Table of Contents

Introduction ................................................................. 1
   About This Book .......................................................... 2
   Conventions Used in This Book ......................................... 2
   What You’re Not to Read ................................................. 3
   Foolish Assumptions ..................................................... 3
   How This Book Is Organized ........................................... 3
       Part I: Introduction to Consumer Behavior ................... 3
       Part II: Delving Into the Psychology of the Individual Consumer .. 4
       Part III: Consumers in Their Social and Cultural Settings .... 4
       Part IV: Crafting Your Marketing Strategy .................... 4
       Part V: Implementing Your Strategy with a Marketing Plan .... 4
       Part VI: The Part of Tens ........................................... 5
   Icons Used in This Book .............................................. 5
   Where to Go from Here ................................................ 6

Part I: Introduction to Consumer Behavior ...................... 7

Chapter 1: Consumer Behavior: The Basics ...................... 9
   Getting a Glimpse of the Consumer’s Decision-Making Process ... 11
   Recognizing Factors that Influence the Purchase Decision ...... 12
       Internal influences .................................................... 12
       External influences .................................................... 14
   Accounting for the Unpleasant: Consumer Misbehavior .......... 16
   Seeing How Consumer Behavior Can Guide Your Marketing Strategy ... 16
       Researching the market to find commonalities ................. 17
       Breaking the overall market into the segments you’ll target ... 17
       Uncovering the untapped markets ................................ 18
   Creating a Consumer-Driven Marketing Plan .................... 18
       Practicing integrity .................................................... 19
       Inducing need awareness through positioning ................. 19
       Engaging consumers’ attention and leading them to purchase .... 20
       Convincing customers to adopt new products and changes in terms ........................................ 20
       Encouraging customer loyalty ..................................... 21

Assessing Your Knowledge of Consumer Behavior:
   A Quick and Painless Quiz ........................................... 22
   The questions ............................................................ 22
   The answers ............................................................. 24
Chapter 2: Understanding How Consumers Make Purchase Decisions

Outlining the Decision-Making Process .......................................................... 27
Phase 1: Recognizing a Need or Desire ......................................................... 29
Phase 2: Seeking and Researching Possible Solutions ................................... 31
  How this phase works ................................................................................. 31
  How you use this knowledge in your marketing ......................................... 32
Phase 3: Evaluating the Alternatives .............................................................. 33
  How this phase works ................................................................................. 33
  How you use this knowledge in your marketing ......................................... 34
Phase 4: Assessing the Value of the Chosen Product or Service .................... 35
  How this phase works ................................................................................. 35
  How you use this knowledge in your marketing ......................................... 37
Phase 5: Evaluating the Purchase after the Deed is Done ............................. 38
  How this phase works ................................................................................. 38
  How you use this knowledge in your marketing ......................................... 39

Chapter 3: Applying Consumer Behavior to Marketing Strategy ............... 43

Knowing Where You’re Going: Defining Your Marketing Objectives .......... 43
Understanding How You Get There: The Four Ps of Marketing Strategy ........ 45
Product: Developing and Selling a Marketable Product or Service ............. 47
  Assembling the components of your product strategy ........................... 47
  Seeing how consumer behavior affects your product strategy ................ 49
Promotion: Deciding How You’ll Spread the Word ....................................... 55
  Perusing the possibilities ........................................................................... 55
  Developing a consumer-centric promotion strategy ................................. 57
Pricing: Offering Deals That Goldilocks Would Find Enticing ...................... 59
  Evaluating the factors of pricing strategy .............................................. 60
  Linking consumer behavior to pricing strategy ........................................ 62
Placement: Getting Your Goods from Point A to Point Z ............................ 65
  Evaluating your options: Distribution channels ..................................... 66
  Observing how consumer behavior affects your placement strategy .......... 67

Part II: Delving Into the Psychology of the Individual Consumer .............. 69

Chapter 4: Recognizing Need and Desire: Motivation and Emotion ......... 71

What Moves Consumers to Action: Factors of Motivation .......................... 71
  Exploring the major motivators ............................................................... 72
  An example of marketing-driven motivation in action ............................. 73
Energizing Motivation: The Role of Emotion .............................................. 74
  Understanding how emotions affect purchasing behavior ...................... 75
  Linking marketing efforts to consumers’ emotions .................................... 76
Table of Contents

Evoking Emotion and Spurring Motivation through Marketing............ 78
  Identifying your customers’ underlying motivations...................... 79
  Motivating action by tapping into emotions............................... 79
  Recognizing and reconciling internal conflicts............................ 81

Chapter 5: Supplying Information and Influencing Perception ...... 85
  In the Eye of the Beholder: A Primer on Perception and Consumers..... 85
  Understanding How Perception Forms........................................... 86
  Selection: Letting in stimuli....................................................... 87
  Cognitive organization: Processing information............................ 91
  Interpretation: Giving meaning to the stimuli............................... 92
  Cultivating and Shaping Consumer Perception............................... 93
  Identifying what’s important to your customers............................ 93
  Gaining attention with the use of stimuli.................................... 96
  Avoiding sensory overload.......................................................... 97

Chapter 6: Uncovering Attitudes: General and Lasting Evaluations .... 99
  Nailing Down the Basics of Consumer Attitude............................ 99
  Dissecting an attitude: The sum of its parts................................ 100
  Seeing how attitude affects purchase decisions............................ 102
  Understanding How Consumers Form Attitudes............................ 102
  Perceiving a customer’s internal assessment............................... 104
  Accounting for external influences............................................. 105
  Understanding the roots of attitude inconsistencies..................... 106
  Marketing to Create Positive Attitudes and
  Influence Negative Ones............................................................ 107
  Inducing positive attitudes......................................................... 108
  Reshaping negative attitudes...................................................... 108

Chapter 7: Defining the Role of Identity:
  Self-Concepts and Lifestyle ...................................................... 113
  Understanding the Dynamic Effect of Identity
    (Self-Concepts + Lifestyles)...................................................... 113
  Studying how identity affects purchasing behavior....................... 114
  Seeing how identity factors into successful marketing plans........... 116
  Identifying Consumer Self-Concepts and Then Marketing to Them..... 116
  Tracing the formation of self-concepts........................................ 117
  Understanding how self-concepts affect the individual................. 118
  Directing your marketing strategy to engage
    consumer self-concepts........................................................... 120
  Reflecting on and Targeting Consumer Lifestyles......................... 122
  Recognizing lifestyle-determining factors.................................. 123
  Working lifestyle factors into your marketing mix........................ 128
Part III: Consumers in Their Social and Cultural Settings ................................................ 133

Chapter 8: Cultural Influences ................................................................. 135
    Defining Culture ........................................................................................... 135
    Breaking Culture into Subcultures ............................................................ 137
        Ethnicity or nationality ..................................................................... 137
        Religion ............................................................................................... 138
        Age or gender ..................................................................................... 139
    Understanding the Power of Culture ........................................................ 140
        How culture affects people and their purchasing behavior .......... 140
        How cultural understanding increases marketing effectiveness .... 142
    Seeing Cultural Conditioning in Action and in Effect .............................. 143
        Conditioned behavior: Norms .......................................................... 144
        Conditioned beliefs and values ........................................................ 145
    Applying Cultural Perspective to Your Marketing Strategy ................... 145
        Identifying common cultural factors among your consumers..... 146
        Appealing to your target audience’s cultural background ............ 147

Chapter 9: The Influences of Household Structure and Role ............ 149
    Looking at Home Life .................................................................................. 149
        A primer on household structures .................................................. 149
        Defining an individual’s household role ......................................... 151
        Recognizing how household structure and role affect purchasing behavior ........................................................... 152
        Understanding how you can market to the many household influences ........................................................................ 153
    Examining Traditional Household Stages and Their Buying Influences ........................................................................ 154
        Young singles ..................................................................................... 155
        Newly married couples ..................................................................... 155
        Full nest I ............................................................................................. 156
        Full nest II ............................................................................................ 156
        Full nest III ........................................................................................... 156
        Empty nest I ........................................................................................ 157
        Empty nest II ....................................................................................... 157
        Solitary survivor ................................................................................ 157
        Retired solitary survivor ................................................................... 157
    Familiarizing Yourself with Common Stage Variations .................... 158
        Exploring the changes and trends ..................................................... 158
        Identifying new structures that have emerged .................................. 160
        Seeing how the trends affect gender roles ....................................... 161
    Targeting Your Marketing to Specific Household Types and Roles .... 163
        Assessing your consumers’ household income ............................. 164
        Factoring in family dynamics and disagreements ....................... 164
        Dealing with interests and responsibilities .................................... 166
Chapter 10: The Power of the Masses: Group Influences ............ 167
- Getting a Glimpse of the Strength in Numbers .................. 167
- Recognizing the major types of groups ............................ 168
- Seeing how groups influence consumer behavior .................. 169
- Identifying the marketing opportunities groups provide ......... 173
- Gaining a Deeper Understanding of Group Influence ............ 173
- Where a group gets its power of influence .......................... 174
- Why customers succumb to group influence ...................... 175
- What determines the strength of a group’s influence .......... 175
- Tailoring Your Marketing Strategy to Groups ...................... 178
- Identifying what group members have in common ............ 178
- Assessing the strength of the group ................................. 179
- Determining how you can appeal to the group .................. 180
- Targeting the leader of the pack ................................. 181

Chapter 11: Defying Legislated or Moral Laws: Consumer Misbehavior ........................................ 183
- Discovering What Consumer Misbehavior Is All About ......... 184
- Recognizing the difference between misbehavior and problem behavior ........................................... 184
- Understanding the common forms of misbehavior and their effects ........................................ 185
- Seeing how marketing efforts can derail misbehavior ......... 188
- Examining the Tale behind the Act ..................................... 189
- Why do they do it? Considering the underlying motivations .... 190
- The decision-making process that leads to misbehavior .... 193
- Minimizing Consumer Misbehavior ................................ 194
- Exercising an ounce of prevention ................................. 194
- Setting up policies and consequences ............................ 195

Part IV: Crafting Your Marketing Strategy ............... 197

Chapter 12: Conducting Market Research .................. 199
- Recognizing the Vital Role of Market Research .............. 199
- Examining the purpose of market research ....................... 200
- Understanding how market research affects your marketing success ........................................ 201
- Using market research to your marketing advantage ........ 202
- Getting an Overview of the Research Process .................... 203
- Clarifying the Problem at Hand .................................... 205
- Settling on the Research Design .................................... 205
- Classifying the focus of the research ............................. 206
- Deciding what type of info best supports your focus ......... 207
- Determining the nature of your research methods ........... 208
Chapter 13: Identifying Target Markets through Segmentation ........................................... 223

An Introduction to Market Segmentation ........................................................................ 223
Understanding why segmentation is important .............................................................. 224
Figuring out how segmentation works ............................................................................ 226

Step 1: Identify Your Core Market by Using Profiler Bases ............................................. 228
Deciding which profiler bases to use .............................................................................. 228
Applying the demographic base .................................................................................... 229
Applying the psychographic base .................................................................................. 230
Applying the geographic base ....................................................................................... 231
Applying the behavior base .......................................................................................... 232

Step 2: Determine Whether Your Core Market Qualifies for Segmentation ...................... 232

Step 3: Evaluate Your Core Market for Potential Success .............................................. 233

Step 4: Identify Potential Customer Needs ..................................................................... 234

Step 5: Segment Your Core Market into Submarkets ..................................................... 235

Step 6: Identify Segment Dimensions ........................................................................... 236
Recognizing the two main types of dimensions ............................................................ 236
Calling out category-specific dimensions ..................................................................... 237

Step 7: Evaluate Your Market Segments ....................................................................... 239
Predicting consumer behavior within a specific segment .............................................. 239
Estimating segment size and revenue potential ............................................................. 240

Chapter 14: Unearthing New Market Opportunities ......................................................... 245

Finding and Recognizing Areas of Opportunity: What to look for: Opportunity types .... 246
Where to look: Information sources .............................................................................. 247

Conducting the Search .................................................................................................... 248
Seeking out unmet needs in the marketplace ................................................................. 248
Looking at your products for new or improved product ideas ......................................... 249
Assessing whether new marketing activities will reach more folks .............................. 251
Table of Contents

Determining Whether a New Opportunity Is Worth Pursuing...........252
Evaluating an opportunity’s chance of success............................253
Weighing the costs against the potential rewards .........................253

Part V: Implementing Your Strategy with a Marketing Plan ..............257

Chapter 15: Understanding Marketing Ethics ...............................259
A Primer on the Role of Ethics in Marketing ..................................259
Exploring the fluidity of marketing ethics .......................................260
Understanding how unethical marketing affects consumer behavior ..................................................261
Discovering how ethics affect the four Ps of the marketing mix ......................................................262
Recognizing a Marketer’s Ethical Responsibilities .........................264
Examining the requirements ..........................................................265
Considering the gray areas ............................................................266
Developing Your Marketing Code of Ethics:
Some Simple Guidelines .................................................................269

Chapter 16: Evoking Awareness through Positioning ......................271
A Primer on Positioning .................................................................271
Understanding the importance of positioning ................................272
Knowing what you’re positioning ...................................................272
Getting a glimpse of the positioning process ................................273
Developing a Unique Selling Proposition .......................................275
Starting with the fundamentals: Features versus benefits ..........276
Previewing the process .................................................................276
Making sure your USP is effective ..................................................278
Using Your USP to Develop a Positioning Strategy .........................279
Positioning your product or service relative to its competition ......279
Addressing the need your product fulfills .......................................282
Avoiding common mistakes ..........................................................283
Crafting a Strong Positioning Statement .......................................284
Using a simple but effective formula .............................................285
Paying attention to word choice and focus ...................................285
Testing your positioning statement ...............................................286

Chapter 17: Leading Customers from Attention to Action ..............287
Getting Consumers’ Attention with Compelling Stimuli ..................288
Delivering an Action-Inspiring Message ........................................288
Educating consumers with a marketing message ..........................289
Providing proof customers trust .....................................................290
Perusing Your Options for Marketing Message Placement..............291
Traditional marketing options.....................................................292
Interactive methods .................................................................295
Choosing the Best Media Outlets for You ....................................299

Chapter 18: Convincing Consumers to Adopt
New Products or Changes in Terms ........................................301
Realizing the Challenge: Aversion to Change............................301
How change affects consumers and their behavior....................302
What affects a consumer’s acceptance of change......................303
Tracing the Typical Life Cycle of a New Product.........................305
Encouraging Consumer Adoption throughout
a Product’s Life Cycle.................................................................307
Addressing issues consumers face during the adoption process........307
Reaching the right consumers within your target market ............309
Offering strategic incentives according to the life-cycle stage at hand...311

Chapter 19: Cultivating Customer Loyalty .............................315
Waxing Romantic: A Primer on Consumer-Business Relationships....315
The difference between repeat buying and customer loyalty............316
Why loyalty is important for business.......................................317
Digging Up the Roots of Loyalty..................................................318
Why consumers are loyal: Five very different reasons..................318
Understanding what committed loyalty — the one you want — is based on...319
Creating a Committed Loyal Customer.......................................321
Establishing a relationship: The basics.......................................322
Adding loyalty programs to the repertoire (but not as a solo act!)........323
Accounting for behavioral predispositions.................................324

Part VI: The Part of Tens ................................................325

Chapter 20: Ten Easy Ways to Enhance Customer Satisfaction ....327
Acknowledge Customers Right Away...........................................327
Conduct Customer Surveys........................................................328
Follow Up to Inquire about Satisfaction......................................328
Listen Intently................................................................................328
Build an Online Presence...........................................................329
Keep in Touch with E-Newsletters.................................................329
Make the Purchasing Process an Experience..............................329
Offer Birthday Specials.................................................................330
Hold Special Events...................................................................330
Volunteer for a Good Cause........................................................330