

# The Psychology of Buying

## “What Drives the Purchasing Decision”

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All of us are consumers. Basically, we are wanting beings and use innate buying behavior to get more and more of what we want. Whether buying from a department store, flea market, car dealership or convenience store, or corporate vendor, we've experienced the emotions that correspond to making the purchase decision. And, we unconsciously viewed the transaction from both the buyer's and seller's sides of the table. That's because the buying and selling functions are for all practicable purposes - inseparable. They depend on each other for existence. Neither process can take place without the other, and neither can be examined effectively without an analysis of the other one. In other words, to understand the sales process completely, we must isolate and analyze the buying processes used by the buyers we call on. All successful buyers understand the role of the sales person, and the same should be true of sales people. They must also understand what goes on in the buying process.

To fully comprehend the selling process, it is critical to understand buying behavior and processes. In other words, *why and how do people buy?* Whether it is a decision to buy gasoline or a decision to change a company's supplier for a particular product or service, the basic principles driving the buying decision are the same. Understanding these principles can put you in a better position to plan and direct sales behavior in ways that will lead to a more predictable, and successful outcome.

Research into buying behavior and processes is deeply rooted in psychology and the study of human behavior. Motivation and decision theory go a long way toward explaining the reasons behind buying behavior. To help explain this behavior, we will discuss several theories in *relative* detail and relate each one to the purchasing process. When used together, these theories and concepts provide a framework for understanding buyer behavior and are the foundation for consultative selling in all industries.

As you read this document take time to pause and conceptualize the information and apply it to your industry and situation. You will realize the secrets of sales success that other sales people either learned too late or not at all. This information will light your way in selling by helping you to understand how to approach the sales process instead of stumbling blindly through your job with only samples, order forms and determination. As you will see, understanding how the buying function and sales process relate will not be difficult. However, it is taking this information and applying it on a daily basis with your customers and prospects that will prove to be the challenge. How successful you are at doing so will, to a large degree, determine how successful you will be at selling.

## Why Buyers Buy

During the twentieth century some of the world's greatest minds began serious research into the motivations driving human behavior. The noted psychologist Abraham H. Maslow was one of these great minds. In the early 1940s Maslow began developing and refining his theory of what motivates human behavior. This theory built on previous motivation models and because of its simplicity, it continues to be one of the most popular explanations for human behavior today. The central principles of Maslow's Theory are relatively easy to conceptualize and can be used as a starting point to describe what triggers the buying process.

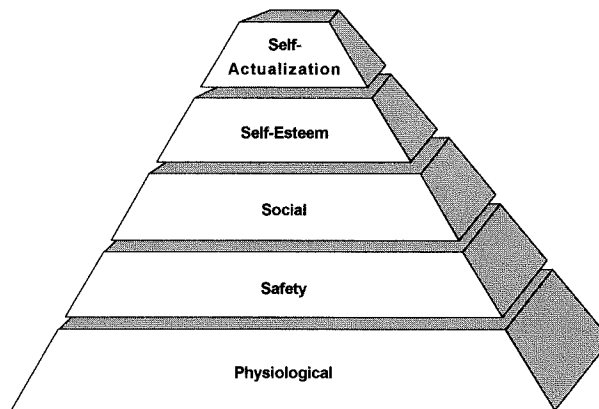
In 1954, Maslow published his theory of motivation in the book *Motivation and Personality*. His theory, *The Hierarchy of Needs*, was one of the first explanations of human behavior that the average person could understand and apply. It became very popular in sales and marketing literature during the sixties and seventies because it provided a general framework

from which to understand what drives industrial *and* consumer buying behavior. Several principles of his theory have relevance to our discussion regarding buying behavior. They are presented below.

## A Hierarchy of Needs

The central principle of Maslow's Hierarchy theory is that people direct behavior toward the satisfaction of unmet needs. It is a basic human instinct to want. People continually want more of everything. They want more money, more attention, more pleasure, more power, more free time, success, love, security, etc.

Maslow surmised all needs are basically the same for everyone. As **Figure 1**: Maslow's Hierarchy of Needs illustrates, human needs exist in a five-level hierarchical arrangement that resembles a pyramid. Individuals respond to each need category differently based on a host of internal and external factors that act upon them. However, at any given time, a person may have needs from several categories. The one that gets attention will depend on the individual and his particular environment. By understanding these need categories, we can begin to develop an understanding of what initiates purchasing behavior for buyers in any industry.



**Figure 1:** Maslow's Hierarchy of Needs

Basic physiological needs such as physical and safety needs reside at the bottom of the pyramid and are *logical* in nature. Higher-order psychological needs, such as self-esteem, relationship and self-actualization needs, reside at the top and are *emotional* in nature. The specific needs representing each category are too numerous to list and are extremely complex. However, for our use, typical needs may be grouped in a predictable manner under each need category.

### **Examples for each category of Maslow's *Hierarchy of Needs* include:**

- **Physiological:** Basic needs required to sustain life. These logical needs are physical in nature and include water, air, food, comfort, sex, shelter, sleep, etc.
- **Safety:** Lower-level logical needs include stability, freedom from fear, protection, order, an ability to preserve money, time, food, etc., security, absence from pain, freedom from threat, etc.
- **Social:** Mid-level emotional needs include affection, love, group membership and affiliation, admiration, popularity, friends and family acceptance, etc.
- **Self-Esteem:** Upper-level emotional needs include reputation, prestige, power, self-respect, status, achievement, recognition, influence, appreciation, high regard from others, etc.
- **Self-Actualization:** This highest-order of emotional needs centers on self-fulfillment, personal development, the desire to know and understand the world around us, and the need to grow to one's full potential.

To apply this vital theory to our discussion of buying and selling, let's use for example how a customer's needs in the printing industry, *or use your own industry if you prefer*, fit into this need hierarchy. Although it's not practical or necessary to attempt to establish an in-depth understanding of Maslow's Hierarchy of Needs, it is possible to develop a general awareness of how a buyer's business needs relate to his overall hierarchy of needs.

Let's look at the basic human need of *safety*. This need might manifest itself in the marketing print buyer's need to become more competitive, to preserve market share, improve profitability, to ensure solvency, to take some action to preserve a buyer's job security, etc. As for *social needs*, these might involve a decision to improve the quality of work for employees or something else that might cause employees to accept or respect the buyer more readily and so on.

There is an almost endless combination of needs that buyers experience. An astute seller should be able to anticipate many of these needs based on the situation. Even though we are all individuals, we react to the same basic need hierarchy.

**Typical needs buyers experience and react to include:**

- Protecting / enhancing competitiveness
- Protecting / enhancing profitability
- Improved value (price vs. cost)
- Prestige
- Enhanced productivity / results
- Respect / admiration
- Convenience / ease of use
- Ideas / innovation
- Control / power over people and situations
- Image enhancement
- Etc.

## Need Gap Tension

A *second* important principle of Maslow's need hierarchy theory relates directly to why buyers buy. It contends that people are always in a state of *need tension*. The process starts with the person recognizing a perceived difference between his actual state and some desired state. This tension results whenever a person's needs at one level of the pyramid are satisfied, but are unsatisfied at another level. Need gap tension may result from a person experiencing one of two need categories: an obvious *problem* affecting his current situation, or identifying an *unrealized opportunity* to improve his less than acceptable current situation.

The wider the gap between where you are (*current situation*) and where you want to be (*ideal situation*), the greater the *need gap tension* and the greater the drive or motivation to close the gap. People consciously and unconsciously behave in ways that will close the need gap and reduce or eliminate the *need gap tension*.

A person will always try to satisfy first the need on the hierarchy that is causing the greatest tension. When that need is satisfied to at least an acceptable level, it will cease being a motivator and the next important need moving up the pyramid will be satisfied. For example, starving people (*physiological need*) will not take an interest in the latest happenings in the art world (*self-actualization needs*). Additionally, they will not care how they are seen or respected by others (*social or esteem needs*), or whether or not they are breathing clean air (*safety needs*). Their hunger needs are most prominent and must be satisfied first.

**An example of how personal need gap tension might develop:**

*Hunger is a most basic of human needs and is one we may experience daily. Although it is at the basic level, many factors affect whether we close the hunger need gap by eating bugs or indulging in a seven-course meal. These factors include: the severity of our hunger pangs and length of time since our last meal, availability of food, particular food likes and dislikes, individual or group dining preferences, etc. Depending on the degree of hunger, satisfaction can involve numerous needs ranging from physiological survival needs to social needs.*

Likewise the buyer in a marketing department will place greater emphasis on addressing *today's* marketing problems rather than worrying about the company's long-term profitability. He will always address today's pressing problems first,

before he will address something less critical. As each most pressing need is satisfied, at least in part, the next most important need will then come into play in the form of a *problem* or *opportunity*.

### **An example of how buyer need gap tension might develop:**

*A Marketing Manager might realize through observation and hearsay that the ineffectiveness of his marketing tools is causing the company to lose market share to a direct mail competitor. This situation can precipitate a host of need gaps that relate to jeopardized profitability, competitiveness, ego, job security, etc. The buyer may understand the loss of market share but may not know what to do about it. Depending on the degree of concern, the need gaps might be related to Maslow's safety, social or esteem need categories and could cause great tensions.*

## Finding Need Gap Tension

As a consultative sales person, you should use this knowledge of need hierarchy and need gap tension to direct your sales efforts. Through knowledge of the situation and careful observation, questioning, and listening, you must identify and determine the cause and extent of the buyer's need gap tension and estimate the degree of priority the buyer places on addressing the various and sometimes conflicting needs. When you have identified and evaluated the need gap, you can apply a solution or recommendation that the buyer will value. In other words, look for both existing problems and for opportunities to improve the buyer's situation. You are both identifying and/or creating need gap tension the buyer will react to. Only then will the buyer direct purchasing behavior towards closing his need gap.

## Central Ideas of the Needs Hierarchy

Consider the following precepts that Maslow's *Hierarchy of Needs* teaches us about the buying process:

1. Needs influencing purchase behaviors exist in a hierarchical arrangement.
2. Need gap tension results when a buyer's *expectation* of need satisfaction is higher than the *current* perceived level of satisfaction.
3. *Real* or *perceived* need gap tension triggers buying behavior.
4. Need gap tension *must* exist for purchasing behavior to be directed toward it.
5. The sales process must be capable of accurately identifying and evaluating need gap tension through observation, questioning, and listening.

## **What Buyers *Actually* Buy**

Maslow's Hierarchy of Needs Theory has enjoyed widespread acceptance over the last forty years because it conveniently classifies needs into higher and lower orders. However, understanding the development of need gap tension is only one facet of motivation research that can help us. We also need additional explanations as to the behavior used to close the need gap. That is where *Expectancy Theory* comes into play.

Like the Hierarchy of Needs Theory, Expectancy Theory is of specific relevance to the buying process. It too was preceded by several related theories, but was refined in the fifties and sixties. Expectancy Theory explained how behavior is directed toward addressing the need gap tension. It is an involved process that, for our purposes, links purchasing behavior with expected outcomes, outcomes with expected benefits, and finally, benefits with perceived value. We will present a simplified view of this theory that supplies the missing links to understanding buying behavior.

Victor H. Vroom was one of the leading theorists who applied Expectancy Theory to industrial work behavior. His 1964 book, *Work and Motivation*, is one of the most widely accepted theories used by industrial psychologists to explain motivation and behavior. This theory provides an excellent, and practical explanation of how need gap tension, once perceived, is linked to behavior to close the need gap. The major principles of his theory are outlined below.

## Linking Needs with Benefits

Given the perpetual existence of need gap tension at one level or another in the need hierarchy, Vroom theorized that the strength of the buyer's motivation to close the need gap depended on three (3) independent yet interrelated factors. *First* is

the person's expectations or estimate of the probability that a given behavior such as changing vendors, making a purchase, addressing a new market, etc. will lead to a predictable and desired outcome or result. *Second*, the expectation that the outcome will lead to benefits such as profitability, job security, better relationships, reduced tensions, etc. *Third*, the benefit is perceived as attractive or valuable. Simply put: *is the effort worth the results gained?*

Numerous explanations of Expectancy Theory exist ranging from simple to complex. **Figure 2:** The Expectancy Theory Equation, provides a condensed illustrates it for our purposes. The following paragraph will provide a verbal explanation of the equation.

$$M = E + B + V$$

**Figure 2:** The Expectancy Theory Equation (Condensed)

This formula applied to the buying function: The strength of the buyer's *motivation (M)* to reduce the need gap tension is a result of: (1) his *expectations (E)* that the purchase or action will lead to a predictable outcome (2) that outcome will definitely provide *benefits (B)* to the buyer, and (3) the benefits are *perceived as valuable (V)*.

The expected consequences of our actions and the perceived value of those consequences shape how we react to need gap tension. In other words: ***our actions are a direct result of what we believe the outcome will be and how valuable that outcome is.*** The strength of the motivation to behave in one way or the other is directly correlated to the expectations that that behavior will result in a positive or beneficial outcome.

## Buyers Buy Expected Benefits

Vroom explains that if a person expects certain behaviors to lead to favorable consequences and other behaviors will lead to unfavorable consequences, a person will exhibit the behaviors leading to the favorable consequences more often than the behaviors leading to less favorable consequences. The strength of his behavior will depend largely on the expected benefits and their perceived value.

### **An example of expected benefits in the hunger situation:**

*A hungry person has a preconceived idea of what it means to satisfy that hunger. It may be eating those bugs to just survive the next hour, or it may be the seven-course meal served in an atmosphere of quiet elegance to satisfy social or status needs. Perceived benefits impact the decision such as sheer survival from hour to hour, the prestige of the restaurant and its impression on the guest, or getting the fastest biggest meal possible and being able to eat in the car.*

The central principle of expectancy theory is that when the buyer experiences need gap tension, buying behavior is triggered by the expectation that: (1) closing that need gap will eliminate the tension, and (2) will lead to the expected benefits. ***Buyers buy expected benefits.*** If the expectation of benefits is strong, the behavior to close the need gap will be strong. If the expectation of benefits is weak, the behavior to close the need gap will also be weak.

Expected benefits are each buyer's unique concept of how solving a *problem* or taking advantage of an *opportunity* will help him. He believes that closing the need gap will result in satisfaction. The direct implication of this concept on various stages of the selling process is tremendous.

### **An example of expected benefits in the competition situation:**

*The marketing buyer will have a preconceived idea of the benefits of attaining a certain level of competitive status. These expected benefits might include increased market share that will lead to larger sales volume and profits. These profits may be used to continue to grow the business, or be taken in the form of additional income for the decision maker. Perhaps the key expected benefit for the buyer might be using the additional income to take his family on a much-needed vacation, which yields ego and self-actualization benefits. On the other hand, the profits may be used to gain greater job security and compensation.*

The buyer in the above example is not necessarily concerned with competition, market share, revenue enhancements, etc. He is concerned with the *benefits he expects* from resolving the competitive situation. This is a major premise in consultative selling. The buyer will actually direct behavior toward the benefits of closing the need gap. These benefits may be different for every buyer and are unique to each situation. Therefore, the sales process must focus on not just identifying problems and opportunities, but also identifying the buyer's unique perception of the expected benefits of addressing these problems and opportunities.

## Central Ideas of Expectancy Theory

We can draw the following conclusions from Expectancy Theory as it pertains to buying and selling:

1. A buyer is actually buying his own unique perception of the pre-purchase *expectations* of how he will *benefit* from closing the need gap.
2. Three (3) factors determine the strength of the buyer's motivation to satisfy his need gap:
  - The *expectations* that the buying behavior will lead to a predictable *outcome*
  - Whether the outcome will provide the *expected* level of *benefits*
  - The *perceived value* of the rewards or benefits resulting from the behavior must be valuable enough to justify the effort.
3. The sales process is most effective when it links the desired purchasing behavior to the expectation of outcomes or *benefits* the buyer considers valuable.
4. Expectancy Theory applies to both group and individual purchasing because both are comprised of individuals with personal and/or professional needs that must be satisfied.

## Summary

The findings presented in this document can have a great impact on the ability to sell and may be equated to the *cardinal knowledge* of professional selling. This is knowledge that all great sales people understand, whether it was learned through experience or in formal training. Whether you are selling real estate, office supplies, printing, or rocket engines, the origins of the buying and selling process can be traced to the same source – *the dynamics of human motivation, decision-making and interpersonal communication*.

Ironically, most sales people are never exposed to the information. They are typically given loads of product knowledge, a trunk full of samples and order forms, and are expected to develop a territory and stay on quota. Unfortunately however, this “sink or swim” sales management philosophy no longer works in our sophisticated industry. Only those sales people who understand what drives human behavior, who knows the details of the buying and selling process, and have a strong achievement motive will be capable of survival. These days, buyers are savvy and they expect more from the solution suppliers and sales people they do business with. The information described in this document will enable you to meet those expectations.

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