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Consumer Buying Behaviour

Sub Code-MBEIV - 13

Unit – II

Prepared by- Dr. Snehal Godbole

Program Objectives

- PO1:** Apply knowledge of management theories and practices to solve business problems.
- PO2:** Foster Analytical and critical thinking abilities for data-based decision making.
- PO3:** Ability to develop value based leadership ability.
- PO4:** Ability to understand, analyze and communicate global, economic, legal, and ethical aspects of business.
- PO5:** Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to team environment.

Program Objectives

- PO6:** Ability to evaluate a business idea and formulate a feasible business plan.
- PO7:** Recognize the need for and have the orientation and ability to engage in an independent & lifelong learning in a dynamic business environment.
- PO8:** Ability to appraise and explain societal and environmental aspects of business.

Course Objectives

- CO1: Students will be able to formulate promotional strategies of an organization.
- CO2: Students will be able to adapt models of consumer behaviour to develop strategies for an organization
- CO3: Student will be able to choose and combine various factors influencing purchase decision
- CO4: Student will be able to predict and propose factors motivating consumers to make a purchase decision
- CO5: Student will be able to imagine life cycle stage of consumer and design strategies for the product
- CO6: Student will be able to modify consumer perception towards a product and develop repositioning strategies

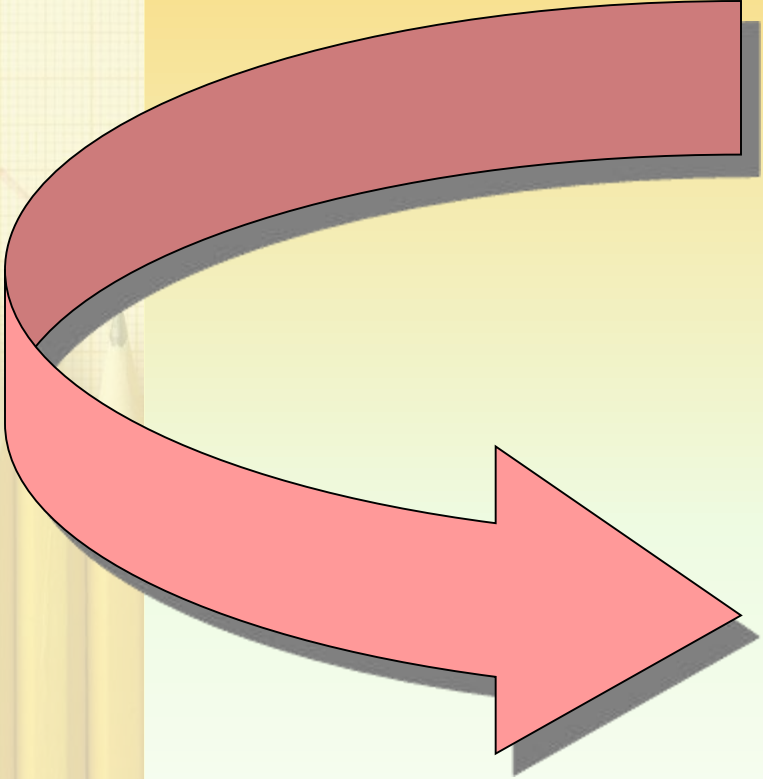
Unit II: Consumer Decision making Process

- Problem recognition
- Information Search Process
- Evaluation
- Purchasing process
- Post purchase behaviour
- Models of CB

UNIT OBJECTIVE

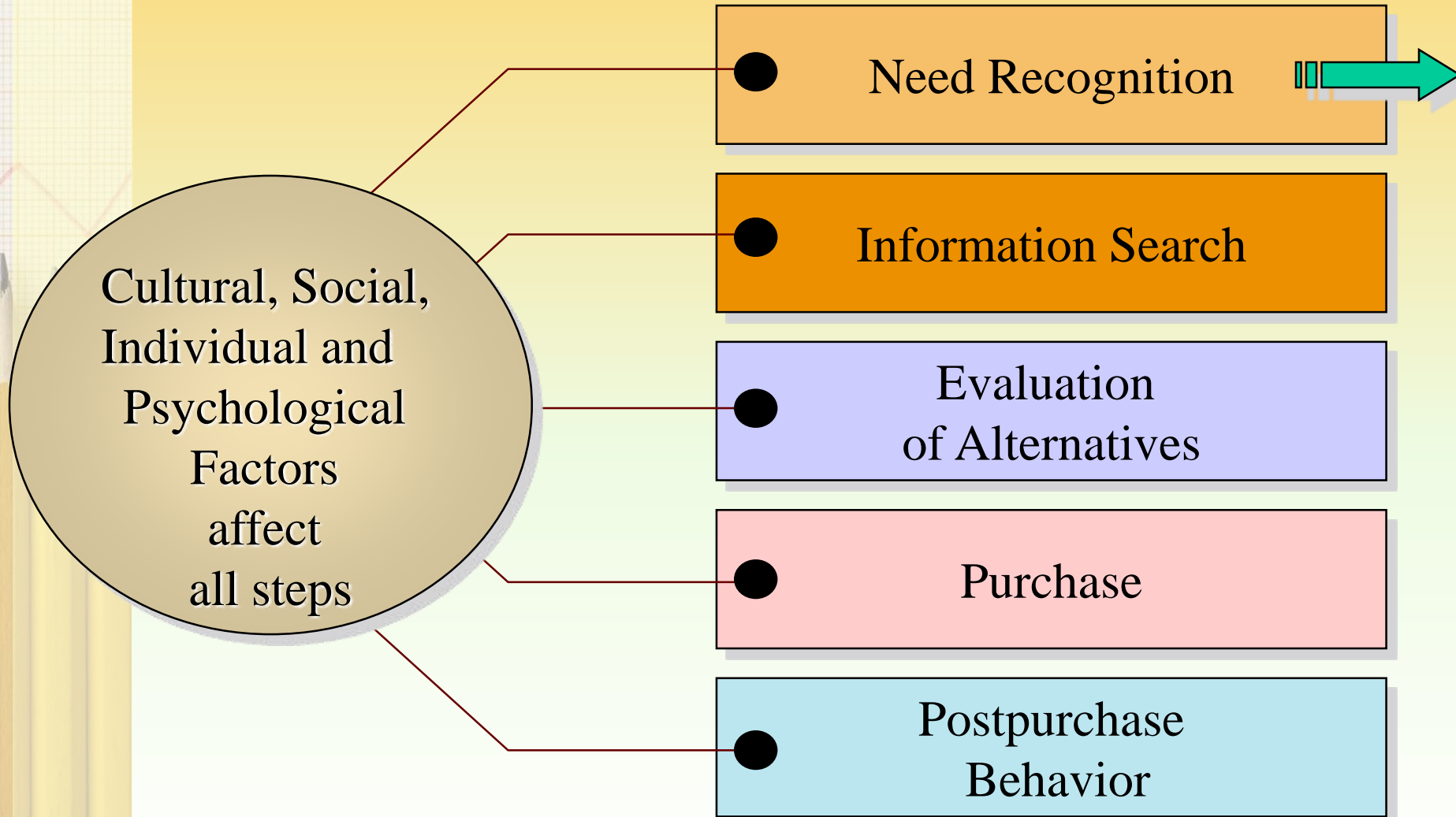
- Understand consumer decision making process
- To understand Problem recognition
- To understand Information search
- To understand Evaluation of alternatives
- To understand purchase decision
- To understand Post purchase behaviour
- To understand the various Models of CB

Consumer Decision-Making Process

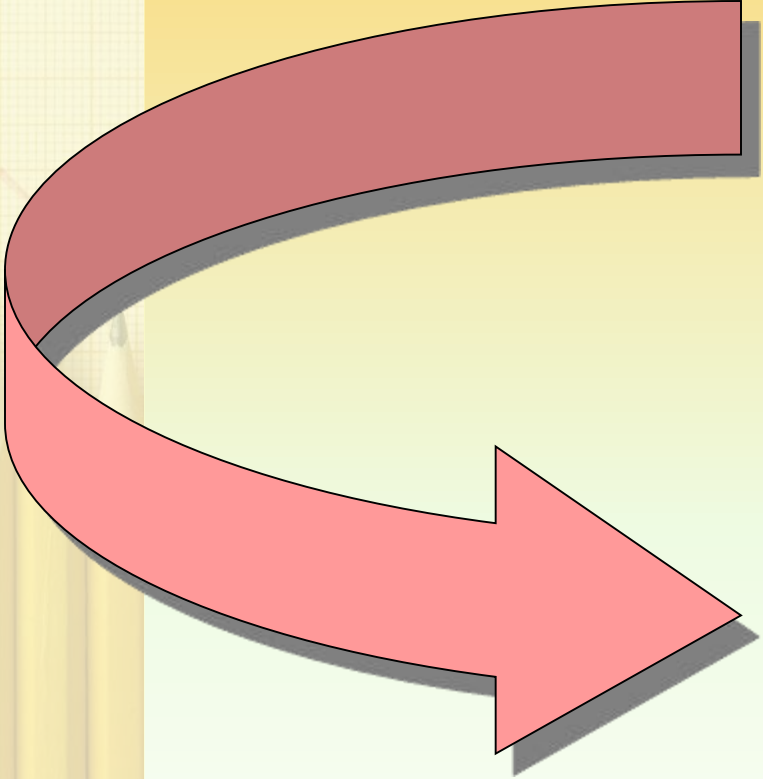


A five-step process used by consumers when buying goods or services.

Consumer Decision-Making Process



Need Recognition



Result of an imbalance between
actual and
desired states.

Need Recognition

Marketing helps consumers recognize an imbalance between present status and preferred state

*Internal Stimuli
and
External Stimuli*

Present Status

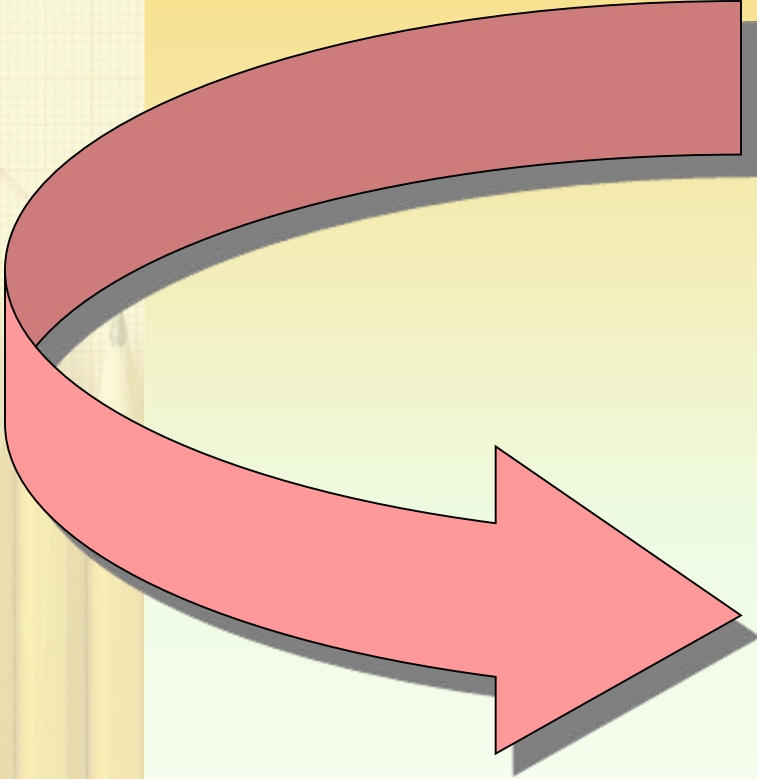
Preferred State

Stimulus

Any unit of input affecting one or more of the five senses:

- sight
- smell
- taste
- touch
- hearing

Want



Recognition of an
unfulfilled need and
a product
(or attribute or feature)
that will satisfy it.

Recognition of Unfulfilled Wants

When a current product isn't performing properly

When the consumer is running
out of an product

When another product seems superior to the one currently
used

Information Searches



Internal

Process of recalling past information stored in the memory.



External

Process of seeking information in the outside environment.

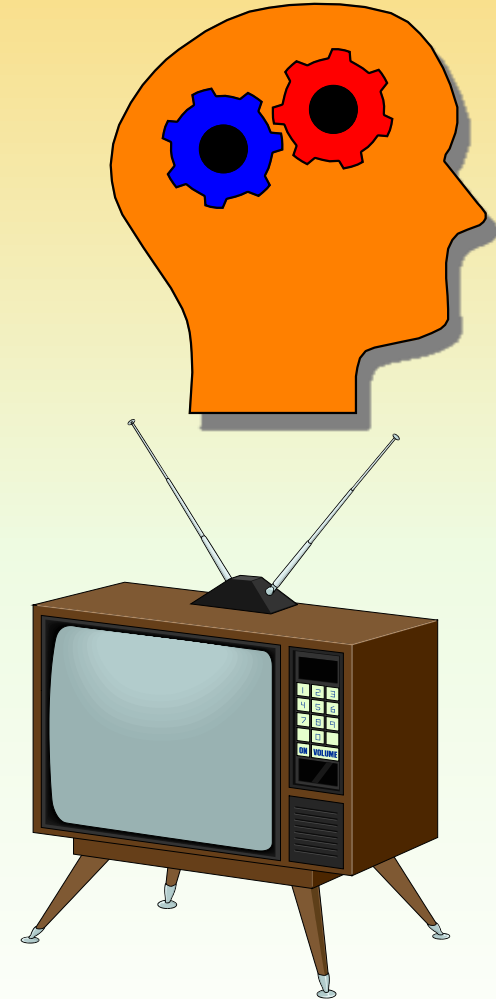
Information Search

Internal Information Search

- ◆ Recall information in memory

External Information search

- ◆ Seek information in outside environment
 - ◆ Non-marketing controlled
 - ◆ Marketing controlled



External Information Searches

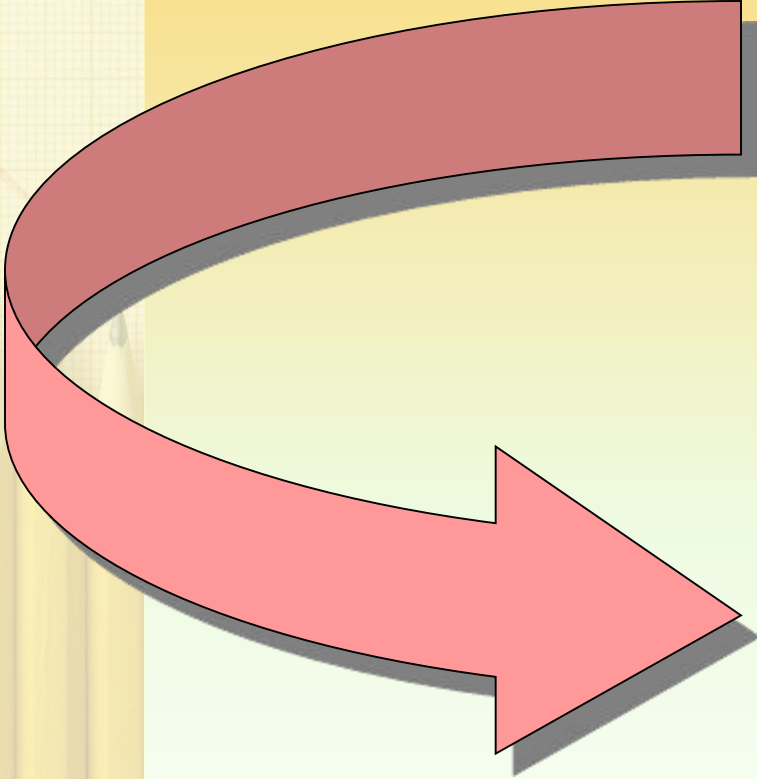
*Need Less
Information*

Less Risk
More knowledge
More product experience
Low level of interest

*Need More
Information*

More Risk
Less knowledge
Less product experience
High level of interest

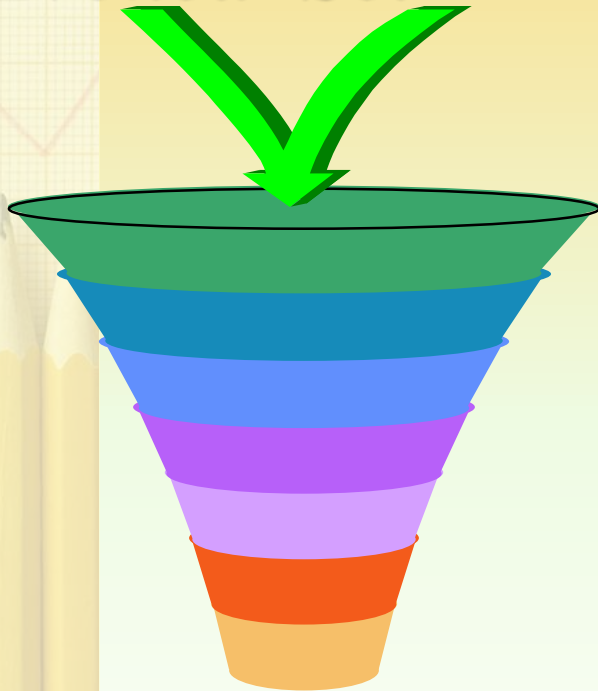
Evoked Set



Group of brands,
resulting from an information
search,
from which a buyer
can choose.

Evaluation of Alternatives

Evoked Set



Purchase!

Evaluation of Products

Analyze product attributes

Use cutoff criteria

Rank attributes by importance

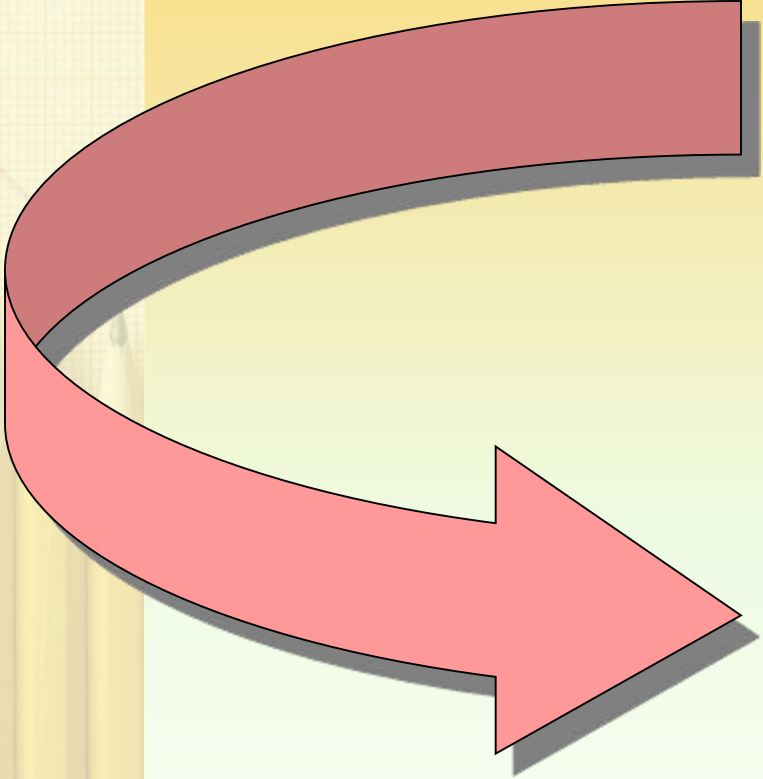
Purchase

*To buy
or not to buy...*

Marketing

Determines which attributes
are most important
in influencing a
consumer's choice

Cognitive Dissonance



Inner tension that a consumer experiences after recognizing an inconsistency between behavior and values or opinions.

Postpurchase Behavior

Cognitive Dissonance



Did I make a good decision?

Did I buy the right product?

Did I get a good value?

Marketing

Can minimize through:

Effective Communication

Follow-up

Guarantees

Warranties

The background features a vertical strip on the left side with a grid pattern. Overlaid on the grid is a pink line graph showing a fluctuating trend. Below the graph, several yellow pencils are arranged vertically, pointing upwards. The rest of the slide has a smooth gradient from yellow at the top to light green at the bottom.

Models of consumer behaviour

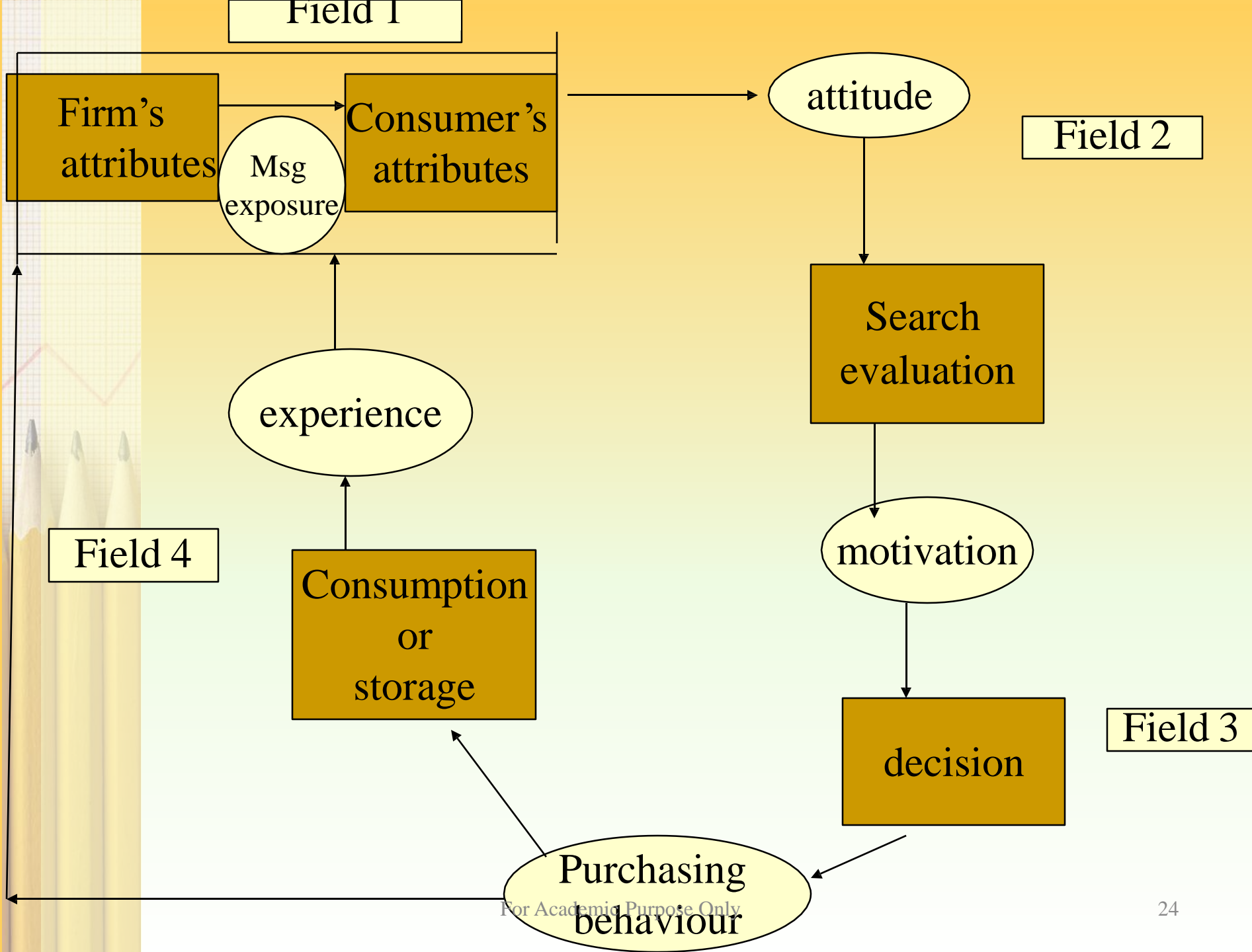
Contemporary models

1. NICOSIA MODEL:

Francesco Nicosia presented his model in flow chart format. All variables are viewed as interacting, with none being inherently dependent or independent. Thus the model describes a circular flow of influences where each component provides input to the next.

The model contains four major components:

1. firm's attributes, communications and consumer's psychological attributes
2. consumer's search for evaluation of alternatives
3. consumer's motivated act of purchase
4. Consumer storage or use of the product.



Limitations

- The Nicosia model offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product. For example, the consumer may find the firm's message very interesting, but virtually he cannot buy the firm's brand because it contains something prohibited according to his beliefs. Apparently it is very essential to include such factors in the model, which give more interpretation about the attributes affecting the decision process.

2. HOWARD-SHETH MODEL

The model attempts to depict rational brand choice behaviour by buyers under conditions of incomplete information and limited ability. It distinguishes three levels of decision making:

-
-
-

1.

- Extensive problem solving
- Limited problem solving
- Routinized problem solving

The model has **four major components**:

INPUT VARIABLES

- significant stimuli: realistic product
- symbolic stimuli: prototype
- social stimuli: family, social class

2. OUTPUT VARIABLE

- attention
- comprehension
- attitude
- attention
- intention
- purchase behaviour

3. HYPOTHETICAL CONSTRUCTION

- sensitivity of information
- perceptual bias
- search for information

The buyer's **six learning constructs**:

Motive, Evoked set, Decision mediators, Predisposition, Inhibitors, Satisfaction.

4. EXOGENOUS VARIABLES

External variables that can significantly influence buyer decisions.

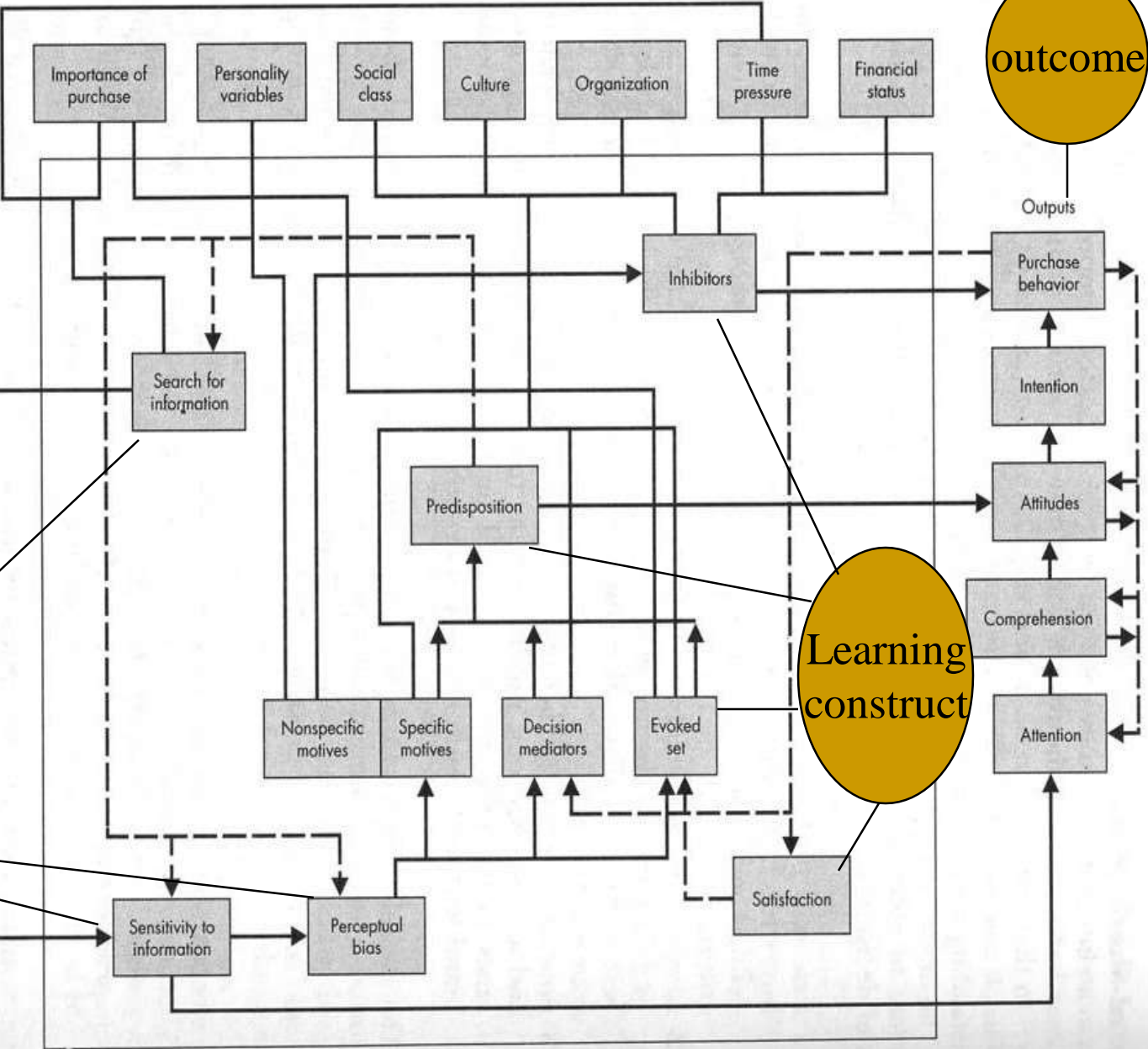
- Importance of purchase
- Personality variables
- Social class
- Culture
- Organization
- Time pressure
- Financial status

Exogenous variables

outcome

Inputs

Brands	A	B	C
Significative			
1 Quality			
2 Price			
3 Distinctiveness			
4 Availability			
5 Service			
Symbolic			
1 Quality			
2 Price			
3 Distinctiveness			
4 Availability			
5 Service			
Social environment			



Perceptual construct

Learning construct

— Input-output flow of information and effects
 - - - Feedback effects
 — Influence of exogenous variables

Limitations

- Too many variables, complex model
- Variables in the model are not clearly defined.
- Model cannot be generalized
- Sharp distinction between exogenous and other variables have not been made.

3. ENGEL-BLACKWELL-MINIARD MODEL

Motivation and need recognition Search for information

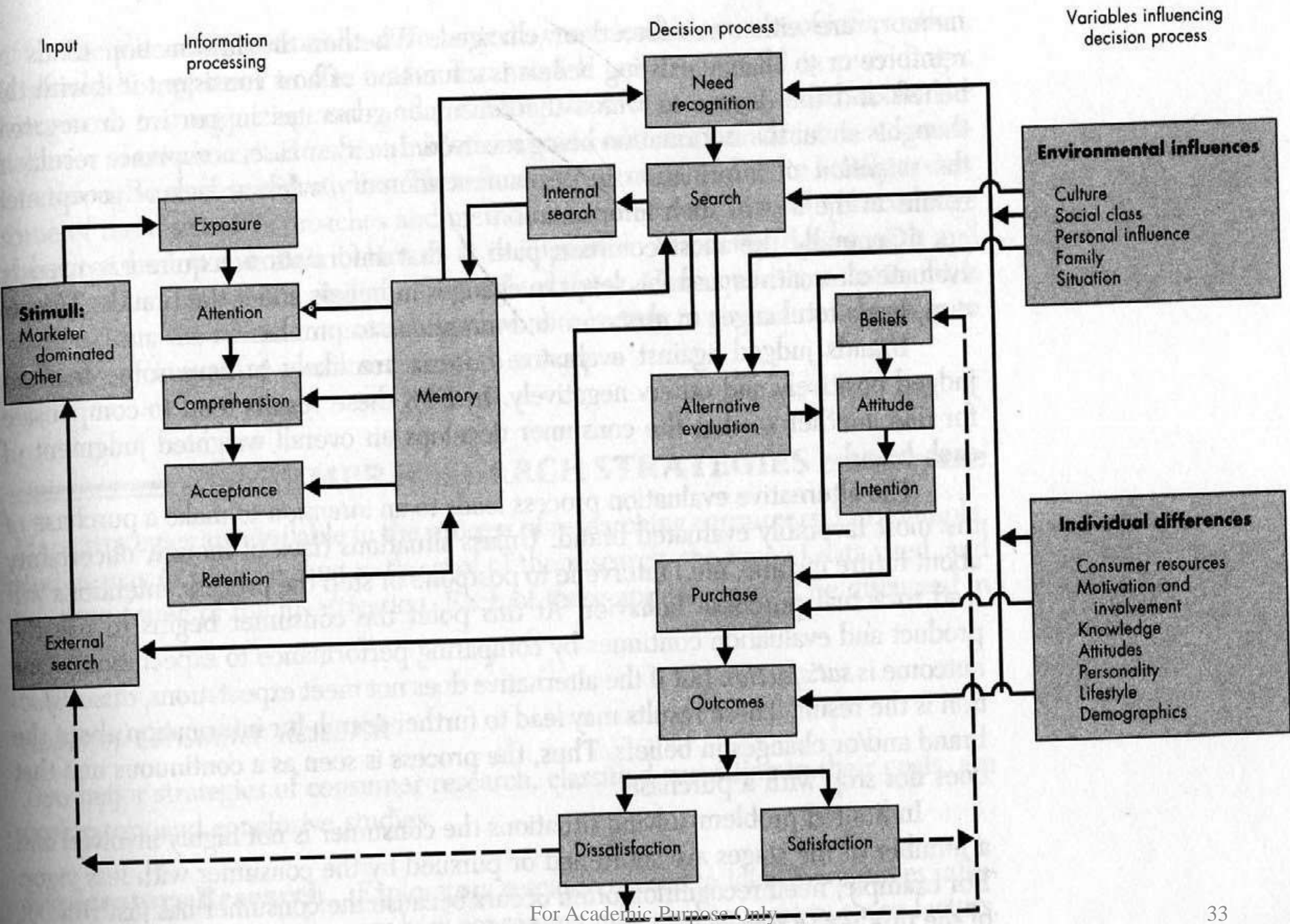
Alternative evaluation

Purchase Outcomes

The model variables are grouped into four general categories:


1. Stimulus inputs
2. Information processing
3. Decision process
4. Variables influencing the decision process

The model represents consumer behaviour as a decision process of five activities which occur overtime:



Limitations

- Too many variables, complex model
- Variables in the model are not clearly defined.



Ref Book: Consumer Behaviour – Schiffman, Kanuk & Kumar

Assessment Questions

List the steps in consumer decision process

- **Classify problems on the basis of nature of search**
- **List the sources of information**
- **List the criteria for evaluation of alternatives**
- **Which factors influence purchase decision**
- **What are dissatisfiers?**
- **Describe the HS & EKB models of CB**