

# MKT 201

## Marketing Management

Consumer Buying Behaviour  
Chapter 06



### Makers

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# CONSUMER BUYING BEHAVIOR

BUYING BEHAVIOR OF INDIVIDUALS & HOUSEHOLDS  
THAT BUY PRODUCTS FOR PERSONAL  
CONSUMPTION

-CULTURE, SOCIAL, INDIVIDUAL AND  
PSYCHOLOGICAL FACTORS AFFECT ALL STEPS IN  
CONSUMER DECISION-MAKING PROCESS

## THE SCOPE OF CONSUMER BEHAVIOR

CONSUMER BEHAVIOR IS THE PROCESS BY WHICH  
INDIVIDUALS OR GROUPS SELECT, USE, OR DISPOSE  
OF GOODS, SERVICES, IDEAS, OR EXPERIENCES TO  
SATISFY NEEDS OR WANTS.

# CULTURE

THE SET OF BASIC VALUES,BELIEFS,NORMS,AND ASSOCIATED BEHAVIORS THAT ARE LEARNED BY A MEMBER OF SOCIETY

# SUBCULTURE

A HOMOGENEOUS GROUP OF PEOPLE WHO SHARE ELEMENTS OF THE OVERALL CULTURE SAS WELL AS UNIQUE ELEMENTS OF THEIR OWN GROUPS

# SOCIAL CLASS

SOCIETYS RELATIVELY PERMANENT& ORDERED DIVISIONS,WHOSE MEMBERS SHARE SIMILAR VALUES,INTERESTS,& BEHAVIORS.

-MEASURED BY:-OCCUPATION,INCOME,EDUCATION,WEALTH AND OTHER VARIABLES

# SOCIAL FACTORS

- | A GROUP IN SOCIETY THAT INFLUENCES AN INDIVIDUALS'S PURCHASING BEHAVIOR
- | **FAMILY**:-A GROUP OF PEOPLE RELATED BY BLOOD,MARRIAGE,OR OTHER SOCIALLY APPROVED RELATIONSHIP.
- | **CONSUMER DECISION MAKING:FAMILY BUYING ROLES**
- | INITIATOR, INFLUENCER,DECIDER,BUYER,USER

# PSYCHOLOGICAL FACTORS

- | LEARNING- PROCESSES THAT CHANGE BEHAVIOR
- | TWO TYPES OF LEARNING:-
  - | -EXPERIMENTAL LEARNING
  - | - CONCEPTUAL LEARNING
- | PERCEPTION:-THE PROCESS BY WHICH AN INDIVIDUAL SENSES,ORGANIZES,& INTERPRETS INFORMATION RECEIVED FROM THE ENVIRONMENT.

# INDIVIDUAL FACTORS

**BELIEF:**AN ORGANIZED PATTERN OF  
KNOWLEDGE THAT A PERSON HOLDS AS TRUE  
OR FALSE

**ATTITUDES:**THE WAY WE CONSTANTLY  
REACT TO SOMETHING.

**MOTIVATION:-**INNER DRIVE THAT STIMULATE  
TO DO SOMETHING

# TYPES OF BUYING DECISION BEHAVIOR

## 1.COMPLEX BUYING

BEHAVIOR:EXPENSIVE,RISKY,PURCHASED INFREQUENT

2.DISSONANCE REDUCING BUYING BEHAVIOR:-  
EXPENSIVE,RISKY AND INFREQUENT PURCHASE AND POST  
PURCHASE CAN REDUCE THIS

3.VARIETY-SEEKING BEHAVIOR: DO A LOT OF  
BRAND SWITCHING.FIRST HOLD A BELIEF,CHOOSE A  
BRAND,CONSUME AND EVALUATE.

4.HABITUALBUYING BEHAVIOR :PASSIVELY  
RECEIVED INFORMATION THROUGH TV AND MAGAZINE TO  
CREATE BRAND FAMILIARITY,MAY NOT FOLLOWED  
EVALUATION

# BUYER DECISION PROCESS

1.NEED RECOGNITION

2.INFORMATION SEARCH

3.EVELUATION OF ALTERNATIVES

4.PURCHASE DRCISION

5.POST-PURCHASE BEHAVIOR



# Business to Business Marketing

- Marketing of goods and services that businesses and organization buy for purposes other than personal consumption.
- Also called organizational market.
- Generally the same principle true for business and consumer customer.

# Types of Business Product

- I Major equipment-Capital goods such as machines, buildings
- I Accessory equipment-Less expensive and short lived eg. fax machine, PC.
- I Raw material-Unprocessed product such as wheat, minerals.
- I Component part –Finished item ready for assembly or need very little processing.

# Characteristics of Business Marketing

- I Derived Demand
- I Inelastic Demand
- I Fluctuated Demand
- I Joint Demand

# Business vs. Consumers Market

Characteristics	Business market	Consumers market
Demand	Organizational	Individual
No of customer	Fewer	Many
Location	concentrated	dispersed
Distribution	More direct	More indirect
Negotiation	complex	simpler
Leasing	greater	Lesser
Promotion	Personal selling	Advertising
Nature of buying	Professional	Personal

# Process of Business Buying

- | Problem recognition
- | General need description
- | Product specification
- | Supplier Search
- | Proposal solicitation
- | Supplier selection
- | Order routine specification
- | Performance review

# The nature of business buying

- | ***The buying situation:*** A BUY CLASS FRAMEWORK IDENTIFIES THE DEGREE OF EFFORT REQUIRED OF THE FIRM's personnel to collect information and make a purchase decision.
- | Purchase will be in three types
- | New buy
- | Modified rebuy
- | Straight rebuy
- | ***The professional buyer:*** It focus on the factors beyond the initial price of the product including transportation and delivery charges and so on.

# The buying centre

- | The group of people of the organization who participate in the decision making process
- | *Role of buying centre*
- | Initiator
- | User
- | Gatekeeper
- | Influencer
- | Decider
- | buyer

# Electronic B2B Commerce

- I Internet exchange between two or more business or organization.
- I Allows marketer to link directly with the supplier, factories, distribution and their customer
- I Reduced time necessary to order and deliver goods, track sales and get feedback.



## Market Segmentation

Dividing a market into distinct group of buyers on the basis of need, characteristics, or behavior who might require separate products or marketing mixes.

## Level of Marketing

### Mass marketing

- ✓ Seller produce one produce in huge quantity
- ✓ Distribute the product extensively
- ✓ Promote the products in similar way
- ✓ Problem is to satisfy all customer

### Segment Marketing

- ✓ Isolating broad segments that make up a market and adapting the marketing to match the needs of one or more segments
- ✓ Sellers produce two or more with different features, quality, style, package etc.
- ✓ Ex: Citycell offers different types of package

## **Niche Marketing**

- Ø Focusing on sub-segments or niches with distinctive traits that may seek a special combination of benefits
- Ø Select one or two segments
- Ø Develops products and marketing mix according to the segment's needs wants and demands
- Ø Niche normally attract only one or a few competitors

## **Micro marketing**

One company changes their product different customer. Ex: Tailoring, saloon

# Segmenting Consumer Markets

## **Geographic Segmentation**

Dividing a market into different geographical units

Ex: Nations Cities, Regions etc

## **Demographic Segmentation**

Dividing a market based on different demographic factors

Ex: Age, gender, family size, family life cycle, income, religion, education, occupation etc

## **Psychographic Segmentation**

Dividing a market based on psychographic factors.

Ex: Social class, life styles, personal characteristics

## **Behavioral Segmentation**

Dividing a market based on behavioral factors

Ex: Consumer knowledge, attitudes, usage, response to product etc

## **Segmenting International markets**

International firms need to group their world markets into segments with distinct buying needs and behaviors

Companies can segment international markets by

- Ø Geographic location
- Ø Economic factors
- Ø Political and legal factors
- Ø Cultural factors

# Market Targeting Strategies

## Undifferentiated Marketing

Marketing approach that views market as one big market with no individual segments and thus requires a single marketing mix.

Such as: Coca-Cola (before 1960)

### Positive

Potential savings on production & marketing cost

### Negatives

Company more incapable to competition



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graph LR; A[Company Marketing Mix] --> B[Market]
```

Company Marketing Mix

Market

## Differentiated Marketing

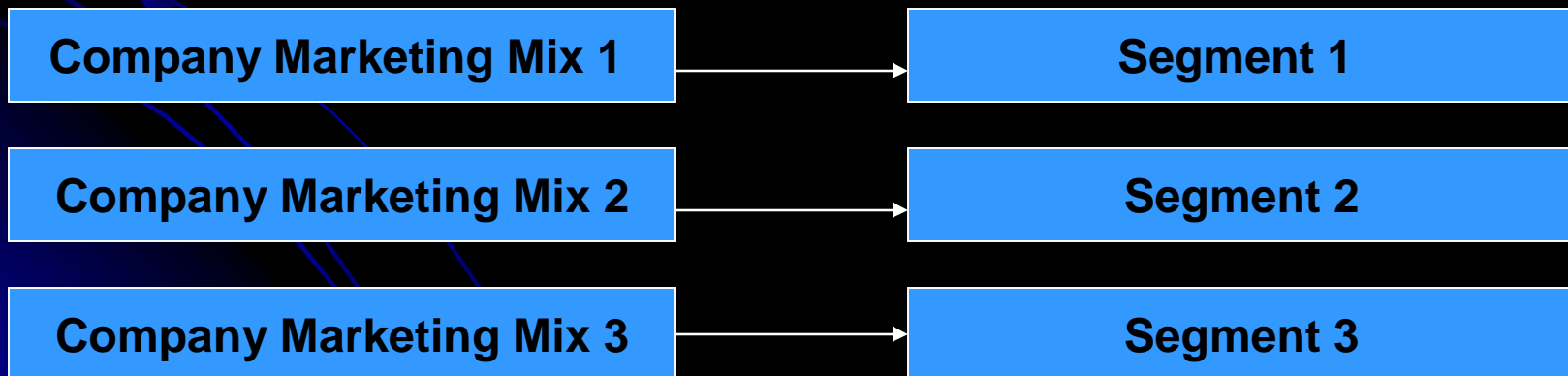
A strategy that chooses two or more well-defined market segments and develops a distinct marketing mix for each.

### Positive

- Greatest financial success

### Negatives

- High cost
- Cannibalization : when sales of a new product cut into sales of a firm's existing products



## Concentrated Marketing

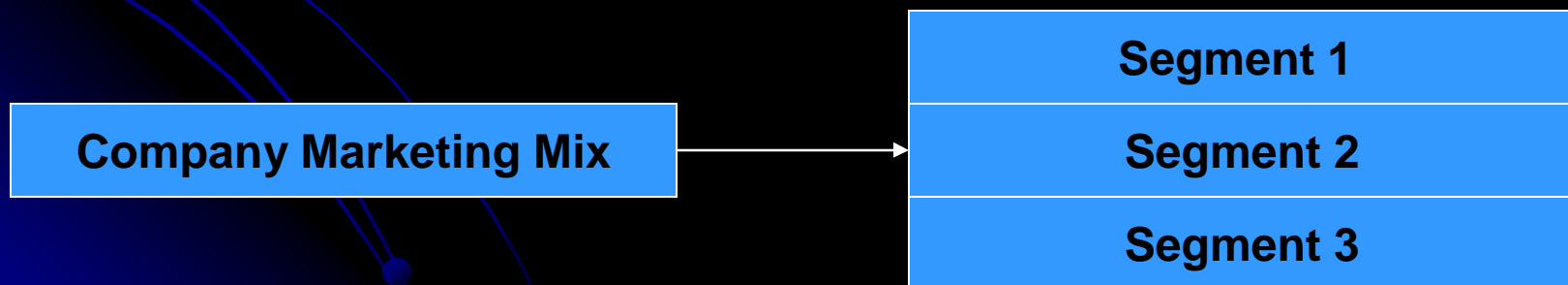
A strategy that used to select one segment of a market for targeting marketing efforts.

### Positive

- Concentration on resources
- Meets narrowly defined segment
- Small firms can compete and strong positioning

### Negatives

- Segments too small
- Large competitors may market to niche segment



## Positioning

- Market strategy
- Emphasizes serving a specific market segment
- Achieving a certain position in buyer's mind

## Target Market

A group of people or organization designs, implements and maintains a marketing mix intended to meet the needs of that group, resulting in mutually satisfying exchanges

## Select positioning Strategy

- Price
- Quality
- Product Usage
- Competition
- Product Differentiation
- Symbol
- Style
- Better Customer Service



## 5 Patterns of Target Market Selection

- Single Segment Concentration
- Selective Specialization
- Product Specialization
- Market Specialization
- Full Market Coverage

## 3 Elements for Positioning

1. Who you are (Creating an image)
2. Differences from Other Companies
3. Way of satisfying consumer's needs and wants

