

INTRODUCTION TO MARKETING

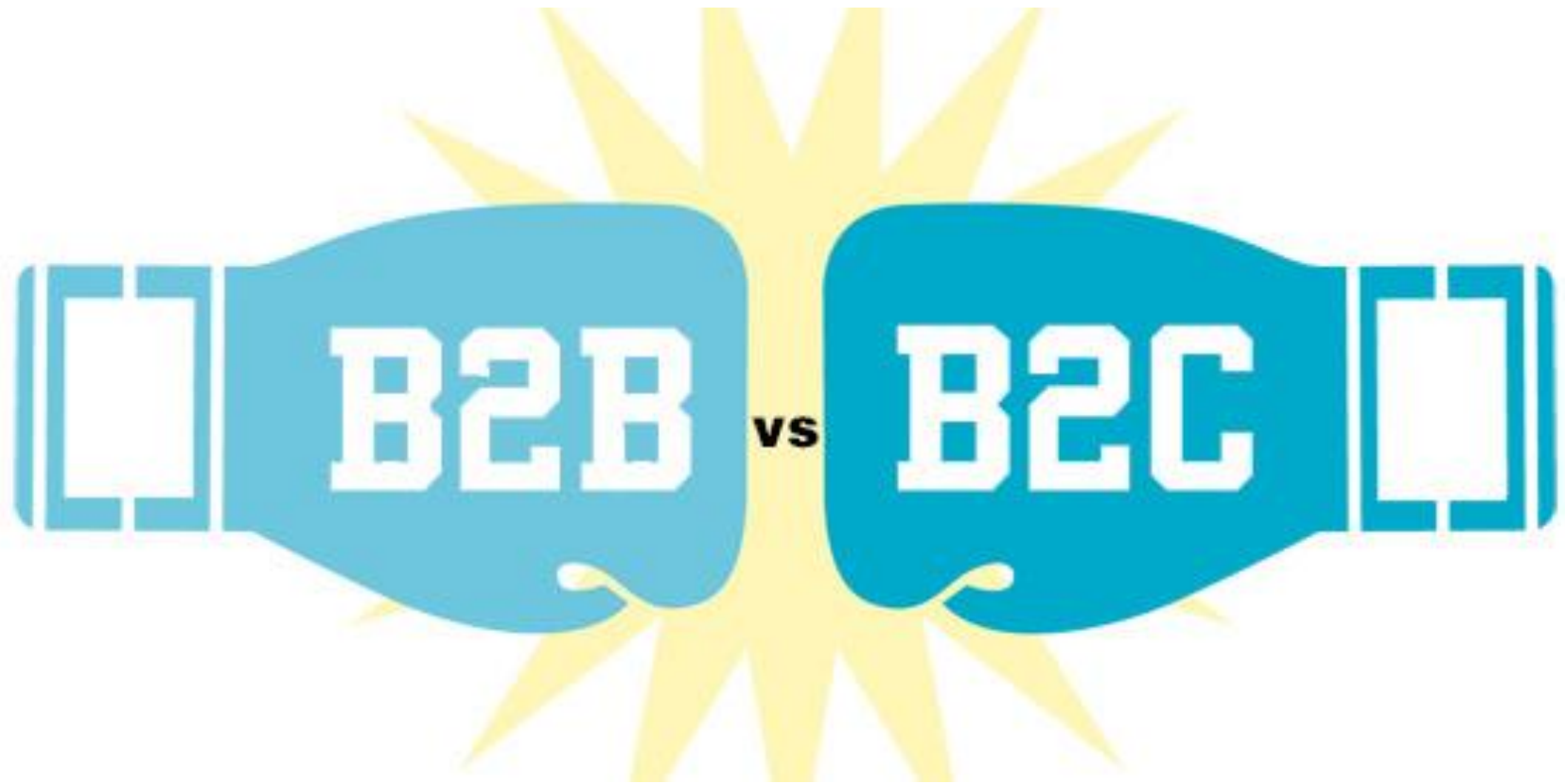
WEEK 4

Agenda

1. Last class revision
2. Chapter 6
3. Quiz review
4. Project overview! (Graded!)
5. What is expected next time

Chapter 6: Learning Objectives

1. Understand the consumer market and the major factors that influence consumer buyer behaviour.
2. Identify and discuss the stages in the buyer decision process.
3. Describe the adoption and diffusion process for new products.
4. Define the business market and identify the major factors that influence business buyer behaviour.
5. List and define the steps in the business buying decision process.



Consumer Markets and Buyer Behaviour

Consumer Behaviour

Individuals and households buying goods and services

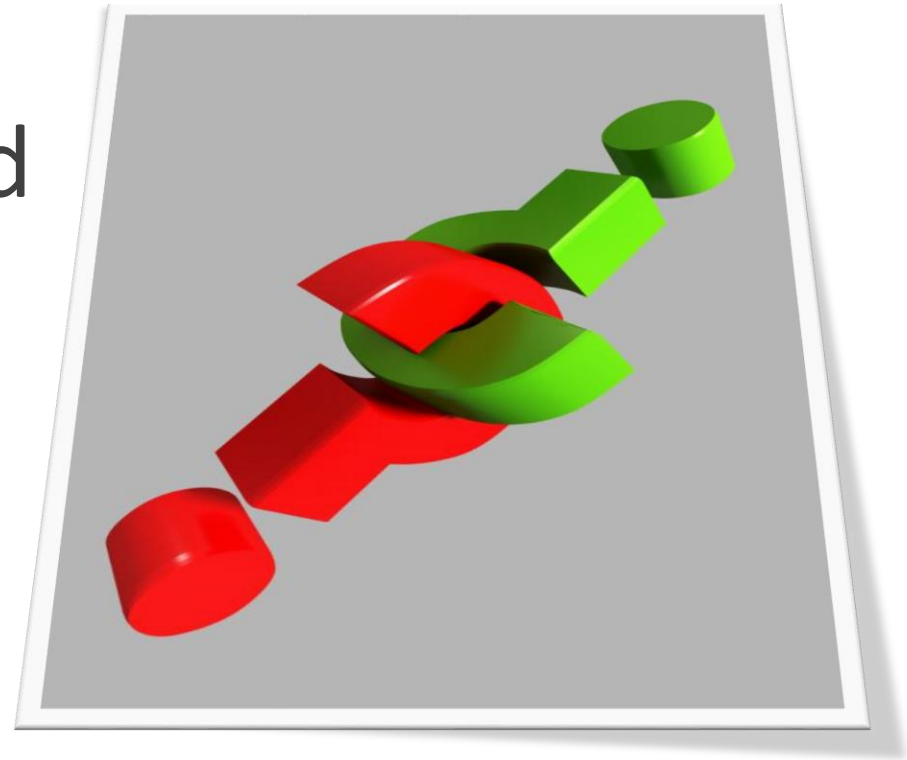
Consumer Market

Goal

Create marketing programs which trigger desired behaviour

Consumer Buyer Behavior

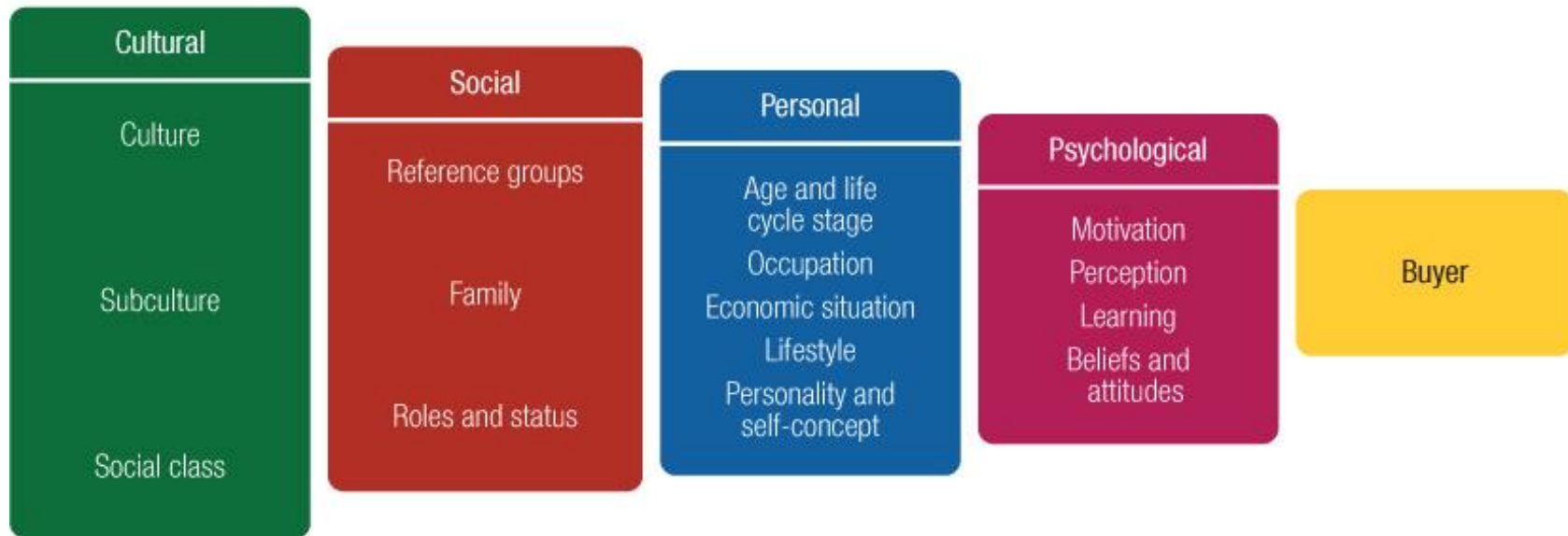
What can be all the elements that impacted your class-mate buying behavior?



Consumer Buyer Behaviour

What affects your buying behavior? Characteristics Affecting Consumer Behaviour:

FIGURE 6.2 Factors Influencing Consumer Behaviour



Consumer Buyer Behaviour



- Basic trigger of wants & behaviour
 - Deeply entrenched but when changed – creates opportunity



- Shared value systems within groups
 - Regional, Demographic, Ethnographic
 - Cultural Marketing (Focus on similarities rather than differences)



- Divisions based primarily on socio-economic status
 - Combination of occupation, income, education, wealth, and other variables

Consumer Buying behaviour



Membership, reference, and aspirational groups vary in how they influence

Word-of-mouth influence/opinion leaders



Household “power-broker(s)” influence buying behaviour (parents, children)



- Role = Expected activities
- Status = Esteem given to role by society

Personal Factors



Needs for different products change



Job affects the products bought



Personal finances affects buying choices

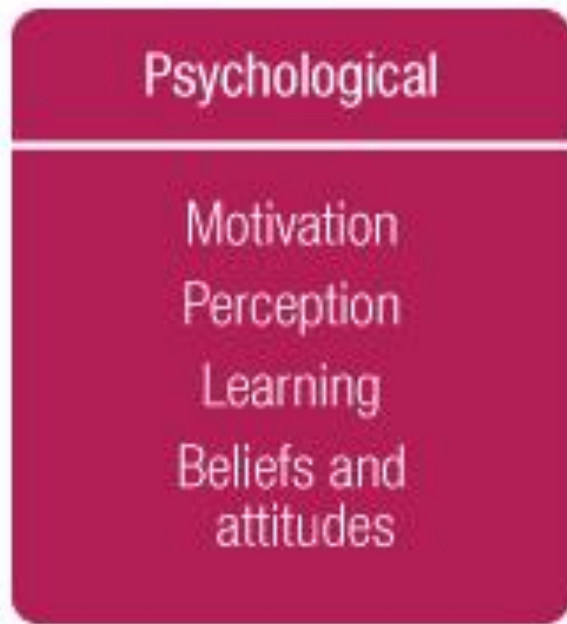


- People buy the lifestyles products represent



- Self-concept theory suggests possessions contribute to and reflect personal identities

Psychological Factors



- Motive: a need requiring satisfaction



- Process of interpreting information



- Behavioural change based on experience

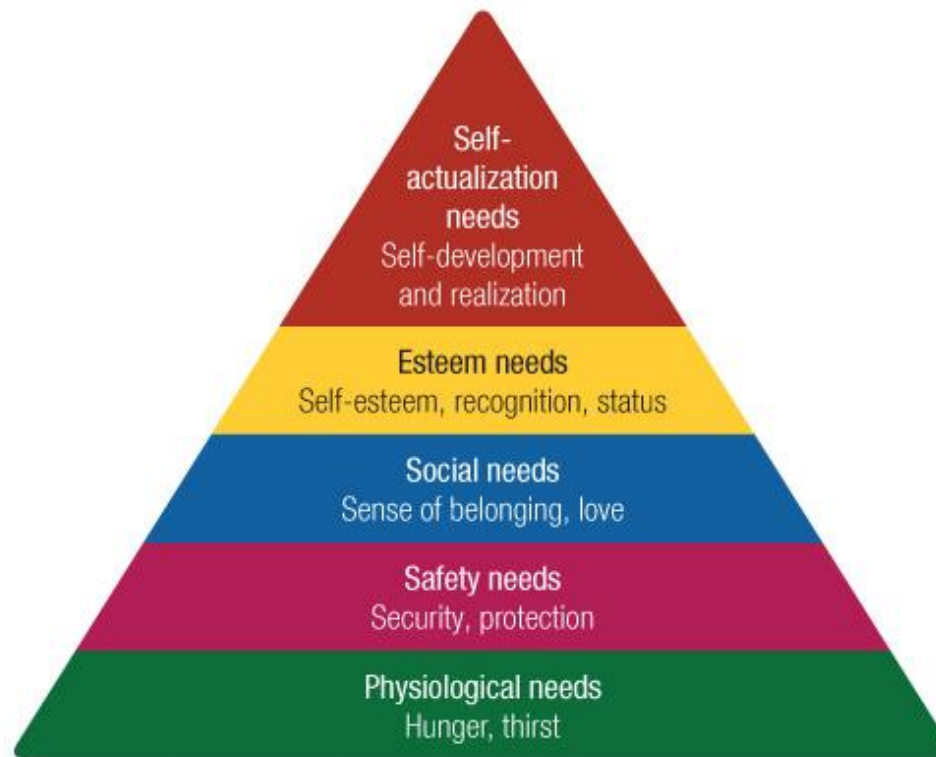


- Personal thoughts on subjects and evaluations thereof

Psychological Factors

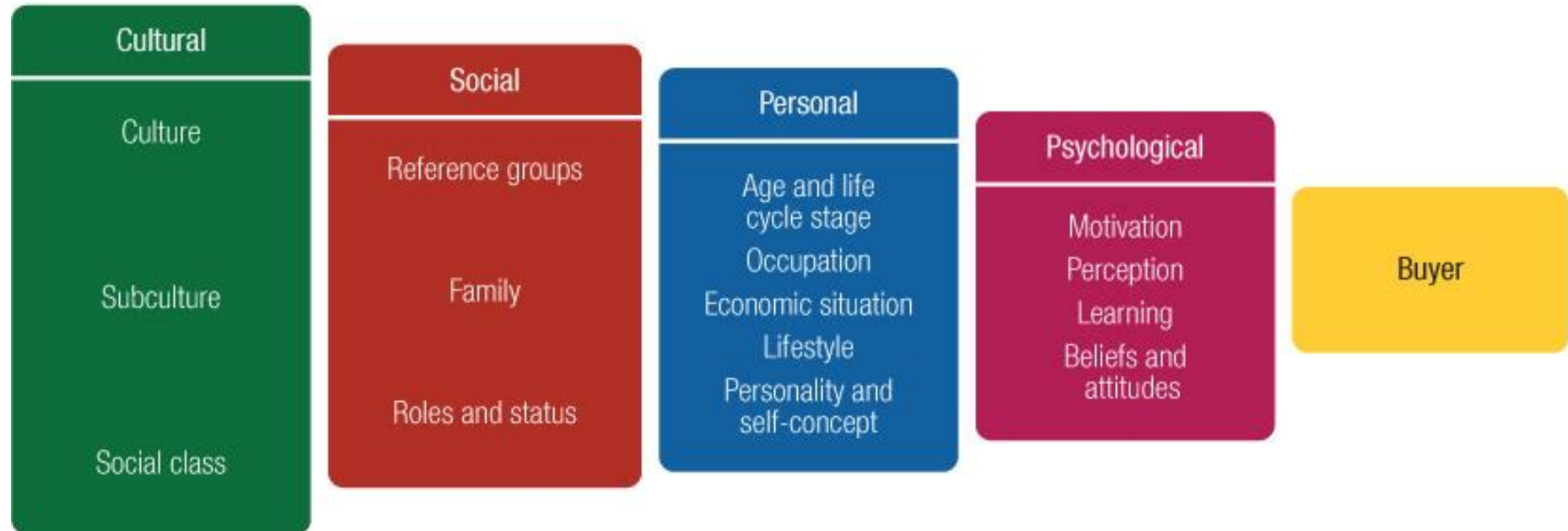
Maslow's Hierarchy of Needs

FIGURE 6.3 Maslow's Hierarchy of Needs



Let's examine the ads you got!

FIGURE 6.2 Factors Influencing Consumer Behaviour



Buyer Decision Process

FIGURE 6.4 Buyer Decision Process



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Buyer Decision Process

1. **Need recognition** triggered internally or externally.
2. **Information search** proceeds through a variety of sources:
 - Personal sources
 - Commercial sources
 - Public sources
 - Experiential sources



Exhibit 6.10 Need recognition can be triggered by advertising:
Time for a snack?

Buyer Decision Process

3. **Evaluation of alternatives** depends on the buying situation and the consumer
4. **Purchase decision** further influenced by:
 - Attitudes of others
 - Unexpected *situational factors*

Buyer Decision Process

5. **Post-purchase behaviour** hinges on buyer's expectations vs. actual performance of product.
 - Most major purchases result in **cognitive dissonance**.



Stephane Bidouze/Shutterstock.com

Exhibit 6.11 Postpurchase cognitive dissonance: No matter what choice they make, consumers feel at least some postpurchase dissonance for every decision.

Your project..... Your consumers..
What stages will they pass by to
become customers



The Buyer Decision Process for New Products

Stages in the Adoption Process...

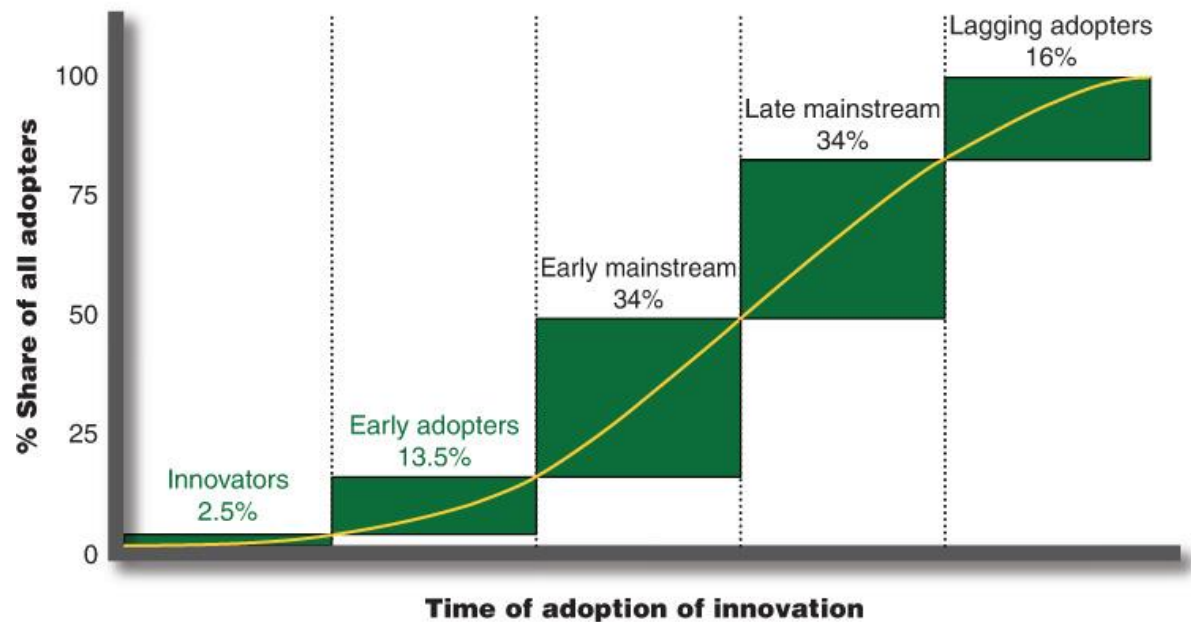
Consumer Orientation	Consumer Action
Awareness	Becomes aware, but lacks information
Interest	Seeks information about the product
Evaluation	Considers whether to try the product
Trial	Tries new product in small sample
Adoption	Decides to use product regularly

The Adoption Process

Individuals adopt new products at varying rates, categorized by the following terms:

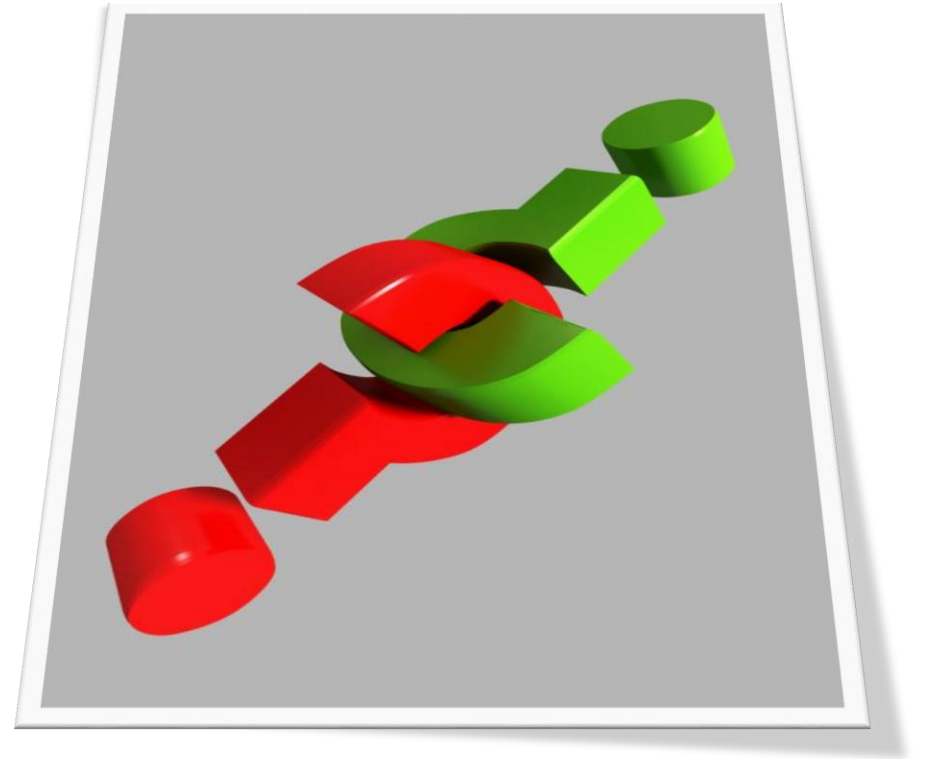
- Innovators
- Early adopters
- Early majority
- Late majority
- Laggards

FIGURE 6.5 Adopter Categories Based on Relative Time of Innovation Adoption



Discussion Question

Where do you see yourself on the Adopter Categorization Curve? Why?



The Adoption Process: Characteristics Influencing Rate of Adoption

Relative Advantage:

- Superior to existing products?
- Is the innovation superior to existing products?

Compatibility:

- Aligned with values of the market?
- Does the innovation fit the values and experience of the target market?

Complexity:

- Degree of difficulty to use?
- Is the innovation difficult to understand or use?

Divisibility:

- Integrated into regular use?
- Can the innovation be used on a limited basis?

Communicability:

- Benefits easily described?
- Can results be easily observed or described to others?

Leaving B2C aside lets focus on
B2B

Business Markets and Business Buyer behaviour

Business-to-Business (B2B):

- Buying behaviour of firms that buy products to produce other products or to resell to others
- B2B market is huge and involves far more dollars and items than consumer markets



Business Markets

Market Structure and Demand:

- Fewer but larger buyers
- Demand is **derived** from consumers

Nature of the Buying Unit:

- More decision participants
- Professional buying effort

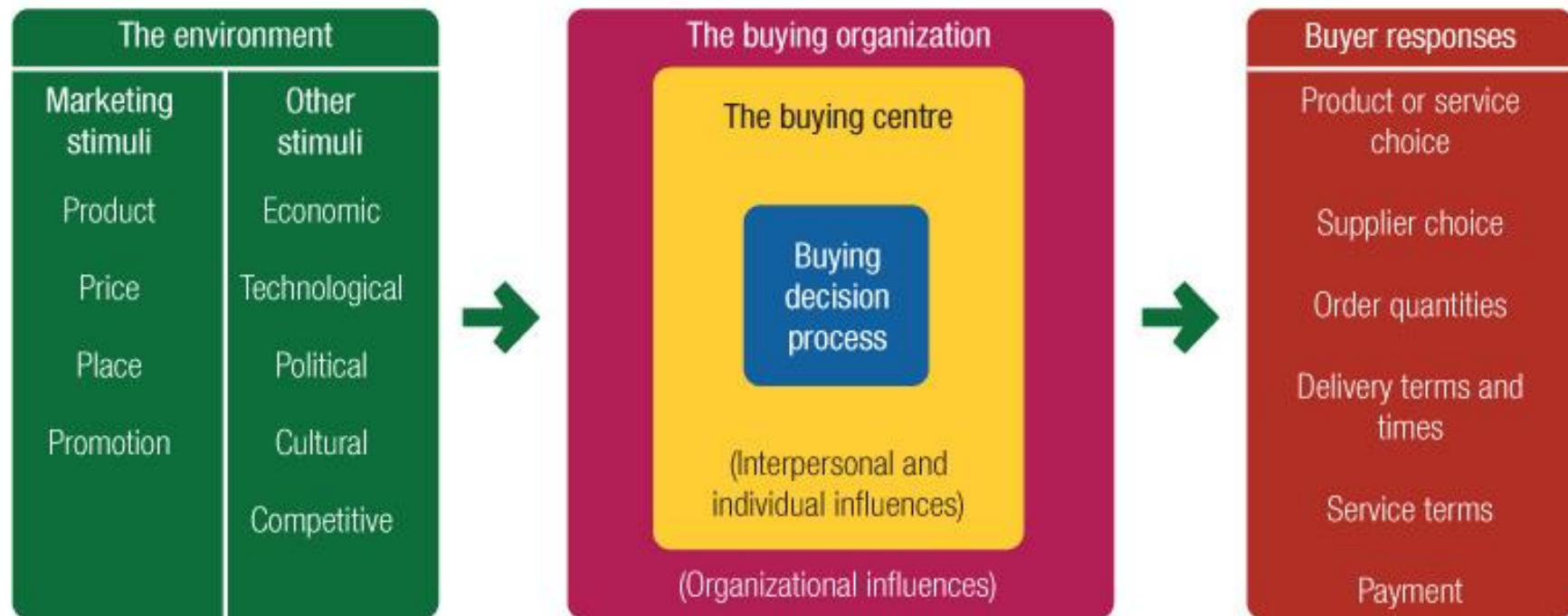
Types of Decisions

- More complex & formal decisions



Business Buyer Behaviour

FIGURE 6.6 Business Buyer Behaviour Model



Major Types of Buying Situations

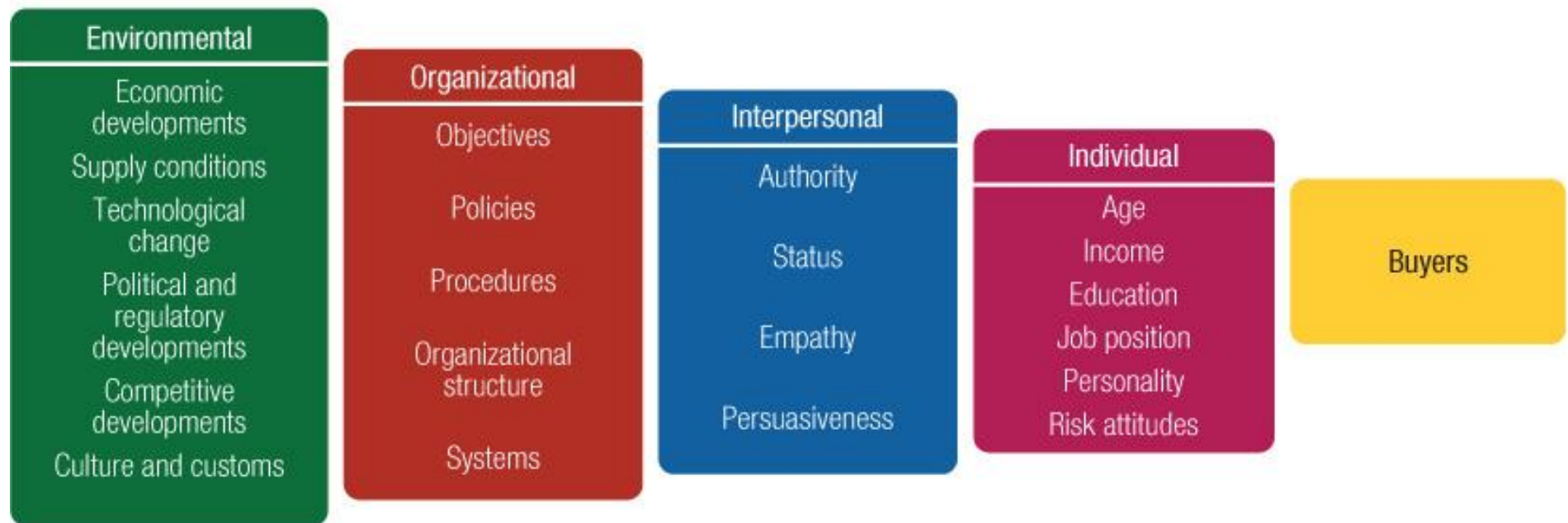
Buying decisions	Def	In	Out
Straight rebuy	Buyer routinely reorders something without any modifications	Try to maintain a product and service quality	Find new ways to add value or exploit dissatisfaction
Modified rebuy	Buyer modifies product specifications, prices, terms, or suppliers	Feel nervous and pressured to put best foot down to protect an account	Opportunity to make a better offer and gain new business
New task	Buyer purchases a product or service for the first time		

System and solution selling



Major Influences on Business Buyer Behaviour

FIGURE 6.7 Major Influences on Business Buyer Behaviour



Stages of the Business Buying Process

FIGURE 6.8 Stages of the Business Buying Process



Reviewing the Concepts

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3. Describe the adoption and diffusion process for new products.
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What to do for next class

1. Study chapter 6
2. Quiz (2) chapters 4,5,6
3. Read Case p.205 and be ready to answer questions related to it next class (Participation)
4. Prepare project first submission, below are the guidelines
 - A. Send your idea over the email
 - B. Official graded part: in class before class starts
 - I. Word file font 12, 1.5 spaced, Use headings and subheadings
 - II. Cover page: Write your team name, your names and ID numbers
 - III. Page number in footer
 - IV. Document to include: product idea(s), points of differentiation, needs explored and fulfilled by your project
 - V. CONVINC ME!

Thank you
