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2. Research of consumer behavior in the agricultural sector

2.1. Consumer behavior patterns in the agricultural sector

The development of market relations and the intensification of competitive processes puts agricultural enterprises seeking to achieve competitive advantages in front of the need to study and understand consumer psychology and the reasons for a consumer's decision. In a competitive economic system, for the survival and growth of an agricultural enterprise, its management needs an accurate description of consumer behavior: how they buy products, why they buy such products, where they buy products, what they buy, etc. That is why modern managers and marketers need to know who their customers are and why they choose the products of a particular manufacturer rather than those of competitors. The task of marketing is not to convince someone to buy everything that the company has managed to produce. Currently, the successful operation of an enterprise depends primarily on the extent to which each stage of the business - product, advertising, after-sales service, etc. - meets the needs of the consumer.

Consumers of products and services are people, groups of people, and organizations of various sizes and activities that use products and services. Individuals and households, small firms and large agricultural holdings, government agencies, countries and nations, international organizations, and even the global community as a whole can be considered consumers of specific products and services.

The growing competition of global markets naturally draws the interests of agricultural producers in different countries to study the mechanisms of consumer behavior and the possibilities of using these mechanisms to achieve their goals.

In addition, marketers need not only to understand the driving motives behind consumer decision-making, but also to manage consumer behavior. This is not as easy as it seems at first glance, as quite often a consumer says one thing about his or her desires and buys another, not realizing the driving motives behind such a purchase.

Therefore, marketers should study the stereotypes of consumer behavior, their needs, wants, perceptions of goods, and routes from store to store. The main task of entrepreneurs and marketers is to influence this behavior. As a result, the science of consumer behavior is of paramount importance.

Consumer behavior covers a broad area - it is the science of the processes that occur when individuals or groups choose and purchase goods or services, use them and get rid of them in order to satisfy their needs and desires. The main sphere of social reproduction that consumer behavior studies is the sphere of economic exchange (the others are distribution and consumption).

Economic exchange is a phase (sphere) of social reproduction in which goods and services are bought and sold by various economic actors, and as a result it becomes a form of economic connection between other spheres - production, distribution and consumption.

The following conditions must be met in order to make an exchange:

1) at least two participants;
2) each participant must possess a certain good that is valuable to the other participant in the exchange;
3) each participant is able to communicate and deliver their goods;
4) free choice of offers from another exchange participant;
5) Confidence in the feasibility of establishing an exchange relationship.

Consumer behavior is a time-stretched process and is not limited to a single exchange, when a consumer gives money and receives a product or service in return. The exchange process itself, traditionally involving two parties with unmet needs, is expanding to include up to six parties. At different stages of the exchange process, purchase initiators can be involved - people who influence the purchase, or who make the final purchase decision, or the actual buyers or consumers of the product. As a result of this expansion of the exchange process, marketers need to study all the factors that influence people's willingness to exchange.

However, in a broader view of consumer behavior, exchange remains an important part of it, but the focus should be on the entire consumption process, which determines consumer behavior before, during and after the purchase.

It should be noted that at present, the consumption process, which mainly determines the purchase, is not given enough attention by consumer behavior researchers and marketers. They mainly consider only the purchase process and, accordingly, study consumer behavior only in this aspect. Given the difference in the concepts of "consumer" and "buyer," we can conclude that buyer behavior is constrained by a limited budget, while consumer behavior is determined only by the desire to maximize the utility of the product. Since the main task of producers is to more fully meet the needs of people, it is necessary to conduct research on consumer behavior, thereby expanding the scope of marketing services.

There are the following dimensions of the analysis of consumption of goods and services (Table 1.1). Marketing tools used to increase sales, market share, etc. will be most effective if you first collect information on the following questions: "What" makes it possible to identify and specify the needs for goods or services, determine the perceived set of brands and offer substitutes. "How much" provides quantitative information about the volume of purchases, potential demand, likely consumption and inventory. "How" highlights the different ways of purchasing (subscription, credit, leasing), and the different ways of using the product. "Where" is important for developing systems and channels for the distribution of products and services, consumption and storage areas. "When" helps to obtain information about situational factors influencing customers, consumption opportunities, such as the rhythm and frequency of purchases, and the possibility of repeat purchases. "Who" helps to determine the composition of the purchasing center and the role of each of its participants. The analysis of these questions is useful for organizing the information search process and contributes to the creation of a marketing information system that will allow for effective influence on consumer behavior in the context of economic exchange.

Table 1.1.

Dimensions of consumption analysis [J.-J. Lambin].

Question.	Behavior in the purchase process	Usage behavior	Possession behavior
What?	-familiar brands -the last brand purchased	- type of use of the product -substitute goods	- actually saved product brands
How much?	- Volume of one procurement	- consumption volume for a certain period	- the amount of stored goods
How?	- Terms of purchase	- form (method) of use of the goods	- storage method
Where?	- Habitual and random purchasing locations	- place of consumption	- storage location
When?	-Date of the last purchase -Interval between purchases	- usual time of use	- period and duration of ownership
Who?	- Who usually buys the product?	- who is more likely to be a consumer of the product	- who stores the goods

In order to understand the essence of human behavior, we should first trace the history of behavioral science. It should be noted that the development of this science was determined by both objective factors of social development and the parallel development of other sciences that had a significant impact on consumer behavior.

The need to study consumer behavior arose in the late 50s and early 60s. It was a time of economic recovery in most countries of the world. In addition, this period was characterized by global changes in the management system and a sufficient level of development of practical psychology.

The initial period of development of consumer behavior science was the 20s and 30s of the twentieth century. During this period, demand exceeded supply; radio began to develop, the first supermarkets appeared in the early 30s, and the length of distribution channels was not great. Over time, competition intensified, and manufacturers began to think about the needs of consumers. But the crisis of 1929-1933 slowed down the development of marketing. However, even then, J. Watson's applied psychology, behaviorism, became prominent. According to his theory, the repetition of advertising develops a strong buying habit. The modern emphasis on brand name repetition is based on this.

The next period of development of the science of consumer behavior was in the 50s and 80s. During this period, supply already exceeded demand; sellers were forced to accept the concept of marketing and study behavioral science, and television became a means of promoting goods. There are revolutionary changes in distribution. Manufacturers have begun to dictate terms to distributors; there is a high level of prosperity and purchasing power. Behavioral sciences are focused on the development of perception and processing of information, the study of interpersonal relationships, learning, and the dissemination of innovations. Marketing strategies of that period were determined by the following factors: 1) the willingness of entrepreneurs to develop new products; 2) advertising and other methods of persuasion lead to rapid sales growth; distribution channels are managed by the supplier (manufacturer); 3) mass advertising leads to brand loyalty; 4) concentration on the domestic market generates the highest turnover.

In the 60s, the study of motivation, based on the teachings of Freud and his work "Psychoanalysis" through E. Dichter, found its way to the market and was embodied in marketing tools. The book "Hidden Means of Persuasion" by W. Packard was published. The purpose of the study of consumer motivation during this period was to identify hidden desires through directed interviewing (in-depth interviewing). Pillsbury became rich thanks to a targeted advertising campaign under the slogan: "Nothing says love like a delicious pastry". During this period, there were claims that consumers could be influenced at the subconscious level without their consent. So, despite some controversy, research in the field of consumer behavior began.

New consumer behavior researchers of this period are R. Newman, M. Ferber, and D. Howard. The science of consumer behavior begins to be taught in university and business school programs. Marketing specialists borrowed elements of scientific knowledge from sociology, psychology, sociology, anthropology, and other fields that had to do with consumer behavior (spread of innovations, models of choice behavior, measurement of needs, models of influence and oral communications, social stratification, reference group theory, motivation theories, models of forming and changing human attitudes towards certain events, perception and awareness of information, information search, cognitive dissonance theory, quantitative models (Bernoulli's theorem, Markov chains) of brand loyalty and brand switching). Attempts were made to synthesize and integrate knowledge into a single science. In 1968, a full-fledged course on consumer behavior was introduced, followed by journals devoted to such research.

In the 90s, there were significant changes in consumer behavior, the scale of which can be compared to the industrial revolution. T. Peters argued that we will have to love change and look for benefits in it with the same stubbornness with which we used to resist change.

Changes in the marketing environment during this period are characterized by the following trends: economic growth rates have declined; large industrial markets have shrunk; and layoffs have become a way for companies to survive. Experts predict that globalization will slow down. This means changes in marketing.

Production exceeds consumption. In 1992, more than 17,000 new products were introduced in the United States; there are more than 200 brands of cereals on the U.S. market. Consumers have become saturated with the exercise of their right to choose. This means that the development of new choices is not a key factor in achieving market advantage. There is an overabundance of competing brands on the market that are perceived by consumers as the same thing.

Changes in marketing during this period are primarily driven by globalization and changes in consumer behavior. These include:

1. The growing role of pricing policy in the marketing mix. For many groups of goods, almost 2/3 of consumers worldwide do not see any significant difference between competing brands (BBDO RA). Price is becoming the main factor in making a purchase. The choice is made based on price or a specific incentive

2. Increased segmentation of everyday demand markets Cable and local programs target small segments with special interests, and the same is true of radio and the press. Mass advertising is not as effective.

3. The balance of economic power in distribution chains is shifting towards distributors.

4. Popularity of trade fairs and sales. An advertising space in some supermarkets can cost up to $10,000. As soon as the manufacturer copes with the problem of distributing goods in the retail network, the struggle for promotion to the consumer begins - coupons, free samples, exhibitions.

5. Expanding the added value perceived by the consumer: the desire to get the most possible for the money spent. The way out for sellers is to distract the buyer's attention from the price of the product, pointing out to him what increases the perceived value of the consumer and distracting him from what affects it. Success or failure in this area is determined by several factors: proximity to the consumer, individualized marketing.

6. Individualized marketing is a personal relationship with the consumer that allows you to recognize the target group and serve the interests of specific consumers. In the 90s, database marketing was rapidly developing (warranty cards - names of consumers or prospective consumers; channels - mail or telemarketing). Nestlé in France invites consumers to call a toll-free number to get information about free meals in advertisements, mail, and on packaging. Nestle keeps and updates a database of more than 220 thousand names of future female customers with addresses taken from the registration records of maternity hospitals. The first message is sent after the birth of a child. The card contains the child's name and the mother indicates whether she needs further messages. A survey of 1,000 women showed 97% approval. Nestlé's market share grew by 43% in 6.5 years, while advertising costs decreased.

7. Direct marketing - marketing of orders; it is possible to introduce video equipment of mutual action. F Kotler predicts that future sellers will rely on consumer databases when entering global markets.

8. Emphasize the correlation between the concepts of quality and "brand" Brands have a price and need to be managed like other assets. The more consumers associate these two concepts, the more they will buy. (T. Ambler. Marketing from A to Z).

The latest period of development of consumer behavior science (2001-2011) is characterized by the following trends:

1) the perception of Internet technologies and interactive communication tools as integral elements of the marketing mix (especially the use of social networks);

2) price and dumping wars, maximizing the use of price discounts;

3) combining the marketing efforts of two or more competitors (direct competitors) in order to win and retain consumers;

4) increasing the need to apply a creative approach to marketing solutions in order to attract the attention and interest of customers;

5) individualization of marketing, direct communication with the end consumer, development of loyalty programs;

6) developing a strategic vision and maximizing synergies (often, it is not about making a profit in the short term, but about winning the favor of consumers for a long period of time).

Behaviorists viewed human behavior as a system of responses to stimuli (stimulus-response). They believed that to explain behavior, it was sufficient to accurately describe the behavior itself, identify the physical stimuli on which it depends, and establish the connections that exist between the stimuli and the behavior. However, behaviorists have not studied what is happening in a person's mind at the moment of stimulus presentation, which is why this approach is sometimes called the "black box" approach to human behavior. Proponents of this approach believed that what was important to researchers was what could be observed and measured.

Based on the ideas of I.M. Sechenov that human behavior is the interaction of an entire organism with the environment, I.P. Pavlov created the doctrine of conditioned reflex activity. According to his teachings, a conditioned reflex requires not only a stimulus perceived by the senses, but also reinforcement of the correct response to it. If the stimulus leads to a certain action (reaction) or is reinforced, i.e. satisfies the body's need, then a connection is established between the stimulus and the body's reaction to it. It is then that the stimulus is transformed into a signal. The signal and reinforcement, in turn, form the basis of human behavior.

A new stage in the study of behavioral determination began in the late nineteenth century and is associated with the emergence of the doctrine of Sigmund Freud.

According to this doctrine, unconscious desires play a crucial role in shaping behavior. Human behavior is the result of unconscious attempts to control internal processes such as sexual, hunger and aggression.

In the middle of the twentieth century, a new direction in the study of behavior emerged - cognitive psychology, which was a negative reaction to psychological theories that ignored consciousness and downplayed the role of thinking in determining human behavior. According to this direction, human behavior is caused by the desire for a cognitive interpretation of the influence of the environment (stimulus - organism - reaction).

At the end of the twentieth century, the following main approaches were used to analyze consumer behavior:

1) Focused on the decision-making process (late 70s and early 80s. During this period, researchers saw the consumer as a person who makes an informed choice, based on cognitive and experimental psychology;
2) Experimental (second half of the 80s - early 90s) - recognizes that consumer choice is not only driven by rational motives, but is also heavily influenced by emotions, feelings, thoughts, and fantasies. This approach involves the use of interpretive research methods, associations, observations, etc.
3) Focuses on analyzing the impact of multi-vector external and internal factors

According to the Encyclopedia (1982), behavior is a system of interrelated reactions carried out by living organisms to adapt to the environment.

According to the American social psychologist T. Shibutani, human behavior can be represented in the form of long chains of actions, each of which begins with a disturbance of balance within the body and ends with the restoration of balance. With regard to consumer behavior, the imbalance begins from the moment of realizing the need for something. A person as a consumer has a significant number of different needs, the satisfaction of which is the content of his or her behavior.

Actions as components of behavior can be classified as follows:

1) depending on the goal:

- instrumental action aimed at satisfying rational, natural needs;

- value-oriented action aimed at meeting the needs generated by culture;
- an affective action aimed at obtaining psychological relief.

2) depending on the decision-making mechanism:
    - is a rational action based on the calculation of the ratio of results and costs, on the choice of the most rational way to satisfy a need;
    - a traditional action based on a long habit;
    - irrational action that is beyond rational control.

After analyzing different views on the essence of human behavior, we can formulate the following definition of behavior:

Behavior is a system of interrelated actions that are influenced by both external and internal factors. For example, consumer behavior includes the awareness of one's own needs and interests, the choice of purchase, bargaining, use of the purchased goods, and repeated repetition of this cycle for different products and at different times. Thus, we can give the following definition.

Consumer behavior is the activity of acquiring, consuming and disposing of products and services, including the decision-making processes that precede and follow these actions.

Consumer behavior is a relatively new field of study not only in Ukraine but also in the United States, the birthplace of management and marketing. The first textbooks on consumer behavior appeared in the United States in 1960. However, the theoretical background for studying consumer behavior has been in place for a long time. Back at the turn of the nineteenth and twentieth centuries, prestigious consumption and the possibility of using psychological principles in advertising were studied. In the 1950s, Freud's ideas were popularized by motivation researchers and used by advertisers. In addition, it can be argued that the need to study consumer behavior was recognized long before the concept of marketing was set forth in the 1950s.

Over the more than thirty years of its existence in the United States, consumer behavior has become an independent field of knowledge, and today it is taught to students in all business schools of American universities.

Consumption is the acquisition, use, and disposal of products, services, and ideas. A consumer is an individual or group of individuals who use a product, service, or idea to satisfy their needs. Consumer behavior studies the purchase centers and exchange processes associated with the acquisition, consumption, and disposal of goods.

There are positive and negative consumer behaviors. Positive behavior (approval) is manifested in the form of choosing a particular product and the act of buying it. Negative behavior is most often hidden from the seller of the goods and consists in avoiding purchase and consumption (a person enters a store, looks around and leaves without buying anything). Varieties of this behavior include:

- abstinence - refusal from consumption that is possible, but from which the consumer refrains for certain reasons. That is, a person has the need for a given product and the means to purchase it, but does not buy it because: he or she is looking for a similar product of higher quality; wants to satisfy other, more pressing needs; or considers such consumption inappropriate (a person who wants to buy sweets but is holding back because he or she wants to lose weight).
- patience - not purchasing goods because of the inability to do so (the need for this product exists, but the consumer does not have the means to purchase it or there is a shortage of goods).

When studying consumer behavior, researchers are interested in the question: how do consumers respond to various inducing marketing techniques? That is why it is necessary to investigate the relationship between the inducing effects of marketing and the consumer response. The starting point for such research can be a simple model of consumer behavior shown in Fig. 1.1.

Fig. 1.1. A simple model of consumer behavior

The model shows that marketing incentives and other stimuli penetrate the "black box" of the consumer's mind and cause certain responses. The main task facing researchers is to understand what is happening in the "black box" of the consumer's mind.

Economic science and practice also use other models of human behavior. The simplest of them are based on the abstraction of a "rational economic person". This approach is based on the following assumptions: 1) sovereignty of the consumer, a person makes a purchase decision rationally (consciously) and independently (freely); 2) the main limiter of consumer choice is the amount of income of the buyer; 3) a person, making a consumer choice, seeks to achieve the marginal utility of the purchase. In doing so, he or she is guided by an individual scale of consumer preferences.

Despite its simplicity, the above scheme allows us to identify several main ways of influencing the consumer:

restriction of freedom of choice, for example, at the level of information;
- exaggeration of the consumer value (utility) of goods;

- influence on the consumer in order to form a consumption scale that meets the interests of the producer (seller).

At present, the model of the "rational economic person" in its pure form is used only as an example when studying the basics of economics. The practice of modern marketing is based on more complex models that meet the requirements of a particular area of business activity. In advertising, for example, psychological models are used to a greater extent, and when a company enters a new national market, cultural models are used, etc.

Despite their diversity, the models have one thing in common: they are all based on a factor approach. There is a main action - consumer choice, and everything that determines this choice to some extent is an influence factor. In other words, even the culture of consumption itself is a factor. The producer is only interested in the currently existing element of culture in relation to other factors: economic, political, psychological, etc., so at the level of the economy, consumption culture is sometimes considered in a completely unrecognizable form.

Consumer behavior in modern marketing is analyzed as a type of social act. Let's recall the sequence of the process of satisfying a need:

- the emergence of a need;
- realizing a need as a need for something;
- interest and the formation of an action plan;
- actions aimed at obtaining a consumer good (product);
- use of the product and satisfaction of the need.

From the point of view of social action theory, this linear series has several "points" that are very important for marketers. First, the awareness of a need is an impulse: a person subjectively experiences a need. So, it is possible to stimulate sales by reminding people of a possible need. Secondly, the formation of an action plan turns into answers to several questions. What to buy? Where to buy? How to buy, etc. This or that consumer choice is primarily determined by personality characteristics, family customs, communication environment, cultural characteristics of the region, etc. Analysis of these factors is the basis of marketing research. Thirdly, from the marketing point of view, a socially significant action ends with the act of buying, not the satisfaction of a need. Accordingly, the starting point for building a model is the sale of goods. Everything that happens after that is the buyer's problem. It can be said that the manufacturer and seller are not interested in what the consumer will do with their goods: whether they will use them for their intended purpose, throw them away, or keep them for future reference. Of course, they don't care as long as the consumer's actions don't affect sales.

It would be more accurate to say that manufacturers and sellers fall into two categories: 1) those who are interested in ensuring that people not only buy the product, but also that they use it for its intended purpose and are satisfied (this is the basis for selling goods and the fate of the product after purchase is important to them as feedback: to eliminate defects or to change the product; their goal is to increase sales). 2) those for whom the main thing is to sell. Most cases of consumer rights violations are related to the activities of these manufacturers and sellers. This is the behavior of a monopoly manufacturer, as it is confident that the goods will be bought anyway, as there is no other choice; this is the behavior of numerous manufacturers of counterfeit products using logos of well-known companies, as in this case the responsibility is shifted to others, including the authorities.

Researchers Skinner, Howard, Sheth, Engel, Kolla, and Blackwell have proposed several models of consumer behavior that take into account the influence of numerous external variables, as well as the buyer's personality, on the purchase decision. The main provisions of these models are embodied in the integrated model of consumer behavior (Fig. 1.2).

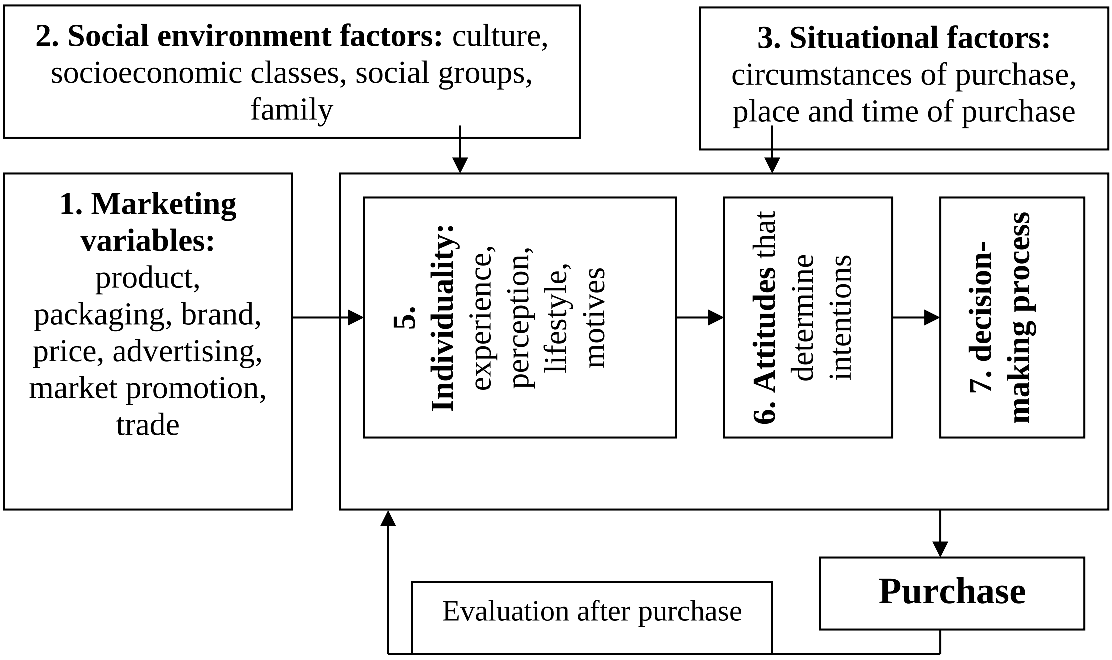

Fig. 1.2. Integrated model of consumer behavior

In this model, individual factors (4), which consist of customer characteristics (5,6), are considered as a "black box". This component of the model has the main impact on how a person perceives stimuli and reacts to them in the process of making a purchase decision. It is the most difficult to study and determine the relationship with other factors, such as marketing variables (1), social environment factors (2) and situational factors (3).

In order to understand consumer behavior, it is necessary to analyze the model of interaction between marketing incentives and customer response. The marketer's task is to understand what happens in the mind of the consumer in the interval between the moment of exposure to external stimuli and the purchase decision, how consumer characteristics affect his or her buying behavior and how the buyer makes a purchase decision.

American researchers Hawkins, Best, Coney propose a conceptual model of consumer behavior, around which the main content of the discipline of consumer behavior is built (Fig. 1.3).

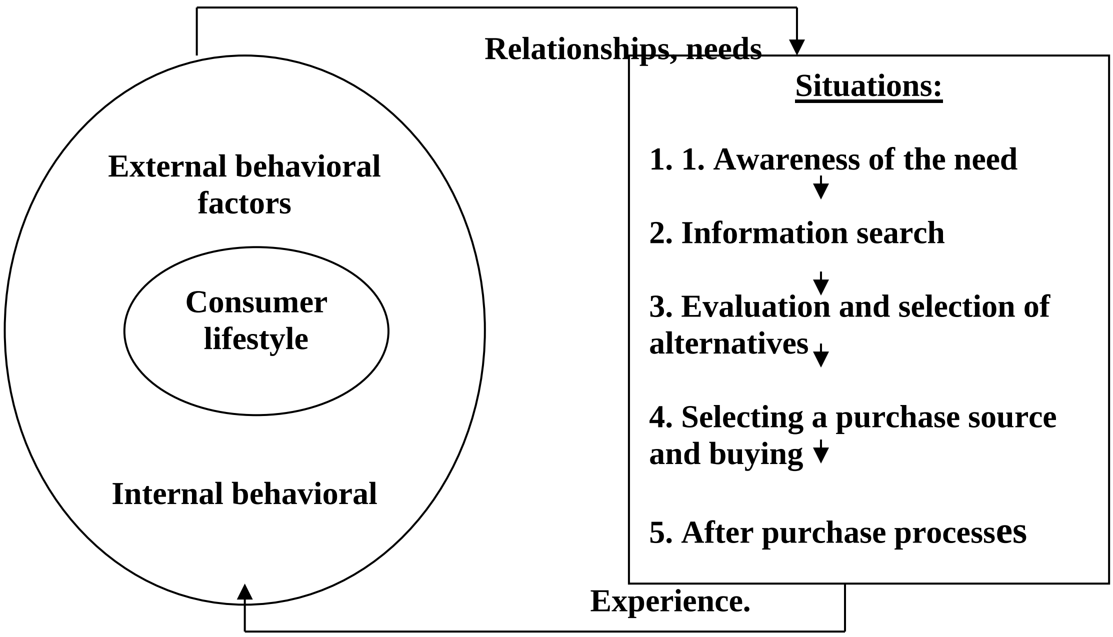

Fig. 1.3. Conceptual model of consumer behavior

This model of consumer behavior represents the relationship between the consumer's purchase decision process and the factors that determine it. The starting point of consumer behavior is the consumer's life (organizational) style or lifestyle. The consumer buys or uses goods in order to maintain or improve this style, which is interconnected with a number of factors.

The consumer has a dual nature. On the one hand, he is a member of certain social groups and is therefore exposed to a number of social or external factors. On the other hand, the consumer is an individual, so his life style is influenced by a number of internal, psychological factors. Internal, psychological factors are considered as processes of consumer's reaction to external influences. The desire to maintain or improve their lifestyle shapes the consumer's attitude and needs. In a certain situation, the consumer realizes a need (the need or opportunity to improve or maintain his or her lifestyle), thereby triggering the purchase decision process.

Thus, the substantive basis or subject of the discipline of consumer behavior is the process of making a consumer's decision to buy and the factors that determine it. The consumer decision-making process consists of 5 main stages: consumer awareness of the need; information search; evaluation and selection of purchase alternatives; purchase; use of the purchase and evaluation of decisions. The factors of consumer behavior are divided into external (social) and internal (psychological). External factors include: marketing activities; influence formed by the social environment; culture; values; social status; reference groups; family; household. The internal factors include the characteristics of the consumer as an individual: perception; education; memory; motives; personality; emotions; life style; knowledge; consumer's attitude to the purchase.

Consumer behavior management is the use by the marketer of the factor influence on each of the stages of the consumer's purchase decision process. The marketer should develop a marketing mix that allows to successfully guide the consumer through each of the stages of the purchase decision process. At the same time, it is desirable that the decision process turns into a cycle, i.e. the first purchase turns into the second. The growing importance of consumer behavior as a field of theoretical knowledge, methodological and practical solutions is due to the emergence of marketing. Producers of ideas, goods and services seek to influence consumer behavior by basing their activities on the concept of marketing. Knowledge of consumer behavior is necessary for developing strategies and marketing programs, as well as for making operational and functional decisions.

The long-term sustainable position of an organization in the market in an unstable business environment requires a strategic approach to working with consumers. Consumer response to the marketing strategy determines the success or failure of the manufacturer in the market. The marketing strategy is formed in such a way as to provide the consumer with greater consumer value than competitors and at the same time maintain the profitability of the enterprise. The marketing strategy is formed in the product characteristics: price, distribution, communications, service, etc. The entire set of characteristics of a product offered on the market is often referred to as the "product as a whole" or "total product".

The product as a whole is presented to the target market, which is involved in a constant process of information processing and decision-making. These decisions are aimed at maintaining or improving the lifestyle (for an individual) or performance (for an enterprise). The reaction of the target market to the total product shapes the image of the product, the brand, as well as sales and a certain level of consumer satisfaction.

The knowledge of consumer behavior at the operational level is linked to the marketing mix. Each of the decisions of the marketing mix should take into account all factors of consumer behavior of the target market. The marketing mix should be designed to ensure that the consumer is guided through all stages of the purchase decision. The task of developing a marketing mix can be carried out in two stages:

1) identifying the most significant factors that influence the consumer at each stage of the decision-making process;
2) development of a proposal for the formation of each element of the marketing mix using factors.

Before starting to study consumers, a marketer should have a clear idea of what principles he should follow. The following important provisions can be considered as such principles:

- human behavior is determined by rational and irrational reasons; this necessitates the study of behavior in the aggregate of all reasons, and not limited to one of them;
- the essence of a person's behavior or attitude cannot be immediately identified - it can only be determined by studying the entirety of the data;

- human attitudes and behavior are not given once and for all, they can change over time, they are subject to various influences (increased income, change in the circle of acquaintances);
- It is impossible to separate the goods and services under study from the conditions of their use and their image;
- The consumer will not choose from what you offer, but will tell you what he wants and needs, so the marketer's task is to give it to him;
- The modern consumer has his or her own motives and behaves as he or she wants, not as the seller wants, so you need to understand the reasons for this or that behavior;
- The consumer is independent in his or her choice, but marketing can influence both motivation and behavior if the product or service offered is designed to meet the needs, wants, and expectations of the consumer, and this principle is fundamental;
- persuasion and influence on the consumer is allowed within the law, ethical and moral standards.

The development of modern marketing as a science and as a sphere of human activity has led to the emergence of four approaches to studying and modeling consumer behavior: microeconomic, psychological, sociological and integrated. The microeconomic approach is based on the concept of rationality, which establishes the relationship between consumer demand and such objective economic characteristics as utility and price of goods. In accordance with the microeconomic approach, consumers aim to maximize the satisfaction of their needs, taking into account the existing constraints on monetary resources, having sufficient information about alternative sources of satisfaction of needs; their behavior is assessed as rational.

The psychological approach to the study of consumer behavior is based on such basic theories as the theory of cognition and the psychoanalytic theory of thought. The theory of cognition assigns a decisive role in behavior to knowledge - the consumer evaluates the factors that influence him or her based on the experience and his or her own goal attitudes.

Freud's psychoanalytic theory of thought considers human mental life as a multilevel phenomenon, the deepest level of which is the unconscious. According to Freud's model of personality, the organization of mental life has as its components mental instances denoted by the terms It (Id), I (Ego) and Super-I (Superego). The Id is understood as the most primitive substance that encompasses everything innate, genetically primary. I (Ego) follows the principle of reality, developing a number of mechanisms that allow it to adapt to the environment and cope with its requirements. The superego is a product of the influence that comes from other people. From the tension arising under the pressure of various forces, the Self (Ego) escapes with the help of special "defense mechanisms" - displacement, rationalization, regression, sublimation, etc.

Displacement means the elimination of feelings, thoughts, and the desire to act from the consciousness; regression means a transition to a more primitive level of behavior or thinking; sublimation is the only positive defense mechanism that is expressed through various forms of discharging libido; creativity is a type of sublimation.

Sociological approaches to the study of consumer behavior identify a set of roles and statuses that are implemented within existing social institutions that organize people's joint activities to meet certain needs of society as the basis for shaping their behavior.

Modern integrated approaches consider consumer behavior under the influence of both external and internal factors.

2.2. The decision-making process of an individual consumer

An important component of any consumer behavior model is the process of making a purchase decision. Consumers make many different decisions every day about whether to buy a product, use it, or get rid of it. Consumers always have a choice: to buy or not to buy, what to buy, where and when to buy, how to use it, when to use it, how to get rid of the product, whether to get rid of it, etc. Making the right choice and making the final decision can sometimes be quite difficult, requiring a lot of time and effort. Understanding the process of consumer decision-making allows marketers to ethically influence and facilitate it, and helps in the development of a marketing mix and marketing strategies for the enterprise. Therefore, the study of consumer decision-making models is quite important and relevant for any enterprise.

The most popular models that describe the process of consumer decision-making regarding purchases include the F. Nicosia model (1966), the Angel-Collat-Blackwell model (1968), the Howard-Sheth model (1969), the Sheth model (1974), and the Bettman model. They were the first to be developed in the theory of consumer behavior and made a significant contribution to the development of the science of consumer behavior. The peculiarities of these models are that they:

- represent consumer behavior as a process of making a consumer decision;
- are focused on the behavior of individual consumers;
- are based on rational consumer behavior that can be explained;
- consider consumer behavior as purposeful;
- show the impact of purchase results on subsequent purchases.

Let's take a closer look at some of these models.

F. Nicosia's model. The subject of this model is the relationship between the enterprise and its potential consumers: the enterprise tries to influence its customers through marketing communications, and customers influence the enterprise by their actions - by purchasing. F. Nicosia's model is cyclical, in its full form it is a rather complex scheme of information flows that influence the process of making a purchase decision by a consumer. A simplified diagram of this model is shown in Fig. 1.4, which sufficiently reflects the essence of the full Nicosia model. The Nicosia model consists of four blocks: Block 1 - position, attitude of the consumer based on the messages of the enterprise; Block 2 - search for information and its evaluation; Block 3 - the act of making a purchase; Block 4 - feedback.

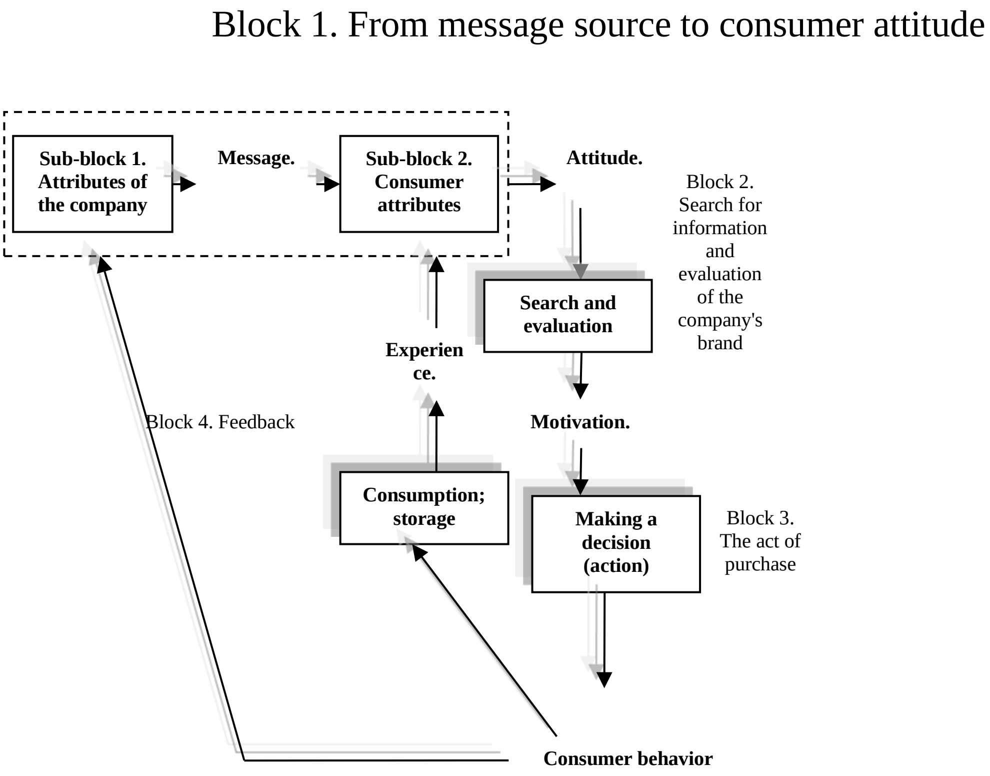

Fig. 1.4. Simplified diagram of F. Nicosia's model of purchase decision making

Block 1. Consumer attitude (position) based on messages (appeals) of the enterprise includes two sub-blocks: 1) elements of the external marketing environment of the enterprise and communication efforts that affect the consumer's position - characteristics of the product (service), characteristics of the media, characteristics of the target market; 2) defines various aspects of consumer inclinations that affect the individual's perception of the enterprise's messages. Block 2. Search and evaluation - considers the consumer's search for additional information, evaluation of the company's brand and other alternatives. Block 3. The act of buying - considers the actual purchase of goods (services) from the seller. Block 4. Feedback - consists of two important components: 1) directed to the company in the form of commercial data; 2) directed to the consumer in the form of experience. The consumer's experience related to the purchase and use of goods affects the consumer's further attitude to the enterprise and its goods (services).

The Angel-Collat-Blackwell model is considered one of the most comprehensive explanations of consumer behavior. It was originally developed as a framework to systematize the rapidly growing amount of information on consumer behavior. A key feature of the model is the distinction between strong and weak engagement as part of the buying process. Strong involvement in the buying process is characteristic of making a decision about a complex, important purchase when the level of risk is high enough. The risk is higher if the consumer is not sure of the correctness of their decision. The level of risk increases in the following cases: limited information; consumer's self-doubt; if the price of the product (service) is higher compared to the consumer's income. The Angel-Collat-Blackwell model considers the decision-making process as a path of ascent that passes through various stages of information processing before a certain choice is made.

The main process in the model is considered as a sequence of the following stages: 1) recognition/emergence of a problem; 2) internal search - evaluation of alternative options; 3) external search - evaluation of alternative options; 4) choice/purchase; 5) purchase result - failure to meet expectations or satisfaction. The environmental factors that influence all these stages are quite important. The model also takes into account the influence that moves from the general to the more specific, from the external environment to the microenvironment. Over time, the Angel-Collat-Blackwell model has been revised several times, changed, and in its current form, while retaining some fundamental principles, is more complex in terms of definitions and explanations, which distinguishes it from the original version. The latest version of the model consists of six vertically organized parts: stages of the decision-making process, information input, information processing, product and brand evaluation, general motivational influences, and environmental influences.

Information input includes various types of information from marketing and other sources. First, the information passes through the consumer's memory, then it affects the stage of problem awareness. At the same time, the search for additional information is necessary to make the right choice, to evaluate alternatives in more detail, when the consumer is not sure of the correct decision, when the problem is complex, quite significant for the consumer, when the chosen alternative is evaluated less satisfactorily than expected, when the price of the product (service) is high.

Information processing consists of the consumer's selective ability to selectively influence external influences, attention and perception of marketing and other information. The model shows that the consumer must first receive a message, pay attention to it, perceive it, and then use it. These three aspects provide information that is filtered or selectively processed in active memory and then transferred as information experience to permanent memory.

The stages of decision-making consist of problem awareness, information search, evaluation of alternatives, choice, and outcome. The number of stages in a purchase decision depends on the level of complexity and importance of the problem.

Product (service) evaluation describes the process of evaluating various alternatives before making a final consumer decision and includes four elements: evaluation criteria, beliefs, consumer attitudes, and intentions.

The influence of motivation includes two main components: the motives that initiate the various evaluation criteria that the consumer uses when evaluating alternatives, and the consumer's personality traits and lifestyle that help to define the consumer's general behavioral stereotypes.

The influence of the environment consists of external influences-stimuli that are perceived by the consumer and to which the consumer reacts. The main external factors in this model are: cultural norms, value system, reference groups, family, certain circumstances and contingencies.

Howard-Sheth model. Their model clearly distinguishes three stages of making a purchase decision: general problem solving, specific problem solving, and backlash. Table 1.2 shows the main characteristics of each stage. The Howard-Sheth model consists of four main groups of variables: inputs, determinants of perception and assimilation, outputs, and external variables. Inputs consist of three types of stimuli (sources of information in the external environment) of the consumer. Tangible stimuli (physical characteristics of the brand) and symbolic stimuli (verbal or visual characteristics of the product) are stimuli created by entrepreneurs in the market in the form of a product or information about the brand. Social incentives are created by the consumer's environment. The central component of the Howard-Sheth model consists of psychological variables that function when a consumer is thinking about a decision. These constructs are central to the model, but they are viewed as abstractions that cannot be defined or directly changed. Some of them are perceptual variables and are related to how the consumer perceives and processes information from other parts of the model.

Table 1.2

Characterization of the stages of the purchase decision

Stage	The amount of information	Speed of decision making
General solution to the problem	Significant	Slowly
A concrete solution to the problem	Medium	Medium
Backlash	Minor	Quick.

The model also has assimilation constructs that include consumer goals, brand information, and a criterion for evaluating options. The proposed interaction between different variables of perception, assimilation and variables of other parts of the model is a distinctive feature of the Howard-Sheth model. The model specifies a number of outputs, the names of which correspond to some perception and assimilation variables in addition to the purchase act. Exogenous or external variables (not shown in the diagram) are part of the decision-making process. The most important external variables are: the importance of the purchase, the characteristics of the buyer, the time factor and the financial situation of the consumer.

Domestic scientists propose an integrated model of consumer decision-making on the purchase of goods by an individual consumer (Fig. 1.5).

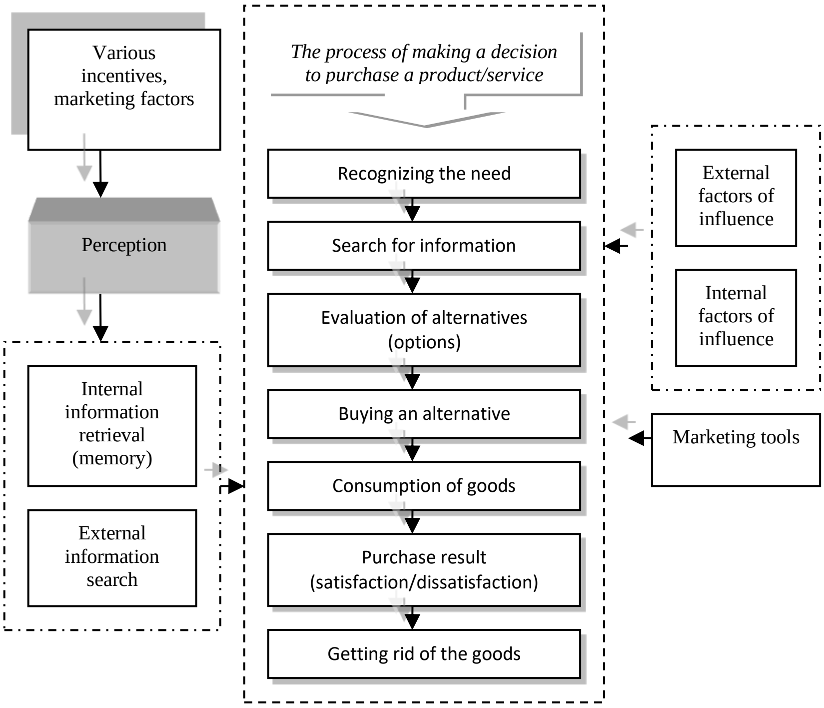

Fig. 1.5. Model of consumer decision-making in the consumer market

To describe the process of making a consumer's purchase decision, you can use the main types of consumers listed in Table 1.3.

Table 1.3

Characteristics of the main types of consumers

Consumer model	Characteristics
Economic	Consumers are concerned about quality and convenience. High intensity of consumption of socially important goods is characteristic. Pursues material benefits, weighs the balance of costs and benefits in detail, analyzes all known ways to achieve this goal
Cognitive	Actively seeks out and processes large amounts of information, conducts advanced pre-purchase research and evaluates options. Tries to make an informed, satisfactory decision
Passive	Purchases are made impulsively and irrationally, based solely on external incentives. They have no clear idea of their real needs and desires. They have no particular loyalty to any store. Do not feel emotionally attached to local store staff
Emotional	He is prone to emotions in his actions. May make purchases on impulse, but not irrationally. Shows loyalty to local stores, establishes relationships with local store staff

In real life, a consumer's decision to purchase a product is influenced by a significant number of internal and external factors, and the process itself may vary slightly depending on the type of product and the specific situation. However, in general, theoretically, the purchase decision-making process has a stable structure and consists of seven consecutive stages that a consumer must go through: awareness of the need, search for information, evaluation of alternatives, purchase, consumption, purchase result (reaction to the purchase) and disposal of the product. A diagram of the consumer decision-making process is shown in Figure 1.6.

1. Consumer awareness is the perception by the consumer of the difference between the desired state and the actual state, sufficient to activate his actions and decisions.

The process of making a purchase decision by a consumer begins with the realization of a need or lack of something. This awareness occurs as a result of a person's perception of the difference between his or her actual, real state and his or her desired, ideal state. If the difference is insignificant, then the person does not feel the need or lack of something at all or feels it, but at a low enough level that it does not lead to activation of actions.

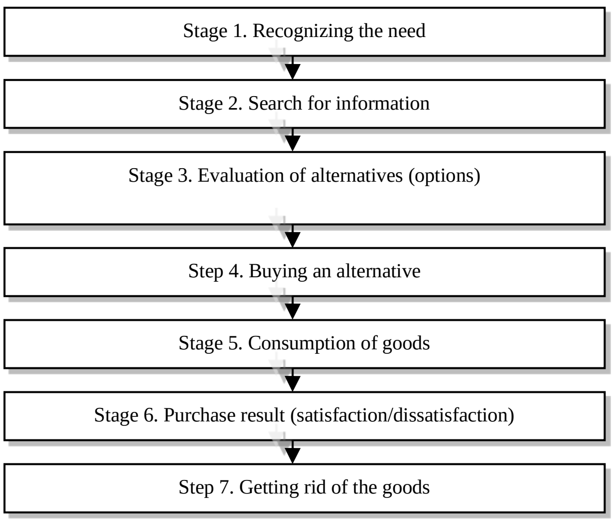

Fig. 1.6. Diagram of the consumer decision-making process

Awareness of need, a sense of difference arises under the influence of various factors as a result of a person's interaction with the surrounding social environment.

Knowing the impact of the above factors and conditions, and studying consumer behavior at this stage, marketers can identify their needs, accelerate the emergence of new needs, or form new needs. After a clear understanding of the need, the consumer has a desire to satisfy the need as soon as possible and thereby eliminate the difference between the actual and desired state.

2. Search for information is the activation of knowledge stored in memory or the acquisition of knowledge from the external environment, external sources. First, the consumer searches for information in his or her memory (internal search). If such information - the consumer's own existing knowledge - is not enough to make an informed purchase decision, then the search for external information (external search) begins - in the external environment. Conditions and factors that cause the awareness of a need:

1) life changes - marriage, divorce, birth of children, change of job, housing, new friends, etc;
2) changes in a person's financial situation - improvement, deterioration;
3) consumption of goods, depletion of stocks, breakdown of goods, "obsolescence" of goods, etc;
4) dissatisfaction with the available product;
5) the need for related or complementary products;
6) fashion, values, norms, innovations;
7) time and age of the consumer;
8) marketing tools.

The amount of information required, its scope and duration of the search depend on the consumer, his or her individual and consumer characteristics, the influence of environmental factors, situational factors, product type, etc. Some consumers are risk-averse, making purchases without extensive information search and evaluation of alternatives, while others, on the contrary, look for detailed information about the product, evaluate it, and choose. The main factors that influence the search for information:

- ✓ the volume and quality of available information;

- ✓ availability of time;
- ✓ product type, brand, and degree of product differentiation;
- ✓ the price of the goods;
- ✓ places of sale and the distance between them;
- ✓ salespeople and consultants at points of sale;
- ✓ consumer motives are rational and hedonistic;
- ✓ consumer interest;
- ✓ level of awareness, knowledge and experience of the consumer;
- ✓ ability to process information and make decisions;
- ✓ consumer confidence and mood;
- ✓ demographic characteristics of the consumer, etc.

The main sources of information search:

- □ consumer memory;
- □ personal sources - family, friends, colleagues, acquaintances, neighbors;
- □ materials in the media, news, specialized publications, directories, expert opinions, ratings, etc;
- □ marketing - means of a complex of marketing communications;
- □ experimental - review or testing of goods.

Knowledge about consumers' information search is necessary for the development of a marketing complex, marketing strategies and marketing communications tools of the enterprise. After conducting information search, collecting and obtaining the necessary information, the consumer proceeds to evaluate alternatives.

3. Evaluation of alternatives - evaluation of the choice options according to certain criteria and the final selection of one of the options.

Based on the results of the information search, the consumer compares and evaluates goods according to various criteria, norms, standards, and chooses one of the options. The evaluation begins with the selection of evaluation criteria and determination of their significance. Then the consumer evaluates each option according to the selected criteria by their importance or by the main criterion and makes the final choice. The process of evaluating alternatives is shown in Figure 1.7.

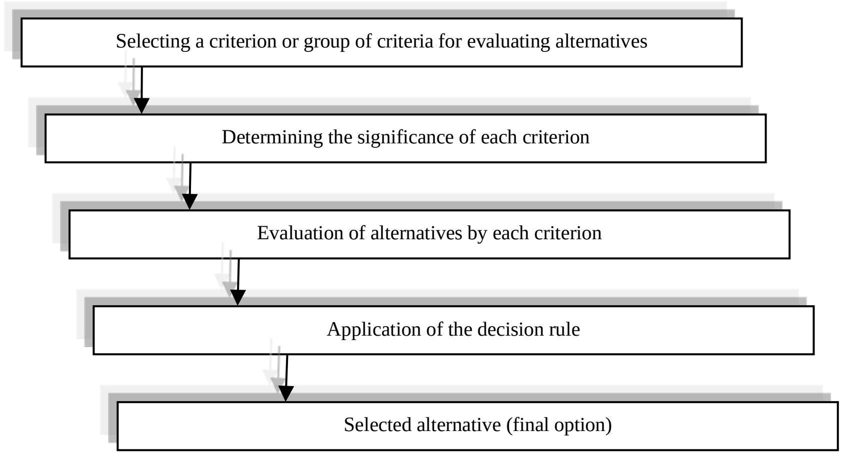

Figure 1.7. Schematic of the alternative assessment process

A consumer can evaluate a choice by one or more criteria. Criteria (indicators) are the desired results of purchase and consumption, expressed in the form of certain attributes that the consumer prefers. Such criteria may include: product design, color, price, place of purchase, manufacturer, brand or trademark, shelf life or operation, warranties, service, novelty of the product, functional characteristics, etc. Each evaluation criterion has a certain significance and weight for the consumer. The evaluation criteria depend on the individual and consumer characteristics of the consumer, the impact of the environment, and situational factors. In different situations, the consumer may choose different evaluation criteria and consider the importance of the evaluation criteria in different ways.

To make a decision and make the final choice or purchase, consumers use so-called decision rules (or information processing strategies) that are stored in their memory or built for each specific situation. The classification of decision-makingrules is shown in Figure 1.8.

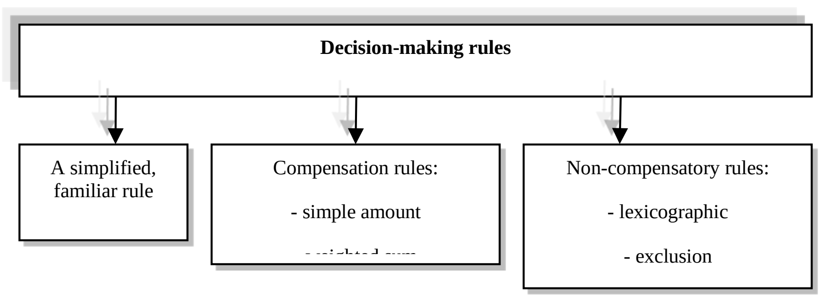

Fig. 1.8. Classification of decision-making rules

A simplified rule is an automatic decision-making and purchasing process, without considering options and evaluating alternatives; it is used when buying goods familiar to the consumer, making daily purchases.

Compensatory rules are characterized by the fact that the disadvantage of one attribute (indicator) of a product is compensated by the advantage of another attribute (indicator), which encourages the consumer to evaluate the choice more carefully and in detail. There are two types of compensatory rules:

- simple sum - the consumer chooses the product that has the greatest total number of advantages; used when the consumer's ability or motivation to process information is limited;
- weighted sum - when the consumer multiplies the relative importance of each criterion (criterion weight) by the corresponding product indicators (attributes) and, accordingly, chooses the product with the highest overall score.

Non-compensatory rules - characterized by the fact that the lack of one product attribute (negative product indicators) cannot be compensated for by the advantage of another attribute (positive product indicators). In other words, if a product does not meet the consumer's requirements according to at least one of the criteria chosen by the consumer, this alternative is rejected - the consumer does not buy such a product. There are three types of non-compensatory rules:

- lexicographic rule - provides for the evaluation of goods first by one of the most important criteria, if the product meets the requirements of the consumer according to this criterion, it is selected. If two or more products meet the consumer's requirements according to this criterion, the evaluation is carried out according to the second most important criterion, and so on, until one single product remains, and the consumer chooses it;
- exclusion rule - provides for a clear definition of the importance of evaluation criteria and the establishment of exclusion points for each criterion (for example, exclusion points - "No more expensive..." and/or "No cheaper"). If only one product is excluded by the most significant criterion, it is the one chosen by the consumer. If two or more products are excluded by this criterion, the consumer evaluates the products

according to the second most important criterion, for which the exclusion point is also set, and so on, until only one product is excluded, and the consumer chooses it;

- mixed (or joint) rule - provides for the establishment of a minimum level of requirements for each criterion and the evaluation of goods according to all selected criteria. The consumer chooses a product that meets his or her minimum requirements for each evaluation criterion. If at least one attribute of the product (according to one criterion) does not meet the minimum requirements, the consumer will not choose this product.

In the process of evaluating alternatives, a consumer can apply only one decision rule or several rules in a certain sequence. Knowing how the consumer evaluates alternatives, by what criteria he/she evaluates goods, what decision rules marketers use, with the help of marketing tools, can influence the consumer and help him/her make a choice.

4. Purchase means making a decision to buy, placing an order for the selected product, paying for it, and receiving the product.

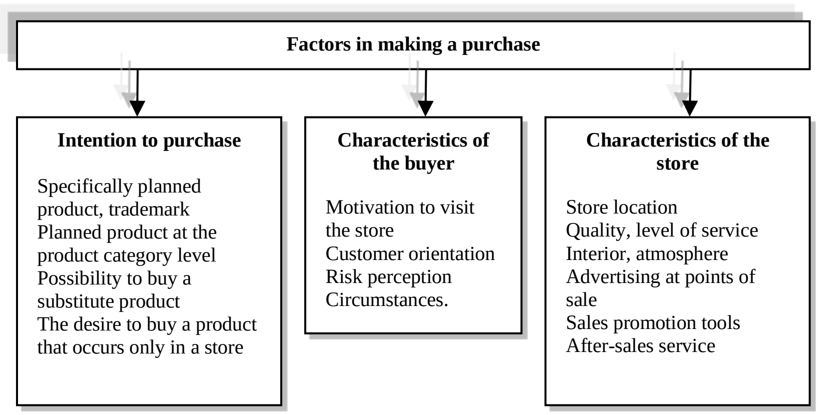

Fig. 1.9. Factors that influence consumer purchases

When making a purchase decision and making a purchase, a consumer is influenced by a number of factors (Figure 1.9). Marketers need to know which factors are guiding the consumer when making a purchase and what is the level of influence of these factors in order to effectively apply them and skillfully manage them. According to the intention to make a purchase, purchases are divided into:

- specifically planned product, brand - the consumer has planned to buy a product or brand before visiting the store;
- planned product at the product category level - the consumer has planned to buy a product but has not yet decided on a brand;
- the possibility of buying a substitute product - whether the consumer can buy a substitute product if the planned product or brand is not available in the store;
- the desire to buy a product that occurs only in a store - unplanned purchases of any product (impulse purchases).

The second group of factors that influence a consumer's purchase is the characteristics of the consumer. These include:

- motivation for visiting a store - the motives for a consumer to visit a store can be rational, emotional, or social;
- customer orientation - is determined by the customer's attitude to the purchase of goods. There are the following categories of buyers:

1) a rational buyer who is guided by the principle of expediency and rationality when purchasing goods;
2) a personalized customer who is driven by affection for the store itself or for the store staff;
3) indifferent customer, who does not enjoy shopping, does not like to shop, considers the shopping process as a necessary but unpleasant job;
4) a customer who treats shopping as entertainment or leisure.

- consumer risk perception - influences the choice of product, brand and place of sale; each consumer perceives risk differently and each type of risk has different meaning for each consumer. Risks are divided into the following types:

⇒ financial risk - the purchase of goods whose price does not correspond to the quality, the need to purchase additional parts, repairs at the expense of the consumer;

⇒ physical risk - the use of the product can lead to loss of health or be dangerous to health;

⇒ psychological risk - dissatisfaction with the product as a whole or with its individual components or functionality;

⇒ social risk - loss of image and prestige;

⇒ the risk of time loss - the need to repeatedly contact the seller, the absence of goods in the store, and the time spent on repairs;

- circumstances - the occurrence of unforeseen situations that force a consumer to buy a certain product or refuse to buy a product, even if such a purchase was planned.

Consumers can make a purchase of goods at various points of sale: in stores, online, by mail, from sales agents, etc. The choice of the place of sale is influenced by various factors, including the characteristics of the store:

- store location - distance to the store, ease of getting to the store, availability of parking space, etc;
- quality, level of service - friendliness of sales staff, competence and qualifications of sales staff, provision of consultations, number of cash registers in the sales area, etc;
- interior, atmosphere - the internal layout of the store, the arrangement of goods, the distance between the display cases, the design of the display cases, smells, music, lighting, etc;
- advertising at points of sale - the presence of advertising posters, signs, price tags, stickers, etc;
- sales promotion tools such as promotions, price discounts, gifts, etc;
- post-purchase service - delivery of goods, connection, assembly of goods, sale of goods on credit, etc.

Marketers should understand and take into account that these factors have different effects on consumers when they purchase goods. In addition, these factors also have different meanings for one consumer in different situations. Therefore, activities aimed at studying and understanding consumer behavior are a rather complex procedure, requiring significant time and the use of various marketing research methods.

5. Consumption is the use of purchased goods. Consumption of goods may take various forms - the goods may be consumed immediately or their consumption may be postponed for a certain period; the goods may be consumed for their intended purpose

or for a new purpose; the goods may be consumed by the buyer or another person; the goods may be consumed by one person or several, etc. To ensure consumer satisfaction and safety, the manufacturer of the goods must provide for all possible options for consuming the goods. To do this, it is necessary to inform consumers about the product, its properties, and methods of use, to attach instructions to the product or indicate instructions on the packaging, to provide special consultations, etc.

Quite often, consumers experience the so-called post-purchase dissonance after purchasing goods, i.e. doubts about the correctness of the choice. The main factors that cause post-purchase dissonance are: the impossibility of returning the product or exchanging it; the importance of the choice and purchase for the consumer; the complexity of choosing from possible options; a significant number of alternatives; high similarity of goods in terms of quality; high price of the product; consumer attitude to the choice and purchase; individual characteristics of the consumer, etc. To avoid such doubts, marketers need to confirm the correctness of the consumer's choice and ensure that the consumer is confident in making the right choice. Reducing the level of post-purchase dissonance among consumers will be facilitated by the possibility of returning goods, providing warranty cards, additional, repeated consultation of sellers, advertising that emphasizes the benefits of the product, etc.

In accordance with modern marketing science, the most important stage is the consumption of goods, so it is necessary to know and understand how the consumer uses the goods, what value the goods represent for the consumer, what is the significance of the goods in the consumer's daily life, etc. Marketers can use the factors of special events, apply various means of marketing communications to ensure the special meaning of the product for the consumer, develop and maintain the consumer's commitment and loyalty to the product.

6. Purchase outcome is the assessment and degree of satisfaction or dissatisfaction with the chosen alternative, i.e. the purchased product or service.

The evaluation of a product (service) is formed as a result of its consumption. The consumer is satisfied with the purchase if his or her expectations regarding the product are met, i.e. the purchased product and its actual characteristics meet the requirements that the consumer set for the product. Accordingly, the consumer will continue to buy the product or the product of this brand. The consumer is dissatisfied with the purchase if the product does not meet the requirements and expectations that were set for the product. In this case, the consumer will forever refuse to purchase this product or the product of this brand.

According to the theory of expectation fulfillment, consumer satisfaction or dissatisfaction with a product is the result of comparing the previous expectation with the actual result of using the product. Consumer expectations are divided into three categories: adequate quality - a normative assessment that reflects the quality of the product that corresponds to the price and effort spent on the purchase; ideal quality - the optimal or desired "ideal" level of quality; and expected quality - the level of quality that the consumer expects to receive.

Producers and sellers of goods should be interested in ensuring that consumers are satisfied with the purchase of goods and with the goods themselves in order to retain consumers and turn them into regular customers. Studies show that the cost of retaining an existing consumer is 4-5 times less than attracting a new one. In addition, a consumer who has bought a product can influence the opinions and actions of others - favorably for the manufacturer if he is satisfied with the purchase and unfavorably if he is dissatisfied with the purchase. In this regard, the provision of quality service after the purchase of goods and the use of various marketing measures play a significant role in retaining the customer and increasing his or her satisfaction. It is possible to retain a customer if:

- not to use exaggerations about the quality of the product, its functional characteristics and properties;
- maintain a sufficient level of product quality;
- the price of the product will correspond to its quality;
- respond to customer requests and complaints.

Manufacturers should regularly conduct surveys to determine the level of consumer satisfaction with the purchase and use of their products. In addition, producers should create special systems that would encourage consumers to share their views and opinions about the purchased goods, since most dissatisfied consumers do not complain about the goods, they simply do not buy these goods or the goods of this manufacturer anymore.

7. Disposal - getting rid of the product itself or its remains. Getting rid of a product is the last stage of the consumer's decision-making process. When a product becomes functionally unusable, outdated, expires, loses its attractive appearance, goes out of fashion, more attractive new product models appear on the market, or when a consumer changes his or her tastes, hobbies, social status, image, etc., the consumer faces the problem of getting rid of the product. At this stage, the consumer must decide whether to get rid of the product completely, resell it, recycle it, or dispose of it. There are many options for getting rid of the goods, in particular, the consumer can throw away the goods; recycle the goods or disassemble them into parts that may be needed for another product; give them to another consumer for further use or sale; exchange the goods for another; sell the goods; lease them, etc. The choice of a particular option depends on the type of goods, the value of the goods for the consumer, the reason for getting rid of them, and the desire and situation of buying a new product. In the developed world, considerable attention is currently paid to the problem of environmental protection when disposing of goods, their waste, residues and packaging.

Consumption of goods, the outcome of the purchase, and disposal of goods are closely interrelated. Knowledge and understanding of these processes is essential for marketers to implement marketing activities and apply appropriate marketing tools to ensure customer satisfaction, retention and conversion into a loyal customer.

The problems that consumers face differ in their degree of complexity and are divided into three categories: simple - familiar to the consumer, which can be solved without additional effort; limited - containing a small element of novelty and uncertainty; advanced - problems of high complexity, characterized by novelty and high uncertainty. According to the degree of complexity of problem solving, all consumer decision-making processes regarding the purchase of goods are divided into three types: usual problem solving; limited problem solving; extended problem solving.

The types of consumer decision-making processes and their differences are shown in Table 1.4. This division is rather arbitrary, since in practice, in real life, there may be many more options for making consumer decisions.

Table 1.4

Types of consumer decision-making on purchases and their differences

Stages of the consumer decision-making process	**Differences in types of consumer solutions**		
	The usual solution to the problem	**Limited solution to the problem**	**Advanced problem solving**
Recognizing the need	Selective	General	General
Search for information	Internal, passive	Internal Limited external	Internal External
Evaluation of alternatives	Simplified (usual) rule	A small number of alternatives Few evaluation criteria Simple decision rules	Many alternatives Many evaluation criteria Integrated solutions
Purchase	Automatic purchase of goods Brand loyalty Absence of risk	Average, limited influence of factors on the purchase Low, medium risk level	High level of influence of factors on the purchase High level of risk
Consumption.	No dissonance	Minor possible dissonance	Post-purchase dissonance
The result of the purchase	Low level of evaluation	Average level of evaluation	High level of evaluation
Getting rid of the goods	Habitual for the consumer	A large number of options	A small number of options
	Low level of interest and Involvement in the buying process → High level of interest and Involvement in the buying process		

Habitual problem solving is the simplest type of consumer decision-making regarding the purchase of goods, which involves making a purchase by inertia, automatically or on the basis of attachment, loyalty to a brand. In this case, the consumer searches for information only in his or her memory, without identifying alternatives, evaluating them, or experiencing post-purchase dissonance. The result of the purchase is evaluated only when the quality of the goods of a given brand does not meet the consumer's expectations. The habitual problem is solved when there is a low level of consumer involvement in the purchase process and no interest in it. It is used when buying everyday goods, such as food, detergents, certain types of cosmetics, etc.

Habitual decisions can be divided into two groups - repeat purchases, which are made by inertia, and loyal purchases, which are made by brand loyalty. Repeat purchases are characterized by low brand loyalty (no loyalty or very low loyalty) and are made by inertia. If the product of the respective brand is not available in the store or the price of the product increases, the consumer will easily switch to another brand, as he or she is not a fan of one brand. Loyal purchases, on the contrary, are characterized by a high level of consumer commitment to a brand. Consumer loyalty can be formed over a long period of time or by making only one purchase if the level of consumer satisfaction with that purchase was high enough. The consumer develops an emotional attachment to one brand and is convinced that the product of this brand best meets his or her needs, best meets his or her desires, has the highest quality, best functional properties, etc. It is difficult for competitors to lure away a loyal consumer because such consumers are loyal, devoted to only one brand and will go to another store if it is not available in the store, and will still buy goods of this brand if the price increases.

A limited solution to the problem is to use simple rules when making a purchase of goods, which involve buying goods of familiar brands or the cheapest ones. Buying goods in this case may involve some thinking, but the information is usually taken only from memory, i.e., an internal search for information is conducted. Sometimes, external information search may be conducted, but it is quite limited (for example, a product is selected among the available brands in the store). Only simple decision-making rules are used.

Limited problem solving in terms of complexity and level of involvement in the purchase process is intermediate between conventional problem solving and extended problem solving. In most cases, it is used when buying certain food products (tea, coffee, alcoholic beverages), simple household appliances (kettle, mixer), clothes, shoes, when the consumer is not motivated to search for information and conduct an extended evaluation of alternatives. In such a situation, the awareness of the need for something almost directly leads to a purchase action without an active search for information. Post-purchase evaluation is also limited. Significant attention is paid only when the purchased product is very different from the desired expectations.

Extended problem solving means going through all the stages of the decision-making process to purchase a product (although a different sequence is not excluded). After realizing the need, the consumer conducts an active, intensive internal and external search for information, identifies a significant number of alternatives, conducts a comprehensive assessment of them according to many criteria and attributes, and uses several decision-making rules. At the same time, the consumer is significantly influenced by a set of various factors of making a purchase, and after the purchase, the consumer always has doubts about the correctness of the choice - post-purchase dissonance. Extended problem solving takes place when making one-time and rare purchases, when the consumer's involvement in the purchase process is high and their interest in it is high, when the price of the goods and the risk of purchase are significantly high, when the goods or brands are little known to the consumer. It is used when buying expensive goods, prestigious brands - when buying cars, housing, jewelry, expensive clothes, expensive household appliances, furniture, travel packages, etc.

An impulse purchase is an unplanned purchase of goods that can be triggered by sales promotion, product promotion methods, special product exposure at points of sale, individual consumer characteristics, certain circumstances, etc. The consumer experiences an internal conflict and struggle of motives that are resolved by immediate action. The consumer's spontaneous desire to act causes a need for the product in question and a desire to acquire the product. Impulsive buying occurs when the emotional level of consumer involvement in the purchase process is very high, which motivates the immediate purchase without deliberation and evaluation. In such situations, the consumer makes decisions in a state of psychological imbalance, acts solely on emotions, is guided by emotions, does not control himself or her decisions, does not make an objective assessment, and does not think about the consequences.

Marketers need to know what types of decisions consumers make when buying what goods and what types of decisions they use to apply different marketing methods, tools, and instruments. After all, the same marketing methods and tools are not universal for all types of consumer decisions, each type has a different marketing solution. The use of marketing tools and the application of marketing methods is necessary at all stages of the consumer decision-making process, but at each stage in a different way, since each stage has its own characteristics and specifics.

An important factor that shapes the type of consumer behavior in the process of making a purchase decision is interest. The extent to which a consumer is interested in a product (service) and in making a purchase determines how the consumer will make a purchase decision, how he or she will collect and analyze information about the required product (service), how he or she will evaluate alternatives, how he or she will behave when making a purchase, and how he or she will consume or use the product. In other words, the level of consumer interest affects consumer behavior and determines all their further actions in the market. If the level of interest is high enough, the consumer will pay maximum attention to the advertising of the product in question, collect as much information as possible about the product, and search for and evaluate alternatives. If the level of interest is low or non-existent, the consumer may postpone the decision to purchase the product and the purchase itself for an indefinite period of time, and may not pay sufficient attention to information about the product.

Interest is the consumer's perception of the significance and importance of a product or service to meet their needs in a particular situation.

The level of consumer interest can be absolutely absent or as high as possible (consumer obsession). The type of consumer decision depends on the level of interest. At a low level of interest, the consumer makes a habitual solution to the problem, i.e. makes a decision to buy and makes the purchase itself automatically, by inertia or on the basis of attachment, loyalty to the brand. At a high level of interest, the consumer becomes obsessed and performs extended problem solving, i.e. goes through all stages of the decision-making process to purchase a product or service. Marketers need to know the level of consumer interest to properly model consumer behavior.

The level of interest is determined by the following factors:

- personal: the consumer will be interested in purchasing a product (service) that will have personal or symbolic meaning for the consumer or will increase his or her self-esteem;
- risk factor: in situations where the process of buying or using a product (service) is risky, the level of consumer interest increases;
- situational factors: in some situations, the consumer is not interested in the product (service) at all, while in others it becomes necessary, depending on how the product (service) will be used.

It is not uncommon for a consumer to be temporarily interested in purchasing a particular product or service, particularly before the purchase. After the purchase of the product (service), the level of consumer interest decreases or even disappears.

2.3. The process of making a purchase decision by an organizational consumer

Over the past decades, the market for industrial goods has been growing and developing rapidly in all countries of the world, which has led to certain changes in the economy of each country. The market for industrial goods is determined by the nature of the goods and services purchased. This is a market where goods and services are sold and purchased for business purposes: consumption in the process of production, processing, resale, lease, to meet government needs, etc.

The industrial market of the agricultural sector is a market for goods and services that includes enterprises, organizations, companies, and government institutions that purchase goods and services for their own consumption, use in the production of other goods or services, resale, or lease. Formation of the market for industrial goods: agriculture, forestry and fisheries; mining; manufacturing; construction; transport; utilities; communications; services; banking, finance and insurance, etc.

The industrial market and the procurement processes that take place there have a lot in common with the consumer market. At the same time, there are differences between them:

⇒ the industrial market has fewer buyers than the consumer market, but the buyers are much more powerful, so the loss of one consumer is more significant for the seller than the loss of an individual consumer;

⇒ The industrial market is geographically concentrated, unlike the consumer market;

⇒ The demand of consumer businesses for goods and services is heavily dependent on the demand of end users;

⇒ demand for goods in the industrial market is highly responsive to minimal changes in the consumer market;

⇒ buyers in the industrial market are professionals, have appropriate and highly trained in procurement and sales, and differ from end users in their technical competence;

⇒ the purchase of goods (services) by industrial consumers is rational, the procurement criteria are objective and explicit, while purchases in the consumer market are mostly emotional, driven by the influence of fashion;

⇒ The needs of consumer enterprises in the industrial market are production, industrial, social and economic;

⇒ Consumer businesses often purchase goods at competitive bidding, industrial exhibitions, and trade negotiations. They may require special services, such as price discounts, additional guarantees, technical changes, return options, preferential credit terms, etc;

⇒ Consumers in the industrial market sometimes produce the goods they need themselves if the terms of purchase or the alternatives offered are unacceptable to them;

⇒ The industrial consumer is characterized by a collegial structure at each level of the industrial chain, the purchasing decision of the consumer enterprise involves a group decision, and the decision of the end user is individual;

⇒ close interaction between the consumer and the seller, which continues after the transaction is concluded and the sale is made.

Table 1.5

Comparative characteristics of the industrial and consumer markets

Indicators.	**Industrial market**	**Consumer market**
Sales volume	significant	small
Procurement volume	significant	minor
Number of consumers	small amount	an extremely large number of
size of an individual order	significant	small
Customer placement	geographically concentrated	atomized
The nature of procurement	more professional	individual
Making a procurement decision	a significant number of people are involved	a sole decision is made
Type of negotiations	complicated	simple
Use of leasing	significant	minor
Promotion methods	personal sale	means of advertising
The nature of distribution channels	straight	multi-stage

The market of consumer organizations has its own specifics, sets special conditions and opens up wide opportunities for marketing management. Marketing managers working in the market of industrial goods serve the largest market, because the monetary volume of transactions in the industrial market significantly exceeds the volume of transactions in the consumer market, and the scale of procurement activities in the industrial market significantly exceeds the scale of activities in the consumer market.

Consumers of goods in the industrial market are enterprises, firms, organizations, companies in various industries, wholesale and retail trade, government agencies, public organizations, non-profit organizations, banks, insurance and investment companies, as well as individuals who buy for business purposes. In other words, it can be said that buyers in the industrial market are all those who purchase goods and services for personal or family consumption.

The market behavior of industrial consumers has certain differences from that of end users. It depends on the purchase goals, motivation, purchase criteria, and the nature of industrial consumers' activities. Consumer enterprises in the industrial market are divided into four categories: industrial producers, wholesale and retailers, government organizations and non-profit (non-commercial) organizations.

Manufacturing companies are primarily engaged in the production or processing of goods (raw materials, parts, equipment, etc.) for sale to other consumers. As consumers, industrial enterprises purchase numerous goods and services, including inputs, accounting, consulting, advertising, transportation, and other services.

Wholesale and retail trade enterprises are a set of organizations that purchase or store goods and resell them to retailers or end consumers, other trade and production entities, various governmental organizations, and non-profit organizations. Wholesale and retail trade enterprises purchase goods and services both for resale and for their own operation. Wholesale trade operates in the industrial market, purchasing and selling a variety of goods and services: warehouses, vehicles, equipment, spare parts, supply and insurance services, consulting, accounting, advertising services, etc. Retailers purchase goods both from wholesalers and directly from manufacturers. A large number of retailers in the market are consumer goods stores, various services, gasoline stations, service stations, catering companies, pharmacies, etc. As consumers, retailers purchase a huge variety of goods and services, including transportation, equipment, machinery, advertising, insurance, consulting, accounting, information services, etc. Among the goods that are mostly not purchased by wholesale and retail trade enterprises are the following: heavy engineering products, complex, unique equipment, products for individual orders, etc.

Governmental organizations consume goods and services in the exercise of their duties and responsibilities at the level of the top level of government, budget organizations, and local governments. As consumers, governmental organizations purchase goods and services to meet public needs, such as defense, education, science, culture, healthcare, etc. In most cases, government organizations purchase standardized goods (services). In some cases, the goods are made specifically to order. Government organizations are characterized by a high level of formalization of procurement, which is caused by a huge number of instructions.

Non-profit organizations, which include museums, educational institutions, public organizations, and churches, operate in the area of public values, promote a certain idea to the consumer, and do not try to obtain a financial result. If some additional income is generated, it is used to offset expenses and act in the public interest. Nonprofit organizations are more sensitive to pricing than other categories of consumers. For them, the availability, stability, reliability of the supplier, preferential terms of sale of goods, etc. are important. The state provides such organizations with a number of legal advantages, tax and other benefits.

Industrial goods are characterized by high complexity, technical completeness, standardization (at the national or international level), and strategic importance. In most cases, industrial goods have a huge number of different applications, and sometimes they can be unique. Goods are purchased with specifications, technical and other special documentation. The demand for industrial goods has several characteristics that distinguish it from the demand for consumer goods, and this determines the specific behavior of industrial consumers and also determines the specifics of decision-making regarding the procurement of goods or services.

Demand for industrial goods can be defined as: secondary, derivative; inelastic; unstable; paired.

The secondary nature of demand for industrial goods means that it is determined by demand for consumer goods and services. If the demand for consumer goods increases or decreases, this is reflected in changes in the demand for industrial goods. Even minor changes in demand for highly processed goods can lead to significant changes in demand from consumer enterprises. Studies show that a 10% increase in demand in the consumer market leads to a 5-fold increase in demand in the industrial market. The close interconnection of the industrial and consumer markets requires research of both markets due to the fact that the demand for industrial goods is secondary. Therefore, researching and forecasting demand for industrial goods is a much more expensive and complex process, as it is necessary to study trends in demand in the consumer market first.

Demand for industrial goods is inelastic, meaning that changes in the prices of industrial goods do not lead to significant changes in demand for them. The existence of elastic or inelastic demand is based on two criteria: the availability of substitutes and the importance of the need. If there are many similar goods and services available and there is no urgency in making a purchase, then demand is elastic and price-dependent. If the company's offerings are unique and there is an urgent need to make a purchase, then demand is inelastic and changes in price do not lead to changes in demand. In this case, neither price increases nor price decreases significantly affect demand. When procuring industrial goods, non-price factors are more preferred, in particular: the quality of the goods (services), their technical characteristics, service, guarantees, terms of use, terms and conditions of delivery, operating costs, etc.

The volatility of demand for industrial goods is associated with more dynamic changes in production processes, constant renewal of means of production, and changes in the consumer market. In this regard, there is a constant need for more technically and technologically advanced goods (services).

The pairwise nature of demand for industrial goods is due to the fact that in most cases, demand for an industrial good of one type simultaneously determines demand for another related good that is used in combination with the first good.

The procurement structure of consumer enterprises depends on their size, resources, diversity and level of specialization, as well as the degree of formalization and specialization of the procurement process. At large enterprises with significant resources and a high degree of diversification, the procurement structure is largely formalized, and therefore, special functional units, such as procurement centers, are responsible for conducting transactions. Procurement is usually handled by highly qualified specialists who work closely with design, engineering and production departments. In small businesses - in industry, wholesale and retail trade - the purchasing functions are often performed by the managers themselves.

For consumer companies in the industrial market, the main constraints on purchasing are the level of financial resources and demand. Lack of demand in the consumer market quickly affects demand in the industrial market. In such situations, it is advisable for enterprises to reduce production to a certain minimum or to re-profile the technological process to produce the products required by the consumer.

The market of public institutions and agencies has its own peculiarities in terms of making a purchase decision and procuring goods or services. For government organizations, it is not important to make a profit, reduce production costs or production costs. The main thing for them is that the goods or services they purchase meet the standards, have a sufficiently low price level, and that the purchase is made on the most favorable terms. In most cases, goods or services are purchased at open tenders, where preference is given to domestic products, and suppliers are required to prepare a large number of different documents. At the same time, suppliers must have certain capabilities and be ready to change their offers in accordance with the needs of government organizations. However, governmental organizations as consumers can create favorable conditions for the organization of enterprises in regions where economic, geographical, political and other conditions require state support.

In contrast to the consumer market, the industrial market involves a larger number of people in the decision-making process for the purchase of goods or services and applies a professional approach to the purchase of goods (services). To carry out procurement, companies set up special units - procurement centers - consisting of experts, managers or employees of various departments of the company.

A procurement center is a specially created department at an enterprise whose employees are authorized to make decisions on the purchase of goods or services.

The procurement center may include employees from different structural units of the company - engineers, technologists, marketers, financiers, quality specialists, experts and others - who consider the needs of the company in different ways, assess the procurement situation, use different evaluation criteria and make decisions on the purchase of goods (services) in different ways. The employees of the procurement center share common overall goals and share responsibility for the risks associated with making decisions on the purchase of goods (services). Interaction between employees of the procurement center is based on the role they play in the decision-making process.

When making a decision on the purchase of goods (services), procurement center employees perform 5 main roles:

1) the role of users - performed by employees who will use the purchased goods or services in the future. In some cases, they initiate procurement and help identify the goods needed;

2) the role of buyers - performed by employees who are officially authorized to select suppliers, negotiate contract terms and conclude contracts. In cases of complex procurement, they may be senior managers of the enterprise;

3) the role of persons influencing the decision to purchase goods or services - can be performed by technical personnel who help determine the list of goods or services, technical characteristics of goods, provide the necessary information to evaluate various options, etc;

4) the role of decision makers on the purchase of goods (services) - the so-called decision makers - is performed by employees who have formal or informal authority to make decisions on the requirements for goods, assess the characteristics of goods, select a supplier and finalize its approval, set the terms of delivery of goods, etc;

5) the role of support staff - experts, secretaries, procurement specialists and other employees who manage the flow of information in the procurement center and control the flow of information.

A procurement center at an enterprise may operate permanently or be temporary. In the latter case, the center is created if necessary for a certain period of time when purchasing new goods (services), a significant batch of goods, changing a supplier, etc. The size, structure, and composition of the procurement center may vary depending on the goods (services) to be purchased, the stage of their life cycle, and specific situations. For the procurement of new goods (services), the number of employees of the procurement center may be up to 20 people. For standard purchases, the functions of the procurement center may be performed by one or two people. The center can also be formalized, when the procurement procedure for goods (services) determines the list of persons who sign documents, or informalized.

The main functions of procurement centers of industrial enterprises are: researching the market for raw materials and supplies; determining the need for material and technical resources; drawing up a procurement plan; selecting suppliers; concluding agreements with suppliers and transport organizations for the supply of raw materials and supplies; accepting material resources into warehouses; monitoring the state of production stocks; ensuring the storage of material resources; preparing all necessary documentation; participating in industrial exhibitions, fairs, etc.

The marketing literature contains several different models that describe the behavior of industrial consumers in the industrial market when purchasing goods or services, as well as the tactics of suppliers of material and technical resources in various situations of purchasing goods (services) by industrial consumers.

According to the Baigrid model, the decision-making process of an industrial consumer regarding the purchase of goods (services) consists of six consecutive stages. Depending on the situation of purchasing goods (services) in the industrial market, the importance of some stages changes, while the purchase process itself remains unchanged (Figure 1.10). In a new purchase situation, the stage of realizing and identifying the need becomes important, because such a situation is characterized by an extremely high level of risk and uncertainty, and therefore requires the implementation of various functions of the enterprise's services and a significant amount of information.

Stages of the process of purchasing goods (services)	**Situations of purchasing goods (services)**		
	New purchase	***Habitual purchase with some changes***	***Habitual purchase without any changes***
1) Recognizing and identifying the need			
2) Determining the characteristics of the product (service) to meet the need			
3) Search and identification of suppliers			
4) Evaluation of purchase options, analysis of offers, preliminary negotiations			
5) Selecting a supplier or several suppliers			
6) Evaluation of purchase results			
○ - the importance of this stage when purchasing goods or services			

Figure 1.10: The buying process of an industrial consumer according to the Baygrid model

In the situation of a habitual purchase with some changes, the stage of searching for and identifying suppliers becomes important, since in this case the company wants to buy goods of a different quality, with different technical characteristics, at a different price, with different delivery terms, etc.

In the case of a habitual purchase without any changes, the stage of evaluating the results of the purchase becomes important, since in this case the company systematically orders goods or services from the supplier without evaluating purchase options or analyzing offers.

According to Sheth's model, two groups of factors should be given special attention in the general behavior of industrial consumers:

1) expectations of employees of the procurement center or procurement service, which are determined by personal characteristics and personality traits, competence of employees, various sources of information, the process of active information search, satisfaction with previous procurements, identified violations, etc. There may also be differences in the expectations of users, engineers, and technical staff of the procurement center or procurement service;

2) conflicts and their resolution in the process of collective decision-making. In the industrial environment, conflicts arising from different employee views on certain goods (services), expectations of certain goods (services), brands, suppliers, etc. often lead to an active search for new information, new sources of supply, new suppliers, a deeper analysis of new and existing information, new and existing purchase options, etc. These actions ultimately lead to the resolution of this type of conflict. Sometimes conflicts are the result of significant disagreements about the ultimate goal and objectives of purchasing goods or services. In this case, conflicts need to be resolved through negotiation and compromise.

Levitt's model describes the tactics of regular (existing) and potential suppliers, taking into account the behavior of industrial consumers in the industrial market in two situations - repeated purchases without any changes and repeated purchases with some changes (Table 1.6).

Cardozo's model suggests differences between the two directions in the procurement policy of an industrial consumer:

Table 1.6

Tactics of regular and potential suppliers taking into account the behavior of industrial consumers according to the Levitt model

Supplier tactics	**Situations of purchasing goods (services)**	
	A recurring purchase, without any changes	***A recurring purchase with some changes***
Tactics of a regular supplier	1) Incentives for automatic renewal of supply. 2) The desire to increase its market share (in depth)	1) Encourage the transition from occasional to regular procurement. 2) The desire to increase its market share (in width)
Tactics of a potential (new) supplier	Convincing the client to change the supplier	1) Supporting the consumer in their desire to change the supply or supplier. 2) Attempting to enter the circle of regular suppliers.

1) simultaneous assessment: an industrial consumer seeks to find the necessary goods (services), taking into account the acceptable levels of risk, while potential suppliers should be ready to provide such consumers with goods (services) that meet the necessary requirements and desired characteristics at any time;

2) recurring assessment: an industrial consumer periodically turns to familiar (existing) suppliers for the necessary goods (services) and periodically refuses them, thus seeking to find a supplier that can satisfy its requirements and desires for goods (services), taking into account the acceptable levels of risk.

According to the adapted model of industrial consumer behavior proposed by Ukrainian scientists O. Prokopenko and M. Troyan, marketing and other incentives (incentives are environmental factors) affect the buyer and cause a certain reaction on its part. Their model includes a marketing complex consisting of the "four P's", external environmental factors - economic, technological, political, cultural and competitive, internal environmental factors and the buyer's reaction (Figure 1.11).

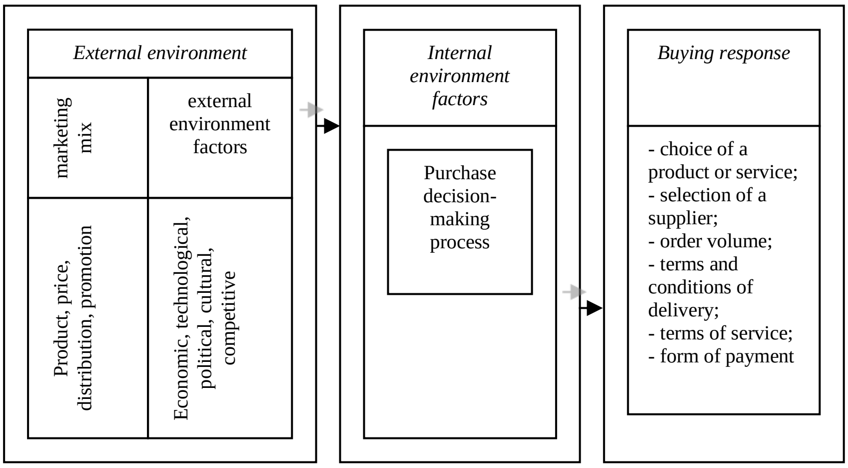

Figure 1.11. Model of industrial buyer behavior (O. Prokopenko, M. Troyan)

According to the scientists, under the influence of these incentives, a company has a purchasing reaction, which is expressed in the choice of a product or service, supplier, determination of the order volume, terms and conditions of delivery and service. In their opinion, in order to develop an effective and efficient marketing strategy, marketers must have a good understanding of the mechanism of transformation of incentives into a consumer's purchase reaction.

The decision to purchase goods or services in the industrial market requires considerable effort and an appropriate level of organization at the enterprise where such decisions are made. According to these criteria, procurement situations can be divided into three types: new procurement, usual procurement with some changes, and usual procurement without any changes. The procurement situation determines the parameters, tasks of the procurement center and the specifics of the industrial buyer's work.

1) New purchase or purchase for a new task - the purchase of goods or services that are new to the enterprise (purchased for the first time). A new purchase is a situation of a first or unique purchase of an expensive, complex, important good or service to be used in a new job or to solve a new problem. This type of procurement situation is the most complex and requires considerable effort, research, analysis, and evaluation of a significant amount of information. It is analogous to an extended problem solving for the consumer market (individual consumer).

Procurement for a new task requires the development of a complex product specification, highly qualified requirements for the supplier and high requirements for the procurement process of such goods (services). Such procurement requires a large amount of information, as uncertainty and risk are extremely high. In this situation, the procurement decision is a complex, lengthy, multi-stage process. Before making a decision, the buyer first collects information, studies it in detail, analyzes and evaluates alternative offers and suppliers. All decisions must be well-founded.

2) Habitual purchase with some changes or modified purchase - purchase of slightly changed goods or services, or change in the price of goods (services), or change in the quantity of supply, etc. (change in some terms of the contract). In such a situation, the buyer seeks to analyze and reassess the available transaction options. It is looking for certain advantages in alternative offers using existing procurement schemes. The buyer wants to change some technical conditions, price, payment terms, delivery terms or conditions, service level, supplier, etc. Uncertainty and risk in a modified procurement are present at a medium to low level. This situation arises when the quality of the goods (services) deteriorates, the price increases, the level of service decreases, the delivery time is violated, existing suppliers cease to operate, new suppliers appear offering goods on more favorable terms, etc. The usual procurement with some changes is analogous to solving a problem of medium or limited complexity by an individual consumer in the consumer market.

Marketers are constantly trying to persuade and stimulate their existing customers to make purchases without changes, responding to all their needs, requirements and wishes. At the same time, competitors are trying to convince and stimulate these customers to make modified purchases by offering certain advantages and favorable trade offers.

3) Habitual purchase without any changes or direct purchase - repeated purchase of goods or services without any changes to the terms of the contract (repeated purchase). If the buyer is satisfied with the goods (services) and the terms of the procurement, the consumer makes a habitual purchase without any changes (direct purchase). Such a purchase does not require the collection and analysis of new

information, does not take much time to make decisions, the buyer has no reason to look for other options, and the purchase decision is made in the usual manner according to the established format. Uncertainty and risk are virtually non-existent in this situation. The buyer orders the required product or service using a list of available suppliers. This is analogous to a regular purchase by an end user in the consumer market.

Marketers who want to ensure that their goods or services are purchased without change focus their efforts on maintaining good, friendly relationships with customers by providing high quality supplies and service, offering special discounts to regular customers, establishing favorable purchase terms, etc. In such a situation and under such conditions, it is extremely difficult for competitors to break the chain of repeat purchases, provide a unique selling proposition, offer more favorable terms, or lure such a customer to their side.

Many consumer companies find a comprehensive solution to the problem of purchasing from one seller. This approach is called integrated procurement. Integrated procurement is an approach to solving the procurement problem in which all the necessary goods are purchased from one supplier, which eliminates the need to make separate decisions that are inevitable when purchasing from different suppliers.

In the industrial market, any enterprise, firm, organization, or company must periodically study and analyze the value of its purchases and suppliers. Such an assessment should be carried out in order to identify outdated goods, technologies, equipment in time and replace them with new, more modern, more advanced, more efficient ones. The analysis of suppliers is usually carried out according to the following main criteria: quality of goods (services), price, payment terms, terms and conditions of delivery, level of service, guarantees, level of service, provision of additional services, etc. The results of such an analysis allow the consumer to make informed decisions about continuing procurement or changing procurement and suppliers.

When deciding on the purchase of goods (services) and making purchases, a consumer enterprise is influenced by various factors that comprise four groups:

environmental factors and internal organizational factors of the enterprise, interpersonal and personal factors of the enterprise's employees (Figure 1.12). The level of influence of these factors should be taken into account by sellers of goods (services) in the industrial market. Each factor should be considered in the context of a particular consumer enterprise.

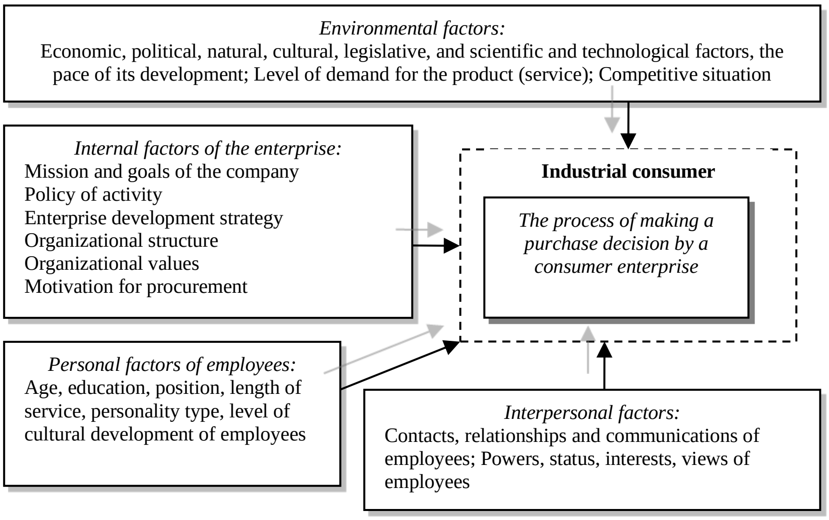

Figure 1.12: Factors that influence the decision-making process of industrial consumers

Important factors that influence the purchase decision-making process of industrial consumers are perception, motives, emotions and learning. The process of perception of an industrial consumer consists of the same stages as the perception of an individual consumer: exposure, attention, and interpretation. An industrial consumer forms his or her attitude towards goods, services, suppliers, and their image. Business consumers also have their own memory and make decisions based on the information stored in their memory. Organizational memory is a system of storing information in a group of people in a particular enterprise. It is quite difficult to change the attitude of a customer company to a supplier or its goods (services), as the information is stored by many people and maintained by them for a long time.

Enterprise motivation is a set of factors and incentives that push an enterprise to take certain actions to meet a need or lack. Any consumer enterprise is guided by certain motivations when making a procurement decision and making a purchase The motivations for demand for goods or services of a consumer enterprise in the industrial market may include

- meeting the need for material and technical resources for the production of traditional goods;
- decisions on the production of new products;
- reconstruction and renewal of the enterprise;
- replacement of worn components;
- conducting research and development activities;
- change of supplier on a more favorable basis, etc.

Organizational decisions have their emotional aspects, although they are less significant than in the purchasing decisions of individual consumers. Purchases by consumer enterprises are based mainly on rational motives and evidence. Therefore, the strategy of selling goods (services) of enterprises in the industrial market should first be formed on rational benefits, and then on emotional appeal to individuals who make decisions. To do this, it is necessary to study the personal motives, psychological needs and emotions of decision makers.

Just like individual consumers, business customers learn consumer behavior. A positive experience with a supplier significantly increases the likelihood of further cooperation and repeat purchases without changes, while a negative experience leads to termination of agreements, termination of cooperation, and search for new suppliers. Effective procurement schemes and processes eventually turn into procurement rules and policies of the consumer enterprise and are used in further activities. For organizational learning, the personal experience of each member of the procurement center or those who make procurement decisions is not necessary, as learning takes place in the process of organizational communications when making a decision or making a purchase.

The decision-making process of an industrial consumer regarding the purchase of goods or services includes a number of successive stages of work and decision-making. In general, the process of making a decision to purchase goods (services) by an enterprise-consumer consists of six consecutive stages: awareness of the need, determination of product characteristics, search for suppliers, evaluation of offers and suppliers, purchase of goods, use of goods, and evaluation of purchase results (Figure 1.13). In terms of the list of stages, it is quite similar to the process of making a purchase decision by an individual consumer, but the implementation of each stage is a more complex and time-consuming process of performing certain actions, and the purchase of goods or services in general is a more complex procedure.

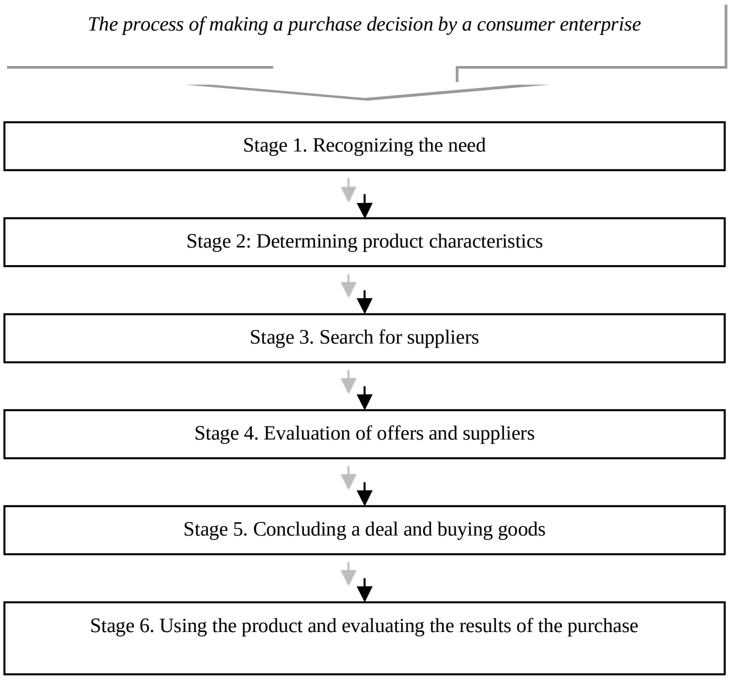

Figure 1.13. Diagram of the purchase decision process by an industrial consumer

The first stage is the realization of the need. From the moment a production need or shortage is realized that can only be satisfied by purchasing a product, the purchasing decision-making process begins. The need may be recognized by the heads of certain structural units of the company, relevant employees of the company, or even the owner or manager of the company. The emergence and realization of the need for something can be caused by the influence of certain factors and factors. These include increased competition in the market, which leads to the need to improve existing products and produce new ones, which require new materials, new equipment, etc.; development of science and technology, which leads to new technologies, higher quality machinery and equipment, which leads to upgrades at the enterprise; breakdowns of mechanisms, production lines at the enterprise, which require spare parts, components, etc.; dissatisfaction with the quality, price, terms of supply of certain goods or services; receipt of new products or services; and the need to improve the quality of the company's products. All the factors that lead to the need for something at the enterprise can be divided into external and internal.

The second stage is to determine the characteristics of the product (service). Once the need is realized, the technical parameters and properties that the product or service must have are determined, the relevant standards that the product (service) must meet are given, the optimal characterization is given, the level of quality is determined, the required quantity of the product or service is determined, and the cost analysis of the product (service) is carried out. A functional and cost analysis of a product (service) at an enterprise is necessary to find and identify ways to reduce production costs and production costs. A detailed description of the properties, technical parameters and characteristics of the goods (services) is necessary for further evaluation of proposals, selection of a supplier, conclusion of agreements, purchase of goods or services. Such procedures are carried out by engineers, marketers, employees of the procurement center, and other relevant specialists, external experts or consultants may also be involved.

Third stage: search for suppliers. After identifying and compiling a list of characteristics of the goods (services), the search for suppliers of the required goods (services) is carried out. Information about suppliers is obtained from external sources, such as trade directories, electronic databases, Internet information networks, trade and industrial exhibitions, specialized magazines, advertising materials, notices, direct mailings, etc. Information about suppliers can also be obtained from partner companies or from the company's own database of suppliers of certain goods or services, if the company has one. Sometimes the search for a supplier takes a long time and requires a lot of money and effort.

Accordingly, an important task of suppliers of goods and services in the industrial market should be to disseminate information about themselves and their goods or services, their quality level, their properties, technical characteristics, service, etc. as widely as possible, as well as to create a prestigious image and gain a reputation as a reliable supplier.

Fourth stage: evaluation of offers and suppliers. At this stage of the purchasing decision-making process, employees of the procurement center evaluate potential suppliers and their offers according to certain criteria and, ultimately, select one or more of them. The number of suppliers (one or more) with whom a consumer company plans to work depends on the internal policy of the company, the type of goods (services) required, their quantity, quality, price, delivery terms, etc. The evaluation of potential suppliers is usually carried out in several stages. First, a list of all known (found) potential suppliers is compiled, and then the most feasible potential suppliers whose goods or services meet the minimum requirements for each evaluation criterion are selected from it. After that, the suppliers are evaluated according to the importance and significance of the criteria, a supplier rating is compiled, and the best alternative is selected - the supplier that meets the most important and significant criterion. Initially, several potential suppliers may be selected and negotiated with, and only then is one selected to enter into an agreement. In cases where several potential suppliers offer almost identical goods or services (some types of raw materials), negotiations are held with them and the one offering the most favorable terms of supply, discounts, additional services, etc. is selected. In some cases, a supplier may be selected on a competitive basis.

At this stage, it is important to determine the criteria for evaluating potential suppliers, their importance and significance. All employees of the procurement center should use the same evaluation criteria. This will greatly simplify the supplier selection process and avoid conflicts between procurement center employees.

The fifth stage is the conclusion of a contract and purchase of goods (services). After evaluating alternatives and selecting a supplier, an agreement is concluded with the supplier. Depending on the scope of the buyer's business and the goods or services to be purchased, agreements vary in nature. However, in general, agreements specify the technical characteristics of the goods (services), quality level, total number of units, quantity of one order batch, price, payment terms, delivery terms, delivery conditions, return conditions, warranties, service, additional services, etc. In most cases, the agreements provide for long-term cooperation between the buyer and the supplier, whereby the supplier undertakes to supply goods (services) in the required quantity within the agreed timeframe at the agreed prices, and the buyer undertakes to make timely payments for the goods (services). The signing of a long-term agreement leads to the concentration of purchases from a single source and close cooperation between the buyer and the supplier. Such cooperation is beneficial for both market participants: no time and money is spent on searching for suppliers, concluding a contract, there is a regular buyer for goods (services), order volumes increase, etc.

The sixth stage is the use of the goods (services) and evaluation of the purchase results. The evaluation of the purchase results for consumer companies is formal. Employees of the procurement center collect information from employees of various structural units of the enterprise that use the purchased goods (services) regarding the quality of the purchased goods (services), timeliness of delivery, service, provision of additional services, etc. Based on the results of such research, a decision is made to continue further cooperation with the supplier and continue purchasing its goods (services), or to terminate cooperation with the supplier and reject its goods, or to make certain changes to certain terms of the contract.

In practice, the process of making a decision on the purchase of goods or services by an industrial consumer may be simplified or complicated, and may consist of fewer or more stages. It all depends on the specific situation, on the particular enterprise, its field of activity, the market in which it operates, organizational style, internal policy, types of goods and services, on the employees of the procurement center, their powers, personal factors, etc. Each situation and each enterprise has its own peculiarities and specifics, so in one situation different enterprises or one enterprise in different situations may procure goods or services in different ways.

2.4. Quantitative and qualitative marketing research on consumer behavior in the agricultural sector

To develop effective marketing strategies for influencing consumers, producing and selling goods or services, reducing risk, planning for the future and developing the enterprise as a whole, it is necessary to have significant and reliable information about the consumer behavior of the target audience. Each company should set itself the task of marketing research of its consumers' behavior, primarily based on its own interests. The study of a wide range of aspects of consumer behavior depends on specific conditions: the type and type of product, market situation, size of the target audience, marketing strategy of the company, etc. At the same time, the main objectives of marketing research of consumer behavior are: identifying the needs and deficiencies of consumers, identifying factors of influence on the consumer and determining the level of influence of these factors, measuring the behavioral response of consumers, determining how consumers make purchase decisions, how consumer attitudes towards goods change, what may be the reaction of consumers to marketing activities, how to influence the consumer.

Consumer behavior research is based on the basic principles of marketing research:

- Focus - consumer behavior research should be closely related to the goals and objectives of the company, its activities; focus on solving actual, clearly defined marketing problems;
- Comprehensiveness - consideration and analysis of all elements, factors, and drivers of consumer behavior in their interrelationship and dynamics; study of all major aspects of consumer behavior, analysis of consumer behavior in relation to factors influencing it;
- reliability - information and methodological support, accuracy of the data on consumer behavior;

- cost-effectiveness - the excess of benefits from the implementation of the data and recommendations obtained over the costs associated with conducting marketing research on consumer behavior;
- effectiveness - the presence of intermediate and final results that will help in solving marketing problems, making management decisions and effective operation of the enterprise in the target market;
- systematicity - logicality, consistency, and frequency of conduct;
- Scientificity - objectivity and validity of research.

When researching consumer behavior, in most cases, a company needs to obtain secondary and primary information. Secondary information is quite important, because its analysis helps to identify the problem of marketing research and develop an approach to its solution. In addition, the effectiveness of marketing research on consumer behavior, especially with a limited budget, can significantly depend on the analysis of secondary information, since answers to a number of certain standard questions can be obtained based on the analysis of secondary information. Therefore, before formulating a research plan for collecting primary information, it is necessary to analyze secondary information. Primary information is needed to solve a specific marketing problem.

Secondary information can be obtained from official sources, which are divided into two groups: printed information and electronic information. In most cases, printed information is public. These sources include statistical collections and yearbooks, directories, commercial, industry, news magazines and newspapers, catalogs, etc. Such publications contain information on the size of the target audience, demographic data of the target audience, consumption of certain goods, market segments, as well as environmental factors that influence consumer behavior (culture, religion, traditions), etc. The stages and procedure of marketing research of consumer behavior are presented in Table 1.7.

Table 1.7

The process of marketing research of consumer behavior

Stages	Name of the stages	The research procedure
1	Defining the problem and objectives of the study	Determining the need to conduct market research on consumer behavior in the market. Identification of research problems. Formulation of research problems. Building the structure of problems in a rational sequence of their implementation. Formulating the goals of marketing research of consumer behavior
2	Developing a research plan	Identification of research objects Building a research structure Development of a calendar schedule for the entire process Identification of personnel responsible for the study
3	Collection of secondary information	Identify sources of internal secondary information: general accounting, statistics, primary data from your own marketing department, other internal sources of information Identify sources of external secondary information: statistical information, reference information, commercial information, regulatory information, scientific and technical information Collection of secondary information
4	Collection of primary information	Choosing a method of collecting primary information: quantitative methods, qualitative methods. Developing a sampling plan and determining the sample size. Development of primary data collection forms: development of questionnaires, development of an observation plan. Collection of primary data
5	Data analysis	Systematization and scaling Analysis, forecasting and interpretation of results
6	Preparation of the report and its presentation	Preparing a report on consumer behavior research Preparing and conducting a presentation

The comparative characteristics of primary and secondary information are shown in Table 1.8.

Table 1.8

Characterization of primary and secondary information

	Primary information	Secondary information
The purpose of the collection	To solve the research problem	To solve other problems
Collection process	Requires considerable effort	Quick and easy
Collection costs	Large	Relatively small
Time for collection	Long-term	Short

The Internet provides an extremely great opportunity for an enterprise to study consumer behavior, as it allows to quickly collect all the necessary information. In relation to the enterprise, there are also internal sources of secondary information. Such sources include internal reports of the company. In this regard, each company should strive to keep all internal information in a systematic form, which involves the creation of a computer-based information system. Identification of sources, collection and analysis of secondary marketing information on consumer behavior consists in the sequential implementation of certain procedures (Figure 1.14).

The analysis of secondary information includes an assessment of its completeness, reliability and consistency for solving the tasks set before the researchers. A positive assessment of the above characteristics of secondary information allows to start its interpretation, formulation of conclusions and development of recommendations aimed at solving the tasks of marketing research of consumer behavior. In the case of an unsatisfactory assessment of the above characteristics of secondary information (insufficient completeness or reliability, its contradictory nature, etc.), the need for primary information on consumer behavior is determined.

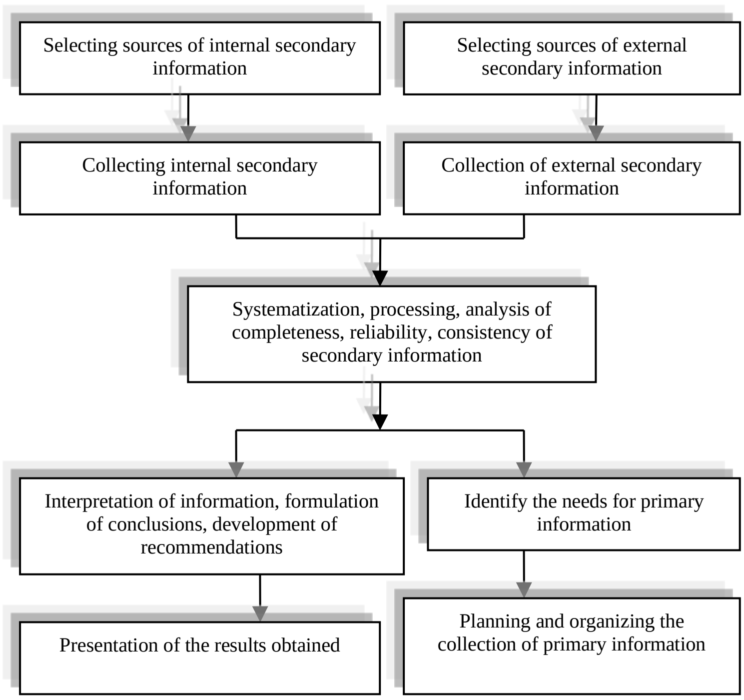

Figure 1.14 The process of identifying and collecting secondary information on consumer behavior

Further, the collected information is processed using statistical methods and mathematical models that facilitate optimal decision-making. Data is analyzed and summarized using manual and computer processing methods. Descriptive and analytical methods are used for processing. Among the analytical methods used in the study of consumer behavior, factor analysis, as well as indicators of variation, regression and correlation methods, cluster analysis, and others are most often used.

In the course of consumer behavior research, primary information is collected using quantitative and qualitative research methods. Quantitative marketing research is the receipt of clearly structured information about consumer behavior from a large number of objects. Quantitative research provides specific numerical data on the problem under study and is based on the use of clear mathematical and statistical methods and models. Quantitative research is the main method of obtaining the necessary information for making management decisions when the necessary hypotheses about consumer behavior have already been identified and formed. They are aimed at obtaining quantitative information (numerical data) from a large number of respondents, and the results of such studies can be extended to all consumers. When conducting such studies, numerical data must always be accurate, they are based on extrapolation of the sample population to the entire market or to all consumers, so the development of the sample population and the definition of research methods must be sufficiently justified. Quantitative research is used to determine market characteristics, market share of enterprises, to assess the popularity of enterprises and goods, to determine the frequency of purchases, the number of purchases of goods, etc.

In most cases, marketing research on consumer behavior first involves conducting qualitative research and then quantitative research. Sometimes, qualitative research is necessary to explain the data obtained from quantitative research. The data obtained after qualitative research cannot be considered final and conclusions cannot be drawn on their basis. Therefore, one of the most important principles of marketing research of consumer behavior is the complementarity of qualitative and quantitative methods of marketing research. Characteristics of qualitative and quantitative methods of consumer behavior research are presented in Table 1.9.

Table 1.9

Characteristics of qualitative and quantitative research methods

	Qualitative research	Quantitative research
Objective.	Determine a qualitative understanding of hidden motives and motivations	Present the data in a quantitative form and generalize the results of the study of the sample to the entire population
Sample.	Small number of representative objects	Small number of representative objects
Collecting information	Unstructured	Structured
Analysis of information	Non-statistical	Statistical
The result.	Get an initial idea	Recommendations for making final decisions

The priority areas of using quantitative methods in consumer behavior research are: identifying target market segments; creating consumer profiles of individual segments; studying consumption and attitudes towards brands; determining whether the parameters of the product offer meet consumer needs. Methods of conducting quantitative marketing research of consumer behavior are shown in Figure 1.15.

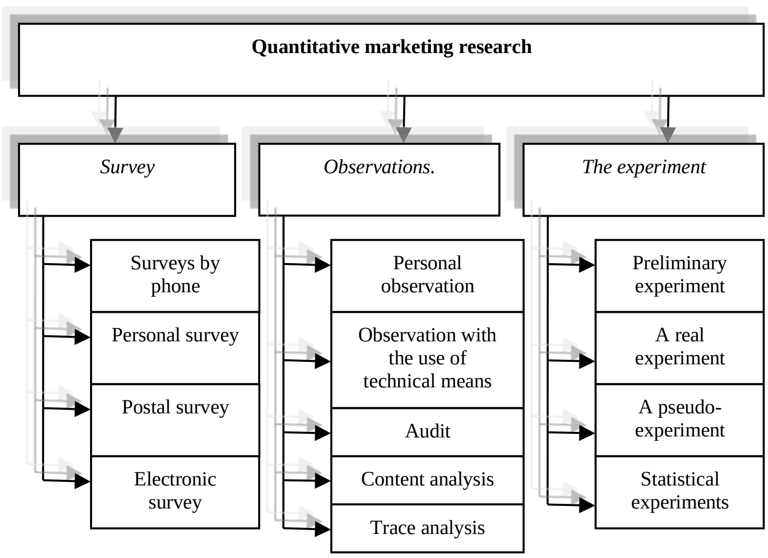

Figure 1.15. Methods of conducting quantitative research on consumer behavior

The main methods used to study consumer behavior are surveys and observations. The survey method is based on obtaining information from respondents who answer questions. It is conducted using a structured questionnaire offered to respondents who are part of a certain sample from the general population to obtain information from them. The respondents are asked a certain number of questions about their consumer behavior, intentions, attitudes, conditioning, motivations, demographic characteristics and lifestyle.

Survey methods are classified depending on their use. In consumer behavior research, the most commonly used methods are personal surveys and electronic surveys. Each of these methods has its own varieties, but they are rarely used in consumer behavior research.

The survey method has a number of significant advantages: it is easy to conduct; the answers obtained are reliable because of the limited number of answer options given; the use of open-ended questions allows eliminating discrepancies in the results caused by differences in survey techniques. The disadvantages of the survey method are: unwillingness, inability of respondents to provide the necessary information; answers to standardized questions and questions with multiple choice answers may be unreliable for determining data on the emotions and beliefs of consumers; difficulty in correctly formulating the questionnaire questions. But despite the disadvantages, surveys are currently most often used to obtain information when researching consumer behavior.

Observation methods are the second group of methods used in consumer behavior research. Observation is the registration of behavioral patterns of people, objects and scenarios on a systematic basis to obtain the necessary information. The observer does not come into contact with the people whose behavior he or she is observing. Information can be recorded during events or obtained from records of past events.

The main advantage of observation methods is the assessment of real consumer behavior. At the same time, potential "distortions" of records and procedures are minimized. The main disadvantages of observation are: the reasons for people's behavior cannot be determined, since nothing is known about motives, beliefs, values, attitudes and preferences; it is difficult to obtain information about certain types of behavior; observation is time-consuming and expensive; in some cases, observation is unethical. Although observational methods provide valuable information, they should be considered complementary from a practical point of view.

The main method of conducting a causal type of consumer behavior research is an experiment. An experiment is a scientific study in which the researcher deliberately manipulates one or more independent variables and observes the variation of dependent or independent variables that contribute to the manipulation of independent variables. It is used to identify the cause and effect relationship between phenomena. To collect primary information about consumer behavior, an experiment is used when the researcher already has a hypothesis about the cause-and-effect relationship of the object under study. The experiment is indispensable when studying the psychological motivations of consumers, since during the survey, the respondent sometimes cannot decide on the choice of a particular product based on abstract characteristics. The buyer needs to be put in a real choice between products, and then it is advisable to find out why this choice was made.

Experiments are divided into two types: laboratory and field. A field experiment is a study in a real-life situation that also involves manipulating variables under detailed control of conditions. In practice, it is the field experiment that is most commonly used, as it is conducted in normal environmental conditions.

Qualitative marketing research is the acquisition of detailed information about consumer behavior in relation to the purchase of goods. It involves collecting, analyzing and interpreting data on consumer behavior. Qualitative research is exploratory, based on the understanding, explanation and interpretation of empirical data, conducted to identify the problem of consumer behavior, is qualitative, non-standardized and is a source of hypotheses about consumer behavior. They allow us to understand the essence of the situation around the problem. Unlike quantitative research, qualitative research is aimed at studying a wide range of manifestations of the object under study, rather than quantitative patterns. In some cases, qualitative data can be converted into quantitative data, but this requires the use of special procedures. Qualitative marketing research can be used to study in detail the motives, opinions, and views of consumers regarding the purchase of certain goods, to understand the behavior and attitudes of consumers when buying certain goods, to learn about consumer values and perceptions, expectations of the purchased goods, etc. They provide a broad, in-depth view of the consumer's mindset and consumer behavior. The results of qualitative research contain opinions, considerations, descriptions, associations, justifications, arguments, as well as assumptions, ideas, suggestions, etc.

Qualitative marketing research is usually subjective in nature, as it is based on the interpretation of the information collected by the interviewer-analyst, and the data obtained as a result of their conduct cannot be transferred to the general public in most cases, as the sample is small. Therefore, the data obtained after qualitative research cannot be considered final. In such research, it is necessary to clearly understand the difference between what the respondent said and what he or she meant. The main advantage of qualitative marketing research is the free expression of respondents, which reveals their internal perceptions, feelings, opinions, views, values, motives, consumer needs, etc.

The main areas of qualitative marketing research of consumer behavior are: motivation research; research of perceptions and perceptions; product research; advertising research; target audience segmentation. Qualitative research is most often used to study the following tasks related to consumer behavior:

- identifying features and patterns of consumer behavior;
- studying the motivation of consumer behavior;
- determining consumer attitudes towards a product or brand;
- identifying hidden needs and desires of consumers;
- determining the subjective perceptions of consumers;
- studying the views, opinions, and values of consumers;
- getting ideas on how to promote the product on the market;
- testing new products, advertising materials, etc.

Methods of conducting qualitative marketing research on consumer behavior are shown in Figure 1.16.

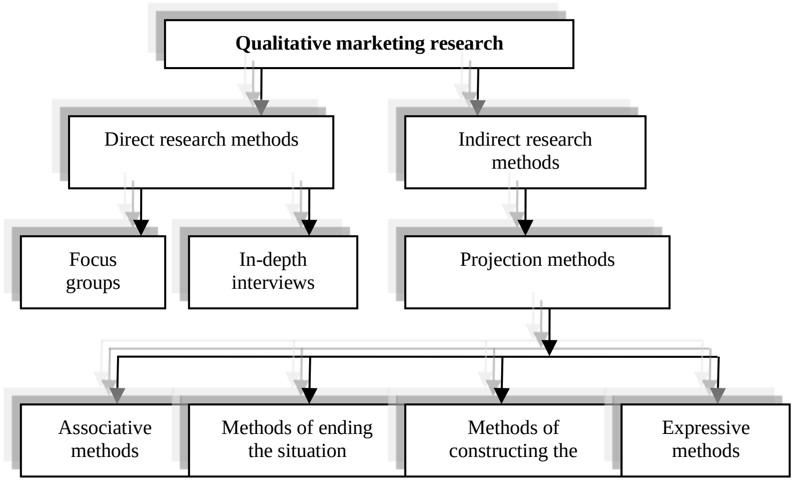

Figure 1.16. Methods of qualitative research of consumer behavior

The process of conducting qualitative research:

The first stage of qualitative research involves individual conversations. During the conversation, the researcher should take a neutral position, should not engage in discussion, exert pressure with his or her authority, or offer any solutions; in extreme cases, the researcher engages in a conversation in an attempt to dispel the respondent's uncertainty.

At this stage, group discussions are held. During the group discussion, it is impossible to achieve maximum completeness of statements from each respondent, but it is possible to obtain quite interesting information about the views on the goods and services under study. The group also helps to express some opinions that respondents cannot express in an individual conversation, but which may be revealed in a group discussion. A group discussion that reveals stereotypes is a natural complement to an individual conversation.

The second stage of qualitative research includes extensive interviews or tests. Individual and group conversations conducted at the first stage of the research allow us to identify the main areas of behavior of the surveyed consumers and determine indicators that should contribute to a more accurate orientation when studying consumer behavior. In the course of further research, the applicability of the previously obtained results is monitored by interviewing a larger number of people in accordance with the main ideas identified in the first stage.

Among the methods of studying consumer behavior, scientists identify a number of basic ones that measure different consumer reactions to the company's marketing activities (Figure 1.17).

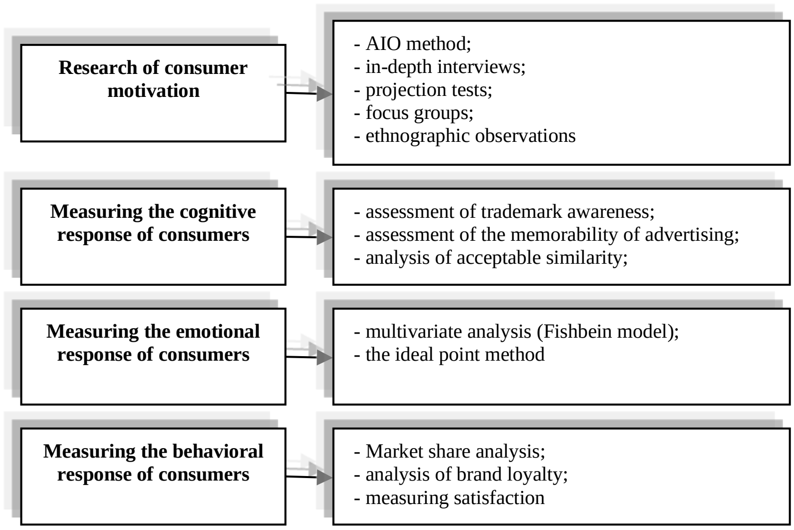

Figure 1.17. Methods of consumer behavior research

The main areas of consumer behavior research are also:

- research and study of attitudes:
  - studying attitudes towards the company;
  - studying attitudes towards a particular brand of goods;
- research and study of the consumer value system;
- studying the level of customer satisfaction:
  - determining the impact of product satisfaction on brand loyalty;
- research and study of consumer intentions;
- studying consumer behavior when buying a product (service) and after the purchase.

The main criteria for measuring the cognitive reaction of consumers are: brand awareness analysis, analysis of the ability to recall the advertisement, and analysis of perceived similarity.

Analysis of brand popularity. The simplest level of cognitive reaction is the awareness of the existence of a product, service, brand or its popularity, the level of awareness in the market. Information on brand awareness is used to identify the most famous (least famous) brands in the market, direct competitors, the share of potential buyers, compare brand awareness, compare brand awareness and market share, etc. This information is obtained by interviewing potential consumers and buyers. Types of popularity (fame):

- ✓ "popularity-recognition" - the consumer recognizes the brand and, based on this recognition, has a need for a product of this type;
- ✓ "popularity-recall" - the consumer feels the need for a certain type of product and buys a product of a well-known brand, i.e. the brand that he recognizes;
- ✓ "priority awareness" - ensures an exceptional position of the brand in the process of purchasing goods of a certain category, the consumer always recognizes, remembers this brand and gives it significant preference.

Levels of popularity (fame) of the brand:

⇒ "spontaneous popularity" - the questionnaire does not contain references to specific brands, but the respondent has to indicate the brands he or she knows;

⇒ "popularity with support" - the questionnaire contains a list of certain brands and the respondent has to choose the ones he or she knows;

⇒ "qualifying popularity" - the respondent must specify the level of familiarity with the brand on a scale with several gradations.

Analysis of the ability to recall advertising. Information about the ability to recall advertising is used by the company to determine the effectiveness of advertising, advertising tools and activities and to determine the level of acceptance of new goods (services). The scientific literature contains a significant number of different indicators that allow measuring the number (percentage) of consumers who correctly identify an advertising message after an advertising campaign. The most famous of them are:

- ✓ "visibility" indicator - the share of consumers who say that they have seen an advertisement for a product (service), if it is a product (service) in question;

- ✓ "proven by recall" indicator - the share of consumers who are able to correctly describe the main advertising message, i.e. they confirm the reality of their ability to recall the advertisement;
- ✓ Recognition rate is the share of consumers who recognize an advertising message when they watch it;
- ✓ next-day recall or beta rate - the share of consumers who remember the brand and at least one of the visual or textual elements of the advertising message when they first see it.

Analysis of perceived similarity. Information about perceived similarity is used to determine the positioning of a trademark in relation to competing trademarks, as well as to compare the actual positioning of a trademark with the desired positioning of that trademark. Multivariate similarity analysis is based on the following assumptions:

- a product or brand is perceived as a combination of features or attributes that correspond to the benefits sought by the consumer;
- These properties are imaginary criteria for comparing brands that are part of the set under consideration;
- If each of the *k* characteristics is geometrically represented by an axis, i.e., a dimension in *a k-dimensional* space, each brand or product can be represented as a point in this space with coordinates corresponding to the brand's scores for each attribute.

To analyze similarity, a multidimensional scaling method is used to identify general judgments about the degree of similarity between different brands. The method is based on the assumption that potential buyers perceive and remember a small number of macro characteristics of a product and these macro characteristics are used as criteria for comparing brands. The method is carried out by building a perception map (Figure 1.18). When constructing a perception map, macro-characteristics are depicted as axes and, having evaluated each brand for each characteristic, its location in this coordinate system is determined.

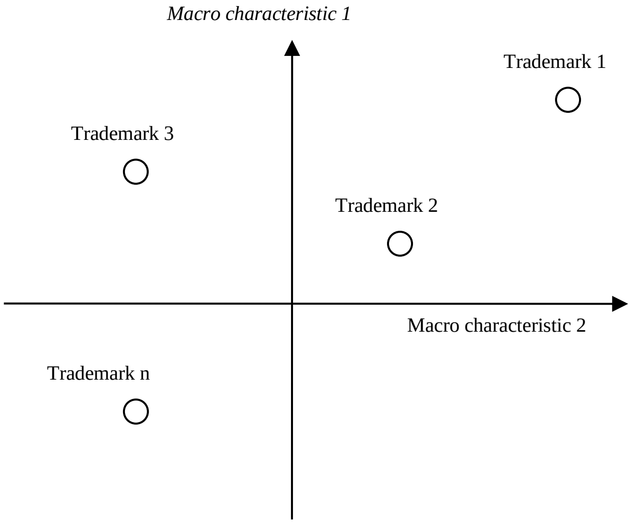

Figure 1.18. Map of perceived similarity (similarity)

On the perception map, each brand is represented by a dot, and the distance between the dots characterizes the degree of similarity of the brands perceived by the respondents. As a result of analyzing the data obtained when building a perceived similarity map, it is possible to identify the market structure of each product group, identify substitute brands and direct competitors of brands.

One of the areas of consumer behavior research is measuring the emotional response of consumers, including feelings, attitudes, intentions, commitment/aversion, etc. To measure attitudes, the most commonly used models are the multi-attribute model (or Fishbein model) and the ideal point model. Fishbein model. The main provisions of the model:

- people perceive a brand or product as a set of attributes;
- different people attach different meanings to attributes;
- people have certain views on the degree of presence of attributes in each brand being evaluated;
- people form a utility function for each attribute, associating the degree of satisfaction (utility) with the degree of presence of a particular attribute in the object;
- people's attitudes are based on the information stored in their memory.

According to this model, a consumer's attitude toward an object of attitude depends on his or her views on several attributes of that object. Attitudes toward a product can be predicted by identifying these attitudes and combining them to obtain a general consumer attitude.

To determine the general attitude of the consumer to the facility, Fishbein combined the following components:

- attributes - characteristics of the object of the relationship;
- people's views or judgments about this object;
- the level of importance (significance) of a certain attribute of the object for the consumer.

The Fishbein model can be represented as follows:

$$A_{ij} = \sum_{k=1}^{n} W_{jk} \times x_{ijk},$$

Where A_{ij} is the attitude of buyer *j* to brand *i*;

W_{jk} is the relative importance of attribute *k* for buyer *j*;

x_{ijk} - consumer *j*'s assessment of the level of presence of attribute *k* in brand *i*, points;

n - the number of defined attributes.

The total attitude score is obtained by adding the scores for each attribute (after evaluating each attribute by its relative importance).

To apply this model, it is necessary to use as initial information the score of the level of presence of each attribute in each brand being evaluated. The relative importance of the attributes is measured using an attitude scale. To obtain this information, consumers distribute 100 points among the main attributes of goods in proportion to the degree of importance they assign to each attribute.

When using this method, it is first necessary to identify the product properties that are most significant (important) to the target market. To obtain this information, consumers should be asked what criteria they choose to evaluate products in this category. Criteria (properties) that consumers will name most often and will be significant.

Using this research methodology, it is possible to assess consumer opinion on each of the characteristics for different models of different competitors in order to determine the significance of the characteristic and identify the leader. If a brand or model is truly superior to its competitor in a particular characteristic, a competitive advantage appears that can be used to set the price. In addition, multivariate analysis also provides the information needed to perform sound market segmentation.

The ideal point model provides information about the "ideal brand" and about consumers' views and attitudes toward the brand. In this method, the attitude toward brand A_t is determined by the formula:

$$A_t = \sum_{i=1}^{n} W_i |I_i - B_i|$$

where W_i is the relative importance of *the i-th* brand attribute;

And$_i$ is the "ideal" value of the *i-th* brand attribute;

In$_i$, the consumer's assessment of the actual value of *the i-th* brand attribute;

n - number of significant brand attributes.

To apply the ideal point model, initial information is required - a score for the degree of presence of each attribute in the trademark. This score is determined by using a rating scale. Respondents place the "ideal" brand on this rating scale. A separate scale is used for each indicator.

The relative importance of the attributes W_i is measured by the attitude scale. It shows how confident consumers are that the brand has a given characteristic. To determine the relative importance, the respondent should distribute 1, 10 or 100 points among the main attributes in proportion to the importance they attach to them.

The most common methods of measuring consumer behavioral response are: 1) market share analysis; 2) brand loyalty analysis; 3) methods of measuring satisfaction/dissatisfaction.

Market share analysis. A simple analysis of sales dynamics is necessary but not sufficient to assess brand performance because it does not take into account competition. Therefore, sales analysis should be complemented by market share analysis for each segment. The calculation of market share assumes that the company has accurately identified its target market and the set of products or brands with which it directly competes.

The market share of each brand is generally determined by the following formula:

$$\text{Market share} = \frac{\text{Number of products sold}}{\text{Total sales in the target market}}$$

The essence of measuring market share is to exclude the influence of external factors that have the same impact on all competing brands, and thus to enable a more accurate and correct assessment of the competitive strength of each brand. Market share can be calculated in various ways, including

- market share by volume - the number of goods sold in relation to the total sales volume (in physical terms) in the underlying market;
- market share in value terms - calculated on the basis of revenue, i.e. the number of goods sold in relation to the total sales (in monetary terms) in the underlying market;
- market share in segments - calculated in relation to sales in the segments where the company operates, and not the entire market as a whole;
- Relative market share - compares sales of a particular brand of the company with sales of brands of all or some competitors;
- market share relative to the leader - is determined by comparison with a large (main) competitor, i.e. the ratio of the absolute market share to the share of the largest competitor.

For a deeper analysis, market share can be divided into several components:

1) penetration rate - the share of customers of a particular brand in the total number of customers who buy goods of a certain category;

2) level of exclusivity - the level of brand loyalty, defined as the ratio of the average volume of purchases of a particular brand compared to the average volume of purchases by the same customers of all other brands of a given product category;
3) intensity level - comparing the average number of purchases of all brands by customers of a particular brand with the same indicator for all customers of this product category.

These three components can be used to express the market share for a brand using the formula:

Market share = Penetration rate× Exclusivity rate× Intensity rate.

Let *c* denote the category of goods to which brand *x* belongs:

N_X is the number of buyers of brand *x*;

N_C - number of buyers of category *c* products;

Q_{XX} is the quantity of brand *x* purchased by buyers of brand *x*;

Q_{CX} is the quantity of products of category *c* purchased by buyers of brand *x*;

Q_{CC} - the number of products of category *c* purchased by buyers of products of this category *c*.

Then the market share held by brand x can be calculated as follows:

$$\frac{Q_{XX}}{Q_{CC}} = \frac{N_X}{N_C} \times \frac{\frac{Q_{XX}}{N_X}}{\frac{Q_{CX}}{N_X}} \times \frac{\frac{Q_{CX}}{N_X}}{\frac{Q_{CC}}{N_C}}.$$

To express market share in value terms, it is necessary to introduce a relative price index: the ratio of the average price of a brand to the average price of all competing brands.

This methodology for determining market share allows identifying various reasons for changes in market share, namely:

- A decrease in penetration means that the brand is losing consumers;
- A decrease in the level of exclusivity means that customers allocate a smaller share of their total purchases to this brand;

- A decrease in the intensity level means that buyers of a given brand purchase it in smaller volumes compared to the average amount of products in this category purchased by the same buyers.

Analysis of brand loyalty. For each brand, the level of commitment and the level of involvement (attraction) are determined. These levels can be defined as follows:

1) commitment rate - the share of customers who, having bought a brand in the previous period, continue to buy it in the future;
2) attraction rate - the share of customers who, having bought a competing brand in the previous period, then switch to another brand.

These levels characterize the likelihood of customers switching from one state to another and can be determined by questionnaires.

Methods of measuring satisfaction/dissatisfaction. After purchasing and using a product, a consumer forms a new attitude based on the level of satisfaction or dissatisfaction with this product. The study of satisfaction is based on the multi-attribute model of attitude. This model considers the importance (significance) of each attribute and the degree of acceptable presence of the attribute. In general, the analysis involves three stages:

1) assessment of the degree of integral satisfaction with a product (service) or supplier;

2) assessment of the level of satisfaction for each attribute and its importance;

3) assessment of the intention to make a repeat purchase.

For these assessments, a rating scale is used, to which the option of "I don't know" is added.

To analyze satisfaction, we calculate the average value and standard deviation for each attribute. The obtained estimates are compared with the average values for the segment under study. The comparison determines the market's perception of product quality, service level, etc.

The answers to the attribute questions are distributed along two axes, one corresponding to the average satisfaction scores and the other to the standard deviation of the scores. A significant enough deviation means that a small number of consumers share a certain opinion. To select the point of intersection of the axes, the average result of the total scores for the sector's manufacturers or the result of the most dangerous competitor is taken. This is how the matrix is constructed (Figure 1.19).

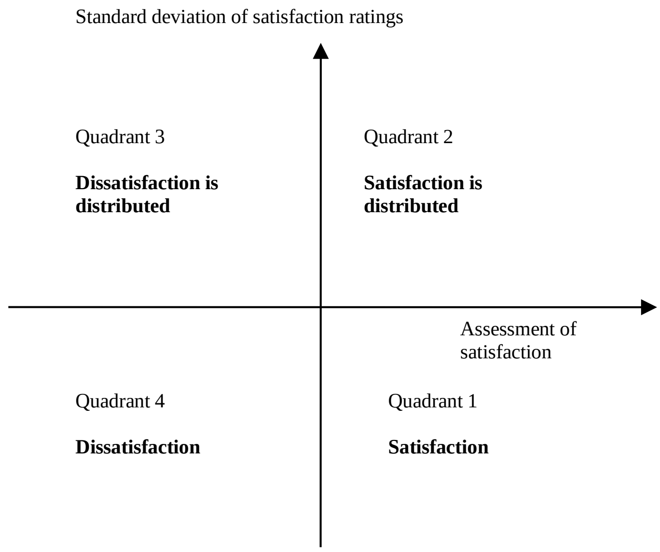

Figure 1.19. Satisfaction/dissatisfaction matrix

The average rating of a brand, product, or service in quadrant 1 is higher than the average for the sector as a whole, and their standard deviation is lower. Accordingly, customers are quite satisfied and recognize this. In quadrant 2, the brand, product or service also receives a high average score, but the high standard deviation shows that consumers' ratings do not coincide. Accordingly, some consumers are satisfied and some are not. Identification of dissatisfied customers will allow you to determine the causes of dissatisfaction and take certain actions before customers switch to competitors. In quadrant 3, the average score is lower than in the sector, and the standard deviation is significant. Thus, most consumers are dissatisfied, although some of them are less so than others. In quadrant 4, consumers are completely dissatisfied and agree.

The main direct methods of qualitative marketing research of consumer behavior are: focus groups (group); in-depth interviews (individual); observation; experiment; protocol analysis; physiological measurements; interpretive research; mystery shopping.

A focus group is a relaxed, unstructured interview conducted by a competent, specially trained moderator in the form of a group informal conversation, discussion according to a pre-designed scenario with a small group of consumers representing a specific target market segment and meeting the criteria selected based on the research objectives. This is a group research method aimed at identifying the motives of consumer behavior, peculiarities of consumers' perception of various marketing information and gaining insights into consumer behavior issues of interest to the researcher.

The focus group method is the most common and considered the most important among the methods of qualitative marketing research of consumer behavior. The value of this method lies in the free nature of the conversation, which allows you to get unexpected, interesting information from consumers.

Focus group features: number of people in the group - 8-12 people; group composition - homogeneous, pre-selection of respondents; location - informal, relaxed atmosphere; time - 1-3 hours; recording - audio and video recording; moderator - observant and communicative. The main features that a focus group moderator should have:

- ✓ Friendliness, sensuality, patience;
- ✓ Flexibility and determination;
- ✓ Ability to maintain a friendly atmosphere;
- ✓ Ability to engage focus group participants in discussion;
- ✓ Ability to get respondents to speak in detail.

The focus group should be homogeneous in terms of demographic and socioeconomic characteristics of its participants. All participants should clearly meet the selected criteria. It is desirable that respondents have previously encountered the problem to be discussed. All participants should be pre-qualified. Also, special attention should be paid to the environment - the setting and the premises of the focus group. The atmosphere should be relaxed, informal, and conducive to free conversation among the participants, the expression of different opinions and views, and the expression of emotions and feelings of the respondents. In most cases, focus groups last 1-3 hours. During this time, it is necessary to achieve mutual understanding with the focus group participants, to clarify and understand in detail their views, opinions, perceptions, statements, judgments, behavior, etc. The course of the focus group is recorded on audio or video tape. Sometimes, the focus group is observed by the customers of this study from the next room or any other place with the help of modern technology and equipment. The results and effectiveness of a focus group largely depend on the moderator, his/her ability to work with a group of participants, to discuss a particular problem, the ability to interest respondents in the problem, etc.

Focus groups allow us to address the following questions about consumer behavior:

- identify consumer preferences, wants and needs;
- to get ideas for new products and their promotion on the market;
- determine the attitude of consumers to the product or brand;
- study consumer reactions to products, advertising, etc;
- clarify and analyze the data obtained as a result of quantitative research;
- obtain information useful for researching consumer behavior;
- learn about consumer perceptions of the product, brand, means of product promotion, etc.

In-depth interview - an unstructured, direct, personal interview conducted by a highly qualified interviewer with one respondent to obtain detailed answers to the questions posed and determine the respondent's basic beliefs about the problem. This is an individual research method aimed at identifying views on a given problem, finding out the reasons for such consumer behavior, studying the behavior of individual consumers, determining their personal characteristics, gaining insights into individual consumer decision-making, etc. An integral part of it is the probing method, which is used in all in-depth survey methods.

An in-depth interview is another method of studying consumer behavior and obtaining information in the course of conducting qualitative marketing research on consumer behavior. The value of this method lies in the individual nature of the conversation, which allows you to get a frank, personal response from respondents and allows you to better understand the internal experiences of consumers. Unlike focus groups, in-depth interviews are not often used in marketing research.

The following types and methods of in-depth interviews are most commonly used in consumer behavior research:

The "ladder method" is a method of conducting in-depth interviews in which the questions asked first relate to the characteristics of the product, and then to the characteristics of the user. That is, this method is characterized by a sequence of questions: first, questions are asked about the characteristics of the product, and then about the characteristics of the user of this product. This method allows you to determine the value that consumers associate with a particular item or problem.

The method of uncovering hidden problems is a type of in-depth interview that aims to identify a person's weaknesses that correlate with his or her personal experiences and concerns. When identifying hidden problems, the main thing is not social values, but personal "weaknesses"; not the way of life in general, but the deep personal feelings and worries of a person.

Symbolic analysis is a method of conducting in-depth interviews when comparing objects with their opposites, their symbolic meaning is analyzed. In order to understand what is hidden behind a certain phenomenon, it is necessary to identify what is not typical for this phenomenon. The logical opposites of the studied product are not the use of this product, but the signs of an imaginary "anti-product" and types of products that are opposite in their properties.

Imaginative interviewing is conducted in the following way: the interviewee is asked to tell what a character would do in a given situation. The respondent answers the questions, transferring his or her attitude to the character in question.

An in-depth interview allows you to address the following questions about consumer behavior:

- discuss confidential issues;
- understand complex, non-standard consumer behavior;
- to identify the consumer's personal views on a particular problem;

- get information from professionals, experts, and competitors;
- study consumer behavior, which can change depending on mood and emotions;
- to study consumer behavior that depends on social norms;
- to study the behavior of consumers who are difficult or impossible to gather into groups, etc.

Indirect methods of collecting information on consumer behavior include projection methods, which are characterized by the concealment of the purpose and goals of the study. In other words, when studying consumer behavior using projective methods, consumers are not told about the purpose and goals of the study and are asked to tell about the consumer behavior of other people, not their own behavior. At the same time, vague and ambiguous questions are asked. The more ambiguous questions are asked, the more respondents reveal their thoughts, views, motives, show emotions, express their attitudes and demonstrate their values. By analyzing respondents' answers, you can determine their personal attitudes, opinions and views on a given issue or problem.

Projective methods *are* an unstructured, indirect form of consumer survey that helps respondents express their hidden beliefs, opinions, views, motives, and attitudes about a particular issue.

Conducting projection methods is a rather complicated procedure. They are used in cases where it is impossible to investigate and study consumer behavior using direct qualitative research methods. The value of projection methods is that they do not involve disclosing the purpose and goals of the study and thus allow you to get more truthful answers from respondents. The main projective methods of marketing research are:

- associative methods;
- methods of ending the situation;
- methods of constructing a situation;
- expressive methods.

Associative methods involve identifying objects with which a given product, brand, idea, etc. is associated. When using associative methods, the respondent is shown a certain object and then asked to say the first thing that comes to mind. In this way, a person's associations with this object are determined.

The most well-known of the associative methods is the verbal association method, which involves the selection of associative words. The method of verbal associations is a projective method when the respondent is given a list of words and asked to select (name) another word that comes to mind first for each word. The words related to the research topic are called test words. In addition to them, the list should contain many more neutral words that hide the real purpose and goal of the research. The respondent should think about each word for no more than three seconds.

In this way, associative research methods allow respondents to express their feelings, emotions, and thoughts about the research topic. Responses are analyzed based on the number of repeated word associations; time spent on selecting word associations; and respondents who were unable to select word associations within the allotted time. In practice, there are several variants of the word association method, in particular, respondents are asked to select not one, but the first two, three, etc. words.

Situation completion methods are projective methods that involve the respondent arbitrarily completing a certain invented situation, sentence or story. In situation completion methods, the respondent is asked to come up with an ending to the situation - the first thing that comes to mind. Sentence completion method - when the respondent is asked to come up with the end of a sentence using the phrases and words that first come to mind. An extended version of sentence completion and paragraph completion is called story completion. In story completion methods, the respondent is offered an excerpt from a story on the topic under study and asked to complete the story in their own words.

Situation construction methods are projective methods that require the respondent to come up with a story, dialog, or describe a situation. They are very similar to situation completion methods, but with situation construction methods, the respondent is shown less background information and asked to give a more detailed answer. The most commonly used two main methods of situation construction are picture response and animated tests. The picture response method is when the respondent is shown a picture and asked to tell a story that describes the picture. The pictures can be either clear or fuzzy, and they can depict both real, ordinary things and unreal, not quite ordinary things. The respondents have to come up with a story that describes the picture or tell what the picture shows. This is how the individuality and personality of the respondent is determined. The animation test method - when the pictures depict different cartoon characters in different situations and the respondents have to respond to the comments of one of these characters. In this way, the respondent's views, emotions, opinions, beliefs, and attitudes toward a particular situation are recognized. Animated tests are easier to use than picture tests.

Expressive methods also belong to projective methods. When these methods are used, respondents are presented with a certain situation orally or visually, and third-person respondents are asked to express feelings, emotions, thoughts, i.e. to tell how other people feel in this situation. The two main expressive methods are role play and the third-person method. Role play is when the respondent plays the role of another consumer in a certain situation and explains his/her behavior in this situation, but is guided by his/her own emotions and feelings. The third-person method involves the respondent describing the thoughts, reactions and behavior of another consumer in a certain situation, which is presented to the respondent orally or visually. When describing the behavior of another person, respondents are also guided by their own feelings and emotions.

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