



Param Pujya Dr. Babasaheb Ambedkar Smarak Samiti's

**Dr. Ambedkar Institute of Management Studies & Research**

Deeksha Bhoomi, Nagpur - 440010 (Maharashtra State) INDIA

NAAC Accredited with 'A' Grade

Tel: +91 712 6521204, 6521203, 6501379

Email: [info@daimsr.in](mailto:info@daimsr.in)

# **MBEIV - 13 – Consumer Buying Behaviour**

**UNIT IV—Prof Chandresh Chakravorty**

# 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 Of CBB

- **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 IV: Group determinants of CBB

**Group Determinants of CB:** Reference group influence: types of consumer relevant groups, factors affecting group influence, application of reference group concept. · Family: functions of family, family decision making, family life cycle (FLC) · Opinion Leadership and Personal influence · Diffusion of Innovation: Adoption process., Diffusion process; Environmental Influences on CB: · Social class, Life style Profile of Social class, application to CB · Culture: characteristics, cross cultural understanding.

# Unit Objectives

Students must be able to comprehend the following concepts

- Groups and their influence on Buying decisions.
- Role of family in consumer decision making.
- Understanding the concept of Family life cycle.
- Understanding the Process of innovation
- Diffusion of Innovation and its various applications.
- Different social classes and their buying behaviors
- Importance of Culture in influencing buying decisions
- Cross cultural understanding.

# Group Influence and consumer behaviour

Reference groups that influence general values are normative and those affecting specific are comparative reference groups

5 specific reference groups

Friendship groups

Shopping groups

Work groups

Virtual groups

Consumer action groups



# Reference group Appeals

There are 5 major group appeals

Celebrity appeals

Expert appeals

Common man appeals

Executive and employee appeals

Trades or spoke character appeals



# Household Decision making

Traditionally family is defined as two or more persons related by blood, marriage or adoption who reside together

Families are referred to households but all households are not families

Types of families are as follows

The married Couple

The Nuclear family

The extended family

Single parent family

# Decision making and consumption related roles

Influencers

Gatekeepers

Deciders

Buyers

Preparers

Users

Maintainers

Disposers

# Family life cycle

FLC has 5 basic stages

Stage I Bachelorhood

Stage II Honeymooners

Stage III Parenthood

Stage IV Post Parenthood

Stage V Dissolution

The concept of socialisation and chief wage earner in decision making

# Culture

Definition: Culture refers to the traditions, taboos, values and basic attitude of society within which an individual lives.

Culture is specific to a context

Culture affects consumption pattern as well as consumer behaviour

Culture influences communication messages

# Components of culture

Values, ethics and material objects produced by its people

Myths and stories containing symbolic elements

Ritual as a set of symbolic behaviour

Rite of passage as special kind of ritual

Consumer activities can be defined into sacred and profane domains

# Culture and consumer perceptions

Includes perceptions of consumers about work , leisure, festive occasions , ethnicity and gender

Marketers have to clearly communicate

Cultural meanings associated change over a period of time For eg Nikhar from Godrej and santoor from wipro

# Cultural Emblems

Consumer indicates his association by showing different emblems

Geographic Emblems

Ethnic Emblems

Social Class Emblems

Gender Emblems



# Some Examples of Indian Culture affecting MNC

Pizza hut and Dominoes

MTV and Channel V

Cartoon network

Maggi

Ford

Fed ex courier

# **Social Class and its influence**

Social class refers to the hierarchial arrangement of the society into various divisons each of which signifies social status or standing

For a social class to exist in society they must meet 5 criterias. They must be bounded, ordered, mutually exclusive, exhaustive and influential.

# Measuring social class

Single item index consists of Education, Occupation and Income

Multi item index

- Holligshead index
- Warners index leads to following
- Occupation, Source of income, house type and dwelling Area
- Upper-upper, lower-upper, upper-middle, lower-middle, upper-lower and lower-lower

# **Social stratification and marketing strategy**

Clothing, fashion and shopping

The pursuit of Leisure

Saving, Spending and credit

Social class and communication in terms of media selection for effective response

# Models of Consumer Behaviour

## Howard Sheth model of Buying Behaviour

Inputs

Perceptual Constraints

Learning Constructs

Output

## The Nicosia Model

Attributes of the firm and consumer

Search and evaluation

Purchase decision

Consumption and feedback

## Engel-Blackwell-Miniard Model

Input

Information Processing

Decision Process

Variables influencing decision process

# Consumer Decision-Making

Economic view rests on consumers as rational decision makers.

Importance of non economic factors in decision takers

Types of consumer decision making

Habitual decision making, limited decision making and extended decision making

# Consumer Decision making process

Problem recognition

Information search

Alternative evaluation and selection

Purchase

Post purchase behaviour



# Rural and Urban Consumerism

India lives in villages is an age old saying

2001 census says that 72% of Indian population lives in villages

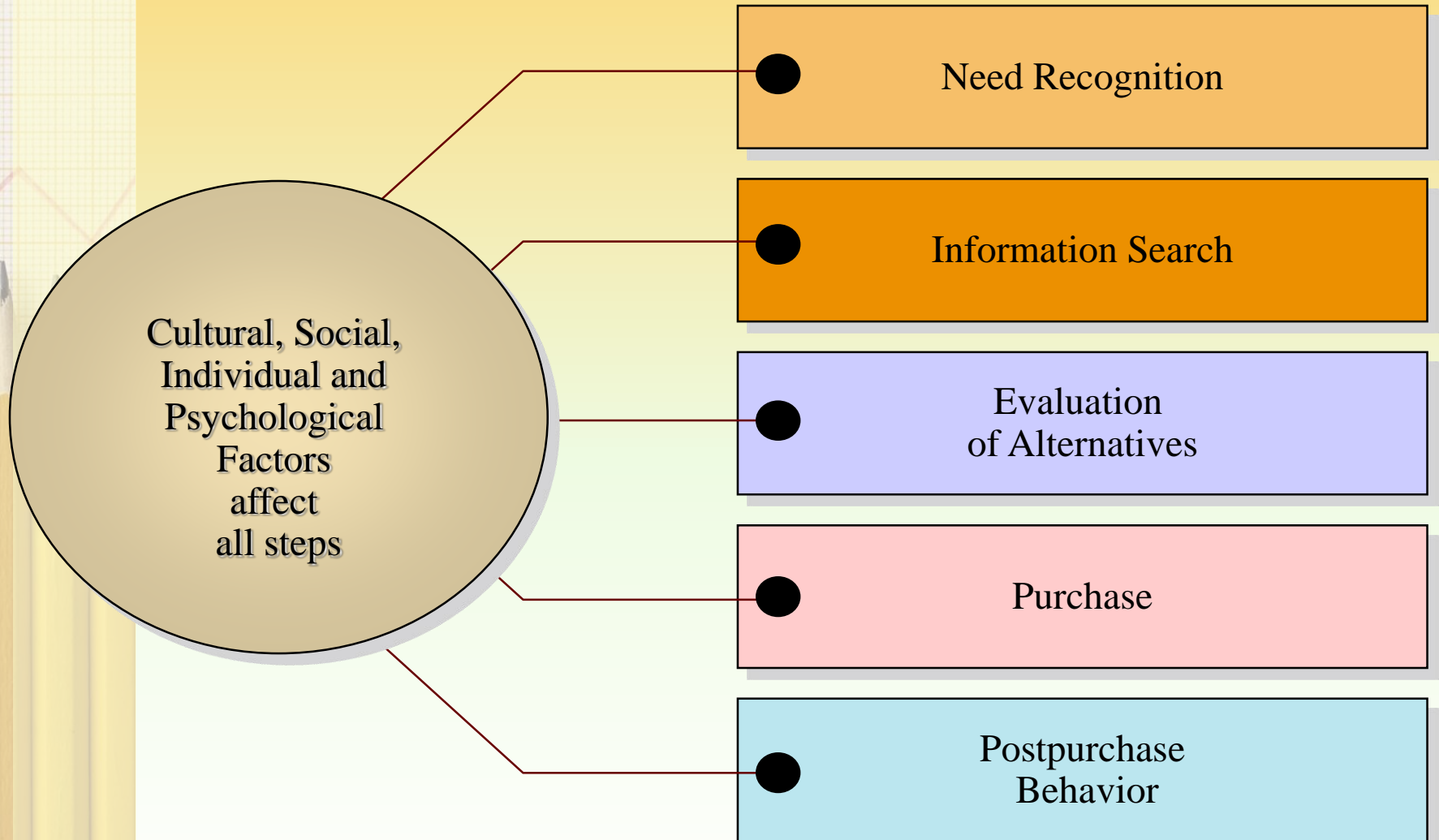
Classification of rural consumers

The Affluent group

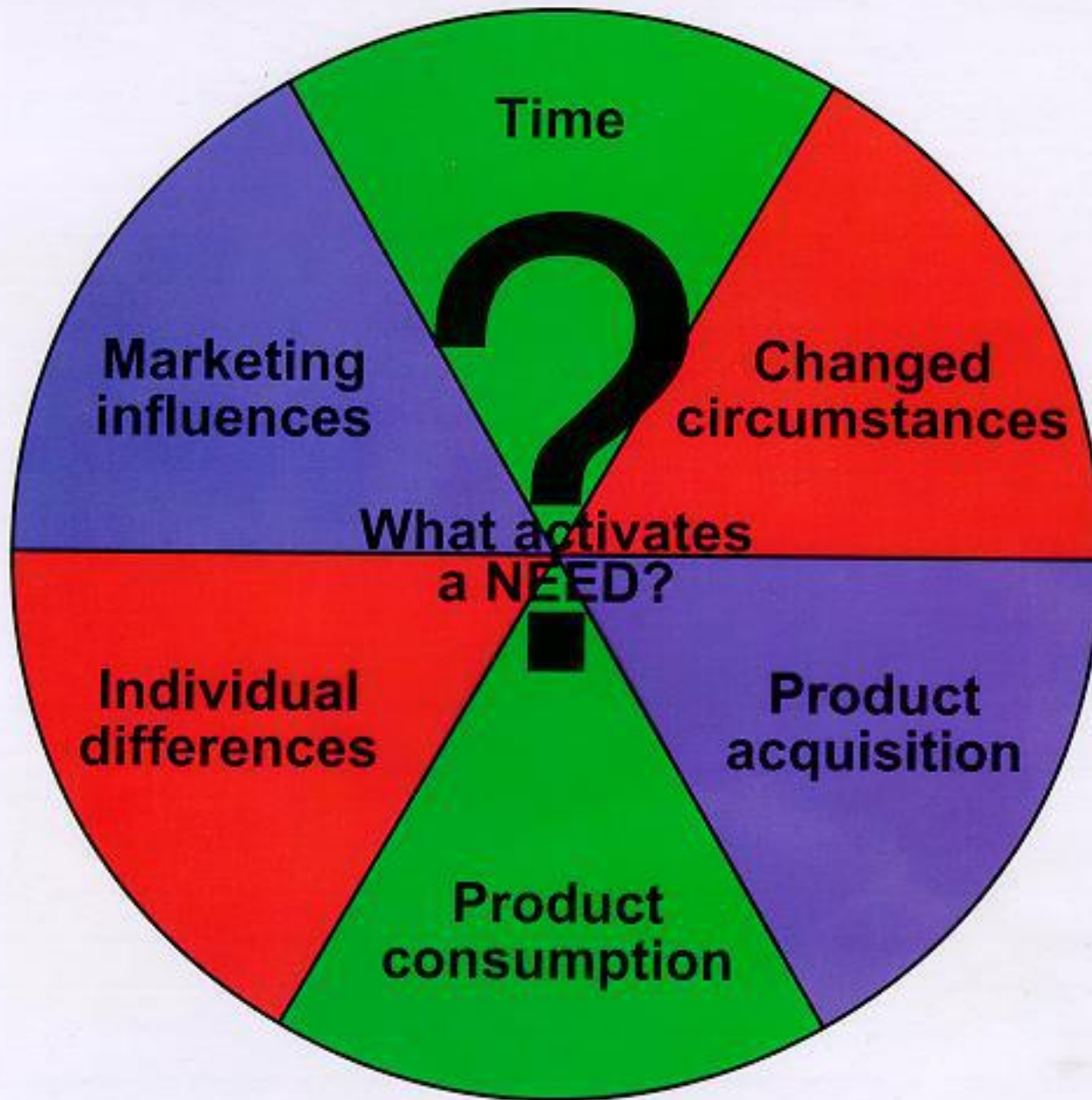
The Middle Class

The Poor

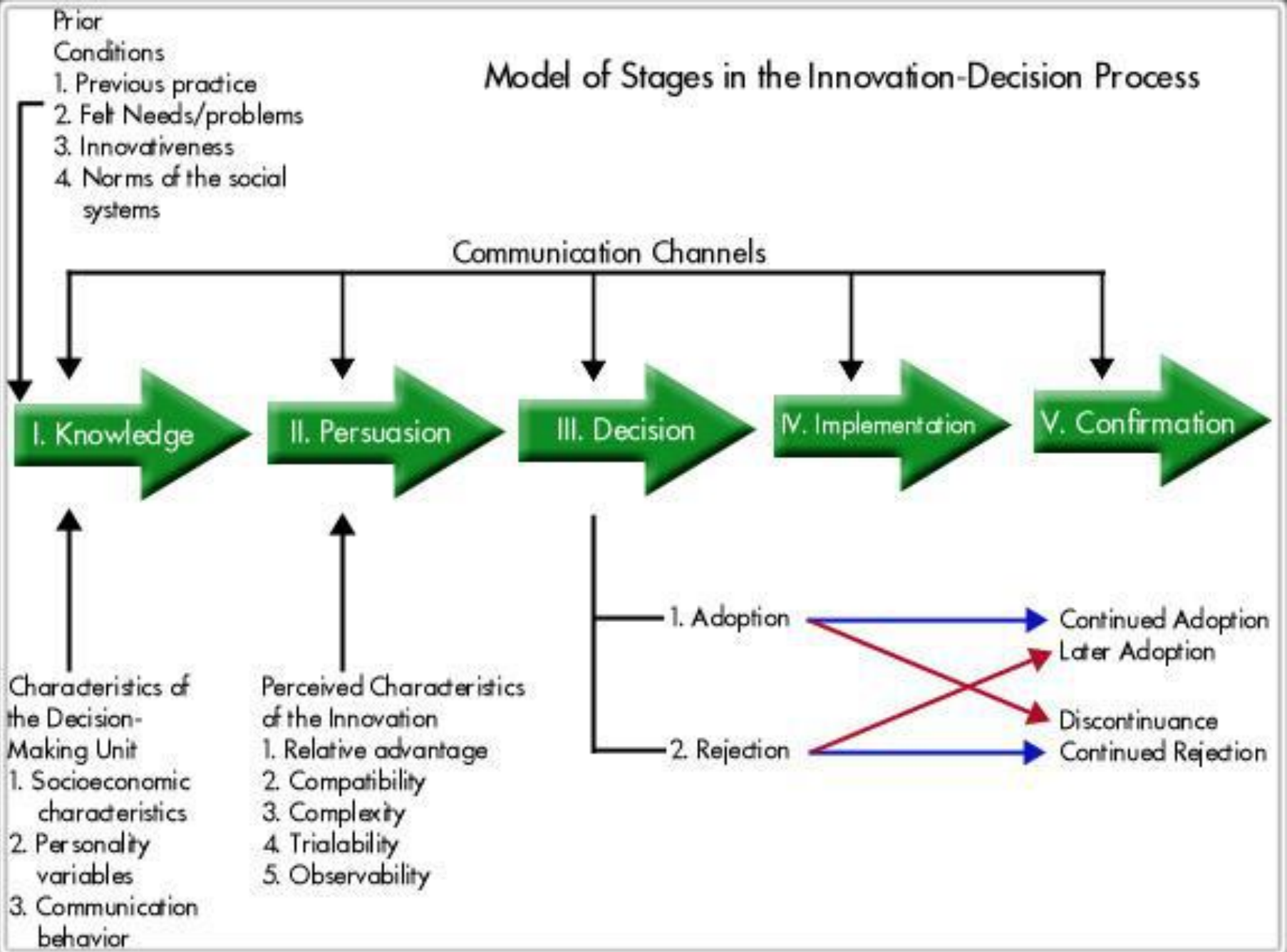
# Consumer Decision-Making Process







# Model of Stages in the Innovation-Decision Process





## Types of consumer involvement and decision making



	<b>Routine</b>	<b>Limited</b>	<b>Extensive</b>
<b>Involvement</b>	Short	Low to moderate	High
<b>Time</b>	Low	Short to moderate	Long
<b>Cost</b>	Short	Low to moderate	High
<b>Information Search</b>	Internal only	Mostly internal	Internal & external
<b>Number of alternatives</b>	one	few	many

# Assessment Questions

- 1. List and compare any two types of reference groups.**

Students should understand the meaning and definition of Reference groups and also be able to list them.

- 2. List the advantages and disadvantages of family type**

Students should understand the concept of Family Life Cycle and also be able to state the benefits of each stage.



# Book Reference

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