

# Analysing Consumer Behaviour

## 2.1. CONSUMER BUYING BEHAVIOUR

### 2.1.1. Meaning of Consumer Behaviour

Consumer behaviour is the study of consumers and the processes they use to select, purchase and dispose of the goods and services. These processes may consist of areas like psychology, sociology, anthropology and economics. This study reveals the decision-making process of individuals, groups and organisations.

Consumer behaviour is also termed as **consumer buying behaviour**, **end user behaviour** or **buyer behaviour**. Broadly, it is decision-making process of individuals to allocate their potential resources, i.e., time, effort and money for consumption purpose.

In order to understand the consumers' tastes and preferences, analysis of their buying behaviour is the most preferable method. For example, if marketers want to study the behaviour of consumers in buying toothpaste, then they should analyse certain points such as variants (gel, regular, stripped or with a pump), brands (national brand, generic brand, private brand), reasons for buying (to prevent cavities, to remove stains, to brighten and whiten teeth, to get rid of bad mouth odour), places of purchase (super market, general stores, medical stores), usage frequencies (in the morning, after every meal, before going to bed), and the consumption rates (monthly, biweekly or weekly).

According to Belch and Belch, "Consumer behaviour is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires".

According to Solomon, "Consumer behaviour is the process involved when individuals or groups select, purchase, use, or dispose of products, services, ideas or experiences to satisfy needs and wants".

According to Leon G. Schiffman and Leslie Lazar Kanuk, "Consumer behaviour can be defined as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs".

### 2.1.2. Characteristics of Consumer Behaviour

The characteristics of consumer behaviour are discussed below:

- 1) **Varies from Customer to Customer:** The manner in which all the consumers behave is not the same, i.e., it varies from one consumer to another. Several individual factors like the person's culture, life style, social class, etc., are responsible for this variation.
- 2) **Varies from Product to Product:** The behaviour of consumers also varies according to products. The consumers may buy large quantity of one product, whereas they may consume very little or nothing of some other product.
- 3) **Varies Across Geographical Regions:** The behaviour of consumers also varies across regions and geographical locations. For example, the behaviour of consumers in rural and urban areas differs from each other. Rural consumers purchase sachets of shampoos, whereas urban consumers tend to buy large packs. Similarly, the consumers of South India vary in their behaviour from the consumers of North India for the products like hair oil, edible oil, etc.
- 4) **Important for Marketers:** It is very important for marketers to have an understanding of consumer behaviour. They need to understand the tastes, habits, likes and dislikes of their customers as well as prospective customers. This knowledge helps the marketers in making decisions regarding marketing mix and designing other marketing programmes.
- 5) **Reflects Status:** The buying behaviour of a consumer depends on his/her status. At the same time, the kind of products and services that he/she buys also reflects the status. A person who buys luxury products like, Mercedes Benz or a Rolex watch is considered as a person of superior social status in the society.
- 6) **Results in Spread-effect:** The buying behaviour of consumers also has a spread-effect, i.e., the purchase of certain product made by one consumer may encourage another person to buy the same product. A person may decide to purchase those brands of cars, electronic items, watches, TVs, etc.,



- which his/her friends and colleagues usually buy. This is one of the reasons why companies use celebrity endorsements to promote their products.
- 7) **Improves Standard of Living:** The consumer behaviour also results into improved standard of living for the consumer. The consumer increases his/her quality of life by buying superior quality of products and services.
  - 8) **Varies from Time to Time:** The behaviour of consumers can also evolve over time. This is because of changes in the person's education, social status, stage in the family life cycle, disposable income, etc. **For example,** a person who travels by his scooter may decide to buy a car after his promotion or due to increase in number of family members.
  - 9) **Information Search:** Consumer behaviour also depends on the information search. Consumers are not in a position to purchase any product or avail any service until they have information regarding it.
  - 10) **Influenced by Various Factors:** Behaviour of consumers is affected by a lot of factors such as, social, psychological, personal, cultural, societal, demographical, marketing, etc.

### 2.1.3. Buying Motives of Consumers

Motive is the inner feeling that stimulates an individual to act in a certain way. It is an urge which results into certain action by an individual. An individual buys a product or a service because of a set of inner desires, which has made him to take a positive decision of acquiring the product. Motive to purchase a certain product can arise from many sources – it may be a strong desire, a very positive feeling, an urge, a stimulus or a drive, etc.

According to D.J. Durian, "Buying motives are those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or services".

Therefore, it is very important to understand the motives of the consumers. This will help the marketer in getting a very good idea about the attitudes of the consumers, explaining the way a consumer behaves, and finding out why he/she chooses to buy or not to buy certain products and services.

The underlying motives that govern the customer's behaviour can be of two types:

- 1) **Personal Motives:** Personal motives can arise due to the following reasons:
  - i) **Role-Playing:** The shopping activities of individuals are learned behaviour. It is something an individual learns by virtue of the role that he or she is performing. **For example,** a mother would buy articles like baby food and clothing, whereas a housewife would buy the items which are of relevance to her household grocery list.

- ii) **Diversion:** Shopping can be seen as an activity performed to escape from the routine events or to kill the boredom.

- iii) **Learning about New Trends:** Shopping helps the individuals to keep them updated with the latest fashion, trends, and designs. **For example,** a shopping activity at Shoppers Stop can update the consumers with the latest trend in office and formal wears.

- iv) **Sensory Stimulation:** Shopping can be a source of sensory gratification to the consumers because of the benefits like watching and feeling new merchandise, sensing the fragrances, listening to the music, etc.

- 2) **Social Motives:** Social motives can arise due to the following reasons:

- i) **Social Experience:** Shopping gives the individuals an opportunity of making new friends or meeting old friends, sharing experiences, or just watching what other people are purchasing.

- ii) **Status and Authority:** Shopping gives the individuals a feel of prestige as they are treated courteously by the staff of the outlet. **For example,** shopping at a premium retail outlet will give the individuals a very gratifying experience.

- iii) **Pleasure of Bargaining:** Many people also enjoy shopping because it gives them the excitement of buying a product through negotiation and bargaining. Another reason for their excitement is that the sales person may visit their place to deliver or install the product.

### 2.1.4. Buying Roles of Consumers

Individuals normally play six different roles while purchasing an item:

- 1) **Initiator:** The initiator is the individual within whom the thought of buying certain product develops originally.

- 2) **Influencer:** The influencer plays a role of influencing the purchase decision of some other person. He may be a person of good social status, e.g., a professor can be an influencer for the purchase decisions of students associated with him/her.

- 3) **Decider:** The decider is the individual who makes the ultimate decision to purchase the product. These include the decisions of what to purchase, when to purchase, how to purchase, from where to purchase, etc.

**For example,** children are the deciders for products such as toys. Similarly, housewives decide on the purchase of many household items like groceries, cosmetics, home appliances, etc.

- 4) **Gatekeeper:** The gatekeeper is something or someone who helps the consumer in deciding to



purchase certain product out of all the alternatives available. Gatekeeper can either be a person, or an organisation, or just a pamphlet, etc.

- 5) **Buyer:** The person who actually purchases the product is known as buyer.

For example, a wife may be the decision-maker on what brand of kitchen appliance to buy, but the buyer could be the husband.

- 6) **User:** The person who actually uses the product or avails the service is known as user.

For example, an infant may not be the buyer of a toy but he certainly is the user of it.

A marketer has to analyse the buying process, various stakeholders involved in it, and different roles that they play during the process. He should decide suitable strategies for influencing each of them to buy the product.

### 2.1.5. Consumer Buying Decision Process

The consumer passes through five stages while making the decision on purchases which are described below:

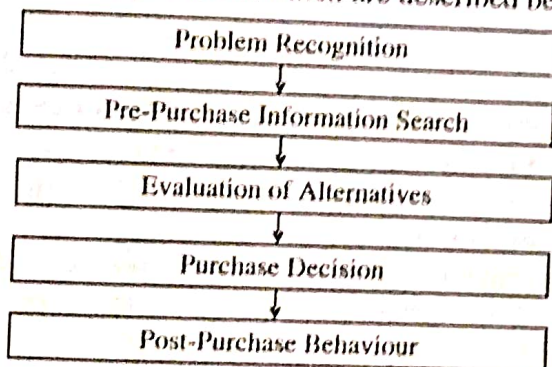


Figure 2.1: Consumer Buying Decision Process

- 1) **Problem Recognition:** The basis of consumer purchase depends upon his needs. This need may be personal in nature or might have developed on the basis of advertisements or recommendation of acquaintances. The marketer has to access the product which appeals the customer needs. In other words, it is about understanding the reason behind the purchase of a specific product.

- 2) **Pre-Purchase Information Search:** After ascertaining the need, the next step of consumer is to collect the information related to the product. This information may be received through advertisements in local newspapers, magazines or through online media or from an acquaintance. This information collected from internal and external sources enables him to form an idea about the product he intends to purchase.

The next step taken by the consumer is to further analyse the available information, consult his close friends to gain further confidence or discuss with the marketers who have first-hand and latest information about the product in the market. These will make

different levels of influences on the decision-making process about the product. There are four sources which supply information to consumers:

- i) **Personal Sources:** These sources are close to consumer, i.e., family members, close friends or acquaintance.
  - ii) **Commercial Sources:** Advertisements in local newspaper or magazines, a visiting salesman, interaction with dealers or through display boardings.
  - iii) **Public Sources:** These sources can be consumers, mass media, rating organisations, etc.
  - iv) **Experiential Sources:** The consumer may personally examine the product for his satisfaction.
- 3) **Evaluation of Alternatives:** It is a very common practice in present market environment for examining the products put up for sale by different brands along with the comparative parameters and prices of each. If the consumer has a firm thinking towards a particular brand because of his past experience, he may not indulge in looking for alternatives. At present, the customers have generally rational thinking which makes them to spend a lot of time in critically examining the products of other brands as well. The consumers do not form an idea about a product in one go, but they prefer to take inputs from various sources and analyse each thoroughly to arrive at the final decision on purchase. But, before taking a final decision consumer first looks at the positive and the negative aspects of each product and then makes the judgement.

This formation of an idea may be divided into various systems such as:

- i) **Evaluative (Choice) Criteria:** The different criteria on the basis of which consumers evaluate and compare products or brands. The evaluative criteria may include price, performance, running costs, maintenance costs, after sales service, etc. of a particular product.
- ii) **Beliefs:** Many a times, the consumer accepts certain product brand due to his past experiences and characteristics of that product like reliability in performance. Such beliefs go a long way for continuation of consumer relationship with the product.
- iii) **Attitudes:** Attitude is the level of liking or disliking of a consumer towards a specific product. It also depends upon the evaluative criteria and beliefs about the same product.
- iv) **Intentions:** The intentions for purchase are derived from attitudes which may be positive or negative. In case of a positive response consumers make purchases. However, if there is a negative response, the chances of purchase are partial.



- 4) **Purchase Decision:** After analysing different brands of a product, the consumer restricts his choices primarily to one or two alternatives. However, financial constraints may restrict the consumer decision to shift his purchase plan for some time or he may even let go to the purchase decision, if no such alternative is found suitable to meet the requirements of the customer.

At this stage, consumer sets some preferences among different brands and may purchase the most preferable one. There are two factors which act as a barrier between purchase intention and purchase decision:

- i) The first factor includes liking or disliking of product by others, who are close to consumer (may be his wife, children or a close friend). This aspect has two situations:
  - a) The negative attitude of others towards the preferred alternative.
  - b) The importance attached by the consumer to honour or comply the wishes of others.
- ii) The second factor is related to unanticipated factors like performance, durability, etc., of a product. These factors can change the purchase intention of a customer.

This decision remains unpredictable because it totally depends upon the individual nature of the consumer which is largely influenced by perceived risk. The person's perceived risk varies with the amount of money involved, uncertainty and low self-confidence of a customer.

- 5) **Post-Purchase Behaviour:** After the consumer makes a purchase, he uses the purchased product and compares the performance with his earlier purchased product. In this comparison process, he may be satisfied or dissatisfied with the performance of the product.

In either case, the seller must take a periodic feedback from his consumers and also offer after sales services. In case of unsatisfactory response of the product, immediate remedial measures like replacement of faulty product, repair or even return of full money in some genuine cases must be carried out for building a good relationship, winning the confidence of consumers and ensuring future market of the product.

- i) **Post-Purchase Satisfaction:** The post-purchase satisfaction depends on consumer's expectations from the purchased product from his past experiences or experiences shared from others and his experiences with the performance or taste of the product.

Depending upon the level of satisfaction derived by the consumer, he may be dissatisfied, satisfied or delighted. This satisfaction is

reflected by the repetitive purchases of the consumer and his recommendations to other consumers about the product.

- ii) **Post-Purchase Actions:** The repetition of purchase is an indication of consumer satisfaction after purchase. However, dissatisfied consumers generally try to return the product, verify the price offered to them or resort to legal actions like approaching to customer care forum, etc., or simply stop buying the product and give a warning or advice to friends and acquaintances. Such actions on the part of consumers only indicate poor marketing by the seller.
- iii) **Post-Purchase Use and Disposal:** The marketer should enlighten himself as to how the consumers use the product, or dispose it off. In case, the consumers store the product in closet, it means they have not liked the product and this will certainly make the product unpopular. Even if the consumer sells it after use, it may tarnish the brand image of the product. A feedback of marketer on this aspect will help to improve the quality of the product.

## 2.1.6. Scope of Consumer Behaviour

Consumer behaviour has a wide scope in terms of its applications. It extends to the way in which consumers behave as they purchase, consume and dispose products. Discussed below is the scope of consumer behaviour:

- 1) **Consumer Behaviour and Marketing Management:** Successful business firms recognise the immense role played by marketing in their success. Marketing programmes can succeed only if there is a deep understanding of the behaviour of the consumer. In many respects, understanding consumer behaviour is considered an essential component for implementing a marketing programme and a thought process that governs the mindset of most marketing managers. The core of the marketing initiatives of an organisation centre around three concepts –needs and wants of the consumers, objectives which govern the company and integrated strategy adopted by the organisation.
- 2) **Consumer Behaviour and Non-profit and Social Marketing:** Consumer behaviour has its scope in non-profit and social marketing. It is worthwhile to consider if the alleviation of criminal tendencies, family planning initiatives can be sold in the same manner in which FMCG products are sold. Many experts share the opinion that even social initiatives need to be marketed by understanding the behaviour of a core set of customers or target segment, in the same manner of FMCG products. This marketing is done by institutions like NGOs, government agencies, religious bodies, etc. These groups have to create a public appeal for obtaining



their support. A very good understanding of consumer behaviour, therefore, becomes a necessary activity for all organisations which are engaged in social work and non-profit activities.

3) **Consumer Behaviour and Government Decision-making:** Recently, the extension of consumer behaviour has also been seen in various governmental decision-making areas like:

i) **Government Services:** The government sector has gained immensely by understanding how consumers behave and interpret the various governmental schemes and agencies. One example is the frequently cited failure of mass transportation system. Experts revealed that government will not be successful in this endeavour until they understand the needs and wants of the consumers. Until then, the consumers will prefer to use private means of travel as opposed to mass transportation systems.

ii) **Consumer Protection:** Many government bodies also regulate businesses with the aim of safeguarding the interests of consumers. Governmental programmes also reinforce certain activities positively (safe driving) and some others negatively (drinking alcohols, smoking cigarette, etc.).

4) **Consumer Behaviour and Demarketing:** Nowadays, many products and services are increasingly falling in the category of scarce products. Examples are water and electricity. The excessive and wasteful consumption of these products is discouraged and consumers are motivated to conserve such products.

Consumers are also made to reduce the consumption of those products and services which have a detrimental effect on their health, society, etc. Many educational programmes and initiatives have been formed to explain the disadvantageous and wrongful acts of society like dowry, gambling, etc. Such initiatives are typically taken by the government, NGOs, development bodies, etc., and are aimed at reducing the consumption of a good or service, also known as demarketing.

5) **Consumer Behaviour and Consumer Education:** Consumers are also benefited by getting a perspective and understanding of their own behaviour. It can be attained by analysing the behaviour of a single customer or by undergoing a formal education programme. **For example**, when consumers get to know that a large portion of their purchases occurs in the form of unplanned or impulse purchases, they try to plan their purchases in a better manner. Similarly, marketers can also plan their activities in a better manner after learning about the various factors that influence consumer behaviour.

## 2.1.7. Types of Buying Decision Behaviour

The buying habits are very important in decision-making process of customers and it is also known as buying situations. **For example**, the purchase of a new house is one such situation which makes it necessary for each consumer to follow all steps systematically with complete precautions.

The suitability of location, quality of construction, reasonability of offered price and the authenticity of seller are some factors which come in the mind of the consumer prior to finalisation of a purchase deal. In accordance, the levels in which consumer decision-making can be made, are as follows:

	High Involvement	Low Involvement
Significant Differences between Brands	Complex buying behaviour	Variety-seeking buying behaviour
Few Differences between Brands	Dissonance-reducing buying	Habitual buying behaviour

Figure 2.2: Levels of Consumer Decision-making

1) **Complex Buying Behaviour/Extensive Problem Solving/New Task:** The first level of buying behaviour involves an extensive problem-solving process. A substantial amount of time is involved in collecting information and evaluating the alternatives. Under this process, consumer can go through cognitive dissonance.

The perceived risk is also high and the products in this category are generally expensive, e.g., buying a house, a car or an insurance policy. Hence, marketer should opt for low-key approach with minimum perceived risk.

2) **Dissonance-reducing Buying Behaviour/Limited Problem Solving/ Modified Buy:** In this level, a consumer follows all the steps involved in decision-making process. Here, consumers are more experienced and knowledgeable than the complex buyers. The products purchased by consumers are used by them, but not regularly. Therefore, the risk involved is less.

**For example**, clothes, vacations, gifts, etc. To improve this type of buying behaviour, a marketer needs to enhance its communication process by providing more information about the product.

3) **Habitual Buying Behaviour/Routinised Response Behaviour/ Straight Rebuy/Brand Loyalty:** In this situation, the customer is habitual to a particular brand over a period of time and does not spend much time on decision-making process and skips few steps. Here, same product of a specific brand is purchased regularly or repeatedly by the consumer, e.g., groceries, haircut, magazines, etc.



The marketer must understand the buying behaviour of potential consumers and inform existing consumers about the arrival of superior brands in the market. This will help in improving the buying patterns of the consumers.

- 4) **Variety-seeking Buying Behaviour/Brand Switching:** In present scenario, there are several new brands of similar products which are available in the market. This has brought a change in the behaviour of consumers who seek variety and do not stick to a particular brand.

The brands which are already leading the market try to ensure that their products are in abundance in the market to captivate their existing customers and also attract new customers. The new brands try to attract the customer by lowering price, offering discounts on certain conditions such as bulk purchase, free coupons or free samples for trial and putting advertisements on social media.

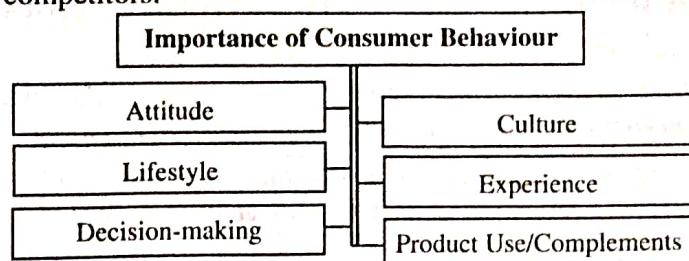
**Table 2.1: Characteristics of Consumer Problem-Solving Approaches**

Characteristics	Routine Problem-solving	Limited Problem-solving	Extensive Problem-solving
Purchase Involvement Level	Low	Medium	High
Problem Recognition	Automatic	Semi-automatic	Complex
Information Search and Evaluation	Minimal	Limited	Extensive
Level of Prior Experience	Very high	Moderate	Very low
Purchasing Orientation	Convenience	Mixed	Shopping
Post Purchase Processes	Very limited	Limited	Complex
	Habit	Inertia to re-purchase	Loyalty if satisfied
	Brand loyalty	Brand switching if dissatisfied	Complaint if dissatisfied
Frequency of Purchase	Very high	Moderate	Very low
Amount of Perceived Risk	Very low	Moderate	Very high
Time Pressure	Very high	Moderate	Very low

## 2.1.8. Importance of Consumer Behaviour

The study of consumer behaviour assists the marketers, to identify the customers' views and opinions about a specific product or service. On the basis of consumers' perception, marketers get an opportunity to make improvements and re-build the image of a product.

It also provides an added competitive advantage over competitors:



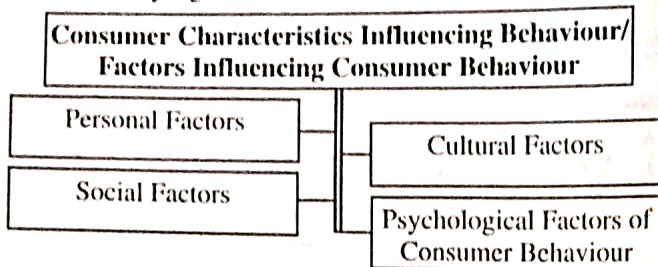
- 1) **Attitude:** Attitude defines the consumers' philosophy towards a specific product. This helps the marketer to renovate and improvise the specific product and again approach the consumer to buy it. This also enables the marketer to strengthen its marketing ability.
- 2) **Culture:** The marketing operations are widely influenced by the changing demographics. Therefore, understanding of cultural differences and sensitivities may prove advantageous to marketers for recognising their target market and customers.
- 3) **Lifestyle:** Lifestyle based products are in trend. By analysing the consumer lifestyle, marketers can sell those products which are most appealing to the customers. Thus, a particular segment is offered lifestyle products for their further consumption and satisfaction.
- 4) **Experience:** After consumption of a product, experience also influences further buying decisions of a customer. The marketer must be vigilant enough to observe and understand the consumers' experience with a product and accordingly promote the product.
- 5) **Decision-making:** While decision-making, consumers use their thought process. The marketer must try and find out a way through which consumers can make a decision while evaluating a certain product. If a marketer is able to identify the key points which the consumer looks up in a product then this act leads the marketer to run the business successfully.
- 6) **Product Use/Complements:** Marketing is not just about selling of a particular product, rather recognising the use of a product and its supporting items which add more value to a product. This helps the marketer to design a perfect product, keeping in mind the requirements of customers. This is a vital tool to attract more customers.

The study of consumer behaviour is an essential part of marketing management. If a marketer is unable to understand and identify the choice of customers, then it may become a difficult task to retain the present and potential customers as well as the survival of the organisation in the market.



### 2.1.9. Consumer Characteristics Influencing Consumer Behaviour

Following are the various factors affecting the consumer buying behaviour:



#### 2.1.9.1. Personal Factors

Probably, the most interesting concept in marketing is to understand why consumers behave in a certain manner. The insights of how a consumer behaves can be largely understood by his/her habit of spending. This is very important from the marketer's point of view to comprehend the consumers buying behaviour which will help them understand what is of great importance to them. Marketers can also develop marketing programme based on such information in which the consumer will be interested. Consumer's personal characteristics can also affect their buying decision.

Personal characteristics consist of the following components:

- 1) **Personality:** A set of distinctive human traits possessed by an individual that guides his/her behaviour in different situations is referred to as personality. It defines the way in which an individual behaves, thinks, feels, etc.
- 2) **Self-concept:** Self-concept (self-image) is a notion related to the personality of an individual. It is a collection of attitudes that an individual hold about himself. Marketers constantly work on developing a brand whose image is in accordance with the self-image of the target market.
- 3) **Lifestyle:** Lifestyle can be understood as a way to differentiate individual, group or culture on the bases of attitude, activity and opinion. It usually includes an individual's way of living, attitude, value and his/her view of the world.
- 4) **Psychographics:** Psychographics can be defined as a study of describing the consumer on the bases of psychological traits like attitude, value, lifestyle and opinion, which are useful for the marketers while developing a marketing programme. It is basically defined on the bases of one's living and spending habits. Our inherent characteristics, past experiences and present situations also help in determining psychographics variables.
- 5) **Demographic Factors:** Demographic is simply defined as the study of population structure which

includes size, age, sex, race, location, occupation, income and other characteristics.

i) **Age and Stage in the Life Cycle:** It is observed that consumption pattern of a consumer changes with his/her age. The needs and wants of the consumer are very much dependent on his/her age. Thus, it can be said that consumers require a different set of products as they move through different stages of the life cycle. For example, babies will require baby food, children will require healthy food, clothes, study material, etc. Hence, family lifecycle is an important base to create a consumption pattern of product or services. Clothes, home decoration materials and leisure activities are also age-dependent things.

ii) **Occupation and Economic Circumstances:** Occupation is still another factor that affects an individual's consumption pattern.

For example, an IT professional will buy a laptop which may not be necessary for others. A professional diver will be buying fins, dragsox, snorkels, kickboard, etc. Similarly, certain pharmaceutical products will be bought by doctors and pharmacists. Consumers that are much interested in their products are targeted by the marketers here. Disposable income, purchasing power, assets, debts, savings, etc., are some of the economic circumstances that play a vital role while selecting a product or service.

#### 2.1.9.2. Cultural Factors

The cultural values refer to asset of shared values and ideas by a cluster or group of individuals. It is the culture that moulds the behaviour of an individual. In other words, culture reflects values that an individual holds. What a child learns from his family members and from his other relatives becomes his culture. The behaviour of the consumer is deeply impacted by cultural factors. These cultural factors are as follows:

- 1) **Culture:** Culture forms a critical factor in influencing one's attitude and behaviour. It can be considered a complex mixture of beliefs, rituals, arts, morals, social values, etc., that are pertinent to the members of any society. A child acquires these values and morals from his family members and other important social institutions like schools.
- 2) **Subculture:** A culture generally consists of a number of subcultures, whose members have more particular identification and socialisation style. Subcultures generally consist of items like nationalities, religious groups, racial and ethnic groups and geographical places. Marketers recognise these subcultures as key market segments and design their products as per the needs of the subculture.



- 3) **Cross Culture:** One of the major reasons for conducting cross-cultural analysis of consumer behaviour is to understand how members of different social groups are similar and how far they are different. For a multinational corporation, this knowledge of similarities and differences is critical to its success.

### Influence of Culture on Consumer Behaviour

A company can frame a successful marketing strategy if it keeps in mind the cultural values of the society in which the product is being launched. Consumer behaviour is definitely impacted by the following cultural influences:

- 1) **Values:** The values of the society decide the realm of acceptable and unacceptable social behaviour. In societies like the United States, the consumers tend to be individualistic and the purchase decisions are made based on personal beliefs and preferences. On the other hand, in societies like Japan, the role of group is more significant and decisions are therefore made by the family. Hence, marketers should design product advertisement accordingly, i.e., advertisements focusing upon individuals should be targeted on individualistic nations and vice versa.
- 2) **Symbols:** Symbols as cultural influence include language (both verbal and non-verbal), art, literature, music, etc. These symbols are often a sign of pride for some communities. Some amount of foreign impact may be there on these symbols but a society normally wants to keep the remainders of its cultural heritage intact. Hence, the advertising that a marketer uses needs to be in congruence with the cultural symbols of the society in terms of its folklore, literature, art, drama, etc.
- 3) **Rituals:** Rituals indicate a kind of behaviour that is learned and followed by the society. They play a great part in social events like birth of a child, marriages, anniversaries, funerals, etc. Individuals also have rituals like watching a popular soap on television or going out for dinner every weekend or seeing a movie with the family on holidays. These rituals also play an important role in helping the marketer plan his activities especially while deciding on the promotion or the sales of a product.
- 4) **Thought Processes:** Thought processes may differ from one society to another due to differing cultures of every society. This may influence the marketing strategy perceived by each society. One part of society may be able to identify and understand each part of the advertisement relating to their culture, however, the other parts of society may only be able to relate to the central aspect of a message and ignore all the surrounding messages or noise. Hence, the marketer has to keep in mind the thought process of the society before framing the communication message.

### 2.1.9.3. Social Factors

- 1) **Reference Group:** A person or a group who is identified as a reference to an individual, defining the fundamental or fixed attitudes, behaviours or values, is known as a 'reference group'. Being a social class member, an individual always compares his abilities and opinions with the defined abilities of a reference.
- 2) **Family:** Buyer's behaviour is largely influenced by his family members. Family is the main buying organisation in the society. There are two types of families, such as:
  - i) **Family of Orientation:** An individual attains an orientation from parents towards their religion, politics, self-worth, etc. It is usually observed that grown-up children who are living with their parents signify them as their ideal reference group.
  - ii) **Family of Procreation:** In this type of family, the buying behaviour is affected by every family member such as spouse, children, parents, etc. They purchase products considering the requirements of every individual in a family.
- 3) **Roles and Status:** A person performs different roles and has different status in various groups such as family, organisation, clubs, etc. The activity performed by a person is defined as a role and every role carries a status. For example, an RBI manager has more status than a sales manager and a sales manager has a more status than a receptionist. This is because of the difference in their income, which directly affects the status of the individuals. Therefore, the buying decision of an individual is largely based on its role and status in the society.

### 2.1.9.4. Psychological Factors of Consumer Behaviour

Understanding psychological state of the customer is very important for marketers to clearly understand the concept of buying behaviour. It is not easy to analyse the psychological state of a customer. The attitude and perceptions of the customers are developed by absorption of different kinds of information given by them. Even personality is also developed by this.

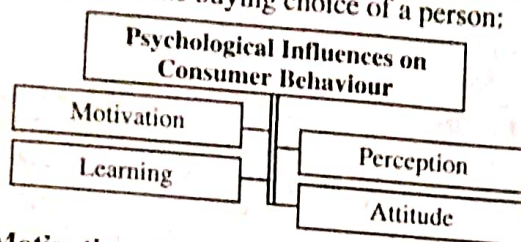
These factors have an impact on the manner in which a customer goes forward through a decision process related to a certain product or service. The internal factors such as learning, personality, attitudes, information processing, and motives have an impact on the buying stimuli.

Any action which is directed to the satisfaction of needs is headed by motive. As every individual is unique physically and psychologically, attempts are made by the marketers to determine the patterns of behaviour which can be estimated in a certain situation. There will



be a greater possibility that the marketer will be able to satisfy the human requirements which is the main objective of marketing.

There will be ready markets for the products of those marketers who prepare their offerings on the basis of the identification of needs of customers. The consumer buying behaviour is affected by different psychological factors. The customer's perceptions of his needs, wants, and status in life have a direct influence on his buying decisions. There will be some consumer behaviours resulted from the sub-conscious behaviours while others are resulted from the conscious decisions which are taken by the customer for fulfilling some specific objectives. Figure below depicts the four main psychological factors which can affect the buying choice of a person:



- 1) **Motivation:** The word 'motivation' has originated from the term 'motive' which relates to wants, needs, impulses and drives within a person. Motivation refers to the process of inspiring people for doing tasks and achieving goals and desires. Motivation is a psychological occurrence that originates from the wants and needs of people. It initiates a goal-oriented behaviour. It is the force that drives individuals into action. This force is the outcome of a state of tension which has arisen due to unfulfilled needs. Individuals make every effort to eliminate this stress through such behaviours which will help them in fulfilling their needs and thereby, make them stress free.

According to Dalton E. McFarland, "Motivation refers to the way in which urges, drives, desires, aspirations, strivings or needs direct, control or explain the behaviour of human beings".

#### Influence of Motivation on Consumer Behaviour

It is widely believed that consumer behaviour is aroused and directed by consumer motives. This arousal of interests engages consumers both physically and mentally. Thus, it is important to understand the influence of motivation on consumer behaviour which is explained as follows:

- i) **Defining Basic Strivings:** Motives enable the consumers to understand, recognise and form their fundamental strivings and goals like safety, achievement, affiliation, etc. These strivings decide how the consumer will behave in a variety of situations and activities.
- ii) **Recognising Goal Objects:** As a general rule, people regard products and services as means to

satisfy their inner needs and desires. Many times, consumers consider some products as their ultimate goals and forget that such products are actually means of fulfilling their motives.

This particular aspect where consumers assign goals to products and services is very important for marketers. It becomes even more important when marketers can see a way by which they can influence the thought process of the consumers.

- iii) **Influencing Choice Criteria:** Motives influence the ways in which consumers design the criteria of evaluating any product/service. For example, if the underlying motive behind car purchase is economy then the consumer will evaluate all the options that are available and gauge on this parameter before reaching a decision. In this case, the economy as a criterion will be more important than other criteria like looks or speed.

- iv) **Directing Other Influences:** Motives influence other psychological variables like perception, learning, personality, attitudes, etc. They also impact the way people process product information. Motives thus have an impact on information processing which in turn determines how consumers interpret the environment and how they respond to various stimuli.

- 2) **Perception:** Perception refers to the stimuli that our senses gain from the surrounding. However, it includes the entire process of analysing the environmental stimuli and deciding the actions to be taken accordingly. Perceptual process helps people to gain insight about those components of the environment that are crucial for their existence.

Perception comprises of five senses which are touch, smell, taste, sight and sound. Further, it includes cognitive processes that are needed to derive information like detecting the face or recognising the voice of a person. Perception is the mechanism which enables a person to understand and organise his thoughts and ideas pertaining to his environment.

This complex psychological process might not be the same for two different persons. Behaviour of a person depends on how he perceives reality rather than what the reality actually is. Hence, perception is an important factor in an organisational setup. In an organisation, people respond according to their perception about the fact rather than the actual fact. As a result, the judgement might not be neutral.

According to S.P. Robbins, "Perception may be defined as a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment".

#### Influence of Perception on Consumer Behaviour



Under mentioned are some influences that perception has on consumer behaviour:

i) **Forms Decision about Company or Product:**

In order to determine whether or not, any kind of value if delivered by a company, various information about that firm is continuously combined and processed by the customers. Firms mostly present their best selves in order to influence the perception of customers.

**For example,** quality and convenience of a product or service are highlighted in the advertisements in order to improve the perception of the customers which can be advantageous to the firms in the form of improved sales. But sometimes, they make use of deception, fraud and dishonesty to manipulate the customers.

ii) **Perception about Risks:** Consumers are less likely to make a purchase decision if there are higher risks involved. Consumers do not evaluate the risks associated with an unfamiliar brand or product. **For example,** that product could have some defects or can be expensive than its other alternatives. Therefore, by providing maximum information about the product in the advertisement and motivating promising product reviews, such risks can be neglected. Such risk perception can be further reduced by letting customers handle the products at stores or use them at their homes and by implementing a flexible return policy.

iii) **Increases Brand Loyalty:** The one task that remains after letting the customers try the product is to uphold the good reputation and make the customer loyal for the brand. This can be achieved with the help of good customer service support as it will create a customer centric perception in the minds of the customers. By doing such activities, the firms generate regular revenue as the customers become loyal for the brand which makes it challenging for the rival firms to steal such customers.

iv) **Helps in Noticing the Difference:** The customers can differentiate between the features of various alternatives on the basis of perception. Thus, the attention of the customers can be attracted with the help of such differentiating stimuli which are known and observable to customers.

3) **Learning:** One of the crucial psychological processes is learning, through which human behaviour is determined. It is a never-ending procedure which is everlasting. So, learning can be defined as the summation of behavioural transformations which are the outcome of knowledge attained during the training. An

individual attains knowledge and practicality from the training process which acts as a feedback to the individual and a reference for future responses.

**According to Martyn Sloman,** "Learning is the process by which a person constructs knowledge, skills and capabilities".

**Influence of Learning on Consumer Behaviour**

Under mentioned are some influences that learning has on consumer behaviour:

i) **Recognition and Recall:** An advertisement intends to attract the attention of consumers towards its certain elements, features or parts and then relate them with the advertised brand and therefore, different amount of awareness is experienced by consumers once they are exposed to an advertisement. The components of the memory of the consumers for information advertised, are represented by recognition and recall, however, the recognition can only make use of the outermost or surface level of memory (similar to multiple-choice questions) when correlated with recall measures (similar to essay type questions).

The ability of the consumers to identify a similar advertisement as a one already seen by them earlier is referred to as recognition. The first goal of any ad is to get observed which is measured by the recognition tests. They can be used to inform the advertiser about the manner in which the consumers remember the different components of an ad.

ii) **Cognitive Responses to Advertising:** The extent to which the intended advertising message is understood by the consumer correctly is one more influence that learning has on the consumer behaviour. Different media use different tests to measure this influence, however, in order to have a complete understanding of the effectiveness of an advertising campaign, advertisers consider evaluating all the different parameters of advertising alongwith different media together.

**For example,** there can be a chance that a single advertisement can perform well on recognition and bad on attitude and purchase intention. Therefore, by performing complete tests on the effectiveness of an ad campaign, from awareness of the product to purchase, such differences and irregularities can be identified which will eventually enhance the performance of the ad.

iii) **Attitudinal and Behavioural Measures of Brand Loyalty:** Whether to define brand loyalty in terms of consumer attitude or



consumer behaviour comes out to be a fundamental issue among the researchers.

- a) **Behavioural Scientists:** According to the behavioural scientists, who follow the theory of instrumental conditioning, the first trial of a product strengthened through satisfaction gives birth to brand loyalty that results in repeating the purchase.
- b) **Cognitive Researches:** For creation of brand loyalty, cognitive researches focus on the mental processes. It is considered by such researchers that strong preference for brand and repeat purchase behaviour are the results of consumers involving in the extensive process of problem-solving and comparing various qualities and features.

It is observed that consumers, most of the time, buy the products within their standard and suitable prescribed range of brands (also known as evoked set). The consumer loyalty is treated as the function of the following three groups of influences as opined by an integrated conceptual framework:

- Consumer drivers,
- Brand drivers, and
- Social drivers.

- iv) **Brand Equity:** The stored value which is built up in the brand in order to have the competitive advantage is termed as brand equity. The value of brands can be measured in terms of their worth addition to products and services. There are number of opinions related to brand equity. All the marketers approve the fact that substantial value can be added to the products and services with the help of brands. However, it is not true all the time.

There can be incidents where the brand can be treated as a liability. As a result, the brands can play the role of both value driller and enhancer. There are number of works done in the field of marketing for exploring, interpreting and clarifying the broad meaning of brand equity. The measurement and management become important mainly because of the significance of brand.

- 4) **Attitude:** Attitude refers to the feeling and behaviour of an individual towards any object or situation. Behaviour is of two types, i.e., positive or negative, which can be identified by observing the actions of an individual. The proper functioning of an individual can be easily determined either by his behaviour or by his personality. Thus, it can be said that an attitude refers to outlook or point of view of a person regarding any object. In simple words, thinking, feeling and reaction of an individual towards various aspects of environment is known as his attitude.

According to Allport, "Attitude is learned predispositions to respond to an object or class of object in a consistently favourable or unfavourable way".

### Influence of Attitude on Consumer Behaviour

The following heads help us understand the impact of attitude's on consumers:

- i) **Negative Learned Attitudes:** Attitudes are developed within individuals from birth; possibly some of them are learned from parents. A learned and admirable person can act as a strong influencer of attitudes and leaves a long lasting effect on attitude change. For example, a salesperson selling a new detergent launched in the market may find it troublesome to convince individuals who are a staunch believer that whatever brand their mothers use is the best.

These well-informed attitudes, from the marketer's point of view, are negative ones as they have the power to impact the interests of customers towards the product.

- ii) **Positive Learned Attitudes:** Marketers can find an involuntary consumer franchise in terms of consumers who have positive learned attitudes. These consumers are likely to display trustworthiness and buy the product quite often. Also, they suggest it to other people who may denounce it. They take criticism as a negative impression of the person from whom they gained such attitude. There is a directly proportional relation between the consideration they hold about the original opinion holder and attitude towards a product or service held by opinion holders.

- iii) **Negative Experience Attitudes:** Nearly all consumer attitudes arise from experience with products and services. For example, a person who had a bad experience with a particular shoe might never be convinced to buy that shoe again, even though a very attractive price is being offered by the dealer. There is a high probability that buyers can generalise a negative attitude towards an entire class of products or services or even specific groups or communities. The consumers of organic foods may tend to develop a negative attitude towards the ones who consume non-organic food items. Thus, consumer perspectives are critically influenced by negative experiences.

- iv) **Positive Experience Attitudes:** Positive experiences prove beneficial to the marketing personnel. As the name suggests, such attitudes are developed through the positive experiences consumers have enjoyed in past associated with the products and services.



### **2.2.6. The Black Box Model of Consumer Behaviour**

Consumers make many buying decisions every day. Most large companies research consumer buying decisions in great detail to answer questions about what consumers buy where they buy, how and how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the whys of consumer buying behaviour is not so easy – the answers are often locked deep within the consumer's head. Salespeople know that some prospects buy their products and services after the sales presentation and some prospects do not buy.

Salespeople do not know the prospects (or buyers) hidden mental process. The company that really understands how consumers will respond to different product features, prices, and advertising appeals has a great advantage over its competitors.

The starting point for understanding buying behaviour is the stimulus – response model of buyer behaviour (as shown in figure 2.6).



This **figure** shows that marketing and other stimuli enter the consumer's "black-box" and produce certain responses. Marketers must figure out what is in the buyer's black-box.

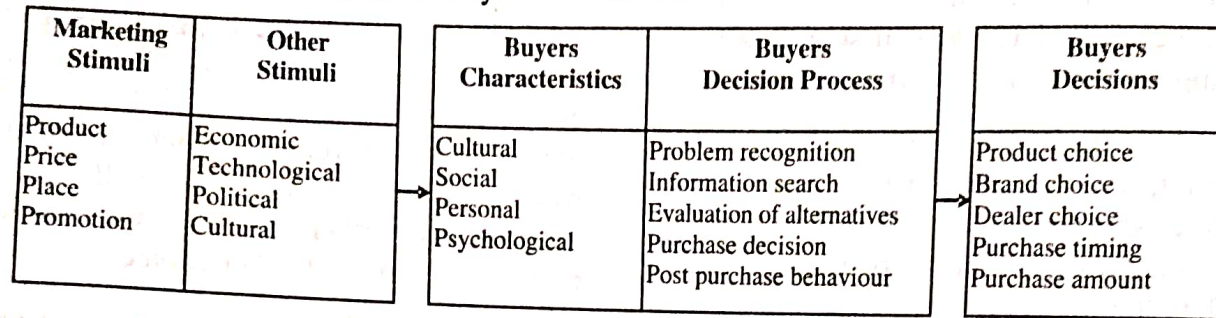


Figure 2.6: Black Box Model of Buying Behaviour

Marketing stimuli consist of the four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black-box, where they are turned into a set of observable buyer responses: product choice, brand choice, dealer choice, purchase timing, and purchase amount. The marketer wants to understand how the stimuli are changed into responses inside the consumer's black-box, which has two parts. **First**, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. **Second**, the buyer's decision process itself affects the buyer's behaviour. It is assumed that if a sales person applies a stimulus (or sales presentation), the prospective buyer will respond in a predictable manner. However, the prospect may or may not buy the product, which the salesperson is trying to sell. Salesperson should, therefore, understand the psychological aspects in buyer behaviour. Psychological factors of buyer or consumer behaviour includes attitudes, perceptions, motivations, and personality of behaviour. Study of consumer behaviour helps the salesperson to understand the psychological aspects in selling or why the prospect is buying or not buying the product or services.

## 2.3. EXERCISE

### 2.3.1. Very Short Answer Type Questions

- 1) State any five characteristics of consumer behaviour.
- 2) Brief about the types of buying decisions behaviour.
- 3) What do you understand by cross cultural values.

### 2.3.2. Short Answer Type Questions

- 1) Brief about the buying roles and buying motives of the consumers.
- 2) Explain the importance of consumer behaviour.
- 3) Explain the Black Box Model of consumer behaviour.
- 4) Write short note on motivation, learning and attitude.

### 2.3.3. Long Answer Type Questions

- 1) What is the meaning of consumer behaviour? Elaborate consumer buying decision process.
- 2) Discuss in detail the factors influencing consumer behaviour.
- 3) Explain personal and cultural factors that influence consumer behaviour.
- 4) Discuss the psychological factors of consumer behaviour.