

CONSUMER MARKETS AND BUYER BEHAVIOR

Understanding the buying behaviour of the target market is the essential task of marketing managers under the marketing concept.

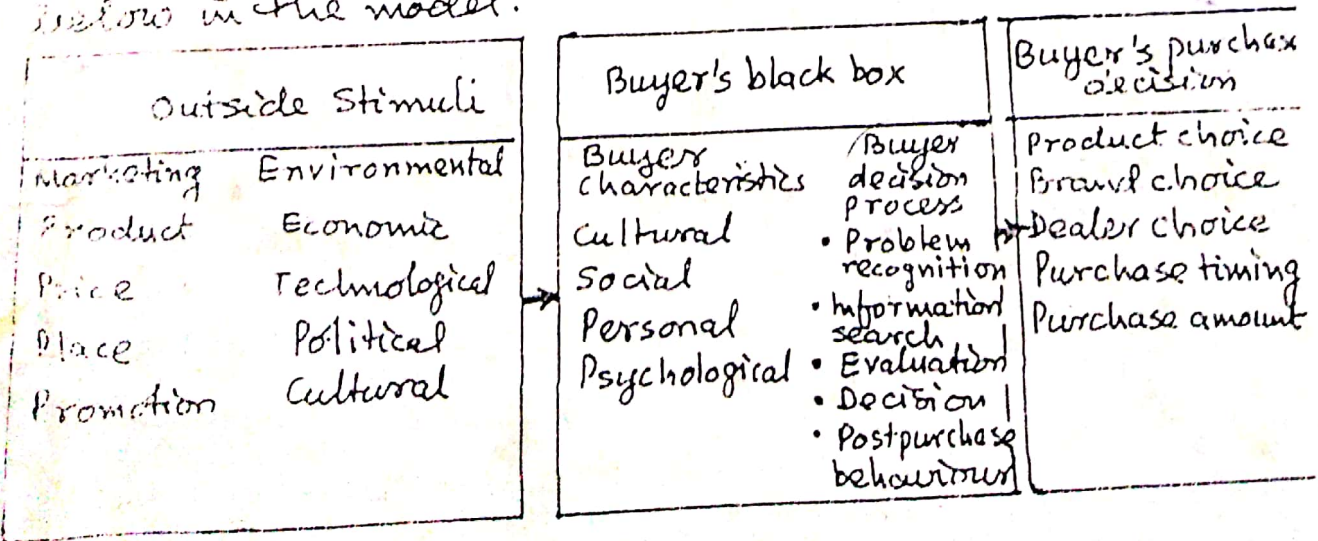
The consumer market consist of all the individuals and and households that buy or acquire goods and services for personal consumption.

Consumers vary tremendously in age, income, educational level, mobility patterns and taste. Marketers find it useful to distinguish different consumer groups or segments and to develop products and services tailored to their needs.

The growth in size of firms and markets has removed many marketing decision makers from direct contact with customers. Consumer research has become more significant in recent times. The most important questions are given below - called the Seven Os of the marketplace.

- Who constitutes the market? Occupants
- What does the market buy? objects
- Why does the market buy? objectives
- Who participates in the buying? organization
- How does the market buy? operations
- When does the market buy? Occasions
- Where does the market buy? Outlets

Of central interest is the question, How do consumers respond to various marketer-controlled stimuli? The company that understands how consumers will respond to different product features, prices, advertising appeals, and so on, will have enormous advantage over its competitors. The starting point in researching the relationship between marketing stimuli and consumer response is shown below in the model.



This figure shows marketing and other stimuli entering the buyer's "black-box" and produces the buyer's response. There are two types of stimuli - marketing stimuli and environmental. All of these stimuli pass through the buyer's black box and produce the buyer's purchase decisions: product choice, brand choice, dealer choice, purchase timing, and purchase amount.

The marketer's task is to understand what happens in the buyer's black box between the outside stimuli and purchase decisions. The buyer's black box has two components. First, the buyer's background characteristics have a major influence on how the buyer reacts to the stimuli. Second, the buyer's decision processes influence the outcome.

MAJOR FACTORS INFLUENCING CONSUMER BEHAVIOUR

It is difficult to know what goes on in a buyer's mind before, during, and after a purchase. Buying motives may be grouped on three different levels depending upon the consumers' awareness of them and their willingness to ~~divulge~~ ^{reveal} them.

Reveal:

1. Buyers recognize and willing to talk about their motives for buying
2. Buyers are aware of their reasons for buying but will not admit them to others.
3. Buyers themselves do not know the real factors motivating their buying actions.

A purchase is rarely the result of a single motive. Furthermore, various motives may conflict with one another.

Motivation:

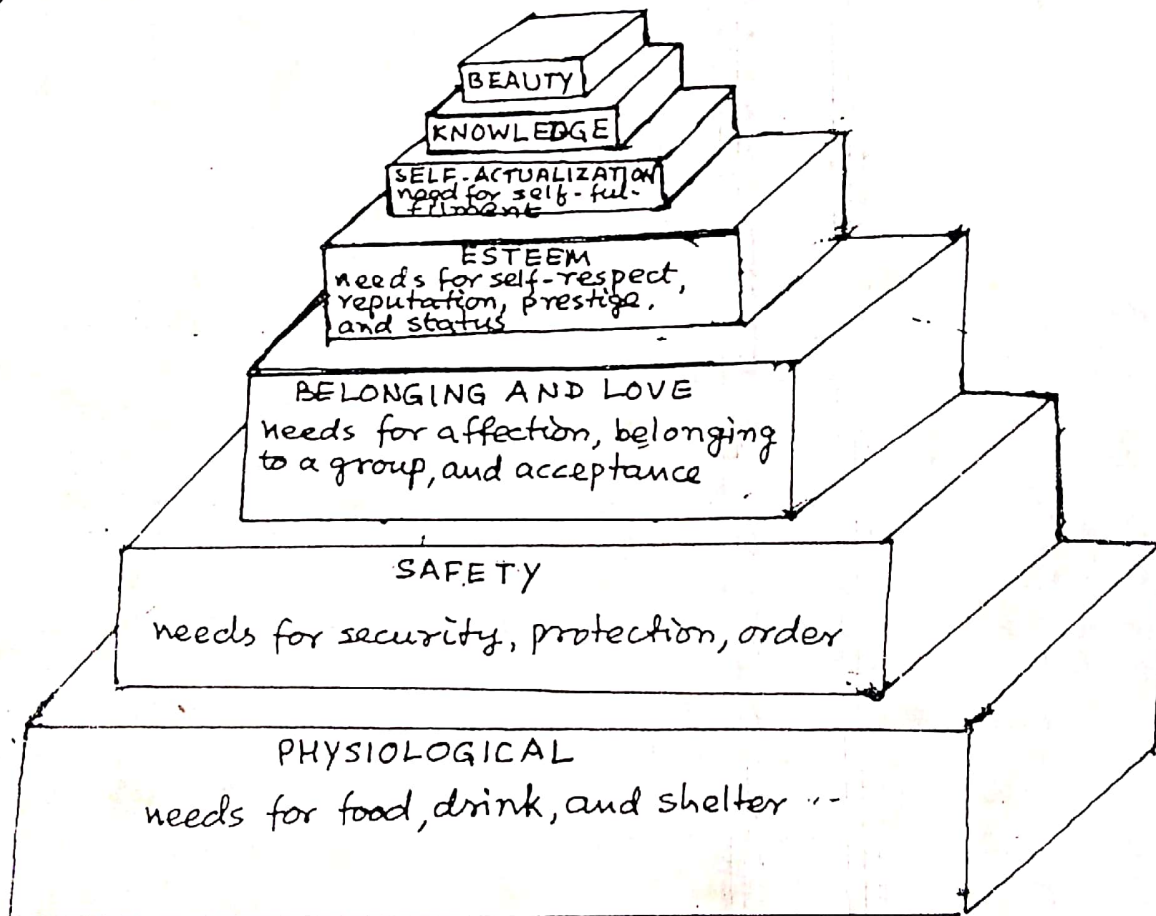
To understand why consumers behave as they do the first question must be asked why a person acts at all. A simple answer will be: all behaviour starts with motivation.

A motive (drive) is a stimulated need that an individual seeks to satisfy.

It is important to note that need must be aroused or stimulated before it becomes a motive. People may have ^(not active) dormant needs. The source of arousal may be internal (e.g., getting hungry) or environmental (e.g. by seeing an advertisement for food).

Classification of motives:

Motives can be grouped into two broad categories:
① aroused biogenic needs (needs for food and comfort) which arise from physiological states of tension, and ② aroused psychological needs (such as needs for affection and self-respect) which arise from psychological states of tension.



Maslow's hierarchy of needs

A.H. Maslow identified a hierarchy of five levels of needs arrayed in the order in which a person seeks to gratify \rightarrow satisfy them. He contended that people remain at one level until all their needs at that level are satisfied. Then new needs emerge on the next higher level. For example, as long as a person is hungry or thirsty, the physiological (biogenic) needs dominate. Once they have been satisfied, the needs in the safety category becomes important, and so on.

Maslow identified two additional classes of cognitive needs:

* the need to know and understand
* the need for aesthetic satisfaction (beauty).

He recognized that in real life there is more flexibility than his model seems to imply. People may most likely work toward need satisfaction on several levels at the same time. And rarely are all needs on a given level ever fully satisfied.

Perception:

A motive is an aroused need. It, in turn, acts as a force that activates behaviour intended to satisfy that aroused need. But what influences or shapes this behaviour? What determines the direction or path this behaviour takes?

[Perception is defined as the process whereby one receives stimuli (information) through five senses, recognizes this information, and then assigns a meaning to it. In other words, perception is the meaning one gives to stimuli or the way one interprets stimuli.]

This interpretation, or meaning, is shaped by socio-cultural environment and by psychological conditions within. The behaviour, in turn, is determined by what stimuli one responds to and how stimuli is interpreted. That is, the behaviour is determined by the perception.

Everyday, an almost infinite number of marketing stimuli exist that conceivably one could be exposed to. In reality, a process of selectivity, that limits perception, is occurring continuously.

There are many marketing implications in this selectivity process. If a marketing stimulus - a product or store - falls outside one's range of selective perception, then that product or store does not exist for that individual. Given stimulus may be perceived differently by different consumers.

Marketers cannot afford the expense of unlimited exposure of their marketing stimuli - products, ad, etc. Consequently, they strive for the selective exposure that will fall within the perception range of the target market. This means, for example, carefully selecting the right stores to carry the product or the right magazines to carry the ads.

Factors Influencing Consumer Behaviour:

① A buyer's purchase decisions are highly influenced by the buyer's unique set of cultural, social, personal, and psychological factors. Culture is the most fundamental determinant of a person's wants and behaviour. Human behaviour is learned. The child growing up in a society learns a basic set of values, perceptions, preferences, and behaviours through a process of socialization involving the family and other key institutions.

Each culture consists of smaller subcultures that provide more specific identification and socialization for its members. Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests, and behaviour. Social classes show distinct product and brand preferences. The advertiser has to compose a copy and dialogue that ring true to the targeted social class.

② A consumer's behaviour is also influenced by such social factors such as reference groups, family, and social roles and statuses. Many groups influence a person's behaviour.

A person's reference groups consists of all the groups that have a direct (face-to-face) or indirect influence on the person's attitudes or behaviour. Groups having a direct influence on a person are called membership groups. These are groups to which the person belongs and interacts. Some are primary groups with which there is fairly continuous interaction, such as family, friends, neighbours, and co-workers. Primary groups tend to be informal. A person also belongs to secondary groups, which tend to be more formal. They include religious, professional, and trade union groups.

Peoples are also influenced by groups in which they are not members. Groups to which a person would like to belong are called aspirational groups. A dissociative group is one whose values or behaviour an individual rejects.

Marketers try to identify the reference groups of their target customers. The importance of reference groups influence varies among products and brands. Also, reference-group influence changes as products go through the product life cycle.

When a product is introduced, the decision to buy it is heavily influenced by others, but the brand chosen is less influenced by others. In the market-growth stage, group influence is strong on both product and brand choice. In the product-maturity stage, brand choice but not product choice is heavily influenced by others. In the decline stage, group influence is weak in both product and brand choice.

Marketers must reach and influence opinion leaders where group influence is strong.

(*) Family members influence the buyer's behaviour. There are two types of families in the buyer's life. The family of orientation consists of one's parents. From parents a person acquires an orientation toward religion, politics, and economics and a sense of personal ambition, self-worth, and love.

A more direct influence on everyday buying behaviour is one's family of procreation, namely, one's spouse and children. Marketers are interested in such influences.

In day-to-day requirements wife has more say, while for expensive items both take combined decision. In most cases, the dominance of one individual influences buying behaviour.

(*) A person participates in many groups throughout life — family, clubs, organizations. The person's position in each group can be defined in terms of role and status. In a family, one may play the role of son or daughter, wife or husband, manager or supervisor, and so on. Each role has status.

A role consists of the activities that a person is expected to perform according to the persons around him or her. Each role will influence some of individual's buying behaviour.

Each role carries a status reflecting the general esteem accorded to it by society. A Supreme Court Justice has more status than a manager in the company. Marketers are aware of the status symbol potential of products and brands.

(*) A buyer's is also influenced by personal characteristics, notably the buyer's age and life-cycle stage, occupation, economic circumstances, life-style, and personality and self-~~respect~~ concept.

Age influences the buying habits. For example, special diets in old ages, most foods in adult stage, etc. Consumption is also shaped by the stage of the family life cycle (Bachelor stage, Newly married couple, Full nest 1 - when a child under six, Full nest 2 - when a child is over six, Full nest 3 - older married couple with dependable children, Empty nest 1 - older married couples, no children living with them, Empty nest 2 - older married couples, no children at home, retired from job, Solitary survivor on job, Solitary survivor retired). At each stage there will be different financial situation, burdens and typical product interests.

Marketers often define their target markets as certain life-cycle groups and develop appropriate products and marketing plans.

A person's consumption pattern is also influenced by person's occupation. A blue-collar worker will buy work clothes, work shoes, etc. An executive will buy expensive items. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialize in producing products needed by a particular occupational group.

Product choice is greatly affected by one's economic circumstances. People's economic circumstances consist of their spendable income (its level, stability, and time pattern) savings and assets, borrowing power, and attitude toward spending versus saving.

A person's lifestyle is the person's pattern of living in the world as expressed in the person's activities, interests, and opinions. People coming from the same subculture, social class, and even occupation may lead quite different lifestyles. People's buying behaviour is strongly influenced by their lifestyle.

Personality means the person's distinguishing psychological characteristics that lead to relatively consistent and enduring responses to the environment. Personality is described in terms of such traits as self-confidence, dominance, autonomy, sociability, defensiveness, and adaptability. Personality can be a useful variable in analyzing consumer behaviour.

Many marketers use a concept related to personality - a person's self-concept (or self-image).

Marketers should try to develop brand images that match the self-image of the target market.

(ii) A person's buying choices are also influenced by four major psychological factors - motivation, perception, learning, and beliefs and attitudes. ~~Motivation~~ Motive (or drive) is a need (strong stimulus) that is sufficiently pressing to drive the person to act (requiring satisfaction). Satisfying the need reduces the felt tension. The cues are weaker stimuli that determine the pattern of this response - the 'when', 'where' and 'how' of the response behaviour. The response is simply the behavioral reaction to the cues and drives. Reinforcement results when the response is rewarding (satisfying).

If the response is gratifying, a connection between cue and response will be established, i.e., a behavioral pattern will be learned. Learning emerges from reinforcement. Continual reinforcement leads to habit or brand loyalty. Once a habitual pattern of behaviour is established, it replaces conscious, willful behaviour. On the other hand, if the original response action is not rewarding, the consumer's mind is open to another set of cues leading to another response. For example, the consumer will buy a substitute product or switch to another brand.

In stimuli-response theory, behaviour is the result of only the degree of reinforcement stemming from a response to some stimulus. Proponents of cognitive theory insist that learning is influenced by factors such as attitudes, beliefs, and an insightful understanding of how to achieve a goal.

Learning describes changes in an individual's behaviour arising from experience.

A belief is a descriptive thought that a person holds about something. A buyer may believe that a particular product is reliable. These beliefs may be based on knowledge, opinion, or faith. These beliefs make up product and brand images and people act on their images.

An attitude describes a person's enduring favourable or unfavourable cognitive evaluations, emotional feelings, and action tendencies toward some object or idea. Attitudes lead people to behave in a fairly consistent way toward similar objects. Attitudes economize on energy and thoughts. A company should try to fit its product into existing attitudes, rather than try to change people's attitudes.

Thus, it can be seen that a person's purchase choice is the result of the complex interplay of cultural, social, personal, and psychological factors.

DECISION-MAKING PROCESS IN BUYING:

Based on examining many consumer reports of buying episodes, consumer-behaviour researchers have contended that there are five stages in making buying decisions.

1. Recognition of an unsatisfied need (problem recognition)
2. Information search (identifying alternate ways of achieving satisfaction).
3. Evaluation of alternatives
4. Purchase decision
5. Postpurchase behaviour.

Once the process has been started, potential buyers can withdraw at any stage prior to actual purchase, and some stages can be skipped. A total-stage approach is likely to be used only in certain buying situations - a first-time purchase of a product, or in buying high-priced infrequently purchased items. In many cases the aroused need is satisfied in the usual manner by repurchasing the same brand. That is, past reinforcement in learning experiences leads directly to the buying response-act.

① The process starts when an unsatisfied need (motive) creates inner tension. This may be biogenic need aroused internally, or the need may have been dormant until it was aroused by an external stimulus such as an ad or sight of the product. Or perhaps dissatisfaction with the present product created the tension.

Once the need had been recognized, often consumers become aware of conflicting or competing uses of their scarce resources of time or money.

② Once a need has been recognized, both product and brand alternatives must be identified. The search for alternatives is influenced by such factors as: ① what the time and money costs are (not much time is spent in buy daily requirements), ② how much information the consumer has from past experience and other sources, and ③ the amount of the perceived risk if a wrong selection is made.

Consumer information sources fall into four groups: personal sources (family, friends, neighbours, acquaintances), commercial sources (Advertising, salespersons, dealers, packaging displays), Public sources (mass media), and Experimental sources (Handling, examining, using the product).

The relative amount and influence of these information sources varies with the product category and the buyer's characteristics. Most information come from commercial sources while most effective information come from personal sources.

Through gathering information, the consumer learns about the brands in the market and their features. Consumer may learn about all brands for a product, called total-set, or learn about a few of them making it awareness set. Only some of the brands will meet consumer's initial buying criteria and make up the consideration set. After some more information obtained only a very few will remain as strong choices and make up the choice set. The consumer will make the final decision from the choice set.

The marketer should identify them carefully and evaluate their relative importance. This information is critical for preparing effective communication for the target market

③ The consumer uses information to arrive at a brand choice set. There are several decision evaluation process. First, the consumer considers various product attributes.

For example,

Computers - Memory capacity, graphics capability, etc.

Hotels - Location, cleanliness, atmosphere, cost

Tires - Safety, tread life, ride quality, price.

Consumers will pay the most attention to those attributes that are connected with their needs. The market ~~is~~ for a product can often be segmented according to their attributes that are salient to different consumer groups.

Second, the marketer must not conclude that the salient attributes are the most important ones. Marketers should be more concerned with attribute importance than attribute salience since importance is decided by the consumers.

Third, the consumer is likely to develop a set of brand beliefs about where each brand stands on each attribute. The set of beliefs held about a particular brand is known as the brand image. The consumer's beliefs may be at variance with the true attributes owing to individual's particular experience and the effect of selective perception, selective distortion, and selective retention.

Fourth, the consumer is assumed to have a utility function for each attribute. The utility function describes how the consumer expects product satisfaction to vary with different levels of each attribute. For example, one customer may expect his satisfaction from a computer to increase with its memory capacity, graphics capability, and software availability; and to decrease with its price.

Fifth, the consumer arrives at attitudes (judgments, preferences) toward the brand alternatives through some evaluation procedure. If the variables considered in evaluation procedure is understood by the marketer, he can use some strategies to influence the customer's interest in the marketer's brand.

(4) In the decision evaluation state, the consumer forms preferences among the brands in the choice set. The consumer may also form a purchase intention and lean toward buying the most preferred brand.

Attitude of others may influence the purchase decision. For example, husband may like to buy low-priced items which will influence wife's purchase decision.

Purchase intention is also influenced by unanticipated situational factors. For example, when

A customer is going to decide about the purchase because to know that a few close relatives are coming to stay with him for a week. The customer has limited income. He may postpone the decision of buying.

A consumer's decision to modify, postpone, or avoid a purchase decision is heavily influenced by perceived risk. Many purchases involve some risk taking as the purchase outcome is not certain. A customer considers a number of subdecisions: brand decision, vendor decision, quantity decision, timing decision & payment method decision. Convenience of location, rapidity of service, uncrowded conditions, price, services offered, etc. also influence the customer in deciding his buying intention.

(5) After purchasing the product, the consumer will experience some level of satisfaction or dissatisfaction. The consumer will also engage in postpurchase actions and product uses of interest to the marketer.

Some customers may show indifference if they found flaws in the product after purchase, some may not like to buy flawed items.

The buyer's satisfaction is a function of the closeness between the buyer's product expectation and the product's perceived performance. If the product matches the expectation, the consumer is satisfied, and so on.

The consumer's satisfaction or dissatisfaction with the product will influence his postpurchase actions. A satisfied customer would like to buy the same product on the next occasion. Also, they will talk good about the product to others.

Marketers should try to minimize the amount of consumer postpurchase dissatisfaction by correcting the defect, or replacing the item, or refunding the money.