

CONSUMER BEHAVIOR

Consumers' behavior is a critical factor in marketing practice. When analyzing consumer behavior the nature of the market should be taken into account.

According to the market situation, it can be divided into market categories;

- Consumer Market (B2C Market)
- Business Market (B2B Market)

1. BUYER BEHAVIOR IN CONSUMER MARKET

In consumer market, organizations sell products and services to final consumers. But in the B2B market organizations sell products to another organizations or institute. So buyer behavior of these two markets are considerably different.

The starting point for understanding buyer behavior is the Stimulus Response model. Here marketing and environmental stimuli enter to the buyer's consciousness. Then buyer's characteristics and decision process lead to certain purchase decisions. The marketer's task is to understand what happens in the buyer's consciousness between the arrival of outside stimuli and buyer's purchase decision.

Model of consumer behavior

Marketing stimuli	Other stimuli	Buyer's Characteristics	Buyer Decision Process	Buyer decision
Product	Political	Cultural	Need Recognition	Product choice
Price	Economic	Social	Information Search	Brand choice
Place	Social	Personal	Evaluation alternatives	Dealer choice
Promotion	Cultural	Psychological	Purchasing decision	Purchase time
			Post purchase behavior	Purchase amount

2. THE MAJOR FACTORS EFFECT ON CONSUMER BEHAVIOR

Buyer's characteristics or factors influencing buying behavior

Cultural Factors Culture Subculture Social Class	Social Factors Reference Group Family Roles & Status
Personal factors Age& stage in the life cycle Occupation Economic Circumstances Life style, Personality ,self concept	Psychological Factors Motivation Perception Learning Believes attitudes

(1) Cultural Factors

Cultural factors consist on culture, subculture and social class.

1.1 Culture

Culture is way of doing things. Basically culture formulates people's wants, needs and behavior. Every culture has inherent characteristics, values and customs. According to the cultural factors buyer behavior may different and therefore cultural adaptation is essential especially for culture sensitive products.

Eg. Clothing, foods

1.2 Sub culture

Every culture is consisting of small various sub cultures. These subcultures create different behavioral patterns of their members.

Eg; University subculture, Religion subculture

Products which are more sensitive to sub cultures are clothing, entertainment etc.

1.3 Social class

Social class is relatively homogeneous and enduring in the society. People in the same social class share similar values, interests and behavior.

Eg: Upper class, Middle class, Lower class. Products which are affected by social class are Vehicle, clothing, leisure activities etc

(2) Social Factors

Social factors consist with reference group, family and roles & status.

2.1 Reference Groups

Reference Groups are all groups that have direct or indirect influence on consumer attitudes and behavior. Direct influence groups called “**Membership Groups**” such as family, neighbors, relatives and close friends

The groups which affect indirectly to the buyer behavior are called “**Secondary Groups**” as religion groups, professionals, trade unions

In addition to above reference groups, we can identify some other important groups like,

Aspiration groups -Groups those individuals are willing to join in future.

Eg: Professionals groups (Medical Students to Doctors Association)

Disassociate groups-that that individuals are avoid belonging Eg: political parties

2.2 Family

Family is most important consumer buying organization in the society. Family members can be considered as primary reference group. Two types of families can be identified as social factors which effect on consumer behavior.

2.3 Roles and Status

Persons participate in variety of groups in the society. eg: Family, Business organizations, Clubs, Unions etc. The position of the person in each group can be considered as roles and they expect a status by performing each role activities.

(3) Personal Factors

3.1 Age & Stages of Life cycle

Person's buying behavior is differ within the age and stages of his life cycle

9 distinct stages of FLC.

- Bachelor Stage-Unmarried person
- Newly married stage-Young couple without children
- Full nest one-Youngest child below 6 years old
- Full nest two-youngest child 6 years or over
- Full nest Three –Old couple with depended children
- Empty nest one-Older couple, No children living with them
- Empty nest two-Older children, not living with parents, Head of the household retired.
- Solitary survivor –(In labor force)-One person in the household, still included to the labor force
- Solitary Survivor (retired)

3.2 Occupation and Economic circumstances

According to the income and economic condition buying behavior will be different.
Eg. Manager Vs Laborer

3.2 Life style

The person's Pattern of living called as lifestyle. Their activities, interests and opinions included to this.

3.3 Personality and Self concept

Personality means distinguishing psychological characteristics that leads to relatively consistence and enduring responses to environment. People usually select products and services to match with their personality.

Self-concept is self-image of the person. It consists of 3 basic concepts.

- Actual self-concept.- How he or she view her/him self
- Ideal self-concept – How he would like to see him self
- Other selves concept – How he thinks about others

(4) Psychological Factors

People's buying behavior is influenced by 04 major psychological factors.

4.1 Motivation

Person's motivation is a primary factor of selecting products and services. Motivation is driving force within a consumer towards specific actions. Marketers can use different motivation models to identify consumer motivation patterns.

Eg. Maslow's hierarchy of need
Hersberg Two Factor theory

4.2 Perception

Perception is the process of individual select, organize and interpret information inputs to create a meaningful picture of the world. So marketer must create their products, package, advertising campaigns in order to develop a favorable perception towards them.

4.3 Learning

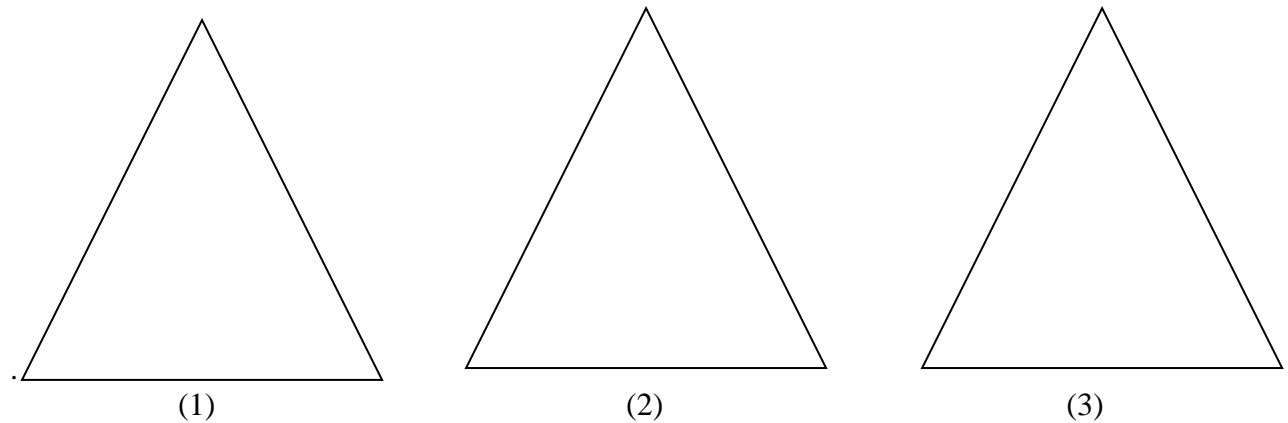
Learning is individual's behavior arising from the experience. Consumer satisfaction is important to build up favorable attitude through learning.

4.1 Beliefs and attitudes

Believes are descriptive thought that person hold about something.

eg: country of origin, reputation of the organization

Balance theory



(1) Consumers have negative attitude towards the product. But they have positive attitude towards the third party.

(2) Marketer use third party showing favorable attitude towards the product.

(3) Balancing above components and finally make the favorable attitude of the consumer towards the product.

3. WHO MAKES BUYING DECISION

Several persons involve making the purchase decision. These 5 categories of persons identified as buying roles of the decision making process.

- Initiator –Person who make the first decision to buy something.
- Influencer- Person who influence or advise the initiator.
- Decider –Person who decide to buy.
- Buyer – Person who purchase the product
- User – Person who consume the product

Que –Identify buying role of purchasing a television to a house.

4. TYPES OF BUYING DECISION

Marketers have identified 4 types of broad categories of buying decisions, based on consumer involvement of purchase and significance of differences among the brands.

Complex Buying Behavior	Variety Seeking Buying Behavior	High
Dissonance Reducing buying behavior	Habitual Buying Behavior	Low

Significance Differences Among Brands

High Low

Consumer Involvement

1. Complex Buying Behavior

In the complex buying behavior consumers highly involve in purchasing and seeking differences among brands.

This buying behavior relates to the products which high expensive, brand infrequent, risky, durable products. So consumers collect more information and evaluate them before make buying decision. Eg; Computer, Vehicle

2. Dissonance reducing Buying Behavior

Here consumers are highly involving with purchase, but sees little difference in brands. This buying behavior related with products which expensive and infrequent. But buyers take quick decisions considering primary factors such as price and convenience. In here consumers may dissonant because of bad features of the product which cause to develop bad attitude regarding the product. Marketing task is to communicate consumer that his decision is correct.

3. Habitual Buying Behavior

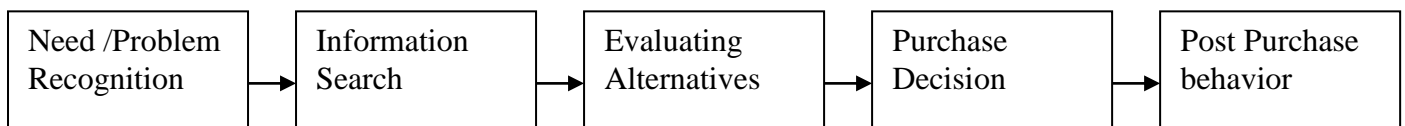
Here consumer has low involvement and low or no significance differences between brands. Consumers are not follow formal mental process and they always reach to familiar brands. e.g- salt

4. Variety Seeking Buying Behavior

Consumers have low involvement and consider the differences among brands. Consumers are seeking brands without much evaluation and evaluate the product during the consumption and he try to find different satisfactions .Even without any dissatisfaction, they may move to new brands.

Eg-Chocolate

5. STAGES OF BUYING DECISION PROCESS



1. Need or Problem Recognition

Buying behavior process start with the recognition of needs and wants which stimulated by internal or external stimulus.

Eg-Hunger, thirst

2. Information Search

After the recognition of need consumer start to search information.

eg- Purchasing a car –See car advertisements ,Observe car types and models ,asking from friends etc.

The sources of information are,

- Personal sources (friends, neighbors, Opinion leaders)
- commercial sources (advertisements ,dealers, salesperson ,packages)
- Public sources-(Mass media-TV ,radio)
- Experimental sources.(handling ,consuming, observing the product)

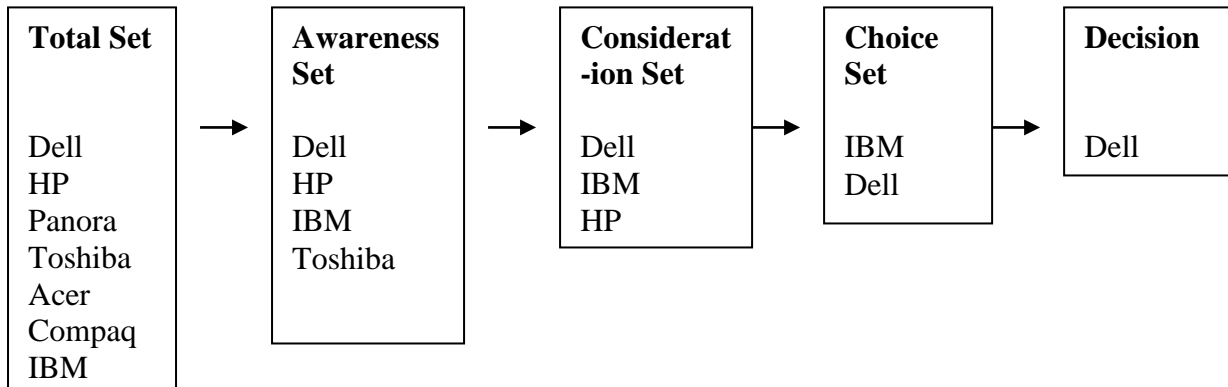
3. Evaluating Alternatives

After gathering sufficient information, consumers evaluate various brands against different criteria. (Computer: Durability, reliability, repair ability, capacity, speed, country of origin, model, guarantees etc)

4. Purchasing Decision

After evaluate alternative brands consumers go for the best brand match with his purpose. In the initial stage there were many brand alternatives to consider and finally select one brand out of these.

Brand sets of purchasing personal computer.



5. Post purchase Behavior

After purchasing the product consumer will experience satisfaction or dissatisfaction and this situation effect to next time buying decision. So marketers must make sure post purchase satisfaction of buyers.

6. BUYING DECISION PROCESS OF NEW PRODUCTS

When introduce new product to the market buyers are not aware of the brand. So especially when developing new products marketers must identify the mental stages of consumers' adaptation process.

Stages of consumer adaptation process

- **Awareness** - Consumer become aware of the product
- **Interest** - Seek information about the new product
- **Evaluation** - Evaluate new product with the existing brand categories
- **Trial** - Try out new product in small scale to evaluate
- **Adoption** - Consumers decide to make full and regular use.

Individuals are different in adaptation (Time taking to adopt) to innovative products. This Categorization called as **Diffusion of Innovation**.

