

Consumer Behavior

Dr Naga Sai Kumar Tirthala PhD (NITW)

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Consumer behaviour—

The buying behaviour of final consumers — individuals and households who buy goods and services for **personal consumption**.

Consumer market—All the individuals and households who buy or acquire goods and services for personal consumption.

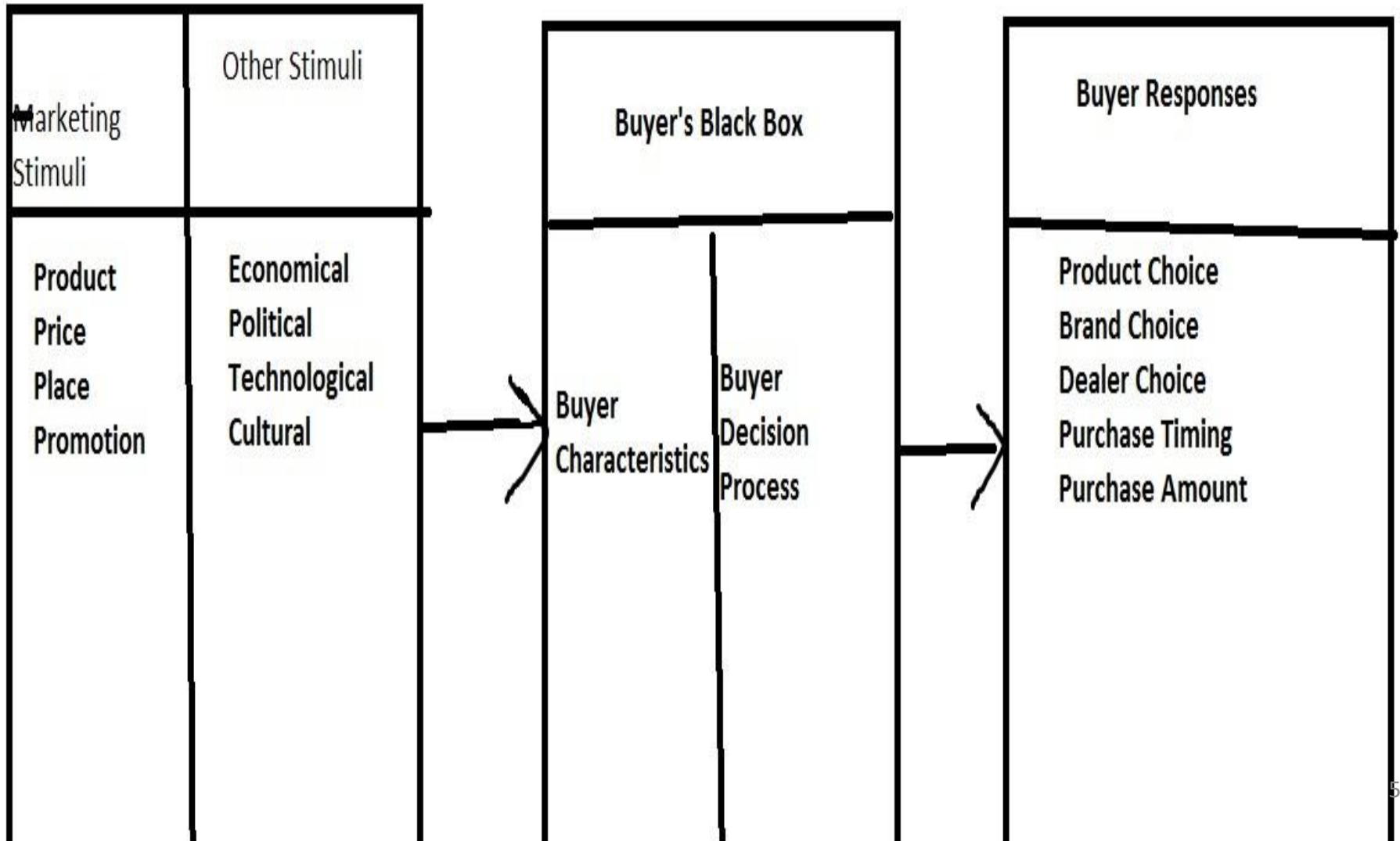
The central question for marketers is: **how do consumers respond to various marketing stimuli that the company might use?**

The company that really understands **how consumers will respond to different product features, prices and advertising appeal** has a great advantage over its competitors. Therefore, companies and academics have researched heavily the relationship between marketing stimuli and consumer response

stimulus–response model of buyer behaviour

- Their starting point is shown in Figure. This shows that marketing and other stimuli enter the consumer's 'black box' and produce certain responses. Marketers must figure out what is in the buyer's black box.
- Marketing stimuli consist of the four Ps: product, price, place and promotion. Other stimuli include significant forces and events in the buyer's environment: economic, technological, political and cultural.

Buyer's Black Box



- All these stimuli enter the buyer's black box, where they are turned into a set of observable buyer responses (shown on the right-hand side of Figure) product choice, brand choice, dealer choice, purchase timing and purchase amount.

- The marketer wants to understand *how the stimuli are changed into responses inside the consumer's black box*, which has two parts.
- First, *the buyer's characteristics influence how he or she perceives and reacts to the stimuli.*
- Second, *the buyer's decision process itself affects the buyer's behaviour.*

Characteristics affecting consumer behaviour (Buyer Characteristics)

- Consumer purchases are influenced strongly by *cultural, social, personal and psychological* characteristics

Cultural	social	Personal	Psychol ogical	
Culture	Reference Groups	Age	Motivation	Buyer
Sub Culture	Family	Life Cycle Stage	Perception	
Social Cass	Roles and Status	Occupation	Learning	
		Economic Circumstanc es	Beliefs	
		Life Style Personality Self Concept	Attitudes	

I Cultural Factors

- —The set of basic *values, perceptions, wants and behaviours* learned by a member of society from family and other important institution
- It is the most basic cause of wants and behavior of a person
- Human behavior is largely learned
- Ex: Values of achievement, success, material comfort, individualism, freedom, youthfulness, health etc

Culture

- The word culture derives from a French term, which in turn derives from the Latin "Colere", which means to tend to the earth and grow, cultivation and nurture.
- It is the **characteristics and knowledge of a particular group of people**, encompassing **language, religion, social habits, music and arts, food**, what we wear, how we wear it, our language, marriage, music, how we greet visitors, how we behave, how we decide something is right or wrong, what we believe is right or wrong, manners, table manners, etiquette, **traditions** (transmission of customs or beliefs from generation to generation), **rituals** (religious ceremony, a series of actions to be performed) etc.

Sub Culture

- Each culture has sub culture. It includes religions, nationalities, racial groups, geographic regions etc
- A group of people with **shared value systems based on common life experiences and situations**
- Sub cultures develop their **own norms and values** regarding cultural, political, and matrimonial matters etc.
- Ex: **Clothing, music, fashions, mannerisms** etc.
- Tamilians, Keralites wear Lungi.
- Hindustani Music, Carnatic Music etc

Social Classes

- Relatively permanent and ordered divisions in a society whose members share similar values, interests and behavior
- Ex: Upper middle, Middle, Lower middle skilled, semi skilled, lower grade workers etc.

II Social Factors

- These are the set of influences on consumer behavior
- People and groups influence one another. These effects are important in consumer behavior learning

1. Membership Groups

- Groups that have a **DIRECT** influence on a person's behavior and to which a person belongs.

- **PRIMARY GROUPS**: They are regular groups with informal interactions

Ex: Family, Friends, Neighbors

- **SECONDARY GROUPS**: They are formal, and less regular groups.

Ex: Religious groups, Professional Associations, Trade Unions etc

Q) Is RGUKT Basar primary or secondary membership group?

Reference Groups

- They serve as direct or indirect influence on the person's attitudes, behavior.
- They expose members to new behavior and life style.
- The attitude change takes place (Corporate Culture)
- Self concept must fit in this reference group. (Self concept is the self image, the complete mental picture that people have of themselves)
- Individuals evaluate their own opinions and define self by comparing themselves with others.

Inspirational Groups

- These are the groups to which an individual wishes to belong.
- Ex: " I must belong to Wipro group, Infosys, Microsoft, IBM etc" is an aspiration to join the group
- The person aspires to relate himself psychologically to this group if he likes.

Family

- Wife - Husband-children
- most important consumer buying organisation in society and it has been researched extensively.
- People are strongly influenced by their family members while making buying decisions (Nuclear family, Joint family)
- Husband purchases furniture etc. Wife purchases kitchenware, decoration items etc.

Roles and Status

- Role: The activities a person is expected to perform according to the people around him.
- It is the general esteem given to a role by society
- Each role carries a status
 - As a brand manager (more social status)
 - As a daughter to your parents

Buying decision: Buy clothes that reflect Manager's role in office (rather than daughter's role at home)

III Personal Factors

- **Age and Family Life Cycle:** The stages through which families might pass as they mature over time.
- **Family Life Cycle:** Childhood, Bachelorhood, Honeymooners, Parenthood, Post -parenthood and dissolution
- **Occupation:** It affects goods bought. Work clothes are for Blue Collar Workers; and Suits and Ties for White Collar Workers.

Economic Circumstances

- A person's economic situations affect product choice.
- Disposable income, Savings, Borrowing Power, Interest etc.

Life Style

- A person's pattern of living expressed as his Activities, Interests, and Opinions.
- **Activities**: Hobbies, Work, Vacation etc
- **Interests**: Family, Home, Job etc
- **Opinions**: About themselves, social issues, politics etc.

Psycho graphics

- Techniques of measuring life styles
- And developing life style classification (measuring A,I,O)

Personality

- Person's distinguishing psychological characteristics that lead to relatively *consistent and lasting responses* to his own environment

Self Concept

- **Self image.** The way of thinking who you are.
- The complex *mental pictures* that people have of themselves
- The one "you think you are" (I am **intelligent**)
- How you evaluate yourself (I am No.**_1_**)
- How you perceive yourself (I am like this_)
- Your Skills, abilities, hobbies,physical characteristics,gender etc.

IV Psychological Factors

- Motivation: Anything that is sufficiently pressing to direct a person to perform actions in a desired way and seek satisfaction thereby.
- A need becomes a motive when it is aroused to a sufficient level of intensity.
- A motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction.

Freud's theory of motivation

- people are largely unconscious of the real psychological forces shaping their behaviour.
- As the person is growing up and repressing many urges, these urges are never eliminated or under perfect control; they emerge in dreams, in slips of the tongue, in neurotic and obsessive behaviour
- A person does not fully understand his or her motivation.

Hidden Factor

- If you want to purchase an expensive camera
- motive is a hobby or career.
- At a deeper level, you may be purchasing the camera to impress others with your creative talent
- At a still deeper level, you to become a celebrity by taking photography as a profession and earn money through social media such as Instagram, Youtube ,Face Book, and Twitter

Examples

- People resist buying Hawai chappals to wear outside because they are not fashionable. They may remind people of old age or poverty.
- People wear suit and boot to get recognised as they are modern, updated and highly sociable.

Maslow's theory of motivation

- People are driven by particular needs at particular times.
- Human needs are arranged in a hierarchy
- Physiological needs-->Safety & security needs-->Social (Love and belongingness)needs-->Self esteem needs-->Self actualisation needs
- A person tries to satisfy the most important need first,then goes to satisfy the next most important need

Perception

- —The process by which people select, organise and interpret information to form a meaningful picture of the world
- People can form different perceptions of the same stimulus because of three perceptual processes

3 Perceptual Processes

- **Selective attention**—The tendency of people to screen out most of the information to which they are exposed
- **Selective distortion**—The tendency of people to adapt information to personal meanings
- **Selective retention**—The tendency of people to retain only part of the information to which they are exposed, usually information that supports their attitudes or beliefs.

Learning

- —Changes in an individual's behaviour arising from experience
- most human behaviour is learned. Learning occurs through the interplay of drives, stimuli, cues, responses and reinforcement
- A drive is a strong internal stimulus that calls for action. The drive becomes a motive when it is directed towards a ***particular stimulus object (product)***

Cues

- Cues are **minor stimuli** that determine when, where and how the person responds. The idea of buying a product is conditioned by the surrounding cues.
- Ex: **Seeing** cameras in a shop window, **hearing** a special sale price, and her husband's support (OK, let's purchase it) are all cues that can influence your response to "***your interest in buying***" a camera.

- Marketers build up demand for a product by associating it with strong drives, using motivating cues and providing positive reinforcement.

Beliefs and Attitudes

- Belief—A descriptive thought that a person holds about something. Beliefs may be based on real knowledge, opinion or faith, and may or may not carry an emotional charge.
- Marketers are interested in the beliefs that people formulate about specific products and services, because these beliefs make up product
- Ex: Nikon is a quality camera with high resolution etc.
- Attitude—A person's consistently favourable or unfavourable evaluations, feelings and tendencies towards an object or idea ('Buy the best')

Buyer Decision Process

Problem Recognition.

Information Search.

Evaluation of Alternatives.

Purchase Decision.

Post-Purchase Evaluation.

- This model implies that consumers pass through all five stages with every purchase. But in more routine purchases, consumers often skip or reverse some of these stages. A woman buying her regular brand of toothpaste would recognise the need and go right to the purchase decision, skipping information search and evaluation
- 5 stages arise when a consumer faces a new and complex purchase situation

1. Need recognition

The buying process starts with need recognition – the buyer recognising a problem or need.

- The buyer senses a difference between his or her actual state and some desired state.
- The need can be triggered by **internal stimuli** when one of the person's normal needs – hunger, thirst, shelter etc– rises to a level high enough to become a drive. From previous experience, the person has learnt how to cope with this drive and is motivated towards objects that he or she knows will satisfy it.
- A need can also be triggered by **external stimuli**.
Ex: If you pass a bakery and the smell of freshly baked bread stimulates your hunger.

2. Information Search

- The stage of the buyer decision process in which the consumer is aroused to search for more information;
- The consumer may simply have heightened attention or may go into active information search
- An aroused consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may simply store the need in memory or undertake an information search related to the need.

Level of Intensity in Information Search

- **Heightened attention** : The consumer may simply enter heightened attention. Here he becomes more receptive to information about products. Ex: He pays attention to 'camera ads, cameras used by friends and camera conversations'
- **Active information search**: The consumer may go into active information search, in which he looks for reading material, phones his friends and gathers information in other ways to know more about product.

Sources of Information

- The consumer can obtain information from any of several sources:
- **Personal sources:** family, friends, neighbours, acquaintances
- **Commercial sources:** advertising (Pamphlets, Wall posters, Bill boards etc), sales people, the Internet, packaging, displays (POS, Shop Window displays etc)
- **Public sources:** mass media (News papers, TVs, Magazines etc), consumer-rating organisations
- **Experiential sources:** handling, examining, using the product

- As more information is obtained, the **consumer's awareness and knowledge** (of the available brands and features) **increases**.
- He learns about the various brands available.
- The information also helps him **eliminate certain brands from his 'consideration set'** (Echo set).
- **The company must also learn** which other brands customers consider so that it knows its competition **and can plan its own appeals**.

- *A company must design its marketing mix to make prospects aware of and knowledgeable about its brand*
- The marketer should identify consumers' sources of information and the importance of each source. Consumers should be asked how they first heard about the brand, what information they received

3. Evaluation of Alternatives

- — The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set.
- A product is a bundle of product attributes with varying capacities for delivering the benefits and satisfying the need.
- A Product is seen as a Bundle of benefits
- The consumers consider the attributes relevant to their needs and will pay the most attention to those attributes (connected with their needs)

4. Purchase decision

- —The stage of the buyer decision process in which the consumer actually buys the product.
- In the evaluation stage, the consumer ranks brands and forms purchase intention.
- Generally, the consumer's purchase decision will be to buy the most preferred brand, but two factors, can come between the purchase intention and the purchase decision. The first factor is *the attitudes of others*. The second factor is *unexpected situational factors*

Evaluation of
Alternatives



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graph LR; A[Evaluation of Alternatives] --> B[Purchase Intention]; B --> C[Purchase Decision];
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The diagram illustrates a three-step process. It begins with a red rounded rectangle containing the text 'Evaluation of Alternatives'. A red arrow points from this rectangle to a green rounded rectangle containing the text 'Purchase Intention'. A green arrow then points from the green rectangle to a purple rounded rectangle containing the text 'Purchase Decision'.



Purchase
Intention



Purchase
Decision

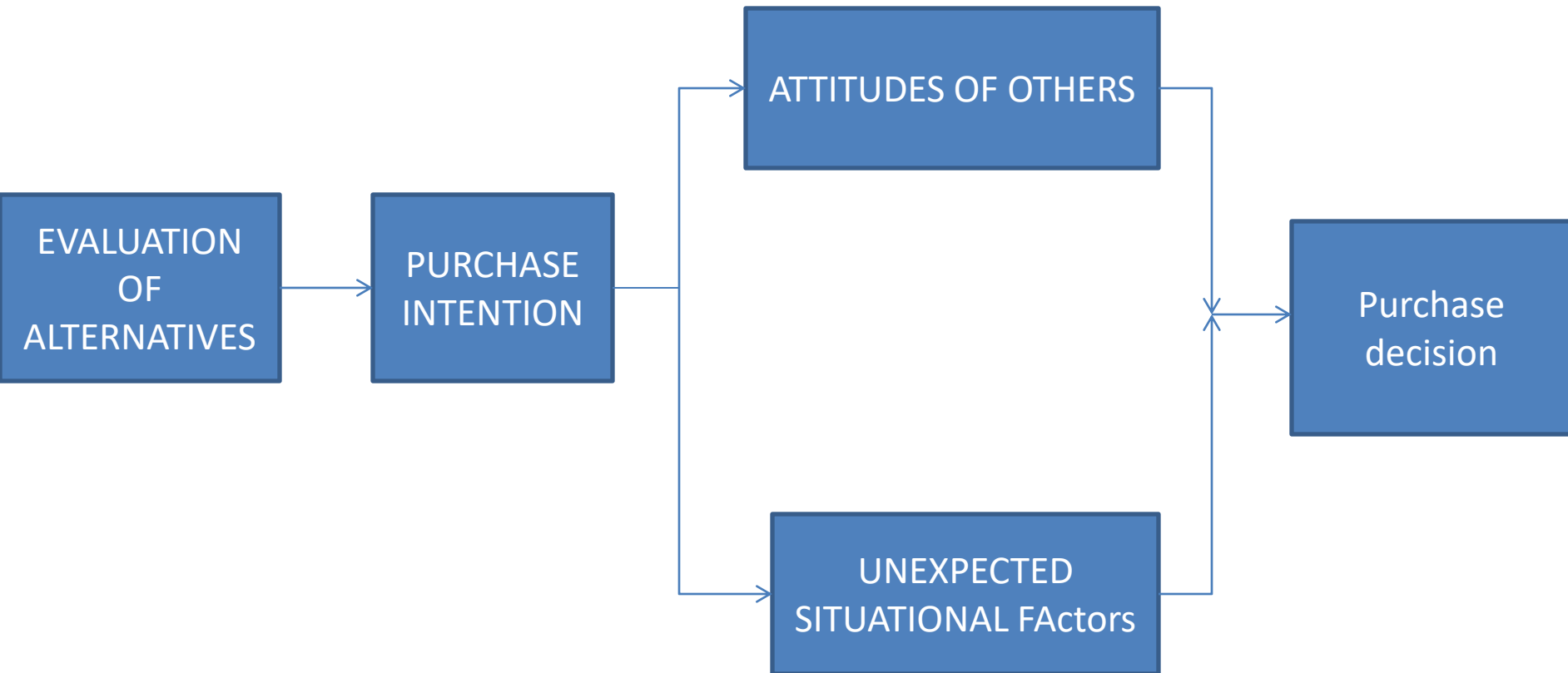


Figure: Steps between evaluation of alternatives and a purchase decision

Attitudes of others

- For example, if your father feels strongly that you should buy the lowest-priced camera, then the chance of buying a more expensive camera is reduced.
- If the intimacy with other person is strong, then he or she will influence your brand choice strongly.
- Sometimes, the seller's attitude towards you is not up to the mark, then you don't purchase.

Unexpected Situational Factors

- The consumer may form a purchase intention based on factors such as expected family income, expected price and expected benefits from the product.
- When the consumer is about to act, unexpected situational factors may arise to change the purchase intention.
- You may lose your job; some other purchase may become more urgent; or a friend may report being disappointed by the brand that you wanted to buy.

5. Postpurchase behaviour

- — The stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction
- If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted.