

UNIT 6: BUYER BEHAVIOUR

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6.0. OBJECTIVES

After studying this unit, you should be able to:

- explain the concept of buyer behaviour;
- differentiate between a buyer and consumer; and
- describe the factors affecting/ influencing a buyer's behaviour.

6.1. INTRODUCTION

Buyers are the foundation of any business organisation. No business organisation can grow, survive or excel without buyers or customers. Therefore, marketing firms must aim at understanding the behaviour of its buyers. They must conduct thorough research to find out “What factors drive his buyer to act?” “Who are the people influencing the buying decision of the buyer?” “What are the needs of their buyers” “What is the occasion for which the buyer is likely to make purchase?” “What is the frequency of buying?” Such questions will help the marketers to develop a deeper understanding of their buyer and formulate more appropriate strategies.

Since, buyer behaviour is a psychological construct which is complex to understand and act. Therefore, well-planned and equipped strategies are required to conduct an extensive market research and analyse the results carefully. In this unit, you will learn

6.2. CONCEPT OF BUYER BEHAVIOUR

Buyer behaviour refers to the way a buyer acts while making a purchase. It refers to the way in which a buyer takes decision to actually buy a product or not. Buyer behaviour is also termed as “consumer buying behavior”. However, the term consumer buying behaviour is limited to an individual buyer while using the term “buyer behaviour” a buyer can be an individual, group of individuals, organisation etc. A marketer tries to understand the underlying conditions or circumstances that drives a buyer to behave in a particular manner. In other words, the marketer tries to understand what makes a buyer to buy a given product and not some other product. Some important definitions of buyer behaviour are as follows:

According to Prof. Philip Kotler, *“Buying behavior is the decision process and acts of customers involves in buying and using products.”*

According to E. W. Condiff, R. R. Still and R. A. Govoni, *“Buyer behavior may be viewed as orderly process whereby the individual interacts with his/her environment for the purpose of making market place decisions on products and services.”*

According to C. G. Waltters and W. G. Paul, *“Consumer behavior is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services.”*

According to Frederick Webster, *“Buyer behavior is all psychological, social and physical behavior of potential customers as they become aware to evaluate, purchase, consume and tell other people about the product and services.”*

Buyer behaviour is the process where people make decisions regarding what, when, how to buy and use the products. Buyer behaviour is the driving force behind any market process as it helps in understanding what the consumer actually wants.

From the above definitions we can conclude that The concept of ‘buyer behaviour’ facilitates the marketer to understand his customer well and make its ‘marketing mix’ strategies after considering his target buyers’ behaviour with due diligence.

6.3. DIFFERENCE BETWEEN BUYER AND CONSUMER

A buyer also known as customer, is the person who actually buys the product or service. Buyer is the person who pays for the product or services availed. A buyer may buy a product or service with an intent to resell or consume it. On the contrary, a consumer is the person who ultimately consumes the product or service. A consumer is said to be the end user of the product or service. For instance, Ram’s father buys a pair of shoes for Ram. In this case Ram’s father is the buyer or customer and Ram is the consumer. On the other hand, Ram’s father buys a pair of shoes for himself. In this case Ram’s father is the buyer as well as the consumer of the product. The following table outlines the difference between a buyer and a consumer taking various basis into consideration (Table 1).

Table 1: Difference between buyer and consumer

Basis	Buyer	Consumer
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Meaning	A person who purchases the product or service.	A person who uses or is the end user of the product or service.
Resell	A buyer can resell the goods.	A consumer can not resell the goods since he is the end user of the product or service.
Purchase of goods	A buyer needs to buy a product or service.	A consumer need not buy a product or service.
Purpose	To resell or consume the goods and services	To consume the goods and services
Price of the product	Price is paid by the buyer	Price may or may not be paid by the consumer
Target group	Individual or organisation	Individual, family or group of people

6.4. FACTORS AFFECTING BUYER BEHAVIOUR

There are five major factors that affects a buyer behavior viz. cultural, social, personal, psychological, and economical factors. The below given flowchart explains these factors in detail (Figure 1). Let us learn them in detail.

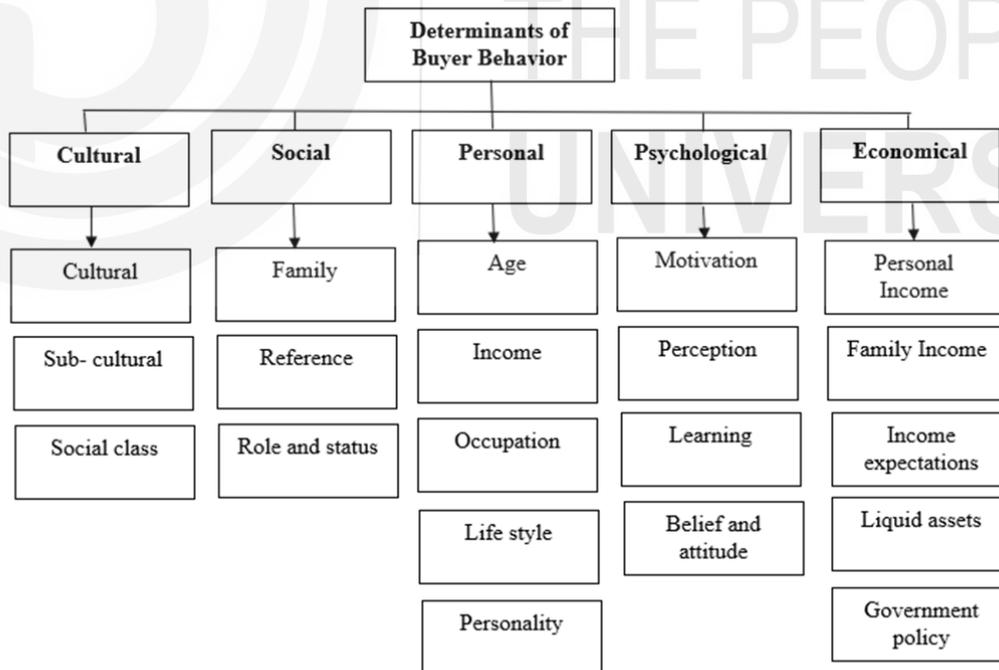


Figure 1: Factors affecting buyer's behavior flowchart

1. **Cultural factors:** Buyer's behavior is influenced by various cultural factors like the buyer's culture, social class and sub- culture. Let us learn various cultural factors.
 - (a) **Culture:** Culture is the most significant factor affecting a buyer's purchase behavior. Cultural factors include factors like ethics, values, wants, needs, preferences, perceptions etc. Cultural factors are the observed factors that a person deduces by observing his family members or the ecosystem he lives in.
 - (b) **Sub- culture:** A culture generally, consists of various subcultures like religions, geographic groups, racial group, nationality, caste etc. These subcultures share same set of values or beliefs. A marketers may segment the market on the basis of these subcultures and can accordingly cater the needs of the target segment. For instance, a marketer may target a specific religious group.
 - (c) **Social class:** Every society possess some form of social class. A social class is determined on basis of various factors like education, wealth, income, occupation etc. A marketer may aim at targeting a specific segment of social class. For example, apple inc. targets people falling in higher income group.

2. **Social factors:** Social factors also influence a buyer's purchase behaviour. These factors include various factors like family, reference group, roles and status etc. let us learn various social factors.
 - (a) **Family:** Family plays a significant role in influencing a buyer's decision about a product or brand. Family is said to be the strongest factor that impact a person's decision. Marketers must aim at understanding the role of the family members like parents, husband, wife, children, siblings etc. in influencing a purchase decision.
 - (b) **Reference group:** Reference group consists of the people whose suggestions or advices matter to one. Reference group generally consists of people like friends, colleagues, relatives, neighbours etc. who we look up to while making a purchase decision. For instance, buying an iPhone instead of an android phone because your friend has an iPhone.
 - (c) **Role and status:** A person's buying behaviour is significantly influenced by the role or status one holds in the society. A person's role or status is determined by the profession or the group of people one is associated with. For example, working in a finance company, a teacher, a housewife, a doctor, chairman of a housing society etc. A female playing dual roles of housemaker and a teacher, her purchase decision will be influenced by both the roles she is playing in the society.

3. **Personal factors:** Personal factors are equally important in determining a buyer's purchase decision. These include factors like age, income, occupation, lifestyle, personality. Let us learn various personal factors.
 - (a) **Age:** The age of a person influences his purchase decisions. As you must be aware that people pass through various stages of life cycle like from a child to an adult, from unmarried to a married couple, from parents to old age etc. at each stage a person's preference of products or services varies. For example, young buyers prefer flashy or fashionable clothes whereas an elderly person may prefer a comfortable and simple attire.

- (b) **Income:** Income is the most critical factor influencing a buyer's purchase decision. The first and the foremost requirement to make a purchase is affordability. A buyer is said to form demand of a product only if the product is in the reach of the buyer's income or affordability. People belonging to higher income group may purchase expensive items as they can afford it.
 - (c) **Occupation:** Occupation influences a buyer's behaviour while making a purchase. A buyer tends to make purchase as per his/ her profession. For instance, a teacher will buy clothes according to his/her profession and a doctor will buy clothes as per his job considerations.
 - (d) **Lifestyle:** Lifestyle is a way or an attitude that person follows to live in a society and lead his/ her life. Lifestyle is another important factor influencing a buyer's behaviour. For instance, a person leading a healthy lifestyle, tend to buy more healthy stuff than unhealthy or junk food.
 - (e) **Personality:** Personality refers to the totality of the behaviour a person in given situations at different point of times. Personality traits consists of factors like introvert, extrovert, aggressive, submissive, dominant etc. A marketer may always segment the audience on the basis of their personality and cater their needs accordingly.
4. **Economic factors:** Economic factors are concerned with the purchasing power of a buyer. These includes factors like personal income, family income, income expectations, liquid assets, consumer credit etc. let us learn various economic factors.
- (a) **Personal income:** Many economists have tried to correlate a person's income with his/ her spending. As per them, a person's spending increases with an increase in his/ her income. Therefore, personal disposable income of a buyer is a significant factor influencing a buyer's behaviour.
 - (b) **Family income:** The size of the buyer's family or the aggregate income of the family influences a buyer's purchase decision. A small or nuclear family is said to spend less whereas a big family may spend more.
 - (c) **Income expectations:** Expectations plays an important role in determining a buyer's purchase behaviour. A buyer expecting a lower income is tend to spend less. On the other hand, buyer expecting a higher income may spend more. Therefore, marginal propensity to consume or save of a buyer is greatly influenced by the level of expected income.
 - (d) **Liquid assets:** Liquid assets refer to those assets which can easily be converted into money without much variation in the value of the asset, for example: cash, marketable securities etc. A buyer's behaviour shall be influenced by the amount of liquid and fixed assets held by the buyer.
 - (e) **Consumer credit:** Nowadays, marketers have started offering credit to their buyers. Marketers are following the notion of "Buy now, Pay later". For example, Bajaj finance offers zero cost EMI to buyers.

5. **Psychological factors:** Psychological factors consist of four factors these are motivation, perception, learning and attitude (figure 2). Let us learn various psychological factors.

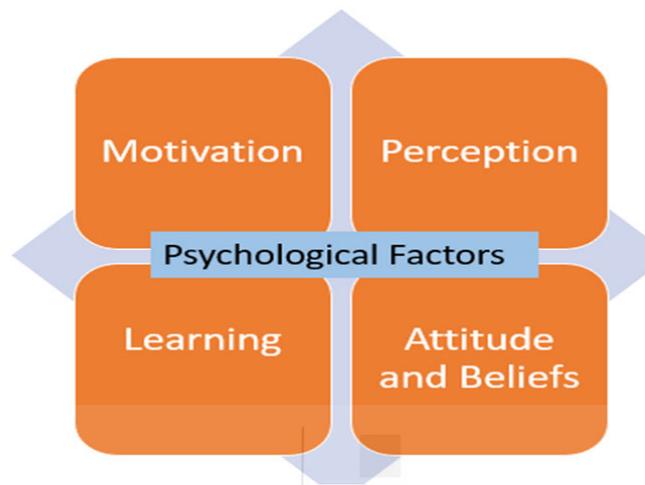


Figure 2: Psychological factors affecting buyer's behaviour

- (a) **Motivation:** Motivation plays an important role in determining a buyer's behaviour. People have various needs that motivates them and influences their behaviour. Some of these needs are physiological needs, safety needs, social needs, esteem needs, and self- actualisation needs. An unfulfilled need is said to motivate a buyer. However, once a need is fulfilled it no longer motivates the buyer. Hence, it may not be able to influence the buyer's behaviour. For instance, a person working at a higher position in an organisation might not feel motivated with an increment in the salary. However, a job promotion may interest him.
- (b) **Perception:** A buyer's purchase behaviour is critically influenced by the buyer's perception about the brand or product. Perception refers to the image that a person holds about a particular product or brand in his/ her mind. This perception is formed on the basis of cognitive processing going through a buyer's mind. A buyer or customer comes across various advertisements, reviews, comments etc. about a brand or product. These brand or product related activities may lead to formation of cognition in buyer's mind based on which a buyer forms an impression of the brand or product. For instance, a product having maximum positive customer reviews or comments is likely to form a positive perception in the buyer's mind.
- (c) **Learning:** Learning is an ongoing process that takes place over a period of time. It begins before a person buys a product or service and continues after he/ she buys it. However, when a buyer buys a product or service, he/she is likely to gather more information about the product or service.

Learning may be conditional learning, cognitive learning, social learning, etc. In conditional learning, a buyer is exposed to a recurring situation. Hence, he/ she develops a strategy to tackle the situation. Under cognitive learning, a buyer uses his/ her skills or knowledge acquired over a period of time, to seek satisfaction out of the purchase he/ she made. In social learning the person learns new behaviours by observing or imitating other persons.

- (d) Attitude: A buyer possesses certain belief or attitude towards a product or brand that guides him/ her to behave in a certain manner. This attitude or belief defines the image of a brand or product in the market. Marketers must aim at launching certain campaigns that can modify or change the existing attitude or belief in his favour.

Check Your Progress A

1. State whether the following statements are: **True or False**

- i A consumer is a person who uses the product.
- ii A buyer cannot resell products.
- iii Cultural factor does not influence buyer behavior.
- iv Attitude is a type of psychological factor.
- v Age influences a buyer's purchase decision.

2. Fill in the blanks:

- i Price of the product is paid by a _____.
- ii Income is a _____ factor which influences a _____.
- iii Motivation is a type of _____ factor.
- iv A buyer can either _____ or _____ the product.
- v Consumer credit and income expectation falls under _____ factors.
- vi Learning is of two types: _____ and _____.

6.5. LET'S SUM UP

Buyers are the foundation of any business organisation. No business organisation can grow, survive or excel without buyers or customers. Therefore, marketing firms must aim at understanding the behaviour of its buyers.

Buyer behaviour refers to the way a buyer acts while making a purchase. It refers to the way in which a buyer takes decision to actually buy a product or not. Buyer behaviour is also termed as "consumer buying behavior".

A buyer also may be a customer, is the person who actually buys the product or service. Buyer is the person who pays for the product or services availed. A buyer may buy a product or service with an intent to resell or consume it. On the contrary, a consumer is the person who ultimately consumes the product or service.

There are five major factors that affects a buyer behavior viz. cultural, social, personal, psychological, and economical factors.

Cultural factors include: the buyer's culture, social class and sub- culture.

Social factors include: various factors like family, reference group, roles and status.

Personal factors include: factors like age, income, occupation, lifestyle, personality.

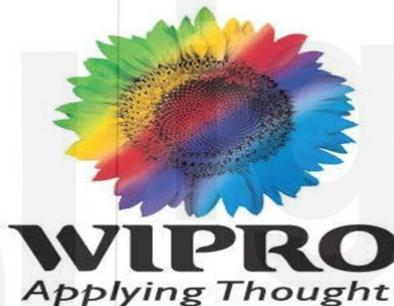
Economic factors include: factors like personal income, family income, income expectations, liquid assets, consumer credit.

Psychological factors: consist of four factors these are motivation, perception, learning and attitude.

6.6. CASE STUDY

Case study 1

Wipro: One Of The Foremost Names In The Global It Landscape



Wipro Ltd is a global information technology, consulting, and outsourcing company with 140,000 employees serving over 900 clients in 57 countries. It helps customers perform better by leveraging our industry-wide experience, technology expertise, comprehensive portfolio of services, and a vertically aligned business model. They are trusted partners for global businesses seeking to 'differentiate at the front' and 'standardize at the core' through technological interventions. In a competitive scenario, it is important to be highly customer-oriented. At Wipro, they have consciously adopted an outside-in' approach. They focus on customers challenges and the trends driving the customer's industry landscape, and work together to address these problems. These problems could range from strategic issue such as a customer intending challenges of increasing operational efficiency. They ensure customer focus by keeping a constant tab on our customers' needs. Hence, customer inputs and research are of prime importance. They try to identify the trends that influence customers and their technology demands. They conduct quarterly and annual pulse surveys to assess the factors considered significant by customers while taking decisions and their satisfaction levels after engaging with us. Wipro engage with its customers in multiple ways. This includes a combination of traditional and non-traditional means with a focus to bridge customers' needs with their offerings.

Wipro extensively leverages interest and social media platforms such as Twitter, Facebook, and blogs, where they have built a community of customers, employees, academic, and other interested stakeholders to engage in discussions on any relevant topic. For some specific large

accounts, they have created a customized platform as part of an account-based marketing (ABM) initiative wherein our communication is customized to suit the needs of specific accounts. They also engage through traditional means including seminars, trade events, and publications

- They also engage through with the influencer community extensively including analysts and advisors. These influencer communities reach out to the customers. Their customer-centric approach is important because it helps them to understand what is driving the business, what is impacting the top-lines and bottom-lines, and what is the next big thing that will transform the lives of people.

Source: Adapted by Sinha, Pyush (2013), Marketing, Asian Edition published in 2013, Oxford University

Questions

1. Wipro's customer engagement program outlines an outside-in approach. What internal (inside-out) changes do you think the company needs to undertake to increase its customer focus?
2. Global players such as Wipro have found a favorable economic environment and a challenging technological environment. What measures should the company take in order to thrive on the changes in its business environment.
3. How do you think Wipro should keep aware of the changes in consumer buying behavior so that they are able to achieve their objective of being highly customer oriented?

Case study 2

Case Study: Emami Fair And Handsome: Beauty regimes For Men?



Emami, has launched a unique fairness cream for men to make skin fair and handsome. Emami offers this cream to men who want to look younger. The cream also helps in relieving stress and fatigue signs-giving men's tough skin a firmer look.

Today, men want to look stylish at all times, and the rise in the demand for male grooming products prove this fact. According to an A.C. Nielsen survey conducted amongst 1000 SECA and B men in Mumbai, Delhi, Kolkata, and Hyderabad on male grooming, every second Indian man from the metros has a monthly date with the beauty salon. Men want to

indulge themselves in daily beauty regimes, and it is not only women who want to pamper themselves.

Men have increasingly started using gels, deodorants, and creams, which has led companies to launch several beauty products for men in recent years.

Source: Jomol (2010)

Questions

1. Why do you think younger men are most likely to use skincare products?
2. How do you think companies like Emami can better position their men's skincare ranges?
3. Consider your own perceptions of men's skincare products. If you are a man: have you ever bought any such product? If you are a woman: have you ever bought a male friend or partner any such product, or does he buy his own? If he buys his own, what are your perceptions of this behavior? If you bought such product for him, why do you think he does not buy these products for himself?

6.7. KEYWORDS

Attitude: A buyer possesses certain belief or attitude towards a product or brand that guides him/ her to behave in a certain manner

Buyer behaviour: Buyer behaviour refers to the way a buyer acts while making a purchase. It refers to the way in which a buyer takes decision to actually buy a product or not.

Buyer: A buyer also known as customer, is the person who actually buys the product or service.

Consumer: A consumer is the person who ultimately consumes the product or service.

Culture: Cultural factors are the observed factors that a person deduces by observing his family members or the ecosystem he lives in.

Lifestyle: Lifestyle is a way or an attitude that person follows to live in a society and lead his/ her life.

Liquid assets: Liquid assets refer to those assets which can easily be converted into money without much variation in the value of the asset, for example: cash, marketable securities etc.

Perception: Perception refers to the image that a person holds about a particular product or brand in his/ her mind.

Personality: Personality refers to the totality of the behaviour a person in given situations at different point of times.

Social class: A social class is determined on basis of various factors like education, wealth, income, occupation etc.

Sub- culture: A culture generally, consists of various subcultures like religions, geographic groups, racial group, nationality, caste etc.

6.8. ANSWERS TO CHECK YOUR PROGRESS

A. 1. i. True ii. False iii. False iv. True v. True.

2. i Buyer ii personal and buyer behavior iii psychological iv consume and resell v economic vi conditional and cognitive

6.9. TERMINAL QUESTIONS

1. Define the term 'buyer behaviour'.
2. Differentiate between a buyer and a consumer.
3. State the various factors affecting a buyer's behavior.
4. How income expectations influence a buyer's behavior. Illustrate with the help of an example.
5. Discuss the role of cultural and personal factors in influencing a buyer's behavior.
6. Write short notes on the following:
 - (a) Culture
 - (b) Motivation
 - (c) Types of learning
 - (d) Impact of economic factors on buyer behavior