

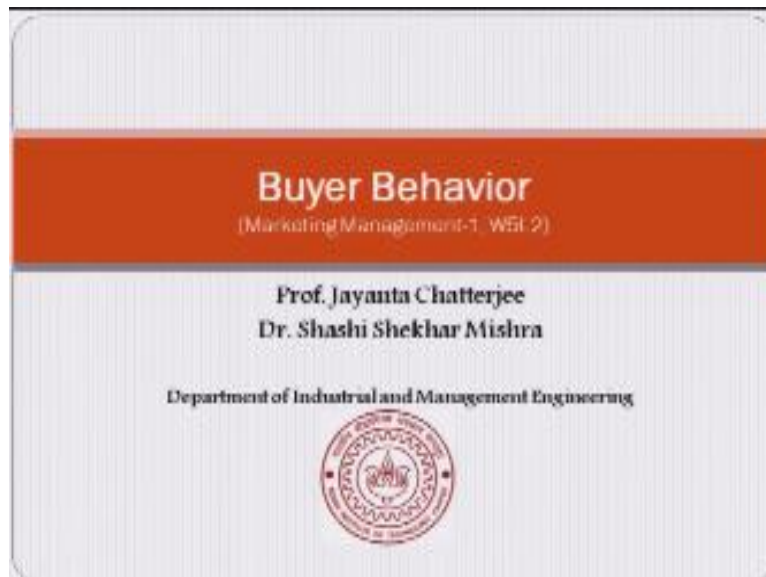
Indian Institute of Technology Kanpur
National Programme on Technology Enhanced Learning (NPTEL)
Course Title
Marketing Management – 1

Lecture: W5-L2
Analyzing the Buyer Behavior

by
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Dr. Shashi Shekhar Mishra: Hello, and welcome to the another session of this course part, marketing management part 1.

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Dr. Shashi Shekhar Mishra: So we are in week 5 and this is lecture 2, we are discussing about buyer behavior. In the previous session the first session of this module, we just introduce you to the different types of the market and corresponding to that different types of buyer behavior like classification of the markets, and the corresponding buyer behavior. So we talked about two

types of market, that is business to consumer market, is widely are commonly abbreviated as business to a B2C markets.

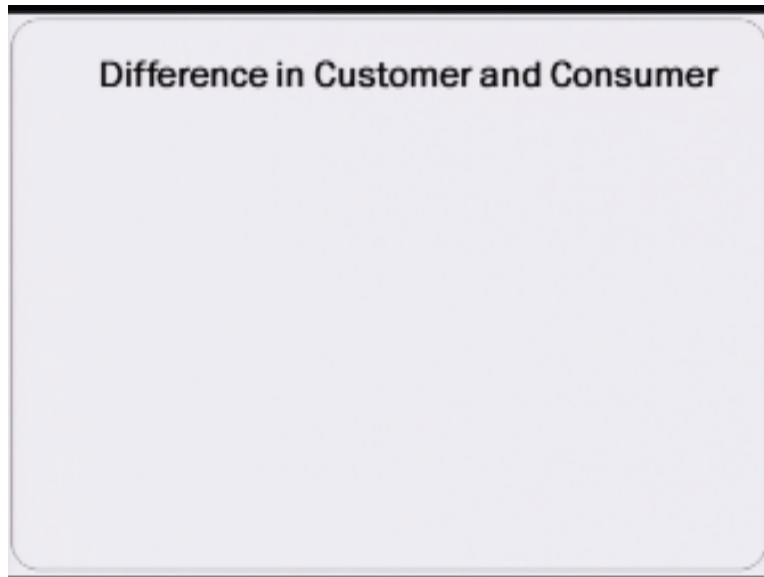
And then you have business to business markets organization selling to another organization. So that is called B2B market. And B2C is buyer behavior in that context is studied as consumer behavior when we talk about buyer behavior in industrial markets or the B2B market.

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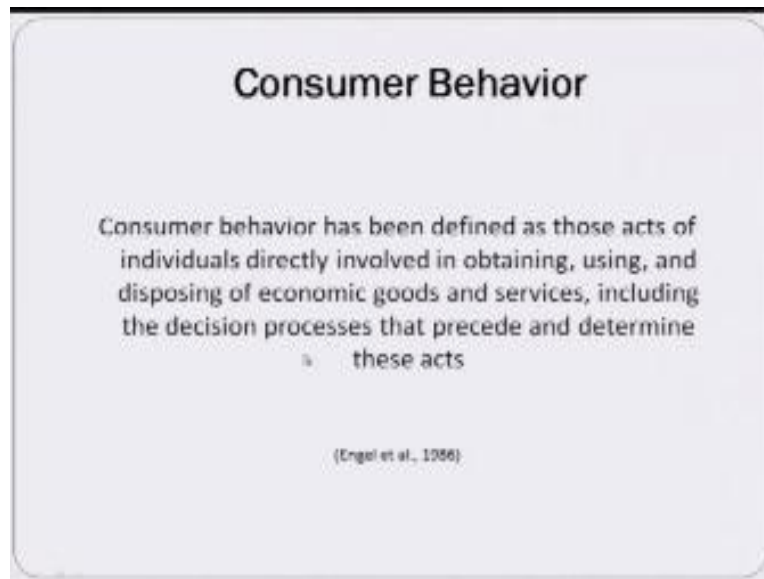
Dr. Shashi Shekhar Mishra: It is more commonly known as industrial buyer behavior.

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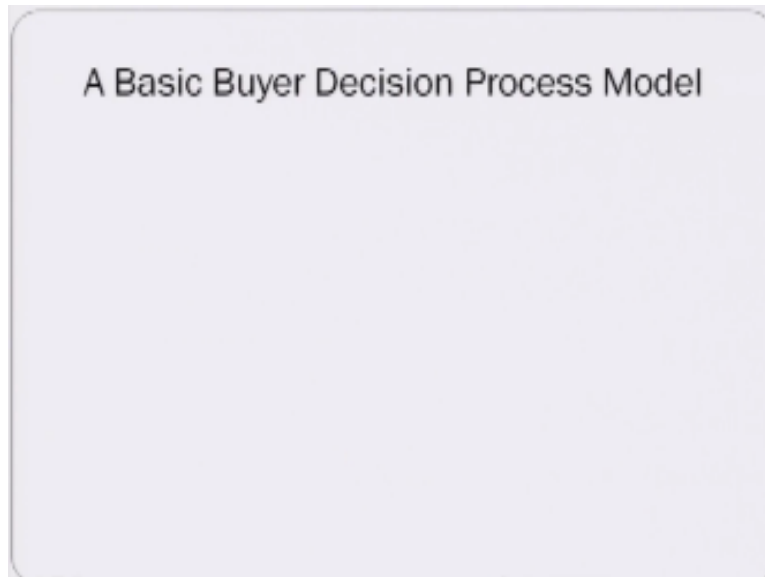
Dr. Shashi Shekhar Mishra: Then we talked about the differences between a consumer and a customer basically, the difference in the person who purchases the product and the person who consumes the product. And what are the implications of these two things.

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Dr. Shashi Shekhar Mishra: Then we have come on to this formal definition of the consumer behavior where we talked about that consumer behavior is a basically act of individuals directly involved in obtaining, using and disposing of economic goods and services.

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Dr. Shashi Shekhar Mishra: After this we have looked into -- we started looking into the buyer – basic buyer behavior model.

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Dr. Shashi Shekhar Mishra: And then we have looked into the different stages of this buyer behavior model, it consists of five broad stages which starts with Need Recognition, Information Search, followed by Evaluation of Alternatives, then Purchase decision – and Post Purchase Behavior.

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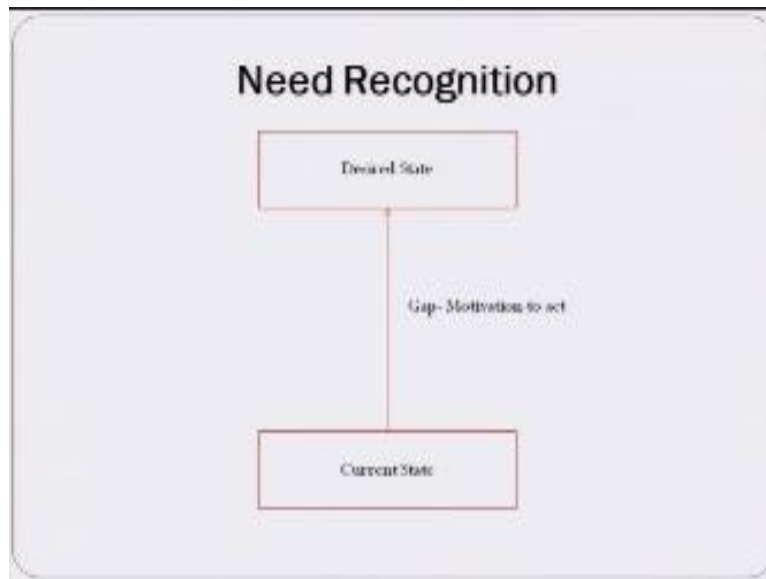
Dr. Shashi Shekhar Mishra: We talked about in the previous session like Prof. Jayanta Chatterjee talked about his first car purchase and later we see basically the car he purchase after his first car. So second, third and other car, number of cars that he have purchased. How basically his purchasing behavior has changed or evolved over the period of time to illustrate the other different stages of buying model, buying process.

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Dr. Shashi Shekhar Mishra: And then we started going in depth into each of these stages of buying process, the first stage is need recognition, or problem solving.

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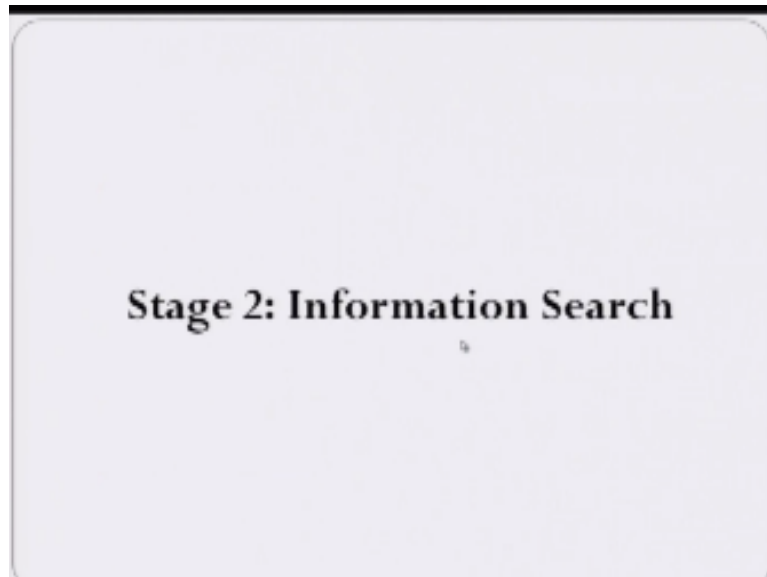
Dr. Shashi Shekhar Mishra: As you can see in the slide we talked about the need recognition is basically a gap between your current state and the desired state and the difference between two is basically a motivation for a consumer to act or a customer to act. The level a degree of motivation will actually determine the way probably a consumer does what, he does on the next few later stages of the buying process.

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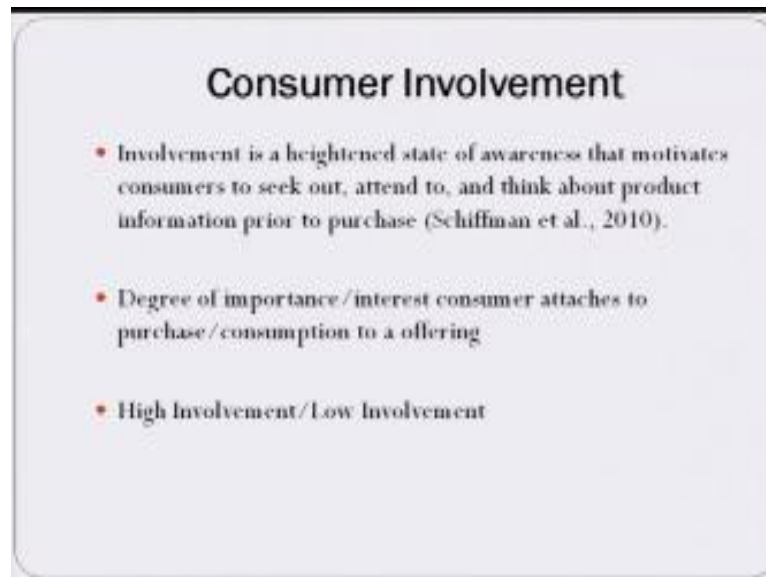
Dr. Shashi Shekhar Mishra: Then we have looked into this various input variables that go into this need recognition part, there are two types of stimuli of internal stimuli or external stimuli, that basically help consumers to realize their need or their problem situation. And this could be based on consumers past experience, consumer characteristics, consumer motives, environmental influences, and past marketing stimuli. So this is what we have discussed in the previous session.

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Dr. Shashi Shekhar Mishra: This was a quick recap of the previous session, we go – we will go into the second step of the second stage of this buying design process, and which is the second stages is information search. As you can see that in the second stage of information search consumer basically search about the ways or collect the information, how he can fulfill his need, how we can solve the problem. So related with this information search is the defining concept called consumer involvement.

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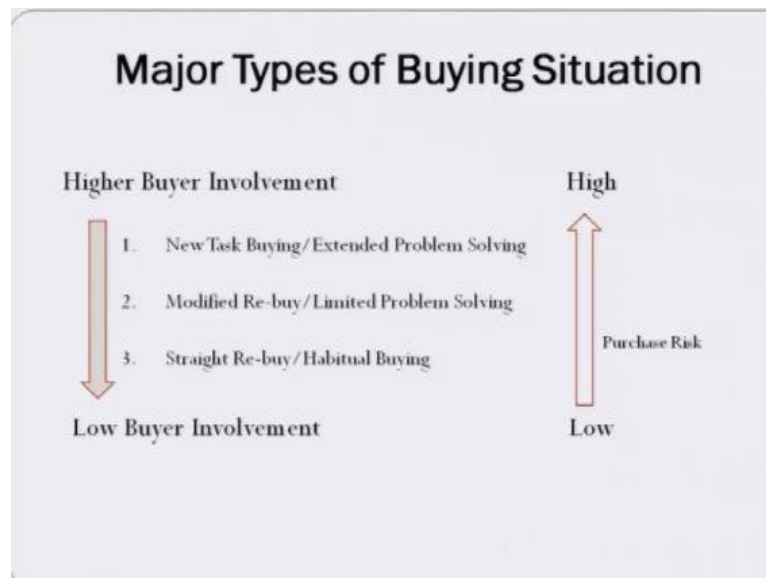
The formal definition of consumer involvement as you can see on the screen is given as heightened state of awareness, that motivates consumers to seek out, attend to and think about product information prior to purchase. So basically it is the way that consumer, the degree of awareness or degree of his alertness to look for the information, to solve basically his problem to fulfill his need.

And it can be also understood as a degree of importance or interest, consumer attaches to purchase convention corresponding to an offering so the more basically a consumer is involved into a buying process are buying decision his information search will be very different in that case from the buying process where he is not interested or his information such is very limited and these two basically different types of involvement are classified as high involvement situation and our low involvement situation.

You will see that consumers information search is very different across these two types of involvement that is high involvement and low involvement while in high involvement you will see that breadth and depth of information such as very wide and very deep and low involvement

long situation you will find out that information search is sometimes very limited or sometimes it is not at all there.

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Dr. Shashi Shekhar Mishra: Based on this basically type of involvement in the purchasing risk basically are the nature of the problem we can classify the buying situation in three types and this is something which is very important for you to understand is that there are three types of buying situation one is like new task buying when you are going to purchase something for the first time so you do not know basically exactly about what product form or what product category to physically choose to satisfy the needs neither you know basically exactly that what attributes are important there and also you do not your information about the brand is also less.

So that is basically extended problem-solving situation where you have to basically search a lot for coming out with the solution to that problem situation the second type of buying situation is when you have already purchased something supposedly this is your second car purchase so compare to your first car purchase you will find out that in the second car purchase maybe you will not look for a different make of the car however you will look for a different type of within

the same make or within the same run you will probably look for a different kind of a or different category of the car basically.

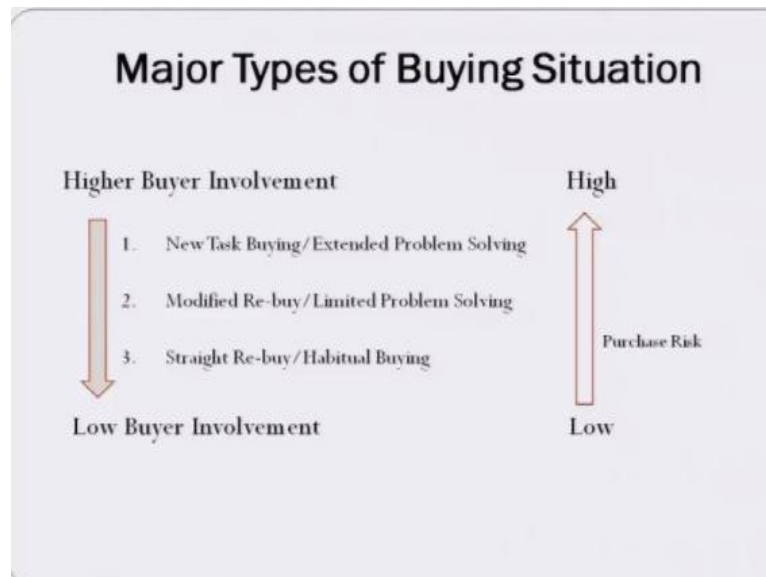
The while your first car might be a very basic car model or basically hag back model the next model probably will look for would be probably a sedan or probably, probably a SUV say kind of things so you will see that this is a basically a modified re buying situation where you have understood the product as well as probably the different offerings and based on your previous experience you are able to understand what exactly you want.

So according to that this is a limited problem-solving situation based on that your information search will be limited and you will remain focused then you have a straight re-buy like when you have purchased probably something in the past which has satisfied your need then you go back again to purchase the same thing again and there is no change in the purchasing criteria or the brand or the variant that you are going to purchase this is quite common when we talk about FMCG certain FMCG product categories.

Things like our daily grocery related products like purchase of milk is a basically so sort of how habitual buying so every day when you go you do not start from your home thing about which brand of milk you will purchase are probably within a brand which type of whether you will purchase a Milk which is pure full of full cream or probably half cream or probably without cream kind of critically so you know basically your requirements you know the brand and you have experienced all those things.

So you understand the buying situation pretty well you just go to the shop and ask for the brand that you want are the variant that you want.

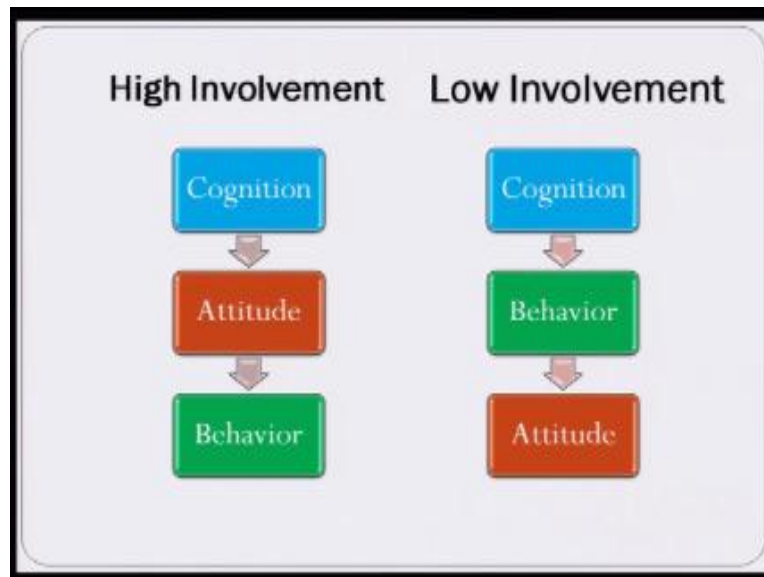
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Dr. Shashi Shekhar Mishra: Now understand across these three buying situations you are user involvement are the consumer involvement buyer involvement is changing from higher to lower side in a new task buying situation or extended problem-solving situation you will find out that consumer involvement is very high because of the because of the because of the purchasing risk is also higher are probably information about the buying situation or the offerings is very limited on the other side if you look at this limited problem solving things like your involvement might be somewhere in between high and low.

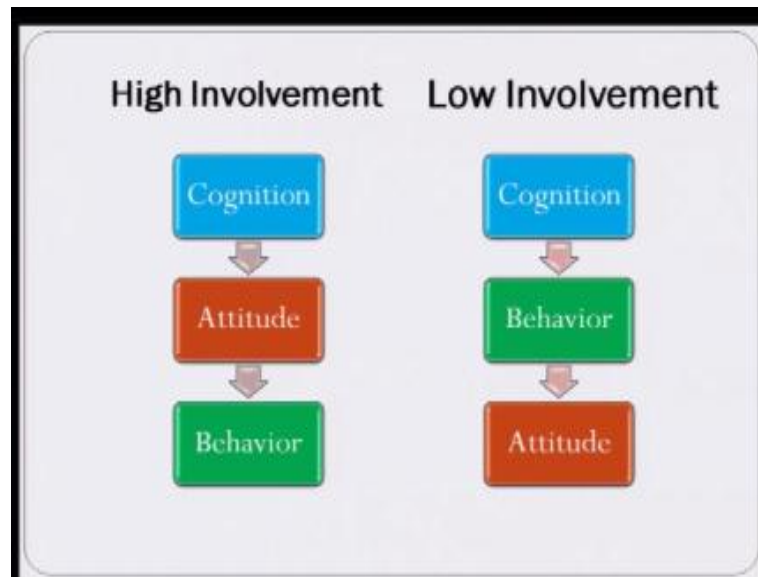
So medium involvement situation on the other side when you when we talk about limited or habitual mine you will see that, stratergy buy or habitual buying you will see that the buyer environment is very less or information such as almost like very is at very minimal level or almost sometimes nil in certain situations and corresponding to this bad involvement, you will also see that, that the purchasing risk is also in the basically the order of the buyer involvement like the buyer involvement and the purchasing risk have inverse relationship actually.

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Dr. Shashi Shekhar Mishra: So based on these two situation of consumer involvement, higher enrollment and low involvement, what is the buying process or in like how do you basically behave, what is your behavior pattern, see you will see that, that two things differ as shown in the slide, that in high involvement first it starts with the information the knowledge about the buying situation and then you will see that in high involvement first you form your beliefs and your and then your attitude is form and then based on those believes actually you basically act. So cognition, attitude and behavior.

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Dr. Shashi Shekhar Mishra: Is like think and I mean like first you basically know then you think and then you act, on the other side when we look at low involvement situation it is like you know and you act and then you think actually. So basically you can understand by two examples like if I talk about your first car purchase, you will see that first you will like first you will know the different conditions of buying a car.

And then you will understand what you want what are your resource constrained and what are the different offering. So that is a cognition in the car purchase and then the next step is that you will form basically your attitude or your believes that about the importance of the different criteria's and how the different brands basically fear on how they rated on those criteria's and then that will basically help you in assessing.

Which I mean how what are the basically different branch then basically you act on that, on the other side look at your basically consumption of a products like a dining out on one day along with your family or a friend. So you look for the possible option and you see that there is a new restaurant which has come out. So someone tells you through your friends said through your friends or your family people.

You come to know about that there are there are the restaurant which you have already visited but there is a new restaurant which has come up. So the next thing that you do is, like okay I mean like it is obviously usual dining situation that you dine quite often along with your friends and family. So you say that let us go and try it. So that is what after you know about the restaurant you go and basically dine there.

I mean have dinner with your family and then based on that experience actually you form your attitude like what was my experience about that restaurant, how, how basically what kind of menu it has offered, what was the kind of serving, what was the basically Amiens of the restaurant, what was the service quality and all those things will help you in assessing that restaurant is probably your existing options.

So you will see that in low involvement situation that your behavior pattern is like, first you know and then you act and then basically you form your belief. Now I have compared this extensive problem-solving verses habit here on their characteristics and according to that in the next slide I will show, what are the marketing implication of for the same thing.

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Extensive Problem Solving vs. Habit	
EPS	Habit
<ul style="list-style-type: none">• Extensive information processing• Infrequently Purchased Products• Higher-priced products• High level of consumer involvement• Compensatory decision evaluation	<ul style="list-style-type: none">• Little or no information processing• Frequently purchased products• Lower-priced products• Low level of consumer involvement• Non-compensatory evaluation

Dr. Shashi Shekhar Mishra: So you will see that in extensive problem-solving situation that the information being searched is, as I have already said is, the depth and the width both are very high. So you basically look for more and more information are possibly within the given time and the resources, how much you can more information you can get, then you basically you will see that the extensive problem-solving is in the case of infrequently purchase product.

Like first time you are buying something or you are buying something about which you have a little knowledge.

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Extensive Problem Solving vs. Habit	
EPS	Habit
<ul style="list-style-type: none">• Extensive information processing• Infrequently Purchased Products• Higher-priced products• High level of consumer involvement• Compensatory decision evaluation	<ul style="list-style-type: none">• Little o no information processing• Frequently purchased products• Lower-priced products• Low level of consumer involvement• Non-compensatory evaluation

Dr. Shashi Shekhar Mishra: And these are basically higher-priced products and your user involvement the consumer involvement is I. You will see that in this, in this kind of extensive problem solving situation your behavior is like are evaluation of alternative is more of a compensatory decision like, we will go into much more depth of this compensatory versus non compensatory evaluation. But at this point of time I can tell you that compensatory like overall basically the rating or overall evaluation is the sum of all, the sum of basically performance or some of the rating across different attributes of a brand.

On the other side in case of habit you will see that little or no information processing is there, these are frequently purchase product.

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Extensive Problem Solving vs. Habit	
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Dr. Shashi Shekhar Mishra: Lower price products, low level of consumer involvement and model is more of a non compensatory. So if, if you are habitual of something and you do not get exactly what, what you are want or particularly attribute or a particular brand you will just leave that things, so that is a sort of non compensatory model. Then the marketing implication are you will see that the generic things which come out as an implication for marketing in the two situations are, that an existence of problem solving things, like you will find out that the distribution network is a selective and then, after sales services.

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Extensive Problem Solving vs. Habit	
EPS	Habit
<ul style="list-style-type: none">• Selective Distribution network• After sales support• Personal selling is important• Advertising to inform• Less price sensitive• Sales promotion ineffective	<ul style="list-style-type: none">• Extensive Distribution network• Fewer service requirement• Personal selling is ineffective• Advertising for reminder/reinforcement• Sales promotion effective• High price sensitivity

Dr. Shashi Shekhar Mishra: Important and sales support his frequent, personal selling is very important because you are looking for the information, you are looking for a information which suits to, suits to your needs, so you will look for someone to consult you and help you in basically finding out the exact solution of what you want. And then advertising is more on the education side you will see that it is more focused on telling you about the importance of the different attribute and basically, how basically a particular brand fears on those important attributes.

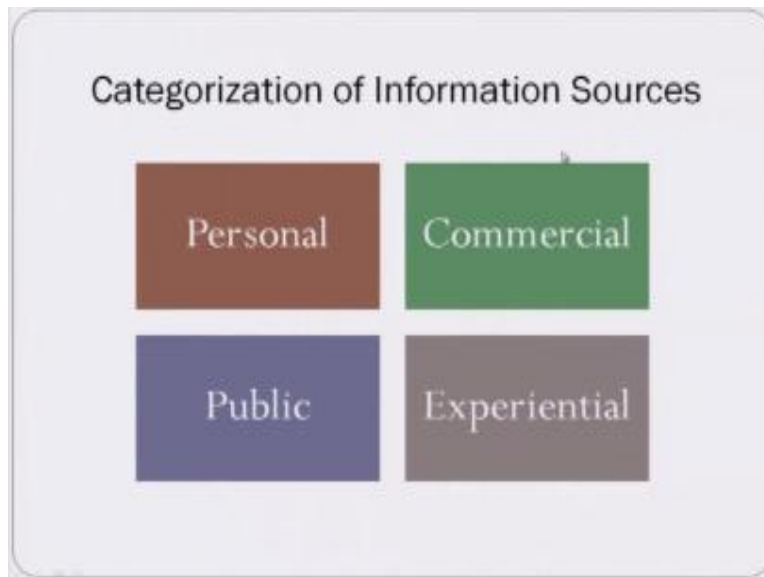
Then you will see that in a extensive problem solving situation people are less price-sensitive, they are more sensitive to the other needs are the other important criteria's. You will find out sales promotion is not that effective at this is stage. On the other side when we talk about habitual things, I gave you the example of milk we would look for something which is very widely or easily accessible in the case of milk. So you will see that.

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Extensive Problem Solving vs. Habit	
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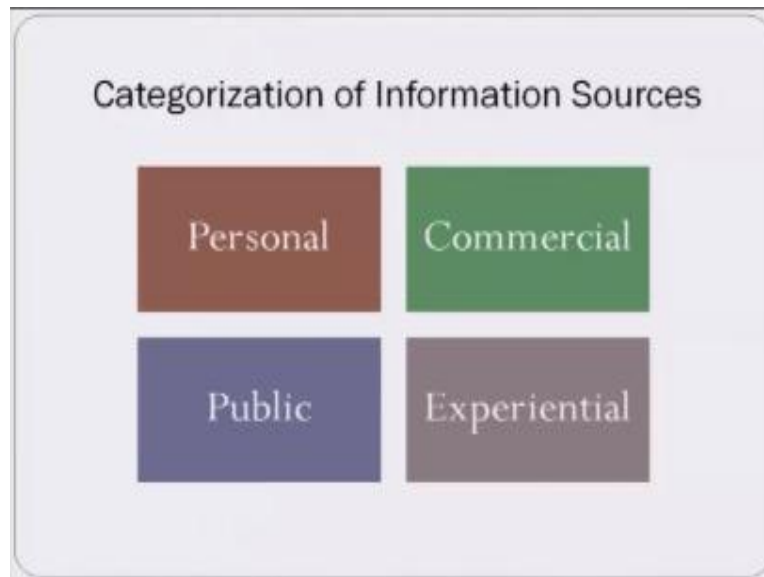
Dr. Shashi Shekhar Mishra: Extensive distribution in such cases, you will find out that service requirements are very few and personal selling is ineffective it is not required, you know what you want, and then advertising is more focused on the reminder and the enforcement side that to tell you like you need something or to give you a recall like you want something so, that is a kind of thing. Sales promotion is effective to prompt you to basically purchase more to switch then higher prices sensitive is reflected in the case of habit.

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Dr. Shashi Shekhar Mishra: Now based on basically I mean the kind of information that is being sort out by a consumer and from the origin of that information we can categorize that information in four different types of sources. The first one is the personal source.

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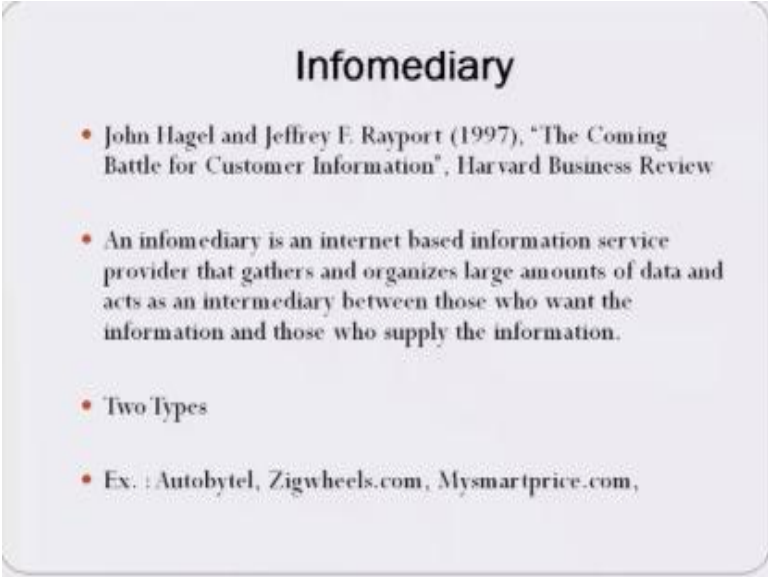
Dr. Shashi Shekhar Mishra: That in family, friends or your acquaintances they tell you about product or the services are the offering. Then commercial sources are like the company originated information sources, then the public sources and buyers or the sources which are widely available I will like newspaper, articles and all those things and then experiential is like your own experience based information like what you have already experienced. So you will find out that this four sources are differing credibility and the nature of information being provided.

You will see that person who is confident about himself or herself and he understands what he want probably will prefer more and are probably will rely more on the experiential information, his own experiences and, and then probably on more on the personal and the public sources. However, it may happen sometime that we may rely more on the others experience than our own experience. When we think that we are not an expert of, of a certain kind of product, we do not know much about a certain kind of product or the service.

So we rely whenever technical knowledge is low so we delay probably more on the, more on the expert side. So they are broadly this person or the public probably sources might be more relied upon but majority you will see that people will rely on the experiential sources of information.

Now one important thing very exciting change which is happening in the area of this information search is.

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Infomediary

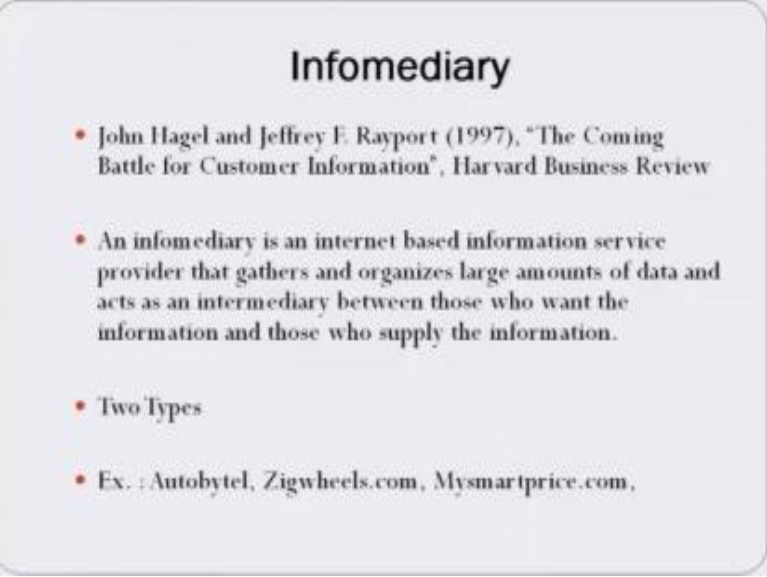
- John Hagel and Jeffrey F. Rayport (1997), "The Coming Battle for Customer Information", Harvard Business Review
- An infomediary is an internet based information service provider that gathers and organizes large amounts of data and acts as an intermediary between those who want the information and those who supply the information.
- Two Types
- Ex. : Autobyte, Zigwheels.com, Mysmartprice.com,

Dr. Shashi Shekhar Mishra: In new type of intermediary are coming into the picture John Hegel and professor Jeffrey Rayport in 1997 in their famous HBR article have point this term about Infomediary like intermediary which provides the information. So infomediary is a basically a basically web based information service provided that gathers and organize large amounts of data and acts as an intermediary between those who want the information and those who supply the information.

So these are basically the mediator of information flow between the customer and the company in the supplier and the customers this could be of two type like the one who only supplied to the information to the customer are probably the one who supply the information back to the company about the customer which the company can use to modify its offering or design its new offering and probably be more competitive and you will see that in the case of Infomediary supplying the information back to the company that these Infomediary might not be supplying the individuals information that personal classified information will be supplied

whoever r overall information or overall data or processed or analyzed data might be provided to the company.

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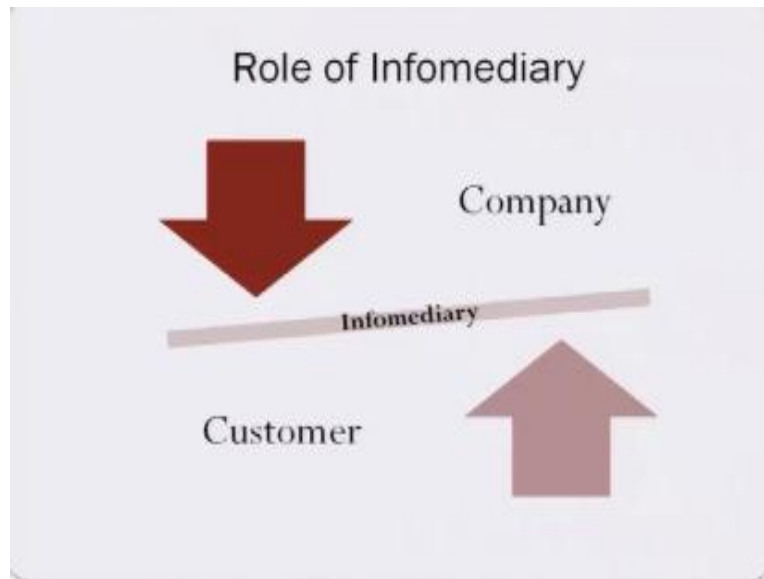
Infomediary

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Dr. Shashi Shekhar Mishra: So you see there are so many companies today in different product categories in different industry sector which are working as Infomediary a this one is basically the who has and all other country and then you have in India you will see the similar type of concept being adopted by the Zigwheels.com then you have the company like my Mysmartprice. Com that helped you to basically compared the prices and compare the different things like the shipping time and to the consumers so.

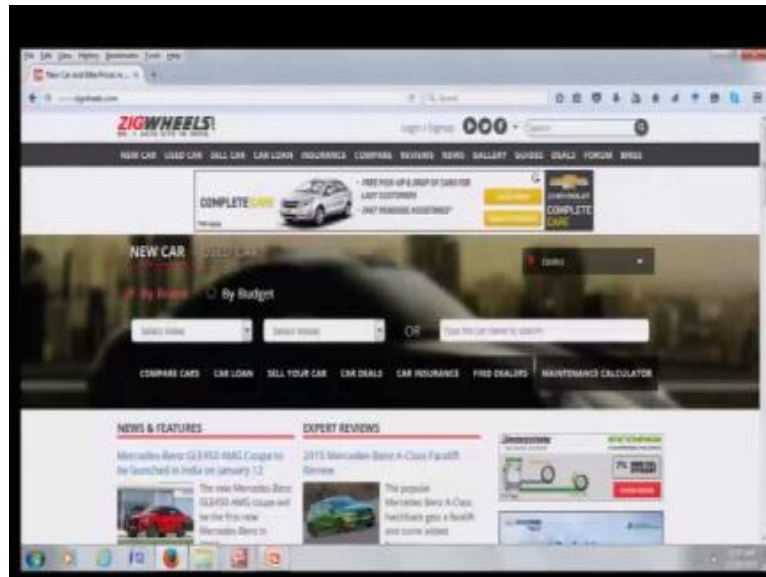
That help you basically in making your decision because you come to know about the price and the product features and service delivery and the kind of warranty and guaranty policy that the product of the service provider has not what are basically the different policy attached with the corresponding to the same offering so you can compare as a consumer across different things

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Dr. Shashi Shekhar Mishra: One thing which is that is what I was talking about one thing that is happening because of this Infomediary that the balance between customers and the company shifting more to the customer side customer are more empowered so they know basically one click that they can compare the offering from the different supplies and that empowers them to come out with our to take a more informed decision probably satisfy their needs better than probably which could serve without these informative being present. Now I show you an example.

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Dr. Shashi Shekhar Mishra; Of this company Zigwheels.com I do not intend to raise are basically criticize or endorse any of these companies which are taken as an example but what may shakoes you to understand what infomeditary it does you can see that it offers a customized to know about the different products available in the market what are the associated service along with that product or the service.

They also basically facilitated the sellers to basically offered the customers to have those services they offer their customers they reviews of the other customers so these are all information is really helpful for tomorrow's going into buying situation to understand about the different offerings what is important in the purchase process and that is basically held the customers that empowers our customers in their purchase design process.

So with this week included this session here and when we will meet in when we will meet in the next session we will discuss further about this fine design in process and the things which are related or which affects the consumers buying process thank you very much.

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