



Learning objectives:

- Understand what constitutes consumer buyer behaviour
- Explain the various stages of the consumer decision process
- Describe the level of involvement and types of consumer problem-solving processes
- Discuss the main factors that influence consumer buyer behaviour
- Appreciate consumer behaviour in digital era
- Understand what constitutes business buyer behaviour
- Discuss how business buyer decision process differs from consumer buyer decision process

What is Consumer Buying Behaviour?

- The decision processes and purchasing activities of people who purchase products for *personal or household use* and not for business purposes
- Customers' overall opinions and attitudes toward a firm's products have a great impact on the firm's success
- To find out what satisfies buyers, marketers must examine the main influences on what, where, when and how consumers buy
- By gaining a deeper understanding of the factors that affect buying behaviour, marketers are in a better position to predict how consumers will respond to marketing strategies

The Consumer Buying Decision Process



(Figure 4.1., Pride 2e, p. 123)



Step 1: Problem recognition

- Occurs when a buyer becomes aware of a difference between a desired state and an actual condition
- Speed of consumer problem recognition can be rapid or slow
- Some consumers are unaware of their problems or needs
- Marketers use sales personnel, advertising and packaging to help trigger recognition of such needs or problems



Step 2: Information search

➤ Internal search

- Buyers search their memories for product information
- If they cannot retrieve information from memory, they then perform an external search

➤ External search

- Buyers seek information from outside source
- May focus on communication with friends or relatives
- Can involve comparison between brands
- Independent sources such as *Choice* magazine (<http://www.choice.com.au>)



Step 3: Evaluation of alternatives

➤ Evoked set

- A group of brands that a buyer views as alternatives for possible purchase
- Consumers assign a greater value to a brand they have heard of than to one they have not

➤ Evaluative criteria

- Objective and subjective characteristics that are important to a buyer – e.g. size, weight and dimensions of a laptop computer



Step 4: Purchase

- Buyer chooses the product or brand to be bought
- Buyer chooses the seller
- Buyer negotiates the terms of the transaction
- Buyer makes the purchase – or terminates the process



Step 5: Post- purchase evaluation

- After purchase, the buyer evaluates the product
 - Does its actual performance meet expected levels?
- **Cognitive dissonance**
 - A buyer's doubts shortly after a purchase about whether the decision was the right one
 - Also known as 'post purchase dissonance' and 'buyer's remorse'

What is customer's level of involvement?

- The degree of interest in a product and the importance of the product for that person
- **High-involvement products**
 - Products that are visible to others and/or are expensive
- **Low-involvement products**
 - Products that tend to be less expensive and have less associated social risk

Different types of consumer problem solving

- **Routinised response behaviour** : used when buying frequently purchased, low-cost items that require little search and decision making
- **Limited problem solving**: used when purchasing products occasionally or when they need information about unfamiliar brands in familiar product categories
- **Extended problem solving**: used when purchasing unfamiliar, expensive or infrequently purchased products

Differences among types of problem solving

	Routinised response	Limited problem solving	Extended problem solving
Product cost consideration	Low cost consideration	Low to moderate cost consideration	High cost consideration
Search effort	Minimal search effort	Minimal to moderate search effort	Extensive search effort
Time spent problem solving	Short time spent solving the problem	Short to medium time spent solving the problem	Lengthy time spent solving the problem
Brand preference	More than one brand is acceptable, although one brand may be preferred	Several brands are considered	Varies; usually many brands considered

Source: VALS/Mediamark Research, Inc., survey, SRI Consulting Business Intelligence, <http://www.sric-bi.com/VALS>. Reprinted with permission.

(Table 4.1., Pride 2e, p. 127)

Impulse buying

- Purchase solely on impulse and not on the basis of any of the three problem solving processes described earlier
- An unplanned buying behaviour resulting from a powerful urge to buy something immediately

Factors that influence consumer buying decision process

Factor	Description
Situational	➤ Influences result from the circumstances, time and location that affect the consumer buying decision process
Psychological	➤ Factors that in part determine people's general behaviour, thus influencing their behaviour as consumers ➤ Operate on buyers internally, but are acted on by outside forces
Social	➤ The forces other people exert on one's buying behaviour

Situational influences

**Physical
surroundings**
*physical
environment*

**Social
surroundings**
*characteristics &
interaction of others*

**Consumers'
mood**
*momentary moods
or conditions*

**Purchase
reason**
*goal of purchase &
for whom*

**Time
dimension**
*time involved in the
decision process*

Psychological influences

Perception

Motives

Learning

Attitudes

Self-concept

Lifestyle

Psychological influences – continued

➤ Perception

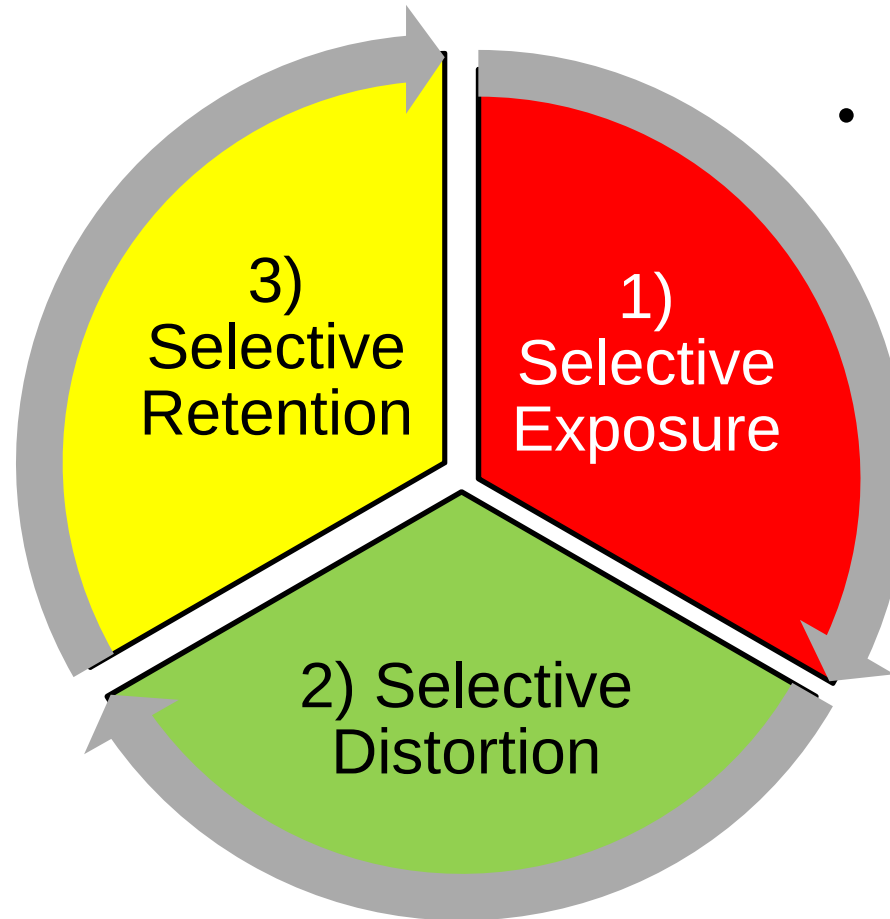
➤ The process of *selecting*, *organising* and *interpreting* information inputs to produce meaning

➤ Information inputs

➤ Sensations received through the sense organs (sight, taste, hearing, smell and touch)

Three steps of perception process

- Remembering those inputs that support personal feelings and beliefs and forgetting those that don't



- Receiving some inputs while ignoring others

- Changing information when inconsistent with personal feelings or beliefs

Psychological influences – continued

➤ **Motives**

- Internal energising force that directs a person's behaviour toward satisfying needs or achieving goals
 - Thirst/hunger
 - Cold/hot
 - Fear
 - Success

Psychological influences – continued

➤ Learning

- Changes in an individual's thought processes and behaviour caused by information and experience
- Sources of learning
 - Behavioural consequences
 - Information processing
 - Experience

Psychological influences – continued

➤ **Attitude**

- An individual enduring evaluation of, feelings about and behavioural tendencies toward an object or idea
- Can be positive or negative
- Three major components
 - Cognitive – knowledge and information
 - Affective – feelings and emotions
 - Behavioural – actions regarding the object or idea

Psychological influences – continued

➤ **Self-Concept**

- View of one's self

- Can be positive or negative

➤ **Lifestyles**

- Individual's pattern of living expressed through activities, interests and opinions

VALS Type



(Figure 4.3, Pride 2e, p. 135)

Social influences

Roles

Family influences

Reference groups

Opinion leaders

Digital networks

**Cultures and sub-
cultures**

Social influences - continued

➤ Roles

- Actions and activities that a person in a particular position is supposed to perform based on expectations of the individual and surrounding persons
- Family role, work role, role in an organisation

➤ Family Influences

- Consumer socialisation – the process through which a person acquires the knowledge and skills to function as a consumer

Social influences - continued

➤ Reference group

➤ Any group that positively or negatively affects a person's values, attitudes or behaviour

➤ Types of reference groups

➤ Membership: an individual actually belongs

➤ Aspirational: an individual aspires to belong

➤ Disassociative: an individual does not want to belong

Social influences - continued

➤ Opinion leaders

- A reference group member who provides information about a specific sphere that interests reference group participants

➤ Digital Networks

- Blogs ([TheFoodSociety](#))
- Wikis ([Wikipedia](#))
- Social Networks



Social Networks

Social network interfaces such as Facebook and Twitter allow consumers to create relationships with other individuals or groups in an online context, revealing connections that are otherwise hidden.

Social influences - continued

➤ Culture

- The accumulation of values, knowledge, beliefs, customs, objects and concepts that a society uses to cope with its environment and passes on to future generations
- Influences buying behaviour because it permeates our daily lives
- Cultural changes affect product development, promotion, distribution and pricing

Social influences - continued

➤ Sub-cultures

- Groups of individuals whose characteristic values and behaviour patterns are similar, and different from those of the surrounding culture
- Youth subculture, based on a sense of belonging and a common purpose
- Subcultures of consumption, based on common interests – e.g. Harley-Davidson owners group (HOGs)

Consumer behaviour in digital era

**Power transfer to
consumers**

**Consumer
generated content**

Crowdsourcing

Online promotions

Showrooming

What is Business Buying Behaviour?

- The decision processes and purchasing activities of people who purchase products *for business purposes*
 - Purchases product for resale, direct use in producing other products or use in general operations
 - Involves business markets
 - Producer markets
 - Reseller markets
 - Government markets
 - Institutional markets

See pp. 194-195 of
the prescribed
textbook for details

Characteristics of B2B transactions

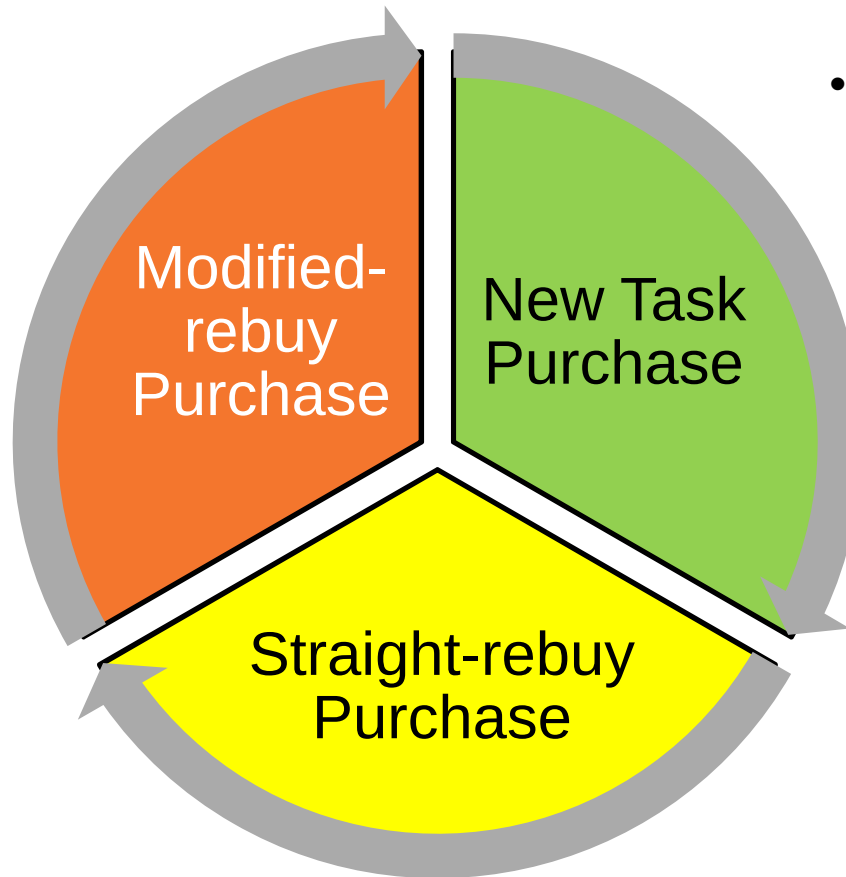
- Large orders
- Expensive Items
- Frequent replenishments
- Long-term contractual agreements
- Considerable marketing efforts
- Purchasing committees
- Reciprocity
 - An arrangement unique to business marketing in which two organisations agree to buy from each other

Attributes of business customers

- Well informed about the products they purchase
- Demand detailed information and technical specifications
- Help the firm achieve organisational objectives
- Engage in rational buying behaviour
- Goals of a purchasing agent may include advancement or financial awards
- Often form partnerships with suppliers

Types of business purchases

- New task purchase that is changed on subsequent orders or when straight-rebuy requirements are modified



- Purchased item to be used to perform a new job or solve a new problem

- Routine purchase of same products under approximately same terms

Who participates in business buying decision?

- The buying centre
 - The people within an organisation, including users, influencers, buyers, deciders and gatekeepers, who make business purchase decisions
- The number and structure of a firm's buying centres are affected by its size and market position, its products and volume, and the managerial philosophy of who should be involved in purchase decisions

The Business Buying Decision Process



(Figure 6.2., Pride 2e, p. 205)



Step 1: Problem recognition

- One or more individuals recognise a need exists
- Could be individuals in the buying centre who recognise the need
- Needs could also be identified by external sources such as sales representatives or advertisements
- Needs may arise under a variety of circumstances
 - When machines malfunction
 - When an existing product is modified
 - When introducing new product



Step 2: Product specification

- The development of product specifications requires the buying centre participants assess the problem or need and determine what is necessary to resolve or satisfy it
- Users and influencers often provide information and advice
- By assessing and describing needs, the organisation should be able to establish product specifications



Step 3: Potential products

- Searching for and evaluating potential products and suppliers
- Searching may include contacting suppliers for information, soliciting proposals and examining websites, catalogues and trade publications
 - **Value analysis** – evaluation of each component of the potential purchase to examine quality, design, materials, etc
 - **Vendor analysis** – a formal, systematic evaluation of current and potential vendors to examine price, product quality, delivery service, product availability and overall reliability



Step 4: Selection

- Focuses on selecting the product to be purchased and the supplier or suppliers
 - **Multiple sourcing**: the buyer selects and uses several suppliers
 - **Sole sourcing**: only one supplier is used
- This stage is where the actual purchase takes place and the following details finalised
 - Terms and credit arrangements
 - Delivery dates and methods
 - Technical assistance arrangements



Step 5: Evaluation

- The product's performance is evaluated by comparing it with the specifications
 - If the product meets specifications, but does not work – specifications need adjusting
 - Supplier's performance is also evaluated
- These 5 steps are used primarily for new-task purchases
- Several stages, but not all, would be used for straight and modified rebuy

Influences on the B2B buying decision process

ENVIRONMENTAL

*Competitive , political,
economical, sociocultural and
technological*

ORGANISATIONAL

*Company objectives,
purchasing policies and
resources, the size and
composition of buying centre*

INTERPERSONAL

*Relationships among people in
the buying centre*

INDIVIDUAL

*Personal characteristics of
participants in the buying
centre such as age, education,
personality, tenure and
position in the company*



Summary

- Marketers need to understand how their customers behave before developing marketing strategies
- Customers' involvement with the product determines their buying decision behaviour
- Marketers need to understand customer behaviour at each stage of decision making process to develop effective marketing programs
- A range of factors influence each stage of the decision making process
- There are similarities as well as differences between consumer and business buying behaviour
- The business buying behaviour is more deliberate and complex than the consumer buying behaviour