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CONSUMER'S SHOPPING BEHAVIOUR AND PSYCHOLOGY

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OUTLINE OF THE LECTURE

1. Role of consumers and customers
2. Buying decision process
3. Consumer typology in terms of shopping behavior
4. New technologies and purchase behaviour
5. Consumer behaviour in different cultures

ROLE OF CONSUMERS AND CUSTOMERS

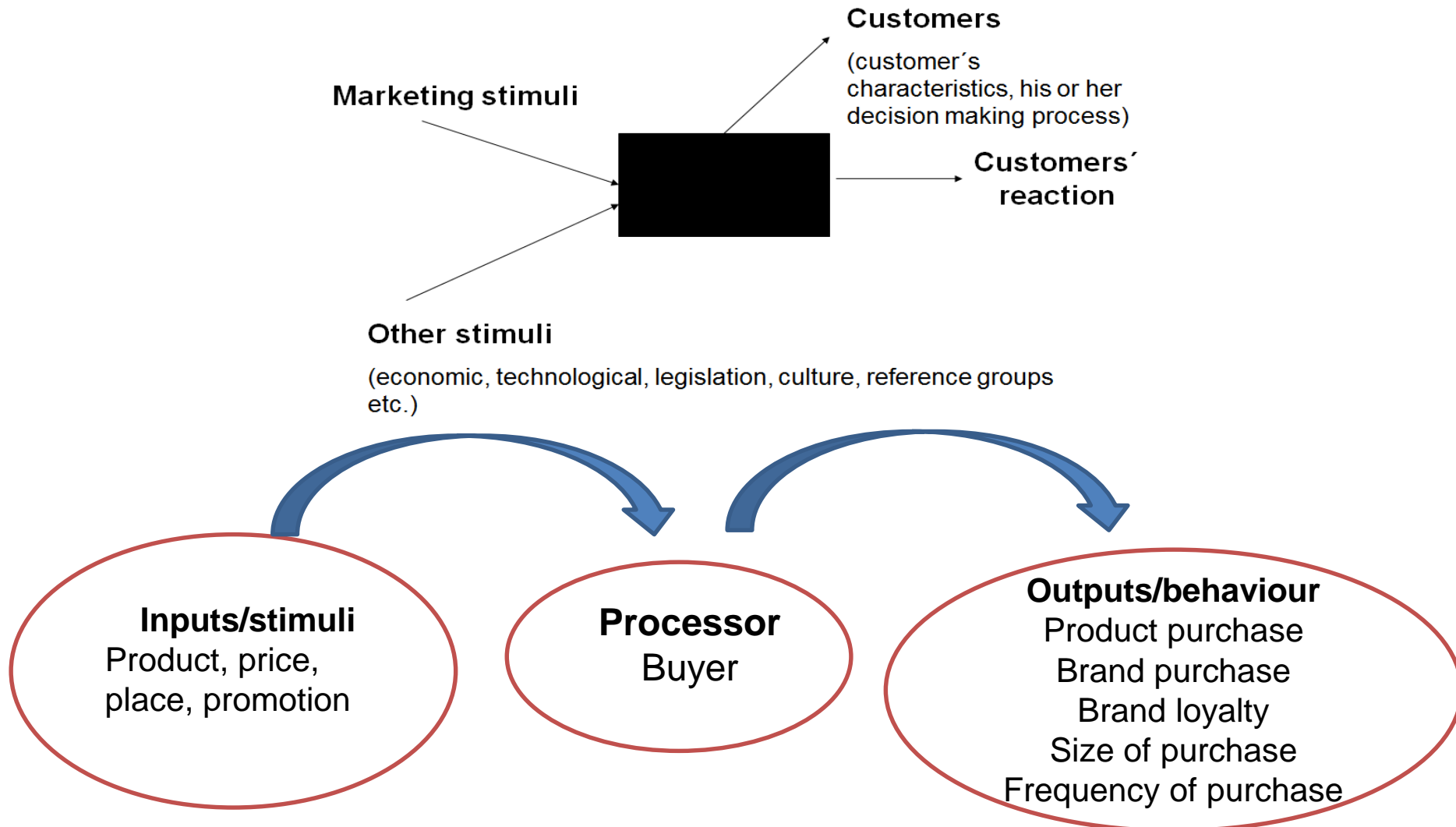
- We play the role of consumer and customer during all life (from birth to death).
- **Customer versus consumer?!**
- **Consumer behaviour** - a summary of external symptoms, activities, actions and reactions of the organism, divided by the psychological nature into instinctive, addictive and intellectual area.
- Consumer behaviour can not be understood in isolation without regard to the general behaviour and without links to the micro and macrostructure of the society.
- We can get information about consumer behaviour from different disciplines – psychology, sociology, cultural anthropology, economics and so on.
- Most models of consumer behaviour are based on the comprehensive approach to behaviour.

MODEL OF STIMULUS AND REACTION – BLACK-BOX MODEL

- The behaviourist school of psychology concentrates on how people respond to stimuli.
- „Black box models treat the individual and his physiological and psychological make-up as an impenetrable black box.“
- Only the inputs and outputs are measured. Any internal mental processes that cannot be measured are ignored.
- The black-box approach considers only the inputs and outputs.
- Careful analysis under controlled tests (using reasonably sophisticated computer models) can reveal the optimum price, the optimum level of advertising and so on.

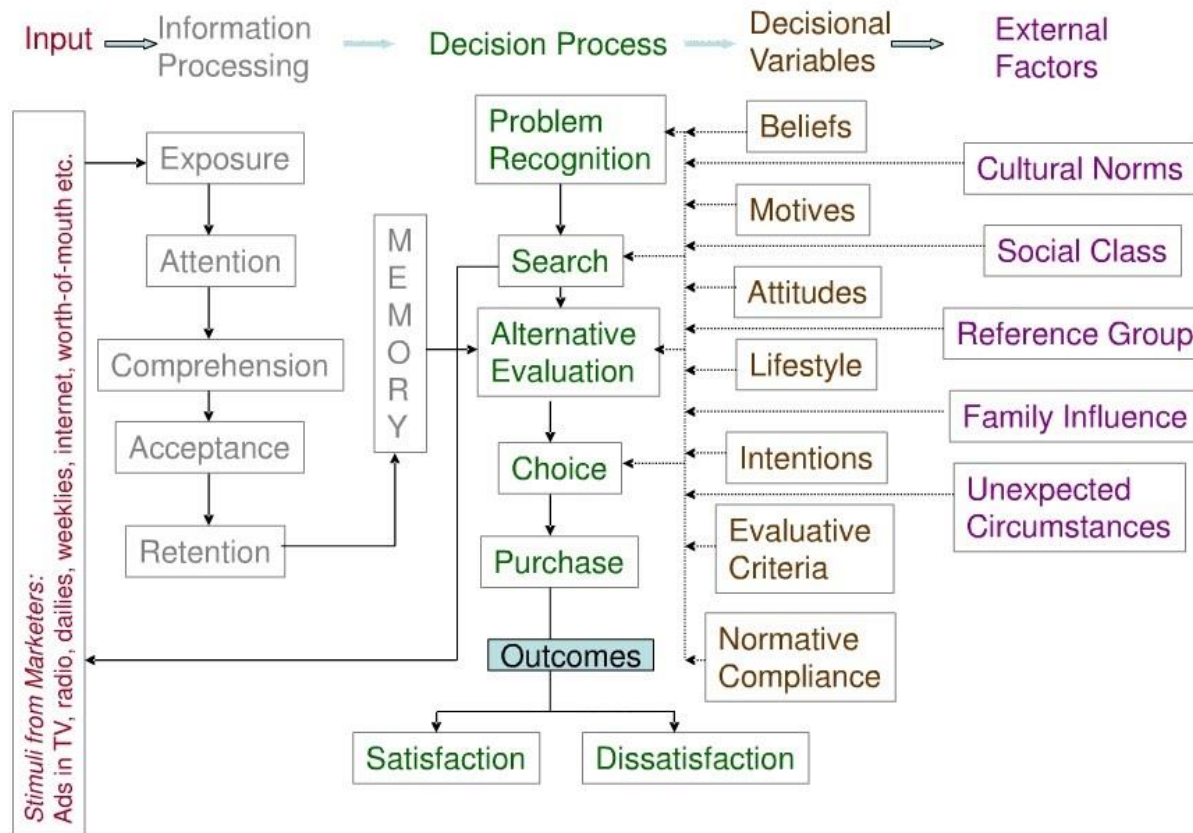
CONSUMER'S SHOPPING BEHAVIOUR AND PSYCHOLOGY

BLACK-BOX MODEL



ENGEL-KOLLAT-BLACKWEL'S MODEL OF CONSUMER BEHAVIOUR (1991)

- It includes information and their processing, as well as cultural and social influences related to motivation, decision-making processes and the final result in consumer behavior.



MODEL OF CONSUMERS BEHAVIOUR

- **Model Howard and Sheth (1968) tries to integrate all influencing factors into one model.** The model is divided into four parts:
 - **Internal variable** - motives, attitudes, expectations, readiness of people for learning in the target group.
 - **Stimulus input variable** - quality, price, availability and individuality of the product or service.
 - **External variable** - family, belonging to a social class, time pressure, financial situation ...
 - **Output variable** - attention effect ⇒ purchase intention ⇒ purchase itself.

2. BUYING DECISION PROCESS

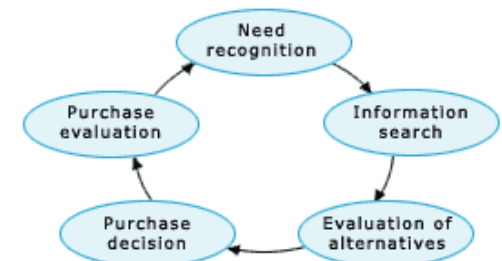
Overall, the whole process can be divided into five stages:

- **Problem recognition** - awareness of the needs we want to meet thanks to purchase. Hierarchy of Needs shows many models – e. g. Maslow's pyramid.
- **Information search** - lack of information increases the sense of risk and their excess can lead to disorientation. Sources of information may be different - personal, media, ...
- **Alternatives evaluating** - information comparing and selection of the most appropriate solution, emotional involvement processes.
- **Purchase decisions** - decisions when to buy the product (except for impulsive purchases).
- **Purchase evaluation** - satisfaction with the purchase and the resulting benefits, the care of "postpurchasing" behaviour made by the seller.

A. Stages in the consumer decision-making process

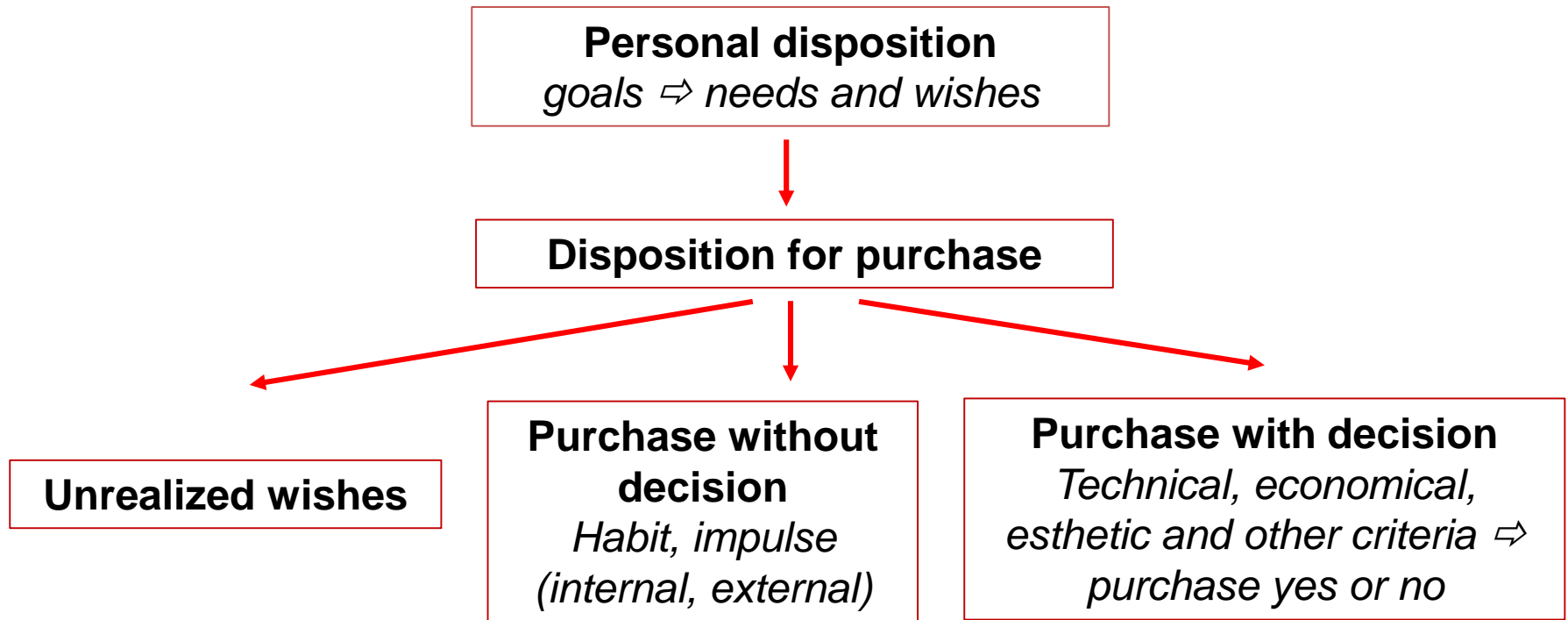


B. Relevant internal psychological processes



BUYING DECISION PROCESS

- **Personal human dispositions influence buying decision process.**



POSSIBLE INFLUENCING FACTORS

- **Mental characteristics of people** - perception, attention, memory, predisposition, ...
- **Personal qualities of the person** - age, income, occupation, lifestyle, personality, shopping and consumer habits ...
- **Social influences** – roles and family, social classes, culture and subcultures, ...
- **The product itself** - the brand, package, price, quality, appearance, aroma, taste, ... ⇒ emotional impact of product
- **Place of sale** - use of marketing communication tools - merchandising, POP materials, sensorial marketing ⇒ more included in individual lecture.

POSSIBLE INFLUENCING FACTORS

- **The influence of social groups so called primary and secondary groups.**
 - **Primary group** – „a personal link“ or the initial group, it is typical direct contact with all participants. An example is the family, friends, neighbors, coworkers, children influence!!!
 - **Secondary group** - "impersonal link" or a formal group, when there is the existence of more or less developed characters, the organization of complementary roles, differentiated over the domestic distribution functions. An example is the social movements, political parties, trade unions, businesses etc.
- Primary and secondary social groups have impact on so-called „**Consumer socialization**“ - used to guide individuals in consumer behaviour. In this sense, we talk about the reference groups that influence shopping and consumer behaviour, especially in the area of expensive products or new products in the market.

POSSIBLE INFLUENCING FACTORS

- **Type of purchase - Version A**
 - **Extensive problem solving (EPS)** - the buyer does not make decision before the purchase, buyer actively seeks information and pays attention to various information sources. It is mostly connected with the purchase of more expensive products.
 - **Limited problem solving (LPS)** - a product or brand is unknown, but based on general experience connected with shopping.
 - **Routinized response behaviour (RRB)** – the buyer buys the same. These include food. It is an addictive conduct, loyalty to a particular brand.
 - **Impulsive purchase** - reactive negotiations, arguments are irrelevant. It is connected with small purchases.

POSSIBLE INFLUENCING FACTORS

- **Type of purchase - Version B**
 - **Automatic behaviour** - routine, it is a regular purchase at a lower price, emphasis on personal experience.
 - **Solving of limited problem** - the customer knows the assortment, just needs additional information.
 - **Solution of extensive problem** - expensive, unknown products, buyer needs time to search for information and then compares the alternatives.

DECISION-MAKING UNITS

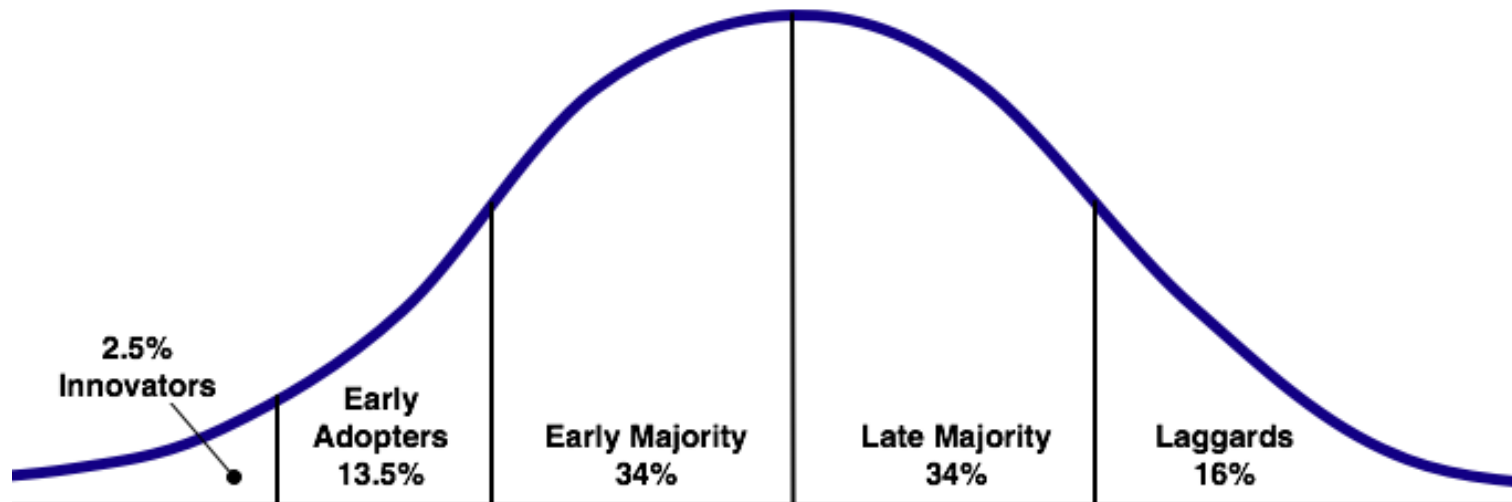
- **PAGES** is a simple acronym that helps to build a marketing communications decision-making unit (DMU) checklist:
 - **PURCHASER** – person who orders the goods or services.
 - **ADVISER** – someone who is knowledgeable in the field.
 - **GATEKEEPER** – a secretary, receptionist or assistant who wants to protect his or her boss from being besieged by marketing messages.
 - **END USER** – sometimes called the customer.
 - **STARTER** – the instigator or initiator.

3. CONSUMER TYPOLOGY IN TERMS OF SHOPPING BEHAVIOR

- **The subdivision of people systems, objects or phenomena into groups according to various criteria, symbol or set of symbols. (Hartl, 1996)**
- **According to Woods (1960):** Addictive determined, rational, critical on the basis of price, impulsive, emotional and groups of new consumers who have not been yet stabilized and are not included in any group.
- **Another approach to the typology:**
 - Bio customers
 - Visionary customers (like trying new things)
 - Hedonistic customers (primarily want to experience the joy, emotion)
 - Customers with imagination (mass individuality, human values in the industrial world)

CONSUMER TYPOLOGY IN TERMS OF SHOPPING BEHAVIOR

- **Roger's model of adopters - typology of customers within the process of implementing new product on the market:**
 - Innovators - enthusiasts - 2.5 %
 - Early adopters - visionaries - 13.5 %
 - Early Majority - pragmatists – 34 %
 - Late majority - conservatives – 34 %
 - Laggards - skeptics – 16 %



CONSUMER TYPOLOGY IN TERMS OF SHOPPING BEHAVIOR

- **Consumers LOHAS (Lifestyle of Health and Sustainability)** - it is a lifestyle whose adherents care about health, the environment, personal development, ethics and social justice.
- Organic products buying with ethnic origin, demand for quality, luxury and environmental friendliness, ethics and responsibility.
- High-quality nature based products using the latest recipes and technologies, biological degradability, renewability of resources and recycling of used packaging.
- The establishment in USA, there are no data about the Czech Republic. Estimated Czech market is 5 - 10 % of the adult population.
- Global market of style LOHAS is estimated about 209 billion US dollars (the largest share of food products).
- **LOHAS typology in USA:** LOHAS (16 %), slightly naturally oriented (24 %), traditional (23 %), hesitant (23 %) and without interest (14 %).

4. NEW TECHNOLOGIES AND PURCHASE BEHAVIOUR

- Global communications networks affect consumer and shopping behaviour.
- The Internet allows a significant change in the interaction between consumers and their interactions with companies.
- Social media for consumer and shopping behaviour is an important two-way communication that allows to communicate communication and response to the demands and wishes. Communities on social networks mutually operate and share information and opinions. Although it is not the place of purchase, it is possible to influence a potential customer. These are:
 - social networks,
 - blogs, video blogs, microblogs,
 - forums,
 - wikis,
 - multimedia sharing,
 - virtual worlds.

NEW TECHNOLOGIES AND PURCHASE BEHAVIOUR

- **Virtual communities of consumption** - specific groups that are exclusively focused on the interests related to consumption, which can be characterized as „sister groups“, their online interaction is based on a shared enthusiasm or knowledge of some specific consumer activities (e.g. Wine connoisseurs).
- **Four different virtual communities (Kotzines):**
 - **Tourists** – they have strong social relations with the group and have only a superficial interest or transient interest in the consumer activity.
 - **Mingler** - people who engage very easily with the group, retain strong relations with it, but they have only a superficial interest in the consumer activity.
 - **Enthusiasts** – they show a great interest and enthusiasm for the consumer activity, but they have fewer social relations with the group.
 - **Insiders** – they have strong personal relations with the consumer activity and with the group.

5. CONSUMER BEHAVIOUR IN DIFFERENT CULTURES

- **Country of Origin Effect (CoO effect) so called made in -** the image that we create for the country since childhood, it affects the assessment of the products and brands according to country of origin. Products manufactured in developed countries are perceived as lower quality and conversely. Certain countries enjoy a reputation for certain goods: Japan for automobiles and consumer electronics, USA for high-tech innovations, soft drinks, toys, cigarettes and jeans, France for wine, perfume and luxury goods,
- **The rate of ethnocentrism in society** – it includes the perception of values and norms of own group as the only correct, useful and truthful. In the context of consumer behaviour it is the customer's concern of own nation economic damage in the case of foreign products buying.