**Unit – IV**: Consumer Markets: Model of Consumer Behavior, Seven Os Structure, Factors Affecting Consumer Behavior.Stages in the Adoption Process, Industrial Markets - Characteristics, Industrial Buyer Behavior, Services Markets-Characteristics, and Strategies.

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[First half is in the running notes of the students.]

Philip Kotler considers five steps in consumer adoption process, such as awareness, interest, evaluation, trial, and adoption. On the other hand, William Stanton considers six steps, such as awareness stage, interest and information stage, evaluation stage, trial stage, adoption stage, and post-adoption stage. We will follow six steps.

**1. Awareness Stage:**

Individual consumer becomes aware of the innovation. He is exposed to innovation but knows very little regarding the innovation. He has only limited information about it. He is aware of either by discussion with friends, relatives, salesmen, or dealers. He gets idea about a new product from various means of advertising like newspapers, magazines, Internet, television, outdoor media, etc. At this stage, he doesn’t give much attention to the new product.

**2. Interest and Information Stage:**

In this stage, the consumer becomes interested in innovation and tries to collect more information. He collects information from advertising media, salesmen, dealers, current users, or directly from company. He tries to know about qualities, features, functions, risk, producers, brand, colour, shape, price, incentives, availability, services, and other relevant aspects. Simply, he collects as much information as he can.

**3. Evaluation Stage:**

Now, accumulated information is used to evaluate the innovation. The consumer considers all the significant aspects to judge the worth of innovation. He compares different aspects of innovation like qualities, features, performance, price, after-sales services, etc., with the existing products to arrive at the decision whether the innovation should be tried out.

#### 4. Trial Stage:

Consumer is ready to try or test the new product. He practically examines it. He tries out the innovation in a small scale to get self-experience. He can buy the product, or can use free samples. This is an important stage as it determines whether to buy it.

#### 5. Adoption Stage:

If trial produces satisfactory results, finally the consumer decides to adopt/buy the innovation. He decides on quantity, type, model, dealer, payment, and other issues. He purchases the product and consumes individually or jointly with other members.

#### 6. Post Adoption Behaviour Stage:

This is the last stage of consumer adoption. If a consumer satisfies with a new product and related services, he continues buying it frequently, and vice-versa. He becomes a regular user of innovation and also talks favourable to others. This is a crucial step for a marketer.

In every stage of consumer adoption, a marketer is required to facilitate consumers. He must take all possible actions to make them try, buy, and repeat buy the innovation. Be clear that every type of consumer (innovators, early adopters, early majority, late majority, or laggards) follows all the stages of adoption process, but takes different amount of time to adopt the innovation.

**Industrial Marketing**

The word **Industrial Marketing** is also treated as Business-to-Business Marketing, or Business Marketing, or Organizational Marketing. Industrial marketing/business marketing is to market the products and services to business organizations: manufacturing companies, government undertakings, private sector organisations, educational institutions, hospitals, distributors, and dealers. The business organizations, buy products and services to satisfy many objectives like production of goods and services, making profits, reducing costs, and, so on.

## ****Characteristics of the industrial markets****

The industrial market is characterized by six fundamental aspects:

### ****1- Few buyers****

The industrial market is not oriented to a large number of buyers as might be supposed, but focuses on the most suitable buyers and in which they can give immediate use to the product.

Therefore, the clients are selected, strategically chosen, so that sales are fruitful.

### ****2- Geographical distribution****

It tends to concentrate in very specific urban or rural areas. The industrial market is not ubiquitous, but is in specific places where there may be a large volume of production, which in turn requires a large number of personnel to move around the factory.

### ****3- Future Vision****

The industrial market does not pursue the satisfaction of the immediate needs of users; Rather, he wants to think further and so he makes long-term plans that are not susceptible to price sensitivity.

In this way, this type of market always tries to renew itself and reinvent its products, in order not to be delayed.

### ****4- Reduced impact on demand****

Specifically in the final demand. The industrial market stands out because it does not influence much in what the users want to buy, since they already have some established requirements that must be taken care of by the manufacturer.

### ****5- High purchasing power****

The industrial market is able to concentrate a lot of purchasing power for the simple fact that it has a high budget in which they can have more with less, as it happens with the wholesale companies.

Services:

### Introduction

The world economy nowadays is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as indicative of a country’s economic progress.

Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the main stay of the economy.

This shift has also brought about a change in the definition of goods and services themselves. No longer are goods considered separate from services. Rather, services now increasingly represent an integral part of the product and this interconnectedness of goods and services is represented on a goods-services continuum.

### Definition and characteristics of Services

The American Marketing Association defines services as - “Activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods.”

The defining characteristics of a service are:

**Intangibility:** Services are intangible and do not have a physical existence. Hence services cannot be touched, held, tasted or smelt. This is most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering.

1. **Heterogeneity/Variability:** Given the very nature of services, each service offering is unique and cannot be exactly repeated even by the same service provider. While products can be mass produced and be homogenous the same is not true of services. eg: All burgers of a particular flavor at McDonalds are almost identical. However, the same is not true of the service rendered by the same counter staff consecutively to two customers.
2. **Perishability:** Services cannot be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and cannot be delivered to another customer. eg: A customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him. At the most he may decide not to visit that particular barber in the future.
3. **Inseparability/Simultaneity of production and consumption:** This refers to the fact that services are generated and consumed within the same time frame. Eg: a haircut is delivered to and consumed by a customer simultaneously unlike, say, a takeaway burger which the customer may consume even after a few hours of purchase. Moreover, it is very difficult to separate a service from the service provider. Eg: the barber is necessarily a part of the service of a haircut that he is delivering to his customer.

### Types of Services

1. **Core Services:** A service that is the primary purpose of the transaction. Eg: a haircut or the services of lawyer or teacher.
2. **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. Eg: Home delivery options offered by restaurants above a minimum bill value.

### Difference between Goods and Services

Given below are the fundamental differences between physical goods and services:

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| **Goods** | **Services** |
| A physical commodity | A process or activity |
| Tangible | Intangible |
| Homogenous | Heterogeneous |
| Production and distribution are separation from their consumption | Production, distribution and consumption are simultaneous processes |
| Can be stored | Cannot be stored |
| Transfer of ownership is possible | Transfer of ownership is not possible |

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