

# *Week 4 – Buyer Behaviour:*

## 4.1 What is Consumer Behaviour

We will examine the influences on the buyer and how these influences might impact the buyer's choice of **product category, brand, price, distribution outlet** and their response to advertising messages.

**Consumer behaviour** is the term used to describe the analysis of the behaviour of individuals and households who buy goods and services for personal consumption.

- Generally speaking, consumers purchase products to satisfy their needs and wants. These needs and wants vary in nature and the ways that consumers go about satisfying them varies as well.
- Example: **few consumers devote much time to choosing their next tube of toothpaste**, but most consumers spend a **lot of time deciding on a destination and itinerary for an overseas holiday**.

### Factors influencing buyer behaviour

These influences may be:

- (i) Situational factors: specific to a situation in which the consumer finds themselves
- (ii) Group Factors: related to group (social or cultural) factors
- (iii) Individual factors: unique to the individual.

### Situational Factors

**Situational influences:** the **circumstances consumers find themselves in when they are making purchasing decisions** and/or consuming the product. Some circumstances prompt immediate purchasing decisions

## The principal situational influences may be classified as:

1. **Physical:** the physical characteristics of the **location** where the purchase decision is made (*e.g. fashion retailers should install flattering lighting in the fitting rooms*)

**Example:** Hot/cold climate changes how you buy things such as hot chocolate or an ice cold water

2. **Social:** interactions with others at the time the purchase decision is made

**Example:** if 2 stores are next to each other and one has a big line, you might be inclined to think that **store is better and go there**, or you might be **inclined to go to the quieter store for convenience**.

3. **Time:** the time available for a purchase decision

Are you rushed? Is it a busy time for shopping?

**Example:** people who are buying **last minute Christmas presents** will buy presents they might not have got if they had planned ahead

4. **Motivational:** the reasons for the purchase

**Example:** difference when buying a cake for a birthday party or buying a cake for a dinner party

5. **Mood:** the mood of the person at the time of the purchase decision

**Example:** a person in a hungry state will buy food

## 4.2 Group factors

### 1) Cultural factors

**Cultural factors:** Influences on behaviours that operate at the level of the whole society or of major groups within society.

## 1A) Cultural:

**Culture** The system of knowledge, beliefs, values, rituals and artefacts by which a society or other large group defines itself.

These will influence how individuals in those groups purchase

Culture is multidimensional and includes both tangible and intangible elements:

1. Tangible elements → clothing
2. Intangible elements → education, institutions, laws, beliefs, customs

Culture operates at both:

- (i) The immediate experiential level — through such things as our *tastes in food, music and entertainment* — and at a deeper, and arguably more influential, level, through *cultural values*.

National cultures could be distinguished by variations across four core dimensions that he described as follows:

A) **Power distance** is the degree of inequality among people that is acceptable within a culture. **Western societies tend to score low on 'power distance'**, reflecting their **relatively egalitarian cultures**, whereas Asian societies score **high in 'power distance'**, reflecting the **greater extent of social inequality** and the traditions that maintain this.

B) **Uncertainty avoidance** is the extent to which people in a culture feel threatened by uncertainty and rely on mechanisms to reduce it.

C) **Individualism** is the extent to which people focus on their own goals over those of the group. Western societies are generally '**individualistic**', whereas Asian societies are more '**collectivist**'.

D) **Masculinity** is the extent to which traditionally masculine values (e.g. assertiveness, status and success) are valued over traditionally feminine values (e.g. solidarity, quality of life). Australia, New Zealand and the United Kingdom are examples of more 'masculine' cultures, while the Scandinavian countries and Thailand are examples of more 'feminine' (caring and nurturing) societies.

**Long-term orientation** The extent to which a pragmatic, long-term orientation is valued over a short-term focus.

### **Indulgence VS Restraint:**

**Indulgence** The extent to which a relatively free gratification of basic and natural human drives related to enjoying life and having fun is allowed.

**Restraint** The extent to which gratification of needs is suppressed and regulated by means of strict social norms.

- Marketers must nevertheless be sensitive to cultural differences among consumers and in workplaces when they seek to market their products overseas

**Example:** Asian countries have a low level of individuality whilst western countries have a high level; People in America are quite fond of guns whilst people in Australia don't believe in them as much

## 1B) Subcultural:

**Subculture** Groups of individuals whose members share common attitudes, values and behaviours that distinguish them from the broader culture in which they are immersed.

Subcultures are usually identified based on differences in key demographic characteristics such as:

- (i) Age
- (ii) Ethnicity
- (iii) Geographic location
- (iv) Religious affiliation.

**Multiculturalism** The existence of diverse cultures within a society.

*Why are subcultures important to marketers?*

Subcultures are important to marketers when their shopping and purchasing behaviour are significantly different from the remainder of the population, and they represent a distinct and commercially significant marketing opportunity.

Surf culture

## 1C) Social class:

**Social class:** A group comprising individuals of similar rank within the social hierarchy.

Some classes can ascertain certain things whilst others **can't and thus their tastes and purchasing decisions are different**

In Australia and New Zealand, the **social class system** is regarded as 'open' because individuals are able to move from one class to another relatively easily.

In Australia and New Zealand, an **individual's social class** is defined by values and lifestyles, but often rests on indicators such as income, occupation and education.

**Example:** Holidays for rich people compared to poor people are quite different (*International trip vs. camping trip*)

## 2) Social factors

### 2A) Reference groups

**Reference groups:** people or groups to which we look to for guidance about appropriate values, attitudes or behaviours, especially for purchasing.

The influence of reference groups is particularly strong when the individual lacks previous experience as a guide for behaviour, and where that behaviour carries a level of **social risk** the individual will seek the approval of the group and will thus be concerned to conform with the expectations of the group.

**Three major types of reference groups have been identified.**

1) **Membership reference groups** → groups to which the individual belongs e.g. football clubs

2) **Aspirational reference groups** → groups to which the individual would like to belong. e.g. purchasing something because your favourite celebrity wears it. In these circumstances, the individual is likely to mimic the values, attitudes and behaviours of the aspirational group

3) **Dissociative reference groups** → groups with which the individual does not wish to be associated or which the individual may wish to leave. e.g. **not** buying things that a bogan would buy

In many reference groups, some individuals occupy the role of opinion leader.

An **opinion leader** is a reference group member who provides relevant and influential advice about a specific topic of interest to group members

**Example:** A tennis coach suggesting a tennis racket.

An opinion leader, however, is likely to be of greatest influence in product categories where individuals are highly involved, but in which they lack knowledge and/or experience, although they share the opinion leader's values and attitudes.

The idea of diffusion:

The diffusion of innovations process suggest a *two-step flow of communication* in which information can be:

- 1) Directed to and focused on the opinion leader who, after adopting the innovation,
- 2) Will communicate the information to the broader population.

## 2B) Family

**Family:** parents, siblings and spouses have a big impact on purchasing behaviour.

The **family life cycle** describes the stages through which most families pass.

Type of decision	Autonomic	Wife-dominant	Husband-dominant
Husband	Maybe	No	Yes
Wife	Maybe	Yes	No

Family consumption decisions can still largely be categorised into 4 types:

1. **Autonomic decisions** — Most household products are typically purchased by either the husband or wife

**Example:** Husband's clothing, furniture, cosmetics, pharmaceuticals, household appliances, cars and holidays.

2. **Wife-dominant decisions** — Although the role of women has changed significantly in recent decades, women still make the majority of household purchasing decisions related to *food, health care, laundry and bathroom products, children's clothing and kitchen products*.

3. **Husband-dominant decisions** — A small range of products are traditionally purchased by men, *including hardware and garage products, such as lawnmowers* (although women represent the fastest-growing market for many hardware products — typically those associated with home decoration, renovation and gardening).

4. **Syncratic decisions** — Some products are purchased by **husband and wife acting jointly**. Typically such decisions would be the *major household purchasing decisions*,

**Example:** Purchasing a home and mortgage, choosing a superannuation fund, booking a holiday, buying an entertainment product, selecting children's education, or other significant investments.

**Pester power:** the influence of children on their parents' purchasing decisions.

**Example:** The most common purchases made in response to pester power are fairly small (*e.g. chips, biscuits and a preferred brand of toothpaste*), but children can also influence or indeed initiate major purchases as well, such as gaming consoles, home swimming pools and holidays.

## 2C) Roles and status

Our roles and statuses in different groups may affect our buying decisions

**Example:** different if you are a manager or an employee