



# RAMA UNIVERSITY

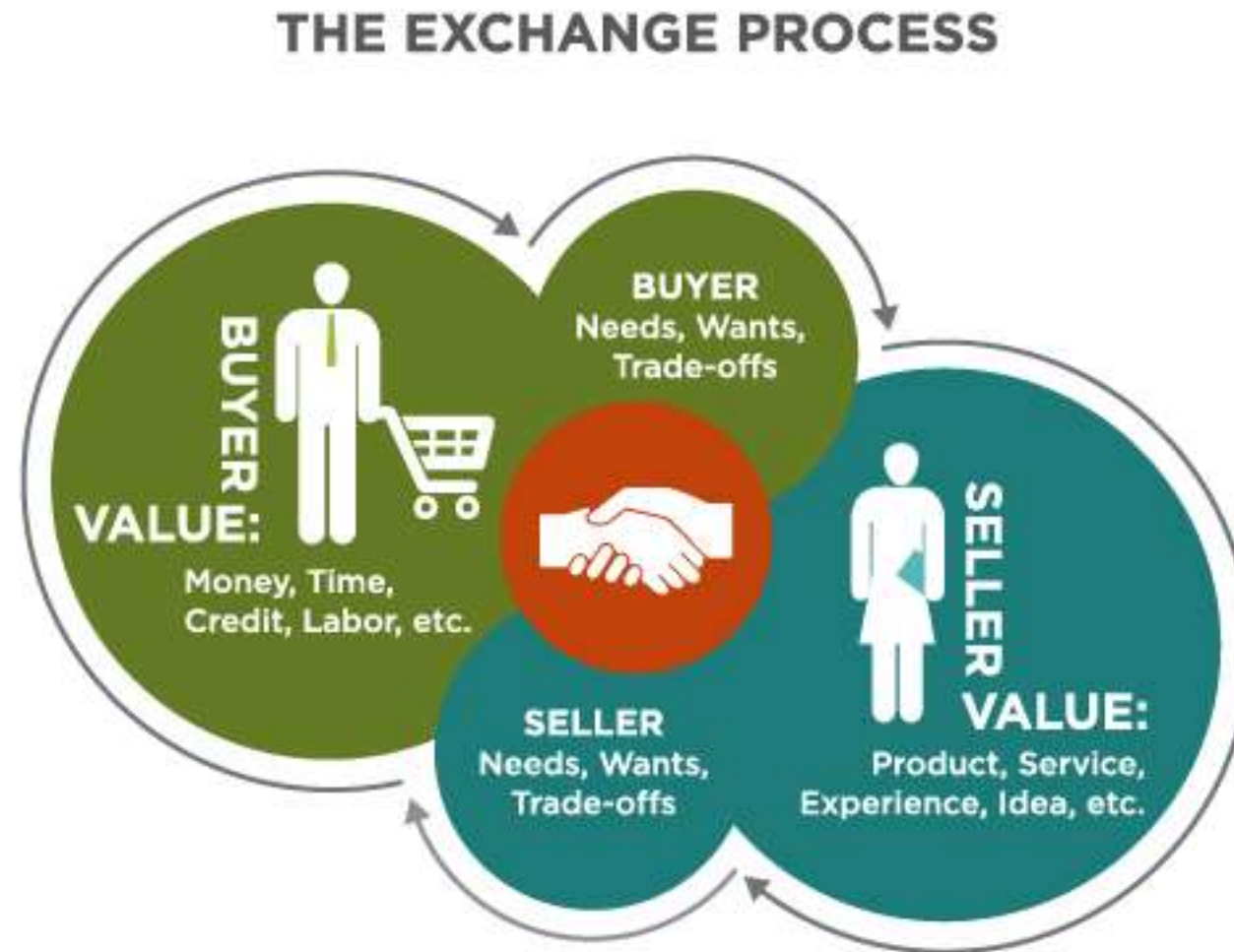
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## E-Content BBA402- Marketing Management

Lecture 12- Consumer Behavior, Buying Decision Process

Prepared by:- Mr. Raj Kumar, Assistant Professor, Faculty of commerce and management, Rama University Kanpur

# The Exchange Process



# Theories of Consumer Behavior: The Economic Man

- According to the “economic man” model, consumers are rational and narrowly self-interested, always trying to maximize the benefits they derive from the exchange process
- Limitations: People are not always rational or they define value differently than this model would suggest

**STIMULI**  
*EXTERNAL FACTORS*

**Marketing Mix**  
Product  
Price  
Place  
Promotion

**Environmental**  
Economic  
Technological  
Political  
Cultural  
Demographic  
Situational

**BLACK BOX**  
**(BUYER'S MIND)**  
*INTERNAL FACTORS*

**Consumer Characteristics**  
Beliefs/Attitudes  
Values  
Knowledge  
Motives  
Perceptions  
Lifestyle

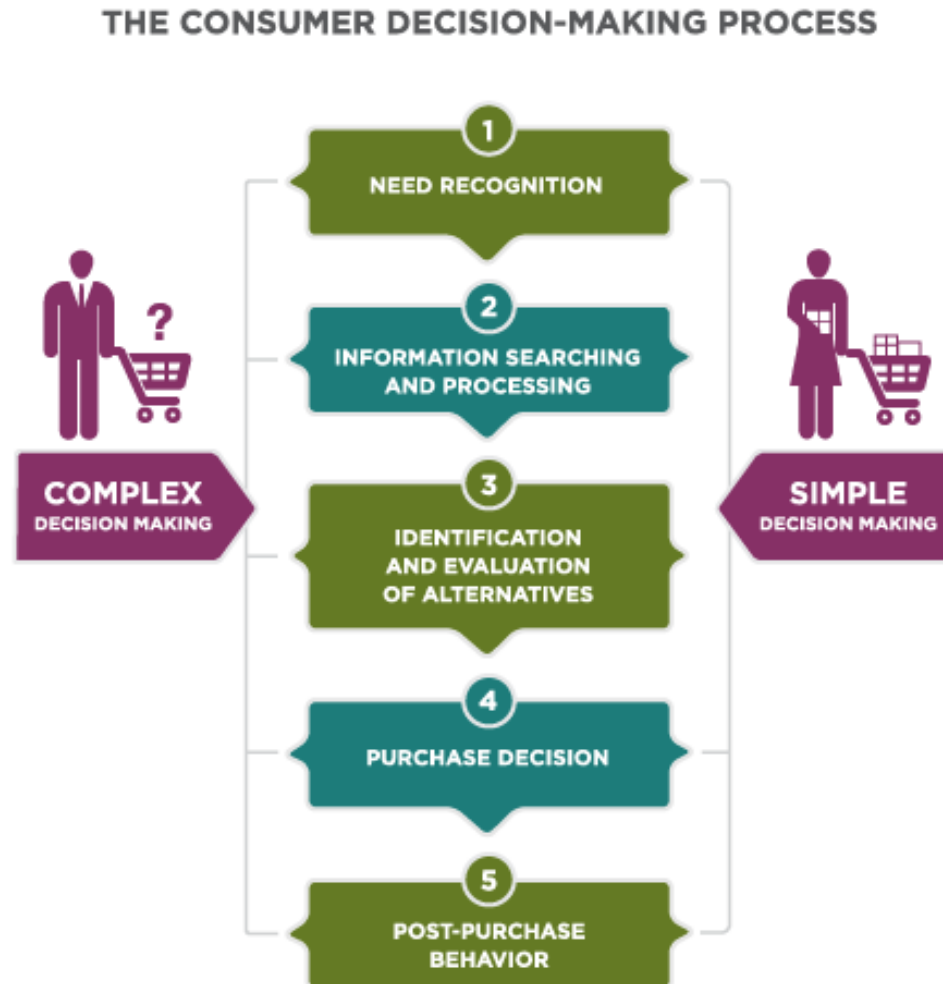
**Decision-Making Process**  
Problem solving  
Information search  
Alternate evaluation  
Purchase  
Post purchase  
Evaluation

**RESPONSES**

**Purchase**  
Product  
Brand  
Source  
Amount  
Method of Payment

**No Purchase**

# Consumer Decision-Making Process



# Needs Recognition

## CONSUMER

- Marketer Role

WHETHER WE ACT TO RESOLVE A PARTICULAR PROBLEM DEPENDS UPON TWO FACTORS:

1. the magnitude of the difference between what we have and what we need, and
2. the importance of the problem

- Know what problems consumers are facing, so the marketing mix fits
- Activate problem recognition to trigger the purchasing process
- Shape how consumers define the need or problem

# Information Search

## CONSUMER

- Marketer

## SEEKS INFORMATION

MAY COME FROM PAST EXPERIENCE, WORD OF MOUTH, OR RESEARCH

- Promotions should give consumers the info they seek in the places they look for it

# Evaluation of Alternatives

## CONSUMER

- Marketer

DEVELOP A CRITERIA TO MAKE A CHOICE AND EVALUATE OPTIONS BASED ON THAT CRITERIA

Understand your target consumer's evaluation criteria is critical. Your product needs to demonstrate these qualities in order to be short-listed in the selection set



# Purchase Decision

## CONSUMER

- Marketer

## DECIDE AND BUY

- Try to simplify the purchase decision
- Be aware of point of sale factors

# Postpurchase Behavior

## CONSUMER

- Marketer

## MAY EXPERIENCE POSTPURCHASE ANXIETY DUE TO COGNITIVE DISSONANCE

- New-customer communications that confirm the quality and popularity of the product
- Providing personal reinforcement has proven effective with big-ticket items such as automobiles and major appliances

# High-involvement Decisions

High-involvement decisions are important to the buyer

These decisions are closely tied to the consumer's ego and self-image

They also involve some risk to the consumer, such as:

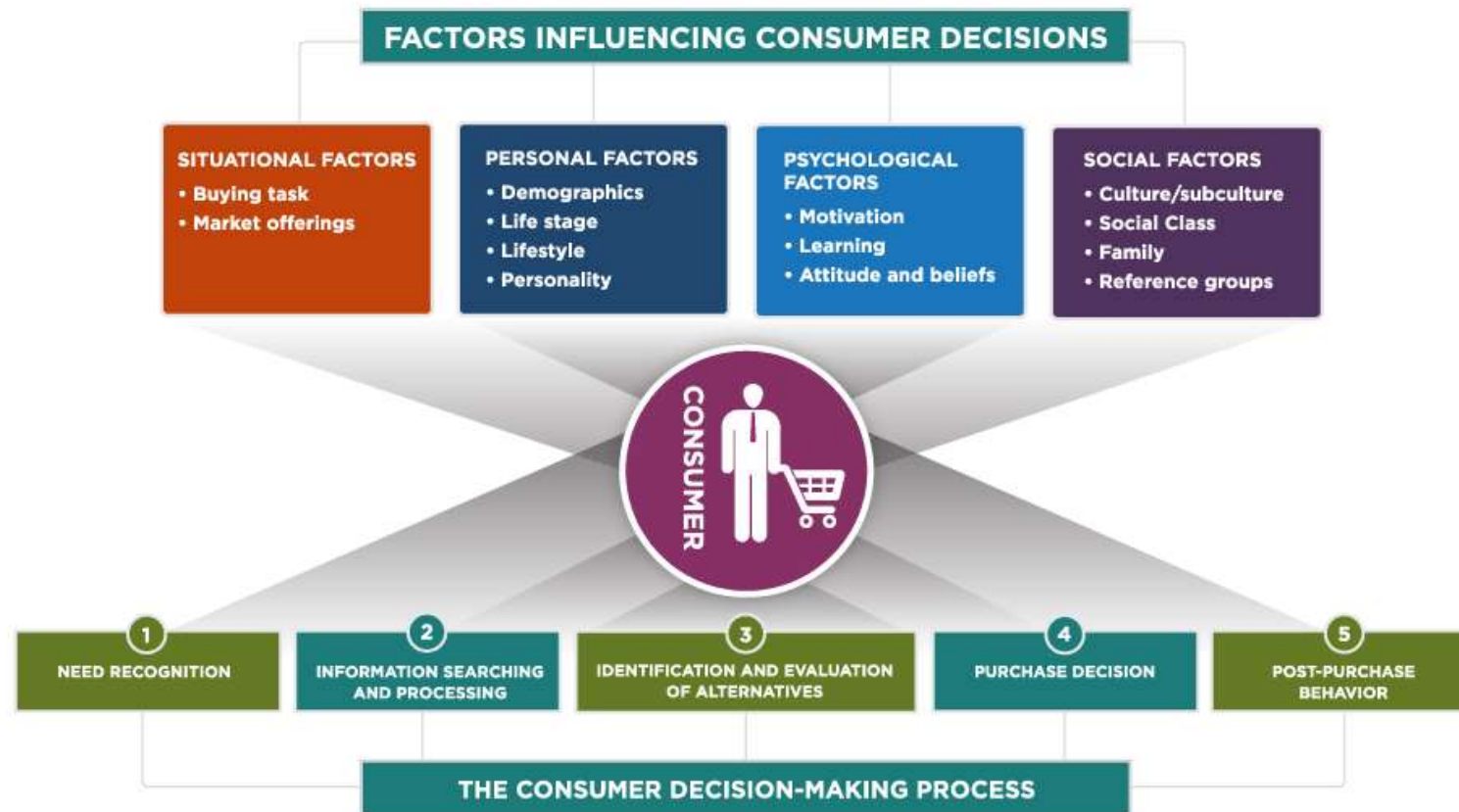
- Financial risk (highly priced items)
- Social risk (products that are important to the peer group)
- Psychological risk (the wrong decision may cause the consumer some concern and anxiety)

## Low-involvement Decisions

- Straightforward
- Require little risk
- Are repetitive and often lead to a habit
- Not very important to the consumer



# Factors Influencing Consumer Decisions and the Consumer Decision-Making Process

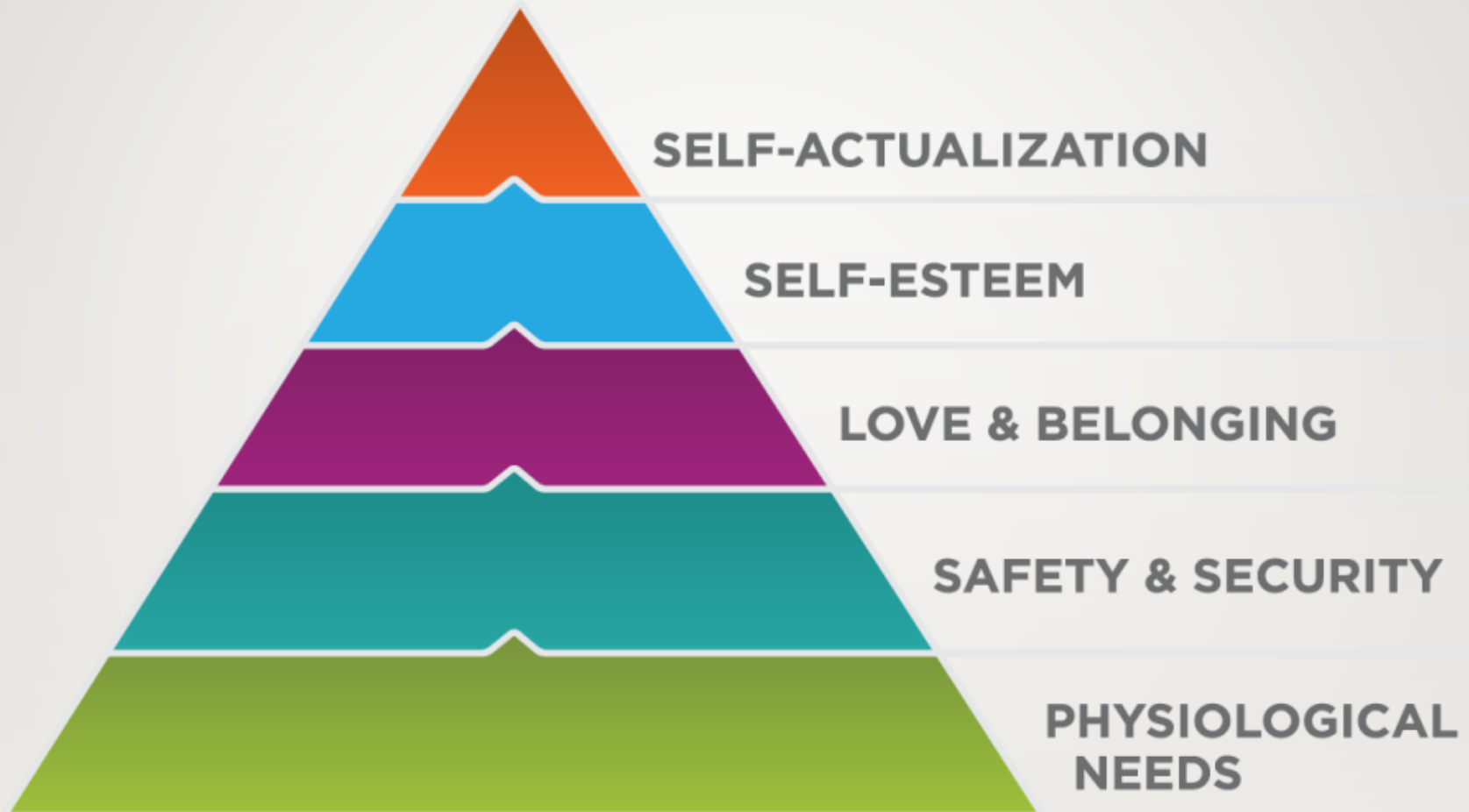


# Demographics

- The Millennial Generation, Born: 1980 to 1997
- Generation X, Born: 1965 to 1980
- The Baby Boom Generation, Born: 1946 to 1964
- The Silent Generation, Born: 1928 to 1945
- The Greatest Generation, Born: Before 1928

Note that no chronological end point has been set for the Millennials. For the purpose of following a cleanly defined group, they're defined as those aged 19 to 35 in 2016.

# Psychological Factors



**MASLOW'S HIERARCHY OF NEEDS**

## Social Factors: Class

- Upper Class makes up 1% of the population.
- Upper Middle Class makes up 15% of the population.
- Lower Middle Class makes up 32% of the population.
- Working class makes up 32% of the population.
- Lower Class makes up 20% of the population



# Reference Groups

Reference groups are formal or informal groups with opinion leaders

Can influence an individual in several ways:

- Role expectations
- Conformity
- Group communications through opinion leaders
- Word of mouth influence



# B2B Decision Making Stages

## STAGES OF ORGANIZATIONAL BUYING





## Low-involvement B2B Decisions

- For rebuys and routine purchases, organizations use abridged versions of the process
- Some stages may be bypassed completely when a supplier has already been selected

# Considerations in B2B Marketing

- Who will take part in the buying process?
- What criteria does each person use to evaluate prospective suppliers?
- What level of influence does each member of the process have?
- What interpersonal, psychological, or other factors about the decision team might influence this buying process?
- How well do the individuals work together as a group?
- Who makes the final decision to buy?



# Complexity of B2B Buying

- Timing
- Technical specifications of the physical products, or complex technical specifications associated with services, timing, and terms of delivery and payment.
- Organizational

# Unique Factors that Shape B2B

B2B purchasing decisions are influenced by a variety of factors that are unique to organizations, the people they employ, and the broader business environment





# Practice Questions

Compare and contrast the buying process for

- A car
- A bag of rice
- A large, expensive photocopier

# Quick Review

- What are the stages of the consumer buying process?
- Contrast the buying processes for low-involvement and high-involvement decisions?
- What are the major factors that influence consumer purchasing decisions?
- What are the B2B buying process and key factors influencing B2B purchasing decisions?