

CONSUMER BEHAVIOUR & BUSINESS PURCHASE BEHAVIOUR

ABSTRACT: *Knowing who your customers are is great but knowing how they behave is even greater. To understand consumer behaviour we have to keep the types of consumers in mind and the difference between consumer and customer.*

The broad types of consumers are Individual Consumers and Industrial Consumers. By the by, customer is purchaser of goods and services whereas consumer is end user of it.

Understanding consumer behaviour is important for any organization before launching a product to analyze how a customer will respond to a particular product, if it fails to understand the consumers' needs and behaviour, the organization is exposed to face losses.

Consumer behaviour is the study of how individual consumers including groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants which is known as psychology of marketing and acts as philosophy of marketing

Individual Consumers

Let us now, understand what influence the consumer to buy something. The modern day consumer asks a question to himself Why I should buy this before he buys. The answer to his "Why" is influenced by so many factors such as psychological, personal, social and economic.

Psychological Factors

In daily life, consumers are being affected by many issues that are unique to their thought process. Psychological factors can include perception of a need or situation, the person's ability to learn or understand information, and an individual's attitude. Each person will respond to a marketing message based on his perceptions and attitudes. Therefore, marketers must take these psychological factors into account when creating campaigns, ensuring that their campaign will appeal to their target audience.

Personal Factors

Personal factors are characteristics that are specific to a person and may not relate to other people within the same group. These characteristics may include how a person makes decisions, his unique habits and interests, and opinions. When considering personal factors, decisions are also influenced by age, gender, background, culture, and other personal issues.

For example, an older person will likely exhibit different consumer behaviors than a younger person, meaning they will choose products differently and spend their money on items that may not interest a younger generation.

Social Factors

The third factor that has a significant impact on consumer behavior is social characteristics. Social influencers are quite diverse and can include a person's family, social interaction, work or school communities, or any group of people a person affiliates with. It can also include a person's social class, which involves income, living conditions, and education level. The social factors are very diverse and can be difficult to analyze when developing marketing plans.

Personal Income:

The personal income of an individual influences his buying behavior as it determines the level to which the amount is spent on the purchase of goods and services. The consumer has two types of personal incomes disposable income and discretionary income. The disposable personal income is the income left in hand after all the taxes, and other necessary payments have been made. The more the disposable personal income in hand the more is the expenditure on various items and vice-versa.

The discretionary personal income is the income left after meeting all the basic necessities of life and is used for the purchase of the shopping goods, luxuries, durable goods, etc. An increase in the discretionary income results in more expenditure on the shopping goods through which the standard of living of an individual gets improved.

Family Income:

The family income refers to the aggregate of the sum of the income of all the family members. The total family income also influences the buying behaviors of its members. The income remaining after meeting all the basic necessities of life can be used for the purchase of shopping goods, luxury items, durable goods, etc.

Let us now, understand what influence the consumer to buy a particular product. The modern day consumer asks a question to himself "Which" I should buy this before he buys. The answer to his "Which" is influenced by so many influencers known as reference group.

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. These groups are of two types. Primary Groups and Secondary 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 advice 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 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.

The third group is Aspirational group. It 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 a particular celebrity wish to become like him or her and meet him or her and so start purchasing and using all those products which those celebrities purchased or used.

Industrial Consumers

Organizations purchase goods and services on behalf of companies for use in the process of manufacturing, distribution, or resale. Consumer behaviour study assist the organisations in facing competition, meeting the consumers' expectations, to offer more competitive advantages to consumers and it is useful in improving competitive strengths of the company.

Let us now, understand what influence the Industrial consumer to buy a particular product.

Information search

Having recognized a need, the next step an Industrial customer may take is the information search stage, in order to find out what they feel is the best solution. This is the buyer's effort to search internal and external business environments, in order to identify and evaluate information sources related to the central buying decision. The organization may rely on print, visual, online media or word of mouth for obtaining information.

Evaluation of alternatives

As you might expect, organization will evaluate different products or brands at this stage on the basis of alternative product attributes – those which have the ability to deliver the benefits the customer is seeking. A factor that heavily influences this stage is the customer's attitude. Involvement is another factor that influences the evaluation process. For example, if the customer's attitude is positive and involvement is high, then they will evaluate a number of companies or brands; but if it is low, only one company or brand will be evaluated.

Purchase decision

The final stage is where the purchase takes place after due consultation and discussion with set of people involved in the process by taking care of all aspects such as technical, environmental, quality standards and cost effectiveness.

Post-purchase behaviour

In brief, customers will compare products with their previous expectations and will be either satisfied or dissatisfied. Therefore, these stages are critical in retaining customers. This can greatly affect the decision process for similar purchases from the same company in the future, having a knock-on effect at the information search stage and evaluation of alternatives stage. If your customer is satisfied, this will result in brand loyalty, and the Information search and Evaluation of alternative stages will often be fast-tracked or skipped altogether.

Now let us try to understand the simple and common consumer behaviour which are applicable both the types of consumers i.e. Individual and Industrial.

Types of Consumer Buying Behaviors & Product Decisions

Routine Purchases

There are items consumers are used to purchasing every day, once a week or monthly. These can range from, eggs and cheese from the supermarket and low priced consumables in case of Industrial consumer. They spend very little time deciding whether or not to purchase these items and don't typically need to read reviews or consult with friends for their opinions before they make routine purchases.

Limited Decision Making

When customers engage in purchases that require limited decision making, they may seek advice or a suggestion from a friend. For example, if a young professional is preparing for an interview and wants to get her hair colored the week before, she might solicit advice from friends to find out which salon does good hair coloring work. Likewise the industrial consumer wants to buy some stationery for office use he may select one from the available stationery stores the consumer may research a few options, but the search is not as thorough, or as time consuming, as with a higher priced item.

Extensive Decision Making

Purchases for high priced electronics, such as a television, computer or camera, or major purchases such as a home and if any industrial customers wish to buy delivery van, devices and equipment it requires consumers to use extensive decision making. Consumers spend substantial amounts of time researching a high number of potential options before they buy. They speak with trusted friends, family, colleagues and sales professionals, and read reviews and ratings online and in consumer magazines. The decision making process lasts longer, as the consumer is investing a substantial amount of money.

Now finally let us evaluate the difference between the Individual Consumer decision making process and Industrial Consumer decision making process to help us formulate best suited marketing techniques and strategies

ORGANIZATIONAL Decision making	INDIVIDUAL Decision Making
Meet with Business-to-Business (B2B) Marketers	Meet with personal and family friends
Willingness to make high risky decision	Willingness to make low risky decision
Economic & technological environment in which	Economic and Cultural factors in which the

the industry operates	individual or group lives
Decision Involves many people	Decision Involves lesser people
Requires precise, technical specifications	Does not require technical specification
Based on past experience and careful weighing of alternatives	Not always past experience and alternatives
Financial terms play a role	Financial terms does not play a role

Having understood the types of consumers, what affects their behaviour and from whom they seek suggestions and feedback now it time to understand how important is consumer behaviour and purchase behaviour for the who sell goods and services

It concerns with modern marketing philosophy – identify consumers’ needs and satisfy them more effectively than competitors. It makes marketing consumer-oriented. It is the key to succeed

It is key to a company’s survival, profitability, and growth in a highly competitive marketing environment is its ability to identify and satisfy unfulfilled consumer needs better and sooner than the competitors. Thus, consumer behaviour helps in achieving marketing goals.

The study of consumer behaviour is not useful for the company alone. Knowledge of consumer behaviour is equally useful for middlemen and salesmen to perform their tasks effectively in meeting consumers needs and wants successfully. Consumer behaviour, thus, improves performance of the entire distribution system.

Marketing programme, consisting of product, price, promotion, and distribution decisions, can be prepared more objectively. The programme can be more relevant if it is based on the study of consumer behaviour.

Consumer behaviour studies the consumer response pattern on a continuous basis. So, a marketer can easily come to know the changes taking place in the market. Based on the current market trend, the marketer can make necessary changes in marketing programme to adjust with the market.

Consumer behaviour can also aid in projecting the future market trends. Marketer finds enough time to prepare for exploiting the emerging opportunities, and facing challenges and threats.

Market exhibits considerable differentiations. Each segment needs and wants different products. For every segment, a separate marketing programme is needed. Knowledge of consumer differentiation is a key to fit marketing offers with different groups of buyers. Consumer behaviour study supplies the details about consumer differentiations.

It helps the company, due to continuous study of consumer behaviour and attempts to meet changing expectations of the buyers, can retain its consumers for a long period.

Consumer behaviour study helps in facing competition, based on consumers’ expectations, more competitive advantages can be offered. It is useful in improving competitive strengths of the company.

The study of consumer behaviour is the base for developing a new product successfully.

The study of consumer behaviour helps to make the organisational efforts consumer-oriented.

It is to be mentioned that the study of consumer behaviour is not only important for the current sales, but also helps in capturing the future market.

To sum up the best techniques for effective marketing based on consumer behaviour is:

When attitude is changed, thought is changed, when thought is changed, behaviour is changed, when behaviour is changed action is changed, when action changes the result also changes.

Get closer than ever to your customer, so close that you tell them what they need well before they realize it themselves.

Take care of consumer needs, the consumers; in return, will take care of your needs.

The best ad is a good product