The Consumer Audience

Chapter Outline

I. Chapter Key Points
II. How Does Consumer Behavior Work?
III. Cultural and Social Influences on Consumer Decisions
IV. Psychological Influences that Motivate Consumers
V. Behavioral Influences on Consumer Decisions
VI. The Consumer Decision Process
VII. Segmenting and Targeting

Key Points

• Assess cultural and social influences on consumer responses
• Demonstrate how psychological influences motivate customers
• Explain the behavioral characteristics that describe consumer responses
• Describe how the consumer decision process works
• Differentiate between segmenting and targeting and trace these tools to their sources
White Castle: A David Among Goliaths

How Does Consumer Behavior Work?

• Consumer behavior
• Consumer audience
• Customers

Influences on Consumer Decision Making

Figure 5.1
Cultural and Social Influences: 
Culture

- Tangible items and intangible concepts that together define a group of people or a way of life

A Different Kind of Company, A Different Kind of Culture

Cultural and Social Influences: 
Social Class

- The position a person and his/her family hold within society
Cultural and Social Influences: Reference Groups

- A group of people who are used as a guide for behavior in specific situations

Cultural and Social Influences: Family

- Two or more people who are related by blood, marriage, or adoption and live in the same household

Cultural and Social Influences: Demographics

- Age
- Sexual orientation
- Race and ethnicity
- Occupation
- Income
- Geography
Choice Hotels Says ‘Thanks for Traveling’

Psychological Influences:
Perception and State of Mind
• Affects how people perceive information as well as determines the particular pattern of consumer behavior

Figure 5.4 - Levels and Needs in the Maslow Hierarchy

Psychological Influences:
Motivations
• Produced by the tension caused by an unfulfilled need

Created by a teacher who was sick of catching colds in class.
Psychological Influences:
Attitudes and Values

- Influence how consumers evaluate products, institutions, retail stores, and advertising.

Psychological Influences:
Personality

- Distinctive characteristics that make people or brands individual.

Psychological Influences:
Psychographic Influences

- Activities
- Opinions
- Interests

Figure 5.5 - Lifestyle Components

Video Snippet

How Dunkin’ Donuts uses psychographics to meet the needs of the consumer.
Psychological Influences: The VALS System

• VALS 2 is a psychographic model advertisers use when designing targeted ads

Figure 5.6 - The VALS Network

SRI Consulting: Creator of VALS and iVALS

Behavioral Influences: Usage Behavior

• How much of a product category or brand customers buy

<table>
<thead>
<tr>
<th>Consumer Categories Based on Product Usage</th>
<th>Quantity</th>
<th>Brand Relationship</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light users</td>
<td>Nonusers</td>
<td>Innovators</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Ex-users</td>
<td>Early adopters</td>
<td></td>
</tr>
<tr>
<td>Heavy users</td>
<td>Regulars</td>
<td>Early majority</td>
<td></td>
</tr>
<tr>
<td>First-timers</td>
<td>Loyal users</td>
<td>Late majority</td>
<td></td>
</tr>
<tr>
<td>Loyal users</td>
<td>Switchers</td>
<td>Lagards</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4
Behavioral Influences: Innovation and Adoption

• How willing people are to be innovative and try something new

The Consumer Decision Process

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Postpurchase evaluation

The Low- and High-Involvement Decision Process

[Diagram showing low and high involvement decision processes]

Figure 5.7 – The Diffusion of Innovation

Figure 5.8
Segmenting and Targeting

- **Segmenting**
  - Dividing the market into groups of people who have similar characteristics in certain key product-related areas
- **Targeting**
  - Identifying the group that might be the most profitable audience

Types of Segmentation

- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation
- Behavioral segmentation
- Benefits segmentation

Targeting the Right Audience

- The target is described using the variables that separate this prospective consumer group from others who are not in the market
Discussion Questions

Discussion Question 1

• Choose four VALS 2 categories and find one or more print advertisements that appear to be targeted to people in each category.
• Explain why you think the ad addresses that audience.
  – Do you believe that the categories are mutually exclusive?
  – Can consumers (and ads directed to them) be classified in multiple categories? Why or why not?
Discussion Question 2

• You are working as an intern at the Williams Russell Agency and the agency has just gotten a new account, a bottled tea named Leafs Alive.
• The sale of bottled tea is surging with the industry, reaching $5.5 billion in sales in 2003.
• What consumer trends seem to be driving this product development?

Discussion Question 3

• What are the stages of the consumer decision process?
• Give examples of how advertising can influence each stage.
• Find an ad that addresses the concern of consumers in each stage.

Discussion Question 4

• Sean McDonnell is the creative director for Chatham-Boothe, an agency that has just signed a contract with Trans-Central Airlines (TCA).
• TCA has a portfolio of consumer research and has offered to let the agency use it.
• McDonnell needs to decide whether demographic, psychographic, or attitude and motive studies are best for developing a creative profile of the target audience.
  – If the choice were yours, on which body of research would you base a creative strategy?
  – Explore the strengths and weaknesses of each.
Discussion Question 5

• Consider the social-class segments discussed in this chapter.
• Select two demographic or psychographic factors that would be most receptive to these product-marketing situations:
  a. Full line of frozen family-style meals (for microwaving) that feature superior nutritional balances
  b. Dairy product company (milk, cheese, ice cream) offering an exclusive packaging design that uses fully degradable containers
  c. A new SUV that is lighter in weight and gets better gas mileage than the average SUV

Discussion Question 6

• Draw up a target audience profile for students attending your college.
• How does it differ from another school in your same market area?