

PRINCIPLES OF MARKETING

UNIT-II

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REFERENCE BOOKS:

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- 4. <https://online.husson.edu/consumer-behavior-theories/>**

BUYER BEHAVIOR- DEFINITION

- According to **prof Walter C.G & Prof Paul G.W** it is “the process whereby individuals decides whether, what, When, Where, how & from whom to purchase goods & services.
- According to **Glenn Wilters**, “human behavior refers to the total process by which individuals interact with their environment”.
- According to **Boone & Kurtz**, “Consumer behavior is the outcome of both individual and environmental influences”.

MEANING:

Behaviour is a mirror in which everyone shows his or her image. Consumer Behaviour is to do with the activities of individuals in obtaining and using the goods and services; it encompasses the decision making process that determines purchases.

IMPORTANCE OF CONSUMER BEHAVIOR:

Modern Marketing Philosophy:

Modern marketing philosophies include identifying consumers' needs and satisfying them more effectively than the competitors. Thus modern marketing needs to understand consumer behaviour.

2. Goal Achievement:

The key to the company's survival, profitability, and growth in a highly competitive marketing environment is its ability to identify and satisfy consumers unfulfilled needs better and sooner than the competitors. Thus, consumer behaviour helps in achieving marketing goals.

3. Development of Marketing Programme:

Marketing programme consists of product, price, promotion, and distribution decisions. The programme can be more relevant if it is based on the study of consumer behaviour.

4. Improving Marketing Programme Gradually:

Since consumer behaviour studies consumer response pattern on a continuous basis; marketer can easily come to know the changes taking place in the market. Based on current market trends, the marketer can make necessary changes in marketing programme to adjust with market.

5. Useful for Middlemen:

The study of consumer behaviour helps the middlemen and salesmen to perform their tasks effectively in order to meet consumer's needs and wants successfully.

6. Predicting Market Trend:

Consumer behaviour can also help in forecasting the future trends. Due to this, the marketer can prepare its strategies well in advance in order to take advantage of the emerging opportunities, and/or for facing challenges and threats.

7. Consumer Differentiation:

Each segment needs different products and a separate marketing programme. Having knowledge of consumer differentiation is an important key to formulate different offers which are appealing to different groups of buyers. Consumer behaviour study provides details about consumer differentiations.

8. Creation and Retention of Consumers:

Marketers who base their offering after recognising consumer needs often find a ready market for their products and finds it easy to sell its products. Thus due to continuous study of consumer behaviour and attempts to meet ever-changing expectations of the buyers, the marketer can retain its consumers for longer period.

9. Competition:

Consumer behaviour study helps the marketer to gain competitive advantage since through the study the marketer can offer more competitive products, based on consumers' expectations. Thus it helps in improving competitive strengths of the company.

10. New Product Development:

New product is developed in order to satisfy the needs and wants of the target market. In order to develop the best-fit product, marketer must have enough knowledge about the market. Thus, the study of consumer behaviour is the basis for developing a new product successfully.

11. Dynamic Nature of Market:

Consumer behaviour focuses on dynamic nature of the market. It helps the marketer to be dynamic, alert, and active in order to satisfy consumers much better and sooner than competitors.

12. Effective Use of Productive Resources:

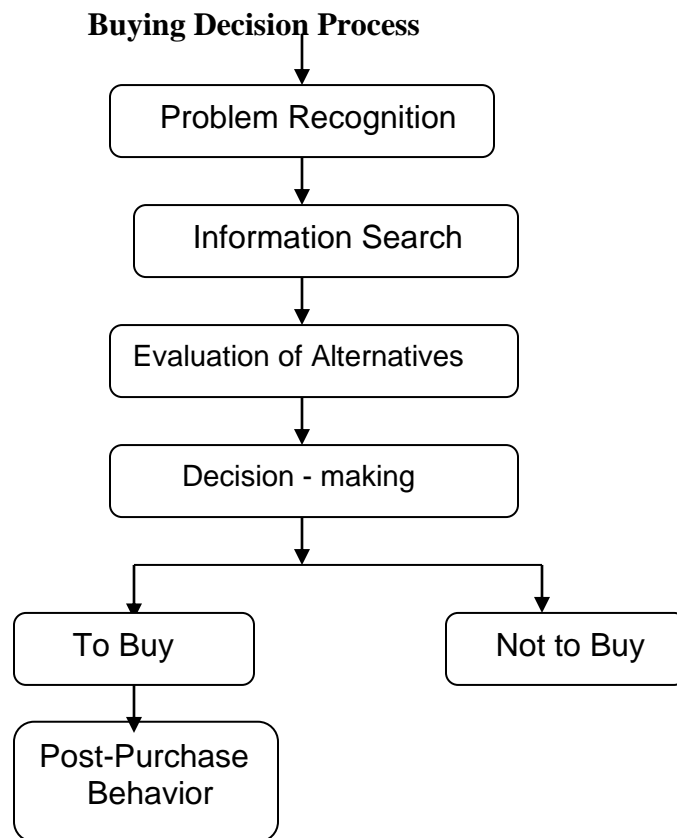
The study of consumer behaviour helps the marketer to direct the Organisational efforts towards consumer-oriented programmes. It ensures exact use of resources for achieving maximum efficiency.

STEPS IN THE CONSUMER DECISION PROCESS

BUYING DECISION PROCESS

Marketers have to go beyond the various influences on buyers and develop an understanding of how consumers actually make their buying decisions. They have to identify who makes the buying decisions and the steps in buying decision.

There are five stages of buying decision process. They are,



1. Problem Recognition: Recognizing the problem or need is the first step in the buying decision process. The need can be aroused by internal or external stimuli. The marketer has to identify the circumstances that arise a particular need. He can gather information from a number of customers and identify the most frequent stimuli that spark an interest in a product category. Then he can develop marketing strategies that trigger consumer interest.

2. Information Search: The second stage in the buying process is information search. Under this stage, customer will try to search for more information. There are four groups of information sources available for the consumers to get the necessary information. They are,

- ❖ **Personal Sources** - Family friends, neighbors, etc.
- ❖ **Commercial Sources** - Advertisements, salesmen, dealers, packages, etc.
- ❖ **Public Sources** - Mass media.
- ❖ **Experimental Source** - Examining, using and handling the products.

By way of gathering information, the consumer learns about competing brands and their features. Hence, the company must try to convince the buyers to choose its brands. Otherwise, it will lose its opportunity to sell to the customer. Besides, the company must identify the other brands

in the consumers choice set so as to plan its competitive appeals. Further, it should identify the consumer's information sources and evaluate their relative importance.

3. Evaluation of Alternatives: There is no simple and single evaluation process used by all consumers or even by one consumer in all buying situations. In this stage, buyers evaluates the various alternatives available in the market on the basis o certain attributes. The attributes of interest to buyers vary by product, e.g. in case of tyres, the attributes normally required is safety, tread life, right quality and price. The marketer must try to find out which attributes the customer gives important.

1. Cameras: Picture sharpness, camera size, price
2. Hotels: Location, cleanliness, atmosphere, price

4. Purchase Decision: Having evaluated the purchase alternatives, the next step is taking decision as to buy or not to buy. If he has decided to buy, then he has to take decisions regarding which brand to be purchase? From whom it should be purchased? When to be purchased? And how to make payment? And so on.

5. Post-purchase Behaviour: After purchasing the product, the consumer will experience some level of satisfaction or dissatisfaction. The consumer's satisfaction or dissatisfaction with product will influence his subsequent behaviour. If he is satisfied, he will show more interest to buy the product again. But a dissatisfied consumer will behave differently. He may try to return the product or to get information that might confirm its high value.

DETERMINANTS OF CONSUMER BEHAVIOR

A buyer's purchase decisions are influenced by the four major factors, which are detailed below:

1. Cultural Factors: Culture is the most fundamental one which determines person's wants and behaviour. It refers to a set learned beliefs, attitudes, values, customs, habits, etc., and determines human wants and behaviour. Culture is alive, and keeps on changing. Actually much of the human behaviour is determined by culture. As stated by Kulckhohn, "culture regulates our lives at every turn. Form the moment we are born until we die there is constant conscious and unconscious pressure upon us to follow certain type of behaviour that other men have created for us". For each culture a separate marketing strategy can be developed and based on culture, market can also be segmented because the patterns of behaviour would vary between different cultures like India and America, south India and north India, etc.

2. Social Factors:

It includes reference groups, family and social class.

- 1) **Reference groups:** Reference groups refer to all the groups that have an influence whether direct or indirect on the person's behaviour.

Membership groups: Membership groups refer to those groups to which the person belongs and interacts. These groups have a direct influence on its members' behaviour.

Primary groups: primary groups include groups of friends, family members, neighbours, co-staff, etc. Here there is a fairly continuous interaction.

Secondary groups: Here there is only a less continuous interaction and includes religious groups, professional groups, etc.

Aspirational groups: These are the groups to which a person would like to become its member. People are also influenced by such group.

Dissociative groups: These are the groups, whose values an individual rejects.

Family: The family is considered as the most important consumers buying organization in the society. Family can influence a person's buying behavior because most customers belong to a family.

Social class: Consumer behaviour is determined by the social class to which they belong or by which they attracted, etc. There are upper class, middle-class and lower class. All the three social classes will differ in their buyer behaviour.

3. Personal Factors:

A buyer's behaviour is also influenced by personal factors which normally include age, occupation, income, life style, etc.

Age: People buy different products at their different life stage. Their taste, preference, etc., also change in life stage. For instance, taste in dress materials, recreation, etc., are age related.

Occupation: A person's buyer behaviour is also influenced by his occupations. For certain occupations, the purchase of certain type of products is necessary. For example, a sales representative will buy fancy dress, shoes, suit case, etc., to win the attention of the people. Similarly, a chief executive of a company will buy costly suits, undergo air travel, etc. so companies can even specialize their products based on various occupations.

Income: Income level of the people is an another factor which can exert influence in shaping the consumption pattern. Income is the main source of purchasing power. So buying pattern of people differs with different levels of income.

Life style: The term life style refers to the person's pattern of living in the world. People belong to same social class, occupation may lead quite personality, etc.

4. Psychological factor:

A person's buyer behaviour is also influenced by the following psychological factors:

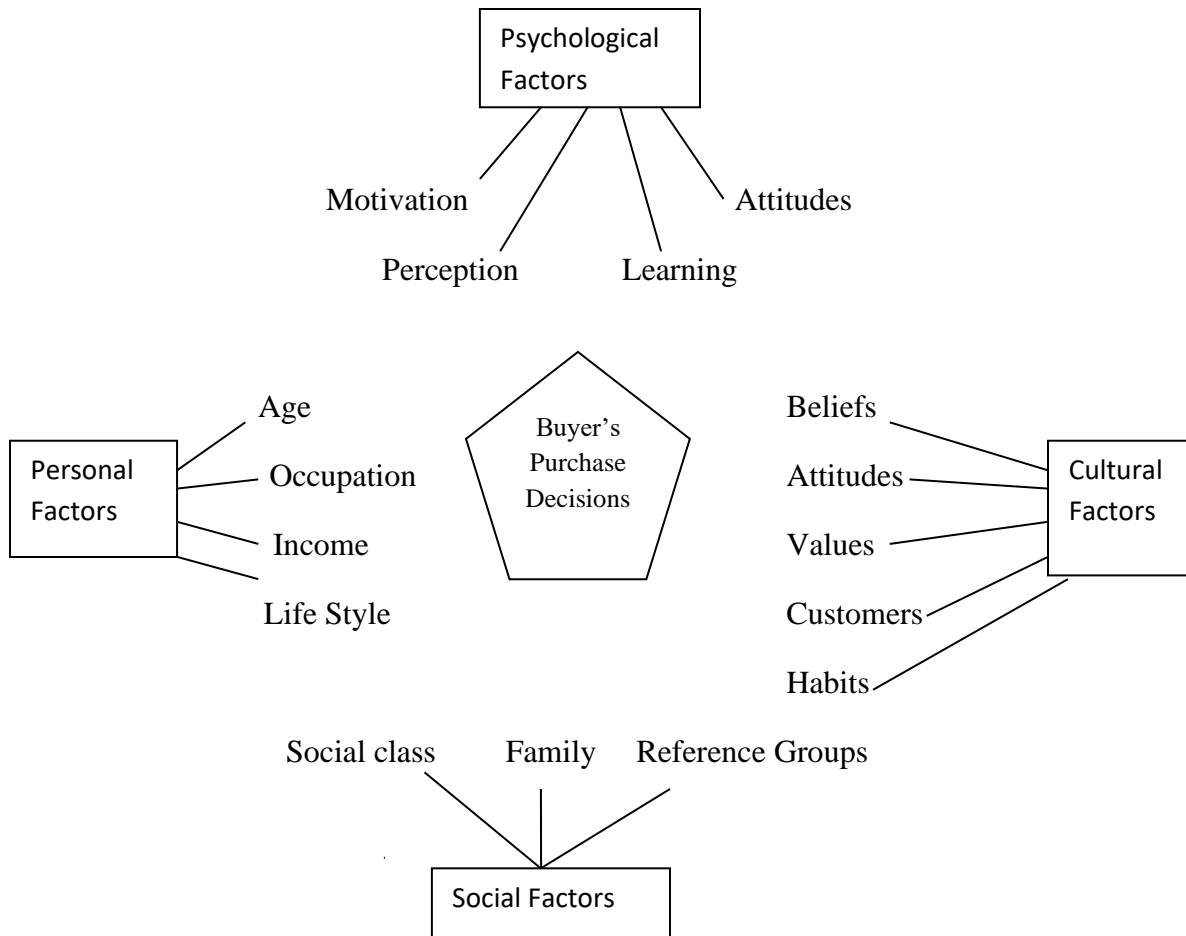
Motivation: A motive is an inner urge that moves a person to some action. According to William j. Stanton, "A motive can be defined as a drive or an urge for which an individual seeks satisfaction through the purchase of something". People buy goods as a result of certain mental as well as economical force that create desires of buying such goods.

Perception: Perception shapes the human behaviour. According to Bernard Berelson and Gary. A. Steiner, ' Perception is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world".

Learning: People learn when they act. Learning may be defined as all changes in an individual's behaviour arising from past experience. Buying decisions are affected critically by the learning experiences of buyers.

Attitudes: An attitude is a state of mind or feeling. It may be described as a person's emotional feelings, action, and tendencies, towards some idea or object. People have attitudes towards each and everything i.e. cloths, drama, food, religion, community, etc. if a person has an attitude

towards a product, it is difficult to change his attitude because a person's attitude settled into a consistent pattern. Attitude made people to behave in a fairly consistent manner towards certain object. It includes people to behave in some way.



THEORIES OF CONSUMER BEHAVIOUR:

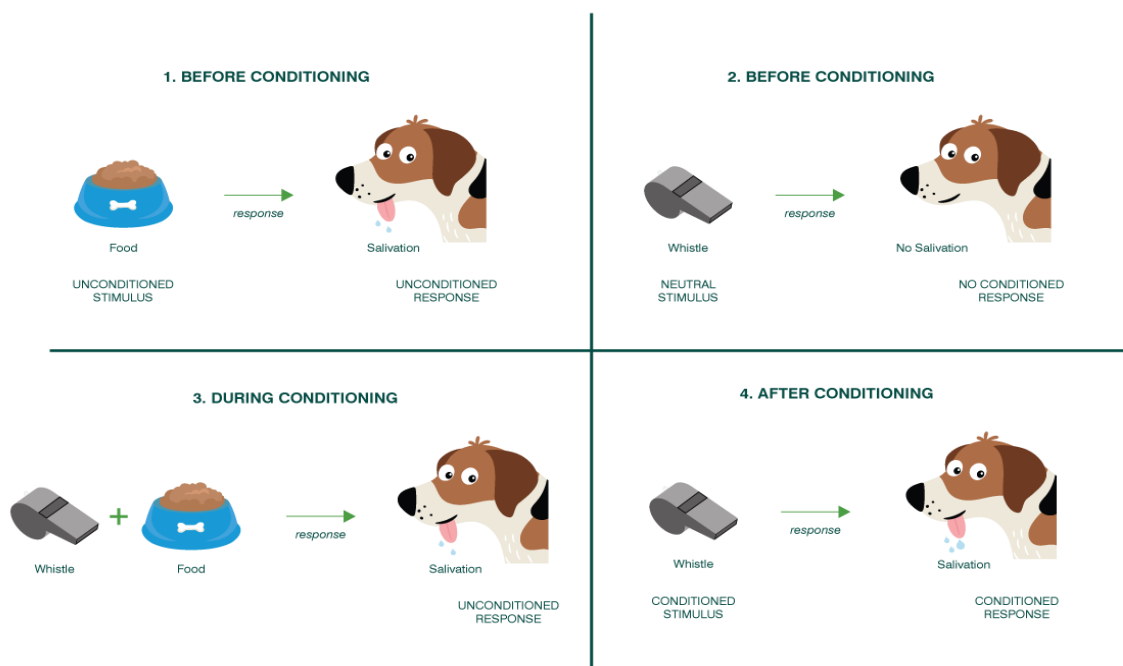
Psychoanalytic Theory

Psychoanalytic theory traces back to Sigmund Freud, the Austrian founder of psychoanalysis. Although he himself was not concerned with consumer behavior, his theories of human behavior were revolutionary. He believed that humans are not able to fully understand their own motivations because the psychological factors that shape them are largely unconscious. A major part of the unconscious mind is comprised of strong urges and desires. Since these desires can cause significant guilt and shame when they surface, people will repress them.

According to psychoanalytic theory, consumers respond to symbolic concerns as much as they respond to those of economics and function. Freud's work implies that external factors such as age and income cannot fully account for consumer behavior because motivations lay deep in the psyche. Instead, marketing messages that contain an emotional appeal to consumers' feelings, hopes, aspirations and fears are often more effective than rational appeals.

Pavlovian Theory

This theory comes from the work of Russian psychologist Ivan Pavlov. In a famous experiment, Pavlov discovered that if he rang a bell immediately prior to feeding a dog, he could eventually get the dog to salivate just by ringing it. He concluded that much of human behavior results from conditioned responses.



The Pavlovian theory can prove highly useful for marketers. When establishing or reinventing a brand, marketers can use this knowledge to help create or change consumer habits, or reinforce brand elements that are associated with positive customer experiences.

Veblenian Social-Psychological Model

Economist Thorstein Veblen suggested that humans are social creatures who conform to the standards of the culture and subgroups in which they live. He believed that people's individual needs and desires are created and influenced by group membership. Veblen focused his theory on members of society's "leisure class," whom he hypothesized were influenced by the desire for prestige rather than utilitarian need fulfillment. Although critics of Veblen's theory argue that it may be overstated in scope, the theory still proves useful. It suggests that marketers should understand the social influences that impact consumers in order to better comprehend product demand.