

STRATEGIC SALES MANAGEMENT

Session 2: Consumer and B2B Decision Making Processes (Continued) **Selling and Consumer Behaviour**

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Learning Objectives:

After going through this module, you should be able to:

- Fathom Consumer and B2B Decision Making Processes and Role of Salesman in both contexts
- Understand the Difference between B2C and B2B Selling

Consumer Decision Making Processes

Consumer behaviour is the study of consumers' actions during searching for, purchasing, using, evaluating and disposing of products and services.

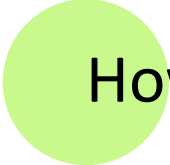
The consumer decision making process can certainly be looked at from the perspectives of the *Input, Process and Output*

While, input indicates marketing communications and socio-cultural influences, the process captures need-recognition, information search and evaluation of alternatives, and finally the output signposts purchase and post-purchase behaviour.

In other words, we can say, understanding consumer behaviour is all about answering these five questions:



Who is important in buying decision?



How do they buy?



What is their choice criteria?



Where do they buy?



When do they buy?

Input:

Input signifies the set of strategies which aim at reaching out, and informing and persuading shoppers to buy.

These include all means of marketing communication; advertising, sales promotion, personal selling, events, public relations activities and interactive marketing in conjunction with the product, pricing and place strategies, encompassing all 4P's (Product, Price, Place and Promotion)

Along with 4P's, it is the socio-cultural influences that play an important role at the input stage.

Reference group: This comprises all groups that have a direct or indirect influence on attitude and behaviour of an individual. This could be both direct and indirect.

Opinion leader: Person who is perceived as an expert in a product category or categories and offers informal advice.

Family: Defined as two or more people staying together and are related by blood or marriage. Family of orientation (parents and siblings), family of procreation (spouse and children)

Social class: Relatively homogeneous and enduring divisions in society which are hierarchically ordered. Eg. Upper vs. Middle Class

Culture and sub-culture: Culture is often defined as the invisible hand that guides the actions of the people. It is also demarcated as the mental programming of the mind. On the other hand, the sub-culture provides specific identification and socialization for its members. Sub-culture includes nationalities, racial groups, religions and geographic groups.

Process: How do they buy?

Need Recognition: Any sort of felt deprivation or any situation when the consumer faces any problem. Needs may arise either on account of natural processes or changing situations or marketer's stimulation

There are two types of need states: **actual state** (when a shopper perceives there is a problem), **desired** (aspiration for something new stimulates the process)

A salesman at this stage needs to understand whether the needs are functional or psychological. And, they should also comprehend need inhibitors (what prevents a need from being activated)

Pre-purchase Information Search: Personal (Family, Friends and Neighbours) + Commercial (Advertising and Sales people) + Experiential (Handling the product) + Public (Mass-media and Rating groups)

Type of buying situation also influences this stage greatly: Extensive Problem Solving, Limited Problem Solving and Automatic/Routinized Problem Solving along with product involvement

Extensive Problem Solving: Problem/need is new, high degree of information search and close examination of alternatives, a sales persons' role is to provide all required information to build goodwill. It is best to act as a consultant.

Limited Problem Solving: Prospect or consumer already has some past experience, some more information may be collected on new players or to make sure that right decision is being made. Salespersons job is to attract the prospect or consumer if it has been already captured by the competitor.

Automatic/ Routinized Problem Solving: Mainly comprises re-ordering

Role of Technology and Internet penetration cannot be undermined at this stage

Evaluation of Alternatives

Choice Criteria: Dimensions used by consumers to evaluate or compare products

Choice criteria can further be classified as; economic (related to performance, reliability and price), social (need for social acceptance) and personal (how product or service relates to individual psychologically, self image)

Beliefs: Degree to which, in consumers mind, a product possesses certain characteristics

Attitude: Degree of liking and disliking the product

Intentions: Probability that attitudes will be acted upon

Expectancy Value Model: Consumers usually evaluate products and services by combining their positive and negative brand beliefs depending on their relevance/ or importance.

A salesperson role is to understand the prospect's and consumer's choice criteria and prepare sales pitches accordingly, focus should also be laid on changing the choice criteria depending upon what is being offered

Role of Psychological Field in influencing 'How do consumer buy':

Motivation: What motivates prospects or consumers to buy? Hygiene vs. Motivation Factors, Maslow's Need Hierarchy

Learning: Processes by which prospects or consumers acquire the purchase and consumption knowledge and experience which consequentially impacts their future behaviour. *Motives, Cues, Responses and Reinforcement*

Perception: How prospects or consumers organize and interpret information? Selective Attention, Selective Retention and Distortion

Output:

When product/service performance meets expectations = Satisfied

When product/service performance exceeds expectations = Delighted

When product/service performance falls short of expectations = Dis-satisfied

It is important at this stage to also manage cognitive dissonance of the consumers.