

<b>Topic Overview</b>	
<b>Topic</b>	Strategies and Management E5: Marketing – Buying Behaviour
<b>Level</b>	S3
<b>Duration</b>	3 lessons (40 minutes per lesson)

**Learning Objectives:**

1. Understand the concept of buying behavior,
2. Understand the differences between the buying behaviour of consumers and business customers,
3. Understand the factors affecting buying behaviour, and
4. Understand the consumer and business buying process.

<b>Overview of Contents:</b>	
Lesson 1	Buying Decision
Lesson 2	Consumer
Lesson 3	Business Customer and On-line Shopping Methods

**Resources:**

- Topic Overview and Teaching Plan
- PowerPoint Presentation

**Suggested Activities:**

- Class Discussion
- Group Discussion
- In-class Exercise

Lesson 1	
<b>Theme</b>	Buying Decision
<b>Duration</b>	40 minutes

**Expected Learning Outcomes:**

**Upon completion of this lesson, students will be able to:**

1. describe what is buying behaviour,
2. describe B2B and B2C transactions, and
3. describe different types of consumer buying behaviour.

**Teaching Sequence and Time Allocation:**

Activities	Reference	Time Allocation
<b>Part I: Introduction</b>		
✧ Teacher starts with a discussion.	PPT #2	9 minutes
<b>Part II: Content</b>		
✧ Teacher explains the concept of buying behaviour	PPT #3	3 minutes
✧ Teacher explains the importance of knowing customer buying behaviour.	PPT #4 – 5	8 minutes
✧ Teacher explains four types of consumer buying behavior.	PPT #6 – 7	8 minutes
✧ Teacher explains the factors affecting buying decision.	PPT #8	3 minutes
✧ <b>Activity 1: In-class exercise</b> ■ Who buy what?	PPT #9	4 minutes
✧ Teacher goes through the answers and makes conclusion.	PPT #10	2 minute
<b>Part III: Conclusion</b>		
✧ Teacher concludes the lesson by reviewing the key points covered.		3 minutes

Lesson 2	
<b>Theme</b>	Consumer
<b>Duration</b>	40 minutes

**Expected Learning Outcomes:**

**Upon completion of this lesson, students will be able to:**

1. describe the consumer buying process.

**Teaching Sequence and Time Allocation:**

Activities	Reference	Time Allocation
<b>Part I: Introduction</b>		
✧ Teacher recaps the concept of buying behaviour		3 minutes
<b>Part II: Content</b>		
✧ Teacher defines consumer.	PPT #2	2 minutes
✧ Teacher describes the consumer buying process with illustrative examples.	PPT #3 – 9	16 minutes
✧ <b>Activity 1: Class discussion</b> ■ Students are required to describe a buying process for a specific condition.	PPT #10	10 minutes
✧ Teacher goes through the answers and makes conclusion.	PPT #11	6 minutes
<b>Part III: Conclusion</b>		
✧ Teacher concludes the lesson by reviewing the key points covered.		3 minutes

<b>Lesson 3</b>	
<b>Theme</b>	Business Customer and On-line Shopping Methods
<b>Duration</b>	40 minutes

**Expected Learning Outcomes:**

**Upon completion of this lesson, students will be able to:**

1. describe business customer buying process, and
2. describe on-line shopping methods.

**Teaching Sequence and Time Allocation:**

Activities	Reference	Time Allocation
<b>Part I: Introduction</b>		
✧ Teacher recaps the concept of consumer buying process		3 minutes
<b>Part II: Content</b>		
✧ Teacher defines business customers.	PPT #2	4 minutes
✧ Teacher describes business customer buying process.	PPT #3 – 9	16 minutes
✧ Teacher introduces on-line shopping methods.	PPT #10 – 12	5 minutes
✧ <b>Activity 1: Class discussion</b> <ul style="list-style-type: none"> <li>■ Students share their previous buying experiences.</li> </ul>	PPT #13	6 minutes
✧ Teacher invites volunteers to share their experiences and gives feedback.		3 minutes
<b>Part III: Conclusion</b>		
✧ Teacher concludes the lesson by reviewing the key points covered.		3 minutes

# Buying Behaviour

## Part 1 – Buying Decision



1

## Discussion

Discuss the two situations below.

1. You are going to have your lunch, where will you take your lunch and why?
2. You are going to have dinner with your best friend to celebrate his birthday, where will you have your dinner and why?



2

Students are free to answer and teacher jots down their decisions and reasons. Ask students to compare the places chosen and factors for their decisions. The criteria for decision may include time, cost, purpose etc.

## What is Buying Behaviour?

- Buying Behaviour is the decision processes and acts of people regarding the purchase of products.



3

## Why a Business Needs to Know Customers' Buying Behaviour?

- A business needs to know buying behaviour because:
  - A company needs to analyse the what, where, when and how their customers buy, the company can match its capacity with customers' needs and wants so as to maximise the profit.
  - Marketers can better predict how customers will respond to their marketing strategies.
  - Marketers can understand what motivates people to purchase, and how they can influence the buying process to ensure that their products or services are on the shopping list.
  - There are two types of customers: business customers and consumers.



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Business customers: Business to business (B2B)

Consumer: Business to consumer or Business to customer (B2C)

Teacher tells students that the discussion will be started from the consumer buying behaviour and then the buying behaviour between businesses.

## Buying Decision



- Consumers usually spend less time thinking about the purchase of low value products such as snacks or toothpaste. **Why?**
- Manufacturers of such products will need to encourage consumers to buy on impulse from them instead of their competitors or make buying their products become customer's habitual buying behavior.
- Conversely, when consumers purchase high value products or non-impulse products, they often spend much time making their buying decision. This decision-making process is called buying process.

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Teacher asks students why consumers do not spend much time thinking about the purchase of low value products. Reasons may include: the price is too low and it is not cost effective to spend too much time on it; the item is quickly consumed; the item is regular used and is a routine buying etc.

## Four Types of Consumer Buying Behaviour

- **Routine Response**
  - Frequently purchased, low cost items
  - Very little time is required for searching information and/or making decision.
  - Examples include snacks, household products etc
- **Limited Decision Making**
  - Occasionally purchased.
  - A moderate amount of time is required for searching information and/or making decision.
  - Examples include clothes, buffet.



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## Four Types of Consumer Buying Behaviour

- Extensive Decision Making

- Not frequently purchased, expensive items.
- A lot of time is required for searching information and/or making decision.
- Examples include cars, house, computers etc.



- Impulse buying

- Purchased as a sudden strong desire before thinking whether it is a sensible thing to do so.
- No planning for buying decision.
- Examples include goods under sale or discount etc.



Teacher may ask students to give more examples to enhance their understanding of these four types of consumer buying behaviour.

## Factors Affect Buying Decision



- Demographic such as sex, age, race etc.
- Psychologic such as personal preference, personality, believe, lifestyle etc.
- Social influence such as peers, family members, culture (value, attitudes), roles (e.g. husband/wife, employer/employee etc.), social class (upper, middle or lower) etc.
- Current condition such as eating when hungry or full.

Elaborations:

Demographic: men would like to buy Hifi whilst women would prefer jewelry.

Psychologic: some people prefer iphone whilst some prefer other brands of smartphone.

Social influence: people in lower class will take more public transportations than those in middle class.

## Activity – Who buy what?



Who?	What?
Old people vs young people	Smartphone, presbyopic glasses
Man vs woman	Watch, high heels
Middle class vs lower class	Public transport, European car
Parents with two children vs single young person	Theme park, skydive
American vs German	Beer, coke



Teacher asks student to match different types of buyer with the kind of products they are more likely to buy and discuss why.

## Activity – Who buy what?

Who buy what	
Old people (presbyopic glasses)	Young people (smartphone)
Man (watch)	Woman (high heels)
Middle class (European car)	Lower class (public transport)
Parents with two children (theme park)	Single young person (skydive)
American (coke)	German (beer)



Teacher check answers with students.

The End

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## Buying Behaviour Part 2 – Consumer



1

## Consumer

- A person "**deals as a consumer**" if: -
  - he buy the goods for private use or personal consumption.



2

## Stages of the Consumer Buying Process



3

Teacher recalls different types of buying decisions and brings up the concept of consumer buying process.

Teacher explains not all buying processes lead to a purchase. All consumer decisions do not always include all 6 stages, it is determined by the degree of complexity, which will be further discussed in the following slides.

## 1. Problem Recognition

- How do you decide which particular product or service to purchase?
- Differentiate between want and need.
  - Wants: things that are not essential to living but we desire or wish for. They are often avoidable or being abandoned when money is not sufficient.
    - E.g. watching a movie, enjoy a buffet, etc.
  - Needs: things that are essential for living and are often unavoidable.
    - E.g. food, clothing, etc.
- It could be that your computer has broken down and you now have to look for a new one; otherwise you will not be able to do your homework. So you have a problem or a new need.



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## 2. Information Search



- In order to buy a new computer, will you buy the same brand as the current one?
- Consumers often want to know more and therefore go on an information search before buying.
- *What are the sources of information?*
- A successful information search provides a buyer with possible alternatives (purchase options)
- For example, the purchase options of a new computer include different brands like:
  - Sony, Samsung, Lenovo, Fujitsu, Apple, ASUS, BenQ, HP, Dell etc.

5

Teacher asks students to brainstorm the sources of information.

Suggested answer includes: internal search such as memory, experience and external search such as recommendations from friends and relatives (word of mouth), marketer dominated sources; comparison shopping or public sources etc.

Teacher highlights that internet is now become one of the most effective external sources which contains information about products (specifications), product reviews and online product forums.

### 3. Evaluation of Alternatives

- Need to establish criteria for evaluation, features the buyer wants or does not want.
- Criteria includes brand, quality, convenience, price, after-sale service etc.
- Then rank/weight alternatives.
- Marketing strategies will therefore need to highlight the product features that they think will meet consumers' need.
- For example, the buying criteria for a new computer includes:
  1. price < \$10,000;
  2. good quality;
  3. after-sale service is provided.



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### 4. Purchase Decision

- After the evaluation process consumers will select the product they would like to purchase.
- Seller is therefore required to ensure that the purchase process is simple and effective so the consumer will not change their mind before the purchase.
- For example, you decide to buy one of the brands because of its good quality and technical support after-sale, of course the price is within your budget.



7

Teacher explains that highlights of product features are often stated on product packaging, promotional materials and the company's website to draw consumers' attention and awareness.

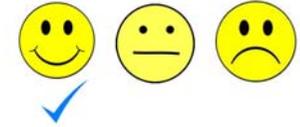
## 5. Purchase

- The final purchase may differ from decision made because of the time lapse and availability of the product.
- For example, you finally have buy another brand because the one you chose is out of stock.



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## 6. Post-purchase Evaluation



- Have you made the right decision?
- Are you satisfied or dissatisfied after purchase?
- A good post-purchase evaluation can help a consumer to learn from mistakes and repeat successes.
- In other words, it is necessary for the seller to reassure purchasers' decision, as it is for them to retain existing customers and attract new customers.
- For example, after the purchase of the new computer, you may think it is not good because of the poor support service provided. This may make you not to buy this brand in future.

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Promotions should make purchasers feel that they have bought their product from a strong and reputable company with "good" products.

## Activity – Group Discussion

- Discuss in a group of 3 to 4 to describe the buying process if you were hungry and want to go out for lunch/dinner.



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## Activity - Answers

- Problem recognition
  - Hunger stimulates the need to eat.
- Information search
  - You want to go out and eat, the alternatives include:
    - Buffet, western food, sushi, fast food etc.
- Evaluation of Alternatives
  - Basis for decision includes good quality and convenience etc.
- Purchase Decision
  - You decide to have buffet at Tsimshatsui because of convenience and good quality.
- Purchase
  - You finally go to a Japanese restaurant because the booking for buffet is full.
- Post-purchase Evaluation
  - After eating in that Japanese restaurant, you may think it is not good because of the poor service.



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The End

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## Buying Behaviour Part 3 – Business Customer and On-line Shopping Methods



1

## Business Customers

- A business buying goods or services from another business.
- The purpose of purchase is for purchasing goods or services to be used in the production of other products.
- Example: a company buying materials from a supplier for production.



2

Teacher recalls the consumer buying process and then introduces the basic concept of business buying behavior.

## Business Buying Behaviour

It is more or less the same as 'consumer buying behaviour' process, which includes:



3

## 1. Identifying a Need or Problem

- Same as consumers, a business customer buying decision start with a need/a problem to be solved.
- For example, need for buying materials, production equipment for the production of goods etc.
- It is important for the business customer to determine the quantity they want to purchase.



## 2. Developing Product Specification

- The business customer may then define the specifications and characteristics of the products for his use.
- He will pay particular attention to various sources such as press releases, exhibitions, advertising, industry seminars and sales agent to identify such specification.



### 3. Search for Products and Suppliers

- Then business customer starts searching for the most suitable products or suppliers.
- Different sources for searching includes:
  - Internet
  - Trade Fairs
  - Technical information leaflets
  - Quality suppliers list posted on Hong Kong Trade Development Centre (HKTDC) webpage
- Ask potential suppliers to submit proposal/quotation.



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### 4. Evaluation of Products and Suppliers

- Decision criteria may be predetermined by the company.
- In general, decision criteria includes :
  - Quality of product
  - Price
  - Reliability of supplier
  - Location of supplier
  - Terms of payment



7

Teacher explains that the reliability of the supplier can be assessed with reference to the previous purchase experiences with the supplier or recommendations from other business partners. It can also be assessed by studying its financial statements to see if they are financially healthy and not under the risk of insolvency.

The location of supplier is considered because it may affect the time and cost of delivery.

## 5. Supplier Selection and Purchase

- After reviewing the proposals from different suppliers, business customer decides the most suitable supplier to make the deal.
- Place order to chosen supplier when confirm the price, quantity, time and mode of delivery, warranties and any other terms of purchase.



8

## 6. Evaluation of Product and Supplier Performance

- Periodically reviews the performance of the chosen supplier in order to ensure the stability of supply.
- Decides to continue, modify or stop the relationship with the supplier.



9

## On-line Shopping Methods

- Online shopping



- Group buying



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Group buying (團購)

## Online Shopping

- Also called **e-shopping**
- It is a form of electronic commerce which allows consumers to directly buy goods or services from a seller through the internet.
- The well-known online shopping businesses include Alibaba, Taobao, Amazon.com and eBay.



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## Group Buying



- Also known as **collective buying**.
- A group buying website may be partnered with a product or service supplier to offer a deal to Web buyers.
- Seller offers products and services at significantly reduced prices on the condition that a set number of buyers (a group) agree to buy.
- The buyer may then print out a voucher with which he may claim the product or service at the offered discount in a specified period.
- By its nature, group buying can be said as a prepaid purchase.
- In recent time, group buying websites become one of the major businesses of online shopping.

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## Activity

- Do you have any experience on online shopping or group buying?
- If yes, can you share why you choose this buying method?



13

Teacher invite students to share their relevant experience of online shopping/group buying to help enhance learning.

The End

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**Section A: Multiple Choice Questions (@1, total 10 marks)**

1. The decision processes and acts of people regarding the purchase of products is called:

- A. Buying behaviour.
- B. Distribution channel.
- C. Marketing strategy.
- D. Product life cycle.

Level of difficulty: \*

2. What is the buying behaviour that consumers spend very little time searching for information and making decision because the product is frequently purchased and cheap?

- A. Routine response.
- B. Limited decision making.
- C. Extensive decision making.
- D. Impulse buying.

Level of difficulty: \*\*

3. The buying behaviour that consumer has no planning before buying is called:

- A. Routine response.
- B. Limited decision making.
- C. Extensive decision making.
- D. Impulse buying.

Level of difficulty: \*\*

4. Which of the following searching methods does not fit for a consumer who wants to buy a new car to replace the one which is obsoleted?

- A. Word of mouth.
- B. Promotion leaflet.
- C. Observation.
- D. Memory.

Level of difficulty: \*

5. Which of the following are the criteria for evaluating alternatives available for purchase?

- (i) Quality.
- (ii) Promotion.
- (iii) Price.
- (iv) After-sale service.

- A. (i) & (ii) & (iii)
- B. (i) & (ii) & (iv)
- C. (i) & (iii) & (iv)
- D. All of the above

Level of difficulty: \*

6. What will you consider if you want to buy a computer for your own use?

- (i) Durability.
- (ii) Price.
- (iii) Functions.

- A. (i) & (ii)
- B. (ii) & (iii)
- C. (i) & (iii)
- D. All of the above

Level of difficulty: \*

7. The following are the customers who buy goods for resale except:

- A. Retailer.
- B. Business customer.
- C. Consumer.
- D. Wholesaler.

Level of difficulty: \*\*

8. The first step of the business buying process is:

- A. identifying a need.
- B. creating a want.
- C. evaluating a product.
- D. search a supplier.

Level of difficulty: \*

9. A kind of shopping method which allows consumers to buy goods or services directly from the seller through the internet is called:

- A. Bulk shopping.
- B. Group shopping.
- C. Online shopping.
- D. Retail shopping.

Level of difficulty: \*\*

10. Group buying is also called:

- A. Bulk buying.
- B. Collective buying.
- C. Directive buying.
- D. e-shopping.

Level of difficulty: \*

**Section B: Short Questions (20 marks)**

- \*\*\* 1. Discuss five factors which may affect a consumer's decision on buying a new car. (10 marks)
  
- \*\* 2. Why is it necessary to have post-purchase evaluation? (4 marks)
  
- \* 3. Describe the operation of group buying. (6 marks)

## Suggested Solutions

### Section A: MCQs

1. A	2. A	3. D	4. C	5. D
6. B	7. C	8. A	9. C	10. B

### Section B: Short Questions.

#### Question 1

The factors may include:

1. Age: young people may have more desires to buy sports car than elderly. (@2 for any valid points, max 10 marks)
2. Income: customers with higher income may want to have a luxury car more.
3. Family status: parents may want a family car instead of a sports car.
4. Sex: men may have more desires to buy a sports car than women.
5. Social class: customers in upper social class may have stronger desire to buy luxury cars than those in the middle or lower social classes.

#### Question 2

A good post-purchase evaluation can help a consumer to learn from (@2, total 4 marks) mistakes and repeat successes.

In other words, it is necessary for the seller to reassure purchasers' decision, as it is for them to retain existing customers and attract new customers.

#### Question 3

A group buying website may be partnered with a product or service (@2, total 6 marks) supplier to offer a deal to Web buyers.

Seller offers products and services at significantly reduced prices on the condition that a set number of buyers (a group) agree to buy.

In most cases, the buyer needs to print out the voucher with which he can claim the product or service at the offered discount in a specified period.