective and effective way. Generally, the text arrangement for each topic is as follows:

Learning Outcomes: This section refers to what you should achieve after you have completely covered a topic. As you go through each topic, you should frequently refer to these learning outcomes. By doing this, you can continuously gauge your understanding of the topic.

Activity: An Activity component is also placed at various locations or junctures throughout the module. This component may require you to solve questions, explore short case studies, or conduct an observation or research. It may even require you to evaluate a given scenario. When you come across an Activity, you should try to reflect on what you have gathered from the module and apply it to real situations. You should, at the same time, engage yourself in higher order thinking where you might be required to analyse, synthesise and evaluate instead of only having to recall and define.

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Summary: You will find this component at the end of each topic. This component helps you to recap the whole topic. By going through the summary, you should be able to gauge your knowledge retention level. Should you find points in the summary that you do not fully understand, it would be a good idea for you to revisit the details in the module.

Key Terms: This component can be found at the end of each topic. You should go through this component to remind yourself of important terms or jargon used throughout the module. Should you find terms here that you are not able to explain, you should look for the terms in the module.

References: The References section is where a list of relevant and useful textbooks, journals, articles, electronic contents or sources can be found. The list can appear in a few locations such as in the *Course Guide* (at the References section), at the end of every topic or at the back of the module. You are encouraged to read or refer to the suggested sources to obtain the additional information needed and to enhance your overall understanding of the course.

PRIOR KNOWLEDGE

This is an introductory course. There is no prior knowledge needed.

ASSESSMENT METHOD

Please refer to myINSPIRE.

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Topic 1 ▶ Buying, Having and Being

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define behaviour and consumer behaviour;
2. Explain how to study the behaviour of consumers;
3. Discuss marketing's impact on consumers; and
4. Explain the influence of the demographic dimension on an individual's purchase decisions.

▶ INTRODUCTION

Consumer behaviour is a process involving the decision and act of an individual prior to purchasing and consuming choice products and/or services. In this topic, you will be exposed to what consumer behaviour is all about. Previous literature has already shed light on the nature of consumer behaviour and identified the factors involved that may influence an individual's propensity to act or his adoption of a particular action.

For example, Ali decides to purchase a new pair of school shoes because the old ones were worn out and was not safe to use anymore. However, his decision is influenced by both internal and external factors that may shape his overall decision of purchasing.

Internal factors involve decisions regarding motivation, learning and personality traits. External influencing factors may include lifestyle, socioeconomic background as well as the circle of reference groups.

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Another illustration is as follows: Ash and John are both starting their studies in architecture at a university. Both were awarded bursaries due to their excellent academic achievement during their foundation years in college. The terms and conditions of these bursaries allow them to spend a portion of their money on a personal laptop and relevant software with which to do their respective assignments.

With the bursaries received, both of them went all out to search for relevant information with regards to the type of computer brand and specification needed since it would involve a lot of money to invest in such a purchase. This is a simple illustration of consumer buying behaviour, to which, it involves the process of undertaking a relevant information search prior to making purchasing decisions of the laptop as a result of the student bursaries received.

1.1 CONSUMER BEHAVIOUR

Schiffman, Kanuk and Wisenblit (2010), Solomon (2011) as well as Hawkins and Mothersbaugh (2013) define consumer behaviour as a study of individuals, groups or organisations and the processes that they are using to select, secure, use and dispose of products, services, experiences or ideas. The objective is to satisfy needs and to realise the impact that these processes have on consumers and society.

There are several highlights to consider here:

(a) Behaviour occurs either in a particular individual, or a group or organisation. For example, a group of friends may influence the type of clothes that a person wears. In an organisation, the relevant people would make decisions (for example, what kinds of clothes that a person wears) or an organisation (for example, people on the job make decisions as to which products the firm should use).

(b) Consumer behaviour involves actions in purchasing, product usage and disposal as well as decisions made with regards to the goods purchased. It involves both tangible and intangible products.

(c) The impact of consumer behaviour on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing strategy of easy financial credit may have serious setbacks on the national health and economy of many nations.

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As business players, it is the right of every firm and organisation to study consumers in order to improve their marketing strategies by understanding psychologically related issues as follows:

(a) How do consumers think, feel, reason and select between different alternatives (for example, products, brands, services and retailers)?;

(b) How are consumers influenced by their environment (for example, culture, family, friends, peers, signs and media)?;

(c) How do consumers behave while shopping or making other marketing decisions?;

(d) To what extent do limitations in consumer knowledge or information processing abilities influence decisions and marketing outcomes?;

(e) How do consumers' motivation and decision strategies differ between products in terms of their level of importance or interest for the consumer?; and

(f) How can marketers adapt and improve their marketing campaigns and marketing strategies towards effectively reaching the consumer?



SELF-CHECK 1.1

1. What is behaviour?
2. Briefly describe consumer behaviour.



ACTIVITY 1.1

How can we study the behaviour of consumers? Discuss with your coursemates.

1.2 CONSUMERS' IMPACT ON MARKETING STRATEGY

In understanding consumer behaviour, any business organisation would be able to achieve several core competitive advantages. What is **competitive advantage**? It is the ability to be strategically competitive in the relevant business and the fact that the ability to move ahead and continually innovate makes them a market leader against the rest of competitors repeatedly.

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A classic example is Apple Inc., an American multinational technology firm with its headquarters based in Cupertino, California. It is the world's largest information technology company by revenue and total assets (Chen, 2015), as well as the world's second-largest mobile phone manufacturer based on volume after Samsung (Dent, 2015). Apple Inc. is globally known as a company that continually designs, develops and sells consumer electronics, computer software, and online services ahead of the crowd in the said sectors. Amongst the current most marketable products in the global marketplace include a range of Apple smartphones, AirPods and iPods respectively.

Several core competitive advantages can be achieved by businesses if they continuously aim to understand and meet the needs of targeted consumers in the marketplace. The following further elaborates these points:

(a) Companies are able to develop a more effective marketing strategy that caters to the needs and wants of their targeted audience. A marketing strategy is developed to create better marketing campaigns. For example, if marketers are able to understand consumers' needs, they would be able to market products and services effectively. Also, it is pertinent that companies with new products in the market to be financially stable until their products become successful. To reiterate, Apple is considered one of the world's largest technology companies that continuously come up with innovative products and models based on their marketing principle: Apple sells ideas and not products.

(b) Understanding consumer needs may also enable marketers to create social marketing. **Social marketing** is an activity that enables conceptual business ideas to cascade down to consumers more than the actual product selling. The main objective is to develop and integrate **marketing** concepts with other approaches to influence behaviours that can benefit individuals and communities for the greater **social** benefit. For example, a businesswoman, who is the founder of several companies involved in health and beauty products and services, uploads weekly videos via YouTube on techniques to create business opportunities for her social media followers. They range from selling backyard agriculture produce to middlemen at the wet market or even live hen stocks to resellers.

(c) Studying consumer behaviour could also create better consumers. For example, if you buy one litre liquid bottle of laundry detergent, you should pay less per millilitre than if you bought two 500 millilitre bottles. In practice, however, you often pay a size premium by buying the larger quantity. In other words, in this case, knowing this fact will warn you to check the unit cost labels to determine if you are really getting a bargain.

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In analysing the market, there are several categories of stakeholders that may need to be analysed such as the internal and external business stakeholders. These include managers, employees, business owners, board of directors, suppliers, customers, policy makers, financial creditors and society at large. The external customers are the most important stakeholders that companies should be critically taking care of. At the same time, there is also a need to review the company's strengths and weaknesses alongside competing firms. To illustrate this, when marketers need to market a product aimed at the older generation such as food health supplements, the marketer needs to evaluate the potential opportunities and threats affecting this particular sector. Competitors also need to be further assessed. Figure 1.1 illustrates the types of stakeholders that business companies deal with.

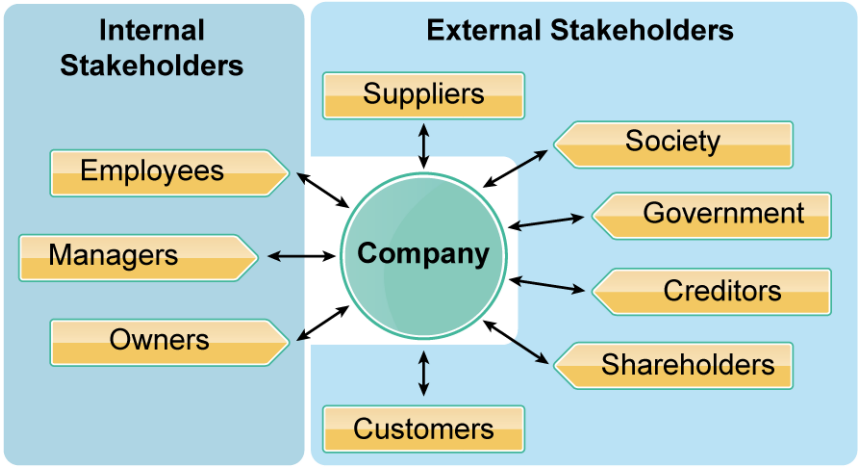


Figure 1.1: Types of stakeholders

SELF-CHECK 1.2

What are the advantages of studying consumer behaviour in terms of marketing strategy?

1.3 MARKETING ETHICS AND PUBLIC POLICY

Marketing ethics are important in conducting business. In dealing with consumers, business operators not only should think along the lines of profitability but also the need to be ethically motivated as well. What is business ethics? **Business ethics** are rules of conduct that guide actions amongst sellers and buyers in the marketplace; the standards against which most people in a culture judge what is right and what is wrong, good or bad (Solomon, 2011).

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In ethics, several values that most practices universally include are:

(a) Honesty;

(b) Trustworthiness;

(c) Fairness;

(d) Respect;

(e) Justice;

(f) Integrity;

(g) Concern for others;

(h) Accountability; and

(i) Loyalty.

1.4 CONSUMER BEHAVIOUR AS A FIELD OF STUDY

According to Bennett (1995), consumer behaviour is considered a dynamic process involving affect and cognition, behaviour and the environment, to which people carry out their lives. It is able to shape how humans behave within oneself, or within the environment that he is in. Because of such a dynamic process, consumer behaviour can be viewed in many ways to assist stakeholders of interest in this particular field, public, profit or not for profit sectors alike.

Consumer behaviour has been studied by many scholars and practitioners alike in an attempt to unravel the mechanics of why and how consumers behave in a particular manner. The studies have been widely researched and entwined with other behavioural sciences such as psychology, social psychology, sociology and cultural anthropology (Ajzen & Fishbein, 1969; Ajzen, 1971; Fishbein & Ajzen, 1975; Ajzen, 1985).

Consumer behaviour has also been widely tested in various behavioural settings, ranging from individuals' dieting patterns (Conner, Martin, Silverdale, & Grogan, 1996), marijuana or cannabis use (Conner & McMillan, 1999), leisure behaviour (Hrubes, Ajzen, & Daigle, 2001), attendance at sporting events (Cunningham & Kwon, 2003), to consumers' online shopping in the virtual world of the digital environment, that is, the World Wide Web or the Internet (Putit, 2008).

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Most of these studies have shown that individual behaviour is indeed a complex process. In sum, consumer behaviour is not only about understanding how consumers behave, but is also engaged in developing effective marketing strategies to provide the needs and wants of these target groups. In doing so, it is also equally pertinent for us to look at how consumers are segmented based on various consumption and demographic characteristics in an attempt to fully capture the unpredictable demands of consumers.

1.4.1 Segmenting Consumers

As marketers, there is a need to segment consumers by identifying their group characteristics that are similar to one another in one or more ways and then devise strategies that appeal to one or more groups. There are many ways to segment a market. In general, companies can define market segments by identifying their core customers or **heavy users**. This segment refers to those that are very likely to adopt and purchase products or services rendered by business companies.

Consumers can be segmented based on demographics, geographic, psychographic and behavioural characteristics (Putit, Teoh & Amily Fikri, 2015):

(a) **Demographics** are statistics that measure observable aspects of a population such as birth rate, age distribution, family structure, gender, marital status, race, ethnicity, social class and income. For example, the population of students in a university and a male-only customers at a golf club.

(b) **Geographic** attributes refer to characteristics that are defined by location or zone. Example includes the presence of retail customers in both Peninsular and East Malaysia.

(c) **Psychographic** attributes reflect an individual's attitude, personality, lifestyle, social class and culture. For example, customers who are more prone to purchase only green based products as a result of their environmental orientation.

(d) **Behavioural** attributes refer to consumers' usage, acceptance rate, loyalty behaviour, customer satisfaction, purchase readiness and level of behavioural intention. Any purchase decision would be based on customers' behavioural preferences. For example, a customer's preference for Louis Vuitton products only out of loyalty.

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1.4.2 Relationship Marketing: Building Bonds with Consumers

Relationship marketing occurs when a company makes an effort to interact with customers on a regular basis, providing them with reasons to maintain a bond with the company over time (Ciotti, 2016). It is a strategy that emphasises the need for customer retention, satisfaction and lifetime customer value.

In other words, relationship marketing is based on the principle that exchanges occur over time, and that an expectation is established when there are exchanges occurring in future (Ciotti, 2016). For example, when marketers are engaging with customers by providing value-added services such as membership cards, there is an expectation that these customers will become more loyal over time and become more attached to the seller, resulting in customer retention behaviour.

A long-term relationship leads to lower relationship costs and higher profits. Many organisations undertake loyalty programmes based on this simple but effective principle. One good example is whereby many retail organisations come up with loyalty programmes through membership signing, by rewarding customers with points each time they purchase at the said retail outlets. In return, these points can be redeemed for cash vouchers or to top up purchase amount of goods bought, hence resulting in customers continuously doing the purchase transaction so that more points can be earned, which can be exchanged for cash vouchers and such.

Figure 1.2 illustrates how the concept of relationship marketing evolves from the traditional approach of broadcasting to potential target markets to the latest technology approach of creating customer networks in an attempt to gain their satisfaction, trust and loyalty in the long run.

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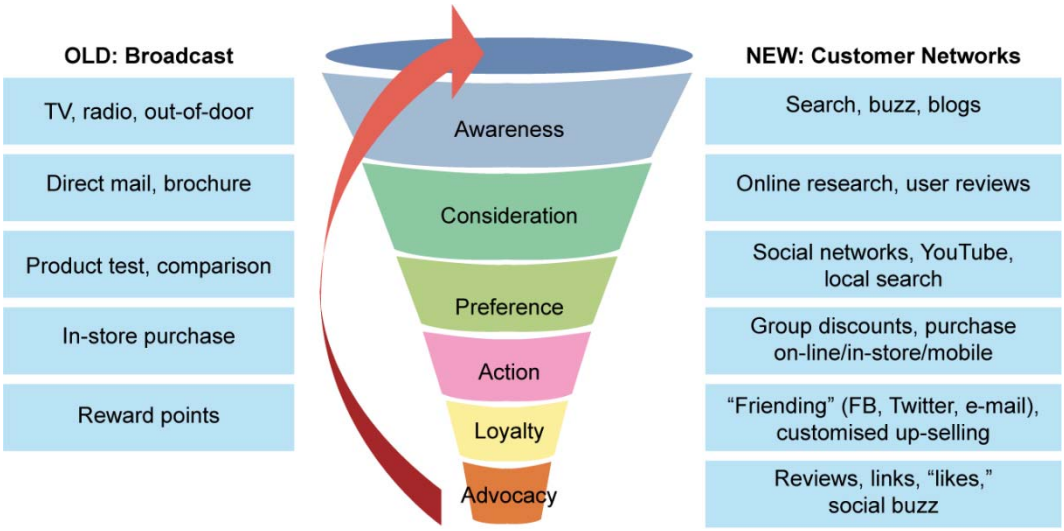


Figure 1.2: Rethinking the marketing funnel
Source: Rogers (2011)

ACTIVITY 1.2

1. Describe yourself demographically. Does this influence your purchase patterns?
2. How could a marketer find out about you in terms of demographics?
3. Describe one purchase occasion where a demographic dimension had an impact on your purchase decision.

SUMMARY

- Behaviour occurs in a particular individual, a group or an organisation. In one sense, friends may influence the type of clothes that a person wears. On the other hand, relevant people may make decisions in an organisation which involves product or marketing strategies.

- Consumer behaviour reflects actions in purchasing, product usage and disposal as well as decisions made with regards to the goods purchased. It is dynamic because aspects of thinking, feeling and action of consumers, consumer groups and even society at large are forever changing.

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- By understanding consumers' needs and wants, marketers are more able to develop strategies that meet customers' expectations. It may create social marketing, a concept that looks into ideas cascading down to consumers more than actual product selling.

- In dealing with consumers, business operators not only should think of profitability but also the need to be ethically motivated as well in serving consumers and society at large.

- Consumer behaviour is regarded as a field of study in marketing by being able to segment market according to demographic, psychographic, geographic and behavioural patterns.

KEY TERMS

Buyer	Ethics
Consumer	Marketing strategy
Customer	Purchase
Decision making	Seller



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Topic 2 ▶ Perception, Learning and Memory

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define sensory system;
2. Discuss how perception is defined by the perceptual process;
3. Elaborate the three basic principles of Gestalt psychology;
4. Describe classical conditioning; and
5. Explain the classical conditioning theories.

▶ INTRODUCTION

This topic highlights the need to look into perception which refers to the process by which sensations (light, colour, taste, odours and sound) are selected, organised and interpreted. In understanding perception, humans undergo various stages of information processing which involves inputting and storing stimuli. This is different from computers because humans are only able to process a small amount of information (stimuli) that are available to them. Even a small amount of stimuli is attended to and given relevant meaning.

The perceptual process is made up of three stages: exposure, attention and interpretation. In addition, this topic also looks at the importance of learning and memory and how it affects consumers' decision making processes. Figure 2.1 illustrates the perceptual process.

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Figure 2.1: The perceptual process
Source: Adapted from Solomon (2011)

2.1 SENSORY SYSTEM

The perception of an environment requires consumers to use their physical senses. Sensory exposure occurs when a stimulus such as the smell of delicious biscuits in a shopping mall or a printed advertisement in the newspaper, is detected by physical senses. When talking about senses, we generally think about our primary senses and that includes sight, hearing, smell, taste and touch. The human body's first and immediate response to a stimulus is called a sensation. Sensation involves the gathering of data from the sensory organs and nervous systems which is then sent to the brain for processing and interpretation (see Figure 2.2).

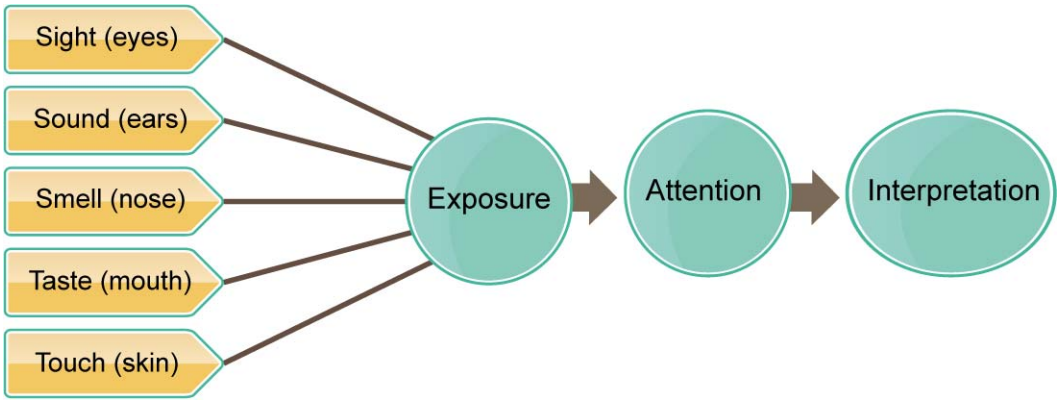


Figure 2.2: Sensory systems and the perceptual process
Source: Adapted from Solomon (2011)

In marketing, each of these sensations is discussed and placed into proper context of marketing usage and attention attraction. This is because its stimuli have important sensory qualities. Consumers generally depends on colours, odours, sounds, tastes and textures (the "feel" of products) when forming evaluations of them.

From a marketing perspective, perceptual positioning helps to match consumers' perceived characteristics of a product or service with the product or service's market position. The next subtopic will explain further the three main categories of the perceptual process and how this process assists towards forming consumers'

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perceptions on how they view the environment affecting their shopping and purchasing decision making.



SELF-CHECK 2.1

1. Define sensory system.
2. Is perception a reality?
3. Explain how perception be defined by the three stages of exposure, attention and interpretation.

2.1.1 Exposure

How do our sensory receptors pick up sensations? It is through the concept of **exposure**. Exposure is the degree to which people notice a stimulus that is within range of their sensory receptors. At this stage, a stimulus must be presented at a certain level of intensity before it can be detected by sensory receptors. A consumer's ability to detect whether two stimuli are different (the differential threshold) is an important issue in many marketing decisions (such as changing the package design, altering the size of a product or reducing its size). One element within the exposure area is that of subliminal perception.

Selective exposure is the control that the consumer has over what he wants to see, hear, smell, taste or touch. What is meant by this? It means that a consumer will pay attention to the stimuli (see, hear, smell, taste or touch) which is important to him; or which is so strong that it will just grab his attention. To make this point clearer, let us look at Nicol David as an example. In this example, the giant poster of Nicol David catches the eye (attention) of the consumer. Most likely, the consumer will admire Nicol David. It is possible that he has also seen posters of other well-known squash players there but he only admires Nicol David – therefore, he will pay attention only to this particular poster. He controls whom he wants to pay attention to. In other words, he is being selective.

Selective exposure happens because there are too many products and too little time for customers to pay attention to all of them. As a result, the human brain creates filters that help to identify those products that are important to them. This makes it easier to shop for products, as there are now fewer of them to consider.

Let us consider the Nicol David illustration again. The poster is a giant poster. Let us assume that the posters of the other squash players are much smaller in size. Other consumers there who might not even be admirers of Nicol will turn to look at the giant poster because its huge size makes it outstanding. This is the second

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instance of selective exposure – the stimulus (giant poster) is so strong that it grabs the attention of the people passing by, whose brains tell them to pay special attention (selective exposure) to it. As a result of selective exposure, consumers often fast forward the show or avoid advertisements by changing channels.

2.1.2 Attention

All marketers would like to gain the consumer's attention. **Attention** refers to the extent to which processing activity is devoted to a particular stimulus. There are barriers that prohibit effective attention (perceptual selection, perceptual vigilance, and perceptual defence).

Based on the capacity theory of attention, Kahneman (1973) stated that attention is associated with selection, to which individuals tend to process information from only one part of the environment and excluding other parts. It is also divisible and limited. Attention is divisible only when mental efforts are at lower levels, but become more unitary when it comes to higher level of mental efforts. Hence, it is also considered a matter of degree when allocation of attention is given with limited capacity, resulting in the said divisible attention.

The characteristics of attention can be described as follows:

(a) **Selective**
We decide what we want to pay attention to. A fan of David Beckham will most likely only look at advertisements that feature him and no one else. Hence, in a sports shop with many other products endorsed by other famous footballers, this same fan will most likely walk over to the counter that sells David Beckham endorsed sports equipment.

(b) **Divisible**
A consumer's attention can be divided. For example, while studying for an exam, a student could also be listening to songs in his earphones at a famous coffee retail outlet. On this note, marketers prefer to have the consumer's undivided attention. This can be undertaken by developing and applying specific marketing strategies that can warrant the consumers or students undivided attention to a specific brand or product available at that outlet.

(c) **Limited**
Generally, consumers have a short attention span. They do not spend too much time examining a product (or looking at its advertisement) unless it is of considerable interest to them. For example, geeks like computers and ladies usually go for cosmetics. This is why marketers are always looking for the next "big thing" to retain their customer's long-term attention.

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2.1.3 Interpretation

If a message has captured the consumer's attention, the message must be correctly interpreted to be of value. Interpretation is much needed in an attempt for us make sense of the world around us. In understanding consumer interpretation, we need to also consider stimulus organisation, interpretational biasness and semiotics.

(a) **Stimulus Organisation**

There are many ways of priming, which is, activating the schema. They all involve using different stimuli. However, these stimuli are more effective if they are organised in a proper way. One such way is to use **Gestalt** psychology which says that people respond to a total set of stimuli, rather than to individual stimulus. This is why, these days, marketers use the total approach when it comes to priming consumers' schemas. There are three basic principles that marketers often borrow from Gestalt psychology, as shown in the following sections.

(i) **Closure Principle**

Closure principle reflects how people tend to "see" a complete picture even when the picture is incomplete. They tend to "fill in the blanks" using their past experiences. Marketers frequently use this principle. They play a part of their radio jingle and listeners will hum the rest of it in their heads, a perfect example of capturing the attention of the consumer.

(ii) **Similarity Principle**

Similarity principle reflects how people tend to group together with those that exhibit similar physical characteristics. Marketers often use this approach in their package design to give their products a "family look", thereby making it easier for consumers to identify those products and to relate them back to the marketer.

(iii) **Figure-ground Principle**

Figure-ground principle is a part of a stimulus, to which a figure will dominate (**figure**) and be the main focus, whilst the other parts will remain in the background (**ground**). A good analogy for this would be a photograph where the figure of a man is sharp and clear (**in focus**) but the background has purposely been left blur (**out of focus**). Naturally, when this happens, the attention of the person is drawn to the part which is sharp and clear (the figure). Sometimes, marketers reverse the process and make the ground the object of the focus. Whatever the case may be, the objective is to direct the attention of the consumer to the part that the marketer wants the consumer to see.

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(b) **Bias in Interpretation**

Bias in interpretation – the observer's past experiences, needs and expectations might well create a story which is different from the intention of the marketer The history of marketing is full of advertising campaigns and product launches that have failed because the consumers only saw what they wanted to see (**interpretational bias**). As a result, marketers have tried to influence consumers' interpretation through imagery usage and other forms of techniques. To a large extent, they have succeeded because consumers are often unaware that they are being manipulated (**influenced**). Two such ways by which marketers reduce bias in interpretation are **semiotics** and **hyper-reality**.

(c) **Semiotics**

This is the art and science of attaching meanings to symbols. Symbols can be signs, logos, words and any graphical representation. Semiotics can be understood in terms of its three parts – the **object**, the **sign** and the **interpretant**. For example, Ferrari cars are strongly associated with their symbol, the prancing horses. In this case, the Ferrari car is the object, the prancing horses is the sign and the meaning that we attach to this symbol is the interpretant – strong, fast and regal.

Hence, by association, Ferrari sports cars are also strong, fast and regal. This association did not happen overnight. Instead it took a significant number of years for it to happen. Frequent repetition of this semiotic identity is the key. Of course, it helps that Ferrari sports cars are also of high performance, expensive and distinctive. Be aware that it does not work if the product cannot support the semiotic association.

Nike also makes very good use of semiotics. Their sign, the "swoosh" logo and their trademarked statement, "Just do it" have changed the image of Nike from that of a sports shoe company to just one word, that is, lifestyle. The logo does not mention anything about shoes, but embraces the state of mind that reflects the spirit of the generation.



SELF-CHECK 2.2

1. Explain the terms perception, exposure, attention and interpretation.
2. Explain the three basic principles of Gestalt psychology.
3. What is bias in interpretation?
4. What are semiotics? Can sound be semiotic? Explain.

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ACTIVITY 2.1

1. Assume that you are the marketing manager of Harley Davidson motorcycles. Explain how you can use Gestalt psychology to make an attention grabbing advertisement for it.

2. Close your eyes and picture yourself shopping at a mall. Visualise that the store is completely silent. After a few seconds, ask yourself of how you feel. Share here how this has affected your shopping experience. What are other ways you think that marketers might use sound to stimulate your purchasing.

2.2 LEARNING AND MEMORY

Learning is a relatively permanent change in behaviour that is caused by experience (Schiffman, Kanuk & Wisenblit, 2010; Solomon, 2011; Hawkins & Mothersbaugh, 2013). Instead of direct experience, the learner can learn vicariously by observing events that affect others. As individuals, we can learn without even really trying, and this can be done by using observing brand names on shelves. This casual, unintentional acquisition of knowledge is called **incidental learning**.

Learning is also an ongoing process. Knowledge needs to be continuously renewed and revised based on the experience, and exposure to new stimuli as well as receipt of feedback. Learning involves many aspects and that can range from a simple association between stimuli (for example, product and logo) and a response; to more challenging cognitive based issues (for example, product, service, brand and logo).

Learning also involves retrieval of memory based on the experience that has occurred in the past. **Memory** reflects the means in which past experiences are drawn in an attempt to apply such information at present day (Sternberg, 1999). In other words, it involves processes of storing and retrieving of information from our mind.

The role of memory in the learning process is a major emphasis in this topic. Memory refers to the storage of learned information (Putit, Teoh, & Amily Fikri, 2015). The way information is encoded when it is perceived, determines how it will be stored in memory. Consumers have different forms or levels of memory. The memory systems are known as sensory memory, short-term memory and long-term memory. Each plays a role in retaining and processing information from the outside world.

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2.3 BEHAVIOURAL LEARNING THEORIES

Behavioural learning theories (BLT) refer to the process where learning takes place as a result of responses to external events. The following are some aspects to consider about these theories:

(a) With respect to these theories, the mind can be perceived as being a "black box" and observable aspects of behaviour are emphasised (see Figure 2.3).

(b) The observable aspects consist of things that go into the box (the stimuli – or events perceived from the outside world) and things that come out of the box (the responses – or reactions to these stimuli) (see Figure 2.4).

(c) It is normally sealed and no one can see what is inside.

(d) However, we can still sense what is inside by selecting or presenting stimuli to the black box.

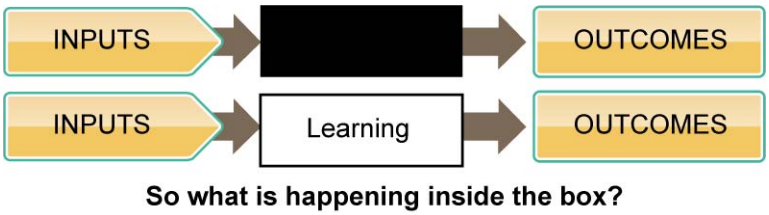


Figure 2.3: Learning as a black box
Source: https://image.slidesharecdn.com/1660102/95/a-brief-history-of-learning-theory-2-728.jpg?cb=1248669006

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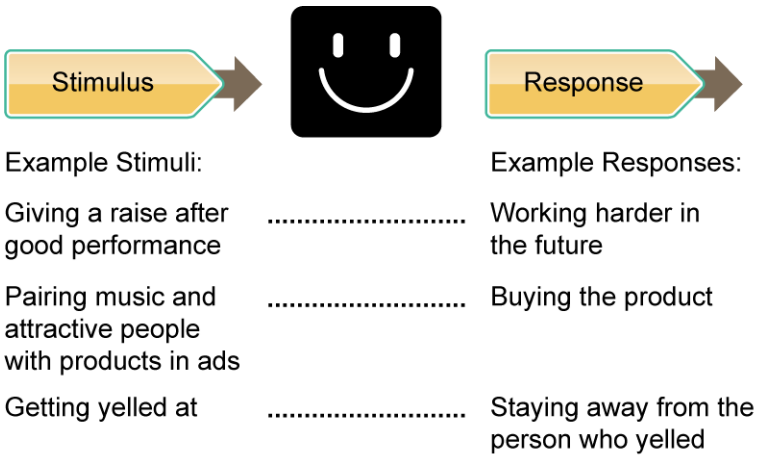


Figure 2.4: From stimulus via black box to response
Source: https://image.slidesharecdn.com/behaviorismvscognitiveblackbox-110628171610-phpapp01/95/behaviorism-vs-cognitive-black-box-6-728.jpg?cb=1310130297

There are two types of BLT represented by two views, that is, **classical conditioning** and **instrumental conditioning**. These theories assert that people's experiences are shaped by the feedback they receive as they go through life. People also learn that actions they take result in rewards and punishments, and this feedback influences the way they will respond in similar situations in the future.

Some psychologists believe that the abovementioned two learning theories cannot fulfil the total human learning that takes place, leading to another theory called **cognitive learning**. Cognitive learning occurs as the result of mental processes (Solomon, 2011). For example, observational learning takes place when the consumer performs a behaviour as a result of seeing someone else performing it and being rewarded for it. However, we will focus on the classical conditioning and instrumental conditioning in the following subtopics.

2.3.1 Classical Conditioning

Classical conditioning occurs when a stimulus that elicits a response is paired with another stimulus that initially does not elicit a response on its own. Over time, this second stimulus causes a similar response because it is associated with the first stimulus (see Figure 2.5).

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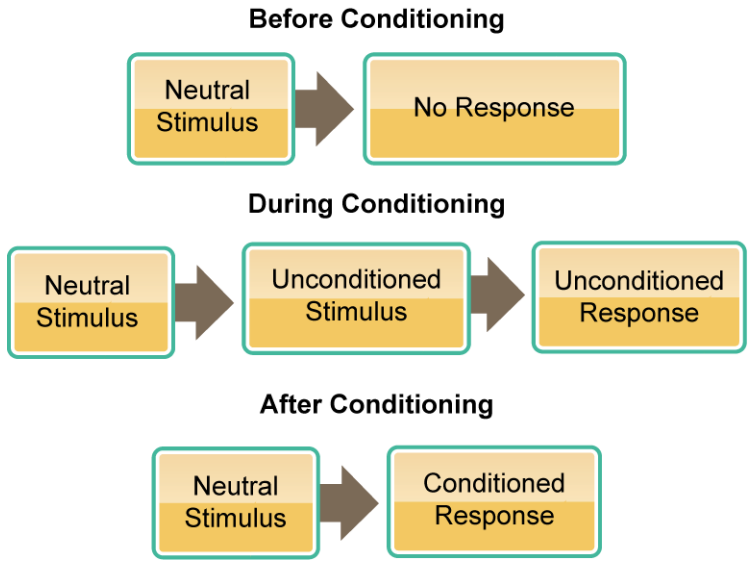


Figure 2.5: Classical conditioning learning theory
Source: https://playlearnparent.com/2011/03/05/learning-classical-conditioning/

This view was first demonstrated by Ivan Pavlov's "dog experiments" when doing research on animal digestion as illustrated in Figure 2.6.

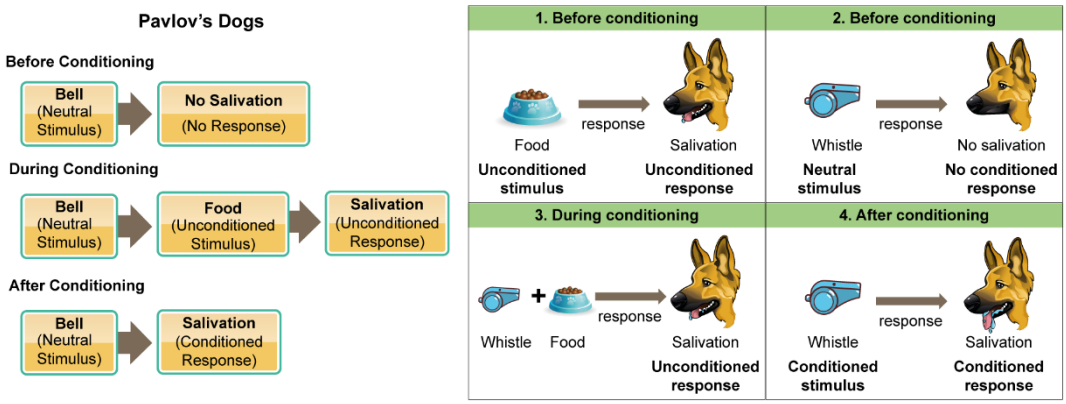


Figure 2.6: Classical conditioning of Pavlov's dogs
Source: https://playlearnparent.com/2011/03/05/learning-classical-conditioning/

Ivan Pavlov, the psychologist, induced classical conditioning learning by pairing a neutral stimulus (a bell) with a stimulus known to cause a salivation response in dogs (he squirted dried meat powder into their mouths). Several stages occur in an attempt to understand how learning occurs in human being through this behavioural learning perspective. As illustrated in Figure 2.6, these stages are as follows:

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(a) The powder was an **unconditioned stimulus (UCS)** because it was naturally capable of causing the response.

(b) Over time, the bell became a **conditioned stimulus (CS)**; it did not initially cause salivation, but the dogs learned to associate the bell with the meat powder and began to salivate at the sound of the bell only.

(c) The drooling of these canine consumers over a sound, now linked to feeding time, was a **conditioned response (CR)**.

This basic form of classical conditioning demonstrated by Pavlov primarily applies to responses controlled by the autonomic and nervous systems. Classical conditioning can have similar effects for other complex responses (for example, automatically using a credit card for purchases; tummy grumbling when it is lunch or dinner time). Conditioning effects are more likely to occur after the conditioned stimuli (CS) and unconditioned stimuli (UCS) have been paired a number of times (repetition). If you can recall, you may more often than not, notice how often a television advertisement is repeated because repetition can prevent decay or forgetfulness.

Schiffman, Kanuk and Wisenblit (2010) highlighted two types of classical conditioning theories, that is, stimulus generalisation and stimulus discrimination.

(a) **Stimulus generalisation** refers to the tendency of stimuli similar to a CS to evoke similar, conditioned responses. Pavlov's dogs might respond to sounds similar to a bell (such as keys jangling). Generic or private brands often use "**piggybacking**" concepts to build on impressions built by major brands. This can be in the form of similar packaging design. Licensing or family branding are other approaches that can be also applied using stimulus generalisation strategy, to which a consumer's positive associations with a product are transferred to other contexts Other examples include extended product lines using the same brand name such as Nestle brand of drinks.

(b) **Stimulus discrimination** occurs when a stimulus similar to a CS is not followed by an UCS. When this happens, reactions are weakened and will soon disappear. Generally, manufacturers or marketers of well-established brands urge consumers not to buy "cheap imitations.", hence may come up with products or brands that are entirely different from the other competitors' product line through their product differentiation strategy.

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ACTIVITY 2.2

1. Think of some examples of classical conditioning in everyday life as well as in advertising and marketing. Why do you think that such examples can represent intentional efforts to condition consumers? What are the strengths of these campaigns, if any? Be sure to point out the difference between true conditioning and mere association.

2. Can you think of some products that have similar packaging? Similar shapes? Similar names? To what extent do these examples represent stimulus generalisation? In each case, which brand is the primary brand and which brand is the "me too" brand? Assuming the strategy was intentional, did it work? How can a marketer achieve stimulus discrimination?



SELF-CHECK 2.3

1. What is classic conditioning?

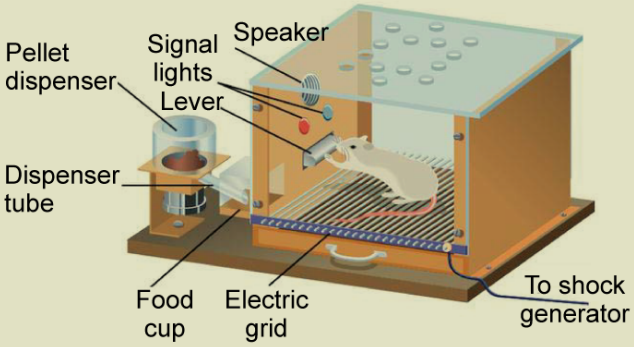
2. Explain the two types of classical conditioning theories.

2.3.2 Instrumental or Operant Conditioning

Another view of behavioural learning is **instrumental** or **operant conditioning**. This form of conditioning occurs as the person learns to perform behaviours that produce positive outcomes and avoid those that result in negative outcomes. While classical conditioning involves the pairing of two stimuli, instrumental learning conditioning occurs when reinforcement is delivered following a response to a stimulus. It is important to understand how conditioning occurs. Figure 2.7 shows Skinner's operant conditioning and how he used rats in his experiment with reinforcements.

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Skinner's operant conditioning chamber (also called a Skinner Box) was designed to teach rats how to push a lever. This behaviour is not natural to rats, so operant conditioning with positive and negative reinforcement were performed in order to teach the behaviour.



Positive Reinforcement:
A rat was awarded with food when he pressed the lever.

Negative Reinforcement:
A rat was able to turn off electric shock produced by the floor by pressing the lever.

Figure 2.7: The Skinner box and operant conditioning
Source: http://2ndyearexperiantialmarketing.blogspot.com/2016/03/operant-conditioning-and-way-campanies.html

As shown in Figure 2.7, reinforcement is part of the process. Reinforcement is positive if reward is delivered following a response. It is negative if a negative outcome is avoided by not performing a response. Punishment occurs when a response is followed by unpleasant events. Behavioural extinction will occur if reinforcement is no longer needed.

SUMMARY

- Perception refers to the process by which sensations (light, colour, taste, odours and sound) are selected, organised and interpreted. Here, people undergo various stages of information processing which involves inputting and storing of stimuli.

- The perceptual process is made up of three stages: exposure, attention and interpretation.

- Learning reflects a relatively permanent change in behaviour caused by experience. Learning revolves around the understanding of our sensory system.

- Any simple association between stimulus and response, as well as via cognitive events, will result in learning. Behavioural learning theories assume that learning is acquired due to responses to any external stimuli or events.

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- Classical conditioning occurs when a stimulus that elicits a response is paired with another stimulus that initially does not elicit a response on its own.
- Stimulus generalisation refers to the tendency of stimuli similar to a CS to evoke similar, conditioned responses.
- Stimulus discrimination occurs when a stimulus similar to a CS is not followed by an UCS.
- Memory, on the other hand, refers to the storage of learned information. The way information is encoded when it is perceived, determines how it will be stored in memory and treated as a learning process as well.

KEY TERMS

Attention	Licensing
Behavioural learning	Perception
Classical conditioning	Sensory receptor
Exposure	Sensory systems
Family branding	Stimuli
Instrumental conditioning	Stimulus discrimination
Interpretation	Stimulus generalisation
Learning	Subliminal perception



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Topic 3 ▶ Motivation

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify consumers' motives for purchasing a product;
2. Describe the different levels of Maslow's hierarchy of needs;
3. Discuss the relationship between involvement and motivation; and
4. Explain how values can be transferred to purchase behaviour.

▶ INTRODUCTION

Consumer motivation is a stimulating force that activates behaviour as well as provides purpose and direction to the said behaviour (Schiffman, Kanuk & Wisenblit, 2010). There are numerous motivation theories that we can learn to understand why humans are motivated to undertake certain behaviours as compared to others. Maslow's need of hierarchy theory states that basic motives must be minimally satisfied before activating motives that are more advanced. It proposes five levels of motivation: physiological, safety, belongingness, esteem and self-actualisation. In addition, McClelland's needs theory is one which proposes that human needs are influenced by unfulfilled needs. Following this, the Vroom's expectancy theory is also highlighted in this topic.

Consumer motivation is often determined by underlying values. In other words, products purchased have some meaning because they are associated with bringing in goal achievements linked to certain values (such as individuality or freedom when buying a Boeing 747 for personal use) of the purchaser or buyer. Numerous forms of values are examined in this topic. Involvement is a motivational state caused by consumer perceptions that a product, brand or

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advertisement is relevant or interesting. Consumer needs play a strong role in shaping involvement and marketers must adapt their strategies depending on the level (high versus low) and type (enduring versus situational) of involvement exhibited by their target audience.



ACTIVITY 3.1

1. What are the various motives that different consumers might have for purchasing the same product? Discuss with your coursemates.

2. Do a role play activity with your coursemates on one of these scenarios when purchasing goods at a local grocery store.

   (a) A father or mother of a family of two children, both under six years old;

   (b) A 20 year old single man or woman who is very independent and outdoor oriented; or

   (c) An older couple, retired, with no children or grandchildren living near them.

3.1 MOTIVATION PROCESS

Motivation is a three-stage process which does not happen overnight, but takes place over time (Peter & Olson, 2012; Solomon, 2011; Putit, Teoh, & Amily Fikri, 2015). For example, **needs** arise due to an unfulfilled need (for example, the need to have an MBA), hence creating **drives** (for example, the urge to find information and apply to identified universities) to achieve the desired **goals** (for example, pursuing an MBA at OUM). In practice, this means that a marketer can influence a consumer to buy the marketer's product, at any point in time during any of these stages. This is illustrated in Figure 3.1.

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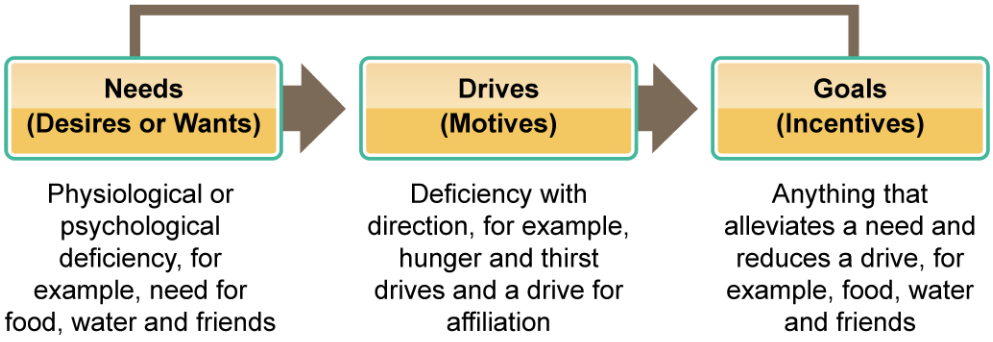


Figure 3.1: Basic motivation process
Source: http://www.mba-institute.org/MBA_Certified_Leader_Training.php

Figure 3.1 clearly shows that the moment a consumer is aware that he has a need, the process of motivation begins. However, the strength of the need must also be considered. If it is a weak need, the individual will not do anything to satisfy that need. However, when the need is strong enough, the consumer will then act to satisfy that need. The extent to which the consumer satisfies his needs is influenced by his values and life experiences. Once the need is satisfied, the cycle begins again as illustrated in Figure 3.1.

3.2 MOTIVATIONAL THEORIES

When consumers are motivated to act on something, we as marketers need to look at the underlying theories developed by researchers in an attempt to study the motivational issues further. There are many theories developed by researchers in understanding motivation. We will look into five theories related to motivation in the following subtopics.

3.2.1 Maslow's Hierarchy of Needs

One of the main motivational theories is Maslow's hierarchy of needs developed by Abraham Maslow (1908-1970). Maslow states that human motivation exists as a result of the unfulfilled hierarchy of five needs. In his opinion, humans have the same needs as animals.

Maslow's hierarchy of needs theory has five levels of needs, but they are divided into two subsections, identified as:

(a) **Lower order levels**: Physiological, safety and social needs are classified as lower order levels

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(b) **Higher order levels**: Ego or status and self-actualisation are considered as higher order levels.



Figure 3.2: Maslow's hierarchy of needs theory
Source: http://www.strategosinc.com/maslow_hierarchy.htm

As illustrated in Figure 3.2, the lower end needs comprise the following:

(a) **Physiological needs**: These are basic needs for water, food, shelter and sleep, which are biologically related to human body functions.

(b) **Safety needs**: These include the need for safety and security, both physically and psychologically. Once these have been satisfied, new needs will reappear to be fulfilled.

(c) **Social needs**: These refer to the need to belong and accepted by others. People seek companionship in various ways, including marriage, making friends, social groups and being a part of a team at work.

The higher order needs include:

(a) **Ego or status needs**: This is the need to acquire self-esteem and a sense of recognition. In attempt to be recognisable, one has to competitive and successful. The accumulated wealth and friends that they have acquired measure their self-worth.

(b) **Self-actualisation**: The need to be able to give back to society when all else does not matter any longer. It is more geared towards fulfilling one's fullest potential.

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Maslow has stipulated that humans will only satisfy one need at a time before moving to satisfy higher needs. His model has suggested that one should be selling insurance or property that represents safety needs, to a family after their physiological needs (for example, the need for water, air and shelter) have been addressed.

SELF-CHECK 3.1

Describe each level of Maslow's hierarchy of needs.

ACTIVITY 3.2

What is meant by a motive hierarchy? How does Maslow's hierarchy of needs function? Discuss with your coursemates.

3.2.2 McClelland's Needs Theory

David McClelland (1917-1998) stated that motivational needs are identified, learned and acquired throughout one's lifetime and that different individuals rate different needs as more important than other needs. This theory stresses on the three needs, that is, power, affiliation and achievement (see Figure 3.3).



Figure 3.3: Three basic needs in McClelland's needs theory

Here, one does not need to follow another need in a set order, as proposed by Maslow. For example, the need for power is evident in a successful Chief Executive Officer, while a salesman may prefer to have a strong need for affiliation and achievement. The need for power refers to having an influence or control over the others, but not to coach and encourage others. It can be an individual need for power, perceived as being desirable. Institutional power or social power, however, strives to further the group's goal.

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3.2.3 The ERG Theory of Alderfer

Clayton Alderfer (1940), further developed Maslow's hierarchy of needs by categorising the lower order and higher order needs into the existence, relatedness and growth (ERG). The three main elements of this theory are illustrated in Figure 3.4 and described as follows:

(a) **Existence** refers to a human's physiological well-being.

(b) **Relatedness** refers to a person's need of good relationship with others.

(c) **Growth** refers a person's need to grow and use his abilities to increase his competence.

This theory assumes that more than one need can be satisfied at the same time. For example, an advertisement for an "easy to cook" chicken sauce portrays the satisfaction of fulfilling all three needs by using the images of a friendly looking social class family, eating and well-dressed, with the mother presenting the cooked chicken to her family while boasting about the cooking skills that she used in providing them with such a nutritious meal.

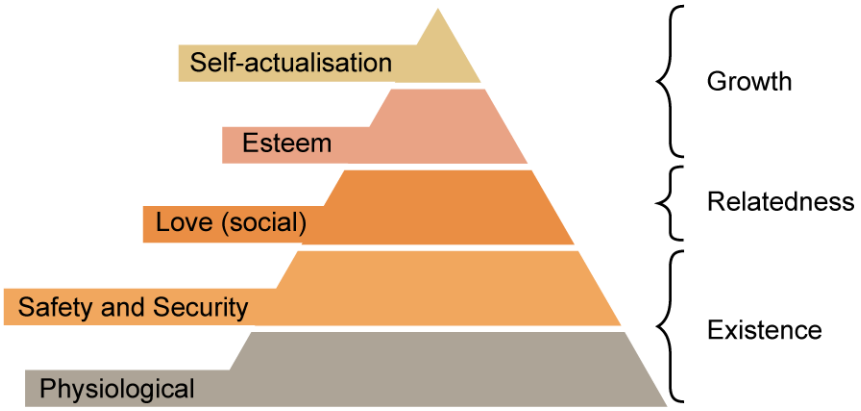


Figure 3.4: Alderfer's ERG theory
Source: http://www.swlearning.com/management/nelson-quick/uob1e/powerpoint/ch05/sld010.htm

3.2.4 Vroom's Expectancy Theory

Victor Vroom introduced his expectancy theory in 1964. It proposes that people are motivated by the results that they expect from actions. The theory differs from other need theories as it claims that motivation is based on the outcome of how much a person actually desires a reward.

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The expectancy theory explains how an individual perceives or understands the relationship between **effort**, **performance** and **rewards**. Vroom (1964) centred on factors involved in stimulating or prompting an individual to put in more effort into something as this was the basis for motivation. He identified three factors – each based on the individual's perception of the situation; they are **expectancy**, **instrumentality** and **valence**. According to Vroom (1964), these three factors combine and create a "force" which stimulates or motivates an individual to put in effort to achieve a level of performance and then obtain end rewards.

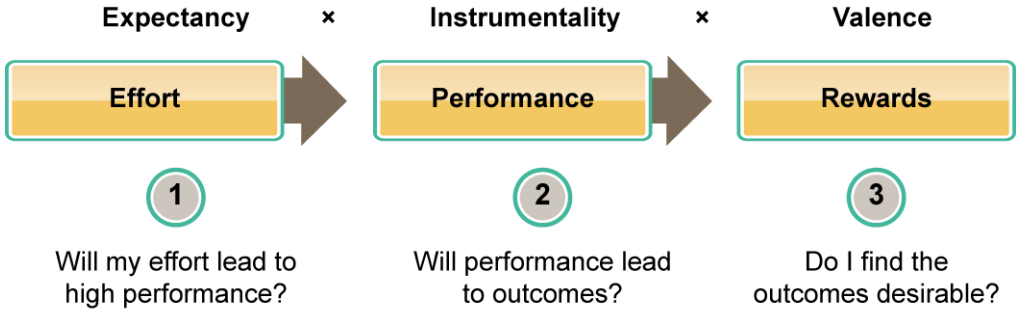


Figure 3.5: Vroom's expectancy theory

According to this theory, individuals ask themselves three questions as shown in Figure 3.5. Imagine that you are asked these questions. If your answers to all three questions are in the affirmative – you feel that you can do it, you will get an outcome if you do it and you value the reward – you are more likely to be motivated to put forth more effort in achieving your goals (Bauer, & Erdogan, 2012).

It is more of the individual's input that will lead to achieving the outcome than pursuing a need. This implies that people tend to analyse the cost and benefits of possible behavioural outcomes or actions. If the values of these elements are zero, then the equation sum is also zero.

3.2.5 Goal Setting Theory

Goal setting theory was developed in the 1960s by Andrew Locke and Gary Latham. According to Locke and Latham (1990), there are reasons why goal setting is important:

(a) Goals direct attention towards the needs that is set as a goal.

(b) Goals also regulate efforts because the person has a clear picture of the results in his or her mind.

(c) Finally, goals help create plans and actions to achieve the needs result.

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There are five key principles of goal settings specified by Locke and Latham (1990) as highlighted in Table 3.1.

Table 3.1: Five Key Principles of Goal Settings

Principle	Description
Clarity	Goals should be clear and specific.
Challenge	People gets motivated by the reward of an achievement.
Commitment	Goals should be understood and bring impact.
Feedback	This helps a person in question to clarify expectations, adjust the level of goal difficulty and receive recognition.
Task complexity	A goal should not be too easy or there might be no challenge involved. However, when goals are becoming too difficult, the person might give up before he even starts.

Every consumer has set different goals in life. Some examples include saving money, owning a pet, wanting a dream house or if a person wants to save money for her retirement, then he will set that kind of goal.

3.3 THE NATURE OF NEEDS

A need is an internal state of tension experienced as a discrepancy between the current state and an ideal or desired state (Hoyer, MacInnis, & Pieters, 2016). There are four main natures of needs as shown in Figure 3.6.

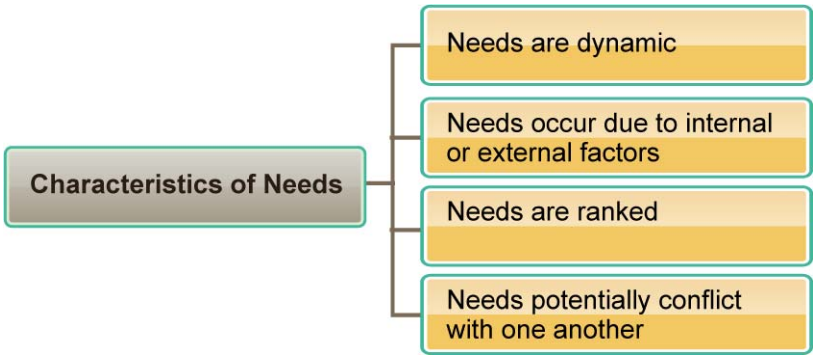


Figure 3.6: Characteristics of needs

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The characteristics of needs can be described as follows:

(a) **Needs are Dynamic**
A consumer's needs are dynamic in such a way that it is repetitive. Once a need is satisfied, it will not necessarily go away forever. The best way to explain this is to look at the need for sleep. At night, when a person feels tired, he might sleep the whole night and wake up feeling refreshed the next morning. However, at the end of the next day, the feeling of tiredness will subsequently return and he will feel the need to sleep again.

(b) **Needs occur due to Internal or External Factors**
A feeling of hunger that causes a consumer to start looking for food is an internal factor. On the other hand, if a consumer walking past McDonald's smells the burgers, and he then feels the need to eat something, it is an external factor.

(c) **Needs are Ranked**
A consumer often prioritises needs that are more important. For example, Mimi would love to own both a car and a house. However, instead of spending her money on a new car, Mimi would rather save that money to purchase a house. In this case, a house is more important to her than a car.

(d) **Needs Potentially Conflict with One Another**
There are three basic types of conflict:

(i) **Approach-avoidance conflict**
Eng Hong goes bungee jumping with his friends because it satisfies his need to belong to a group. However, in doing so, Eng Hong also feels fearful because bungee jumping is a risky activity, which violates his need for safety. This type of conflict is called **approach-avoidance conflict** because he would like to satisfy a need to belong to a group (approach) but at the same time, he feels fearful because bungee jumping goes against his need for safety (avoidance).

(ii) **Approach-approach conflict**
When Alice has to choose between spending the night with her friends in a karaoke lounge or going for a cinema show with another group of friends on the same night, this is called **approach-approach conflict**. This is because Alice would like to satisfy her need to be with friends in the karaoke lounge (approach) but at the same time, she also feels a need to be with another group of friends in the cinema (approach).

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(iii) **Avoidance-avoidance conflict**

After attending a party at a friend's house, Noran has to decide whether she wants to walk home alone or wait another two hours for her father to pick her up. This is called **avoidance-avoidance conflict** because walking back home alone goes against her need for safety (avoidance) and having to wait for her father would take time (avoidance).



ACTIVITY 3.3

Visit several company websites. Describe one website that makes effective use of an appeal or theme based on the following:

(a) One of Maslow's need hierarchy levels;

(b) Goal setting theory; and

(c) An emotional appeal.

As an example, Symantec website (a web security company, www.symantec.com) uses the tag line, "Confidence in a Connected World." The site has several images of various people at work or school, etc. This is a good example of a company tapping into the Maslow's safety need or motive in the online domain.

3.4 CONSUMER INVOLVEMENT

Zaichkowsky (1985) defined involvement as "a person's perceived relevance of the object based on inherent needs, values and interests". Involvement can be viewed as the motivation to process information. As involvement increases, people devote more attention to ads related to the product, exert more cognitive effort to understand these ads, and focus their attention on the product-related information in them.



ACTIVITY 3.4

Give an example of involvement with a product category or brand. How can marketers use involvement to construct advertising campaigns?

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SELF-CHECK 3.2

What is the relationship between involvement and motivation?

3.4.1 Levels of Involvement: From Inertia to Passion

The type of information processing that will occur depends upon the consumer's level of involvement. It can range from simple, involving only basic features of a message; to elaborate processing, that is, information linked to one's pre-existing knowledge systems.

A person's degree of involvement can be conceived as a continuum, thus, consumption at the low end of involvement is characterised by **inertia**. In this state, decisions are made out of habit because the consumer lacks the information to consider alternatives.

On the contrary, decisions can be very passionate and carry great meaning for a person. In consumer situations of high involvement, the consumer enters a **flow state**, where the consumer is in an elated state of focus and concentration and loses track of time.



ACTIVITY 3.5

When was the time that you have made purchases based on an inertia or passion concept? Share your thoughts with your course mates.

3.4.2 Involvement and Its Different Facets

Involvement can be either cognitive or emotionally based. It can be categorised in many ways. The following are the different categories of involvement:

(a) **Product involvement** refers to a consumer's level of interest in a particular product. For example, having sales promotional activities may increase consumers' levels of interest in the said products or brand.

(b) **Message-response involvement** is another form of advertising involvement. It involves consumer's interest towards marketing communication processes. For example, the medium of television has a low-involvement

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level. Printed advertisements, on the other hand, have a high level of involvement.

(c) **Purchase-situation involvement** refers to any potential occurrence of differences when purchasing similar object for different contexts.

Involvement measurement is important for a number of reasons. An **involvement profile** can be developed using the following components:

(a) Consumers' personal interest in a product category.

(b) Consumers' perceived importance of the potential negative consequences associated with a poor product choice.

(c) The possibility of having a bad purchase decision.

(d) The value of pleasure in the product category.

(e) The value of sign in the product category.

It is possible to segment involvement based on its diverse level of difference among involvement groups. Several specific strategies can be used to increase such involvement as follows:

(a) The need to appeal to hedonic needs (sensory appeals) is crucial in an attempt to get higher level of consumer involvement.

(b) There is also a need to use novel stimuli such as an unexpected silence in commercials or cinematography.

(c) The use of prominent stimuli (loud music, large ads, colour, fast action) can also be initiated to increase level of consumer involvement.

(d) Having celebrity endorsers may also lead to a higher level of involvement.

(e) By building consumer bonding, marketers are able to establish relationship marketing strategies in a long term basis. Examples include KFC or McDonald's fast food restaurants.



ACTIVITY 3.6

Illustrate each of the categories of involvement. How would marketers make appeals in these areas? Provide illustrations of when "gift giving" might fall under each of the involvement situations.

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3.5 VALUES

A **value** reflects an individual's belief. For example, two or more people may believe in the same behaviours (for example, celebrating Valentine's Day) but their underlying belief systems may be quite different. In this sense, consumers may often generally seek out those that have similar belief systems. We will focus on the core values and the application of values in consumer behaviour in the following subtopics.

3.5.1 Core Values

In every culture, there are many sets of **core values** imparted to its members. These values keep on changing over time and are universal in nature; these universal values are ranked. This set of rankings is a culture's **value system**. Every culture is characterised by its members' endorsement of a value system. Each set of core values that uniquely define a culture is created via **socialisation agents** (parents, friends and teachers).

The process of learning the beliefs and behaviours that has been endorsed by one's own culture is termed **enculturation**. For example, being able to eat using hands is already considered a ritual for most Asians, in particular the Malays and Indians in Malaysia. **Acculturation** on the other hand, reflects a process of learning the value system and behaviours of another culture. For example, Zainab has adapted to the American culture of celebrating Thanksgiving as a way of appreciating things that one has in life.



ACTIVITY 3.7

What are some values that are important to you? Which of these values are transferred to your purchase behaviour? In what way?

3.5.2 Application of Values in Consumer Behaviour

Since values affect consumer buying patterns, it can be said that generally all consumer research is ultimately related to the identification and measurement of values. According to Solomon (2011), research has classified values as:

(a) **Cultural values** (such as security or happiness);

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(b) **Consumption-specific values** (such as convenient shopping or prompt service); and

(c) **Product-specific values** (such as ease of use or durability).

The **means-end chain model** is a research method that incorporates values (Solomon, 2011). This approach assumes that specific product attributes are linked to values via "**laddering**". Laddering refers to a technique, to which consumers' associations between specific attributes and general consequences are revealed.

Advertising uses this model to develop advertising strategy. The elements of this model include:

(a) **Message elements**: Focus on which attributes or product features.

(b) **Consumer benefit**: Focuses on the positive consequences of use.

(c) **Executional framework**: Focuses on the style and tone of ad.

(d) **Leverage point**: Focuses on how to link terminal values with product features.

(e) **Driving force**: Focuses on end values, to which the advertising will focus.



ACTIVITY 3.8

Share examples of how people with similar values band together. Bring in some examples of ads to illustrate this concept.

SUMMARY

- Motivation is a three-stage process which does not happen overnight but takes place over time. A basic motivation process involves needs, drives and goals.
- Maslow's hierarchy of needs states that human motivation exists as a result of unfulfilled hierarchy of five needs.
- McClelland's need theory explains that motivational needs are learnt and acquired throughout one's lifetime and that different individuals rate different needs as more important than other needs. This theory stresses on the three needs; power, affiliation and achievement.

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- The ERG theory was developed from Maslow's hierarchy of needs by categorising the lower order and higher order needs into the existence, relatedness and growth (ERG). This theory assumes that more than one need can be satisfied at the same time.

- Vroom's expectancy theory proposes that people are motivated by the results that they expect from actions. It claims that motivation is based on the outcome of how much a person actually desires a reward.

- The goal setting theory has five key principles, namely, clarity, challenge, commitment, feedback and task complexity.

- Need is an internal state of tension experiences as a discrepancy between the current state and an ideal or desired state

- Involvement is a person's perceived relevance of the object based on inherent needs, values and interests. It can be viewed as the motivation to process information.

- Research has classified values as cultural values, consumption-specific values and product-specific values.

KEY TERMS

Acculturation
Alderfer's ERG theory
Approach-approach conflict
Approach-avoidance conflict
Avoidance-avoidance conflict
Celebrity endorsers
Goal setting theory
Hedonic needs
Involvement
Maslow's hierarchy of needs
McClelland's needs theory
Motivation
Novel stimuli
Vroom's expectancy theory

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Topic 4 The Self, Personality and Psychographics

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define self-concept and self-esteem;
2. Discuss the characteristics of personality;
3. Describe consumer innovators;
4. Explain the main objectives of applying the psychographics segmentation approach;
5. Describe the characteristics of the eight groups in VALS 2; and
6. Explain the segmentation system developed by the Research Institute on Social Change.

INTRODUCTION

This topic highlights concepts relating to self, personality and psychographics. The concept of self is considered relatively new. In fact, the expression of self is more popular in Western cultures as compared to Eastern cultures where the latter tend to emphasise the importance of the collective self as measured by his group (Hofstede, 2001). This topic also highlights sex roles, to which, sexual identity is a very important component within a consumer's self-concept.

In understanding self-concept further, an individual may also associate himself with his physical appearance. In other words, body image is considered part of his self-concept. How does a consumer evaluate his physical self subjectively? Consumers generally see themselves to be different from who they really are.

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Following this, personality and its characteristics are also discussed. Various categories of theories relating to development of personality are explained in this topic. The meaning of psychographics is also further explained followed by understanding the dark side of consumer behaviour.

4.1 THE SELF

Generally, the self is a mirror of who we are as individuals. As observed by Western and Eastern cultures, the self is divided into three, that is:

(a) Inner self;

(b) Private self; and

(c) Outer, public self.

Self-concept generally refers to the beliefs that a person holds about his self-attributes, and also how he evaluates these qualities (Solomon, 2011). In other words, consumers' self-concepts reflect their attitudes toward themselves. In determining to what extent these attitudes are considered positive or negative, they will be able to assist consumers in making many purchase decisions. At times, consumers purchase products or services in an attempt to enhance their self-esteem.

Self-concept has several components which include:

(a) Content such as facial attractiveness versus mental aptitude;

(b) Positivity or negativity such as self-esteem; and

(c) Intensity, stability over time and accuracy.

This reflects the degree to which an individuals' assessment of self can correspond with reality. **Self-esteem**, on the other hand, refers to the positivity of a person's self-concept (Solomon, 2011). A consumer's level of self-esteem can be influenced by marketing communications, as well as by a process in which the consumer compares his actual self to an ideal self. In a way, each individual has a number of different "selves" within his personality, and marketers must identify these "selves" in an attempt to come up with effective marketing efforts to reach out to these target groups.

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SELF-CHECK 4.1

1. What are the three categories of the self?
2. Define self-concept and self-esteem.



ACTIVITY 4.1

What do you think your ideal man or woman would look like? Discuss your answers with your coursemates. Try to relate the findings to the "ideals of beauty" as used by your society.

4.2 SEX ROLES

In understanding self-concept or self-definition, a person's sex role identity needs to be examined as well. Any conceptions about masculinity and femininity, which are largely shaped by society, can guide consumers' acquisition of "sex-typed" or gender based products and services. Examples are Barbie and Ken dolls manufactured by Mattel Ltd to cater for targeted gender based markets. Advertising and other media also play an important role in socialising consumers to adhere to what is considered male and female.

Although the traditional roles of women have often been portrayed in advertising, this situation is changing, to an extent. Gender goals and expectations are different nowadays as compared to 10 years ago. In fact, segmenting by gender and sex roles is examined in a new perspective, and alternative lifestyles have been considered for different sets of genders.

4.3 BODY IMAGE

How a person views his own body can also provide feedback to self-image. In a culture, the ideals of beauty are communicated differently, and consumers go to great lengths to attain these ideals. Examples of ideals may include physical features, clothing styles, cosmetics, hairstyles, skin tone and body type. Many consumer activities involve manipulating the body, whether through dieting, cosmetic surgery, tattooing or even mutilation.

An increasing demand of cosmetic surgeries being carried out in South Korea has been observed in the recent decades among both male and female consumers.

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Sometimes such activities are rather extreme, as individuals try hard to live up to certain cultural ideals. Another example is the prevalence of eating disorders, as women in particular are becoming more obsessed with the ideal of "being thin".



ACTIVITY 4.2

Discuss the following questions with your coursemates:

(a) What body "ideals" for men and women are considered acceptable nowadays?

(b) Why are these features deemed "beautiful"?

(c) How do advertisers use this?

(d) What happens to people who do not have these traits?

4.4 PERSONALITY

Personality reflects how we perceive the world around us. It revolves around the inner characteristics that are displayed by an individual. In the study of personality, the following three distinct properties are of central importance (Schiffman, Kanuk, & Wisenblit, 2010). Figure 4.1 shows the three properties.

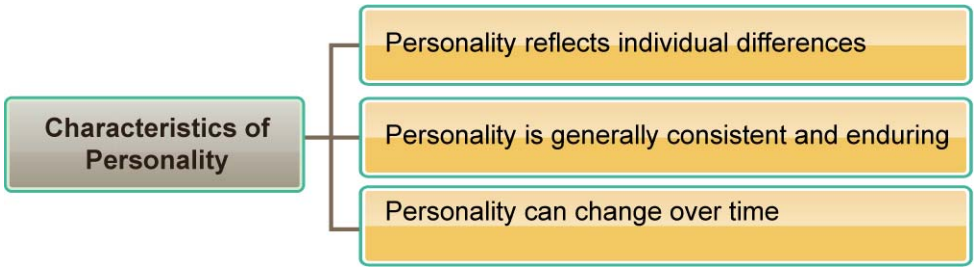


Figure 4.1: Characteristics of personality

Let us now look into the following descriptions of the characteristics of personality:

(a) **Personality reflects individual differences**
This shows that no two individuals are similar, such that the individuals' personality is a combination of rather unique factors. For example, Ahmad's outgoing personality due to his love for outdoor trekking and nature, is in contrast to Aminah's reserved personality. Aminah, on the other hand, loves to seek solitude and be in the company of a few close friends. Her personality is inner-directed as opposed to being outer-directed.

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(b) **Personality is generally consistent and enduring**
Personality is not volatile or temperamental in nature. For example, Mary is a person that ensures that all her dresses must be of certain sizes and fully ironed. This indicates that her consistency is in ensuring fitting relevant sizes only and neatness.

(c) **Personality can change over time**
Personality can also change from time to time where significant events may have changed its consistent nature. For example, Ah Chong, an extrovert, may become an introvert because of the fact that his mother who had been his constant loving companion in his life passed away suddenly in a road accident. The death had a significant impact on how he viewed the world around him and totally changed his outgoing personality into one that was opposite.



SELF-CHECK 4.2

Explain the three characteristics of personality.

4.4.1 Theories on Personality

Most theories of personality assume that all individuals have inner characteristics and that these characteristics are consistent. In fact, measurable differences can be observed between individuals and their inner characteristics. The following are the three theories that play a prominent role in the study of the relationship between consumer behaviour and personality:

(a) **Psychoanalytic Theory**
This theory was developed by Sigmund Freud who assumed that personality is the product of the clash of three forces, that is, the Id, Superego, and the Ego (see Figure 4.2).

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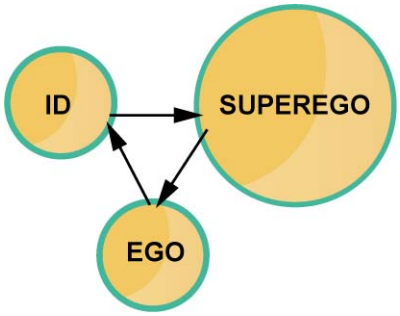


Figure 4.2: Freudian's psychoanalytic theory

The theory was developed based on qualitative findings with regards to individuals' inner forces that influence their personality development. What are these three interacting psychological systems in human beings? The **Id** has been described as a place for all underlying primitive and impulsive drives in a human being. Examples are basic physiological needs such as thirst, hunger and sex, to which humans may seek gratification without any specific concern of ultimate satisfaction.

The **Superego**, on the other hand, is assumed to be an individual's preference for law and order, or an adherence to society's moral and ethical codes of conduct. This role assures that any individual must satisfy needs in accordance to the code of conduct. In contrast to Id, the Superego's role is to put a constraint on the Id's impulsive behaviours.

Finally, the **Ego** acts as an individual's conscious control. It may function as an internal monitoring mechanism that aims to equalise the Id's impulsive demands and the Superego's socio-cultural constraints.

In Freudian theory, an adult's personality is determined by how well he deals with the crises experienced through a number of stages in childhood development.

Application in Marketing: Product Personality

In applying the Freudian's psychoanalytic theory, most consumer researchers believe that any human drive is mostly unconscious and that consumers may not be fully aware of the main reasons for buying or purchasing products or services. These may be a reflection or extension of the consumers' own personality. In other words, what consumers purchase and own, for example, grooming, clothing and jewels are reflections of the individuals' personality.

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Mr Chee Chong Teng, a 50-year-old man from Malaysia leads a wealthy lifestyle and loves driving expensive cars. He feels that it is necessary to display his wealth because of his status as a successful lawyer in Kuala Lumpur and he has worked hard to come this far. In addition to that, Mr Chee makes sure that he also dines at fine restaurants that would reflect his expensive taste for fine food and a luxurious lifestyle.

All these actions basically reflect his inner driving force to build status recognition (super ego) in a society that looks up to status recognition and the display of material wealth. In addition, it attempts to build his Id needs of seeking ultimate gratification. His Ego needs then balances what he perceives is the rightful image within the social environment.

(b) **Neo-Freudian Personality Theory**

Whilst Freudian theory has its justification in personality formation, there are also instances whereby psychologists believe that social relationships also play a role. This is in contrast to Freudian's belief that personality is purely instinctive and sensual in nature.

These personality theories are categorised as Neo-Freudian theories, which are mostly qualitative by nature. One Neo-Freudian theory was developed by Alfred Adler who stated that personality can be formed as a result of interactions with the others within the social system. In other words, human beings need to attain various goals in life by seeking a certain form of lifestyle. His main emphasis here is to ensure that feelings of inferiority complex are minimised and replaced by superiority complex feelings.

Another Neo-Freudian theorist, Harry Stack Sullivan, further stressed that people continuously attempt to establish significant and rewarding relationships with others. Like Adler, he was also concerned about individuals' attempts to reduce anxiety and tensions among them.

Karen Horney is another psychological researcher interested in anxiety. She, however, focused on child-parent relationship and individuals aiming to reduce anxiety. She proposed that individual's personality can be divided into three groups:

(i) **Compliant individuals** refer to those individuals who move towards others in an attempt to be loved, desired and appreciated.

(ii) **Aggressive individuals** on the other hand, are those who move against others in an attempt to excel and win admiration.

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(iii) **Detached individuals** are those who move away from others in an attempt to desire independence, self-reliance, self-efficiency and individualism or freedom from obligations.

Several tests have been conducted based on Karen Horney's CAD theory. Student consumers who are compliant prefer to buy branded products of aspirin, whereas aggressive student consumers prefer to have Old Spice brand of deodorant simply because of its masculine appeal. Highly detached students further prove to be heavy tea drinkers in an attempt to prove the desire not to conform. Another study is on children who are more independent and are less likely to be brand loyal because they love to take risks and try other brands too

(c) **Trait Theory**

This theory is different from both Freudian and Neo-Freudian theories. Its orientation is more quantitative or empirical. It mainly focuses on the measurement of personality in terms of a specific psychological characteristic called trait. A trait refers to internal characteristics that make one person different from another.

Trait researchers found it necessary to be more realistic in expecting personality to be linked to consumer choices and to the purchase or consumption of a broad category as opposed to a specific category.

Table 4.1 summarises the three main personality theories.

Table 4.1: Summary of Personality Theories

Theory	Concepts	Methodology
Freudian Theory	• Founded by Sigmund Freud. • Personality is driven by instinctive and sexual nature. • Three driving forces that form personality are Id, Superego and Ego.	Qualitative
Neo-Freudian Theory	Over the years, Freud attracted many followers who adapted and modified his psychoanalytic theories to create new theories of personality. These other theorists became known as Neo-Freudians. The following are three main Neo-Freudians and their findings: • Alfred Adler: Interaction with the social system surrounding oneself to minimise anxiety.	Qualitative

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	• Harry Stack Sullivan: Need to establish rewarding relationship with others to reduce stressfulness and unnecessary anxiety. • Karen Horney: Personality is formed as a result of child-parent relationship. Developed three main concepts: – **Compliant behaviour** This refers to a behaviour that aims to please others as opposed to the person himself. – **Detached behaviour** This action reflects the individual's need to be independent in thinking and ability to form opinions without any significant influence from others. – **Aggressive behaviour** This reflects individual's need to be in command and patriotic in nature.	
Trait Theory	Personality is formed based on certain measurements or psychological characteristics called traits.	Quantitative

SELF-CHECK 4.3

1. Explain how the Freudian theory can influence the formation of a consumer's personality.
2. What is trait personality theory?

ACTIVITY 4.3

Do you think that Neo-Freudian theories are better off in influencing the formation of personality? Discuss.

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4.4.2 Consumer Innovativeness and Related Personality Traits

One of the objectives of this topic is to understand how personality reflects consumers' responses to product and marketing messages. We will now explore how personality can influence the adoption of behaviour by consumer innovators.

Consumer innovators involve consumers who are open to new ideas. Marketers attempt to learn everything about this group. The following are several personality traits that differentiate consumer innovators and non-innovators.

(a) **Consumer innovativeness**

Consumer innovativeness refers to a single personality trait; but recent studies have shown that personality can be divided into three different levels when it comes to examining high technology products, that are:

(i) Global innovativeness;

(ii) Domain-specific innovativeness; and

(iii) Innovative behaviour.

(b) **Consumer Dogmatism**

Consumer dogmatism refers to a personality trait that measures the degree of rigidity when individuals are exposed to unfamiliarity and also towards any form of information that is against their own set of beliefs. For example, a highly dogmatic consumer would only prefer to buy local brands of cars based on his belief that patriotism plays a part in any consumption of automobiles.

Less dogmatic consumers are open to unfamiliarity and would tend to purchase products from other countries as long as it fits the purpose of purchase. In other words, these consumers are more likely to purchase brands that are innovative and/or alternative sets of products compared to those highly dogmatic consumers who would go for established brands of technological gadgets based on his firm beliefs. A good example is the purchase of APPLE's iPhones and Samsung's set of smart phones against a generic brand type.

(c) **Consumer Social Character**

Social character sets its origins based on sociological research. It is identified according to classification of individuals into various sociocultural types (Schiffman et al., 2010). The personality trait ranges from a series of inner-directedness to other-directedness. Inner directed consumers tend to rely on

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their own inner values while evaluating new products and are likely to be innovators. Outer-directed consumers tend to consider the opinions of others for direction on what is right and wrong and are, thus, less likely to be innovators (Schiffman et al., 2010).

(d) **Need for Uniqueness**

At times, individuals need a sense of uniqueness by attempting to be different from the other in terms of their personality traits, possessions, material wealth and others. Marketers can leverage on this need for uniqueness by coming up with a scale that could measure such traits.

(e) **Optimum Stimulation Level (OSL)**

Individuals also prefer a simple, uncluttered and calm existence as compared to others who would prefer an environment filled with more complex and unusual experiences. Based on past research, it was found that consumers with high OSL are associated with greater propensity to accept risk, to try new products and/or brands, are more innovative, seeking purchase-related information and accepting new retail malls than others with low OSL. One way is to enhance these sensational shopping experiences as well as merchandise and make these appealing to them.

(f) **Need for Variety or Novelty**

Need for variety or novelty illustrates a situation whereby consumers need to seek variety or distinctiveness when it comes to products or brands, or they are in need of experiencing new and unfamiliar things. There are three different types of needs such as exploratory purchase behaviour, vivacious exploration and using innovativeness.

(g) **Sensation seeking**

This is the need to entice shoppers and to create an exploratory experience behaviour to which sizes will be mixed and matched on a model or virtual mannequin.



SELF-CHECK 4.4

1. Describe consumer innovators.
2. What are the personality traits related to consumer innovativeness?

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ACTIVITY 4.4

1. Give five examples of how personality traits can be used in consumer research.
2. How do your clothing preferences differ from those of your friends? What personality trait might explain why your preferences are different from those of people?

4.4.3 Brand Personality

What is brand personality? It refers to the various descriptive personalities like traits or characteristics of different brands in a wide variety of product categories. In addition, brand personality provides an emotional identity for a brand, and encourages consumers to respond with feelings and emotions towards the brand. For example, KFC is always perceived as providing freshness in its chicken products, Nike represents the athlete, and Volvo is said to promote safety.

Research has found that having a strong, positive brand personality leads to a consumer's having a more favourable attitude towards the brand, brand preference, higher purchase intention and brand loyalty. It is also a way for consumers to differentiate among other competing brands in the market.

4.5 PSYCHOGRAPHICS

Psychographics involves the use of psychological, sociological and anthropological factors to determine how the market is segmented by the propensity of groups within the market (and their reasons) to make a particular decision about a product, person, ideology or otherwise hold an attitude or use a medium (Solomon, 2011). Psychographics can help a marketer fine-tune its offerings to meet the needs of different segments.

Generally, the study of psychographics is rooted in:

(a) **Motivational research**, which involves intensive one-to-one interviews and projective tests (yields a lot of information on a few people); and

(b) **Quantitative survey** research (at the other extreme), which uses large-scale demographic research techniques.

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Psychographics is often used interchangeably with lifestyles. It also focuses on why people buy. Demographics tell us who buys. Psychographic analysis can be undertaken in several forms such as:

(a) A lifestyle profile;

(b) A product-specific product;

(c) A study that uses personality traits as descriptors;

(d) A general lifestyle segmentation; and

(e) A product-specific segmentation.

The uses of psychographic segmentation include several objectives such as:

(a) To define the target market;

(b) To create a new view of the market;

(c) To position the product;

(d) To better communicate product attributes;

(e) To develop overall strategy; and

(f) To market social and political issues.

4.5.1 Activities, Interests and Opinions (AIOs)

Most contemporary psychographic research attempts to group consumers according to some combination of three categories of variables – **Activities, Interests and Opinions (AIOs)**. In order to group consumers into common AIO categories, respondents are given a long list of statements and are asked to indicate how much they agree with each one.

Lifestyle is "boiled down" by how consumers spend their time, what they find interesting and most importantly, how they view themselves and the world around them as well as demographic information. To understand which lifestyle segments can produce the bulk of consumers, marketers can refer to the **20/80** principle where only 20 per cent of a product's users account for 80 per cent of the volume of the product sold (in other words, the heavy users). Once "heavy users" are identified and understood, the brand's relationship to them is then considered.

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ACTIVITY 4.5

1. Why would AIOs be important to marketers? How could marketers use this information to promote their products?
2. Conduct an AIO inventory on yourself. Then ask a member of your family if he agrees with the inventory. What were the differences? Why did these occur?

4.5.2 Psychographic Segmentation Typologies

Many research companies and advertising agencies develop their own **segmentation typologies** that divide people into segments. One well-known and widely used segmentation system is **VALS (Values and Lifestyles)**, developed by SRI International in California, USA.

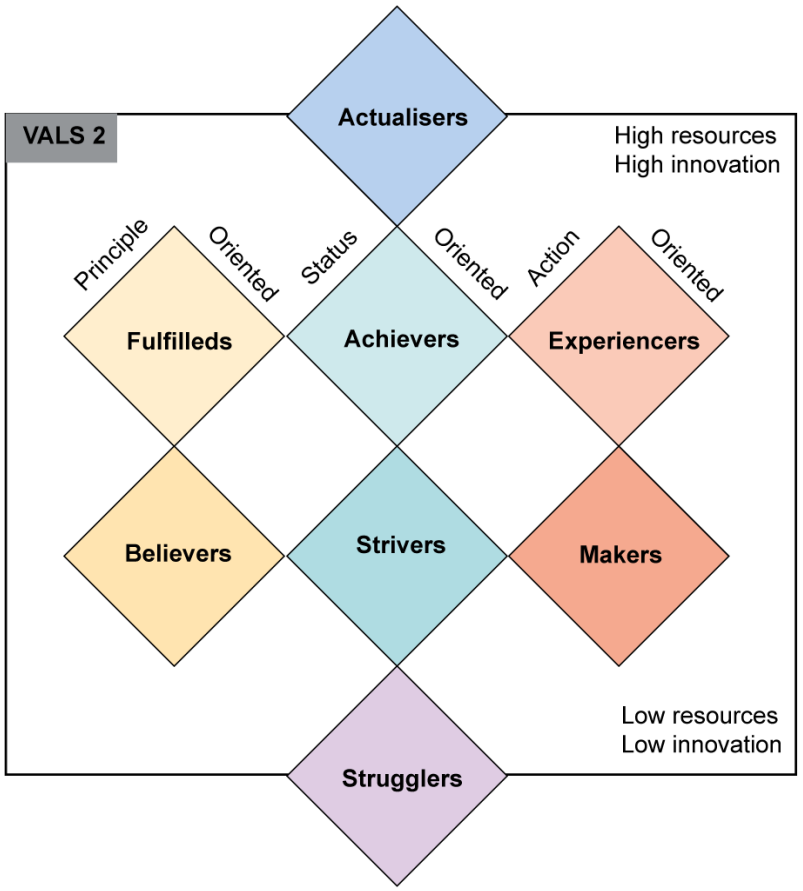


Figure 4.3: VALS 2 segmentation system
Source: Solomon et al. (2006)

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Global MOSAIC is another segmentation system which was developed by a British firm called Experian. Global MOSAIC analysed consumers in 19 countries and identified 14 common lifestyles that apply across cultures.

A Paris-based organisation called Research Institute on Social Change (RISC) has developed a segmentation system that seeks to anticipate future change in social climate around the world and to identify signs of change in one country before it eventually spreads to others. RISC measures the social climate in more than forty countries. The RISC system asks a battery of questions that measure forty "trends". The system places people in a virtual space described by three axes:

(a) Exploration/stability;

(b) Social/individual; and

(c) Global/local.



SELF-CHECK 4.5

1. What are the main objectives of applying the psychographics segmentation approach?
2. What are the eight groups of VALS2? Describe the characteristics of each group.
3. Describe the segmentation system developed by the Research Institute on Social Change (RISC).



ACTIVITY 4.6

1. Can you think of a company that uses psychographic segmentation to position its product in the marketplace? Do you think it is effective? Why or why not?
2. Out of the eight VALS2 categories, which one do you think a researcher would place you in?

4.6 DARK SIDE OF CONSUMER BEHAVIOUR

When the topic of the dark side of consumers is presented, it generally relates to deviant consumer behaviour that includes both illegal and psychologically or physically abnormal behaviour (Hoyer & MacInnis, 2012). Example of deviant acquisition behaviours include compulsive buying, consumer theft, black market

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and deviant consumption behaviours including addictive and compulsive consumption, underage drinking and smoking.

These behaviours are prevalent in our consumer society. Even though some of these activities (for example, black markets) can offer consumer benefits, most of the rest can have negative effects on consumers and the social groups in which they belong to. Furthermore, several issues can be raised about whether and/or the extent to which marketing practices influence these behaviours. Advertising, for example, has been accused of portraying idealised body images and creating materialistic values. It has also been accused of failing to represent key consumer segments in our society or representing them stereotypically. Whether marketers invade privacy, how they do so, and whether they can legitimately control the information they receive is currently debated extensively by both researchers and practitioners alike.

Marketers are very much aware of these dark sides of marketing. There are those who are adopting strategies to both reduce these criticisms and put marketing practices in a more favourable light. In response to this as well as to specific marketing and business practices, sophisticated consumers are showing their disapproval of practices regarded as disreputable, objectionable and/or unethical. Boycotts are one of the most pervasive and powerful consumer resistance strategies.

SUMMARY

- The self is generally defined differently among the Western and Eastern cultures.
- Self-concept consists of the beliefs that a person holds about his self-attributes, and also how he evaluates these qualities.
- Self-esteem refers to the positivity of a person's self-concept.
- Any conceptions about masculinity and femininity, which are largely shaped by society, can guide consumers' acquisition of "sex-typed" or gender based products and services.
- Personality reflects how we perceive the world around us. It revolves the inner characteristics that are being displayed by an individual.

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- The three theories that play a prominent role in the study of the relationship between consumer behaviour and personality are Freudian theory, Non-Freudian theory and the Trait theory.
- Personality can influence the adoption of behaviour by consumer innovators.
- Consumer innovators involve consumers who are open to new ideas.
- The six personality traits related to consumer innovativeness are consumer innovativeness, dogmatism, social character, need for uniqueness, optimum stimulation level, need for variety and sensation seeking.
- Brand personality refers to the various descriptive personalities like traits or characteristics to different brands in a wide variety of product categories.
- Psychographics involves the use of psychological, sociological and anthropological factors to determine how the market is segmented by the propensity of groups within the market (and their reasons) to make a particular decision about a product, person, ideology or otherwise hold an attitude or use a medium.

KEY TERMS

Aggressive individual
Body image
Brand personality
Compliant individual
Consumer innovativeness
Detached individual
Freudian theory
Non-Freudian theory
Optimum stimulation level (OSL)
Personality
Psychographics
Self-concept
Self-esteem
Trait theory

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Topic 5 ▶ Attitudes and Persuasion

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify the attitude functions in the functional theory of attitudes;
2. Describe the three components of the ABC model of attitude;
3. Explain the three elements of the multi-attribute attitude model; and
4. Explain the four basic attitude change strategies.

▶ INTRODUCTION

Attitude is an enduring association of motivational, perceptual and cognitive processes with respect to our environment. It is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object (Solomon, 2011; Schiffman, Kanuk & Wisenblit, 2010). It is an expression of inner feelings that reflect whether a person is favourably or unfavourably predisposed to a particular behaviour or action.

Attitudes are not directly observable but generally have to be inferred from what other people say or through the individual's own actions. To illustrate, Susan loves eating Ferrero Roche chocolates, and she will buy them every time she goes to the supermarket for grocery shopping. She even recommends it to her college mates. From her actions, it can be assumed that she has a positive attitude towards that brand of chocolate.

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This topic expects to provide a better understanding of attitudes and how they may affect consumer behaviour. Here, we discuss attitude itself and the power that comes with the definition. This topic also highlights how attitudes are formed, and finally, on how marketers can actually change attitudes.

5.1 ATTITUDE AND ITS CHARACTERISTICS

There are several characteristics that determine an attitude:

(a) **Attitude as an object**
This means that such an object may include product, product category, brand, service, issues, ideas, people or even retailers.

(b) **Attitudes are learned**
Here, attitudes that influence purchase behaviour occur due to a direct experience with the product, via information gathered from others, and it could be due to constant exposure to media.

(c) **Attitudes are consistent**
Attitudes can be consistent with the behaviour that they display. For example, if Norman likes to eat only vegetables for his dinner, chances are such that he will only order vegetables when dining elsewhere from home.

(d) **Attitude can occur within a situation**
A certain circumstance can actually influence consumers to behave in ways that are inconsistent with their attitudes. For example, Mohan does not like to eat beef burgers at McDonalds, but does not feel uncomfortable if he goes out for lunch with colleagues who prefer beef burgers over fish burgers. He will still have lunch with them because of their friendship. Will that change his attitude towards beef burgers?

5.2 THEORIES ON FORMATION OF ATTITUDE

Attitudes are formed based on the theories developed by researchers. The two main theories on how attitudes are formed are as follows:

(a) Functional theory of attitudes; and

(b) ABC model of attitudes.

These theories will be elaborated further in the following subtopics.

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5.2.1 Functional Theory of Attitudes

The **functional theory of attitudes** is a theory that was founded by a psychologist, Daniel Katz to explain how attitudes facilitate social behaviour. In this theory, attitudes exist because they provide a sense of purpose to an individual. Attitudes are determined by a person's motives. The attitude functions identified by Katz (1960) are as follows:

(a) **Utilitarian function**: This function refers to rewards and punishments received by the consumer. An example is a situation whereby some people enjoy drinking tea while others do not. If they drink too much tea, however, the result is a headache or perhaps an accident since tea contains some amount of caffeine that can cause dizziness.

(b) **Value-expressive function**: This function relates to consumers' central values or self-concepts. Example: People who wear Levi's jeans feel that they are in fashion, and they feel different from everyone else.

(c) **Ego-defensive function**: This function protects the person from threats or internal feelings. For example, individuals will feel confident about their breath and their overall attractiveness to members of the opposite sex.

(d) **Knowledge function**: This function refers to the need for order, meaning and structure. For example, those consumers who want to purchase a Ford brand sedan car will need more information on the Ford brand and will ask to test drive a car of that model.

Figure 5.1 summarises the functions identified by Katz (1960).

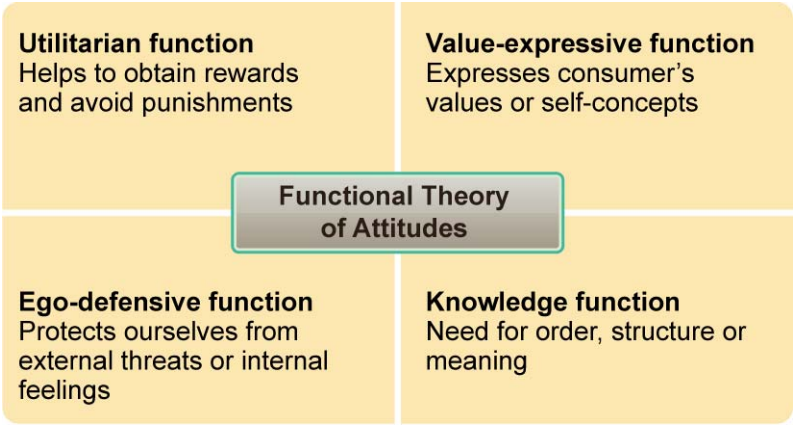


Figure 5.1: Functional theory of attitudes

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ACTIVITY 5.1

List the attitude functions identified in the functional theory of attitudes and give examples of how each function is employed in a marketing situation.

5.2.2 The ABC Model of Attitudes

The ABC model of attitudes (also known as tri-component attitude model) is an attitudinal theory. It has three main components such as affect, behaviour and cognition:

(a) **Affect** refers to the way a consumer feels about an attitude object.

(b) **Behaviour** involves the person's intentions to do something with regard to an attitudinal object (such an intention always results in behaviour).

(c) **Cognition** refers to the beliefs a consumer has about an attitude object.

Figure 5.2 illustrates that all three components of attitudes tend to be consistent. A change in one attitude component tends to produce related changes in the other components.

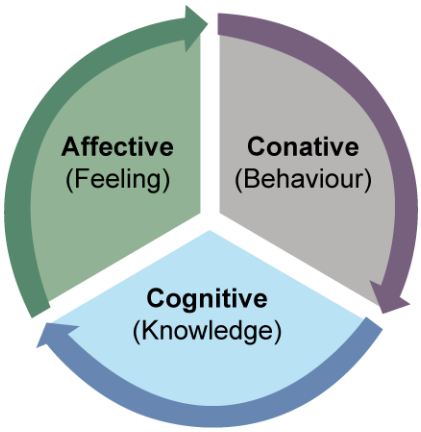


Figure 5.2: Tri-component attitude model

Let us look at the following elaborations on the three components:

(a) **The Cognitive Component**
This component consists of a person's cognition, that is, the previous knowledge and perceptions that are required by a combination of direct experience with the attitudinal object and information acquired from various

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sources. These knowledge and perceptions normally take the form of beliefs, in which the consumer believes that attitudinal objects possess attributes and that specific behaviours lead to specific outcomes.

Measuring the cognitive component of attitude is done using the semantic-differential scale, generally used to describe a consumer's beliefs about product, brands and/or companies. Students are likely to develop scale items that reflect a variety of beliefs about individual products. A set of product attributes are rated on a series of scales. For example:

My travel agent is:

Very efficient	1—2—3—4—5—6—7	**Very inefficient**
Very accessible	1—2—3—4—5—6—7	**Very inaccessible**
Very friendly	1—2—3—4—5—6—7	**Very unfriendly**

(b) **The Affective Component**

This component reflects a consumer's emotions or feelings about a particular product or brand; these constitute the affective component of attitude. These emotions and feelings are evaluative based, such that individuals rate attitude objects as favourable or unfavourable, good or bad, like or dislike. Table 5.1 illustrates the affective component that measures feelings about specific attributes.

Table 5.1: The Affective Component

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I like the taste of Marigold Apple Juice.					
Marigold Apple juice is too expensive.					
Marigold Apple juice is good for my health.					

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(c) **The Conative Component**

This component is concerned with the likelihood or tendency of an individual to react or behave in a particular way with regards to the object. Table 5.2 illustrates this point.

Table 5.2: The Conative Component

Which of the following statements best describe the chances that you may buy apple juice next month?	
Statements	**Scale**
I definitely will buy one.	Agree 1—2—3—4—5—6—7 Disagree
I probably will buy one.	Agree 1—2—3—4—5—6—7 Disagree
I am uncertain whether I will buy one.	Agree 1—2—3—4—5—6—7 Disagree
I definitely will not buy one.	Agree 1—2—3—4—5—6—7 Disagree



ACTIVITY 5.2

Explain which components of the ABC model of attitude generally form attitudes. Why is that so? Discuss with your coursemates.



SELF-CHECK 5.1

What are the three components of the ABC model of attitudes? Illustrate how each component within the ABC model of attitudes is interdependent on one another.

5.3 MULTI-ATTRIBUTE ATTITUDE MODEL

A multi-attribute attitude model reflects how a consumer's attitude is affected by an object's list of attributes. This model theorises that a consumer's attitude (evaluation) of an attitude object (A_o) will depend on the beliefs that he has about the attributes of the said object.

A basic multi-attribute model highlights three main elements:

(a) **Attributes**: Characteristics of the attitude object;

(b) **Beliefs**: Sense of cognition about the specific attitude object; and

(c) **Importance weights**: Weightage that reflects the priority which consumers place on the object.

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An example of the original Fishbein's multi-attribute attitude theory equation is as follows:

$$A_o = \sum_{i=1}^{n} b_i e_i$$

Where,

A_o = Attitude toward the object (brand)

b_i = Belief about the brand's possession of the attribute

e_i = Evaluation of the attribute as being good or bad

n = Number of attributes which the person will consider

The following discussion highlights an example of how this equation can be applied in understanding consumer attitude formation in buying a car. Adapted from Kent University's (n.d.) elaboration of this theory, it creates a survey exercise by asking a consumer to evaluate these attributes for luxury cars:

(a) Sporty styling;

(b) Good handling or ride;

(c) High cost;

(d) Great acceleration; and

(e) Low repair frequency.

Next, consumers are asked to use the numbers from the scale in Table 5.3 to evaluate each characteristic of luxury cars.

Table 5.3: Scale to Evaluate the Characteristics of the Luxury Cars

Extremely Good	Moderately Good	Slightly Good	Neither Good nor Bad	Slightly Bad	Moderately Bad	Extremely Bad
+3	+2	+1	0	–1	–2	–3

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Following that, the consumer then provides responses, which represent ei (an evaluation of the attribute as being good or bad) (refer to Table 5.4).

Table 5.4: Ratings for Attributes of the Luxury Cars

Attribute	Rating (e_i)
Sporty styling	+3
Good handling or ride	+3
High cost	–1
Great acceleration	+3
Low repair frequency	+1

Furthermore, the consumer is asked to rate three brands of interest to determine whether the consumer believes each brand possesses each attribute (b_i).

Consumers are asked to use the scale in Table 5.5 to evaluate how likely it is that each luxury car brand possesses certain characteristics. Table 5.6 outlines the ratings given for the attributes of three types of luxury car models.

Table 5.5: Scale to Evaluate the Likeliness of the Cars to Possess Certain Characteristics

Extremely Likely	Moderately Likely	Slightly Likely	Likely nor Unlikely	Slightly Unlikely	Moderately Unlikely	Extremely Unlikely
+3	+2	+1	0	–1	–2	–3

Table 5.6: Ratings for the Three Types of Luxury Cars

Attribute	Mercedes SLK	Porsche 911	Corvette
Sporty styling	+3	+3	+2
Good handling or ride	+2	+3	+2
High cost	+3	+3	+2
Great acceleration	+1	+3	+2
Low repair frequency	–1	–2	+2

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In essence, if a marketer attempts to calculate the consumer's attitude about each brand of car using the original Fishbein attitude model, there is a need to multiply the attribute evaluation time of the brand's rating and the sum for each brand (refer to Table 5.7):

$$A_0 = \sum_{i=1}^{n} b_i e_i$$

Table 5.7: Attribute Evaluation Ratings for the Three Types of Luxury Car Models

Attribute	Rating (e_i)	Mercedes SLK (b_i)	$b_i e_i$ for Mercedes	Porsche 911 (b_i)	$b_i e_i$ for Porsche	Corvette (b_i)	$b_i e_i$ for Corvette
Sporty styling	+3	+3		+2		+2	
Good handling or ride	+3	+2		+3		+2	
High cost	–1	+3		+3		+2	
Great acceleration	+3	+1		+3		+2	
Low repair frequency	+1	–1		–2		+2	
A_0							

Once the above exercise has been carried out, the attitude scores can be derived as follows:

(a) Mercedes SLK = 14

(b) Porsche 911 = 19

(c) Corvette = 18

The Fishbein's multi-attribute model can also be illustrated by developing a set of attributes for a typical restaurant. They are as follows:

(a) A number of product attributes, for instance, the characteristics of the restaurant such as price, type of food, number of menu items and location.

(b) Beliefs regarding specific restaurants (in terms of attributes).

(c) Important weights reflecting the relative priority of specific attributes for them individually.

Although some common elements will be observed in the models developed, it is imperative for us to think about how each model is reflective of the individual responsible for the product evaluation.

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ACTIVITY 5.3

What is a multi-attribute attitude model?



SELF-CHECK 5.2

Describe the three elements of the multi-attribute attitude model.

5.4 FORMING ATTITUDES

Attitudes can be considered as evaluative judgements (Kardes, Thomas, & Cronley, 2011). From attitudes, consumers are able to rate how good or bad, favourable or unfavourable, or pleasant or unpleasant the consumers find a particular person (for example, salespersons or spokespersons), place (for example, retail outlets, websites, vacation sites), things such as products, packaging, advertisement or even political issues. Marketers must be aware of the fact that consumer attitudes are not formed or created equally. Attitudes can be formed through several learning processes:

(a) **Classical conditioning: Using a jingle**
Classical learning condition can be formed when a consumer often purchases a new product associated with a favourably evaluated brand name. The brand name is the unconditioned stimulus. Initially, through positive reinforcement given by the marketers, positive attitudes will be developed towards the brand. For example, admired and popular celebrities can be employed by marketers to associate them with the new products.

(b) **Instrumental conditioning: The attitude object is reinforced**
Instrumental learning condition arises when an attitude object is reinforced. At times, the attitude follows a purchase and consumption. A consumer may purchase a product because it is the only one available, or if they are attracted to the introductory promotional deal. If the new purchase is satisfactory, a positive attitude is formed.

(c) **Cognitive learning: Learning of what to do in social situations**
When consumers recognise a particular need to be fulfilled, they are likely to form attitudes based on exposure and cognition. The more information

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a consumer has, the more likely he will form an attitude towards a product or service.

5.5 ATTITUDE CHANGE STRATEGIES

Changing one's attitude is a long-term strategy for marketers, especially when marketers are aiming to be market leaders. Several attitude change strategies can be undertaken and have been identified by marketers. Schiffman, Kanuk and Wisenblit (2010) highlight the following:

(a) **Changing basic motivational functions lifestyles**
An effective strategy for changing consumer attitudes towards a product or brand is to make new needs prominent. This can be carried out using the functional attitude approach.

(i) **Utilitarian function**: Changing attitude by indicating that the product serves a useful purpose that the consumer did not consider previously.

(ii) **Ego-defensive function**: This offers reassurance to the consumers' self-concept.

(iii) **Value-expressive function**: Present the product in a manner that appeals to the consumers' values and outlook.

(iv) **Knowledge function**: Many product and brand positioning techniques are attempts to satisfy the consumers and marketers need to know and improve consumer's attitudes towards the brand by emphasising its advantage over competitive brands.

(b) **Associating the products with a special group, event or cause**
It is possible to change attitudes towards products by pointing out their relationship to a particular social event, group or cause. Example is when Nestle sponsors MILO drinks during school sports events.

(c) **Resolving two conflicting attitudes**
If a consumer can be made to see that their attitude toward a brand is in conflict with another attitude, they may be induced to change their evaluation of that brand. Julia likes eating ice cream very much but she believes that there are too many calories in ice cream. Nonetheless, if Julia learns that yogurt-based ice cream has low calories, she may be able to resolve her conflict between liking ice cream and perceiving it to be high in calories that could result in weight increase.

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(d) **Altering components of multi-attribute model**

Using the Fishbein's multi-attribute model, marketers can change consumers' attitudes with ease (Schiffman, Kanuk & Wisenblit, 2010; Putit, Teoh & Amily Fikri, 2015). This model provides marketers with ideas on how to bring attitude change by doing the following:

(i) **Changing the relative evaluation of attributes**

In general, when a product category is apparently divided according to significant product features, attributes or benefits that appeal to a particular segment of consumers, marketers usually have an opportunity to persuade consumers to change to a particular brand. For example, changing their preference from eating white rice to brown rice.

(ii) **Changing brand beliefs**

Advertisers constantly remind audience that their product is better or is the best in terms of some important product attribute. For example, the manufacturer of VOLVO may claim that their line of cars include better safety features as compared to other brands of cars within its class.

(iii) **Adding an attribute**

This strategy can be carried out by adding an attribute that has been previously ignored or one that represents an improvement of technological innovation. One example of adding an attribute that reflects actual product change or technological innovation is the Apple iPhone 6S.

(iv) **Changing overall brand rating**

Altering consumers' overall assessments of the brand by using global statements and making claims that set the product above all competitors have been part of the Samsung advertising approach based on the slogan "Innovation Leads".

(v) **Changing beliefs about competitors' brands**

This strategy involves changing consumer beliefs about attributes of competitive brands. One tool is by using comparative advertising.



SELF-CHECK 5.3

Explain the four basic attitude change strategies.

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SUMMARY

- Attitude reflects a learned predisposition to behave in a consistently favourable or unfavourable manner with respect to a given object.
- The main characteristics of attitude are:
  - Attitude as an object;
  - Attitudes are learned;
  - Attitudes are consistent; and
  - Attitude can occur within a situation.
- Some of the important models of attitude are functional theory of attitudes, the ABC model of attitude and the multi-attribute attitude model.
- The functional theory of attitudes explains how attitudes facilitate social behaviour. According to this theory, attitudes exist because they serve some function for an individual.
- The functional theory of attitudes encompasses utilitarian function, ego-defensive function, value-expressive functions and knowledge functions.
- The ABC model of attitude that has three main components such as affect, behaviour and cognition.
- The multi-attribute attitude model reflects how a consumer's attitude is affected by an object's list of attributes.
- Strategies of attitude change that marketers could apply are:
  - Changing basic motivational function lifestyles;
  - Associating the products with a special group, event or cause;
  - Resolving two conflicting attitudes; and
  - Altering components of the multi-attribute attitude model.

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KEY TERMS

Attitude	Ego-defensive function
Affective component	Knowledge function
Belief component	Multi-attribute attitude model
Cognitive component	Utilitarian function
Conative component	Value expressive function

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Topic 6 ▶ Decision Making

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the four viewpoints of consumer decision making;
2. Discuss the process of need recognition and pre-purchase search;
3. Identify the three types of external influences that affect need recognition;
4. Explain the two options available for consumers in evaluating product alternatives; and
5. Describe the three types of purchase behaviours that consumers make.

▶ INTRODUCTION

When the need to purchase a product or service arises, decisions have to be made. However, the decisions made will vary accordingly based on the types or categories of the product itself. For example, a decision made to purchase toothpaste will require less information research as compared to a decision made to purchase a car. This is because buying toothpaste does not entail much time to consider prices and various brands. On the other hand, in order to purchase a car, consumers will need a lot of time to search for information on brands, car specifications, prices, availability of car loans and car designs.

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6.1 FOUR VIEWS OF CONSUMER DECISION MAKING

There are four types of viewpoints (Solomon, 2011) that explain why consumers act the way they do. They are as follows:

(a) An economic view;

(b) A passive view;

(c) A cognitive view; and

(d) An emotional view.

In an **economic** view, there is perfect competition and the consumer makes rational decisions. They are aware of all choices, can rank their benefits and can choose the best alternative. Unfortunately for many, the perfect consumer does not exist, for example, in the purchase of staple food, toiletries, food and drinks.

On the other extreme is the **passive** view, in which the consumer is passive to the marketer in making their decisions. Here, the consumer plays no role as in their **cognitive** view; the marketer is a thinking problem solver. An example would be in the purchase of products that involve high level of involvement such as IT related products, properties and cars that are considered expensive and need detailed information before making the commitment to purchase.

The **emotional** model of consumer decision making posits that consumers are willing to purchase products or service in an attempt to fulfil their emotional needs. Decisions are based on emotions rather than rational thinking, for example, shoppers who make impromptu purchases at the counter and later regret their actions.



SELF-CHECK 6.1

Explain the four types of viewpoints available for consumers in making decisions.

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6.2 LEVELS OF DECISION MAKING

Let us now have a look and examine three specific levels of consumer decision making.

(a) **Extensive Problem Solving**

This level commonly occurs when a consumer purchases an expensive, important and high-involvement product such as a house or a car. Here, consumers will spend a lot of time collecting information that will assist them to make a purchase decision. This information will be categorised based on their list of perceived product selection criteria. Consumers will consider purchasing a product that matches their list of perceived product selection criteria. For example, a consumer who would like to purchase a house will spend lots of time in collecting and categorising information on specifications, prices, availability of bank loans and designs (list of perceived product selection criteria). If he finds a house property that matches the list, he will make a decision to purchase the intended house.

(b) **Limited Problem Solving**

At this level, consumers will purchase a latest and updated version of the product. Here, a slightly shorter time would be taken to make a purchase decision on a product as compared to making a purchase decision at the extensive problem solving level. Why? This is because consumers already have a list of perceived product selection criteria based on their previous experience of purchasing similar products in the same product category. For example, consumers who have purchased an iPhone5 will have a list of perceived selection criteria. This list will be used as a guide in purchasing an iPhone 6.

(c) **Routinised Response Behaviour**

This level will involve cheap and low involvement products such as soap, toothpaste and detergent. A brief duration is needed at this level to make a purchase decision. This is because the product purchase has been a routine task for consumers, thus, they have developed their list of perceived selection criteria based on their past experiences and knowledge related to the product.

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ACTIVITY 6.1

Which level of consumer decision making is applicable to the purchase of the following?

(a) Sofa

(b) Car

(c) Bungalow

(d) Toothpaste

(e) Diapers

6.3 CONSUMER DECISION-MAKING MODEL

The **consumer decision-making process (CDP)** is a process used to analyse factors that influence consumer decision making. Generally, there are psychological factors that may influence consumers to make a particular decision. A decision involves a choice between two or more alternative actions or behaviours (Peter & Olson, 2010). For example, after examining the products in a vending machine, Mary decides to choose a Snicker candy bar instead of Jack & Jill potato chips. Her choice was between the action of buying Snickers versus buying Jack & Jill potato chips.

Marketers are particularly interested in consumers' purchase behaviour, especially the choices of which brands to buy. It must be recognised that consumers also make decisions about non-purchase behaviours. At times, these choices can influence consumers' purchase decisions (for example, deciding to go a marathon run or watching TV that may expose consumers to marketing information about products). As illustrated in the model of consumer decision making in Figure 6.1, all aspects of cognition and affect are involved in consumer decision making, including knowledge, meanings and beliefs.

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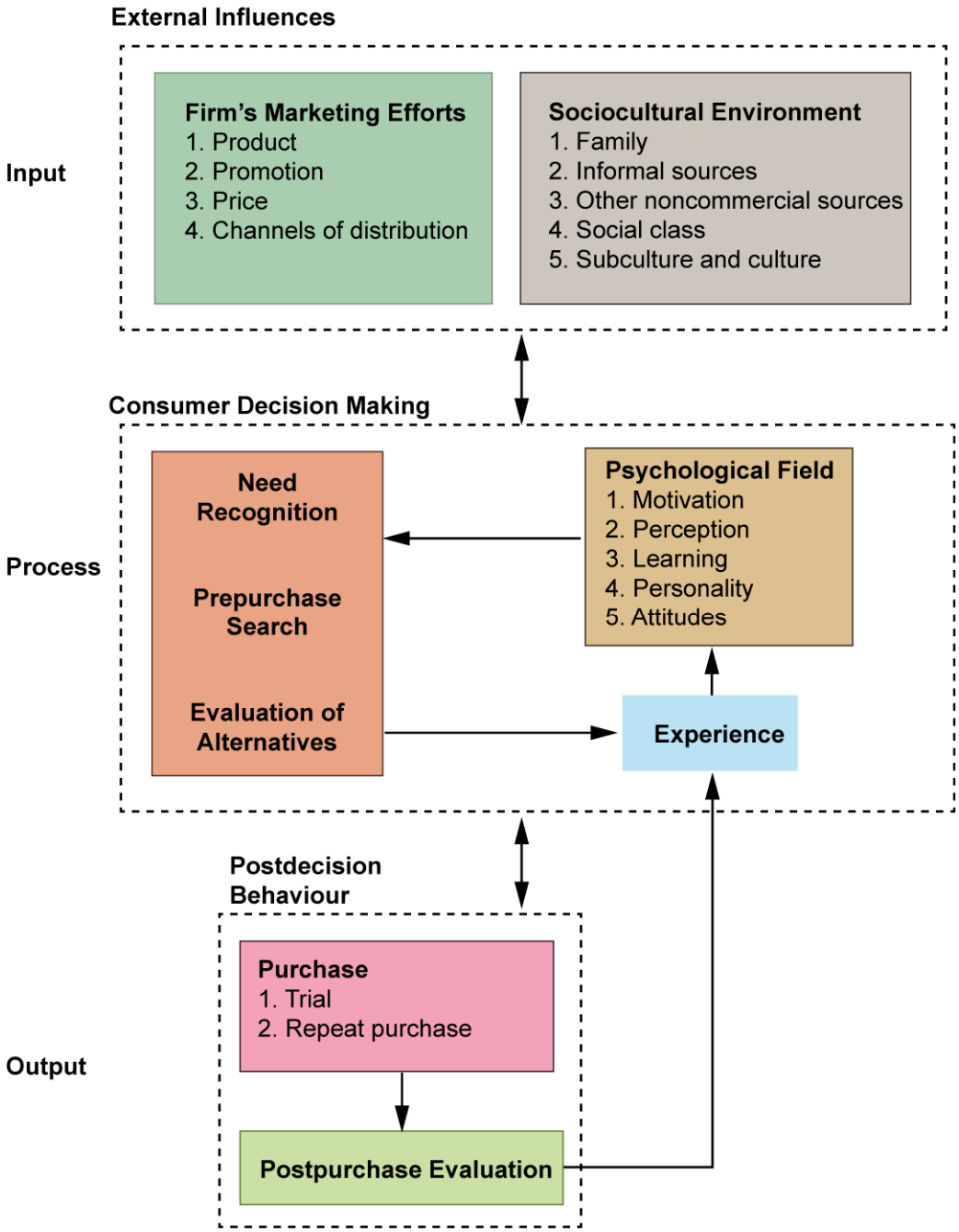


Figure 6.1: Consumer decision making model
Source: Schiffman & Wisenblit (2014)

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Let us go through the stages of the consumer decision-making model:

(a) **Decision Making: Input**

When explaining input, it involves three types of external influences that affect need recognition.

(i) Firstly, it involves the **marketing mix**. This consists of strategies that are designed to reach, inform and persuade consumers to buy the marketer's products repeatedly. This includes the product, place, promotion, pricing policy and the distribution channels that move products from one place to another.

(ii) Secondly, it involves **sociocultural influences** which include the consumer's family, peers, friends, social class and reference groups.

(iii) Thirdly, it is the **communication sources** such as word of mouth (WOM), advice and recommendations, social media and advertising – owned, paid for or self-generated.

(b) **Decision Making: Process**

This stage deals with how and to what extent consumers make decisions. In an attempt to understand this process, the psychological influences need to be considered such as motivation, personality traits, perception and attitudes as well as learning processes. The following points elaborate the processes involved at this stage.

(i) **Recognising Need**

This occurs when a consumer is faced with an issue or problem. For example, a young executive who decides to buy a smartphone would imagine that by purchasing it, his life would be easier in terms of taking more vivid and realistic photos and at the same time making calls. Hence, this smartphone has 2-in-1 functionalities, hence recognising a need and identifying a suitable response.

(ii) **Pre-purchase Search**

This process begins when a consumers perceives a need that would be satisfied by the purchase and consumption of a product. At times, recalling past purchases can provide the consumer with adequate information top make the present choice. However, when consumers have no prior experience, he has to be engaged in an extensive search for useful information on which to consider a choice. For example, Diana who has just started working uses a desktop computer in the office. However, her work as a marketing executive requires Diana to travel often. As such, she realises the need to purchase a laptop to take

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along with her when she travels. Since Diana does not own a computer notebook, she is a consumer in the "desire" state.

(iii) **External Search**

The consumer usually searches his memory before seeking other external sources of information regarding a given consumption related need. Past experience is considered an internal source of information to which the greater the experience, the lesser external information is needed to reach a decision. The external search reveals that as the amount of total search effort increases, consumer attitudes towards shopping becomes more positive, and that more time is made available for shopping. Also external search becomes very important when consumers have zero knowledge on the said product category.

It is also important to note that the Internet has a great impact on external searches. Instead of visiting conventional stores or calling the manufacturer and asking for a brochure, consumers can just go to the manufacturer's website to find out more on the information needed about the products and services. For example, DELL has a lot of information pertaining to the technological gadgets and computers sold online in its website.

This added value information is very useful for potential customers before they make any decision to purchase the models that they are interested in. For example, online retailers may sell head scarfs to the Muslim target market at a discounted rate during Hari Raya to cater to their needs. These retailers market their products at a discounted rate during festive seasons because they know that youngsters actively access the Internet, indicating high chances of them purchasing their clothing products. Besides that, other factors that may affect the consumer decision-making process is the sociocultural environment.

(iv) **Evaluating Purchase Alternatives**

In addition to that, the evaluation of purchase alternative also needs to be considered. Here, consumers will already have several alternatives to consider during the decision-making process, which is referred to as the **evoked set**. This refers to a specific brand (or models) that a consumer considers in making a purchase within a particular product category.

On the other hand, an **inept set** refers to brands or models, to which consumers do not wish to consider buying due to perceived factors such as inferior quality. An **inert set** consists of brands that consumers are indifferent towards due to the fact that is has no particular benefit.

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The evoked set consists of the small numbers of brands, to which the consumer is familiar with, can recall and find acceptable.

Figure 6.2 illustrates the evoked set as a subset of all available brands within a product category. In this context, marketers must ensure that their products become a part of every consumer's evoked set if they have to be considered at all. The numbering from 1 until 5 as illustrated in Figure 6.2 basically reflects the stages that consumers go through when evaluating brand sets.

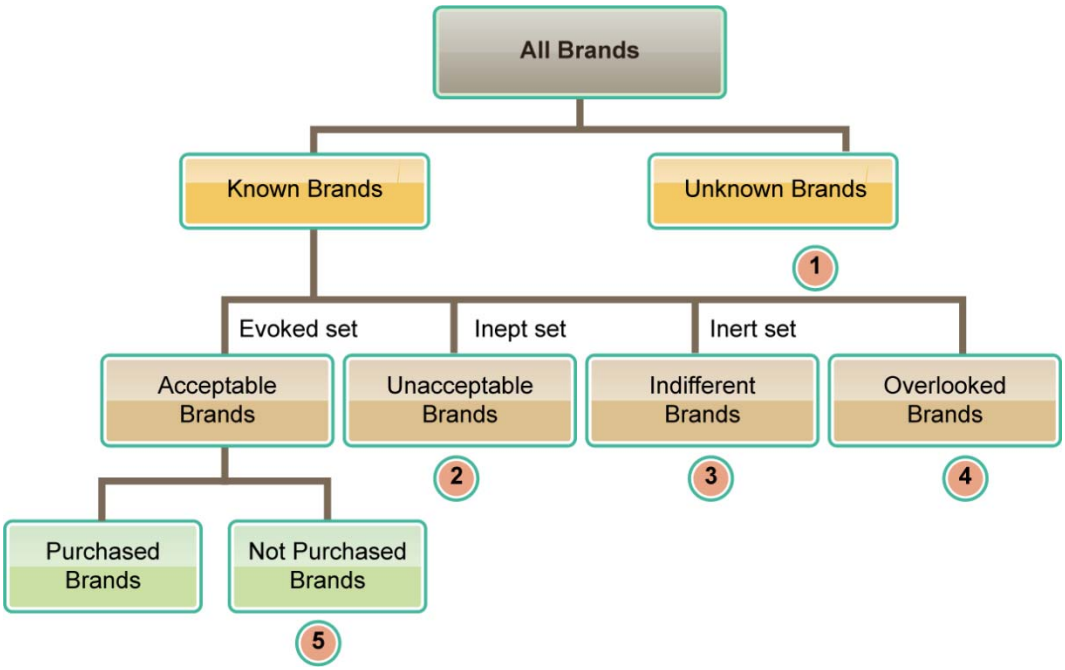


Figure 6.2: Brand sets that are considered during evaluation process
Source: Schiffman, Kanuk & Wisenblit (2010)

After going through the evaluation of alternative stage, the first question that consumers need to ask themselves is whether they will take further action to buy (or not to buy) the selected product. Consumers may take further action to purchase the product if the selected product meets the requirement or criteria set for it.

For example, Yang Ying is searching for a condominium with five rooms, that is located in a gated and guarded urban area that is close to a hospital and shopping facilities. If she finds a condominium that meets these criteria, Yang Ying will proceed to purchase the property. If however, Yang Ying is not successful in fulfilling the set criteria, she may decide not to purchase a house yet.

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In an attempt to assist or influence consumers at evaluating alternatives, companies can provide two main techniques such as providing detailed product description and brand extension.

- **Detailed Product Information**
  At times, consumers make wrong product choices. This happens as a result of lack of detailed product information or lack in past purchase experience. Thus, companies may assist consumers by providing detailed product descriptions. Having such information may ease the consumers' minds when it comes to product comparisons, and it may even educate consumers on their unknown needs. For example, companies that sell technological products such as mobile phones, laptops and desktops provide detailed product specifications (such as memory size, price and product features). Companies that sell food products on the other hand, will display information such as food ingredients, usage description, expiry date, warning labels and methods for food preparation to aid consumers.

- **Brand Extension**
  Companies can also influence consumers by extending their product categories via an existing established brand name. Consumers who are aware of the existing brand name will be able to associate its favourable features (such as quality and safety) with the company's new product line. This will subsequently assist consumers in making better purchase decisions. Nevertheless, brand extension can only be a successful marketing strategy if the company extends the brand towards the new product within the same product category. Example of brand extensions include Coca Cola's line of soft drinks and MILO's energy drinks.

(c) **Output of Consumer Decision Making**

This stage of consumer decision-making model involves purchase behaviours and post-purchase evaluation of the purchases.

(i) Consumers make three types of **purchase behaviours** such as **trials**, in smaller quantities, followed by **buying established brand** and lastly by **repeat purchase**. Trials normally occur because consumers are newly exposed to the product; thus the need to buy it in smaller quantities initially. However, they will move to purchase established brands when they have already experienced purchasing it before and find it compatible to their usage. Repeat purchases will only occur once consumers become more loyal to the product or brand.

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(ii) **Post purchase evaluation** takes place when consumers have purchased and consumed the products or services. It is during this stage that consumers will evaluate and compare the performance of these products or services against their own expectations. From these evaluations, there are three main possible outcomes occurring, namely, **satisfaction**, **dissatisfaction** and **delight**. Satisfactions occur when consumers believe that product performance matches their own expectations (confirmation).

Nevertheless, they will feel dissatisfied or frustrated when such service or product performance falls below the consumers' expectations (negative disconfirmation or cognitive dissonance). Yet, consumers will feel delighted when they realise that the product or service is beyond their expectations (positive disconfirmation). Hence, in attempting to assure consumers that the product or service performance fits their expectations, marketers have to develop powerful yet effective marketing strategies in terms of after sales service, follow up service or even using viral marketing approach in communicating to the target audience.



SELF-CHECK 6.2

1. Briefly explain the processes of need recognition and pre-purchase search.
2. What are the three types of external influences that affect need recognition? Briefly describe them.
3. Explain the two options available for consumers in evaluating product alternatives.
4. What are the three types of purchase behaviours that consumers make? Explain.

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SUMMARY

- The four viewpoints of decision making are an economic view, a passive view, a cognitive view and an emotional view of decision-making models.
- The different levels of the consumer decision-making processes involve extensive problem solving, limited problem solving and routinised problem solving.
- The consumer decision-making process (CDP) is a process used to analyse factors that influence consumer decision making.
- The consumer decision-making process involves input, process and output.
- In the input stage, external influences play a role in affecting consumers' process of decision making.
- In addition, inner psychological factors such as motivation, personality, attitude, learning process and perception may also influence decision making.
- Once a decision has been made and purchase has been completed, consumers will go the final stage of the decision-making process, where they will then evaluate their post-purchase behaviour. If they are satisfied, then they have completed the overall process.

KEY TERMS

Brand extension
Cognitive view
Consumer
Decisions
Economic view
Emotional view
Passive view
Purchase
Repeat purchase
Trial purchase

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Topic 7 ▶ Buying and Disposing

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the factors that affect consumer behaviour;
2. Define antecedent states;
3. Explain the relationship between pleasure, arousal and mood; and
4. Describe the types of buying decisions and consumers.

▶ INTRODUCTION

A consumer's choices are affected by many factors such as his mood, whether there is time pressure to make a purchase and also as a result of situational circumstances when such a product is much needed. In these cases, a salesperson, a store environment or even the Internet can influence a consumer's decision making. This topic deals with the identification of factors that may influence a consumer's choice of purchase behaviour. This topic also discusses the antecedent states that the consumer is in that may also influence his decision making. Next, purchase environment is discussed, followed by post-purchase processes involved in decision making.

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ACTIVITY 7.1

Discuss the following scenarios with your coursemates:

(a) What goes through your mind when you go to a new restaurant and there are empty tables everywhere?

(b) Imagine you are in your favourite restaurant. The tables are all full and you are required to wait for 20 minutes. How would you react to this request?

7.1 FACTORS AFFECTING CONSUMER BEHAVIOUR

There are many factors affecting consumer buying behaviour. A person's purchase decision will also depend on a pre-purchase information search with regards to factors shown in Figure 7.1.

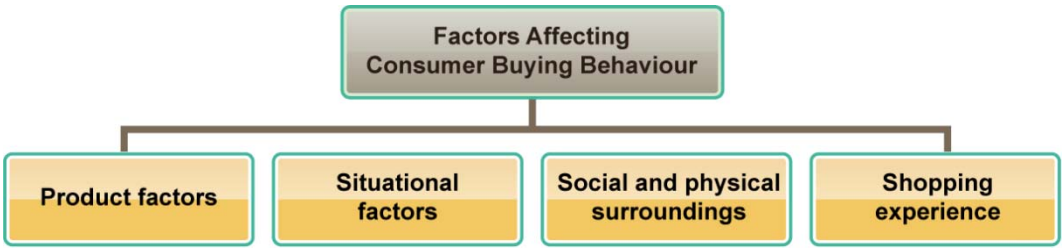


Figure 7.1: Factors affecting consumer buying behaviour

As for the **product factors**, consumers will search for information related to frequent changes in product styling, product quality, frequent price changes, alternative brands, level of variations in product features and volume purchasing.

Situational factors also play a role in determining consumer buying behaviour. These include first time purchasers, those that have no experience since the product is new as well as unsatisfactory past experiences and situations. The situational effects on consumer behaviour can be varied. A consumption situation is defined by factors beyond the control of a person and the product that influences the buying and/or using of products and services. Situational effects can be behavioural or perceptual (Solomon, 2011). Smart marketers understand these influences and adapt their programmes accordingly. Retailers are especially aware of the social and physical surroundings that the consumer encounters on their shopping trips.

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Social and physical surroundings also play major roles in influencing consumer buying behaviour. These can increase consumer motivation for a product purchase. Examples of environmental stimuli that may influence shopper purchasing behaviour are display, ambience, smell and even temperature within the retail store. Also, we can come to an inference about a store by examining its customers.

Decor, smell and visual stimulation are all important to the overall atmosphere of the store. Store owners are painfully aware that consumers nowadays are time-oriented and, therefore, time is a resource that must be factored into marketing plans. Retailers must account for a shortage of time on the part of the consumer and arrange an environment that will speed the consumer through the store while selling effectively.

In addition, **shopping experience** also plays a part in consumer purchase decisions. In many cases, how consumers evaluate the store experience are influenced by the overall store ambience, background music, sale personnel personality as well as level of retail knowledge, convenience and others.

Also, the consumer purchase decision is determined by the **retail promotional techniques** of the retailers such as point-of-purchase (POP) retail marketing techniques. These techniques can increase consumer impulse buying behaviour. Consumer satisfaction is determined by a person's feeling towards the product upon purchase. There are many factors affecting consumers' perception on the quality of product. These include price, promotion, brand name, product features and performance. The level of satisfaction that consumers receive will depend on the extent to which the performance of products identified is consistent with the consumers' prior expectation on the performance of the products.



SELF-CHECK 7.1

Describe the factors that affect consumer buying behaviour.



ACTIVITY 7.2

1. Is consumer perception a reality? Share your thoughts with your coursemates.
2. Discuss how perception can be defined by the three stages of exposure, attention and interpretation.

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3. Close your eyes and picture yourself shopping at a mall. Visualise that the store is completely silent. After a few seconds, ask yourself how you feel. Share here how this has affected your shopping experience. What are other ways you think that marketers might use sound to stimulate your purchasing?

7.2 ANTECEDENT STATES

Antecedent states can be defined as the features of the individual person that are not lasting or relatively enduring characteristics (Hawkins, Mothersbaugh, & Mookerjee, 2010). They generally revolve around a person's mood or physiological condition that can affect purchases and how products are evaluated. There are two dimensions, that is, **pleasure** and **arousal**, that can determine if a shopper will react positively or negatively to a consumption environment.

A specific mood can reflect a combination of pleasure and arousal. In general, a mood state (either positive or negative) biases judgments of products and services in that direction. Moods can be affected by store design, the weather or other factors specific to the consumer (such as music or even television programmes).



ACTIVITY 7.3

Give an illustration of how mood has affected your purchase decisions. If you were a salesperson, when would be the best time to sell to you?

7.3 SHOPPING ORIENTATION: IS SHOPPING A BURDEN OR AN ADVENTURE?

People go shopping for many reasons. It will depend on their shopping orientation or their attitudes about shopping in general. Shopping is an activity that can be performed for either utilitarian (functional or tangible) or hedonic (pleasurable or intangible) reasons.

Hedonic shopping motives include:

(a) Social experiences;

(b) Sharing of common interests;

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(c) Interpersonal attraction; and

(d) Instant status.

E-commerce has become an instant hit nowadays with many retailers coming up with websites showcasing their products and services. Marketers are debating whether the new format of online buying will affect the way they conduct their business. For marketers, online growth can be beneficial but at the same time may prove disastrous to the businesses involved. Competition is very intense and location is not the only factor that would determine the success of a retail business.

Online business is more skewed towards customer service and the shopping experience before purchase, during purchase and post-purchase consumption of goods bought over the Internet (see Figure 7.2). In addition, people are more concerned about security and reliability of the commercial websites.



Figure 7.2: Online shopping
Source: http://www.freepik.com/free-vector/online-shopping-background_921230.htm

ACTIVITY 7.4

1. Why do you go shopping? Are the reasons for shopping on the Internet the same as those for shopping in a store or mall? Compare and contrast the differences.

2. How do the Internet marketers appeal to your shopping motives on the Internet? Do they consciously try to lure you away from the traditional shopping format? If so, how?

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SELF-CHECK 7.2

1. Define antecedent states.
2. Describe the relationship between pleasure, arousal and mood.

7.4 PURCHASE ENVIRONMENT

The purchase environment describes the environment in which a consumer decides to purchase any goods or services available offline or online. It can be at shopping malls, independent stores, convenience stores as well as click and mortar stores such as Amazon.com and FashionValet.com. Consumers normally make in-store decisions when they are already in a certain purchase environment, be it at an offline retail store or an online store. For example, Helen makes it a point to purchase at least one grocery item whenever she is at a 7-Eleven convenience store or she happens to shop at KLCC Suria shopping mall in Kuala Lumpur's commercial business district (CBD).

ACTIVITY 7.5

1. When you go shopping, what are the things that you look for in a store besides the product or services that you intended to purchase?
2. Is online business better off than a typical bricks-and-mortar retail business?

7.4.1 In-store Decision Making

This subtopic will explain how consumers make in-store decisions when they have gone through the shopping experience at the mall or identified retail stores. In making such a decision, consumers will go through several types of buying decisions (see Figure 7.3).

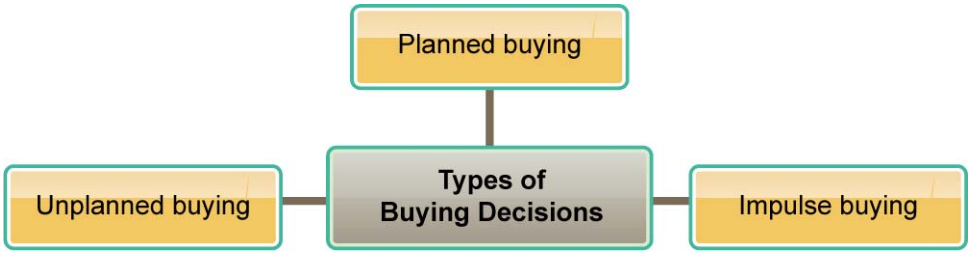


Figure 7.3: Types of buying decisions

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The following are the descriptions of the three types of buying decisions:

(a) **Planned buying** occurs when a consumer has already listed the merchandise to be bought before shopping at a particular retail outlet. For example, they will buy products that are required on a daily basis such as toothpaste, body shower cream, shampoos and other toiletries.

(b) **Unplanned buying** occurs when a customer is not familiar with the retail store's environment, image or even layout. It may also occur when shoppers are being pressured to source for such a purchase. For example, Ali will search for information relating to the computer laptop fan that he intends to buy through online and offline mode of advertisements. He will also go to retail outlets known to provide all these services such Low Yat Plaza in Kuala Lumpur, or even the IT Street at Sunway Pyramid shopping mall.

(c) **Impulse buying** occurs when a consumer purchases something without any prior deliberate thoughts on such a purchase. In retail stores, the retailers generally place all impulse items besides the checkout stands. For example impulse purchases may include sweets, cigarettes, bottled fizzy drinks or even chewing gums placed at the cashier counter in most 24 hour operating convenience stores.

The following are the different types of consumers:

(a) **Advance planners** are consumers who know specific products and brands. They normally have a regular fortnightly list of necessities needed for the household such as toothpaste, soap, washing detergent and body shampoo among others.

(b) **Partial planners** are consumers who know the products but choose to ignore them. They generally avoid brands that may not be within their budget but choose to purchase those that are within their financial control.

(c) **Impulse purchasers** are consumers who do not have any advance planning. They will purchase whatever is within their reach, in particular, when they are about to pay for their earlier purchase at the cashier counters.

Nowadays, most retailers are beginning to put in more effort on the supply of information within the store. **Point-of-purchase (POP)** marketing strategies have been applied, ranging from merchandise displays to free samples of brand in the store. What is POP? It basically refers to the process of marketing or retail promotional strategies that use in-store displays and other last minute marketing ploys to influence customers to choose a specific brand or to make an impulse buy (Watkins, 2017).

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POP marketing occurs when a customer is present in the store and ready to make a purchase. In this circumstance, POP displays and marketing techniques generally draw consumers' attention to particular brands or special offers that can create additional value or display of product benefits. This additional promotional strategy is important and effective because it is located at a place when the consumer is making a buying decision such as cashier counters. If a retailer has an effective POP marketing campaign, competitors' messages may be minimally recognised and remembered by the customers. Salespeople play a significant role in ensuring that the POP techniques are continually effective. This can be undertaken by ensuring that retail promotional efforts such as quantity discounts and buy-one-get-one-free offers must be changed regularly to continue to influence customers to make impulse purchase via the POP marketing technique.



ACTIVITY 7.6

1. Are you a planner, partial planner or an impulse purchaser when you shop? Give an illustration.
2. List some interesting or unique point-of-purchase (POP) materials that you have seen. Do you think that it is ethical to put marketing materials in public places such as restrooms or waiting rooms?



SELF-CHECK 7.3

1. What are the different types of buying decisions?
2. Describe advance planners.

7.5 POST-PURCHASE PROCESSES IN CONSUMER DECISION MAKING

In any purchase decision-making situation, consumers may encounter a display of post-purchase behaviour. They usually experience post-purchase dissatisfaction or post-purchase dissonance after making an impulse purchase. At times, the consumers may regret making such decisions, due to availability of alternatives. In this aspect, marketers or even retailers need to assure the consumers that the decision made is the correct one and that consumers will feel a low level of post-purchase dissonance. Marketers can also attempt to reduce such dissonance by making sure that a follow up service is always given and they may also provide other form of post-purchase services that can minimise the customers' level of post purchase dissatisfaction, and at the same time, retain their loyalty to a particular brand.

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Product disposal is an increasingly important problem in a society and one that consumers often consider prior to making a purchase. When consumers have purchased and utilise merchandise or products bought, they may have to dispose of the products prior to buying any new products or services. These can be undertaken through several mechanisms such as recycling alternatives or even setting a garage sale or opening stalls at flea markets to get rid of the product bought. By doing so, consumers will be encouraged to adapt the recycling concept or do their part in reducing global warming.



ACTIVITY 7.7

1. Have you ever experienced being dissatisfied with a product or service that you have bought? Did you make any complaints? If yes, what was the outcome?

2. Explain why consumers feel dissatisfied after purchasing a product or service.

SUMMARY

- Consumer's buying behaviour can be affected by factors such as product factors, situational factors, social and physical surroundings and shopping experience.

- The product factors include the information related to frequent changes in product styling, product quality, frequent price changes, alternative brands, level of variations in product features and volume purchasing.

- Antecedent states are the features of the individual person that are not lasting or relatively enduring characteristics.

- The two dimensions, pleasure and arousal, can determine if a shopper will react positively or negatively to a consumption environment. A specific mood can reflect a combination of pleasure and arousal.

- Shopping is an activity that can be performed for either utilitarian (functional or tangible) or hedonic (pleasurable or intangible) reasons.

- Purchase environment is an environment in which you decide to purchase any goods or services available offline or online.

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- Unplanned buying is when a customer is not familiar with the retail store's environment, image or even layout. It may also occur when shoppers are being pressured to source for such a purchase.
- Impulse buying is when a consumer purchases something without any prior deliberate thoughts on such a purchase. In retail stores, the retailers generally placed all impulse items besides the checkout stands.
- After making a purchase, consumers usually experience post-purchase dissatisfaction or post-purchase dissonance.
- Marketers need to assure the consumers that the decision made is the correct one and that consumers will feel a low level of post-purchase dissonance.
- Marketers also attempt to reduce such dissonance by making sure that a follow up service is given as well as other post-purchase services that they can think of.

KEY TERMS

Antecedent states	Post-purchase dissatisfaction
Arousal	Purchase environment
Consumer satisfaction	Shopping experience
Hedonic reason	Situational factor
Impulse buying	Unplanned buying
Pleasure	Utilitarian reason



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Topic 8 ▶ Organisational and Household Decision Making

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify the factors that influence an organisational buyer's perceptions of purchase situations;
2. State the categories of organisational buyers;
3. Differentiate between organisational and consumer decision making;
4. Explain the categories of market of children as decision makers; and
5. Describe the tactics that children use to influence parents in purchasing decisions.

▶ INTRODUCTION

This topic highlights several areas of interest that involve collective decision making and its relationship with organisational buyers. Organisational buyers are introduced and each of the members of the decision making unit (DMU) are described. We will also explore the factors that affect the organisational buyer's perceptions of a purchase situation.

In addition, this topic will look into the differences in decision making between organisations and consumers. The role of family in a consumer's decision making process is also discussed in this topic. The family unit entails the system within a group of people related by birth or marriage or an extended family. Most of

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these groups make decisions collectively on behalf of the system that they are currently in.

8.1 COLLECTIVE DECISION MAKING

What is **collective decision making**? It refers to a process in which more than one person is involved in the purchasing of products or services to be used by multiple consumers.

When making consumption decisions, consumers at times need to have a second opinion before deciding anything. In particular, living in a culture where consensual decision making is a norm, the customer will likely purchase any product or brand if there is a general agreement of such purchases between family members or other significant people in his life.

Similarly, decision making is collective when it involves **organisational buyers**. This is because, there are many decision makers involved in deciding to purchase something for organisational usage. Who is an organisational buyer? It simply refers to a person who purchases goods and services on behalf of companies for use in the process of manufacturing, distribution or resale.

Generally, the organisational buyer's perceptions of any purchase situation are influenced by:

(a) **Expectations** of the suppliers;

(b) **Organisational climate** of his own company; and

(c) The buyer's **assessment** of his own performance.

In the information technology age, organisational decision makers must always be alert to business clients' complex needs. Advertisements targeting organisational buyers often try to mitigate the concerns of the risk associated with purchase.

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8.1.1 Categories of Organisational Buyers

When talking about business organisations, we have several categories listed as follows:

(a) **Commercial**
This involves distributors, OEMs, users and retailers.

(i) **Distributors** refer to wholesalers, value added resellers and retailers. They not only help the products' progress via marketing channels, but also add value by providing relevant storage, services and even financial support.

(ii) **OEMs** are original equipment manufacturers in which case a company relabels a product, incorporating it with another different product. In an attempt to sell it under a different brand name by offering warranties, support and licensing, OEMS will have contracts with giant manufacturers in supplying certain spare parts and other materials.

(iii) **Users** are organisations that purchase goods and services, which are then consumed as part of their production and manufacturing processes. The users utilise these parts and materials but are not involved in the final product. They only assist in the making of the product, for example, tyres

(iv) **Retailers** will need to purchase goods in order to resell them. However, the buying processes are much simpler compared to organisational buying and involve a group of people who make decisions, normally termed as the DMU.

(b) **Government**
The business value taken by governments is very big. For example, health policies, education, transport, environmental issues, etc. are some of the areas that require investment.

(c) **Institutions**
This refers to the non-profit organisations or NGOs such as charities, community based organisations such as hospitals, schools, museums, libraries and universities. Institutions normally buy in bulk through group buying. Through such collaborations, the group is able to negotiate greatly reduced prices and larger discounts, and related bulk purchases.

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In organisational buying, although most companies designate a buyer to be responsible for the purchase of a range of product offerings, in actual fact, there are a number of people involved in the purchasing process. This process is a means by which organisations create value. This group of people is called decision making unit (DMU) or the buying centre. Webster and Wind (1972) identified a number of people who undertake different roles within buying centres as illustrated in Figure 8.1.

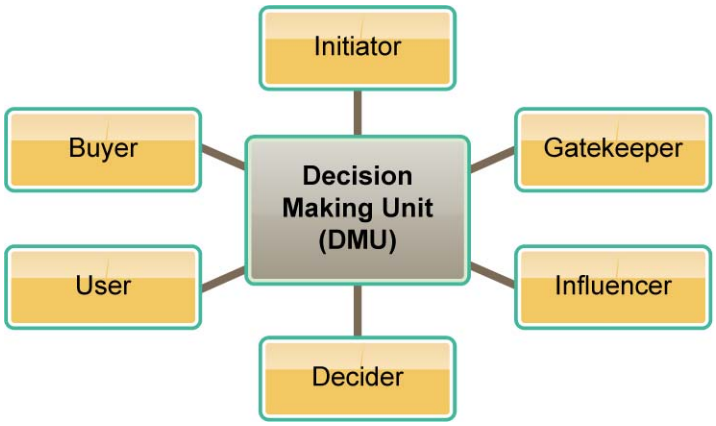


Figure 8.1: The decision making unit

SELF-CHECK 8.1

1. Is collective decision making better off when making organisational purchases?
2. What are the factors that influence an organisational buyer's perceptions of any purchase situation?
3. Describe the categories of organisational buyers.
4. Who are involved in organisational buying?

8.1.2 Decision Roles in the DMU

There are a number of decision roles involved within the DMU. These are different from the roles played by end consumers in the mass market meant for household consumption. The DMU roles vary in such a way that no single decision can be achieved towards purchasing goods or services for organisational or industrial consumptions. The DMU roles can be summarised as outlined in Table 8.1.

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Table 8.1: Role of the DMU

DMU	Role
Initiator	The person who brings up the idea or need.
Gatekeeper	The person who conducts the information search and controls the flow of information available to a group.
Influencer	The person who tries to sway the outcome of the decision.
Buyer	The person who actually makes the purchase.
User	The person who winds up using the product or service.
Decider	The person who holds the singular or joint power to determine whether or not to buy a product or service.

According to Bainer and Fill (2014), the functions of the members of the DMU are:

(a) **Initiators**
These people start the whole process by requesting the item purchase. They may also assume other roles within the DMU or a wider organisation.

(b) **Gatekeepers**
These are people who have the potential to control the type and flow of information to the organisation and members of the DMU. The gatekeepers can consist of assistants, technical personnel, secretaries or even telephone operators.

(c) **Influencers**
These people help set the technical specification for the proposed purchases and assist the evaluation of alternative offering of the potential suppliers. For example, they are perhaps consultants who complete a particular project. An office manufacturer, for example, will regard office managers as key decision makers but also understand that other specialists such as office designers and architects influence the office manager's decisions about matters related to furniture.

(d) **Buyers**
These are purchasing managers who select suppliers and manage the process whereby the required products are procured. Buyers may not decide whose product is to be purchased, but they influence the framework within which the decision is being made. For example, they may be formal buyers and kick start the purchases of a type of tyre because rubber has dropped in prices or in the stock market, in which case supplies will slow down. Hence, buyers will assume the role of both an initiator and a buyer.

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(e) **Users**
These people literally use the product once it has been acquired and they will also evaluate the performance. Users may not only initiate the purchase process but at times are also involved in the specification process. Their role is continuous, although it may tend to vary from the highly involved to the peripheral.

(f) **Deciders**
These are people who make purchasing decisions – they are the most difficult ones to identify as although it is normal practice for a senior manager to authorise expenditure decisions involving sums over a certain financial limit, informal decision makers that have significant internal influence might be the real decision makers behind the scenes. Buyer may also decide.

8.1.3 Differences in Decision Making Between Organisations and Individual Consumers

There are other factors that may distinguish organisational and industrial purchase decisions from individual consumer decisions. These include the fact that organisational buyers' purchase decisions frequently involve many people such as the DMU. In addition, the products are often bought according to precise technical specifications that require a lot of product category knowledge.

In industrial buying, impulse buying is rare as compared to consumer buying, and decisions are normally risky in nature. The dollar volume of the purchase is substantial, and organisational buying puts more emphasis on personal selling than advertising.

On the other hand, personal consumers' decision making is influenced by several psychological factors as well other external factors. Personal consumers have several characteristics that differ from organisational consumers. These include, personal consumers having the right to make decisions of whether to buy or not to buy a product or service in a store.

The consumer will also decide if he wants to be influenced by the marketing strategies and the advertisements of the organisation for a product or a service. Also, the personal consumers have the right to choose between competitors and their products. They are generally influenced by marketing other promotional activities in the marketplace. Finally, personal consumers are generally impulse buyers as compared to organisational buyers.

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SELF-CHECK 8.2

What are the differences between organisational decision making and individual consumer decision making?

8.2 PROCESSES INVOLVED IN THE DMU

In the decision making unit, the decision makers are involved in several types of organisational or industrial purchases. According to Fill (2009), there are three main types of buying situations (see Figure 8.2).

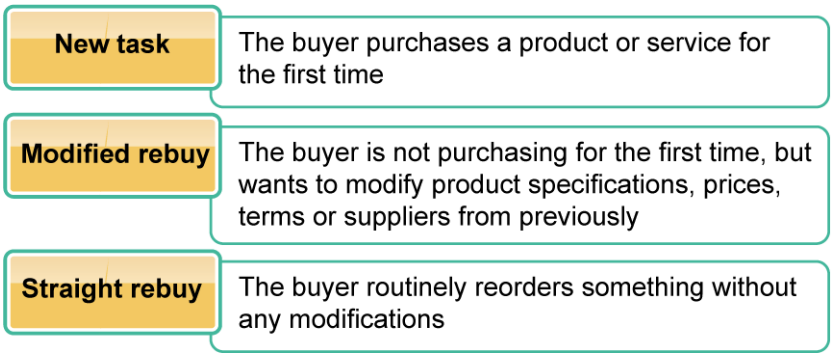


Figure 8.2: Three types of buying situations and their characteristics

The following are the descriptions of the types of buying situations:

(a) **New Task**

The organisation is faced with a first time buying situation. Risk is involved as there is little collective experience of the product or service or the relevant suppliers. Hence, a large number of participants are involved, and each of them requires a long time with a lot of information needed to be assimilated before any decision is being made.,

(b) **Modified Rebuy**

Once a purchase has been made, uncertainty will be reduced but not eliminated. The organisation may request through their buyers that certain modifications be made to future purchases. For example, adjustments needed to product specifications will require further negotiations on price levels, or even delivery patterns alternative arrangements. At this stage, fewer people are involved in the decision-making processes than in a new task situation.

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(c) **Straight Rebuy**
Under this circumstance, orders from the purchasing department are done on a routine basis, normally working from an approved list of suppliers. These generally refer to products that an organisation consumes in order to keep operating (for example, stationery) or other raw materials used in the manufacturing process. Straight rebuy presents the use of automatic reordering systems so that costs can be reduced, and managerial items can be directed to other projects; relationship between parties involved are much more solid. The use of electronic purchasing styles has enabled organisations to empower employees to make purchases. Nevertheless, control is still maintained by the purchasing managers.

8.3 THE FAMILY

A family refers to a set of people living together and/or coexisting within a society. This family structure normally has a significant influence on the formation of an individual's behaviour. Another term commonly used to describe a family is **household**. Household describes people who are living in one home.

There are two types of families: the nuclear and the extended family. The **nuclear family** consists of a married couple and their own children. The **extended family** refers to those living with grandparents, uncles, aunts and nieces under one roof. They generally consist of three generations living together. Nevertheless, the number of children depends on the lifestyle that the couple would like to lead, with some opting to have fewer children or no children at all. There are also families with single parents as a result of death or divorce. In this category of family function, only one generation of family is considered as family members.

8.3.1 Children as Decision Makers and Their Influential Tactics in Decision Making

Since the early 20th century during the Great Revolution, children have been making their way into household decision making. One example of their influence is their presence at the supermarket, where parents eventually buy whatever is requested by them.

Children can be categorised as decision makers based on the category of market:

(a) **Primary market**: Refers to children having to spend their own allowance on their own wants and needs.

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(b) **Influence market**: Parental yielding occurs when a parental decision maker is influenced by a child's request and "surrenders".

(c) **Future market**: Kids eventually grow up to be adults.

There are several tactics used by children in influencing their parents' consumption decision making.

(a) **Pressure Tactics**
These tactics are pursued by children when they are in need of some purchases. They will, for instance, cry openly in an attempt to exert some form of pressure on their parents until they give in to their demands. For example, a 5-year-old child will cry his heart out at the supermarket if his demand for ice cream is not fulfilled. In order to avoid embarrassment, his parents will succumb by buying the ice cream.

(b) **Upward Appeal**
This tactic is a method in which children persuade parents by stating that the request for the purchase is supported by teachers, or even aunties and uncles. For instance, children will inform parents that a purchase of additional books containing English Language exercises is much needed because it has been endorsed and supported by their school teachers who are teaching the subject.

(c) **Exchange Tactics**
In this tactic, children persuade parents to purchase an item in exchange for a favour. For example, they promise to wash the car every weekend for a month in exchange for a new pair of shoes.

(d) **Coalition Tactics**
The children will seek assistance from other family members to persuade their parents to comply with their requests. For example, children will get the assistance of their uncles or aunties to persuade the parents to buy smartphones for them.

(e) **Rational Persuasion**
Children will use logical arguments and facts to persuade parents to agree with their requests. For instance, in an attempt to justify the need for a new Samsung tablet, children will influence their parents by assuring them that such a tablet can assist them with their university assignments.

(f) **Inspirational Appeals**
Children will use this tactic when they make an emotional request to parents by appealing to their values. For example, children who believe in environmental conservation will persuade their parents to buy bags or

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products made from recycled materials to reduce their contribution to global warming.

(g) **Consultation Appeals**
Children use this tactic when they need your involvement in making a decision. For example, children who want to purchase laptops for their studies will consult their parents on the most appropriate brands and models.



SELF-CHECK 8.2

1. How are children categorised as decision makers based on the category of market?
2. Explain five tactics that children use to influence parents' purchasing decisions.



ACTIVITY 8.1

1. What are some of the material possessions that reflect a certain level of social class?
2. As a consumer, do you purchase things that reflect your social status? Why or why not? Explain.

8.3.2 Family Life Cycle

Family Life Cycle (FLC) is a concept that combines trends in income and family composition with the changes in demands placed upon this income to segment households (Solomon, 2011). The FLC model focuses on longitudinal changes in priorities which are valuable in predicting demand for specific product categories over time.

Four variables are necessary in predicting such demands such as:

(a) Age;

(b) Marital status;

(c) Absence or presence of children; and

(d) Ages of children.

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8.3.3 Household Decisions

Generally, there are two types of household decisions, that is, **consensual purchase decision (CPD)** and **accommodative purchase decision**.

These household decisions can be described as follows:

(a) **CPD** focuses on the fact that members agree on a desired purchase.

(b) **Accommodative purchase decision** is a decision made whereby members have different preferences or priorities and cannot agree on a purchase.

Some of the factors determining the degree of family decision conflict are:

(a) Interpersonal need;

(b) Product involvement and utility;

(c) Responsibility; and

(d) Power.

Other factors that determine the degree to which decisions will be made jointly by one or the other spouse are:

(a) Sex-role stereotypes;

(b) Spousal resources;

(c) Experience; and

(d) Socioeconomic status.

According to Solomon (2011), despite recent changes in decision-making responsibilities, women are still primarily responsible for the continuation of the family's **kin-network system**: They perform the rituals intended to maintain ties among family members, both immediate and extended. This function includes activities such as coordinating visits among relatives, calling and writing to family members, sending greeting cards and arranging social engagements. This organising role means that women often make important decisions about the family's leisure activities, and they are more likely to decide with whom the family will socialise (Solomon, 2011).

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ACTIVITY 8.2

1. Discuss a situation where social class might predict consumer behaviour better than the knowledge of a person's income.
2. Brainstorm a list of status symbols that no longer hold the status they once did. Why is this so?

SUMMARY

- Collective decision making refers to a process in which more than one person is involved in the purchasing process of products or services to be used by multiple consumers.
- An organisational buyer refers to an individual who purchases goods and services on behalf of companies for use in the process of manufacturing, distribution or resale.
- In organisational buying, there are a number of people involved in the purchasing process. This group of people is called the decision making unit (DMU) or the buying centre.
- Organisational buyers' purchase decisions frequently involve many people such as the DMU. In addition, the products are often bought according to precise technical specifications that require a lot of product category knowledge.
- Personal consumers' decision making is influenced by several psychological factors as well other external factors.
- In the decision making unit, the decision makers are involved in several types of organisational or industrial purchases. There are three main types of buying situations: new task, modified rebuy and straight rebuy.
- A family (also known as a household) refers to a set of people living together and/or coexisting within a society.
- The Family Life Cycle (FLC) is a concept that combines trends in income and family composition with the changes in demands placed upon this income to segment households.
- There are two types of household decisions, that is, consensual purchase decision (CPD) and accommodative purchase decision.

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- Women are still primarily responsible for the continuation of the family's kin-network system; they perform the rituals intended to maintain ties among family members, both immediate and extended.

KEY TERMS

Buyers	Influencer
Buying situation	Initiator
Decider	Modified rebuy
Decision making unit (DMU)	New task
Extended family	Nuclear family
Family life cycle (FLC)	Organisational buyers
Gatekeeper	Straight rebuy
Household decision	User



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Topic 9 ▶ Reference Group and Social Media

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify the three types of reference group influences;
2. Describe the six types of social power;
3. Describe three distinct categories of opinion leadership; and
4. Explain the negative and positive word of mouth.

▶ INTRODUCTION

Consumers have different categories of groups when it comes to understanding their consumption decision-making process. One form of group that has a definite impact on consumer behaviour is the reference group. A reference group reflects "an actual or imaginary individual or group formed as a result of having similar evaluations, aspirations, similarities and/or behaviours.

Reference groups provide a normative influence (that is, the reference group helps to set and enforce fundamental standards of conduct) and/or a comparative influence (this is where decisions about specific brands or activities are affected).

When groups are connected to the Internet, a virtual community of consumption is formed. This occurs when online people interact with one another based on shared enthusiasm for and knowledge of a specific consumption activity.

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9.1 TYPES OF REFERENCE GROUP

There are many different types of groups. A group consists of two or more groups who interact with each other to accomplish some goals. Specifically, these groups may include families, close personal friends, co-workers, formal social groups, leisure groups and even neighbours.

A reference group may be one or more persons whom someone uses as a basis for comparison (this is called comparative influence) or point of reference in forming affective and cognitive responses and performing behaviours (this is called normative influence). It can be anything from one person to hundreds of people, and may be tangible or symbolic (sports heroes or successful billionaires). For example, groups can be families, close friends, co-workers and leisure or hobby groups. A formal group has a recognised structure, regular meeting times and officers. An informal group is usually small and configured like a group of friends.

Membership reference groups refer to people that the consumer can identify with or admire (refer to Table 9.1). Aspirational reference groups, on the other hand, refer to what individuals want to be, avoiding what they actually are. Both of these groups are closely watched by marketers. Group cohesiveness is the degree that members of a group are attracted to each other and value their group membership. Avoidance groups refer to those that the consumer wishes to distance themselves from. In most instances, consumers model their behaviour to be consistent with what they think the group expects of them.

Table 9.1: Characteristics of the Different Types of Reference Groups

Type of Group	Key Distinctions and Characteristics
Formal or Informal	Formal reference groups have a clearly specified structure; informal groups do not.
Primary	Primary reference groups involve direct face-to-face interactions; secondary groups do not.
Membership	People become formal members of membership reference groups.
Aspirational	People aspire to join or emulate aspirational reference group.
Dissociative	People seek to avoid or reject dissociative reference group.

Adapted from: Peter & Olson (2010)

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9.1.1 Types of Reference Group Influence

Generally, individuals identify and affiliate with particular reference groups for three main reasons: to gain useful knowledge, to obtain rewards or to avoid punishments, and to acquire meanings for constructing, modifying or maintaining consumers' self-concepts.

In an attempt to achieve these goals, there are three types of reference group influence:

(a) Informational reference group influence;

(b) Utilitarian reference group influence and

(c) Value-expressive reference group influence.

The influence of these three types of reference groups can be great or small and is explained as follows:

(a) **Informational reference group influence** refers to influences that enable the transmission of useful information to consumers about themselves, other people, or other attributes of physical environment such as products, brands, services and even retail stores. This type of information can be conveyed directly either verbally or through direct demonstration.

(b) **Utilitarian reference group influence** refers to the impact of influence on consumers' behaviours to which affect and cognition occurs when the reference group controls important rewards and punishments. For example, consumers generally comply with reference groups' desires if they believe that these groups can control rewards and punishments; and they will be motivated to obtain rewards and avoid punishments. This can be illustrated when your peer reference groups at work influence the way you dress and your style preference.

(c) **Value expressive reference group influence** can affect people's self-concept. In general, reference groups can create cultural meanings as in beliefs, values, goals, behavioural norms and lifestyles. By identifying and affiliating with certain reference groups that are able to express the desired meaning, consumers can draw and interpret meaning and use them in their own self-concept. For example, consumers often perceive that those who buy Harley Davidson motorcycles and associated products consist of upper income social class professional people, who have expensive hobbies during their leisure time. This reference group can influence an individual's affect, cognition and behaviours that include purchasing bikers' clothing and related accessories.

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9.1.2 Types of Social Power

Individuals also have influence in a group to the extent that they possess social power. There are six types of power. These include:

(a) Information power;

(b) Referent power;

(c) Legitimate power;

(d) Expert power;

(e) Reward power; and

(f) Coercive power.

In consumer behaviour, these categories of power are applicable in understanding how consumers behave and how these powers influence their consumption behaviour. Following are the descriptions of the powers:

(a) **Information power** refers to a power which a person possesses, needing or wanting information. It is considered a short-term power that does not primarily influence or build credibility. For example, a store manager may have all the information for a specific merchandise, and that will give her "informational power."

(b) **Referent power** refers to a person's ability to convey a sense of personal acceptance or approval. This is coupled with charisma, integrity and other positive qualities possessed by a person. It is the most valuable type of power. In other words, high referent power category of people can highly influence anyone who admires and respects them.

This type of power can also include a desire for a feeling of oneness and acceptance in a valued relationship, which is based upon identification with, attraction to, or respect for the leader. Group members gain a sense of intrinsic personal satisfaction from being able to associate themselves with a referent leader. This kind of power relationship depends on the extent to which they are inclined to work harder for someone who is liked or admired. In gaining a leader's approval and acceptance, a follower will most likely behave like the leader.

(c) **Legitimate power** is where a person holding a higher position in an organisation has control over people in a lower position. People in this category of power must accept the fact that power comes with position, and once abused, may be taken back anytime from the top management or board of directors. Legitimate power refers to an authority's legitimate right to

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require and demand compliance. This also can be derived from a leader's formal authority over activities. This type of power is dependent upon the official position held by the person exercising it. In the context of consumer behaviour, marketers can provide legitimate information regarding policies pertaining to theft, return policy and also a standard operating procedure that deals with issues on transactions involved.

(d) **Expert power** refers to the extent to which one possesses specialised skills. Expert power can be derived from group members' assumptions that the leader possesses superior skills, knowledge and abilities. This expertise enables leaders to perform tasks and provides them with a better understanding of the world around them. In this sense, businesses must identify people who are expert in giving opinions towards certain brands or products. For example, Datuk Lee Chong Wei has been chosen as the YONEX brand ambassador for badminton related products because he has been a world champion several times and is an expert in this area.

(e) **Reward power** refers to the belief that a leader is able to control important resources and rewards that their followers want. This type of power is dependent on the leader's actual control over such rewards, as well as on the latter's perceived value of rewards. Reward power can be most effective when there is a connection between performance and rewards.

(f) **Coercive power** refers to the ability to punish if certain expectations are not met. This power reflects the capacity to impose punishments to those who do not comply with requests or demands. The exercising of coercive power can be carried out by relying upon physical strength, verbal faculty or the ability to grant or withhold emotional support or tangible resources from others. Coercive power provides a leader with the means to physically harm, bully, humiliate, or deny love, affection or resources to others. Some examples of coercive power in the workplace include the ability (implied or real) to fire, demote or transfer to undesirable positions. Other examples in consumption discipline include the reference group's influence on the decision whether to purchase or not to purchase goods or services identified.



SELF-CHECK 9.1

1. What are three types of reference groups influence? Describe them briefly.
2. Explain the six types of social power.

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ACTIVITY 9.1

1. Illustrate normative influence and comparative influence. Among these influences, which one is considered the strongest?
2. Do you belong to any formal and informal group? How do these groups influence your behaviour?
3. Give an example of an aspirational group of yours. How could the marketer use this aspiration in their marketing efforts?

9.2 OPINION LEADERSHIP

Opinion leadership is a process in which individuals are looked upon in terms of experts in giving opinions to the relevant groups of interest.

Cosmas (1980; as cited in Chaudhry & Irshad, 2013) states that opinion leadership falls into three distinct categories:

(a) Involves **whether opinion leadership is specific** to a product, idea or issue or if it is generalised across products, ideas or issues.

(b) Involves the issue of **whether opinion leaders are different** from followers.

(c) Involves the issue of **how opinion leaders are utilised** in the flow of communication among people.

With these three categories of opinion leadership, consumers do not generally source information from anyone but only those with expert advice and relevant experiences.



SELF-CHECK 9.2

Describe the three distinct categories of opinion leadership.

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ACTIVITY 9.2

1. Do you know an opinion leader? In what areas is he a leader?
2. Do you consider yourself an opinion leader? Under what circumstances and to whom do you perform this role?
3. Identify an opinion leader that you know of and observe whether he has the characteristics of opinion leaders that matches yours. What other characteristics can be applied to him?

9.2.1 Characteristics of Opinion Leadership

Opinion leaders are considered as those who are knowledgeable about products; their advice is taken seriously by others. Several reasons have been identified for acquisition of opinion leaders:

(a) They are technically competent;

(b) They have pre-screened, evaluated and synthesised (in an unbiased way) product information; and

(c) They are socially active and interconnected with their community.

In addition, they are often among the first to buy new products, and also often absorb risk because they purchase products first. Opinion leaders may or may not be purchasers of products they recommend. Characteristics of opinion leaders are shown In Figure 9.1.

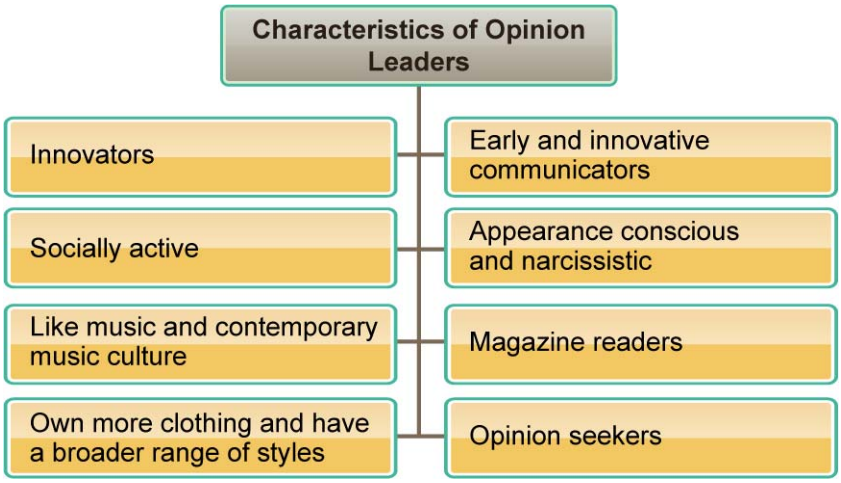


Figure 9.1: Opinion leaders' characteristics

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A market maven is a consumer category that describes people who are actively involved in transmitting marketplace information of all types. Market mavens are closer to the conception of a general opinion leader. For example, a **surrogate consumer** is a person who is hired to provide input into purchase decisions. The surrogate consumer is usually compensated for this involvement. Examples would include interior decorators, stockbrokers, professional shoppers or college consultants.



ACTIVITY 9.3

Identify a market maven that you know and answer the following questions:

(a) Describe the market maven's characteristics.

(b) What type of information are you intending to get from them?

(c) How do you think they got the information they transmit?

9.2.2 Identification of Opinion Leadership

Marketers are interested in identifying opinion leaders. Many advertisements are intended to reach these consumers but opinion leaders are hard to find. There are ways to identify opinion leaders and these include:

(a) The **self-designing method**: Ask individual consumers whether they consider themselves to opinion leaders. Examples are a **bona fide** opinion leader and a **key informant**.

(b) **Sociometry**: Tracing communication patterns among group members. Examples are **referral behaviour**, **networks** and **cliques**.

9.3 WORD-OF-MOUTH COMMUNICATION

Much information is actually communicated by individuals on an informal basis called **word-of-mouth communication (WOM)**. Word-of-mouth communication is regarded as reliable and trustworthy by most people. There are two types of WOM, that is negative WOM and positive WOM.

Negative WOM is fast and can act as a double-edged sword for marketers. It is weighted more heavily than positive WOM. Rumours are examples of negative WOM and can have huge impacts on the receivers, sellers or marketers. Although

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most people would rather convey positive than negative information, rumours tend to reveal society's underlying fears. Rumours often result in boycotts of products, companies or services. These boycotts can be successful or unsuccessful depending on their popularity, duration and strength.

Positive WOM refers to information that has been passed around on a positive note because the product provides benefits to users who purchases it. This type of WOM would recommend others to give it a try and it will involve whoever has an interest in it.

Marketers can adopt various strategies to try to influence WOM among consumers. One of these is to create an environment for a **virtual community of consumption** to grow and thrive. These communities are aplenty and include the following:

(a) **Multi-User Dungeons (MUD)** are environments where fantasy game players meet.

(b) **Rooms, rings, and lists** are chat rooms, organisations of related home pages, and groups of people on a single mailing list who share information.

(c) **Boards** are online communities organised around interest-specific electronic bulletin boards.

(d) **Blogs or weblogs** are online personal journals containing random thoughts of thousands of individuals. The universe of active Weblogs is known as the Blogosphere.

The identification of a virtual community depends on two factors: firstly, the more central the activity to a person's self-concept, the more likely he will be to pursue an active membership in a community. Secondly, the intensity of the social relationships the person forms with other members of the virtual community helps to determine his extent of involvement.

Several types of WOM members include tourists, minglers, devotees and insiders. Guerrilla marketing consists of promotional strategies that use unconventional locations and intensive word-of-mouth campaigns to push products. Viral marketing is the strategy of getting customers to sell a product on behalf of the company that creates it. This strategy is well suited to the Web.

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SELF-CHECK 9.3

1. What is word of mouth?
2. Describe the negative and positive word of mouth.
3. Describe some of the virtual communities.

9.4 SOCIAL MEDIA

Merriam Webster (2017) defines social media as forms of electronic communication (as web sites for social networking and microblogging), to which, users are able to create online communities to share information, ideas, personal messages and other content (as videos).

Lai and Turban (2008) stated that social media refers to the online platforms and tools that people are using to share opinions and experiences including photos, videos, music, insights and perceptions with each other. Examples of social media tools include Twitter, Instagram, Facebook and WhatsApp applications in an attempt to engage socially with each other in the virtual community (see Figure 9.2).



Figure 9.2: Examples of social media
Source: https://www.priestmead.harrow.sch.uk/harrow/primary/priestmead/site/pages/communication/e-safetyforparents

There is so much interest in electronic commerce (EC) via social communities due to several reasons. Among others, it includes the following:

(a) Consumers can be a source of feedback on existing product features etc.

(b) Brand awareness.

(c) Word-of-mouth is free advertising that increases the visibility of niche retailers and products.

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(d) Increased web site traffic, a common effect of viral marketing inevitably brings with it more ad dollars.

(e) Increased sales can come from harnessing techniques based on personal preferences such as collaborative filtering.

If the previous points stand true, to what extent does a social network facilitate viral marketing? A higher percentage of people who use social networking sites are mostly youngsters and they are generally good at viral marketing. What they like can spread very quickly, sometimes to millions of people at a minimal cost to companies. In an attempt to leverage on viral marketing via WOM among users, business organisations can work around social networks in order to reach out to the respective target market and support their online shopping preference. For example, brand owners creating profile pages can be part of the network and in the case of Twitter, they can have followers. Based on the likes and dislikes of a user, targeted marketing can be used in some cases.

Elemerraji (2015) stated that social media is a tool that embraces more than just posting pictures and catching up with friends. The consumers are aggressively engaging with brands in the process of making their purchasing decision. Business organisations need to be on board because social media assists to create a huge impact via the following techniques:

(a) **Social media focuses on word-of-mouth (WOM) power**
Ever since the beginning of time, WOM marketing has been crucial if companies want brands to be successful. With the presence of social media, the idea of WOM has gone to the next level by encouraging web users to incorporate their "friends'" opinions into the purchasing process. In essence, the bargaining power is switched from the brand into the hands of the consumers. For example, a negative WOM, or a bad review could be potentially damaging to the success of any company or organisation.

(b) **Social media is able to reinforce the relationship between businesses and consumers**
Through Facebook and Twitter, brands can communicate with consumers on a more frequent and individual level than what was possible before if they sent it through e-mail. Many businesses create traffic flow for customers who endorse their brands through prize giving strategies, hence resulting in customer satisfaction and brand loyalty. Social media is also able to keep all stakeholders informed in many ways. By engaging and connecting with other consumers, many great benefits on social media networks can be churned. At the same time, the virtual community is also a place where brands would be able to release important information conveniently such as product releases, sales announcements, events, store hours, locations and

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much more. Such convenience is vital to consumers who are trying to stay informed and be quickly engaged with the brand.

(c) **Social media can actually turn consumers' "wants" into their "needs"**
It has the power to grasp a consumer's attention and cause them to take action, in particular with information that is catchy with relevant infographics. Sociable Labs study found that 75 per cent of shoppers reading social sharing comments about a product have been known to click on the link in their friends' Facebook posts. This then takes them directly to the product page or a retailer's website. On the other hand, 53 per cent of those shoppers have ended up making a purchase.

SUMMARY

- A reference group reflects "an actual or imaginary individual or group formed as a result of having similar evaluations, aspirations, similarities and/or behaviours."
- Reference groups provides a normative influence (that is, the reference group helps to set and enforce fundamental standards of conduct) and/or a comparative influence (this is where decisions about specific brands or activities are affected).
- There are several types of reference group such as formal and informal group, primary reference group, membership, aspirational and dissociative reference group.
- The different types of power that the groups use on its people include legitimate power, referent power, coercive power and legal power.
- Opinion leaders are considered as those who are knowledgeable about products and their advice is taken seriously by others.
- A market maven is a consumer category that describes people who are actively involved in transmitting marketplace information of all types. Market mavens are closer to the conception of a general opinion leader.
- Word-of-mouth (WOM) campaigns include both negative and positive word of mouth.
- Negative WOM is fast and can act as a double-edged sword for marketers. It is weighted more heavily than positive WOM.

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- Rumours are example of negative WOM and can have huge impacts on the receivers, sellers or marketers.
- Positive WOM refers to information that has been passed around on a positive note because the product provides benefits to users who purchase it.

KEY TERMS

Reference group
Social power
Information power
Referent power
Legitimate power
Expert power
Reward power
Coercive power
Opinion leadership
Utilitarian reference group influence
Value-expressive reference group influence
Word of mouth
Viral marketing
Social media
Virtual community



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Topic 10 ▶ Other External Factors Influencing Decision Making

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify the five types of social classes;
2. Describe the seven dimensions of social classes;
3. Describe the characteristics of culture;
4. Explain the five dimensions of cultural variability; and
5. Describe subculture, intra-national culture, national and cross-national culture.

▶ INTRODUCTION

This topic highlights other factors that affect consumer buying behaviour. This includes factors such as social class, lifestyles, culture, subculture, intra-national culture as well as national and cross-national culture. The dimension of social classes and also cultural dimensions are further explored in this topic. Let us have a look at each of these subtopics by first discussing social class.

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10.1 SOCIAL CLASS

Social class can be referred to as a status hierarchy in which individuals and groups are classified based on honour, esteem and prestige that are mainly acquired through economic success and wealth accumulation. Social class may also refer to any specific level in such a hierarchy. There are generally five common social classes informally recognised in many societies such as upper class, upper middle class, lower middle class, upper lower class and working class (Schiffman & Wisenblit, 2014).

Upper and middle class consumers tend to shop more frequently while the middle class can be further divided into upper and lower middle class. The upper middle class normally discuss shopping experiences with friends or peers as compared to consumers from the lower class categories. Attitudes towards shopping also differ amongst these categories of social classes. Past research has found that upper middle class female shoppers organise their shopping tasks efficiently but those from lower middle class tend to focus more on their shopping lists and exhibit more anxiety. Lower class and even working class female shoppers, on the other hand, tend to shop impulsively.

Schiffmann and Wisenblit (2014) mentioned that many sociologists suggest five classes as follows (this was also noted by University of Delaware, n.d.):

(a) **Upper Class: Elite**

Represents institutional leadership, heads of multinational corporations, foundations or universities. Capitalist elites refer to owners of land, stock and bonds and other assets – wealth derived from what they own (University of Delaware, n.d.).

In 2016, Forbes published a list of the 500 wealthiest people in the world, as well as the 50 richest people in Malaysia. The top six wealthiest people in the world and in Malaysia are listed in Table 10.1 and Table 10.2 respectively.

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Table 10.1: Top Six Wealthiest People in the World in 2016

Name	Net Worth (US$)	Source of Wealth
Bill Gates	$75 billion	Microsoft
Amancio Ortega	$67 billion	Zara
Warren Buffett	$60.8 billion	Berkshire Hathaway
Carlos Slim Helu	$50 billion	Telecom
Jeff Bezos	$45.2 billion	Amazon.com
Mark Zuckerberg	$44.6 billion	Facebook

Source: Dolan & Krolls (2016)

Table 10.2: Top Six Wealthiest People in Malaysia in 2016

Name	Net Worth (US$)	Source of Wealth
Robert Kuok	$11.4 billion	Palm oil, shipping, property
Quek Leng Chan	$6.8 billion	Banking, property
Ananda Krishnan	$6.5 billion	Telecoms, media, oil-services
Hong Piow Teh	$4.75 billion	Banking
Lee Shin Cheng	$4.7 billion	Palm oil, property
Lim Kok Thay	$4.45 billion	Casinos

Source: Forbes (2017)

(b) **Upper Middle Class**

This class represents those within the fields of science and technical knowledge, that is, engineers, accountants, lawyers, architects, university faculty, managers and directors of public and private organisations. Most of them have both high incomes and high social prestige. They are also well-educated. Being middle class involves more than just income as it represents lifestyles as well as resources.

(c) **Lower Middle Class**

The lower middle class generally refers to those in the clerical-administrative fields. For example, this includes clerical staff who provide support for professionals, engage in data collection and record-keeping as well as bank tellers or other blue collar workers in skilled businesses.

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(d) **Upper Lower Class**
This category of social class includes factory workers, labourers, restaurant workers, nursing home staff, repair shop employees and also delivery services.

(e) **Working Poor Class**
This class tend to be low on the social ladder and are also economically insecure.

10.1.1 Dimensions of Social Class

Moffitt (2016) defines social class as a large group of people who occupy a similar position in an economic system. There are several different dimensions of social class including those shown in Figure 10.1.

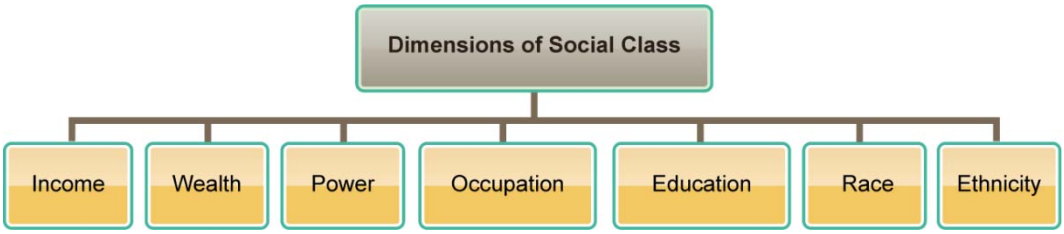


Figure 10.1: The seven main dimensions of social class

These dimensions form the social class. **Income**, for example, is considered a social class dimension as it refers to earnings from work or any other form of investment, whereas **wealth** includes assets that an individual owns such as cash, savings and checking accounts, stocks, bonds and real estate.

Generally, people work to earn money, but wealthy people consider money as an inheritance. This results in the unequal distribution of wealth more than income generation because the former is typically passed down from generation to generation. In the US, one important source of power is wealth, based on the "trickle down economic" approach during Ronald Reagan's presidential era. In other words, having a smaller number of people controlling most of the wealth easily shapes the society's agenda.

Work is another important dimension of social class. Generally, people have greater respect for those who have more prestigious occupations. In any society, this class of people have high prestige levels. When it comes to occupational prestige, this includes physicians, dentists and engineers.

Similarly, **education** is an important dimension of social class. It is considered one of the strongest predictors of occupation, income and wealth later in life. In gaining a better salary, one generally requires a bachelor's degree. However, it is not the

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same for blue collared workers who require minimal schooling, and subsequently bring in lesser income and social prestige in a society.

Lastly, family forms another dimension of social class. The family formation has a great influence on education, occupation and income as is race and ethnicity in any society. Past research has indicated significant relationships between income and social class. Among others are:

(a) Social class appears to be a better predictor of purchases that have symbolic aspects but have low to moderate prices (for example, cosmetics and liquor);

(b) Income predicts the purchase of expensive products without status or symbolic value (for example, a major appliance); and

(c) Both social class and income are needed to predict the purchase of expensive symbolic products (for example, cars and homes).

In essence, social class affects purchase decisions based on the fact that different products and stores are perceived by consumers to be appropriate for certain social classes. Likewise, lower working classes tend to evaluate products in more utilitarian terms (such as comfort); and more affluent consumers tend to evaluate products based on appearance and body image.



ACTIVITY 10.1

1. What are the "new status" symbols for Generation X, Generation Y, and the digital generation?
2. How are these different from the status symbols for the Baby Boomers?
3. Bring in a collection of magazines aimed at different social classes. Comment on the products advertised, the physical appearance and layout, and the editorial content of the magazines.



SELF-CHECK 10.1

1. What are the seven dimensions of social class?
2. Describe any three of the dimensions of social class.

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10.2 LIFESTYLES

Lifestyles reflect who we are and what we do in our everyday lives. It generally refers to a pattern of consumption reflecting an individual's choices of how he spends time and money. It is (in an economic sense) how one elects to allocate income. Generally, people sort themselves into groups on the basis of the things they like to do, how they like to spend their leisure time and how they choose to spend their disposable income. These choices create potential marketing opportunities and chances for segmentation. A person's lifestyle generally reflects who that individual is and who he is not. Also, lifestyle can be described according to consumer group, symbolic community and status culture. Lifestyles change over time depending on the environmental circumstance that an individual is in.

In an attempt to understand customers' behaviour, marketers need to study their needs and wants as well as behavioural patterns. Co-branding strategies are used by marketers to combine products that appeal to similar patterns of behaviour. In understanding target markets better, marketers have applied a well-known and widely used segmentation system that is termed as VALS (Values and Lifestyles System). Nine lifestyle clusters have been identified.

However, VALS2 extends this concept and uses eight groups that are determined by psychological characteristics and "resources" such as income, education, energy levels and eagerness to buy (as discussed in Topic 4).



ACTIVITY 10.2

1. In which of the eight VALS2 categories do you think a researcher would place you? Where do you think your parents would be placed?
2. Describe some different lifestyles that teenage youths tend to follow.
3. Are there any differences in terms of lifestyles between graduate and undergraduate students?

10.3 CULTURE

This subtopic highlights several aspects of culture. Firstly, it defines various cultural concepts. Secondly, it classifies the different characteristics of culture, and thirdly, it provides insights into the dimensions of culture. According to Schiffmann, Kanuk and Wisenblit (2010), culture is "a sum total of learned beliefs,

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values and customs that serve to direct the consumer behaviour of members of a particular society". These belief and values reflect accumulation of feelings and priorities that individuals have about things and possessions; whereas customs are an explicit type of behaviour that would constitute culturally appropriate, approved or acceptable ways of behaving in specific situations. Figure 10.2 shows some of the main components of culture.

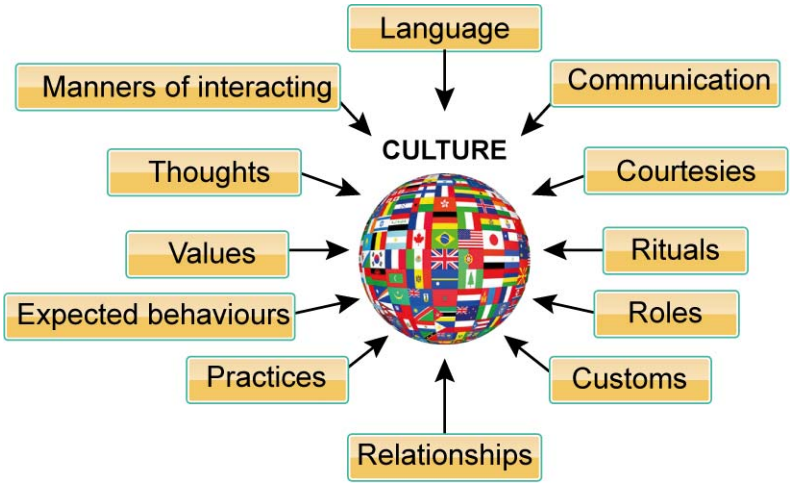


Figure 10.2: Components of culture

Hofstede (1994) defines culture as "…the collective programming of the mind which distinguishes the members of one group or category of people from another". Trompenaars and Hampden-Turner (1997) view culture as "…the way in which people solve problems". Triandis (2001) sees the cultural element as a form of "…shared standard operating procedures, unstated assumptions, tools, norms, values, habits about sampling the population, and the like".

In essence, culture is generally a set of beliefs, language and symbols, rituals, meanings and customs that embodies the mutual characters of a social system within a society, nation or nations (Putit, 2008). An individual's **belief** emerges from his interaction with the past and the present. For example, a consumer is made to believe that higher prices are equal to higher or better quality due to the basic law of economics.

In terms of **language** and **symbols**, a common language needs to identified and suitable symbols need to be used. Verbal symbols reflect use of specific colours, shapes and texture amongst others. Malay language, for example, is the national language that binds people together in Malaysia. **Rituals** reflect a symbolic activity involving a series of steps that occur in a fixed sequential order and are repeated over time. Hand washing, for example, is a hygienic ritual act that anyone would perform after coming out of the lavatory.

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SELF-CHECK 10.2

1. What is culture?
2. How does culture relate to beliefs, language, symbols and rituals?

10.3.1 Culture and Its Underlying Traits

There are generally five main characteristics of cultures that may influence consumer behaviour (see Figure 10.3).

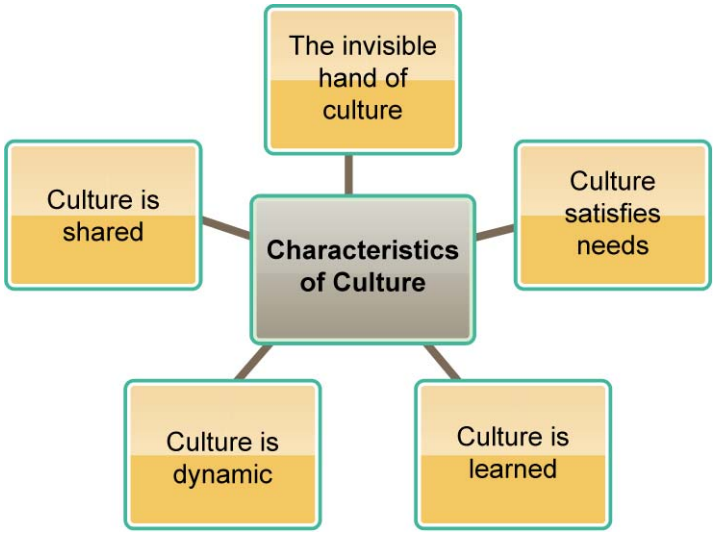


Figure 10.3: The five characteristics of culture

Let us focus on the following explanations for the characteristics of culture:

(a) **The invisible hand of culture**

Culture is considered an invisible hand that many people take for granted. For example, when consumers are asked for a reason behind their actions, they may reply that it was the right thing to do. However, when an individual is exposed to different culture and values, he is then only aware of the actions that have been taken for granted all along. In essence, values, beliefs or customs will only be appreciated when people are exposed to other customs of a social system or of other nations. To illustrate, an act of eating using the right hand or with fork and spoon may symbolise the nuances that culture plays in everyday lives of human beings.

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(b) **Culture is able to satisfy needs**
Culture is ever present in order to satisfy a society's needs. It is also associated with what the society perceives as a necessity and what they view as a luxury. For example, cultural beliefs and values will dictate the most appropriate mannerisms and social etiquette for a woman when attending a specific formal occasion.

(c) **Culture can be learned**
Culture is also a learning process. It can be learned through formally, informally and technically. An example of formal learning includes teachings on the right way for parents to behave with their children. Informal learning is acquired though an imitation of others' behaviours. Technical learning refers to instructing children on the dos and don'ts with regards to social rules and regulations that need to be adhered to in public, school and at home.

(d) **Culture is considered dynamic**
Culture is also considered dynamic and not static; it evolves as changes occur within a society or nation. Change occurs due to several reasons such as technological development, shift in population, political instability and assimilation of other cultures.

(e) **Culture can be shared**
Culture has shared meanings in an attempt for it to be significantly vibrant and dynamic. For example, groups that are formed in households, schools or colleges and even houses of worship for people of different religious faiths, would thus share similarities in terms of beliefs, customs, rituals and meanings.



SELF-CHECK 10.3

Explain the five main characteristics of culture.

10.3.2 Culture and Its Four Dimensions

In understanding culture better, let us have a look at the different dimensions of cultures developed by Geert Hofstede's (1980; 1994). His four established dimensions of cultural variability at the national level are identified and explained in greater depth in this subtopic. These include:

(a) Uncertainty avoidance;

(b) Power distance;

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(c) Masculinity-femininity; and

(d) Individualism-collectivism.

The fifth dimension, long-term versus short-term orientation was subsequently established in 1986 by Bond and Hofstede (2001). These and the associated socio-psychological traits are summarised in Table 10.3.

Table 10.3: Hofstede's Dimensions of National Culture and Associated Socio-Psychological Traits

Dimensions	Association of Socio-psychological Traits with Cultural Dimensions	Continuums of Measurement
Individualism/ Collectivism	Belief in individual actions or decisions rather than group	Low versus high
Power Distance	• Level of inequality in society and in organisations • Discrepancies of privileges amongst those in power and those who are not in power • Different levels of attitudes toward conflict and cooperation	Low versus high
Uncertainty Avoidance	• Different levels of: – Attitude towards uncertainty in life – Needs for formal rules and regulations	Strong versus weak
Masculinity/Femininity	• Different levels of: – Inequality between genders – Attitudes toward work, confrontation, achievement	Masculine versus feminine
Long-term/short-term Orientation (Confucian Dynamism)	• Different levels of attitudes towards the future rather than the past and present • Deferred or prompt need of gratification	Long-term orientation versus short-term orientation

Source: Putit, Teoh & Amily Fikri (2015); Putit (2008); Hofstede (2001)

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ACTIVITY 10.3

1. Interview people you know who collect a particular product. Get them to describe how they feel about these products and tell how they acquired their prized possessions.
2. Source for two different articles that portray the influence of culture on consumers' decision making from any printed sources such as newspapers or magazines. Present and discuss them in your virtual class.



SELF-CHECK 10.4

What are the five dimensions of cultural variability? Briefly explain them.

10.4 SUBCULTURE

Culture can be divided into four main categories that is, subculture, intra-national, national culture and cross-national culture. They are discussed as follows:

Subculture refers to a distinct group existing as an identifiable segment within a larger, more complex society (Schiffman, Kanuk & Wisenblit, 2010). The element of subculture can be divided into several categories such as nationality, religion, region, age, sex, social class and occupation. Age subcultures, for example, illustrate the different gaps existing between Baby Boomers, Generation X and Generation Y respectively.

Baby boomers reflect those groups of people in the population born between 1946 and 1964. Generally, their personality traits are extrovert in nature and they are motivated consumers who enjoy buying products for themselves and for their household. In other words, they are consumption-oriented. Baby boomers love to work or work beyond the retirement age of 60.

Generation X reflects those people that were born between 1965 and 1979. They are commonly referred to as Xers, busters or slackers (Schiffman, Kanuk & Wisenblit, 2010), and they are generally cynical, and are not in favour of designer labels. Generation X consumers prefer to have job satisfaction than higher salaries.

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Generation Y is basically referring to those born between the year 1977 and 1994, or between 1982 and 2000. They can be categorised into three segments – Gen Y adults (ages 19 to 28); Gen Y teens (ages 13 to 18); Gen Y kids or tweenies (ages 8 to 12).

10.5 INTRA-NATIONAL CULTURE

Intra-national culture or micro-culture can be defined as a different set of beliefs, or values that are observed over considerable periods of time within a nation of diverse ethnic groups (for example, Malaysia and the UK) (Putit & Arnott, 2007). This unique cultural entity may produce a possible ritual wealth of integrations (and/or differences) observed amongst the population in general.

Steenkamp (2001) defines intra-national culture as, "…micro–culture preserves national culture's significant patterns but also develops its own patterns of dispositions and behaviour". Any distinctive guidelines of outlook and behavioural conduct within the micro-culture are generally absorbed while at the same time, preserving the general common patterns of national culture along characteristics such as language, ethnicity and religion (Steenkamp, 2001).

10.6 NATIONAL CULTURE

National culture is defined as a culture that represents the entire population of a certain country. Malaysia, for example is known for its multi-racial society. People shares similar values and beliefs such as celebrating Independence Day on 31st of August. They are highly tolerant of other cultures as well. This type of culture generally represents the beliefs, values and customs that are similarly defined by the society in general. Having a national culture conveys a message of wholeness, collectiveness as well as cohesiveness of the social system.

Generally, a society may share the same common language although certain cultures may have more than one language. Cultural norms are learned, mostly from family and friends, and mostly start off at a young age understanding that some behaviours are appropriate and that some are not. National culture can often be associated with patriotism especially when an individual or a group of people are away from home regardless of the racial background.

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10.7 CROSS-NATIONAL CULTURE

Culture can also be cross-national when it is extended across two or more nations. Cross-national cultural studies encompass the effort in determining the extent to which consumers from two or more nations are either similar or different in consumption. These analyses are pertinent to international marketers in developing appropriate strategies to adapt to local needs.

For example, global marketers need to consider the elements of "halal" (or permissibility) in their business transactions when marketing products and services to Muslim dominated populations. In the banking sector, the issues of Islamic banking products and/or services have been widely debated and observed by both financial and banking industry and consumers alike (Johan & Putit, 2016).

It is also mentioned that the Malaysian government's policies of ensuring that products are "halal", have been continuously studied over the recent years and reviewed for the benefit of all parties involved. Such consumers of "halal" products are plenty and can be categorised accordingly based on the level of awareness and consumption decision making.

In tandem with the Malaysian government's continued aspiration of positioning the country as a "halal" hub in the world's business map, it is thus equally important to underscore the understanding of consumers' purchasing behaviour towards products that are permissible and compliant to certain health or safety standards. This is given the continued support of relevant consumers to research communities in examining the extent to which consumers are aware of products that are compliant and permissible as what have been claimed by most marketers.



ACTIVITY 10.4

1. List five different values and beliefs that can be found within an intra- national cultural society of your choice.
2. Describe the demographic characteristics of a subcultural group that embodies the market segment for the DIY store outlets in Malaysia.



SELF-CHECK 10.5

What are subculture, intra-national, national culture and cross-national culture?

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SUMMARY

- Social class can be referred to as a status hierarchy in which individuals and groups are classified based on honour, esteem and prestige that are mainly acquired through economic success and wealth accumulation.

- Social class exists in any society. There are several different dimensions of social class including income, wealth, power, occupation, education, race and ethnicity.

- As marketers, it is imperative to recognise the different groups of social groups, understand their needs and apply appropriate strategies to meet the demands of these groups.

- In addition, lifestyle also plays a part in affecting consumer behaviour. It is not static and is continually changing, depending on the circumstance that customers are in at that time.

- Culture shapes individuals' identities through the accumulation of shared beliefs, meanings, symbols, ritual, customs and values. Its presence is felt in many aspects of consumers' daily life and also their basic consumption decisions.

- As marketers, there is a need to continuously grasp the understanding of cultural diversity in terms of values, beliefs, rituals and norms of a particular society or group.

- Culture generally determines how consumers satisfy their perceived needs and wants.

- Understanding the subcultural elements also plays an important role for global marketers in their attempt to segment, target and position their products effectively to the subcultural or intra-national group members within a larger society or nation.

- Having cross-national studies is equally crucial in attempting to penetrate global markets so that measures to reach out to the identified target market will be delivered effectively via effective international marketing strategies.

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KEY TERMS

Beliefs	Power distance
Collectivism	Rituals
Cross-national culture	Short-term orientation
Culture	Social class
Customs	Subculture
Individualism	Symbols
Intra-national culture	Uncertainty avoidance
Long-term orientation	Values
Middle class	Working class



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