

CONSUMER BEHAVIOUR

M.COM PART-1

PAPER-VII

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The actions a person takes in purchasing and using products and services, including the mental and social processes that precede and follow these actions.

The behavioral sciences help answer questions such as :

Why people choose one product or brand over another, How they make these choices, and How companies use this knowledge to provide value to consumers.

CONSUMER BUYING BEHAVIOUR

Buying Behavior is the decision processes and acts of people involved in buying and using products.

Need to understand:

why consumers make the purchases that they make?

what factors influence consumer purchases?

the changing factors in our society.

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

Buyers reactions to a firms marketing strategy has a great impact on the firms success.

The marketing concept stresses that a firm should create a *Marketing Mix* (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.

Marketers can better predict how consumers will respond to marketing strategies.

TYPES OF CONSUMER BUYING BEHAVIOUR

Types of consumer buying behavior are determined by:

Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.

Buyers level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.

High involvement purchases--Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

Personal risk

Social risk

Economic risk

The four type of consumer buying behavior are:

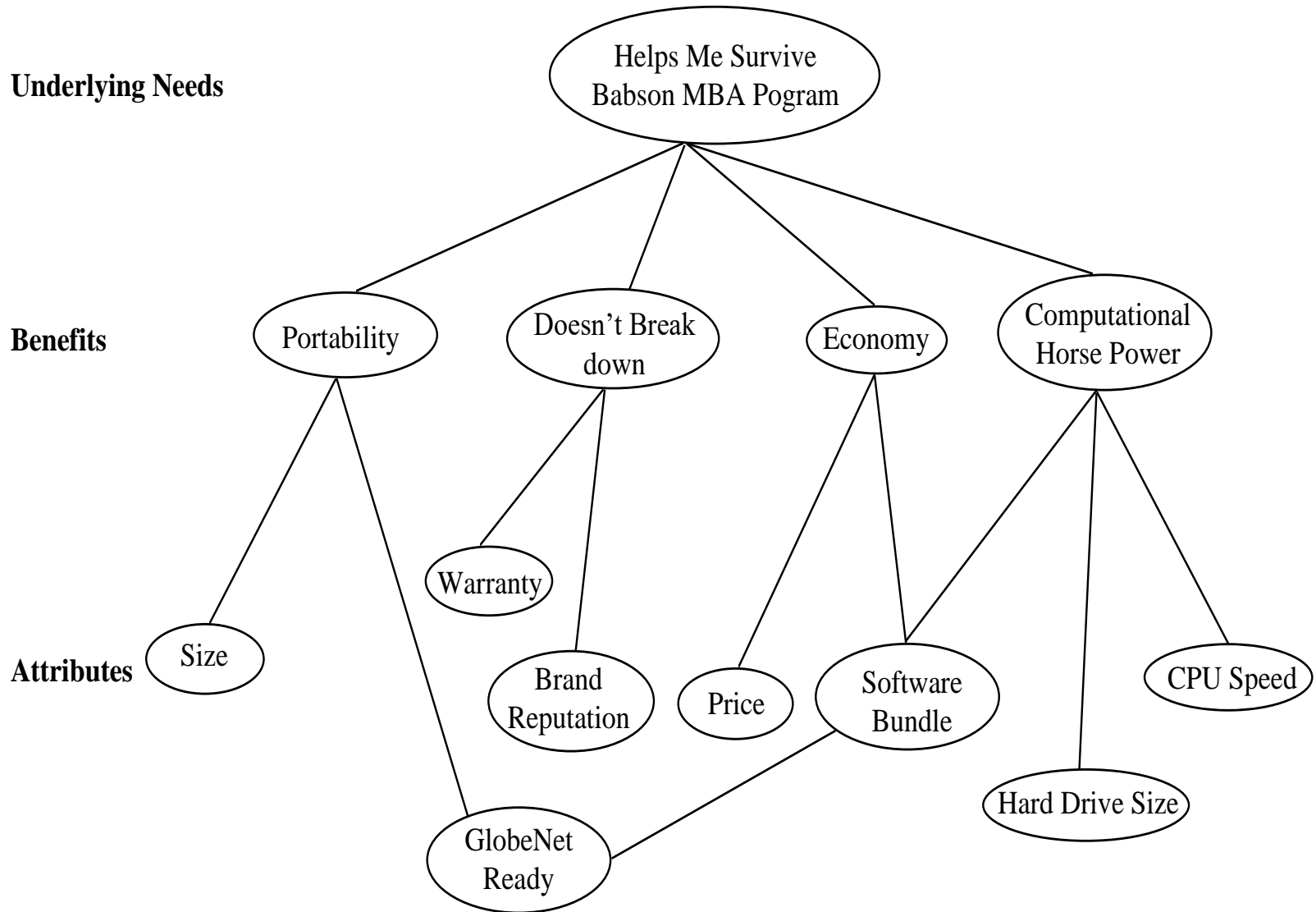
Routine Response/Programmed Behavior--buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.

Limited Decision Making--buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a

TYPES OF CONSUMER BUYING BEHAVIOUR CONTD.

- a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.
- Extensive Decision Making/Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend alot of time seeking information and deciding.
- Information from the companies MM; friends and relatives, store personnel etc. Go through all six stages of the buying process.
- **Impulse buying, no conscious planning:** The purchase of the same product does not always elicit the same Buying Behavior. Product can shift from one category to the next.
- For example: Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

DIAGRAM FOR CONSUMER BUYING BEHAVIOUR PROCESS



STAGES IN BUYING BEHAVIOUR PROCESS

Six Stages to the Consumer Buying Decision Process (For complex decisions). Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity...discussed next. The 6 stages are:

Problem Recognition(awareness of need)--difference between the desired state and the actual condition. Deficit in assortment of products. Hunger--Food. Hunger stimulates your need to eat. Can be stimulated by the marketer through product information--did not know you were deficient? I.E., see a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

Information search--

Internal search, memory.

External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc.

A successful information search leaves a buyer with possible alternatives, the *evoked set*.

Hungry, want to go out and eat, evoked set is

chinese food

indian food

burger king

klondike kates etc

Evaluation of Alternatives--need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, indian gets highest rank etc.

If not satisfied with your choice then return to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

Purchase decision--Choose buying alternative, includes product, package, store, method of purchase etc.

Purchase--May differ from decision, time lapse between 4 & 5, product availability.

Post-Purchase Evaluation--outcome: Satisfaction or Dissatisfaction. **Cognitive Dissonance**, have you made the right decision. This can be reduced by warranties, after sales communication etc.

After eating an indian meal, may think that really you wanted a chinese meal instead.

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Information and deciding:

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FACTORS AFFECTING CONSUMER BUYING BEHAVIOUR PROCESS

A consumer's buyer behaviour is influenced by four major factors:

- 1) Cultural,**
- 2) Social**
- 3) Personal**
- 4) Psychological.**

These factors cause consumers to develop product and brand preferences. Although many of these factors cannot be directly controlled by marketers, understanding of their impact is essential as marketing mix strategies can be developed to appeal to the preferences of the target market.

When purchasing any product, a consumer goes through a decision process. This process consists of up to five stages:

- Stage 1: problem recognition,
- Stage 2: information search,
- Stage 3: evaluation of alternatives,
- Stage 4: purchase decision
- Stage 5: post purchase behaviour.

The length of this decision process will vary. A consumer may not act in isolation in the purchase, but rather may be influenced by any of several people in various roles. The number of people involved in the buying decision increases with the level of involvement and complexity of the buying decision behaviour.

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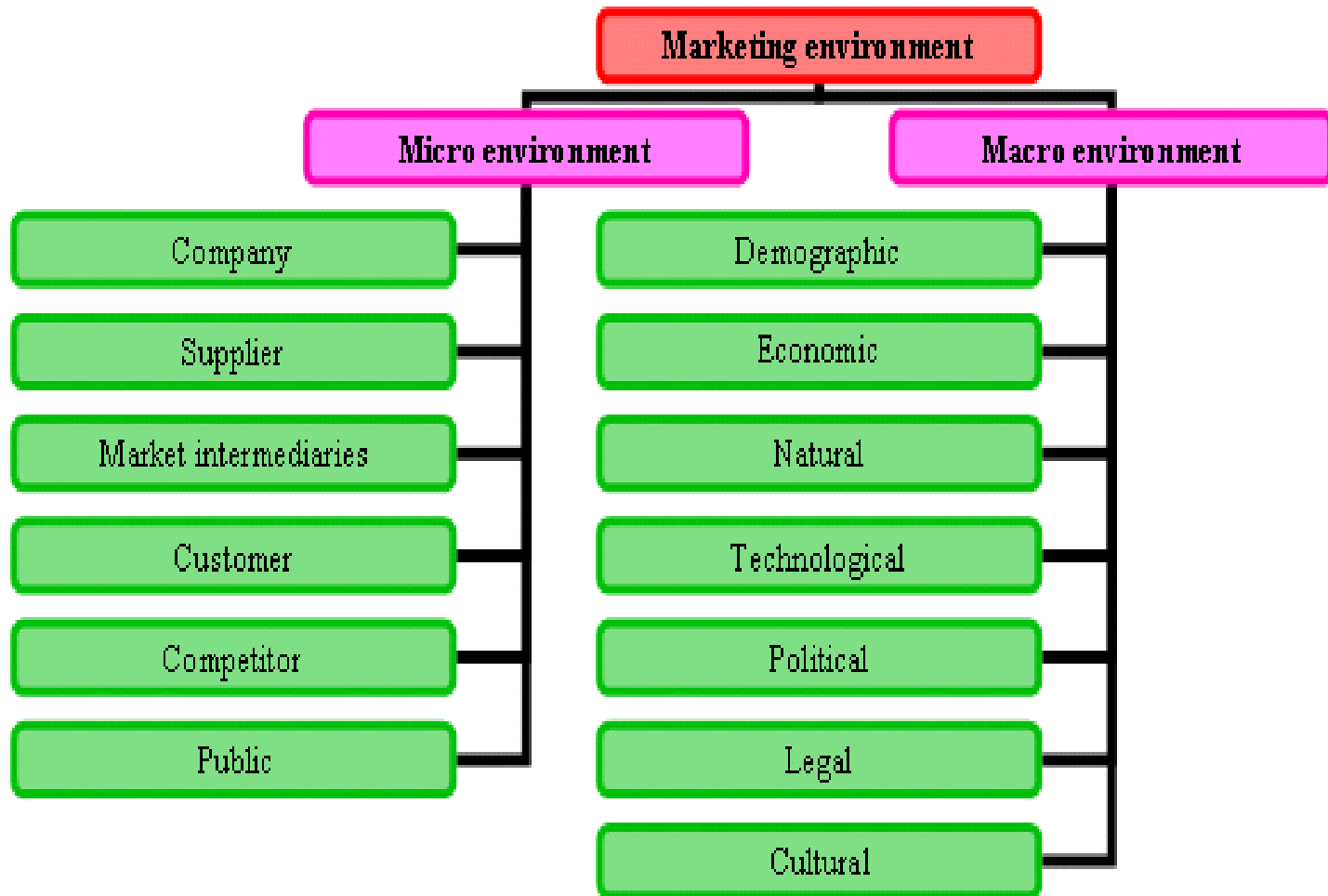
- **SOCIAL factors** include groups (reference groups, aspirational groups and member groups), family, roles and status. This explains the outside influences of others on our purchase decisions either directly or indirectly.

PERSONAL factors include such variables as age and lifecycle stage, occupation, economic circumstances, lifestyle (activities, interests, opinions and demographics), personality and self concept. These may explain why our preferences often change as our 'situation' changes.

PSYCHOLOGICAL factors affecting our purchase decision include motivation (Maslow's hierarchy of needs), perception, learning, beliefs and attitudes.

Other people often influence a consumer's purchase decision. The marketer needs to know which people are involved in the buying decision and what role each person plays, so that marketing strategies can also be aimed at these people. (Kotler et al, 1994).

DIAGRAMS FOR CONSUMER BUYING BEHAVIOUR FACTORS

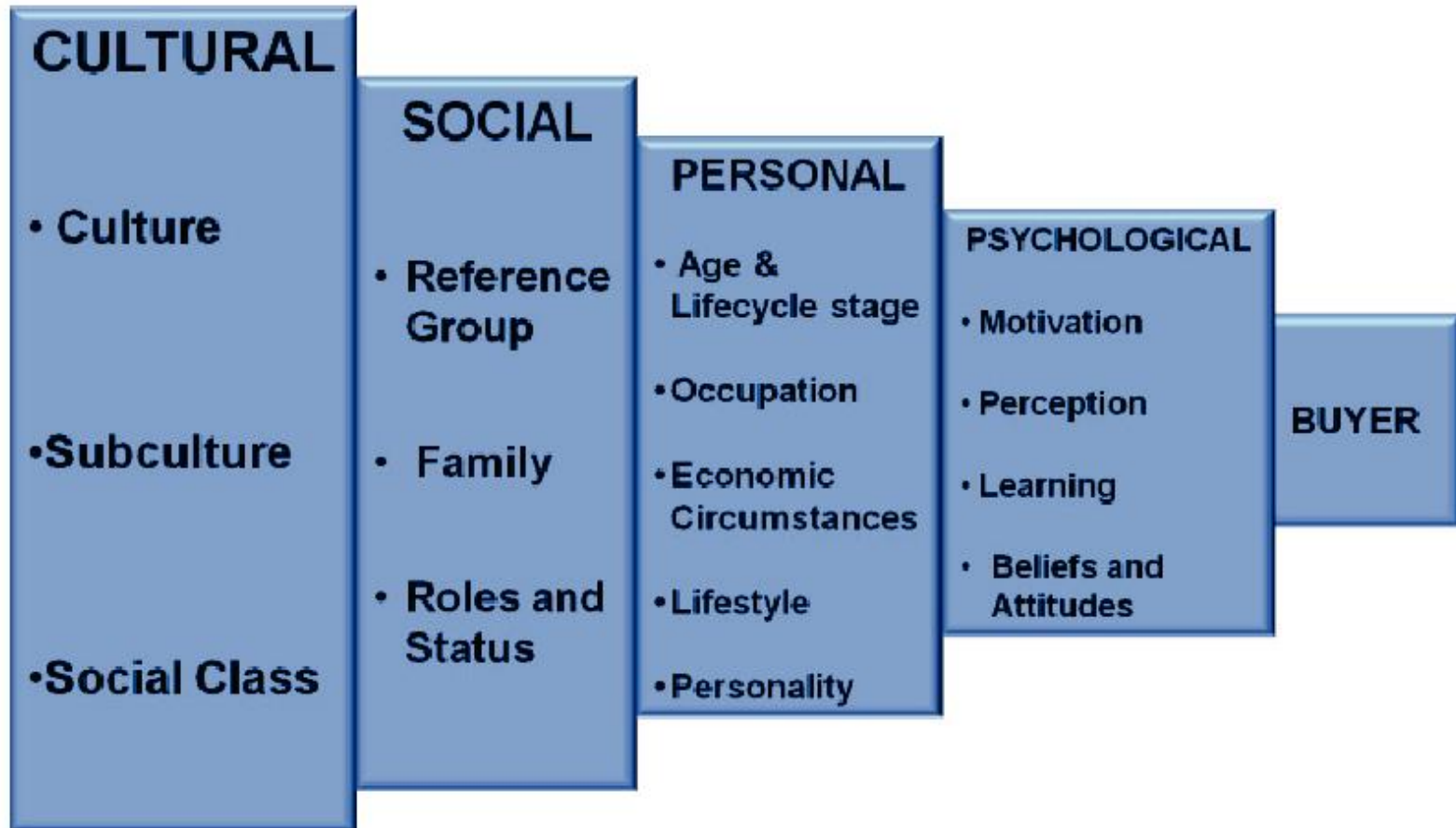


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- Consumer's buyer behaviour and the resulting purchase decision are strongly influenced by cultural, social, personal and psychological characteristics. An understanding of the influence of these factors is essential for marketers in order to develop suitable marketing mixes to appeal to the target customer.

CULTURAL factors include a consumer's culture, subculture and social class. These factors are often inherent in our values and decision processes.

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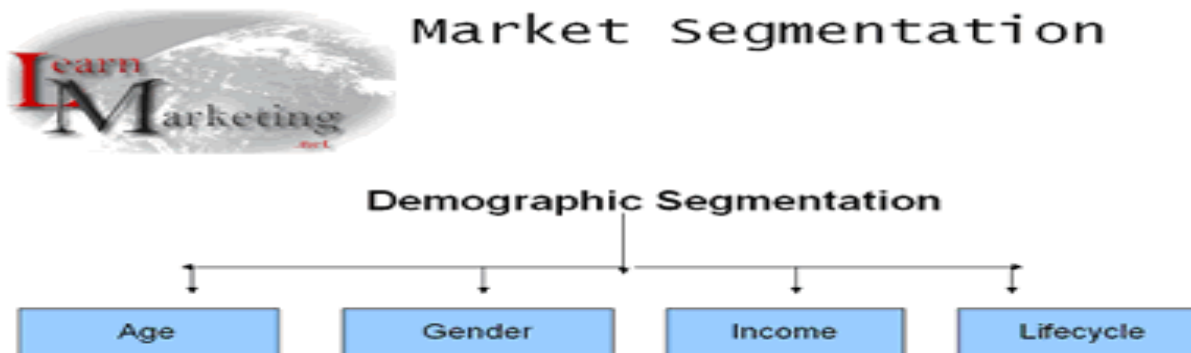
MARKET SEGMENTATION

Segmentation is a method of “dividing a market (Large) into smaller groupings of consumers or organisations in which each segment has a common characteristic such as needs or behaviour.”

Market Segments can be defined in many different ways. One way to carve up a market is to identify **Preference segments**.

Types of Segmentation:

DEMOGRAPHIC SEGMENTATION



Demographics originates from the word 'demography' which means a 'study of population'

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- **PSYCHOGRAPHIC SEGMENTATION**



Market Segmentation

Psychographics Segmentation



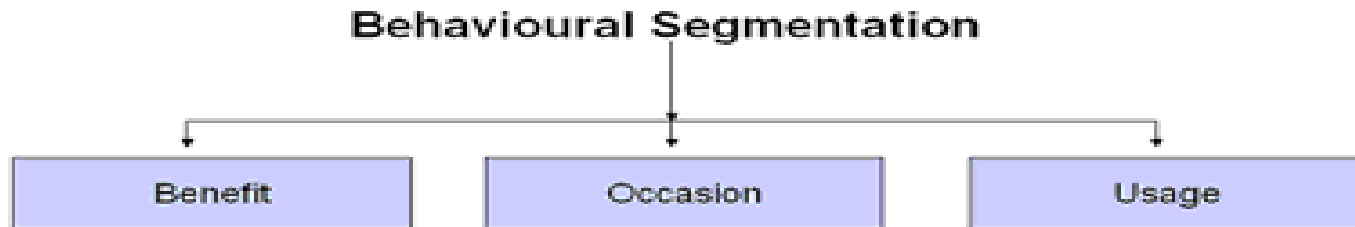
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- BEHAVIOURAL SEGMENTATION



Market Segmentation



Behavioural segmentation refers to why people purchase a product or service

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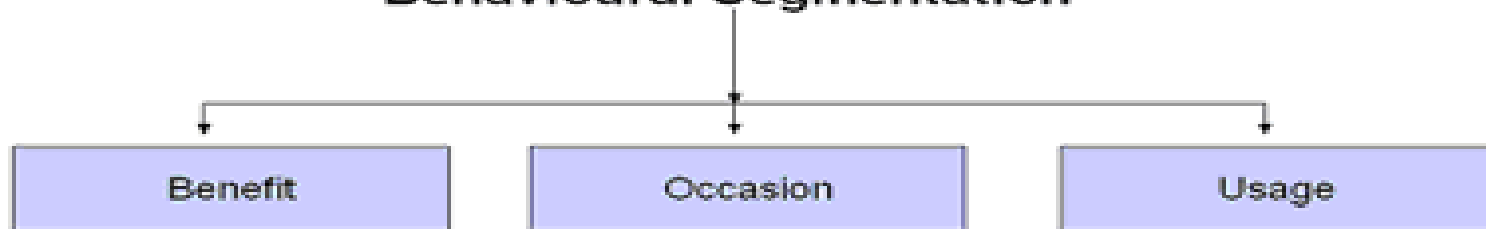
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Market Segmentation

Behavioural Segmentation



Behavioural segmentation refers to why people purchase a product or service