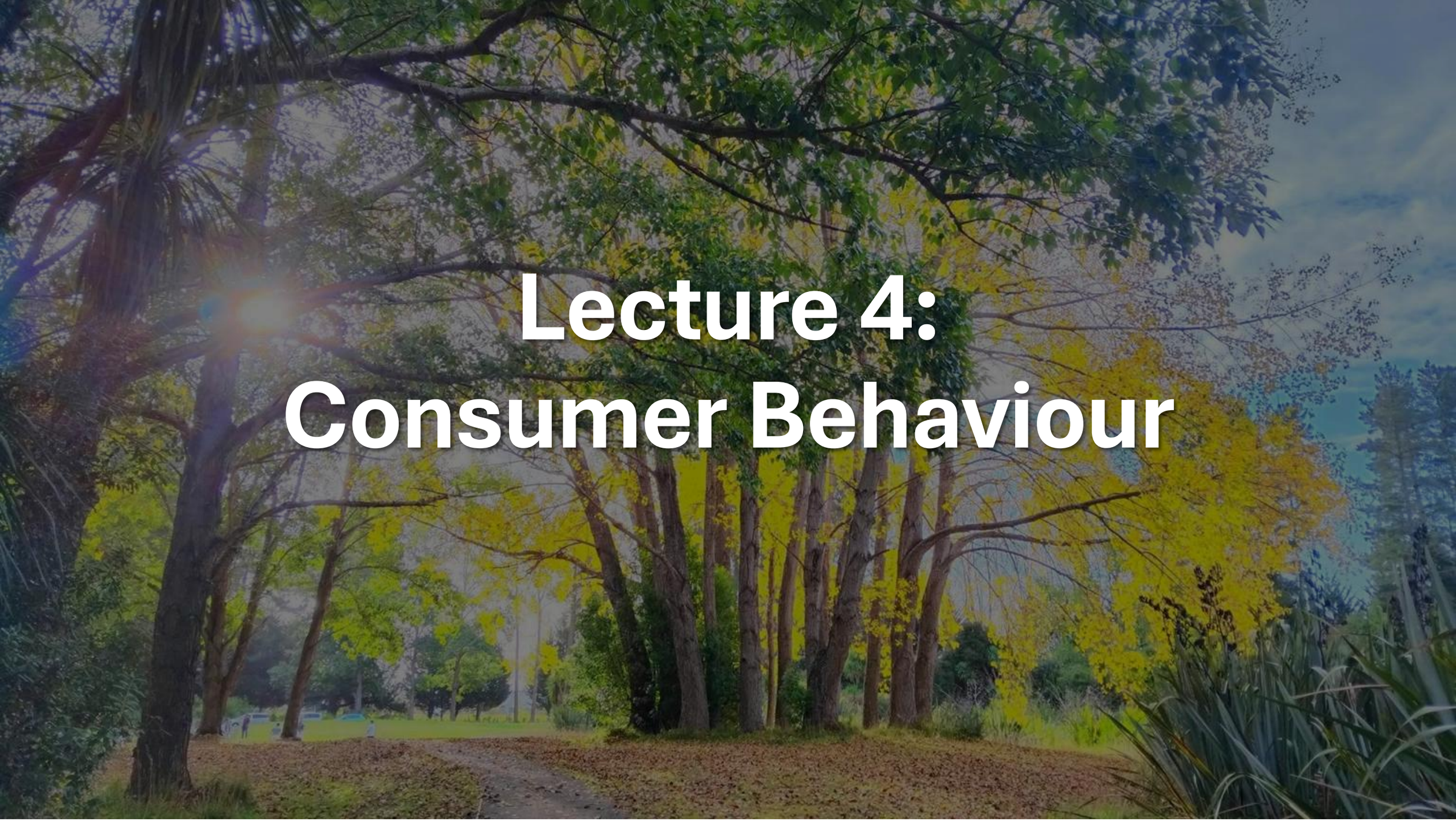

Lecture 4:
Consumer Behaviour

Objectives

By the end of the lesson, students should be able to:

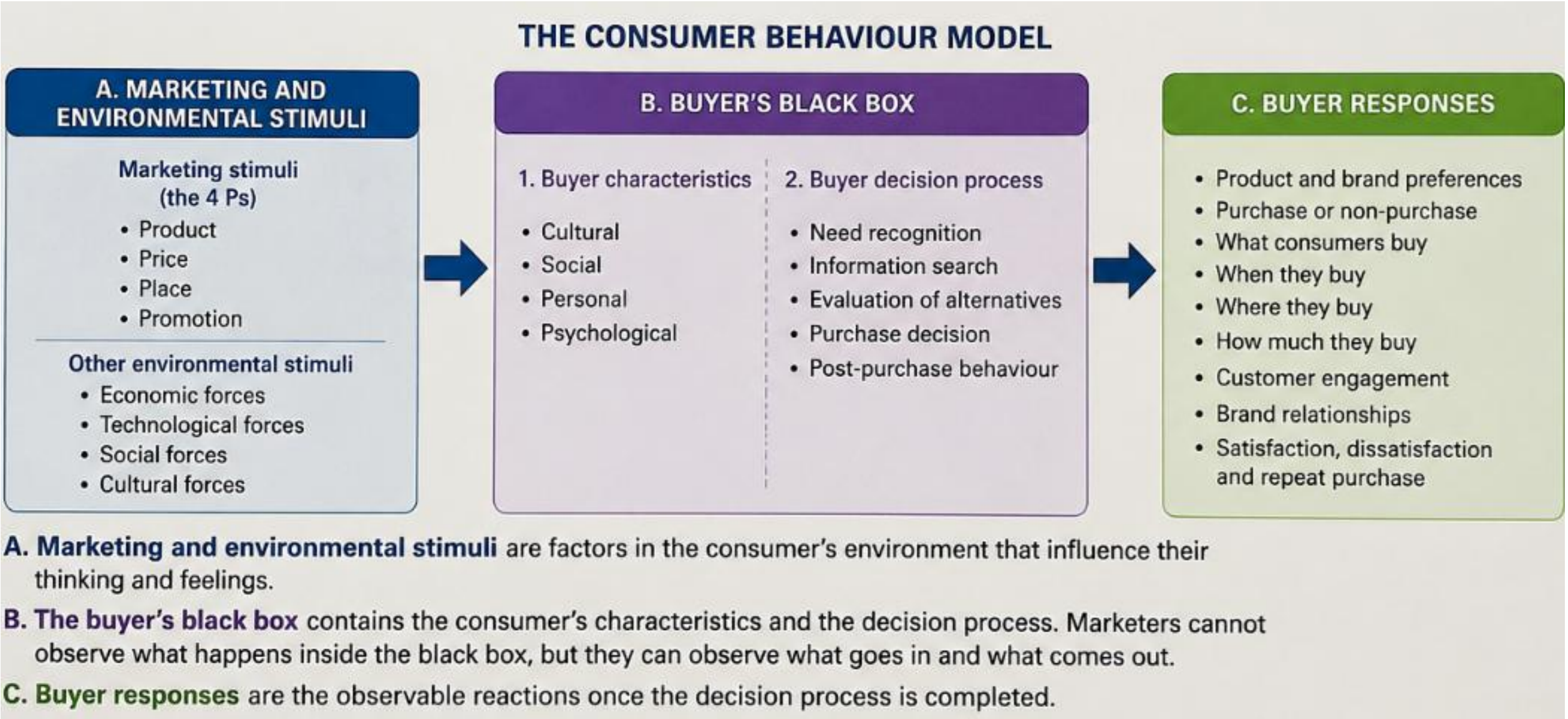
- Define consumer buyer behaviour and the consumer market.
- Explain the model of consumer buyer behaviour.
- Identify the main factors influencing consumer decisions.
- Distinguish among the four types of buying behaviour.
- Explain the five stages of the buyer decision process.
- Apply consumer behaviour concepts to marketing decisions.

What influences your choice of smartphone?

Why do people buy the same product for different reasons?

- One student buys an iPhone for its camera.
- Another buys it because friends use iPhones.
- Another considers it a symbol of status.
- Another values privacy and the Apple ecosystem.
- Another buys it because of a promotional instalment plan.

What is consumer behaviour?



A. Marketing and environmental stimuli are factors in the consumer's environment that influence their thinking and feelings.

B. The buyer's black box contains the consumer's characteristics and the decision process. Marketers cannot observe what happens inside the black box, but they can observe what goes in and what comes out.

C. Buyer responses are the observable reactions once the decision process is completed.

Stimulus–Organism–Response Theory

- The **Stimulus–Organism–Response theory (**Mehrabian and Russell, 1974) explains how features of an environment influence a person's internal state, which then shapes their behaviour.
- A **stimulus** is any external environmental factor that affects the consumer: Product features, price, advertising, store design, music, lighting, colour, scent, service quality, website design, online reviews, social-media content, brand reputation, interaction with employees or other customers.
- Eg: In a coffee shop: the lighting, music, aroma, staff friendliness, seating arrangement and menu design are stimuli.
- In an online shop: website attractiveness, information quality, navigation convenience, discounts, product recommendations, countdown timers, customer ratings, perceived security

Stimulus–Organism–Response Theory

- The **organism** refers to the consumer's internal cognitive and emotional state after encountering the stimulus.
- **Cognitive states:** These concern what the consumer thinks or believes, such as: Perceived quality, perceived value, trust, perceived usefulness, perceived risk, brand image, service evaluation, perceived authenticity, perceived control.
- **Affective (Emotional) states:** These concern what the consumer feels, such as: Pleasure, excitement, enjoyment, satisfaction, anxiety, irritation, fear, nostalgia, emotional attachment

Stimulus–Organism–Response Theory

- The **response** is the behavioural outcome produced by the consumer's internal state.
- Responses can be divided broadly into **approach** and **avoidance** behaviour.
- **Approach responses:** These reflect a desire to remain, explore, interact or engage: Entering a store, spending more time browsing, purchasing a product, spending more money, returning to a destination, recommending a brand, engaging with social-media content, developing brand loyalty
- **Avoidance responses:** These reflect withdrawal or rejection: Leaving a store, closing a website, avoiding a destination, postponing a purchase, switching brands, writing a negative review, refusing to recommend the service

Starbucks

Stimulus	Organism	Response
Coffee aroma Background music Comfortable furniture Warm lighting Friendly employees Attractive interior design	Pleasure Relaxation Perceived comfort Sense of belonging Positive store image	Longer time spent in the store Higher spending Repeat visits Positive word of mouth Brand loyalty

Major influencing factors on consumer behaviour

- Cultural factors
- Social factors
- Personal factors
- Psychological factors



Cultural Factors

Culture

Subculture

Social Class



Culture

- The collection of fundamental values, perceptions, preferences and behaviours learned from family and other important institutions.
- Eg:
  - Attitudes towards food:
    - US: Convenience, speed, portion size and customization → Take away, delivery, meal kits and personalized choices.
    - Japan: Presentation, seasonality, freshness, harmony, small portions and careful packaging → Attractive presentation, limited seasonal products and precise packaging
  - Views of beauty
    - US: emphasises individuality, confidence, diversity and self-expression
    - S.Korea: clear skin, detailed skincare routines and carefully maintained appearance.







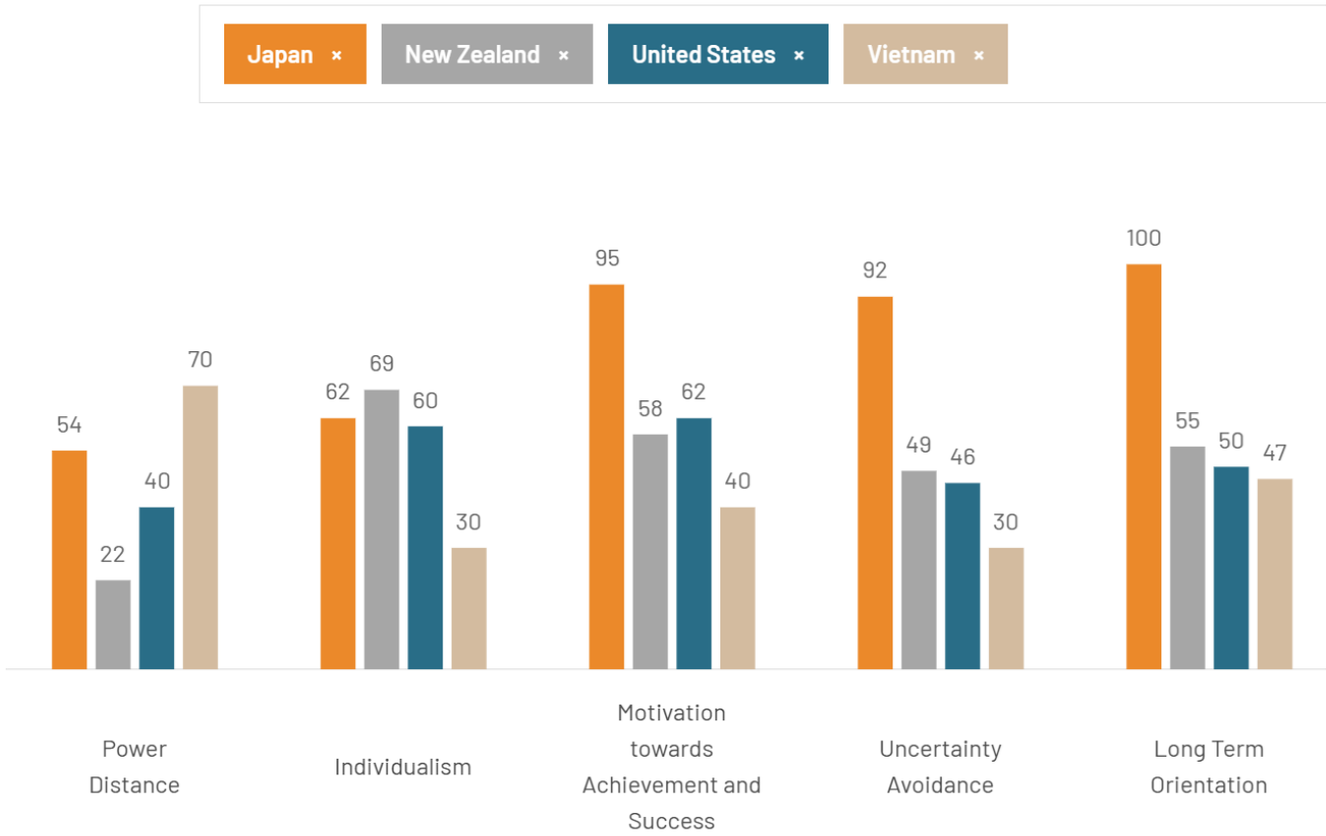


Culture and Cultural Values

- Culture is the foundation for forming society and plays a key role in regulating behaviour and social development.
- An individual makes choices about their behaviour based on how they perceive themselves in interaction with the outside world. When most people in a community make similar choices, those choices become the shared culture of that community (Phan, 1998).
- Each choice has its own justifications and specific rituals to affirm it.
- When communities interact, cultures may blend and merge, or whichever culture is more widely chosen may dominate and overshadow others. This selection is always evolving over time through human communication and community interactions, leading to the continuous change of culture.
- Cultural values: remain constant → Roots of culture → Cultural identity → Shared beliefs that community celebrates, preserves, and takes pride in.

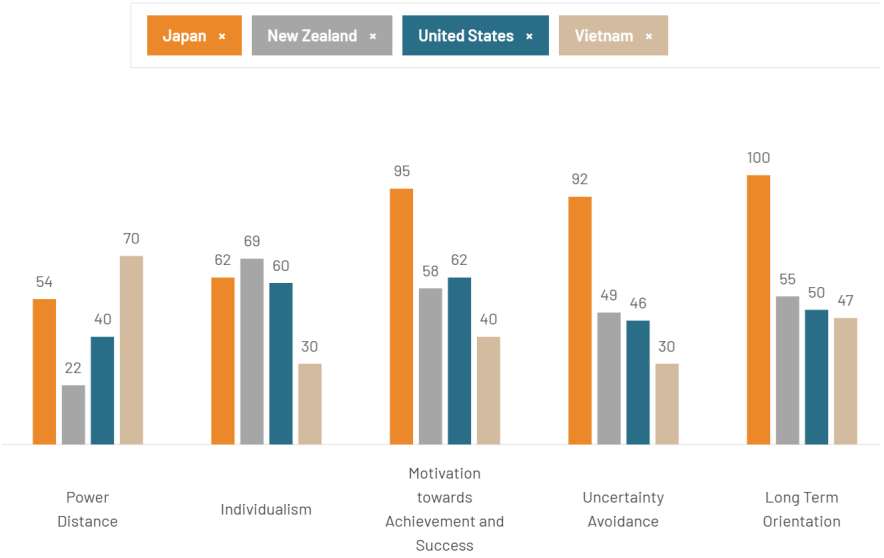
Cultural value dimensions

- individualism-collectivism
- power distance,
- uncertainty avoidance,
- femininity–masculinity (gender role differentiation)
- long-term orientation.



Individualism-collectivism

- In **individualistic cultures**, people behave according to self-interest and personal preferences and consider independence and self-sufficiency very important. → when someone fails to achieve a personal goal or accomplishment, they may feel guilty or ashamed.



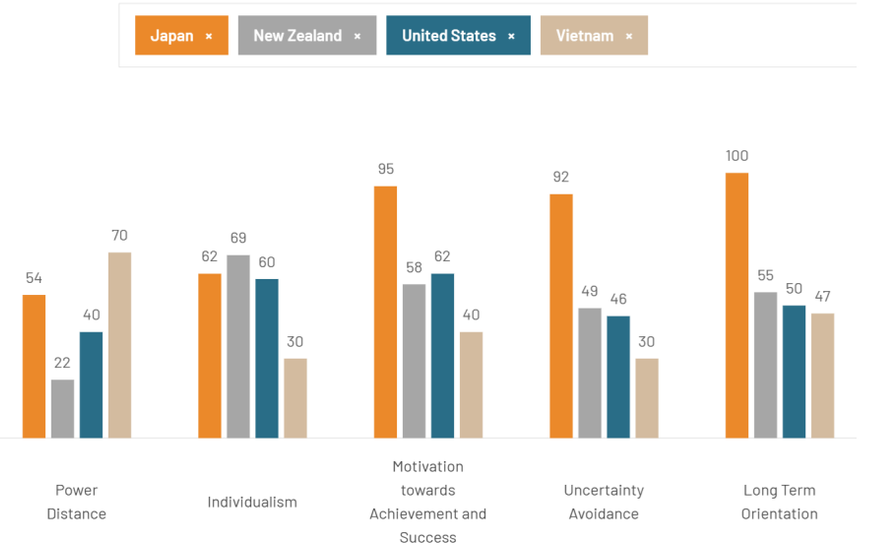
- in **collectivist cultures**, groups are of primary importance—individuals are secondary → a person may feel weak or inadequate if they cannot conform to social norms or expectations. When they "lose face", they lose their "honour and dignity," and vice versa.

Eg: Advertising a smartphone

- US: Ads focus on personal freedom, customization, individual achievement, self-expression, standing out from others → “Designed for your life. Create, connect and express yourself your way”.
- VN: Ads focus on staying connected with family, sharing experiences, group belonging, respect for parents, supporting family responsibilities → “Keep every generation connected, wherever life takes you”.

Power distance

The extent to which less powerful members of a society accept and expect power to be distributed unequally.
It examines whether unequal power, status and authority are viewed as **normal and legitimate**.



- **High power-distance cultures:** Malaysia, the Philippines, China, Vietnam and India
  - Hierarchies are accepted and respected.
  - Seniority, titles and social status are important.
  - Managers, teachers, doctors and other authority figures are expected to provide direction.
  - Subordinates may hesitate to challenge people in authority.
  - Status differences may be displayed through possessions, services and communication styles.
- **Low power-distance cultures:** Denmark, Sweden, Norway, New Zealand and the Netherlands.
  - Equality is valued.
  - Authority figures are considered more approachable.
  - Employees and students may openly question leaders.
  - First names and informal communication are more common.
  - Consumers may prefer brands that appear accessible, transparent and non-elitist.

Eg: A luxury watch

High power-distance culture

Advertisement “Created for those who lead.”

- A senior executive
- A formal office
- Symbols of rank and achievement
- Exclusive access
- Respect from subordinates

The watch represents status, authority and social distinction. → The consumer may view the watch not only as an accessory but also as a visible indication of rank, achievement and authority.

Low power-distance appeal

Advertisement “Made for those who define success their own way.”

- An entrepreneur or creative professional
- An informal work environment
- Personal accomplishment
- Craftsmanship and individuality

The watch represents personal taste and achievement rather than hierarchical rank.

Power distance comparison

JAPAN 54

At an intermediate 54, Japan is borderline hierarchical. Japanese are always conscious of their hierarchical position and act accordingly, yet the society is less hierarchical than most of Asia. Foreigners often experience it as very hierarchical because of the painstakingly slow, consensus-based decision-making, in which proposals must be confirmed at every layer up to top management - yet that same process shows there is no single "top boss" who simply decides, as in more hierarchical cultures. Japan has also long been meritocratic, with a strong belief instilled by the education system that anyone can get ahead through hard work.

NEW ZEALAND 22

New Zealand scores very low on this dimension (22), reflecting a strongly egalitarian culture. Within organisations hierarchy exists for convenience, superiors are accessible, managers draw on the expertise of individuals and teams, and people expect to be consulted, with information shared freely. Communication is informal, direct and participative, and New Zealanders are wary of anyone who acts superior - the "tall poppy" is quickly cut down to size.

UNITED STATES 40

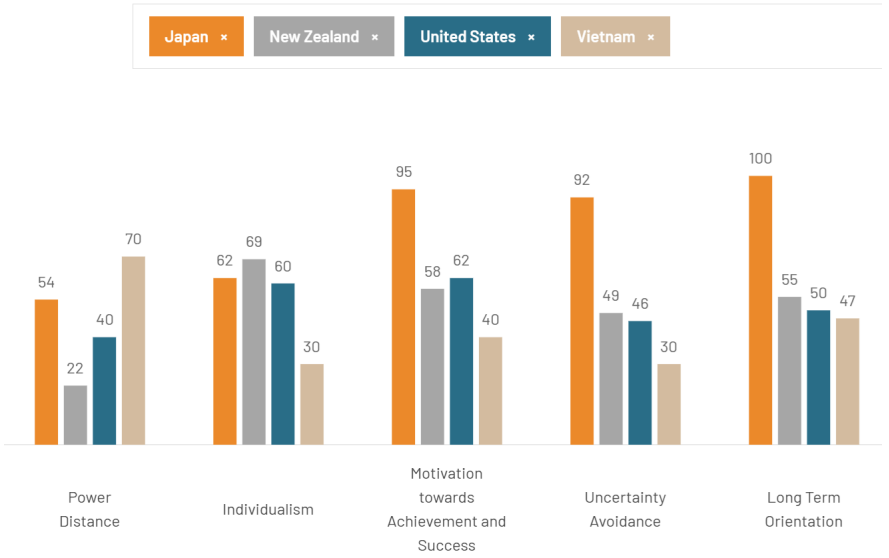
The United States score low on this dimension (40) which underscores the American premise of "liberty and justice for all." This is also evidenced by the focus on equal rights in all aspects of American society and government. Within American organizations, hierarchy is established for convenience, superiors are always accessible and managers rely on individual employees and teams for their expertise. Both managers and employees expect to be consulted and information is shared frequently. At the same time, communication is informal, direct and participative.

VIETNAM 70

Vietnam scores high on this dimension (70), meaning people accept a hierarchical order in which everyone has a place that needs no further justification. Inequalities are taken for granted, centralisation is popular, subordinates expect to be told what to do, and the ideal boss is a benevolent autocrat - challenges to leadership are not well received. This is reinforced by Confucian respect for age, seniority and teachers.

Uncertainty avoidance

- The extent to which members of a culture feel uncomfortable with uncertainty, ambiguity and unpredictable situations.
- It concerns how strongly people prefer:
  - Clear rules
  - Predictability
  - Structure
  - Detailed information
  - Formal procedures
  - Security and reassurance



- In high uncertainty-avoidance markets, marketers should reduce perceived risk through **evidence, guarantees, certifications and clear procedures**.
- In low uncertainty-avoidance markets, they can place greater emphasis on **innovation, freedom, experimentation and novelty**.

High uncertainty avoidance

- Safety ratings
- Long warranties
- Reliability records
- Detailed technical specifications
- Strong dealer reputation



5-STAR SAFETY RATING

★★★★★

Top Safety Pick

5 YEAR WARRANTY

100,000 MILES

RELIABILITY RECORD

10 YEARS IN A ROW **#1**

Industry Reliability Study

KEY SPECIFICATIONS

Engine	2.0L Turbo
Horsepower	250 hp
Fuel Economy	30 MPG (HWY)
Safety Features	8 Standard Airbags, ADAS Suite
Transmission	8-Speed Automatic
Drivetrain	All-Wheel Drive

TRUSTED DEALER

40+ YEARS OF SERVICE

4.8/5 Customer Rating

★★★★★

"Five-star safety, proven reliability and a five-year warranty."

Low uncertainty avoidance

- New technology
- Unusual design
- Experimental features
- Flexible ownership plans

NEXT-GEN TECHNOLOGY

- AI Driver Assistant
- Over-the-Air Updates
- Automatic Learning

UNUSUAL DESIGN



EXPERIMENTAL FEATURES

Gesture Control

Augmented Reality HUD

Adaptive Ambient Lighting

FLEXIBLE OWNERSHIP

- Subscribe
- Swap
- Pause
- Cancel Anytime

"Experience the future of driving."

High uncertainty-avoidance cultures

- Ambiguity may cause discomfort.
- Consumers often prefer clear instructions and detailed information.
- Rules, guarantees and expert advice are valued.
- Familiar brands may be preferred over unknown alternatives.
- Consumers may be more cautious about new products or unfamiliar technologies

Eg: Japan, Greece, Portugal, France and South Korea

Ads for a university program: “A clearly structured degree with accredited qualifications and strong graduate employment”

Low uncertainty-avoidance cultures

- Ambiguity is more easily accepted.
- Consumers may be more open to experimentation.
- Flexible rules and informal processes may be acceptable.
- New brands and unfamiliar products may attract interest.
- Consumers may tolerate incomplete information if the experience appears interesting or convenient.

Eg: Singapore, Denmark, Sweden, the United Kingdom and New Zealand.

Ads for a university program: “Design your own pathway and explore where your interests lead.”

Femininity–masculinity

The extent to which a culture emphasises:

- Competition, achievement, assertiveness and material success, or
- Care, cooperation, quality of life and social relationships.

In Hofstede's framework:

- **Masculine cultures** tend to value achievement, ambition, status, competition, work and performance take priority over leisure, and clearly differentiated gender roles. Eg: Japan, Italy, Mexico, China, S. Korea, Vietnam
- **Feminine cultures** tend to value quality of life, modesty, cooperation, wellbeing, balance, caring for others, and more flexible or overlapping gender roles. Eg.: Sweden, Norway, Denmark, New Zealand, and the Netherlands

Advertisement for cars

Masculine culture

“Engineered for those who refuse to come second.” → The car may be positioned as a symbol of achievement rather than simply transport.

- Power
- Performance
- Winning
- Professional success
- Prestige

Feminine cultures

“Designed for safer journeys and a better everyday life.” → The car is positioned around wellbeing and usefulness rather than dominance or status.

- Safety
- Sustainability
- Family comfort
- Practicality
- Environmental responsibility

Long-term orientation vs. Short-term orientation

- The extent to which a culture encourages future-oriented values such as perseverance, thrift, adaptation and long-term rewards, rather than emphasising immediate results, established traditions and present obligations. <--> associated with Confucian cultural values
- In relatively **long-term-oriented cultures**: China, Japan, South Korea and Singapore
  - Consumers may be willing to delay immediate gratification.
  - Saving and investment are often valued.
  - Perseverance and gradual improvement are respected.
  - Education may be viewed as a long-term investment.
  - Consumers may accept short-term sacrifice for future benefits.
  - Practical adaptation may be prioritised over maintaining tradition unchanged.

Eg: “Invest in the skills that will shape your future”, “Healthy choices today build a healthier future”

- In relatively **short-term-oriented cultures**: the United States, Canada, Nigeria and some Latin American cultures
  - Immediate outcomes may receive greater attention.
  - Consumers may prefer benefits that can be experienced quickly.
  - Traditions, social obligations and established norms may be important.
  - Marketing success may depend on visible and immediate value.
  - Promotional rewards and quick results can be especially persuasive.

Eg: “Save $50 today”, “Delicious, ready in three minutes”

Sub-culture

- A **subculture** is a group of people who share value systems based on common experiences or situations.
- Subcultures may be associated with:
  - Nationality
  - Region
  - Religion
  - Ethnicity
  - Generation
  - Lifestyle community
- Generation Z consumers may share strong preferences for:
  - Digital convenience
  - Social-media communication
  - Brand authenticity
  - Personalisation
  - Social and environmental responsibility

Social class

- Social class refers to relatively enduring divisions in society whose members may share similar:
  - Values
  - Interests
  - Lifestyles
  - Consumption patterns
- Social class is not determined only by income. It may also reflect:
  - Occupation
  - Education
  - Wealth
  - Social networks
  - Cultural knowledge

Social class

- Upper class: generally has substantial wealth, high social status or access to influential networks.

→Value: Exclusivity, Heritage and craftsmanship, Privacy, Premium service, Investment value, Personalised experiences

- Upper-middle class: highly educated professionals, senior managers, business owners and specialists.

→ Value: Quality, Professional success, Education, Health, Convenience, Long-term value

- Middle class: office workers, teachers, technicians, small-business owners and mid-level employees.

→ Value: Quality and affordability, Family needs, Career development, Housing and education, Financial security, Occasional lifestyle spending

Eg: Education

Upper and upper-middle classes may consider international schools, overseas education, university prestige, personal development, international networks

Middle class: may consider employability, tuition affordability, scholarships, academic quality, career security

Social Class

- Working class: skilled and semi-skilled workers, service employees, drivers, factory workers and manual workers.

→Value: Price, Durability, Practicality, Familiar brands, Immediate usefulness, Low maintenance costs

- Lower-income or economically vulnerable group: limited disposable income and may face unstable employment or financial insecurity.

→Value: basic needs, immediate affordability, small package sizes, discount, access to credit, risk avoidance

Eg: Education

Lower-income class may consider education with low fees, financial support, practical skills, shorter programs, immediate employment opportunities.

Social class

- People within the same class can have very different lifestyles and values.
- Social class is not fixed or perfectly measurable. Consumers may move between classes → **social mobility:** moving upward, downward or between social groups
- When consumers move into a higher social class, they may gradually change → consumers begin adopting the consumption patterns of a group they wish to join → symbolic value
  - The products they consider appropriate
  - The brands they trust
  - The places where they shop
  - The information sources they use
  - The benefits they seek
  - The way they display status
- newly affluent consumers may display status more visibly than established wealthy consumers

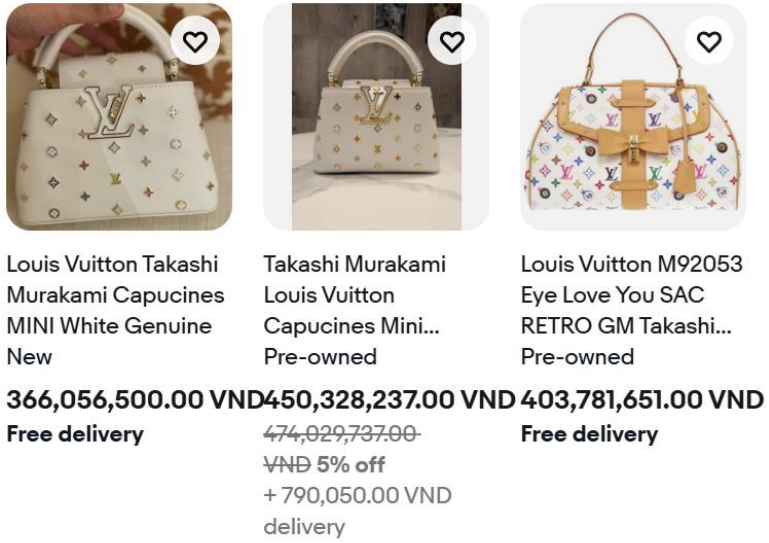
Social class

- When consumers experience reduced income, unemployment or financial pressure, they may:
  - Switch to cheaper brands
  - Delay large purchases
  - Repair rather than replace
  - Use promotions more actively
  - Reduce discretionary spending
  - Buy smaller quantities
  - Choose second-hand products
- They may protect purchases that are especially important to their identity. Eg: reduce restaurant visits and travel but continue paying for children's education and health.
- Consumers experiencing downward mobility may avoid making their changed financial situation visible → the desire to preserve social identity and avoid perceived loss of status. Eg: Purchase second-hand luxury goods

Case study: Louis Vuitton's popularity problem in China

Background

- China's rapid economic growth created a large group of upwardly mobile consumers who wanted to demonstrate their new social status. For many, a Louis Vuitton monogram handbag became an immediately recognisable symbol of success. As the Chinese middle class expanded, millions of consumers aspired to own the brand, and Louis Vuitton increased its store presence across the country.
- However, the brand's success created an unexpected problem. As Louis Vuitton handbags became increasingly common, some wealthy Chinese consumers no longer considered them exclusive. Products that had once distinguished elite consumers were now being carried by a much broader social group. Affluent shoppers began turning towards scarcer and less visible brands such as Hermès, Chanel and Bottega Veneta.



The problem:

Luxury brands depend partly on **scarcity and social distinction**. Consumers often purchase luxury products not only for their functional quality but also because relatively few other people can own them.

As middle-class consumers increasingly purchased Louis Vuitton bags, the products lost some of their value as markers of exclusivity.

A wealthy consumer quoted by Reuters said that she owned two Louis Vuitton handbags but no longer carried them because the brand no longer suited her identity. Another industry observer argued that truly wealthy Chinese consumers were moving away from LV because it had become too common.

Louis Vuitton therefore faced a strategic dilemma. Expanding sales to the growing middle class produced strong revenue, but wider ownership weakened the brand's exclusivity. To protect its prestige, the company placed greater emphasis on more expensive products, bespoke services, limited availability and cautious retail expansion.

Reuters reported that Louis Vuitton attempted to preserve its prestige by:

- Offering more expensive products
- Developing bespoke services
- Exercising greater care in opening new stores
- Creating products aimed at wealthier and more sophisticated customers
- Moving beyond products dominated by the highly visible monogram

Later analysis also shows that Louis Vuitton substantially reduced the proportion of relatively lower-priced handbags in its portfolio. Around half of its handbags were reportedly priced below €1,500 in 2014, compared with roughly one fifth in more recent years. This reflects an effort to move the brand upward and reduce dependence on entry-level products.

Discussion:

1. How did upward social mobility in China change the meaning of owning a Louis Vuitton bag for different consumer groups?
2. Which reference-group effects are visible in the case?
   Identify how aspirational consumers were attracted to Louis Vuitton and why some affluent consumers later treated the brand as a dissociative symbol.
3. Why did greater brand popularity reduce Louis Vuitton's appeal among some wealthy consumers, even though its sales and visibility increased?
4. Which consumer-behaviour concepts best explain the problem—social class, conspicuous consumption, symbolic consumption, need for distinction, or brand dilution—and how are they connected?


Social Factors

Social factors

Consumers are influenced not only by what they personally think, but also by the people and groups that matter to them.

- Reference groups and social networks
- Word of mouth
- Opinion leaders and influencers
- Family
- Social roles
- Status



Reference groups and social influence

- A **reference group** is any person or group that influences a consumer's attitudes, values, self-image or behaviour.
- **Membership groups:** groups the consumer belongs to.
- Eg: Family and friends, Colleagues, Professional groups, Celebrities, Influencers, Sports teams, Social or lifestyle communities
- Positive reference groups are groups that consumers admire, identify with or wish to join. Consumers may imitate their behaviour, adopt their values or purchase similar products. Eg.: successful entrepreneurs, celebrities, or luxury consumers
- An **aspirational group** is a positive reference group to which the consumer does not currently belong but would like to belong.
- Eg: A university student admires successful young entrepreneurs and follows their clothing styles, technology use and choice of professional courses. → help the student feel closer to the desired identity.
- **Negative reference groups** are groups with which consumers do not want to be associated. Consumers may reject their behaviour, appearance or product choices to avoid being identified with them.
- Eg: A young professional may avoid a clothing brand because it is strongly associated with an age group, lifestyle or social image that the consumer considers unfashionable or inappropriate.





Social Networks and Online Communities

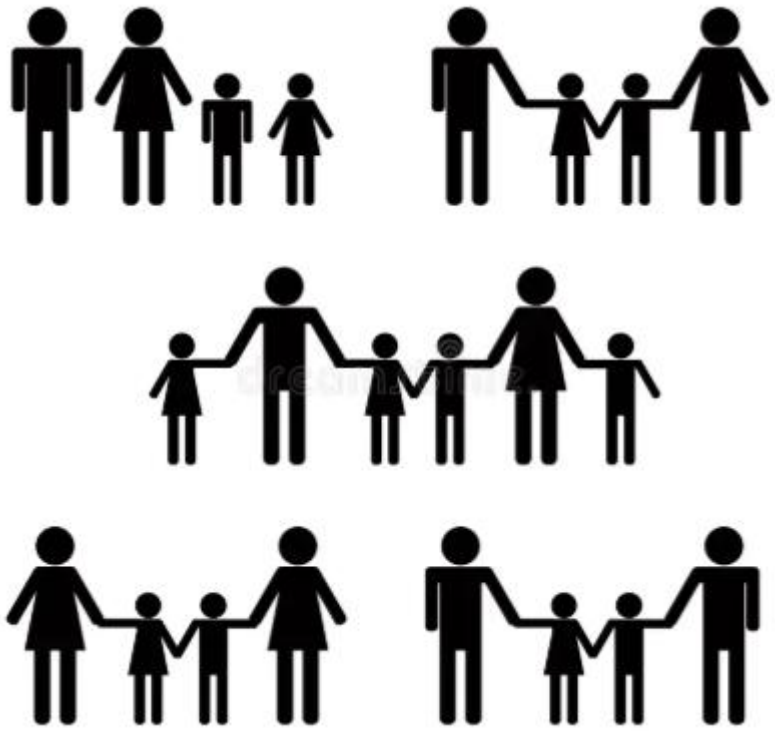
- Consumers are increasingly influenced by interactions on social media, review platforms, discussion forums, and online communities.
- Influence may come from:
  - friends and followers;
  - influencers and content creators;
  - customer reviews;
  - online recommendations;
  - electronic word of mouth.
- **Eg:** A consumer may choose a restaurant after seeing positive TikTok videos and Google reviews.

Opinion leaders

- Opinion leaders are individuals whose knowledge, expertise, credibility, or social visibility gives them influence over others' purchasing decisions.
- They may be celebrities, experts, bloggers, community leaders, or knowledgeable friends.
- **Eg:** A skincare specialist recommending a sunscreen may influence consumers more strongly than a conventional advertisement.

Family

- Family is often one of the strongest social influences on consumption. Family members may influence:
  - which products are considered;
  - which brands are preferred;
  - how much money is spent;
  - who makes the final purchase decision.
- Different family members may play different roles, including initiator, influencer, decision-maker, buyer, and user.



Social roles and Status

- A person occupies different roles in society

Eg: A student can be a parent, manager, lecturer, or community member, depending on the context.

- Each role carries expectations, while status reflects the social position attached to that role.
- Consumers often choose products that express or support their roles and status.


Personal Factors

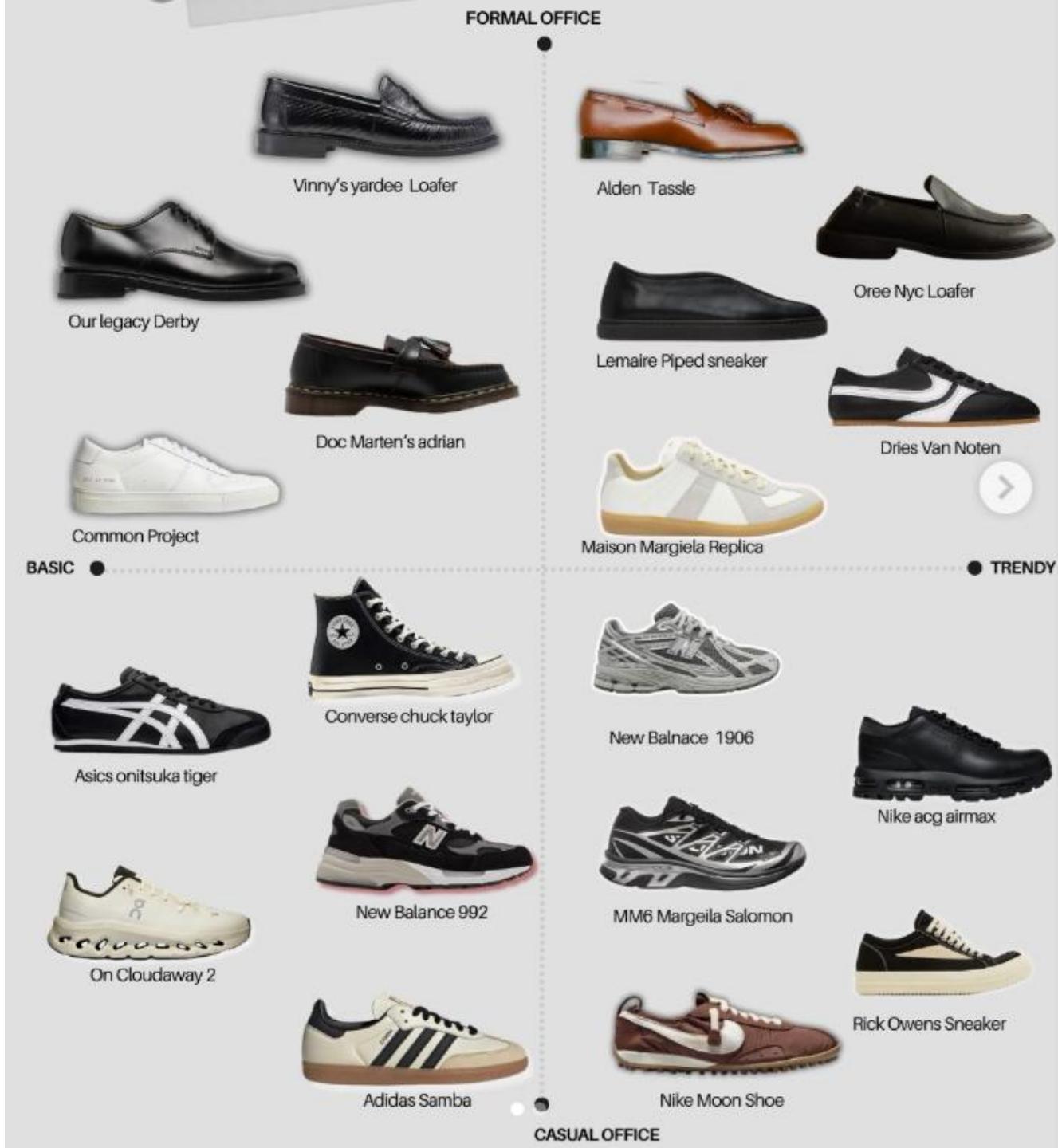
Age and Life-Cycle Stage

- Consumers' needs and preferences change as they grow older and move through different stages of life.
- **Eg:** Teenagers may spend more on fashion and entertainment, while older consumers may prioritise healthcare, comfort, and financial security.
- **Life-cycle stage** refers to the particular phase a person or family is experiencing at a given time. Each stage brings different needs, responsibilities, priorities, and spending patterns.
- Consumers of the same age may be in different life-cycle stages and therefore behave differently.

- **Young single adult:** may spend more on fashion, entertainment, travel, and technology.
- **Newly married couple:** may purchase furniture, household appliances, and a home.
- **Family with young children:** may prioritise childcare, toys, education, larger housing, and family insurance.
- **Family with teenagers:** may spend more on education, smartphones, clothing, and family holidays.
- **Empty-nest couple:** parents whose children have left home may spend more on travel, hobbies, healthcare, or home improvement.
- **Retired consumer:** may focus more on healthcare, financial security, convenience, and leisure activities.

Occupation

- A person’s job influences the products and services they need, as well as their purchasing habits.
- **Eg:** An office worker may buy formal clothing and a laptop, while a construction worker may need protective equipment and durable footwear.



Economic situation

- A consumer’s income, savings, debt, and access to credit affect what they can afford and how they spend.
- **Eg:** When income falls, consumers may switch from premium brands to lower-priced alternatives.

Gender

Aspect	Male consumers	Female consumers
Shopping purpose	Often more task-oriented and focused on completing the purchase efficiently	Often more likely to view shopping as both a practical and social experience
Information search	May prefer fewer, more relevant pieces of information	May compare more alternatives and consider a wider range of information
Decision-making	Often focuses on key functional benefits, price, and performance	Often considers functional, emotional, social, and aesthetic benefits together
Shopping time	May spend less time browsing when the desired product is already known	May spend more time browsing, comparing, and evaluating alternatives
Brand loyalty	May remain loyal when a brand provides reliable performance and convenience	May remain loyal when a brand provides quality, trust, good service, and emotional connection
Response to advertising	May respond more strongly to direct messages about performance, efficiency, and achievement	May respond more strongly to detailed messages, relationships, experiences, and emotional meaning
Risk perception	May be more willing to accept risk in some product categories	May seek more information and reassurance before purchasing unfamiliar products
Social influence	May rely more on experts, technical reviews, or product specifications	May rely more on recommendations, reviews, friends, and social networks
Product evaluation	Often evaluates products using a smaller number of important criteria	Often evaluates products using multiple criteria and considers the overall experience
Service expectations	May prioritise speed, simplicity, and problem resolution	May place greater emphasis on communication, attentiveness, and relationship quality

Lifestyle

- Lifestyle refers to how a person lives, including their activities, interests, and opinions.
- Consumers with similar incomes or occupations may still make very different choices because they have different lifestyles.
- **Example:** One consumer may spend heavily on travel and fitness, while another may prefer gaming and home entertainment.

Personality

- **Personality** refers to the relatively consistent psychological characteristics that influence how a person thinks, feels, and behaves → explain why consumers respond differently to the same product, advertisement, or shopping situation.
- Trait Theory: identifiable and relatively stable characteristics
  - self-confidence;
  - sociability;
  - independence;
  - impulsiveness;
  - cautiousness;
  - openness to new experiences;
  - materialism;
  - need for uniqueness;
  - innovativeness.
- **Eg:** A consumer with high innovativeness may be among the first to purchase a newly released smartphone, while a cautious consumer may wait for reviews and price reductions.
- A highly open consumer may choose an adventurous holiday in a less familiar destination.
- A highly conscientious consumer may choose a carefully planned tour with clear schedules, insurance, and verified reviews.

The Big Five Personality Model

Personality dimension	Meaning	Possible consumer behaviour
Openness to experience	Creative, curious, interested in novelty	More likely to try new products, unusual destinations, or innovative brands
Conscientiousness	Organised, careful, responsible	More likely to plan purchases, compare quality, and manage budgets
Extraversion	Sociable, energetic, outgoing	May prefer social activities, visible brands, events, and shared experiences
Agreeableness	Cooperative, caring, trusting	May respond positively to ethical brands, community messages, and recommendations
Neuroticism or emotional instability	Anxious, sensitive, emotionally reactive	May seek reassurance, guarantees, safety, and risk-reducing information

The human psyche is made up of three interacting parts.

Id

The instinctive, impulsive part.

Driven by primal urges and immediate pleasure. Seeks satisfaction without considering consequences.

Desire
Wants and needs

Pleasure
Seeks immediate gratification

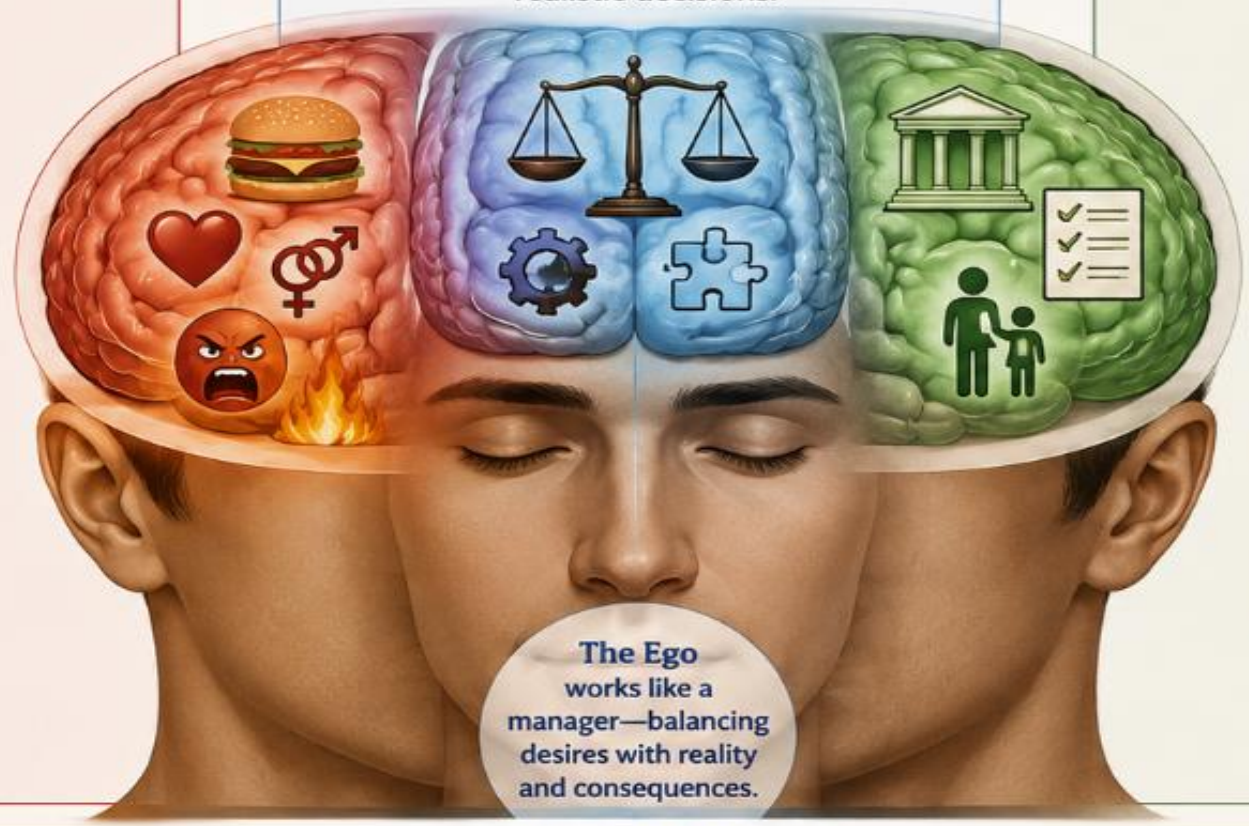
Raw Emotion
Anger, passion, excitement

Instinct
Survival drives: hunger, thirst, sex

Ego

The rational, realistic part.

Mediates between the Id and Superego. Thinks, plans, and makes realistic decisions.



The Ego works like a manager—balancing desires with reality and consequences.

Superego

The moral, idealistic part.

Guided by values, rules, and social norms. Strives for perfection and moral goodness.

Conscience
Knows right from wrong

Ideals
Strives for perfection and high standards

Social Norms
Follows rules and societal expectations

Guilt & Pride
Feels guilt for wrong actions, pride for doing good

HOW THEY INTERACT

The Id wants immediate gratification. The Superego sets standards and rules. The Ego balances both, making choices that are realistic and acceptable.

Id → Ego ← Id (Superego)

Self-Concept

- refers to how consumers perceive themselves and how they want to be perceived.
- **Actual self:** how a person currently sees themselves.
- **Ideal self:** how they would like to be.
- **Social self:** how they believe others see them.
- **Ideal social self:** how they want others to see them.
- Eg: A consumer who sees themselves as healthy may purchase organic food and sportswear. Another consumer who wants to appear successful may purchase premium clothing or a luxury watch.
- A consumer who sees themselves as environmentally responsible may prefer reusable products and sustainable brands.
- Consumers often choose brands whose image matches their self-concept. This is known as **self-congruity**.

Life experience

- Previous experiences with products, brands, services, and major life events can shape future behaviour.
- **Eg.:** A customer who has had poor service from an airline may avoid that airline in the future.

Psychological Factors



Motivation

- **Motivation** is an internal drive that encourages a consumer to satisfy a need or achieve a goal.
- Consumer needs may include:
  - basic needs, such as food and safety;
  - social needs, such as belonging;
  - esteem needs, such as status and recognition;
  - self-development needs, such as learning and achievement.
- **Example:** A consumer may buy a luxury watch not only to tell the time, but also to express success and social status.

The Marshmallow Experiment

A young child sat alone at a small table. In front of them was one soft, sweet marshmallow.

The researcher smiled and said, “You may eat this marshmallow now. But if you wait until I come back, you can have two.”

Then the researcher left the room.

The child stared at the marshmallow. It looked delicious. At first, the child touched it, smelled it, and almost took a bite. But then the child looked away, covered their eyes, sang quietly, and played with their hands to avoid temptation.

Some children ate the marshmallow immediately. Others waited and received a second one.

The experiment showed how children manage temptation and delay immediate pleasure for a larger future reward.

Edward Deci’s puzzle experiment

A group of university students were invited into a room and given a set of difficult puzzles.

At first, everyone worked without receiving any reward. Many students continued because they found the puzzles interesting and enjoyed the challenge.

Later, the students were divided into two groups. One group was paid for every puzzle they completed, while the other group received no payment.

The paid students worked hard while the reward was available. However, when the researcher later removed the payment and gave everyone some free time, something interesting happened. The students who had never been paid often continued solving the puzzles for enjoyment, while many of the previously paid students lost interest.

The experiment suggested that external rewards can sometimes reduce intrinsic motivation. Once students begin working mainly for money or another incentive, they may become less interested when the reward disappears.

Intrinsic vs. Extrinsic Motivations

Intrinsic motivation

- **Intrinsic motivation** occurs when people do something because the activity itself is enjoyable, interesting, satisfying, or personally meaningful.
- Eg:
  - Reading because you enjoy learning.
  - Exercising because it feels good.
  - Visiting a museum because you are curious.
  - Writing a product review because you enjoy helping others.
- Marketers can make the product experience enjoyable, meaningful, or personally rewarding → build long-term engagement; brand communities; product involvement; emotional attachment
- Eg:
  - A fitness app that makes exercise enjoyable through progress tracking and personal challenges.
  - A beauty brand that encourages creativity and self-expression.

Extrinsic motivation

- **Extrinsic motivation** occurs when people do something to gain an external reward or avoid an unwanted consequence.
- External rewards may include: money; discounts; points; prizes; grades; recognition; free gifts; avoiding penalties.
- Eg:
  - Buying a product to receive loyalty points.
  - Completing a survey for a discount voucher.
  - Exercising to win a competition.
  - Writing a review to receive cashback.
- Marketers can offer external incentives to encourage consumers to act → encourage trial, increase short-term sales, attract new customers, repeat purchases, promote referrals
- Eg: A coffee shop gives customers one point for every drink and offers a free drink after ten purchases.

Perception

- the process through which consumers select, organise, and interpret information.
- Two consumers may see the same advertisement differently because of their experiences, needs, beliefs, and expectations.
- Perception involves:
  - **selective attention:** noticing only some information;
  - **selective distortion:** interpreting information according to existing beliefs;
  - **selective retention:** remembering information that supports existing attitudes.
- **Eg:** A health-conscious consumer may notice the sugar content on a food package, while another consumer may focus mainly on taste and price.

Learning

- **Learning** refers to changes in consumer behaviour resulting from experience, information, or repeated exposure.
- Consumers learn through:
  - personal experience;
  - observation;
  - advertising;
  - rewards and incentives;
  - positive or negative service encounters.
- **Example:** A customer who receives good service from a hotel may learn to trust the brand and book it again.

Attitudes

- An **attitude** is a relatively consistent evaluation, feeling, and behavioural tendency towards an object, brand, person, or idea.
- Attitudes usually contain three components:
- Attitudes are often difficult to change because they are connected to consumers' beliefs, values, and emotions.

Component	Meaning	Example
Cognitive	What the consumer believes	"Electric cars reduce fuel costs."
Affective	How the consumer feels	"I like environmentally friendly cars."
Behavioural	What the consumer intends to do	"I plan to buy an electric car."

Emotions

- Common emotions used in marketing include:
  - happiness;
  - excitement;
  - fear;
  - nostalgia;
  - pride;
  - guilt;
  - trust.
- **Example:** A nostalgic advertisement may remind consumers of childhood and increase their emotional attachment to a brand.

Memory

- Memory influences which brands consumers recognise, recall, and consider when making decisions.
- Marketers use repetition, slogans, logos, packaging, music, and storytelling to strengthen brand memory.
- **Example:** A memorable advertising jingle may help a brand come to mind when the consumer enters a shop.

Belief

- A **belief** is a consumer's opinion or understanding about a product, brand, or issue.
- Beliefs may be based on facts, experience, advertising, word of mouth, or misunderstanding.
- **Example:** A consumer may believe that Japanese cars are reliable and therefore prefer Japanese brands.

Type of beliefs

1. Descriptive beliefs

These beliefs concern the characteristics of a product.

Example:
“This phone has a long battery life.”

2. Evaluative beliefs

These beliefs include a judgement about whether a characteristic is good or bad.

Example:
“A long battery life makes this phone better than competing models.”

3. Normative beliefs

These beliefs concern what important people or society expect the consumer to do.

Example:
“My friends think I should buy an environmentally friendly car.”

4. Control beliefs

These beliefs concern whether the consumer feels able to perform a behaviour.

Example:
“I could buy an electric car, but there are not enough charging stations near my home.”

Halo effect

- The **halo effect** occurs when one positive characteristic creates a favourable impression of the entire product, brand, or person.
- Consumers may assume that because a product is good in one area, it must also be good in other areas.
- **Eg:**
  - Attractive packaging may make consumers believe the product is higher quality.
  - A well-known celebrity endorsement may make a brand appear more trustworthy.
- The halo effect can also be negative. One unfavourable characteristic may damage the consumer's overall judgement. This is sometimes called the **horn effect**.
- **Eg:** If a restaurant has an untidy entrance, customers may assume that the food and kitchen are also unhygienic.
- Marketers try to create strong positive cues through:
  - appealing design and packaging;
  - prestigious country of origin;
  - awards and certifications;
  - respected endorsers;
  - positive reviews;
  - excellent customer service.
- However, the halo effect can mislead consumers because the overall judgement may not be supported by actual product performance.

Social norms

- **Social norms** are shared expectations about how people should behave in a particular group or society.
- Eg:
  - Wearing particular brands because they are popular among friends.
  - Choosing environmentally friendly products because society increasingly approves of sustainable consumption.
  - Leaving a tip because it is socially expected.
- Consumers often choose products not only because they personally prefer them, but also because they want to fit in, gain approval, or avoid criticism.
- **Descriptive norms** describe what most people actually do → This may encourage others to use it because the behaviour appears popular and normal.
  - Eg: “Most students go to the library everyday.”
- **Injunctive norms** describe what people approve or disapprove of → This encourages behaviour through social approval, responsibility, or possible guilt.
  - Eg: “Responsible consumers should reduce plastic waste.”
- Marketers use social norms through messages such as:
  - “Nine out of ten customers recommend this product.”
  - “Join millions of satisfied users.”
  - “Most guests reuse their towels.”
  - “People in your neighbourhood are saving energy.”

Group work



Classroom activity

1. Discuss the consumer behaviour influences of your business case study
2. What is the marketing strategy for such consumer behaviours?