

## I. How can the company serve the consumer market best?

How can marketing managers predict which specific products consumers will buy, and in what quantities? Why is it that new products may fail in the market? Why does a consumer choose a particular product? To understand why consumers behave as they do in the marketplace, it is useful to speak about the relationship between the needs, desires and the consumer decisions first, then to understand the cycle of the consumer-market. (Consumer market involves families and individuals who buy the products for their personal use.)

Companies have to find answers to questions considering the consumer market itself. The model of the consumer buying behaviour is based on “The 7 O-s of the market” which is the following:

- 1, Who are the participants of the market? **Occupants (customers)**
- 2, What do they buy? **Objects (products)**
- 3, Why do they buy products? **Objectives (reach goals, satisfy needs)**
- 4, Who help them in their purchasing activities? **Organizations (companies, transporters, banks)**
- 5, How do they carry out their shopping? **Operations (organise their life)**
- 6, When do they go shopping? **Occasions (spend their time for it)**
- 7, Where do they do their shopping? **Outlets (shops, hypermarkets)**

## II. What are the basic motivation and needs of the customers?

**The starting point for understanding consumer behaviour is the stimulus-response model.** Marketing and environmental stimuli enter the consumer's consciousness. A set of psychological processes combined with certain consumer characteristics result in the decision processes, more precisely the purchase decisions. The company's interest is to understand what happens in the consumer's consciousness between the arrival of the outside marketing stimuli and the ultimate purchase decisions. Four key psychological processes—motivation, perception, learning, and memory — fundamentally influence consumer responses to the various marketing stimuli.

A person has many needs at any given time. Some needs are physiological such as hunger, thirst, or discomfort. Other needs are psychological and causes tension such as the need for recognition, the need for esteem, or the need for belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

**Sigmund Freud** assumed that the psychological forces shaping people's behaviour are largely unconscious, and that a person cannot fully understand his or her own motivations. When a person examines specific brands, he or she will react not only to their stated capabilities, but also to other, less conscious cues. Shape, size, weight, material, colour, and brand name can all trigger certain associations and emotions. A technique called laddering can be used to trace a person's motivations from the stated instrumental ones to the more terminal ones. Motivation researchers often collect "in-depth interviews" with consumers to uncover deeper motives triggered by a product. They use various protective techniques such as word association, sentence completion, picture interpretation, and role playing.

**Abraham Maslow** sought explanations why people are driven by particular needs at particular times. He states that human needs are arranged in a hierarchy, from the most pressing to the least pressing. In order of importance, they are physiological needs, safety needs, social needs, esteem needs, and self-actualization needs. People will try to satisfy their most important needs first. Maslow's theory helps marketers understand how various products fit into the plans, goals, and lives of consumers.

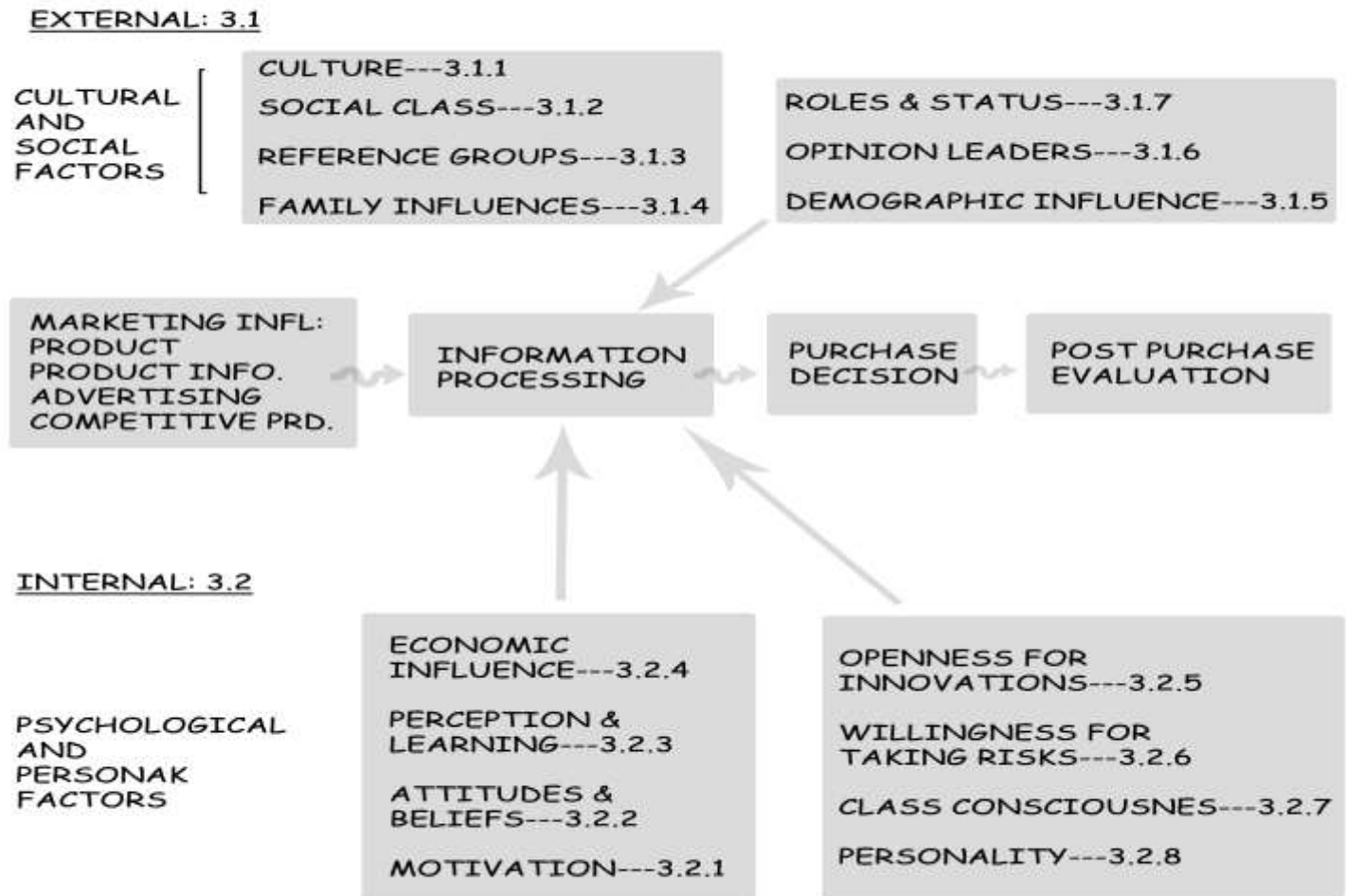
**Frederick Herzberg** developed a two-factor theory that distinguishes hygiene factors that if absent cause dissatisfaction and factors that cause satisfaction. These are called dissatisfiers and motivators.

In the procedure of buying, the absence of dissatisfies is not enough; satisfiers must be present to motivate a purchase, for example, a computer that doesn't come with a warranty would be a dissatisfier. Yet the presence of a product warranty wouldn't act as a satisfier or motivator of a purchase, because it is not a

source of intrinsic satisfaction, warranty is regarded as natural. Loudspeakers, a wireless keyboard and a free, one-year internet access is considered to be a satisfier.

Herzberg's theory has two implications. First, sellers should do their best to avoid dissatisfiers (for example, a poor training manual or a poor service policy). Although these things will not sell a product, they might easily unsell it. Second, the seller should identify the major satisfiers or motivators of purchase in the market and then supply them. These satisfiers will make the major difference as to which brand the customer buys.

### MAJOR INFLUENCES ON CONSUMERS' BEHAVIOUR IN BUYING



### III. External Influences

**3.1.1. Cultural influence:** Cultural influence is a set of values, ideas, attitudes and other symbols or objects created by people all of which shape human behaviour. Culture enables society to transmit from one generation to the next, the material and abstract elements of its collective and problem solving wisdom. The main ingredients of the culture: Ethnic groups (subculture), Region, Nationality, Religion, Race

**3.1.2. Social Class:** Social Class is defined as a permanent and homogeneous group of people with similar behavioral patterns, interests and lifestyles. Social Classes are hierarchical thus people are classified as being either above or below other social classes. Movement up social ladder is possible but difficult.

**3.1.3. Reference Groups:** Any group of people that has an influence on a person's attitude, behaviour or decision. The influence can be direct or indirect. There are 6 types of reference groups: Primary groups

(family, relatives), Secondary groups (friends, classmates), Membership groups (formal relations) Automatic groups (On the basis of age, sex, marital status), Anticipatory groups, (People wish to climb the social ladder), Negative or dissociative groups (individuals have no desire to belong to)

**3.1.4. Family Influences:** Consumption is shaped by family structures depending on their stages in the family life cycle. (eg.: newly wedds, young couples with young children, older couples with dependent children, older married retired couple.)

**3.1.5. Demographic Influence:** Groups according to age, sex, place of work, place of home or education income.

**3.1.6 Opinion leaders:** Opinion leaders are usually people who are more knowledgeable about a certain product or service than the average consumer. Vloggers, Youtubers and social media personalities have greatly influenced consumer behaviour by trialing, reviewing and recommending products online through social media platforms. These posts are then viewed by millions of followers every day.

**3.1.7 Roles and status:** Each individual plays a dual role in the society depending on the group he belongs to. An individual working as Chief Executive Officer with a reputed firm is also someone's husband and father at home. The buying tendency of individuals depends on the role he plays in the society. An individual from an upper middle class would spend on luxurious items whereas an individual from middle to lower income group would buy items required for his/her survival.

### **Internal Influences / Psychological and personal factors**

**3.2.1 Motivation:** Everybody is motivated by **needs** and **wants**. Needs are the basic forces which motivate people to do something. Wants are not so basic as needs, they are learned during a person's life. (McDonald's hamburgers are learned to be loved.) When a need isn't satisfied it leads to a **drive**.

(need – you are hungry, want – you choose to eat a burger, drive – if you're hungry, you do everything to quench your hunger)

**3.2.2 Attitude:** Attitude is a person's point of view toward a product, a firm or an idea. It affects the selective process, the learning and buying decisions. It involves liking or disliking but isn't the same thing as the buying intention. **Belief:** Belief is a person's conviction about something.

**3.2.3 Perception and learning:** Perception is the process by which an individual becomes aware of the world through five senses. How an object is perceived depends on both the object itself and the individuals' mental readiness, past experiences and his current mood. **Learning:** learning is a change in a person's thinking processes caused by experience.

**3.2.4 Economic influences:** The Maslow's hierarchy of needs explains what we buy. The economic needs help explain why we want specific product features. Economic needs are concerned with making the best use of a customer's **limited resources**.

**3.2.5 Openness for innovations:** Many people love buying brand new items. It requires courage to seek and discover new products or services which might lead to disruptive solutions.

**3.2.6 Willingness for taking risk:** Risks can be: Functional (product won't work), Physical risk (dangerous product), Financial risk (product isn't worth the price), Social risk (what the others will think), Psychological risk (is it a good feeling for you or not), Time risk (it is worth the time you spend on it or not)

**3.2.7 Class consciousness:** In the society people have different roles, work position and they are aware of their level of education and their socio-economic status.

**3.2.8 Personality:** People have special characteristic features.