

# B2C VERSUS B2B MARKETS

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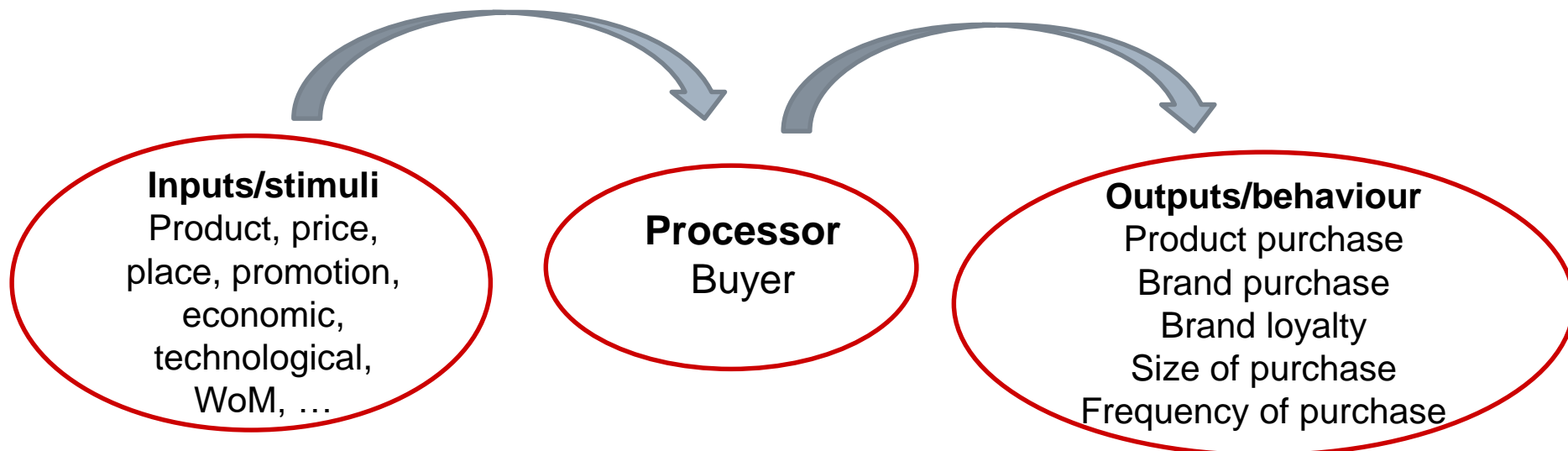
1. B2C: Role of consumers and customers
2. B2C: Consumer typology in terms of shopping behavior
3. B2C: Buying decision process
4. B2C: Consumer behaviour in different cultures
5. B2B market and its characteristics

# ROLE OF CONSUMERS AND CUSTOMERS

- ❑ **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.

# BLACK-BOX MODEL

- ❑ The behaviourist school of psychology concentrates on how people respond to stimuli.
- ❑ Only the inputs and outputs are measured. Any internal mental processes that cannot be measured are ignored.
- ❑ Careful analysis under controlled tests (using reasonably sophisticated computer models) can reveal the optimum price, the optimum level of advertising and so on.

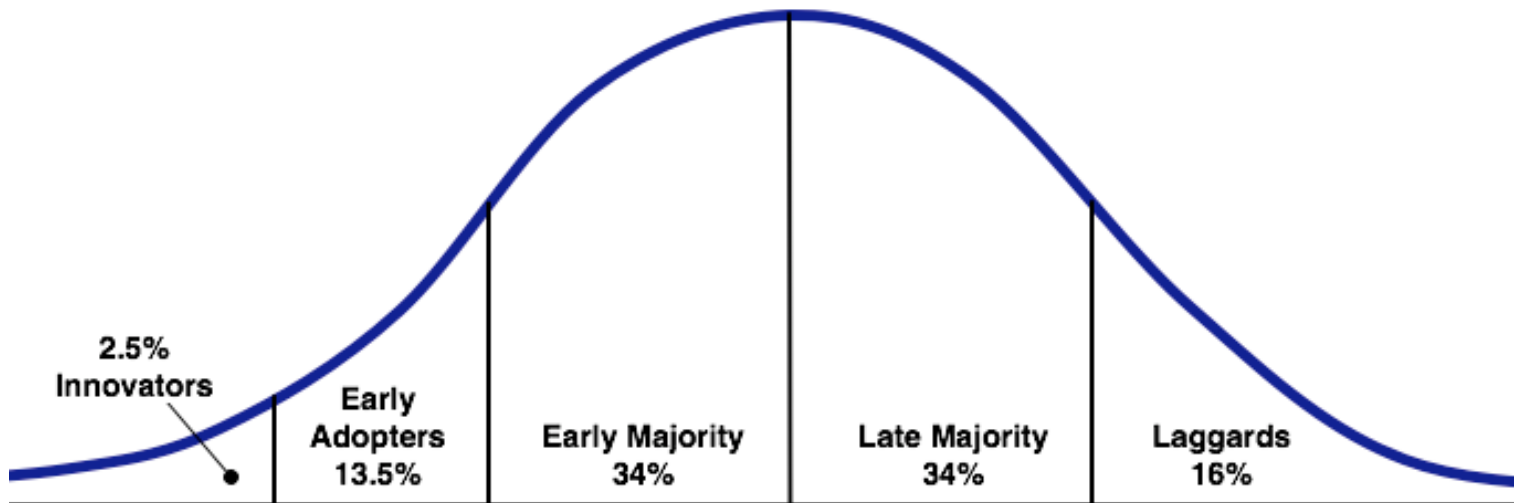


## 2. CONSUMER TYPOLOGY IN TERMS OF SHOPPING BEHAVIOR

- ❑ 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.

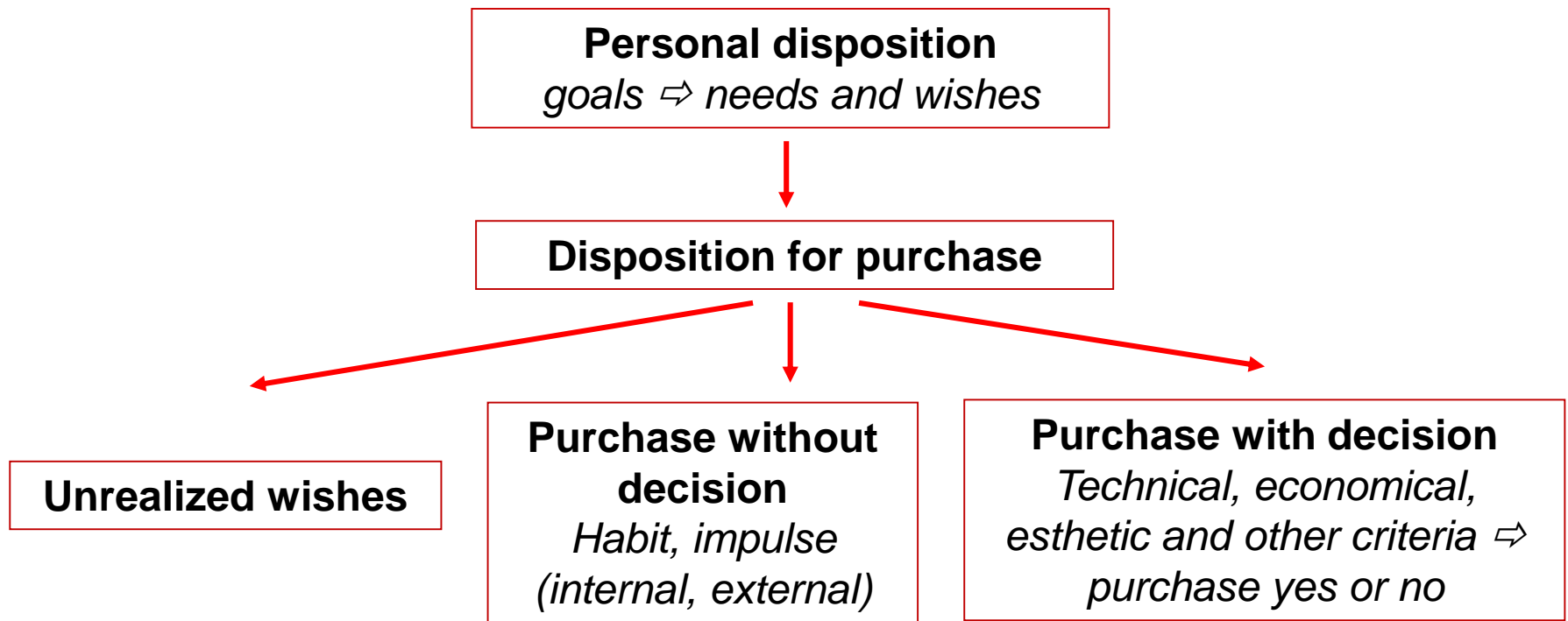
# 3. BUYING DECISION PROCESS

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.

# 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 a family, friends, neighbors, coworkers, a 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.

# TYPE OF PURCHASE

## □ 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.

# TYPE OF PURCHASE

- **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

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- ❑ **Initiators:** those who begin the purchase process (child – toy).
  - ❑ **Influencers:** those who provide information and add decision criteria throughout the process (brother, sister, friends).
  - ❑ **Deciders:** those who have the authority to select the shop (mother).
  - ❑ **Buyers:** those who have authority to buy (father).
  - ❑ **Users:** Those who actually use the product (child).
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## 4. CONSUMER BEHAVIOUR IN DIFFERENT CULTURES

*„Where is heaven and where is hell? Heaven is where French people cook, German people are mechanics, English people are policemen, Italians are lovers and Swiss people organize it. And hell? This is where French people are mechanics, German people are policemen, Englishmen cook, Swiss people are lovers and Italian people organize it!“(Usunier)*

- Many cultural elements that create a predisposition consumer influence consumer behaviour. These are mainly customs and values, symbols, rituals, myths, religion, value orientation and so on.
- **Socio-cultural specifics must be reflected in marketing strategies to match the expectations and demands of consumers!!!**

# 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.

# CONSUMER BEHAVIOUR IN DIFFERENT CULTURES

- A reflection of the culture of the country is also advertising that reflects the value systems and mentalities of the country - examples:
  - **American style** - Television advertising is often based on verbal expression. A typical feature is an exaggeration and strong arguments. There is very often use of celebrities. The advertising style reflects assertiveness and emphasizes competition ...
  - **German style** - Strong information orientation of advertising message, communication is direct, full of information and facts. There is often use of indoctrination and direct demonstration of the product use. The quality and technology are important factors.
  - **Italian style** – The drama and story dominate in advertising. The family and children play the major role. The product is often presented as part of the art ...



# CONSUMER BEHAVIOUR IN DIFFERENT CULTURES

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  - **Spanish style** - Advertising is full of dreams and ideals with elements of creativity. Success is based on a random coincidence. This is reflected in the frequent use of the words as magical, mysterious and so on.
  - **French style** - Typical advertising elements are bizarre, fantasy and attempts to reach the effect. Advertising focuses on technology, skills, new ideas and shows the benefits arising from them. The elements of beauty, sensuality are very popular. Beautiful representation of women as a metaphor for beauty and aesthetics, image and style are used a lot.

## 5. B2B MARKET AND ITS CHARACTERISTICS

- ❑ Larger buyers, high buyer concentration ratio.
- ❑ Closer supplier – customer relationship.
- ❑ Geographically concentrated buyers.
- ❑ Derived demand from consumer markets.
- ❑ Professional purchasing.
- ❑ Multiple buying influences.
- ❑ Inelastic demand.

# B2B MARKET AND ITS CHARACTERISTICS

## B2B

- Focussed on business relations.
- Maximizes the value of trading relationships.
- Based on niche markets.
- Purchases generated by rational factors.
- Importance of business partnerships.
- B2B buyers are longer-term buyers.

## B2C

- Focussed on products.
- Maximizes the value of the transaction.
- Purchase cycle comprising a single step.
- Efforts focus on POS visibility.
- Purchases generated by emotional factors.
- Importance of marketing communication.

# TRADE PURCHASING PROCESS – B2B - DMU

- ❑ **Initiators:** those who begin the purchase process, e.g. maintenance contracts.
- ❑ **Users:** Those who actually use the product.
- ❑ **Deciders:** those who have the authority to select the supplier/model, e.g. production managers.
- ❑ **Influencers:** those who provide information and add decision criteria throughout the process, e.g. accountants.
- ❑ **Buyers:** those who have authority to execute the contractual arrangements, e.g. purchasing.
- ❑ **Gatekeepers:** those who control the flow of information, e.g. secretaries who may allow or prevent access to a DMU member, or a buyer whose agreement must be sought before a supplier can contact other members of the DMU.