

Marketing

Dr. Leul Girma| Berlin



**Lessingstraße 79,
13158 Berlin, Germany
Phone: +49 30 233618555
Fax: +49 30 233618556
Email: info@eiiet.com**

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Course & Class Inform

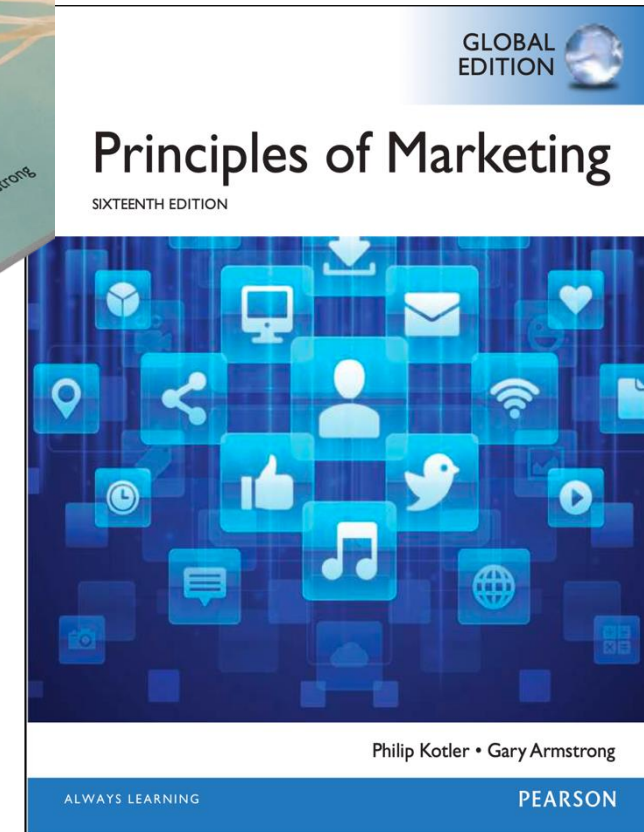
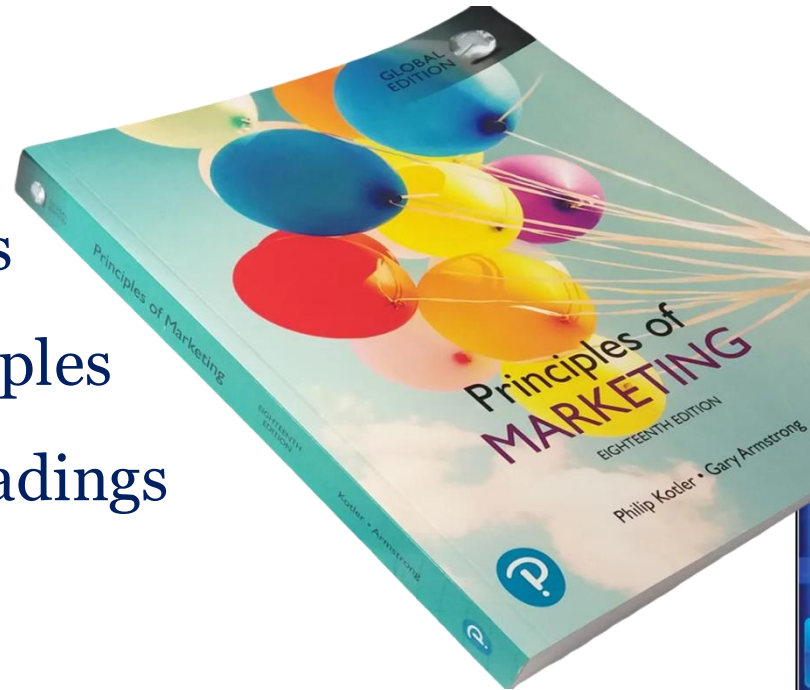
- **Course:** Marketing
- **Program:** Bachelors in Business Administration and Management
- **Credits:** 6 ECTS
- **Mode:** Onsite / Blended
- **Class 4: Consumer Behavior: Understanding Customer Decision-Making**
- **Instructor:** Dr. Leul Girma

Main Teaching & Learning Materials

- Core textbook
- Instructor lecture slides and notes
- Case studies and real-world examples
- Academic articles and selected readings

Digital resources:

- Company websites and annual reports
- Online marketing platforms and tools
(e.g., Google Analytics demos, social media dashboards)



Objective and Learning Outcomes

Objective:

- To introduce students to the fundamentals of **consumer behavior** and its role in supporting effective marketing decision-making.

By the end of this class, YOU will be able to:

- Understand the concept and importance of consumer behavior in marketing
- Describe the key stages of the consumer decision-making process
- Identify psychological, social, and cultural factors influencing consumer behavior
- Consumer perceptions, motivations, and attitudes affect purchase decisions
- Analyze consumer behavior in different market contexts
- Apply consumer behavior insights to support marketing strategy

What is Consumer Behavior?

Consumer behavior is the study of how individuals and groups make decisions to select, purchase, use, and dispose of products and services to satisfy their needs and wants (Kotler et al., 2021).

It focuses on understanding:

- Understand how consumers make purchase decisions
- What factors influence consumer choices
- How consumers evaluate products and brands
- How experiences affect future buying behavior



Areas Consumer behavior includes

1. Mental processes (thinking, perception, learning)
2. Emotional responses (preferences, attitudes, motivations)
3. Actual purchase and usage behavior

Understanding consumer behavior enables to:

- Develop products that meet customer needs
- Create effective marketing strategies
- Improve customer satisfaction and loyalty
- Gain and sustain competitive advantage



Role of Consumer Behavior in Marketing Strategy

Consumer behavior provides the foundation for developing effective marketing strategies and creating customer value (Kotler et al., 2021).

It supports :

- **Market segmentation:** identifying distinct customer groups
- **Targeting:** selecting the most attractive customer segments
- **Positioning:** creating a clear and valuable market offering
- **Marketing communication:** delivering relevant and persuasive messages



Market Segmentation

Market segmentation is the process of dividing a broad market into smaller groups of consumers with similar needs, characteristics, or behaviors (Kotler et al., 2021)

Segmentation helps to:

- Understand different customer needs
- Identify attractive market opportunities
- Develop more effective marketing strategies
- Deliver greater customer value



Main Segmentation

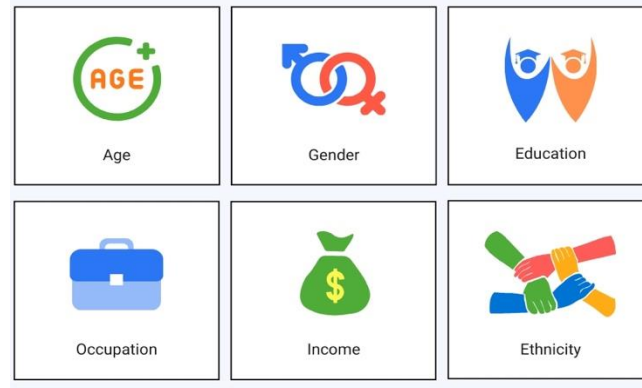
Segmentation Base	Description	Examples
Demographic	Age, gender, income, education	Students, professionals
Geographic	Location, region, climate	Urban vs rural markets
Psychographic	Lifestyle, personality, values	Active lifestyle consumers
Behavioral	Usage, loyalty, benefits sought	Frequent users, brand loyal

Demographic Segmentation

Demographic segmentation divides the market based on measurable population characteristics (Kotler et al., 2021).

Common demographic variables include:

- Age
- Gender
- Income
- Education
- Occupation
- Family size



Geographic Segmentation

Geographic segmentation divides the market based on location and physical environment (Kotler et al., 2021).

Common geographic variables include:

- Country
- Region
- City size
- Climate
- Urban vs rural location



Psychographic Segmentation

Psychographic segmentation divides consumers based on lifestyle, personality, values, and interests (Kotler et al., 2021).

Psychographic variables include:

- Lifestyle
- Personality
- Social class
- Values and attitudes

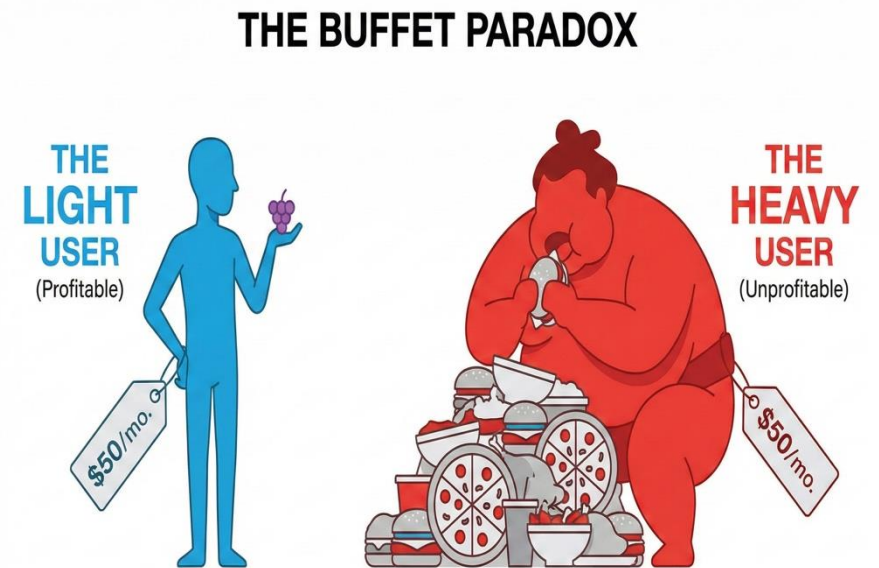


Behavioral Segmentation

Behavioral segmentation divides consumers based on their behavior toward products and services (Kotler et al., 2021).

Common behavioral variables include:

- Usage rate (heavy vs light users)
- Brand loyalty
- Benefits sought
- Purchase occasion



Main Factors Influencing Consumer Behavior

Factor Category	Description	Examples
Psychological factors	Internal mental processes influencing how consumers think and feel	Motivation, perception, learning, attitudes
Social factors	Influence of other people and social environment	Family, reference groups, roles, social status
Personal factors	Individual characteristics affecting preferences and decisions	Age, occupation, income, lifestyle, personality

The Consumer Decision-Making Process

The consumer decision-making process describes the stages consumers go through when making a purchase decision (Kotler et al., 2021).

The five main stages of the consumer decision-making process are:

1. Problem Recognition
2. Information Search
3. Evaluation of Alternatives
4. Purchase Decision
5. Post-Purchase Behavior

Stage 1: Problem Recognition

Problem recognition occurs when a consumer realizes a difference between their current situation and a desired state, creating a need or want (Kotler et al., 2021) it can be triggered by **Internal or external stimuli**

Internal stimuli

- Hunger or thirst
- Personal needs or desires
- Changes in lifestyle or circumstances

External stimuli

- Advertising and marketing communication
- Recommendations from others
- Observing other people's products
- Promotions or new product introductions



Stage 2: Information Search

Information search occurs when consumers seek information to identify and evaluate products or services that can satisfy their needs (Kotler et al., 2021).

Main sources of information :

Information Source	Description	Examples
Personal sources	Information from people the consumer trusts	Family, friends, colleagues
Commercial sources	Information provided by companies	Advertising, websites, salespeople
Public sources	Independent and objective information	Reviews, ratings, media reports
Experiential sources	Information based on personal experience	Product trial, previous use

Stage 3: Evaluation of Alternatives

Evaluation of alternatives occurs when consumers compare different products or brands to select the option that best satisfies their needs(Kotler et al., 2021).

Evaluation Criteria	Description	Examples
Price	Cost of the product relative to perceived value	Affordable vs. expensive
Quality	Performance and reliability of the product	Durability, effectiveness
Features	Product characteristics and functions	Design, technology, options
Brand reputation	Consumer perception and trust in the brand	Well-known vs. unknown brand
Customer reviews	Feedback from other consumers	Ratings, testimonials

Stage 4: Purchase Decision

The purchase decision is the stage where the consumer selects and buys the preferred product or brand (Kotler et al., 2021).

At this stage, the consumer chooses:

- The product or brand
- The seller or retailer
- The purchase timing
- The purchase quantity
- The payment method



However, the final decision may be influenced by additional factors such as:

Cont'...

Influencing Factor	Description	Example
Attitudes of others	Opinions and recommendations from others	Friend recommends a different brand
Unexpected situational factors	Changes in circumstances	Price increase, limited availability
Promotions and incentives	Special offers encouraging purchase	Discounts, limited-time offers

Post-Purchase Behavior

Post-purchase behavior refers to how consumers evaluate a product or service after the purchase (Kotler et al., 2021).

Outcome	Description	Example
Satisfaction	Product meets or exceeds expectations	Consumer continues using the brand
Dissatisfaction	Product does not meet expectations	Consumer switches to another brand
Cognitive dissonance	Consumer feels uncertainty after the decision	Consumer seeks reassurance or reviews

Case study

Case Questions

1. Based on the case, when did Elena's decision process begin? Identify the triggering factor and support your answer with evidence from the case.
2. What information sources influenced Elena during her decision process? Identify the sources and explain how they may have influenced her thinking.
3. What factor most strongly influenced Elena's final choice? Select ONE factor and justify your answer using evidence from the case.

Case Instructions

- Read the case carefully.
- Highlight the sentences that signal Elena's triggers, information sources, and final choice.
- Explain what each highlighted sentence suggests about her decision process.

Case: Elena's Laptop Decision

Elena had not planned to replace her laptop, as it still worked and she had used her savings elsewhere. However, during lectures, she became increasingly aware of how confidently some classmates used their devices, while she hesitated to rely on hers.

Elena did not actively search but became more aware of others' laptops and related advertisements. She later asked a classmate about their experience, unsure whether it reflected actual performance or personal preference. That evening, she briefly visited a retailer's website but left without deciding.

In the following days, she found herself returning to the same models without intending to decide. One option felt more appropriate, though she could not clearly explain why. She wondered whether this reflected genuine suitability or simply familiarity.

When she checked the website again, she noticed changes in availability and completed the purchase of the model she had viewed most often.

In the days that followed, Elena paid closer attention to her laptop and occasionally revisited product pages, comparing her choice with alternatives she had previously seen.

Key Takeaways

- Consumers evaluate products after purchase by comparing performance with expectations.
- Satisfaction increases the likelihood of repeat purchase and customer loyalty.
- Dissatisfaction may lead to complaints, negative word-of-mouth, or brand switching.
- Consumers may experience cognitive dissonance and seek reassurance after a decision
- Post-purchase experience strongly influences future consumer behaviour and marketing success

Thank you



**European Institute of Innovation,
Entrepreneurship and Technology**

Lessingstraße 79,

13158 Berlin, Germany

Phone: +49 176 55524449

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