Title: Market motivations for the purchase of livestock: are they utilitarian or hedonic?
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Market Motivations for the Purchase of Livestock: Are they Utilitarian or Hedonic?

Abstract

Market motivations for the purchase of livestock are presumed to be consistent with business buyer behaviour models; however, they may be more aligned with consumer buyer behaviour models. In this conceptual paper and on the basis of exploratory field research into buying motivations of farming businesses, it is contended that for many farming businesses market motivations may be to satisfy hedonic needs rather than utilitarian needs. A greater understanding of the purchasing motivations of farming businesses can enrich the marketing exchange relationship and have implications for political policy makers who assume managers of farming businesses are motivated by economic imperatives.

Field of research: Marketing, Buyer Behaviour, Motivations, Livestock.

Introduction

The motivations for purchasing livestock as inputs to farm businesses are assumed to fit business buyer behaviour models, wherein there would be an economic rational for the selection of one breed, herd or animal over others. However, in the purchase of livestock there is likely to also be strong psychological, sociological and anthropological motivations that influence the purchase decision; akin to the motivations associated with consumer models of buyer behaviour. It is therefore proposed that motivations for the purchase of livestock are not consistent with the edicts of business buyer behaviour models and may be more aligned with consumer buyer behaviour models.

Further, the stimuli that influence the purchase of specific animals are likely to include factors such as the registered names of those animals, which may bear no relationship to the economic imperatives of livestock production. In the beef cattle industry is Sheba the top selling animal at a public auction because of her economic attributes or because of allusions that come with her name?
Limited research that has been conducted into market motivations for the purchase of livestock (Roeber et al, 2001; Parker, et al, 1999; Blezinger, 1999; Urquhart, 1992; Holmes, 1991) has focused on economic factors and has failed to give due consideration to psychological, social and anthropological factors. The importance of livestock industries in Western countries and the public investment in their welfare through drought aid augers for a greater understanding of the market behaviour of this A$6 billion industry (Meat and Livestock Australia, September 2006).

In this Paper, motivations for the purchase of livestock is examined to contribute to knowledge and understanding of the precursors of buyer behaviour that direct the development of livestock industries in Western countries. Research to date in this field has essentially related to satisfying utilitarian motives and has largely ignored the effect of hedonic motives.

**Literature Review**

In literature on factors that motivate buying behaviour writers (Sheth & Mittal, 2004; Quester et al, 2004) tend to separately examine business and consumer markets. These two broad markets are influenced by similar sets of factors, although the outcomes which they seek are likely to be different, with businesses often seeking more economically orientated benefits from their buying.
The buying behaviour models postulated in the literature relate to how personal, psychological, social, environmental and marketing factors all affect the buying behaviour of business and consumer markets, albeit to different degrees. Business and consumer markets are affected by many factors from the most pragmatic for some businesses to the most altruistic for some consumers (Dichter, 1964).

The dichotomy of examining business and consumer markets as separate entities is that in some instances business markets will be motivated and behave more like consumer markets, and similarly some consumer markets will be motivated and behave more like business markets (Fern & Brown, 1984; Lilien, 1987; Mowen, 1987; Wilson, 2000). According to Wilson (2000), there may be greater buying differences within these types of markets than between them.

The basis for the separate examination of business and consumer markets has often been that they are driven by different motives, with business markets seeking to satisfy utilitarian needs and consumer markets seeking to satisfy hedonic needs (Coghlan & Williams, 2005). However, on the basis of research conducted into the motivations of small business buyers (Harling & Quail, 1990; Thomson & Panayiotopoulos, 1999) it is apparent that for businesses economic rationalism is not always a paramount motivation and that normative motivations may have a substantial effect.

It is recognised by Sheth and Mittal (2004) that small businesses behave more like a family, but are they similarly motivated like a family? If small businesses do perform more like individuals or families it is possible to apply Fishbein and Ajzen’s (1975) Theory of Reasoned Action. This model predicts the intention to perform a behaviour from an individual’s attitudinal and normative beliefs or motives. In a study by Thompson et al (1999) conducted on dairy farmers, it was discovered that the normative influences were likely to be higher in those situations when the purchase was a significant input to the business or it involved new territory.

In relation to small farming businesses that purchase cattle for beef production Urquhart (1992) and Holmes (1991) wrote about the economic imperatives of beef farmers buying cattle with assertions such as a cow is a factory, and that annual income from a beef herd, as measured by sales, is a function of fertility, growth rate and carcass characteristics (Holmes 1991). Research studies in the United States clearly support the Australian literature (Parker et al 1999, Roeber et al 2001, Blezinger 1999). In a study conducted by Ritchie and Rust (1993), 1032 cow-calf producers ranked the importance of bull performance attributes in relation to their purchase of bulls. The results in Table One support the importance of economic criteria (fertility, growth rate and carcass characteristics) in the selection of bulls.
Table One: Economic Criteria in the Selection of Bulls

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Rank</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reproductive soundness</td>
<td>1</td>
<td>73.6</td>
</tr>
<tr>
<td>Body composition (muscle, fat)</td>
<td>2</td>
<td>69.9</td>
</tr>
<tr>
<td>Growth potential</td>
<td>3</td>
<td>68.1</td>
</tr>
<tr>
<td>Calving ease</td>
<td>4</td>
<td>66.2</td>
</tr>
<tr>
<td>Structural soundness</td>
<td>5</td>
<td>60.8</td>
</tr>
<tr>
<td>Genetic predictors (EPDs)</td>
<td>6</td>
<td>51.0</td>
</tr>
<tr>
<td>Disposition</td>
<td>7</td>
<td>49.1</td>
</tr>
<tr>
<td>Show ring record</td>
<td>8</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Despite the results in Table One, research by Coghlan et al (1993) showed that production efficiency in the beef cattle industry does not necessarily relate to premium prices paid for stud cattle sold at auction. According to their research cattle breeds that were found by Jenkins and Ferrell (2002) to be relatively inefficient in production sold for relatively premium prices at auction.

In literature on buyer behaviour some convergence of consumer and business markets in terms of factors that influence purchases and buying processes is recognised (Thomson and Panayiotopoulos, 1999; Wilson, 2000). However, if livestock business markets behave more like consumer markets in seeking to satisfy hedonic needs rather than utilitarian needs there will be implications for suppliers (marketers) and political policy makers.

Discussion

The motivations of business and consumer markets vary and are often the basis on which these markets are differentiated (Quester et al, 2004). Such motivations are conventionally understood to range from the desire of business markets to satisfy functional utilitarian
needs to the desire of consumer markets to satisfy more emotional hedonic needs (Assael, 2004).

Although the motivations of business buyers tend to be aligned with utilitarian needs, the author contends that small farming businesses, in particular, are often motivated to a large extent by hedonic needs. This contention is conceptual and is founded on the basis of exploratory research only; however, it is believed to be worthy of a thorough investigation of the motivations of businesses buying livestock.

Conceptually, any business (that is only an ‘amalgam’ of individuals) will have some emotional and possibly hedonistic involvement in a purchase decision. According to Sheath et al (2004, p. 175) at the extreme end of the continuum of involvement is deep involvement, where an individual has very strong and ongoing interest in the purchase typified by the expression: “we like them; we enjoy them; we love them”. This proposition is supported by a study of promotional literature for sheep dogs that are sold to farming businesses. Descriptions of the sheep dogs are replete with such phrases as “kind and loving personality”, “so many stockmen buy them as their workmate” and “want a loving companion as well as a hard working member of the team” (Noonbarra Working Dog Stud, 2004).

In support of the contention that small businesses may seek to satisfy hedonic needs it is useful to reflect upon whether there may be a correlation between appealing names given to registered livestock and the prices paid for those livestock at auction sales. At a 2006 auction of stud cattle the alluringly named Sheba sold for the top price, and two buyers purchased cattle that carried the same names as themselves – Judith and Gay. The connection may be coincidental, but the author proposes to conduct a correlation analysis between the popularity of the names amongst buyers and the prices paid for the animals. In another arena, how many racegoers gamble on horses for economic gain, yet make their selections based on the appeal of the horse names?

**Implications**

Understanding market behaviour more completely can enrich the marketing exchange relationship through addressing buyer’s values, which are often intangible and latent psychological and/or social constructs. This understanding can ultimately lead to greater customer satisfaction. It is proposed that small farming businesses that purchase livestock for economic gain are influenced by a desire, perhaps latent, to satisfy hedonic needs.
For political policy makers, small businesses are recognised to be important to economic development. They are the largest employers in Australia and they account for approximately 30 per cent of Australia’s economic activity (Commonwealth Portfolio for Small Business, 2003). Many government programs are based on the assumption that these businesses have a fundamental economic imperative, when in fact their ‘economic’ purchases may be lifestyle orientated rather than being in the ‘national interest’. This then raises the question: can public expenditure on programs such as drought relief be economically justified?

Consumer spending on beef (the end product of the stud cattle industry) “is estimated to have risen an astounding 50 per cent over the past five years, to over $6 billion” (Meat and Livestock Australia, September 2006, p. 18). A more complete understanding of market behaviour can have substantial implications for marketers and political policy makers.

**Conclusion**

The motivations for purchasing inputs to farming businesses may relate more to the desire to satisfy hedonic needs than utilitarian needs (Coghlan and Williams, 2005). It is proposed that some business buyers behave more like a family than a stereotype business (Sheth and Mittal, 2004) and are subject to normative influences which is consistent with Fishbein’s (1967) Theory of Reasoned Action. This paradigm has implications for the separate study of consumer and business markets, as the differences in their buying behaviour may be negligible.

It is anticipated that motivations for the purchase of livestock are relatively unique and may not be consistent with established buyer behaviour models. Research into this matter can make a valuable contribution to literature and theory relating to market dynamics. A greater understanding of the marketing exchange relationship may also have implications for political policy makers who are currently investing billions of dollars in the livestock industry.
References


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