FACULTY OF JURIDICAL SCIENCES

COURSE: B.B.A.LL.B. IInd Semester

SUBJECT: CONSUMER BEHAVIOUR

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Lecture-32

Models of Consumer Behavior

Consumer Behavior Models

Sociological Model

The Sociological Model of consumer behavior says that purchases are influenced by an individual's place within different societal groups: family, friends, and workgroups, as well as less-defined groups like Millennials or people who like yoga. An individual will essentially purchase items based on what is appropriate or typical of the groups they're in.

For instance, C-Suite executives are expected to be professional and formal. People who hold these jobs will make purchases that speak to and uphold this group's rules, like formal business wear.

This model can apply to most businesses, especially those that create products and services relevant to specific groups. To use the Sociological Model, you'd want to create experiences that speak to how these groups usually act. One example is brands that sell exercise equipment.

You sell to and appeal to consumers that are part of a societal group that likes to work out. To delight these customers, you'd want to sell to their desires, like equipment that improves performance or an insulated water bottle that stays cold and leaves them satisfied during their breaks. By doing this, you're speaking to the consumer in that specific group and showing them that your product will help them retain their position in that group.

Economic Model of Consumer Behavior

The economic model of consumer behavior is the most straightforward of the traditional models. This model argues that consumers try to meet their needs while spending as few resources (e.g. money) as possible.

That means that businesses and manufacturers can predict sales based on their customers' income and their products' price. If companies offer the lowest-priced product, they may feel that they're guaranteed a consistent level of profit.

While the economic model is the easiest to understand, it's also the most limited. A buyer may have other reasons for purchasing a product aside from price and personal resources.

One such example would be prescription medicine in the U.S. healthcare industry. While the price of a prescription drug may exceed the buyer's resources, the buyer would still have to find a way to purchase it and meet their needs. They might open a credit card or take out a personal loan to pay for the medicine. Thus personal income and price don't affect the purchasing decision here; instead, need does.