

## COMPARATIVE ANALYSIS OF CUSTOMER BEHAVIOUR MODELS

Kaspars Viksne<sup>1</sup>, MsC; Jelena Salkovska<sup>2</sup>, MsC; Elina Gaitniece<sup>2</sup>, MsC; Ieva Puke<sup>4</sup>, MsC;

<sup>1, 2, 3, 4</sup> University of Latvia

**Abstract.** In marketing theory, various models strive to explain customer behaviour. They vary one from another lot. However, since customers in different product markets behave differently, the need to understand various customer behaviour models arises, and the following problem emerges – number of situations where inappropriate behaviour models are chosen for practical usage significantly increases.

Therefore, the aim of the paper is – by identifying and evaluating most typical customer behaviour models, to understand how they differ from one another and explain better and more appropriate usage practice for different models. To achieve the aim, the authors have defined following tasks for paper:

- 1) to identify the essence and content of most popular customer behaviour model;
- 2) to assess strengths and weaknesses of each model by conducting expert interviews;
- 3) to determine practical application opportunities for each identified model;
- 4) to draw conclusions and make recommendations for practical usage of those models.

Results show that classic five-stage model is most popular customer behaviour model in both - theory and practice. There are many attempts to provide improved versions of the model, yet they all are incomplete. Some critics and suggestions for alternative models are useful when dealing with specific products and markets. There are specific models created for such situations. These models, however, do not explain customer behaviour in other markets. Therefore, despite the critics addressed towards the classic five-stage model, it is still appropriate to use it in practice, and it works the best in conjugation with other market/product-level specified models.

**Key words:** customer behaviour, decision making.

**JEL code:** M31

### Introduction

The ultimate aim of marketing is to satisfy customers` needs and desires better than the competitors. Ability to understand how customers behave and how consumers make decisions is a prerequisite for doing it successfully. Over many decades, researchers have attempted to explain customer behaviour by providing various customer behaviour models. Some of these models have been approbated in practice more successfully than others. The problem is that number of situations where inappropriate behaviour models are chosen for practical usage significantly increases.

Therefore, the aim of the paper is – by identifying and evaluating most typical customer behaviour models, to understand how they differ from one another and explain better and more appropriate usage practice for different models. In the first part of the paper, the authors briefly go through the theoretical base of customer behaviour and examine various models that look at it from different perspectives. Such theoretical

base is necessary for expanded customer behaviour examination, and allows performing more detailed analysis of various marketing communication processes. To achieve the aim, the authors have defined following tasks for the paper:

- 1) to identify the essence and content of most popular customer behaviour model;
- 2) to assess strengths and weaknesses of each model by conducting expert interviews;
- 3) to determine practical application opportunities for each identified model;
- 4) to draw conclusions and make recommendations for practical usage of those models.

The following research methods are used in the paper: 1) monographic method – for purpose of information gathering and researching about general customer behaviour models; 2) descriptive method – for the purpose of general customer behaviour models content outlining; 3) comparative method – for the purpose of comparing customer behaviour models; 4) expert interviews – for the purpose of determining

practical application opportunities for customer behaviour models.

The discussion part of the paper contains expert interviews with five marketing professionals. Expert interviews provide overview about strengths, weaknesses and best usage practices of each model are provided.

**Theoretical base of customer behaviour**

To ensure that all readers have the same understanding of concepts used, before comparative analysis of customer behaviour models, the authors provide an explanation of semantics used. Following paragraphs explain terms behaviour, consumer behaviour, and consumer decision making.

Behaviour means consumer's actions about an attitude object (Solomon M., 2006).

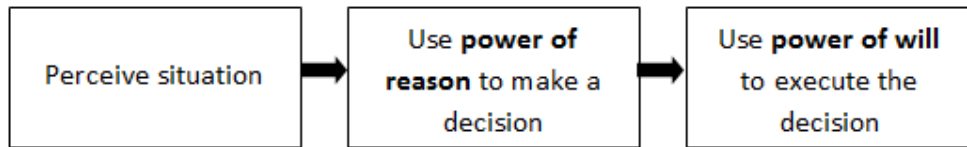
Consumer behaviour is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas,

Jelgava, LLU ESAF, 21-22 April 2016, pp. 231-232 or experiences to satisfy their needs and wishes (Solomon M., 2006).

Author Du Plessis defines consumer decision making as the behaviour patterns of users that precede, determine and follow the decision process for the acquisition of need-satisfying products, ideas or services (Du Plessis P.J., 1990).

**1. Broad comprehension of human behaviour**

Customer behaviour is a general concept used in different academic disciplines such as sociology, psychology and marketing. It consists of three basic steps. First, people perceive a situation. Second, people use the power of reason to calculate whether taking one or another action will benefit to their long-term interest. Third, people use the power of will to execute the decision (Figure 1) (Brooks D., 2012).



**Source: authors' construction based on D. Brooks provided explanation of human decision making process**

**Fig. 1. Human decision making process**

The model suggests that human behaviour depends on perception, reason and will. It is important to know on which factor to focus most, when human behaviour is explained based on this model and is tried to be influenced or changed. For instance, in the 19th century Victorians emphasized the third step - the willpower. They preached that passions were the wild torrent, and humans had to tame and control them by their iron force of will (Brooks D., 2012).

In the 20th century, philosophers emphasized the second step (power of reason) as the most important. They believed that once people realize consequences of their actions they would be willing to stop it or not to do it. However, focusing on both will and reason has not proved

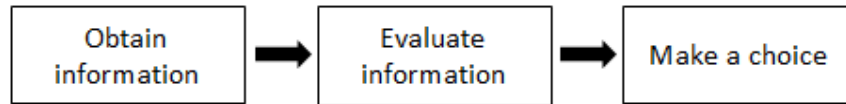
to be very effective. D. Brooks compares reason and will with weak muscles which in most cases are too weak to resist temptations. In the result, human self-delusion takes control over personal self-discipline. Therefore Step 1 (perception) is the most important part of this model. Perception is a thinking and skilful process. The way humans perceive certain things depends on their unconsciousness and past experiences (Brooks D., 2012).

In conclusion, the outcome, i.e. the decision of a person mostly depends on the way he perceives the situation. By taking this important aspect into account, customer behaviour models from the marketing perspective are evaluated next.

## 2. Comparative analysis of customer behaviour models

Academic literature and articles published during the second half of the 20th century use a

Jelgava, LLU ESAF, 21-22 April 2016, pp. 231-233 three-staged model similar to the one described in the previous section of the paper. Back then the customer decision making was intended to be explained by information processing approach model (Figure 2).



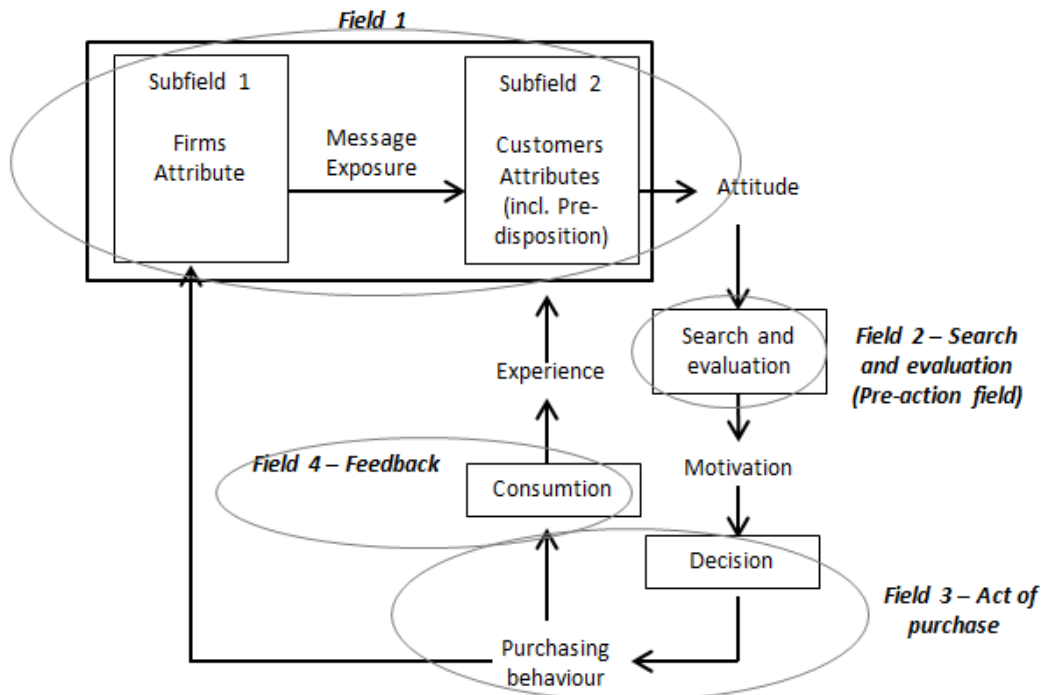
Source: authors' construction based on Solomon M.

Fig. 2. Information processing approach model

Information processing approach states that customers first obtain information, then interpret and evaluate it, and then make a particular choice. However, in the 21st century, this model is perceived to be too general and vague, and that makes it practically impossible to apply and use it for specific marketing decisions about placement and content of the communicated

message. Therefore, many models have been developed to describe buying behaviour in more details.

Two among the most detailed models are Nicosia model of the consumer decision process (Figure 3), and Engel-Blackwell-Miniard model of customer behaviour (Figure 4).



Source: authors' construction based on Nicosia F. M.

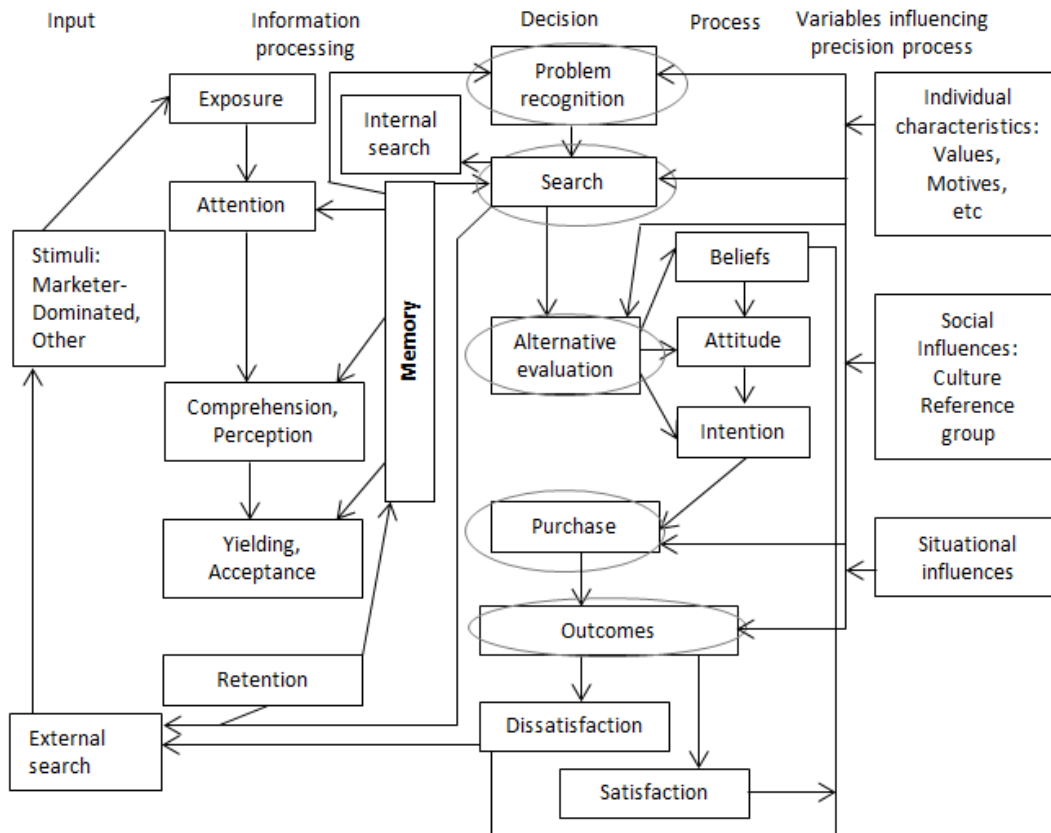
Fig. 3. Nicosia model of customer behaviour

Nicosia model of the consumer decision process (Figure 3) is one of the earliest customer decision process models which were recognized by most of the marketing experts at that time. It consists of four main fields (formation of customer attitude, information search and evaluation, an act of purchase, and customer's

feedback after product's consumption. In this model, customer attitude, motivation, buying behaviour, and experience is the result of corresponding primary fields, and this result significantly affects following areas (Nicosia F. M., 1966).

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 individuals characteristics (such as motives and values), social influences (such as, culture), and situational influences. (Engel J. F., 1968)

Figure 4 illustrates the Engel-Blackwell-Miniard model of customer behaviour, first published in 1968. This model shows decision-making process stages which are affected by



Source: authors' construction based on Engel J. F., Kollat D. T., Blackwell R. D.

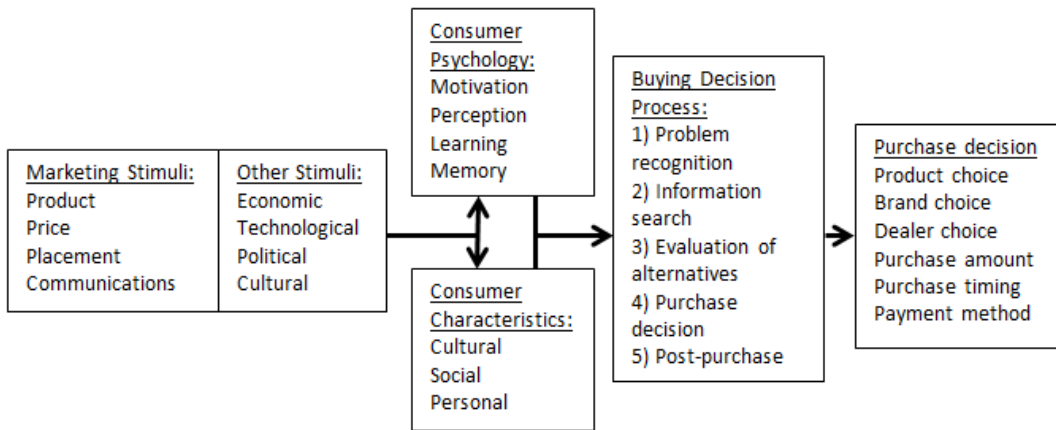
Fig. 4. Engel-Blackwell-Miniard model of customer behaviour

However, active critics have been addressed towards both models. Critics argue that this model seems to be a mechanical overview of human behaviour, which makes it difficult to use for practical purposes. It ignores the fact that customer's individual factors and also social and situational factors significantly influence customer's own processing. Due to the complexity of the model, it is hard to read. Unclearly defined variables that form this model makes it too vague for practical usage. Thereby, according to author Foxall, the Engel-Blackwell-Miniard model is pre-scientific, and cannot be validated (Loudon, D.L., 1993) (Foxall G.F., 1980).

Contemporary analysis of consumer behaviour from marketing perspective starts with the

understanding of the stimulus-response model (Figure 5).

In the stimulus-response model, factors that affect human behaviour are divided into two main groups – external environment factors or stimuli, and internal environment factors. External environment factors fall into two groups - marketing stimuli, which companies can control, and other stimuli, on which companies have very limited control. These external environment factors have an indirect influence on both customer characteristics and customer psychology. Figure 5 visualizes that in addition to perception, consumer response is fundamentally affected by three other psychological processes - motivation, learning, and memory (Kotler P. T., 2012).

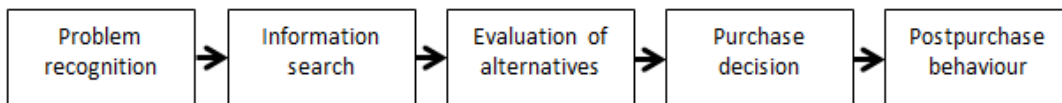


Source: authors' construction based on Kotler P. T., Keller K. L.

Fig. 5. Stimulus-response model

All the previously mentioned groups of factors (marketing stimuli, other stimuli, customer psychology, and customer characteristics) play a significant role in customers buying decision

process. Figure 6 illustrates the classical customer buying decision process consisting of five steps.



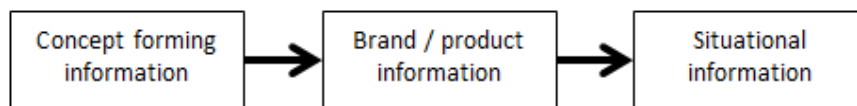
Source: authors' construction based on Kotler P. T., Keller K. L.

Fig. 6. Classic 5-stage customer buying decision process

The traditional five-stage model suggests that the client typically passes through five stages – need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. The five-stage model implies that the buying process starts long before the

actual purchase and consequences long afterward (Kotler P. T., 2012).

Search behaviour and alternatives evaluation is different for the majority of individuals. Author Kaas specifies information search process by dividing it into various stages (Figure 7).



Source: authors' construction based on Kaas K. P.

Fig. 7. Information search process

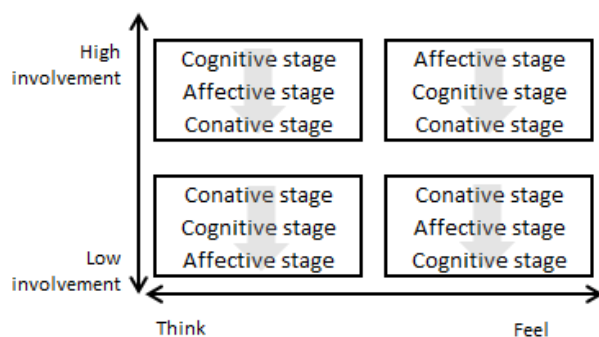
These stages depend on the knowledge of customers about the market and the frequency of purchase. If customers are not familiar with brand or product, they enter into concept forming stage where they learn about the product, its characteristics and attributes. In this phase, customers develop their criteria for choice. Afterwards, they move to brand /product information stage. Those clients who are familiar with the product but do not purchase it on a regular basis, do enter in this stage. These customers acquire brand-specific information to

compare the information about their defined attributes of a product. Then customers move to situational information stage where they collect only specific information (Kaas K. P., 1982).

The five-stage model supports the assumption that people carefully and rationally process as much information about the product as possible, that they consider all the pros and cons of a product, and make the logical decision. However, most often customers do not go through this logical process every time they buy something (Solomon M. 2006).

Most of the models argue that customer decision-making process is the process that goes through several stages - cognitive stage, affective stage and behavioural stage. During the cognitive phase, customer`s mental processes are affected and by that awareness of product is formed. In affective stage, consumer engages with his emotional or feeling responses, and develops several associations and attitudes towards the product. In behavioural stage, the customer is lead to particular action(s), which in most cases is purchasing action (De Pelsmacker P., 2007).

Most of the previously described models assume that customer first goes through cognitive stage followed by affective stage followed by behavioural stage. However, this sequence faces a lot of disagreements, and several scientists have offered alternative approaches. In his model (Foot-Cone-Belding (FCB) grid (Figure 9)), author Vaughn presents four differently sequenced models (Vaughn, R., 1986).



Source: authors' construction based on Vaughn, R.

Fig. 8. Foot-Cone-Belding (FCB) grid

FCB grid delineates 4 strategies - 1) informative; 2) affective; 3) habitual; 4) satisfaction. Informative strategy (Learn-Feel-Do) relates to products with high-involvement, where economic considerations prevail. This sequence is appropriate for such products as cars and insurance. Affective strategy (Feel - Learn - Do) is applicable for purchases with high involvement of feelings. These products most

Jelgava, LLU ESAF, 21-22 April 2016, pp. 231-236 often are satisfying self-esteem needs where more emotional communication should be reached to reach the consumer. The Feel - Learn - Do sequence work well for products like cosmetics, jewellery and fashion clothing. Habitual strategy (Do-Think-Feel) works best in cases when consumers do routine purchase. In those cases, customers learn about products after (trial) consumption. They do responsive behavioural learning by doing. Although buyer might have a quite low level of awareness before the actual purchase, deeper knowledge about the product is not necessary. This approach is common to paper products, cleaning appliances and gasoline. Satisfaction strategy (Do-Feel-Learn) is appropriate for those low-involvement products which reflect customer`s individual personality and are perceived as a little pleasure. Examples of such products are greeting cards, beer, cigarettes and candies (Vaughn, R., 1986).

### 3. Discussion and results

The authors did five expert interviews to understand better how customer behaviour explaining models work in practice. Chosen experts were marketing communication specialists who have successfully proven themselves in the marketing field at international level. The names of interviewed experts are not provided due to confidentiality reasons.

According to interviewees, human decision-making model (Figure 1) from character paradigm, information processing approach, and similar models are used more in sociology and psychology. These models provide good understanding about the general behaviour of people, and why they act in a certain way. But in marketing, these models are too broad for practical usage.

Nicosia model of consumer decision process and Engel-Blackwell-Miniard model may be suitable for academic purposes, and serve as a general picture when investigating particular customer behaviour aspects. However, it is not

used in real life - the massive amount of information complicates reading of it, and there is missing indication of all possible links between different elements. It cannot accurately represent average customer decision making. Therefore, serious considerations should be made, before applying any of these models in practice.

Interviewees agree that best asset of Stimulus-response model is the fact that it encompasses main factors that affect customer behaviour and decision-making processes. That makes Stimulus -response model more preferred than Nicosia model, Engel-Blackwell-Miniard model, and other models. They also include classical 5-stage model into it.

According to the interviewees, the primary benefit of the Classical 5-stage model is that it requires the marketer to consider each decision-making phase when preparing marketing tactics. Seller has to consider how to approach the consumer in each particular phase and to develop communication tools for all of them if needed. So, even if a consumer does shortcuts – which frequently happens in a case of low-cost products and frequent purchasing – there are still tools (communication) considered for touchpoints left (phases which consumers do not skip) to make max possible influence in the particular stage. If marketing tactics are well prepared and specific for each of five phases – then customer still may be affected during purchasing moment by sales personnel or specially designed online or offline promotion in POS.

Another strength of the model is its attention to post-purchase evaluation phase which is important due to increasing electronic word of mouth communication across specific communication platforms.

Last to mention is the provided ability to analyse market from this five phase perspective. Market research tools now allow to segment market and to recognize consumers who belong to particular decision-making stage part for some product or service. So, a company might decide

Jelgava, LLU ESAF, 21-22 April 2016, pp. 231-237 to put the majority of efforts to target auditory at the particular stage, and internet based communication tools allow to prepare well-targeted communication campaigns for this specific audience.

As interviewees admit, the main weakness of the model is its linear or step-by-step structure, because not all the customers follow this particular structure. Often some stages are skipped. Also, often in high-involvement purchases, customers go back to previous steps. However, even taking into account above mentioned weaknesses, the five stage customer decision-making model is very well approbated in practice and frequently used as a backbone for marketing strategies.

Kaas' information search process is an excellent model but it is recognized only in theory. None of the interviewees have dealt with this model in practice. This model logically structures information search process and reveals why search methods are different among customers who are acting in the same product market. Therefore, marketing specialists are recommended to use this model more often in their practices.

Foot-Cone-Belding grid and its modifications are good models because they reveal why and how customers are behaving differently in buying various products. FCB Grid denies wrong assumption that humans make the decisions only after seriously considering all pros and cons, and possible alternatives, i.e. this model justifies and explains the irrationality of customer's behaviour when buying products. The drawback of both of those models is that they do not allow interactions between different stages of the design. Such scenario in practice is very unlikely to happen.

### **Conclusions, proposals, recommendations**

After the interviews and overview of theoretical research the authors draw following conclusions:

- 1) Buying process starts long before the actual purchase and lasts long after it, and this aspect have to be taken into account when analysing customer behaviour.
- 2) The main drawback of most commonly used models is their logical step-by-step sequence of stages that excludes such situations where customer forms attitudes and knowledge about the product after the actual purchase.
- 3) The extensive customer behaviour models such as the Nicosia model and the Engel-Blackwell-Miniard model of customer behaviour are too theoretical and logical, and, therefore, do not represent well consumer behaviour. Such models also are hard to read as they contain a large number of elements.
- 4) Simplified models apply to a broader range of situations, yet, they vaguely explain the given situation, which makes them too general for practical applications.

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- 5) When choosing right model for customer behaviour analysis, the following questions are recommended to be answered – 1) How simple should the model be? 2) Should model describe audience or product very broad or very specific?
- 6) In situations when general consumer behaviour is in scope, it is possible to use models which are more generic and universal. However, comprehensive models do not precisely explain the customer decision making when buying specific products, for instance, when customers do habitual purchases.
- 7) There are cases when very precise and accurate results are necessary. Then it is recommended to use two models – the classic five-stage model which applies to all the products, and the specific model which more precisely explains customer behaviour in buying the particular product.

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