

CONSUMER BEHAVIOUR

Consumer **behavior** is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses.

TYPES OF CONSUMER BEHAVIOR

1. Complex buying behavior

This type of behavior is encountered when consumers are buying an expensive, infrequently bought product. They are highly involved in the purchase process and consumers' research before committing to a high-value investment. Imagine buying a house or a car; these are an example of a complex buying behavior.

2. Dissonance-reducing buying behavior

The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. 'Dissonance' can occur when the consumer worries that they will regret their choice.

Imagine you are buying a lawnmower. You will choose one based on price and convenience, but after the purchase, you will seek confirmation that you've made the right choice.

3. Habitual buying behavior

Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty.

4. Variety seeking behavior

In this situation, a consumer purchases a different product not because they weren't satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

FACTORS AFFECTING CONSUMER BEHAVIOR:**1. Marketing campaigns**

Marketing campaigns influence purchasing decisions a lot. If done right and regularly, with the right marketing message, they can even persuade consumers to change brands or opt for more expensive alternatives. Marketing campaigns, such as Facebook ads for E Commerce, can even be used as reminders for products/services that need to be bought regularly but are not necessarily on customers' top of mind (like insurance for example). A good marketing message can influence impulse purchases.

2. Economic conditions

For expensive products especially (like houses or cars), economic conditions play a big part. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their financial liabilities. The consumer's decision-making process is longer for expensive purchases and it can be influenced by more personal factors at the same time.

3. Personal preferences

Consumer behavior can also be influenced by personal factors: likes, dislikes, priorities, morals, and values. In industries like fashion or food, personal opinions are especially powerful. Of course, advertisements can influence behavior but, at the end of the day, consumers' choices are greatly influenced by their preferences. If you're vegan, it doesn't matter how many burger joint ads you see, you're not gonna start eating meat because of that.

4. Group influence

Peer pressure also influences consumer behavior. What our family members, classmates, immediate relatives, neighbors, and acquaintances think or do can play a significant role in our decisions. Social psychology impacts consumer behaviour. Choosing fast food over home-cooked meals, for example, is just one of such situations. Education levels and social factors can have an impact.

5. Purchasing power

Last but not least, our purchasing power plays a significant role in influencing our behavior. Unless you are a billionaire, you will consider your budget before making a purchase decision. The product might be excellent, the marketing could be on point, but if you don't have the money for it, you won't buy it.

CUSTOMER BEHAVIOR PATTERNS

Buying behavior patterns are not synonymous with buying habits. Habits are developed as tendencies towards an action and they become spontaneous over time, while patterns show a predictable mental design. Each customer has his unique buying habits, while buying behavior patterns are collective and offer marketers a unique characterization. Customer behavior patterns can be grouped into:

1. Place of purchase

Most of the time, customers will divide their purchases between several stores even if all items are available in the same store. Think of your favorite hypermarket: although you can find clothes and shoes there as well, you're probably buying those from actual clothing brands. When a customer has the capability and the access to purchase the same products in different stores, they are not permanently loyal to any store, unless that's the only store they have access to. Studying customer behavior in terms of choice of place will help marketers identify key store locations.

2. Items purchased

Analyzing a shopping cart can give marketers lots of consumer insights about the items that were purchased and how much of each item was purchased. Necessity items can be bought in bulk while luxury items are more likely to be purchased less frequently and in small quantities. The amount of each item purchased is influenced by the perishability of the item, the purchasing power of the buyer, unit of sale, price, number of consumers for whom the item is intended, etc.

3. Time and frequency of purchase

Customers will go shopping according to their feasibility and will expect service even during the oddest hours; especially now in the era of e-commerce where everything is only a few clicks away. It's the shop's responsibility to meet these demands by identifying a purchase pattern and match its service according to the time and frequency of purchases. One thing to keep in mind: seasonal variations and regional differences must also be accounted for.

4. Method of purchase

A customer can either walk into a store and buy an item right then and there or order online and pay online via credit card or on delivery. The method of purchase can also induce more spending from the customer (for online shopping, you might also be charged a shipping fee for example). The way a customer chooses to purchase an item also says a lot about the type of customer he is. Gathering information about their behavior patterns helps you identify new ways to make customers buy again, more often, and higher values.

CUSTOMER BEHAVIOR SEGMENTATION

Customer segmentation and identifying types of buyers have always been important. Now that personalization and customer experience are factors that determine a business' success, effective segmentation is even more important.

1. Benefits sought

A customer who buys toothpaste can look for four different reasons: whitening, sensitive teeth, flavor, or price. When customers research a product or service, their behavior can reveal valuable insights into which benefits, features, values, use cases, or problems are the most motivating factors influencing their purchase decision. When a customer places a much higher value on one or more benefits over the others, these primary benefits sought are the defining motivating factors driving the purchase decision for that customer.

2. Occasion or timing-based

Occasion and timing-based behavioral segments refer to both universal and personal occasions.

- Universal occasions apply to the majority of customers or target audience. For example, holidays and seasonal events when consumers are more likely to make certain purchases.
- Recurring-personal occasions are purchasing patterns for an individual customer that consistently repeat over a while. For example birthdays, anniversaries or vacations, monthly purchases, or even daily rituals such as stopping for a cup of coffee on the way to work every morning.
- Rare-personal occasions are also related to individual customers, but are more irregular and spontaneous, and thus more difficult to predict. For example, attending a friend's wedding.

3. Usage rate

Product or service usage is another common way to segment customers by behavior, based on the frequency at which a customer purchases from or interacts with a product or service. Usage behavior can be a strong predictive indicator of loyalty or churn and, therefore, lifetime value.

4. Brand loyalty status

Loyal customers are a business's most valuable assets. They are cheaper to retain, usually have the highest lifetime value, and can become brand advocates. By analyzing behavioral data, customers can be segmented by their level of loyalty so marketers can understand their needs and make sure they are satisfying them. Loyal customers are the ones who should receive special treatment and privileges such as exclusive rewards programs to nurture and strengthen the customer relationship and incentivize continued future business.

5. User status

There are many different possible user statuses you might have depending on your business. A few examples are:

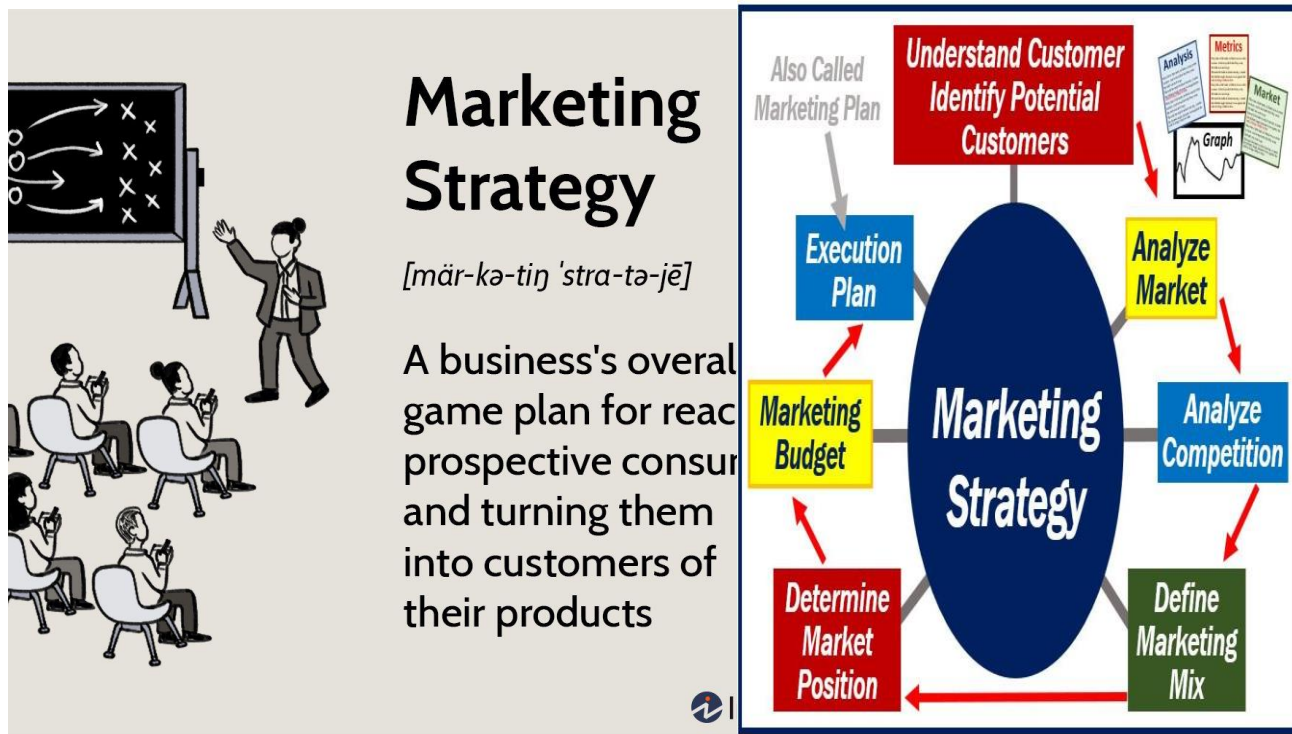
- Non-users

- Prospects
- First-time buyers
- Regular users
- Defectors (ex-customers who have switched to a competitor).

6. Customer journey stage

Segmenting the audience base on buyer readiness allows marketers to align communications and personalize experiences to increase conversion at every stage.

Moreover, it helps them discover stages where customers are not progressing so they can identify the biggest obstacles and opportunities for improvement, even on post-purchase behaviors.



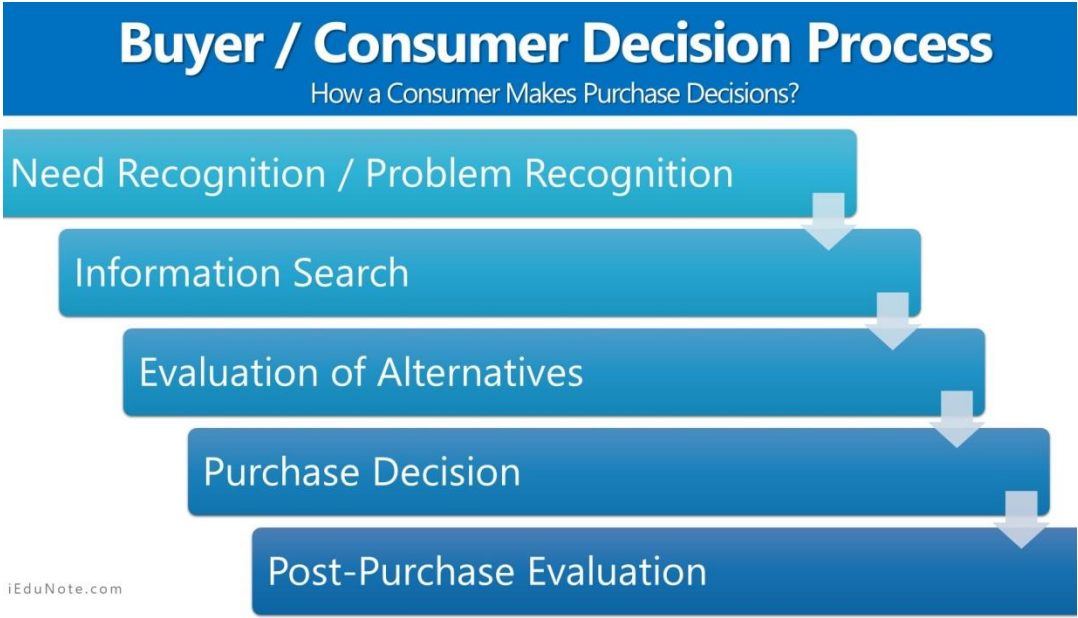
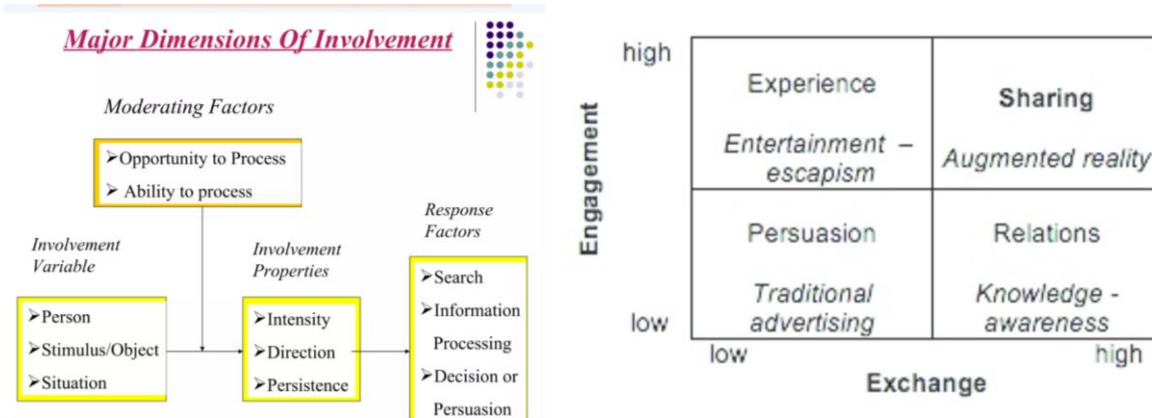


Consumer involvement is the state of mind that motivates a consumer to make a purchase, or the importance a consumer places on a product or service. There are different levels of involvement a consumer can have in the decision-making process and different factors that influence that involvement.

TYPES OF INVOLVEMENT NAMELY

1. Ego involvement.
2. Commitment.
3. Communication involvement.
4. Purchase importance.
5. Extent of information secured

Accounting to Judith L. Zaichkowsky (conceptualizing) involvement (Journal of Advertising 15 (2) 1986), the involvement theory deals with advertising, with products, and with purchase decisions.



1. Problem or Need Recognition

Need recognition of Problem Recognition is the first stage of the buyer decision process. During need or problem recognition, the consumer recognizes a problem or need satisfied by a product or service in the market.

The buyer feels a difference between his or her actual state and some desired state. Internal stimuli can trigger the need. This occurs when one person’s normal needs, such as hunger, thirst, sex, rise to a level high enough to become a driver. External stimuli can also trigger a need.

At this stage, the marketer should study the buyer to find answers to some important questions. These are:

- What kinds of needs or problems arise?
- What is the root of these needs or problems?
- How they led the buyer or customer or consumers to a particular product?

This could be as simple as “I’m hungry; I need food.”

The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

2. Information Search

The second stage of the purchasing process is searching for information. Once the need is recognized, the consumer is aroused to seek more information and moves into the information search stage.

The consumer may have heightened attention or may undertake an active search for information. The amount of searching a consumer will depend on the strength of his drive, the amount of information he starts with, the ease of obtaining more information, the value he places on additional information, and the satisfaction he gets from searching.

Buyers or customers can get information about goods from different sources.

- **Personal sources:** This includes family, friends, neighbors, acquaintance, etc.
- **Commercial source:** This includes advertising, salespeople, dealers, packaging, display, etc.
- **Public sources:** This includes mass media, consumer rating organizations, etc. they also become confidential to provide information.
- **Experimental sources:** This includes handling, examining, using, etc. Such information becomes decisive and confidential.

The relative influence of these information sources varies with the product and the buyer. Generally, the consumer receives the most information about a product from commercial sources-those controlled by the marketer.

3. Evaluation of Alternatives

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate” brands in the choice set.

Evaluation of alternatives is the third stage of the buying process. Various points of information collected from different sources are used in evaluating different alternatives and their attractiveness.

While evaluating goods and services, different consumers use different bases.

Generally, the buyer evaluates the alternatives based on the product’s attributes, the degree of importance, belief in the brand, satisfaction, etc. to choose correctly.

A marketer must know how the consumer processes information to arrive at brand choices. Consumers do not always follow a simple and single evaluation process. Rather several evaluation processes are in practice.

Consumer evaluation processes can be explained with the help of some basic concepts.

1. First, it is assumed that each consumer sees a product as a bundle of product attributes. For refrigerators, product attributes might include cooling capacity, size, space, price, and other features. Buyers will pay more attention to those attributes relevant to their needs.
2. Second, the importance of depending upon their needs and wants.
3. Third, the consumer will develop a set of brand beliefs about where each brand stands on each attribute. The set of beliefs buyers hold about a particular brand is called brand image. Based on the buyer’s experience and the effects of selective perception, distortion, and retention, the consumers’ beliefs may differ from actual attributes.
4. Fourth, the consumer’s expected total product satisfaction will vary with the changes at the levels of different attributes.
5. Fifth, the consumer develops attitudes toward the different brands through some evaluation procedure. Buyers use one or more of several evaluation procedures, depending on the consumer and the buying decision.

4. Purchase Decision

At this stage of the buyer decision process, the consumer buys the product. After the alternatives have been evaluated, consumers decide to purchase products and services. They decide to buy the best brand. But their decision is influenced by others' attitudes and situational factors. Usually, the consumer will buy the most preferred brand. But two factors might influence the purchase intention and the purchase decision. The first factor is the attitudes of other people related to the consumer. The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected price and expected product benefits. However, unexpected events may alter the purchase intention. Thus, preferences and even purchase intentions do not always lead to actual purchase choice.

5. Post-Purchase Evaluation

In the buyer decision process's final stage, post-purchase behavior, the consumer takes action based on satisfaction or dissatisfaction. In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. Here is where cognitive dissonance occurs, "Did I make the right decision." At this stage of the buyer decision process, consumers take further action after purchase based on their satisfaction or dissatisfaction.

What determines whether the buyer is satisfied or dissatisfied with a purchase

The answer lies in the relationship between the consumer's expectations and the product's perceived performance. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted.

Buyer behavior refers to the decision and acts people undertake to buy products or services for individual or group use. It's synonymous with the term "consumer buying behavior," which often applies to individual customers in contrast to businesses.

Buyer behavior is the driving force behind any marketing process. Understanding why and how people decide to purchase this or that product or why they are so loyal to one particular brand is the number one task for companies that strive for improving their business model and acquiring more customers.

Types of buyer behavior

Buyer behavior is always determined by how involved a client is in their decision to buy a product or service and how risky it is. The higher the product price, the higher the risk, the higher the customer’s involvement in purchase decisions. Based on these determinants, four types of consumer buyer behavior are distinguished:



Complex buying behavior

This type is also called extensive. The customer is highly involved in the buying process and thorough research before the purchase due to the high degree of economic or psychological risk. Examples of this type of buying behavior include purchasing expensive goods or services such as a house, a car, an education course, etc.

Dissonance-reducing buying behavior

Like complex buying behavior, this type presupposes lots of involvement in the buying process due to the high price or infrequent purchase. People find it difficult to choose between brands and are afraid they might regret their choice afterward (hence the word ‘dissonance’).

As a rule, they buy goods without much research based on convenience or available budget. An example of dissonance-reducing buying behavior may be purchasing a waffle maker. In this case, a customer won’t think much about which model to use, choosing between a few brands available.

Habitual buying behavior

This type of consumer buying behavior is characterized by low involvement in a purchase decision. A client sees no significant difference among brands and buys habitual goods over a long period. An example of habitual buying behavior is purchasing everyday products.

Variety seeking behavior

In this case, a customer switches among brands for the sake of variety or curiosity, not dissatisfaction, demonstrating a low level of involvement. For example, they may buy soap without putting much thought into it. Next time, they will choose another brand to change the scent.

Buyer behavior patterns

Each consumer may have unique buying habits. Still, there are typical tendencies, which allows distinguishing the following buyer behavior patterns:

Place of purchase

If customers have access to several stores, they are not always loyal to one place. So even if all items are available in one outlet, they may divide their purchases among several shops.

Items purchased

There are two things to consider: the type of the product customers purchase and its quantity. As a rule, people buy necessity items in bulk. In contrast, luxury items are more likely to be purchased in small quantities and not frequently. The amount of goods people buy is influenced by such factors:

- Product durability
- Product availability
- Product price
- Buyer's purchasing power
- Number of customers for whom the product is intended

The analysis of a buyer's shopping cart may bring many valuable insights about buyer behavior.

Time and frequency of purchase

With the development of **e-commerce**, purchases have become only a few clicks away. Anyway, marketers should understand how often and at what time of the year or day people tend to buy more goods. The product purchase frequency may depend on the following factors:

- Product type
- Customer's lifestyle
- Product necessity
- Customer's traditions and customs

Method of purchase

People buy goods in different ways: some go to the store, while others prefer ordering items online. Some pay cash, while others use a credit card. Among customers who buy goods in online stores, some pay on delivery, while others are ready to pay right after they place an order. The way customers choose to purchase products tells a lot about their **buyer persona**.

Model of consumer buying behavior

The buyer behavior model is a structured step-by-step process. Under the influence of marketing stimuli (product, price, place, and promotion) and environmental factors (economic, technological, political, cultural), a customer understands the need to make a purchase.

The decision-making process they undergo afterward is affected by their characteristics, such as their beliefs, values, and motivation, resulting in the final decision to either buy or not to buy.



Most buyers go through several stages when making a purchase decision:

1. Need recognition

At the first stage, the buyer recognizes that there is a need for a product or service. For instance, they might realize that, since their company is growing, manual email outreach is no longer effective, so they need an email **automation solution**.

2. Information search

After understanding the need for a product or service, the buyer starts looking for information. They might obtain it from different sources (friends, commercials, mass media). For example, a **prospect** may start browsing email automation solutions, read reviews, etc.

3. Evaluation of alternatives

Once all the necessary information has been gathered, the buyer starts to evaluate a choice. They might compare key features and pricing, looking for advantages of one tool over all others.

4. Purchase decision

After evaluation, the buyer makes a purchase decision. For example, they start their free trial or purchase a paid plan.

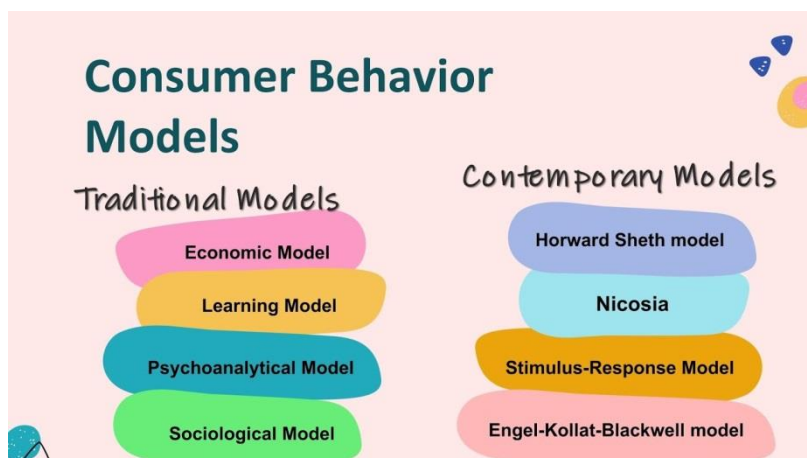
5. Post-purchase evaluation

After purchasing the product or service, the buyer assesses whether it has met their expectations. At this stage, they might also leave an online review about the purchase or share their feedback with subscribers, colleagues, or friends.

The Five Step Decision Making Process



There are cases, however, when some stages of the decision-making process are skipped. For example, the customer already knows a lot about a product and does not need to search for information. Another situation is when the buyer might see a product in the store and decide to buy it impulsively. Besides, there are situations when, after evaluating alternatives, the customer goes back to the information search step.



CONSUMER BEHAVIOR MODELS

Customer behavior models help you understand your unique customer base and more effectively attract, engage, and retain them. These models are either traditional or contemporary.

Traditional Consumer Behavior Models

Learning Model

Psychoanalytical Model

Sociological Model

Economic Model

Contemporary Consumer Behavior Models

Engel-Kollat-Blackwell (EKB) Model

Black Box Model

Hawkins Stern Model

Howard Sheth Model

Nicosia Model

Webster and Wind Model

Traditional Behavior Models

Traditional behavior models were developed by economists hoping to understand what customers purchase based on their wants and needs. Traditional models include the following:

- Learning Model
- Psychoanalytical Model
- Sociological Model
- Economic Model

1. Learning Model of Consumer Behavior

The Learning Model of customer behavior theorizes that buyer behavior responds to the desire to satisfy basic needs required for survival, like food, and learned needs that arise from lived experiences, like fear or guilt. This model takes influence from psychologist Abraham Maslow's Hierarchy of Needs (pictured below).

The bottom level of this hierarchy represents basic needs, and ascending sections describe learned needs, or secondary desires, that allow consumers to feel as though they've reached self-fulfillment.

The Learning Model says that consumers first make purchases to satisfy their basic needs and then move on to meet learned needs. For example, a hungry customer would fulfill their need for food before a learned need to wear trendy clothing.

If you're a multipurpose business that sells products that meet all levels of customer needs, this model applies to you. For example, Target is a United States-based department store that sells hundreds of products. Super Targets are larger versions of the chain that also sell groceries.

When a customer visits a Super Target, they first see products that satisfy their basic needs — the grocery section. They're probably also seeing produce first, as these items are seen as the most nutritious and necessary for survival. After produce, customers move on to other aisles that satisfy learned needs, like purchasing their favorite cookies, clothing items, or beauty accessories.

You can think of it like this: If you're a business with a significant amount of in-store options, improve the customer experience and speak to their buyer behavior by first leading them to the products that will satisfy

their innate needs. Without doing this, they may navigate through your store anxious about meeting those needs and spend less time browsing other products and making additional purchases. Once they feel comfortable, they'll move on to satisfy the desires that bring them joy rather than help them survive.

2. Psychoanalytical Model of Consumer Behavior

Sigmund Freud is the father of psychoanalysis. The psychoanalytical model draws from his theories and says that individual consumers have deep-rooted motives, both conscious and unconscious, that drive them to make a purchase. These motives can be hidden fears, suppressed desires, or personal longings.

Thus, customers make purchases depending on how stimuli from your business, like an advertisement on Instagram, appeal to their desires. It's important to note that, since these desires can be unconscious, customers don't always know why it appeals to them; they just know it feels right to have it.

This model is unique in terms of application, but it's relevant to businesses that sell an image that accompanies their products or services. For example, say you sell glasses. We all long to fit in and feel like we're valued and seen as capable, smart people. Glasses are sometimes a symbol of intelligence, so you'd want to appeal to this desire when crafting a customer experience.

You may instruct marketing to create ad campaigns that display pictures of people wearing your glasses in educational settings or doing things that society labels as 'smart.'

3. 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.

Check out this ad from Nike. They're selling this shoe to the undefined group of people who like to run, claiming that it will improve their speed and help them fit in with the group.

4. 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.

Contemporary Models

Contemporary models of consumer behavior focus on rational and deliberate decision-making processes rather than emotions or unconscious desires. The contemporary models include:

- Engel-Kollat-Blackwell (EKB) Model
- Black Box Model
- Hawkins Stern Model

- Howard Sheth Model
- Nicosia Model
- Webster and Wind Model

1. Engel-Kollat-Blackwell (EKB) Model of Consumer Behavior

1. Engel-Kollat-Blackwell (EKB) Model of Consumer Behavior

The Engel-Kollat-Blackwell model of consumer behavior outlines a five-stage decision process that consumers go through before purchasing a product or service.

- **Awareness:** During this stage, consumers view advertisements from a business and become aware of their need, desire, or interest, to purchase what they've just discovered.
- **Information Processing:** After discovering a product or service, a consumer begins to think about how the product or service relates to their past experiences or needs and whether it will fulfill any current needs.
- **Evaluation:** At this point, consumers will research the product they've discovered and research options from competitors to see if there is a better option or if the original product is the best fit.
- **Purchasing Decision:** A consumer will follow through with a purchase for the product that has beat out competitors to provide value. A consumer may also stop the process if they change their mind.
- **Outcome Analysis:** After making a purchase, a customer will use what they've bought and assess whether their experience is positive or negative. After a trial period, they'll keep a product and maybe decide to become repeat customers or express dissatisfaction
- return to stage three.

Overall, EKB says that consumers make decisions based on influencing factors that they assess through rational insight.

This model applies to businesses that have many competitors with similar products or services. If your product market is highly saturated and competitive, the goal is to outshine your competitors by meeting customers at every stage of their journey.

Increase visibility for your business during the awareness stage through Search Engine Optimization. Show them how your product or service will benefit them and give them the resources they need to weigh you against your competitors, like customer reviews and testimonials, free trials, discounts for bulk purchases. Lastly, and provide excellent after-sales support to show them that you care about their business even if they make a return.

2. Black Box Model of Consumer Behavior

The Black Box model, sometimes called the Stimulus-Response model, says that customers are individual thinkers that process internal and external stimuli to make purchase decisions. The graphic below illustrates the decision process.

Image Source

It may look complex, but it's a fairly straightforward path. A consumer comes into contact with external stimuli from your business' marketing mix and other external stimuli, and they process it in their mind (black box). They relate the external stimuli to their pre-existing knowledge, like personal beliefs and desires, to make a decision.

In short, this model says that consumers are problem solvers who make decisions after judging how your product will satisfy their existing beliefs and needs. Since consumers only follow through with a purchase after understanding how a product relates to their experiences, this model can benefit businesses selling products that go along with a lifestyle.

Case in point: cars. Different brands sell their cars to specific types of buyers. Jeeps and Subarus are for those that engage in outdoor activities and need a sturdy, reliable vehicle. At the same time, Mercedes Benz and Lexus' are marketed to those who want luxurious driving experiences. Even though the machinery is relatively similar, these brands speak to the pre-existing life values that customers have, and they promise that purchasing their vehicle will uphold their values.

3. Hawkins Stern Impulse Buying Model

The Impulse Buying theory is an alternative to the Learning Model and EKB, as it claims that purchases aren't always a result of rational thought. When we think of impulse buying, we typically imagine picking up a candy

bar or a pack of gum right before checking out. These are certainly impulse purchases, but Hawkins Stern categorizes them into four different types:

- **Escape Purchase:** Sometimes called pure impulse, this involves purchasing an item that isn't a routine item or on a shopping list. Consumers are drawn to these items through appealing visuals.
- **Reminder Purchase:** A consumer makes a reminder impulse purchase when they come across a product through in-store setups, promotional offers, or a simple reminder that a product exists, like a strategically placed ice cream scoop in the freezer aisle of a grocery store.
- **Suggested Purchase:** Suggested impulse purchases occur when a consumer is made aware of a product after a recommendation or suggestion from an in-store salesperson or online algorithms. For example, seeing an ad that says, "Other people who bought this shoe you're about to buy also purchase these socks." The consumer didn't know the socks existed, didn't plan to buy them, but now the suggestion has told them that they need them.
- **Planned Purchase:** Although planned is the opposite of impulse, these purchases occur when a consumer knows they want a particular product but will only buy it if there is a deal involved. An unexpected price drop could lead a customer to make a planned impulse purchase.

The Hawkins Stern Model applies to most businesses, as there are no limits to what a customer with this purchasing behavior will buy. Create a tailored customer experience by putting care into product displays, creating AI algorithms for online shopping, or placing items on sale to appeal to your shoppers who are planned purchase impulse buyers.

4. Howard Sheth Model of Buying Behavior

The Howard Sheth model of consumer behavior posits that the buyer's journey is a highly rational and methodical decision-making process. In this model, customers put on a "problem-solving" hat every step of the way — with different variables influencing the course of the journey.

According to this model, there are three successive levels of decision-making:

- **Extensive Problem-Solving:** In this stage, customers know nothing about the product they're seeking or the brands that are available to them. They're in active problem-solving mode to find a suitable product.

- **Limited Problem-Solving:** Now that customers have more information, they slow down and begin comparing their choices.
- **Habitual Response Behavior:** Customers are fully aware of all the choices they have and know which brands they prefer. Thus, every time they make a purchase, they know where to go.

We've all gone through some version of these stages. Let's look at an anecdotal example.

When I first started buying glasses online, I had no idea which retailers I should use or whether the glasses sold online would be the same quality as the opticians' offerings. I searched online to find a high-quality online glasses retailer (extensive problem-solving).

I found a few choices and started comparing them from both a pricing and quality standpoint (limited problem-solving). I eventually chose one, and that's the retailer I've used ever since (habitual response behavior).

But these stages aren't that simple. According to the Howard Sheth model, I was under the sway of several stimuli during this process:

- **Inputs:** This refers to the marketing messages and imagery a consumer receives while they're going through the decision-making process. "Inputs" also refers to any perceptions and attitudes that come from the consumer's social environment, such as their friends, family, and culture.
- **Perceptual and Learning Constructs:** This may sound complicated, but this stimulus is simply the customer's psychological makeup and psychographic information. Perceptual and learning constructs may include needs, preferences, and goals.
- **Outputs:** After inputs and perceptual and learning constructs are mixed together, you get the output. The output is the customer's resulting action under the influence of marketing messages, social stimuli, and internal psychological attributes. It can result in the customer paying more attention to a certain brand over another.
- **External Variables:** This is anything that's not directly related to the decision-making process, such as weather or religion, that still may sway the customer's decision.

5. Nicosia Model

The Nicosia Model places emphasis on the business first and the consumer second. It argues that the company's marketing messages determines whether customers will buy. Simple, right?

While it's an attractive model because it places all the power on businesses, it's unwise to ignore the customer's internal factors that lead to a purchase decision. In other words, while you may offer the wittiest and most effective marketing copy ever, a customer's internal attributes may have more sway in some instances over others.

The model is comprised of four "fields":

- **One: The business' characteristics and the customer's characteristics.** What does your marketing messaging look like? And what's your customer's perception of that messaging? Are they predisposed to be receptive to your message? The latter is shaped by the customer's personality traits and experiences.
- **Two: Search and evaluation.** Similar to the Howard Sheth model's "limited problem-solving" stage, the customer begins to compare different brands here based on the company's messaging.
- **Three: Purchase decision.** The purchase decision will occur after the company convinces the customer to choose them as their retailer or provider.
- **Four: Feedback.** During the feedback field, the company will determine whether it should continue using the same messaging, and the customer will decide whether they will continue to be receptive to future messages.

6. Webster and Wind Model of Organizational Buying Behavior

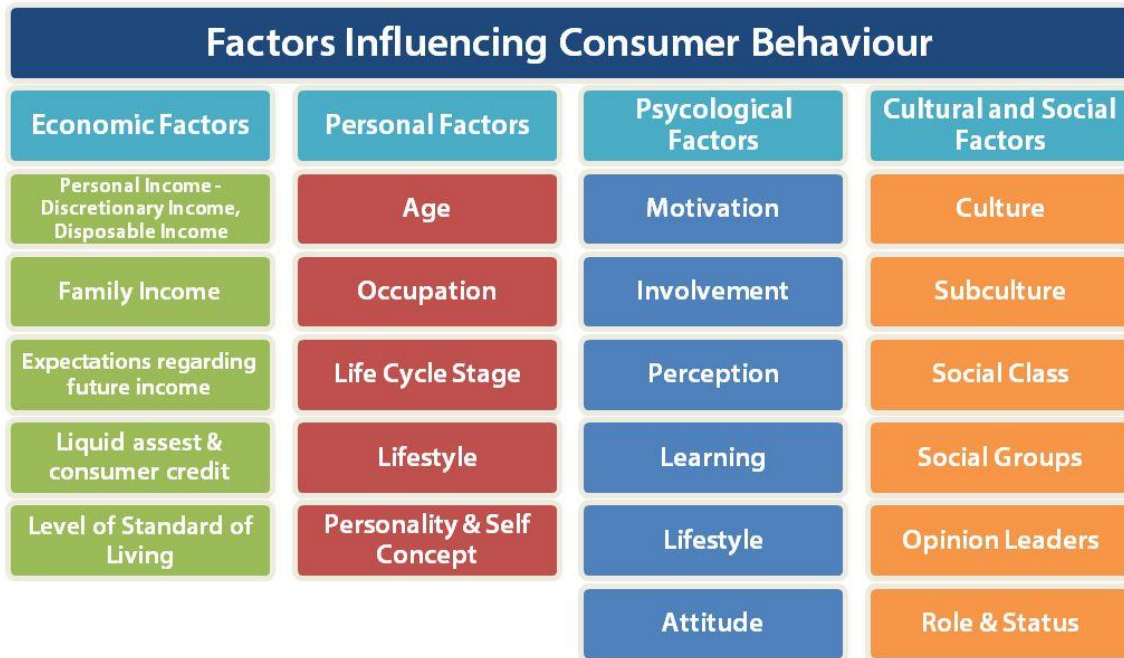
The Webster and Wind Model is a B2B buying behavior model that argues there are four major variables that affect whether an organization makes a purchase decision. Those are:

- **Environmental Variables:** Environmental variables refer to any external factors that could sway a purchase decision. Customer demands, supplier relationships, and competitive pressure are a few examples. Broader variables apply, too, such as technology, politics, and culture.
- **Organizational Variables:** Organizational variables refer to internal factors that could sway a purchase decision, such as the organization's goals and evaluation criteria.

- **Buying Center Variables:** Who makes the final purchase decision? Who has the authority to sign the contract, and who influences the buying process? Buying center variables take all of this into account.
- **Individual Variables:** These variables refer to the demographic and psychographic information of the individual prospect at the business. What's their education and level of experience? What are their goals and desires?

FACTORS INFLUENCING CONSUMER BEHAVIOR

In a general scenario, we've got five main factors that determine consumer behavior, i.e these factors regulate if a target customer purchases a product or not. These factors are namely Psychological, Social, Cultural, Personal, and Economic factors.



Economic Factors influencing consumer behaviour:

- **Personal Income** - Total Income of the consumer
- **Discretionary Income** - Income available to a consumer after deducting taxes and basic cost of living.
- **Disposable Income** - Income available with consumer to spend according to his wishes
- **Family Income** - Income of the family. Lower income families have less demand than prosperous families.
- **Consumer Expectations Regarding Future Income**
- **Availability of Liquid Assets with the consumer**
- **Consumer Credit** - Availability of consumer credit, Credit policies
- **Level of Standard of Living**

A consumer demands more and spends more with increase in his income or expectations of future profits or availability of liquid cash or availability of credit but saves and demands less in its absence. The nature of consumption and buying pattern of a consumer is also affected by the income of the family and the level of standard of living.

Personal Factors influencing Consumer Behaviour:

- **Age** - People of different ages have different needs.
- **Occupation** - Professionals, businessman, salaried-workers have different demands.
- **Life Cycle Stage** - Newly born, Teenager, Bachelor, Married, Parent, Grand Parent
- **Lifestyle** - Achievers, Strugglers, Strivers, Makers
- **Personality** - Aggressive, Shy, Introvert, Extrovert, Conservative, Experimental
- **Self-Concept** - One's perceptions towards themselves.

Cultural Factors affecting Consumer Behaviour

- **Culture** - Culture is basically the way of living and thinking pattern that is followed from generation to generation in a society. It includes knowledge, belief, traditions, morals, values, customs and other such habits that are acquired by people as members of a society.

Eg. Indian culture is entirely different from cultures of other Asian, Arabic and Western countries.

- **Sub-culture** - Sub-culture is a segment of culture which helps a marketer to know another person's culture either psychologically, socially or through mass identification. Sub-culture consists of a group of people within a culture who exhibit similar buying behaviour and have similar believes.

E.g. Within India, buying behaviour of muslims of the north India can be differentiated from the muslims of the south India

- **Social class** - Social class segments the market on the basis income criteria and standard of living. It refers to divisions of members of a society on the basis of education, occupation, income etc. Usually people belonging to the same social class have similar preferences in case of choice of residence, entertainment, luxury products etc.

E.g. Buying behaviour of the upper class can be easily differentiated from the middle and lower class.

Social Factors influencing Consumer Behaviour

Social Group - A group is any collection of individuals with similar interests, opinions and activities. An individual draws cues regarding consumption and disposal of products from various social groups he belongs to. The various social groups an individual forms a part of are:

- **Reference Group** - It refers to all those people which directly affect the purchase pattern and decision of a consumer as they serve as a point of reference or comparison for the consumer while making a purchase decision.
- **Contractual Group** - It includes friends, family, peers who have a direct and daily face to face interaction with an individual. They are the most important source of influence on consumer behaviour.
- **Avoidance Group** - A group of people that have a negative impact on a consumer. A consumer disassociates himself from such a group and avoid using products and services used, recommended or promoted by the avoidance group.
- **Aspirational Group** - It includes film stars, TV celebrities, Sport stars etc. whom a consumer aspires to be. A consumer wants to associate himself with people he aspires and uses products and services used, recommended and promoted by them.

Opinion Leaders - It refers to a key individual in a group which influences the behaviour of members of the group by providing them relevant information about new trends and products in the market.

Role and Status - Every person plays many roles in the society i.e. employee to his boss, parent to his children, referrer for young ones, advisor to peers etc. and their buying pattern depends upon the role they play in the society. People also select and buy products according to their status in the society.

1. Psychological Factors

Interestingly, human psychology is actually an integral factor that influences consumer behavior although these factors aren't exactly easy to measure. A few integral psychological factors driving the behavior of consumers are

- **Motivation**

Motivation actually becomes a considerable defining factor influencing a person's buying behavior. A popular motivation theory is Maslow's theory of hierarchy of needs in which he developed a model that lays the foundation for 5 different levels of human needs where he lays the base with psychological needs and moves on to safety needs, social needs, esteem needs and finally heading to self-actualization needs. Amongst these requirements, our basic requirements and security needs are generally put above all needs.

- **Perception**

Our perception is shaped when we gather information regarding a product and examine it to generate a relevant image regarding a certain product.

Whenever we see an advertisement, review, feedback or promotion regarding a product, we form an image of that item. As a result, our perception plays an integral role in shaping our purchasing decisions.

Being in the times where we are gathering constant information by simultaneously surfing through the Internet, watching TV, and exploring through our cell phones, the perception we gain through all these resources plays a definite role in regulating our consumer behavior.

- ***Learning***

Every time we purchase a product we get a deeper knowledge about it through experience. This learning mainly depends on our experience, knowledge, and skills.

This learning can either be cognitive or conditional. While in cognitive learning, we use our knowledge for finding satisfaction and fulfilling his needs with the item we purchase, conditional learning is where we get constantly exposed to a situation, enabling us to respond towards it.

For instance, we all seek resources through nonexperiential learning as we read reviews for books and products on platforms like Amazon, learn about film reviews through platforms like Rotten Tomatoes, and explore restaurants through Yelp.

- ***Attitudes and Beliefs***

We've all got certain attitudes or beliefs that consciously or subconsciously prompt our purchasing decisions. For instance, while your friend who believes caffeine is adverse for one's health may prefer tea, you who believe that caffeine energizes us, may prefer coffee. Our attitude and what we believe influence our behavior towards a product and also play a key role in shaping the product's brand image. So understanding a consumer's attitude and belief becomes useful for marketers to design their marketing campaigns.

2. Social Factors

We are all social animals so of course our purchasing decisions are impacted to some extent by the people around. We are constantly working on imitating other human beings, longing to fit in our surroundings. As a result social factors influence our buying behavior regarding items. Some of these factors include :

- ***Family***

Our families actually have a considerable role to play in impacting our purchasing behavior. We form an inclination or aversion towards certain products from our childhood by observing our families use that product and persist in using those products as we grow up.

For instance, if our family members are fond of Papa Jones, we would subconsciously end up choosing Papa Jones over say, Pizza Hut or Domino's.

- **Reference Groups**

Reference groups are basically groups of people with whom we associate ourselves. These include clubs, schools, professional or playgroups, churches, and even acquaintances or a group of friends, etc. The people in the reference groups normally have a common pattern of purchasing and an opinion leader who influences them in terms of their buying behavior.

- **Roles and status**

We are all of course influenced by the role that we hold in society. The higher position we hold, the more our status affects what and how much we purchase. For instance, the CEO of a company and a normal employee would have a varied buying pattern.

3. Cultural factors

We all have our values and ideologies that are shaped by the values and ideologies of the society we exist in and the community we belong to. Our behavior is consciously or subconsciously driven by the culture followed by that particular community.

For instance, let's take the example of McDonald's India

India has a massive consumer base with McDonald's has adjusted its menu to match the tastes and preferences of the local community in whose vicinity it resides. For instance, on account of cows being sacred and widely worshipped in India, chicken has been put in place of beef. The fast-food corporation introduced McCurry Pan in India, a baked menu item consisting of curried vegetables.

A few significant cultural factors include :

- **Culture**

Our cultural factors are basically basic requirements, values, wants behaviors, and preferences that are observed and absorbed by us from our close family members as well as other significant people around us.

- ***Subculture***

Amongst a cultural group, we have several subcultures. These groups share a common set of values and beliefs. They can consist of people from varied nationalities, religions, caste, and geographies. An entire customer segment is formed by this customer segment.

We've taken an easy example of Burger King here. In their advertising strategy, the platform wished its "Ramadan Kareem" implying to have a generous Ramadan.

Burger King has adapted to the Muslim culture and created its advertisement in Ramadan style by showing a mostly eaten burger, presented in the shape of a crescent moon.

- ***Social Class***

Each society all over the globe is defined and known by some form of social class. This social class is determined collectively by our family backgrounds, occupation, education, and residence location. Our social class is another component holding the reins for consumer behavior.

4. Personal Factors

Alongside social, psychological, and cultural factors, we all have factors that are personal to us that influence our choices. These factors vary from person to person, introducing varied perceptions and behavior.

Some of these personal factors include:

- ***Age***

Age is one of the primary factors that impact our preferences. The vibrant and flashy purchasing choices of a teenager would obviously differ from what an elderly person purchases. Meanwhile, we have middle-aged people who are naturally more focused on purchasing properties, houses, or vehicles.

For instance, as Baby Boomers proceed for retirement they are targeted by marketers with messages regarding prescription drugs as well as other health care items such as home, financial security, or insurance, all of which are relevant issues with regard to their age.

- ***Income***

Our income definitely impacts our purchasing behavior. The higher our income, the more purchasing power we hold and vice versa. Higher disposable income compels us to spend more on luxurious items while a lower or mediocre income makes us spend more on our basic needs like education, groceries, and clothing.

- ***Occupation***

Our occupation largely steers our purchasing decision making. We all tend to purchase the items that are relevant or suitable for our profession. For instance, a businessman would have a different clothes purchasing pattern in comparison to an artist.

- ***Lifestyle***

Our way of life is one of the most powerful influencers that controls our choices. Our lifestyle dominates our buying behavior quite significantly. Suppose we are on a diet then the products we purchase will also complement our diet, from food, weighing scale to using protein.

For instance, Oprah Winfrey's brand has been developed to charm women that are socially conscious seekers, readers, idealists, self-helpers, working women, who work towards achieving balance and self-fulfillment.

5. Economic Factors

The purchasing quirks and decisions of the consumer largely rely upon the market or nation's economic circumstances. The more that a nation is prosperous and its economy stable, the larger will be the money supply of the market and the consumer's purchasing power.

A strong, healthy economy brings purchasing confidence while a weak economy reveals a strained market, marked by a weakened purchasing power and unemployment.

Some significant economic factors include:

- **Personal Income:**

Our personal income is the criteria that dictate the level of money we will spend on buying goods or services. There are primarily two kinds of personal incomes that a consumer has namely disposable income and discretionary income.

Our **disposable income** is mainly the income that remains in hand after removing all necessary payments such as taxes. The greater the disposable personal income the greater would be the expenditure on several products, and the same would be the case when it is the other way round.

Meanwhile, our **discretionary personal income** would be the income that remains after managing all the basic life necessities. This income is also used when it comes to purchasing shopping goods, durables, luxury items, etc. An escalation in this income leads to an improvement in the standard of living which in turn leads to greater expenditure on shopping goods.

- **Family Income:**

Our family income is actually an aggregate of the sum total of the income of all our family members. This income also plays a considerable role in driving consumer behavior. The income that remains after meeting all the basic life necessities is what is then used for buying various goods, branded items, luxuries, durables, etc.

- **Income Expectations:**

It's not just our personal and family income that impacts our buying behavior, our future income expectations also have a role to play. For instance, if we expect our income to rise in the future, we would naturally spend a greater amount of money in purchasing items. And of course, in case we expect our income to take a plunge in the near future, it would have a negative influence on our expenditure.

- **Consumer Credit:**

The credit facilities at our behest also impact our purchasing behavior. This credit is normally provided by sellers, either directly or indirectly via banks or financial institutions. If we have flexible credit terms as well as accessible EMI schemes, our expenditure on items is likely to increase and in less flexible credit terms would result in the opposite.

- **Liquid Assets:**

Even the liquid assets we've maintained influence our purchasing behavior. In case you are wondering, these are the assets that get promptly converted into cash such as stocks, mutual funds, our savings or current accounts. If we have more liquid assets, there is a greater likelihood of us spending more on luxuries and shopping items. Lesser liquid assets meanwhile result in lesser expenditure on these items.

- **Savings:**

The savings generated from our personal income are also regulating our buying behavior. For instance, if we take the decision of saving more from our income for a certain period of time, our expenditure on goods and services would be lesser and for that period and if we wish to save less, our expenditure on such items would increase.

ENVIRONMENTAL FACTORS AFFECTING CONSUMER BUYING BEHAVIOUR

The environmental factors affecting consumer buying behaviour are explained below

Cultural Influences

It is defined as a complex sum total of knowledge, belief, traditions, customs, art, moral law or any other habit acquired by people as members of society. Our consumer behaviour, that is the things we buy are influenced by our background or culture. Different emphasis is given by different cultures for the buying, use, and disposing of products. People in South India have a certain style of consumption of food, clothing, savings, etc. This differs from the people in the North of India. Different cultures and habits are predominant in different parts of the world. Japanese have a different culture from that of USA, England or Arabian countries. Therefore, in consumer behaviour culture plays a very important part.

Sub-cultural Influences

Within a culture, there are many groups or segments of people with distinct customs, traditions and behaviour. In the Indian culture itself, we have many subcultures, the culture of the South, the North, East and the West. Hindu culture, Muslim culture, Hindus of the South differ in culture from the Hindus of the North and so on. Products are designed to suit a target group of customers which have similar cultural background and are homogeneous in many respects.

Social Class

By social class we refer to the group of people who share equal positions in a society. Social class is defined by parameters like income, education, occupation, etc. Within a social class, people share the same values and beliefs and tend to purchase similar kinds of products. Their choice of residence, type of holiday, entertainment, leisure all seem to be alike. The knowledge of social class and their consumer behaviour is of great value to a marketer.

Social Group Influences

A group is a collection of individuals who share some consumer relationship, attitudes and have the same interest. Such groups are prevalent in societies. These groups could be primary where interaction takes place

frequently and, consists of family groups. These groups have a lot of interaction amongst themselves and are well knit. Secondary groups are a collection of individuals where relationship is more formal and less personal in nature.

These could be political groups, work group and study groups, service organisations like the Lions, Rotary, etc. The behaviour of a group is influenced by other member of the group. An individual can be a member of various groups and can have varied influences by different members of groups in his consumption behaviour. An individual can be an executive in a company, can be a member of a political party. He may be a member of a service organisation and of entertainment clubs and study circles. These exert different influences on his consumption.

Family Influence

As has already been said, the family is the most important of the primary group and is the strongest source of influence on consumer behaviour. The family tradition and customs are learnt by children, and they imbibe many behavioural patterns from their family members, both consciously and unconsciously. These behaviour patterns become a part of children's lives. In a joint family, many decisions are jointly made which also leave an impression on the members of the family.

These days the structure of the family is changing and people are going in more for nucleus families which consists of parent, and dependent children. The other type of family is the joint family where mother, father, grandparents and relatives also living together.

Personal Influences

Each individual processes the information received in different ways and evaluates the products in his own personal way. This is irrespective of the influence of the family, social class, cultural heritage, etc. His own personality ultimately influences his decision. He can have his personal reasons for likes, dislikes, price, convenience or status. Some individuals may lay greater emphasis on price, others on quality, still others on status, symbol, convenience of the product, etc. Personal influences go a long way in the purchase of a product.

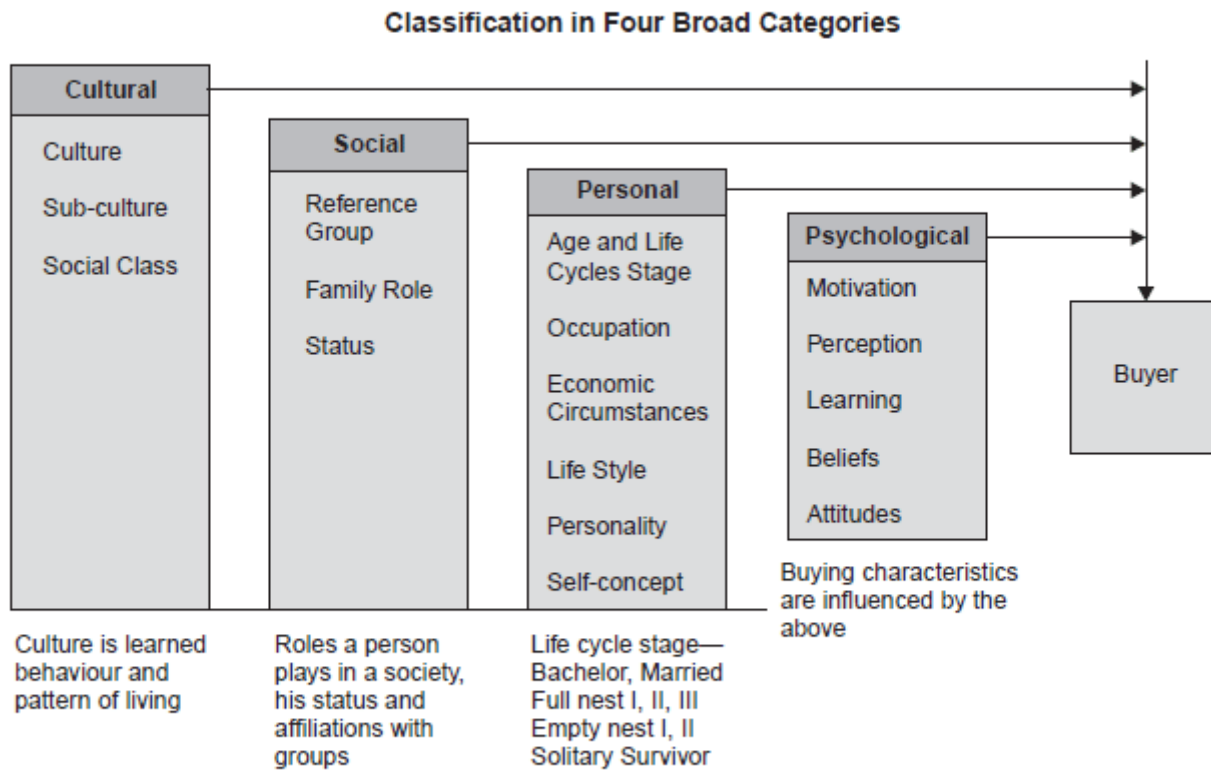
Other Influences

Consumers are also influenced by national or regional events which could be like the Asiad, the Olympics, cricket test matches, World Cup, the war or a calamity. These leave permanent or temporary impressions on the mind of the consumer and affect his behaviour. In these events, products are advertised and sometimes the use of a product like drugs, etc. is discouraged. People are urged to adopt family planning methods. Situation variables such as product display, price reduction, free gifts and attractive offers also influence consumer behaviour.

In Figure: A simplified framework for studying consumer behaviour, the broken lines indicate that these factors influence and in turn are influenced by each other. The various factors percolate from the external to the individual determinant, to finally influence the decision process.

EXTERNAL FACTORS INFLUENCING CONSUMER BEHAVIOUR

ENVIRONMENTAL INFLUENCES



Factors influencing consumer behaviour classification in four broad categories

External factors cannot affect the decision process directly but, these are also instrumental and exert an influence on consumer behaviour.

Factors affecting consumers can also be studied by dividing the factors into four groups as shown below. This can be done under four broad headings which can have subheadings as shown in Figure: Factors influencing consumer behaviour classification in four broad categories

According to another author “culture refers to a set of values, ideas, anti facts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society”. Another writer feels that “culture is a set of socially acquired values that society accepts as a whole and transmits to its members through language, and symbols”. The culture may also be defined as “the largest simple grouping of people sharing a distinctly unique social heritage”.

Attitude and Behaviours Influenced by Ones Culture:

1. Personality i.e. sense of self and society.
2. Language i.e. communication.
3. Dress
4. Food habits
5. Religion and religious faiths that is beliefs.
6. Customs of marriages and religions and special social customs.
7. Social relationship (system of marriage, family structure and relations, social and religious organisations, government)
8. System of education, role of churches, temples, mosques etc. on education system) i.e. mental process of behaviour (formal and religious symbols, colleges, technical institutes, universities etc.).
9. Work habits and products. They differ widely from country to country and region to region.
10. Time value (punctuality, late coming working hours, rest hours and so on.
11. Values and norms (discussed later).
12. Beliefs and faiths (religion, vegetarianism – meat eating, nonviolence – rebirth, fate and luck and so on.
13. Festivals
14. Art, music, pictures, TV. radio, movies, theatres etc.

15. Technology and innovation.

16. Products and services.

17. Knowledge.

18. Laws of the Government and social traditions and laws laid down by religion.

FACTORS AFFECTING CULTURE:

There are a large number of factors which affect culture; the most important of them are described below:

1. Values:

According to almost every author value is most important part of culture which affects our behaviour as a consumer. The values are beliefs and norms accepted by a society which is distinct from our cultures. For instance, almost all cultures believe in freedom of thoughts, beliefs and experiences which has given birth to democracy, freedom of press, free communication, independent judiciary, freedom of choice of products as per ones preferences and freedom to enterprise to develop products, new technologies but not to exploit consumers who have been given freedom to complaint for deficiency in product or service

2. Norms:

The norms of public behaviour are another important aspect of culture which relates to public appearance. For instance, in the west there is full freedom of dress specially at beaches, swimming pools, hotels. Too much exposure in dress is in the west but in India it is considered obscene and nudity in public or even in private is not permissible. This sets the fashion, dress, clothes.

CONSUMER BEHAVIOR - REFERENCE GROUPS

In our daily lives, we all get influenced by a variety of people while making our purchase decisions. We, as humans do a lot to try to impress others. We make purchase to get compliments and try that others should not think less of us.

A reference group is the group whose perspective we consider. Now our reference could be very large or very small including few of our family members or few close friends. Reference groups influence people a lot in their buying decisions. They set the levels of lifestyle, purchasing patterns, etc.

Reference groups are of two types

- Primary Groups
- Secondary Groups

Primary Groups

Primary reference groups are basically the set of people whom you meet every day. They can be from your family, your close friends, your roommates, etc.

These people from primary groups may have a direct and strong impact in your lives and your buying decisions since they are very significant to you. Primary groups make you comfortable and give you a feeling that they are with you when you are confused about a purchase. These people give you very honest and clear advices as they are so close to you, due to which you could be more confident about the purchase. Research shows that the bond between people leads people to be effectively social and as satisfied consumers.

Secondary Groups

Secondary reference groups are usually formal and they speak less frequently. They might be professionals, your colleagues, your seniors at work or your acquaintance at club, etc.

In secondary reference groups the power to influence people is quite less as compared to primary reference groups as people in these groups are not that comfortable in sharing their thoughts or views on the purchase.

Let's have a look at few more reference groups

Aspirational Group

Aspirational group is the one to which a person may want to become part of. They currently are not part of that group but wish to become and get with that group. For doing the same, they try to dress, talk, act and even think the way the members of that group do.

For example, people who like Madhuri Dixit wish to become like her and meet her and so start purchasing and using all those products that she endorses.

Dissociative Group

The people in these groups are totally opposite to the people in the aspirational group. Here people deny of becoming or getting connected to a particular group. They just hate being related to that group.

For example, if people don't like a particular community, they would never like being connected to them. So they would try all the possible ways to avoid the way in which they dress, think or act.

Thus marketers need to understand the likes and dislikes of the consumers and also the groups to which they belong. Marketers should recognize the extent to which a reference group influences the consumer and he should also understand out of all the groups which group influences him the most.

FAMILY INFLUENCE IN CONSUMER BEHAVIOUR

Family of a consumer plays an important role in the decision making process. The parents, siblings, relatives all have their own views about a particular purchase.

Following are the roles in the family decision making process –

- **Influencers** – Influencers are the ones who give ideas or information about the product or service to the consumer.
- **Gate Keepers** – Gatekeepers are the family members who usually panel the information. They can be our parents or siblings too who can in any form provide us the information about the product.
- **Decision Makers** – Family or our parents who usually have the power to take decisions on our behalf are the decision makers. After the complete the research they may decide to purchase the particular or dispose it.
- **Buyers** – Buyer is the one who actually makes the purchase of the product.
- **End Users** – The person who finally uses the product or consumes the service is the ultimate consumer also called as End user as per the context.

A consumer gets influenced by his family members as well as friends. Since childhood the culture which he follows or the rituals which he observes and the moral values and the religious principles he usually receives them from his family. However, the individual learns fashion, attitude or style from his friends. All these attributes or traits together influence the buyer's decision making.

OPINION LEADERSHIP

The most important thing for the marketer is to understand about the role of 'opinion leadership' in marketing of goods and services. Opinion leadership which is otherwise known as **word of mouth communication** is an important personal influence on consumers. With the proliferation of cell phone usage and e-mail, many people are always available to friends, family and business associates. Message spreads like virus among people. **Opinion leaders** offer advice or information about a product, service and how a particular product may be used. Words of mouth takes place through personal or face to face communication.

Definition of Opinion Leadership

Opinion leadership is defined as the process in which one person influences the attitudes or actions of other person informally, who may be identified as opinion leader. They offer informal advice about the product or service. Opinion leaders are part of the social groups. They have social communication network. The communication is informal and interpersonal in nature which happens between those who are not associated with the commercial selling source directly.

Examples of Opinion Leadership

The role of opinion leadership could be seen in the following examples.

1. During casual talk, a friend talks about the car he recently bought. He recommends buying it.
2. A person shows a friend photographs of his recent tour abroad. He suggests that by using a particular make of camera, better pictures could be shot.
3. A family wants to have a swimming pool in their spacious house. The family head asks neighbors which pool construction company they should call.
4. A parent wants admission for his child in a particular school. He contacts other parents sending their children to the same school.

CHARACTERISTICS OF OPINION LEADERS

Opinion leadership is a dynamic process. It is the most powerful consumer force. As informal communication sources, it effectively influences consumers in their product related decisions. The dynamics of the opinion leadership may be discussed under the following headings:

1. Credible source of information,
2. Provision of both positive and negative product information,
3. Source of information and advice,
4. Two-way street,
5. Specific characteristics.

1. Credible Source

Opinion leaders are knowledgeable. Their advice about a product or service is considered reliable. As **opinion leaders are informal sources of information**, it is perceived that they give advice in the best interest of opinion seekers. The first hand information received from opinion leaders helps in reducing perceived risks. It properly tackles the anxiety in buying new products as the opinion is based on the first hand experience.

2. Provision of Both Positive and Negative Product Information

Marketers provide information which is invariably favorable to the products they are marketing. But **opinion leaders are not directly associated with marketers**. They provide both favorable and unfavorable information about the product. So, opinion seekers have faith in opinion leaders. They are confident that they are receiving both positive and negative information in an accurate way.

3. Sources of Information and Advice

Opinion leaders are the source of both information and advice. They simply share their experience about a product or service. Their talk is related to what they know about a product. In their more aggressive talks, they advise others to buy or avoid a specific product. They base their advice on proper reasons.

4. Two-way Street

Opinion leaders in one product related situation become opinion receivers in another situation even for the same product. For example, a new homeowner thinking of buying a lawn mover seeks information and advice from other people about which brand to select. After purchasing the lawn mover, he may be satisfied with the product (in the post purchase experience). Now he has a compelling need to talk favorably about the purchase to other people to confirm the correctness of his choice. In the first instance, he is an **opinion receiver** and in the second he is an **opinion leader**.

Sometimes, an opinion leader is influenced by an opinion receiver. For example, a person may recommend a favorite hotel to his friend. In response the opinion receiver gives his own comments on that hotel. Finally, the opinion leader may come to realize that the hotel is too small, too isolated and offers fewer amenities than other hotels.

5. Specific Characteristics

Opinion leaders possess **distinct personality traits**. These include self confidence and gregariousness. They are socially inclined, outspoken and are knowledgeable.

DIFFUSION OF INNOVATION MEANING

Diffusion of innovation is the process by which the adoption of an innovation spreads over a period of time to other consumers through communication.

Group communication are an important (or primary) source of information and can influence the consumer decision making. Group communication can occur within or across groups. Communication within groups refer to word-of mouth influence which is considered to be highly credible since it comes through family, friends, peers and neighbours.

CHARACTERISTICS OF DIFFUSION INNOVATION

Characteristic # 1. Relative Advantage:

The first characteristic is the new product's relative advantage i.e., the degree to which it appears to be better and superior than the existing products. If the consumer perceives, the new product to be relatively superior as compared to the existing products, more is the chance of the innovation being adopted. For example, 'E-mail' and Fax were considered to be better and superior to Telex.

Similarly, cellular phones over took pagers, because they were accepted to have better communicative features in comparison. This perception of greater relative advantage in using 'E-mail' as well as cellular phones as communication network, resulted in sooner acceptance of this concept or new idea.

Characteristic # 2. Compatibility:

The degree to which potential consumers feel that the new product is consistent with their existing needs, values and practices is a measure of its compatibility. Greater the degree of compatibility, sooner will the innovation be acceptable to the consumer. For example, 'Laptop' computers are highly compatible with the needs and lifestyle of senior executives of companies.

Characteristic # 3. Complexity:

The third characteristic is the innovation's complexity. This means the extent or degree to which the new product is relatively difficult to understand or use. Greater the degree of complexity, more time will be required for the product to be accepted. For example, personal computers are complex and therefore took a lot of time to penetrate Indian homes. This issue of complexity is important when entering a market with hi-tech consumer products.

Characteristic # 4. Divisibility or Facilitates Trial:

The degree to which the new product may be tried on a limited basis. This means the extent to which the new product can be tried on a small scale basis before going for full-fledged use of the same. If the consumers have got the option of trying out the product and then decide to buy if trial result found satisfactory, the innovation's rate of adoption increases.

For instance, when 'Braun India' pioneered the 'epilator' in a market, where its target consumers were using the traditional method of waxing, the company needed to convince women that using 'Silk Epil' was more convenient, so it offered a six day money back trial offer to its consumers, reassuring that if she didn't feel comfortable with the product, she (the consumer) could always return it.

At times marketers, when introducing products such as shampoo or detergent powder or tooth paste, use small trial packs (free samples) or rupees-off coupons to enable consumers have a first-hand direct experience with the product. Even car manufacturers such as Maruti, Hyundai, Ford etc., offer 'test drive' for their new car models to provide customers a direct product experience.

Characteristic # 5. Communicability or Observability:

The fifth characteristic is the innovation's communicability. The degree to which the results are observable or can be described to others or the ease with which a new product's salient features are observed.

A new product concept will work if the new technology or new product usage can be described and demonstrated. For example, 'Eureka Forbes' has been able to gain easy acceptance of its products such as the 'AquaGuard' and 'Vacuum cleaner' through adopting the method of observation through demonstration.

STEPS INVOLVED IN DIFFUSION INNOVATION

Marketers are interested in knowing how consumers learn about new products and the decision making process involved in adopting them. Adoption process may be defined as the mental process through which an individual passes from first hearing about an innovation to final adoption. So adoption can be said to be the decision by an individual to become a regular user of the product.

When marketers introduce a new product or a new innovation to its target market, a lot of planning goes into managing the resistance to adopt the new innovation. This is because it involves bringing about a change in buyer's attitude and perception. Generally it is assumed that the consumer goes through five stages in the process of adopting new products.

1. Awareness Stage:

In this stage an individual comes to know about a new innovation or new idea or new product/service. He becomes aware of the innovation from any source of information such as from friends, neighbour, co-workers, commercial sources etc.

The individual only learns about the new innovation from either of the sources of information mentioned above. This means his knowledge about the new innovation is only limited to the extent of the information generated by the source of information from where he first learns about the new innovation.

2. Interest Stage:

After being aware of the new product or innovation, in this stage, the consumer gets stimulated and interested in the innovation. He goes about seeking more information about the new product. He is interested in gathering more detailed information related to the innovation in terms of its utility aspects, performance, durability and so on.

3. Evaluation Stage:

The consumer 'interested' in the innovation will seek more information on it from all the sources he finds reliable. After collecting all the information on the innovation, the consumer will mentally try to evaluate the worthiness of the innovation. He will assign weights to the product attributes and work out to what extent the new product will be useful to him and then decide on whether or not to buy the new product.

4. Trial Stage:

After evaluating the worthiness of the new product, the consumer may decide to try out the innovation on a small scale basis initially and make an actual assessment of the value of the new product. This stage also indicates that now the consumer is mentally prepared to try out the innovation, though initially on a small scale.

He/she wants to experiment with the innovation and depending on how comfortable they are with the product, they will decide whether or not new product or innovation, it looks more logical and practical to go for a sample trial before opting for full time usage.

5. Adoption Stage:

On being satisfied with the use of the new product, purchased by him on a trial basis, the consumer now decides to make full and regular use of the innovation. This is the last stage in the adoption process. The consumer takes the decision to go for a full-fledged and continuous use of the new product or innovation.

INDIVIDUAL CONSUMER THEORY

Consumer theory is the study of how people decide to spend their money based on their individual preferences and budget constraints. A branch of microeconomics, consumer theory shows how individuals make choices subject to how much income they have available to spend and the prices of goods and services.¹

Understanding how consumers operate makes it easier for vendors to predict which of their products will sell more and enables economists to get a better grasp of the invisible hand, the unseen forces that shape the economy.

UNDERSTANDING CONSUMER THEORY

Individuals have the freedom to choose between different bundles of goods and services. Consumer theory seeks to predict their purchasing patterns by making the following three basic assumptions about human behavior:²

- **Utility Maximization** – Individuals are said to make calculated decisions when shopping, purchasing products that bring them the greatest benefit, otherwise known in economic terms as “maximum utility.”
- **Nonsatiation** – People are seldom satisfied with one trip to the shops and always want to consume more.
- **Decreasing Marginal Utility** – Consumers lose satisfaction in a product the more they consume it.

TYPES OF BUYER BEHAVIOR

Buyer behavior is always determined by how involved a client is in their decision to buy a product or service and how risky it is. The higher the product price, the higher the risk, the higher the customer’s involvement in purchase decisions. Based on these determinants, four types of consumer buyer behavior are distinguished:



Complex buying behavior

This type is also called extensive. The customer is highly involved in the buying process and thorough research before the purchase due to the high degree of economic or psychological risk. Examples of this type of buying behavior include purchasing expensive goods or services such as a house, a car, an education course, etc.

Dissonance-reducing buying behavior

Like complex buying behavior, this type presupposes lots of involvement in the buying process due to the high price or infrequent purchase. People find it difficult to choose between brands and are afraid they might regret their choice afterward (hence the word ‘dissonance’).

As a rule, they buy goods without much research based on convenience or available budget. An example of dissonance-reducing buying behavior may be purchasing a waffle maker. In this case, a customer won’t think much about which model to use, choosing between a few brands available.

Habitual buying behavior

This type of consumer buying behavior is characterized by low involvement in a purchase decision. A client sees no significant difference among brands and buys habitual goods over a long period. An example of habitual buying behavior is purchasing everyday products.

Variety seeking behavior

In this case, a customer switches among brands for the sake of variety or curiosity, not dissatisfaction, demonstrating a low level of involvement. For example, they may buy soap without putting much thought into it. Next time, they will choose another brand to change the scent.

Buyer behavior patterns

Each consumer may have unique buying habits. Still, there are typical tendencies, which allows distinguishing the following buyer behavior patterns:

Place of purchase

If customers have access to several stores, they are not always loyal to one place. So even if all items are available in one outlet, they may divide their purchases among several shops.

Items purchased

There are two things to consider: the type of the product customers purchase and its quantity. As a rule, people buy necessity items in bulk. In contrast, luxury items are more likely to be purchased in small quantities and not frequently. The amount of goods people buy is influenced by such factors:

- Product durability
- Product availability
- Product price
- Buyer's purchasing power
- Number of customers for whom the product is intended

The analysis of a buyer's shopping cart may bring many valuable insights about buyer behavior.

Time and frequency of purchase

With the development of **e-commerce**, purchases have become only a few clicks away. Anyway, marketers should understand how often and at what time of the year or day people tend to buy more goods. The product purchase frequency may depend on the following factors:

- Product type
- Customer's lifestyle
- Product necessity
- Customer's traditions and customs

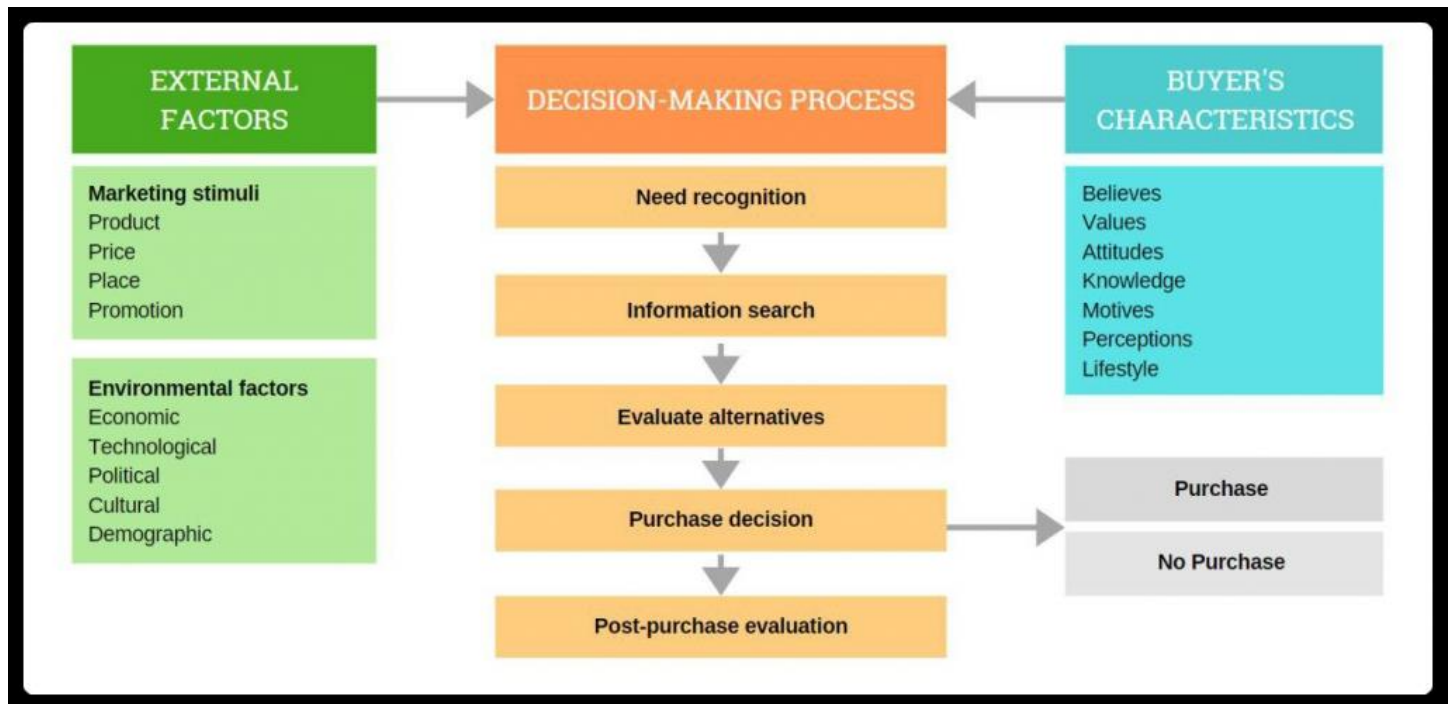
Method of purchase

People buy goods in different ways: some go to the store, while others prefer ordering items online. Some pay cash, while others use a credit card. Among customers who buy goods in online stores, some pay on delivery, while others are ready to pay right after they place an order. The way customers choose to purchase products tells a lot about their **buyer persona**.

MODEL OF CONSUMER BUYING BEHAVIOR

The buyer behavior model is a structured step-by-step process. Under the influence of marketing stimuli (product, price, place, and promotion) and environmental factors (economic, technological, political, cultural), a customer understands the need to make a purchase.

The decision-making process they undergo afterward is affected by their characteristics, such as their beliefs, values, and motivation, resulting in the final decision to either buy or not to buy.



Most buyers go through several stages when making a purchase decision:

1. Need recognition

At the first stage, the buyer recognizes that there is a need for a product or service. For instance, they might realize that, since their company is growing, manual email outreach is no longer effective, so they need an email automation solution.

2. Information search

After understanding the need for a product or service, the buyer starts looking for information. They might obtain it from different sources (friends, commercials, mass media). For example, a prospect may start browsing email automation solutions, read reviews, etc.

3. Evaluation of alternatives

Once all the necessary information has been gathered, the buyer starts to evaluate a choice. They might compare key features and pricing, looking for advantages of one tool over all others.

4. Purchase decision

After evaluation, the buyer makes a purchase decision. For example, they start their free trial or purchase a paid plan.

5. Post-purchase evaluation

After purchasing the product or service, the buyer assesses whether it has met their expectations. At this stage, they might also leave an online review about the purchase or share their feedback with subscribers, colleagues, or friends.

The Five Step Decision Making Process



There are cases, however, when some stages of the decision-making process are skipped. For example, the customer already knows a lot about a product and does not need to search for information. Another situation is when the buyer might see a product in the store and decide to buy it impulsively. Besides, there are situations when, after evaluating alternatives, the customer goes back to the information search step.

Buyer behavior analysis

To offer relevant products and services to the target audience, marketers should analyze what and how people buy. Companies adhere to several ways of monitoring consumer buying behavior:

Using computer software

Computer software provides companies with valuable information about the customers’ purchase experience. This allows analyzing what products or services are preferable among certain groups of buyers, how the customers’ location influences their purchase habits, etc.

Analyzing customers' reviews

Another way of analyzing buyer behavior is to study the customer's feedback. Online reviews can often reveal more than just people's feelings about the purchase. They might also share some information about how they choose items or the way they prefer buying goods.

MARKETING IMPLICATIONS OF CONSUMERS DECISIONS

Once you know how consumers make choices, how does that apply to your marketing efforts? The answer is multifaceted. You need to know how your core demographic makes these choices, not the general process that consumers go through. The most effective answer to your questions involves marketing research.

There is a wide variety of available marketing research strategies, including:

- Online surveys
- Proctored testing
- Diary studies
- Focus groups

Online surveys

Online surveys are the easiest and cheapest way to get customer data quickly. To properly create a survey, you must focus on one major task at a time. You won't get clear data if you aren't focused on an online survey, and your questions need to be easy to read and should be able to be answered simply.

proctored testing

In this case, proctored testing isn't the same as the testing done by schools. Instead, it focuses on having a researcher present while the customer is testing out a feature or product. For example, if you want to know how your online application is functioning, you should watch customers shopping on their phones.

What is most important in this scenario is the ability to get customer feedback in real-time. Encourage your participants to think aloud while they are working through whatever task you choose to give them. Your customer's thought process is debatably more valuable to you as a marketer than how the tested application or product performs.

Diary Studies

While much more time-consuming and intricate than either surveys or proctored testing, diary studies can be invaluable to a marketer. Your participants will either do a video daily or record specific tasks related to your product during a given timeframe. Typically a week is a reasonable request for participant time; more than that will increase your risk of drop-off significantly.

focus groups in marketing

Focus groups used to be a major part of any marketing research; however, they are extremely ineffective and shouldn't be used often. There have been numerous tests on the effectiveness of focus groups. One such test used a pair of jeans as the item being discussed. The researcher brought out a pair of jeans and asked for them to be passed around and checked out, and then the participants were invited to discuss.

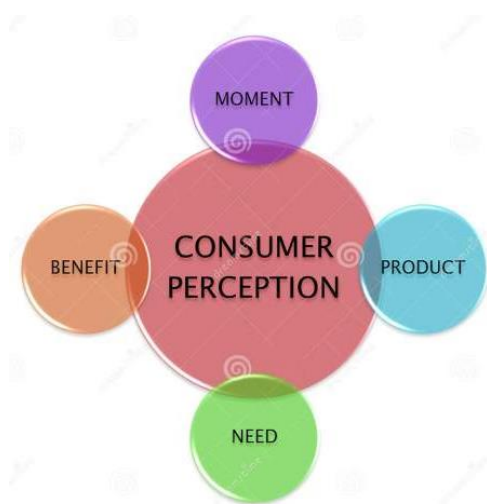
After they had finished with the first pair of jeans, the researcher took the pants out of the room, waited a bit and then returned with the same pair of jeans. Almost immediately, it became apparent that at least one participant knew that they were the same pair, but they didn't vocalize that opinion because everyone else was agreeing with either the first or the most self-assured participant.

Focus groups also tend to skew in the way that a company "wants" them to. This isn't true research because of the confirmation bias. To get a true understanding of how to study consumers, you must talk to them individually to avoid the cult of personality.

customer perception important

Perception does more than impact each individual purchase, it shapes the long-term relationships between customers and brands. This is often reflected in customer retention rates and the ability for brands to continue receiving relevant feedback and intelligence from their loyalists. Because of the importance of customer perception, every touchpoint between a company and its customers should strive to affect customer perception in a positive way.

Brands must also understand which elements have the broadest and most profound impact on customer perception. These elements can be both tangible and abstract, but each has the potential to be shaped by insights, CX, and UX professionals.



Some tangible factors that influence customers' perceptions include:

- **Price:** Pricing a brand's offerings should always be part of a comprehensive business strategy. However, it must be understood that context impacts customer perceived value (CPV) — lower prices are not always better, as any modern art dealer can ascertain.
- **Quality:** Quality can apply to multiple attributes in a product — attributes whose importance can differ from customer to customer. Marketers should understand what feature most distinguishes their products or services, and which are most desirable in target markets.
- **Branding:** Logos, artwork, and even packaging all deliver a message about a company and its brand. Marketers should ensure these elements meet and exceed customers' expectations, helping brands stand above others.
- **Service:** Service quality will make or break customer perception, where even companies with superior products can lose business if customer support operations are not in place. Customers are more likely to write online reviews after highly positive or highly negative service experiences, which can improve or exacerbate brand awareness.

Some less-tangible factors that influence customers' perceptions include:

- **Advertising:** How marketers deliver messages about a company, as well as the outlets they choose, can drive customers in both positive and negative directions.
- **Reputation:** Brand reputations are built over time and can be quite durable. They are formed from customer experiences with products and services, but also secondary interactions from third-parties (i.e. media coverage). While marketers attempt to measure their reputations online, sudden events can impact reputation without warning.
- **Influencers:** Influencers are people that customers trust, and are among the biggest factors impacting customer perception aside from the customer's own personal experience. Customers that have firsthand experience with a product, service, or brand are most likely to sway other potential customers during the organizing stage.

STAGES OF CUSTOMER PERCEPTION

To understand customer perception, researchers must first uncover insights into the customer experience (CX) and how it impacts customer perceived value (CPV). While many brand leaders understand the value of strong CX, customer experience quality continues to fall, having shrunk for 19% of brands in 2022 according to [Forrester Research](#).

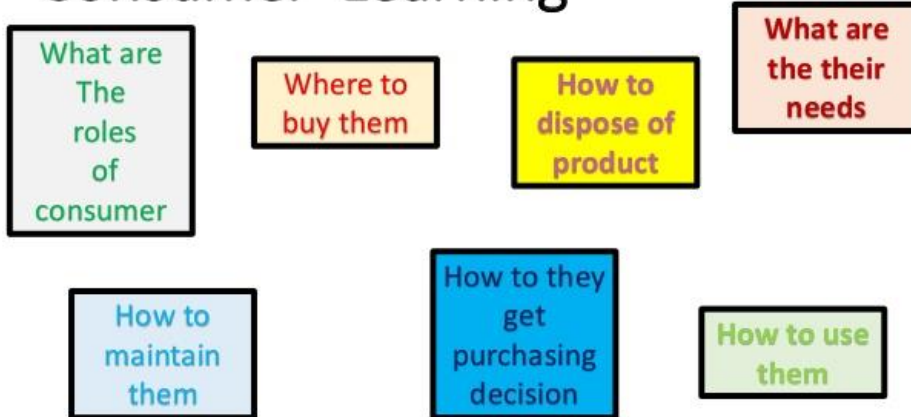
A number of factors can contribute to this downward CX trend — outdated ecommerce sites, labor shortages, etc. Whatever the reasons, it is apparent that many business leaders are growing more disconnected from their customers, and are failing to prioritize making people’s lives easier with their products and services. As a result, they are losing even more influence over customer perception.

CPV, or the importance ascribed to a brand’s offerings in terms of how much they are willing to spend on it, is equal to a customers’ perceived benefit minus its costs. Striking a balance between price and value is not an exact science, but it requires a large sample of context-based customer feedback using qualitative research methods to better understand. Engaging with customers at scale not only brings organizations closer to understanding their customers, but it helps develop customer empathy across the business. With these objectives in mind, organizations can understand the phases of the customer perception process.

The three stages of customer perception include:

1. **Sensing:** Characterized by the physical senses, customers use this stage to accumulate ‘knowledge’ about a product, service, or brand through physical sensations such as visual impressions, touch, sounds, and tastes.
2. **Organizing:** During this stage, customers make sense of the information they’ve attained, interpreting its value based on context, personal beliefs, perceptions of themselves, and other highly subjective factors. At this stage, customers will categorize the object of their critique and compare it to other objects within their chosen categories. For example, a consumer hoping to buy a winter coat may prioritize coats by price, but also color and thickness, during the organizing stage.
3. **Reacting:** Customers will act based upon the sensing and organizing stages; in addition, they are influenced by internal and external stimuli ranging from personal history to online reviews. Although each reaction and its contributing factors are different, buyers tend to experience similar processes of evaluation before making their decision.

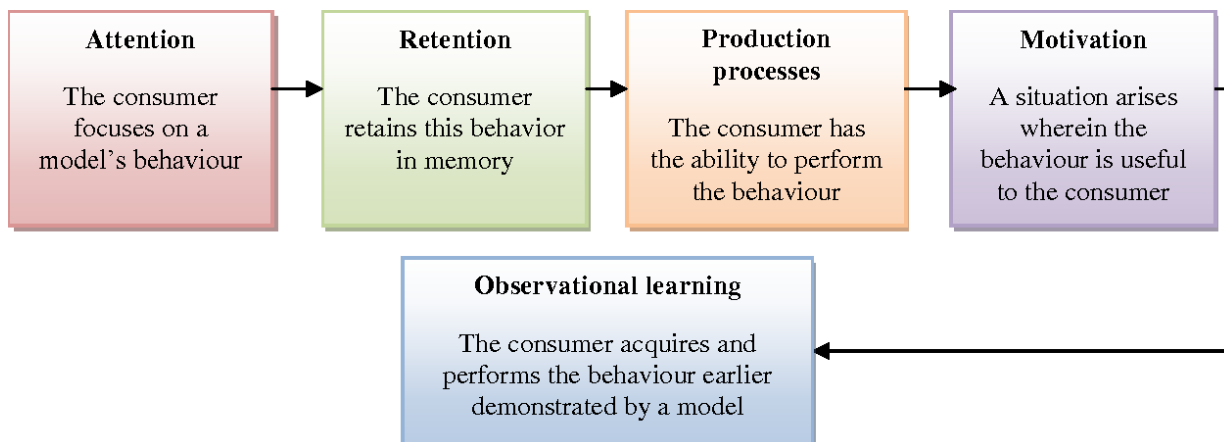
Consumer Learning



Consumer learning is **the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behavior.** Although some learning is intentional

Consumer Learning Processes

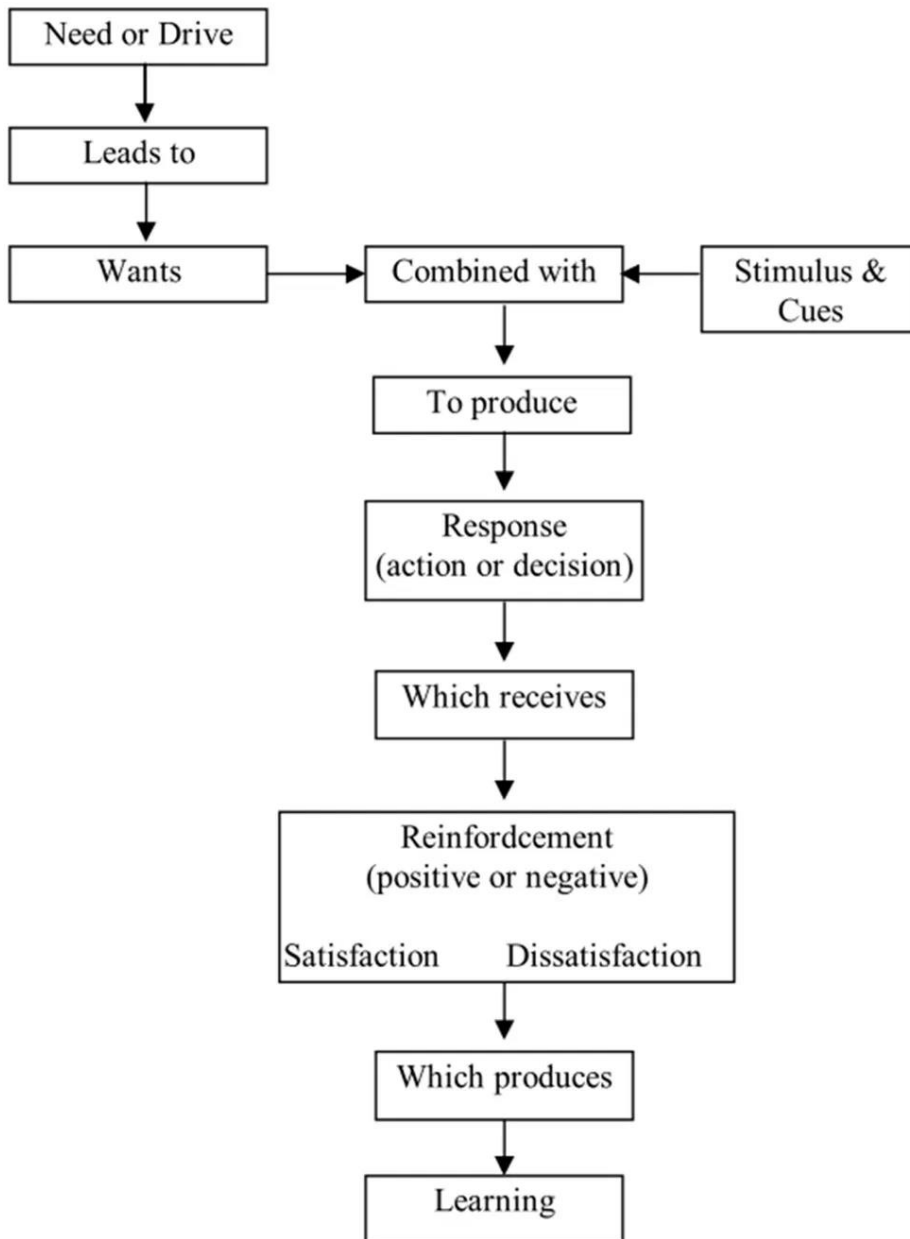
- **Cognitive Learning (Thinking)**
 - Consumers learn through information processing and problem solving
- **Behavioral Learning (Conditioning)**
 - Learning via association (classical conditioning)
 - Learning via reinforcement (instrumental cond.)
- **Modeling Processes (Modeling)**
 - Based on observation of outcomes and consequences experienced by others



Learning Process

Figure-9.1: Showing the Learning Process

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CONSUMER ATTITUDE

Consumer attitude may be defined as a feeling of favorableness or unfavorableness that an individual has towards an object. As we, all know that an individual with a positive attitude is more likely to buy a product and this results in the possibility of liking or disliking a product

FUNCTIONS OF ATTITUDES

The following are the functions of attitudes

- **Adjustment Function** – Attitudes helps people to adjust to different situations and circumstances.
- **Ego Defensive Function** – Attitudes are formed to protect the ego. We all are bothered about our self-esteem and image so the product boosting our ego is the target of such a kind of attitude.
- **Value Expression Function** – Attitudes usually represent the values the individual posses. We gain values, though our upbringing and training. Our value system encourages or discourages us to buy certain products. For example, our value system allows or disallows us to purchase products such as cigarettes, alcohol, drugs, etc.
- **Knowledge Function** – Individuals’ continuously seeks knowledge and information. When an individual gets information about a particular product, he creates and modifies his attitude towards that product.

MODELS OF ATTITUDE

The following are the models of attitude

- **Tri-component Model** – According to tri-component model, attitude consists of the following three components.
- **Cognitive Component** – The first component is cognitive component. It consists of an individual’s knowledge or perception towards few products or services through personal experience or related information from various sources. This knowledge, usually results in beliefs, which a consumer has, and specific behavior.
- **Affective Component** – The second part is the affective component. This consists of a person’s feelings, sentiments, and emotions for a particular brand or product. They treat them as the primary criteria for the purpose of evaluation. The state of mind also plays a major role, like the sadness, happiness, anger, or stress, which also affects the attitude of a consumer.

- **Conative Component** – The last component is conative component, which consists of a person's intention or likelihood towards a particular product. It usually means the actual behavior of the person or his intention.

Consumer Motivation

23rd February 2020



By INDIAFREENOTES

Consumer motivation is an internal state that drives people to identify and buy products or services that fulfill conscious and unconscious needs or desires. The fulfillment of those needs can then motivate them to make a repeat purchase or to find different goods and services to better fulfill those needs.

Needs are the core of the marketing concept. The study of Motivation refers to all the processes that drives in a person to perceive a need and pursue a definite course of action to fulfill that need.

What are Needs: Every individual has needs that are required to be fulfilled. Primary needs are food, clothing, shelter and secondary needs are society, culture etc.

What are Wants: Needs are the necessities, but wants are something more in addition to the needs. For example, food is a need and type of food is our want.

What are Goals: Goals are the objectives that have to be fulfilled. Goals are generic and product specific in nature. Generic goals are general in nature, whereas product specific goals are the desires of a specific nature.

Maslow's Need Hierarchy Theory



- **Physiological Needs:** Food, clothing, air, and shelter are the first level needs. They are known as the basic necessities or primary needs.
- **Safety or Security Needs:** Once the first level needs are satisfied, consumers move to the next level. Physical safety, security, stability and protection are the security needs.
- **Social Needs:** After the safety needs are satisfied, consumers expect friendship, belonging, attachment. They need to maintain themselves in a society and try to be accepted.
- **Esteem Needs:** Then comes esteem needs such as self-esteem, status, prestige. Individuals here in this stage want to rise above the general level as compared to others to achieve mental satisfaction.
- **Self-Actualization:** This is the highest stage of the hierarchy. People here, try to excel in their field and improve their level of achievement. They are known as self-actualizers.

FACTORS INFLUENCE CONSUMER MOTIVATION

Three main factors work together to predict consumer behavior: emotions, situation, and personality:

- **Emotions** – Humans use feelings as information about objects, tasks, products, and people. These emotions are flexible and context-specific. For example, a consumer can feel either relaxed at a spa or excited at a basketball game. Both are positive emotions but are very different on an arousal levels. Relaxation may motivate someone to linger and let their minds wander, while excitement may motivate them to cheer loudly, buy a beer, or a team jersey.
- **Situation** – Situational cues may make certain ideas more salient or top of mind, causing people to act in ways they otherwise might not. The next time you're in a grocery store, pay attention to how many "free" samples you eat along your shopping journey. Research shows that people tend to taste more samples when they see others sampling them as well.

- Personality** – People vary in the relative importance they place on different human needs. For some individuals, the need to belong (i.e., being able to build and maintain strong connections with family and friends) is of great importance, while others are driven by their need to explore is a major driving force (i.e., to discover and create new things). Differences in the predominance of these needs influence consumers’ reactions to ads, preferences, and shopping strategies. For instance, a person who is high in “belonging” is more likely to spend his hard-earned money on a family trip to Disney over a personal shopping spree.

CONSUMER PERSONALITY

To understand the buyer habits and his priorities, it is required to understand and know the personality of the buyer. Personality signifies **the inner psychological characteristics that reflect how a person reacts to his environment**. Personality shows the individual choices for various products and brands.

Personality and Understanding Consumer Behavior



Characteristics of Personality

- Personality is more of an internal factor
- It gets reflected in the pattern of response in humans
- It is a collection of mannerisms, attributes and factors which are unique to every human being
- It is associated with the psychological factors related to the human
- Conglomeration of many traits makes a personality
- Personality is a highly integrated structure which gets formed due to the rounded effort of all factors concerned
- Personality serves its needs all by itself without much dependence on external factors
- The individualistic characteristics of personality is what differentiates one human being from the other
- Personality expresses itself in the form of behaviour by being overt
- Personality once established remains the same exhibiting high levels of consistency

Approaches to Personality

Many approaches have been adapted by researchers to study the personality of an individual. They are:

(1) Psycho-graphic Approach

Psychographic Approach takes a different pathway for inferring traits of each personality than other approaches. While the other approaches use Personality traits to understand the reasons behind behaviours, Psychographic approach studies the tendencies of individual behaviours to arrive at Personality traits.

(2) Typology Approach

Typology approach tends to group people who are of similar personality types. Studies based on this approach take up to understanding each personality type in an in depth manner by focussing on each of them individually.

(3) Psychoanalytic Approach

Psychoanalytic Approach relies upon Psychoanalysis which is an in depth study into the situations, events and processes that has determined the personality factors. Known also as Freudian Psychology, Psychographic Approach tends to make people understand the factors that have shaped their personality type. This helps individuals cope up with their life events in a more efficient manner.

(4) Trait & Factor Approach

The Trait and Factor Approach tends to analyze each and every factor associated with personalities. All such factors that make up a rounded personality are then arrived at by categorizing the same in an individual manner.

CUSTOMER PERSONALITY TYPES

1. The Analytical

People who possess this personality look for facts and figures in a sales presentation. In a post written by HubSpot's Leslie Ye, she explains that people with this personality type do advanced research on the business contact prior to the initial interaction. Analytics prefer to have deeper knowledge about the subject before getting convinced on a particular matter. They verify each bit of information and focus more on the brand's features to make sure of its quality and efficiency. These customers use most of their logical thinking rather than their emotional side when it comes to making decisions.

How to handle:

Focus on providing information relevant to what your business can do for them. Use qualitative and statistical data that shows exact representations of facts to attract attention and stir interest. Since these people are information-oriented and have a keen eye for detail, you need to be specific and direct when delivering your pitch. Expect questions and clarifications during the selling process. This indicates that they're interested in knowing your business more. Be patient because analytical customers are slow decision makers.

2. The Amiable

The Amiable are respectful, sociable, and trustworthy. They're good at listening to and forming relationships with others. Unlike analytical thinkers, amiable people care more about building rapport and establishing trust with other professionals. They're more interested in conducting business transactions with people who meet their buying expectations. Their decision relies on how the company manages to value their interest in relationship-building.

How to handle:

Address their needs based on answers to increase your chances of closing more sales. Make yourself likeable by creating a good impression and recognising their presence. Asking questions that show your interest adds a personal touch to your pitch. This makes them feel valued, which nurtures your relationship with them. Provide relevant questions that allow them to share their personal experiences about a certain product. Address their needs based on answers to increase your chances of closing more sales. You can also introduce some of your colleagues who can offer help and assistance in their decision-making.

3. The Expressive

People with the expressive personality use most of their creative side to voice out their opinions on a particular topic. When presented with facts, they'd prefer to share their own perspective rather than ask for additional information. However, they know how to show respect others as much as they want them to be respected. Similar to those with an amiable personality, they give importance to relationships. They value the welfare of the people who can be affected by their choices. Unlike analytical and amiable customers, expressive individuals are fast decision makers.

How to handle

Tell stories that are relevant to the topic and to each concerned individual. You can also share your own experiences to help them better understand what's being discussed. Focus on showing what your business can do for them while concentrating on a possible outcome they may encounter after the purchase. Connect with them and establish a deeper level of relationship by tapping into their emotions. While facts and other data can help, these type of customers set their minds in making and fulfilling decisions that people will love.

4. The Driver

People with this personality are mostly self-centered and opinionated. They find pleasure in manipulating a pitch that identifies them as reasonable and authoritative. According to speaking expert Rick Segel, drivers expect all information to be delivered in the quickest way possible because they're goal-oriented. They're commanding in nature and motivated to achieve their objectives. They want immediate answers and solutions. They also value competence as much as they value expertise and preparation. Similar to expressive customers, drivers are fast decision makers.

How to handle

Get straight to the point when expounding on your pitch. Be direct without compromising clarity and quality of your performance. Provide facts and evidences to help them easily understand your message and make quick decisions. Mentioning irrelevant or unnecessary information will only waste both your time and effort. So be careful to give only what's needed in a particular discussion. Highlight how your business will enable them to reach their goals and let them stand out from the competition.

CONSUMER PSYCHOGRAPHIC

Psychographics is the study of consumers based on their activities, interests, and opinions (AIOs). It goes beyond classifying people based on general demographic data, such as age, gender, or race.

TYPES OF PSYCHOGRAPHIC SEGMENTATION

The list of lifestyle variables is as long as it is broad but generally, when marketers talk about psychographic segmentation, they mean one or more of the following characteristics.

Stage of Life

Where does the customer sit in her life cycle? Does she still live at home with parents? *Is she pre-family*, with her own household but no children? Does she have dependent children? *Is she an empty nester* or one-half of an *older, childless couples*? Two people of the same age, location and gender may have different buying habits depending on their life stage.

Opinions, Interests and Hobbies

This category covers a huge area and includes consumers' sporting activities, views on the environment, cultural issues, reading habits, political opinions, what interests them and what they do in their spare time. Anything that the customer holds close to his heart, regardless of whether her heart values yoga or junk car racing, this will have a material impact on the products they buy.

A good example here is the upsurge in demand for "free-from" products (gluten free, dairy free, preservative free and so on). These products appeal to a specific consumer group who are concerned about their health and where their food comes from.

Personality

How self-confident, dominant or sociable is the consumer? How traditional or avant-garde is he in his tastes? These variables are important because people buy products that match up to their concept of themselves.

To see how this might play out, Hilton Worldwide commissioned a study that identified consumers with various personality traits. These people were then shown them a series of Facebook ads. Some ads were matched to a particular personality preference — ads aimed at extroverts spoke of "good vibes" and "fun," for

example, while ads aimed at the conscientious contained messages of hard work and organization. Some ads were mismatched. The researchers wanted to find out whether the targeted ads would perform better than those without a personality correlation.

The results were striking, with personality-matched ads getting at least twice the click-through rates of the mismatched ads.

Brand Loyalty

Some customers buy the same brand all the time; others will swap out brands according to offers and availability. It is often said that finding new customers is ten-times harder than keeping your old ones, so there are considerable savings to be made if a company can focus its efforts on an existing, loyal customer base.

Events and Occasions

This segment identifies when customers consume a product or service. For instance, some people will buy red roses only on Valentine's Day, and jewelry only for Christmas and birthdays, whereas other consumers will purchase these products more regularly. Now that you understand these motivations, could you develop a strategy to change the consumers' perception of the product as a special-occasion treat?

What Are the Advantages of Consumer Psychographics?

For many years, marketers have concentrated predominantly on demographics to figure out customers' motivations. Psychographics divides customers on the basis of finer characteristics. Adding lifestyle factors into the mix can leave you one step ahead of the competition.

Apart from the obvious advantage of increased sales, there are several other benefits associated with psychographic customer segmentation:

- Increased perception of the brand in the eyes of the customer.
- Better inputs for the development of new products that the customer will enjoy.
- Simpler to create and more efficient marketing strategies.
- Higher degree of customer loyalty, resulting in repeat business.
- Less cash spent on marketing, since your messages are more specific.

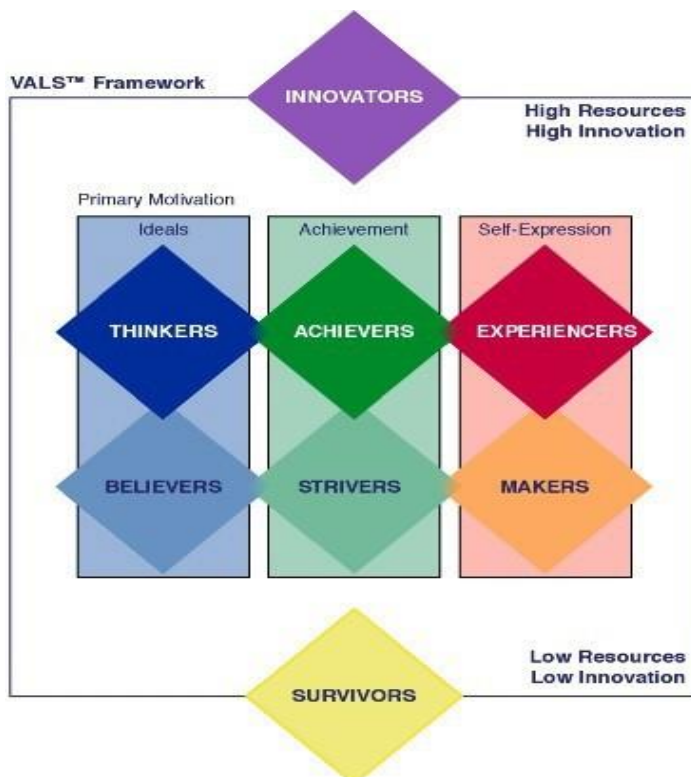
CONSUMER VALUES AND LIFE STYLES

Values and Lifestyles is an approach to market segmentation whereby consumers are segmented into mutually exclusive groups based on their psychographics. Acronym is VALS. VALS segmentation has been used to: Identify target markets. Geographically locate consumers.

Types of Values And Lifestyles (VALS)

Determined on this basis, there are 8 VALS types which are used to study a customer:

1. **Innovators:** successful, sophisticated, abundant resources, exhibit all three primary motivations
2. **Experiencers:** young, enthusiastic, impulse buyers
3. **Thinkers:** mature, satisfied, well-educated, seek out information in decision making process
4. **Achievers:** goal-oriented lifestyle, deep commitment to family and career
5. **Believers:** conservative, conventional, follow established codes
6. **Strivers:** fun-loving, trendy, seek approval of others, money defines success
7. **Makers:** enough energy and skill to carry out their projects themselves
8. **Survivors:** narrowly-focused lives, few resources



STRATEGIC MARKETING APPLICATIONS

Strategic marketing is the **tactical methods used to implement the goals and objectives of a formal, written marketing plan**. Here, the company's mission and vision statements are tied to activities and tasks that fulfill specific needs of the organization's target market.

MARKET SEGMENTATION

The basic definition of market segmentation is when your target audience is divided into smaller categories that share similar characteristics.

Here are a few reasons why this can benefit your brand:

- Creating hyper-targeted ads;
- Building stronger relationships with customers;
- Differentiating your brand from competitors;
- Identifying marketing tactics that have more impact.

With market segmentation, you will likely find that certain sections of your audience are more motivated to purchase during certain seasons. Perhaps people living in specific local areas are more interested in a subsection of your products, and so on.

MARKET SEGMENTATION: KEY CRITERIA

You can and should define your own customer segmentation, but the key textbook examples are:

- **Geographic:** country/city, urban/rural etc.
- **Demographic:** age, religion, gender, income, socio-economic type, education, family size/status
- **Psychographic:** lifestyle, interests, hobbies, opinions, influencers
- **Behavioral:** buyer journey stage, brand loyalty traits, price sensitivity, purchasing style, usage rate
- **Media:** social media/TV/newspapers/search engine preferences
- **Benefit:** customer service, quality, and other specific expectations.

Geographic Segmentation

This is one of the simplest target market segmentation methods. You'll divide your customers based on their geographic borders. You can segment them according to:

- City / State / Country / Zipcode
- Radius around a location
- Climate
- Rural or urban

When it comes to geographic market segmentation examples, consider a brand that sells a variety of clothing styles. They'll want to segment their audience according to the climate in order to target people who are in need of warmer clothing versus cooler clothing according to the season in their area.

Brands that have a brick-and-mortar store but also sell their goods online may also want to provide special incentives for customers who live near their physical location.

Demographic Segmentation

Target market segmentation based on demographics can be one of the most effective ways to target specific customers. The reason for this is because you can uncover the demographics of your audience easily.

You can also discover demographic information by using Facebook Audience Insight, Instagram Audience Insight, and Google Analytics. These easy-to-use tools will give you information on the following:

- Age / Sex;
- Location;
- Ethnicity;
- Income / Employment status;
- Times they're most often online;
- Household, and so on.

Segmenting a target audience based on demographics can open up new possibilities for your marketing strategies. For instance, new products that are coming to market that are only relevant to women will save

marketing dollars over time. Brands that are also selling luxury goods will find more success by marketing to people who have higher incomes.

Your audience may be primarily teenagers or young adults, but you'll also want to keep in mind that their parents may be interested in products when it comes to purchasing gifts for them. Marketing towards their parents can help you fill in the gaps when it comes to dryer seasons.

Psychographic Segmentation

Psychographic segmentation is all about the target audience's minds. By knowing what they care about on a day-to-day basis, you'll be able to create content that they engage with consistently and share with family and friends. This includes learning their:

- Personalities;
- Hobbies / Interests;
- Values / Goals / Beliefs;
- Lifestyles.

These can be much harder to identify compared to demographics and location. However, once you have a good grasp of your audience's psychographics, you'll be able to tailor your marketing strategies in a more personally way.

Beyond selling a product or service, using psychographic information in your marketing can help build relationships and rapport with customers. You'll be able to build a strong following of people who trust the brand! If you don't know where to start on uncovering this data, try including more questions in your emails, social media content, and more. People are happy to answer quick questions about themselves when it comes to their aspirations and dreams. You can also ask them about their opinions of current events or “this vs that” questions.

B2B Segmentation

B2B companies need to use different tactics and strategies when it comes to segmenting audiences. Although it may seem more difficult compared to B2C, you'll be able to differentiate companies just as effectively with the following tactics.

Firmographics

You can think of firmographics as demographics for B2C market segmentation. You'll take into account the size of the company, the culture, industry, location, and more. This is one of the most popular ways to segment companies, because it's fairly easy to acquire this information.

It's also straightforward to describe different company segments to different departments. For instance, the sales department will easily understand the prioritization of companies with 200 employees or more.

Tiering

Customer tiering is based on how well you think a company can match your business goals. For instance, companies that will be able to match your sales goals each month may be at the top of your tier. By segmenting customers based on their customer lifetime value, you'll be able to use your marketing dollars in a more effective way.

This doesn't mean that you'll ignore companies that have a lower customer lifetime value. Instead, you can focus on products and services they need rather than trying to draw them in with offers that they historically don't value.

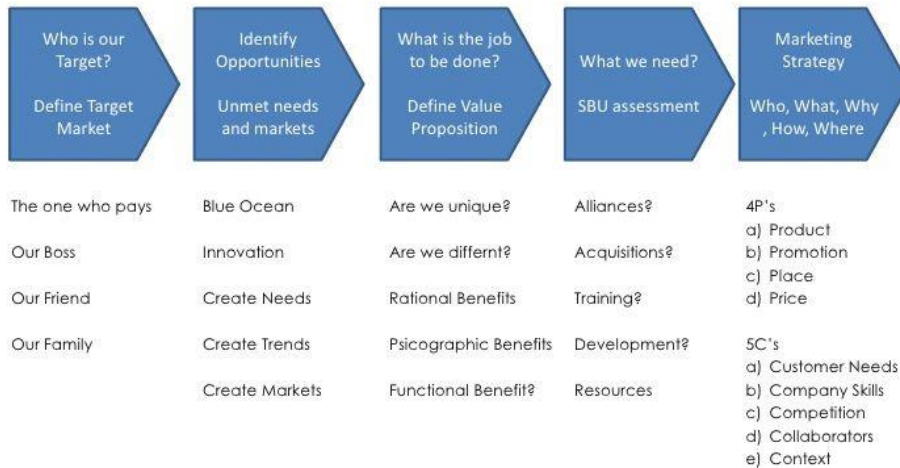
Needs

This is one of the most straightforward ways to segment B2B customers. For instance, if you're a company that offers remote HR solutions, you'll be able to segment your customers based on how often they need your services. This also ties into company firmographics, as the size of a company, as well as their budget, can help determine the solutions they're looking for. You may have older companies that still prefer placing orders over the phone. Conversely, some companies need to be able to easily order online at any time. The main downside of this type of segmentation is that it's harder to communicate to other departments. This can be tackled with comprehensive documentation for each company based on their history with your company.

Behavior

Last but not least, segmenting customers based on behavior is a nice complement to needs-based customer segmentation. The reason for this is because you'll be paying attention to how they interact and engage with the products and services. Perhaps a company seems to be struggling with implementing your SaaS platform and frequently calls the customer service line for help. If this is the case, there may be simpler solutions available that you can recommend that will make it easier for them in the future. You'll be taking a look at each customer and considering whether there's any upsell potential, or whether you're at risk of losing them

Strategic Marketing Process



Professor: Fernando Huerta

Strategic Marketing Planning

Product positioning is the process of determining new products' position in the minds of consumers. It includes analyzing the market and competitors' positions, defining the position of a new product among the existing ones, and communicating a particular brand's product image.

Contents

1. Why is product positioning important?
2. 5 Product Positioning Strategies
3. 10 Steps to Position Your Product
4. Examples of Product Positioning

Companies can implement product positioning by using communication channels, pricing, or quality of the products to stand out and be recognizable. In this article, we'll discuss the importance of product positioning and its benefits, talk about several strategies, explore the steps you need to take to position your product, and see several examples.

PRODUCT POSITIONING IMPORTANT

Each brand has to know its customers to provide a product that resonates with their needs. A well-thought-out strategy can determine the position of this product within the market and identify its benefits for consumers.

The process involves creating a particular image of a brand and its products in consumers' minds and identifying the key benefits to show how a particular product differs from competitors' alternatives. Afterward, the difference is communicated to a brand's target audience through the most effective communication channels. The messages brands convey to their customers should evoke interest.

Marketers need to determine the best ways to present specific products and reach their target audience based on customers' needs, competitive alternatives, the most effective communication channels, and tailored messages. Implementing product positioning strategies enables companies to create messages that address their customers' needs and wants and entice them to purchase.

There are even more pros this type of marketing can bring, so check out our list to know all of them.

BENEFITS OF PRODUCT POSITIONING

We've prepared the top benefits of product positioning that show why it's one of the most effective marketing tactics. It helps in:

- identifying key benefits of a product and matching them with customers' needs;
- finding a competitive advantage even when the market changes;
- meeting customers' expectations;
- reinforcing your brand's name and its products;
- winning customer loyalty;
- creating an effective promotional strategy;
- attracting different customers;
- improving competitive strength;
- launching new products;
- presenting new features of existing products.

PRODUCT POSITIONING STRATEGIES

1. Characteristics-based positioning
2. Pricing-based positioning
3. Use or application-based positioning
4. Quality or prestige-based positioning
5. Competitor-based positioning

While a lot of time is devoted to product development, only a few companies think about how consumers will perceive the product when it's already in the market. Product positioning is about understanding the products you decide to introduce to the masses. That's why it's critical to pay attention to what your customers think. Let's explore the key strategies that will help you define the position of your product.

- **Characteristics-based positioning.** Brands give certain characteristics to their products that aim at creating associations. It's done to make consumers choose based on brand image and product characteristics. Let's take the automobile industry, for example. A person who worries about safety will probably choose Volvo because of the brand's positioning. At the same time, another customer who pays attention to reliability would prefer Toyota.
- **Pricing-based positioning.** This strategy involves associating your company with competitive pricing. Brands often position themselves as those that offer products or services at the lowest price. Let's take supermarkets, for example. They can afford to provide customers with products for lower prices because of the lower costs they pay for shipping and distribution, huge turnover, and a large procurement of goods. As a result, many consumers already know the supermarkets with attractive prices and choose them without considering other options.
- **Use or application-based positioning.** Companies can also position themselves by associating with a certain use or application. People who adhere to a healthy lifestyle create a great demand for products that help increase performance in the gym. Hence, many businesses offer nutritional supplements. These brands sell supplements that are high in calories, vitamins, and minerals.
- **Quality or prestige-based positioning.** The brands we are talking about now don't concentrate on their price point; they focus on their prestige or high quality instead. Sometimes, it's the reputation that makes a brand attract customers. Let's take Rolex, for example. This famous watch brand is associated with achievement and excellence in sport and is popular among powerful and wealthy people.

- **Competitor-based positioning.** The strategy involves using competitors' alternatives to differentiate products and highlight their advantages. It helps brands distinguish their products and show their uniqueness.

STEPS TO POSITION YOUR PRODUCT

1. Define your target audience
2. Identify the key benefits of your product
3. Establish brand credibility
4. Offer a unique value proposition
5. Consider audience segmentation
6. Craft your messaging
7. Do a competitive analysis
8. Demonstrate your expertise
9. Focus on your competitive advantage
10. Maintain your brand's position

The way your customers perceive your brand is crucial since they define your sales volume, the success of your business, and the profits your company will earn. Therefore, you should be ready to present your products honestly and effectively. To do this, you need to consider the following steps.

1. **Define your target audience.** Knowing your customers' needs, wants, demographics, and interests allows you to give them the product they strive for. This way, you can reach your target audience and motivate them to buy your products. For this purpose, you need to be well-prepared and operate the necessary information.
2. **Identify the key benefits of your product.** Benefits are a top priority for any customer who wants to solve a particular problem. As a business owner, you need to know all the peculiarities of your products or services, including their features and advantages. You need to identify your key perks and communicate them to the masses so that they can consider your product when reviewing several options.
3. **Establish brand credibility.** You need to create a brand that people can rely on to build trusting relationships and encourage your customers to make repeat purchases. Consumers are more inclined to make repeat purchases from companies with a good reputation and high credibility. Remember not to make promises you can't keep and claims that can't be verified. Prioritize honesty and transparency since they will help you build a healthy product positioning strategy.

4. **Offer a unique value proposition.** Communicate the value your product can bring to your target audience. You need to be aware of the fact that consumers won't choose a product if they can't benefit from it. Explore your product, find its benefits, and search for the most appropriate communication channels to convey them to your leads and customers effectively.
5. **Consider audience segmentation.** If you want to obtain the best results, you need to segment your audience since your product can't satisfy all your customers' needs. You can divide them into groups based on their interests, traits, and needs to create customized messages. As a result, you'll be able to appeal to their individual wants and needs and provide them with your product as a solution.
6. **Craft your messaging.** Once you segment your customers, it's necessary to select the right communication channels for each group. Some of them might prefer social media platforms, but others might use traditional channels like TV and radio. Give some thought to writing a positioning statement (a description of a product, its target audience, and how this product can solve a problem that arises). It will help you prepare personalized and effective messages that speak to the needs and preferences of each group.
7. **Do a competitive analysis.** Once your message is ready, you need to evaluate your competitors' businesses and the products or services they offer. Competitor research gives you a clear understanding of your rivals, their offers, and what makes your product different in a positive way. Afterward, you'll be aware of the distinctive features and benefits your product has, your core values, innovations, and various improvements your company provides consumers with.
8. **Demonstrate your expertise.** Explain to your customers why they should choose you over your competitors. You should also prove that your product is better and that it has several benefits useful for consumers. There are several ways to show the quality of your product or its benefits: testing, trials, demonstrations, etc.
9. **Focus on your competitive advantage.** These are the factors that enable your company to manufacture better or cheaper products and outperform your competitors. You need to speak about the actual benefit your product provides. Customers should truly need this product and obtain its visible value. It also includes staying up-to-date and adapting to new trends and innovations.
10. **Maintain your brand's position.** Once you reach this step, you need to maintain your brand's position so that customers continue buying your products. If you aim to operate this successfully, you should never compromise on quality and increase or reduce prices drastically since it can make customers suspicious.

REPOSITIONING IN MARKETING

In a world where your marketing strategy should always be customer-centric, repositioning in marketing gives you a unique opportunity to update perceptions of your product or service. By changing how your product or service is seen, your brand may be able to compete more effectively in the market or enter new market segments so that you can create targeting for new audiences.

What is repositioning in marketing usually caused by?

Some reasons you may want to start repositioning your product or service may include:

- **Changes in your competition:** A competitor's innovation may have made your product less appealing, or their pricing may have caused a dip in your sales.
- **Changes in the market:** There may have been a recession, or people may have more disposable income. There may also have been social forces at work dictating purchasing decisions, such as sustainability.
- **Changes in consumer habits:** These may include evolving preferences such as using the internet as a resource to decide or find information on your product or service.
- **Changes in your internal business environment:** This may include a change in management or strategy, new technology being introduced, or the acquisition of something that enables you to better differentiate from your competitors.

What does repositioning in marketing look like?

The first part of repositioning is usually to develop a marketing plan as to how exactly you will appeal to new segments of the market. This may include amending elements of your product or service, including:

- **Price:** Here, you may offer more tiers of pricing, decide to produce a premium offering, or ensure you have low-cost options for customers.
- **Marketing strategy:** You may change the channels through which you try to reach customers by offering more of a digital presence, for example, or creating more experiential, event-based marketing.
- **Target audience:** Here, you may switch the size of companies you aim to reach if you are a B2B business, for example, or try to reach a different age or location cohort.

- **Customer engagement:** You may look at growing brand loyalty through things like exclusive discounts, newsletters, or events.
- **Color scheme:** If you are aiming to reach a new age group or international market, you may use color schemes to differentiate from competitors, for example.
- **Logo design:** Here, you may get your design team to create a new logo to spark renewed and first-time interest in your brand.
- **Tagline:** If you are using outdoor marketing or digital marketing, you may also want to use your tagline to reshape customers' perceptions of your product or service.

PERCEPTUAL MAPPING

Perceptual maps only **measure the perceived traits of a brand or product**, while positioning maps compare the actual traits. For example, compare the viewpoints of a young adult analyzing a car's safety and a veteran insurance salesman doing the same.

Types of Perceptual Maps

There are multiple types of perceptual maps. Simple maps like the one above represent just two variables, but perceptual maps can also be created using sophisticated multivariate factor analysis and statistical software.

Both simple and complex perceptual maps have their purposes.

The data required for simple maps can be collected more conveniently, which allows for quick insights. Alternatively, more complex maps consisting of three or more variables can uncover even deeper insights into the dynamics of a particular market, which allows for the identification of future growth opportunities.

How To Build a Perceptual Map

For the sake of simplicity, let's continue with our breakfast cereal example.

Step #1: Select Your Determinant Attributes

Determinant attributes are the variables that the customer factors into their decision to purchase the cereal or not. These attributes will always be important to customers, as they help to differentiate competitive offerings in the market.

The best determinant attributes for your study will vary depending on your topic of interest.

If you just want to learn the basic dynamics of a market, it's best practice to consider the attributes that are most important to the average consumer's experience. This will entail some generalization, but that's fine while performing exploratory research.

Remember that in this example we're using health and taste as our determinant variables.

Step #2: Build and Distribute a Survey

In order to establish a significant dataset to work with, we'd need to build and distribute a survey to an audience that is relevant to our study.

Building and administering a survey in Alchemer is simple and straightforward, which will allow you to get to the actual perceptual mapping stage of your study faster.

In this case, we'd want to include questions that address the tastes and nutritional values of cereal products provided by competitors in the cereal market.

We could then leverage panel services to identify an audience of routine cereal eaters.

Step #3: Create Scores for The Brands in The Market

It's time to start analyzing your survey response data. Pay particular attention to the differences in how respondents felt about cereals being offered by competing brands.

This data will often come in the form of qualitative data from some questions that are open ended in your survey. In these cases, it's essential to create numeric scales such as Likert Scales, from which you can analyze long form responses and then assign the response a numerical value.

While considering our selected determinant attributes of health and taste, we would then need to provide each brand with a comprehensive score. This score represents how the average target consumer feels about the brand's product offering.

Step #4: Create Your Perceptual Map

Once you've scored each brand, it's time to build your perceptual map and plot the brands accordingly.

Staying true to the structuring discussed earlier in this post, our X axis will represent nutritional content, and our Y axis will represent taste.

Once we plot our brands accordingly based on their customer perspective scores, our perceptual map will be complete, and we'll have an easily digestible data visualization to work with.

MARKETING COMMUNICATION

Marketing communication (MarCom) is the process of combining different marketing messages and media in order to communicate with the market. If the promotional campaign is good, then it creates a good response in the audience. However, marketing communication often deals with the problems of the target audience like immediate awareness, image, and preferences.

When we talk about marketing communication, then it has some limitations. Like it doesn't create short-term results from the targeted customers, and the high cost.

Marketing communication is a mix of advertising, public relations, mass media, social media, branding, packaging and other print material that can help you to convey your message with the market.

Most marketers have been using marketing communication in recent years. It's to establish a relationship with customers in various stages like post utilization, selling, and pre-selling. Since there are different types of customers, therefore, marketers develop various communication programs to target different segments of the market.

OBJECTIVES OF MARKETING COMMUNICATION

The marketing communication has got three main objectives, and they're as follows;

To Communicate

The primary objective of marketing communication is to share ideas, thoughts, and views with the target audience. Companies do it through public relations, sales promotion, personal selling, and advertising. However, the goal of effective communication is to get things done.

While developing the marketing messages, make sure that it's truthful, accurate, and useful to all the parties. It's because of the persistence of the market communication, it should maintain integrity.

To Compete

The second objective of marketing communication is to compete in the market, and it offers many marketing opportunities. It's possible that the competitors are offering the same product at a similar price, and in the same store. However, marketing communication allows you to differentiate your product/service in order to appeal to the target customer, and it helps to develop brand loyalty. If a company is not following the MC strategy, then it would appear unattractive to the customers.

To Convince

Convincing the customers is also the main objective of marketing communication. If you convince them well, then it would lead them to take the desired action whatever you want. Therefore, marketers should communicate in a convincing manner. Sometimes, you have to reconvince the same customers, because a customer won't buy your product/service over and over again.

Element of Marketing Communication Process

It's important to be familiar with the process of marketing communication in order to be effective in the communication. Some of the main elements of the MC process are as follows;

- **Sender.** It's the person that is conveying the information or message to the party or group of people.
- **Encoding.** It's the process of converting your ideas/thoughts/emotions into meaningful symbols like gestures, body language, signs, or words.
- **Message.** It's a combination of signs and symbols that senders are imparting.
- **Media.** The media is the channel that the sender is using to transmit the message to the receiver.

- **Decoding.** Decoding is the process of converting signs and symbols into meaningful thoughts or messages.
- **Receiver.** Receiver is the person that the sender has sent the message to and the person who received the message.
- **Response.** It's the reaction that the receiver shows before sending the message.
- **Feedback.** It's the feedback that the receiver of the message sends back to the sender.
- **Noise.** It's the unwanted distortion that occurs during the communication process, and it causes the receiver to comprehend the wrong meaning of the message.

Communication would be effective if the encoded and the decoded messages are the same. Most importantly, the signs and symbols that the sender is sending should be understandable to the receiver.

Types of Marketing Communication

Some of the main types of marketing communication mix are as follows;

Advertising

Advertising is a very powerful and effective type of marketing communication. It allows you to reach a wide target audience in terms of message delivery and frequently. However, it's a very costly type of marketing strategy, and you should try to make the most of it. There are various types of media tools to reach different types of audiences.

You should allocate a specific budget for advertising, whether it's for advertisement or Ad creation. If you're creating an ad by yourself requires you to have the team or the skill/expertise, then it would be very cost-efficient. It's important to keep in mind that Ads companies charge a plethora of money to create an ad.

Public Relations

Public relations also fall under the category of marketing communication and it helps you to spread brand awareness in a subtle way. That's how it's different from advertisement. However, the advertising method follows the subjective, self-serving, and aggressive approach, whereas the public relations follow the objective and softer approach. In terms of cost, it offers free communication.

Sales Promotion

Sales promotion is a very famous type of communication where you offer discounts, and it compels customers to make an instant purchase decision. It helps businesses to increase the sale. You might be wondering how to make use of the sale promotion in order to increase the sale.

Many marketers use sales promotions techniques like coupons and discounts to attract the attention of customers. It allows you to reach more people because of its popularity. However, they use devices like Cetera, window signs, overhead signs, and shelf talkers.

Personal Selling

Personal selling is the direct and face-to-face type of marketing communication. Connecting via online channels like telephone, internet, or emails are also falls under the category of personal selling. The personal selling technique allows you to receive direct feedback from customers, with customer feedback you don't whether your marketing strategy is working or not.

Mass Media

Mass media comprises electronic and print media, and it allows you to reach a mass audience at a specific price. If your business or company has media marketing, then you should use this communication channel. However, it's a traditional one-way marketing communication method, where you only send marketing messages without getting any feedback. Sometimes, you don't know whether the right audience has received the message or not.

Social Media

Social media is the most recent form of marketing communication through various social media platforms like Facebook, Google, Instagram, Twitter, etc. It allows you to approach the mass target customers directly without any boundary restrictions across the world. However, social media is the modern form of mass media that allows you to have two communications and receive feedback from customers.

Tips of Effective Marketing Communications

Some of the important tips that you should keep in mind in order to have effective marketing communication are as follows;

Persuasive Message

The needs want, expectations, and requirements of various customers are different, and that's why you should target different customers based on their needs, instead of treating everyone with the same offer

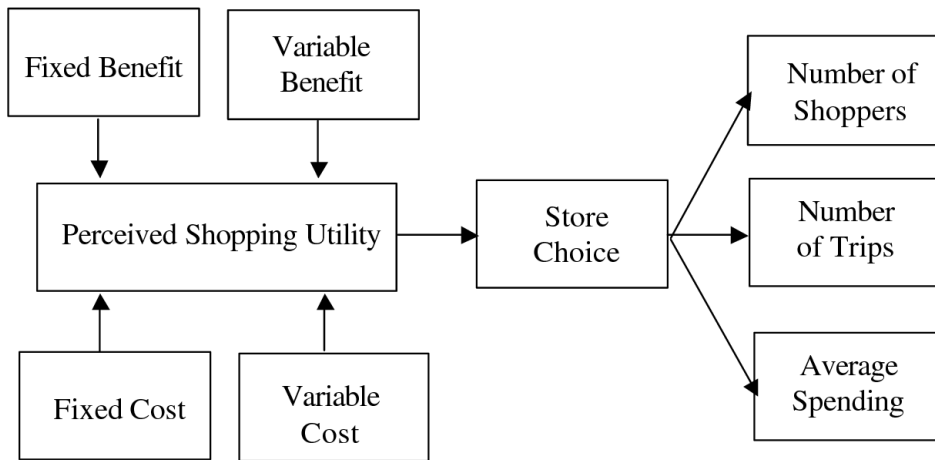
Design

Various media channels like brochures, digital media, TV, social media, newspaper, and magazines have different designs and settings. Therefore, you should develop different designs and messages for different channels.

Feedback

You should reach out to your target audience and ask them for their feedback, and it would help you to rectify your marketing message.

STORE CHOICE AND SHOPPING BEHAVIOUR

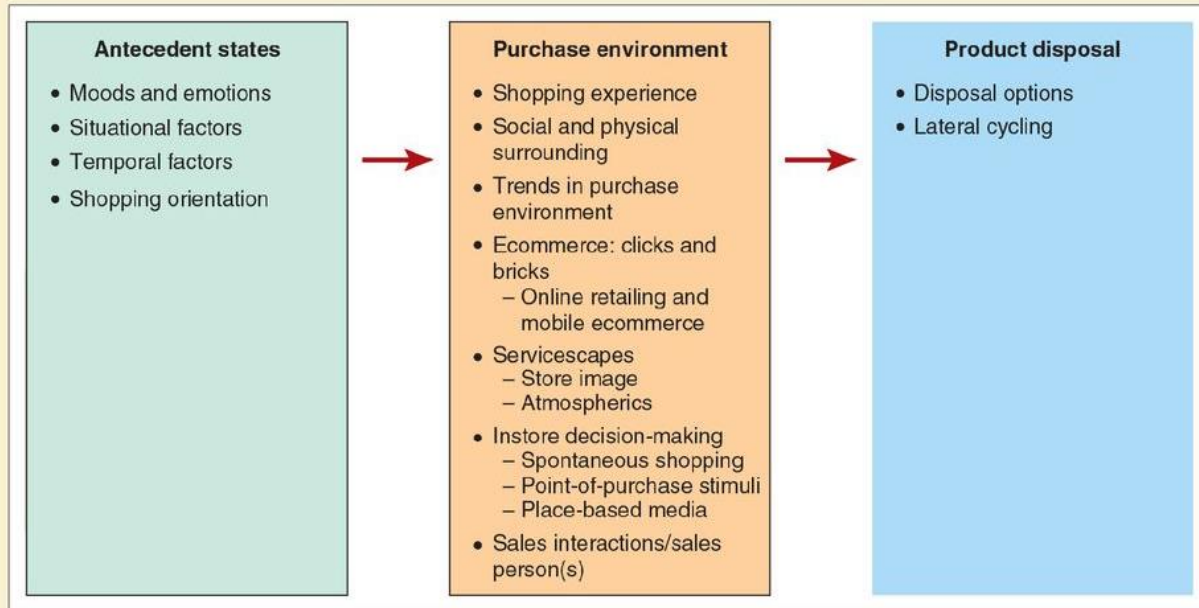


Types of Buying Decision Behavior

	High involvement	Low involvement
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

IEDuNote.com

Factors affecting a customer's choice



In-store stimuli are **promotional techniques employed to increase unplanned (or subconsciously planned) purchases of products.**

Consumerism is **the idea that increasing the consumption of goods and services purchased in the market is always a desirable goal**, and that a person's well-being and happiness depend fundamentally on obtaining consumer goods and material possessions.

Consumer Rights

Right to safety

Means right to be protected against the marketing of goods and services, which are hazardous to life and property. The purchased goods and services availed of should not only meet their immediate needs, but also fulfil long term interests. Before purchasing, consumers should insist on the quality of the products as well as on the guarantee of the products and services. They should preferably purchase quality marked products such as ISI, AGMARK, etc

Right to choose

Means right to be assured, wherever possible of access to variety of goods and services at competitive price. In case of monopolies, it means right to be assured of satisfactory quality and service at a fair price. It also includes right to basic goods and services. This is because unrestricted right of the minority to choose can mean

a denial for the majority of its fair share. This right can be better exercised in a competitive market where a variety of goods are available at competitive prices

Right to be informed

Means right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices. Consumer should insist on getting all the information about the product or service before making a choice or a decision. This will enable him to act wisely and responsibly and also enable him to desist from falling prey to high pressure selling techniques.

Right to consumer education

Means the right to acquire the knowledge and skill to be an informed consumer throughout life. Ignorance of consumers, particularly of rural consumers, is mainly responsible for their exploitation. They should know their rights and must exercise them. Only then real consumer protection can be achieved with success.

Right to be heard

Means that consumer's interests will receive due consideration at appropriate forums. It also includes right to be represented in various forums formed to consider the consumer's welfare. The Consumers should form non-political and non-commercial consumer organizations which can be given representation in various committees formed by the Government and other bodies in matters relating to consumers.

Right to Seek redressal

Means right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers. It also includes right to fair settlement of the genuine grievances of the consumer. Consumers must make complaint for their genuine grievances. Many a times their complaint may be of small value but its impact on the society as a whole may be very large. They can also take the help of consumer organisations in seeking redressal of their grievances.

As the markets are globalizing, the direct link between the manufacturer and the final user getting distant, post purchase grievances have to be heard through a strong redressal system. For this, **Consumer disputes redressal agencies (popularly known as Consumer Forums or Consumer Courts)** are set up under the Act at District, State and National level to provide simple and inexpensive quick redressal against consumer complaints. The District forum deals with complaints where the compensation sought is less than 23 lakhs. This limit is commonly known as the 'pecuniary jurisdiction' of the Consumer Redressal Forum. The State Forum deals with the complaints where the value of the goods and services and compensation claimed does not exceed rupees one crore and the National Forum entertains the complaints where the value of the goods or services and compensation claimed exceeds rupees one crore.

The Consumer Forum can order the company to take the following actions once it hears the complaint and decides that the company is at fault:

- Correct deficiencies in the product to what they claim.
- Repair defect free of charges
- Replace product with similar or superior product
- Issue a full refund of the price
- Pay compensation for damages / costs / inconveniences
- Withdraw the sale of the product altogether
- Discontinue or not repeat any unfair trade practice or the restrictive trade practice
- Issue corrective advertisement for any earlier misrepresentation

Consumer Protection Act

An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected connected therewith.” (According to Consumer Protection Act, 2019).

“An Act to provide for better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.”(According to Consumer Protection Act, 1986).

Consumer Protection Act, 1986 seeks to promote and protect the interest of consumers against deficiencies and defects in goods or services. It also seeks to secure the rights of a consumer against unfair or restrictive trade practices. This act was passed in Lok Sabha on 9th December, 1986 and Rajya Sabha on 10th December, 1986 and assented by the President of India on 24th December, 1986 and was published in the Gazette of India on 26th December, 1986.

Consumer Responsibilities

Ask Yourself!

- Have you faced any problems as a consumer?
- Have you ever complained when you have had such a problem?
- Do you know that you could seek the assistance of a consumer group to protect your interests?

Be Critically Aware

- The responsibility to be more alert and to question more – about prices, about quantity and quality of goods bought and services used.

Be Involved

- The responsibility to be assertive – to ensure that you get a fair deal as a consumer. Remember, if you are passive, you are likely to be exploited.

Be Organized

- The responsibility to join hands and raise voices as consumers; to fight in a collective and to develop the strength and influence to promote and protect consumer interest.

Practice Sustainable Consumption

- The responsibility to be aware of the impact of your consumption on other citizens, especially the disadvantaged or powerless groups; and to consume based on needs – not wants.

Be Responsible to the Environment

- The responsibility to be aware and to understand the environmental consequences of our consumption. We should recognize our individual and social responsibility to conserve natural resources and protect the earth for future generations.

responsibilities of Marketing departments

1. Responding to Customers' Needs

Marketing is about more than just creating a strategy and carrying it out. Marketing, at its core, is about responding to customer needs and wants.

In order to really be on top of your game, you need to pay attention to what's going on in the marketplace and identify problems that your customers might have.

Responding to customers' needs is the most important role of the marketing department.

It can be done in different ways, but I will touch on two of them:

1. Providing information about new products and services.

2. Asking for feedback through surveys or interviews after launching a product or service helps understand how customers feel about it.

It is also important to share with clients what has been achieved during the year and what is planned for the following year. It is vital that marketing departments keep communicating with their clients if they want to increase sales and profit.

2. Conduct and Manage Marketing Campaigns

In order to be a well-rounded marketer, you must know how to manage campaigns properly.

Campaigns are a series of marketing initiatives that take place over some time and have a specific goal in mind. Marketing campaigns can be for many reasons, from promoting a new product or service to raising employee morale. In either case, the success or failure of the campaign is based on how well it is managed as it runs its course through different phases.

The marketing team is responsible for managing the various marketing campaigns and initiatives of a company. Marketing managers are expected to be familiar with all aspects of the marketing process, from idea development through consumer research to product launch.

Marketing campaigns vary widely in scope, scale, and complexity; therefore, it is important that managers understand how to develop and manage these initiatives.

Managers must also take into account individual campaign objectives when determining their strategies and tactics.

Marketers who master the art of campaign management are those who pay attention to detail and make sure everything falls into place by all marketing team members.

3. Overseeing outside Vendors and Agencies

The Marketing Department is responsible for overseeing the work of outside vendors and agencies. These are companies that help with elements of marketing that are not part of your core operations.

The department oversees all activities and campaigns that promote a company's products and services

It is essential for marketing department managers to oversee vendors' work so they do not deviate from the agreed-upon plan or fall short of customer expectations.

Managers should also ensure that the vendor has proper insurance, as well as an established quality control program.

For example, you might have an agency create your website because you don't have the in-house talent to do it yourself.

Or maybe you use a direct mail company to print postcards. Outsourcing your marketing efforts gives you access to specialists who can offer more expertise than internal teams, who are already stretched thin with their own projects.

4. Monitoring and Managing Social Media

Marketers often become so focused on designing content that they forget to monitor it. Since social media is constantly changing and evolving, you must keep a close eye on the content you've posted.

The responsibility of monitoring your social media responsibilities doesn't fall solely on your shoulders as a marketer. Your larger team should work together to make sure your brand is represented in the right way at all times.

Social media can be used by marketing departments to get feedback, comments, ideas, and suggestions from customers. It also gives them an opportunity to see what people like or dislike about their brand or product.

Social media is a great way for companies to find out how they can improve their products and services. If something inappropriate or controversial gets posted, someone needs to address it quickly and take responsibility for the error.

There are a lot of tools out there that help you in monitoring and managing your social media, such as Hootsuite, Mention, and Sprout Social. Using one of these tools could really make marketing responsibilities easier, so it's always better to use one.

5. Keeping an Eye on Trends and Monitoring Competition

Marketing is no longer just about the analysis and synthesis of information. Nowadays, it's all about reacting faster than your competition and making the right decision at the right time.

As a professional in this sphere, you have to always keep an eye on trends and competitors' activity, analyze them and prioritize tasks for your team.

Marketing departments have a responsibility to keep an eye on the latest trends, new products, and services offered by their competitors.

They need to know what customers are demanding, how they want it delivered, the price point they are willing to pay for it, and how soon they want to get it.

Marketing departments also have a responsibility to monitor competition at all times. This helps them measure their performance against that of their competitors.

It is not easy, but this is the only way the marketing department can make sure that its efforts yield results in increased sales or brand awareness.

6. Communicating work and brand values with Marketing Team

The primary responsibility of a marketing department is to communicate work and brand values.

It means the marketing team must effectively communicate with employees, customers, and partners about its value and how it perceives its key priorities. The key priorities include:

- Reputation;
- Innovation;

External communications, as well as internal communications, should be supported by such values as transparency and honesty.

This way, any employee can easily define what is essential for that particular company and what they have to do to achieve business goals.

With this approach, employees will feel much more motivated working for the company and work harder to achieve the set goals.

Moreover, it is also responsible for communicating with customers as well as making sure that their needs are satisfied.

In order to do so, it must have a clear understanding of what drives the business forward and how to communicate those core values effectively.

7. Developing a Growth Strategy

Marketing is all about growth. It's the job of marketing professionals to create strategies that will increase sales and revenue for their respective companies.

But most marketing departments don't actually have a plan in place to measure their success, which means they can't show how effective they are at achieving growth.

This leads to confusion among managers, who then conclude that marketing isn't very important after all, and cut budgets until the department has no money left to work with.

And with no budget left to help achieve company goals, it becomes even more difficult for the business to grow. The growth strategy of a company is what brings the organization to new heights. It helps in reaching out to an entirely new set of customers and increasing revenue.

For most organizations, it is essential that they focus on overall growth. A high-performing marketing department can ensure that your business reaches its peak potential.

This could be achieved by employing effective marketing strategies for maximum revenue generation.

Return on investment (ROI) remains the biggest challenge marketers face while attempting to persuade decision-makers about budget allocations for marketing activities.

By providing concrete figures with detailed insights, you can convince the top brass that investing in marketing is worth their while.

8. Creating Content and Providing SEO for your Website

Marketers often wonder if they should create content for their website or leave it up to the SEO team. The answer is that both departments need to work together as a team. This is because the best results come from that collaboration.

First of all, let's look at how each department works separately.

SEO content creation is about making sure your site is optimized for search engines. Secondly, creating great content to rank on Google for keywords related to products and services you sell.

Your SEO content should include things like blog posts, landing pages, product descriptions, press releases, etc.

Whether it is for your informational website or your Shopify store, Working on an SEO checklist could be really tricky and hard to master. SEO is a marathon, not a sprint.

However, with the right practices and right tools, SEO could get much easier.

Apimio is a useful PIM solution that allows you to optimize your Shopify store. It lets you optimize product title, product description, product description, etc.

Moreover, if you have multiple stores on Shopify or other eCommerce platforms, Apimio allows you to syndicate your product catalogs across those channels as well.

Moving on, creating content should not only ensure that the site has the necessary keywords and key phrases.

It should also make sure that information is useful, relevant, and compelling to searchers. It's important that all content be original and not simply rehashed from other sites.

If you are going to copy another site then you should at least link back to it.

You can also use snippets of text from it with proper citation. This way search engines will still consider your page relevant and rank it on the 'Search Engine Result Page'.

9. Defining and Managing your Brand

The marketing department is also responsible for defining and managing the brand image of the organization. It is their job to be aware of what people are saying about the organization. It is their job how it's being portrayed in the media.

An effective marketing department will have a detailed plan that outlines what they want their brand to look like on social media, on websites, etc. An effective marketing team will also have metrics in place so they can keep track of how well they are doing at achieving those goals.

10. Conducting Customer and Market Research

Before any business can make a sale, it needs to know exactly who its customers are. It needs to know what they want and how much they're willing to pay for it.

This is the role of marketing research, which helps companies understand their target audience, their competitors, and the marketplace at large.

The marketing department needs to be able to identify their customers' needs, wants, and desires. They also need to know how well they are meeting these demands.

The first step is conducting customer research. You want to make sure you are understanding what your customers think about your brand and product or service.

The best way to do this is by surveying them directly. If you can't survey them via email, then consider another channel like social media or call centers.

Marketing research is conducted in order to find out information on both existing and potential customers.

The purpose of this information is so that companies can improve their products or services based on consumer feedback. This also allows them to develop new products or services by identifying market gaps.

11. Producing Marketing and Promotional Materials

Lastly and most importantly, a marketing department is also responsible for creating and distributing marketing materials to promote the company's products and services.

A strategic plan needs to be in place so that all of the materials are created at the same time, which will help keep costs down.

Marketing departments should also create promotional items such as pens, notepads, coffee mugs, etc., that can be used for giveaways or tradeshow.

The company logo can be added to any of these items with simple techniques like engraving or decals. These small gifts are great ways to get your brand name out there while keeping your budget.

Marketing and promotional materials are the most important things that your marketing department will produce.

They can make or break a campaign. So it is vital to get these right – they need to be of good quality and they need to be consistent with the rest of the business's branding.

If you have high-quality marketing material, you can expect better brand recognition as well as higher profit margins from those materials.

Your customers will also appreciate this consistency from your business, which gives them confidence in both you and your products or services.

Responsibilities of Marketing Department:

- **Responding to Customers' Needs**
- **Conduct and Manage Marketing Campaigns**
- **Overseeing outside Vendors and Agencies**
- **Monitoring and Managing Social Media**
- **Keeping an Eye on Trends and Monitoring Competition**
- **Communicating work and brand values with Marketing Team**
- **Developing a Growth Strategy**
- **Creating Content and Providing SEO for your Website**
- **Defining and Managing your Brand**
- **Conducting Customer and Market Research**
- **Producing Marketing and Promotional Materials**

BORDERLESS CONSUMER MARKET

Borderless selling is the process of selling services to clients outside the country of origin of services through modern methods which eliminate the actions specifically designed to hinder international trade. International trade through "borderless selling" is a new phenomenon born in the current "globalization" era.

THE BORDERLESS CONSUMER MARKET:

a) Seamless Global Society : The internet has today reduced the gap between different societies . This gap , which was on account of physical distance , information and knowledge, has now become redundant. Today we are seeing the emergence of a global society and universal values. One such universal value relates to the concept of time. It is no more perceived as infinite. And hence time is an indicator of opportunity. An organization's competitiveness is greatly determined by its ability to respond within a given time frame. , determined by market forces and not by its own competencies. The Hindu concept of time, which is eternal and continuing, seems to lose its meaning in this era of information superhighways. Another impact of the Net revolution is the new concept of value. More and more customers have and will come to

b)Basis for Competitive advantage:

The net is also likely to change the concept of nation state. It is not that these states will not exist but their role will change. The governments of these countries will continue to play a role in maintaining their cultural diversity and sovereignty. They will co-operate with other societies like security, taxation, censorship, and ownership. One of the direct outcomes of this seamless global society, therefore, will be the culture of openness and transparency.

These technological changes are going to lead to significant shifts in competitive leadership. Future market leaders will use computers to create new businesses, change existing ones and even restructure many of today's long established marketing practices. The basis for their sustainable competitive advantage will be knowledge management. In the ongoing war for competitive advantage, information technology has become the ultimate weapon. Hence creation, dissemination and protection of knowledge in the organization is perhaps going to be the most crucial armor for competitive survival.

c) Business at the speed of thought:

Today the internet gives very little time to individuals and organizations to react and respond. We have to learn to conduct our business operations at the speed of the human mind. It should be possible for us to offer products and services even as these are conceived in the customer's mind. This obviously means that conventional marketing management will no longer deliver. We are already seeing the emergence of online help, which in many cases , has made conventional forms of service redundant. Interactive technologies are already eliminating several roles in the marketing of products and services. For example, it is perceived that there will be no role for a service center of a consumer durable firm in the 21st Century if its competitor markets a totally reliable product and, in the extreme case of failure, provides online assistance through its own website or service portal created by a group of service engineers. The product

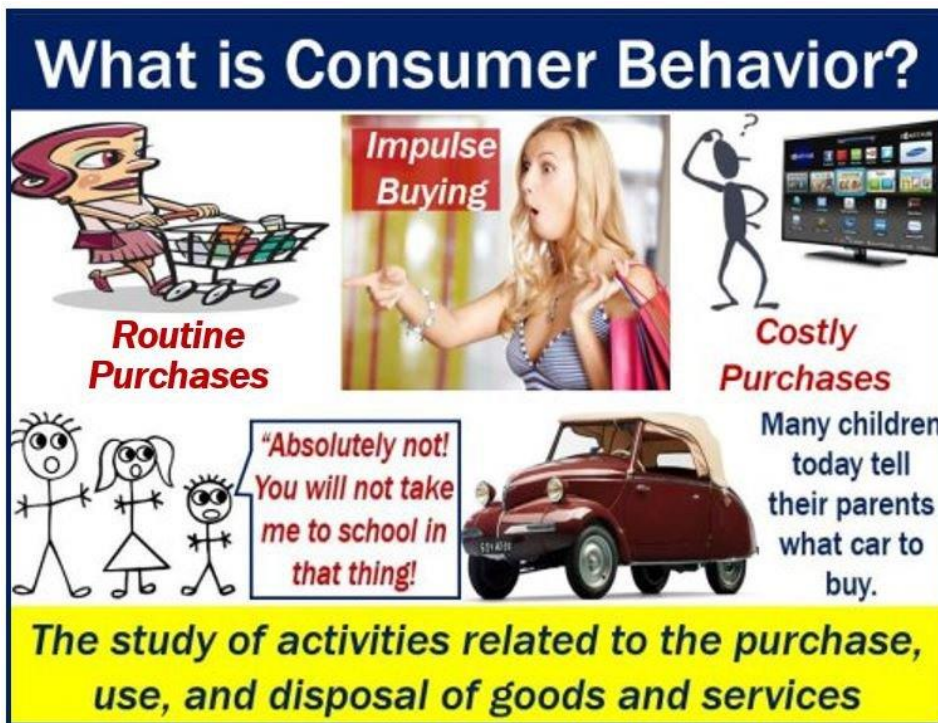
d) Virtual enterprise:

The above changes, which have already made their presence felt emphatically in the global scene, have led to the creation of virtual enterprises. We have already seen the emergence of an era of Digital Darwinism . Amazon.com, Yahoo! Hotmail and Rediff.com, Indiatimes.com, like many others , are facilitators in the creation of a virtual enterprise. In this era of virtual reality , size and location of an enterprise will have very little or no role to play.

e) Customer : Co-producer of products and services :

Another dimension of the new millennium , which we can see emerging today, is that the customer will be a co- producer of products and services . No longer will it be the responsibility of the manufacturer to produce the product in its finality as the customer may demand. The producer will take the product up to a certain level in the value chain and then leave it for the buyer to customize it to his/ her requirement. A classical case is that of the Asian Paints facility that lets the buyer have his choice of shade customized through the company' outlets, de-playing interactive technologies. Similar interactive technologies like the ATM have made the customer a co-producer of products and services.

Consumers spend time carrying out research and comparing multiple products. They check product ratings and also ask friends or sales professionals. The process takes longer to complete. For example, **when buying a TV, people spend a long time going to different shops and comparing products.**



Consumer behavior – companies need to know

Likewise, a business has to have in mind that there four types of consumer behavior.

1. **Routine shopping.** The shopper buys without having to do much research, there is low involvement, and usually at low cost. For example, the thought behind what to buy in our weekly supermarket shopping is relatively simple.

2. **Limited decision making.** The buyer occasionally purchases the product after somebody recommended it. They do a little research, i.e., it is not as time-consuming as buying an expensive product.

For example, when a woman wants to dye her hair, she may ask friends for a reliable option. Put simply; she only needs to check a few options.

3. **Extensive decision making.** People spend much longer deciding when they are considering an expensive product. Consumers spend time carrying out research and comparing multiple products. They check product ratings and also ask friends or sales professionals.

The process takes longer to complete. For example, when buying a TV, people spend a long time going to different shops and comparing products.

Deciding what house to buy may take weeks or even months.

4. **Impulse buying.** The customer had not planned to buy. When I am waiting at the checkout in a supermarket, I might suddenly buy some chewing gum. It is an impulse buy because I had not planned to purchase gum.

CONSUMER BUYING HABITS

1. Habitual

When customers practice habitual buying, they typically put little thought or research into their purchases. Many customers who follow habitual buying behaviors often make fast decisions when selecting and buying products. Some may quickly pick a brand over another because it's more recognizable or familiar to them. Others choose certain products because the price tag is the lowest or because they previously purchased from that brand.

2. Complex

Complex buying behavior typically occurs when a customer is purchasing an expensive product or service. Because it's costly, the consumer may take time to research it and its features before committing to a large purchase. They may spend time online reading reviews about the product and the benefits of using it. Customers may also consult friends, family or colleagues to gain additional opinions on this important buying decision.

3. Dissonance-reducing

With this type of buying behavior, consumers may decide on a product that is easily available to them without putting much research into it. People using this type of buying behavior typically choose a product that they need on hand and may only have a few other brands to choose from. To meet the time constraints, these buyers may quickly select a brand that meets most of their needs and fits their budget.

4. Variety seeking

This type of buying behavior occurs when consumers often purchase the same product but want to try a new one. They typically switch to a different product to add variety into their daily routine and decision-making.

Usually, when these consumers see new products advertised, they may purchase them to see how they differ from the products they regularly purchase.

5. Limited decision-making

Sometimes, when a consumer must purchase a certain product, there may be only a few brands that supply it. This means they have little variety in the selection they can choose from and only have a few options. Most of these consumers may compare the features and benefits of each individual product and select the one that meets most of their needs. They may have to choose products with features that are less appealing to them since they have a limited selection.

6. Impulsive

Those who make impulsive buying decisions typically take little to no time or planning to select a product to purchase. Some people may buy a product without conducting research or learning more about its features. They may make these quick decisions due to factors like celebrity endorsements, slogans, logos or advertisement materials.

7. Spendthrift

These buyers care significantly about the quality of a product over the costs. Most spendthrift buyers react well to emotional marketing and may choose an established brand that provides great customer service and builds strong relationships with consumers. They typically research the features and benefits of a product and make most of their decisions based on how they feel about or perceive a company. Consider selling your brand as caring, trustworthy and purposeful to help appeal more directly to these buyers.

8. Average spending

Average spenders typically care about the money they save while still placing importance on the quality of the product. Many of them set a budget for their purchase but may allow themselves to spend outside their limit if they feel the features are worthwhile and beneficial. They may put extensive research into products before purchasing to ensure they're worth the offered amount. Many of these buyers ask for quoted prices from companies and compare them with competitors to ensure they're receiving the best and most beneficial offering.

9. Frugal spending

This type of buyer focuses closely on saving money and purchasing products within their budgets and spending limits. They may care more about the price of the product than factors like brand image, product features or consumer benefits. You can typically appeal to these consumers by using competitive pricing and detailing the return on investment that buyers may earn after purchasing your product or service.

10. Analytical

These types of buyers often use information, data, facts and logic when making important business decisions. They typically conduct extensive research on the success rates of certain products and the possible outcomes they may receive after purchasing a product.

Most of these buyers may also spend significant time comparing products with one another. They often take their time before making an official decision on the products they choose. Consider using testimonials, case studies and success statistics about your products when targeting these buyers.

11. Expressive

Most expressive buyers typically care about the type of ongoing relationship and experience they receive when purchasing your product or service. They often value a positive customer service experience, as they may regularly expect to interact with your brand and receive the necessary help, guidance or support as soon as they need it.

What is Direct Response Marketing?

Direct response marketing is any marketing technique designed to elicit an immediate response from your target audience. The required action can be anything from reading a blog post to downloading a resource or making a purchase.

It focuses on making things happen as soon as the prospect digests your marketing material.

For it to be effective, your direct response marketing campaign must cleverly package your value proposition, pitch, and call-to-action (CTA) in one place. This strategy results in the prospect moving quickly from your buyer journey's consideration stage to the decision stage.

While most people associate direct response marketing with direct mail, that is only one part of it. This strategy can also include:

- landing pages
- social media ads
- email
- paid ads
- TV/radio commercials

In a nutshell, it's any type of marketing that requires an immediate response with the primary goal of getting a return on your investment as soon as possible.

Advantages of Direct Response Marketing

Direct response marketing has many advantages, including:

- **Trackable:** One of the most significant advantages of direct response marketing is that it's easy to track and analyze performance.
- **Measurable:** Breaking it down by return on investment (ROI), it's easy to measure how much you spend to reach each customer. You can also easily measure the success of the campaign.
- **Targeted:** Direct response marketing is fueled by data, making the campaigns more targeted. The result is higher conversion rates.

Of course, the most significant advantage is the speed with which direct response marketing produces results. This and other benefits make it a marketing strategy you should employ as much as possible.

4 Key Components of Direct Response Marketing

Every direct response marketing campaign has common elements that ensure its effectiveness in reaching your marketing goals. Here are the key components:

1. A Personalized Offer

The key to an effective direct response marketing campaign is to know your target audience. You must know their pain points and aspirations to create an offer that's personalized. Research indicates that 80 percent of customers are more likely to do business with a brand that offers personalized experiences.

2. Clear and Compelling Content

For a campaign to be effective, you must craft content that's:

- **Clear:** Use simple, everyday language so anyone who reads it can understand what you're selling (especially the benefits) and what action you want them to take.
- **Compelling:** Direct response is all about getting customers to react immediately. Use active voice and power words to make your message elicit the desired reaction.

Invest in good writers as your campaign's success hinges on your copy.

3. A Sense of Urgency

A critical component that helps drive conversions is a sense of urgency. Human beings have a natural tendency to procrastinate, especially when spending money is involved.

Creating a sense of urgency encourages quick interactions and decision-making. As a result, your campaign will have higher conversion rates.

4. An Irresistible CTA

Another important component of effective direct response marketing is the CTA. Your CTA must be:

- clear and easy to understand
- focus on one action
- easily accessible
- personalized

With these ingredients, your CTA will succeed in achieving its purpose of evoking the action you want your customers to take.

10 Examples of Excellent Direct Response Marketing

Now you know what direct response marketing is, its advantages, and the key components that make it work. Let's go a step further and look at ten examples.

1. Referral Program

One of the most powerful forms of marketing is word of mouth marketing (WOMM). Studies show that 83% of people trust recommendations they get from family, friends, or colleagues.

That's why one of the best examples of effective direct response marketing is a referral program.

A typical example would be running a campaign where you ask your current customers to refer your brand or product to their family and friends. You could do this by:

- sending them an email inviting them to participate in your referral program.
- asking them for referrals on your "thank you" page after they've purchased your product.

However you decide to do it, make it easy for them to refer a friend by furnishing them with a link to a specific page you want their friends to visit.

Additionally, incentivize your customers to participate by offering them a gift, discount, or any other perk that suits your business model.

This is direct response marketing because you're asking your customers to take immediate action on your offer. Here's an example from MeUndies in the form of an email they send to customers after they've received their purchase:

Executed well, this type of referral marketing is a great way to drive both sales and brand awareness at the same time.

2. Upselling

Upselling is the act of encouraging a customer to buy a more expensive version of a product they have or are in the process of buying. It's a powerful technique for driving sales as it's easier to sell to an existing customer than to a new prospect.

How can you implement direct response marketing to upsell your customers?.

Before a customer completes the buying process on your website, you can send a message asking them if they would rather have the more superior version of the product or service they're buying.

Make sure to clearly spell out the benefits of upgrading and make it easy to switch to the new product.

3. Social Media Ads

With approximately 4 billion users globally, social media has become one of the most powerful marketing platforms to deploy direct response marketing campaigns.

Whether you're selling a physical or digital product, a service, or promoting a lead magnet, you can use social media to get your prospects to act quickly on your offer.

To do that, make sure your ad:

- uses high-quality and relevant visuals
- has short, punchy copy
- has a clear CTA

Design your visuals to grab attention, and your copy will do the heavy lifting of pitching your offer.

4. Contests or Giveaways

Everyone loves contests.

They are full of excitement with the prospect of getting something for free.

For marketers, contests and giveaways are terrific for grabbing attention and generating buzz.

Yet, the biggest advantage of giveaways is that they are good at obtaining an immediate response from your target audience, which is precisely why they make for good and effective direct response marketing.

You'll have to be careful with the gifts or rewards you offer, though. Make sure they align with your brand. Doing so ensures that only your target audience will respond to your campaign.

5. Text Messaging

Research shows that 77 percent of consumers say they use texting more than other forms of communicating. Add to that the fact that people regularly check their text messages, and you've got the perfect channel for your direct response marketing.

To leverage text messaging in direct response marketing, your target audience must sign up to receive marketing communication from you. As with email marketing, you must segment your contact list to ensure your campaigns are personalized and targeted.

Text messaging is a great way to alert your customers about exclusive deals and offers you have. It's also an easy way to get them to head to your website as you can include a link in your message.

6. Chatbots and Social Media Messaging

Chatbots have been the rage in marketing for some time now. The reason for that is simple: They help you communicate with your customers in real-time.

That's why chatbots are excellent tools for direct response marketing. After all, what better way to drive engagement and encourage customers to take action than by communicating with them instantaneously.

That's where the powerful combination of chatbots and social media comes to play.

For example, you can create a Facebook Messenger chatbot to interact with your prospects and market your offer to them while they use Facebook. A significant advantage of this is that social media provides you with a wealth of data you can use to hyper-target your campaigns.

7. Google Ads

Google Ads are a great way to market your brand and product with the ability to reach a wider audience than other direct response marketing channels. Besides that, you can easily target a particular audience by using the right keywords, location, and other criteria.

Because your ads appear when a prospect is searching for something related to your product, it's easier to grab their attention and get them to respond to your ad.

8. Direct Response Marketing for Job Recruiting

This strategy can also be used in recruiting talent for your brand. It's particularly effective in a cutthroat industry where talent is scarce and speed is of the essence. Direct response marketing can also be used by recruiting agencies to source talent for their clients.

Getting reliable drivers in the ride-share market has become a difficult task. Lyft recruits most of its drivers through direct response marketing campaigns, and these give them a great level of success. Not how the ad:

- goes straight to the point on what it's about and what the prospect is expected to do.
- sweetens the deal with guaranteed earnings.

These two factors help elicit an immediate response from the prospects.

9. Use Pop-Ups to Generate Leads

Lead generation is an integral part of marketing, and direct response marketing is one of the best ways to drum up valuable leads for your business.

One of the best methods for lead generation is to use pop-ups on your website. The fact that a visitor has landed on your website shows they're interested in what you have to offer.

Don't miss the opportunity to build a relationship with them. Use personalized pop-ups to encourage them to sign up for your email list.

10. Direct Mail Still Works

Sure, it may be old-fashioned, but direct mail still works. Because many brands have abandoned it, your direct response marketing campaign will stand out when sent through the mail. Use assets like brochures, coupons, newsletters, etc.

Ethical Issues in Consumer Behaviour

- Consumer Privacy
- Legal Regulations
- Moral and ethical values of the society
- Marketing and Advertising to children
- Product, Pricing, Distribution Issues