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**EXPLORING CONSUMER BEHAVIOR**

**Small Business Perspective**

**Thesis**

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**ABSTRACT**

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<p>This thesis explores the consumer behavior and decision-making process and factors that influence decisions when people choose to buy from small businesses in Finland, particularly in the Pietarsaari region. The first part of this thesis consists of three theoretical chapters in which the author tried to shed light on the definition of consumer behavior and discussed different patterns of consumer behavior. In chapter three, the author discussed various factors that influence consumers' purchasing behavior. The fourth chapter of this thesis discussed the decision-making process of the customer and all the steps of this process.</p> <p>The author discussed different research methodologies in the second part of this thesis, the empirical research part, and justified the rationale for choosing the quantitative research methodology to complete the research part of this thesis. A survey questionnaire consisting of thirty-three questions was prepared through the research to connect the theory part with the real-world scenarios. A total of thirty-eight responses arrived and the survey results have been presented in chapter seven of this thesis. The chapter also includes an analysis of the data received from respondents to the survey.</p> <p>The outcome of this research revealed that customers are now demanding higher quality products at fair prices and product variation is crucial for attracting the customer's attention. The use of social media in marketing activities has also proved to be a strong tool to use to gain more attention from customers. This study can benefit independent small business entrepreneurs as well as any business as the goal of this thesis has been achieved by conducting quantitative research among this locality's actual customers. By keeping the results of this thesis in mind, marketers can prepare a proper marketing strategy, which in turn can lay the groundwork for business success.</p>		

<p><b>Keywords</b> The buyer decision-making process, Consumer Behaviour, Consumer behavior influencing factors, Small Business</p>
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**ABSTRACT**  
**CONTENTS**

<b>1 INTRODUCTION.....</b>	<b>1</b>
<b>2 UNDERSTANDING CONSUMER BEHAVIOR .....</b>	<b>3</b>
<b>2.1 Definition of consumer behavior.....</b>	<b>3</b>
<b>2.2 Consumer behavior model .....</b>	<b>5</b>
2.2.1 Economic model .....	5
2.2.2 Pavlovian learning model .....	6
2.2.3 Psychoanalytic model.....	8
2.2.4 Sociological model .....	9
<b>3 INFLUENCING FACTORS OF CONSUMER BEHAVIOR .....</b>	<b>11</b>
<b>3.1 Cultural factors .....</b>	<b>11</b>
<b>3.2 Psychological factors .....</b>	<b>12</b>
3.2.1 Motivation.....	13
3.2.2 Perception .....	15
3.2.3 Learning.....	16
3.2.4 Belief and attitude .....	17
<b>3.3 Social factors.....</b>	<b>18</b>
3.3.1 Groups and social network.....	19
3.3.2 Family.....	20
3.3.3 Social roles and status.....	21
<b>3.4 Personal factors .....</b>	<b>22</b>
3.4.1 Age and life stage.....	23
3.4.2 Occupation .....	24
3.4.3 Economic situation .....	25
3.4.4 Lifestyle .....	25
3.4.5 Personality and self-concept.....	26
<b>4 UNDERSTANDING THE BUYER DECISION MAKING PROCESS .....</b>	<b>28</b>
4.1 Need recognition.....	29
4.2 Information search.....	29
4.3 Evaluation of alternatives.....	30
4.4 Purchase decision .....	31
4.5 Post-purchase behavior .....	32
<b>5 ABOUT THE COMMISSIONER E-BAZAAR .....</b>	<b>33</b>
<b>6 RESEARCH METHODOLOGY .....</b>	<b>35</b>
6.1 Type of research: qualitative and quantitative .....	35
6.2 Quantitative research.....	36
6.3 Validity & reliability .....	37
<b>7 RESEARCH RESULTS AND ANALYSIS .....</b>	<b>39</b>
7.1 Presentation of the research results.....	39
7.2 Research findings .....	59
7.3 Recommendations .....	61

<b>8 CONCLUSION .....</b>	<b>63</b>
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<b>REFERENCES.....</b>	<b>65</b>
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**APPENDICES**

**FIGURES**

FIGURE 1. Economic model of consumer behavior .....	6
FIGURE 2. Pavlovian Learning Model .....	7
FIGURE 3. Psychoanalytic Model.....	8
FIGURE 4. Sociological model .....	10
FIGURE 5. Psychological factors of consumer behavior .....	13
FIGURE 6. Maslow’s Hierarchy of Needs .....	15
FIGURE 7. Social Factors Influencing Consumer Behavior .....	19
FIGURE 8. Personal Factors Affecting Consumer Behavior .....	23
FIGURE 9. Buyer Decision Making Process.....	28
FIGURE 10. Gender distribution .....	39
FIGURE 11. Age distribution .....	40
FIGURE 12. Ethnicity distribution .....	41
FIGURE 13. Profession distribution.....	41
FIGURE 14. Civil status .....	42
FIGURE 15. Information on children .....	43
FIGURE 16. Family member’s information .....	43
FIGURE 17. Citizenship information .....	44
FIGURE 18. Residing information in Pietarsaari .....	44
FIGURE 19. Respondents regular grocery source information .....	45
FIGURE 20. Regular shopping preferences .....	46
FIGURE 21. Purchase frequency of grocery products .....	46
FIGURE 22. Availability of grocery items in regular shop.....	47
FIGURE 23. Availability of grocery items in other shops .....	48
FIGURE 24. Preferability of other countries products .....	48
FIGURE 25. Source of other country’s products.....	49
FIGURE 26. Availability of home country products .....	49
FIGURE 27. Missing any product in Pietarsaari?.....	50
FIGURE 28. Family grocery responsible .....	50
FIGURE 29. Decision maker of the purchase decision for a house or car .....	51
FIGURE 30. Familiarity with grocery stores in Pietarsaari.....	52
FIGURE 31. Purchasing from grocery stores .....	52
FIGURE 32. Reason for not purchasing from small shops.....	53
FIGURE 33. Cultural and traditional products influence .....	53
FIGURE 34. Best quality and price availability .....	54
FIGURE 35. Friends, family, and community influence .....	54
FIGURE 36. Personal factors influence purchase decision .....	55
FIGURE 37. The main reason behind purchase decision .....	56
FIGURE 38. Purchase decision .....	56
FIGURE 39. Information source before purchase .....	57
FIGURE 40. The most important issue for purchase decision .....	58
FIGURE 41. Consumer behavior after being dissatisfied.....	58
FIGURE 42. Consumer behavior after being satisfied .....	59

## 1 INTRODUCTION

In today's business world, a significant number of companies are operating in different sectors around the globe and the competition between the companies is very common in the business sector. Each year a huge number of new competitors also join the race. Big companies, these days, are investing a lot of money and resources to make them look superior to their competitors on the market by differentiating to stimulate the customers to prefer them. The fact is also true in Finland as well as in smaller cities such as Pietarsaari. With the introduction of chain shops such as S Group (Prisma, Sale, S-Market), LIDL, K group (K-Citymarket, K-Supermarket, K-Market) the business sector now has a different dimension. Besides all these chain shops, some small business entrepreneurs are also operating their business in the Pietarsaari area. Due to all the big names of the corporate houses, these smaller businesses are facing bigger challenges to operate and attract the customers to purchase their offerings. In this context consumer behavior and consumers purchasing decision is an important aspect of the market. Customers' buying decision varies a lot based on different factors. That is why in this highly competitive market a company's most crucial factor for success is to understand the demand of their customers that can influence their buying decision and help those small businesses to survive and flourish.

The aim of this thesis was to explore consumer behavior for a small business enterprise in Finland. By finding out the actual factors that influence the consumers' purchase decisions, any business can be benefited by taking appropriate measures to grow their business. To achieve the aim, the objective of the author was to collect data from the customers of this locality to understand their decision-making process, analyze the data to find out the factors that are influencing their buying behavior in small business enterprises.

To begin the thesis in the literature review part the author discussed the theory regarding consumer behavior and buyers' decision-making process. The theoretical part of this thesis has been constructed from the sources which include information from books such as "Consumer Behavior- A European Perspective" by Michael Solomon, Gary Bamossy, Søren Askegaard, and Margaret K. Hogg, "Consumer Behavior - Buying, Having, and Being" by Michael Solomon, "Marketing Management" by Philip Kotler and Kevin Lane Keller, as well as from blogs, journals, websites, publications, and other internet resources. The author constructed the theory part which includes the definition of consumer behavior, describe different models of consumer behavior, theoretical factors that influence consumer behavior, and finally the buyer's decision-making process.

To complete the thesis, in the empirical research part, the author will use the quantitative research methodology. The author will collect data through a structured questionnaire. The interview questions will be prepared to cover all the aspects of the consumer behavior and decision making process and enough data will be collected from the customers of the Pietarsaari area to identify and understand the consumers' purchase decision influencing factors in this area and based on the results the commissioner of this thesis, as well as any other small business entrepreneurs, can develop their marketing strategy and advertising campaigns more proficiently to retain their existing customers as well as attract potential customers to speed up their sales to grow more efficiently.

The author selected the small business entrepreneur co-founder and the present owner of E-Bazar, Pietarsaari, Mr. Riaz Hawlader as the commissioner of this thesis. E-Bazaar, in Pietarsaari, is a perfect example of a small business in this small town that has been successfully operating its grocery business right in front of influential chain stores such as City Market and Prisma in the center of this town since 2014.

## **2 UNDERSTANDING CONSUMER BEHAVIOR**

We, including all the people around us, are consumers as we consume products and services in our daily life based on our needs, preferences, and purchase capabilities. According to the marketing concept, an organization must satisfy the consumers' needs to make a profit and thus needs to understand consumer behavior. To implement the marketing concept, a business requires to understand their customer needs and provide the products and services that the customers purchase and use. (Peter & Olson 2010, 4). To begin the theoretical part of this thesis, light needs to be shed on the key term of this thesis "Consumer Behavior". In this chapter, the author attempts to discuss some definitions of consumer behavior and consumer behavior models.

### **2.1 Definition of consumer behavior**

The main actor involved in the consumption process is the consumer. The consumer has the right as well as the power to make the decision to spend their available assets such as time, money, or effort to purchase a product or service for personal consumption or the consumption of family members or household requirements. This purchase process includes questions such as what, when, how, where, why, and how often to purchase a product or service and how to consume it. Even something as simple as buying a burger makes a consumer a member of the consumer market as the consumer is making a decision to spend some hard-earned cash in exchange for a burger. The concept of consumer behavior is an integral part of the marketing study. Researchers around the world define consumer behavior as an integrated marketing tool. As a result, a specific standard definition is not available. What is available are different variations of the description of the buying behavior of the consumers. Although the definitions are different from one another, the common view and scope of those definitions are almost similar. Some of the notable definitions are discussed in the following paragraphs. (LaMarco 2018.)

In earlier stages, consumer behavior was known as buyer behavior that emphasizes the interaction between consumers and producers at the time of purchase. But nowadays most marketers consider consumer behavior as not only an activity of the moment the consumer pays and in turn receives some products or services but as an ongoing process. The expanded view of consumer behavior now emphasizes the whole consumption process including the factors that influence the consumer before, during,

and after the purchase of a product or service. A consumer can be a person who identifies a need, purchases the product, and or then disposes of the product. In this sequence of the event different people can play a role as the purchaser and the user might not be the same person. On the other hand, consumers can be an organization or group where different people might play different roles in decision making, purchase, and use activities. (Solomon 2015, 7.)

Most of the successful companies in the world became successful by designing a marketing and organizational strategy to serve consumers as per the consumer's expectation. The marketing strategy varies a lot between the companies but it is noticeable that most of the successful companies are those who determine the customer demand and the price they are willing to pay for the product and then they design, produce and market the best quality product at a price that the customer desires to pay. According to The American Marketing Association, consumer behavior is the dynamic interaction of affect and perception, behavior, and the environment that regulates the exchange characteristics of human beings. Alternatively, it can be said that consumer behavior is the process of human thoughts and feelings and their action in the consumption process. It includes all the factors in the environment including other consumers' comments, advertisements, price, packaging, product appearance, and many other influencing factors. (Peter & Olson 2010, 5.)

Marketing people need to fully understand the theory and reality of consumer behavior to define a marketing strategy as well as to help define the organizational strategy. To fully remain connected to the customer, companies need to have a clear view of the customers' daily life as well as the changes in the customers' lifecycle. Without this understanding and connections, businesses will not be able to market the right products to the right customer in the right way. An understanding of how consumers think feel and act helps the marketer to offer clear value to each target customer. (Kotler & Keller 2012, 151.)

Consumer behavior is the decision-making process and physical activity for getting, evaluating, using, and disposing of products and services. This definition by Khan demonstrates that the process of the purchase starts in the mind of the consumer and then the searching starts for alternatives, followed by a decision-making process, the main activity of purchase, and then using the goods. Finally, the post-purchase process is also one of the important parts of the process, as it shows how successful the product has been. (Khan 2006, 4.)

The concept of consumer behavior is much broader than in the usual understanding. Consumer behavior is not only the study of buying things, it includes the study about the consumer's feeling and how having



or not having something affects one's life, and how the possessions influence the feeling of the consumer about themselves and each other. Consumer behavior is the study that deals with how the individual customers, customer groups, and organizations choose, purchase, consume and then dispose of products, services, ideas, or experiences that satisfy their needs and fulfill their desires. (Solomon, Bamossy, Askegaard & Hogg 2006.)

## **2.2 Consumer behavior model**

A consumer's behavior varies based on several factors that are known as consumer behavior influencing factors. Different consumer behavior models have been developed to verify the factors that influence the purchasing behavior of the consumer and their decision-making process. It is notable that nowadays the same consumer behavior model can be found in a different name in different places as the theme of the model is similar and the models have gone through changes over time. Consumer behavior models can be divided into two categories; traditional models and contemporary models. Traditional models of consumer behavior are the economic model, Pavlovian learning model, psychoanalytic model, and sociological model. The contemporary models of consumer behavior include the Howard-Sheth Model, Engel-Kollat-Blackwell model, Nicosia model, and stimulus-response model. (Jisana 2014). In the following paragraphs, some of the notable models of consumer behavior have been described briefly.

### **2.2.1 Economic model**

Founded by Alfred Marshall, the economic model of consumer behavior has been developed based on the concept that the consumer's purchase decision is influenced by the idea of getting the maximum benefit while minimizing the cost for the consumption. According to this model, consumer behavior can be predicted based on economic indicators such as the consumer's purchasing power and its competitive product price. For example, when offered similar products at a different price, a buyer will purchase the lower-priced product to maximize the benefits. On the other hand, an increase in the consumer's income allows him to buy more products. (Jisana 2014, 37.) Three economic effects can be found as the main points of this consumer behavior model (FIGURE 1). These are Price effect (lower-Price, more product quantity), Substitution effect (the lower price of a substitute product causes lower purchase of the original product), and Income effect (More income results in more quantity purchased). (Khan 2006, 174.)

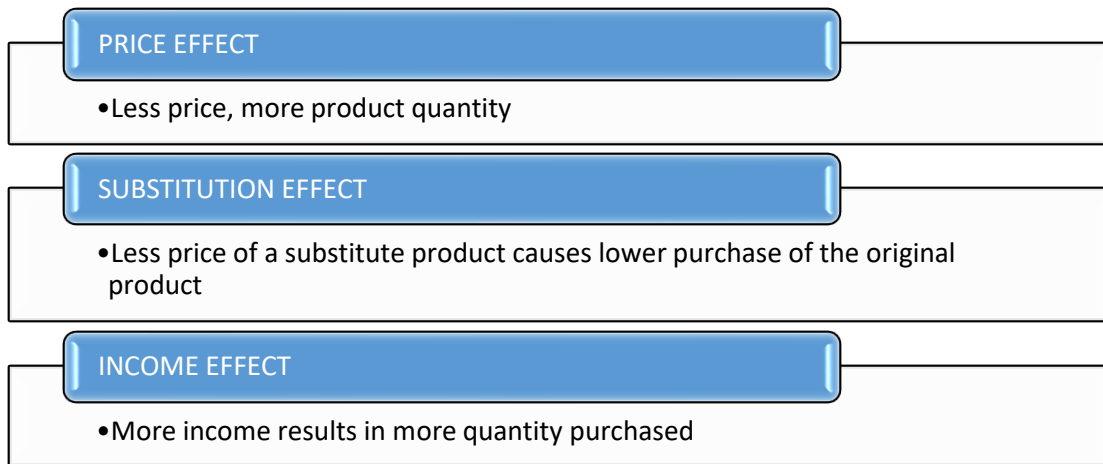


FIGURE 1. The economic model of consumer behavior (Adapted from Khan 2006, 174)

From a behavioral scientists' point of view, the economic model is not a complete consumer behavior model as it concentrates only on the product or price and ignores all other aspects such as motivation, attitude, personality, and different other socio-cultural factors. As human beings are complex in behavior and external and internal factors influence their behavior, it is important to have a multi-disciplinary approach to describing consumer behavior. As price is not the only factor to influence the decision-making process, it can be said that this economic model is not a complete consumer behavior model. (Khan 2006, 174-175.)

### 2.2.2 Pavlovian learning model

The famous Russian physiologist Ivan Petrovich Pavlov devised the consumer behavior model which has been named after him. This model is also known as the learning model of consumer behavior as the model determines the behavior change based on learning from previous experience. Ivan Pavlov experimented with the help of his dogs. In the experiment, Pavlov measured the amount of saliva secreted by the dog each time in response to the ringing of a bell and presenting a piece of meat to the dog. He conditioned the dog's mind to get a piece of meat every time the bell rings. Later, he tried ringing the bell without any meat, and the dog's saliva increased automatically due to its expectation of a piece of meat. He proved with the experiment that objects or events can activate a conditioned response. In real life, an example of the Pavlovian theory is the response to the word 'Sale' that some consumers have that can generate an urge to shop, even without having any need at that time. (Nesse 2018a.)

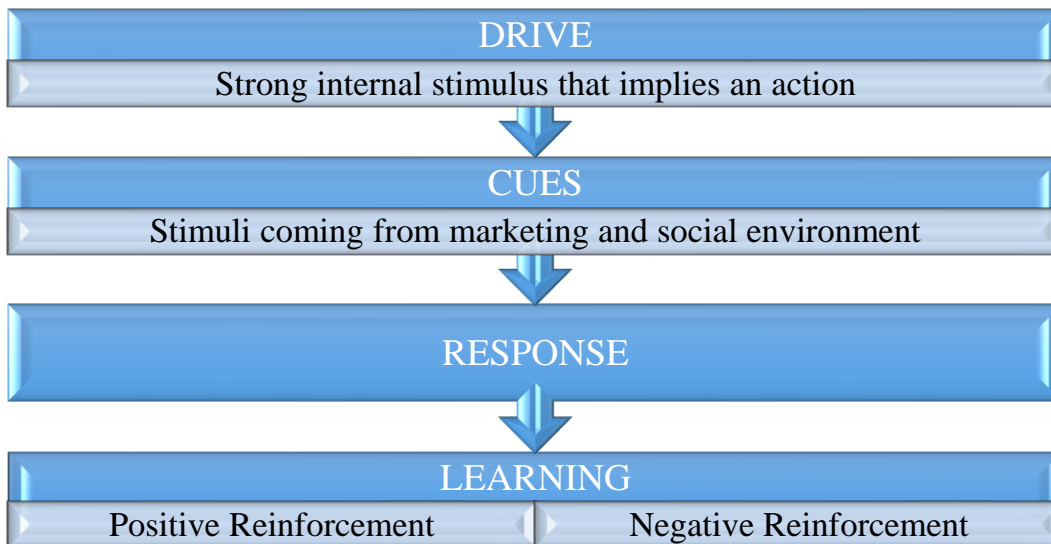


FIGURE 2. Pavlovian Learning Model (Adapted from Khan 2006, 176)

Learning is the change in behavior developed based on practice and personal experience. The learning process of behavioral change consists of some core concepts such as drives, stimuli, cues, responses, and reinforcements as represented in figure 2 above. The drive is the strong stimuli that demand action and consumers are stimulated to action because of the drive to satisfy their desire. The drives can arise from natural psychological needs such as hunger, thirst, physical pleasure, or pain. Stimuli determine when the buyer will respond. The triggering cues activate the decision process and non-triggering cues only influence the decision process. Stimuli such as color, packaging, style, price, advertisement, promotion help to create a response; either the buyer purchases or does not purchase the product. If the person needs to buy something and passes by a showroom and is attracted by the products, color, and style that works as a stimulus, he purchases the product. After using the product if the customer likes it, he may come back to the shop again for more purchase as well as he might recommend this shop to his friends as reinforcement. The pure psychology-based Pavlovian model of consumer behavior has been widely accepted around the globe. This model helps to work out different marketing strategies as learning helps marketing people to understand how a consumer learns to respond in new marketing situations or how they have learned and responded in the past in similar kinds of situations. (Khan 2006, 176.)

### 2.2.3 Psychoanalytic model

The prominent Austrian neurologist Sigmund Freud, who is known as the founder of psychoanalysis, has provided the psychoanalytic theory or theory of personality organization and personality development. Psychoanalytic theory has undergone many changes and has been used in different sectors including the marketing sector. The theory considers that human behavior is influenced by the conscious and subconscious human mind. According to Freud's theory, human behavior is formed through some interaction between three components of the human mind: id, ego, and super ego (FIGURE 3). ID is responsible for the initial drives and urges which are referred to as the unconscious mind. The ego is the conscious mind that operates based on reality principles and develops from the unconscious mind. The ego is the combination of perceptions, thoughts, memories, and feelings. The last force of personality is the super ego which holds the moral integrity or ethics of a person that is acquired from the society and the culture. The super ego controls the basic desires of the id and influences the ego. It also helps individuals to learn the cultural values and the norms of society, differentiate between right and wrong, and helps to try hard to get perfection that matches the social and cultural standard. (Nesse 2018b, Business Jargons.)

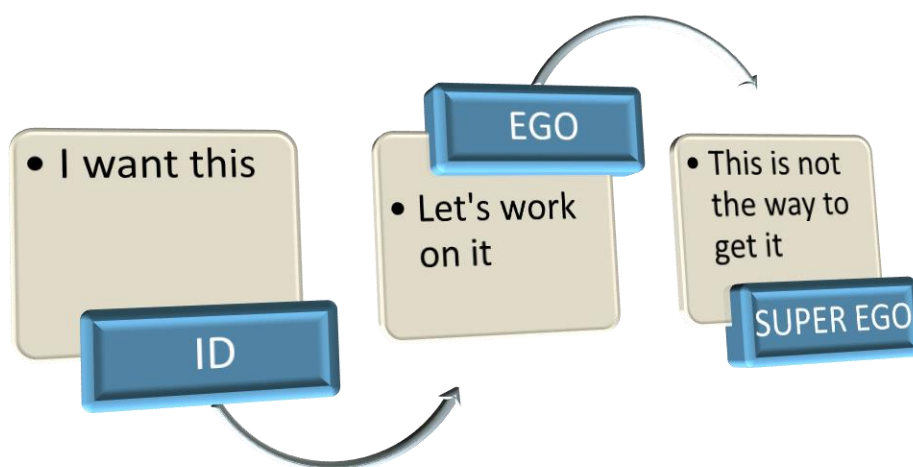


FIGURE 3. Psychoanalytic Model (Adapted from Neese 2018)

According to the psychoanalytical model, personality development and human motivation and needs are influenced by biological forces, human consciousness or ego, and societal force or super ego. These forces influence a consumer's buying decisions and behaviors. A company's brand name or logo can influence a person's subconscious mind and the person gets influenced to purchase that product instead of similar products from other companies (Neese 2018). This model considers consumers as individuals

where the family, society, and other group influences are at a minimum level which is not that realistic. Moreover, this model ignores the values of an individual change over a period due to the change in perception and learning (Handoo 2015).

#### **2.2.4 Sociological model**

The sociological model of consumer behavior considers that a consumer's purchase pattern is defined according to his role and influence in his society. An individual buyer is a part of the society and various groups where he lives and gets influenced by society or groups as well as influences the society and social surroundings (FIGURE 4). The individual buyer's purchase behavior gets the maximum influence from the primary groups such as family, friends, relatives, and close associates and secondary groups such as a member in the society, the buyer's personality type, etc. The interactions with all the elements of society leave an impression on the buyer and can play an important role in influencing his purchase behavior. A leader influences the lifestyle and purchase behavior of some individuals around him, some individual also depicts the role to conform to the style and behavior pattern based on his social class and society standards. A manager and an employee's purchase behavior may differ based on their designation in the company they work for but if they live in the same community their purchase behavior may have similarities. (Khan 2006, 178.)

The major focus of the sociological model of consumer behavior is on lifestyle and related product requirements of the consumer in society. An individual consumer plays multiple roles as a part of various groups in the society, such as a family member, an employee of a firm, and a member of the religious or cultural organization. Similarly, an individual consumer's purchase behavior varies depending on income, occupation, and place of residence. For example, members of some political parties might wear different types of clothes and members of an elite organization also may have different dress requirements and thus the buyer needs to purchase things based on his lifestyle and social class. The marketers, with immense knowledge and experience, can find out the common behavior pattern of a specific class of people and group of buyers and then make the proper strategic plan to influence the purchase behavior of these customers. (Khan 2006, 178.)

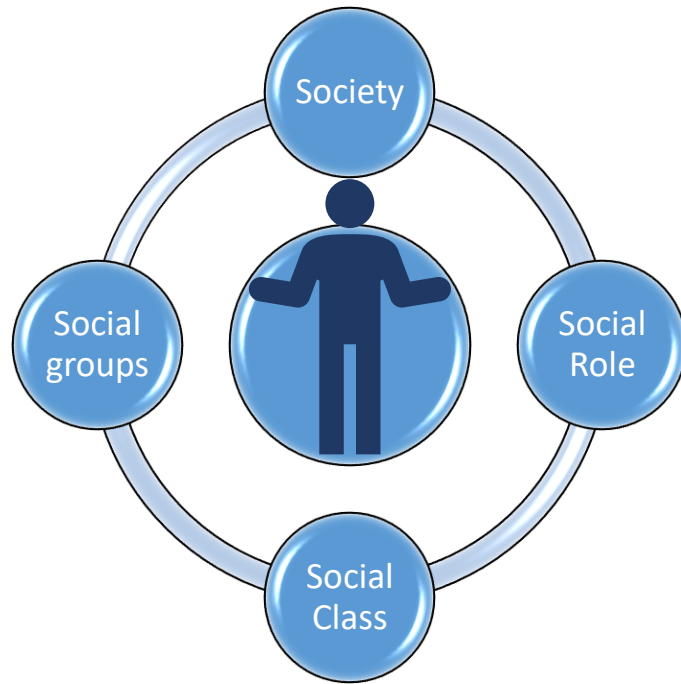


FIGURE 4. Sociological model (Adapted from Khan 2006, 178)

### **3 INFLUENCING FACTORS OF CONSUMER BEHAVIOR**

Consumer behavior can be defined as the decisions and actions that influence the consumer's purchase behavior. Marketers often make an analysis and study of a question about what drives a customer to choose a specific product instead of choosing another competitive product (Mishra 2017). What a buyer buys, why he buys, where and when he buys, and how often he buys depends on some external and internal factors such as the buyer's perception, self-concept, social and cultural background, age, family, attitude, motivations, etc. (Jisana 2014). According to Philip Kotler and Gary Armstrong, a consumer's purchase behavior is influenced strongly by cultural, social, personal, and psychological characteristics. In the following paragraph, the author attempts to describe the major factors such as cultural factors, psychological factors, social factors, personal factors, economic factors, and some other general factors that influence the consumer's purchase decision. (Kotler & Armstrong 2017, 159.)

#### **3.1 Cultural factors**

Culture is the fundamental factor that determines an individual person's wants and behavior. A child grows up by learning the culture that consists of values, such as achievements and success, material comfort, individualism, freedom, activity, practicality and efficiency, external comfort, and humanitarianism, through his family and other key institutions. The view of self, relationship to others, and traditions of children who grew up in different countries might differ. Culture can be considered as the personality of the society that includes abstract ideas such as values and ethics as well as material objects such as clothing, food, art, etc. Norms, rituals, and traditions among the society members are also part of the culture. Without considering the cultural context, it is not possible to understand the consumption as the culture has a powerful influence on consumer behavior. Cultural values determine the products or services that people look for or avoid. A successful product in one culture may fail in another due to the marketer's failure to understand the consumer's differences. Celebrating holidays and festivals also has different rituals in different cultures. (Kotler et al. 2012, 153; Solomon 2015, 79.)

Subcultures are smaller parts of culture that provide more specific socialization for the society members which includes nationalities, religions, racial groups, and geographic regions. Members of a subculture share the same values based on similarities in lifestyle and experience. When the subculture grows larger and more affluent, marketers can design products for that subculture as the aim of the marketer is to

ensure that the products reach a larger number of people with cultural similarities. Also, the marketing activities in that specific area can be specialized. For example, in the USA three important subculture groups are Hispanic Americans, African American, and Asian American consumers. (Kotler et al. 2017, 160.)

Social class is another element of culture that influences consumer behavior. The social class can be defined as a relatively homogeneous and long-lasting hierarchical arrangement in a society where the society members share similar values, interests, and behavior. Generally social class describes the overall rank of people in a society. Members of the same social class might show similarities in the product and brand preferences such as clothing, furniture, leisure activities, as well as in media preferences. For example, higher-class consumers prefer magazines and books whereas lower-class people prefer television. Even in watching television, higher class consumers prefer news and drama and lower-class consumers prefer to watch programs such as reality shows, sports. (Kotler et al. 2012, 153.) Due to similarities in buying behavior in a social class, marketing activities can be tailored for different social classes. A lower-class consumer may focus more on the product price and quantity while the upper-class consumer is more concerned about product quality, innovativeness, and product features. (Rani 2014, 54.)

Cultural trends also have a great influence on consumers' buying behavior. Cultural trends are trends that are widely followed by people of any specific group, area, region, or country at any given time. The more people follow a trend, the more other consumers become interested in following it. For example, social media sites, such as Facebook and Instagram, have become a cultural trend and more and more young people use them as a must-have application. Similarly, the latest electronic devices or gadgets become popular and global cultural trends and a huge number of consumers purchase these products just to be a part of the trend instead of necessity. (Rani 2014, 55.) As another example, turkey is used as a traditional food item in the United States during the Thanksgiving holiday which prepares the poultry producer and retailers for the increased demand for turkey during this holiday only in the United States. Thus, the cultural tradition also influences the consumer behavior of a region or country and the pattern changes over time. So, marketers need to study and understand these patterns of a trend to become successful in designing the marketing strategy for marketing activities. (Hartman 2019.)

### **3.2 Psychological factors**



In some cases, a deep commitment to the product is created by emotional responses. People are sometimes not even fully aware of the forces that drive them away from some while driving them towards other products. Understanding consumer psychology is the understanding of why consumers are doing what they are doing. Why do some people choose to go white-water rafting or bungee jumping off a bridge, instead of spending their leisure time watching movies, playing chess, or gardening? We do everything for a reason, whether to quench a thirst, kill boredom, or to achieve some deep spiritual awakening, even if we cannot express what that reason is. Students in marketing are taught from day one, the objective of marketing is to satisfy the needs of consumers. However, unless we can find out what those needs are and why they exist, this insight is useless. (Solomon et al. 2006, 90.)

The stimulus-response model of consumer behavior presents the basic understanding of consumer behavior where the marketing and environmental stimuli, a set of psychological processes combined with certain consumer characteristics define the consumer's decision process and the consumer decides to purchase a product or service. A marketer needs to understand the process of how the stimuli work, and the consumer eventually decides to purchase. In this Stimulus-response model, four key psychological processes can be found that work behind the consumer's purchase decision – motivation, perception, learning, and the consumer's belief and attitudes (FIGURE 5). (Kotler et al. 2017, 169.)

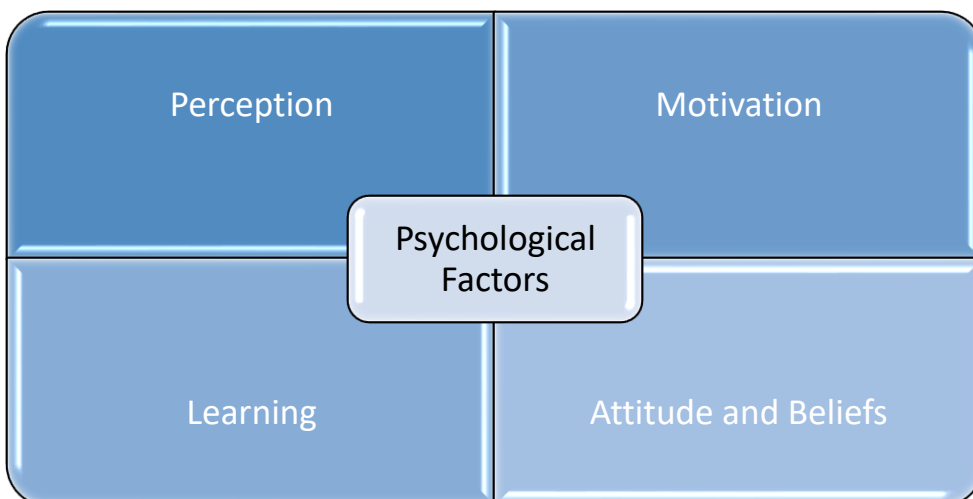


FIGURE 5. Psychological factors of consumer behavior (Adapted from Kotler & Armstrong 2017, 169)

### 3.2.1 Motivation

Human being has a variety of needs at any given time. Some of those needs arise from physiological states such as hunger, thirst, or shelter while other needs arise from psychological states such as recognition, appreciation, or belonging. Some of the needs are most pressing while some others are less pressing. When these most pressing needs arise to a level of urgency to drive the consumer to satisfy it, then it is called motive. In other words, a motive is an inner drive that pressurizes the consumer to take action to satisfy a need. The level of motivation influences the consumer's purchase behavior. When a consumer feels hungry or thirsty, he/she would not mind spending money on food or drinks, juice, and so on. Here the hunger and thirst are the motivating factors for the consumer to purchase food and drinks. People may show different levels of motivation in different phases of life. A student may have very little interest in geometry due to low motivation while having a huge interest in playing ice hockey due to high motivation. (Kotler et al. 2012, 160; Juneja 2015.)

In the discussion of motivation, Abraham Maslow's Hierarchy of Needs cannot be ignored that declares that people are motivated to accomplish certain needs which get more priority than other needs. Maslow developed this motivational theory in psychology with five different hierarchical levels within a pyramid of human needs which explains why some certain needs at a certain time drive the consumer to satisfy. According to this theory human needs, such as physiological needs, safety needs, esteem needs, and self-actualization needs, are organized in a hierarchical order from the most to the least pressure and people always try to satisfy their most important need on a priority basis and then try the second most important one (FIGURE 6). According to Maslow's theory, individuals must satisfy the needs from the lower part in the hierarchy that motivates first before attending to the needs from the upper level. For example, a starving man will always try to have food first, instead of showing interest in art and culture or debate on international politics or even being concerned about the quality of the breathing air. When that man gets enough food, his second most important need becomes available in his top priority list. (McLeod 2018.)

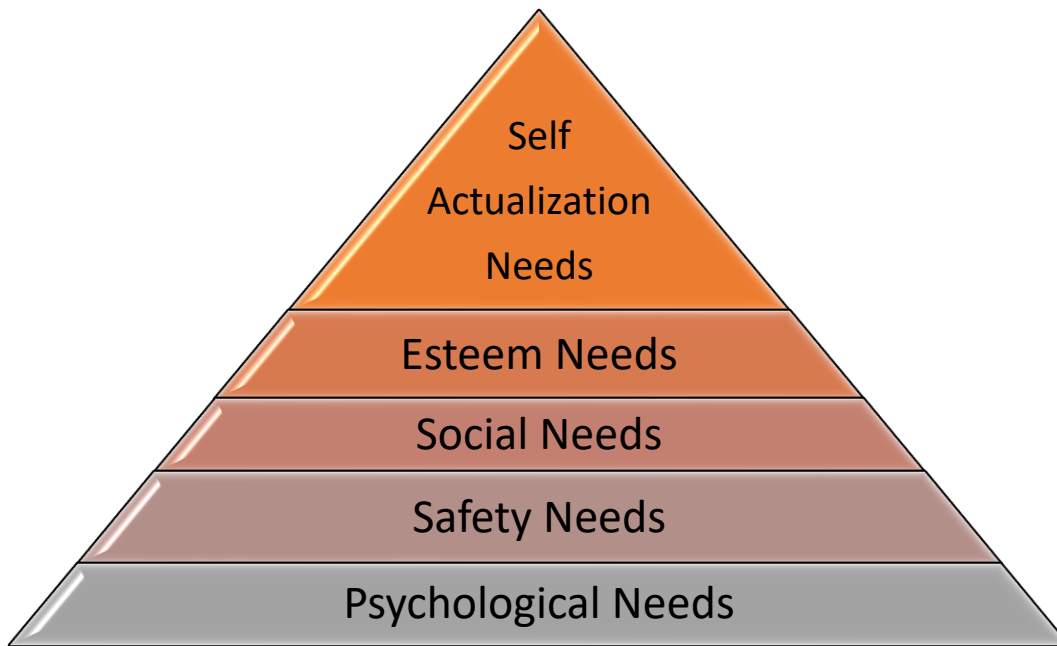


FIGURE 6. Maslow's Hierarchy of Needs (Adapted from McLeod 2018)

### 3.2.2 Perception

Perception is another psychological factor that influences how a motivated consumer will act in the purchase decision process in different situations. For marketers, perception is more important than reality as the perception of the situation affects consumers' actual behavior more than any other factor. Perception is the process of guiding an individual to select, organize, and interpret information to do something meaningful that makes sense. In simple words, it can be said that the perception of a consumer towards a product, brand, or service is the consumer's personal thought about that specific product, brand, or service. Due to the difference in perception, individuals with the same needs may purchase different products. For example, Apple iPhone is perceived by some consumers as a premium brand product and thus those consumers are motivated to purchase the iPhone to feel that they are part of the elite class of the society. On the other hand, some other consumers may perceive the iPhone as an overrated product and may prefer to purchase Samsung or One plus phone for a similar price to feel like the elite class of the society. As another example, a hungry person may order a baked vegetable sandwich whereas some others may order chicken pizza with French fries. These examples show that different individuals interpret information differently and thus the perception also differs. (Kotler et al. 2012, 161; Juneja 2015.)

Different perceptions of the same object appear because of three perceptual processes. These are selective attention, selective distortion, and selective retention. Selective attention is the process by which a consumer screens out most of the information that the consumer is not interested in but pays attention to the information that seems useful to him. Out of numerous advertisements, an individual becomes interested in only those which might benefit him in any way or that relate to the consumers' current need. It is a real challenge for the marketers to explore which stimuli a consumer will notice and what are the stimuli that will attract the consumer's attention. Usually, consumers are influenced by unexpected stimuli, such as sudden discount offer on a demandable product, offers in the mail or over the phone, or from a salesperson, an innovative advertisement or marketing message. An individual who intends to purchase a car will always tend to see the advertisements of the car manufacturer instead of paying attention to housing advertisements. That is why marketers always attempt to promote their offers to bypass selective attention filters by creating new and out of the ordinary marketing activities. (Kotler et al. 2017, 172.)

Selective distortion is the tendency of interpretation of information that matches with the consumers' preconception. In many situations, two people may not interpret information in the same way as the sender intended. Consumers often misinterpret marketing information to make them consistent with their existing beliefs regarding the brand and product. For example, a company changes the packaging of a product. Then some customers may claim that the product quality has decreased in the new packaging while some other customers might admire the new product quality even though the actual product quality has not changed at all, it is only a change in the packaging. Selective distortion is good for popular and strong brands. Consumers often perceive a non-branded product as it tastes better, runs better, or is more comfortable if they are told that the product is from a popular brand. (Rani 2014, 59.)

Selective retention is the process by which a consumer remembers some selected product's information and forgets the rest of the other products' information that is not interesting for that customer. An individual consumer tends to memorize information that matches their existing beliefs and perceptions. They remember the good points of the products they like and forget the good points of the competing products or negative points of their preferred products. For example, a consumer remembers the advertisements of a watch from several days ago as he wishes to purchase one of those watches but forgets a lot of other products' advertisements. Strong brands again get the benefit of selective retention as individuals like to retain stronger brand product information for a longer period. (Kotler et al. 2012, 162.)

### **3.2.3 Learning**

People learn from their actions. Learning describes the changes in a person's behavior that occur from that person's previous experience. According to the learning theorists, most of the human behavior is learned and learning comes from the interaction of drives, stimuli, cues, responses, and reinforcement. A drive is a strong internal stimulus that obliges to take some action or show some response. When the drive is focused on a specific stimulus object, it becomes a motive. For example, a person's self-actualization can work as a motivation to think about buying a camera. Now, this thinking is conditioned by some cues. Cues are minor stimuli that influence the decisions such as when, where, and how the person responds to the drive. For example, the buyer might see several camera brands, can hear of a promotional price, discuss with someone with camera expertise, or read lots of reviews before deciding to purchase. These are called cues that influence the buyer's response in buying the product. (Kotler et al. 2017, 173.)

When a buyer purchases a product of a specific brand and the experience of using the product is good, then the buyer's response to that product and brand will be positively reinforced. Later, when the buyer wants to purchase the same item again or some other products, the probability is greater than the buyer will prefer a product from the same brand. For example, a user with good experience after using an HP Laptop will assume that HP makes good and reliable laptops, and they probably have better printers too when deciding to purchase a printer. On the other hand, with a bad user experience, a buyer might avoid purchasing a specific brand's products in the future. In other words, the buyer generalizes the response to similar stimuli. Marketers can learn from the learning theory that it is possible to build demand for a product by relating it with strong drives, using motivating cues, and offering positive reinforcement. (Kotler et al. 2012, 163.)

#### **3.2.4 Belief and attitude**

Beliefs and attitudes represent another psychological factor influencing consumer behavior. An individual acquires belief and attitude by doing and learning, which, in turn, influences their purchase decision. A belief is a thought that a person holds regarding something which can be based on personal experience or opinion. People's beliefs make up the product and brand images that affect the purchase behavior. That is why marketers are desperate to understand the individual's beliefs that they formulate about the products and services the marketers offer. If a wrong or negative belief exists among the people or a target audience of a product to prevent the purchase, proper marketing effort or campaigns are needed to change the consumers' mind. On the other hand, attitude is the comparatively consistent evaluations, feelings and tendencies of an individual toward an object. Attitude puts the people into a frame of mind

of likings or disliking something based on the interaction of beliefs, emotions, and behavior. (Kotler et al. 2017, 173.)

People have attitudes regarding religion, politics, food, clothes, and all other things. When a consumer attitude shows a negative pattern of purchase, marketers can either change the consumer's attitude to like their products or can alter the product to match the consumer's attitude. Attitudes are not frequently changeable and changing one attitude may require difficult adjustments in many other attitudes or may require changing the whole attitude pattern. That is why a company should try to fit their products and services into the existing attitude patterns of the consumers instead of attempting to change the attitude of the consumers. However, sometimes beliefs and attitudes may not translate into behaviors and consumers may choose to do something against their beliefs and attitude. For example, a consumer may like burgers but doesn't like Berger King. In a social setting where everyone else intends to go to Berger King for lunch, that person might go along with the group instead of skipping lunch or dining alone. (Kotler et al. 2017, 173; Lumen learning.)

### **3.3 Social factors**

In addition to cultural and psychological factors, a consumer's purchase behavior is influenced by social factors, such as the consumer's group and social networks, family and social roles and status (FIGURE 7). As a social being, all human being needs people around to talk and discuss various matters to get clearer ideas and to reach better solutions. That's why individuals live in a society, composed of several individuals and groups that have a variety of preferences and behaviors. These behaviors influence the personal preferences of the individuals as they tend to perform activities that are acceptable to society. In the following paragraphs, the author attempts to describe the social factors that influence the consumer's purchase decision. (Kotler et al. 2017, 162; Juneja 2015.)

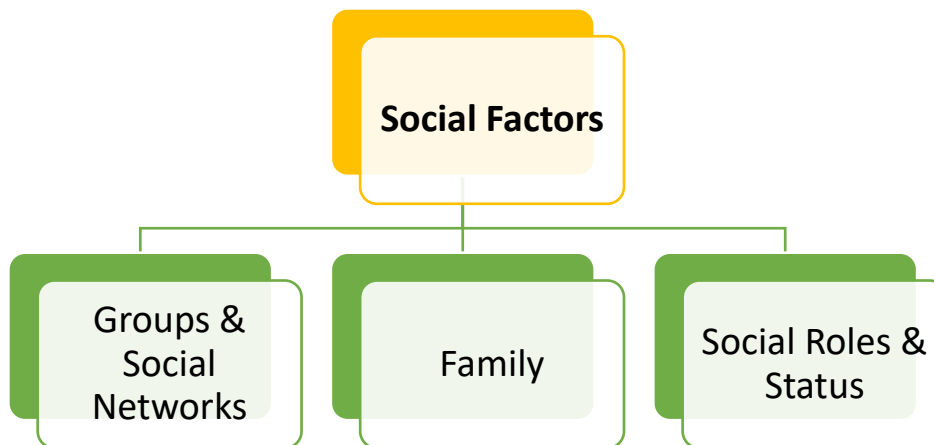


FIGURE 7. Social Factors Influencing Consumer Behavior (Adapted from Kotler & Armstrong 2017)

### 3.3.1 Groups and social network

Different groups influence an individual's consumer behavior. Groups to which the person belongs and have a direct influence are called membership groups. Some of these groups are primary groups, such as family, friends, neighbors, and co-workers and some others are secondary groups such as religious groups, professional groups, and trade-union groups. On the other hand, reference groups act directly or indirectly in developing a consumer's attitudes or behavior. People sometimes are influenced by some reference groups they do not belong to but wish to be a part of. Those groups are called aspirational groups such as the national hockey team, or national cricket team. A reference group influences a person by exposing them to new behavior and lifestyle, by influencing the person's attitude and self-concept, and by creating pressure to conform that might affect the person's brand and product choice. (Kotler et al. 2012, 153.)

Personal words and recommendations of trusted friends, family members, and other consumers, known as word-of-mouth influence, can have a strong impact on a consumer's purchase behavior as these are nowadays more credible than commercial advertisements or salespersons. Conducted by ReRez, the 2015 Marketing Mix Survey found out that 83% of marketers think that online, broadcast, and print advertising is effective in influencing the consumer decision making process, whereas only 47% of the consumers trust the advertisements. In contrast, 72% of the participants cited family and friends as trustworthy, the same percentage trusts online reviews, and 61% of the respondent's consumers said that they trust third-party experts. Where reference group influence is strong, marketers need to identify, reach,

and influence the group's opinion leader, the socially active person within a reference group with knowledge, confidence, personality and influential power. People within the group rely upon the recommendations of the opinion leaders and their purchase decision depends a lot on those recommendations. (Levine 2015; Kotler et al. 2017, 163.)

Over the past several years, online social networking has occupied a big portion of the marketing activities. Online social networks are online communities where people can exchange information and opinions which include blogs, message boards, forums, online shopping sites such as eBay, Amazon, and most powerful social media sites such as Facebook, Twitter, YouTube, Instagram, Snapchat. Social networks have provided an opportunity for marketers to promote their brands and products using digital media and the internet to build a closer customer relationship with interactive communication. Consumers are getting influenced in their purchase by what they see as a trend in social media. Young people make their purchase decision after watching a high number of reviews and comparing products and facilities on YouTube and other websites. Companies are using their official social media pages as well to reach massive consumers instantly. Twitter and Facebook are the most convenient media to reach young people and students all over the world. (Kotler et al. 2017, 163.)

Nowadays online opinion leaders have become more powerful and dominant due to internet technology. Influential persons, sometimes called power users in online groups, now can manipulate the opinions of thousands or even millions of people around the globe via the internet which was impossible to reach previously when online communication did not exist or was limited. Their strong communication network gives them the capability to directly or indirectly influence the buying decision of people. Power users are pro-active participants in the profession as well as in the communities. Strong and well-developed social networks allow them to be trustable and followers find them to be credible sources of information. When these power users post some brand-related content with a brand logo on their Facebook pages or on blogs, followers share those posts with friends who shares with friends and thus the media value deriving from the nonpaid referrals for the brand becomes enormous. (Solomon 2015, 521.)

### **3.3.2 Family**

Family is the most important consumer buying organization in a society and the members of the family are the most dominant reference group for a consumer. There are generally two families in a buyer's life; the family of orientation and the family of procreation. The family of orientation is the family where



a person is raised and usually consists of parents and siblings and may also include grandparents and other relatives. A person acquires orientation toward religion, economics, and the sense of ambition and self-worth as well as develops attitude and opinion on various matters from the family of orientation. Even if the person doesn't have that much interaction with parents, the parental influence remains significant in the person when he or she starts his or her own family with a spouse and children, which is in fact the family of procreation. A person unconsciously tends to purchase products, services, or brands that his or her parent used to buy in his or her childhood. Around 40% of people in the USA have auto insurance with the same provider as their parents had. But the parental influence starts to reduce when the spouse or children becomes more influential in the buyer from a purchasing point of view. (Kotler et al. 2012, 153.)

On the everyday buying behavior of an individual, a family of procreation has a more direct influence on the buyer. Marketers are interested to find out how a husband, wife, and children of a family interact and influence each other when purchasing different products and services. Research has shown that family members may take on different social roles and perform different behaviors in a decision-making process. To understand family decision making, it is important to understand which family member takes on which roles among the roles such as influencers, gatekeepers, deciders, buyers, users, and disposers. Though previously husbands were making the majority of the purchasing decisions and buying activities independently based on the family needs, now the trend has changed and both husband and wife along with children have become equally influential in family purchase decisions. (Peter & Olson 2010, 343.)

In the purchase process, the husband-wife involvement differs based on the product category and the stage. The evolving consumer lifestyle has changed the buying roles in the families. Previously wives were responsible for purchasing the food, household products and clothing. But in recent years more and more women are working outside, and husbands are now doing more of the family purchasing such as grocery shopping. At the same time women are purchasing more technology related products, as well as influencing more than 80 percent of a new car purchase. Such role change has instigated the marketers to become careful in targeting their marketing audience. Children also have a strong influence on the purchase decision over their parents regarding how the money and their free time will be spent, vacation spots, restaurants and frequency of dining out, even where to live. Furthermore, the majority of the parents feels that children now are dominating more on family consumption than the parents did themselves while they were kids. (Kotler et al. 2017, 166.)

### **3.3.3 Social roles and status**

Social roles and status play an important role in the buyer's decision-making process. Social roles and status define the position of an individual within the family, organization, club, or online communities. The social role is the attitude that a person is supposed to have and the activities that the person performs based on the profession, position in the family, the position at work, and according to the people around them. Each of those roles carries a status that reflects the general admiration of the society for that role. This status also shows the rank and importance of this role in society or social groups. Consumers usually select products that are appropriate for their roles and status in society. The same person can play various roles in different places and in different situations. A person can be a brand manager of a company; at the same time, the person can be a husband or a father in the family. Thus, when the person goes to purchase something as a brand manager, it reflects on his purchased items and quality. On the other hand, when the same person goes shopping as a father or husband, his buying preference gets changes and becomes appropriate as a father or husband instead of the brand manager role. (Kotler et al. 2017, 166.)

An example of the influence of roles and status in the buyers' purchase decision can be seen when the buyer purchases a car. When a buyer purchases a Ferrari or a Porsche, it is not only for the quality of those cars, but also for the brand value and the external signs of social success that this kind of car represents. In a society a CEO of a big corporate house might be taken less seriously by the customers or the business partners if he or she drives a small Ford Fiesta or Volkswagen Golf car instead of a luxurious German branded car. On the other hand, a low-paid worker driving an expensive luxurious car does not seem logical in society as it does not comply with the role and status of that worker. This kind of behavior and influences are visible in every social class, for every role and social status. That is why it is important for the marketers to understand the roles and statuses in the society and create an image associated with the products they offer, reflecting an important social role and status. (Rani 2014, 57.)

### **3.4 Personal factors**

Personal factors also have a significant influence on the buyer's decision. A buyer's characteristics such as the buyer's age and life stage, occupation, economic situation, lifestyle, personality, and self-concept affect the purchase behavior and decision-making process. Figure 8 is a representation of the personal factors that influence consumers' purchase behavior. (Kotler et al. 2017, 167.)

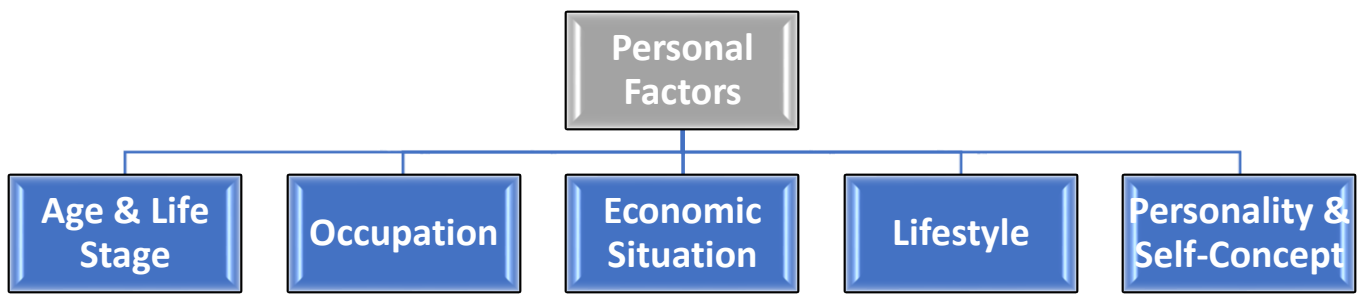


FIGURE 8. Personal Factors Affecting Consumer Behavior (Adapted from Kotler & Armstrong 2017)

In the following sections, the author attempts to describe briefly the personal factors that influence a consumer purchase decision.

### 3.4.1 Age and life stage

The purchase behavior of a person changes over time. Consumers' interests or needs at a different age period vary. Tastes in food, clothes, furniture, and recreational options of a consumer depend on the consumers' age. A young buyer tends to purchase trendy products or services that similarly aged buyers are purchasing. On the other hand, a mature person prefers to purchase products that are different than what young people like. Young customers may like to eat in a fast-food restaurant whereas a family person would rather go to a formal restaurant to dine. Even the type of articles in a magazine can influence its sales in different age groups. Young readers may like to read something more fun and entertaining while the senior age group may prefer more serious articles. Marketers must identify and design an appropriate marketing plan to attract different age groups of buyers (Solomon et al. 2006, 10.)

Life stages, through which a person passes over time, also shape the buying behavior of a consumer. Family life cycle stages usually change from demographics and life-changing events such as marriage, having children, divorce, changes in personal income, purchasing a new house, or moving out of the house, and retirements. Family and marital status have a big effect on consumers' spending priorities. Young bachelors and newly married couples are most likely to go to fitness clubs, cinemas, bars and pubs, concerts and clubs. Families with young children are big purchasers of healthy foods, fresh juices,

and while elderly people, over time, are most likely to avoid junk foods or foods containing high cholesterol or excessive sugar. (Solomon et al. 2006, 11.) Nielsen PRIZM's life-stage segmentation is a powerful marketing tool for marketers to understand consumer life stages. PRIZM Life stage Groups system classifies every American household into one of 66 life stage segments that are organized into 11 major life-stage groups based on age, family characteristics, and wealth and considers education, income, occupation, family composition as well as factors, such as purchase behavior, leisure activities and media preferences. Powerful marketing tools such as PRIZM are important as marketers can use these tools to create personalized campaigns for each stage based on how people consume and interact with brands and the world around them (Kotler et al. 2017.)

### **3.4.2 Occupation**

Consumers' occupation is another factor that influences the products or services purchase decisions of the consumer. People with different occupations can behave differently in many ways. A blue-collar worker would like to buy rugged work clothes which are suitable for his workplace whereas executives may prefer to buy business suits to match their standard. Similarly, the dress selection of a university professor and a model have differences based on the dress style. Keeping these things in mind, some marketers try to identify the specific occupational groups that have an interest in their products and services and prepare marketing strategy targeting those occupational groups. (Kotler et al. 2017, 167.)

Besides targeting the occupational groups for marketing activities, marketers also design different products or services to fulfill the needs and wants of different occupational groups. A lot of companies nowadays specialize in making products for a certain occupational group. For example, the world's leading manufacturer of construction machinery, Caterpillar/CAT, made rugged mobile phones for tough and challenging works environments. They build strong and practical phones instead of fancy overdesigned less-durable phones. Professionals in construction sites or heavy industry can use these phones which are innovative, durable, robust, extremely drop-proof, and temperature proof, dust, and waterproof with enhanced audio quality and usable with wet fingers or gloves. (Cat Phones 2019.)

### **3.4.3 Economic situation**

Consumer goods include a wide range of retail products, from staple food and clothing to luxury items such as jewelry and electronics. Though some specific food purchases can vary under different economic conditions, the overall demand for food may not fluctuate that wildly. But for optional purchases, such as automobiles and electronics, consumer behavior varies significantly depending on the economic situation of the consumer. The consumer's employment, wages, price, and interest rates are the major influential factors in the consumers' decision-making process. A buyer receiving a steady income, and expecting to continue receiving one, is more flexible in purchasing optional products or services. A buyer with steadily rising wages spends more than a buyer whose wages are stagnant or falling. A higher rate of inflation causes higher product prices and reduced the purchasing power of the consumer. A consumer will not have excess money to spend on the optional products, after covering the basic expenses such as food and housing. A higher interest rate also makes the purchase of consumer goods in credit, such as automobiles or jewelry, substantially more expensive. On the other hand, a lower interest rate makes the consumer interested in purchasing those luxury products. (Maverick 2019.)

Companies, in today's more value-conscious times, are concerned with creating more customer value by redesigning, repositioning, and repricing the products and services they offer. To influence consumer behavior companies are emphasizing 'Pay Less' positioning promise. To maximize the advantage of customer attraction, in line with worldwide economic trends, companies are also adjusting their marketing mix model and marketing strategy. Smartphone companies, who offered only premium quality expensive mobile phones before are now going for the lower-priced models for domestic and international markets, particularly in the world's emerging economies. Premium mobile manufacturing companies such as Samsung and Huawei are now targeting low-cost emerging Eastern markets such as China and South East Asia to compete effectively against low-cost smartphone manufacturers such as Xiaomi and other Chinese brands, in addition to their high-end smartphones. The renowned tractor producing company Caterpillar has segmented its production into three different segments; World Class, Mid-Tier, and Low-End to compete in different levels of competitors. (Kotler et al. 2017, 168.)

### **3.4.4 Lifestyle**

Lifestyle is the pattern of living of an individual that is expressed in his or her psychographics. People from the same subculture, social class, or occupation may have a different lifestyle. Lifestyle involves

activities such as work, hobbies, shopping, sports and social events, interests such as food, fashion, family and recreation, and opinions about themselves, social issues, business, and products. Lifestyle is not only about a person's social class or personality, but a whole pattern of the person's action and interaction in the world. A consumer's lifestyle shapes purchase behavior and influences the decision-making process. Marketers search for the relationship between the products or services they offer and the lifestyle group. A computer manufacturer might find that most of its customers are achievement-oriented and then aim the brand more clearly at the consumers with an achievement-oriented lifestyle. Marketers can understand changing consumer values and how they influence buyer behavior using the lifestyle concept as consumers purchase the values and the lifestyle those purchased products represent. (Kotler et al. 2017, 168.)

Consumers are either money constrained or time-constrained. The lifestyle of the consumer thus is shaped by these two constraints. Money-constrained consumers will prefer lower-cost products or services due to financial limitations. Hence, companies aiming to serve this group of customers will concentrate on creating lower-cost products to fulfill the demand of their target customers. The European multinational group IKEA sells furniture and home accessories that are practical, well designed, and affordable. They define their products as low priced, and of good quality with sustainability. IKEA is targeting money-constrained customers and is doing the business successfully by being the world's largest furniture retailer since 2008. On the other hand, consumers with time constraints would prefer to do more than one thing at the same time. They would prefer to pay others to perform tasks because time is more important than money to them. These customers are willing to pay more for getting convenient products or services to make their life easier. Thus, companies aiming to serve this group tends to create convenient products or services. (Kotler et al. 2012, 158; IKEA 2019.)

### **3.4.5 Personality and self-concept**

A consumer's distinct personality characteristics greatly influence the buying behavior of the consumer. Personality is a set of unique psychological attributes of an individual that lead to a consistent response to environmental stimuli including buying behavior. These attributes include self-confidence, dominance, autonomy, deference, sociability, defensiveness, adaptability, and aggressiveness. Understanding the personality of the consumer is important in analyzing consumer behavior for a certain product or

brand. As brands also have personalities, consumers would prefer to choose brands that match the consumer's personality. Personality determines what the consumers consume, what TV shows they watch, what products they buy, and any other decisions they make. (Kotler et al. 2017, 169.)

Consumers often choose and use brands with a brand personality that matches with the consumer's actual self-concept i.e. how they view themselves, the match may instead be based on the consumer's ideal self-concept i.e. how they would like to view themselves, or even on others' self-concept i.e. how they think other people see the consumer. The influence of the self-concept can be more evident for publicly consumed products than for privately consumed products. Consumers who are sensitive about how other people see them are more likely to choose brands whose personalities match the consumption situation. Often consumers have multiple aspects of self, such as serious professionals, caring family members, and an active fun-lover, and may act differently in different situations, or may act differently based on the people around themselves. That is why marketers try to understand the relationship between consumer self-concept and possessions. (Kotler et al. 2012, 157.)

#### 4 UNDERSTANDING THE BUYER DECISION MAKING PROCESS

To succeed in the modern marketplace, it is increasingly important to understand the science of marketing. Understanding how people think and make a purchase decision is one of the most important facts that marketers need to understand. This knowledge provides the professional marketers the knowledge they need to develop a marketing strategy and effective communication skills to influence the buyer to purchase the goods and services that the marketer is offering. Usually, people make lots of purchase decisions that vary greatly from a small food item to purchasing a car or house. Some are more complex than others. But in general, the buyer decision process can be divided into five stages: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. In the following sections, the author describes these stages of the buyer's decision-making process. (Solomon 2020; Bernstein 2018.)



FIGURE 9: Buyer Decision Making Process (Adapted from Kotler et al. 2017, 175)

Figure 9 shows all the stages that consumers pass through while purchasing a product. But in a routine purchases a buyer may skip or reverse some of the stages. The process stages depend much on the nature of the buyer, buying situation and the product. For example, a person buying a regular use item might recognize the need and straight away makes the purchase decision without any information search and evaluation stage. But when the consumer faces a complex purchase situation or a new product purchase situation, all the stages come into consideration in making the purchase decision. (Kotler et al. 2017.)



## 4.1 Need recognition

The purchase decision process of the consumer starts with the need recognition stage where the consumer identifies a problem or need. This first stage of the process is recognized as the most important step in the decision process as a purchase cannot take place without the recognition of the need. In this stage, the buyer feels a difference between the buyer's actual state and some desired state which can be achieved by purchasing or gaining a product or service from the market. This need can be the simplest one such as the buyer is hungry and needs some food or can be a complex one such as the buyer needs a car for traveling to the job or needs to manage an apartment to live in. At this point, the consumer may not know about the solution to solve the problem. They may only be aware that they need to solve the problem but not sure how and what brand, product, service, or solution can be the best option for them (Yesbeck 2019.)

According to Kotler and Armstrong, internal stimuli can trigger an individual's need when the usual needs, such as hunger or thirst, rise to a level that is high enough to become a drive. For example, a single elderly lady may feel lonely and may want to buy a cat. A need can be triggered by some external stimuli too. For example, an advertisement for a special offer or opportunity or a discussion with a friend may convince a buyer to think about buying a new car. A consumer who just came to Finland may not realize that he needs a heavier winter coat until he sees that shop publicity, which triggers his mind's need. The marketer should research the consumer at this point to figure out what types of needs or issues emerge and how they can guide this consumer to the product they are offering. Advertising often works great at this stage to make the consumer feel the need. (Lumen Learning, Kotler et al. 2017, 176.)

## 4.2 Information search

Having recognized the problem or need, in the second stage of the buying decision process, the customer starts to look for information that might help them to solve their problem. The consumer may know that they need something to fix the problem or fulfill their need but may not be sure about the best solution. If the consumer's drive is strong and a suitable product is near at hand, the consumer may buy it without any further information search. If not available instantly, in this stage the buyer starts searching for the information that can help to better understand the situation and identify the probable solution. From the need recognition stage, if the consumer decides to buy a car, the most probable attention the consumer will pay is to car ads, friends' cars as well as search online, print media, and word of mouth. Generally,

when the purchase is essential, when we have a greater need to learn more about the purchase, or when the relevant information is easy to obtain, we search more. (Yesbeck 2019; Solomon 2020.)

For information, consumers can use several sources. These include personal sources, such as family, friends, neighbors, acquaintances, commercial sources, such as advertising, salesperson, dealer and producers' websites, packaging and displays, public sources, such as mass media, social media, online searches, and peer reviews and experiential sources, such as examining and using the product. Usually, a consumer receives most of the product information from commercial sources where the marketer informs the buyer about the product. However, the most effective sources tend to be personal sources that legitimize the product for the buyer, and nowadays social media has become the most reliable and rich information source where consumers share product opinions, reviews, and experiences freely. In the car information search, a consumer may learn about several available brands and can drop some of them based on the information. A well-designed marketing mix can make the consumer aware of the company's brand and identifying the consumer's information sources can give them an advantage over the competitors. (Kotler et al. 2017, 176-177.)

### **4.3 Evaluation of alternatives**

The third stage of the buyer decision process is the evaluation of alternatives. Much of the effort we put into a purchase decision takes place at the point where we have to choose a product from many alternatives. At this stage, the consumer will evaluate different products or brands based on alternative product attributes which can provide the benefits that the consumer is looking for. The consumer at this point in the decision-making process considers the solution, which is the most trustworthy, affordable, of the highest quality, and highest performing. One of the major factors influencing the consumer at this stage is the consumer's attitude. Also, customer involvement is another influencing factor at this stage. For example, a customer with a positive attitude and high involvement will evaluate multiple companies or brands; but low involvement customers may evaluate only one company or brand. (Johnston 2016; Solomon 2020.)

The evaluation of alternatives depends on the individual customer and the purchase situation. Sometimes they might use careful calculations and logical thinking while some other time they might do little or no evaluation before the purchase. Sometimes consumers might decide on their own while some other times they might make a decision based on friends, online reviews, or even sales people's advice. In the car

purchase decision, a consumer may narrow down the car choices to three brands based on attributes such as price, style, operating economy, and performance. If the car rates best on all attributes, the consumer might select that one. But, the brand of the car varies in appeal and the buyer might emphasize one attribute more than others. If the marketer knows the attribute that the buyer gives priority to, it becomes easier for them to predict the buyer's choice and influence the buyer's decision more reliably. (Kotler et al. 2017, 177.)

#### **4.4 Purchase decision**

After all the searching and evaluation processes this is the penultimate stage of the buyer decision process where the purchase takes place. This fourth stage is the most critical as the consumers have made the decision about which product, service, brand, or solution is best for them and they are ready to buy. At this stage, the marketer needs to present additional reinforcements, such as great reviews, testimonials, or discounts that make it simple for the buyer to buy the decided product or service. At this stage, however, the marketers need to avoid negative reinforcements like additional expenses and barriers which might cause the customer to turn away even after having gone through the previous three stages. The marketer needs to continue the effort until the purchase has been made. As businesses overwhelm customers with more and more features, the job of the consumer is not getting any easier. Customers are now dealing with 50-button remote controls, digital cameras with hundreds of mysterious features and manuals of book lengths, and cars with dashboard systems worthy of a space shuttle. This spiral of complexity feature is called creep by experts. (Solomon 2020)

Kotler and Armstrong mentioned two factors in their 'Principles of Marketing' book that can come between the purchase intention and the purchase decision. The attitude of others is the first factor that may reduce the chance that the chosen product will be purchased. If someone important to the buyer thinks that another car is better than the chosen one, then the buyer may refrain from buying the chosen car. A negative review from another customer also influences the buyer to change the purchase decision. The other factor that can disrupt the purchase decision of the consumer is an unexpected situational factor. Factors such as a sudden financial crisis, job loss, relocation, and a competitor's price drop may change the buyer's purchase intention. Thus, preferences and even a purchase intention does not always guarantee that an actual purchase will be made. (Kotler et al. 2017, 177.)

#### 4.5 Post-purchase behavior

The marketer's job does not end after the consumer bought the product or service they are offering. The last stage of the buyer decision process is the post-purchase behavior of the consumer when the consumer assesses whether the consumer is satisfied or dissatisfied with the purchase. At this stage, the customer considers if the product of the solution meets their needs accurately or not by comparing the product with their expectation. Therefore, this last stage is also critical for marketers to retain their customers. If the consumer becomes satisfied, they may come back to make another purchase. If the customers are dissatisfied with the product, they can reject the brand and will never make any further purchase. Nowadays sharing positive and negative feedback about a product or service through reviews, websites, and social media networks or word of mouth is common. (Yesbeck 2019.)

From the description of this last buyer decision stage, it is evident that the marketer's job is not only to make the product sell but also to ensure that the customer is retained. That is possible by promising only what their brand can deliver instead of any false information. Thus, if the customer's expectation is met, the customer becomes satisfied, if it exceeds the expectations, the consumer is delighted. Nevertheless, every purchase the consumer makes involves some sort of compromise and they feel sad for purchasing products with some drawbacks and missing the benefits of the product that was not purchased. That is called post-purchase dissonance for every purchase. "The proof of the pudding is in the eating," as the old saying goes. In other words, the real test of the decision-making process is whether the customer is happy with the choice they made after all these phases have been passed. The post-purchase assessment closes the loop; it occurs when the customer experiences the product or service they have selected and decided whether their expectations are met or maybe even exceeded. (Kotler et al. 2017, 178; Solomon 2020.)

Customer satisfaction is essential in order to establish a productive relationship with a customer. A satisfied customer buys the same brand products, talks positively, and are not interested in competing brands and advertising. On the other hand, a dissatisfied customer has a different response. It takes time to build a brand's good reputation, but it does not take that long to defame. Bad word of mouth can quickly damage consumer perception about a company and its products. A business should therefore take appropriate action to consider customer satisfaction on a regular basis. Marketers can steer consumers to choose their brand by understanding the buyer decision process. (Kotler et al. 2017, 178.)

## 5 ABOUT THE COMMISSIONER E-BAZAAR

As the commissioner of this thesis, the author has chosen a small business entrepreneur, the co-founder and present president and CEO of E-Bazaar, Mr. Md Riaz Hawlader. Mr. Hawlader is also the Chairman of the Board of E-Bazaar, Pietarsaari. E-Bazaar is a perfect example of a small business in the Pietarsaari area which is operating its business successfully right in front of the biggest markets of this locality, City Market and Prisma in the center of this city. E-Bazaar was founded in 2014 as a limited liability company. The official name of the company is Synergy Scandic Oy. The company initially started its operation as an e-commerce site and now has its own physical outlet at Koulukatu, Pietarsaari. (Finder 2019.)

E-Bazaar is an ethnic grocery store that sells a variety of different products mainly of Asian, Arabian, as well as African origin. E-bazaar sells products like rice, flour and pulses (legumes), spices from India, Bangladesh, Nepal, Vietnam, and Africa, raw meat and poultry, a wide variety of frozen fish, fresh vegetables, fresh fruits, canned juices, snacks, and sweets, drinks, oils and butter oils, sauces and pickles, spicy Asian noodles, cosmetics items, as well as a lot of other miscellaneous products from South Asia, Middle East, and Africa. E-Bazaar imports different types of products based on customer demands every week. They introduce a wide range of new types of products for their customers, whenever they have the opportunity. (E-Bazaar Facebook 2020.)

Initially, the target customers of E-Bazaar were the Bangladeshi and Nepali customers when they were providing only online services. But after opening the physical shop, they have invested a lot to serve the customers from Bangladesh, Nepal, Vietnam, Thailand, China, the Middle East, and African countries. A large number of immigrants from those countries are now residing in the Pietarsaari area. The number is increasing every year and the demand for traditional ethnic food and food ingredients in this locality is increasing. Most of the products available in this shop are not available in the city's regular markets. As there is no such ethnic grocery store available in Pietarsaari or Kokkola, customers from Kokkola often visit the shop for their regular grocery items. The store in Pietarsaari is open every day for the convenience of the customer. (EBazaar Facebook page 2020.)

From the public information on the company's financial statements, it is evident that E-Bazaar 's revenues are steadily rising quietly, except for in 2018. The annual turnover of the company amounted to EUR 86 000 in 2016 and EUR 118 000 in 2017. However, it saw a small decline in 2018, as the sales fell to EUR 116 000. The company's most recent financial statements showed a massive rise in revenue

for the year, rising to EUR 193 000 in 2019, which was 66.4% higher than the previous year. Despite all these turnover figures, the company has seen some decline in its profit account. Information from Suomen Asiakastieto reveals that despite the highest revenue of EUR 24 000 in 2019, the company experienced tremendous losses, which amounted to -12% of profits. In 2018, despite the fall in sales, the company had a profit of EUR 10 000, which was a profit of 10%. (Finder 2019; Asiakastieto 2019.)

Mr. Hawlader stated in a discussion with the author that they started this business as a new enterprise by investing their own savings, without any bank loan or any other institutional loan. The business progressively grew despite some bad times and enormous losses. They never lost their faith, and they continued their journey with patience and hard work. With a lot of ups and downs in the last few years, they are making good sales and anticipating this growth trend to continue in the coming years. Although E-Bazaar has not really made a lot of profits in recent years. Mr. Hawlader believes that some changes in business policy will make it possible to make profits in the coming years by maintaining a steady growth in sales. Currently, they have social media marketing activity through their Facebook page that publishes all the latest available products including upcoming product notifications and discount offers for their customers. They are using their Facebook page to get in touch with their customers, as serving the customers with satisfaction is their highest priority. (Hawlader 2020.)

## 6 RESEARCH METHODOLOGY

It is crucial to choose the proper research methodology for a valuable thesis. Therefore, it is important to understand different research methodologies, their approaches, and appropriateness in the research in question. In this chapter, the author has attempted to address two main methodologies of empirical research; qualitative research and quantitative research and their distinctions. The author also discussed the reliability and validity of research later in this chapter.

### 6.1 Type of research: qualitative and quantitative

Research in common phraseology means to search for knowledge. Research can also be defined as a scientific and systematic search for relevant information on a particular topic. Research is actually an art of scientific investigation. With the advancement in today's world, empirical research has become significant as well as a practice in various fields as most people believe only in what they can see, hear, or feel with experience. Empirical research is used to validate multiple hypotheses and increase knowledge to keep advancing in various fields. Empirical research concludes verifiable pieces of evidence using two different research methods; qualitative research method and quantitative research method. Although many people may think it is possible to use these two methods interchangeably, researchers need to be aware of the differences between these two. In simple words, quantitative data give the numbers to prove the researcher's specific points or to quantify opinions and behaviors, while qualitative data makes it possible to understand the full implications and depth of these details by finding the meanings, opinions, or the underlying reasons from its subjects. ((Creswell & Creswell 2018; Kothari 2004.)

The fundamental distinction between quantitative and qualitative research lies in the research data. According to John Creswell and David Creswell, it is not appropriate to consider qualitative research and quantitative research methods as static, distinct categories, polar opposites, or dichotomies. Instead, they represent different ends in a continuum. Most of the time the distinction between qualitative and quantitative research methods is made in terms of using words for the qualitative and numbers for the quantitative method. In a better way, the distinction is made by using closed-ended questions and responses for quantitative interview questions or open-ended questions and responses for qualitative interview questions. The qualitative research requires emerging questions and procedures, and data obtained at the participant's environments, inductive data analysis from specifics to general themes, and the researchers'

interpretations of the results. The final report of qualitative research usually has a flexible structure. (Creswell & Creswell 2018.)

## **6.2 Quantitative research**

Quantitative data is concerned about quantities and thus numbers, whereas qualitative data is descriptive, and is concerned with phenomena that can be detected but not measured. Quantitative research is concerned with finding information about social phenomena with empirical truth, while qualitative research is concerned with considering various viewpoints on human nature. The quantitative researcher aims to establish a general rule of human behavior or phenomenon in a different context by collecting data in numerical form using a rating scale or close-ended questions of a questionnaire. On the other hand, a qualitative researcher aims to explore a deep understanding of people's perceptions about social realities and how they act in a society based on that perception by collecting data through in-depth interviews, case studies, documents, observation, and unstructured interviews. (McLeod 2019.)

John Creswell and David Creswell describe the quantitative research method as a method to evaluate a concrete hypothesis considering the relationship between variables that can be measured and analyzed using statistical procedures. Unlike the qualitative, the final written report of quantitative research consists of a fixed framework of introduction, literature, and theory, methodology, findings, and Discussions. Researchers first select the research methodology and then determine what sort of study should be conducted on that methodology. For quantitative research researchers usually decide on either survey research or experimental research. Survey research is done by analyzing a sample of that population, offers a quantitative or empirical overview of behaviors, perceptions, or views of a population. On the other hand, in experimental research, the researcher provides special treatment to one group and assesses how this treatment influences both groups on an outcome (Creswell et al. 2018, 44-54.)

The scope, statistical explanation, and generalizability are the major features of quantitative research and its focus is on maintaining objectivity, monitoring, and reliable measurement. Quantitative research relies on deductive designs to build evidence in favor of theories and a specific hypothesis. Quantitative approaches are the most widely used research methodology to explore causal interactions, associations, and correlations. The oldest form of quantitative research is experimental research which relies on hypothesis testing. The researcher chooses a subject, does something to them, then observes the effect. But the most widely used quantitative research design is the survey design that includes census, polling,



interview on political issues, or public opinions. Survey research relies on participants' responses to standardized questions that can be analyzed using statistical methods. Survey research can be conducted either in a cross-section design or in a longitudinal design. (Leavy 2017.)

After analyzing the theories above regarding research methodology, the author has decided to use the quantitative research method to complete the empirical research part of this thesis. Questionnaires are the primary data collection tool and referred to as the survey instrument in the survey research approach. For this purpose, the author designed the questions in the questionnaire to test the hypothesis of this thesis. Question construction is one of the most critical aspects of survey design and can be considered as the heart of the survey research. As a result, the questions for this questionnaire were carefully constructed with a view to covering all aspects of consumer behavior and their decision-making process. With the close-ended questions, the author attempted to collect data that are easy to quantify and generalizable. (Leavy 2017)

### **6.3 Validity & reliability**

Two major criteria for the quality of measurement are validity and reliability. Research is assessed based on the validity and reliability of the data obtained for the study. Some people think these two words are a different concept, and some people think they are identical. Reliability and validity tend to be similar terms but vary in context, relationship, and assessment definition. These two concepts are closely related to each other. Research that is valid but not reliable is not good research, on the other hand, reliable but invalid research is also utterly pointless. In everyday language, people talk about 'a reliable machine or car', and 'information from a reliable source'. In both cases, the word reliable means dependable or trustworthy. But in research, the words dependable and trustworthy are not precise enough as a definition. The term "reliability" in research symbolizes "repeatability" or "consistency." Research is considered to be reliable if it would consistently deliver the same result every time we measure if what we measure does not change or the situation remains unchanged. (Trochim 2020.)

In a quantitative study, validity is defined as the extent to which a concept is accurately measured. Validity measures whether the study appropriately encompasses the whole domain or content that it was intended to measure or not. A survey intended to investigate anxiety, but which, in fact, measures insecurity would not be considered valid. The result can be considered valid in a different context but for the current research, it is invalid. A perfect example of validity and reliability is an alarm clock, which

rings at 7:00 a.m. every morning, but is set at 6:30 a.m. It is reliable as it consistently rings at the same time every day, however, it is not valid as it does not ring at the time it was expected to do so. A successful quantitative analysis allows both the author and the viewer to have a better understanding of the facts. Priority must be provided in the quantitative analysis to remain truthful and cautious in the research process. It is therefore important to maintain the validity and reliability of data collection tools during the research or analysis of the results. (Heale & Twycross 2015.)

In preparing the survey questionnaire for this empirical research, the author paid a great deal of attention and carefully selected the response group to keep the study on track and ensure that the validity and reliability of this study remained a top priority. The implementation of the response options was also carefully done to ensure the integrity and validity of the responses.

## 7 RESEARCH RESULTS AND ANALYSIS

The quantitative research survey of this thesis was conducted during the months of March and April in 2020. Total of 33 questions was included in the questionnaire with multiple choices, dichotomous, and checklist response option to understand the consumer's behavior and purchase decision influencing factors in this area. Initially, the plan was to conduct the survey directly with the visiting customers of E-Bazar and Arabian shop. But due to the Covid-19 pandemic situation, the author had to change the plan and included an online platform to conduct the survey besides the personal survey. The author sent the google form link to the survey questionnaire using email and other social media platforms to various persons living in the Pietarsaari area. While sending the invitation, the author considered the respondents' age, how long they have been living in this area, their nationality, and ethnicity.

### 7.1 Presentation of the research results

In the end, a total of 38 responses were collected from the customers in the Pietarsaari area. Among these 38 responses, 16 were received in a paper version of the questionnaire from eBazaar, and the rest of the 22 responses were received through the online platform, Google Forms. The findings of the study are described in the same order as the survey questionnaire in the following paragraphs.

1) You want to define your gender as...

38 responses

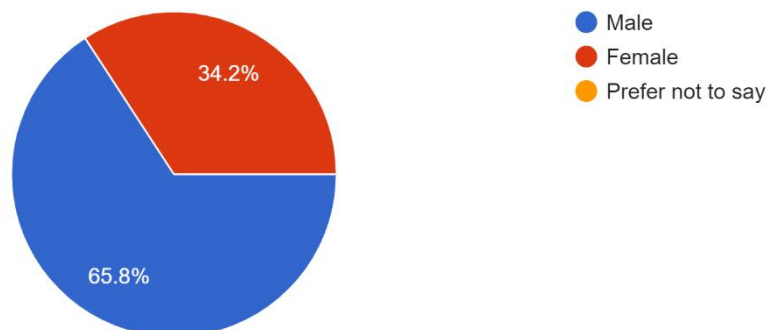


FIGURE 10. Gender distribution

The first question of the questionnaire was regarding the participant's gender. Figure 10 shows the outcome. All 38 participants answered the question and as per result 65.8% were male and 34.2% were female. In numbers, 25 respondents of the questionnaire were male participants and 13 responses came from female participants. i.e. male respondents were almost twice as many as the female respondents.

## 2) Your age falls in the range...

38 responses

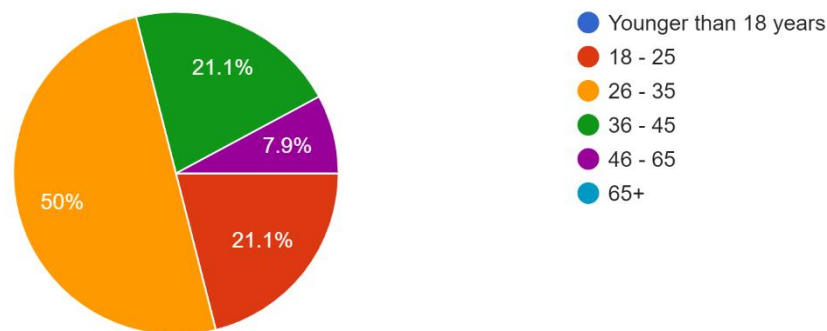


FIGURE 11. Age distribution

The second question of the questionnaire regarded the age of the participants. Six age ranges were there in the questionnaire including younger than 18 years and over 65 years. Minor customers are younger than 18 years old and pensioners are older than 65 years old in Finland. That is why there has been a separation of those two age groups and the age span is different from the other age spans. But none of the respondents were from these two age groups. Figure 11 shows that the highest 50% of the respondents belong to the age group of 26-35 years, where 19 respondents' age falls in this age range. Participants between the ages of 18-25 and 36-45 had the same percentage, 21.1%. Each of these age groups had 8 respondents. Finally, 3 respondents were from the age group of 46-65, which is 7.9% of the respondents.

## 3) You are you from...

38 responses

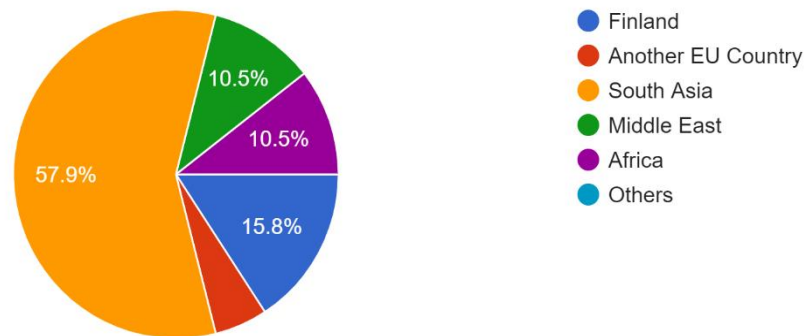


FIGURE 12. Ethnicity distribution

The next question was about the ethnicity of the respondents and the outcome is visible in figure 12. The majority of the respondents came from South Asia, which mainly includes Bangladesh, Nepal, India, and Pakistan. 22 of the respondents were from South Asia which is 57.9%. 6 respondents were Finnish which is 15.8% of the total respondent and the Middle East and African respondents share the same 10.5% with 4 respondents each. 2 of the responses came from participants from another EU country, which is 5.3% of the total responses.

## 4) What do you do?

38 responses

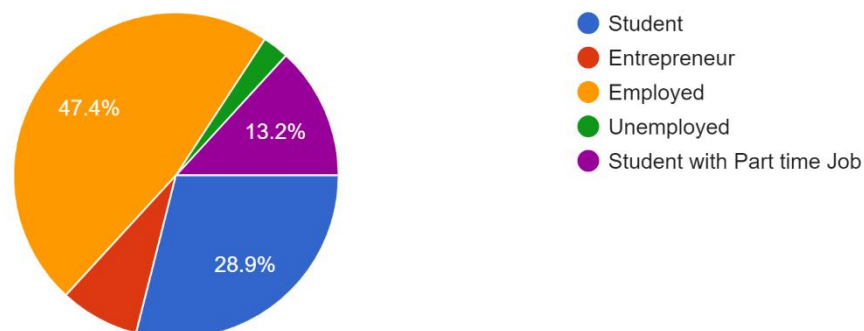


FIGURE 13. Profession distribution

The fourth question in the questionnaire was about the respondent's occupation, where participants had five choices to choose from: student, entrepreneur, employed, unemployed and student with a part-time job. It is evident from the result in figure 13 that 47.4% of the total respondents i.e. 18 persons of the respondents were employed persons. With 28.9 percent, students were the second-highest percentage of the respondents, 11 respondents in numbers. Students with part-time job share 13.2% and entrepreneurs share 7.9% with 5 and 3 respondents respectively. Only 1 respondent was unemployed which is 2.6% of the total respondents.

#### 5) What is your relationship status?

38 responses

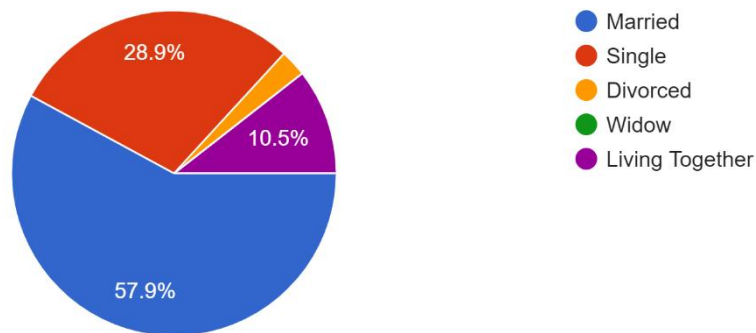


FIGURE 14. Civil status

When asked about the relationship status or civil statuses with six options, 57.9% answered they were married which is 22 persons out of 38 respondents. Single status stands second with 28.9% with 11 respondents. 4 respondents answered as living together with partners which are 10.5% of the total respondents. Only 1 response came as divorced and no one answered the option widow. The outcome of that question is shown in figure 14.

## 6) Do you have children?

38 responses

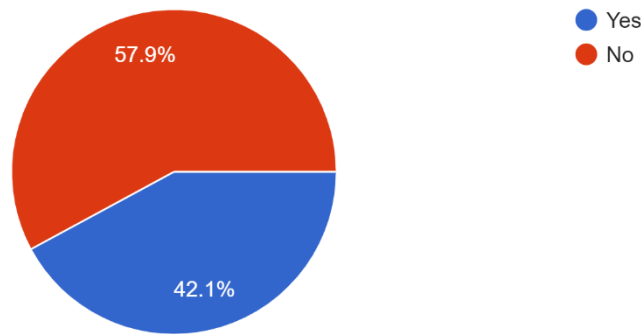


FIGURE 15. Information on children

The sixth question of the questionnaire was about the children of the respondents. In response to this close-ended question, 57.9% of the respondents said no and 42.1% of respondents said they had children. That means, 22 respondents had children, while 16 respondents did not have any children at the time of the survey. Figure 15 is the representation of the result of this question.

## 7) Total number of people in your household

38 responses

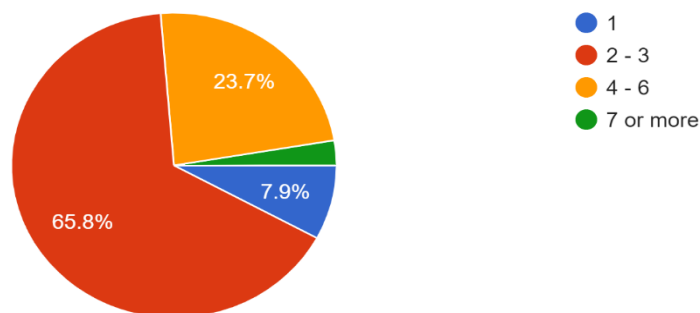


FIGURE 16. Family member's information

In the next question, participants were asked about the number of people in their household with four options. Figure 16 represents the result. From the result, it is evident that the majority of respondents came from a household where the number of people was 2-3. 65.8% of the respondents, i.e. 25 of the 38 respondents, are members of a family consisting of 2-3 individuals. 23.7% of the respondents are from

a 4-6 person family and 7.9 % were living alone, with 9 and 3 respondents choosing those choices, respectively. Just one respondent, 2.6% of the total respondents, came from a family of 7 or more persons.

8) Are you a Finnish Citizen?

38 responses

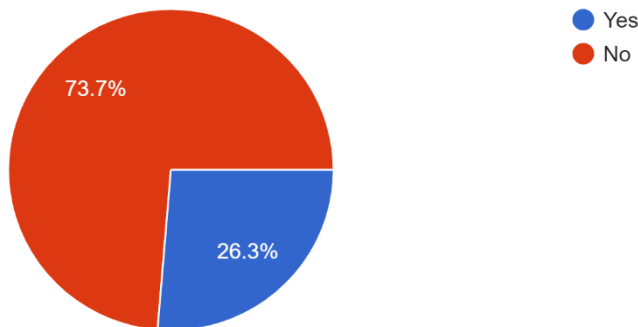


FIGURE 17. Citizenship information

The next question in the questionnaire was asked to know whether the participants are Finnish citizens or not. Most of the grocery stores in the Pietarsaari area are run by immigrants and most of the products they offer are ethnic products from different countries. The objective of the question was therefore to explore the nationality of the respondents. Responses show that 73.7% of respondents responded negatively and 26.3% responded positively. There were 28 respondents who were immigrants without Finnish citizenship, and 10 of them were Finnish citizens. The result of the question can be seen in figure 17 above.

9) How long have you been living in Pietarsaari?

38 responses

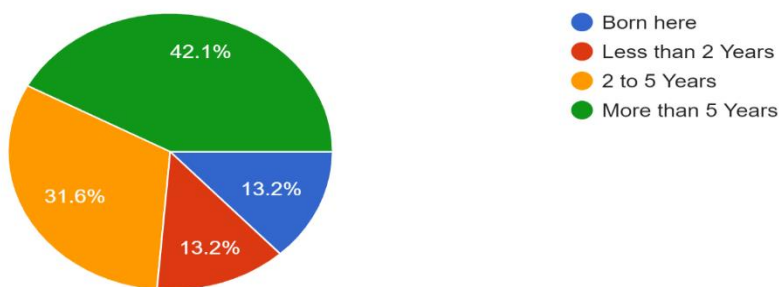


FIGURE 18. Residing information in Pietarsaari



Figure 18 represents the respondents residing information in Pietarsaari municipality from the ninth question with four options. The majority of the respondents selected the option for more than 5 years. 16 respondents out of 38 have been living in Pietarsaari which is 42.1% of the total responses. 31.6% were living for 2 to 5 years while 13.2% were living for less than 2 years. A further 13.2% of the respondents were born in Pietarsaari and have lived here since they were born, i.e. 5 respondents had lived in Pietarsaari since they were born.

10) Where do you buy your regular grocery items from?

38 responses

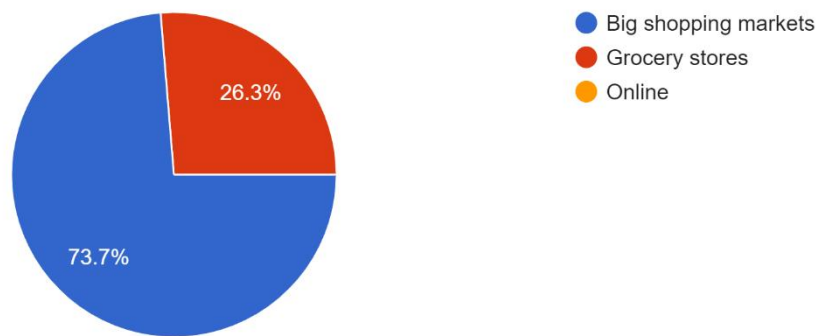


FIGURE 19. Respondents regular grocery source information

Where do customers buy their daily grocery items from? This was the tenth question in the questionnaire, with three options: big shopping markets, grocery stores, and online shops. The result can be seen in figure 19. 73.7 % of the respondents selected big shopping markets as their source of regular grocery products, while 26.3 % selected grocery stores as their first choice to buy regular grocery items. This means that 28 survey participants choose big supermarkets as their first choice, while the rest of the 10 participants choose grocery stores as their source of grocery items. None of the respondents considered online shops as the source of their grocery items.

## 11) Where do you normally go shopping?

38 responses

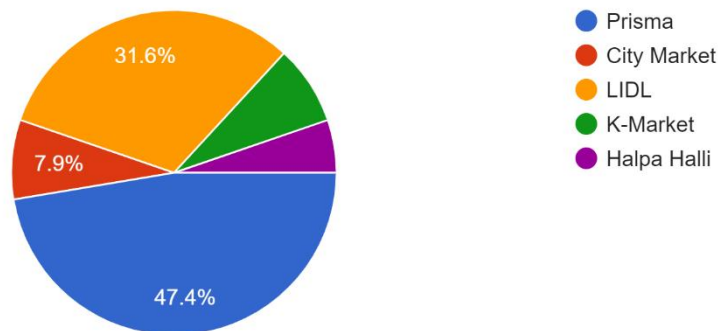


FIGURE 20. Regular shopping preferences

In the eleventh question of the questionnaire, participants were asked about their usual shopping center preferences in Pietarsaari with five options. In response, the highest 47.4% or 18 of the respondents preferred Prisma and LIDL was the second-best choice with 31.6% respondent's choice as 12 respondents selected LIDL as their usual supermarket for shopping. City market and K-Market both shared 7.9% of the preferences with 3 respondents each and 5.3% of the total respondents selected Halpa Halli as their usual shopping location as 2 respondents selected Halpa Halli. In this question, the author included only the stores near the city center, and thus stores such as Sale, S-Market, ABC, K-supermarket were excluded. Figure 20 represents the result of the responses.

## 12) How often do you usually buy grocery products?

38 responses

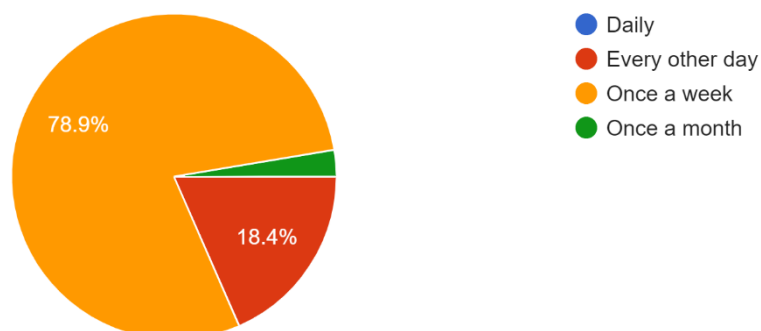


FIGURE 21. Purchase frequency of grocery products

Participants in the survey were questioned about their frequency of purchasing grocery items with four choices. 78.9% of the total respondents responded that they were purchasing their grocery items once a week. 30 of the 38 respondents selected this choice, while 7 of the respondents replied that they were buying their grocery products every other day. Just one person responded to the purchasing frequency once a month, while no one said they were buying every day. Figure 21 is the representation of the outcome.

13) Do you find all your grocery products in your regular shop?

38 responses

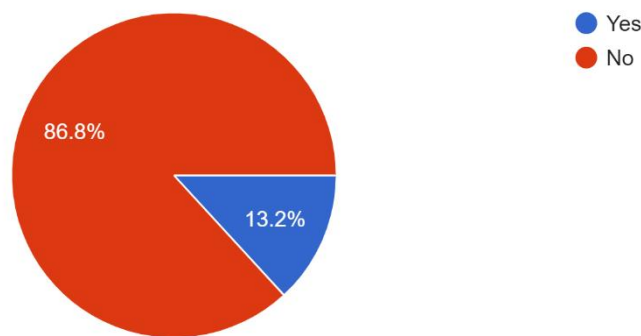


FIGURE 22. Availability of grocery items in the regular shop

In the thirteenth question, participants were asked about the availability of their planned food products in their daily shops with yes and no choices. Figure 22 demonstrates the outcome where it is evident that participants in this survey are not having all their grocery items from their usual shopping locations. 86.8% of the participants responded negatively, i.e. 33 out of 38 people reacted negatively, while just 13.2% responded positively. In the questionnaire, this question explores the opportunity for small businesses to grasp the lack of regular supermarkets. The products that consumers are looking for but not getting from their usual marketplace need to be discovered by small grocery businesses.

14) If No, do you get them from any other store?  
33 responses

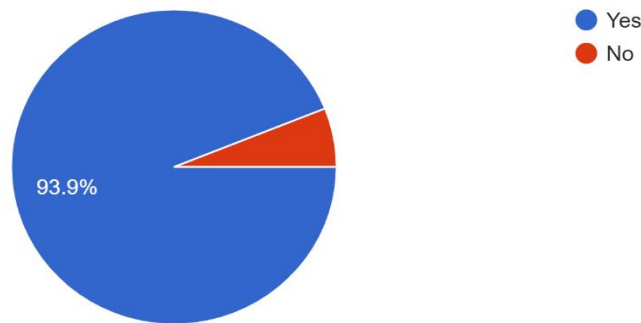


FIGURE 23. Availability of grocery items in other shops

The fourteenth question in the questionnaire addressed the thirteenth question. This was a question for the respondents who responded negatively to the thirteenth question. Thus, 33 respondents answered this question as they were asked about the availability of their grocery products in shops other than their typical grocery stores. 93.9% of the responses were positive this time, and only 6.1% responded negatively again. The result can be seen in figure 23.

15) Do you purchase grocery products produced in other countries?  
38 responses

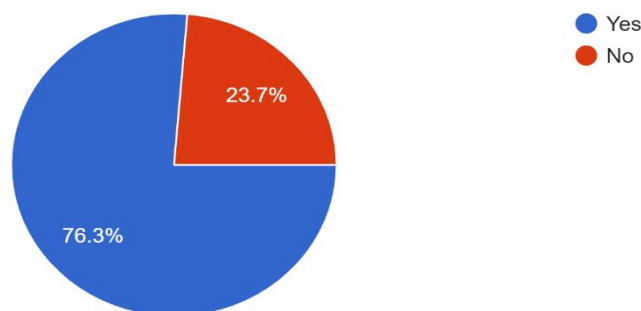


FIGURE 24. Preferability of other countries products

The fifteenth question was about the preferability of another country's grocery products. This closed-ended question was asked to know if the participants buy grocery products produced in other countries.

29 respondents answered positively which is 76.3% of the total responses while 23.7% replied negatively. Figure 24 represents the result above.

16) If the previous answer is yes, where do you get them from?

32 responses

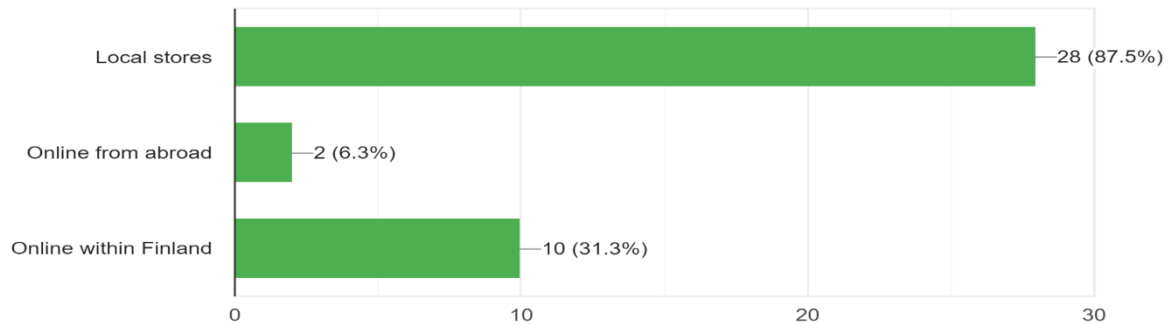


FIGURE 25. Source of other country's products

The sixteenth question of the questionnaire is related to the previous question for the participants who responded positively to the fifteenth question. Here the participants were asked about the source of their grocery products that are produced in another country. In this multiple-choice question, 28 respondents selected local stores, 10 persons selected online within Finland, and 2 of the respondents selected online from abroad. The result is displayed in figure 25.

17) Now that you live in Finland, can you buy the same products that you could buy in your home country?

35 responses

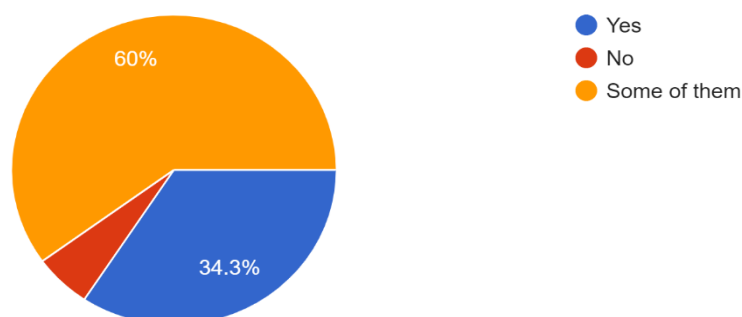


FIGURE 26. Availability of home country products

Participants were asked about the availability of goods from their homeland in Finland. 35 people answered this question where 60% said they were buying some of the goods in Finland, while 34.3% said they were able to purchase the same items from their home country. 5.7% said they had not obtained the same goods from their home country in Finland. Figure 26 represents the result above.

18) Are there products you need or miss that you cannot buy in Pietarsaari?  
38 responses

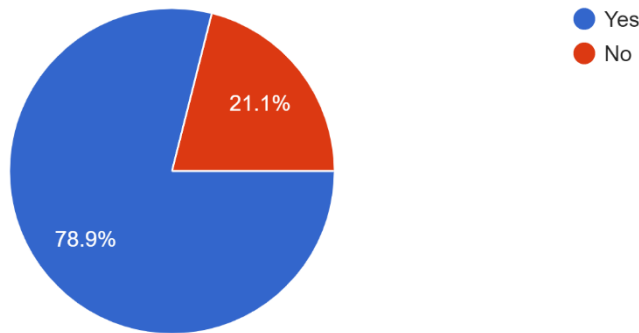


FIGURE 27. Missing any product in Pietarsaari?

The eighteenth question in the questionnaire concerning items that are not available in Pietarsaari but which the participants crave. It was a close-ended question to know if there was any product that the participants wanted but could not buy in Pietarsaari. Figure 27 represents the result where 78.9% of the participants, i.e. 30 people, replied positively as they missed their desired items in Pietarsaari and 21.1% replied negatively as they could find what they needed in Pietarsaari.

19) In your childhood, who did most of your family's grocery shopping?  
38 responses

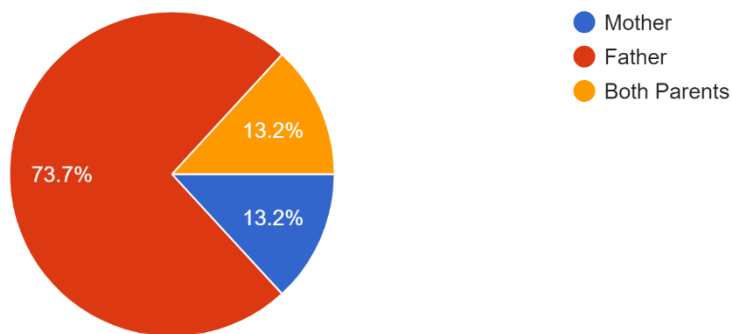


FIGURE 28. Family grocery responsible

Participants were asked about the person in their childhood who was shopping for the family at the grocery store. The response to that question can be found in Figure 28, where 73.7% of respondents replied that their father was the person responsible for shopping for the family in their childhood. I.e. 28 of the respondent 's father made grocery shopping for the family. On the other hand, 13.2% replied the mother of the respondent was responsible for shopping, and the same percentage of the respondents said that both the father and mother were responsible for shopping for the family.

20) Who would normally decide before buying items such as a new house or a car?

38 responses

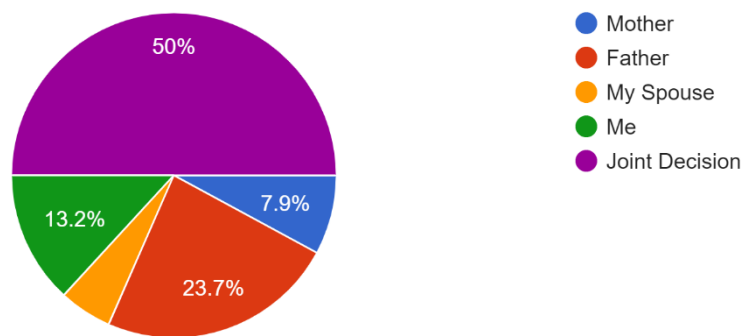


FIGURE 29. Decision maker of the purchase decision for house or car

The twentieth question in the questionnaire was asked to know the member of the family who made the decision when buying stuff like a home, apartment, or car. The options for answering the question include father, mother, spouse, and joint decisions. 50% of the respondent said that it was a collective decision of the family, 23.7% said that the father decided, 13.2% opted for the decision themselves, 7.9% said that the mother was the decision-maker, and 5.3% said that their spouse was the decision-maker for such decisions. Figure 29 above is the graphical representation of the result.

21) Do you know any small business enterprise or grocery store in Pietarsaari?  
38 responses

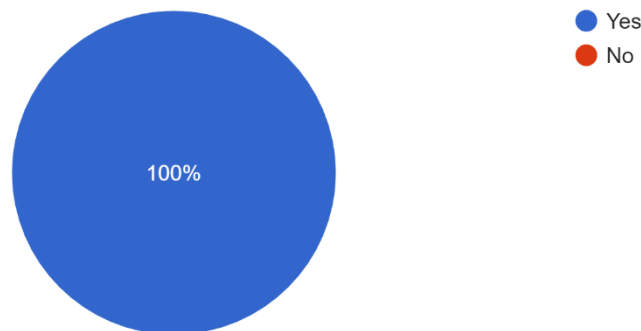


FIGURE 30. Familiarity with grocery stores in Pietarsaari

The twenty-first question was asked to the participants, regarding if they knew any small business enterprise or grocery store in the Pietarsaari municipality. All the participants responded positively and from figure 30 it is evident that all the 38 respondents were familiar with the small business enterprises.

22) Do you buy products from small business enterprises such as eBazaar, Arabi Center?  
38 responses

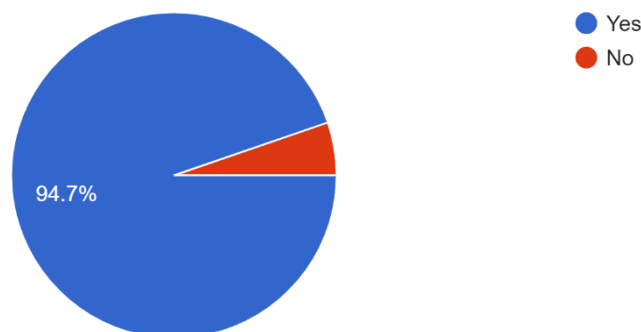


FIGURE 31. Purchasing from grocery stores

The next question asked the participants if they were purchasing goods from small business enterprises such as eBazaar or the Arabic center. 94.7% of the respondents reacted positively, as 36 of the 38



respondents said they had purchased from the stores. 5.3% of respondents, i.e. 2 respondents, reacted negatively as they did not purchase from the stores. The results are presented in figure 31 above.

23) If No, then why?  
9 responses

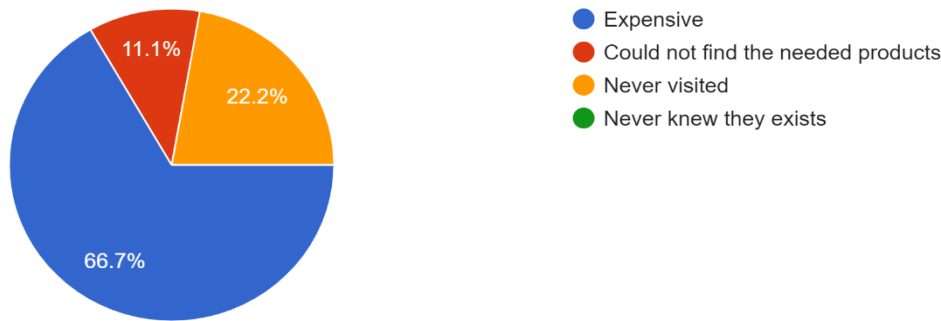


FIGURE 32. Reason for not purchasing from small shops

The twenty-third question relates to the previous question. This query was posed to find out why the participants did not buy from the small business grocery stores. The question had four choices, and most of the respondents to the question believed that items in these stores were more expensive than in standard supermarkets. It is evident from figure 32 that 66.7% of the respondents to this question opted, for this reason, i.e. 6 people opted for this reason. 22.2%, i.e. 2 respondents said they never visited these stores, while another respondent identified the reason for not getting the needed products from these stores.

24) Do you think that the availability of your cultural and traditional products is one of the reasons for visiting these stores?  
36 responses

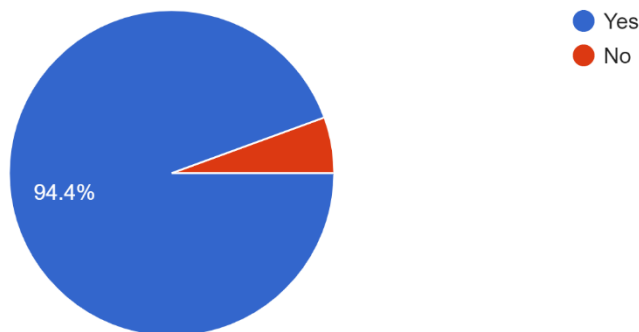


FIGURE 33. Cultural and traditional products influence

Participants who visited these stores were asked whether or not the availability of their cultural and traditional products was a reason to visit these stores. Of the 36 answers, 94.4% were yes and 5.6% were no. I.e. out of 36 respondents, 34 acknowledged it as an influence, while 2 denied it. Figure 33 is the visual representation of the result.

25) Do you think those shops are always selling the best products of your choice and offering the best price?

36 responses

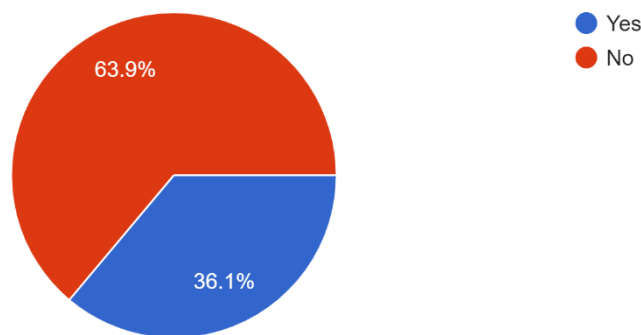


FIGURE 34. Best quality and price availability

The twenty-fifth question was asking the opinion of the customers of such stores about the product quality and product prices. Figure 34 represents the result where 63.9% disagreed that the stores were selling the best products and offering the best prices, while 36.1% were satisfied and agreed that the stores were selling the best products of their choice and offering the best prices.

26) Do you think the reason you're buying from these stores is that your friends, family members, and other community people are buying from these stores?

36 responses

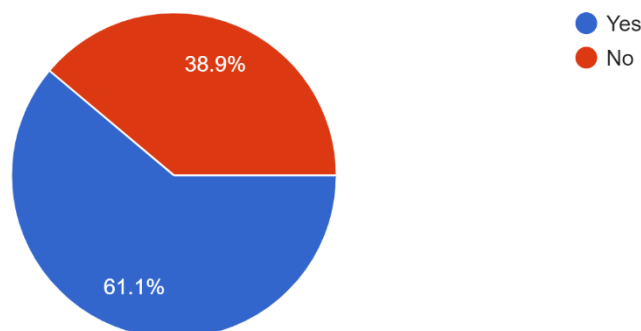


FIGURE 35. Friends, family, and community influence

The customers of these stores were asked in the twenty-sixth question whether or not their colleagues, family members, and other community members were purchasing from these stores served as a motivating factor for them to purchase from these stores. The result is displayed in figure 35 where 38.9% responded negatively, while 61.1% acknowledged it as an influencing factor for them for being the customer of these stores.

27) Do you think that your age, occupation, economic condition, personality or lifestyle is one of the reasons for buying from these stores?

36 responses

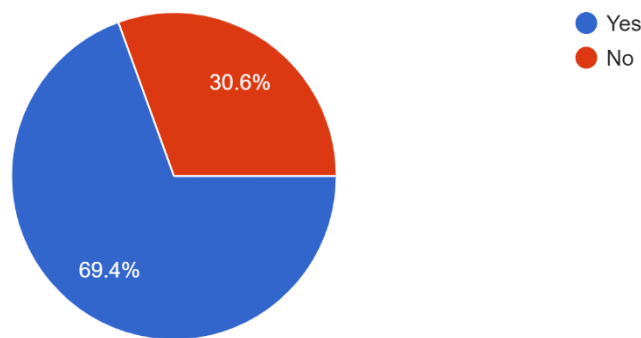


FIGURE 36. Personal factors influence a purchase decision

The customers of these stores were asked if the personal factors had motivated them to purchase goods from these stores in the twenty-seventh question of the survey, and the result can be seen in figure 36 above. 69.4% of the respondents, 25 out of 38 respondents, responded favorably, while 30.6% of the respondents thought that age, occupation, economic status, personality, or lifestyle had little to do with the buying decisions from these shops.

28) What do you think is the main reason for buying products from these stores?

36 responses

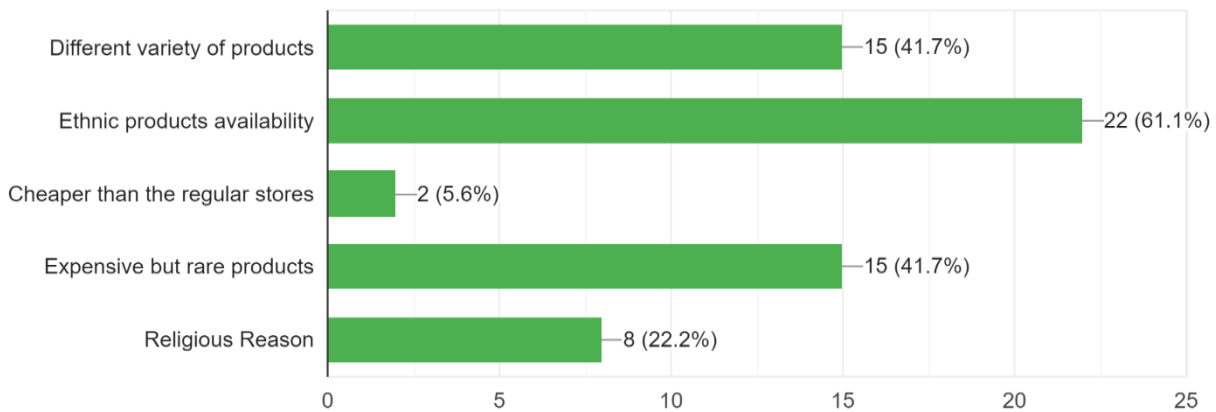


FIGURE 37. The main reason behind the purchase decision

In the twenty-eighth question of the questionnaire, customers were asked to identify the main reasons behind purchasing products from these stores with multiple-choice options. 22 out of 36 respondents identified ethnic product availability is those stores as the main reason behind the purchase decision. 15 respondents choose a different variety of products, as well as expensive but rare products, as the motivation for a purchase decision. 8 of the respondents selected religious reasons while only 2 of the respondents think that the products in these stores are cheaper than other supermarkets. Figure 37 is the graphical representation of the result.

29) When do you buy something?

38 responses

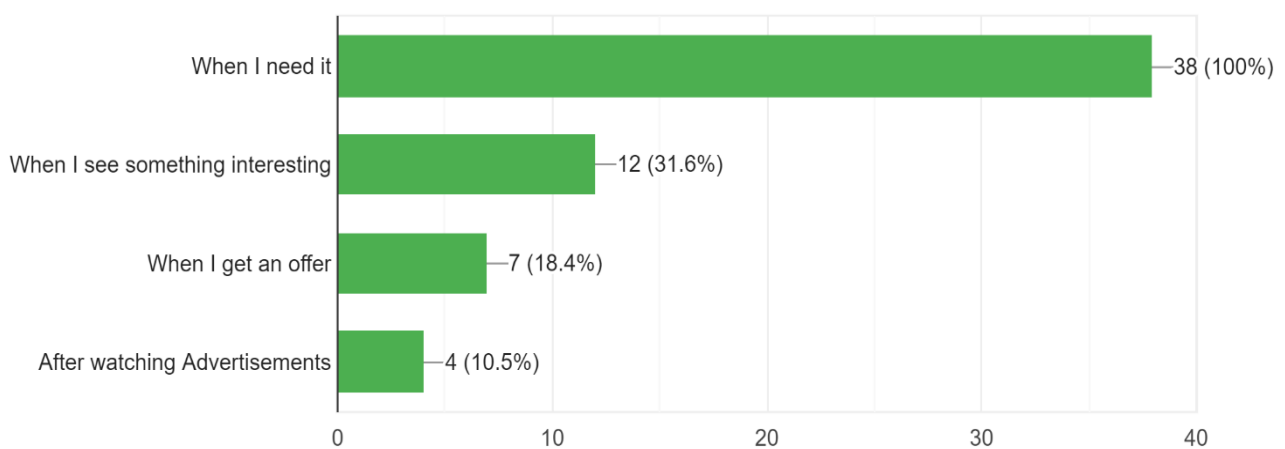


FIGURE 38. Purchase decision

In the twenty-ninth question of the study, participants were asked about the reason for their purchase. This was also a multiple-choice question. All the respondents acknowledged that they were buying something because they needed it. 12 respondents also identified that they were buying something when they found it interesting, 7 respondents said they were buying something when they got an offer, and 4 of them were buying something when they watched the advertisements. The results of these responses are shown in Figure 38 above.

### 30) Where do you look for information from before purchasing a product?

38 responses

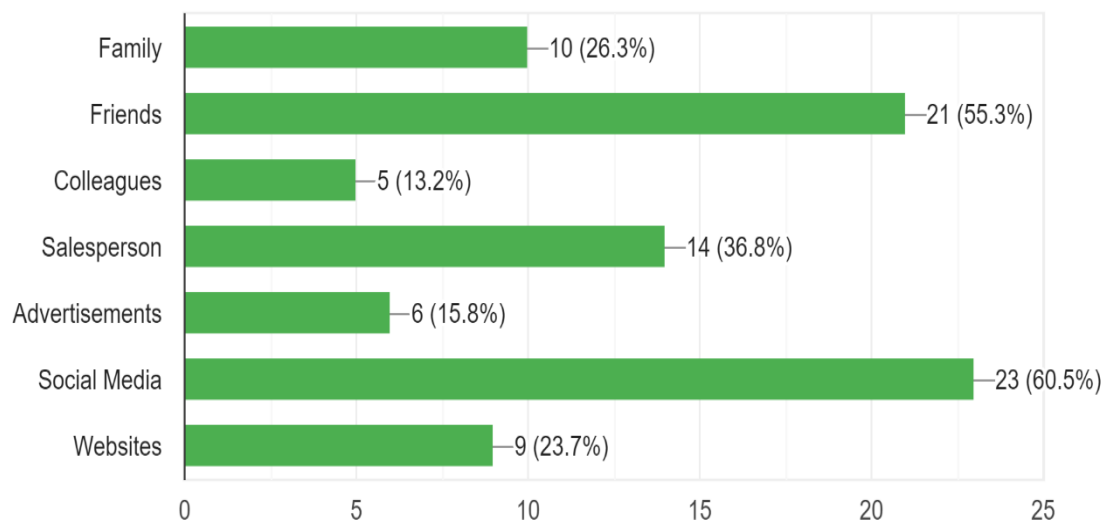


FIGURE 39. Information source before purchase

Another multiple-choice question for the study participants was the thirtieth question, where they were asked to tell the source of knowledge they used before buying something. Figure 39 presents the outcome of the response, where 23 of the 38 respondents said they looked at social media for information prior to purchase. Information from friends is closely behind, where 21 respondents chose this choice as a source of information. 14 respondents said they were receiving information from the salesperson, while 9 respondents were searching for information on the websites. 6 of the respondents selected advertisements, while only 5 of the respondents relied on details from their colleagues before the buying decision was made.

31) What are the things you consider the most prior to the decision to purchase a product?

38 responses

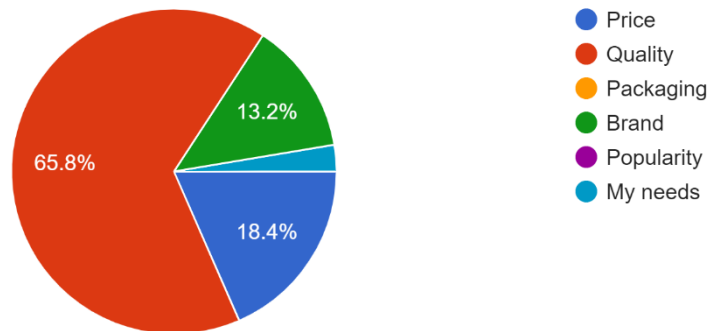


FIGURE 40. The most important issue for a purchase decision

In the thirty-first question, the participants were asked to choose the most significant aspect they considered prior to the purchasing decision of a product. Options include price, quality, packaging, brand, popularity, and needs. Figure 40 shows the outcome of the responses, where the quality of a product is top with 65.8%, as 25 out of 38 respondents listed this as the most important thing to consider. 18.4% of the respondents consider price to be the most important factor and 13.2% consider the brand of the product to be most important. Just 1 respondent chose needs, while none of them considers packaging or popularity to be the most relevant factors to consider before the purchase decision.

32) What do you do if you are not satisfied with a product?

38 responses

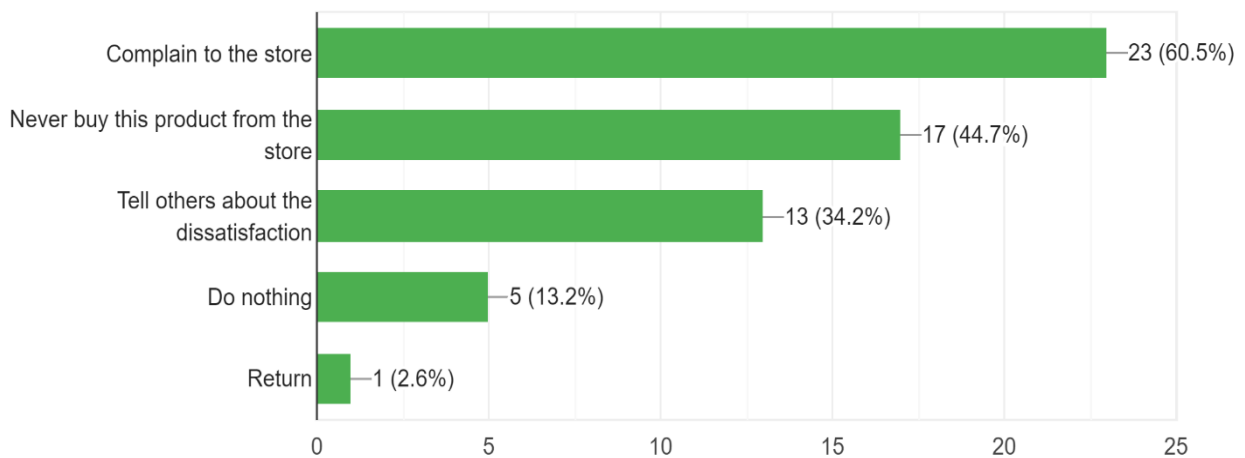


FIGURE 41. Consumer behavior after being dissatisfied

In the second-last question, the survey participants were asked questions about their behaviors after they were unhappy with a purchase. In these multiple selection questions, 23 of the 38 respondents had chosen to complain to the store, while 17 of the respondents had replied that they would never purchase the product from the store. 13 respondents wanted to warn others about this disappointment, while 5 would not do anything. Only 1 respondent favored the prospect of returning the product. Figure 41 is a graphic representation of the answers to this question.

### 33) What do you do if you are satisfied with a product?

38 responses

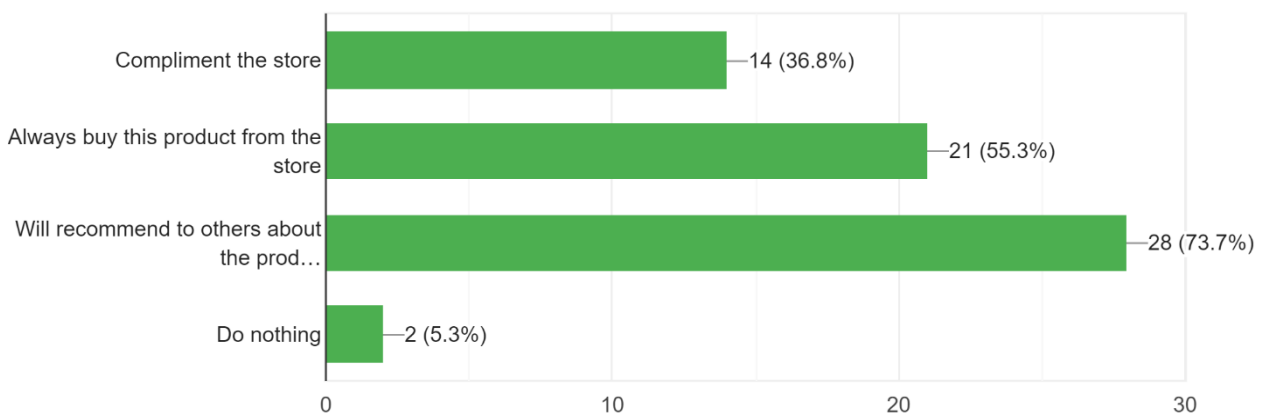


FIGURE 42. Consumer behavior after being satisfied

For the participants the last question of the survey was to know their actions after being pleased with a purchase from the store. Figure 42 presents the outcome of the answer to this multiple-choice question. From the result, it is clear that 28 of the respondents said they would recommend the product to others, while 21 said they would like to purchase the same product from the stores. 14 respondents wished to compliment the store for their satisfaction and 2 of the respondents wanted to do nothing to demonstrate their satisfaction.

## 7.2 Research findings

The findings of the study will be summarized in this section by reviewing the results mentioned above. The study questionnaire had 33 questions for the participants, where the respondents had both a single

choice of responses as well as multiple answer questions. Some of the questions relied on a previous answer to the questions. Questions 1 to 7 were related to the personal details of the respondents, such as age, gender, ethnicity, civil status, occupation, citizenship, etc. As a result, it is clear that males are more active consumers than females in smaller grocery stores and that the people between the ages of 26 and 35 are the most active buyers, since people of this age group are the most active wage earners. People between the ages of 18-25 and 36-46 also share a significant amount of shopping activity, as many students study in higher education institutions such as Centria University of Applied Sciences, and No-*via*, located in this city.

Since this research aimed to understand the behavior of consumers in the Pietarsaari area, it was necessary to have the data from real consumers in that locality. Many of the grocery stores in this locality are ethnic shops, so the ethnicity of the customers was also important. As a result, the bulk of respondents were from South Asia, the Middle East, and Africa. Married couple's buying behavior is different from that of unmarried people. Most of the respondents were married, but the number of unmarried respondents in this survey was not so much lower. This ratio maintains a balance between the participants. Having a child in the family also affects the consumer's purchasing behavior. In the results, respondents with children also maintain a balance with the respondents in the family without a child. Most of the families of the respondent were made up of 2-3 members along with larger and smaller families. So, there is also a balance in the household sizes of the participants.

It is clear from the outcome of the questionnaire's 8th and 9th questions that the majority of respondents to this survey are immigrants, as about two-thirds of respondents were not Finnish citizens. Since these immigrant people are the main customers of those small stores in this locality, it means that the findings of this study come from the real customers of the grocery stores. From the result, it is also evident that two-thirds of the respondents had been living in this locality for more than 2 years and had a clear understanding of the goods and prices in the supermarkets as well as in the grocery stores.

Questions 10 to 20 were asked to understand the purchasing patterns of the respondents. It is clear from the results that the supermarkets in this locality are the dominant rivals of small business entrepreneurs. Prisma and LIDL share more than two-thirds of the customers among the respondents. More than two-thirds of consumers go shopping once a week, but most of them don't get all the items they need in their daily shops. That means they're going to hit another supermarket or grocery store for their planned items. More than two-thirds of participants buy imported goods manufactured or produced in another country



and rely on local stores for these goods. But more than two-thirds of the respondents, 78.9% to be precise, are lacking items from their home country and will be happy to have them here. Respondent's fathers were more responsible for grocery stores than their mother, but in the case of products, such as a house or a car, the family made joint decisions.

The next eight questions in the survey were aimed at identifying the participants' knowledge and opinion on small business enterprises in the Pietarsaari region, with particular emphasis on grocery stores such as eBazaar and the Arabi center. All the participants agreed that they knew these stores and that more than 94% of the respondents were buying from these stores. The biggest criticism against these stores, however, is that the items in these stores are more expensive. More than 94% of respondents agreed that the availability of their cultural and traditional products was the key reason behind the visit to these shops, although at the same time more than 60% of the respondents thought that they were neither selling the best quality products nor offering the best price. More than 60% agree that friends, family members, and community shoppers have inspired them to follow and purchase items from these stores, and about 70% also claim that their personal and economic status is another factor that motivates them to purchase from these stores. However, the availability of ethnic products and rare products is the main influence that has worked for the respondents to be the customers of these stores.

The last five questions of the survey were included to understand the participants' decision-making process and their post-purchase behavior. From these answers, it is evident that consumers are interested in buying something when they believe they need it. Products that are interesting to the customer also influence them to try these products. For product information, most respondents said they relied more on social media and friends. Sales-people and family members also have a significant role to play in the search for information. Price and brand also have a considerable role in influencing the consumer. However, the majority of the respondents consider quality to be the most important thing to consider before a buying decision is taken as the quality of the product is the top priority for more than 65% of respondents. In post-purchase conduct, most respondents consider complaining to be a successful way of expressing their disappointment and recommending the product to others to show their satisfaction.

### **7.3 Recommendations**

Based on the results of the study and review of the outcome, it is evident that customers of small business entrepreneurs demand higher quality goods and different product varieties at a fair price. It is also clear

that consumers make a large part of their shopping in supermarkets and frequently visits these small grocery stores for items that are not available in those supermarkets. As a result, the availability of different ethnic goods and the improvement in quality are the key measures that can attract customers and a happy customer in return draws more consumers with their recommendations. Another important factor that can improve the influx of consumers is the more efficient use of social media since most customers use social media today to make their buying decisions. Social networking can also be an effective tool for promoting new products and services, as well as advertising on product availability.

Businesses need to understand what advantages consumers are looking for and specifically what attributes are the most important to their decision-making process in order to increase the probability. It is important to note that, in terms of the functional and psychological advantages they offer, consumers evaluate alternatives. The businesses need to check the customers' consideration of other brands to prepare the appropriate plan for their own brand. Instead of offering products to search for customers, the main point is to provide the products that the consumer wants. The offering of better alternatives will certainly attract the customer's attention and thus significantly increase sales.

Adopting the Blue Ocean strategy is another strategy that the author recommends for increasing sales and profitability. The Blue Ocean strategy is about creating and capturing unchallenged market space, making the competition irrelevant. Small enterprises can adopt this strategy by distinguishing products and targeting new customers for products that are not available in regular markets, but which have a demand among specific customers. For example, if the city has more than two or three similar grocery stores of products such as Middle Eastern products, other businesses can concentrate more on Thai, Vietnamese, African, or South Asian products. In this way, they can create a new customer base and create a blue ocean market that is less competitive.

Businesses in this locality should try to figure out what customers really want and cross-reference what they can offer to their consumers. They can get into the minds of customers by delivering services or products that are substantially different than what larger supermarkets are offering. If marketers can understand what their consumers really want, they can use their customers' hands to build exciting growth opportunities. Keeping a strong bonding with the community people of the different ethnic groups is also a significant way to increase the customer base as well as retaining existing customers. The author wishes that small business entrepreneurs will be able to survive and grow consistently by following the recommendations based on the research of this thesis.

## 8 CONCLUSION

How many choices do we make every day about the clothes we wear, the perfumes we use, or the lunch or dinner we have? We make a lot of these decisions without much thought, and it seems like some insignificant decisions. But all these insignificant decisions keep the marketer up at night as the process info behind these decisions is used to make the revenue and the economy run. The owner of the restaurant expects customers to come and eat the food that the restaurant offers. But the offer needs to attract customers and be as expected by the customer. Understanding consumer behavior is therefore one of the most important issues for marketers. Writing a thesis on this very old subject seems useless. However, because of the ever-changing environment and time, marketing strategies and their business execution are constantly evolving. That's why the author was interested in writing a thesis on this subject.

Competition against the dominant corporate supermarkets in a small town is a difficult task for a small business entrepreneur. The investment and effort needed to compete in this tough situation are also very difficult. Only a proper business policy and marketing strategy can give them a great chance to survive in this competition. Understanding the expectations of consumers is one of the most important factors for business success. The author is pleased to have the opportunity to write on this subject and to receive the assistance of both the supervisor and the commissioner for this thesis. The research part of this thesis was conducted in a situation where all the countries of the world are fighting against the worst pandemic of covid-19 virus infection. Thanks to all the respondents for responding in a difficult situation to help the author complete this research.

This thesis aimed to explore consumer behavior and the influence of the consumer decision-making process. The theoretical part of this research focuses on the definition of consumer behavior, the different models of consumer behavior, different factors that influence consumer behavior, and, finally, the decision-making process of the consumer. Not all of these theories are equally applicable in every marketing field. The aim of the research study was therefore to identify the factors and issues that apply to a small business enterprise in a smaller city, such as Pietarsaari. For this reason, the author has designed the questionnaire, keeping all possible factors in mind and collecting as much data as possible from the respondents. Ethnic people and customers of these small business enterprises were given higher priority while selecting respondents to obtain more reliable and informative data.

The results of the study showed that consumers, nowadays, are more aware of the quality of the products they purchase than anything else. In this era of digitalization, it is much easier for consumers to find alternatives and compare products and quality. They are also concerned about the prices of the products, and a competitive price can always attract consumers to purchase the product. The study also found that social factors are some of the most influential factors affecting consumer purchasing decisions in this area. Personal factors, such as age, economic situation, and personality, also influence customer behavior. These factors must therefore be considered during the planning of the marketing strategy. The use of social media as a marketing tool has also appeared to be an influential factor for consumers. At the end of the day, keeping customers satisfied by providing the quality products they need can make the customer happy and a happy customer works as an important marketing tool to attract more new customers.

It is important to research consumer behavior in order to understand what influences consumer purchasing decisions. By understanding how customers decide on a product, marketers can fill the demand gap and recognize which products are needed and which are out of date. Studying consumer behavior also helps marketers determine how to deliver their goods in a manner that maximizes consumer impact and is key to meeting and influencing customers and turning them into purchases. The commissioner for this thesis, other small business entrepreneurs and anyone reading this thesis can easily understand the outcome of this study and the main facts about consumers buying decisions for a small business entrepreneur. Using this information while planning a marketing strategy, these small enterprises can survive in tough competition, will be able to retain their existing customers, and will be able to transform prospective customers into real customers in order to grow a successful business and entrepreneurship.

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**INTERVIEW QUESTIONNAIRE**

1) You want to define your gender as...

- Male
- Female
- Don't want to mention

2) Your age falls in the range...

- Younger than 18
- 18 – 25
- 26 – 35
- 36 – 45
- 46 – 65
- 65+

3) You are you from...

- Finland
- Other EU
- South Asia
- Middle East
- Africa
- Others

4) What do you do?

- Student
- Entrepreneur
- Employed
- Unemployed



5) What is your relationship status?

- Married
- Single
- Divorced
- Widow
- Living together

6) Do you have children?

- Yes
- No

7) Total number of people in your household

- 1
- 2 – 3
- 4 – 6
- More than 7

8) Are you a Finnish Citizen?

- Yes
- No

9) How long have you been living in Pietarsaari?

- Born here
- Less than 2 Year
- 2 to 5 Years
- More than 5 years

10) Where do you buy your regular grocery items from?

- Big shopping markets
- Grocery stores

Online

11) Where do you normally go shopping?

Prisma

City Market

LIDL

K-Market

Halpa Halli

12) How often do you buy grocery products?

Daily

Every other day

Once a week

Once a month

13) Do you find all your grocery products in your regular shop?

Yes

No

14) If No, do you get them from any other store?

Yes

No

15) Do you purchase grocery products produced in other countries?

Yes

No

16) If the previous answer is yes, where do you get them from?

Local stores

Online from abroad

Online within Finland

17) Now that you live in Finland, can you buy the same brands that you could buy in your home country?

Yes

No

Some brands

18) Are there products you need or miss that you cannot buy in Pietarsaari?

Yes

No

19) In your childhood, who did most of your family's grocery shopping?

Mother

Father

Both parents

20) Who would normally decide before buying items such as a new house or a car?

Mother

Father

My Spouse

Me

Joint decision

21) Do you know any small business enterprise or grocery store in Pietarsaari?

Yes

No

22) Do you buy products from small business enterprises such as eBazaar, Arabi Center?

Yes

No

23) If No, then why?

- Expensive
- Could not find the needed products
- Never visited
- Never knew they exist

If your answer to question 22 is Yes, then answer the questions from 24 to 28

If your answer to question 22 is No, then skip the questions from 24 to 28 and go to question no. 29.

24) Do you think that the availability of your cultural and traditional products is one of the reasons for visiting these stores?

- Yes
- No

25) Do you think those shops are always selling the best products of your choice and offering the best price?

- Yes
- No

26) Do you think the reason you're buying from these stores is that your friends, family members, and other community people are buying from these stores?

- Yes
- No

27) Do you think that your age, occupation, economic condition, personality, or lifestyle is one of the reasons for buying from these stores?

- Yes
- No

28) What do you think is the main reason for buying products from these stores?

- Different variety of products
- Ethnic products availability
- Cheaper than the regular stores
- Expensive but rare products
- Religious Reason

29) When do you buy something?

- When I need it
- When I see something interesting
- When I get an offer
- After watching Advertisements

30) Where do you look for information from before purchasing a product?

- Family
- Friends
- Colleagues
- Salesperson
- Advertisements
- Social Media
- Websites

31) What are the things you consider the most prior to the decision to purchase a product?

- Price
- Quality
- Packaging
- Brand
- Popularity

32) What do you do if you are not satisfied with a product?

- Complain to the store
- Never buy this product from the store
- Tell others about the dissatisfaction
- Do nothing

33) What do you do if you are satisfied with a product?

- Compliment the store
- Always buy this product from the store
- Will recommend to others about the product or store
- Do nothing