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Digital Consumer Behavior

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MKT713
Master of Digital Marketing

Revision

What is Marketing?



- **Marketing:** the **process** by which companies **create value** for customers and build **strong customer relationships** in order to capture **value back** from customers
- **The Goal of Marketing:** Is to attract new customers by promising superior *value*, and to keep current customers by delivering *satisfaction*.
- Current Customers
- Potential customers (customers of competitors or future customers)

Consumer:

Someone who buys things for a non-commercial purpose, either for themselves or for others.

Clients:

The word client refers to people who establish long-term relationships with a service provider. (Hospitals, transportation, banks, education,..etc)

Customer:

A customer is an individual, household or that buys a product/brand. (is customized to buy certain product/brand)



What is Consumer Behavior?



- The buying behavior of final consumers, individuals and households who buy goods and services for personal consumption
- The study of consumer behavior describes what products and brands consumers buy, why they buy them, when they buy them, where they buy them, how often they buy them, how often they use them, how they evaluate them after the purchase, and whether or not they buy them repeatedly.

1. Buyer's characteristics influence how he/she perceives and reacts to the stimuli.
2. Buyer's decision process itself affects the buyer's behavior.



Purchase Influences



Culture

Culture
Subculture
Social class

Social

Reference group
Family
Role & Status

Personal

Age ,life cycle
Occupation
Life style
Personality

Psychological

Attitude
Perception
Beliefs
Learning
motivation

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Difference Between Needs, Wants & Demands



NEED

The basic requirements for human beings to survive.

Ex: Food, Shelter, etc.



WANT

Need when shaped by culture and individual personality becomes want.

Ex: Owning a basic car or a two-wheeler



DEMAND

When backed by buying power, want becomes a demand.

Ex: Owning a BMW or Audi



Needs Wants Demand

- **What are Goals** – Goals are the objectives that have to be fulfilled.
- Goals are generic and product specific in nature.
- Generic goals are general in nature, whereas product specific goals are the desires of a specific nature.

Goals

- The study of Motivation refers to all the processes that drives in a person to perceive a need and pursue a definite course of action to fulfill that need.
- Needs and fulfillment are the basis of motivation. Change takes place due to both internal as well as external factors.
- Motivation=Motive/drive + Action → Behavior output



Maslow's Need Hierarchy Theory

Motivation Theories

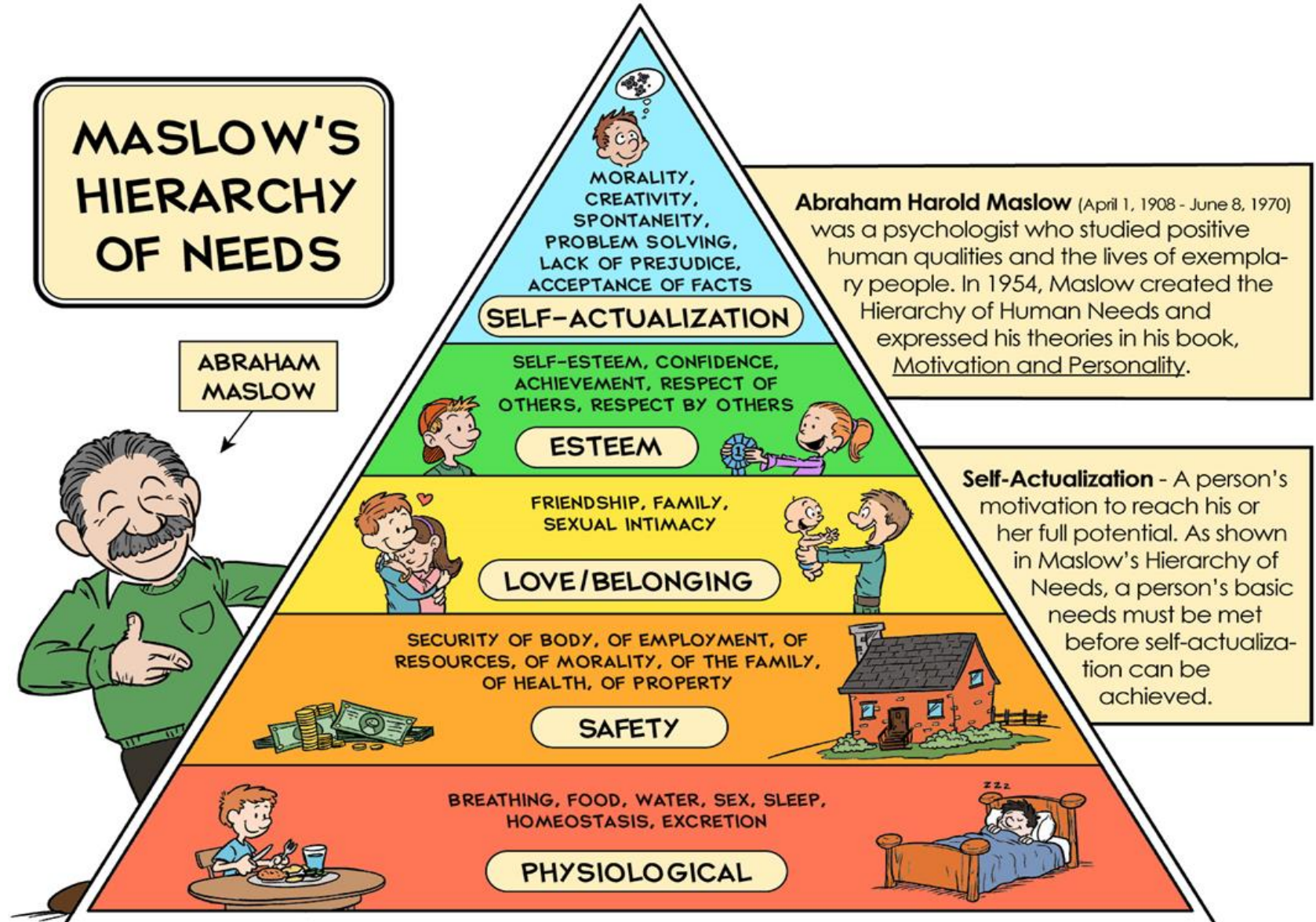
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MASLOW'S HIERARCHY OF NEEDS

ABRAHAM
MASLOW



Five Types of Needs in Marketing

Stated Needs

- I want a car

Real Needs

- I want a car for going to work with low operating costs

Unstated Needs

- I want good after-sale service from the dealer

Delight Needs

- I want the dealer to include some gifts with the car

Secret Needs

- I want a car for the status symbol

The “Five Types of Needs” that marketers should know in order to distinguish the type of customer’s needs are as following:

- The inner psychological characteristics
- The specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from other individuals
- Both determine and reflect how we think and act.

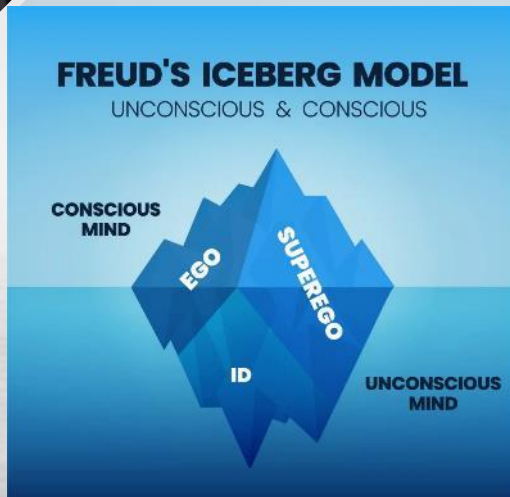


- Personality reflects individual differences;
- Personality is generally consistent and enduring
- Personality can sometimes change. (by my will)



Freud suggests unconscious needs or drives are at the heart of human motivation.

1. Sigmund Freud



- **The Id** is the “warehouse” of **primitive drives**, basic physiological needs such as hunger, thirst, and sex.
- The **superego** drives the individual to fulfill their needs in a socially acceptable function.
- The **ego** is the internal monitor that balances the needs of the id and the superego.

Id Primal Desires Basic Nature

Your wild child



Id:
Instincts

Energy
constantly
striving to satisfy
basic drives
*Pleasure
Principle*

Ego Reason and Self Control

Your practical,
"grown up" self



Ego:
Reality

Seeks to
gratify the ID
in realistic
ways
*Reality
Principle*

Superego The Quest for Perfection

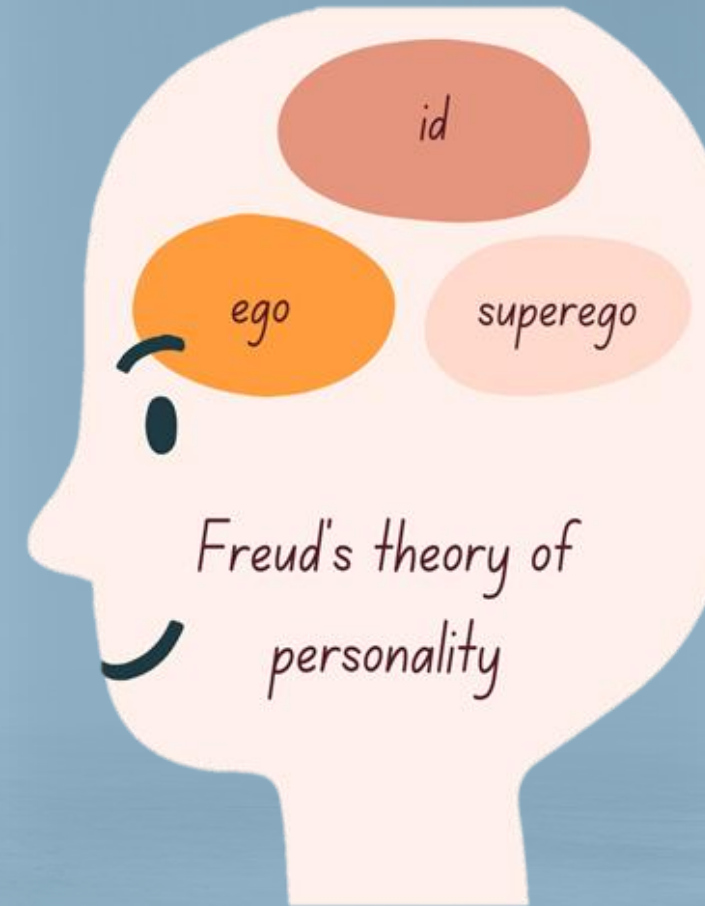
Your philosophical
and spiritual ideals



Superego:
Morality

Voice of
conscience
that focuses
on how we
*ought to
behave*

1. Freudian Theory



We are "NEO- freudians"

A number of followers of Freud who became dissatisfied with his myopia regarding the social conditioners of personality withdrew their allegiance from classical psychoanalytical theories along lines dictated by new orientation developed by social science.

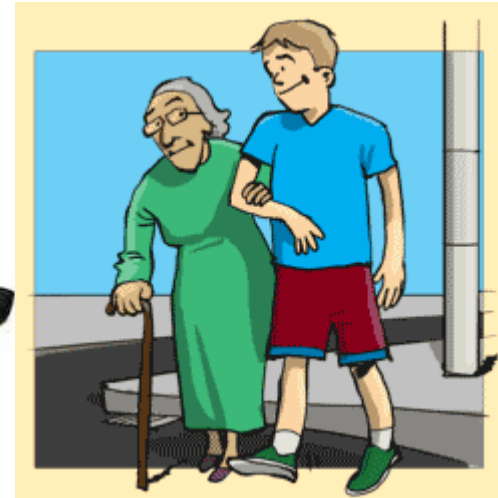


We don't agree with freud completely...
(sexuality cant explain everything)



2. Neo-Freudian Personality Theory

- Suggests **social relationships are fundamental** to the formation and development of personality.
- Social relationships are fundamental to personality (vs. Freud's theories, which were based heavily on development).



2. Neo-Freudian Personality Theory

- The process by which individuals *select, organize, and interpret* stimuli into a meaningful and coherent picture of the world.
- It can be described as “how we see the world around us.”

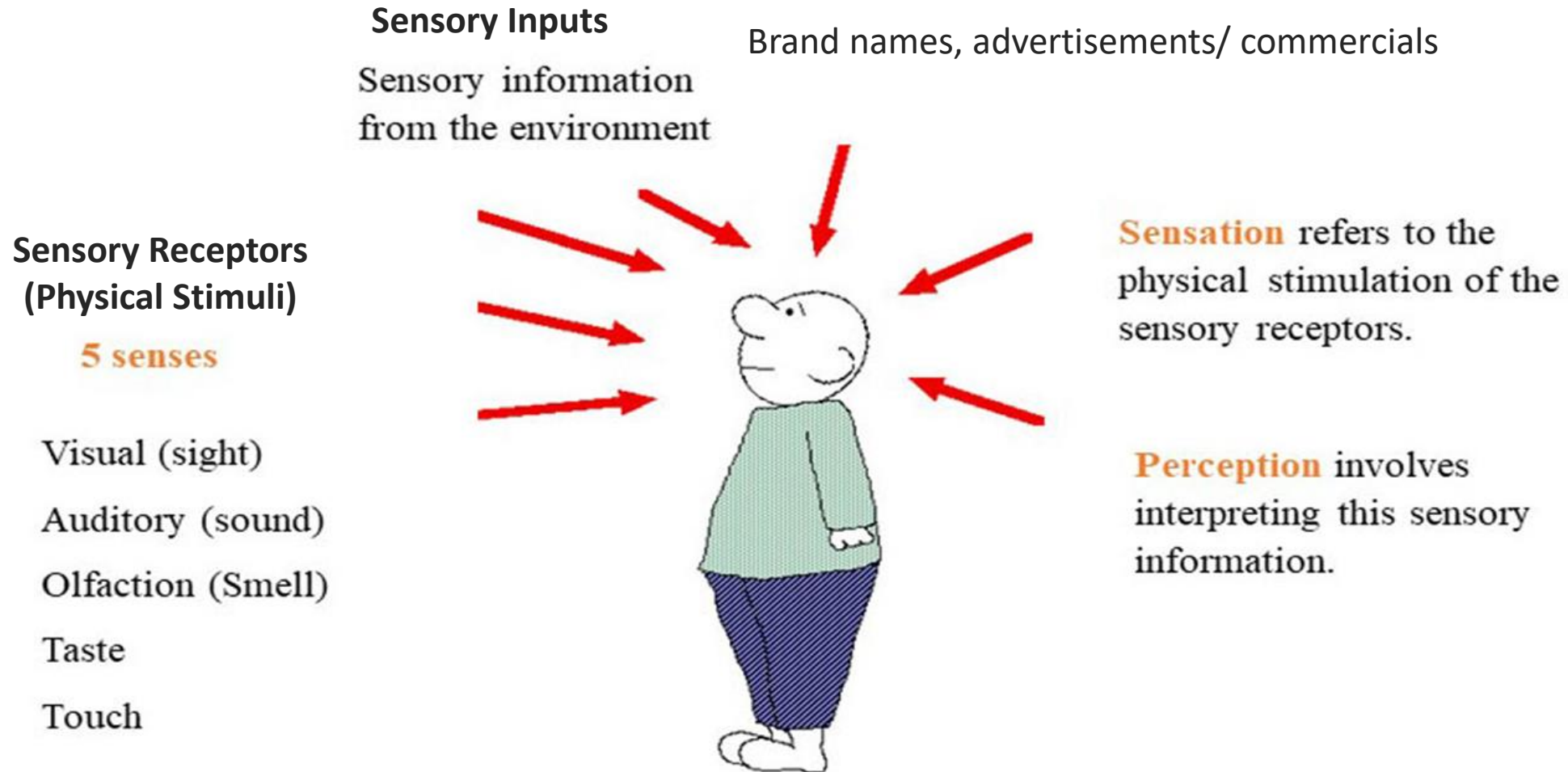


- Each individual has his or her own perception of reality.
- The implication is that because each of us perceives the world through our own eyes, reality itself changes from person to person.
- While it's true that everyone perceives reality differently, reality could care less about our perceptions.



- Reality does not change to adapt to our viewpoints; reality is what it is.
- Reality is fact.
- Reality is truth.
- Reality is a fixed factor in the equation of life, perception of reality is a variable.





Perceived Risk

The degree of uncertainty perceived by the consumer as to the consequences (outcome) of a specific purchase decision

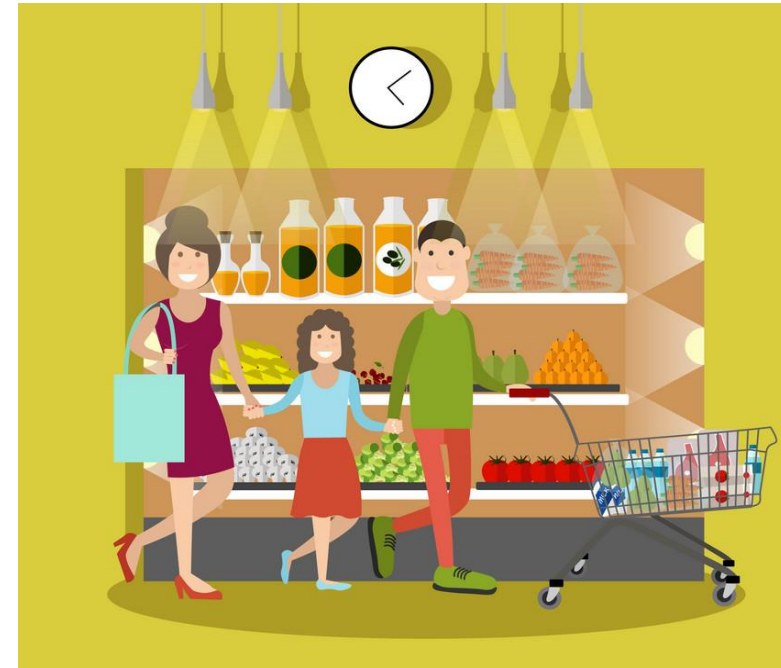
TABLE 4.5 The Elements of Perceived Risk

TYPE OF PERCEIVED RISK	DEFINITION	EXAMPLE
Functional risk	Product will not perform as expected.	Can the e-reader operate a whole day without having to be recharged?
Physical risk	Product can harm self and others; risk to self and others.	Is organic unpasteurized milk safe to drink? (Many states do not permit unpasteurized milk, but many greenmarkets carry it because it is organic.)
Financial risk	Product will not be worth its cost.	Will a new and cheaper model of an LED TV monitor become available six months from now?
Psychological risk	Poor product choice will bruise the consumer's ego.	Will I be embarrassed when my friends see me with a mobile phone that is not a smartphone?
Time risk	Time spent in product search may be wasted if the product does not perform as expected.	Will I be forced to compare all the different carriers' calling plans again if I experience a lot of "dropped calls" with the one I selected?

A learned predisposition to behave in a consistently favorable or unfavorable manner with respect to a given object.

Consumers learn attitudes when they try new products, product models, and different brands.

- If such trial purchases meet or exceed their expectations, then they develop favorable attitudes toward those objects.
- Generally, the more information consumers have about a product or service, the more likely they are to process information and form attitudes about it, either positive or negative.



Sources that strongly affect attitudes formation

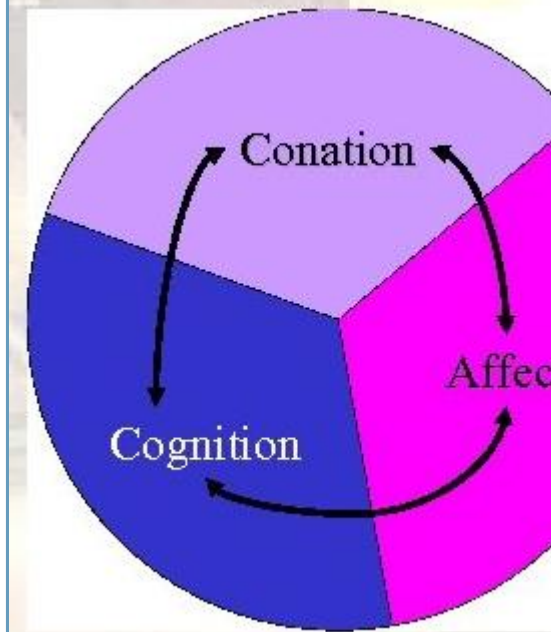
- Experience
- Family and friends
- Media/Internet/Social Media (increasingly)

A primary source of attitudes toward products is the consumers' direct experiences in trying and evaluating them.

Role of Attitude

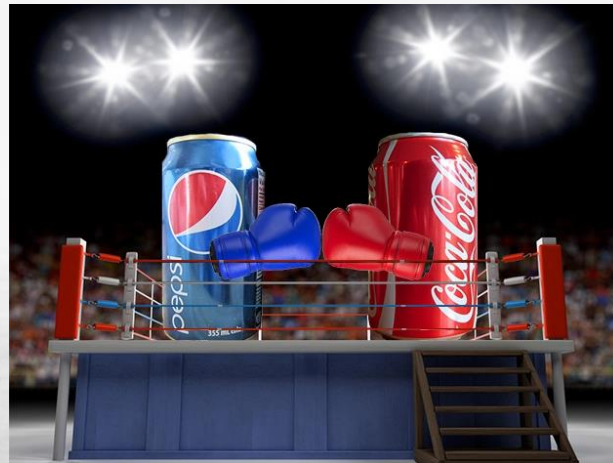
- Attitudes occur within and are affected by situations.
- “Situations” are events and circumstances that influence the relationships between attitudes and behaviors at particular times.
- Situations can cause consumers to behave in ways seemingly inconsistent with their attitudes.

- **Cognitive Component** – The knowledge and perceptions that are acquired by a combination of direct experience with the attitude object and related information from various sources.
- **Affective Component** – A consumer's emotions or feelings about a particular product or brand.
- **Conative Component** – The likelihood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object.



Altering Consumer Attitudes

1. Changing beliefs about products
2. Changing brand image
3. Changing beliefs about competing brands



- Stems from medical research done in the 1960s; its premise is that the human brain is divided into two distinct cerebral hemispheres that operate together, but “specialize” in processing different types of cognitions.
- The left hemisphere is the center of human language; it is the linear side of the brain and primarily responsible for reading, speaking, and reasoning. The right hemisphere of the brain is the home of spatial perception and nonverbal concepts; it is nonlinear and the source of imagination and pleasure.
- A research suggested that when consumers watch advertising on TV, they “passively” process right brain, pictorial information, but text in print ads were primarily processed using left brain.

Consumer Socialization

Family = Most Important Reference Group

- People are strongly influenced by what **others** think and how they behave.

The most important reference group is the family because it provides children with the skills, knowledge, attitudes, and experiences necessary to function as consumers, a process called.

Introduction

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Reference groups serve as **comparative** and **normative** frames of reference for a person's values and behaviors

- 1. Normative influence** consists of learning and adopting a group's norms, values, and behaviors.
 - family, peers, and other members of one's community.
- 2. Comparative influence** arises when people **compare** themselves to others whom they respect and admire, and then adopt some of those people's values or imitate their behaviors. Adopting to foreign norms and values.



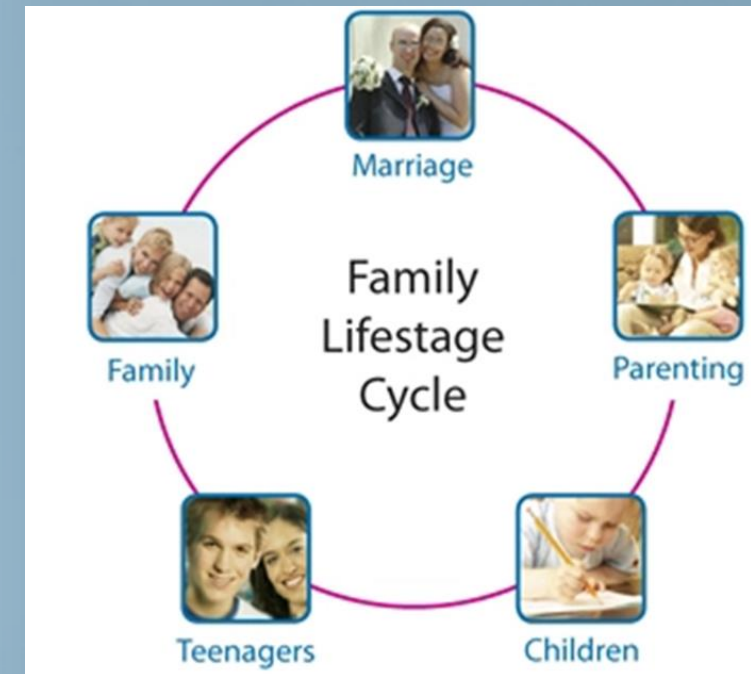
A group to which a person belongs to, or realistically can join, is called a **membership group**.

A **symbolic group** is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts.

- Different reference groups may influence the **beliefs, attitudes, and behaviors** of individuals at different times or under different circumstances.
- Consumers who are primarily concerned with **approval** from others usually adopt the same products and brands as those group members who have status.

A family is defined as two or more persons related by blood, marriage, or adoption residing together.

- **The family life cycle** is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage.



There are three types of families:

1. married couples,
 2. nuclear families, and
 3. extended families.
- A **married couple** and one or more children constitute a **nuclear family**.
 - The nuclear family, together with at least one grandparent or other relation living within the household, is called an **extended family**.



- The aspect of **childhood socialization** that is relevant to the study of consumer behavior is **consumer socialization**,
- **Consumer socialization** is defined as the process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers.
- The socialization of young children provides marketers with opportunities to establish relationships between children and brands very early in the children's lives.
- Very often, such connections extend into a person's adolescence, teenage years, and adulthood.

- Many preadolescent children acquire their consumer behavior norms **by observing their parents and older siblings**, who function as role models and provide cues for learning consumption skills.
- **Young children** perceive their **families** as more reliable sources of information about consumption than advertising;
- **Peers** have the most influence on **teenagers' and adolescents' (tween-age)** consumption and they like products because their parents do not approve.

- Mothers stronger socialization agents than fathers
- Mothers usually:
 - more involved
 - control children's exposure to commercial messages
 - regulate spending
- **The socialization agent** is the person or organization involved in the socialization process because of frequency of contact with the individual and control over the rewards and punishments given to the individual.
- Mothers are stronger consumer socialization agents than fathers because mothers are usually more involved with their children and often control their children's exposure to commercial messages.
- Mothers most often provide instruction in the skills needed to become consumers and regulate the amount of money children can spend and how they spend it.

A classification of parental styles along two dimensions:

permissive versus restrictive and very nurturing versus non-nurturing.

Four parental styles and their respective attitudes toward advertising, consumption, and yielding to children's buying requests.

The four parental styles include:

1. **indulgent parents**, who are very nurturing and highly permissive in respect to consumer socialization;
2. **neglecting parents**, who are very permissive, but provide their children with little or no nurturing during consumer socialization;
3. **authoritative parents**, who are very nurturing and also very restrictive with respect to consumer socialization; and lastly,
4. **authoritarian parents**, who are very restrictive and not nurturing during consumer socialization.

The family decision-making consists of identifying the roles that members play in buying decisions.

- Many parents are **gatekeepers**, who control the information that reaches the family's children by using the parental control features available on TVs, computers, and other communication devices.
- Children might be **influencers** in the family's purchase of a new car, although they are neither the deciders nor buyers of family cars.
- Children from dual-income households are often the **deciders, buyers, and preparers** of foods, so marketers of cuisine goods must study the roles of children in the consumption of the products offered and consider them in their designs.
- Because children—in the role of **maintainers**—often perform housekeeping chores by themselves, makers of, for example, vacuum cleaners should conduct research where they observe how children use their products and make sure they can do so safely.

Culture's Influence on Consumer Behavior

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Culture's Influence on Consumer Behavior

- It is an umbrella term which encompasses the [social behavior](#), [institutions](#), and [norms](#) found in [human societies](#), as well as the [knowledge](#), [beliefs](#), [arts](#), [laws](#), [customs](#), capabilities, and [habits](#) of the individuals in these groups.
- Humans acquire culture through the [learning](#) processes of [enculturation](#) and [socialization](#), which is shown by the diversity of cultures across societies.
- Culture refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving.
- A culture is a way of life of a group of people--the behaviors, beliefs, values, and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation from one generation to the next.

- Culture consists of **patterns**, explicit and implicit, of and for behavior acquired and transmitted by **symbols**, constituting the distinctive achievement of human groups, including their embodiments in **artifacts**.
- The essential core of culture consists of **traditional ideas** and especially their **attached values**; culture systems maybe considered as **products of action**, and as **conditioning influences upon further action**.
- Culture is the sum of total of the learned behavior of a group of people that are generally considered to be the tradition of that people and are **transmitted from generation to generation**.
- Culture is often originated from or attributed to a specific region or location.

1. **The supranational level** reflects the underlying dimensions of culture that affect multiple societies (i.e., subcultural cross-national or cross-cultural boundaries).
2. **The national level** reflects shared core values, customs, and personalities that represent the core of the “national character” of a particular country.
3. **The group level** reflects the subdivisions of a country or society, such as subcultures, and the influences of various reference groups.



- Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have “dried up” because of cultural changes.
- Marketers should periodically reconsider why consumers are doing what they do, who are the purchasers and the users of their offerings, when they do their shopping, how and where they can be reached by the media, and what new product and service needs are emerging.



- **Formal learning** takes place when parents, older siblings, and other family members teach younger members “how to behave.”
- **Informal learning** takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters.
- **Technical learning** happens when teachers instruct children, in educational environments, about what should be done, how it should be done, and why it should be done, in social as well as personal settings.
- Our ethical values (e.g., the importance of kindness, honesty, and responsibility) are also formed during childhood as we learn them from parents, teachers, and other significant adults.

Acculturation

is learning new or foreign cultures.



Enculturation

is learning one's own culture.



- Cultural values are reflected in the **languages, symbols, communications, and artifacts of a society.**
- **A symbol** is anything that represents something else, and symbols can be either verbal or nonverbal.
- Words are verbal symbols, so the text of any ad is a composition of symbols. Nonverbal symbols, such as figures, colors, shapes, and even textures, are cultural cues that appear within advertisements, trademarks, packaging, and product designs.
- Prices and channels of distribution are symbols and reflect cultural meanings of products.



EGYPTAIR 
A STAR ALLIANCE MEMBER 



Marketing's Influence

- The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively.
- The repetition of marketing messages both conveys and reinforces cultural beliefs and values.
- In advertisements, cultural values are not only depicted in the advertising copy, but are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an advertisement.
- Marketers also transmit a lot of information that enables consumers to express shared cultural values.

Rituals

- A type of **symbolic activity** consisting of a series of steps (multiple behaviors) occurring in a fixed sequence and repeated periodically.
- Rituals such as graduations, weekly card games, or visits to beauty salons include artifacts.



Advertising to children is of particular concern because kids tend to imitate behavior and are not old enough to correctly process and evaluate the information they see.

Guidelines by Children's Advertising Review Unit (CARU)

Guidelines include:

- No misleading claims about product's performance or benefits
- Must not exploit children's imagination
- Can not create unrealistic expectations
- Products must be shown in safe situation
- No encouragement of inappropriate behavior
- Avoid ads that
 - encourage children to pressure their parents to buy the products advertised
 - lead children to feel that ownership of a given product will make them more accepted by peers



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Thank You
Dr. Perihan Salah

