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Marketing



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- 1. Consumer buying behavior is influenced by culture and reference group with suitable example. Explain what this means and with examples, consider how core cultural values and influence of reference group will affect buyer behavior.**

Answer

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

- **Cultural Factors**

Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Cultural values in the US are good health, education, individualism and freedom. In American culture time scarcity is a growing problem. IE change in meals. Big impact on international marketing. Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

- **Culture**

Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior

varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

- Subculture

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example, marketers can design products according to the needs of a particular geographic group.

- Social Class

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

❖ Social Factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

- Reference Groups

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example, if the product is visible such as dress, shoes, car etc. then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

- Family

Buyer behavior is strongly influenced by the member of a family. Therefore, marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife, then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

- Roles and Status

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example, a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore, her buying decisions will be influenced by her role and status.

- ❖ Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self-concept.

- Age

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

- Occupation

The occupation of a person has significant impact on his buying behavior. For example, a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

- Economic Situation

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high, then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

- Lifestyle

Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc. and shapes his whole pattern of acting and interacting in the world.

- Personality

Personality changes from person to person, time to time and place to place. Therefore, it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

❖ Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

- Motivation

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore, a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

- Perception

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

- Beliefs and Attitudes

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard

2. Discuss how market segmentation, target marketing and positioning are interrelated with reference to branded Swiss Watch in the context of Nepal.

Answer:

When trying to reach customers with a marketing message or ad campaign, targeting the right market with the right message is essential — If you aim too broadly, your message might reach a few people who end up becoming customers, but you'll also reach a lot of people who aren't interested in your products or services. When your messaging isn't optimized for your audience, you'll end up with a lot of wasted advertising dollars. Market segmentation can help you to target just the people most likely to become satisfied customers of your company or enthusiastic consumers of your content. To

segment a market, you split it up into groups that have similar characteristics. You can base a segment on one or more qualities. Splitting up an audience in this way allows for more precisely targeted marketing and personalized content.

The global market has been segmented and one or more segments have been targeted, it is essential to plan a way to reach the target. Thus market segmentation, market targeting and product positioning are related to each other. Market segmentation is followed by marketing, targeting and product positioning. Generally, market segmentation and positioning are used together.

Market segmentation is the process of subdividing a market into distinct sub-sets of customers that behave in the same way or have similar needs. Each sub-set may conceivably be chosen as a market target to be reached with a distinctive marketing strategy.

Global market segmentation is the process of dividing the world market into distinct sub-set of customers that behave in the same way or have similar needs. In other words, international market segmentation is the process of identifying specific segments of potential customers with homogeneous attributes who are likely to exhibit similar buying behavior.

Targeting is the act of evaluating and comparing the identified groups and then selecting one or more of them as the prospects with the highest potential. A marketing mix is then devised that will provide the company with the best return on sales while simultaneously creating the maximum amount of value to consumers.

Market positioning is the location of the product of a company in the mind of customer. Positioning is what happens in the mind of the

customer. The position that a product occupies in the mind of a customer depends on a host of variables, many of them are controlled by the marketer.

These three terms form an abbreviation called STP- **S**egmentation, **T**argeting and **P**ositioning.

For Example:

A company or a marketer goes through this process before launching a product in the market. Let me illustrate this through the help of a product. Let's consider **Lux Lyra** leggings. The company wants to sell this product. It will undergo the following steps in order to get the highest possible revenue.

Segmentation - This is the process in which the market (consisting of potential buyers) is divided into certain segments on the basis of certain characteristics. Now, considering that the total market is composed of women on all ages (Ruling out men as this a female product).

We will segment the market into –

- Older Women (>40) - dressing mostly in Sarees or Salwar Suits or Legging Kurtas etc (considering Indian dressing here)
- Young Women (>18 to <40) - Most of them wearing Leggings kurta/ Skirts/ Jeans/ Suits on a regular basis.
- Girls (less than 18 years of age)

Targeting - Targeting refers to selecting a particular segment which is the most suited for your product and you would like to sell your

product in this segment. I'm sure most of the Nepali have learnt this ad somehow sub-consciously *"Lyra Lyra, anytime, anywhere. Lyra, Lyra, everybody loves to wear"*.

Positioning - This part refers to how you want to position a product in the eyes of the consumers which means how you want to display the product. In this case it would mean - what is the use case of this product or what kind of wear is it - a new kind of trousers/jeggings/leggings/pyjamas or a wear that's a substitute to many kind of lowers.

The intent here is clear - this product can be worn on multiple different occasions. It is the perfect outfit for a young woman who has an active life, surrounded by nice people and has a happy love life.

There - that sorts Segmentation, Targeting and Positioning all for you with the help of one advertisement.