

**CHAPTER -3**  
**Conceptual Framework**

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## **Conceptual Framework**

### **3.1 Meaning and Definition of Marketing Management**

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### **3.3 Buying Behavior of Customers**

## **CHAPTER NO. 3**

### **CONCEPTUAL FRAMEWORK**

#### **3.1 Meaning and Definition of Marketing Management**

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “meeting needs profitably”.<sup>16</sup> Marketing revolves around the identifying customer needs and taking efforts to satisfy those needs by offering right product at proper price, at right place with the right product information to the customer. To effectively implement the marketing program, marketers must understand the consumer behaviour.

#### **3.2 Meaning and Importance of Agriculture Marketing**

Agriculture Marketing comprises of all activities involved in supply of farm inputs to the farmers and movement of agricultural products from the farms to consumers

Agricultural marketing system includes the assessment of demand for farm inputs and their supply, post harvest handling of farm products from gate to processing industries and /or ultimate consumers, assessment of demand for farm products and public policies and programmes relating to pricing, purchase and sale of farm inputs and agricultural products. It includes various functions like assembling, transportation, storage, buying, selling, standardization, and grading, processing and sales promotion.

The development of an efficient marketing system is important in ensuring that scarce and essential commodities reach different classes of consumers. Marketing is not only an economic link between the producer and consumers; it maintains balance between demand and supply.

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<sup>16</sup> Kotler, Philip, Keller Kevin, Marketing Management, 2007, 12th edition, pp. 5

## Importance

Agricultural marketing plays an important role not only in stimulating production and consumption but in accelerating the pace of economic development. Its dynamic functions are described as the most important multiplier of economic development.

Agricultural marketing plays pivotal role in fostering and sustaining the tempo of rural and economic development. The technological breakthrough has led to a substantial increase in the production on farm and to a large extent in marketable and marketed surplus. To maintain this tempo and pace, an assurance of a remunerative price to the farmer is essential, which can be achieved through efficient marketing system.

1. Optimization of resource use and output management
2. Increase in farm income.
3. Widening of markets.
4. Growth of agro based industries.
5. Price signals.
6. Adoption and spread of technology.
7. Employment creation.
8. Addition to national income.
9. Better living.
10. Creation of utility-time, place, form and possession utility.<sup>17</sup>

## Marketing of Farm Inputs

Efficient marketing system for farm inputs

-Farm inputs reach the farmers in time at the least cost.

-Use of modern input depends on spread of information through dynamic and efficient channels for marketing.

-Development of input industry depends on efficient input marketing system<sup>18</sup>.

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<sup>17</sup> Talathi, Naik, Jalgaonkar. Introduction to Agrivultural Economics and Agribusiness Mgt.,2008,pp.133-134

<sup>18</sup> Talathi, Naik, Jalgaonkar. Introduction to Agrivultural Economics and Agribusiness Mgt.,2008,pp.136

### 3.3 Introduction to Buying Behaviour of Customers

Buying Behavior is the decision processes and acts of people involved in buying and using products.

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

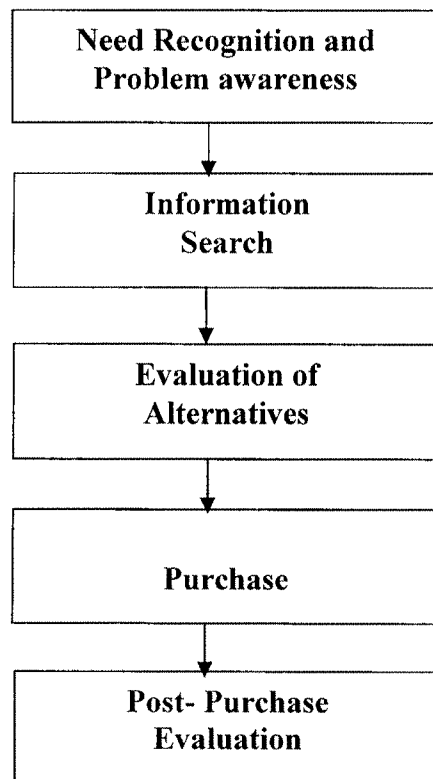
- Buyer's reactions to a firm's marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a Marketing Mix that satisfies customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.<sup>19</sup>

#### 3.3.1 Buyer Behaviour - The Decision-Making Process

Research suggests that customers go through a five-stage decision-making process in any purchase. This is summarized in the diagram below:

**Diagram.3.3.1.1**

#### **Buyer Decision Making Process**



<sup>19</sup> <http://www.udel.edu/alex/chapt6.html>

This model (Diagram. 3.3.1.1) is important for anyone making marketing decisions. It forces the marketer to consider the whole buying process rather than just the purchase decision.

The model implies that customers pass through all stages in every purchase. However, in more routine purchases, customers often skip or reverse some of the stages.

For example, a student buying a favourite hamburger would recognise the need (hunger) and go right to the purchase decision, skipping information search and evaluation. However, the model is very useful when it comes to understanding any purchase that requires some thought and deliberation.

The buying process starts with need recognition. At this stage, the buyer recognises a problem or need (e.g. I am hungry, we need a new sofa, I have a headache) or responds to a marketing stimulus (e.g. you pass Starbucks and are attracted by the aroma of coffee and chocolate muffins).

An “aroused” customer then needs to decide how much information (if any) is required. If the need is strong and there is a product or service that meets the need close to hand, then a purchase decision is likely to be made there and then. If not, then the process of information search begins.

A customer can obtain information from several sources:

- Personal sources: family, friends, neighbours etc
- Commercial sources: advertising; salespeople; retailers; dealers; packaging; point-of-sale displays
- Public sources: newspapers, radio, television, consumer organisations; specialist magazines
- Experiential sources: handling, examining, using the product

The usefulness and influence of these sources of information will vary by product and by customer. Research suggests that customers value and respect personal sources more than commercial sources (the influence of “word of mouth”). The challenge for the marketing team is to identify which information sources are most influential in their target markets.

In the evaluation stage, the customer must choose between the alternative brands, products and services.

### **3.3.2 Ways of Using Information by the Customers**

An important determinant of the extent of evaluation is whether the customer feels “involved” in the product. By involvement, we mean the degree of perceived relevance and personal importance that accompanies the choice.

Where a purchase is “highly involving”, the customer is likely to carry out extensive evaluation.

**High-involvement purchases** include those involving high expenditure or personal risk – for example buying a house, a car or making investments.

**Low involvement purchases** (e.g. buying a soft drink, choosing some breakfast cereals in the supermarket) have very simple evaluation processes.

### **3.3.3 Reasons for Understanding the Customer Evaluation Process**

The answer lies in the kind of information that the marketing team needs to provide customers in different buying situations.

In high-involvement decisions, the marketer needs to provide a good deal of information about the positive consequences of buying. The sales force may need to stress the important attributes of the product, the advantages compared with the competition; and maybe even encourage “trial” or “sampling” of the product in the hope of securing the sale.

### **Post-Purchase Evaluation - Cognitive Dissonance**

The final stage is the post-purchase evaluation of the decision. It is common for customers to experience concerns after making a purchase decision. This arises from a concept that is known as “cognitive dissonance”. The customer, having bought a product, may feel that an

alternative would have been preferable. In these circumstances that customer will not repurchase immediately, but is likely to switch brands next time.

To manage the post-purchase stage, it is the job of the marketing team to persuade the potential customer that the product will satisfy his or her needs. Then after having made a purchase, the customer should be encouraged that he or she has made the right decision.<sup>20</sup>

### **3.3.4 Factors Influencing Consumer Buying Behaviour**

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

#### **1. Cultural Factors**

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

- Culture

Basically, culture is the part of every society and is the important cause of person wants and behavior.

The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

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<sup>20</sup> [http://tutor2u.net/business/marketing/buying\\_decision\\_process.asp](http://tutor2u.net/business/marketing/buying_decision_process.asp)



- Subculture

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

- Social Class

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar.

In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

## 2. Social Factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

- Reference Groups

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

- Family

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women

in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

- Roles and Status

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

### 3. Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

- Age

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

- Occupation

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

- Economic Situation

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

- Lifestyle

Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

- Personality

Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

#### 4. Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

- Motivation

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

- Perception

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the

customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

- Beliefs and Attitudes

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.<sup>21</sup>

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<sup>21</sup> <http://www.aipmm.com/html/newsletter/archives/000434.php>