

WHY DO THEY BUY?

Have you ever wondered how entrepreneurs can predict whether their products or services will sell? How can they predict who the customers will be and how much will they buy? Without such predictions you cannot put together a business plan or determine how much money you will need to start your business.

Identifying the types of customers most likely to buy your product comes first. The same products do not always appeal to different groups. Such groups are defined as a specific target market. People in such a target market are defined by their age, location, cultural backgrounds, income, occupations, marital status, and behavior preferences. Census data and other research reports can tell you how many people there are in such target groups.

Understanding why people spend their money in different ways is essential to predicting customer behavior. Psychologists have found that consumer buying behavior is first directed toward satisfying basic needs — such as being hungry, thirsty, tired or in need of a place to live. Those with low income have less money left over from these “basic needs” to spend on more expensive “wants”. Most people live above a basic survival level, and they make many purchases to fulfill needs other than just the basic ones.

Customers may choose to buy a car, for example, for very **rational** reasons. They may be looking for the lowest cost, the best gas mileage, safety, quality of the materials, or other practical, rational motives. Or they may really base their car-buying decision on more **emotional** motives such as prestige among your social group, power to attract the opposite sex, and power of the engine. It is likely that the youth target group will be interested in buying a different type of car than a successful business person with a large family. Auto dealers use these differences to reach specific target groups with their advertising and sales messages.



Buying motives include the following:

RATIONAL

- * Durability
- * Economy in use
- * Economy in purchase
- * Handiness
- * Efficiency in operation
- * Dependability in use
- * Saving time

EMOTIONAL

- * Pride of personal appearance
- * Social achievement
- * Ambition
- * Fear
- * Pleasure
- * Increased leisure time
- * Romance or adventure
- * Comfort
- * Cleanliness

Emotional motives may have a more important influence on the buying decision than rational motives. Many customers convince themselves that they have rational motives to justify an emotional purchase. Rational motives are conscious decisions, but emotional motives are often unconscious choices.

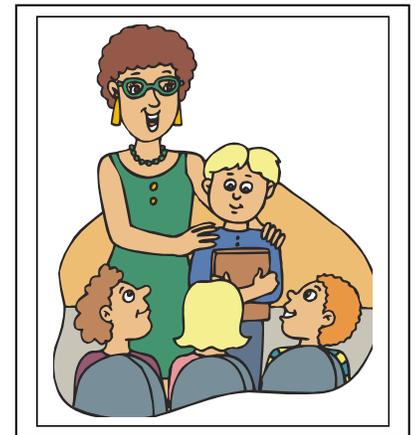
Target markets are continuously changing, requiring the entrepreneur to watch for changes in the market of their products and services. Some of the changes to keep in mind include:

- Population changes, such as shifts in age distribution and greater mobility
- Size and distribution of income, increases in total purchasing power, the amount spent for “luxuries.”
- Changes in lifestyle and attitudes
- A greater percentage of women in the workforce
- More leisure time
- More purchases on credit
- Higher overall educational level

Once you have identified your primary target market with an understanding of why that particular group or groups would buy your product, you must then look at your **competition**. Customers may choose to buy another similar product or they may even decide to spend their available income on a completely different product. Your **share** of the sales of competing products will help you decide approximately how many items you really could sell.

GROUP ACTIVITY

This activity is designed to encourage your students to think about why customers buy certain products. From a variety of magazines or newspapers cut out advertisements of products for market analysis. Divide the class into small groups and provide each with a number of ads for discussion.



1. Have each group identify the buying motives and target market selected by the advertiser. Ask someone to take notes to share the ideas with the class.
2. For each product, identify other buying motives that might have been appropriate for the product. Select a new target audience and one of the buying motives for this product. Then design an ad that would appeal to this new target audience using the new buying motive. Discuss why this ad is different from the original ad provided by the instructor.
3. Next have the group design a second ad, using a different buying motive. Be sure to use a rational motive if an emotional motive was used before. Discuss the differences between these two new ads. Which ad do you think would be most effective and why.
4. Have each group share the analysis of the magazine ads. Ask them to explain how an entrepreneur should define the company’s target market based on the product benefits. Then show how these benefits are related to buying motives of specific groups of customers. Discuss how they would apply the buying motive to packaging and promoting their product, and selling to individual customers.
5. Have each group share the ads they have designed, explaining how the use of different buying motives may change the success of the product with different target groups.
6. Ask the class to identify ways to learn about customers. Discuss the importance of learning about buying motives as a basis for entrepreneurial thinking.
