

MOHAMED KHIDER UNIVERSITY OF BISKRA
FACULTY OF ECONOMICS, COMMERCE AND MANAGERIAL SCIENCES
CLASS: 2ND YEAR COMMERCIAL SCIENCES

COURSE OF MARKETING

LECTURER: KAMILIA IZZRECH

Course three:

CONSUMER/
BUYER
BEHAVIOR

LECTURER: KAMILIA IZZRECH



COURSE OBJECTIVES

At the end of this lecture you will learn the following:

- 1- Definition of consumer and consumer behavior
- 2- Types of consumers
- 3- Models of consumer behavior
- 4- Characteristics affecting consumer behavior
- 5- Consumer decision process/buyer decision
- 6- Consumer behavior “case of new products”
- 7- Consumer behavior across international borders

Introduction

Consumers are not rational information processors. Contrary to popular belief, the attempt to understand consumer behavior doesn't end with the purchase.

Understanding how consumers use and dispose of products is important as well.

Why?

Knowing who is actually using the product will affect the way the product is marketed in the future

For example: If a household appliance (e.g., a vacuum) is assumed to be used primarily by the wife, but in fact both spouses use it, then the marketer may want to market it in a different way (a different “target market”)

Marketing is identifying, satisfying, & retaining customers

Perception is reality.

What matters is how consumers perceive your brand.

...

1-A- DEFINITION OF CONSUMER/CUSTOMER

- A **customer** is anyone, individual or business, who purchases a product or service. The two types of customers are trade customers, who don't use what they purchase, and final customers, who do use what they purchase. All customers are important because they are what makes a business its money.
- A **consumer** is anyone who uses a product or service, whether for personal or business use. (end user)

1-B- DEFINITION OF CONSUMER BEHAVIOR

- Consumer behavior covers a broad variety of consumers based on diversity in age, sex, culture, taste, preference, educational level, income level, etc. Consumer behavior can be defined as “**the decision process and physical activity engaged in evaluating, acquiring, using or disposing of goods and services.**”



WHAT IS CONSUMER BEHAVIOR?

The study of how consumers

- Select
- Purchase
- Use
- Dispose of goods and services in the process of satisfying their personal and household needs and wants.
- Understanding consumer behavior helps in identifying whom to **target**, how to target, when to reach them, and what message is to be given to them to reach the target audience to buy the product.

WHY IS CONSUMER BEHAVIOR IMPORTANT IN MARKETING?

- Marketers came to realize that consumers did not always act or react as marketing theory suggested they would
- Consumers rejected mass-marketed products, preferring differentiated products that reflected their own special **needs, personalities** and **lifestyles**
- Even in industrial markets, where needs are more homogeneous than consumer markets, buyers exhibited diversified preferences and less predictable purchase behavior

OTHER FACTORS THAT CONTRIBUTED TO THE GROWING INTEREST IN CONSUMER BEHAVIOR

- The accelerated rate of new product development
- The consumer movement
- Public policy considerations
- Environmental concerns
- The opening of national markets throughout the world

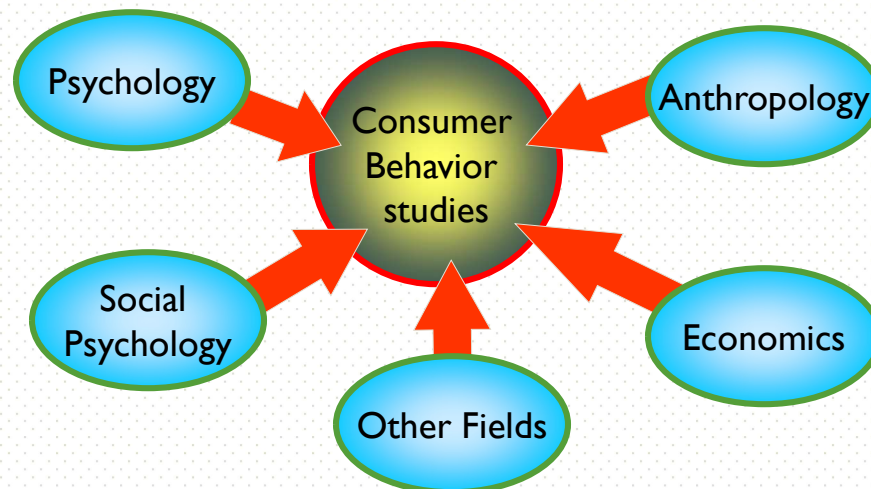
CONSUMER BEHAVIOR IS MORE THAN JUST PURCHASING

- Consumer Behavior involves
- Exposure to the media
 - Browsing
 - Influencing others
 - Being influenced by others
 - Complaining about and returning products

ECONOMICS ALONE DOES NOT EXPLAIN CONSUMER BEHAVIOR

- Early theories based on notion that individuals act *rationally* to maximize their benefits (satisfaction) from purchasing
- Later research discovered that consumers are just as likely to
 - Purchase impulsively
 - Be influenced by family, friends, advertisers and role models
 - Be influenced just as strongly by mood, situation and emotion

CONSUMER BEHAVIOR IS AN INTERDISCIPLINARY FIELD



- **Psychology** is a discipline that deals with the study of mind and behavior. It helps in understanding individuals and groups by establishing general principles and researching specific cases. Psychology plays a vital role in understanding how consumers behave while making a purchase.
 - **Sociology** is the study of groups. When individuals form groups, their actions are sometimes relatively different from the actions of those individuals when they are operating individually.
 - **Social Psychology** is a combination of sociology and psychology. It explains how an individual operates in a group. Group dynamics play an important role in purchasing decisions. Opinions of peers, reference groups, their families and opinion leaders influence individuals in their behavior.
 - **Cultural Anthropology** is the study of human beings in society. It explores the development of central beliefs, values and customs that individuals inherit from their parents, which influence their purchasing patterns.
- **Economics** is the study of how people act, based on the idea that people act rationally and try to get the most value or benefit.
- The Economic Factors are the factors that talk about the level of sales in the market and the financial position of the consumer, i.e. how much an individual spends on the purchase of goods and services that contribute to the overall sales of the company.
- ...
- **Neuroscience** is the study of the brain and the nervous system. If you're interested in the way human brains work, you might want to study neuroscience.
- ...

2- TYPES OF CONSUMERS

Understanding buyer behaviors plays an important part in marketing. Considerable research on buyer behavior both at conceptual level and empirical level has been accumulated. There are two types of buyers –

- **Industrial (organizational) buyer**
- **Individual consumer**

Organizational buying behavior has many distinctive features –

- First, it occurs in a formal organization which is caused by budget and cost.
- Second, in some conditions, joint decision-making process may occur, and this is not possible in individual buying behavior.
- Finally, conflict occurs and they are hard to avoid in the joint decision making process.

3- MODELS OF CONSUMER BEHAVIOR

- **Economic Man Model**

- In this model, consumers follow the principle of maximum utility based on the law of diminishing marginal utility. Economic man model is based on the following effects –
- **Price Effect** – Lower the price of the product more will be the quantity purchase.
- **Substitution Effect** – Lower the price of the substitute product, lower will be the utility of the original product purchase.
- **Income Effect** – When more income is earned, or more money is available, quantity purchased will be more. The economic theory of buyer's decision-making was based on the following assumptions –

3- MODELS OF CONSUMER BEHAVIOR

- **Learning Model**

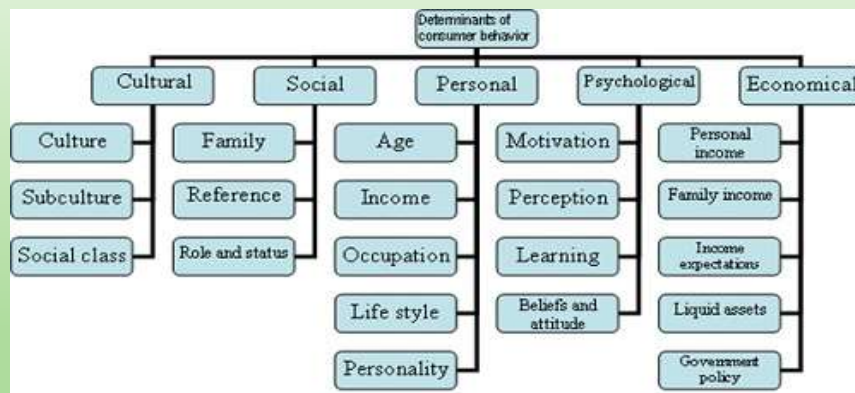
- This model suggests that human behavior is based on some core concepts – the drives, stimuli, cues, responses and reinforcements which determine the human needs and wants and needs satisfying behavior.
- **Drive** – A strong internal stimulus which compels action.
- **Stimuli** – These are inputs which are capable of arousing drives or motives.
- **Cues** – It is a sign or signal which acts as a stimulus to a particular drive.
- **Response** – The way or mode in which an individual reacts to the stimuli.

3- MODELS OF CONSUMER BEHAVIOR

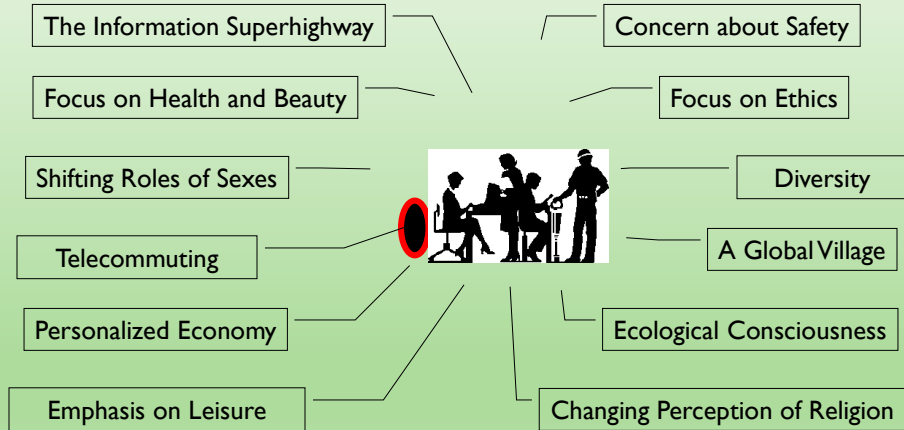
- **The Psychoanalytic Model** – The model suggests that human needs operate at various levels of consciousness. His motivation which is in these different levels, are not clear to the casual observer. They can only be analyzed by vital and specialized searching.
- **Sociological Model** – This is concerned with the society. A consumer is an element of the society and he may be a member of many groups and institutions in a society. His buying behavior is influenced by these groups. Primary groups of family friend's relatives and close associates extract a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different from different member. As a member of an elite organization, his dress needs may be different, thus he has to buy things that confirm to his lifestyle in different groups.

4- CHARACTERS AFFECTING CONSUMER BEHAVIOR

The following illustration shows the determinants of consumer behavior.



TRENDS INFLUENCING CONSUMER BEHAVIOR IN CONTEMPORARY SOCIETY



5- CONSUMER DECISION PROCESS/ BUYER DECISION



5- CONSUMER DECISION PROCESS/ BUYER DECISION

- **Example**

- 1. Problem recognition:** Mohamed realizes the need for a **new laptop** when he notices that his current laptop's battery is weak and causing him inconvenience.
- 2. Information search:** Mohamed collects information about various laptop brands by reading specs, reviews, and talking to friends and colleagues.
- 3. Evaluation of alternatives:** Mohamed shortlists a few alternatives and evaluates their pros and cons to make the best logical decision considering other benefits and his budget.
- 4. Purchase decision:** Mohamed may be influenced by people's attitudes and unexpected situational factors while making the final purchase decision.
- 5. Post-purchase evaluation:** Mohamed engages with the brand based on his experience with the product. If the product meets his needs or exceeds expectations, he will be satisfied, but if it falls short, he will be disappointed.

WHAT DO BUYING DECISIONS INVOLVE?

Consider a decision to acquire a pet

- Decision entails determining:
 - Where to learn about pets
 - Where to purchase the selected pet
 - How much to pay for it
 - Who will take care of it
 - What supplies or services are needed for it
 - Where to purchase such supplies or services
 - How much to pay for supplies and services



6- CASE OF NEW PRODUCTS

- Adoption process: awareness, interest, evaluation, trial, adoption (the idea of innovators!)

How to adopt?

7- CONSUMER BEHAVIOR ACROSS INTERNATIONAL BORDERS

- **CULTURAL DIFFERENCES?**
- **POLICIES?**
- **ETHICS**
- **NEGOCIATIONS / COMMUNICATION**
- ...

*See
you
in
the next
lecture*

THANK YOU FOR YOUR ATTENDANCE