Dialectics of Investor - Consumer Behaviour Parity: A Conceptual Investigation

Stephen Aro-Gordon
Adjunct Faculty, SDMIMD, Mysuru.
Faculty of Management and Social Sciences
Baze University Abuja Nigeria
stephen.aro-gordon@bazeuniversity.edu.ng

Abstract

The paper explores comparative understanding of investor behaviour and consumer behavior using the dialectical method of scientific discourse. Customer-centralism – the idea that the organization should focus everything that it does on satisfying the customer – has been a fundamental thinking in management philosophy. In spite of the dense literature on consumer behavior, there are still some scoping and conceptualization gaps which are attributable to the interdisciplinary nature of consumer-behavior, an idea that is discussed not only in marketing, but also in many other related fields such as psychology, neuroscience, anthropology, sociology, strategy, behavioral economics and behavioral finance. Behavioral finance seeks to probe the motives behind financial market investments relative to what is known from classical finance theory, but here also controversies exist as to whether the so-called biases in investment behavior are truly irrational or whether they hint us on useful behavior for market development. Meanwhile, the traditional marketing concept of consumer *behavior tends to exclude the investor because the investor is not ordinarily regarded as a 'consumer'. Thus, in extant thoughts, the 'investor' and the 'consumer' are apparent opposites that have been kept apart and regarded as distinct. The intent of this paper is to advocate a conceptual shift towards expanding the scope of consumer behaviour discourse by integrating it with emerging perspectives on investor behavior. Using content analysis based on survey of related articles and journals, the paper proposes twelve major dimensions of Investor-Consumer Behavior (ICB) parity that are critical for improving our understanding of consumer behavior in the context of the modern investor who also 'buys' 'goods and services' in the form of financial assets and investment ideas from diverse set of 'sellers', financial officers, analysts, banks, and Funds managers. The study revalidates the combined presence (parity) of rationality (knowledge) and irrationality (feelings) in the buying decision-making processes among consumers and investors that seems to make conventional conceptual distinction meaningless. The significance of the research lies in the essence of education viewed in terms of the pursuit of total, open-minded comprehension of knowledge for societal benefit. Some implications for higher education and industrial development and scope for further research are highlighted.*

Keywords: *Behavioral finance, Dialectics, Higher-level education, Investor-consumer behavior*

Introduction

The concept of consumer behavior is generally associated with the process by which people search for, select, purchase, use, and dispose of good and services, in satisfaction of their needs and wants. It denotes the activities people undertake when obtaining, consuming, and disposing of products and services (Blackwell *et al*, 2001; Adeyanju, 2002; Sahney, 2015). Understanding consumer behaviour is crucial to crafting robust strategy for business success because of the constant changes in the environment and customer needs. It tries to answer the question as to why a customer would pick one brand of a product over another by allowing us to peep into the customer's underlying motives or factors motivating the purchase of a good or service. To properly evaluate the phenomenon of 'consumer behaviour, the term 'product and services' in our context, does not have to be restricted to 'consumer goods' in the marketing context but extended to cover financial market instruments such as retirement savings, stocks, bonds, and host of risk-hedging financial derivatives. Consumer behavior considers why people buy, use and dispose of these products and services. Whether for 'consumption' or for 'investment', the reasons for buying are wide-ranging including personal, psychological, emotional, situational, and social or environmental factors. Parity is thought to be equality of position or quality of being similar or identical. Dialectics of our enquiry recognizes the conceptual tension between the conflicting concepts of 'consumer' and the 'investor' with the aim of establishing better understanding on both sides rather than disproving one argument. The ‘consumer’ is regarded as the *buyer* of goods and services; the investor is also a buyer of some sort, a buyer, not of ‘consumption’ goods, but of ‘productive’ instruments such as stocks in a publicly owned corporation or other forms of financial assets.

In macroeconomics, both the households (consumers) and the firms (investors) are recognised as key agents of domestic output, so there is, in a sense, ICB parity of contribution to an economy (Samuelson and Nordhaus, 2010). The consumer is someone who makes the purchasing decision, the investor is someone who makes the investing decision; thus, here too, there is parity of decision-making that involves exchange of money, assets, goods, and services. Nonetheless, some key questions remain: To what extent do investors exhibit the same or similar buying mentality as consumers do? What are the key areas of parity between customer behavior and investor behaviour?

Need for the Study

The major contribution of this paper is to add to the picture of knowledge on consumer behavior by integrating emerging perspectives from investor-behaviour. The ultimate purpose of the conceptual enquiry is to facilitate further investigations into how enhanced knowledge of the relative behavior of these two crucial economic agents’ can be harnessed towards attainment of sustainable economic well-being and prosperity. Specifically, the need for the present study can be explained from two perspectives. First, at micro level, understanding Investor-consumer behavior is crucial to crafting robust strategy because of the constant changes in the environment and customer needs. Secondly, at macro level, bearing in mind the role of households and firms as two major economic agents, further knowledge of consumer behavior in an integrated ICB mode is expected to assist policy makers and market regulators to develop strong, inclusive market development, consumer-investor protection, and stable financial system initiatives in an increasingly complex environment. For instance, ICB phenomena like herding behavior can increase financial markets volatility at macro level, thereby worsening crises (Deutsche Bundesbank, 2011).

Organization of the Paper

The rest of the paper is as follows: Section 2 reviews some conceptual and empirical literature on the subject, with greater emphasis on investor behavior. Section 3 explains the application of the dialectical methodology to this research. Section 4 discusses the results of the research and some of the implications, while Section 5 contains the conclusion and areas for possible future studies.

Literature Review

Consumer behaviour is a wide field and predicting consumers' behavior, whether in the traditional context of the average consumer or with respect to the investor, is fraught with difficulties because of typical unpredictability of the human behavior (Armstrong, 1991). There is some rational (knowledge) and irrational (feelings) components thought to manifest in consumer buying behavior, but the exact range of relative rationality or irrationality will vary according to several factors such personality, circumstances, and the product in question. Investor behavior is similarly wide-ranging, encompassing the mental processes and emotional issues that individuals, traders, and expert financial analysts exhibit during financial planning and investment management processes (Baker & Ricciardi, 2014). A lot is also known from behavioural finance, but controversies still exist as to whether the so-called biases in buying behavior are truly irrational or whether they hint us on useful behavior for market development.

Baker and Riccardi (2014), Baker *et al* (2010 & 2014), Riccardi (2013), Popper (2013), Saloni and Bhuvan (2013), Seawright (2012), Baker and Nofsinger (2002 & 2010), Mitchell *et al* (2006), Bryne (2004), among several other authors, provide extensive education on investor behavior, but not in any particular relation with the general concept of consumer behavior. Selvakumar and Mahesh (2015) examined the behaviour of households in an Indian community as they perform their role as supplier of investible capital for economic activities. A number of similar studies in the Indian context, notably, Vijaya (2014), Chaturvedi and Khare (2012), Davar and Gill (2009), among others, investigated consumer saving patterns and investment preferences, all within the scope of the omnibus investor-behavior science.

Similar exclusive investor-behavior interest among researchers is also observable in other developing countries, such as Kenya, Pakistan, and Nigeria (Josiah *et al,* 2012; Shahbaz & Mahmood, 2004; Aregbeyen & Mbaduigha, 2011; Oriavwote & Oyovwi, 2013; Babajide & Adetiloye, 2012; Mbutor, 2010; Akintola-Bello, 1986).

From all the forgoing contributions, we learn a lot about the existence of such behavioral tendencies and forces as disposition effect, familiarity bias, trend-chasing, anxiety, anchoring, and self-attribution, thought to yield overtrading and sub-optimal portfolio performance. Overall, there is a great deal of evidence that there are biases among both consumers and investors, but the relative dimension of irrationality in buying behaviour remains largely unresolved among scholars in both schools of consumer behavior and investor behavior.

Research Gap

Based on the review of the literature presented above, it can be deduced that the vast majority of studies so far are in silos; the phenomena of consumer behaviour and investment behavior as primarily separate subjects. Admittedly, previous studies have tried to explain the diverse motives behind consumer behavior and investor behaviour; but, hardly there are any significant research contributions analyzing similarity or dissimilarity of investor-customer buying attributes in an integrated manner. The apparent disjointed approach to the study of investor-consumer behavior is thought to require a redress in the interest of integrated management education and inclusive growth; therefore, the present paper is an attempt in filling this vacuum.

Objectives

The main objective of this study is to gain further insights into possible parity between investor behavior and consumer behaviour using the dialectical method of scientific discourse. The specific objective is to, as far as extractable from the available literature in the field, identify and outline the broad areas of parity between customer behaviour and investor behavior. A thematic signposting of the investor-customer parity is expected to guide future investigated to support business and market development intitiatives.

Theoretical Framework

This study is designed to explore comparative understanding of investor behavior and consumer behaviour (CB) using the dialectical method of scientific enquiry. The goal is to use dialectics to expand the scope of CB discourse by attempting to integrate it with emerging perspectives from the investor. The idea that the customer should be at the centre of everything the organization does (customer-centralism) is the fundamental thinking in marketing management philosophy. Although there is a dense literature on consumer behaviour as a key concept in marketing management, there is no consensus on its exact nature and scope. The scoping and conceptualization gaps are perhaps attributable to the fact that CB is a wide and multidisciplinary concept, studied not only in marketing, but also in many other related fields such as psychology, neuroscience, anthropology, sociology, strategy, behavioral economics and behavioral finance. A lot is also known about buying motives, but agreement and disagreement exist in behavioral finance context as to whether the so-called biases in buying behavior are truly irrational or whether they hint us on useful behaviour for market development. Additionally, the traditional marketing concept of consumer behaviour normally excludes the investor because the investor is not regarded as a 'consumer'. Thus, the 'investor' and the 'consumer' are apparent opposites that have been kept apart in the literature and regarded as distinct.

Thus, dialectics is not seen here, as perceived in some quarters, as a tool of debate, rhetoric adventure, eristic and propaganda (Popper, 1962 and 1966). Rather, it is seen more in the Socratic mode which favors discovering the truth as the highest value. Its primary aim is rational discussion toward truth discovery or a qualitative improvement of a dialogue (Pinto, 2001; Eemeren, 2003). Dialectics has a very long history in philosophy and it remains a central learning technique to global philosophy especially in Europe and India since antiquity (Cassin, 2004; Ernest *et al,* 2009, Snider, 1903). Dialectics was part of the triune (that included rhetoric and grammar) taught in mediaeval universities. There are many variants of dialectics (Socratic, Plato, Medieval, Hegelian, Marxist, Dharmic, to name a few), in its classical form, it is a mode of learning through which contradiction (such as investor-customer opposites) becomes a starting point, rather than a dead end for contemplation (O'Connor, 2003). In driving towards the truth, dialecticians are contented if they end up making implicit contradictions explicit. It is typical of dialectician to help elucidate a real but previously veiled integral relationship between apparent opposites (like investor-consumer) that have been kept apart and treated as behaviorally distinct.

The goal of this paper is to use dialectics to expand the scope of CB discourse by attempting to integrate it with emerging perspectives from the investor. Typically, dialectical discourses moves from thesis to antithesis, then synthesis, based a worldview that everything is composed of contradictions, everything is transitory, and lastly, that something is only what it is in its relation to another, and it is in the latter sense that this paper finds dialectics helpful in resolving ICB parity.

In the purest context of the subject-matter of this paper, the hypothetical questions and contradictions can be summed up as follows:

i. To what extent do investors exhibit the same or similar buying mentality as consumers do?

ii. Can one be a consumer and an investor at the same time?

iii. Both the consumer and the investor are needed to achieve steady and stable economic growth, but who is needed more?

iv. How realistic / helpful is an all-consumers economy?

v. How realistic / helpful is an all-investors economy?

vi. To what extent have investors and consumers been able to put their buying emotions in check?

vii. What is the risk tolerance level among a cross-section of investors?

viii. Are women better investors and traders than men?

ix. What are the key areas of parity between customer-behaviour and investor-behavior?

This study was primarily designed to focus on the ninth question that deals with ICB parity, and also to highlight its implications particularly for business education and economic development.

Methodology

Methodology of the study consists of exploratory survey based on qualitative content analysis and following the specified procedure in the literature (Mayring, 2000; Kothari & Garg; 2014). The research design is justified by the need to obtain relevant evidence with optimum effort, time, and expenditure, having regard to the main purpose of the study which is purely formulative. Thus, using relevant online and offline sources for academic papers, conference proceedings, and websites and books as the primary content, thematic categorization of consumer-behavior and investor-behaviour into areas of parity was done to achieve the study objectives. The issues and perspectives bordering on ICB are too complex to address in a single survey.

As earlier noted, parity is thought to be equality of position or quality of being similar or identical. Dialectics of the approach recognizes the conceptual tension between the conflicting concepts of ‘consumer’ and the ‘investor’ with the aim of establishing better understanding on both sides rather than disproving one argument. The ‘consumer’ is regarded as the *buyer* of goods and services; the investor is also a buyer of some sort, a buyer, not of ‘consumption’ goods, but of ‘productive’ instruments such as stocks in a publicly owned corporation or other forms of financial assets.

Results and Discussion

The intent of this study is to gain further conceptual insights into possible areas of parity between investor behaviour and consumer behavior using the dialectical method of scientific discourse. From the survey and analysis of related literature, the following broad areas of parity between customer behavior and investor behaviour were identified as follows:

Parity of Economic Choice

It is generally known that the ‘product’ is the number one ‘P’ in the 7-P marketing mix model (Booms and Bitner, 1981). It has been noted earlier that consumer behavior is broadly associated with the process by which people search for, select, purchase, use, and dispose of good and services, in satisfaction of their needs and wants. Consumer behavior considers why people buy, use and dispose of these products and services. Documented stages in the consumer's purchasing process put 'need recognition' at the top, followed by information-searching, product evaluation, product choice, and purchase, post-purchase use and evaluation, and, lastly, disposal of the product. Whether for 'consumption' or for 'investment', the reasons for buying are wide-ranging including personal, situational, psychological, and social / environmental. Customer purchases can be triggered by convenience, mood, necessity, gift, or emergency. Environmentally, the overall state of the economy and the society is thought to be crucial at macro level; for instance, recent surge in shopping mall experience in Nigerian is being tempered by rising global security concerns (Omisore, 2014). Of significant relevance here too is Abraham Maslow's hierarchy of needs theory that people have to fulfill their basic needs - water, food, sleep, etc. – before they begin to look at fulfilling higher-level needs such as safety, housing, and other investments. It is thought and perhaps self-evident that the consumer will not spend money on something if the same money is already spent on something else, thus the customer has limited amount of money to spend or borrow. In the similar vein, the average investor's risk-tolerance level or what is termed hurdle rate in finance is expected to guide his or her choice of investments.

Parity of Psychology

Traditionally, there have been a lot of contributions from psychology in many efforts to ascertain the extent to which the human mind, mental states, temperament, motivation studies, personality studies, attitude formation and change, and so on, affect consumer or investor behavior. The dense literature in this psychology of buying seems to remind us that we are essentially *Homo sapiens*, not necessarily *homo economicus*. Many cases indicate that investor behavior often deviates from fundamental logic, reason, or accepted economic principles, while research have also revealed the existence of ‘overconfident’ and ‘status-quo’ typology of investors (Baker & Ricciardi, 2014). Given the exhibited height of abuses and corruption among politicians in some African countries, requests for mental examination of aspiring political leaders are common, but the same has not spread into dealing with possible presence of ‘irrational’ behavior, or proneness to negative mental states among investors. Lately, Neuroscience and Neuroeconomics have emerged to attempt to explain some economic behavior, such as risk-averseness, in terms of the brains physiology (Economist, 2009).

The Behavioral School tends to address issues of personality, attitudes, values, group behavior, leadership, and so on, trying to understand the factors that affect human behavior at work. This management philosophy was largely promoted by the human relations thinkers of the 1930s and behavioral scientists of 1950s. Largely associated with Darwin (1809 – 1882), B. F. Skinner (1904 -1990), Freud (1856 – 1939), Elton Mayo (1880-1949) and Abraham Maslow (1908-1970), among others, Behaviorsm holds that behaviour (how and why they happen) can be explained by environmental causes rather than by internal forces (Adeleru, 2009). In the context of the present study, Behavioral Finance (BF) Theory is basically a psychological theory of investment behavior promoted by scholars like Jong (1969), Soros (2004), and Derman (2009), among others. BF as outlined by Soros (2004, p. 101-102), is associated with a fundamental belief in "market irrationality"; it does not see any perfectly efficient market anywhere in the world and, therefore, asserts that stock prices cannot be 'rationally' explained. BF suggests that a truly rational man is a rare species or may not even exist at all. Markets do not trade on available news and rational responses, but rather, they reflect investors' irrational impulses to rumours, euphoria, "group thinking", and mass panic. It is, however, contended that, while not ruling out the outplaying of human sentiments in stock price behaviour, it may be untenable to equate stock price behaviour analysis with human behavior analysis. This is perhaps eloquently stated in Natalwala (2011, p. 5):

Market values are fixed only in part by balance sheets and income statements; much more by hopes and fears of humanity; by greed, ambition, acts of God, invention, financial stress and strain, weather, discovery, fashion and numberless other causes impossible to be listed without omission.

The irrationality helps to explain market anomalies such as, the superior performance of value stocks over the broad market. Behavioralists further asserts that, in reality, there will always be some unsatisfied buyers and sellers, that participants cannot avoid introducing "irrational", bias, or complex psychological factors into their decision-taking, and that the actual course of events in the stock market is indicative of bias and intuitive judgments, hence the "business an art, not science" idea (Johnson, 1992, p. 95). Soros (2004) asserts that stock markets are in constant disequilibrium because of the seemingly intertwining relationship between fundamentals and bias. In the same vein, Jong (1969) introduces volitional doctrine which states that people will act on the basis of a false belief just as vigorously as they will act on the basis of a true belief. The author concludes that human action is based on belief, not on the actual state of affairs. Thus, it can be deduced that an investor will act the same way concerning a false financial statement as a true one, because "the child who believes there is a ghost in his closet will cry just as loudly, whether the belief is true or false" (Jong, 1969, p. 34); the important thing in this context is the belief of the child, not the actual condition.

While acknowledging that business fundamentals influence the values that participants attribute to stocks, Soros (2004) argues that formal valuations can also influence the fundamentals. The author further maintains that, contrary to the "fundamentalist" assumptions, participants do not discount a future stream of earnings and dividends; rather, they anticipate future market prices based on hunches. Soros (2004) summarizes the psychological theory as follows:

The fundamentals that matter are in the future. It is not last years' earnings, balance sheets and dividends that stock prices are supposed to reflect but the future stream of earnings and asset values. That stream is not given;

therefore, it is not an object of knowledge but of guessing… The guessing is based on information and bias… To this extent, fundamentals cease to provide an independent value to which the stock price could correspond. Far from reflecting the fundamentals, markets create their own reality. (pp. 63, 65)

Derman (2009) also agreed that stock markets are not perfectly efficient, that prices do not always adjust to 'right level' and investors are not perfectly rational in their investment decisions. To Derman (2009), the idea of a "right level" of stock price is a fiction. No one will deny the volatility of stock markets; it is perhaps typical of all markets to have prices drift up upward or cascade down, get slow rises or dramatic falls. A succession of good news about a business may lead investors to overreact positively, unjustifiably driving the stock price up, and vice-versa.

From all the foregoing discussion, it may be easily understood why BF is often associated with short-term markets, where emotions can drive prices up and down, resulting in some times exaggerated, and statistically anomalous stock price movements. In the final analysis, intelligent investing or buying is perhaps a function of intrinsic product value, not necessarily of market price.

Parity of Product Knowledge

The financial markets have a number of indices or indicators of the behaviour of diverse financial products or instruments in the marketplace. For instance, the South African Volatility Index (SAVI) top 40 is a forecast of equity market risk in South Africa. It is modelled on the VIX, a popular measure for the volatility of the S&P 500. The SAVI Top 40 enables investors to gauge fear and market sentiment relating to the local equity market. The index itself is not a tradable product, but market commentators, economists, traders and investors interested in identifying market patterns can refer to the SAVI Top 40 (JSE, 2015). Similarly, based on the Capital Asset Pricing Model (CAPM) which posits that the expected risk premium on each stock is proportional to its *beta,* the latter metric is one of the best known measures of how sensitive the individual security is to the market movements. Contrary to American Marketing Association (AMA) (2015)'s view that CAPM is "a theory that states that the expected return on any asset or security is given by a formula and that is the CAPM is effectively untestable", there is a preponderance of empirical literature that give credence to the utility of CAPM in understanding the risk-return behaviour of the marginal investor (Dugeri & Olaleye, 2007; Brealey *et al*, 2014). The CAPM helps to clarify why investors go ahead to buy assets, knowing fully well that they are risky.

The average investor is influenced by returns and risk, perhaps, more importantly, risk – the variance of the percentage change in value (returns) over time, and this is crucial for many areas of investing, capital budgeting and capital market investments. The financial markets provide diverse choices of different promises; making sense out of them all requires some good understanding of investment risk.

Some studies have shown that financial product knowledge is generally weak and that simplified and standardized product information is pivotal to investors' success (IEF, 2012; Chater *et al,* 2010). In the context of product-knowledge in ICB parity discourse, it is crucial to understand the local financial market tendencies before investing. For instance, studies have shown that Nigeria's nascent Real Estate Investment Trust (REIT) in particular tends to exhibit negative correlation with the broad market to reinforce the high portfolio-risk diversification value of this new investment vehicle in the country. Research also shows that real estate stock prices tend to be less volatile than the stock market index, thus pointing to the value of real estate securities as invaluable capital assets with relatively better stability and return predictability. Nigerian real estate equities, not only outperformed the market portfolio in both nominal and risk-adjusted return terms, but their returns also remained generally competitive when compared to the yields obtainable from primary property markets (Amidu *et al.* 2008). Considerable (54.36-81.43%) foreign portfolio participation in the Nigerian stock market has also been witnessed in recent years (NSE, 2015).

Parity of Value-Creation

Both the consumer and the investor want value for money. The emerging concept of Price-Value-Service-Dominant Logic (PVSDL) is used to underscore the general feeling that that a product has no value unless it creates value when someone not only buys it but also uses it (Hewer & Brownie, 2010). Hence, a preponderance of false claims as to the 'value' of advertised (subtle or open) products can be damaging not only to the advertisers but to the whole market.

Parity of the 7-Ps

By now, the interrelatedness of ICB parity areas will be apparent. This is even more evident in the idea of 7-Ps of consumer behaviour – Product, Price, Place, Promotion, People, Process, Physical Evidence – are considered. The 7-Ps help us to try to answer the question as to why a customer picks one brand of a product over another by allowing us to peep into the customer's motives or factors motivating the purchase of a good or service (Booms and Bitner, 1981). As postulated earlier, the concept of consumer behaviour is contemplated in the context of investment behaviour, the 'consumer' in this sense, would be taken to refer to the investor who stakes his or her funds in a particular stock in expectation of a satisfactory financial return. While sociology, economics, and psychology may be working hand in hand to give useful insights into customer behavior (Adeyanju, 2002), it is debatable if the stated dimensions of 'place' and 'promotion' have any real influence on the modern investor as much as they do for the average consumer. Nonetheless, such factors as sellers' physical locations and quality of facilities / atmospherics, whether the place is crowded, are thought to be influential in the consumer markets. As hinted under parity of product knowledge, in the investment case, the average investor seems to be ultimately influenced by one thing – risk, not necessarily the beauty of the advisor's office.

Parity of Buying Roles

This is captured by the process of 'buying' that includes specific activities detailed as initiator, influencer, decider, user, and buyer, all of which can be played by one person - consumer or investor (Sahney, 2015). How endogenous or extraneous decision-making is in the buying process will perhaps continue to be a key point for research. Notably, in the financial markets, we know that advisors are key influencers in decision-making and some studies have shown that two-thirds of investors rely on advisors and performance mix, alternative investments, past earnings, and risk of loss are all major considerations (IEF, 2012). Advisors play key role in financial buying process is perhaps linked to their fiduciary legal responsibility to "put the client's best interest first."

Parity of Exchange

When a consumer purchases a good or service, he makes an 'investment' similar to that by an investor when the investor acquires a portfolio or fixed asset. The essential element of both types of transaction is that cash is committed today in expectation of some future benefit derivable from the product or asset purchased; admittedly, the benefit may not be quantitative in the case of the consumer where some inexplicable 'feeling' of satisfaction will be found okay. This is crucial to the subject-matter of ICB because without the exchange process with the seller, no 'consumption' is deemed to occur, and, consequently, no value-added to the economy (Peter and Olson, 2005; Schiffmann and Kanuk, 2004). The 'exchange' component in the philosophy is crucial enough to be part of the American Marketing Association (AMA) (2015)'s definition of consumer behavior as the dynamic interaction of effect and recognition, behavior and the environment by which human beings conduct the exchange aspects of their lives.

Parity of Segmented Market

This relates to segmenting or dividing up market into groups of people with similar needs, say, on the basis of geography, age, wealth, personality, gender, marital status, vocation, or education. Market segmentation concept is frequently used to craft 'targeting' and ' positioning' strategies. In age terms, not everyone is eligible to buy financial products. Some studies have shown that the peak investing years are 40-59 (40%) and 60 years or more (25%) (IEF, 2012). Wealth status is important because there is no sense in marketing a Rolls Royce to the middle class customer or offering a financial derivative opportunity to a job applicant. Similarly, it has been shown that lower income and lesser urbanized centres typically have fewer advisor relationships per capita and regional differences exist in the use of financial products and advisory services (IEF, 2012).

Under market segmentation thematic parity, questions as to whether men and women invest differently or whether women invest more than men are expected to be addressed. Is it true that "men see what they want, and buy it, but women shop 'til they drop' (Hill and Harman, 2007)? In this context, it has been shown that women generally trade less and apply a 'buy and hold' approach resulting in less trading costs compared to men who tend to sell their stocks at the incorrect time resulting in higher trading costs (Barber and Odean, 2001).

Parity of Herding

Herding behaviour (or herd instinct / trend-chasing / band wagon effect) exists when people are deficient in personal sense of decision-making and thoughtfulness, but rather tend to think and act in the same manner as the most of the people around them. This is exhibited in the financial markets when investors buy the same or similar assets simply on the basis of many others buying the same or similar assets or portfolios and out of fears of missing out on a good investment (Brahmana *et al*, 2012; Chen *et al*, 2003; Chiang and Zheng, 2010; Goetzman and Peles, 1996). It is an 'irrational' behavior that often causes 'bubbles', rallies, sell-offs that have not been evaluated or justified on the basis of any fundamental information, but the actual presence or absence of such biases and their relative effects on investors' decisions in the purchase of shares and other investment-types in emerging markets like Nigeria remains largely un-resolved among researchers (Aregbeyen & Mbaduigha, 2011; Alalade *et al,* 2014; Omar & Ezepue, 2015).

Parity of Customer Analytics

Database management is useful for tracking and doing all the requisite humongous analytics for understanding both investor behaviour and consumer behavior, particularly in terms of tracking the changing dynamics of mobility, preferences, size, brand loyalty, etc. It has been shown that one major information that most investors (84-87%) want is about type of investment and risk of losing money (IEF, 2012).Technology- blogs, social networks, web sites, etc. – are used these days to gather crucial information about the customer at low-cost. Mutual funds may be leading interest in some markets, whereas, in others, investors may believe more in owning real estate rather than investing in financial assets (IEF, 2012; Byrne, 2014). Powerful statistical tools and techniques are deployable to helping ascertain customer needs, geographical concentrations, and changing trends. In investment markets, as also in consumer markets, focus group discussions with few select prospects and road shows are commonly used to test the reaction of customers to a new product.

Parity of Relationship - Building

There is ICB parity in relationship-building (or relationship marketing) because it is believed that customers and investors are favourably disposed to relationship-building, rather than a one-off, transactional affair. The related point is that it is cheaper to retain an existing customer than to recruit a new one. Relationship marketing is thus geared towards customer retention through conscientious quality product / service, and higher or frequent customer contact. It is pertinent to mention that, traditionally, firms in the consumer goods sector tend to be more oriented towards a single-sale, product features, and generally less emphasis on personalized customer service in comparison to their counterparts in the financial services sector.

Parity of time value

Customers do not like their time wasted, so, discerning organisations are aware of how precious time is to their clients and do all that is necessary to meet this need. This is akin to the ageless 'time value of money' concept in finance, where the value of money today is considered to be worth more than the same amount tomorrow.

Summary and Findings

Thus, using content analysis based on survey of related articles and journals, the paper finds the following twelve major dimensions of Investor-Consumer Behavior (ICB) parity:

i. Parity of economic choice – rational buying

ii. Parity of psychology – emotional buying

iii. Parity of product knowledge – intelligent purchase

iv. Parity of Value-creation – beneficial purchase

v. Parity of 7-Ps – 7-Ps purchasing

vi. Parity of buying roles – influential purchasing

vii. Parity of exchange – effective buying

viii. Parity of segmented market – convenience buying

ix. Parity of herding – networked purchasing

x. Parity of customer analytics – reflective purchasing

xi. Parity of relationship-building – social purchasing

xii. Parity of time value – timely buying

Overall, both consumer behavior and investor behavior encompass elements of rationality (knowledge) and irrationality (feelings).

Conclusion

This study used content analysis to gain more insights into possible parity between investor behavior and consumer behavior. If consumer behaviour is broadly accepted as the process by which people search for, select, purchase, use, and dispose of good and services, in satisfaction of their needs and wants, this paper has to some extent shown that notable degree of behavioral parity exists between the investor and the consumer. In other words, there is evidence of biases in the buying behaviour of both the consumer and the investor, but the actual extent and effect of irrationality will continue to attract research interest. To aid further investigations on the subject, the present study has identified and proposed twelve broad areas of ICB parity. Interrelatedness of the various parity themes (e.g. buying roles versus personality, product knowledge versus decision-making, etc.) was observed and emphasized. In the final analysis, though they have seemingly contradictory 'buying' dispositions as veritable economic agents, one for immediate satisfaction, the other, for more futuristic reward, ultimately, consumers and investors are both needed to achieve sustainable inclusive growth. In view of the results of this research study, a few recommendations are apposite:

i. The paper has shown that the discourse on parity of Investor-Consumer Behavior (ICB) is wide and inter related. Therefore, pedagogically, consumer behavior in management education should not be seen as the exclusive preserve of marketing management.

ii. Consumer behavior should be taught as an integrated discipline, and perhaps, re-named Investor - Consumer Behavior. Hopefully, this will help students and practitioners to acquire more comprehensive perspective of the investor-customer-related issues needed in today's increasingly complex world.

iii. Macroeconomic policy makers and market regulators need to robustly track the changing patterns of 'buying' among the two critical economic agents (households and firms) in a new and more integrated manner using the evolving investor-consumer behavior analytics.

Scope for Further Research

While there may be evidence of biases in the buying behavior of the consumer and the investor, the actual extent and effect of irrationality remains unresolved and will continue to attract research interest. Reliable methodological approach to testing human biases remains a challenge to robust investigation. This paper has only provided some broad conceptual framework for more detailed investigations on the subject. Hence, continuous research in the field is imperative. For instance, future studies should tackle the exact role of endogenous versus extraneous factors in the buying processes across the consumer markets and the investment markets. Investigating the relative degree of investor-consumer parity along each of the specified thematic areas provided by this study can also be an interesting contribution to the new ICB discourse.

References

Adeleru, G. (2009). *Nature of management*. Unpublished Lecture Notes. Iwo, Nigeria: Department of Business Administration, Bowen University.

Adeyanju, O. (2002). *Consumer behaviour: Analysis, implications, applications*. Lagos: Golden Cross Publishers Nigeria Limited.

Akintola-Bello, O. (1986). Investment behaviour of insurance companies in Nigeria, *Savings and Investment, 10*(4), 379–407.

Alalade, S. Y., Okonkwo, I. E., & Folarin, N. A. (2014). Investors' behavioural biases and the Nigerian stock market returns (2002–2012).*European Journal of Business Management, 6*(30), 43-51.

American Marketing Association. (2015). Dictionary. Retrieved 11 March 2016, from https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=C

Amidu, A., Aluko, B. T., Nuhu, M. B., & Saibu, M. O. (2008).Real estate security and other investment assets. *Journal of property Investment and Finance, 26*(2), 151-161.

Aregbeyen, O., & Mbadiugha, S. O. (2011). Factors influencing investors' decision in shares of quoted companies in Nigeria. *The Social Sciences, 6*(3), 205–212.

Armstrong, J. S. (1991). Prediction of consumer behaviour by experts and novices. *Journal of Consumer Research, 18,* 251-256.

Barbara, C. (2004). Vocabulaire européen des philosophies.*Dictionnaire des intraduisibles, Paris*, Éditions du Seuil-Dictionnaires Le Robert.

Barber, B. M., & Odean, T. (2001). Boys will be boys: gender, overconfidence, and

common stock investment. *Quarterly Journal of Economics, 116*(1), 261–292.

Babajide, A. A., & Adetiloye, K. A. (2012). Investors' behaviour biases and security market: An empirical study of the Nigerian security market. *Accounting and Finance Research, 1*(1), 219-229.

Baker, H. K., & Nofsinger, J. R. (eds.). (2010). *Behavioral finance: investors, corporations, and markets* (Vol. 6). NJ: John Wiley & Sons.

Baker, H. K., & Nofsinger, J. R. (2002). Psychological biases of investors. *Financial*

Services Review, 11(2), 97–116.

Baker, H. K., & Ricciardi, V. (2014). How biases affect investor behaviour. *The*

European Financial Review, 7-10.

Baker, H. K., & Ricciardi, V. (2014).*Investor Behavior: the psychology of financial*

planning and investing. NJ: John Wiley & Sons.

Blackwell, R. D., Miniard, P. W., & Engel, J. F. (2001).*Consumer behaviour*, 9th ed. Mason, OH: South Western Thomson Learning.

Booms, B. H., & Bitner, M. J. (1981).Marketing strategies and organization structures for service firms. *Marketing of services, 25*(3), 47-52.

Brahmana, R., Hooy, C. W., & Ahmad, Z. (2012).The role of herd behaviour in determining the investor's Monday irrationality. *Asian Academy of Management Journal of Accounting and Finance, 8*(2), 1-20.

Brealey, R. A., Myers, S. C., & Allen, F. (2014).*Principles of Corporate Finance*, 11th ed. London: McGraw-Hill.

Byrne, A. (2007). Employee saving and investment decisions in defined contribution pension plans: survey evidence from the UK. *Financial Services Review, 16*(1).

Chater, N., Huck, S., & Inderst, R. (2010). Consumer decision-making in retail investment services: A behavioural economics perspective. *Report to the European Commission/SANCO.*

Chaturvedi, M., & Khare, S. (2012). Study of saving pattern and investment preferences of individual household in India*. International Journal of Research in Commerce and Management, 33*(5), 115–120.

Chen, G., Rui, O. M., & Xu, Y. (2003). When will investors herd? Evidence from the Chinese stock markets. *Journal of Financial Research, 37*, 2-40.

Chiang, T. C., & Zheng, G. (2010).An empirical analysis of herd behaviour in global stock markets. *Journal of Banking and Finance, 34*(8), 1911–1921.

Davar, Y. P., & Gill, S. (2009). Antecedents of households' investment decision-making process: A study of the Indian households. *South Asian Journal of Management, 16*(4), 44–75.

Derman, E. (2004).*My life as a quant: reflections on physics and finance.* John Wiley & Sons.

Dugeri, T., & Olaleye, A. (2008). Real estate portfolio management practice in Nigeria: The relevance of the Capital Asset Pricing Model. *The Estate Surveyor and Valuer, 31*(2), 33-38.

Bundesbank, D. (2011). Investor behaviour in theory and practice. *Monthly Report, January.*

Goetzmann, W. N., & Peles, N. (1996). Cognitive dissonance and mutual fund investors. *Journal of Financial Research, 20*, 145-158.

Ernest, P., Greer, B., & Sriraman, B. (eds.). (2009). *Critical issues in*

mathematics education. Charlotte, NC: Information Age Publishing, Inc.

Hegel, G. W. F. (1874). *The logic: Encyclopaedia of the philosophical sciences*. 2nd ed. London: Oxford University Press, 107–111.

Hewer, P., & Brownlie, D. (2010). On market forces and adjustments: Acknowledging customer creativity through aesthetics of de-badging. *Journal of Marketing Management, 26* (5&6), 428–440.

Hill, J., & Harman, S. K. (2007). Male gender role beliefs, coupon use, and bargain hunting. *Academy of Marketing Studies Journal, 11*(2), 107–121.

Johannesburg Stock Exchange (JSE). (2015). Retrieved 11 March 2016, from https://www.jse.co.za/services/market-data/indices/volatility-indices/savi-top-40

Johnson, J. H. (1992). *Succeeding against odds*. New York: Amistad Press Inc.

Jong, N. D. (1969). *Education in the truth*. Massachusetts: Presbyterian and Reformed Publishing Company.

Josaiah, A., Odera, E. O., & Mactosh, O. (2012). The behaviour and financial performance of individual investors in the trading shares of companies listed at the Nairobi Stock Exchange, Kenya. *Journal of Finance and Investment Analysis, 1*(3), 33-60.

Kothari, C. R., & Garg, G. (2014).*Research methodology: Methods and techniques*, 3rded. New Delhi: New Age International (P) Limited, Publishers.

Marx, K. (1873). Afterword to the second German edition, Economic manuscripts. Retrieved 11 March 2016, from https://www.marxists.org/archive/marx/works/1867-c1/p3.htm

Mayring, O. (2000). Qualitative content analysis, Forum Qualitative Social Research. Retrieved 11 March 2016, from http:///www.qualitative-research.net/index.php/fqs/article/view/1089/2385

Mbutor, O. M. (2010). Exchange rate volatility, stock price fluctuations, and the

lending behaviour of banks in Nigeria. *Journal of Economics and*

International Finance, 2(11), 251–260.

Miller, A. (2009). The Way Brain Buys. *Economist, 41*.

Mitchell, O. S., Mottola, G. R., Utkus, S. P., & Yamaguchi, T. (2006). The inattentive participant: Portfolio trading behaviour in 401 (k) plans. *Wharton Working Paper no. 2006 – 05*, University of Michigan.

Natalwala, C. H. (2011). Business valuation needs and techniques. *Lecture Notes presented at Financial*

Modelling Seminar, Lagos: The Lagos Business School, Pan-African University,

O'Connor, K. (2003). The University of Chicago: Theories of media. Retrieved 11 March 2016, from http://csmt.uchicago.edu/glossary2004/dialectic.htm

Omisore, T. (2014). Malls are sensitive to rising security concerns.Retrieved 11 March 2016, from http://thenationonlineng.net/malls-are-sensitive-to-rising-security-concerns/

Omar, M. A. T., & Ezepue, O. (2015).Exploring the presence of bubbles in the all shares index of the Nigerian stock market: any links with recent bank failures? Programme details and initial book of abstracts. *International Symposium on Mathematical and Statistical Finance, Training the Next Generation of African Financial Mathematicians, Ibadan, 48,* 37.Retrieved 11 March 2016, from www.is-Conf.Com/Symposium

Orivwote, V. E., & Oyovwi, D. O. (2013). Modelling private investment behaviour in Nigeria: A cointegration approach. *Accounting and Finance Research, 2*(3), 14-23.

Parker, T. (2013). 4 behavioural biases and how to avoid them. Retrieved 11 March 2016, from http://www.investopedia.com/articles/investing/050813/4-behavioral-biases-and-how-avoid-them.asp

Peter, P. J., & Olson, J. C. (2005).*Consumer behaviour and* *marketing strategy*, 7th ed. McGraw-Hill Higher Education.

Pinto, R. C. (2001).*Argument, inference and dialectic: Collected papers on informal logic. Argumentation Library* (Vol. 4). Dordrecht: Kluwer Academic, 138–139.

Popper, K. (1966). *The open society and its enemies*, 5threv ed (Vol.2). Princeton: Princeton University Press.

Popper, K. (1962). *Conjectures and refutations: The growth of scientific knowledge*. New York: Basic Books.

Ricciardi, V. (2008). The psychology of risk: The behavioural finance perspective. *The handbook of finance, vol. 2: Investment management and financial management*, 85-111. Hoboken, NJ: john Wiley & Sons, Inc.

Sahney, S. (2015). Consumer behaviour Kharagpur, India: Vinod Gupta School of Management, Indian Institute of Technology. Retrieved 11 March 2016, from http://www.nptel.ac.in/courses/110105029/pdf%20sahany/Module-1-1.pdf

Saloni, R., & Bhuvan, L. (2013). Behaviour of investors towards investment. *Indian*

Journal of Applied Research, 3(10), 1-2.

Samuelson, P. A., & Nordhaus, W. D. (2010). *Macroeconomics*, 19thed. New Delhi: McGraw Hill Education (India) Private Limited.

Schiffman, L. G., & Kanuk, L. L. (2004*). Consumer behaviour*, 8th ed. India: Prentice Hall.

Seawright, R. P. (2012). Investors' 10 most common behavioural biases. Retrieved 11 March 2016, from https://rpseawright.wordpress.com/2012/07/16/investors-10-most-common-behavioral-biases/

Selvakumar, M., & Mahesh, N. M. (2015). A study of investment behaviour of households in Virudhunagar district. *SDMIMD Journal of Management, 6*(2), 19–32.

Shahbaz, N., & Mahmood, K. (2004). Saving-investment behaviour in Pakistan: An empirical investigation. *The Pakistan Development Review, 43*(4), 665–682.

Snider, D. J. (1903).*Ancient European philosophy: The history of Greek philosophy psychologically treated.* Bucharest, Romania: Sigma Publishing Company, 116 – 119.

Soros, G. (2004). *Open society: Reforming global capitalism*. New Delhi: Viva Books Private Limited.

The Nigerian Stock Exchange (NSE). (2015). Domestic & foreign portfolio participation in equity trading. Retrieved 11 March 2016, from http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/Domestic%20and%20FPI%20Report%20 August%202015.

Van Eemeren, F. H., Blair, J. A., Willard, C. A., & Henkemans, F. A. S. (Eds.). (2003). *Anyone who has a view: Theoretical contributions to the study of argumentation* (Vol. 8). Springer Science & Business Media.

Vijaya, E. (2014). Influential factors on investment behaviour of individual investors:

A review of empirical evidences from various countries. *International Research Journal of Management and Commerce, 1*(5), 35-46.