second edition

Customer Behavior:

A Managerial Perspective



SHETH

Contents

Part 1

Customer Behavior: Power, Scope, and Context 1

Chapter 1

The Customer: Key to Market Success 2
Do Churches Have Customers? 2
Why Understanding Customer
Behavior Is Important 3
Satisfying the Customer 4
Adopting the Marketing Concept 4
Gaining Legitimacy in Society 4
Customer Behavior and Customer

Orientation 6
Cost Efficiencies from Repeat
Customers 8

Premium Prices from Established Customers 9

Protection Against Corporate Crisis 10 Increased Word of Mouth 11 One-Stop Shopping 11 New Product Innovations 12 Customer Orientation Creates Pride

in Employees 12

What Is Customer Behavior? 12
Three Roles of the Customer 14
Role Specialization 14
Reasons for Role Specialization 15

Customer Needs and Wants 17 Determinants of Needs and

Wants 18

Market Values Customers Seek 19 Classification of Market Values 19 Market Values Sought by Users 20 Market Values Sought by Payers 24

Market Values Sought by Buyers 25

Characteristics of Customer

Values 32

Values Are Instrumental 32 Values Are Dynamic 33

Values Are Hierarchical 33

Diversity of Customer Values Increases with Hierarchy 33

Values Are Synergistic 33

Values Are Role-Specific 34

Values Vary Across Customers 34

Conceptual Framework 35

Chapter 2

Determinants of Customer Behavior: Personal Factors and Market Environment 43

Women Shop, Men Buy 43

Personal Factors 44

Personal Traits 44

Personal Context 59

Market Environment 69 Market Traits 69

Market Context 73

The Influence of the Determinants

of Customer Behavior on the

Three Customer Roles 80

Personal Traits 80

Personal Context 84

Market Traits 85

Market Context 85

Chapter 3

Trends in Determinants of Customer Behavior 93

The Cyber Suite 93

Benefits of Anticipating Trends in

Customer Behavior 94

Demographic Trends 95

Aging of the Population 95

Women in the Workforce 97

Single-Person Households 99
The Declining Middle Class 100

Ethnic Diversity 101

Geographic Redistribution 102

Technological Trends 104

New Technologies 104

Customer Responses to New

Technology 106

Trends in Public Policy 108

Economic Pragmatism Over

Ideology 108

Rights of Passive Consumers 111

Regional Economic Integration 112

Implications of the Trends for the

Three Customer Roles 113

Implications of Demographic

Trends 113

Implications of Technological

Trends 115

Implications of Trends in Public

Policy 115

Overall Implications for

Marketers 117

Part 2

Foundations of Customer Behavior 127

Chapter 4

The Customer as a Perceiver and Learner 128

Long Life Perceptions 128
The Customer as a Perceiver 129
Factors that Shape Perception 130

Biases in the Perceptual Process 132 Perceptual Threshold 133

Managerial Uses of the Perceptual Process 134

The Customer as a Learner 136 Mechanisms of Learning 138 The Psychology of Simplification

and Complication 142

Customer Acceptance of Change: The Ultimate Learning Experience 144

Innovation 144
Categories of Adopters 144

Adoption Process 147
Desirable Characteristics of Innovations 147

Innovation Resistance 149
The Perceptual and Learning
Process and the Three Customer

Roles 151

Chapter 5

Customer Motivation: Needs, Emotions, and Psychographics 159

Reacting to the Germ Scare 159 Motivation 160

The Process of Motivation 162

Facets of Motivation: Needs, Emotions, and Psychographics 163

Customer Needs 163

Maslow's Hierarchy of Needs 164 Murray's List of Psychogenic Needs 165

Ernest Dichter's Consumption Motives 166

Needs Identified by Marketing Scholars 166

Needs for Arousal, Cognition, and Attribution 168

Evaluation of Need Categories 170

Customer Emotions 170 What Is Emotion? 170

A Model of Emotion 171 Types of Emotions 171

Customer Moods 173

Hedonic Consumption: Seeking Emotional Value 174

Deep Involvement 175

Psychographics 176

Values 176

Self-Concept 177 Lifestyle 179

Compulsive Buying and Consuming 187

Materialism 187

The Motivational Processes and the Three Customer Roles 190

Chapter 6

Customer Attitudes: Cognitive and

Affective 198

Managing Attitudes 198
Attitude: Definition and

Characteristics 200

Attitudes as Evaluations 200 Three-Component Model of

Attitude 201

Molding Customer Attitudes 207

Cognitive Route to Attitude

Molding 207

Affective Route to Attitude
Molding 208

Conative Route to Attitude Molding 209

The Psychological Processes
Underlying Attitude Change 211

Learning Theories 211

Attribution Processes 212

Cognitive Consistency Theories 213

High- and Low-Involvement

Information-Processing Modes 214

Multiattribute Models of

Attitude 216

The Rosenberg Model 216

The Fishbein Model 216

Fishbein's Extended Model of Behavioral Intention 217

Use of Multiattribute Models 219

The Functional Theory of Attitude 220

Applications of the Functional Theory 220

Applying the Theory of Attitudes:
Planned Social Change 222
Choice of Strategy 223
Customer Attitudes and the Three
Customer Roles 224

Chapter 7

Researching Customer Behavior 230 Internet Tracking Helps to Create Value for Customers 230 Qualitative Research 232 Focus Groups 232 Customer Visits 233 Motivation Research 234 Interpretative Research 240 Quantitative Research 242 Quantitative Research Methods 242 Applications of Quantitative Research 246 Information Processing Research 252 Information Boards 254 Eye Movement 255 GSR 255 Brain Activity 256 Visual Image Profile 256 Protocol 256

Secondary Research 257
Public Data 257
Proprietary Data 258
Database Research 264
Virtual Reality: New Tool of
Customer Research 265
Virtual Reality Techniques in
Consumer Research 265

Advantages of Virtual Reality Techniques 266

Techniques 266
Data Trail from Shopping on the

Internet 266

Customer Behavior Research and the Three Customer Roles 267

Part 3

Customer Decisions and Relationships 273

Chapter 8

Individual Customer Decision Making 274
Cultural Differences in the Buying
Process 274

The Individual Decision Maker 275 Roles of the Decision Maker 276 Location and Cost of an Individual's Decision 276

Customer Decision Process 277
Step 1: Problem Recognition 278
Step 2: Information Search 282

Step 3: Alternative Evaluation 293

Step 4: Purchase 298
Step 5: Postpurchase Experience 301

Individual Customer Decision

Making and the Three Customer

Roles 305

Chapter 9

Institution Customer Decision Making: Household, Business, and Government 314 Football Players for Sale 314

Household Buying Behavior 316 Families and Households 316

The Family Decision-Making
Process 317

Steps in Family Buying Decisions 317
Husband-Wife Decision Roles 317

Children's Influence in Family Decision Making 320

Learning the Customer Roles 322 Consumer Socialization 322

Intergenerational Influence 325

Conflict in Family Decisions 327

Types of Conflict 328

Types of Conflict 328 Conflict Resolution 328

A General Framework for Understanding Family Buying

Decisions 330
Decision Process 330

Influences on the Decision Process 330

Business Buying Behavior 332
Components of the Business

Components of the Business Buying Process 333 Nature of the Purchase 334

Organizational Characteristics 336

The Buying Center 338
Rules and Procedures 339

Decision Process 339

A Comprehensive N

A Comprehensive Model of Organizational Customer Behavior 343

Government Buying Behavior 344
Government Buying Procedures 344

Procurement by State
Governments 348
Similarities between Government and
Business Procurement 348
How Government Customers Differ
from Business Customers 349
Future of the Government as
Customer 351
Downsizing and Restructuring the
Government 351
Globalization 352
Economic Pragmatism 352
Household, Business, and
Government Decision Making and
the Three Customer Roles 352
Household Buying Behavior 352
Business Buying Behavior 355
Government Buying Behavior 356
Chapter 10
Chapter 10
Relationship-Based Buying 362
It's More than Just a "Sale" 362
A Model of Relationship-Based
Buying 364
Customer Motivations for
Relationship-Based Buying 364
The Supplier-Customer
Relationship 370
Outcomes of Relationship-Based
Buying 372
Relationship Buying and Selling in
Business Markets 372
Process of Relationship Buying: The
IMP Model 373
Reasons for Relationship
Development in Business
Buying 374
Determinants of Trust and
Commitment from Business
Customers 374
Determinants of Supplier Trust in
Customers 376
Relationship-Based Buying: The Art
of Nurturing Suppliers 377

Supplier-Customer Partnering 381

Management and the Three

Customer Relationship

Customer Roles 383

Part 4

Building Loyalty and Customer Value 388

Chapter 11

Customer Loyalty to Products, Brands, and Stores 389

Are You True to Your Brand? 389
Definition and Measurement of
Brand Loyalty 391
Behavioral Brand Loyalty 391
Attitudinal Brand Loyalty 392
Brand Loyalty as Attitude-Based
Behavior 392

A Model of Brand Loyalty 393
Contributors to Brand Loyalty 393
Detractors from Loyalty: Attraction of
Alternatives 397

Brand Equity 399
Two Views of Brand Equity 399
Brand Equity versus Brand Loyalty 399
Components of Brand Equity 400
Customer Loyalty 400
Customer Loyalty to Stores 405

Customer Loyalty to Stores 405 A Model of Store Loyalty 405 Store Choice 409 How Customers Shop 409 Planned, Unplanned, and Impulse Buying 412 Nonfood Store Shopping 414 Shopping Motives 414 One-Stop Shopping 415 Customer Loyalty to Products and

Customer Loyalty to Products and Stores and the Three Customer Roles 417

Chapter 12

Online Customer Behavior 425
Creating an "Amazon" Online
Shopping Experience 425
The Internet and E-commerce:
A Brief History 427

History of the Internet and the World Wide Web 427

Projections for E-commerce 428 Characteristics of the Internet that Aid E-commerce 428

Who Is the Online B2C Customer in the United States? 430

Telematics 448 Products and Services Customers Buy Online 432 Online Customer Behavior and the Online Decision Making-Three Customer Roles 448 Pre-Purchase Stage 433 Chapter 13 Problem Recognition 433 Creating Market Values for the Information Search 434 Customer 457 Evaluation of Alternatives 435 Wanted: VALUE 457 Online Decision Making—Purchase Value Delivery 458 Stage 437 Dimensions of Value Delivery 458 Personalization 438 Tools for Creating Customer Privacy Concerns in Online Values 459 Purchase 439 Creating Market Values for Security Concerns in Online Users 459 Purchase 440 Trust in Online Purchase 440 Performance Value 459 Social and Emotional Values 464 Turning Browsers into Buyers 441 Creating Market Values for Online Decision Making— Post-Purchase Stage 442 Pavers 466 Tackling Returns 443 Price Value 466 Credit and Financing Values 469 Customer Behavior in Business-to-Creating Market Values for Business (B2B) Commerce 443 Buvers 470 Value Creation in B2B Service Value 470 Marketplaces 444 Convenience Value and **B2B Business Operating Models 444** Personalization Value 474 Straight Rebuy 445 Measuring Value Delivery 475 Modified Rebuy 446 Fulfilling the Business Purpose by New Purchase 446 Delivering Customer Value 480 Learning New Behaviors in the B2B Marketplace 446 Glossary G-1 Future Technology and the Index I-1 Internet Customer 447 Mobile Commerce 447