Models of consumer behaviour
Traditional Models of consumers

Early models derive from economics and were interested in studying how scarce resources are allocated to quench and unlimited amount of wants and needs

1. Microeconomic
2. Macroeconomic
1. Microeconomic

- Concentrates on the act of purchasing
- Interested in knowing what consumers were purchasing, ignoring the why and how underpinning their behaviour

Assumptions made:
- Consumers wants and needs are unlimited and unquenchable
- Consumers allocate their resources to maximise levels of satisfaction (MU1/P1 = MU2/P2 = … MUn/Pn)
- Consumers have perfect knowledge
- The additional satisfaction of a unit that is bought after the first purchase will be less than the first purchase’s marginal satisfaction
- Price is key
- Consumers rational
2. Macroeconomic

- Looks at the overall economy; the value of goods; from these conclusions are drawn about consumers’ behaviour influencing these flows.
- Relative income hypothesis: how much is spent is not solely determined by income but is influenced by peers.
- Permanent income hypotheses: consumers determine how much to spend based on a perceived average of what can be consumed and not only on income.
- Consumers’ behaviour is not taken into account.
George Katona introduces the need to look at psychological influences guiding consumer’s behaviour: behavioural economics.

Consumers will purchase products when they have confidence in the economy (consumer sentiment).
1. **NICOSIA MODEL:**

Francesco Nicosia presented his model in flow chart format. All variables are viewed as interacting, with none being inherently dependent or independent. Thus the model describes a circular flow of influences where each component provides input to the next.

The model contains four major components:

1. firm’s attributes, communications and consumer’s psychological attributes
2. consumer’s search for evaluation of alternatives
3. consumer’s motivated act of purchase
4. Consumer storage or use of the product.
Limitations

- The Nicosia model offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product. For example, the consumer may find the firm’s message very interesting, but virtually he cannot buy the firm’s brand because it contains something prohibited according to his beliefs. Apparently it is very essential to include such factors in the model, which give more interpretation about the attributes affecting the decision process.
2. HOWARD-SHETH MODEL

The model attempts to depict rational brand choice behaviour by buyers under conditions of incomplete information and limited ability. It distinguishes three levels of decision making:

- Extensive problem solving
- Limited problem solving
- Routinized problem solving

The model has four major components:

1. **INPUT VARIABLES**
   - significative stimuli: realistic product
   - symbolic stimuli: prototype
   - social stimuli: family, social class
2. **OUTPUT VARIABLE**
- attention
- comprehension
- attitude
- attention
- intention
- purchase behaviour

3. **HYPOTHETICAL CONSTRUCTION**
- sensitivity of information
- perceptual bias
- search for information

The buyer’s **six learning constructs**:
Motive, Evoked set, Decision mediators, Predisposition, Inhibitors, Satisfaction.
4. EXOGENOUS VARIABLES

External variables that can significantly influence buyer decisions.

- Importance of purchase
- Personality variables
- Social class
- Culture
- Organization
- Time pressure
- Financial status
Limitations

- Too many variables, complex model
- Variables in the model are not clearly defined.
- Model cannot be generalized
- Sharp distinction between exogenous and other variables have not been made.
3. **ENGEL-BLACKWELL-MINIARD MODEL**

The model variables are grouped into four general categories:
1. Stimulus inputs
2. Information processing
3. Decision process
4. Variables influencing the decision process

The model represents consumer behaviour as a decision process of five activities which occur overtime:
- Motivation and need recognition
- Search for information
- Alternative evaluation
- Purchase
- Outcomes
Limitations

- Too many variables, complex model
- Variables in the model are not clearly defined.