

Cooperative Marketing

Level-I

**Based on March 2022, Version 2 Occupational
Standard**



Module Title: Consumer Buying Behavior

LG Code: AGR CM1 M04 LO (1-3) LG (11-13)

TTLM Code: AGR CM1 TTLM 0922v1

September, 2022

Addis Ababa, Ethiopia

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Introduction to the Module

Dear learner, the Ethiopian TVET system is now focused on the labor market demands and industry relevance. This translates that the main objectives of the TVET system is to qualify its graduates according to the occupational requirements of the industry. In this learning guide there are three learning outcome which are broken down in to three information sheets. These are listed as follows **understand concepts of consumers buying behavior, the buying process and Factors affecting consumers buying behavior.** In this learning guide, some learning activities and self-check exercises are included to make your study clear, attractive and precise. These are very important in deepening and enhancing your understanding of the learning out comes in the module. If you skip doing those activities and exercises, your level of understanding will be limited and insufficient. As a result, you are strongly dedicated and encouraged to do it on time accordingly. Upon the completion of the module you will be able to perform the objectives listed on instruction sheet.

LG #11	LO #1 Understand concept of Consumers Buying Behavior
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Instruction sheet	
<p>This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:</p> <ul style="list-style-type: none"> • Consumer behaviour an overview • Terminologies in consumer behaviour • Nature and stages of consumers buying behaviour • Scopes of consumer behaviour • Personal consumers and organizational buyers • Patterns of consumer behaviour <p>This guide will also assist you to attain the learning outcomes stated in the cover page. Specifically, upon completion of this learning guide, you will be able to:</p> <ul style="list-style-type: none"> • Explain the need to understand consumer behaviour • Comprehend terminologies in consumer behaviour • Identify the nature and scope of consumers buying behaviour • Explain the scopes of consumer buying behaviour • Distinguish personal consumers and organizational buyers • Describe the patterns of consumer behaviour 	
Learning Instructions:	
<ol style="list-style-type: none"> 1. Read the specific objectives of this Learning Guide. 2. Follow the instructions described below. 3. Read the information written in the information Sheets 4. Accomplish the Self-checks 5. Perform Operation Sheets 6. Do the “LAP test” 	

Information Sheet 1

Introduction

As you know a market is the set of actual and potential buyers of a product and marketing refers to human activity directed at satisfying needs and wants through exchange process. This means that while marketing a product you aim at satisfying the needs and wants of actual and Potential users of that product. To achieve this, first it is essential to understand the tastes, preferences, likes, dislikes, consumption patterns, process of purchase, etc., of the buyers of that product. Thus, there is a need for you to study the consumer behavior.

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers. The study of consumer behavior assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process. In this unit you will study the meaning and importance of consumer behavior, terminologies in consumer behavior, the nature and scope of consumer behavior, types of consumers, scope of consumer behavior, consumers versus organizational buyers and the patterns of consumer behavior.

1.1 Consumer behavior an overview

The term ‘customer’ is specific in terms of brand, company, or shop. It refers to person who customarily or regularly purchases particular brand, purchases particular company’s product, or purchases from particular shop. Thus a person who shops at Ale Bejimla Stores or who uses NIKE shoes is a customer of these firms. Whereas the ‘consumer’ is a person who generally engages in the activities - search, select, use and dispose of products, services, experience, or ideas.

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One thing that we have in common is that we are all consumers. In fact, everybody in this world is a consumer. Every day of our lives we are buying and consuming a variety of goods and services. However, we all have different tastes, likes and dislikes, and adopt different behavior patterns while making purchase decisions. You may prefer to use Gulele laundry soap, Mamko toilet paper and Zehara hair oil while your spouse may prefer Duru laundry soap, Lemlem shampoo and Zinet hair oil. Similarly, you may have a certain set of preferences in food, clothing, books, magazines, recreational activities, forms of savings and the stores from where you prefer to shop, which may be different not only from those of your spouse but also your friends, neighbors and colleagues. For example, take the case of two wheelers.

You may prefer Toyota; your friend may like Mercedes and another person may prefer Honda. Again within each category also different persons prefer different brands. Thus, each consumer is unique and this uniqueness is reflected in the consumption behavior and pattern as well as process of purchase. The study of consumer behavior provides us with reasons why consumers differ from one another in buying and using products and services.

'What' products and services do we buy, 'why' do we buy, 'how often' do we buy, from 'where' do we buy, 'how' do we buy, etc., are the issues which are dealt with in the discipline of consumer behavior. Consumer behavior can be defined as those acts of individuals (consumers) directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts.

Meaning of consumer Behavior: The better the firm understands its consumers, the more likely it becomes successful in the marketplace. Knowledge of consumer behavior would render immense help for planning and implementing marketing strategies. For example, buyers' reactions to a firm's marketing strategy have great impact on the firm's success. Second, the proof of establishing consumer orientation in the marketing concept of the firm depends on how marketing mix adopted satisfies the consumers. This is known only when marketing mix is developed to include positive answers to the questions listed in the discussion of the scope of consumer behavior field.

Third, by gaining a better understanding of the factors that affect consumer behavior, marketers are in a better position to predict how consumers will respond to marketing strategies. In addition, the study of consumer behavior helps in developing the strategies mentioned below: Selection and segmentation of target markets; devising appropriate marketing strategies most relevant to the target market segment; evaluation of marketing programs, strategies, and tactics; assessing the trends of change and preparing the marketing plans to suit the future changes.

Finally, consumer is the principal a priority of business. The efficiency with which a free market system enterprise operates, depends upon the extent of consumer understanding possessed by the business community.

A business community that is ignorant of consumer preferences cannot possibly fulfill its obligations in a meaningful and responsive manner. This is exactly the reason why consumer behavior is given importance in modern marketing. Moreover, this is the era of marketing orientation. Under this concept, consumers are treated as kings and queens (prince/princess). In order to survive in the face of today's extreme competition; you must serve and satisfy your consumers in a way better than yours competitors do. To do this successfully you must know who are consumers, what they want to buy, from where they want to buy, when they buy, how frequently they buy and how is their decision making process while they buy?

1.2 Terminologies in consumer behavior

Many of us have misunderstanding on some of the very common consumer related terms. To reduce this ambiguity, following section will highlight the differences among few important terms.

Consumer versus Buyer: Buyers are those who carry out the formal arrangements for purchase, service, delivery, and financial terms. Buyers are not always deciders. Consumers are those people who actually put a purchased product to work or who uses it to satisfy his physical or social/psychological need(s). These two terms are also used synonymously. The synonymous use leads to the development of two other concepts (the ultimate and industrial/institutional consumers).

The Ultimate Consumer versus Industrial/Institutional Consumer: The ultimate consumer is he who gets the products from marketing intermediaries for household use. The industrial/institutional consumer on the other hand gets the product for use in the production process of other marketable item or for resale.

Consuming versus Purchasing: Purchasing refers to the act of obtaining any market item from the channel of distribution (the marketing intermediaries constitute the channel of distribution) and it is only one aspect of consumer decision process. Consuming, on the other hand means utilizing the product for satisfying motive(s) arise out of either biological or secondary need(s).

Customer versus Consumer: Customer refers to the consumer who uses, or might use a product and a consumer is everyone who buys and uses any item.

1.3 . Nature of consumers buying behavior

1.3.1 Influenced by various factors:

- Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
- Personal factors such as age, gender, education and income level.
- Psychological factors such as buying motives, perception of the product and attitudes towards the product.
- Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
- Social factors such as social status, reference groups and family.
- Cultural factors, such as religion, social class.

1.3.2 Undergoes a constant change:

Consumer behavior is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colorful and fancy footwear, but as they grow up as teenagers and young adults, they prefer fashionable footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behavior may take place due to several other factors such as increase in income level, education level and marketing factors.

1.3.3 Varies from consumer to consumer:

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behavior are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means. They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

1.3.4 Varies from region to region and country to county:

The consumer behavior varies across states, regions and countries. For example, the behavior of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviors. The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behavior may also vary across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

1.3.5 Information on consumer behavior is important to the marketers:

Marketers need to have a good knowledge of the consumer behavior. They need to study the various factors that influence the consumer behavior of their target customers in order to tailor their Product design, Pricing of the product, Promotion of the product, Packaging and Place of distribution to consumers preference and need.

1.3.6 Varies from product to product:

Consumer behavior is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

1.4 . Scopes of consumer behavior

The field of consumer behavior tries to find out the answers to the following questions:

- What are the products people buy?
- Why they buy them?
- How they buy them?
- When they buy them?
- Where they buy them?
- How often they buy them?
- How is the decision process of the consumer?

For instance, if you intend to produce a new variety of tooth paste, you should analyze the nature of individual consumption behavior as to:

- Why consumer uses tooth paste (to whiten teeth/prevent tooth decay);
- Which brand of toothpaste they buy (say Close-up or Aromatic);
- Why he/she buys it (because he believes that it will whiten his teeth better than competing brands);
- How he buys it (cash/credit);
- When he buys it (monthly/weekly);
- Where he buys it (from retail or supermarket);
- How often he buys it (frequency of buying, say every fortnight) and
- How much he buys it (100 gram/200 gram).

It must also be noted that the behavior is likely to show variation from individual to individual, from product to product and from an individual of one region to individual of another region. Thus analyzing the consumer behavior is a prerequisite though the process is highly complicated. At the same time, a firm's ability to establish and maintain satisfying exchange relationships depends on the level of understanding of buying behavior. Consumer behavior field explores the decision process and acts of people involved in buying and using products.

1.5 . Personal Consumers and organizational buyers

People purchase thousands of products and services for their consumption and use. They may purchase these products and services for different purposes and they may have myriad

objectives, so the term consumer is often used to describe two different kinds of consuming entities: (1) personal consumer and (2) organizational buyer.

Personal Consumer: Personal consumer buys goods or services for his or her own use (e.g, shaving cream, shampoo, lipstick) are for use of the household or family. In each of the above, the goods are brought for final use by the individuals who are referred to as "end users" or "ultimate users".

Organizational buyer: Organizational buyer can be for profit and not for-profit businesses, government agencies, institutions (schools, colleges, and hospitals). In each of the above examples we note that the products/services are being bought in order to run the organization. For example, a travel agency purchasing a computer and printer so as to render services they sell. Organizational buyers refers not only to business firms but also includes the government, retail institutions and other service institutions like universities, colleges, financial firms like banks and social organizations like the red cross, family planning foundations, and others.

The obvious difference between industrial or institutional markets and consumer markets is that, instead of purchases being made for individual consumption organizational buyers are made for business use. There are several factors that differentiate consumer markets and their buying behavior from organizational market and their buying behavior. The key factors of differentiation are:

- In organizations, buyers are more geographically concentrated than consumer markets.
- Organizational buyers are fewer in number but they are bulk buyers compared to individual buyers.
- Organizational demand is derived from consumer demand. The nature of the demand is fluctuating and inelastic/ the demand is always there in case of price change.
- Many individuals or group involvement is seen in decision making process.
- Organizational buyers are quite knowledgeable and professional.
- The buying motive is mostly rational than individual buyer.
- In organizational buying lot of formalities like proposals, quotations, procedures are to be followed unlike consumer buying.

- Decision process is much complex with high financial risk, technical aspects, multiple influencing factors etc.
- Organizational buying requires more extensive negotiation over larger time period than consumer buying.

1.6 . Patterns of consumer behavior

Consumer behavior essentially encompasses the study of how consumer makes decisions to use their resources like time, money and effort for buying, using and disposing goods and services. In retail, marketers are keen to know the consumers shopping behavior, which involves an understanding of decision variables like when, where, and what to shop. These decisions variables are the factors to be considered by the retailer. The retailer's evolve the best possible mix to attract and sell value added products to customer.

In a shoe store the salesman tempts the customer with buying a pair of socks when he buys a shoe, at the cash counter the cashier tries to sell shoe polish and other accessories. The shopper's response to retail marketing mix has an impact on the firm's success in the long run. Individual consumers consider each element of retail marketing mix in relation to their culture, attitude, previous learning and personal experiences. The consumer is influenced intrinsically by his/her needs, motives, perceptions, and attitudes and extrinsically such as family social class the culture and economic factors which affect his behavior. These elements would help the retailers to place their retail marketing mix with their respective target segments. It is important to know what and from where the shoppers shop and the reasons that prompt their shopping behavior.

Buying behavior patterns are not synonymous with buying habits. Habits are developed as tendencies towards an action and they become spontaneous over time, while patterns show a predictable mental design. Each customer has his unique buying habits, while buying behavior patterns are collective and offer marketers a unique characterization. Customer behavior patterns can be grouped into:

a. Place of purchase

Most of the time, customers will divide their purchases between several stores even if all items are available in the same store. Think of your favorite super market: although you can find clothes and shoes there as well, you're probably buying those from actual clothing brands.

When a customer has the capability and the access to purchase the same products in different stores, they are not permanently loyal to any store; unless that's the only store they have access to. Studying customer behavior in terms of choice of place will help marketers identify key store locations.

b. Items purchased

Analyzing a shopping cart can give marketers lots of consumer insights about the items that were purchased and how much of each item was purchased. Necessity items can be bought in bulk while luxury items are more likely to be purchased less frequently and in small quantities. The amount of each item purchased is influenced by the perishability of the item, the purchasing power of the buyer, unit of sale, price, number of consumers for whom the item is intended, etc.

c. Time and frequency of purchase

Customers will go shopping according to their feasibility and will expect service even during the oddest hours; especially now in the era of e-commerce where everything is only a few clicks away. It's the shop's responsibility to meet these demands by identifying a purchase pattern and match its service according to the time and frequency of purchases. One thing to keep in mind: seasonal variations and regional differences must also be accounted for.

d. Method of purchase

A customer can either walk into a store and buy an item right then and there or order online and pay online mobile banking or on delivery. The method of purchase can also induce more spending from the customer (for online shopping, you might also be charged a shipping fee for example). The way a customer chooses to purchase an item also says a lot about the type of customer he is. Gathering information about their behavior patterns helps you identify new ways to make customers buy again, more often, and higher values.

Self-check 1	Written test
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Name..... ID..... Date.....

Directions: Answer all the questions listed below.

Test I: Choose the best answer (4 point)

1. Market consists of _____
 - a. People with money to spend
 - b. People with money to spend and the willingness to spend it
 - c. People with money to spend and the willingness and ability to spend it
 - d. All of the above.
2. Consumer buying behavior can be influenced by_____
 - a. Persona factors
 - b. Social factors
 - c. Marketing factors
 - d. All of the above
3. Which of the following question is being answered by the consumer behavior field?
 - a. What are the products people buy?
 - b. Why they buy them?
 - c. How they buy them?
 - d. All of the above.
4. Why a marketing executive needs to study consumer behavior?
 - a. To better understand his consumers
 - b. For better planning and implementing marketing strategies
 - c. For gaining a better understanding of the factors that affect consumer behavior
 - d. For all of the above.
5. Any individual who purchases goods and services from the market for his/her end-use is called_____?
 - a. Customer
 - b. Purchaser
 - c. Consumer
 - d. All these

Test II: Short Answer Questions

1. Provide the comprehensive definition of consumer behavior?

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2. List and discuss the patterns of consumer behavior?

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3. Mr. Samuel is an engineering student, asked his father, Mr. Musa, to buy for him a calculator. Mr. Musa asked his friend. Mr. Tolosa, to suggest a suitable brand and Mr. Tolosa told him to buy Casio Fx 82 model. Accordingly, Mr. Asrat bought the calculator and gave it to his son. Identify the following in this case:

- a. The Buyer
- b. The Consumer.....

Operation Sheet 1

Name..... ID.....

Date.....

Time started: _____ Time finished: _____

Instructions: Given necessary information you are required to perform the following tasks within 1 hour. The project is expected from each student to do it.

1. Based on your own experience as a consumer, provide the following information:

S/N	Type of the product	For what purpose you buy the product?	Which brand you buy?	Where do you buy?
1	Tooth paste			
2	Washing soap			
3	Pen			
4	Exercise book			
5	Shoe			

2. Ask one of your close friends or neighbor to provide the information for the same

S/N	Type of the product	For what purpose you buy the product?	Which brand you buy?	Where do you buy?
1	Tooth paste			
2	Washing soap			
3	Pen			
4	Exercise book			
5	Shoe			

3. Compare your experience (Question 1) with the experience of your friend/neighbor (Question 2). identify the differences, and state the reasons for the differences,

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LG #12	LO #2 The buying process
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Instruction sheet: 2
<p>This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:</p> <ul style="list-style-type: none"> • Types of consumer buying behavior • Levels of consumer involvement • Steps in buying process <p>This guide will also assist you to attain the learning outcomes stated in the cover page. Specifically, upon completion of this learning guide, you will be able to:</p> <ul style="list-style-type: none"> • Discuss the consumers buying behavior • Describe the levels of consumer involvement • Explain the steps in consumer buying behavior
Learning Instructions:
<ol style="list-style-type: none"> 1. Read the specific objectives of this Learning Guide. 2. Follow the instructions described below. 3. Read the information written in the information Sheets 4. Accomplish the Self-checks 5. Perform Operation Sheets 6. Do the “LAP test”

Information Sheet 2

Introduction

A consumer's buying decision depends on the type of products that they need to buy, the behavior of a consumer while buying a coffee is a lot different from while buying a car. Based on observations, it is clear that purchases that are more complex and expensive involve higher deliberation and many more participants.

Consumer buying behavior is determined by the level of involvement that a consumer shows towards a purchase decision. The amount of risk involved in a purchase also determines the buying behavior. Higher priced goods tend to high a higher risk, thereby seeking higher involvement in buying decisions.

2.1. Types of consumer buying behavior

The Complex buying behavior: Complex buying behavior is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest. Consumer behaves very differently when buying an expensive product or a product that is unfamiliar to them. When the risk of buying a product is very high, a consumer consults friends, family, and experts before making the decision.

For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and family will react, how his social status will change after buying the car, and so on. In complex buying behavior, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then make a thoughtful purchase choice. For complex buying behavior customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand their product. It is important to create an advertising message in a way that influences the buyer's beliefs and attitudes.

Dissonance-reducing buying behavior: In dissonance-reducing buying behavior, consumer involvement is very high. This might be due to high prices and infrequent purchases. In addition, there is low availability of choices with fewer significant differences among brands. In this type, a consumer buys a product that is easily available. Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitations, or budget limitations, consumers buy certain products without a lot of research.

For example, a consumer who is looking for a new collapsible table that can be taken for camping quickly decides on the product based on a few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available to him. Marketers should run after-sale service camps that deliver focused messaging. These campaigns should aim to support consumers and convince them to continue with the choice of their brand. These marketing campaigns should focus on building repeat purchases and referrals by offering discounts and incentives.

The Habitual buying behavior: Habitual Buying Behavior is depicted when a consumer has low involvement in a purchase decision. In this case, the consumer perceives only a few significant differences between brands. When consumers are buying products that they use for their daily routine, they do not put a lot of thought. They either buy their favorite brand or the one that they use regularly – or the one available in the store or the one that costs the least. For example, when a consumer buys a loaf of bread, he tends to buy the brand that he is familiar with without actually putting in a lot of research and time. Many products fit into this category. Everyday use products, such as salt, sugar, biscuits, toilet paper, and black pepper all fit into this product category. Consumers just go for it and buy it – there is no brand loyalty. Consumers do not research or need information regarding the purchase of such products.

Habitual buying behavior is influenced by radio, television, and print media. Moreover, consumers are buying based on brand familiarity. Hence marketers must use repetitive advertisements to build brand familiarity. Further to initiate product trial, marketers should use tactics like price drop promotions and sales promotions. Marketers should attract consumers

using visual symbols and imagery in their advertising. Consumers can easily remember visual advertisements and can associate with a brand.

Variety seeking buying behavior: In variety-seeking consumer behavior, consumer involvement is low. There are significant differences between brands. Here consumers often do a lot of brand switching. The cost of switching products is low, and hence consumers might want to try out new products just out of curiosity or boredom. Consumers here, generally buy different products not because of dissatisfaction but mainly with an urge to seek variety.

For example, a consumer likes to buy a cookie and choose a brand without putting much thought into it. Next time, the same consumer might choose a different brand out of a wish for a different taste. Brand switching occurs often and without intention.

Brands have to adopt different strategies for such types of consumer behavior. The market leader will persuade habitual buying behavior by influencing the shelf space. The shelf will display a large number of related but different product versions. Marketers avoid out-of-stock conditions, sponsor frequent advertising, offer lower prices, discounts, deals, coupons, and free samples to attract consumers.



Figure 2:1: Types of consumers buying behavior and levels of involvement

2.2. Consumer involvement meaning and causes

Some consumers are characterized as being more involved in products and shopping than others. A consumer who is highly involved with a product would be interested in knowing a lot about it before purchasing. Hence he reads brochures thoroughly, compares brands and models available at different outlets, asks questions, and looks for recommendations.

- Thus consumer involvement can be defined as intensified state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase.
- Consumer involvement is defined as a state of mind that motivates consumers to identify with product/service offerings, their consumption patterns and consumption behavior.

Involvement creates within consumers an urge to look for and think about the product or service category and the varying options before making decisions on brand preferences and the final act of purchase. It is the amount of physical and mental effort that a consumer puts into a purchase decision. It creates within a person a level of relevance or personal importance to the product or service offering and this leads to an urge within the former to collect and interpret information for present or future decision making and use.

Involvement affects the consumer decision process and the sub processes of information search, information processing, and information transmission. Involvement is a sensitive state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase. It is the perceived interest and importance that a consumer attaches to the acquisition and consumption of a product or service offering.

2.3. Causes of Consumer Involvement

The factors that influences consumer involvement include personal, product and situational. **Personal Factors:** Self-concept, needs and values are the three personal factors that influence the extent of consumer involvement in a product or service. The more product image, the value symbolism inherent in it and the needs it serves are fitting together with the consumer self-image, values and needs, the more likely the consumer is to feel involved in it. Celebrities for example share a certain self-image, certain values, and certain needs. They tend to use products and services that reflect their life style. They get highly involved in purchasing prestigious products like designer wear, imported cars, health care products etc.

Product Factors: The consumer involvement grows as the level of perceived risk in the purchase of a good or service increases. It is likely that consumers will feel more involved in the purchase of their house than in the purchase of tooth paste, because it is a much riskier purchase. Product differentiation also affects involvement. The involvement increases as the number of alternatives that they have to choose from, increases.

The pleasure one gets by using a product or service can also influence involvement. Some products are a greater source of pleasure to the consumer than others. Tea and coffee have a high level of hedonic (pleasure) value compared to, say household cleaners. Hence the involvement is high. Involvement increases when a product gains public attention. A product, that is socially visible or that is consumed in public, demands high involvement. For example, involvement in the purchase of car is more than the purchase of household items

Situational Factors: The situation in which the product is bought or used can generate emotional involvement. The reason for purchase or purchase occasion affects involvement. For example, buying a pair of socks for oneself is far less involved than buying a gift for a close friend. Social pressure can significantly increase involvement. One is likely to be more self-conscious about the products and brands one looks at when shopping with friends than when shopping alone.

The need to make a fast decision also influences involvement. A consumer who needs a new refrigerator and sees a ‘one- day- only sale’ at an appliances retailer does not have the time to shop around and compare different brands and prices. The eminence of the decision heightens involvement. The involvement is high when the decision is irrevocable, for example when the retailer does not accept return or exchange on the sale items.

Thus involvement may be from outside the individual, as with situational involvement or from within the individual as with enduring involvement. It can be induced by a host of personal-product-and situation related factors, many of which can be controlled by the marketer. It affects the ways in which consumers see, process, and send information to others.

2.4. Types of Consumer Involvement

Depending on whether the involvement is short term or long term, consumer involvement could be of two types.

Situational involvement: This is a state of arousal directed towards attaching relevance to a person/object/situation for a short term. As an affective state, it creates a level of involvement when a person thinks about a particular person/object/situation. It is specific to a situation and is thus temporary in nature. It could vary from low to high, depending upon the situational factors. For example, a middle aged lady suddenly decides to gift a laptop to her son on his birthday. She is not techno understanding and has little interest with the product category. She goes to the electronics mall and visits the various stores that sell computers and laptops. She collects information on the product features, prices, etc and finally takes the help of her middle aged neighbor to reach a final decision. Her involvement with the purchase activity would be regarded as a situational involvement.

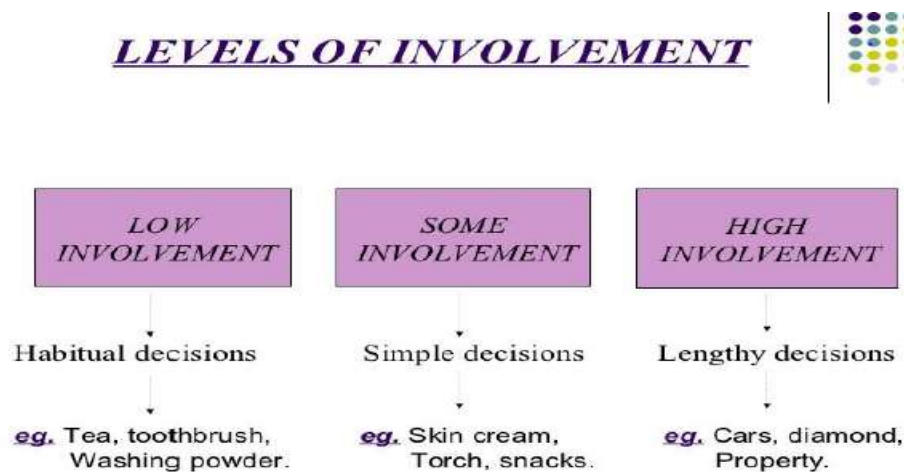


Figure 2.2 Levels of Consumer involvement

Enduring involvement: When the level of involvement towards the product or service category extends over a period of time across situations, it is referred to as **enduring involvement**. The person shows a high-level of interest in the product category and spends time collecting and processing information and integrating it within his memory. For example, a person desires to buy a laptop for his son to be gifted to him when he goes to college, which would be three years later. The father plans well in advance, tries to collect information through advertisements,

brochures, trade journals, visits to dealers, and word of mouth from peers and colleagues. Within this period he gets involved with the product category and after three years is in a position to take a decision based on the facts that he has collected. This is referred to as enduring involvement.

2.5. Stages of consumer buying process

To understand buying behavior, it is necessary to look at the buying process as a set of stages consumers go through. Consumer behavior can be divided into five very distinct stages. These stages are as follows:

Stage 1: Problem recognition: The buying process starts with the buyer recognizing a need or problem. Mr. Gemeda feels very uncomfortable carrying his papers, files and lunch packet in his hand or in a plastic bag to his work place. Sometimes, the papers and even files from his hand and get spoiled Mr. Gemeda feels the need for a suitable holder to carry papers to and from his office and has identified a bag as the solution to his problem.

Stage 2: Pre-Purchase Information Search: In response to the stimuli provided by the need for a bag, Mr. Gemeda starts searching for information on the kinds of bags available in the market. Search can be of two types: **internal and external**. Internal search refers to recalling relevant information stored in the memory. For instance, Mr. Gemeda may recall having seen the different kinds of bags used by his colleagues. Or he may recall having seen some advertisements for bags on the television or in some magazines and newspapers. External search refers to the deliberate and voluntary seeking of new information regarding the product/brand under consideration. Mr. Gemeda can seek information from the following three sources:

- Personal sources: family, friends, colleagues, neighbors.
- Commercial sources: advertisements, retailers, salesmen.
- Public sources: seeing others, consumer information centers.

By tapping all these sources of information, Mr. Gemeda is able to identify the different types of bags on the basis of material, branded versus unbranded, high-mediumlow priced. A wide variety of materials are used for making bags ranging from the best leather, fabric to plastic. There are branded bags available and Mr. Gemeda can choose from the well-known brands and some less known local brands, or he can choose to buy an unbranded briefcase. Also, there are a number of

other features which can influence the choice, such as the price, portability and number of partitions and pockets for keeping different documents. By the end of this stage, Mr. Gemeda has gathered enough information about different kinds of bags available and has narrowed down his alternatives to fabric, branded briefcase. Within this broad range there are various brands and price ranges to make the final choice from.

Stage 3: Evaluation of Alternatives: Mr. Gemeda will make his final decision using certain evaluative criteria. For instance, the product attributes of the (fabric branded bag) alternatives identified by Mr. Gemeda are: lightweight, locking system, color or price. Mr. Gemeda attaches maximum importance to the product attributes of light weight and locking system as compared to other attributes. He already has some kind of attitude towards the various brands developed in the stage of information search which will affect his final decision.

Stage 4: Purchase Decision: In the evaluation stage, Mr. Gemeda has ranked the various brands in terms of his first, second and third preference. In short, he has made up his mind about which brand he wants to buy. However, Mr. Gemeda may finally end up buying a brand which is not his most preferred. This may happen because attitudes of others and "situational factors. For instance, when Mr. Gemeda goes to the shop to make his purchase, the shopkeeper's negative remarks about his (Mr. Gemeda's) most preferred brand may make him change his mind. Also, it is possible that Mr. Gemeda's preferred brand is not available, or there is a very attractive price discount on the brand ranked third by him which eventually makes him change his mind.

Stage 5: Post Purchase Behavior: After purchasing the bag, if Mr. Gemeda finds that its performance matches up to his expectation, Mr. Gemeda will feel satisfied with his purchase. The satisfaction will reinforce Mr. Gemeda perceived favorable image of the brand, which is likely to be extended to the entire range of products manufactured by the Company. Also, Mr. Gemeda is likely to strongly recommend the brand when his friends ask his advice for buying a new briefcase. A satisfied customer is thus a very powerful source of influence for potential customers. However, if Mr. Gemeda feels that the bag which he has purchased is not up to his expectation, then he is likely to feel dissatisfied. The gap between expected (or perceived) and the actual performances cause discomfort or dissonance to the buyer.

As a result of this, Mr. Gemeda may decide to stop buying other products sold by the same Company and also warn his friends about the poor utility of his bag.

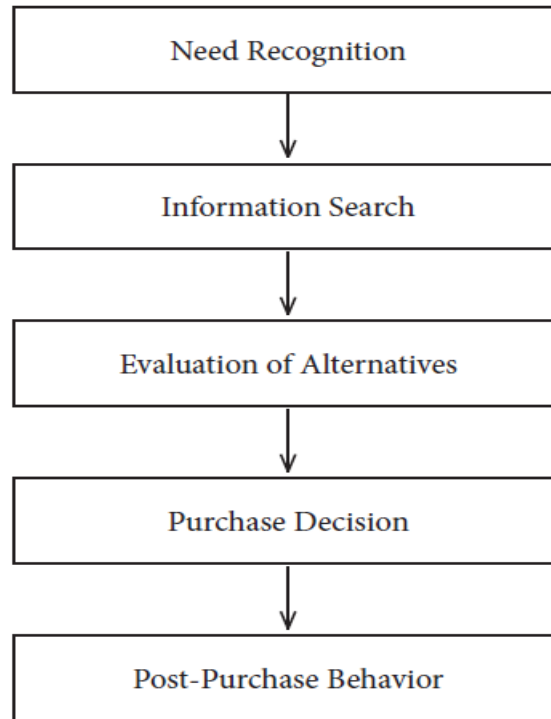


Figure 2:2 Stages of consumer buying process

Self-check:2	Written test
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Name..... ID..... Date.....

Directions: Answer all the questions listed below.

Test I: Choose the best answer (4 point)

1. High prices and infrequent purchases are behaviors of _____?
 - a. Complex buying behavior
 - b. Dissonance reducing buying behavior
 - c. Variety seeking buying behavior
 - d. Habitual buying behavior

2. Mr. Bekele dissatisfied with his purchase decision of the new motorbike, this is the revealing of which of the following purchase decisions of the consumers?
 - a. Evaluation of alternatives
 - b. Purchase decision
 - c. Post-purchase dissonance
 - d. Information search

3. A state of arousal directed towards attaching relevance to a person/object/situation for a short term refers to _____?
 - a. Enduring involvement
 - b. Evaluation of alternatives
 - c. Situational involvement
 - d. Information search

4. Self-concept needs and values are _____?
 - a. Social factors affecting consumers behavior
 - b. Personal factors affecting consumers behavior
 - c. Psychological factors affecting consumers behavior
 - d. Cultural factors affecting consumers behavior

Test II: Short Answers Questions

1. Consider the case of a consumer durable which you may have recently purchased. Try to recall the actual process you might have undergone in buying that. Write down the specific activities you undertook at each stage of the decision-making process.

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2. Do you find any differences in the approach described above and the approach that you may have followed? What could be the reasons for these differences?

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LG #13

LO #3 Factors affecting consumers buying behavior

Instruction sheet 3

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Psychological factors affecting consumers buying behavior
- Social factors affecting consumers buying behavior
- Personal factors affecting consumers buying behavior
- Cultural factors affecting consumers buying behavior

This guide will also assist you to attain the learning outcomes stated in the cover page.

Specifically, upon completion of this learning guide, you will be able to:

- Describe psychological factors affecting consumers buying behavior
- Describe social factors affecting consumers buying behaviour
- Describe personal factors affecting consumers buying behavior
- Describe cultural factors affecting consumers buying behavior

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below.
3. Read the information written in the information Sheets
4. Accomplish the Self-checks
5. Perform Operation Sheets
6. Do the “LAP test”

Information Sheet 3

Introduction

Consumers often purchase goods and services to achieve their ideal self-image and to project the self-image they want others to accept. Behavior is, therefore, determined by the individual's psychological makeup and the influences of others. In other words, consumer behavior is a function of the interaction of consumers' personal influences and the pressures exerted upon them by outside forces in the environment. Understanding consumer behavior requires an understanding of the nature of these influences.

3.1. Factors affecting consumers buying behavior

The basic determinants of retail consumer behavior include the individual's needs, motives, perceptions and attitudes. The interaction of these factors with influences from the environmental factors causes the consumer to act. All the factors that influence the retail consumer behavior can be classified into four broad groups:

- Psychological factors
- Personal factors
- Social factors and
- Cultural factors

3.1.1. Psychological factors

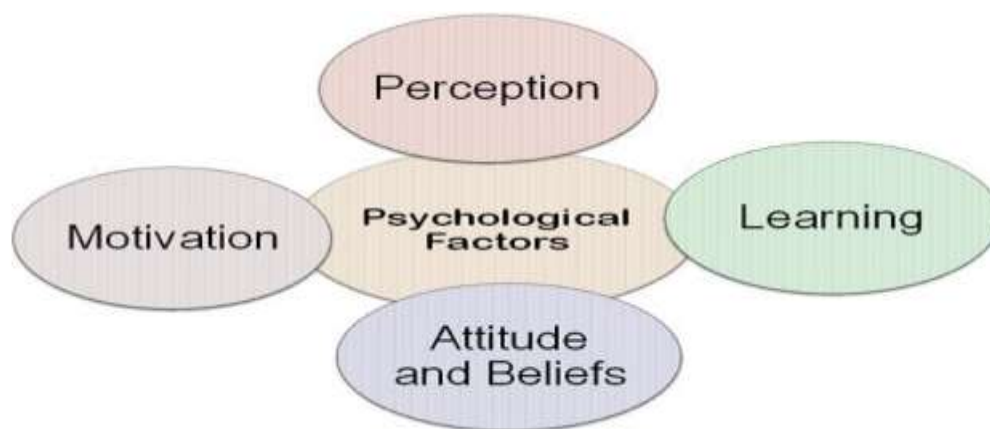


Figure 3.1 psychological factors affecting consumer's behavior

Psychological factors refer to the inner aspects of an individual. Consumers respond differently towards the same retail marketing due to their respective motives, perception level of involvement and attitude.

Motivation: The healthy person is primarily motivated by his/her needs to develop and actualize his/her fullest potentialities and capacities. Motivation is a prerequisite for any action including the buying. It stimulates the need. If you have an illness you are motivated to buy a medicine. The need to have latest fashion in cloths, mobile phones etc., is also a motivation. Thus, individual behavior resulting from motivation is affected by how stimuli are perceived.

Perception: Perception means that each person attributes to incoming stimuli received through five senses of see, hear, touch, taste, and smell. To perceive is to see or hear or touch or taste or smell something. Perception is the process of the mind selecting, organizing and interpreting. Several factors can influence one's perception. Perception of incoming stimuli is greatly affected by attitudes about them. In fact, the decision to buy a product is based on currently held attitudes about the product, the store, and the salesperson.

Attitudes: Attitudes are a person's enduring ability favorable or unfavorable evaluations, emotional feelings, pro or against action, or tendencies in regard to some object of idea. People use their attitude to judge a particular product or service offered by the retailer. If a customer feels that a store is expensive or the service rendered are of low quality he/ she avoids those stores. Reliability, stability, responsibility, dependability and credibility are the strong messages that a retailer is required to project. Emotions are extremely important as this drives buying.

Learning: Learning is the process of acquiring knowledge through past experiences. If you visited a store, the treatment you receive there will be the criteria for your next visit. Sales person's attitude, humble presentation of product's information, free sampling trails etc., are also some criteria where the consumer learn about a product and its attributes. If the customer sees, hears, feels, tastes, or smells a product he/she learns more about the product and its attributes. A retailer should encourage a consumer to touch and feel the product so that his visit can turn into

buying experience. By offering customer satisfaction the retailer can be rest assured of leaving a loyal customer which is easy to retail than to generate a new customer.

3.1.2. Personal factors

The Personal Factors are the individual factors to the consumers that strongly influence their buying behaviors. These factors vary from person to person that result in a different set of perceptions, attitudes and behavior towards certain goods and services.

Age: The consumer buying behavior is greatly influenced by his age, i.e. the life cycle stage in which he falls. The people buy different products in different stages of the life cycle. Such as the purchase of sweets, chocolates are more when an individual is a child and as he grows his preferences for the products also changes.



Figure 3.2 Personal factors affecting consumer behavior

Income: The income of the person influences his buying patterns. The income decides the purchasing power of an individual and thus, the more the personal income, the more will be the expenditure on other items and vice-versa.

Occupation: The occupation of the individual also influences his buying behavior. The people tend to buy those products and services that advocate their profession and role in the society. For example, the buying patterns of the lawyer will be different from other groups of people such as doctor, teacher, businessman, etc.

Lifestyle: The consumer buying behavior is influenced by his lifestyle. The lifestyle means individual's interest, values, opinions and activities that reflect the manner in which he/she lives in the society. Such as, if the person has a healthy lifestyle then he will avoid drinking alcohol and consume more of organic products.

3.1.3. Social factors

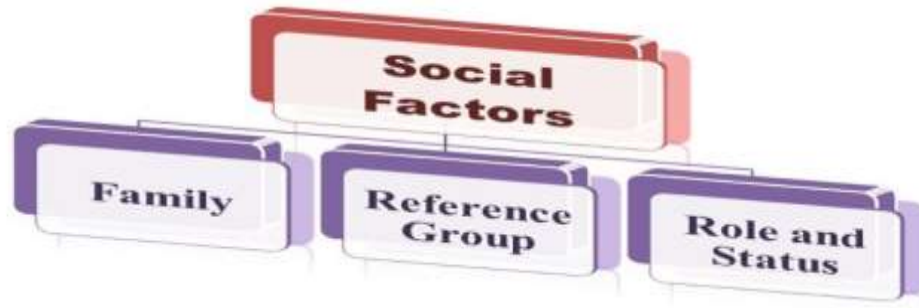


Figure 3.3 Social factors affecting consumer behavior

3.1.4. Cultural factors

Culture: The culture refers to the beliefs, customs, rituals and practice that a particular group of people follows. As a child grows, he inculcates the buying and decision-making patterns through his family and the key institutions. For the purpose of studying consumer behavior, culture can be defined as the sum total of learned beliefs, values and customs that serve to guide and direct the consumer behavior of all members of that society. Howard and Sheth have defined culture as “A selective, manmade way of responding to experience, a set of behavioral pattern”. Thus, culture consists of traditional ideas and in particular the values, which are attached to these ideas. It includes knowledge, belief, art, morale, law, customs and all other habits acquired by man as a member of society. An accepted concept about culture is that includes a set of learned beliefs, values, attitudes, habits and forms of behavior that are shared by a society and are transmitted from generation to generation within that society.

The culture varies from region to region and even from country to country. Such as the sale of “Sandals” is more in East than the North Ethiopia. Therefore, the marketer should carefully study all the different cultures and frame the marketing strategies accordingly.

Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by individuals. Culture is acquired and it can be acquired from the family, from the region or from all that has been around us while we were growing up and learning the ways of the world.

Culture forms a boundary within which an individual thinks and acts. When one thinks and acts beyond these boundaries, he is adopting a cross-cultural behavior and there are cross-cultural influences as well. The nature of cultural influences is such that we are seldom aware of them. One feels, behaves, and thinks like the other members of the same culture. It is all pervasive and is present everywhere. Material culture influences technology and how it brings cultural changes like use of telephones, mobile phones, clothing styles and fashions, gives the marketers a chance to improve the product, packing, etc. to meet the needs of the customers



Figure 3.4 Cultural factors affecting consumer behavior

Subculture: The culture can be further divided into subculture wherein the people are classified more specifically on the basis of their shared customs and beliefs, including religions, geographic regions, nationalities, etc. The different sub-cultures forms several market segments whose needs can be carefully studied by the marketer and the strategic marketing decisions can be taken accordingly. Such as the needs of the people living in urban cities and the ones living in rural areas must be identified before the launch of the marketing campaign.

Social Class: The social class to which an individual belongs influences the buying decision. Generally, the people belonging to the same class are said to be sharing the similar interest, value and the behavior. Our society is classified into three social classes' upper class, middle class, and the lower class. The consumers belonging to these classes possess different buying behaviors. Such as an individual belonging to the upper class buy those products or services that promote his status while the lower class people buy those products which satisfy their basic needs.

Self-check 3	Written test
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Name..... ID..... Date.....

Directions: Answer all the questions listed below.

Test I: Choose the best answer (point)

1. The decision process that the consumers undergo is shaped by ☐
 - a. Broad social or cultural forces
 - b. Close interactions with different people and organizations
 - c. The personal characteristics of the individuals
 - d. All of the above.
2. Cultural environment is the complex set of ☐
 - a. Values and ideas created by people to shape human behavior
 - b. Attitudes, and other meaningful symbols created by people to shape human behavior
 - c. Both a & b
 - d. None of the above.
3. Consumers are affected in their purchase decisions by ☐
 - a. Government
 - b. Their social class standing, reference group, and family
 - c. Other customers
 - d. None of the above.
4. Needs and motives, learning processes, perceptions, personalities, self -concepts, and attitudes are

a. Cultural factors	c. Individual factors
b. Social factors	d. Both a & b are answers.
5. To satisfy customers better, one has to know ☐
 - a. What customers want and when they want
 - b. How they want products
 - c. The frequency with which they want different products
 - d. All of the above.

Test II: Short Answers Questions

1. On the basis of your own experience write the factors which influenced you in the purchase of following products.

- a. Washing Soap.....
- b. Exercise book.....
- c. Toothpaste.....
- d. Travelling bag.....
- e. Music system.....

2. Discuss the role of family members in the purchase of consumer durable products.

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Describe various sources of information and their role in the buying decision process.

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3. Based on your experience what actions have you taken both in case of satisfaction and dissatisfactions from the use of various products. Give reasons.

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AKNOWLEDGEMENT

Ministry of Labor and Skills, federal ATVET Coordination directorate director and Ardaita ATVET College wish to extend thanks and appreciation to the many representatives of TVET instructors and respective industry experts who donated their time and expertise to the development of this Teaching, Training and Learning Materials (TTLMs).

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