



Product management

Consumer buying process
and product decision process
in product management

Lecture 10



Consumer culture

- Central to the development of modernity / modern societies. The force behind consumer culture is mass marketing and advertising.
- Elements of consumer culture: fantasy, excess, spectacle and citizenship.



Definition of consumption

- “Consumption is always more than an economic activity – the consuming of products / the use of commodities to satisfy material needs. Consumption is also about dreams and desires, identities and communication” (Storey 1996: 132).



Rationality

- “Rational choice theory” is at the core of economic theories, and thus needed to suppose a perfect free market.
- Narveson: Interests are transitive: preference of x over y, y over z, therefore x over z.



Rational Choice Theory

1. Humans are purposive and goal oriented.
2. Humans have sets of hierarchically ordered preferences, or utilities.
3. In choosing lines of behaviour, humans make rational calculations with respect to:
 - the utility of alternative lines of conduct with reference to the preference hierarchy
 - the costs of each alternative in terms of utilities foregone
 - the best way to maximize utility.



Rational Choice Theory

4. Emergent social phenomena -- social structures, collective decisions, and collective behaviour -- are ultimately the result of rational choices made by utility-maximizing individuals.
5. Emergent social phenomena that arise from rational choices constitute a set of parameters for subsequent rational choices of individuals in the sense that they determine:
 - the distribution of resources among individuals
 - the distribution of opportunities for various lines of behaviour
 - the distribution and nature of norms and obligations in a situation.



Lack of Rationality?

- We have many, many examples that specific people are simply *dumb*.
- However, the rational choice theory does not subsume that we are "smart", but simply rational (and its points spell out what rational means).
- Authoritarian theories, at least some of them, use some maxim of "saving us from ourselves" to justify the use of authority.



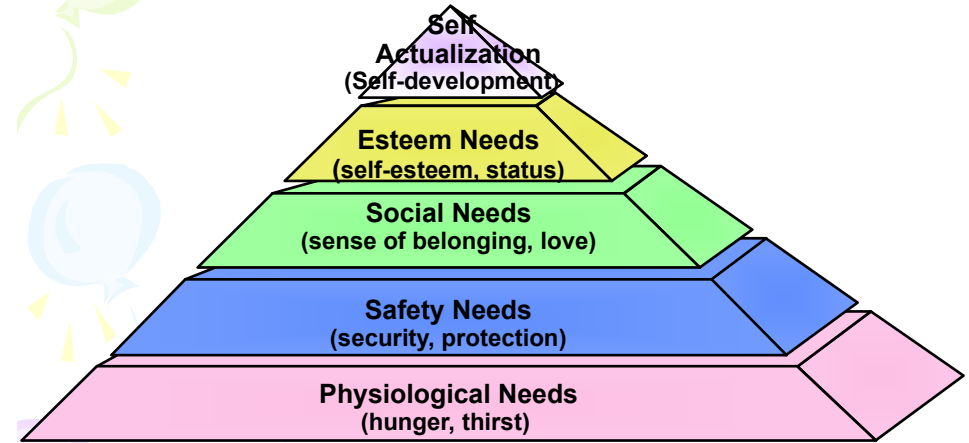
Examples of Irrationality?

- General selfishness – Left to their own devices, most humans lack the vision to realize that it is in their own best interests to help others (therefore, need an authority to force cooperation).
 - Is this irrational? It may be dumb, but still consistent with rationality.
- Decisions of consumption – Left to their own devices, most humans will choose products that do not benefit them in any way (producer/consumer gap – will see this in Advertising section).

Sociology and consumer behaviour

- Historically consumer behaviour has always borrowed ideas, concepts and theories from Sociology
- Sociologists are now interested in consumption
- This change has occurred because of the growing importance of consumption in shaping people's lives
- Historically sociologists concerned themselves with analysing the relationship between work especially our role in the means of production as being fundamental in shaping our lives.
- Now they look at how consumption enables us to construct our social worlds and how we relate to other people through consumption
- Veblen and Bourdieu were at the forefront even though the former was ignored for many years

Maslow's Hierarchy of Needs



Veblen

- Theory of The Leisure Class published in 1899
- Studied the new leisure class in America
- Viewed consumer goods as markers of social status and prestige
- Mimicking the upper classes in Europe
- Higher social groupings were always trying to maintain their difference from these nouveaux riches
- These processes that he identified maybe less obvious but more sophisticated today
- But they have also become very much what we do.
- Bourdieu 60 years later also addressed the idea of social comparison through consumption but in an empirical rather than theoretical manner

The Theory of Leisure Class (Veblen)


- *The Theory of Leisure Class*
- demonstration of wealth
- miser fails to demonstrate wealth and fails to attain social honor
- conspicuous leisure vs. conspicuous consumption




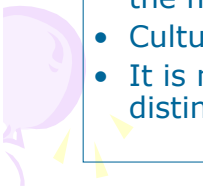
Conspicuous leisure

- unproductive consumption of time
- suited to smaller, less developed societies of non-strangers
- upper-class strategy
- feudalism
- future green societies
- cultivation of the aesthetic faculty requires time and application

Conspicuous consumption

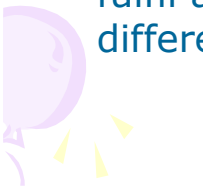
- **unproductive consumption of goods**
 - **suited to larger, more developed societies of strangers**
 - **middle- and lower-class strategy**
 - **capitalism**
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Bourdieu

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- Distinction: A Social Critique of the Judgement of Taste published in 1984.
 - Sees consumption as a way of establishing variations in social groupings
 - Develops the idea of the class system - historically linked to money = economic capital, and power.
 - Key concept 1: Cultural capital = embodies the idea that it's not enough just to consume but we must consume appropriately and in a proper and seemingly manner – "taste" lies at the heart of social life
 - Cultural capital is enhanced by education the longer we spend in it and the higher its prestige the more cultural capital we accumulate
 - Cultural capital takes time and effort to acquire
 - It is not therefore open to all hence its ability to distinguish between social grouping.
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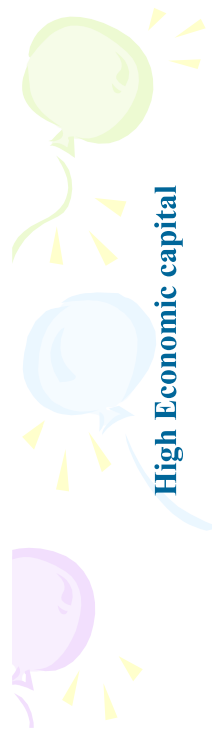
Sociology of Consumption (Pierre Bourdieu)

- consumption for purposes of social distinction
 - culture of living (lifestyle) is a significant area of struggle between social groups and classes
 - consumption of culture is "predisposed, consciously and deliberately or not, to fulfil a social function of legitimating social differences"
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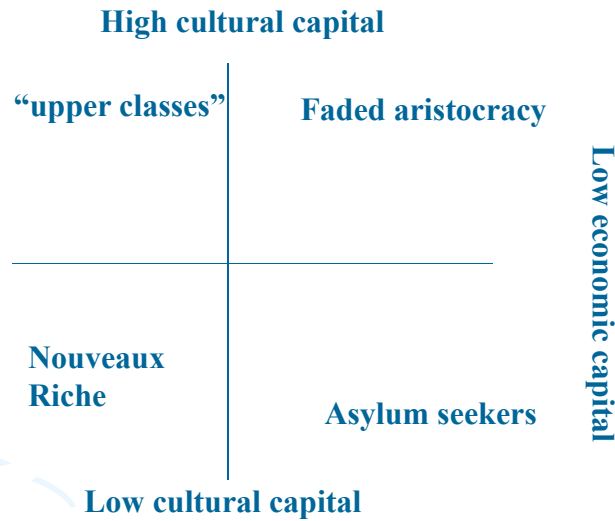


Cultural capital

- Cultural vs economic capital
 - Must be consumed in a proper manner to show class status
 - expenditure of time, resources and money in an unproductive manner
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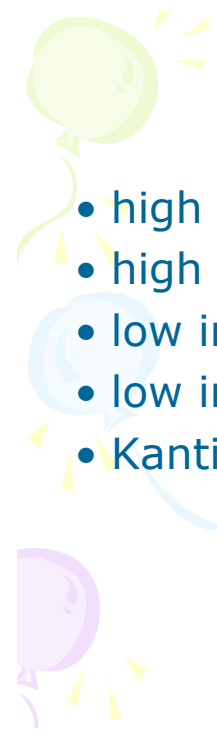


High Economic capital



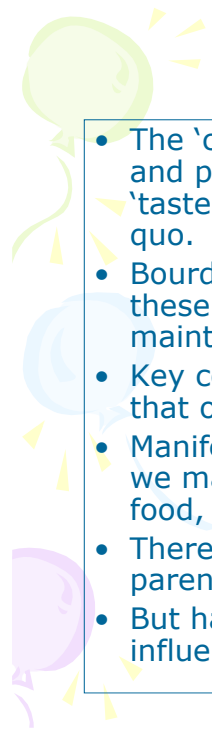
Cultural Hierarchy

- high cc and ec
- high in ec and low in cc
- low in ec and high in cc
- low in ec and cc
- Kantian vs. anti-kantian aesthetic



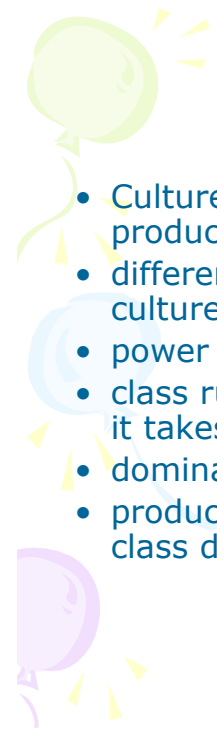
Bourdieu

- The 'class' system and its relationship to money and power has been replaced with a more subtle 'taste' system that ultimately maintains the status quo.
- Bourdieu is also concerned with understanding how these patterns of taste are reproduced and maintained over time
- Key concept 2: Habitus: a system of dispositions that organises the capacity of individuals to act
- Manifests itself in the everyday assumptions that we make about what is appropriate in art, culture, food, holidays etc.
- Therefore we are linked through our habitus to our parents, family, and ultimately class
- But habitus is dynamic and individual agency can influence the structural features of it.



Social class and consumption

- Culture: use by the dominant class to ensure its production as the dominant class
- different classes have different styles, tastes in culture
- power and domination rooted in social inequality
- class rule is ultimately economic, the form which it takes is cultural
- domination from economic field to cultural field
- production and reproduction of social spaces and class differences



Postmodern theories of consumption

- A loosely collected set of theories, ideas etc.
- In terms of consumption focuses on the idea that we consume not for use value but for sign value
- In other words we buy things not for what they can do for us but for what they mean and say about us.
- Consumption is symbolic and consumer are symbol users and manipulators
- Symbolism is an inherently social activity: symbols only work if they mean the same or different things to different people.

Postmodern theories of consumption

- Historically ones social position determined what you could consume
- Or what you consumed symbolised your social position
- Class has been replaced by lifestyle
- Different groups of people may use the same product to signify different things e.g. hip hop culture
- Products no longer become reliable badges of our social status
- We now live in a semiotic democracy signs can be manipulated to mean different things to different people
- However as Bourdieu may advocate it is not so much a democracy as an aristocracy.

Uses of Goods (Douglas and Isherwood)

- 2 functions
- 1. making visible and stable the categories of culture/ Econ reasons: possessions carry social meanings/
 - Acquisition and demonstration are the main means
 - cultural analysis and demonstration by the use of goods as communicators
- 2. make and maintain social relationship
 - Exchangeable kinds of goods
 - e.g. marriage brought about by payment of cattle and slaughter

Systems of Objects (Jean Baudrillard)

- Objects concerned not only individuals
- Objects are consumed in a systematic way
- NOT explanation of needs with respect to an individual's relation to an object
- But collective relations to systems of objects
- needs are constructed and produced as element of a system, not as a relation between an individual and an objects

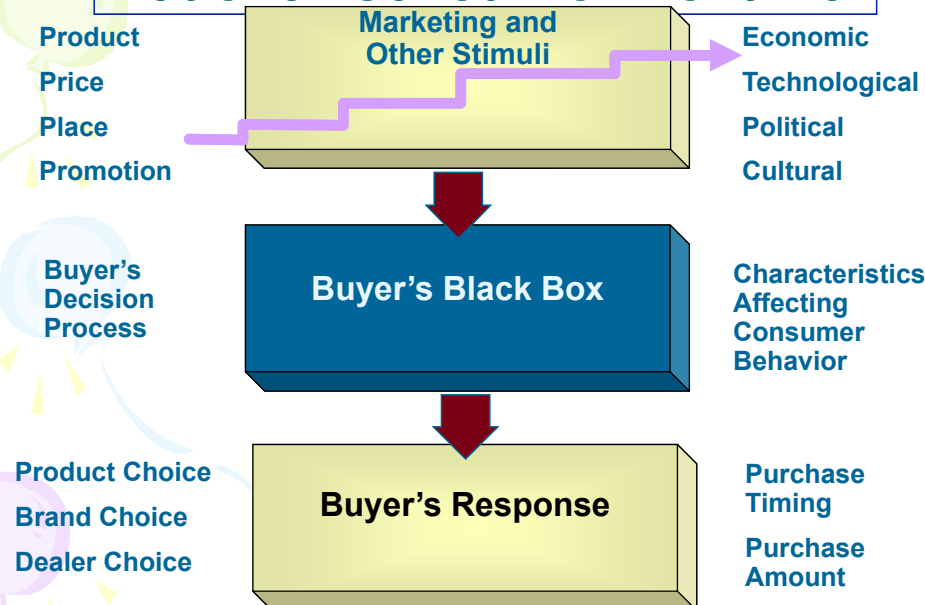
Signs and classes

- needs are organized extension of productive forces
- realms of signs: signs for social ends to organize our cultural understanding
- cultural systems: social order of values and classifications
- consumption deepens labor discipline

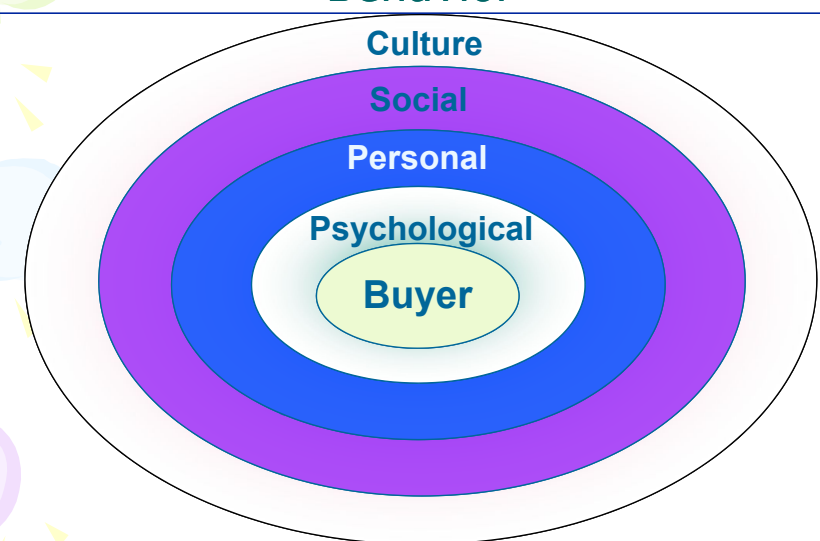
Signs and classes

- consumption forces people into an economizing and controlled labor force or classes
- Thus, people's social status controlled by the productive system
- deepened dependence

Model of Consumer Behavior



Characteristics Affecting Consumer Behavior



Factors Affecting Consumer Behavior: Culture

- Most basic cause of a person's wants and behavior.
- Values
- Perceptions

Subculture

- Groups of people with shared value systems based on common life experiences.
- Hispanic Consumers
- African American Consumers
- Asian American Consumers
- Mature Consumers

Social Class

- People within a social class tend to exhibit similar buying behavior.
- Occupation
- Income
- Education
- Wealth

Factors Affecting Consumer Behavior: Social

Groups

- Membership
- Reference

Family

- Husband, wife, kids
- Influencer, buyer, user

Roles and Status

Social Factors

Factors Affecting Consumer Behavior: Personal

Personal Influences

Age and Family Life Cycle Stage

Occupation

Economic Situation

Personality & Self-Concept

Lifestyle Identification

Activities

Opinions

Interests

Factors Affecting Consumer Behavior: Psychological

Motivation

Beliefs and Attitudes

Psychological Factors

Perception

Learning

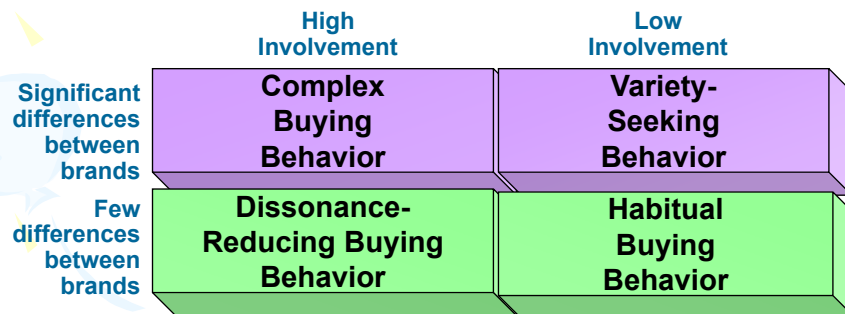
Demographic Factors

- Age
- Stage in family life cycle
- Occupation
- Economic circumstances
- Lifestyle
- social influence variables
 - family background
 - reference groups
 - roles and status

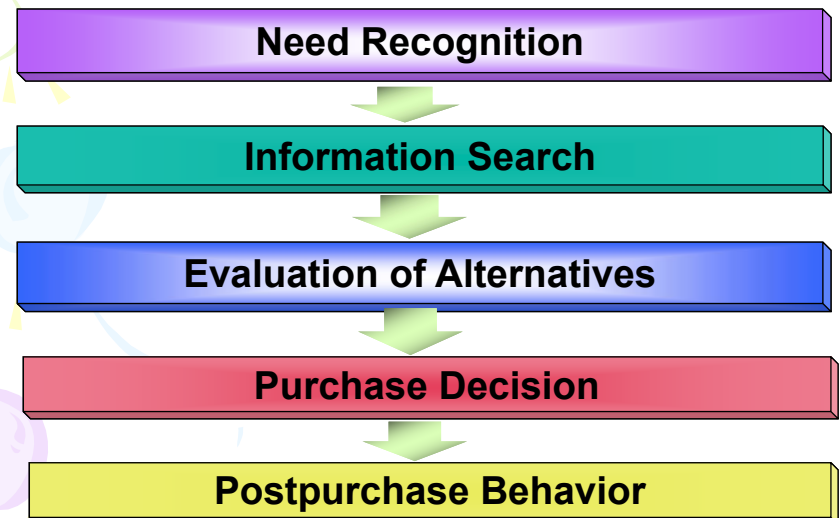
Types of buyer behaviour

- Complex buyer behaviour e.g. Intel Pentium Processor
- Dissonance-reducing behaviour (brand reduces after-sales discomfort)
- Habitual buying behaviour e.g. salt - little difference
- variety seeking behaviour - significant brand differences e.g soap powder

Types of Buying Decisions



The Buyer Decision Process



The Buyer Decision Process

Step 1. Need Recognition

Need Recognition

Difference between an *actual* state and a *desired* state

Internal Stimuli

- Hunger
- Thirst
- A person's normal needs

External Stimuli

- TV advertising
- Magazine ad
- Radio slogan
- Stimuli in the environment

The Buyer Decision Process

Step 2. Information Search

Personal Sources

- Family, friends, neighbors
- Most influential source of information

Commercial Sources

- Advertising, salespeople
- Receives most information from these sources

Public Sources

- Mass Media
- Consumer-rating groups

Experiential Sources

- Handling the product
- Examining the product
- Using the product

The Buyer Decision Process

Step 3. Evaluation of Alternatives

Product Attributes

Evaluation of Quality, Price, & Features

Degree of Importance

Which attributes matter most to me?

Brand Beliefs

What do I believe about each available brand?

Total Product Satisfaction

Based on what I'm looking for, how satisfied would I be with each product?

Evaluation Procedures

Choosing a product (and brand) based on one or more attributes.

The Buyer Decision Process

Step 4. Purchase Decision

Purchase Intention

Desire to buy the most preferred brand

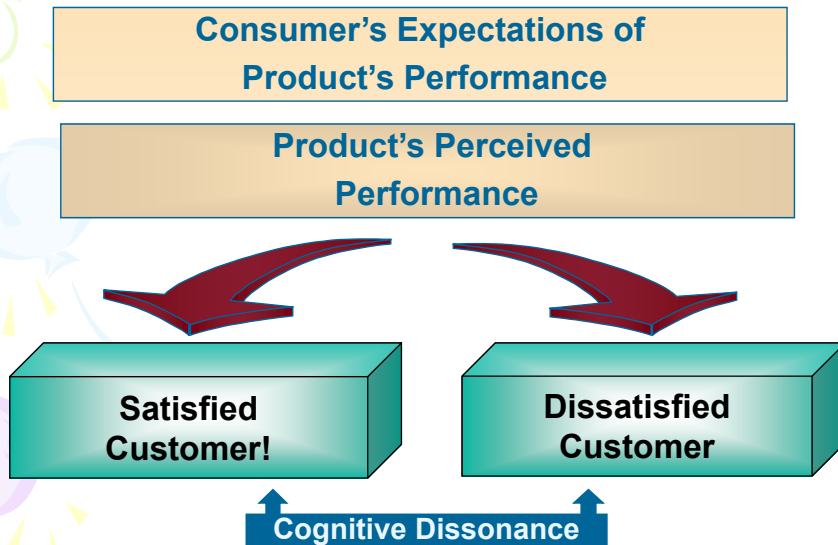
Attitudes of others

Unexpected situational factors

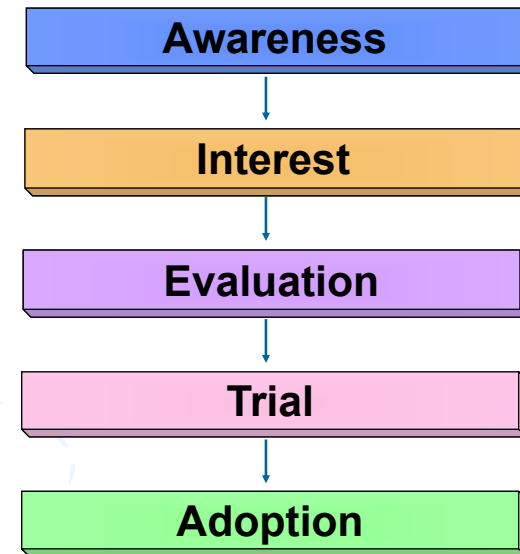
Purchase Decision

The Buyer Decision Process

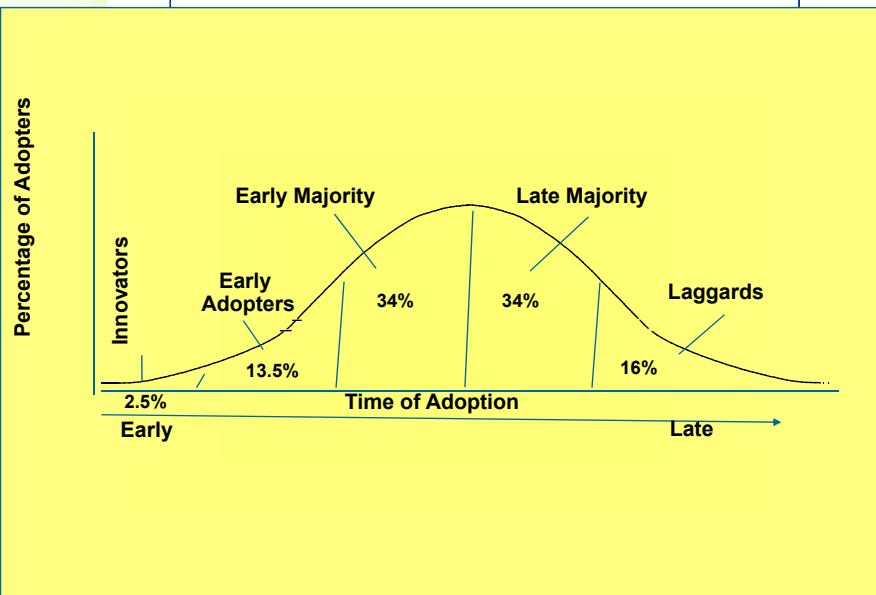
Step 5. Postpurchase Behaviour



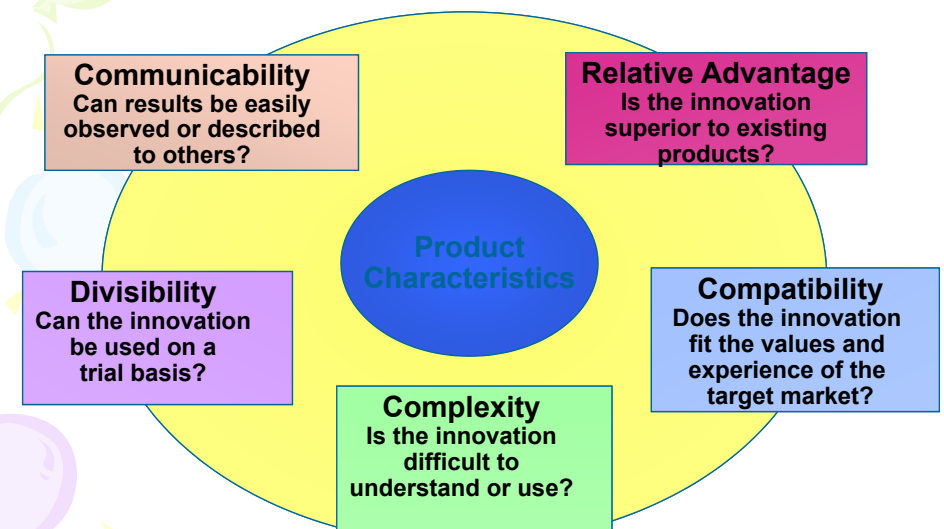
Stages in the Adoption Process



Adoption of Innovations



Influences on the Rate of Adoption of New Products



The Buying Decision Process

- recognition of the need e.g a new PC
- choice of involvement level (time and effort justified) e.g. two week ends
- identification of alternatives e.g. Dell, PC World
- evaluation of alternatives I.e. price, customer service, software support, printer/scanner package
- decision - choice made e.g Epsom
- action e.g buy Epsom model from Comet
- post-purchase behaviour I.e. use, breakdowns, etc

INVOLVEMENT

The perceived importance or personal relevance of an object ore event.

Factors Influencing Involvement

Situational sources of involvement

Aspects of the immediate physical and social environment that activate important consequences and values and link them to product attributes, thus making products and brands seem self-relevant.

Levels of Product Knowledge

Product Class	Product Form	Brand	Model/Feature
Coffee	Ground Instant	Folgers Maxwell House	1-pound can 8-ounce jar
Pens	Ballpoint Felt tip	Bic Pilot	\$0.79 model, regular tip \$0.99 model, extra-fine tip

Model of Consumer Product Involvement

