

# **Understanding Consumer needs and Buying behavior**

- **Consumer behavior** is the study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.
- The core of marketing is identifying unfilled needs and delivering products and services that satisfy these needs.
- Consumer behavior explains how individuals make decisions to spend their available resources (i.e., time, money, effort) on goods that marketers offer for sale.

## Production Concept

- The production concept, a business approach conceived by Henry Ford, maintains that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient production and intensive distribution. This approach makes sense when consumers are more interested in obtaining the product than they are in specific features, and will buy what's available rather than wait for what they really want.
- Before the 20th century, only wealthy consumers could afford automobiles, because cars were assembled individually and it took considerable time and expense to produce each vehicle. Early in the 20th century, Henry Ford became consumed with the idea of producing cars that average Americans could afford. In 1908, Ford began selling the sturdy and reliable Model T for \$850—an inexpensive price for that day

## Product Concept

- As more and more companies studied customers' needs and offered products that satisfied them well, companies began offering more and more versions, models, and features, often indiscriminately. They were guided by the **product concept**, which assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features.
- A product orientation leads the company to strive constantly to improve the quality of its product and to add new features if they are technically feasible, without finding out first whether consumers really want these features. A product orientation often leads to **marketing myopia**, that is, a focus on the product rather than on the needs it presumes to satisfy.

## Marketing Myopia

- Marketing myopia occurs when companies ignore crucial changes in the marketplace and look “in the mirror rather than through the window.” For example, in the 1980s, Apple bundled its software and hardware together and ignored customers who wanted to buy them separately. Apple sold its software, which was better than other operating systems, only when installed on its own, expensive computers. In contrast, Microsoft licensed DOS (disk operating system)—the less efficient and harder-to-operate software—to any manufacturer that wanted to install it on its computers. Most consumers bought the less expensive, DOS-operated computers, and for many years Apple was an insignificant player in the industry. Apple focused on its product and lost sight of the fact that consumers wanted to buy hardware and software separately.

## **Selling Concept**

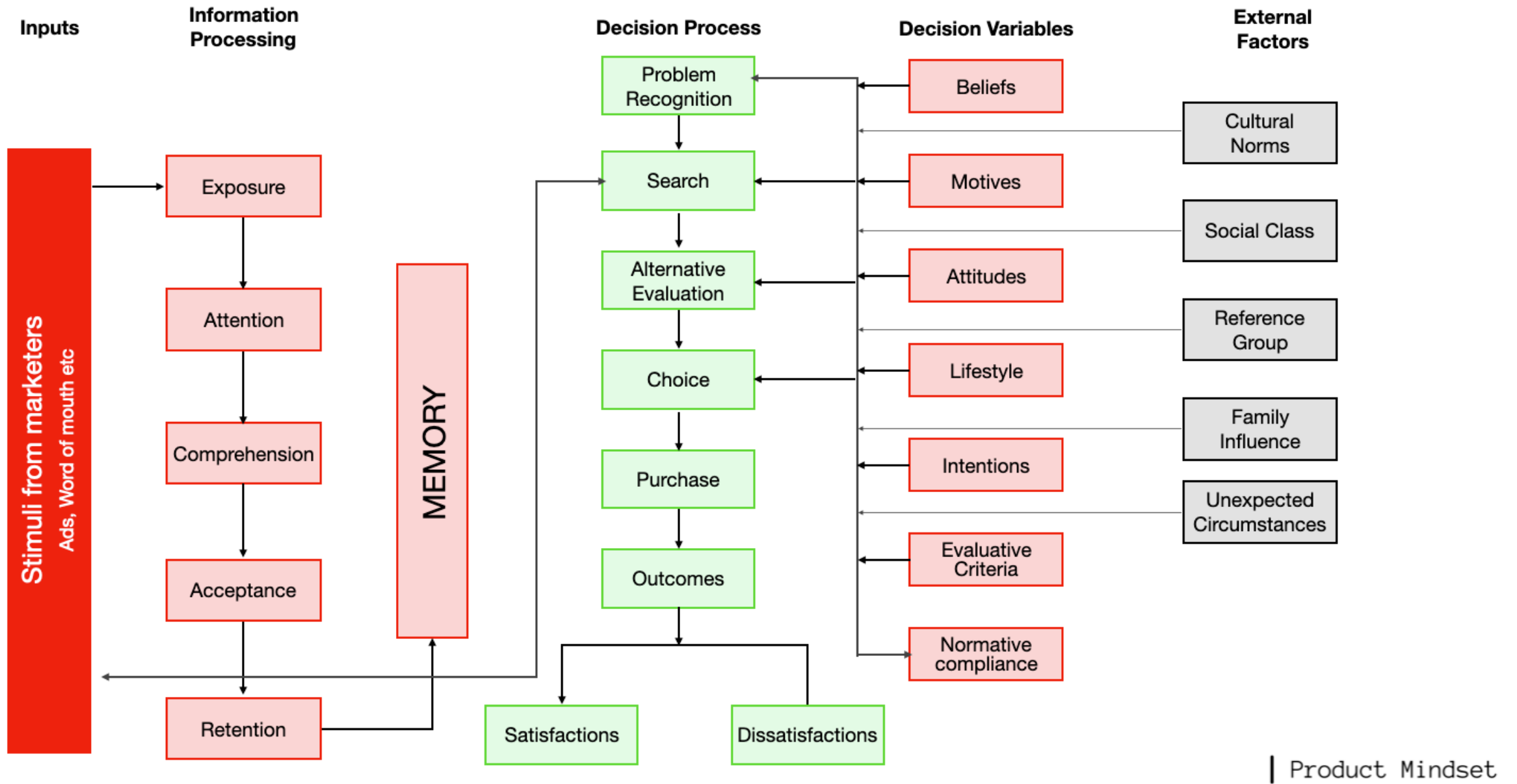
- Evolving from the production concept and the product concept, the selling concept maintains that marketers' primary focus is selling the products that they have decided to produce. The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so—mostly through the “hard sell” approach. This approach does not consider customer satisfaction, because consumers who are aggressively induced to buy products they do not want or need, or products of low quality, will not buy them again. Unhappy buyers often communicate their dissatisfactions with the product through negative word-of-mouth that dissuades potential consumers from making similar purchases

# Marketing Concept

- Marketing and consumer behavior stem from the marketing concept, which maintains that the essence of marketing consists of satisfying consumers' needs, creating value, and retaining customers. It maintains that companies must produce only those goods that they have already determined that consumers would buy.
- <https://www.youtube.com/watch?v=9UspZGJ-TrI>
- <https://www.youtube.com/watch?v=vbQPxhIcFaQ>
- <https://www.youtube.com/watch?v=nCfntaYBeqs>

## **Consumer Behavior is Interdisciplinary**

- Consumer behavior stems from four disciplines. Psychology is the study of the human mind and the mental factors that affect behavior (i.e., needs, personality traits, perception, learned experiences, and attitudes). Sociology is the study of the development, structure, functioning, and problems of human society (the most prominent social groups are family, peers, and social class). Anthropology compares human societies' culture and development (e.g., cultural values and subcultures). Communication is the process of imparting or exchanging information personally or through media channels and using persuasive strategies.



**Blackwell & Miniard model**

**INPUT**

THE MARKETING MIX  
Product  
Promotion  
Price  
Distribution

SOCIOCULTURAL INFLUENCES  
Reference Groups  
Family  
Social Class  
Culture and Subculture

COMMUNICATION SOURCES  
Advertising  
Buzz Agents  
Customized Messages  
Social Media:  
Owned or Paid For

COMMUNICATION SOURCES  
Word-of-Mouth:  
Advice and Recommendations  
Social Media:  
Self-Generated

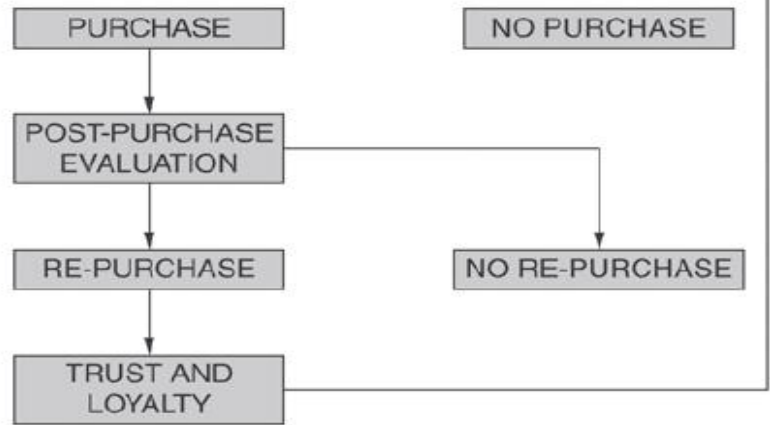
**PROCESS**

Need Recognition  
↓  
Type of Decision  
↓  
Pre-Purchase Information Search  
↓  
Evaluation of Purchase Alternatives

PSYCHOLOGICAL INFLUENCES  
Needs and Motivation  
Personality Traits  
Perception  
Attitudes

LEARNING  
→ Knowledge  
← Experience

**OUTPUT**



**A Model of Consumer Decision-Making**

## **Consumer Decision-Making**

- The input stage of consumer decision-making includes two influencing factors: the firm's marketing efforts (i.e., the product, its price and promotion, and where it is sold) and sociocultural influences (i.e., family, friends, neighbors, social class, and cultural and subcultural entities). This stage also includes the methods by which information from firms and sociocultural sources is transmitted to consumers.

## **Consumer Decision-Making continued....**

- The process stage focuses on how consumers make decisions. The psychological factors (i.e., motivation, perception, learning, personality, and attitudes) affect how the external inputs from the input stage influence the consumer's recognition of a need, pre-purchase search for information, and evaluation of alternatives. The experience gained through evaluation of alternatives, in turn, becomes a part of the consumer's psychological factors through the process of learning.
- The output stage consists of two post-decision activities: purchase behavior and post-purchase evaluation.

## **Indian Cultural Canvas and Its Linkages to Brands**

- In any market, consumer behavior occurs against the backdrop of culture. Individual psychological factors like perception, learning or attitudes have strong linkages with culture or the subculture that is identified in a social context. Despite the radical changes in lifestyles and preferences of Indian consumers over the last few decades, the following examples reflect the deep-rooted influence of culture:
  - a) Fast food brands like MTR (a Bangalore-based brand) and Ashirwad (ITC) have offerings that are directed towards traditional preparations in urban markets.
  - b) Ujala, a liquid offering that adds a blue tinge to white clothes, is a successful brand catering to the cultural habit that consumers have followed for decades.

c) Fortune, a brand of edible oil, used a “Mother and son” advertising theme in which the mother cooks and carries home-made food for her son who is working in the navy. Mother and child bonding is a strong cultural link adopted in Indian ads because India is a country where family ties, as a part of the social structure, are stronger than it is in most parts of the world. Himalaya brand of medicines and personal care offerings have their origin in traditional remedies that are still popular in some parts of the country.

d) Mills and Boons, legendary romantic novels that originated in the United Kingdom a century back, had an Indian author, Astha Atray, and featured Indian models on the cover of his book. The publishers of this series have a database of 1300 writers worldwide. From the viewpoint of consumer behavior, such initiatives are taken by brands (several FMCGs have adopted such an approach) to get associated with the local culture.

e) Kurkure, from PepsiCo, closely resembles traditional snacks that can be found in several parts of the country.



f) Parachute Advanced introduced “Hot Oil” variant as consumer insights suggested that consumers prefer to use hot hair oils. Heating oil, either for hair application or body application, is a cultural practice in some parts of the country.

# Marketing brand Aava: not as simple as water



Varsha Jain, Subhadip Roy and Ashok Ranchhod

<https://www.youtube.com/watch?v=Kz1fgv3L7JY>

| Brand    | Product  |   |
|----------|--|---|
|          | Existent   | New   |
| New      | Rebranding  | Brand introduction  |
| Existent | Brand development  | Brand extension/Umbrella branding  |

Source: Ranchhod and Guraŭ (2007)

### Brand Strategy Matrix

**Table I** The marketing strategy alternatives

| <i>Alternatives for Aava</i> |                                   |  |                                     |   |                            |
|------------------------------|-----------------------------------|--|-------------------------------------|---|----------------------------|
| <i>Stick to B2B</i>          |                                   | <i>Status quo</i>                        |                                     | <i>Focus on B2C</i>                           |                            |
| <i>Pro</i>                   | <i>Con</i>                        | <i>Pro</i>                               | <i>Con</i>                          | <i>Pro</i>                                    | <i>Con</i>                 |
| Maintain stronghold          | Loose out potential in B2C        | No change in marketing strategy required | Lost potential in a growing segment | Reap benefits of a growing consumer base      | Increasing marketing costs |
|                              | Revenue loss because of discounts |  | Threat of competition in B2C        | Hedge on the revenue losses in the B2B sector | Risks of ROI breakeven     |