ABSTRACT

Consumer behaviour is determined by economic, psychological and sociological considerations. It is important to study non-economic buying motivations as these are present in the buying of industrial goods and services as well as in consumer purchases.

The process of decision making may be long in duration, as is in the decision-making to buy a computer, or short as in the decision-making to buy a packet of sweets, but similar stages may be observed:

- a general or a specific need is felt;
- a period of pre-buying activity follows, i.e. an investigation of sources of supply which might satisfy the need;
- a decision is taken (what to purchase, or even to make no purchase) based on the results of the pre-buying activity and the strength of the need.

The basic need may be either general, e.g. need of a change of environment. The more specific need may arise spontaneously or it may be stimulated by creative marketing. The basic need is for a collection of utilities / providing a psychological or social satisfaction and not for a product. Consequently, it is important that marketing programmes should be designed to identify goods or services giving satisfaction of a need.

Key Words: buying motivation, basic needs, primary needs, industrial buying, marketing stimuli, promotion, corporate image.

INTRODUCTION

The need to satisfy the bodily requirements e.g. of hunger and thirst is psychological in nature. Some of the human needs are as follows:

- Security - the need to protect oneself from danger or worry.
- Ownership - the innate drive to possess things.
- Self- esteem - the desire to satisfy the “ego”.
- Sociological needs. These include the following:
  (a) Love of others - particularly those in close family relationship.
  (b) Social acceptance - the need to be recognised by the many formal and informal groups to which a person belongs. This need may be to confirm or to be distinctive.
Maslow has set out a five-stage priority of human needs, the first two of which are primary needs fundamental to existence and the last three—secondary:

- Basic physiological needs (conditions affecting the human body - hunger, sleep and temperature).
- Safety needs (self protection against present and future dangers).
- The need for recognition, for love and belonging.
- Ego-satisfying needs (desire for self-esteem, self-respect).
- Self-fulfillment needs (realisation of complete self, creativity). This need is felt and satisfied by relatively few.

THE INFLUENCES OF PERSONALITY AND ENVIRONMENT

While personality conditions a buyer’s behaviour in an individual way according to his personal aspirations, temperament and philosophy, cultural and organisational influences also have a profound effect. Cultural differences are brought about by the sets of values to which individuals have been exposed from birth, e.g. as a child at home, as a pupil in a particular school environment, etc. Other social influences later are brought to bear. The organisation in which people work is a social institution where irrational values develop. This complex of influences is brought to bear on both consumer and industrial buying.

It would be impossible to devise a marketing programme to meet every individual circumstance and it is important, therefore, to identify significant group behavioural patterns. Consistent spending patterns may, for example, be related to the following variable:

(a) Urban and rural communities.
(b) Family income levels.
(c) Occupations.
(d) Education.
(e) Age.
(f) Sex.
(g) Informal social group membership.
(h) Race or nationality.
(i) Religion.

DANGERS OF CONVENTIONAL MARKET PROFILES

The problem then is to examine the behavioural patterns which emerge from combinations of those variables listed above and to uncover the underlying and not merely the superficial rationalisations of attitudes, and to determine which patterns are really significant. There is a tendency to generalise in terms of a single variable. For example, American manufacturers, have assumed that the discount store appeals only to lower and middle income groups, but research has shown that in New York 70% of all women buy some goods from discount stores and 12% of those in higher income groups do more than half their shopping there. Some shops and brands - and especially the former - provide satisfaction which leads to strong loyalties and indeed many women rely
on the reputation of the store in judging quality and value in the case of certain items. The importance of informal group influence therefore becomes more evident - and informal groups may have very varying degrees of homogeneity in relation to occupation, family income, education and so on. Traditional demographic means of segmenting markets must be modified. An elementary study of demand patterns for, say, cars, shampoos, vans, computers or watches will show the danger of relying entirely on standardised socio-economic layer theories.

CUSTOMER ATTITUDES AND BEHAVIOUR

In order to understand behavior, it is necessary to find out why people act in certain ways, why they hold certain opinions and have developed certain attitudes. Having discovered basic physical characteristics of markets, e.g. how many people they comprise, the level of earnings, the level of spending on various types of goods services, it is essential to discover why and how people have acted as they have. Marketing is concerned with change, adapting to change and creating change. Current and historic spending and saving patterns may provide a basis for market prediction, but a healthy sales and profit records for a product which has represented the best rationalised compromise available of needs and their satisfaction, may be of little avail if a product much more near the customer’s perception of the ideal, comes available.

LIFE STYLES AND ATTITUDE

Two specific fields of study in relation to buying behaviour which are currently attracting the attention of both academics and practising marketers, relate to life—styles patterns and attitudes.

The concept of life-style patterns and their potential application to marketing decisions was brought forward by William Lazer in 1963. Since then, continuous efforts have been made to identify groups of people according to their activities, interests and opinions. If significant correlations exist between life-style and product use, television programme preferences, store choice, etc the possibilities of devising appropriate products and/or communications directed towards similar life-style groups, are opened up. Life-style data can, of course, be associated with more conventional demographic information e.g. age, education, income, family size, occupation, etc. The life-style approach has been applied during the seventies not only to the marketing of consumer goods but also to marketing services facilities such as bank credit cards and insurance.

Attitudes can be defined as predispositions to act in particular ways towards particular people, ideas or situations. They are not innate and can be changed, although it is difficult to effect changes since many attitudes have become deeply ingrained over time. Some attitudes are held with great intensity and, in general, the evidence indicates a positive correlation between attitudes of high intensity, intentions to buy or not to buy and ultimate buying action.

Until comparatively recently, attitudes have been difficult to identify and even more difficult to measure with the precision necessary for marketing application.
INDUSTRIAL BUYING BEHAVIOUR

Many products are bought as part of a total system. For example, even a domestic detergent is part of a system involving the whole organisation of the housewife’s task and in particular, is related to problems of time and equipment (e.g. washing machine) available, apart from its fitness for a particular purpose.

It is more commonly industrial products which are consciously thought of by buyers as part of a total system. Materials, components and machines fit into a manufacturing process system and change will react upon the whole system. Therefore in marketing the product, it is necessary to consider not only the functioning of the whole system, but also the subjective behaviour and values of people likely to be affected by change. Constructional materials for example, must be functionally compatible with other elements in the system and be acceptable to architects, engineers, contractors, as well as being compatible with the human and mechanical resources available. There is, indeed, a growing movement towards systems selling. This may involve a product which incorporates a number of functions e.g. the combine harvester or the computer. In large scale contracts, it is sometimes an advantage for companies to combine to present a total system, e.g. to construct an electricity power station.

INDUSTRIAL BUYING COMPLEX

Successful industrial marketing requires that very special attention be paid to discovering the following:

- Who the buyers;
- Where they are;
- How they may reached;
- What they really want;
- What motives will induce them to buy.

It should not be assumed that industrial products cannot be differentiated and that success or failure depends only on a single combination of the right specifications, price and delivery. In the most non-differentiated commodity situations, a whole range of differentials is possible, e.g. better technical advice, more frequent or regular delivery. The way in which buyers “perceive” a problem can change. Technology changes, company policy changes and company organisation changes as well.

Until comparatively recently, purchasing as a specialist activity has not received the attention it really merited. Expressed as a percentage of the gross output of goods, materials purchased represent some 60% of the total.

NEW PRESSURES IN INDUSTRIAL PURCHASING

Classically, purchasing objectives are based on five key criteria:

- Quantity- ensuring availability;
- Quality - satisfying required purposes yet avoiding over-specification;

Marketing’s Role Within The Firm
• Time- ensuring delivery;
• Source- evaluating possible suppliers;
• Price negotiating appropriate terms.

More recently, increasingly sophisticated techniques have been applied, in terms of total organisational economics, to these criteria. Quantities are related more closely to the interrelated factors of alternative use of capital and space and the requirements of particular levels of production through out or stock turn.

Suppliers’ quality control methods are being investigated more closely where buyers are sampling inspection methods during a manufacturing process. Sampling inspection procedures may otherwise lead not only to faulty finished products but also to rated costs incurred by the processing of initially unsatisfactory materials. Companies such as Ford and Marks & Spencer use intensive quality control or assurance schemes which involve inspection and approval of suppliers’ quality control systems.

The increasing flow of new products is leading to a re-evaluation of existing supply sources and the exploration of new ones. In some cases, contact in the early stages of a project leads to joint development work and the establishment of relationships with a wider range of users, specifiers, financial approvers and professional buyers, each motivated in different ways. The initial price of capital equipment is set against life-cycle cost calculations involving taxation considerations, maintenance requirements, break-down incidence, past availability, etc.

Value analysis and brainstorming techniques are being applied more regularly and systematically. Value analysis involves the careful analysis of components and materials by cost and function, so that existing use of particular designs, materials, processes, etc can be questioned and alternative solutions advanced, which may save the company costs while taking nothing away from, and sometimes adding to, the customer’s value perception. Value analysis is sometimes associated with brain-storming - a technique by which a group of people, often from a diversity of specialisms within the organisation are stimulated to make suggestions on specific problem situations, however wild. Criticism is barred and when carefully handled, brainstorming often produces a number of completely different, useful approaches which merit further investigation. The conservation of much industrial buying behaviour is broken down by such techniques and new influences are brought to bear on buying behavior.

MAJOR MARKETING STIMULI

The product may represent economic utility to a purchaser. He may, for example, believe an electric drill will save the expense of hiring outside labour to make improvements to his house. The purchase of an electric drill, however, may not arise from purely economic motives. The prime urge may be to gain the admiration of others. Even if there are economic motives these will be modified by the system of values of the individual, and of the social environment which influences his attitudes and behaviour. The more affluent the society, the greater spread of disposable income (money available after essential purchases have been made), the greater is the problem of choice.

Marketing’s Role Within The Firm
The choice is not simply between various types and makes of drills but between drills and a whole collection of completely different items such as holidays, refrigerators, furniture, between buying now or saving. Similarly, choice between drills of different designs, performance and price, depends on interacting economic, psychological and sociological motivations.

PACKAGING

Packaging materials, design, colour, size, illustrations, brand names and associated symbols (logotypes), type faces, copy and layout, may affect to a very considerable extent a potential buyer’s perception of a product. Packaging plays a vital role in stimulating memory and helping recognition, gaining shelf space and attracting the eye, providing use, storage and transportation benefits, but it has wider behavioural implications in terms of establishing customer preference.

PRICE

The level at which a firm sets its prices will affect both sales and profitability. The demand for a car at $5000 will be smaller than that for a car at $2000. Under certain circumstances, it may be more profitable for a particular company to concentrate on the more limited demand market. From the basic economic law of supply and demand (i.e. the lower the price, the greater the quantity of demand) it is possible to construct graphs of theoretical demand quantities in relation to price. Some products will be seen to have much greater price elasticity than others, e.g. the demand for breakfast cereal might be reduced by one-tenth if prices were doubled, while the demand for a toilet soap might be cut by 70% by a similar price change. It is important to study price elasticity considered in conventional economic terms, such as availability of substitutes, durability and ability to postpone purchase, income, population and the prices of competing products. It is also important to realise that, in developed economics, psychological aspects of pricing take on greater significance. Low price for example, may be irrationally associated with poor quality.

ADVERTISING

Many advertising campaigns are mainly planned in quantitative terms. How many people will be exposed to what weight of advertising during what period of time? To this, quantitative thinking, is added a target audience defined in broad socio-economic categories. The most common measurements of effectiveness are based on recall (i.e. recollection of advertisements), but recall may be utterly unrelated to purchasing activity.

Advertising and communications must be directed towards stimulating favourable trade opinions and feelings about a company, as well as favourable customer attitudes towards product quality, price, delivery, sales and technical services.

Concepts derived from clinical research and the findings of sociologists, psychologists and anthropologists may be used to determine why people buy particular services, and lead to advertising which appeals to need, wants and desires, so that potential buyers may rationalise the desires to buy, e.g. ten-year guarantee originally...
given with mopeds in German inhibited sales, since many potential customers had guilt feelings about buying a product they would expect to exchange for a car in two or three years.

Advertising copy and visual elements are therefore designed in the light of anticipated connotations i.e. the mental images amused in the reader or viewer, beyond the superficial or explicit meaning.

In marketing a product, it is certainly important that the product itself, the packaging, the price and the promotion should have a consistent appeal in terms of the attitudes and motivations of potential buyers. This calls for deliberate research and planning.

DISTRIBUTIVE STRUCTURE

Some goods and services are bought direct from the producer; others are made available through various intermediary channels e.g. retail and wholesale outlets, brokers, agents, mail-order houses. The producers and the “channels” are involved in marketing operations and it is important, in considering strategy and tactics, to understand the flow of the consumption system, the motivations of buyers and sellers along the chain, the relative importance of these channels and changing customer perceptions of them.

An organisation can either change in an established distributive system or react to change. A number of important movements are currently taking place for both these reasons in distribution patterns, amongst which the following changes are highly significant:

(a) The growth of vertically integrated systems, whereby an organisation moves into ownership or special contractual arrangements with the owners of organisations which come earlier or later in the consumption system. Thus, “Marley” have moved strongly forward into retail outlet ownership. Marks and Spencer have developed contractual relationships with suppliers on strictly controlled “St Michael” specifications. Brewery and oil groups are strengthening their tiedhouse approach. New forms of franchising are developing. Franchising involves any contract under which independent retailers or wholesalers are organised to act together or with manufacturers to distribute given products or services.

(b) The growth of non-store retailing such as home selling the use of vending machines in offices and factories is the spread of mail order.

(c) The growth of horizontally diversified trading. Thus, supermarkets which previously restricted their retailing activities to grocery items are now offering clothing, furniture and electrical goods. Producing organisations are also involved in acquisitions, mergers and development programmes leading in the direction of “free form” operation - a willingness to supply forward any goods or services at a level which can be profitable.

(d) The growth of discount and cash-and-carry trading based on minimum services and decor, etc high volume and low unit margins.

Marketing’s Role Within The Firm
The growth of shopping centres with parking facilities away from high street. Banks, insurance offices, solicitors, estate agents and other services, are associated with those logistics shifts.

These changes give rise to the need to consider buyer behaviour in terms of buyer’s perceptions of and attitudes to organisations, products, brands, stores, suppliers.

CORPORATE IMAGE

A potential buyer’s attitude to a product may be modified by his attitude to the organisation which manufactured the product. A retailer may be more ready to handle a new product from a manufacturer whose products have yielded good profits in the past. A potential user may choose a plane of a particular brand because he has good service from a saw made by the same manufacturer. In view of the fact that most companies now manufacture and/or market a wide range of goods or services, increasing attention is being paid to the development of corporate images which are aimed at creating a widespread favourable company identification or image by means of advertising, public relations, factory design, product design, stationery, transport and so on. Corporate image building is aimed now solely as potential customers but also at other individuals and institutions on which future prosperity may depend, for example:

- shareholders and potential investors;
- the government;
- employees;
- suppliers;
- the public in the immediate vicinity of company premises;
- schools and universities from which staff may be recruited.

CONCLUSION

We focused primarily on buying in the industrial market because more is known about manufacturers’ buying behaviour, and buying in other markets is likely to be similar. Some specific differences in buying by retailers and wholesalers were discussed. Characteristics of the farm market and government market were also considered. Rapid changes in the farm market and the trend toward fewer, larger, more productive farms with better informed and more progressive farmers were emphasized. The government market was described as an extremely large, complex set of markets, requiring much market analysis.

A clear understanding of intermediate customer buying habits, needs and attitudes can facilitate marketing strategy planning. And since there are fewer intermediate customers than final consumers, it may even be possible for some marketing managers (and their sales people) to develop a unique strategy for each potential customer.
This article has suggested some general principles which would be useful in strategy planning, but the nature of the products being offered may require some adjustments in the plans.

These variations by product may provide additional segmenting dimensions to enable the marketing manager to more finely tune his marketing strategies.
REFERENCES