Understanding Consumer and Business Buyer Behaviour

SESSION 5

School of Business
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Consumer Markets and Consumer Buyer Behaviour

[Diagram showing the consumer decision process and the environment influencing purchase decisions.]

Presentation Title | 00 Month 2010 | Slide 2
Model Of Consumer Behaviour

It's very difficult to 'see' inside the consumer's head and figure out the why's of buying behaviour (that's why it's called the black box). Marketers spend a lot of time and dollars trying to figure out what makes customers tick.

**Figure 5.1**
Model of buyer behaviour
Characteristics Affecting Consumer Behaviour

Figure 5.2
Factors influencing consumer behaviour

**Cultural**
- Culture
- Cultural group
- Social class

**Social**
- Reference groups
- Family
- Roles and status

**Personal**
- Age and life cycle stage
- Occupation
- Economic situation
- Lifestyle
- Personality and self-concept

**Psychological**
- Motivation
- Perception
- Learning
- Beliefs and attitudes

Many brands now target specific subcultures—such as Hispanic, African American, and Asian American consumers—with marketing programs tailored to their specific needs and preferences. For example, P&G’s CoverGirl Queen cosmetics line was inspired by Queen Latifah to ‘celebrate the beauty of women of color.’

People’s buying decisions reflect and contribute to their lifestyles—their whole pattern of acting and interacting in the world. For example, Pottery Barn sells more than just home furnishings. It sells an upscale yet casual, family- and friend-focused lifestyle.

Our buying decisions are affected by an incredibly complex combination of external and internal influences.
Cultural Factors

- Culture
- Cultural Group
- Social Class
Social Factors

• Groups and Social Networks

• Family

• Roles and Status
Personal Factors

- Age and Life Cycle Stage
- Occupation
- Economic Situation
- Lifestyle
- Personality and Self Concept
Psychological Factors

• Motivation

• Perception

• Learning

• Beliefs and Attitudes
Motivation

Figure 5.3
Maslow’s hierarchy of needs

According to Maslow, human needs are arranged in a hierarchy. Starving people will take little interest in the latest happenings in the art world.
Perception.

Selective Perception: It is impossible for people to pay attention to the thousands of ads that they see every day, so they screen most of them out.
Learning
Beliefs and Attitudes

Attitudes: Energy Brand’s Glacéau Vitaminwater taps into people’s attitudes about health and well-being.
The buying process starts long before the actual purchase and continues long after. In fact, it might result in a decision not to buy. Therefore, marketers must focus on the entire buying process, not just the purchase decision.
Need Recognition
Information Search
Evaluation of Alternatives
Purchase Decision
Post Purchase Behaviour

Cognitive dissonance: Tupperware aims to reduce post-purchase conflict with a lifetime guarantee.

1. New!
2. Loved
3. Used
4. Hurt (by accident)
5. Recycled
6. To something new... and never ends!
Roles in the Buying Process

- Initiator
- Influencer
- Decider
- Buyer
- User
The Buyer Decision Process for New Products
Stages in the Adoption Process

- Awareness
- Interest
- Evaluation
- Trial
- Adoption
Individual Differences in innovativeness

Figure 5.5
Adopter categorisation on the basis of relative time of adoption of innovations


New-product marketers often target innovators and early adopters, who in turn influence later adopters.

2.5% Innovators
13.5% Early adopters
34% Early majority
34% Late majority
16% Laggards

Time of adoption of innovations

\[ X - 2\sigma \]
\[ X - \sigma \]
\[ X \]
\[ X + \sigma \]
Influence of Product Characteristics on Rate of Adoption

• Relative advantage

• Compatibility

• Complexity

• Divisibility

• Communicability
Business Markets and Business Buyer Behaviour
Business Markets

Includes:

• Resellers
• Manufacturers
• Governments and Institutions
Market Structure and Demand

Derived demand:
Intel advertises heavily to sell users on the virtues of the company and its microprocessors.
Nature of the Buying Unit
Types of Decisions and the Decision Process

marketing in action 5.2

IWAY is the way IKEA does business. It sets out the mutual responsibilities for IKEA and its suppliers.
In some ways, business markets are similar to consumer markets — this model looks a lot like the model of consumer buyer behaviour presented in Figure 5.1. But there are some major differences, especially in the nature of the buying unit, the types of decisions made and the decision process.

Figure 5.6
A model of business buyer behaviour
Main Types of Buying Situations

• Straight Rebuy
• Modified Rebuy
• New Task
Participants in the Business Buying Process

The buying centre for a company buying a corporate jet will include obvious people like the pilot and the CEO but may also include less obvious people.
The Main Influence of Business Buyers

**Figure 5.7**
Major influences on business buyer behaviour

Like consumer buying decisions in Figure 5.2, business buying decisions are affected by an incredibly complex combination of environmental, interpersonal and individual influences, but with an extra layer of organisational factors thrown into the mix.
The Business Buying Process

Figure 5.8
Stages of the business buying process

Buyers facing new, complex buying decisions usually go through all of these stages. Those making rebuys often skip some of the stages. Either way, the business buying process is usually much more complicated than this simple flow diagram suggests.
E-Procurement – Buying on the Internet

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Figure 5.8
Stages of the business buying process