Marketing Management 5th edition Iacobucci Solutions Manual

SKU: 9781337271127-SOLUTIONS

CHAPTER 2 – CUSTOMER BEHAVIOR

KNOWLEDGE OBJECTIVES

1. Identify and describe the three phases of the purchase process.
2. Distinguish among the types of purchases for consumers and for businesses.
3. Understand the role of sensation and perception; learning, memory, and emotions; motivation; and attitudes and decision making in the purchase process.

CHAPTER OUTLINE

- Three Phases of the Purchase Process
- Different Kinds of Purchases
- The Marketing Science of Customer Behavior
- Managerial Recap

2-1. Three Phases of the Purchase Process

This section relates to knowledge objective #1.

TEACHING NOTE**:** Students can be asked to describe the process in which they bought their laptops or any other similar item. Students should explain their reasons for buying a laptop, how they identified the features they required, how they gathered information regarding product features and prices, why they chose a particular brand, and how they made the purchase (online or at a store). They should also comment on their level of satisfaction with their laptops. This will help students understand all three phases of the purchase process.

Figure 2.1: The Purchase Process

This figure outlines the three phases in the purchase process and the actions taken by customers during each of these phases.

The three phases of the purchase process are:

A. Pre-purchase: The customer identifies a need or a desire to be satisfied, searches for possible solutions, and builds a consideration set.

B. Purchase: The customer creates a consideration set that includes all those brands that are deemed potential candidates for purchase and excludes those brands that have been rejected. During this stage, customers also determine the retail channel through which they will make the purchase.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

C. Post-purchase: In this stage, buyers assess their purchase and the purchase process. They determine if they are satisfied with the purchase and spread information about the experience via word of mouth.

The buying process is consistent whether the buyer is a consumer or a business.

2-2. Different Kinds of Purchases

This section relates to knowledge objective #2.

TEACHING NOTE**:** Students can be asked to describe the manner in which they would buy a packet of detergent, a refrigerator, and a house. Students should explain the factors they would take into consideration and the amount of time they would spend in gathering information for each of these purchases.

This section begins by giving examples of the three different types of purchases: convenience purchases, shopping purchases, and specialty purchases. In the case of business-to-business (B2B) transactions, purchases are categorized as a straight rebuy, a modified rebuy, or a new buy.

Figure 2.2: Types of Purchases in B2C & B2B Is a Matter of Customer Involvement

The figure shows the continuum between low customer involvement and high customer involvement in both business-to-consumer (B2C) and business-to-business (B2B) scenarios. As shown in the figure, consumer involvement is the least for convenience items (for B2C) and straight rebuys (for B2B). For items that customers care more about, they'll expend some time and effort prior to the purchase. Customer involvement is moderate for a shopping purchase and a modified rebuy, while it is the highest for specialty purchases and new buys.

The category a brand and target segment is in will suggest the appropriate marketing activities. This has implications for loyalty programs and channels of distribution. The marketer can create loyalty programs regardless of the level of customer engagement, but they would take different forms, e.g., price discounts for low involvement purchases vs. brand communities and events for high-involvement products and brands. Low-involvement products need to be widely available so the customer can pick them up without thinking whereas high-involvement products will be sought out by more customer activity. Also, for high-involvement purchases, marketers should provide as much information as possible.

Anatomy of a Grocery Store: Use this full-page graphic to examine the physical layout of a typical grocery store. It explains that items that are similar to each other, like fruits and vegetables, are placed together in the store. Items that are complementary, like chips and dip, are also placed near each other. Items that are commonly purchased, like milk, are placed in the back of the store so that customers must travel through the store to reach

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

them, which provides more opportunity for impulse purchases. High-profit items and impulse-buy items are placed at the end of the aisles and in the checkout lanes. Products are often placed to form consideration sets, such as grouping cereals made by the same brand, or to catch the eye of targeted customers, such as placing brands aimed at children at the eye level of toddlers riding in shopping carts.

2-3. The Marketing Science of Customer Behavior

This section relates to knowledge objective #3.

> TEACHING NOTE**:** Students can be asked to describe their favorite advertisement and the aspects of the advertisement that capture their attention. This exercise will help students understand the significance of color and sound in attracting the attention of consumers.

2-3a. Sensation and Perception

Using a variety of examples, such as toothpaste and computers, the text describes the significance of visible elements (such as the color of the product) in attracting the attention of the consumers. Colors also come to convey cultural meaning. Hence, selecting packaging or logos for multinational brands is a challenging task for brand managers. Using the example of Harley-Davidson motorcycles, the text describes the significance of sound in marketing a product. The text also describes how smell, taste, and touch can be used to attract the attention of consumers.

The text describes the concept of subliminal advertising. The idea is that an ad can be shown very quickly, on TV or in the movies, so that it doesn't quite meet the threshold of liminal recognition and consciousness, and therefore is said to be subliminal, and yet, somehow the vision is captured subconsciously and marketers hope the message will compel action. In the case of written ads, colors and fonts provide subtle clues to a reader. They make a message seem more professional, more emotional, or more contemporary.

Figure 2.3: Subliminal Ad

This figure contains the logo for the Chicago White Sox as an example of subliminal advertising.

2-3b. Learning, Memory, and Emotions

Learning is the process by which associations get past the sensory and perception stages into short-term memory, and then, with repetition and elaboration, into long-term memory. The two ways of learning are classical conditioning and operant conditioning.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

One of the ways of learning is through classical conditioning. The text describes the experiment conducted by Ivan Pavlov to demonstrate classical conditioning. This theory explains how people come to associate certain logos or symbols with a particular brand and why organizations change their names and logos to change their image.

Figure 2.4: Sex Sells Due to Classical Conditioning

The figure provides an example of an ad that uses sex to appeal to the ad's viewers.

Figure 2.5: Logos Gain Meaning Through Classical Conditioning

This figure shows neutral shapes that have acquired meaning by being associated with a brand over time. The Nike swoosh is a prime example.

The second way that people learn is through operant conditioning. The text describes how Skinner boxes can be used to demonstrate the significance of reinforcement. The theory of operant conditioning explains why loyalty programs can increase sales.

2-3c. Motivation

Figure 2.6: Maslow's Hierarchy of Needs

The figure describes the different levels of needs starting from the basic needs (such as food and water) to the need for self-actualization. One way that marketers use this hierarchy is by identifying their product with a certain level of needs. They use imagery to appeal to those motivations. For example, the entire Volvo brand is positioned for safety.

A great number of brands are positioned to heighten a consumer's sense of belonging, or in the next level, social acceptance and respect. In the higher level, the acceptance, by self (esteem) and others (respect) is often signaled by marketers by pointing a consumer to an aspiration group.

With the help of Mercedes as an example, the text describes how marketers use this hierarchy to offer an extended brand line that encourages a customer to reach ever higher in the pyramid.

Beyond the Maslow pyramid, there are other ways to distinguish needs and motivations. Many consumer psychologists speak of utilitarian vs. hedonic products, fulfilling needs and wants. They also point to the motives that co-exist in all of us, for conformity vs. individuality. If conformity is winning, the consumer buys a popular brand; if individuality is more important, then the consumer finds an atypical, quirky brand. A final means of distinguishing consumer motivations is whether they are risk-seeking or risk-averse.

TEACHING NOTE**:** Students can be asked to give examples of products associated with each level in Maslow's Hierarchy of Needs. This will help students understand how Maslow's theory is used in marketing.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

2-3d. Attitudes and Decision Making

Attitudes and decision making affect the extent to which consumers will buy a particular brand, repeatedly purchase it, become loyal, and recommend it to others. Attitudes are conceptualized as a mix of beliefs and importance weights. Beliefs are opinions, such as BMWs are fast. Importance weights are things like: I don't care much about whether my car is fast, but I would like it to be attractive. The beliefs and importance weights are modified or strengthened through learning and memory and by appealing to consumer motivations that the brand purportedly satisfies.

In categories with a lot of choices, consumers usually proceed through two stages—in the first, quick stage, they decide which brands should be considered in more detail vs. those that shouldn't make the cut to be in the consideration set. The second stage is relatively more prolonged, during which consumers compare the brands in the set to make a purchase choice.

The first stage is thought to be conducted quickly by non-compensatory mechanisms. Non-compensatory means that some attributes are very important, and if the brand has them (or doesn't), then it may be considered further, and if not, the brand is precluded. Once the consideration set has been reduced to a manageable number, consumers use a compensatory model. This model uses a costs and benefits logic, whereby excellence on one attribute can make up for the fact that the brand is not so great in some other ways.

2-3e. How Do Cultural Differences Affect Consumers' Behavior?

This section describes how consumer behavior is affected by social class and age. Social class and age are among the various socio-cultural factors that impinge upon how buyers form impressions and preferences, collect information, form opinions, and make brand choices.

Social class is a construct that is more complicated than just economic access to resources. Old monied people seek exclusivity in their brands, to affirm their special standing in society. In contrast, nouveaus are trying to make purchases to attain their status, the purchases being the so-called status symbols. Designing products, brands, and marketing communications for these two different groups involves different approaches.

Age cohorts also produce reliable, predictable shopping patterns. Age groups are particularly important when they are large in size, such as the baby boomer group.

Apart from social class and age, gender, ethnicity and country culture also affect consumer behavior.

TEACHING NOTE**:** Ask students to imagine that each one of them is given $10,000 to spend only on luxury goods. Then ask them to describe the products they would buy using this money. Different students will want to buy different products or different brands of the same product. This activity will demonstrate how consumer behavior is affected by factors such as social class, gender, and ethnicity.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

MANAGERIAL RECAP

The purchase process consists of three stages: pre-purchase, purchase, and post-purchase. In the case of business-to-consumer (B2C) transactions, the three different types of purchases are convenience purchases, shopping purchases, and specialty purchases. These three types of purchases are similar to the three types of purchases in the case of business-to-business (B2B) transactions: straight rebuy, modified rebuy, and new buy. The level of consumer involvement depends upon the type of purchase. All five senses of human beings—sight, hearing, touch, smell, and taste—can be used to attract their attention to a particular brand, but the extent to which consumers are attracted also depends on various other factors such as social class, age cohort, gender, ethnicity, and country culture.

SUGGESTED ANSWERS TO MARKETING PLAN QUESTIONS

Encourage students to download an Excel® spreadsheet on the book's website at www.cengagebrain.com that contains all of these Chapter 17 tables to assist them in developing a marketing plan. A set of marketing plan questions is provided in the Instructor's Manual as a guide to help students develop a marketing plan as they take the course and work through the chapters. By Chapter 17, all of the pieces will have come together and created a marketing plan if the students work through each section as they study each chapter. The Marketing Plan tear-out reference card in the student edition of *MM* serves as a chapter guide for the students to know when to fill out each section of the Marketing Plan.

Customer:	**Fill in descriptions here:**
Demographics (e.g., age, income, household composition, ZIP Code):	Customer 1
Psychographics (e.g., attitude to product, to competition, to ads):	Customer 2
Buying behavior (e.g., frequency, only on sale, etc.):	Customer 3
Current levels/measures of customer satisfaction:	Customer 4
Do we have a loyalty program, efforts at CRM?	Customer 5
Why don't non-buyers buy?	Customer 6
When our buyers buy, what channel do they prefer?	Customer 7
When our buyers buy, do they seem to be price sensitive?	Customer 8
What changes have we seen over buyers? Expect any in future?	Customer 9

Customer

General customer demographics: young (under 40), middle income, single or with children, urban or suburban

Psychographic: women with active lifestyles and busy schedules

Buying behavior: unknown

Current levels/measures of customer satisfaction: unknown

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

Loyalty: if currently use energy drinks, typically have a preferred brand—but are open to possible new alternatives.

Why don't non-buyers buy: various reasons, lack of awareness, lack of interest, health concerns

Where do most users buy: multiple outlets—grocery stores, convenience stores, warehouse clubs

Price-sensitivity: energy drinks in general are not heavily discounted although discounting does exist (two for $)

What changes have we seen over buyers? Expect any in future: main change in the market is increased variety, introduction of sugar-free varieties, and continued erosion of market leader's market share

SUGGESTED ANSWERS TO DISCUSSION QUESTIONS

1. If consumers are being deluged by sensory overstimulation, what can a marketer do to cut through the clutter?
   Answer:
   Some marketers have responded by simplifying (e.g., black and white ads to capture attention). Others just shout louder. Commonly, marketers will try to use offbeat humor to stand out—students should talk about whether that's effective in achieving the goal of standing out, as well as presumably the ultimate goal of enhancing attitudes and likelihoods of purchasing.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Sensation and Perception
   Difficulty: Moderate

2. Using the principles of classical conditioning or operant conditioning, design a marketing program for a nonprofit or for a political candidate.
   Answer:
   Many options could be valid here. Classical conditioning would suggest that all a politician needs to do is keep saying he/she is "the candidate for x" and whether he/she puts any thought or resources into x, the association is nevertheless established in the minds of the voter/customer.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Learning and Memory
   Difficulty: Challenging

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

3. What should ads say to help brands make the first (non-compensatory) cut in decision making and be included in a consumer's consideration set? What should ads say to help a brand be chosen, once in the set?
   Answer:
   The ad needs to prime the category first, then contrast against the market leader or other competitors.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Attitudes and Decision Making
   Difficulty: Moderate

4. Run a taste test. Compare Pepsi vs. Coke, or bottled water vs. tap, or an expensive bottle of wine vs. the boxed stuff. Note participants' level of knowledge and surprise.
   Answer:
   A blind taste test is a classic marketing exercise. Although most people think they can taste a difference between the two brands, many people can't. Ask the taste testers to identify their favorite brand before taking the blind taste test and choosing the one that tastes best.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Attitudes and Decision Making
   Difficulty: Moderate

5. New businesses are frequently launched as a means to address a current glitch in the industry. Pick an industry and identify a typical customer problem. What changes could you make to enter that industry and enhance customer satisfaction (and be profitable)?
   Answer:
   Ask for a common problem and identify the customers who need it before asking for possible solutions. Students should be able to determine the type of purchase and the psychological aspects of attracting customers to the product.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Attitudes and Decision Making
   Difficulty: Moderate

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

6. Go online and find the average length of a "lifetime" for purchases in the categories of: houses, cars, gym memberships, baby diapers, birth control pills, and Viagra prescriptions.
   Answer:
   Use any search engine to search for "lifetime" or "life expectancy" and the name of the item.
   BUSPROG: Reflective Thinking
   Tier II: DISC: Customer
   Tier III: MBA: Generative thinking
   Bloom's: Application
   Topic: Attitudes and Decision Making
   Difficulty: Moderate

VIDEO EXERCISE & DISCUSSION QUESTIONS

Scholfield Honda

If you want to study consumer behavior, probably the best place to start would be a car dealership. Cars are a big investment. Most people spend upwards of $20,000 on a new car and $6,000 or more on a pre-owned vehicle. In the United States, where we drive pretty much everywhere, your car is your first contact with the world. One look at someone's car and you might get an idea of their politics, bank account, occupation, education, musical tastes, and favorite weekend activities. It's the ultimate fashion accessory. Does it have a lot of cup holders and a DVD player in the headrest? Family car. Cute little convertible? Twenty-five-year old with her first real job. That Italian sports car? Retail therapy for the mid-life crisis. That person in the 2009 Honda Fit hybrid who just stole your parking space? Likely some smug, twentysomething activist.

But looks can be deceiving.

When the Honda Insight, Honda's first consumer hybrid car, hit the market in 2000, Roger Scholfield, owner of Scholfield Honda in Wichita, Kansas, thought he had it all figured out. For one thing, Wichita isn't exactly known as the epicenter of eco-consumerism. He'd probably sell a handful of the hybrid cars to a couple of single, twentysomethings. The car only had two seats and seemed pretty flimsy with its lightweight aluminum body. And with a sticker price of $20,000, it was pretty pricey.

The first Insight he sold went to a 63-year-old.

The second person to buy one was 65.

As it turns out, Roger's experience was consistent with Honda's market research. They determined that the typical Insight customer was older, highly educated, probably with an engineering or science background—a person who tended to be very research-driven.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

Vinnie Koc, a sales consultant at Scholfield Honda, relies more on his experience than the data to sell cars. "The vehicle pretty much sells itself," says Vinnie. "Most of my customers are previous owners or someone in their family owns a Honda that wants them to buy a Honda." Vinnie's customers don't just show up and hop in the first car they see. Most of them have spent time on the Scholfield and Honda websites, researching and comparing models before they come in. They know what they want, are unlikely to be upsold on additional bells and whistles, and are clear on how much they are willing to pay. "Our job is to present the vehicle," says Vinnie. It usually takes a few test drives to complete the sale, but he is patient. It is all part of Scholfield Honda's low-pressure environment.

"I love my Scholfield Honda" is the tagline on many of the dealership's television and radio ads. "The Scholfield reputation is 100 percent why the customers are here," says Koc. In a market where the anonymous experience of shopping online is the norm for so many consumers, providing opportunities for customers to feel special and paid attention to can really make a difference, especially in car sales, an industry where trust so often is lacking. Owner and general manager Roger Scholfield takes the time to meet with customers, and consultants like Vinnie take the time to follow up on every meeting—from test drive to final sale. "If they see that you are able to provide the information they need, they feel comfortable with you and that makes them happy." It is not unusual for Vinnie's customers to drop by on their lunch hour just to say "thanks" and gush about how much they are enjoying their new Honda.

From BOONE/KURTZ. Contemporary Marketing, 14E. © 2010 South-Western, a part of Cengage Learning, Inc. Reproduced by permission. www.cengage.com/permissions

1. Using the purchase process (i.e., pre-purchase, purchase, and post-purchase), analyze the customer information provided by the owner and employees of Scholfield Honda.
   Answer:
   Customers go through three predictable stages in making a purchase. In the *pre-purchase stage*, the consumer identifies an unsatisfied need or want. In the *purchase stage*, the consumer is identifying those brands that are potential candidates for purchase and excluding those brands that would not fulfill the unsatisfied want or need. In the *post-purchase stage*, buyers evaluate their purchase and the purchase process.
   Customers of Scholfield Honda tend to be very interested in vehicles that are fuel efficient and environmentally friendly. Thus, it may be inferred that the *pre-purchase stage* is characterized by the consumers' need to minimize fuel expenditures, to minimize their carbon footprint, to fulfill the need or desire to "go green" and contribute to environmental sustainability, etc.
   Scholfield's customers tend to be very interested in and knowledgeable about hybrid or alternative fuel vehicles. Thus, in the *purchase stage*, the customers would be considering for possible purchase all those brands that offer fuel efficient and environmentally friendly models. Obviously excluded from consideration would be all brands that are not fuel efficient or environmentally

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

friendly. More importantly, within that set of vehicles that are fuel efficient and environmentally friendly, customers would be comparing the Honda to other models, and even comparing different Honda dealerships. This is evident in the comparison shopping that potential customers do at other dealerships but which ultimately results in them making a purchase at Scholfield.
In the *post-purchase stage*, customer satisfaction can be inferred from the friendly atmosphere and exceptional experience that customers receive at Scholfield Honda.
BUSPROG: Analytic
Tier II: DISC: Customer
Tier III: MBA: Managing decision-making processes
Bloom's: Application
Topic: The Three Phases of the Purchase Process
Difficulty: Moderate

2. Chapter 2 identifies three types of purchase decisions for consumers. Describe the type of purchase decision that characterizes the buying behavior of the customers of Scholfield Honda.
Answer:
The three types of purchase decisions for consumers are: convenience items, shopping purchases, and specialty purchases. *Convenience items* refer to the fairly mindless purchases of standard, frequently consumed products or impulse purchases. *Shopping purchases* require some advance thought or planning prior to making the purchases. *Specialty purchases* are occasional purchases that are frequently expensive, and thus require much more forethought and planning. The buying behavior of the customers who are purchasing a new car would clearly reflect a specialty purchase. Buyers of more expensive used cars would also be making specialty purchases. Buyers of less expensive used cars might be considered to be making specialty purchases but may be making shopping purchases — which one it is depends on the extensiveness of the customer's information search and planning. Evidence of this is the common knowledge that some people purchase low-end used cars essentially as a transportation commodity.
BUSPROG: Analytic
Tier II: DISC: Customer
Tier III: MBA: Managing decision-making processes
Bloom's: Comprehension
Topic: The Three Phases of the Purchase Process
Difficulty: Easy

3. What attitudes and needs seem to be influential in people deciding to patronize Scholfield Honda?
Answer:
Scholfield Honda focuses on selling new and used cars that are fuel efficient and environmentally friendly. These product features tap into both the customers' attitudes and their needs. In addition, the dealership provides a friendly

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

atmosphere and an exceptional experience. Customers wish to be treated well, and they will have very positive attitudes toward those businesses that treat them well and make them feel welcome. Being treated well in a friendly atmosphere is crucial for customer satisfaction with dealership service subsequent to the purchase.
BUSPROG: Analytic
Tier II: DISC: Customer
Tier III: MBA: Managing decision-making processes
Bloom's: Comprehension
Topic: The Marketing Science of Customer Behavior
Difficulty: Easy

SUGGESTED ANSWERS TO MINI-CASE: INSIGHT INTO CONSUMER DECISION MAKING FOR 3-D TV

1. Students can make any choice.
   BUSPROG: Analytic
   Tier II: DISC: Customer
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: The Marketing Science of Customer Behavior
   Difficulty: Easy

2. Let the students guess (any answer).
   BUSPROG: Analytic
   Tier II: DISC: Customer
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: Three Phases of the Purchase Process
   Difficulty: Easy

3. The 1st rows to go would be "3-D from angle" and "Flicker" because there is so little variance in these attributes across the TV models. The main point of this exercise is for the students to choose an attribute they care about, or one that doesn't seem to matter (e.g., like this lack of variability), and watch the decision-making process unfold. Thus, in a sense, the outcome is not as important as tracking their progress. However, it's very likely that they'll conclude the LG TV is the best (good attributes and relatively inexpensive).
   BUSPROG: Analytic
   Tier II: DISC: Product
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: Three Phases of the Purchase Process
   Difficulty: Moderate

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

4. Samsung isn't really risky in the sense of being confusing, but it's expensive and yet doesn't rate well on much. Sony rates better but is also expensive. The point of this question is that now the focus in within the brands/columns, whereas previously we were considering/eliminating attributes/rows.
   BUSPROG: Analytic
   Tier II: DISC: Product
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: Three Phases of the Purchase Process
   Difficulty: Moderate

5. In this case, the cheapest model gets decent ratings.
   BUSPROG: Analytic
   Tier II: DISC: Customer
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: Three Phases of the Purchase Process
   Difficulty: Easy

6. The LG TV is a good example to stimulate discussion because it "nearly" dominates on both price and some elements of quality (some good attributes). Probably none of the students will want to say they're "cheap" or "price sensitive" (although we all are in products we don't care about). So, probably the students will say the LG choice made the most sense because it was high quality on important attributes.
   BUSPROG: Analytic
   Tier II: DISC: Customer
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: The Marketing Science of Customer Behavior
   Difficulty: Moderate

7. See #3 above—3-D from angle and Flicker—sound important, but the TV selections don't offer much choice. In addition, this technology is so new that probably the students won't have a feel for what the possible distortions look like, so they won't seem to be a big deal. It's also possible that some students like cool technology and TVs so much that price won't matter to them. The novelty of the 3-D attribute might overcome any price resistance.
   BUSPROG: Analytic
   Tier II: DISC: Customer
   Tier III: MBA: Managing decision-making processes
   Bloom's: Application
   Topic: Three Phases of the Purchase Process
   Difficulty: Moderate

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

The first question is just an opportunity for discussion—DID the students narrow down the selection using some attribute or other heuristic? Ask them to talk through how they THINK they did it. How to find out—data collection on this topic is tricky. The students reporting in class after they did this exercise at home had problems of memory, social desirability (look smart to their professor and peers), and of course Nisbett & Wilson would say there are many cognitive processes we don't have good insights into, hence their discussion is a bit of a guess or rationalization. In the lab, voice protocols can be captured—that gets rid of the memory problem, but leaves the other biases. Eye-tracking on a computer screen, to see the information that the consumer views, combined with mouse clicks and choices as they progress through the decision set, is objective, and then the marketer must infer what those data mean.

© 2018 Cengage Learning. All Rights Reserved. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.
Marketing Management 5th edition Iacobucci Solutions Manual

FIFTH EDITION



MANAGEMENT

DAWN IACOBUCCI

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Marketing Management 5th edition Iacobucci Solutions Manual

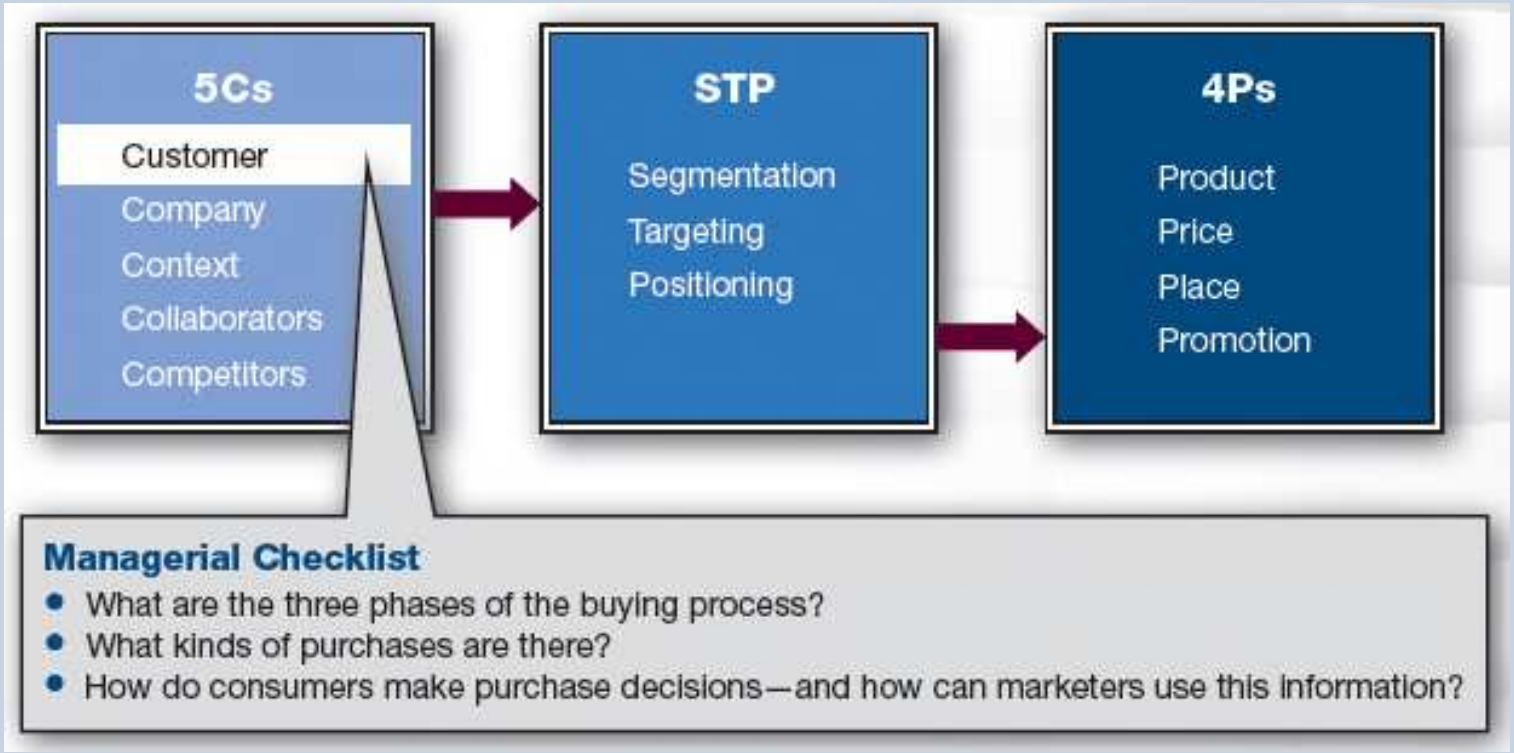
Ch.

2

Customer Behavior

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Marketing Framework



© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Question #1

- Describe the process you used when you decided which college to attend.

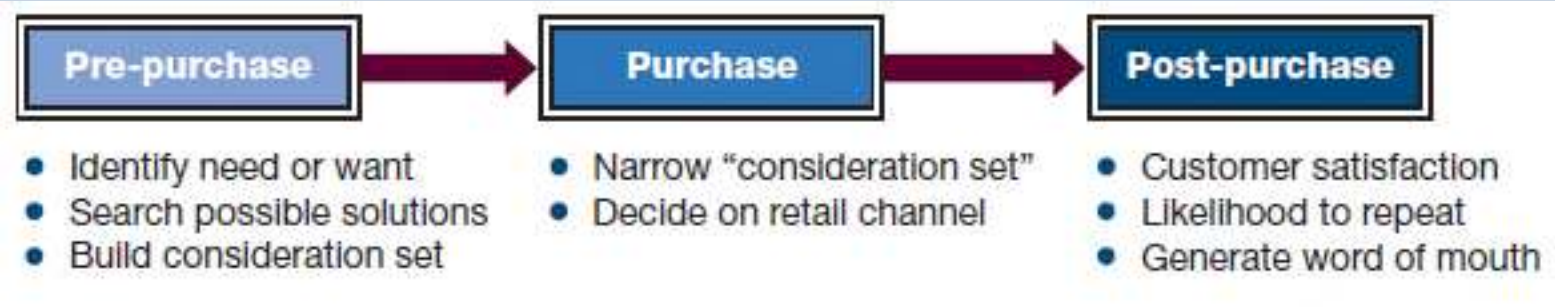
© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

The Science of Consumer Behavior

- There are known, reliable patterns that comprise consumer behavior, including:
  - *The phases consumers go through when making a purchase*
  - *The different kinds of purchases that consumers make*
  - *How consumers sense and perceive, become motivated, form attitudes, and make decisions*
  - *The cultural differences that influence consumers*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

The Purchase Process



© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Pre-Purchase Phase

- Customers recognize a need/desire
  - *Some are heavily marketer influenced; some are not*
    - e.g., Having trendy clothes vs. needing to eat
- Customers search and evaluate products that address their need
    - e.g., Conduct online search, ask friends, etc.
- Customers create a consideration set
  - *All brands considered as candidates for purchase*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Questions #2

1. What need/desire drove you to consider "purchasing" college?
2. How did you search for information?
3. Which colleges were in your consideration set?
4. What criteria did you utilize to form this set?

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Purchase Phase

- Customers narrow the consideration set
  - *Customer may delay the purchase*
  - *Customer may decide not to purchase*
- Customers decide on retail channel

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Post-Purchase Phase

- Customers assess the purchase and the purchase process
- Customers determine satisfaction
  - *Did the customer get what he expected?*
- Customers' level of satisfaction leads to
  - *Repeat purchases*
  - *Negative or positive word of mouth*
  - *Product returns, etc.*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Questions #3

1. Are you satisfied with your college decision? Why or why not?
2. Could your level of satisfaction affect the college? If so, how?

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Who Utilizes the Purchase Process?

- Business-to-Consumer (B2C) and Business-to-Business (B2B) *both* utilize the buying process
  - *The amount of time spent on a stage depends upon what is being bought*
- A business customer is an agent buying something on behalf of an organization
    - e.g., Administrative assistants, operations department, etc.

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Three Types of Consumer Purchases
(slide 1 of 2)

- Convenience purchases
  - *Low involvement; standard, frequently consumed goods or impulse purchase*
  - *Consumers don't spend much time thinking or planning the purchase*
- Shopping purchases
  - *Medium involvement; not as frequently purchased*
  - *Consumers spend time and effort prior to purchase*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Three Types of Consumer Purchases
(slide 2 of 2)

- Specialty purchases
  - *High involvement; occasional purchases, often more expensive, require more thought*
  - *Customers put much effort into the purchase*

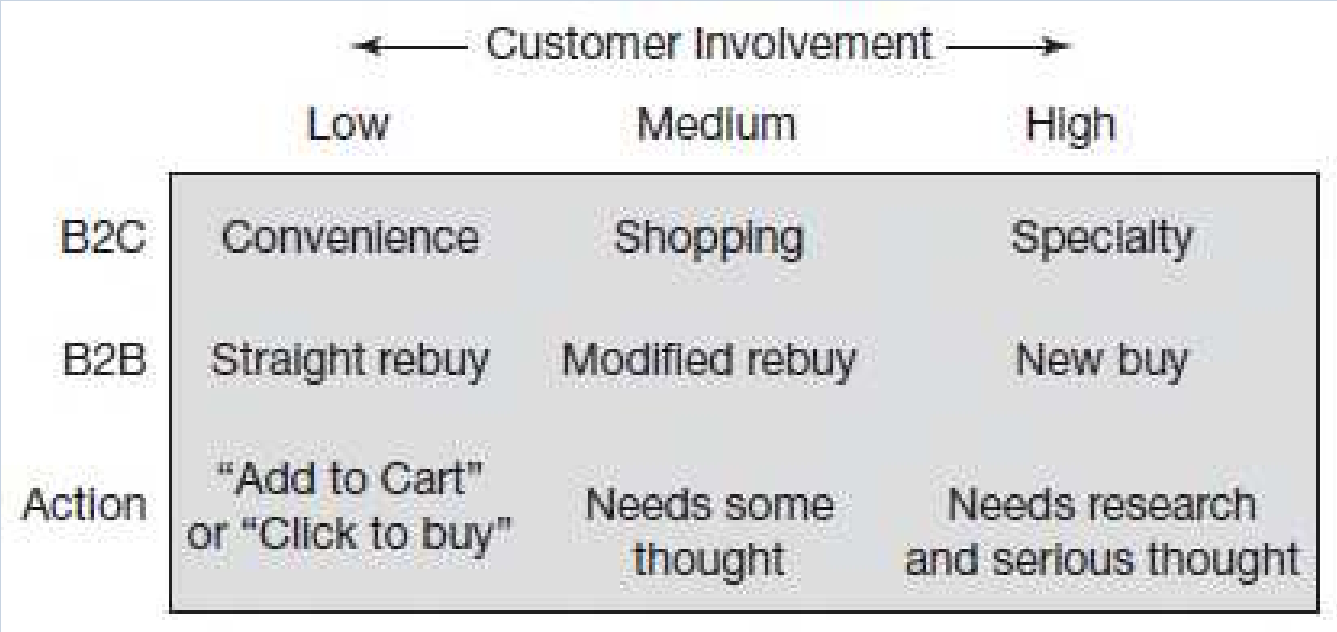
© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Types of Business Purchases

- Straight rebuy
  - *Low involvement; purchase what was purchased last time with little or no thought*
- Modified rebuy
  - *Medium involvement; something about the purchase is altered requiring some thought*
- New buy
  - *High involvement; purchase something that hasn't been purchased before requiring much thought and planning*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Types of Purchases



© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Low-Involvement Purchases

- Low-involvement purchases
  - *Have more price sensitivity*
  - *Use price discounts*
  - *Generally don't generate word of mouth*
  - *Are usually distributed intensively*
  - *Marketers should focus on how to capture consumers' attention*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

High-Involvement Purchases

- High-involvement purchases
  - *Have less price sensitivity*
  - *Use brand communities and events*
  - *May generate word of mouth*
  - *Are usually distributed selectively*
  - *Marketers should focus on providing consumers with information*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Anatomy of a Grocery Store

- Layout of a grocery store encourages purchases
  - *Group similar products*
  - *Group complementary products*
  - *Place common purchases far from the entrance*
  - *Group products to form consideration sets*
  - *Place high-profit and impulse-purchase items at end of aisles and checkout lanes*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Sensation and Perception
(slide 1 of 5)

- Utilize senses to convey information
- Consumers have selective attention; they block out what is not relevant
- Visual: colors can convey
  - *Product characteristics (white for freshness for toothpaste)*
  - *Brand identity (Tiffany's aqua blue)*
  - *Meaning (affected by culture)*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Sensation and Perception
(slide 2 of 5)

- Hearing can
  - *Increase spending*
    - e.g., Quick tempo music = increased spending
  - *Convey a brand*
    - e.g., Harley-Davidson's distinctive sound
- Smell can
  - *Get attention*
    - e.g., Smelling the Cinnabon store
  - *Allow product sampling*
    - e.g., Perfume in magazines

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Sensation and Perception
(slide 3 of 5)

- Taste can
  - *Distinguish one brand from another*
    - e.g., Coke vs. Pepsi
- Touch can
  - *Convey brand imagery*
    - e.g., Well-designed products compared to value designed products
    - e.g., Ergonomics, clean lines, simplicity, beauty, and sensual experiences

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Sensation and Perception
(slide 4 of 5)

- Subliminal advertising
  - *An ad that is shown so quickly that is doesn't meet the threshold of liminal recognition*
  - *Has been debunked by research*



© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Sensation and Perception
(slide 5 of 5)

- Mere exposure
  - *Repeated exposure to an ad brings familiarity and a positive feeling*
- Perceptual fluency
  - *Customers may pay the most attention to the content of a message*
    - However, the colors, font, etc. make a brand impression as well

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Learning, Memory, and Emotions

- Sensory and perceptual impressions can become brand associations
- Learning is the process by which associations get past the sensory and perception stages into short-term memory and then, with repetition and elaboration, into long-term memory
  - *Classical and operant conditioning*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Classical Conditioning
(slide 1 of 2)

- Pavlov's dogs
  - *Stage 1: a dog drools at sight of food*
  - *Stage 2: a dog doesn't respond to a bell*
  - *Stage 3: ringing a bell while placing food in front of the dog elicits drool*
  - *Stage 4 (occurs over time): a bell rung in front of the dog elicits drool*
- A similar process can be used in advertising and jingles

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Classical Conditioning
(slide 2 of 2)

- Companies may have negative brand associations in customers' memories
- Some companies change names to help create new associations
  - e.g., Philip Morris is now Altria
  - e.g., ValuJet is now AirTran

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Question #4



- Use classical conditioning theory to explain this advertisement.

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Operant Conditioning

- Skinner used pigeons to show that learning occurs by positively reinforcing behavior
  - *Fixed ratio reward: reward is given every time or every 4th time, etc.*
  - *Variable ratio reward: reward timing varies unpredictably*
  - *Subject will engage in the behavior more often if rewarded on the variable schedule*

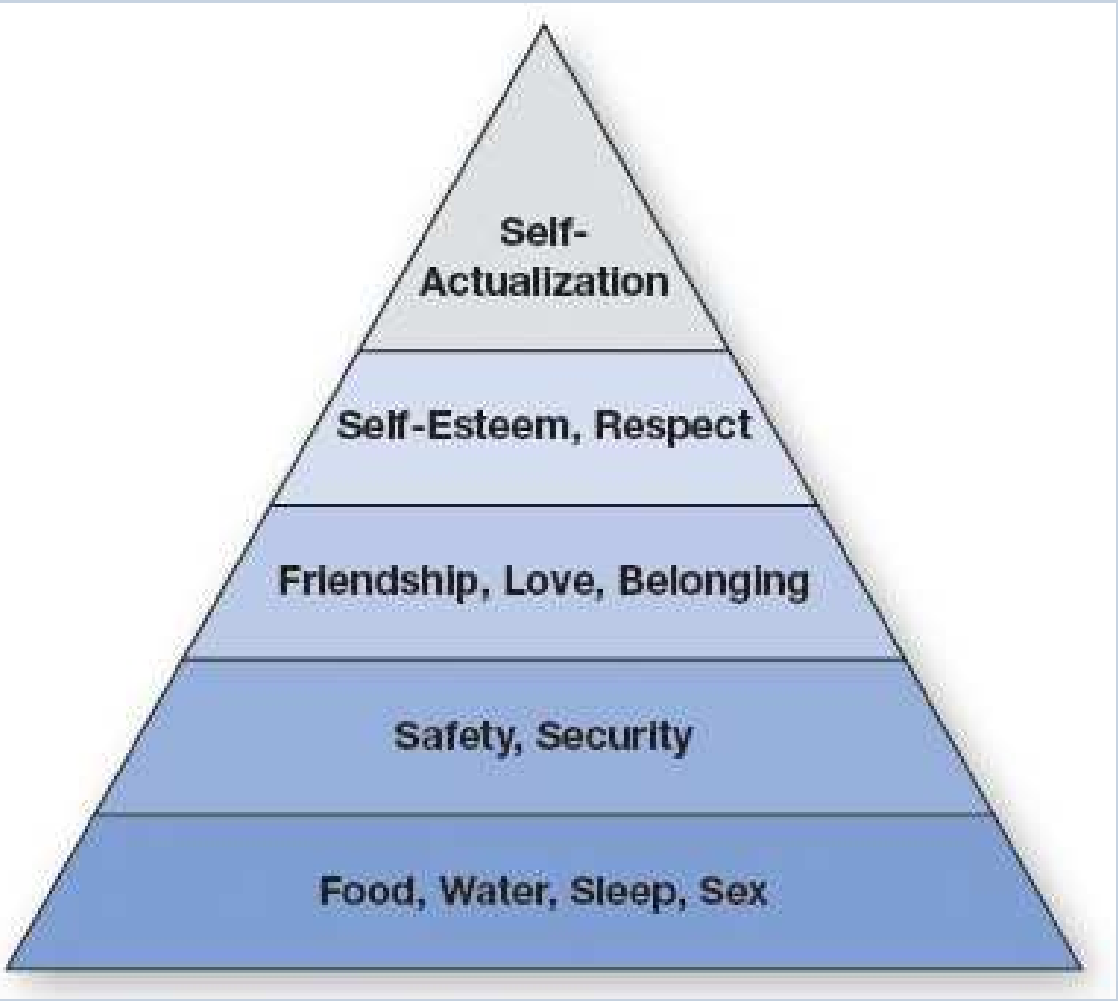
© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Questions #5

1. Discuss how a deli could utilize operant conditioning to design a loyalty program under
   - *fixed ratio reward, and*
   - *variable ratio reward*
2. Which reward ratio do you think would be more effective and why?

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Motivation: Hierarchy of Needs



© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Maslow's Hierarchy of Needs
(slide 1 of 2)

- Maslow suggests that people must have their basic needs met before moving on to more abstract needs

- Marketers may identify their product with one of Maslow's needs
  - e.g., Volvo and safety needs
  - *Many brands are associated with a sense of belonging, social acceptance, and respect*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Maslow's Hierarchy of Needs
(slide 2 of 2)

- Marketers may identify products with aspiration groups
- Marketers may offer an extended brand line for customers at different levels in Maslow's hierarchy
    - e.g., Mercedes has a lower-end C model, then upward to E, S, and finally CL models
- Marketers use hierarchy for positioning

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Distinguishing Motivations

- Utilitarian vs. hedonic
  - e.g., Suit for interviews vs. Armani suit
- Conformity vs. individuality
  - *May vary over lifetime or in different situations*
- Risk seeking vs. risk averse
  - *Risk tolerance may vary with product knowledge*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Attitudes and Decision Making

- Attitudes and decision making influence whether consumers
  - *Will buy a brand*
  - *Repeatedly purchase it*
  - *Become loyal*
  - *Recommend it to others, etc.*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

What Are Attitudes?

- Attitudes are a mix of beliefs and importance weights
  - *Beliefs*
    - e.g., I think Sprite has caffeine
  - *Importance*
    - e.g., I think having caffeine is important
  - *Customer may differ on both importance and beliefs*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Decision Making
(slide 1 of 3)

- Decision making:
  - *With a few choices, consumers easily compare brands to make decision*
  - *With many choices, consumers use two stages:*
    - Stage 1: Determine consideration set
    - Stage 2: Compare brands to make a purchase decision

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Decision Making
(slide 2 of 3)

- Stage 1
  - *Non-compensatory method: if a brand doesn't have important attributes, it is cut*
    - Lexicographic method: compare all brands on most important attribute; cut brands that don't have it; move on to next important attribute and compare and cut, etc.

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Decision Making
(slide 3 of 3)

- Stage 2: Compare brands in detail
  - *Compensatory model (cost/benefits)*
    - One excellent attribute can compensate for a poor attribute
  - *Some websites aid this process by allowing users to view a side-by-side comparison of attributes*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Cultural Differences

- Socio-cultural differences influence consumers and produce shopping patterns
  - *Social class*
    - e.g., Old-monied people seek exclusivity; nouveaus indulge in conspicuous consumption
  - *Age*
    - e.g., Young people buy furniture; as they get older they buy diapers and minivans; then college and finally healthcare

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Discussion Question #6

- How can a marketer capitalize on the Baby Boomer segment?

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Managerial Recap
(slide 1 of 2)

- Three major phases of consumption
  - *Pre-purchase, purchase, post-purchase*
- Three major classes of purchases
  - *B2C: convenience, shopping, specialty*
  - *B2B: straight rebuy, modified rebuy, new buy*
  - *Involvement determines class*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Managerial Recap
(slide 2 of 2)

- How do consumers think?
  - *Sensing and perceiving information that is learned and stored in memory*
  - *Motivations help marketers understand what consumers are seeking to satisfy*
  - *Attitudes and decision making are subject to influence by good information and biases*
  - *Social norms define consumers*

© 2018 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.