Marketing Management

UNIT -2
TOPICS:

- **Consumer behaviour**
- **Types of consumer behavior**
- **Consumer behavior model**
- **Consumer buyer decision process**
- **Targeting & Market positioning**

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Consumer behaviour

Meaning and Definition:
Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.
OR
Consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses. Consumer behavior incorporates ideas from several sciences including psychology, biology, chemistry, and economics.

Why is consumer behavior important -

Studying consumer behavior is important because these way marketers can understand what influences consumers' buying decisions. By understanding how consumers decide on a product they can fill in the gap in the market and identify the products that are needed and the products that are obsolete. Studying consumer behaviour also helps marketers decide how to present their products in a way that generates maximum impact on consumers. Understanding consumer buying behaviour is the key secret to reaching and engaging your clients, and converts them to purchase from you.

So what are the factors that influence consumers to say yes? There are three categories of factors that influence consumer behavior:

1. Personal factors: an individual's interests and opinions that can be influenced by demographics (age, gender, culture, etc.).

2. Psychological factors: an individual's response to a marketing message will depend on their perceptions and attitudes.

3. Social factors: family, friends, education level, social media, income, they all influence consumers' behavior.

Types of consumer behavior
There are four main types of consumer behavior:

1. Complex buying behavior
This type of behavior is encountered when consumers are buying an expensive, infrequently bought product. They are highly involved in the purchase process and consumers' research before committing to invest. Imagine buying a house or a car; these are an example of a complex buying behavior.

2. Dissonance-reducing buying behavior
The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. ‘Dissonance’ can occur when the consumer worries that they will regret their choice.

3. Habitual buying behavior
Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty.

4. Variety seeking behavior
In this situation, a consumer purchases a different product not because they weren’t satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

Consumer behavior model

Traditional models

Economic model: The economic model of consumer behavior focuses on the idea that a consumer's buying pattern is based on the idea of getting the most benefits while minimizing costs. Thus, one can predict consumer behavior based on economic indicators such as the consumer's purchasing power and the price of competitive products. For instance, a consumer will buy a similar product that is being offered at a lower price to maximize the benefits; an increase in a consumer's purchasing power will allow him to increase the quantity of the products he is purchasing.

Learning model: This model is based on the idea that consumer behavior is governed by the need to satisfy basic and learned needs. Basic needs include food, clothing and shelter, while learned needs include fear and guilt. Thus, a consumer will have a tendency to buy things that will satisfy their needs and provide satisfaction. A hungry customer may pass up on buying a nice piece of jewelry to buy some food, but will later go back to purchase the jewelry once her hunger is satisfied.

Psychoanalytic model: The psychoanalytical model takes into consideration the fact that consumer behavior is influenced by both the conscious and the subconscious mind. The three levels of consciousness discussed by Sigmund Freud (id, ego and superego) all work to influence one's buying decisions and behaviors. A hidden symbol in a company's name or logo may have an effect on a person's subconscious mind and may influence him to buy that product instead of a similar product from another company.

Sociological model: The sociological model primarily considers the idea that a consumer's buying pattern is based on his role and influence in the society. A consumer's behavior may also be influenced by the people she associates with and the culture that her society exhibits. For instance, a manager and an employee may have different buying behaviors given their respective roles in the company they work for, but if they live in the same community or attend the same church, they may buy products from the same company or brand.

II. Contemporary models

- Engel-Kollat-Blackwell Model
- Nicosia Model
- Stimulus-Response Model
- Howard-Sheth model (1969)

Consumer buyer decision process

The buying decision process is the decision-making process used by consumers regarding the market transactions before, during, and after the purchase of a good or service. It can be seen as a particular form of a cost–benefit analysis in the presence of multiple alternatives.

According to Philip Kotler, the typical buying process involves five stages the consumer passes through described as under:

Problem Identification: During need or problem recognition, the consumer recognizes a problem or need that could be satisfied by a product or service in the market.Problem Recognition is the first stage of the buyer decision process.At this stage, the consumer recognizes a need or problem. The buyer feels a difference between his or her actual state and some desired state.

Information Search

- Once the need is recognized, the consumer is aroused to seek more information and moves into the information search stage. The second stage of the purchasing process is searching for information. After the recognition of needs, the consumers try to find goods for satisfying such needs. They search for information about the goods they want.

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Evaluation of Alternatives:

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate" brands in the choice set. Evaluation of alternatives is the third stage of the buying process. Various points of information collected from different sources are used in evaluating different alternatives and their attractiveness. While evaluating goods and services, different consumers use different bases.

Purchase Decision:

After the alternatives have been evaluated, consumers take the decision to purchase products and services. They decide to buy the best brand. But their decision is influenced by others' attitudes and situational factors.

Post-purchase Decisions:

In the final stage of the buyer decision process, post purchase behavior, the consumer takes action based on satisfaction or dissatisfaction. In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. Here is where cognitive dissonance occurs, "Did I make the right decision."

Consumers go through the 5 stages of the buyer decision process in taking the decision to purchase any goods or services.

Targeting is an advertising mechanism that allows you to segment some visitors, who meet a defined set of criteria, from the general audience. It helps increase the effectivity of the campaign.

Types of Targeting

- Behavioral Targeting (aka audience targeting) Behavioral targeting is the practice of segmenting customers based on web browsing behavior, including things like pages visited, searches performed, links clicked, and products purchased.
- Contextual Targeting
- Search Retargeting
- Site Retargeting
- Predictive Targeting.

Market positioning refers to the consumer's perception of a brand or product in relation to competing brands or products.

OR

Market positioning refers to the process of establishing the image or identity of a brand or product so that consumers perceive it in a certain way.