
UNIT 4 B W E R BEHAVIOUR

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4.0 OBJECTIVES

After studying this unit, you will be able to:

- discuss the meaning of buyer behaviour;
- analyse the importance and applicability of buyer behaviour in the field of marketing;
explain various types of consumers and their behavioural pattern;
- describe various factors that influence the buyer behaviour;
- explain various types of buying behaviour situations; and
- discuss the stages involved in consumer buying decision process,

4.1 INTRODUCTION

One of the few common features among all of us is that we are all buyers irrespective of what we are. As buyers, we play a vital role in the economy-local, national, and international. We need to study buyer behaviour to gain insights into our own consumption related decisions like what we buy, why we buy, how we buy, and the promotional influences that persuade us to buy. Marketers too need to adapt and dovetail their strategies by taking the buyer into consideration. In this unit, you will learn various dimensions of buyer behaviour, types of buyers, factors influencing the buyer behaviour and the buying decision process. Before proceeding further, the students should note that in this unit, the terms buyer behaviour and consumer behaviour are used interchangeably and should not lead to any confusion.

4.2 MEANING OF BUYER BEHAVIOUR

While marketing a product the firm aims at satisfying the needs and wants of actual and potential users of that product. But to achieve this, first it is essential to understand the tastes, preferences, likes, dislikes, consumption patterns, process of purchase, etc. of the buyers of that product. You may prefer to use *Babool* toothpaste, *Lux* toilet soap, and *Clinic* shampoo while your friend may prefer *Miswak* toothpaste, *Rexona* soap and *Shikakai* shampoo. It is interesting to note that your preference vis-à-vis food, clothing, books, magazines, recreation, banks; stores may be different not only from those of your friends but also your neighbours and colleagues. For example, take the case of banks. You may prefer to maintain a savings bank account with State Bank of India while your friend may prefer Central Bank of India. Thus, each buyer is unique and this uniqueness is reflected in the consumption behaviour and pattern as well as process of purchase.

Various experts have defined buyer/consumer behaviour differently. According to Schiffman and Kanuk **consumer behaviour is the behaviour that buyers or consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.** Moven has defined it as **the study of decision-making units and the process involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas,**

Both the above definitions of buyer behaviour say more or less the same thing except that Schiffman and Kanuk used the buyers whereas Moven has used the term decision-making units. Here decision-making units mean the group of people in the family who may be involved in the purchase process instead of an individual. So behaviour occurs either for the individual, or in the context of a group (e.g., friends may influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use). From these definitions we can identify three phases of buyer behaviour as follows:

- a) **Acquisition Phase:** This refers to how buyers acquire the products and services for their consumption. Much of the research in the buyer behaviour has focused on the acquisition phase. When investigating the acquisition phase marketers should analyse the factors that influence the product and service choice of buyers or consumers.
- b) **Consumption Phase:** This refers to how buyers use or consume the products and services. Here the marketers should analyse how buyers actually use a product or service and the experiences that the buyer obtains from such use. The investigation is important both for tangible products as well as for services.
- c) **Disposition Phase:** It refers to what buyers do with a product once they have completed its use.

Therefore, the marketers in understanding the buyer behaviour should take into account the acquisition, consumption and disposition phases. If they do so they will be in a position to develop viable marketing strategies in terms of right product positioning. Buyer behaviour involves purchase of services and ideas as well as tangible products.

4.3 IMPORTANCE OF UNDERSTANDING BUYER BEHAVIOUR

All marketing strategies and tactics are based on explicit or implicit beliefs about buyer behaviour. The study of buyers helps firms and organizations improve their marketing strategies by understanding issues such as:

- How buyers think, feel, reason, and select between different alternatives (e.g., brands, products)?
- How is the buyer influenced by his or her environment (e.g., culture, family, signs, and media)?
- Helps in understanding the behaviour buyers display while shopping or making other marketing decisions
- How buyer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the buyer; and
- How marketers can improve their promotional campaigns and marketing strategies to target the buyer more effectively?

There are four main applications of buyer behavior which are discussed below:

- The most obvious is for marketing **strategy**-i.e., for making better marketing decisions. For example, by understanding that buyers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon.
- A second application is public policy. In the 1980s, when Accutane, a near miracle cure for acne, resulted in severe birth defects in pregnant women, Federal Drug Administration (FDA) of US took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.
- Social marketing involves getting ideas across to buyers rather than selling something. Understanding buyer behaviour will help in espousing for social causes such as planned families, prohibition, equality of girl child etc. Government agencies with the help of buyer behaviour knowledge may develop appropriate promotional strategies for greater acceptance of social causes.
- As a final benefit, studying buyer behaviour should make us better buyers. Common sense suggests, for example, that if you buy a 200 ml liquid bottle of laundry detergent, you should pay less per ml than if you bought two 100 ml bottles. In practice, however, you **often** pay a size *premium* by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are really getting a bargain.

In today's world of high technology, buyer tastes are also changing rapidly. To survive in such a rapidly changing market, a **firm** has to constantly understand the latest consumer trends and tastes. Buyer behaviour provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore. For example, let us consider the advent of colour television in India. When we switched over from black and white transmission to colour transmission in the early eighties, the buyers exhibited a desire to purchase colour TVs for closer-to-life picture viewing.

4.4 TYPES OF CONSUMERS

People purchase thousands of products and services for their consumption and use. They may purchase these products and services for different purposes and they may have myriad objectives, So the term consumer is often used to describe two different kinds of consuming entities: (1) personal consumer and (2) organizational consumer.

- 1) **Personal Consumer:** Personal consumer buys goods or services for his or her own use (e.g. shaving cream, shampoo, lipstick) or for use of the household (TV, VCR) or family. In each of the above, the goods are brought for final use by the individuals who are referred to as "end users" or "ultimate users".

- 2) **Organizational Consumer:** Organizational consumer can be for profit and not-for-profit businesses, government agencies, institutions (schools, colleges, hospitals). In each of the above examples we note that the products/services are being bought in order to run the organization. For example, a travel agency purchasing a computer and printer so as to render services they sell.

Buyers and Users: Buyers are not always the users or the only users, of the product they buy, nor are they necessarily the persons who make the product selection decisions. Individuals buy products for themselves and their family. The person who makes the actual purchase decision may be user-non-user and or only user. For example, mother may buy toys for her children (actual users); she may buy food for dinner (and may be one of the users); or she may buy handbag or lipstick (and may be the only user). Marketers have to decide at whom to direct their promotional efforts: buyer or user. For some products they must identify the person who is most likely to influence the decision. We will discuss various roles played by the family members in the purchase decisions in the section dealing with factors influencing buyer behaviour.

Check Your Progress-A

- 1) In what way buyer behaviour helps you purchasing various products or services?
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- 2) Based on your experience describe what activities have you performed in the three phases of buyer behaviour for the following products?
a) Two-Wheeler, b) Washing Machine, c) Toothpaste, d) Insurance Policy.
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- 3) Distinguish between personal consumer and organizational consumer.
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4.5 FACTORS INFLUENCING BUYER BEHAVIOUR

The central question for marketers is: How do consumers respond to various marketing efforts the company might use? The company that really understands how consumers will respond to different product features, prices, and advertising appeals has a great advantage over its competitors.

For a clear understanding of the various factors that influence buyer behaviour, the stimulus-response model of buyer behaviour can be considered as the starting point.

According to this model, marketing and other stimuli enter the consumer's "black box" and produce certain responses. Marketing stimuli consist of the four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses: product choice, brand choice, dealer choice, purchase timing, and purchase amount. Look at Figure 4.1 which shows model of buyer behaviour.

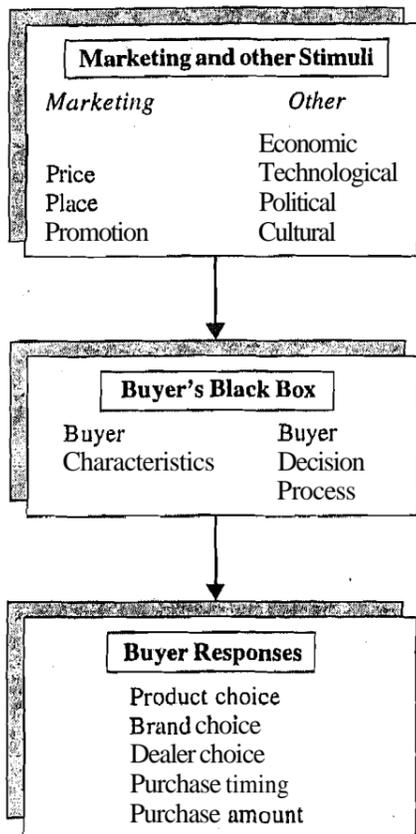


Figure 4.1: Model of Buyer Behaviour

The marketer wants to understand how the stimuli are changed into responses inside the buyer's black box, which has two parts. **First**, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. **Second**, the buyer's decision process itself affects the buyer's behaviour.

We as consumers do not make the purchase decisions in a vacuum. We are being continuously influenced by a number of factors. These are: psychological, social, personal, and cultural factors. For most part marketers cannot control such factors, but they must take them into account. These influences are shown in Figure 4.2. Let us learn them in detail.

4.5.1 Psychological Factors

Consumers are being influenced by a number of psychological factors in the purchase of various products and services. These factors influence consumers in a **differential** way i.e., some factors may influence more and some less. The influence of these factors may vary from product to product and from time to time. There are four psychological factors which may influence buyer behaviour. They are: motivations, perception, learning, and beliefs and attitudes. Let us discuss them in detail.

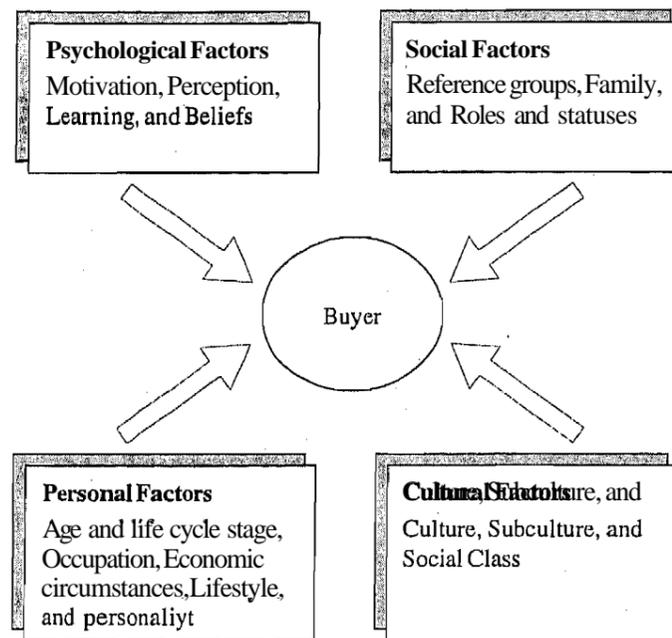


Figure 4.2: Factors Influencing Buyer behaviour

Motivation: A consumer may be interested to buy a specific product or service. One question comes to the mind that why s/he wants to buy this product or service? The possible answer is that s/he is motivated to buy this product. Then what is motivation? We may define motivation as the driving force within individuals that impels them to take action. This driving force is produced by a state of tension, which exists as the result of an unfulfilled need. Individuals strive-both consciously and unconsciously-to reduce this tension through behaviour they anticipate will fulfill their needs and thus relieve them of the stress they feel. The specific goals they select and the patterns of action they undertake to achieve their goals are the result of individual thinking and learning. Whether gratification is actually achieved depends on the course of action being pursued. For example, if a high school boy expects to become a great cricket player by wearing the same brand of sports shoes that Sachin Tendulkar wears, he is likely to be disappointed; if he takes cricket lessons and practices diligently, he may succeed. Psychologists have developed a number of theories of motivation. Two of the most popular motivation theories which are relevant in the context of buyer behaviour are 1) Abraham Maslow's *Hierarchy of need* theory, and 2) Sigmund Freud's *Psychoanalytical theory of personality*. These two theories have different meaning and interpretations with regard to marketing and consumer analysis

Maslow's Hierarchy of Need Theory of Motivation: Abraham Maslow tried to explain that people have hierarchy of needs at particular time, which they want to satisfy. According to him the most pressing human needs are required to be satisfied first and the least pressing are at the last. In terms of hierarchy they may be arranged as 1) physiological needs, 2) safety needs, 3) social needs, 4) esteem needs, and 5) self-actualization needs.

Maslow's Hierarchy of needs theory is based on the following premises:

- All human beings acquire a similar set of needs through genetic endowment and social interaction.
- Some needs are more basic or critical than others.

The more basic needs must be satisfied to a minimum level before other needs are activated.

As the basic needs become satisfied, more advanced needs come into play.

- These needs can be arranged in a hierarchy.

Let us take an example to explain this theory in the context of buyer behaviour. Suppose a consumer is interested in buying digital video camera. We may presume that this consumer has satisfied his physiological, safety, and social needs and his interest in buying digital video camera might come from a strong need for fulfilling esteem needs or it might have come from satisfying self-actualization need he wants to be a creative person to show his talent in photography.

Maslow's theory is a good guide to general behaviour. It is important to remember that any given consumption behaviour can satisfy more than one need. Likewise, the same consumption behaviour can satisfy different needs at different times.

The major problem with Maslow's theory is that it can not be tested empirically; there is no way to measure precisely how satisfied one need must be before the next higher need becomes operative. But despite the criticisms Maslow's hierarchy is a useful tool for understanding consumer motivations and is readily adaptable to marketing strategy, primarily because consumer goods often serve to satisfy each of the need levels. This hierarchy offers a useful, comprehensive framework for marketers trying to develop appropriate advertising appeals for their products. Look at Figure 4.3 which depicts Maslow's theory of motivation.

Figure 4.3: Maslow's Hierarchy of Need Theory

Freud's Psychoanalytical Theory of Personality: According to this theory, which is considered to be the cornerstone of modern psychology, much of individual's personality stems from a fundamental conflict between a person's desire to gratify his or her physical needs and the necessity to function as a responsible member of society. This struggle is carried out among the three subsystems of a person's personality. These subsystems he called as id, *superego* and *ego*.

- The id was conceptualized as a repository of primitive and impulsive drives- basic physiological needs such as thirst, hunger and sex- for which the individual seeks immediate gratification without concern for the specific means of gratification. The id operates according to the *pleasure principle*; behaviour is guided by the primary desire to maximize pleasure and avoid pain. It directs a person's psychic energy towards pleasurable acts without regard for any consequences.

- b) The *superego* is the counterweight to the id. It is conceptualized as the individual's internal expression of society's moral and ethical code of conduct. The superego's role is to see that the individual satisfies needs in a socially acceptable manner. Thus, the superego is a kind of brake that restrains or inhibits the impulsive forces of the id.
- c) Finally, the *ego*, the third subsystem, mediates between the impulsive powers of id and the repressive powers of superego. In a way it works as a referee between the id and superego. The ego tries to balance these opposing forces according to the reality principle, whereby it finds ways to gratify the id that will be acceptable to the moral values of the superego. The conflicts among these three subsystems occur on an unconscious level, so the person is not necessarily aware of the underlying reasons for behaviour. The Figure 4.4 represents the three subsystems and their interrelationships.

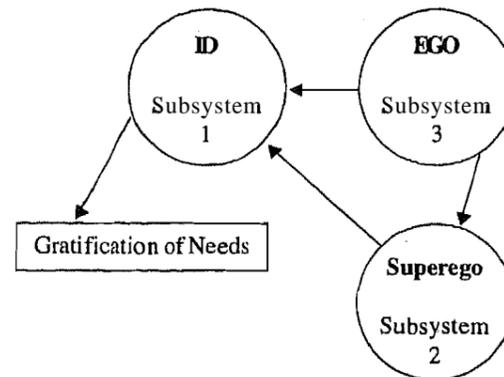


Figure 4.4: Interrelationship between Three Subsystems of Personality

Some of Freud's ideas have been adapted by consumer researchers. In particular, his work highlights the potential importance of unconscious motives underlying purchases. The implication is that consumers cannot necessarily tell their true motivations for choosing a product, even if someone devises a sensitive way to ask them directly. One of the major applications of Freud's theory is the development of motivational research, which is based on certain psychoanalytical tools. The main purpose is to uncover the underlying motives of purchase which are normally not divulged by the consumers if conventional marketing research tools are used. Motivation researchers collect in-depth information from small samples of consumers to uncover the deeper motives for their product choices. They use non-directive depth interviews and various projective techniques. Motivation researchers have reached some interesting and sometimes odd conclusions about what may be in the buyer's mind regarding certain purchases. For example, one motivational research says men smoke cigars as an adult version of thumb sucking, females like killing the cockroaches and other insects with sprays like "Hit" as they derive sadistic pleasure. Despite its sometimes bizarre findings, motivational research remains a useful tool for marketers seeking a deeper understanding of consumer behaviour.

Perception: Another important psychological factor, which may influence the consumers, is *perception*. How a motivated person acts depends on his or her perception of the prevailing situation. It has been found quite often that two people with the same level of motivation and in the same situation act differently because of differing perceptions. For example a consumer who visits a superstore for the purpose of purchasing a colour television, on being confronted with an over enthusiastic salesperson may consider this sales person as being too pushy without understanding his needs. Another consumer may perceive the same salesperson as

being genuine and sincere. This **happens** because the difference in the perception of the salesperson by the two consumers.

Why do people have different perceptions of the same situation? The answer is that people learn by the flow of **information** through their five sense organs. However, they receive, organize and interpret this sensory information according to their prior experiences in an individual way. We may define perception as a **process through which individuals select, organize, and interpret information into a meaningful and coherent picture of the world**. Perception is an individual process; it depends on internal factors such as a person's beliefs, experiences, needs, moods, and expectations. The perception process is also influenced by the characteristics of a stimulus (such as its size, colour, and intensity) and the context in which it is received.

People can form different perceptions of the same stimulus because of four perceptual processes or selective perception. These are: selective exposure, selective attention, selective distortion, and selective retention. Look at Figure 4.5 which shows selective perception. Let us learn them in detail.

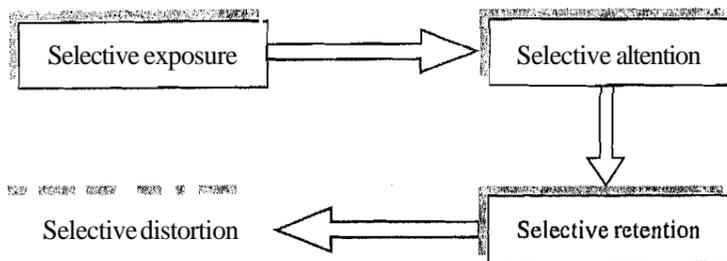


Figure 4.5: Selective Perception

- a) **Selective Exposure:** Everyday people are exposed to a great number of stimuli including marketing stimuli. One study has indicated that a typical consumer is exposed to more than 1000 ads per day. Since, it is impossible to pay attention to all these stimuli, most of them are screened out. Research has shown that people are more likely to notice stimuli that relate to a current need. People are also more likely to notice stimuli that they expect (for example, in a retail store dealing in apparels a shopper is unlikely to notice mobile phones on sale, because s/he did not expect them to be there). Finally, people are more likely to notice stimuli that deviate from the normal. Thus, marketer's ads must stand out from the rest for people to notice them.
- b) **Selective Attention:** This occurs when the consumer chooses to focus attention on certain stimuli while excluding others. For example, out of the large number of advertisements a consumer is exposed, he perceives or attends to a few advertisements. This means advertisers must make considerable effort to get their messages noticed. Advertisers often use the creative aspects of their ads to gain consumer's attention. For example, some advertisers set their ads off from others by showing their products in colour against a black-and-white background.
- c) **Selective Distortion:** Each person tries to fit incoming information into an existing mind-set. People tend to interpret information in a way that will support what they already believe. For example, an advertiser compares its brand with a consumer's favourable brand which may be seen as **biased** or untruthful, and its claim may not be accepted. Selective distortion means that the marketers must try to understand the mind-sets of consumers and how they will effect

interpretation of advertising and sales information. Thus, marketer's need to understand consumer's mind-sets.

- d) **Selective Retention:** People tend to retain only that information which supports their attitudes and beliefs. Even messages that are received undistorted are subject to selective retention. Consequently, ads are repeated many times. The hope is that numerous exposures will etch the message into the recipient's memory. This also partially explains why a firm with very familiar products, such as Pepsi, Coke, KFC, McDonald's spend billions of rupees annually on advertising.

Learning: Learning involves changes in an individual's behaviour arising from observation and experience. Learning plays an important role at every stage of the buying decision process. No universally workable and acceptable learning theory has emerged. However, from marketing perspective consumer learning can be thought of **as the process by which individuals acquire purchase and consumption knowledge and experience that they apply to future purchase related behaviour.**

Despite their different viewpoints, learning experts in general agree that for occurring learning, certain basic elements must be present. Four basic elements that are fundamental to learning process are:

Drives: A drive is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed toward a particular stimulus.

Cues: Are minor stimuli or signals from the environment that determine the pattern of response. Cues are the stimuli that give direction to the drives. For example an advertisement of a brand of soft drink may serve as a cue for those who are feeling thirsty. Cues serve to direct consumer drives when they are consistent with consumer expectations. Therefore, it is necessary for the marketers to provide only those cues, which are in tune with the consumer expectations.

Response: How individuals react to drives and configuration of cues-how they behave-constitute their response. It is the behavioural reactions to the drives and cues. Learning can occur even when responses are not overt. Many cues may lead to the formation of positive attitudes and in future these attitudes may lead to behaviour.

Reinforcement: This results when the response is rewarding. Reinforcement can be either positive or negative. For example, if a consumer purchases a specific brand and he finds it satisfying and next time he needs that product there is likelihood that he may purchase the same brand. The response has been reinforced. In addition the same consumer may develop a positive attitude towards other brands manufactured by the same company. In case the response is not rewarding, then the consumer may not purchase the brand and may develop negative feelings towards other products manufactured by that company.

If the response is rewarded by either positive or negative reinforcement, a connection among the drive, cues, and responses will be established. Learning, then, emerges from reinforcement, and repeated reinforcement leads to a habit or brand loyalty. The practical significance of learning to the marketers is that they can build demand for a product or brand by associating with strong drives, using motivating cues, and providing positive reinforcement. However, learning is not a perfect predictor of behaviour because a variety of other factors also influence a consumer. For example, a pattern of repeatedly purchasing the same

brand may be disrupted by a person's desire for variety or novelty. Or a temporary situation such as being short of money or pressed for time may produce behaviour different than a learned response. Thus, a learned response does not necessarily occur every time a stimulus appears.

Check Your Progress-B

1. How does Maslow theory of motivation influence the buying decision?

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2. Distinguish among Id, Ego and Superego.

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3. Distinguish between selective attention and selective distortion.

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4. How does reinforcement facilitate purchasing the same brand of a product?

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4.5.2 Personal Factors

A buyer's decisions are also influenced by personal characteristics. They include: age and life-cycle stage, occupation, economic circumstances, lifestyle and personality.

Age & Life-cycle Stage: People change the goods and services they buy over their life time. For example, we all rely on some sort of baby food during infancy, most other foods during growing years and may rely on special diets in later years. The clothes that we wear, furniture we buy, and recreation are all age-related.

Because product needs and interests often vary with consumer's age, marketers have found age to be a particularly useful demographic variable for distinguishing segments. Many marketers have carved themselves a niche in the marketplace by concentrating on a specific age segment. For example, Cartoon Network channel on cable is aimed at children. Buying is also shaped by the stage of the *family life cycle*-the stages through which families might pass as they mature over time. The basic assumption underlying the family life cycle approach is that most families pass through an orderly progression of stages, each with its own characteristics, financial situations, and purchasing patterns. Each stage in the family life cycle poses a series of problems, which the family decision makers must solve. For example, young married couples with no children have time for relaxation and recreation. They may consume tickets to the cinema, theater, restaurant meals etc. Each stage presents

unique needs and wants as well as financial conditions and experiences.

Occupation: The importance of occupation as a social class indicator is highlighted by the fact that we often "size up" people by enquiring about it. A person's occupation affects the goods and services bought. Marketers frequently think in terms of specific occupations when defining a target market for their products or broader occupational categories. Truck drivers and auto mechanics may earn as much as a young retail executive or college teacher, but the buying patterns of the first two are likely to be different from the second two because of differing attitudes and interests. Thus, occupation may be more meaningful criterion than income in segmenting some markets. A company may even specialize in making products needed by a given occupational group. For example, computer software companies design software for engineers, accountants, lawyers, doctors, managers etc.

Economic Circumstances: A person's economic situation may greatly affect product choice. People alone do not make a market; they must have money to spend. Consequently *income distribution* is one of the most commonly used bases for segmenting consumer markets. Marketers should analyze the spending patterns of people at different income levels. Marketers of income-sensitive goods closely watch trends in personal income, savings, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and re-price their products.

As discussed earlier, some consumer researchers argue that income alone does not provide us a clear picture of the consumer spending patterns. For example, a blue-collar automobile mechanic and a white-collar assistant bank manager may both earn Rs. 15000 per month, yet because of social-class differences each will spend that income in a different way. How they decide to spend their incomes reflects different *values*. Within this context, it is the difference in values that is an important determinant of social class between people, not the *amount of income* they earn.

Life-Style: People belonging to the same subculture, social class, and occupation may exhibit different lifestyles. Lifestyle is defined simply as *how one lives* in the world, which is expressed in his activities, interests and opinions. It influences all aspects of our consumption behaviour. It is influenced by the factors such as culture, values, demographics, subculture, social class, reference groups, family, and individual characteristics such as motives, emotions, and personality. Individuals and households both have lifestyles. Our desired lifestyle influences our needs and attitudes and thus our purchase and use behaviour. Buyers are seldom explicitly aware of the role lifestyle plays in their purchase decisions. For example, some *time poor* families who pursue an active lifestyle may think it appropriate to serve cold drinks to their guests; or instant coffee etc. because of its convenience, since time is important in an active lifestyle.

The technique of measuring lifestyles is known as *psychographics*. It is the science of using psychology, sociology, anthropology, and demographics to understand buyers. Psychographics can help marketer fine-tune its offering to meet the needs of different segments. Psychographic research attempts to place consumers on psychological-as opposed to purely demographic-dimensions. Psychographic research has been heartily embraced by marketing practitioners in the promotion of such a diverse group of products as AT&T services, Kentucky Fried Chicken, Nescafe, Newport Jeans, and Timex Watches etc.

Probably the best-known psychographics segmentation tool is *Values and Lifestyles* (VALS), developed in 1978 by the research firm SRI International in USA. The VALS system was developed from a large study of the US population that divided adults into nine segments based on similarities in their *values* (beliefs, desires and prejudices) and their lifestyles-hence the acronym VALS.

Personality: Marketers have long been intrigued by the possibility of appealing to consumers in terms of personality traits. They have felt that what consumers purchase, and when and how they consume, are likely to be influenced by personality factors. For this reason, advertising and marketing people have frequently depicted specific personality traits or characteristics in their advertising messages. Personality refers to those inner psychological characteristics that both determine and reflect how a person responds to his or her environment. The emphasis in this definition is on inner characteristics - those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from the other individuals. The deeply ingrained characteristics that we call personality are likely to influence the individual's product choices (and even certain brand choices); they also affect the way the consumer responds to a firm's promotional efforts, and when, where and how they consume particular products or services.

Therefore, identification of specific personality characteristics associated with buyer behaviour may be highly useful in the development of a firm's market segmentation strategies.

Some marketers use a concept related to personality—a person's self-concept. The basic premise is that people's possessions contribute to and reflect their identities: that is "we are what we have." Self-concept can be defined as the totality of the individual's thoughts and feelings having reference to him or her as an object. It is, therefore, argued by some marketers that to understand consumer behaviour, one must understand the relationship between consumer self-concept and possessions. All of us have complex mental pictures of ourselves. For example, a consumer may see himself or herself as outgoing, creative and active. Thus, he may favour a car that projects the same qualities.

4.5.3 Social Factors

In addition to psychological and personal factors, buyer behaviour is influenced by social factors. These social factors influence the buyers in different ways. For some products the influence of social factors is quite pronounced and for others it may not be that pronounced. Important social factors which have certain bearings on buyer behaviour are: reference groups, family, and social roles and statuses. Let us learn them.

Reference Groups: A reference group is any person or group that serves as a point of comparison (or reference) for an individual in forming either general or specific values, attitudes, or behaviour. From the buyer behaviour perspective, reference groups are groups that serve as *frames of reference* for individuals in their purchase or consumption decisions. This may consist of all the groups that have a direct (face-to-face) or indirect influence on the person's attitudes or behaviour.

Reference groups can be classified in terms of a person's membership or degree of involvement with the group, as well as in terms of the positive or negative influences they have on his or her values, attitudes, and behaviour. These groups are as follows:

- a) **A contractual Group:** This is a group in which a person holds membership or has regular face-to-face contact and of whose values, attitudes, and standards he or she approves. Thus, a contractual group is likely to have a congruent influence on an individual's attitudes or behaviour. This group includes friends, family members, neighbours, and company-workers.
- b) **An aspirational Group:** In this group, a person does not hold membership and does not have face-to-face contact but wants to be a member. Thus, it often serves as positive influence on that person's attitudes or behaviour. Young people would like to be associated as well as like to emulate sports heroes,

movie stars, prominent personalities etc. for them these work as aspirational groups.

- c) **A disclaimant Group:** In this group, a person holds membership or has face-to-face contact but disapproves the group's values, attitudes or behaviour. Thus, the person tends to adopt attitudes and behaviour that are in opposition to the norms of the group. For example, neighborhood friends who have been dropped out of school.
- d) **An avoidance Group:** In this group, a person does not hold membership and does not have face-to-face contact and of whose values, attitudes, and behaviours he or she disapproves. Thus, the person tends to adopt attitudes and behaviour that are in opposition to those of the group. For example, one may vocally reject the actions of those peers who do not demonstrate adequate respect for their parents and religion. These four groups influence on the buyer have been shown in the Table 4.1.

Table 4.1: Reference Groups and Types of Influence

Type of Influence	Membership Group	Non-membership Group
Positive Influence	Contractual Group	Aspirational Group
Negative Influence	Disclaimant Group	Avoidance group

Marketers are of the view that people, including consumers, are significantly influenced by their reference groups particularly with those reference groups which exert positive influence such as contractual and aspirational groups. These reference groups influence a person in at least three ways: 1) Reference groups expose the person to new behaviours and life-styles. 2) They influence the person's attitudes and self-concept because he or she wants to "fit in". 3) They create pressures to conform that may affect the person's product and brand choices.

The importance of group influence varies across products and brands, but it tends to be strongest for conspicuous purchases. A product or brand can be conspicuous for one of the two reasons. Firstly, the product is used or owned by very few people in a society. For example, luxuries are more conspicuous than necessities. Secondly, a brand may be more conspicuous because it is consumed in public where others can see it. By combining these two dimensions i.e. luxury products and public products one may get four categories of products: **public luxuries, public necessities, private luxuries** and **private necessities**. Research has found that the reference group influence varies in terms of product and brand choice decision on these four categories of products.

If an item is a luxury as opposed to a necessity, the decision to buy or not to buy the product is influenced by the reference groups. If the item will be consumed publicly rather than privately, reference-group influence tends to affect the brand choice. The relative influence of reference group is shown in figure 4.6.

Group Influence on Brand Choice			
		Strong	Weak
Group Influence on Product Choice	Strong	Public Luxuries (Luxury cars, boats, etc)	Private Luxuries (Water Purifier, TV, Video games)
	Weak	Public Necessities (Two-Wheelers, Cars, clothers, Wristwatch)	Private Necessities (Refrigerators, Mattress)

Figure 4.6: Extent of Group Influence on Product and Brand Choice

Advertisers are relying on reference group influence when they use celebrity endorsers to work as aspirational reference group. Professional athletes, musicians, and actors can influence people who would like to be associated with them in some way—for example Michael Jordan for Nike Shoes, Narayan Karthikeyan for JK Tyres, Shahrukh Khan for Santro car, Ustad Zakir Husain Khan for Taj Mahal tea.

If the marketers come to know that their products and brands are susceptible to strong group influences they must figure out how to reach opinion leaders in these product areas with their marketing messages. Opinion leaders are people within reference groups who, because of special skills, knowledge, personality or other characteristics, exert influence on others. Opinion leaders are found in all areas and strata of society, and one person may be an opinion leader in certain product areas an opinion follower in others. Therefore, marketers must try to identify the personal characteristics of opinion leaders in their respective product areas and then find out what media they use so that they may direct marketing messages to them.

- a) **Family:** A family is a group of two or more people related by blood, marriage, or adoption living together in a household. Because of strong bond and close continuous interaction family members may strongly influence buyer behaviour. During their lives many people belong to at least two types of families:
- b) **Family of Orientation:** The buyer's parents make up the family of orientation: Even if the buyer no longer interacts very much with his or her parents, the parents can still significantly influence the buyer's unconscious behaviour. In countries like India where parents continue to live with their children, their influence can be profound.

Family of Procreation: It consists of the buyer, his/her spouse and children. It exerts a more direct influence on everyday buying behavior.

The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are especially interested the relative roles and influence of husband, wife, and children on the purchase of a large variety of products and services. Research has shown that husband-wife involvement varies significantly across different product categories and the stage in the buying process. Marketers have acknowledged the role of family in general and involvement of husband-wife dyad in the purchase decision-making process in particular. However, one of the trickiest problems for marketers is to figure out who makes purchase decisions for a household. The problem being that there is rarely consensus among couples themselves. The information about who influences the purchase decision within a family setup serves as the basic input in designing the marketing communication and subsequently in media selection.

Researchers who worked on the role and influence of family in the purchase decisions have classified family decision-making as *husband dominated*, *wife dominated*, *joint* (i.e., equal or syncretic), and *autonomic* (i.e., individualised or solitary or unilateral),

Research on family-member influence in durable goods buying is more abundant than that on frequently purchased items. Even a casual observer would probably agree that important, one-time purchases are likely to involve more than one household member. In contrast to non-durables, purchases of durable goods are often preceded by a progression of interrelated decisions and activities through time. Husbands, wives, and children have more opportunities to become involved at one or more steps in the process. One can presume that family members are also more motivated to participate, since the purchase of an automobile, for example, often precludes other acquisitions, given families' budget constraints.

Another important aspect of family decision-making is the role played by the family members in the purchase of various products and services. There are nine distinct roles in the family decision-making process which provide an insight into how family members interact in their various consumption-related roles:

- a) **Initiators:** The family member(s) who first recognizes the need or starts the purchase process.
- b) **Influencers:** Family member(s) who influence the alternatives evaluated, the criterion considered, and the final choice.
- c) **Gatekeepers:** Family member(s) who control the flow of information about a product or service into the family. It is generally the individual who has expertise and interest in a particular purchase.
- d) **Deciders:** Family member(s) with the power to determine unilaterally or jointly whether to shop for, purchase, use, consume, or dispose of a specific product or service.
- e) **Buyers:** Family member(s) who make the actual purchase of a particular product or service.
- f) **Preparers:** Family member(s) who transform the product into a form suitable for consumption by other family members.
- g) **Users:** Family member(s) who use or consume a particular product or service.
- h) **Maintainers:** Family member(s) who service or repair the product so that it will provide continued satisfaction.
- i) **Disposers:** Family member(s) who initiate or carry out the disposal or discontinuation of a particular product or service.

The number and identity of the family members who fill these roles vary from family to family and from product to product. Therefore, marketers should identify what roles are being performed by various family members in their respective product areas and accordingly may develop marketing communication strategies.

Finally, it is important for the marketers to know which family member is likely to make the purchase decision. This knowledge will influence a company's entire marketing mix. For example, if it is found that children are the key decision makers, as is often the case with toys, confectionaries and breakfast cereal, then a manufacturer should come out with a product in consonance with the children preferences; design the package children in mind, and advertise in those media, which cater to the children.

Roles and Status: In life a person performs various roles and may belong to many groups such as family, clubs and work environment. The person's position can be defined in terms of both role and status. A role is a prescribed pattern of behaviour expected of a person in a given situation by virtue of the person's position in that situation. Each role carries a status reflecting the general esteem given to it by society. For example the role of a product manager has more status in a society than the role of a son. As a product manager, a consumer will buy the kind of clothing that reflects his role and status. People often choose products that show their status in a society.

4.5.4 Cultural Factors

Cultural Factors exert the broadest and deepest influence on buyer behaviour. The marketers need to understand the roles played by the buyer's culture, sub-culture and the social class. Let us learn these factors in detail.

Culture: Culture is that complex whole which includes knowledge, belief, art, law, morals, customs, and any other capabilities and habits acquired by humans as a

member of society. In the context of buyer behaviour we may define culture as the sum total of learned beliefs, values, and customs that serve to direct the buyer behaviour of members of a particular society. It is the most basic cause of a person's wants and behaviour. Human behaviour is largely learned. Growing up in a society, a child learns basic values, perceptions, wants and behaviour from the family and other important institutions.

The nature of cultural influences is such that we are *seldom aware* of them. One behaves, thinks, and feels in a manner consistent with other members of the same culture because it seems "natural" or "right" to do so. Culture typically evolves and changes slowly over time. However, there can be major changes during relatively short time periods due to rapid technological advances, conflicts between existing values, exposure to another culture's values, or dramatic events such as war.

Marketing managers must understand both the existing cultural values and the emerging cultural values of the societies they serve. They must always try to spot *cultural shifts* in order to imagine new products that might be wanted. Some cultural trends affecting the buying behaviour of Indian consumers include the following:

- Gender roles are losing their identity
- Greater concern about health and fitness (has created a huge industry for exercise equipment and clothing, low calorie foods, health and fitness services)
- There has been a shift toward informality (it has resulted in more demand for casual clothing, sports shoes, lighter entertainment etc.)
- There is an increased desire for leisure time (it has resulted in more demand for convenience products and services such as microwave ovens, fast food etc.)
- In metros, two-income families are becoming the norm (some view it as a necessity to achieve a reasonable standard of living; this is also bound to affect their ability to buy, choice of products, time available for purchase and consumption)

Sub-culture: In any society as heterogeneous as the one in India, there are bound to be subcultures. Subcultures are groups in a culture that exhibit characteristic behaviour patterns sufficient to distinguish them from other groups within the same culture. The behaviour patterns that distinguish subcultures are based on factors such as race, nationality, religion and urban-rural identification. A subculture takes on importance in marketing if it constitutes a significant part of the population and specific purchasing patterns can be traced to it. Each subculture has different attitudes, beliefs, customs and languages that must be taken into consideration by the firms attempting to sell to them,

Social Class: Social class is a ranking within a society determined by the members of the society. Social classes are relatively permanent and ordered divisions in a society whose member share similar values, interests, and behaviours. Social class is not determined by a single factor such as income but is measured as a combination of occupation, income, education, wealth, and other variables. The lines between social classes are normally not fixed and rigid; people belonging to one social class can move to a higher class or lower class. Marketers are interested in social class because the buying behaviour of people is strongly influenced by the class to which they belong or which they aspire. Social class is not an indication of spending capability; rather it is an indication of preferences and life-style. For example, a young manager might be having the same income as that of a middle aged foreman in a steel factory, but they probably have quite different family backgrounds, tastes, and aspirations. Social scientists have come out with a number of social class classifications, where they have divided the society in five, seven or nine divisions. We provide the five division of classification of social class below.

- a) **The Upper Class:** People who are in the top strata of the society. This class includes two groups: (1) socially prominent "old families," often with inherited wealth, and (2) newly rich corporate executives, owners of large businesses, and highly-paid professionals. They live in large houses in exclusive neighbourhoods and exhibit a sense of social responsibility. The upper class patronises exclusive and fancy shops. They go for expensive goods and services, but they do not display their wealth in a conspicuous manner. They form a very small part of the society. In terms of percentage they may range between 2 to 3 percent.
- b) **The Upper-middle Class:** This class comprises moderately successful businessmen, professionals and owners of medium to small size companies. People belonging to this class are well educated, and they crave for success in life. They may engage in conspicuous consumption as compared to upper class. This class buys products that signifies its class status. In terms of percentage they may range between 12 to 15 percent.
- c) **The Lower-middle Class:** This class comprises office employees-both government and private, junior executives, teachers, technicians, and small business owners. People from this class crave for respectability by engaging in those activities, which are approved by the society as "right things". They are future oriented, strive to move up in the next higher socialclass, exhibit self-confidence, and are risk takers. In terms of percentage they may range between 30 to 40 percent.
- d) **The Upper-lower Class:** People in this class are blue-collar workers, semi skilled workers, and lower grade service personnel such as clerks etc. they are more tied with their families and male female roles are sharply defined. They live in smaller houses. They patronize products keeping an eye on economy aspect of purchase. In terms of percentage they may range between 30 to 35 percent.
- e) **The Lower-lower Class:** They belong to the lowest strata of the society. This class includes unskilled workers, the unemployed, uneducated and low-income earners. They live in substandard houses. Their priority is to purchase only essential things. They are not in the position of purchasing durable products. In terms of percentage they may range between 20 to 25 percent. In some developing and poor countries their percentage may go up to 40 percent.

The conclusions from social class research are:

- a There are substantial differences among these classes with respect to buying behaviour.
- Because of this diversity, different social classes are likely to respond differently to a seller's marketing program. Thus it may be necessary to tailor marketing programs, which are in tune with the characteristics of a specific social class.

Check Your Progress-C

- I) On the basis of your own experience write the factors which influenced you in the purchase of following products.
 - a) Refrigerator, b) Colour Television, c) Toothpaste, d) Personal computer,
 - e) Two- wheeler, f) Music system, g) Washing machine.

.....

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.....

.....

2) What do you mean by reference group?

.....

3) Distinguish between initiators and influencers.

.....

4) State whether the following statements are True or False:

- i) Highest order need is self-actualization need.
- ii) Superego is the reservoir of basic needs.
- iii) People can move one social class to another social class.
- iv) Film stars and sports heroes work as aspirational reference group for old people.

4.6 CONSUMER BUYING DECISION PROCESS

In the preceding section we have discussed the various factors that influence buying behaviour. Understanding the influence of these factors is important for the marketers for designing effective marketing strategies. However, this is not sufficient. Marketers should also develop an understanding of how consumers actually make their buying decisions. Understanding buying decision process requires the knowledge of three things. Firstly, marketers should find out in their respective product categories the roles played by different family members in the buying decision process. *Secondly*, the types of buying behaviour consumers display in different buying situations. Finally, the different stages through which, a consumer goes through in the buying decision process. We have already discussed the different roles played by various family members in the context of family influences on buying behaviour. Therefore, in this section we will discuss the different buying situations, and stages of buying decision process.

4.6.1 Types of Buying Behaviour Situations

Marketers are required to know that consumer decision-making varies with the type of buying behaviour in different buying situations. The buyer decision making process varies considerably if he is buying a soap, clothing, a scooter, a personal computer or a major home appliance. In general, buyers are highly involved when purchasing complex and expensive products and more members of the family are expected to take part in the decision making process. Consumer decision-making is also influenced by whether the consumers perceive significant differences among available brands in a specific product category or not. Based on these two dimensions (i.e., degree of buyer involvement and the degree of differences among brands) Henry Assael, a consumer behaviour specialist, has identified following four types of buying behavioursituations:

- 1) **Complex Buying Behaviour:** In this situation, firstly, buyers are highly involved with the product as the product is expensive, bought infrequently, risky

and self expressive. Secondly, buyers perceive significant differences between the available brands. Therefore, buyers first develop beliefs about the product, then develop attitudes about it, and finally make a thoughtful choice. Knowing this, marketers can help educate buyers about product attributes, differentiate and describe the brand's features, and motivate store personnel and others to influence the final brand choice.

- 2) **Dissonance Reducing Buying Behaviour:** Here also the buyers are highly involved with the purchase but they may consider most brands in the given price range as being similar in product attributes. This situation also occurs in case of expensive, and infrequently purchased products. The buyer takes less time in purchasing the product but later experiences some amount of post purchase dissonance if he notices certain disquieting features or hears favourable things about other discarded brands. Marketers should therefore supply beliefs and evaluations that help consumers feel good about their brand choices.
- 3) **Variety Seeking Buying Behaviour:** This situation applies to low involvement products. However, buyers perceive significant differences among the available brands in that product category such as biscuits, ice creams etc. Here, buyers may switch brands because they want variety and not because of dissatisfaction. Mostly buyers have some beliefs about the product, choose a brand with little evaluation, and later evaluate the product during consumption. Marketers should therefore try to encourage habitual buying behaviour by dominating retailers' shelf space, keeping shelves fully stocked, running reminder advertisements, and resorting to consumer sales promotion campaigns.
- 4) **Habitual Buying Behaviour:** This situation applies to low involvement products as well as where the buyers do not perceive significant differences among the available brands. Here the products are low-cost and purchased frequently. Buyers keep buying the same brand out of habit and not because of brand loyalty. Buyers make decision on the basis of brand familiarity. Marketers of such products should try to create brand familiarity by of advertisements repetition, with competitive pricing, and frequent consumer sales promotion campaigns. These four buying behaviour situations are shown in Figure 4.7:

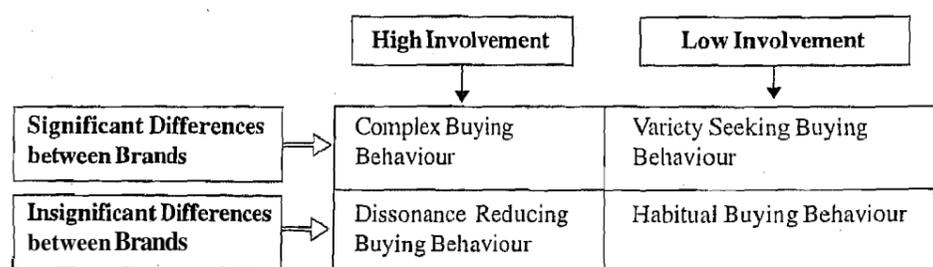


Figure 4.7: Types of Buying Behaviour Situations

Source: Henry Assael, *Consumer Behavior and Marketing Action* (Boston: Kent Publishing Company, 1987)

4.6.2 Stages in Buying Decision Process

Buyers make large number of buying decisions in their daily life. Marketing savvy companies research consumer buying decisions process involved in their respective product categories. Marketing experts have developed a "five-stage model" of the buying decision process which has been shown in Figure 4.8. This model shows that the consumer passes through five stages in the buying decision process. These stages are: 1) problem recognition, 2) information search, 3) evaluation of alternatives, 4) actual purchase decision, and 5) post purchase behaviour.

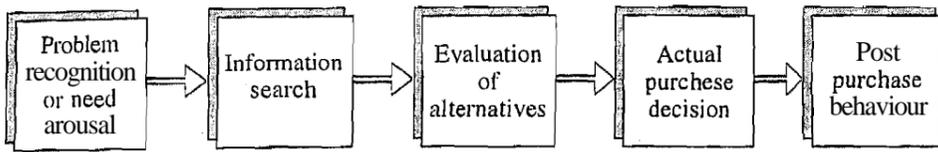


Figure 4.8: Five- Stage Model of Consumer Buying Decision Process

Though this model is a useful starting point for examining purchase decision process, the purchase process is not always as straightforward as it may appear. Certain important points are to be noted before we proceed to explain this model. These are:

- This model emphasises that the buying process starts much before the actual purchase and continues after the purchase has been made.
- This model seems to imply that consumers pass through all five stages with every purchase. As discussed earlier, consumers are more likely to pass through all the five stages when they face either complex or dissonance reducing buying behaviour situations. However for frequently purchased, familiar products, purchasing may be a routine matter and problem recognition may be followed by repurchase of a familiar brand, and thus, the second and third stages of the five-stage model are bypassed,
- The consumer may withdraw at any stage prior to the actual purchase, If for example, the need diminishes or no satisfactory alternatives are available, the process will come to an abrupt end.
- The stages are not necessarily of the same length. For complex buying behaviour situation consumers may take longer time in information search and evaluation of alternative stages as compared to other buying situations.

However, we discuss all the stages of this model because it captures the full range of considerations that arise when a buyer faces a highly involving new purchase.

Stage 1: Problem Recognition or Need Arousal

This stage starts whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. The consumer perceives there is a problem to be solved, which may be small or large, simple or complex. This problem recognition is experienced because people have needs and unsatisfied needs create tension and discomfort. Acquiring and consuming goods and services can satisfy some of the needs. Many experts are of the view that needs are aroused by factors both internal and external to the individual.

Marketers need to identify the circumstances that activate a particular need. By gathering information from a number of consumers, marketers can identify the most frequent reasons that kindle an interest in a product category. On the basis of this knowledge they may develop marketing strategies that trigger consumer interest in a product.

Stage 2: Information Search

A consumer who is in the state of need arousal may or may not go for information search. If the consumer's need is strong enough and a satisfying product is readily available, the consumer is likely to buy it immediately. However, in many situations the aroused consumer may engage in more information search.

The consumer may engage in two types of information search depending on his intensity of need. These are *heightened attention* and *active information search*. In the first case the consumer becomes more receptive to information, which comes to him about the product, which may satisfy his need. For example, an aroused consumer may pay more attention to advertisements for various brands, products

used by friends, and conversations related with the product and brand!;. Here the information search is passive in nature. In the later case, the consumer seeks information from various sources. He spends time and efforts to obtain product information. For example, in active information search a consumer may read magazines, seek information from friends or visit retail outlets to see the actual brands. Here the consumer is the *seeker* of information rather than the *receiver* of information. The amount of information search activity increases as the consumer moves from habitual buying behaviour situation to complex buying behaviour situation. There exists number of information sources from where a consumer can obtain information. Some of these sources are company controlled or dominated and while others emanate from the environment. The marketers should have knowledge about these sources and the influence each source exerts on buying decision process. Consumer information sources fall into four categories:

Personal sources: family members, friend circle, neighbourhoods, coworkers, peers

Commercial sources: advertising, sales personnel, marketing intermediaries (dealers, retailers, distributors), point-of-purchase displays

Public sources: mass media (newspapers, magazines, television channels), consumer-rating organizations

Experiential sources: actual handling of a product,

Consumers whether they are in heightened state or in active information search state, get information from the above mentioned information sources. In the former case they are *receivers* of information and in the later they are the *seekers* of information. Look at Figure 4.9 which shows information search process.

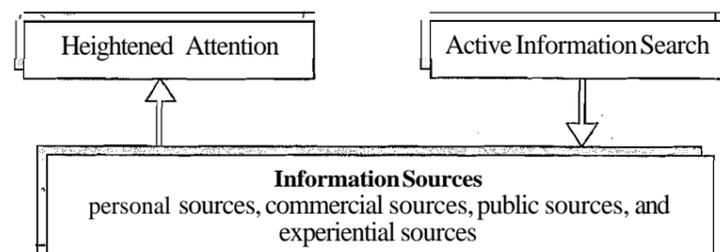


Figure 4.9: Information Search Process

Note: Arrow originating from the source(s) toward the buyer indicates that the buyer is passive recipient of information while vice versa is indicative of the buyer actively seeking out information.

The marketers need to find out in respective product categories the relative influence exerted by these information sources on the consumer buying decision process. The relative influence of these information sources varies with the product and the buyer. Generally, a buyer receives most information from commercial (marketer-dominated) sources, although the most effective information comes from personal sources. Each information source performs a different function in influencing the buying decision process. Commercial information normally performs an *informing function*, and personal information sources perform a *legitimizing or evaluative function*. For example, a consumer may learn about a new product from commercial sources such as advertisements but may turn to social sources such as friends and colleagues for evaluation.

As more information is obtained, the consumer's awareness and knowledge of available brands increases. For example, if a prospective buyer is contemplating to purchase an expensive product such as a refrigerator, he may gather information

from various sources about many refrigerator brands available in the market. A company must design its marketing mix to make prospective buyers aware of and knowledgeable about its brand. If it fails to do this, the company loses an opportunity to sell.

Stage 3: Evaluation of Alternatives

This stage of buying decision process is the most complex and least understood. Important question for the marketers is once a buyer has progressed through the information search stage how he or she processes the information relating to competing brands and makes a final decision? The marketer needs to know about alternative evaluation—that is, how the buyer arrives at brand choice set. Research in this area has indicated that buyers use different evaluative criteria in choosing different products and services. The same buyer may use one criterion for one type of product and another criterion for other product. There are several evaluation procedures at work; the most current models view the evaluation process as being *cognitively oriented* i.e., buyers form judgments largely on a conscious and rational basis.

Before discussing the buyer evaluation process one has to understand certain basic concepts, which are used in it. These are:

Product Attributes and Benefits: In the purchase of a product, a buyer is basically trying to satisfy some of his needs. Here he is looking for certain *benefits*, which he may obtain by purchasing that product. Further each consumer sees a product as a bundle of *product attributes* with varying capacities for delivering these benefits. For example, for a motorcycle, the product attributes that may be considered are fuel consumption, power, ease in handling, style, and price. Buyers may differ regarding as to which of these attributes they consider relevant. For some motorcycle buyers all the attributes may be relevant and for others only some may be relevant.

Attribute Importance: Consumers do not attach same importance to all the relevant attributes and instead they may attach different *degrees of importance* to each attribute.

Brand Beliefs: On the basis of the obtained information the consumer may develop a set of brand beliefs about each brand's ranking on each attribute.

Brand Image: The total set of beliefs held about a particular brand is known as brand image. The consumer's beliefs may vary from true attributes because of his or her experience and also due to the effect of selective perception, selective distortion and selective retention.

Utility Function: The consumer assumes that each attribute to which he gives importance has a utility function. The utility function describes how the consumer expects total product satisfaction to vary with different levels of different attributes. For example, in case of motorcycle purchase, a consumer's satisfaction is likely to increase with better fuel consumption, more power, ease in handling, better style and lower price. If we combine the attribute levels at which each attribute utility is highest, then it may lead to his ideal motorcycle.

Evaluation Procedure or Criterion: On the basis of brand beliefs, brand attributes, brand image, and utility function the consumer may use some evaluative procedure or criterion for selecting the brand. As mentioned earlier buyers have been found to use one or more of several evaluation criteria, depending on the consumer and buying decision situation.

After explaining the above mentioned basic concepts we try to explain the evaluation procedure being used by buyers with a specific example. Consider a prospective buyer is in the process of purchasing a motorcycle. He has gathered information from

various information sources about various brands available in the market. His choice has been narrowed down to four motorcycles: A, B, C, and D. Further assume that he is primarily interested in five attributes—fuel consumption, power, ease in handling, style, and price. Table 4.2 shows his ratings of each brand attributes on a 10-point scale. In his ratings he gives 10 to an attribute if that exists at the highest level in a specific brand and 1 to the same attribute in another brand if that attribute does not exist or exists at the lowest level. He rates in between 10 and 1 if the attribute varies between the highest and the lowest.

Table 4.2: Buyer's Brand Beliefs about Motorcycles

Motorcycle	Attribute				
	Fuel consumption	Power	Ease of handling	Style	Price
A	10	8	6	8	4
B	8	9	8	6	3
C	6	8	10	5	5
D	4	3	7	3	8

The above table shows the ratings on different attributes for four brands of motorcycles. From this table it is very difficult to predict which brand will be purchased by the consumer because no brand is rated best on all attributes. However, the brands vary in appeal. Some buyers base their buying decision on only one attribute, and their choices are easy to predict. If this buyer wants fuel consumption above everything, he would buy brand A; if he wants the motorcycle that is easiest to handle, he would buy brand C; if he wants best power, he should buy brand B; if he wants lowest price motorcycle, then he should go for brand D.

In case of expensive and infrequently purchased products such as motorcycle or television, most buyers normally consider several attributes but assign different importance weights to each attribute. If one knows the importance weights the motorcycle buyer attached to the five attributes, one could predict his motorcycle choice in a more reliable way. Suppose this buyer assigns 30 percent importance weight to fuel consumption, 25 percent to power, 20 percent to ease in handling, 15 percent to style, and 10 percent to price. To find his perceived value for each brand of motorcycle, we multiply his importance weights by his beliefs about each brand. This gives the following perceived values which has been shown in Table 4.3.

Table 4.3: Perceived Values of Buyers

Motorcycle	Attribute					
	Fuel consumption	Power	Ease of handling	Style	Price	Perceived value
A	.3(10) +	.25(8) +	.2(6) +	.15(8) +	.10(4) =	7.8
B	.3(8) +	.25(9) +	.2(8) +	.15(6) +	.10(3) =	7.45
C	.3(6) +	.25(8) +	.2(10) +	.15(5) +	.10(5) =	7.05
D	.3(4) +	.25(3) +	.2(7) +	.15(3) +	.10(8) =	4.6

From the above calculations of attribute importance and their respective weight one may predict that this consumer will, in order of preference, favour brand A, followed by brand B, and C. The least preferred brand for this consumer is D. This evaluative procedure is known as *expectancy value model*.

Marketers should try to study how the buyers actually evaluate various brand alternatives. Knowledge of this enables marketers to take steps, which can influence

the buying decision process. For example, if the motorcycle buyer is inclined to buy Brand A because he rates it high on fuel consumption and power, then what strategies another motorcycle brands owners use to influence consumers who give high rating to fuel consumption and power.

Stage 4: Actual Purchase Decision

This stage is the culmination of the earlier stage i.e., evaluation of alternatives. Once the consumer has evaluated various alternative brands through some evaluative criterion he or she forms some brand preferences within the choice set. This leads to the formation of purchase intentions. The consumer is now likely to take the actual purchase decision for the most preferred brand but some times two factors may come between the purchase intentions and the actual purchase decision. These factors are *attitudes of others*, and *unanticipated situational factors*. If these two factors go in favour of the consumer's brand intentions then the buyer may purchase the most preferred brand. However, if they go against the most preferred brand, the buyer is likely to change his or her intentions and may purchase another brand from among his or her choice set. How much another person's attitudes will affect buyer's choices depends both on the strength of the other person's attitudes toward buyer's buying decision and the buyer's motivation to comply with the wishes of others. Unanticipated situational factors if they are adverse then they may also go against the purchase of the preferred brand. The effect of these factors is shown in the Figure 4.10.

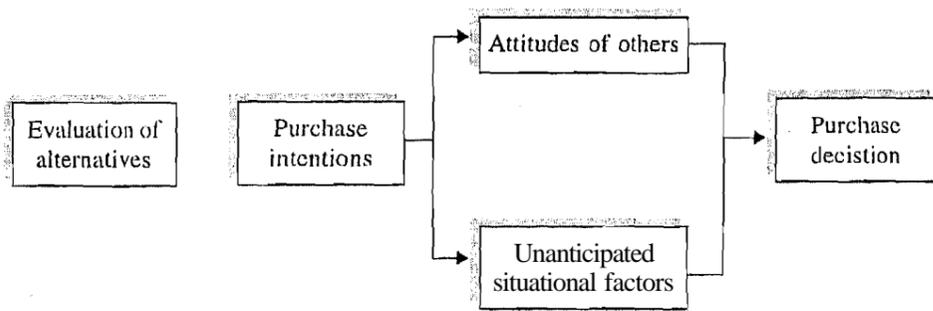


Figure 4.10: Intervening Factors between Purchase Intentions and Purchase Decision

In addition to the factors described above, a buyer's purchase decision is also influenced by the amount of perceived risk associated with the product choice. As a rule, purchase decisions that involve extensive search also entail some kind of perceived risk, or belief that the product has potentially negative consequences. Perceived risk may be present if the product is expensive or is complex and difficult to understand. Alternatively, perceived risk can be a factor when the product choice is visible to others and the buyers run the risk of embarrassment if the wrong choice is made. Because of this perceived risk some sort of pre-purchase anxiety is produced. A buyer takes certain actions to reduce risk, such as avoiding purchase decisions, gathering more information, and looking for highly reputed brands, and brands with warranties. The amount of perceived risk may also vary with the type of buyers. Buyers with greater "risk capital" are less likely to be affected by perceived risks associated with the products. For example, a highly self-confident buyer would be less worried about the social risk inherent in a product, whereas a more vulnerable, insecure buyer might be reluctant to take a chance on a product that might not be accepted by peers. Therefore, marketers should understand the factors that lead to the feelings of risk in the buyers and should respond with information and support that will reduce the perceived risk.

As indicated in the model of buying decision process the marketer's job does not end here. After the purchase, the consumer may experience either satisfaction or dissatisfaction with the product or service. This has a bearing on buyer's future behaviour with regard to the purchase of the same product if the same need arises. Therefore, a buyer will engage in post purchase behaviour which has implications to the marketers.

The satisfaction or dissatisfaction of a buyer is a function of two things-buyer's expectations and product's perceived performance. After purchasing and using the product, if the buyer finds that the product's performance is below the expectations, the buyer is dissatisfied, if the performance equals the expectations, the buyer is satisfied and if the performance exceeds the expectations the buyer is highly satisfied and/or delighted.

These feelings of satisfaction influence the buyer's future purchase decisions. Satisfied buyers are more likely to purchase the product again, talk favourably to others about the product, that is, they may engage in positive *word-of-mouth* (WOM) communication, pay less attention to competing brands and their advertising, and buy other products from the same company. On the other hand, a dissatisfied buyer responds differently. Dissatisfied buyer may take a number of actions. For example, a dissatisfied buyer may abandon or return the product; seek information which may support his decision; take public action by complaining to the company, file a law suit, or complain to the government and private agencies such as consumer forums or consumer courts, or take private actions by not buying the product or engage in negative WOM communication. The consumer's post-purchase actions are shown in Figure 4.11.

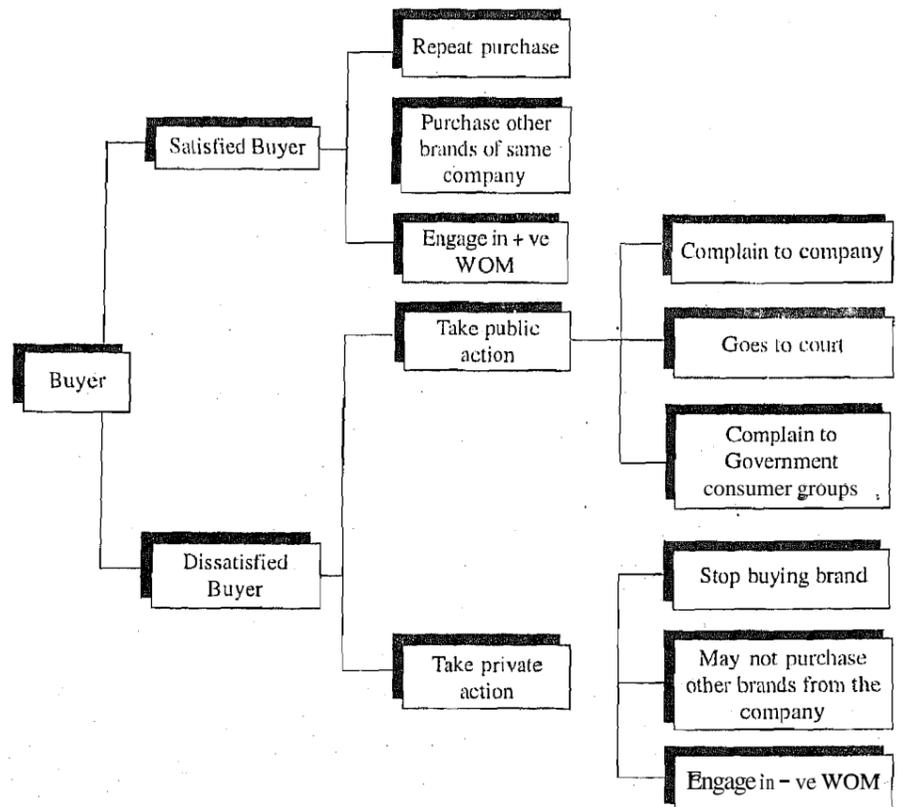


Figure 4.11: Buyer's Post-purchase Actions

The post purchase actions as shown in the Figure 4.9 have great implications to the marketers. As we know that a company's sales come from two basic groups-new customers and repeat customers. It usually costs more to attract new customers than to retain current ones. And the key to keeping current customers is customer satisfaction. Thus a customer-oriented company regularly measures customer satisfaction and dissatisfaction.

Understanding the buyer's needs and buying process will help the marketers to develop appropriate marketing strategies for getting desired inmarket response.

Check Your Progress-D

1. Enumerate the steps involved in the consumer buying process.
.....
.....
.....
2. What do you mean by utility function?
.....
.....
.....
3. Enumerate intervening factors between purchase intentions and purchase decision.
.....
.....
.....
- 4) State whether the following statements are *True* or *False*:
 - i) In complex buying behaviour situation the buyers are not highly involved.
 - ii) A buyer goes through all the five stages of buying decision process in variety seeking buying behaviour situation.
 - iii) The most important information sources are personal sources.
 - iv) Buyers are found to use a number of evaluative criteria in evaluating various brand alternatives.
 - v) Going to the court in case of dissatisfaction from a product use is private action.

4.7 LET US SUM UP

Buyer or consumer behaviour is the behaviour that buyers or consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. There are three phases of buyer behaviour. These are: acquisition phase, consumption phase and disposition phase.

The four main applications of buyer behaviour are in developing marketing strategy, public policy formulation, social marketing, and in consumer education. To survive in a rapidly changing market, a firm has to constantly understand the latest consumer trends and tastes for coming out viable marketing strategies.

In purchasing various products and services buyers are influenced by host of factors. These are: psychological factors, personal factors, social factors, and cultural factors. Psychological factors include: motivation, perception, learning and beliefs. Personal factors include: age and life cycle stage, occupation, economic circumstances, lifestyle, and personality. Social factors include: reference groups, family, and roles and statuses. Cultural factors include: culture, subculture, and social class. All these factors influence the buyer in different way. Therefore marketers are required to analyse the relative influence of these factors in their product areas.

Finally, buyers while making purchases of different products pass through different stages of buying decision process. These stages are: problem recognition, information search, evaluation of alternatives, actual purchase decision and post purchase behaviour. Depending upon the buying situations buyers may or may not go through all these stages. Buyers face four types of buying behaviour situations. These are: complex buying behaviour, dissonance reducing buying behaviour, variety seeking buying behaviour and habitual buying behaviour.

4.8 KEY WORDS

Acquisition Phase: This refers to how buyers acquire the products and services for their consumption.

Buyer or Consumer Behaviour: Behaviour that buyers or consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

Complex Buying Behaviour: Consumer buying behaviour in situations characterized by high consumer involvement in a purchase and significant perceived differences among brands.

Consumption Phase: This refers to how buyers use or consume the products and services.

Culture: The set of basic values, perceptions, wants, and behaviours learned by a member of society from family and other important institutions.

Disposition Phase: It refers to what buyers do with a product once they have completed use of it.

Dissonance-Reducing Buying Behaviour: Consumer buying behaviour in situations characterized by high involvement but few perceived differences among brands.

Ego: In Freudian theory, the part of the personality that serves as the individual's conscious control.

Evaluation of Alternatives: A stage in the consumer decision-making process in which the consumer appraises the benefits to be derived from each of the product alternatives being considered

Family: Two or more persons related by blood, marriage, or adoption who reside together.

Habitual Buying Behaviour: Consumer buying behaviour in situations characterized by low consumer involvement and few significant perceived brand differences.

Id: In Freudian theory, the part of the personality that consists of primitive and impulsive drives that the individual strives to satisfy.

Information Search: The stage of the buyer decision process in which the consumer is aroused to search for more information; the consumer may simply have heightened attention or may go into active information search.

Learning: The process by which individuals acquire the knowledge and experience they apply to future purchase and consumption behaviour.

Lifestyle: A person's pattern of living as expressed in his or her activities, interests, and opinions

Maslow's Need Hierarchy: A theory of motivation that postulates that individuals strive to satisfy their needs according to a basic hierarchical structure, starting with physiological needs, then moving to safety needs, social needs, egoistic needs, and finally self-actualization needs.

Motivation: The driving force within individuals that impels them to take action.

Organizational Consumer: Buys goods or services for organizational use.

Perception: The process, by which an individual receives, selects, organizes, and interprets information to create a meaningful picture of the world.

Personal Consumer: Buys goods or services for his or her own use

Personality: A person's distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.

Post Purchase Behaviour: The stage of the buyer decision process in which consumers take further action after purchase based their satisfaction or dissatisfaction.

Problem Recognition: The first stage in the consumer's decision-making process in which the consumer perceives a need and becomes motivated to satisfy it.

Psychographics: It is the science of using psychology, sociology, anthropology, and demographics to better understand buyers.

Reference Group: A person or group that serves as a point of comparison (or reference) for an individual in the formation of either general or specific values, attitudes, or behaviour.

Selective Perception: The perceptual process involving the filtering or screening of exposure, attention, comprehension and retention.

Social Class: Relatively homogeneous divisions of society into which people are grouped based on similar lifestyles, values, norms, interests and behaviours.

Social Marketing: Applying marketing principles for promoting social causes.

Subculture: Smaller groups within a culture that possesses similar beliefs, values, norms, and patterns of behaviour that differentiate them from the larger cultural mainstream.

Superego: In Freudian theory, the part of the personality that reflects society's moral and ethical codes of conduct.

Variety Seeking Buying Behaviour: Consumer buying behaviour in situations characterized by low consumer involvement but significant perceived brand differences.

4.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-C

4. i) True ii) False iii) True iv) False

4. i) False ii) False iii) True iv) True v) False

4.10 TERMINAL QUESTIONS

1. What do you mean by buyer behaviour? Why is understanding of buyer behaviour important for marketers?
2. Describe Maslow's hierarchy of need theory. Discuss its significance for understanding the buyer behaviour.
3. Do you agree that people do not want to divulge their real motives in the purchase of certain products and services? If yes, explain the psychoanalytical theory of personality and give examples from your own experience in what types of products this theory is applicable and why?
4. From the concept social class as given in the text do you think it is applied in certain buying situations. If yes, identify the products in which this concept is most relevant.
5. How do perception and learning influence the buyer behaviour? Elaborate with the help of suitable examples.
6. "Consumers are being influenced by a number of psychological factors in the purchase of products and services". Discuss these factors briefly.
7. Analyse the personal factors which influence buyer behaviour. Give suitable examples.
8. Why are social factors important for understanding buyer behaviour? Discuss various social factors which influence the buyer behaviour.
9. Explain various cultural factors which influence buyer behaviour.
10. Discuss various stages involved in the buying decision process.
11. Give your answer with suitable examples.
 - i) Discuss the role of family members in the purchase of consumer durable products.
 - ii) Describe various sources of information and their role in the buying decision process.
 - iii) Taking help with the evaluation process discussed in this unit describe the evaluation of alternatives for deciding the choices set for various brands of cars.
 - iv) Based on your experience what actions have you taken both in case of satisfaction and dissatisfactions from the use of various products. Give reasons.
12. Write notes on:
 - i) Types of buying behaviour situations
 - ii) Types of consumers
 - iii) Freud's psychoanalytical theory of personality

UNIT 5 MARKETS AND MARKET SEGMENTATION

Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 What is a Market?
- 5.3 Types of Markets and their Characteristics
 - 5.3.1 Consumer Markets
 - 5.3.2 Organizational Markets
- 5.4 Meaning and Concept of Market Segmentation
- 5.5 Importance of Market Segmentation
- 5.6 Requirements of Effective Market Segmentation
- 5.7 Bases for Market Segmentation
 - 5.7.1 Bases for Segmenting Consumer Markets
 - 5.7.2 Bases for Segmenting Organizational Markets
- 5.8 Micro Segmentation and Mass Customization
- 5.9 Let Us Sum Up
- 5.10 Key Words
- 5.11 Answers to Check Your Progress
- 5.12 Terminal Questions

5.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the meaning of market;
- discuss different types of markets and explain their characteristics;
- describe the meaning and significance of market segmentation;
- describe requirements for effective market segmentation;
- explain various bases for segmenting consumer and organizational markets; and
- describe the concept of micromarketing and mass customization.

5.1 INTRODUCTION

From the study of the previous four units you must have understood various aspects of marketing management. You may be aware by now that basic purpose of a company's marketing department is to perform "three S" for its consumers. The first S stands for *sensing* the consumer, the second S stands for *servicing* the consumer, and the third S stands for *satisfying* the consumer. In doing so the marketer is basically looking towards its market, which is the set of actual and potential buyers of a product with want satisfying products and services. To be successful in its marketing efforts a company should understand the characteristics of the market in order to sense, serve and satisfy its consumers-market with its products. In this unit, you will learn the meaning of a market, types of markets and their characteristics.