

Drivers of Consumer Behaviour

CHAPTER

9

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Introduction

In this chapter, we discuss some of the theory behind the drivers of consumption behaviour. In a country of close to 60 million people, there is no easy way to summarise why people make the choices that they do. Researchers, however, have spent years studying consumer behaviour in order to better understand people's choices. This chapter, in which we explore some of the basics of consumer behaviour theory, partners with the next chapter, where we unpack the actual decision-making process in detail.

Consumer behaviour

Marketers typically define consumer behaviour as the mental and emotional processes and physical activities of people who buy products or services. The key to building a lasting and loyal relationship with consumers is to find the consumers who want and need your products and are prepared to buy them. Even if one looks at groups of people who are not completely brand loyal, but will be occasional or repertoire buyers of the brand, marketers need to understand what will move them from consideration to conversion (from thinking about it to buying it).

As part of the segmentation exercise, marketers determine the size of the brand opportunity (or size of the prize, as some like to say), and which segments will best deliver. Some opportunities will be easier to convert than others and some will be more attractive (from a margin or volume point of view).

Once you know which group or groups hold the most purchasing potential for your product, you can make informed choices about which media channels would be best to reach them and what type of messaging will be most relevant to these selected groups. Therefore, your ability to identify prospective consumers is vital. Marketers should have a holistic understanding of the purchasing patterns and drivers of competitive choice, of pricing factors and other buying influences.

It is insightful to look at why consumers would not buy too: is there something we could change in order to change their minds (for example, pack size, flavour, price, or method of buying)? Under what conditions might consumers change their behaviour, either from being loyal to being semi-loyal or from not buying your brand to always buying it? As marketers grow better at understanding consumer behaviour, they will be better at creating a strategy around meeting needs.

In summary, when developing a marketing strategy, a key component for consideration is your target market (Chapter 11). You must go through a process of investigating all the possibilities of who might comprise your target market (segmentation), so that you can define the most profitable groups of consumers who you should target with your activities. To help you make this decision, you need to understand your consumers, their behaviour, their need-states and the phenomena that influence them, in order to understand their purchasing behaviour.

Each person's consumer behaviour is driven by a complex set of internal and external factors. These factors will be discussed in the following section.

Factors affecting consumer behaviour

While behaviour is very complex, we have divided the drivers of consumer behaviour into five broad factors (Figure 9.1):

1. Personal factors
2. Psychological factors
3. Social factors
4. Situational factors
5. Marketing mix factors

While consumer behaviour is generally much more complex, these factors are a useful tool to help marketers develop a consumer orientation and a marketing strategy. Each of these factors is briefly defined in this section.

The marketer must be aware of these factors in order to develop an appropriate marketing strategy for the identified target market.

Personal factors

Personal factors relate to the factors that make up an individual or group of individuals, such as their demographics, stage of life, and lifestyle.

Demographics

These include the person's demographic factors, such as their gender, race and age. It may also include aspects such as individual or household income and which family member is responsible for decision-making. A number of these demographics have been outlined in Chapter 5, where the South African consumer landscape was surveyed.

Figure 9.1: Factors affecting consumer behaviour and purchase decisions



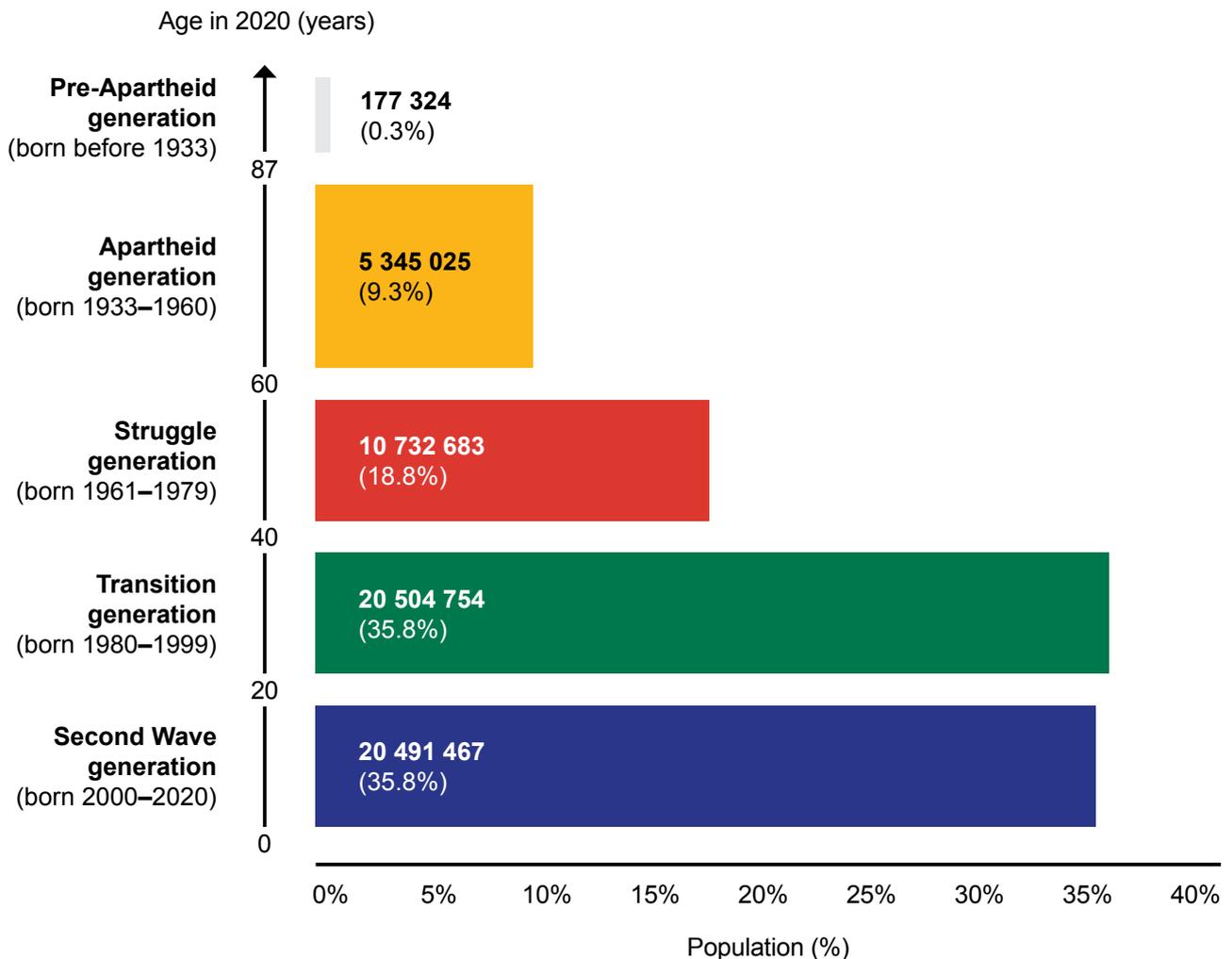
Age and life stage are key demographic factors that influence decision-making. Preferences may be influenced by the stage of life a consumer is in (for example, child, young single, married with children, empty nester, or pensioner). For example, a 14-year-old will likely be financially dependent on a caregiver although they may have already developed strong preferences that could continue into adulthood. A single student would have very different consumption characteristics when compared to a new parent.

It has been long accepted that younger and older people have different preferences based on when they were born. A generational cohort is a group of people born during a similar time and, due to similar social circumstances, will share certain worldviews. As discussed in Chapter 5, in South Africa, those born during the Apartheid Generation (1933-1960) would have a different perspective than their children, who may have been born in the Transition Generation (1980-1999).¹ Figure 9.2 gives a perspective on how many South Africans fall into each age cohort.

Sometimes, demographics can only provide a limited view of a person. Two people with similar demographics may have different lifestyles.

Lifestyle

Lifestyles are defined by the consistent patterns that people follow in their lives. Recent trends in lifestyles indicate a shift towards personal independence and individualism, the busy-ness of being on-the-go, and a preference for a healthy, natural lifestyle. People may share the same demographics but have very different lifestyles. In South Africa, rural and urban lifestyles differ considerably.

Figure 9.2: A model of generational cohorts in South Africa²

Psychological factors

Psychological factors are internal factors that develop over time and have a major impact on consumer behaviour in spite of external circumstances. The core portfolio of psychological factors include motivation, perception, learning (ability and knowledge), personality and attitudes.³

Motivation

A motive is an internal energising force that causes behaviour aimed at satisfying a need or achieving a goal. Actions are generally affected by a set of motives, not just one. If marketers can identify motives, they can better develop a marketing strategy. Motives do, however, often operate at an unconscious level, and therefore are difficult to measure. Motivation underlies and drives decisions and actions and can be prompted through appealing to human need-states.

Motivation can also be connected to promotional messaging by using either negatively or positively originated motives. **Positively originated motives** offer a bonus, reward or benefit from the offering; while **negatively originated motives** offer the eradication of a problem, or a means to avoid a problem through the offering.

Perception

Perception is the process of selecting, organising and interpreting information to create an image of the world. People choose what information they pay attention to and how they organise and interpret it. It is also important to understand consumers' perceptual screens, as people modify how they receive messages based on many things (for example, experience, needs, and habits).

Learning (ability and knowledge)

Learning is the process through which a relatively permanent change in behaviour results from the consequences of past behaviour or thought. Therefore, to change consumers' behaviour about your product, you need to give them new information about the product (in the form of a free sample, for example). Learnt behaviour is the behaviour that results from repeated experience and from thinking.

Marketers need to understand potential consumers' capacity to learn, as learning can play an important role in changing a person's behaviour through the input of new information and experience. Learning relies on stimulus and derives from direct experience as well as thinking. Information inputs are the sensations received through sight, taste, hearing, smell and touch.

When making buying decisions, buyers must process information. In this context, knowledge is the familiarity with the product and experience using it. Inexperienced buyers often use prices as an indicator of quality more than those who have knowledge of a product. In this sense, a lack of knowledge can lead consumers to assume that a higher price indicates greater quality.

Personality

Personality is a person's consistent behaviours or responses to recurring situations that can have an impact on a purchase decision. These may be consistent with a national character (a distinct set of personality characteristics common among people of a country or society), or a self-concept (the way people see themselves and the way they believe others see them). This may relate to all the internal traits and behaviours that make a person unique as a result of their upbringing and personal experience. Examples include:

- Workaholism
- Compulsiveness
- Self-confidence
- Friendliness
- Adaptability
- Ambitiousness
- Dogmatism
- Authoritarianism
- Introversion
- Extroversion
- Aggressiveness
- Competitiveness

All of these traits affect the way people behave. In many categories, consumers buy products that are consistent with, enhance or remedy their self-concept, so marketers may want to align their brand image to the perceived image of their consumers.

Attitudes

Attitudes are learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way. These are based on a person's values and beliefs (which are learned). **Values** can either be core values (for example, material well-being or humanitarianism) or can respond to personal values (for example, thriftiness or ambition). Personal values affect attitudes by influencing the importance assigned to specific product attributes. **Beliefs** equate to a consumer's subjective perception of how well a product or brand performs on different attributes. These are based on personal experience, advertising, and discussions with other people.

Individuals learn attitudes through experience and interaction with other people. Consumer attitudes towards a brand and its products greatly influence the success or failure of the brand's marketing strategy. However, there is also still a difference between an individual's attitude and intention or ability to buy. Just because someone has a positive attitude towards your brand, it does not mean that they have the money to buy it.

Social factors

There are many social factors that influence the purchase decisions of a consumer. These include people and groups that a consumer knows (for example, family and friends) or even social groups that they relate to without necessarily knowing everyone personally (for example, hip hop subculture). Some of these social factors are listed below.

Family and friend influences

Family and friend influences are very important as a source of social referencing. Family and friends are the source of children learning the art of 'consumer socialisation', the process by which people acquire the skills, knowledge and attitudes necessary to function as consumers. Research has shown that children show brand preferences from two years old, and these preferences often last a lifetime. Throughout our lifetime, however, we continue to be heavily influenced by friends and family.

Society / social class

Social class is a term used to define relatively ambiguous divisions in a society based on the apparent sharing of similar lifestyles, values and behaviours. These divisions can be determined by occupation, education, and source and level of income. While contested as a reliable measure, social class is said to influence the types, quality and quantity of products that a person buys or uses. Though family and social classes are all social influences on consumer behaviour, it is important to remember that they all operate within a larger culture.

Culture and subculture

Culture refers to the set of values, ideas and attitudes that are accepted by a homogenous group of people and which are transmitted to the next generation. Culture also determines what is acceptable in terms of product advertising, in that it determines what people wear and eat, and where they reside and travel. Culture affects what people buy, how they buy and when they buy.

Subculture defines subgroups within the larger (or national) culture with unique values, ideas and attitudes. These groups could share a similar age, or come from a similar area, or belong to the same ethnic or language groups who have the same values, traditions, and languages, etc.

Other reference groups

Reference groups are people to whom an individual looks as a basis for self-appraisal or as a source of personal standards. These reference groups influence the information, attitudes and aspiration levels that help set a consumer's standards. They could be a membership group (social clubs, sports club, or family), an aspiration group (a group that a person wishes to be a member of or wishes to be identified with), or even a dissociative group (a group that a person wishes to maintain a distance from because of differences in values or behaviour). A consumer's purchase decisions are often influenced by the views, opinions or behaviour of others. This takes many forms, including:

- **Opinion leaders** who exert direct or indirect social influence over others. There are very few true opinion leaders, but they can be sports figures, celebrities, community leaders or business executives. These individuals are typically revered and hold relevance in terms of products that are status- and image-led, such as cars, clothing, club membership, audio-visual equipment and computers. Marketers try to attract opinion leaders as spokespeople paid to market their products. This can obviously be risky if that spokesperson suffers setbacks in terms of their popularity.
- **Word-of-mouth (WOM)** activity provides a mechanism through which people are able to influence each other in everyday conversation. A typical example of this is friends sharing recommendations and tips, a practice which is prevalent in this age of social media, and is therefore important for marketers to pay attention to. This information tends to be more trusted than advertising. Marketers try to promote positive word of mouth through developing ads that they hope will go viral. However, not all word of mouth is positive. Marketers try to prevent negative word of mouth (nWOM) through supplying factual information, toll-free numbers, providing product demonstrations and staying abreast with rumours.

Situational factors

Situational factors are temporary or 'in the moment' influences that affect the behaviour of consumers. These range from physical factors (like how much you can carry, or how much it will cost to transport your purchases by taxi), to social factors (who is with you and where you are), and even to the consumer's mood or financial status at the time of potential purchase. For example, bad weather conditions could mean that a low-income day wage farm worker has a bad month from an income perspective. This situation has a temporary impact on income and may impact short term brand choice far more than attitude or past loyalty.

The relevance to the marketer is that we need to understand how these factors may influence the decision, and we may want to try and control some of these factors to influence a positive purchase decision. Let us explore a few in more detail.

Purchase task

The reason the consumer is shopping is one of the major influences. Are they buying for themselves or their family? Are they buying in an emergency (consider the COVID-19 stockpiling of toilet paper)? Are they buying a gift and, if so, for who? Our decision making will be very different if we are buying an engagement ring or a thank-you box of chocolates for our child's teacher.

Immediate social setting

The consumer's immediate social setting can significantly influence what they will buy and why. A consumer may feel peer pressure to buy a different brand or type of drink to what they would usually consume when out with friends (for example, in the liquor industry, 'badging' is a way of communicating your desired self-concept). A first date will probably not be in the usual fast food outlet that you frequent, because you want to impress. Brands like Almay and Tupperware use this to great effect; the consumer feels both obligation and social pressure to buy in a house-party environment.

Time

Media planning for certain channels breaks time slots into day parts, because consumers are likely to be in different places, doing different things, at different times of the day, allowing us to buy media that will talk to them in relevant situations, for example, the transport we use to get to work will affect what media we are exposed to and our frame of mind. The same applies to decision making; what time of day, what time of year, how much time we have to shop, are all influences of what we might buy, where and when. Celebrations such as the festive season (December) or national holidays also influence buying behaviour. Another trend that currently influences behaviour is around convenience – people are rushed for time and are actively looking for brands that can help them do things more quickly – for example, instant maize meal.

Physical surroundings

Physical surroundings could be the area in which the store is situated; it could also relate to the size and layout of the store. Is it conducive to getting what you need or is it intimidating? Is it far from home, which could mean, for a low-income consumer, that the costs of transport make it unaffordable? Is it a small spaza shop, which offers the benefit of being close by and no transport, but may not offer the brand range and pack sizes of a bigger store? Factors like the weather can be included under physical surroundings too.

Marketing mix factors

These factors are mostly under the control of the marketing team and are discussed in detail in chapters 13-16. The below points provide a brief survey of how these factors impact the consumer.

Product: the physical product or service intended to offer utility to the consumer. Aspects that may influence behaviour might be size, appearance and aesthetics (packaging), added value (either intrinsic, for example, an ingredient, or extrinsic, for example, status), after-sales service (essential in the car industry), and guarantees or warranties.

Price: pricing strategy is a very strong driver of consumer behaviour. Too cheap in some categories will create distrust. Too expensive when your competitor offers the same perceived utility will result in the consumer choosing them, not you. Pricing will include ideal retail price points and discounts (trade and consumer), as well as financing options. At certain times of the year, and in certain market circumstances, pricing can be used as a promotional and competitive lever.

Place: place refers to where the purchase is made (bricks and mortar or online) and can be a significant influencer of choice. In the case of brick and mortar, an actual store, aspects such as the location, size of shop, atmosphere, staff, and layout can influence consumer behaviour and choice. Consider the different choices you might make at a convenience store on your local garage forecourt versus a large supermarket versus a boutique deli. In the online environment, the ease of finding what you want and checking out impacts on whether a consumer will make a purchase.

Place also refers to the methods of distribution used to get the product to the customers, either off a shelf or otherwise. Distribution decisions include market coverage, logistics, and levels of service. This aspect became a critical area in the COVID-19 retail landscape, where companies had to quickly change their methods to continue trading. For example, big retailers were unable to cope with ecommerce demand. Companies selling alcohol, which were prohibited from trading, often pivoted their business to online deliveries.

Promotion

Promotion decisions are those related to communicating with the target customer. The communication needs to inform, remind or persuade and so may be benefit-driven, offer driven or simply an announcement. The promotion aspect includes everything from logo design to packaging to advertising, to social media to PR to sales promotion. The intention of the promotion piece is usually to change behaviour (buy for the first time, use more or more often, buy earlier than planned due to the offer) and induce a sale.

Conclusion

Marketers should always strive to put the consumer at the centre of their efforts, in order to ensure success. By having a deep understanding of how consumers buy and the mental and emotional processes and physical activities taking place when people buy products or services, marketers can more accurately manage the circumstances in order to successfully convert a consumer from interest to purchase.

¹ Lappeman, J., Egan, P. & Coppin, V., 2020, Time For An Update: Proposing A New Age Segmentation for South Africa, *Management Dynamics*, 29(1).

² Lappeman, J., Egan, P. & Coppin, V., 2020, Time For An Update: Proposing A New Age Segmentation for South Africa, *Management Dynamics*, 29(1), 12.

³ Schiffman, L., and L. Kanuk., 2014, *Consumer Behavior*. 10th ed. Cape Town, South Africa: Pearson Education.

