

Consumer Buying Behavior

Definition of Buying Behavior:

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.

Stages of the Consumer Buying 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.

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

Types of Consumer Buying Behavior

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 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.

Categories that Effect the Consumer Buying Decision Process

A consumer, making a purchase decision will be affected by the following three factors:

Personal
Psychological
Social

The marketer must be aware of these factors in order to develop an appropriate MM for its target market.

Personal:

Unique to a particular person. Demographic Factors. Sex, Race, Age etc.
Who in the family is responsible for the decision making.
Young people purchase things for different reasons than older people.
Highlights the differences between male and female shoppers in the supermarket.

Psychological factors:

Motives - A motive is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal.

Actions are effected by a set of motives, not just one. If marketers can identify motives then they can better develop a marketing mix.

MASLOW hierarchy of needs:

Physiological
Safety
Love and Belonging
Esteem
Self Actualization

Need to determine what level of the hierarchy the consumers are at to determine what motivates their purchases.

Boost: (Example)

BOOST, a product marketed by GSK in India originally was targeted at consumers that needed to receive additional energy from their drinks after exercise etc, a fitness drink. It was therefore targeted at consumers whose needs were for either love and belonging or esteem. The product was not selling well. Upon extensive research it was determined that the product did sell well in inner-city convenience stores. It was determined that the consumers for the product were actually ill or unwell sometimes. They would purchase Boost as a substitute for a meal. Their motivation to purchase was completely different to the motivation that GSK had originally thought. These consumers were at the Physiological level of the hierarchy. GSK therefore had to redesign its MM to better meet the needs of this target market. It developed STP to target kids for better growth and development physical and mentally. It became a success after Sachin Tendulkar endorsed the

product.

Motives often operate at a subconscious level therefore are difficult to measure.

Perception - What do you see? Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. i.e. we chose what information we pay attention to, organize it and interpret it.

Information inputs are the sensations received through sight, taste, hearing, smell and touch.

Selective Exposure - Select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

Selective Distortion - Changing/twisting current received information, inconsistent with beliefs.

Advertisers that use comparative advertisements (pitching one product against another), have to be very careful that consumers do not distort the facts and perceive that the advertisement was for the competitor. A current example: Flipkart – Amazon – Snapdeal.

Selective Retention - Remember inputs that support beliefs, forgets those that don't.

Average supermarket shopper is exposed to 17,000 products in a shopping visit lasting 30 minutes-60% of purchases are unplanned. Exposed to 1,500 advertisement per day. Can't be expected to be aware of all these inputs, and certainly will not retain many.

Interpreting information is based on what is already familiar, on knowledge that is stored in the memory.

Ability and Knowledge - Need to understand individuals capacity to learn. Learning, changes in a person's behavior caused by information and experience. Therefore to change consumers' behavior about your product you need to give them new information of product and free samples etc.

When making buying decisions, buyers must process information.

Knowledge is the familiarity with the product and expertise.

Inexperience buyers often use prices as an indicator of quality more than those who have knowledge of a product. Example: consumers choose the most expensive face creams / shampoos, because they assume that the greater price indicates greater quality.

Learning is the process through which a relatively permanent change in behavior results from the consequences of past behavior.

Attitudes - Individual learns attitudes through experience and interaction with other people.

Consumer attitudes toward a firm and its products greatly influence the success or failure of the firm's marketing strategy.

Example: Intex Mobile

Consumers attitudes toward Intex Mobile is that it's a local small manufacturer of mobile handsets not realising that Intex Technologies reached turnover of 2000 crores in 2013-14 with a 100%

growth over last year.

Attitudes and attitude change are influenced by consumers personality and lifestyle.

Consumers screen information that conflicts with their attitudes. Distort information to make it consistent and selectively retain information that reinforces our attitudes. IE brand loyalty.

There is a difference between attitude and intention to buy (ability to buy).

Personality - All the internal traits and behaviors that make a person unique, uniqueness arrives from a person's heredity and personal experience.

Examples include:

Workaholism
Compulsiveness
Self confidence
Friendliness
Adaptability
Ambitiousness
Dogmatism
Authoritarianism
Introversion
Extroversion
Aggressiveness
Competitiveness.

Traits effect the way people behave. Marketers try to match the store image to the perceived image of their customers.

There is a weak association between personality and Buying Behavior, this may be due to unreliable measures. Look at Nike advertisements . Consumers buy products that are consistent with their self concept.

Lifestyles - Recent trends in lifestyles are a shift towards personal independence and individualism and a preference for a healthy, natural lifestyle.

Lifestyles are the consistent patterns people follow in their lives.

Example: Healthy foods for a healthy lifestyle. Sun protection lotions are in demand.

Social Factors:

Consumer wants, learning, motives etc. are influenced by opinion leaders, person's family, reference groups, social class and culture.

Opinion leaders -- Spokespeople etc. Marketers try to attract opinion leaders and they actually use (pay) spokespeople to market their products. Sachin Tendulkar, Dhoni are big names.

Roles and Family Influences-- **Role**...things you should do based on the expectations of you from your position within a group.

People have many roles. Husband, father, employer/ee. Individuals role are continuing to change

therefore marketers must continue to update information.

Family is the most basic group a person belongs to. Marketers must understand:

That many family decisions are made by the family unit

Consumer behavior starts in the family unit

Family roles and preferences are the model for children's future family (can reject/alter/etc)

Family buying decisions are a mixture of family interactions and individual decision making

Family acts as an interpreter of social and cultural values for the individual

The Family life cycle: families go through stages, each stage creates different consumer demands:

Bachelor stage.

Newly married, young, no children.

Full nest I, youngest child under 6.

Full nest II, youngest child 6 or over.

Full nest III, older married couples with dependant children.

Empty nest I, older married couples with no children living with them, head in labor force.

Empty nest II, older married couples, no children living at home, head retired.

Solitary survivor, in labor force.

Solitary survivor, retired.

Modernized life cycle includes divorced and no children.

Two Income Marriages Are Now the Norm

Because 2 income families are becoming more common, the decision maker within the family unit is changing. Also, family has less time for children, and therefore tends to let them influence purchase decisions in order to alleviate some of the guilt. (Children influence about \$130 billion of goods in a year in USA) Children also have more money to spend themselves.

Reference Groups -- Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members.

Families, friends, sororities, civic and professional organizations.

Any group that has a positive or negative influence on a person's attitude and behavior.

Membership groups (belong to) Affinity marketing is focused on the desires of consumers that belong to reference groups. Marketers get the groups to approve the product and communicate that approval to its members. Credit cards, Gymnasium, Jewellery etc.

Aspiration groups (want to belong to)

Disassociate groups (do not want to belong to)

The degree to which a reference group will affect a purchase decision depends on an individual's susceptibility to reference group influence and the strength of his/her involvement with the group.

Social Class -- An open group of individuals who have similar social rank. Criteria: occupation, education, income, wealth, race, ethnic groups and possessions.

Social class influences many aspects of our lives i.e. upper middle class Indians prefer luxury cars Mercedes, BMW, Audi etc.

Social class determines to some extent, the types, quality, quantity of products that a person buys or uses.

Lower class people tend to stay close to home when shopping, do not engage in much prepurchase information gathering.

Stores project definite class images.

Family, reference groups and social classes are all social influences on consumer behavior. All operate within a larger culture.

Culture and Sub-culture -- **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 India are family, good health, education, individualism and freedom.

Example: Will Indians embrace and adopt Coffee?

Tea and milk is a part of the India culture, hot with milk. A large section of urban society chose coffee sometimes but rural market has not accepted coffee.

Different society, different levels of needs, different cultural values.

Culture can be divided into subcultures:

Geographic regions

Human characteristics such as age and ethnic background.

Culture effects what people buy, how they buy and when they buy.

Understanding Consumer Buying Behavior offers consumers greater satisfaction (Utility). We must assure that the company has adopted the Marketing Concept and are Consumer Oriented.