

# Business Psychology Analysis of Consumer Purchasing Factors: A Literature Review

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**Abstract.** Owners of businesses must have a firm grasp of the fundamentals of marketing and consumer psychology, particularly the distinction between wants and needs. This capacity enables the development of effective marketing strategies to meet consumers' shifting purchasing preferences. This study tries to investigate, from a business psychology perspective, the elements that can affect customer purchasing. This is a library research effort using secondary data from a variety of literatures. The gathered data are evaluated using a qualitative, descriptive technique. According to the conclusions of the study, the most influential psychological elements on consumer behavior are motivation, perceptions, attitudes, and beliefs, as well as lifestyle. Understanding these elements can assist us in comprehending consumer behavior and determining how to entice people to make purchases.

**Keywords:** Business Psychology-1; Consumer Behavior-2; Motivation-3; Perception-4; Attitude-5; Lifestyle-6

## 1 Introduction

Business owners and managers need a firm grasp of the fundamentals of marketing and consumer psychology, including the distinction between wants and needs. If manufacturers have a firm grasp of these fundamentals, they will be better able to develop effective marketing strategies to accommodate consumers' ever-evolving buying habits [1]. According to [2], shoppers' actions will ultimately dictate their purchasing choices. As a result, consumer behavior is a crucial component that might affect a consumer's final decision to purchase or use a given good or service.

Currently, business professionals are also expected to comprehend the elements that impact purchasing decisions [3], so that consumers are willing to purchase the company's products. Attention must be paid to the purchasing decision, as it will undoubtedly be a factor for businessmen in deciding the marketing strategy to be implemented by the next organization [4]. According to [5], the basis of consumer choice making is an integration process that combines knowledge to assess two or more alternative behaviors and choose one. According to Philip [6], the purchasing behavior of consumers is influenced by four elements: cultural factors, social factors, personal factors, and psychological factors.

A customer's internal state, particularly their emotions and beliefs, can play a significant role in shaping their final purchase choice [7]. The degree to which a consumer is influenced by psychological factors is proportional to the strength of that consumer's propensity to make a purchase decision after processing that factor's impact on the consumer's perception of and response to the environment [8]. From a psychological and commercial point of view, what influences consumers' purchasing decisions? Have a look at the breakdown We provided below.

Before giving answers to questions from the previous paragraph, now we will discuss the literature review that is used as the basis for research thinking, especially regarding business psychology and consumer behavior. One of the social sciences that investigates how people produce, distribute, and use products and services is called economics [9]. The word "economy" itself derives from the Greek words "oikos," which means "family, household," and "nomos," which means "regulations, rules, laws," so it can be thought of as "household management" in general [10]. In this respect, the rule of supply and demand as well as the price equilibrium point are integral parts of the economy. Whether a CEO or business owner likes it or not, they will have to deal with obstacles like demand fluctuations caused by alterations in customer behavior and challenges in procuring goods or services to satisfy supply. Additionally, the long-term viability of the business depends on the pricing strategy (or forethought used in setting prices for goods or services). Consumer behavior and behavioral economics are two areas of economics that have connections to psychology [11].

A variety of current ideas are used in the field of behavioral economics to describe how psychological elements, thoughts, feelings, culture, and social aspects affect how individuals and institutions choose their economic forms [11]. The boundaries of economic reason are another topic of behavioral economics. Behavioral models frequently incorporate findings from microeconomics, psychology, and neuroscience. There is discussion of "how market decisions occur and function according to the preferences of consumers or society" in behavioral economics study. In behavioral economics, there is a general debate of: 1) Heuristics: Humans make 95% of their decisions using mental shortcuts or rules of thumb. 2) Framing: A collection of anecdotes and stereotypes that form an individual's mental filters in understanding and responding to an event. 3) Market inefficiencies: This includes mispricing and non-rational decision making.

When people look for, choose, use, and evaluate an item or service to satisfy their needs or desires, they are engaging in consumer behavior. Consumer behavior is the process of cognition, emotion, and human action [12]. The driving force behind consumer decision-making is consumer behavior. Making decisions based on consumer concerns while buying low-value items or services is simple (low involvement). When making decisions on highly valued (highly involved) products or services, much care is taken [13]. When choosing a good or service, buyers take into account a number of variables, such as cost, usefulness or usability, quality, present value and future value, influencers, and others (friends, parents or artist endorsers). In a psychological perspective, the factors that influence a person's decision to buy goods or services include: 1) Motivation, or the impulse people have to carry out and accomplish certain objectives. 2) Perception, which is the cognitive process by which a person gives meaning to the stimulus or event they are exposed to based on knowledge and experience about the informational stimuli of the goods or services they are exposed to. 3) Attitude refers to a person's evaluation of their likes and dislikes toward an item, a group of products, or a category of services that they plan to acquire. 4) Lifestyle. This is done to determine the optimal product promotion plan. Consumers with a luxurious lifestyle prefer to engage in conspicuous consumption. Price is not the key consideration.

## 2 Method

This business psychology analysis of consumer purchasing factors research uses secondary data from various literature and previous articles. The collected data were analyzed using a qualitative descriptive approach with data reduction steps, data display, verification, and conclusion.

## 3 Result and Discussion

When applying consumer psychology to business or marketing, we must take into account consumer psychological elements that may influence certain consumer behaviors, such as product purchases. Motivation, perception, attitudes and beliefs, and lifestyle are the four primary psychological aspects that can be utilized to decide marketing techniques.

Motivation is the first and possibly most essential component to examine when analyzing psychological influences on consumer behavior. Motivation is what pushes people to take a particular action or purchase a product [14]. The urge to fulfill certain wants or desires motivates consumers to purchase particular products. These desires or needs may be based on physical feelings, such as hunger or thirst, or on psychological demands, such as the urge to possess [15]. Abraham Maslow, a psychologist, devised a hierarchy of human needs to characterize the influence of motivation on human behavior. Each level of requirements represents a distinct need that individuals are attempting to satisfy. Physiological, safety, belonging, esteem, and self-actualization are the five degrees of needs [16]. Maslow felt that the most fundamental physiological requirements (such as the need for food or water) must be met before other wants may be satisfied.

Entrepreneurs can use the fundamental concepts outlined by Maslow's hierarchy of needs to analyze whether our products can satisfy the demands of consumers at each level of the hierarchy and ensure consumers that their needs will be met if they purchase our products. For instance, we create advertisements for cosmetics and skincare brands. In this regard, we acknowledge that for many persons, the use of beauty items like as skin care and makeup contributes to a positive self-perception and satisfies their "self-esteem" demand. Entrepreneurs can use this information to create marketing campaigns that convince consumers that using a product will boost their confidence.

Consumer behavior is also strongly influenced by perception. Perception is the process through which an individual selects and organizes information to construct his or her own understanding or attitude [17]. With the use of perception, we can create a brand image in the eyes of consumers that will motivate them to acquire items and strengthen consumer loyalty. Selective attention, selective retention, and selective comprehension are the three crucial components of perception [18]. These three factors influence consumers' perception of information in the following ways:

1. Selective attention is the ability of individuals to notice and pay attention to certain environmental stimuli.
2. Selective retention refers to the fact that individuals cannot retain all of the information they process. In a behavioral consumer sense, this means that consumers are likely to forget some of the messages and/or advertisements they see.

3. Selective understanding refers to consumers interpreting information in a way that confirms the beliefs they already hold. This can lead to a loyal feeling of brand loyalty, whereby consumers will buy a certain product because they believe that brand is the best, regardless of the product's actual performance.

Attitudes and opinions are also significant consumer behavior determinants. The term 'attitude' relates to a consumer's perspective of a specific brand, product, or service [19]. Social variables typically influence an individual's attitude. The term 'belief' refers to a consumer's knowledge or opinion-based perception of a brand, product, or service [20]. Entrepreneurs must pay special attention to consumer attitudes and beliefs to ensure that consumers have an accurate perception of the product or service in question; if this is not the case, then campaigns must be geared toward dispelling false perceptions [21].

The final factor influencing consumer behavior is customers' lifestyles, or how they spend their time and money. It is essential that we comprehend consumer purchasing habits and lifestyles [22]. This is done to determine the optimal product promotion plan. Consumers with a luxurious lifestyle prefer to engage in conspicuous consumption. Price is not the key consideration [23].

Consumers with this lifestyle are typically motivated by the enjoyment element while purchasing products of a specific value [24]. Understanding lifestyle characteristics can also aid in gaining an appreciation for consumer perspectives on various social and/or political concerns [25]. Understanding why consumers behave in a particular manner or why they purchase particular products is vital for entrepreneurs to build successful marketing campaigns that will engage consumers and potentially encourage them to take specific actions, such as making a product purchase [26].

Consequently, the psychological aspects that can influence consumer behavior are motivation, perceptions, attitudes, and beliefs, in addition to lifestyle. Understanding these elements can assist us in comprehending consumer behavior and determining how to entice people to make purchases.

## 4 Conclusion

This study has reached its conclusion. The conclusion that can be drawn is unmistakable: when conducting product marketing, it is crucial for firms to identify consumer behavior so that marketing efforts are effective and on target. In order to comprehend customer behavior, the term "consumer psychology" is familiar. By studying consumer psychology, we can determine what elements influence consumers' purchasing decisions. The most influential psychological elements on consumer behavior include motivation, perceptions, attitudes, and beliefs, as well as lifestyle. Understanding these elements can assist us in comprehending consumer behavior and determining how to entice people to make purchases.

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