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# *Buying behavior of consumers and organizations*

- Consumers' decision process and buying behavior
  - Types of consumers' purchasing decisions
  - Nature of organizational markets (b2b markets) and goods and services purchased
  - Organizational buying behavior
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# Why do we need to study consumer behaviour?

## **Failure rates of new products introduced**

Out of 11000 new products introduced by 77 companies, only 56% are present 5 years later.

Only 8% of new product concepts offered by 112 leading companies reached the market. Out of that 83% failed to meet marketing objectives.

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# Consumer behaviour

- study of **how** people buy, **what** they buy, **when** they buy, **why** they buy..**where**, **with whom**, **with what**...
  - it blends elements from psychology, sociology, sociopsychology, anthropology and economics
  - it attempts to understand the buyer decision processes/buyer decision making process
  - it studies characteristics of consumers such as demographics, psychology,...
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# Definition of buyer/consumer behaviour

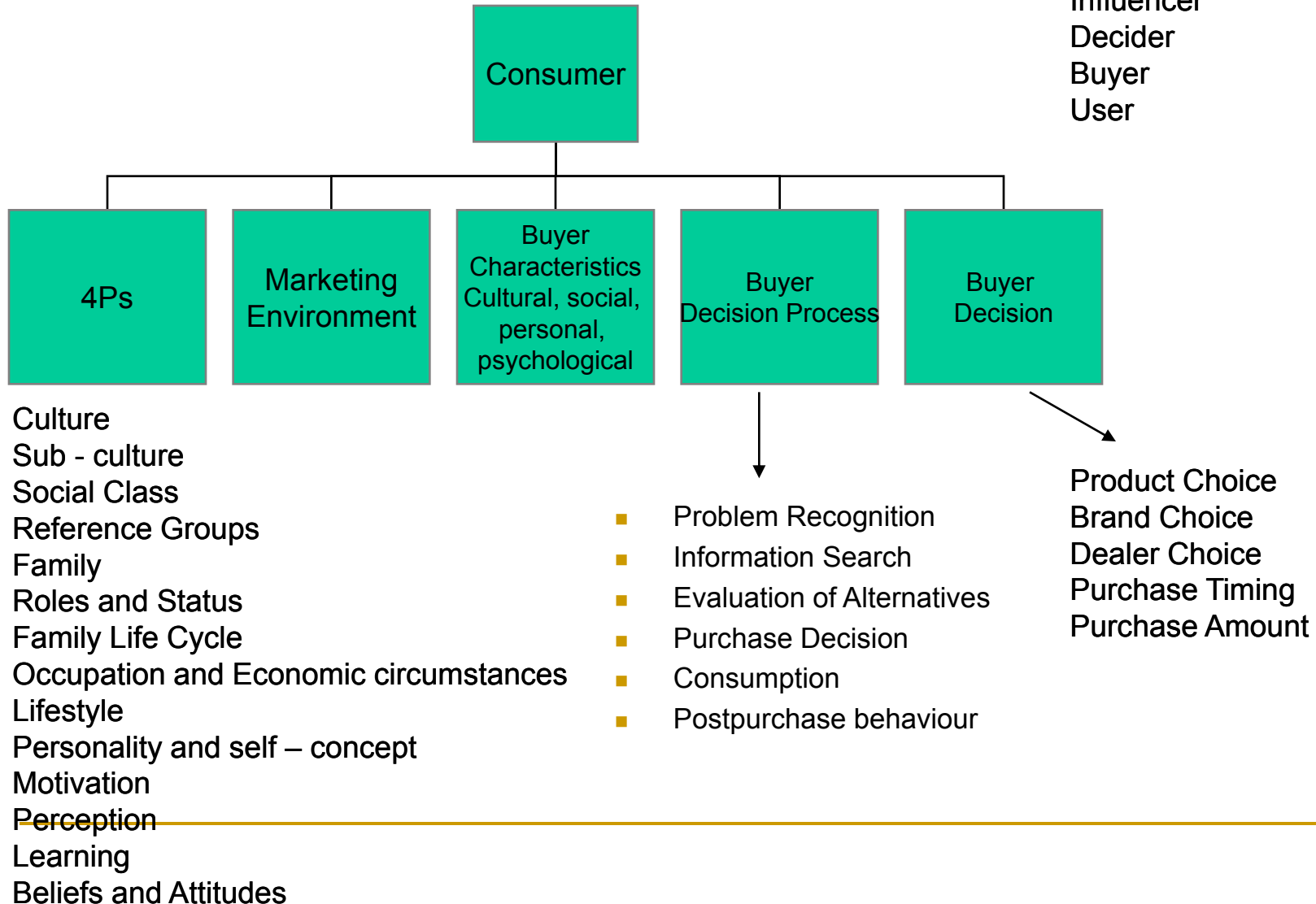
- „Activities involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions”



# Buyer/consumer behaviour

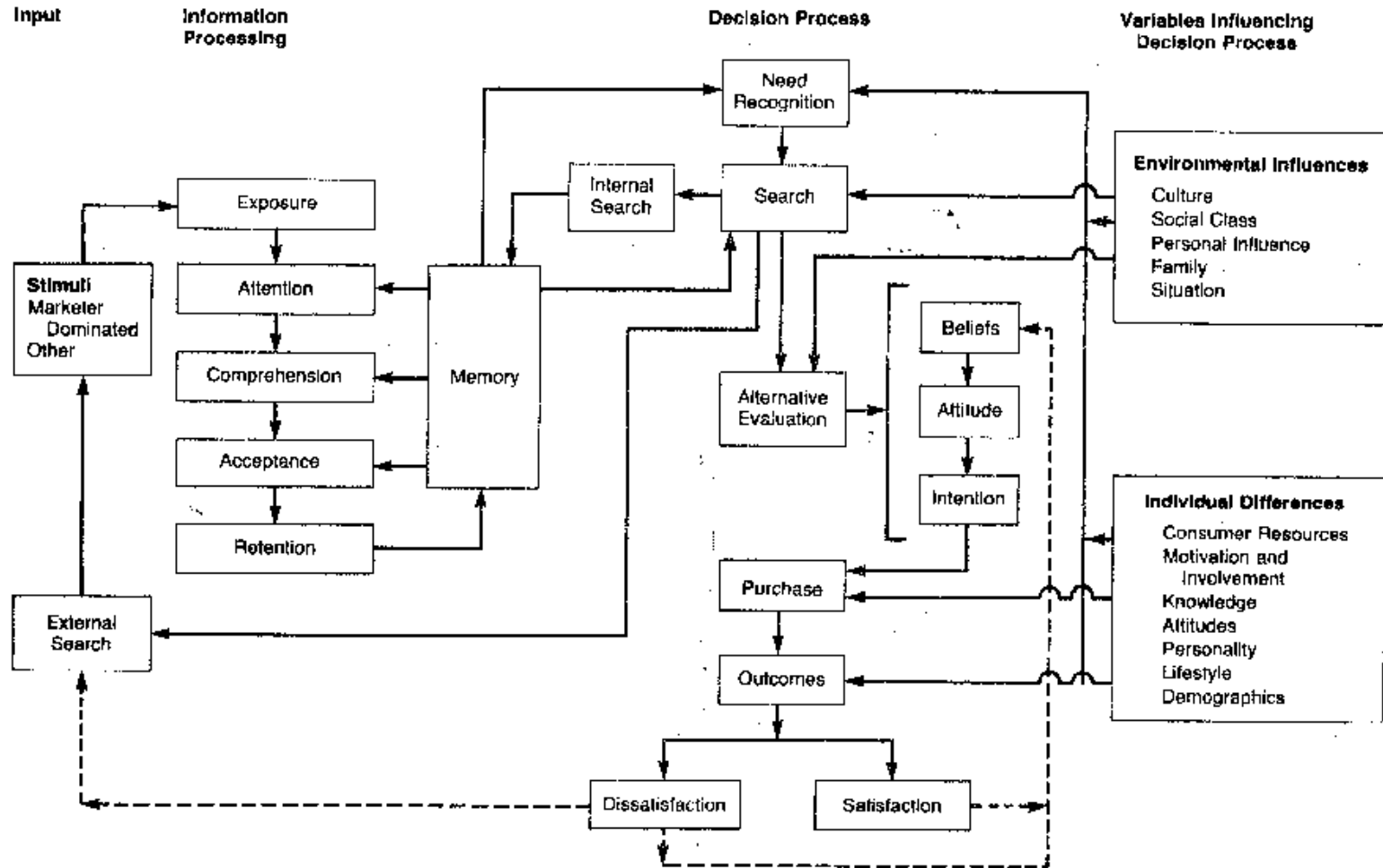
## Buying roles:

Initiator  
Influencer  
Decider  
Buyer  
User



## Transparency 16.5

**FIGURE 16.6 A COMPLETE MODEL OF CONSUMER BEHAVIOR SHOWING PURCHASE AND OUTCOMES**



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# Factors affecting consumer behavior: culture

Culture is the Set of Values, Perceptions,  
Wants & Behavior Learned by a Member of  
Society from Family.

## **Subculture**

Group of people with shared value systems based on common life experiences.

## **Social Class**

Society's relatively permanent & ordered divisions whose members share similar values, interests, and behaviors.

Measured by: Occupation, Income, Education, Wealth and Other Variables.

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# Social factors affecting behaviour

- Groups
- Membership
- Reference
- Family (most important)  
mother-and-father families,  
single parent families  
unmarried couples, singles
- Husband, wife, kids
- Influencer, buyer, user
- Roles and Status



Social Factors

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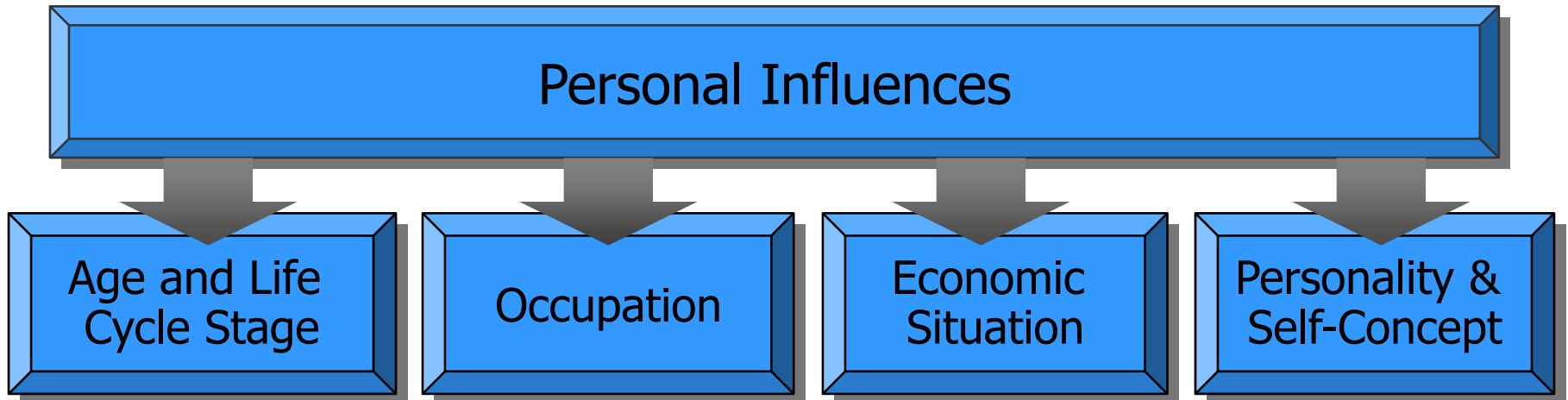


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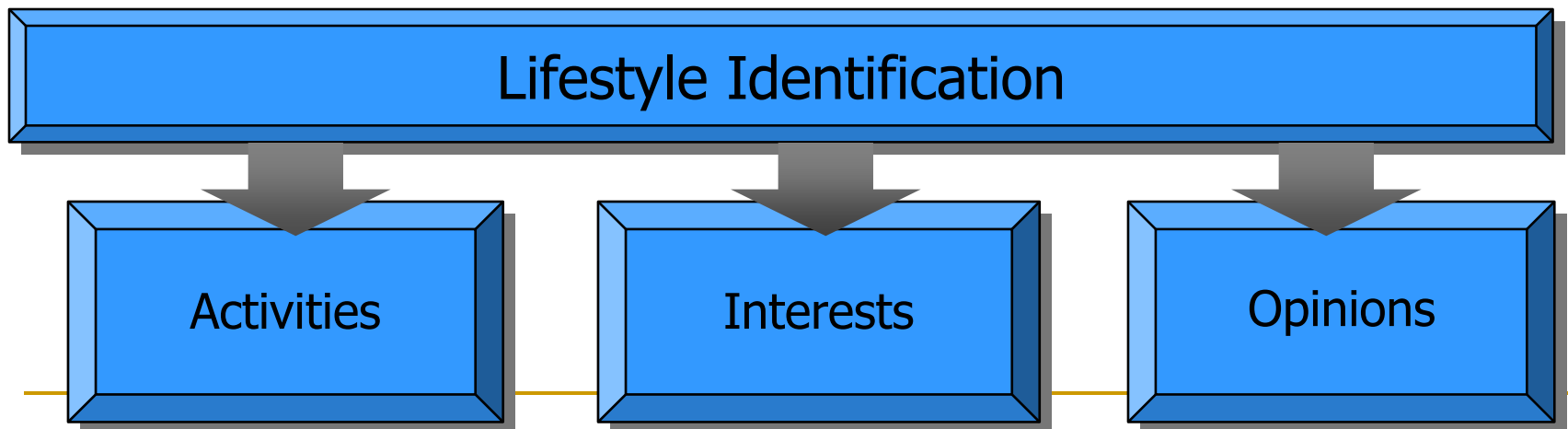
# Reference groups/opinion leader

- **reference group** – people to whom an individual looks when forming attitudes about a particular topic
  - **opinion leader** – a person who influences others (each social class and age group tends to have its own opinion leader)
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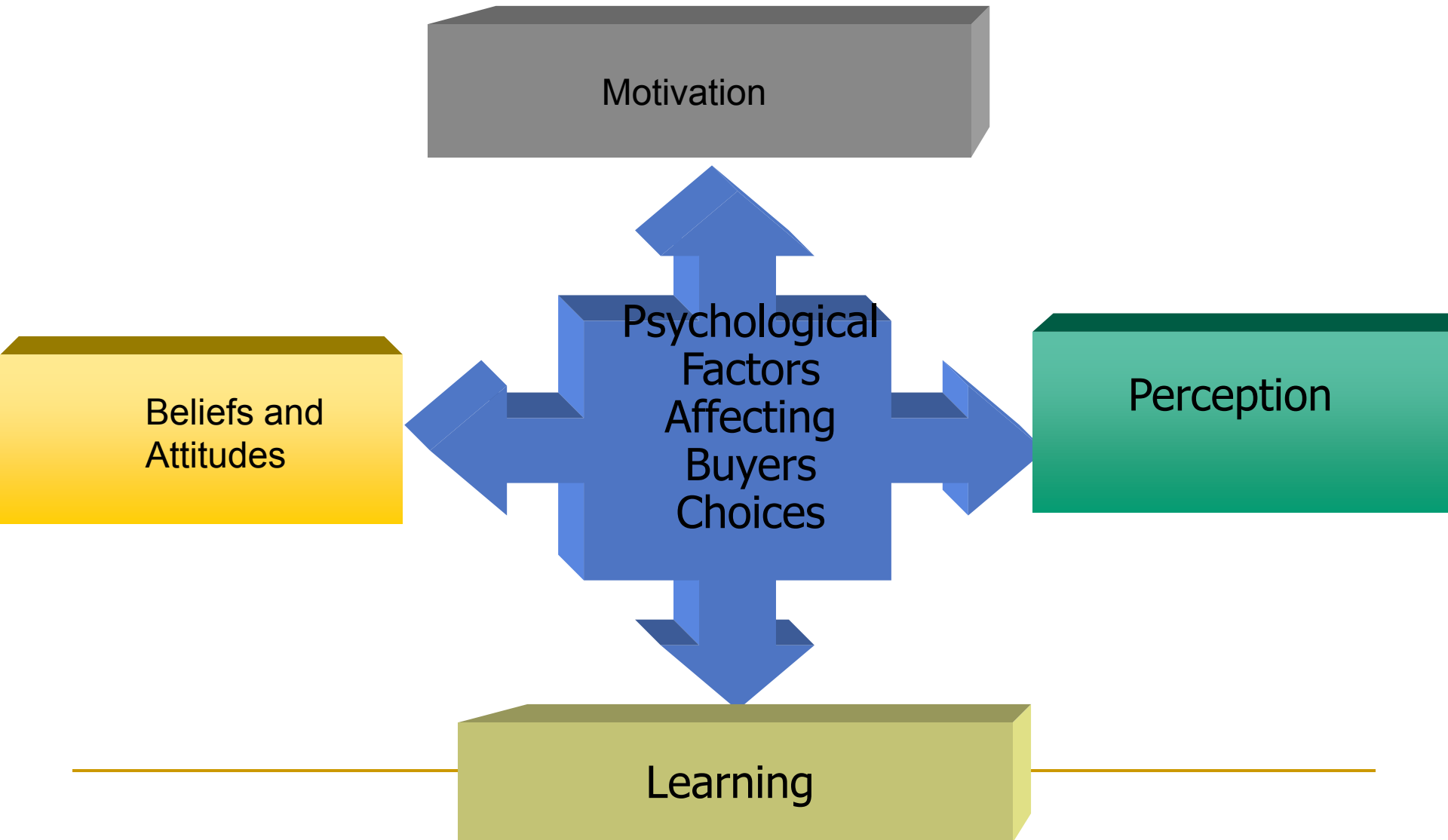
# Personal factors affecting behaviour



single, married, married with children,  
„empty nest“, retired



# Psychological factors affecting behaviour



# The PSSP Hierarchy of Needs



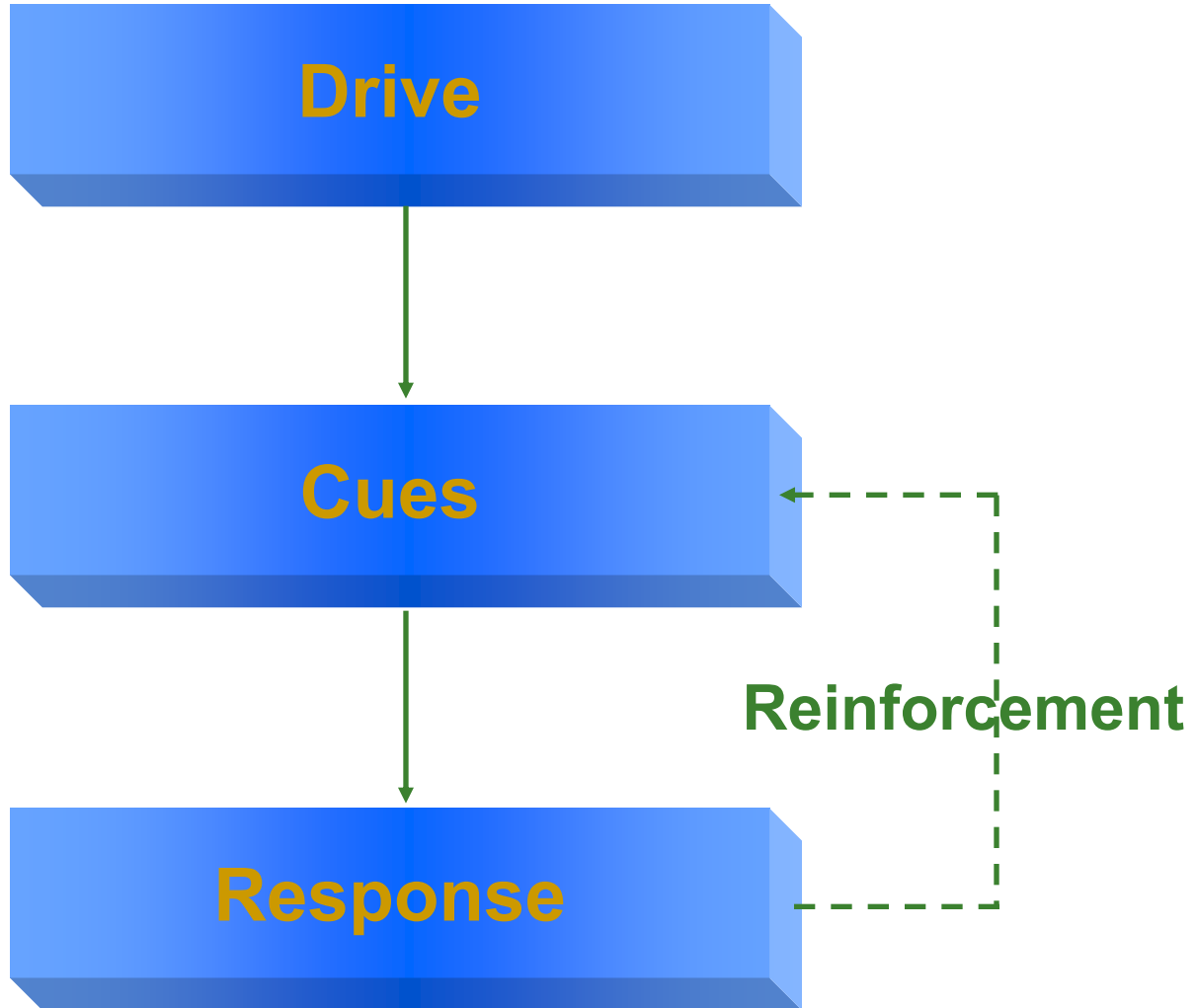
**Personal Needs**

**Social Needs**  
(sense of belonging, love)

**Safety Needs**  
(security, protection)

**Physiological Needs**  
(hunger, thirst)

# The Learning Process



# Lifestyle Dimensions

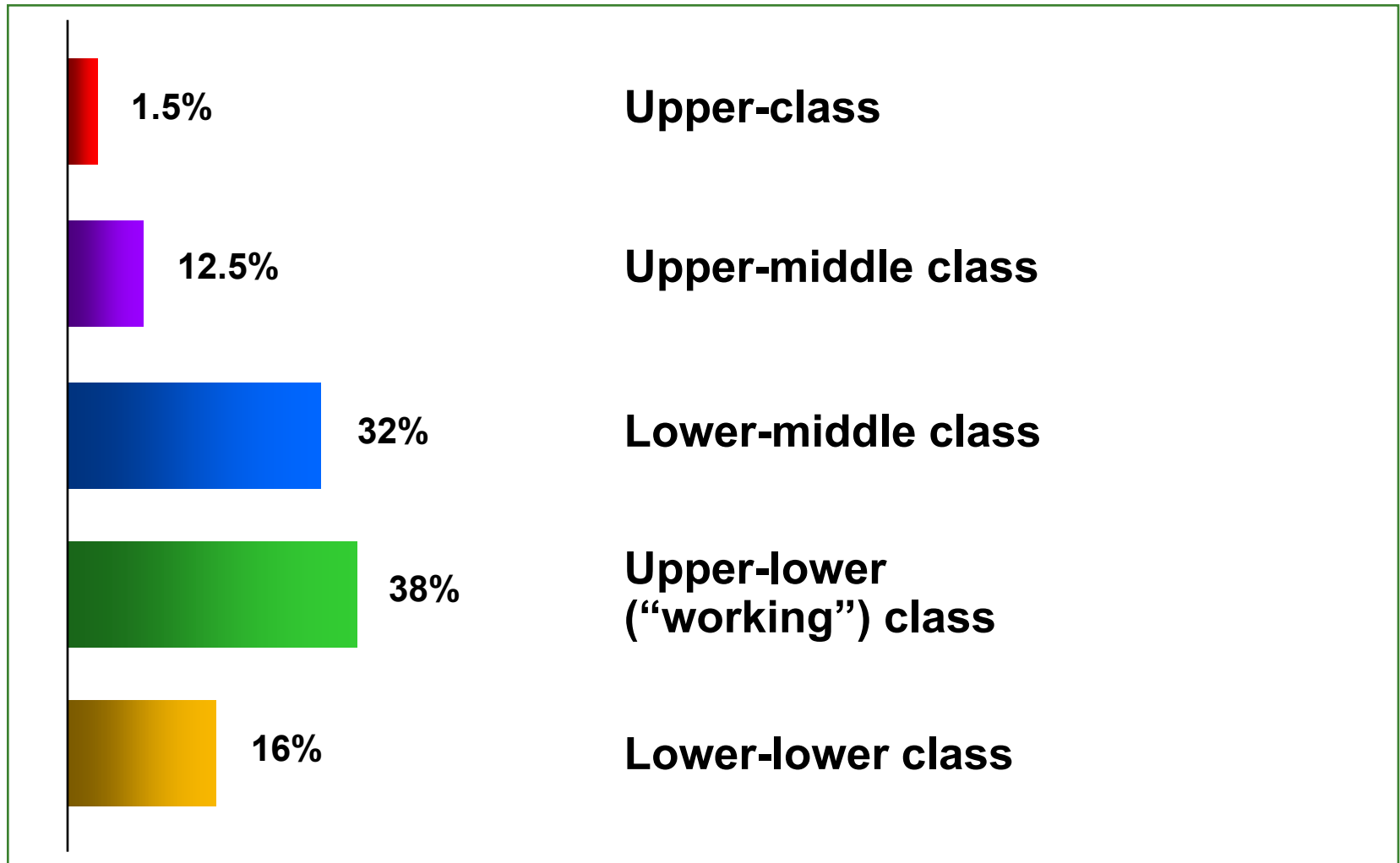


**Activities**

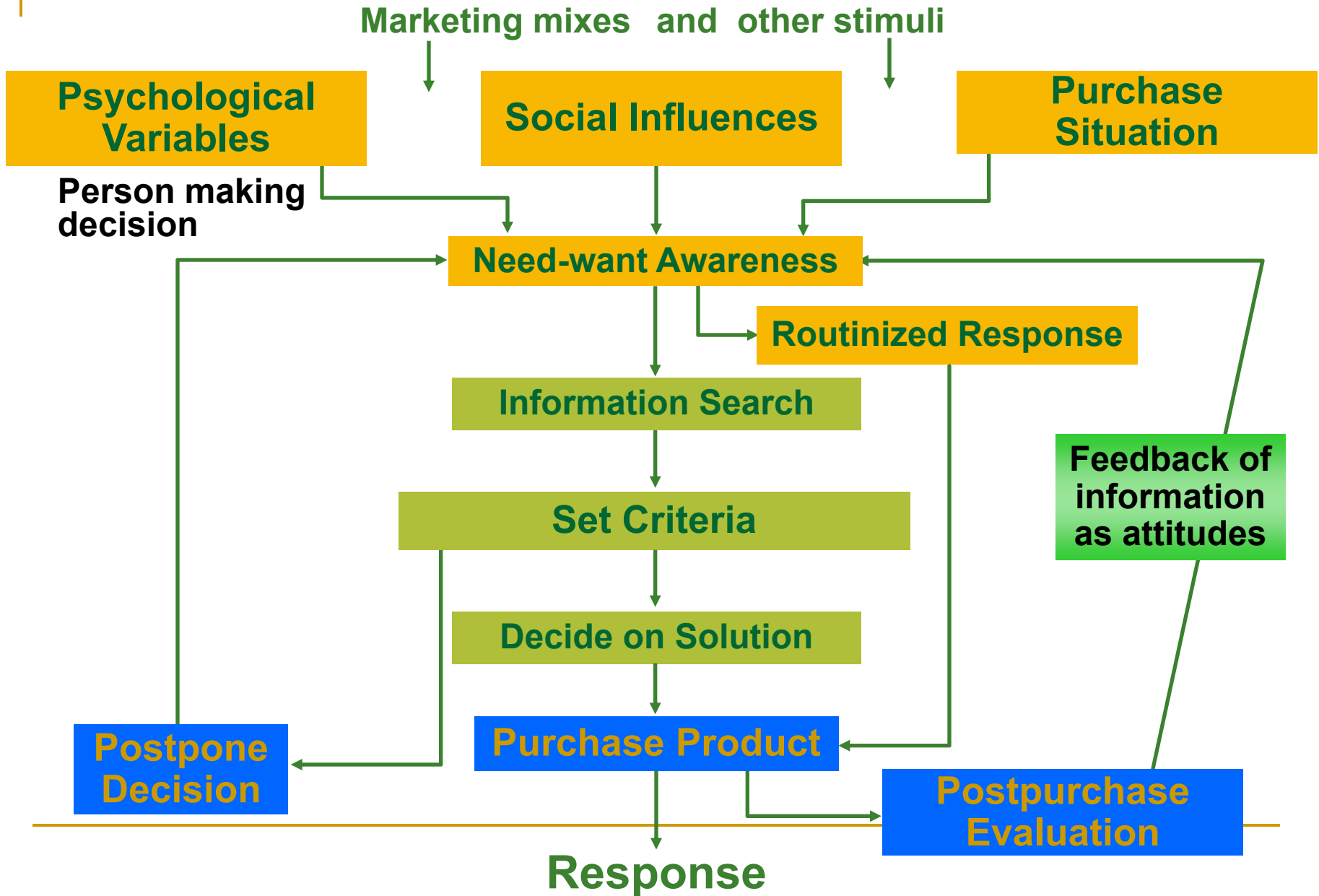
**Interests**

**Opinions**

# Social Class Dimensions



# The Consumer Problem Solving Process





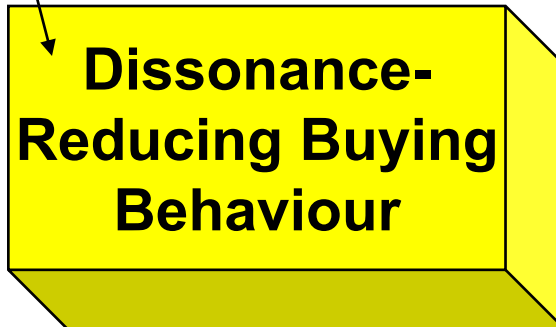
# Types of Buying Decisions

- Expensive
- Risky
- Infrequent
- Self-Expressive

**High Involvement**



**Significant differences between brands**



**Few differences between brands**

**Low Involvement**



- Low cost
- Low risk
- Frequent



# The Adoption Process

**Awareness**



**Interest**



**Evaluation**



**Trial**

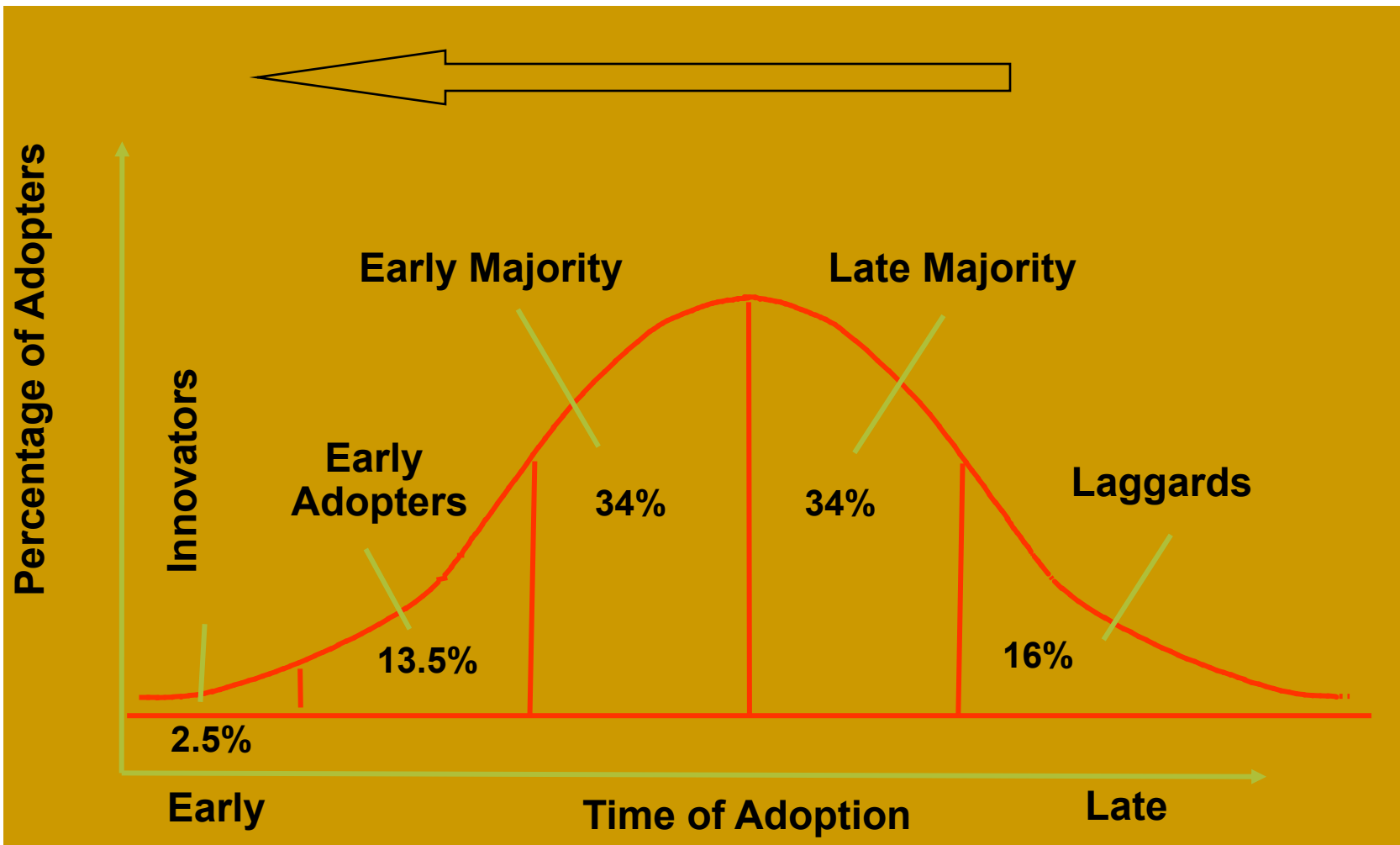


**Decision**



**Confirmation**

# Adoption of Innovations



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# Organisational Buyer Behaviour

‘The decision-making process by which formal organisations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers’

Kotler and Armstrong 1989

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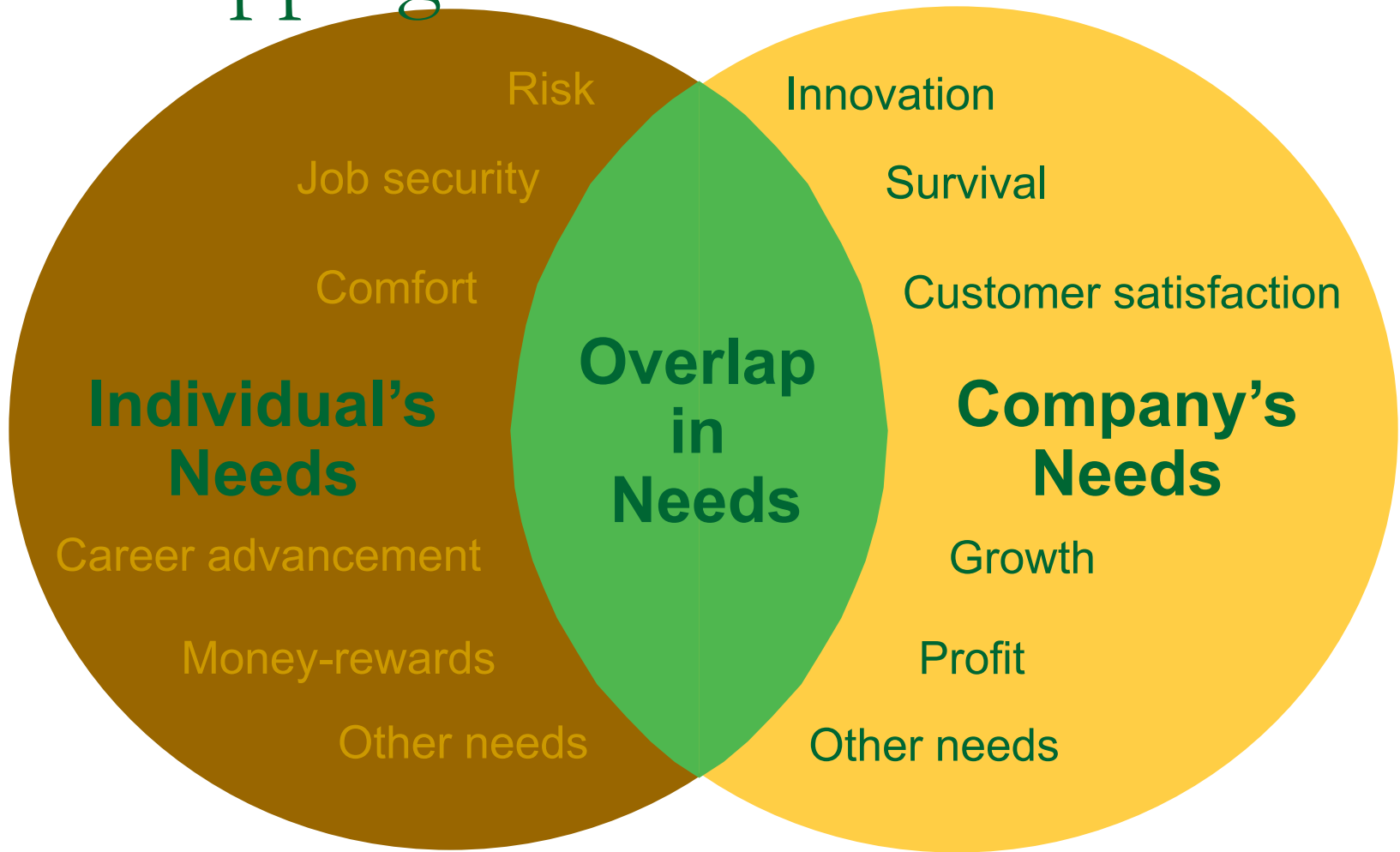
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# ALSTOM

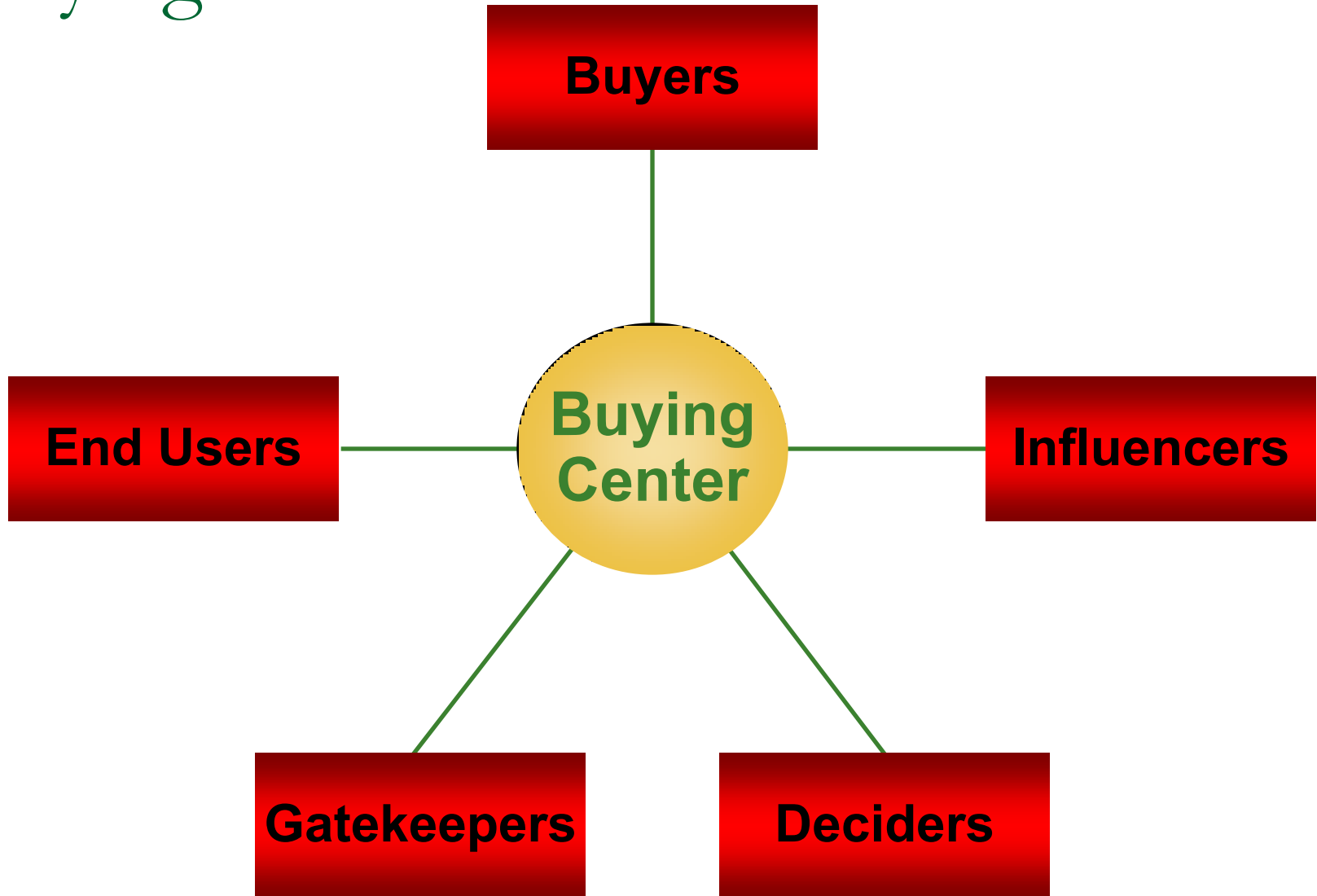


- Few customers
  - Big customers (size of contract)
  - Strong relations in B2B
  - B2B related to B2C
  - Professional teams of negotiators
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# Overlapping Needs



# Buying Center

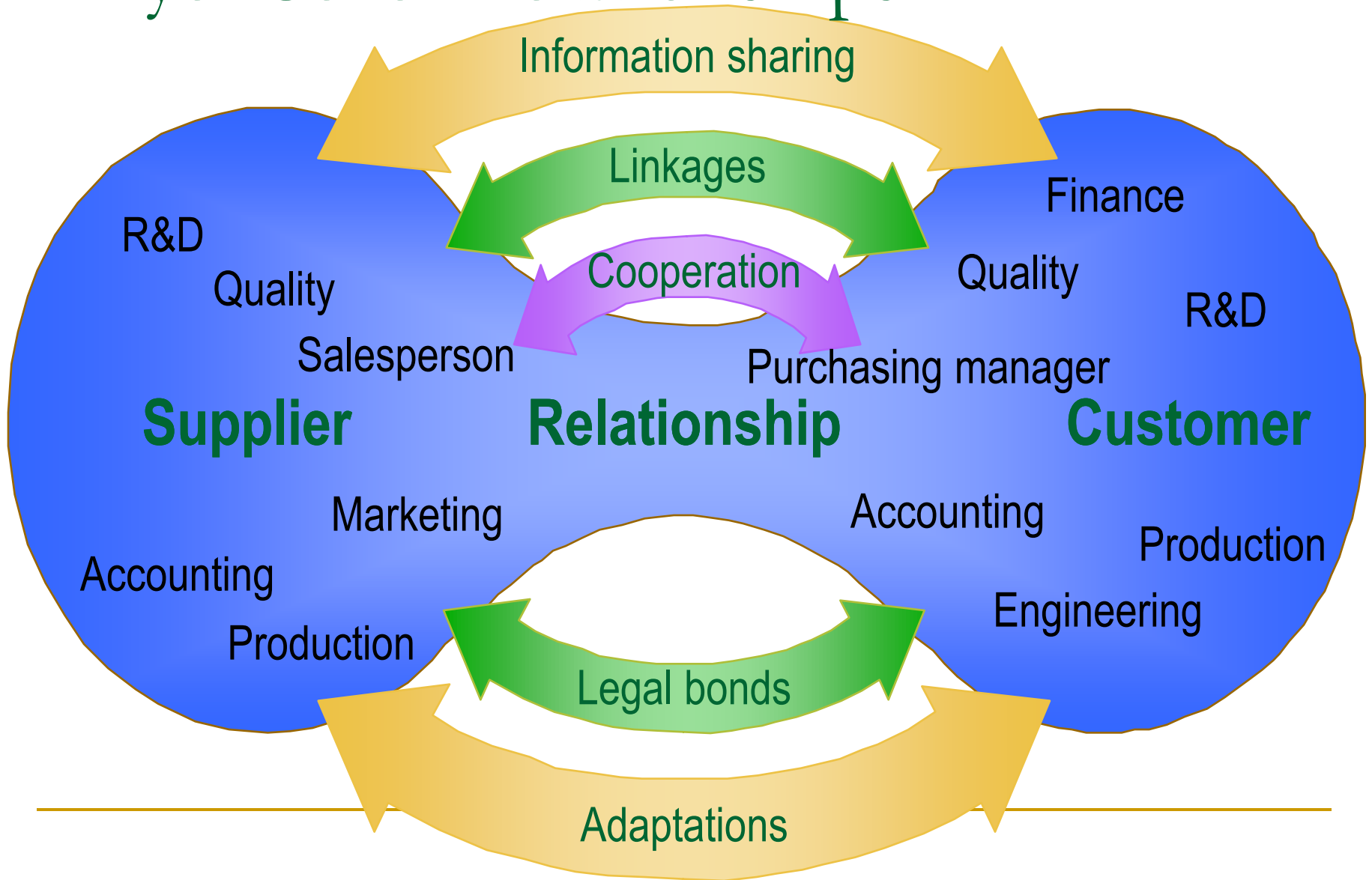


# Organizational Buying Processes

Characteristics	Type of Process		
	New-Task Buying	Modified Rebuy	Straight Rebuy
Time Required	Much	Medium	Little
Multiple Influences	Much	Some	Little
Review of Suppliers	Much	Some	None
Information Needed	Much	Some	Little



# Buyer-Seller Relationships



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# Conclusions

- Many variables influencing the behaviour of people
  - The sum of variables will result to a buying decision
  - Most purchasing has several steps, begins with a need and finished with reconfirmation
  - Organizational behaviour is different as the motivation is different too
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