

MINTEK MAP Lecture 2

Consumer and Business Buyer behaviour

III. Consumer Behaviour

Those acts of decision making directly involved in obtaining and using economic goods and services.

Need to understand consumer needs and then develop a marketing mix to satisfy these needs.

A. Consumer Decision-Making Process

Is it:

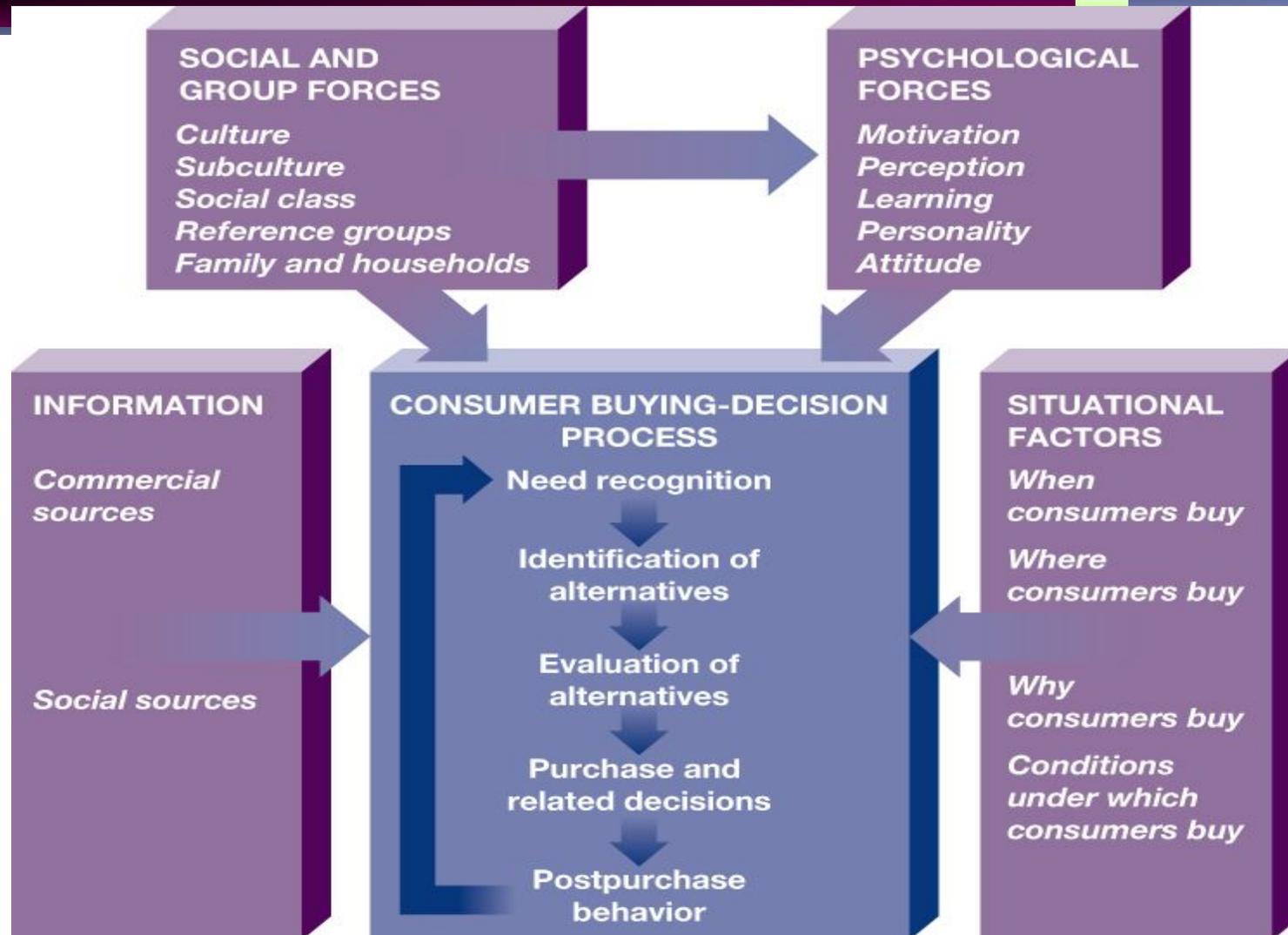
J Extensive

J Limited

J Routine

J Remember - cannot generalise

CONSUMER BUYING-DECISION PROCESS



Stage 1 - RECOGNITION OF AN *UNSATISFIED* NEED

• Unsatisfied dormant need is aroused (internal dissonance) eg. hunger pains or (external stimulation) eg. advert or product itself or dissatisfaction with present product.

• Maslow's Theories

Stage 2 - IDENTIFICATION OF ALTERNATIVES

Five sources from which individuals can collect information:

1. Internal - previous experience good or bad.
2. Group - friends, peers, community.
3. Marketing - advert & displays, salespeople packaging & displays.
4. Public sources - publicity - newspaper articles etc. Consumer reports.
5. Experiential - Handling, examining, window shopping.

Stage 3 - EVALUATION OF ALTERNATIVES

- Marketers SHOULD:
 - a) monitor choice of criteria;
 - b) identify changes taking place in consumer's criteria; and
 - c) correct any damaging misconceptions.

Stage 4 - MAKE THE PURCHASE

- ❖ To purchase or not to purchase - decision based on specific features of selected product or service?
- ❖ Patronage motives eg. store appearance, ambience, professionalism of sales staff etc.
- ❖ The 4 P's have a great role to play for marketers. ie. where bought, how much, product specification, aura of brand and how well it is promoted.

Stage 5 - POST PURCHASE BEHAVIOUR

- P** The decision making process is part of learning - the more we do this process the easier it will be to do it the next time.
- P** Post purchase anxiety (cognitive dissonance) needs to be lessened when purchasing.
- P** Dissonance increases when
 - rand value increases
 - degree of similarity between item selected and item rejected increases
 - social importance of item purchased
- P** To reduce, need reassurance through commercial and social environment.

A. SOCIAL INFLUENCES ON CONSUMER BEHAVIOUR

- ↖ Social Class
 - Applies to people reasonably equal in status
- ↖ Cultural / Subculture
 - Shared by members of a community
- ↖ Reference Groups
 - eg. Club, circle of friends
- ↖ Family Life Cycle and Households
- ↖ Opinion Leaders

B1. Psychological Influences on Consumer Behaviour

◆ Motivation

- ☑ Driving forces causing people to take action – buying motives

◆ Perceptions

- ☑ Making sense of the world around us using our senses

◆ Learning

- ☑ Create change in behaviour through experience
eg. Repetition

◆ Personality

- ☑ eg. Self concept, self image, lifestyle - cigarettes

◆ Attitude

- ☑ Positive or Negative to use or purchase of product or service

B2. Situational Influences on Consumer Behaviour

- ⌘ Time dimension when bought
- ⌘ Where is it bought?
Physical & social surroundings
décor, weather, sounds
- ⌘ State & mood of purchaser when bought eg. T-shirt @ Rock concert
- ⌘ For whom is it bought
Friend vs Personal use
- ⌘ How is it bought?

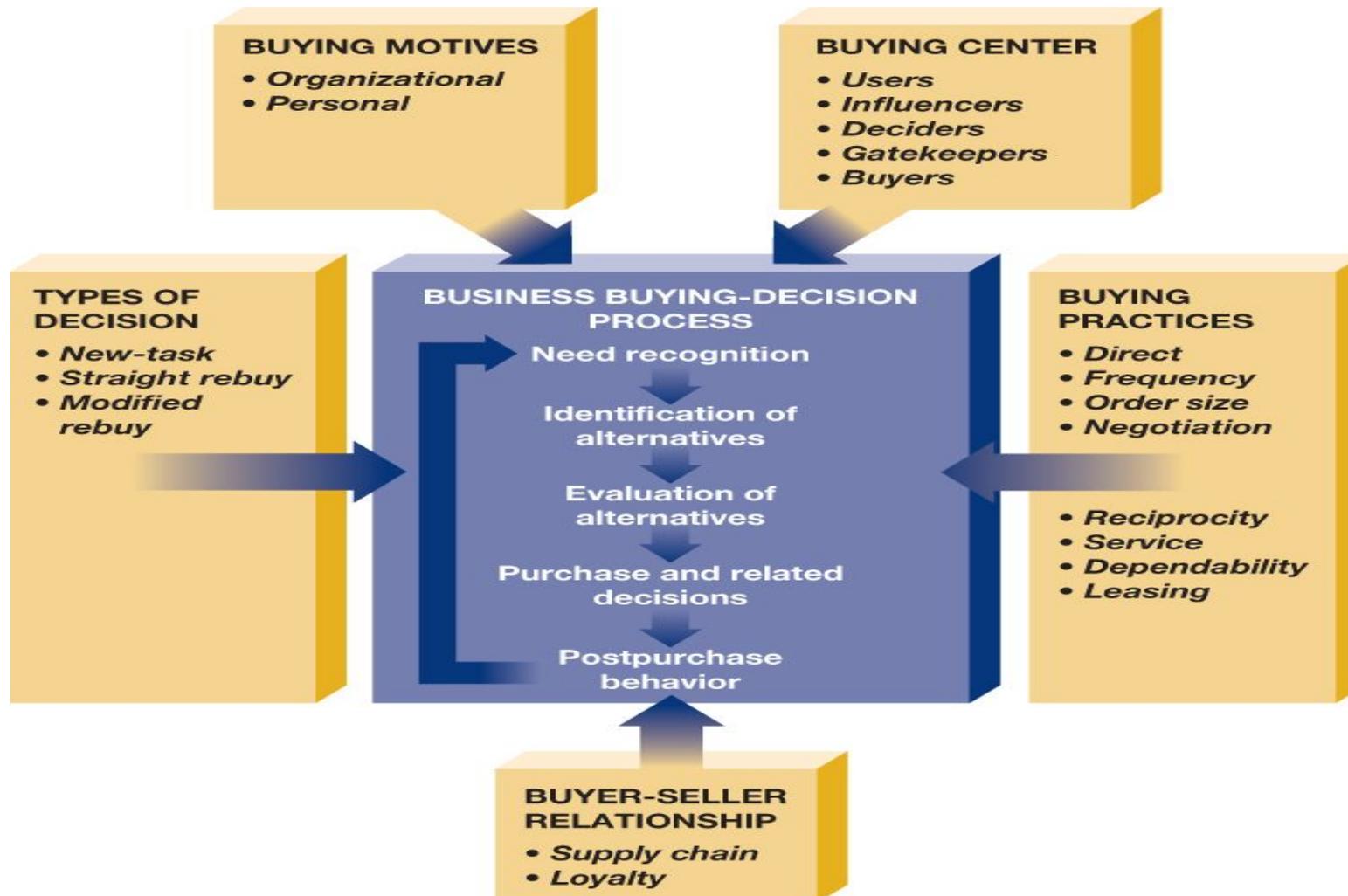
IV. Business Buying Behaviour

A1. Business buying behaviour is like consumer behaviour in that it is initiated when an aroused need (a motive) is recognised. This starts a goal-orientated process designed to satisfy the need.

A2. Importance of business buying.

- (a) Companies are making less and buying more.
- (b) Firms are under intense quality and time pressure. Reliability of suppliers and their products is becoming more important than the price.
- (c) To ensure reliability of suppliers, firms are choosing fewer suppliers, and entering into long term “partnering” relationships with them.

BUSINESS BUYING-DECISION PROCESS



IV. Business Buying Behaviour

B. Types of buying situations in business organisations can vary widely in their complexity, number of people involved and time required.

- (a) **New-task buying**, which is the first-time purchase of a major product
- More people are involved
 - Information needs are high
 - Evaluation of alternatives is critical
 - Sellers may be able to display their creative selling abilities in satisfying the buyer's needs

IV. Business Buying Behaviour

- B. (b) **Straight re-buy.** This is a routine, low-involvement purchase
- There are minimal information needs.
 - No great consideration of alternatives.
 - The buying decision is made in the purchasing department.
 - There is often a list of acceptable suppliers, and if a supplier is not on the list it may be very difficult getting in to make a sales presentation to the buyer.
- (c) **Modified re-buy.** The buying situation is somewhat between the other two in terms of:
- Time and people involved
 - Information needed; and
 - Alternatives considered

IV. Business Buying Behaviour

C. **Multiple Buying Influences - The Buying Centre.** (Structural Influences)

Determines which individuals in the organisation play the various buying roles. The buying center concept helps us understand these multiple buying influences.

- (a) **A Buying Centre** - buying center includes two or more people who may assume any of the following roles:
- **Users** - people who actually use the product eg. secretary, truck drivers
 - **Influencers** - people who help to set the product specifications because of their expertise, financial position or political power
 - **Deciders** - the people who make the actual buying decision regarding the product and supplier
 - **Gatekeepers** - the people who control the flow of purchasing information within the organisations as well as between the firm and potential vendors eg. purchasing agents, techies, receptionists
 - **Buyers** - people who arrange the terms of the sale and process the actual purchase orders

IV. Business Buying Behaviour

D. Buying patterns of business users are significantly different from consumers in several ways.

- (a) Direct purchase**
- (b) Nature of relationship**
- (c) Frequency of purchase**
- (d) Size of order**
- (e) Length of negotiation period**