Consumer Behavior and the his Purchase Decision

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Abstract:
This study of Customer behaviour is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer.

Keywords: *Buying behaviour, Consumer, Decision, Purchase*

1. Introduction

The term consumer behaviour is defined as the behaviour that consumer display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items that includes what they buy, why they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it. Two different kinds of consuming entities: the personal consumer and the organizational consumer. Personal Consumer Buys goods and services for his or her own use, for the use of the household or as a gift for a friend. The products are bought for final use by individuals, who are referred to as end users or ultimate consumers. Organizational Consumer à Includes profit and non-profit businesses, government agencies (local, state, national) and institutional (e.g. schools, hospitals, and prisons), all of which buy products, equipment, and services in order to run their organizations.

2. Development of the Marketing Concept and the Discipline of Consumer Behaviour

2.1 Marketing Concept, a Business Orientation

The field of consumer behaviour is rooted in the marketing concept, a business orientation that evolved in the 1950s through several alternative approaches toward doing business referred to respectively.

1. The Production Concept.
2. The Product Concept.
3. The Selling Concept.
4. The Marketing Concept.
5. The Societal Marketing Concept.

2.2 The Production Concept

- The production concept assumes that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient product and intensive distribution.
- It makes sense when consumer are more interested in buying what's available rather than wait for what they really want.
- The main objective is to expand the market.

2.3 The Product Concept

- The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features.
- It ensures the company to improve the quality of its product and add new features.
- The product concept often leads to "marketing myopia" that is focusing on the product rather than the customer needs.

2.4 The Selling Concept

- The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so-mostly through "hard sell" approach.
- The problem in this concept is that it fails to satisfy a customer.
- Promotion can be done through advertisement, sales promotion and public relation.
- Today the selling concept is utilize be marketers of unsought products-that is which people are not willing to buy it (such as life insurance).

2.5 The Marketing Concept

- It started in 1950's when some marketers realized we can sell more products by determining what consumer would buy.
- Consumer need and wants became the firm's primary focus.
- The marketers should made product what t can sell, instead of what it has made.

2.6 Starting Point Focus Means ends Selling Concept

Factory a Product a Selling & Promotion a Profit through sale volume

2.7 Marketing Concept

Market a Needs à marketing a Profit via customer satisfaction

2.8 The Societal Marketing Concept

- Developing that product which benefits the society. Doing marketing in such a way that it helps you in increasing your production & also giving benefits to society.
- The organization should determine the needs, wants and interest of target markets and deliver the desired satisfaction more effectively and efficiently then do competitors in a way that maintains or improves the customers and society's well being.

2.9 Implementing the Marketing Concept

- To identify unsatisfied consumer need, companies had to engage in extensive marketing research. The marketing concept underscored the importance of consumer research.
- The strategic tools that are used to implement the marketing concept include segmentation, targeting, positioning and the marketing mix.

3. The Role of Consumer Research

1. Consumer research describes the process and tools used to study consumer behaviour.
2. Two theoretical perspectives that guide the development of consumer research.
3. Positive Approach it tend to be objective and empirical, to seek caused for behaviour, and to conduct research studies that can be generalized to larger population.
4. Interpretivists à the research done by Interpretivists, on the other hand tends to be qualitative and based on small samples.

4. Segmentation, Targeting, and Positioning

4. 1 Market Segmentation

1. Dividing a market into distinct groups of buyers with different needs, characteristics or behavior who might require separate products or marketing mixes.
2. Market consists of buyers and, buyers differ in one or more ways. They may differ in their wants, resources, locations, buying attitudes, and buying practices.

4.2 Market Positioning

Formulating competitive positioning for a product and a detailed marketing mix. Developing a distinct image for the product or service in the mind of the consumer, that will differentiate with the competitors.

4.3 Market Targeting

The process of evaluating each market segments attractiveness and selecting one or more segments to enter.

4.4 Marketing Mix

The marketing mix consists of a company's service and/or product offerings to consumers and the methods and tools it selects to accomplish the exchange. The marketing mix consists of four elements:

(1) **The product or service**: That is the features, designs, brands, and packaging offered, along with post purchase benefits such as warranties and return policies.
(2) **The price**: The list price, including discounts, allowances, and payment methods.
(3) **The place**: The distribution of the product or service through specific store and non store outlets.
(4) **Promotion**: The advertising, sales promotion, public relations, ad sales efforts designed to build awareness of and demand for the product or service.

5. Customer Value, Satisfaction, and Retention

Savvy marketers today realize that in order to outperform competitors they must achieve the full profit potential from each and every customer. The three drivers of successful relationship between marketers and customers are customer value, high levels of customer satisfaction, and building a structure for customer retention.

5.1 Providing Customer Value

Customer value is defined as the ratio between the customers's perceived benefits (economic, functional and psychological) and the resources (monetary, time, effort, psychological) used to obtain those benefits. Perceived value is relative and subjective.
Example: McDonald's Corporation to deliver the company's four core standards; quality, service, cleanliness, and value.

5.2 Customer Satisfaction

- Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations.
- The linked levels of customer satisfaction with customer behavior identified several types of customers.
- Loyalists who keeps purchasing, they are satisfied completely.
- Apostles whose experiences exceed their expectations and who provide very positive word of mouth about the company to others.
- Defectors à who feel neutral or merely satisfied and are likely to stop doing business with the company.

- Terrorists who have had negative experiences with the company and who spread negative word of mouth.
- Hostages who are unhappy customers who stay with the company because of a non polistic environment or low prices and who are difficult and costly to deal with because of their frequent complaints?
- Mercenaries who are very satisfied customers but who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction-loyalty rationale.
- The researches purpose that companies should strive to create apostles, raise the satisfaction of defectors and turn them in to loyalist avoid having terrorists or hostages and reduce the number of mercenaries.

5.4 Customer Retention

- Customer retention makes it in the best interest of customers to stay with the company rather than switch to another firm.
    - Loyal customers buy more products.
    - Loyal customers are less prices sensitive and pay less attention to competitor's advertising.
    - Servicing existing customers, who are familiar with the firm's offerings and processes, is cheaper.
    - Loyal customers spread positive word of mouth and refer other customer.
- Customer profitability-focused marketing tracks costs and revenues of individual customers' ad then categorizes them into tiers based on consumption behaviors that are specific to the company's offerings.
- Recent Study advocates using "customer pyramid" where customers are grouped in 4 ties:
    (1) **The Platinum Ties**: It includes heavy users who are not price sensitive and who are willing to try new offerings.
    (2) **The Gold Tier**: It consists of customers who are heavy user but not as profitable because they are more price sensitive than those in the higher ties. Ask for discount and buy from several providers.
    (3) **The Iron Tier**: It consists of customers whose spending volume ad profitability do no merit special treatment from the company.
    (4) **The Lead Tier**: It includes customers who actually cost the company money because they claim more attention than is merited by their spending.

6. Marketing Ethics & Social Responsibility

The societal marketing concept-It is very important components of organizational effectiveness. It helps us to build good image and also increase in sales. The converse is also true-Perceptions of a company's lack of social responsibility or unethical marketing strategies negatively affect consumer purchase decision.

7. Consumer Behaviour & Decision Making Are Interdisciplinary

Consumer Behavior was a new field in the mid of late 1960, because the marketing theorists borrowed the concepts from other scientific disciplinary that is:

- **Psychology:** The study of the individual,
- **Sociology:** The study of groups,
- **Social Psychology**: The study of how an individual operates in groups,
- **Anthropology:** The influence of society on the individual, and
- **Economics**: To form the basis of the new marketing discipline. Many Early theory based on economic theory on the notion that individuals are rationally to maximize their benefits.

8. A Simplified Model of Consumer Decision Making

The process of consumer decision making can be viewed as three distinct but interlocking stages: the input stage, the process stage, and the output stage.

- **The Input Stage**: Influences the consumer's recognition of a product need and consists of two major sources of information, the firm's marketing efforts (the product itself, its price, its promotion and where it is sold) and the external sociological influences on the consumers.
- **The Process Stage**: It is the model focuses on how consumers make decisions. The psychological factors inherent in each individual.
- **The Output Stage**: It is the consumer decision making model consists of two closely related post decision activities.

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