

Consumer Markets & Buying Behaviour



Learning Objectives

- Edge of an interesting dichotomy
 - Consumer vs. Marketer ☺
- Major factors influencing consumer behavior
- Stages in the buying decision process
- Types of buying decision behavior

The Consumer Market

ULTIMATE CONSUMERS

**Buy goods and services
for their own personal or
household use**



Why Study Consumer Markets???

Are Consumers Rational???

- Dettol Vs. Savlon; why?
- Consumers wear specs easily, but not hearing aids!
- Consumers want 1 mm kitchen sink
- Pears says “transparent soap” – why should anyone care?

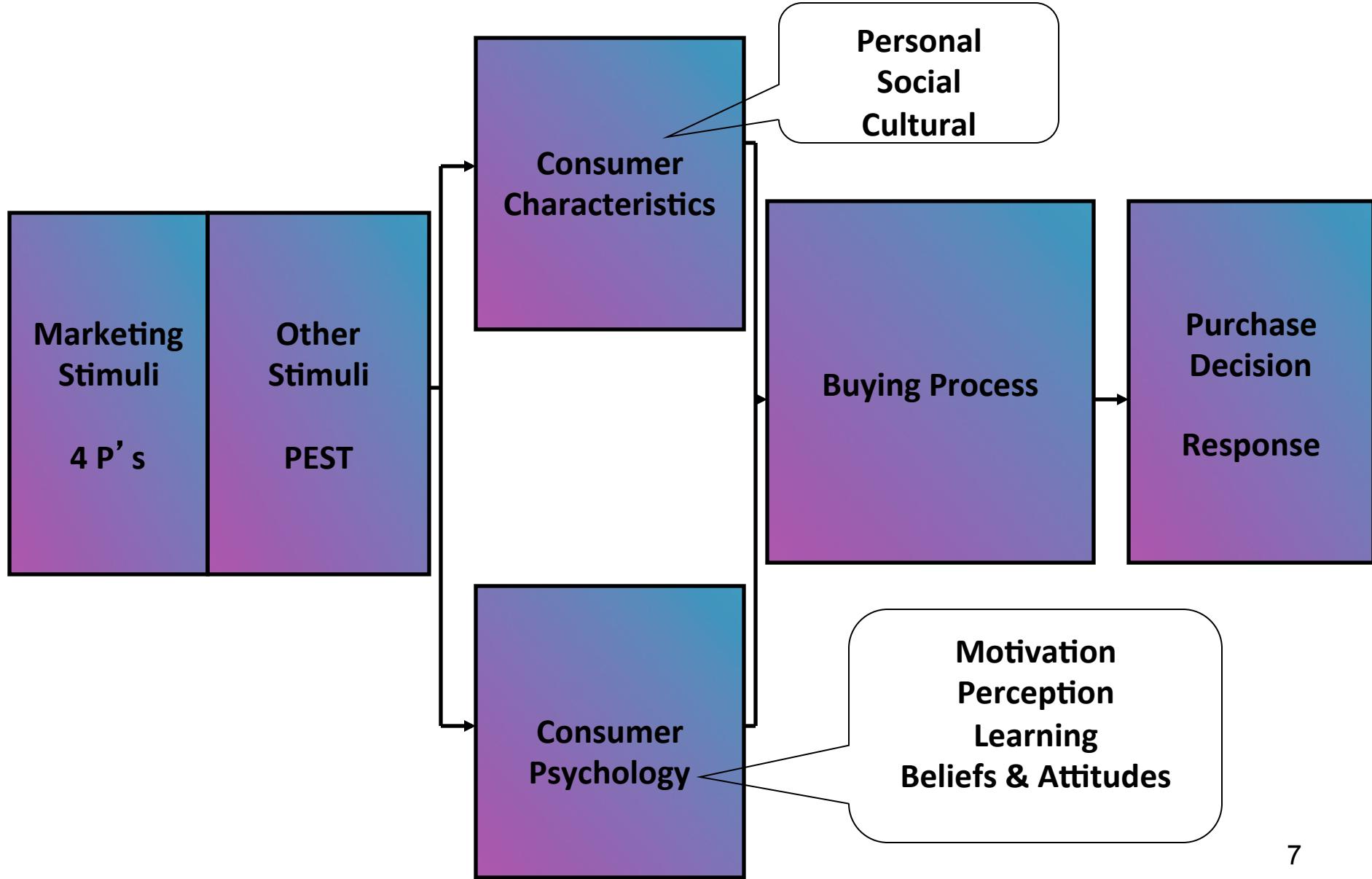
Consumer Behaviour - Definition

- ???
- Behaviour displayed by consumers in searching for, purchasing, using, evaluating and disposing of products and services
 - *Schiffman and Kanuk, 2004*

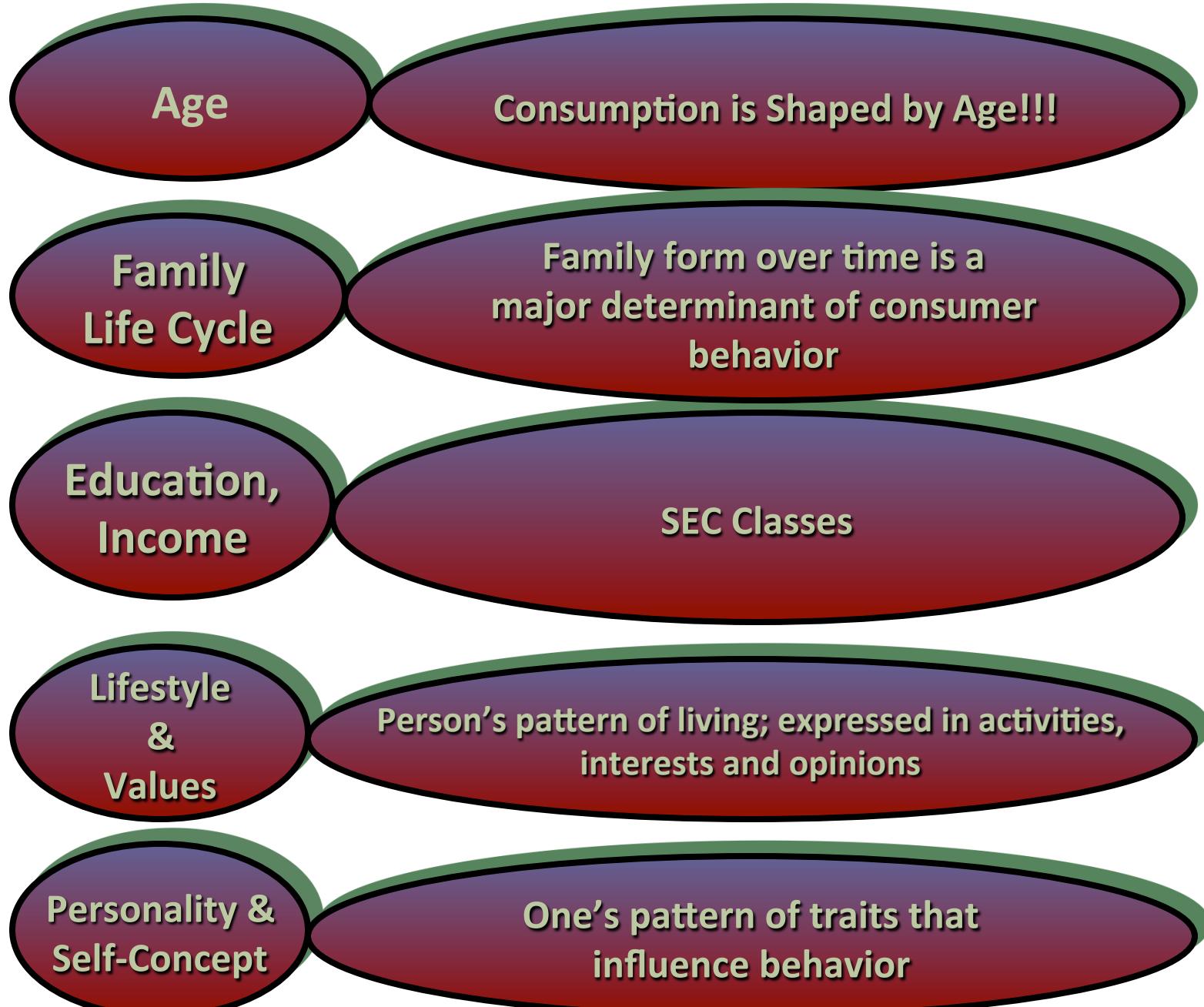
Model of Consumer Behaviour



Model of Consumer Behaviour



Personal Factors



Family Life Cycle Stages



Nine
stages
with
different
buying
behavior

Bachelor

Young Married

Full Nest I

Single Parents

Divorced and Alone

Middle-aged Married

Full Nest II

Empty Nest

Older Single

Personality

- A set of inner psychological characteristics that determine and reflect how a person responds to his/her environment
- Characteristics of Personality:
 - It reflects individual differences
 - It is consistent (pattern)
 - It can change, however!
- Plus it starts early too
- A look around us will tell us how different all of us are

Personality Traits

- There are hundreds of personality traits
- Some of them are relevant to CB
- These include
 - Consumer Innovativeness (Levels)
 - Need for Cognition (NFC)
 - Need for Closure (NFCL)

Self and Self-Image

- Consumers are said to have multiple selves or multiple self-images
 - Actual self-image (How consumers see themselves)
 - Ideal self-image (How consumers would like to see themselves)
 - Social self-Image (How Consumers feel others see them)
 - Ideal social self-image (How consumers would like others to see them)
- Marketing Implications?

Self and Self-Image

- Consumers buy and use brands that are consistent with their self-images
 - For household products, one may be guided by actual self-image
 - For conspicuous products (e.g. car), I am guided by ideal social self-image
 - Marketers' communication should be tailored accordingly

Social Factors

Reference Groups

Roles & Status

Family

Cultural Factors

Culture

Subcultures

Social Class

Culture - Definition

- A learned, shared, compelling, interrelated set of orientations for members of a society
- It is how we are programmed mentally
- It is all-encompassing
 - Hardly an area where the “invisible hand” of culture does not touch

Culture - Why is it important?

- The example of Euro Disney in France is a striking one
- Why is pizza somewhat successful in India while breakfast cereals took a long time to establish themselves?
- And so on and so forth
- Culture & Branding!!!

Social Class

Urban India – A1, A2, B1, B2, C, D, E1, E2
Rural India – R1, R2, R3, R4

Psychological Factors



Motivation

Perception

Learning

Beliefs

Attitude

Motivation

When does a need become a motive?

- Freud (people's behaviour are largely shaped by the unconscious; hidden buying motives)
- Maslow
 - Hierarchy of Needs
- Herzberg's Theory
 - Dissatisfiers and Satisfiers

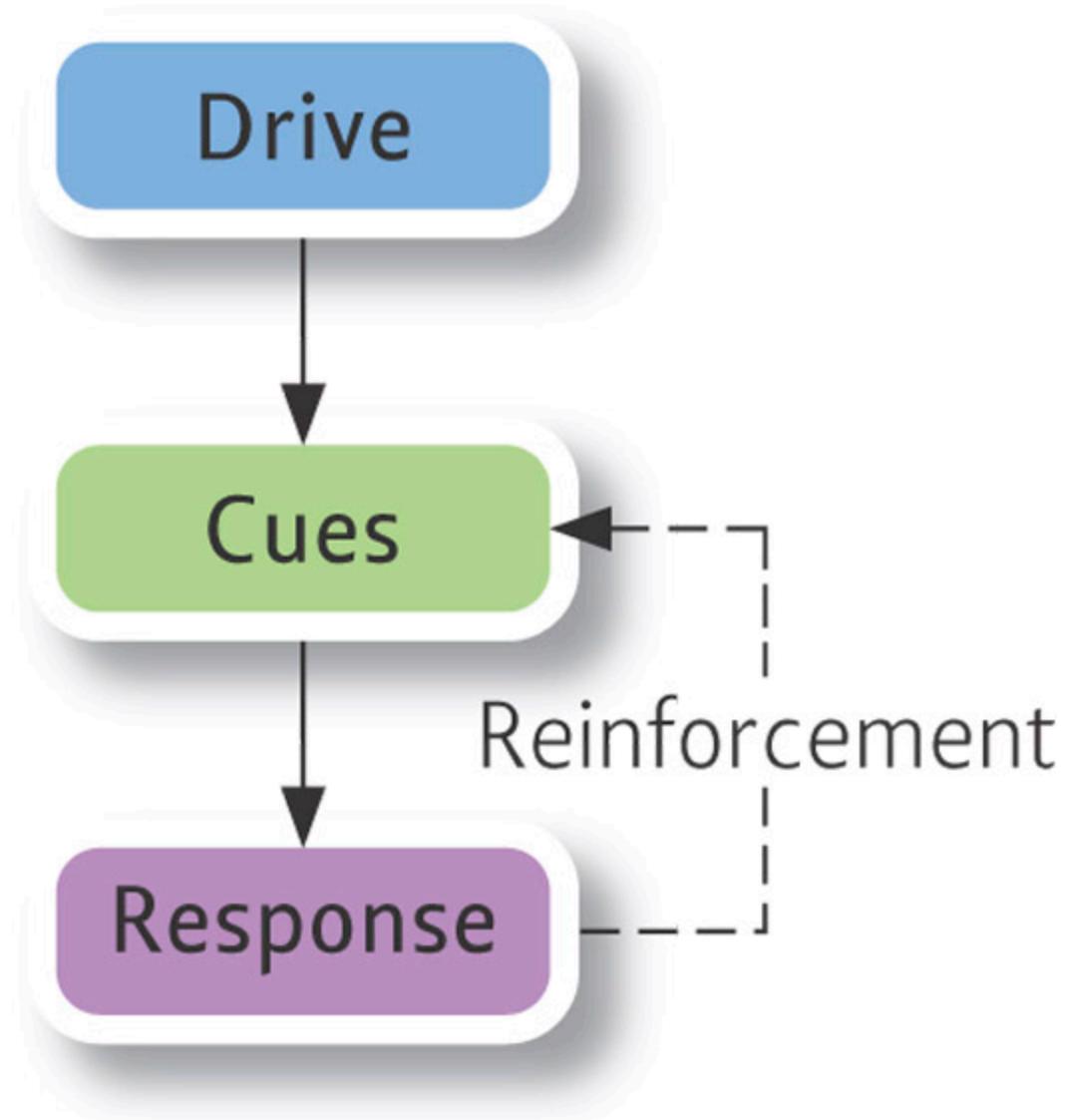


Perceptions

- Motivation
- **Perception**
 - An individual selects, organizes, and interprets inputs to create a meaningful picture of the world
 - Klapper's Rings of Defense

Learning

- Motivation
- Perception
- **Learning**
 - Changes in an individual's behavior arising from experience



Learning

- In CB: The process by which consumers acquire the purchase and consumption knowledge and experience that they apply to future related behaviour
- Behavioral Learning Theories:
 - Classical Conditioning
 - Social Learning

Beliefs

- Motivation
- Perception
- Learning
- **Beliefs**
 - Descriptive thoughts that a person holds about something

Attitudes

- Motivation
- Perception
- Learning
- Beliefs
- **Attitudes:** Evaluative judgments of stimulus object, issue, or person
- Attitude is the predisposition to act / precursor to behaviour



ATTITUDES

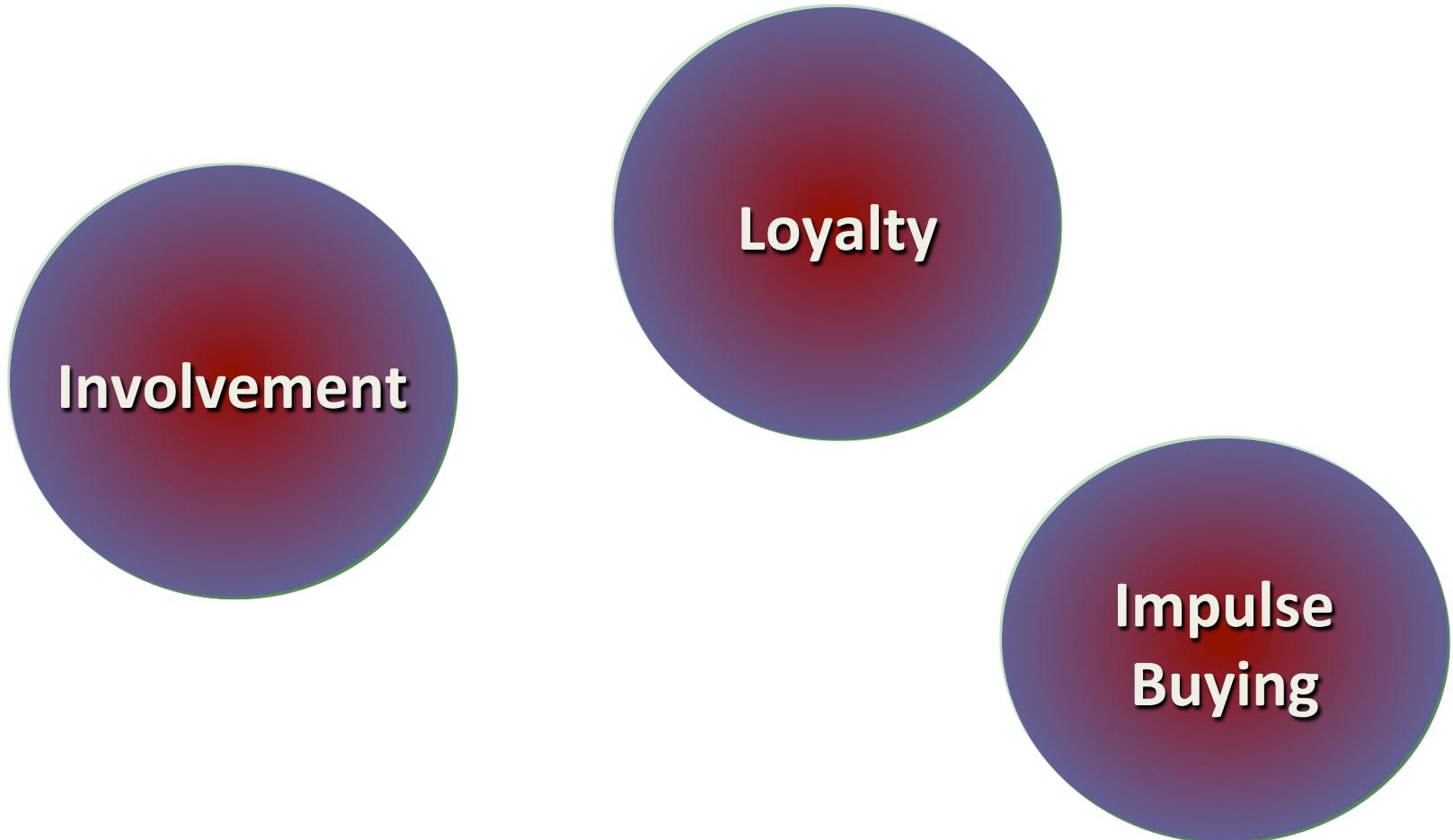
- Are Learned
- Have Direction
- Have Intensity

Consumer Choice & Decision Making

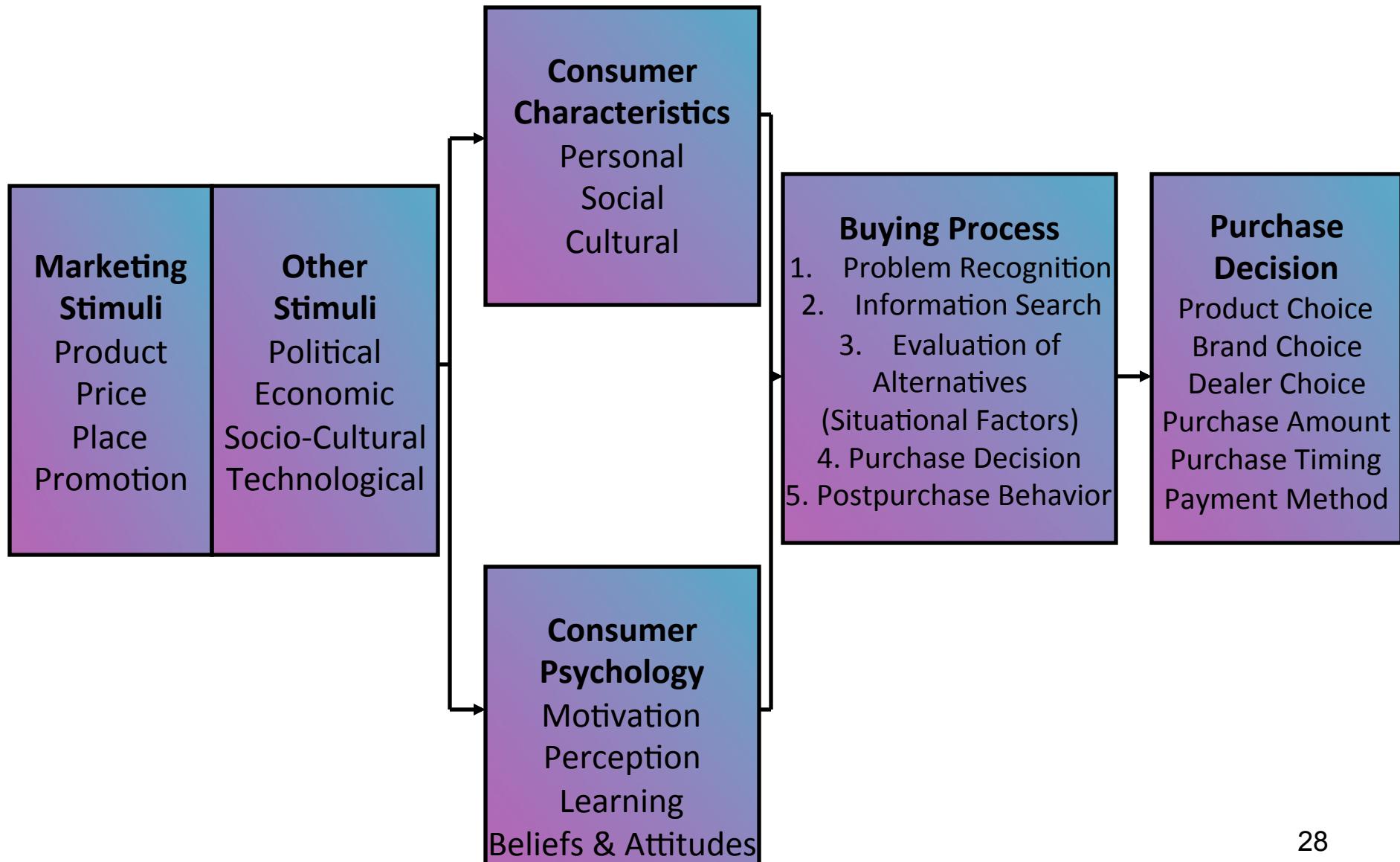
- Problem Recognition
- Information Search
- Evaluation of Alternatives
- Purchase Decision
- Post-purchase Behaviour
(Cognitive Dissonance)



Consumer Buying-Decision Process



Model of Consumer Behaviour



Problem Solving Continuum (Types of Buying Behaviour)

Low involvement
Frequently purchased
Inexpensive
Little risk
Little information

High involvement
Infrequently purchased
Expensive
High risk
Much information desired

Routinized
Response
Behavior

Limited
Problem
Solving

Extensive
Problem
Solving



Impulse Buying Behaviour

Consumer Vs. Business Markets

- This is all about consumer markets
- Is it different at all from business markets? If yes,
- How is the buying process different for consumers and for businesses?

Buyer Markets and Buying Behavior



Learning Objectives

- Nature and scope of the business market
- Characteristics of the business markets
- Components of business markets
- Characteristics of business market demand
- Buying processes in business markets

Business Market

Individuals and organizations that buy goods and services to:



Make other goods and services



Resell

Conduct the organization's operations



Business Markets - Characteristics

Describing Business Markets

Profile

Size

Regional
Concentration

Even Small
differences
are important

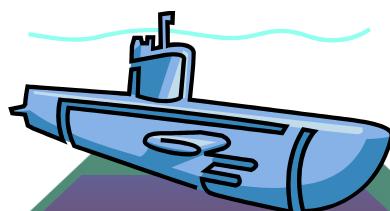
Components of the Business Market



Agricultural



Services



Government



International



“Nonbusiness”

Characteristics of Business Market Demand



Derived Demand

Inelastic Demand

Fluctuating Demand

Well-informed buyers

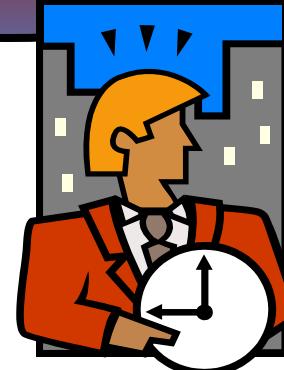
Importance of Business Buying

**Right product, right time, right price
affects firm's performance**

**Making less
and buying more**

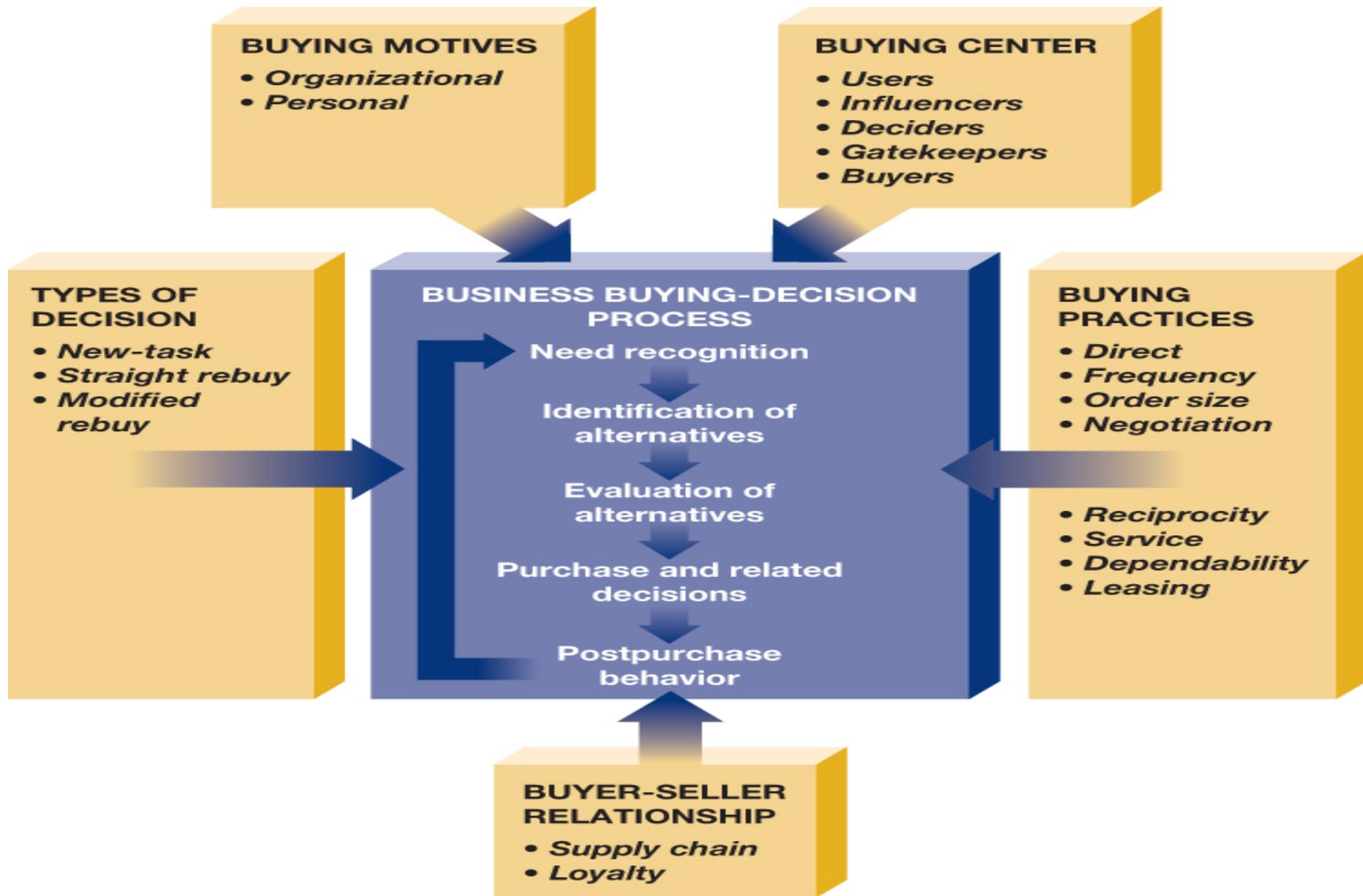


**Quality and time
pressure**



**Concentrating
purchases**

Business Buying-Decision Process



Steps in Buyer Decision Process

1. Problem Recognition
2. General Need Description
3. Product Specification
4. Supplier Search
5. Proposal Solicitation
6. Supplier Selection
7. Order-routine specification
8. Performance review