Dialectics of Investor-Consumer Behaviour Parity – 

An African Perspective

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Introduction...

i. Objectives
ii. Rationale
iii. The knowledge gaps / issues
iv. Methodology – Essence of dialectics
v. Results
vi. Conclusion, implications & scoping future work
First, let’s try to understand some key terms…

i. Investor Behaviour

ii. Consumer Behaviour

iii. Investor-Consumer Behaviour (ICB) Parity

iv. Dialectics
Objectives

• To gain further insights into possible parity between investor behaviour and consumer behaviour using the dialectical method of scientific discourse.

• To identify and outline the broad areas of similarity between customer behaviour and investor behaviour.

• A thematic signposting of the investor-customer parity is expected to guide future investigations on the subject.
Consumer-centralism

“There is only one boss – the customer. And he can fire everyone in the company, from the chairman on down, simply by spending his money somewhere else.”

- Sam Walton
At Micro Level:

- Understanding consumer behaviour is crucial to crafting robust strategy (customer retention, relationship management, customization, etc.) because of the constant changes in the environment and customer needs.
- Searching conceptual truth about consumer behaviour will free marketing managers, analysts, and business development managers from unrecognized errors when they craft and execute strategies to reach the consumer and the investor who has an advisory relationship.

Higher-level knowledge of ICB can help to improve on investment decision-making processes, selection of specific investment products.
At macro level:

Bear in mind the role of *households and firms as two major economic agents*; advanced knowledge of ICB 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.

Improving sustainable market regulation as the 2007-2008 global financial crisis fall-outs have shown. ICB phenomena like herding behaviour can increase *financial markets volatility* at macro level, thereby worsening crises.
The learning gaps...

- Consumer Behaviour – Is the ‘investor’ also not a ‘consumer’ of some sort?
- The vast majority of studies so far are in silos; investigating the phenomena of consumer behaviour and investment behaviour as primarily separate subjects.
- Hardly there are any significant research contributions analyzing similarity or dissimilarity of investor-customer buying attributes in an integrated manner.
Dialectical methodology…

- Encouraging fundamental insight into the issue at hand through series of questions.
- A mode of learning through which contradiction (such as investor-customer opposites) becomes a starting point, rather than a dead end for contemplation.
- Use dialectics to expand the scope of CB discourse by attempting to integrate it with emerging perspectives from the investor.
  - To what extent do investors exhibit the same or similar buying mentality as consumers do?
  - Are women better investors and traders than men?
  - What are the key areas of parity between customer behaviour and investor behaviour?

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Something is only what it is in its relation to another, hence the current attempt to use dialectics to expand the scope of CB discourse by attempting to integrate it with emerging perspectives from the investor.
ICB: Beyond the 7-Ps…

- Consider Booms and Bitner (1981)’s 7-Ps:
  - Product
  - Price
  - Place
  - Promotion
  - People
  - Process
  - Physical Evidence
Results:
The G.12 ICB themes...

- Parity of need recognition and economic choice – rational buying
- Parity of psychology / personality – emotional buying
- Parity of product knowledge – intelligent purchase
- Parity of price-value-service-dominant-logic (PVSDL) – beneficial purchase
- Parity of 7-Ps of consumer behaviour – 7-Ps purchasing
- Parity of buying roles – influential purchasing

- Parity of exchange – effective buying
- Parity of market segmentation – convenience buying
- Parity of herding – networked purchasing
- Parity of database and customer analytics – reflective purchasing
- Parity of relationship-building – social purchasing
- Parity of time value – timely buying
Throwing some light on just a few:

- Intelligent purchase
- Convenience buying
- Networked decision-making
- Time value-based decisions
Intelligent purchase...

- Weak financial product knowledge
- AMA’s view of CAPM
- Role of financial education / advisors

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Convenience buying…

- Market segmentation – addressing the needs of people with similar needs.
  - Geography
  - **Age**
  - **Wealth**
  - **Gender**
  - Marital status
  - Vocation
  - Education level

- **Business strategy:**
  - Cost-effectiveness
  - Targeting
  - Positioning
Networked purchase...

**: Herding:**

- Buying what others are buying… (cooperatives)
- Fears of missing out on a good buy…
- Rallies, sell-offs, bubbles, Monday event, etc. etc.
Time value...

- Customers do not like their time wasted
- So also their investments: *Time value of money*
There is more to CB than just 7-Ps – Case for ICB in management education.

Scope for future research:

Endogenous versus extraneous decision-making role in the buying process will continue to be investigated across various specific products and services.

The ‘correct’ investor-customer equilibrium

Empirical/actual amount of ICB parity for each of the G.12 thematic area, particularly in the emerging markets of sub-Saharan Africa and Asia
Thank you for your attention

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