

CHAPTER - II

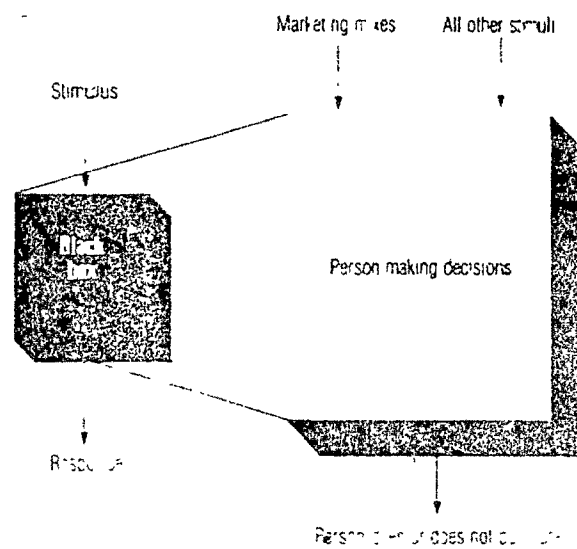
CONSUMER BEHAVIOR

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Marketing starts with the consumers and ends with the consumers. Satisfaction of the consumer becomes the most important goal of a business enterprise. The consumer behavior provides a sound basis of identifying and understanding the consumer needs.

A model of consumer behavior is as follows :-

Fig. 2.1



This figure shows that marketing and other stimuli entering the consumer's 'black box' and producing certain responses.

This model is elaborated as follows:-

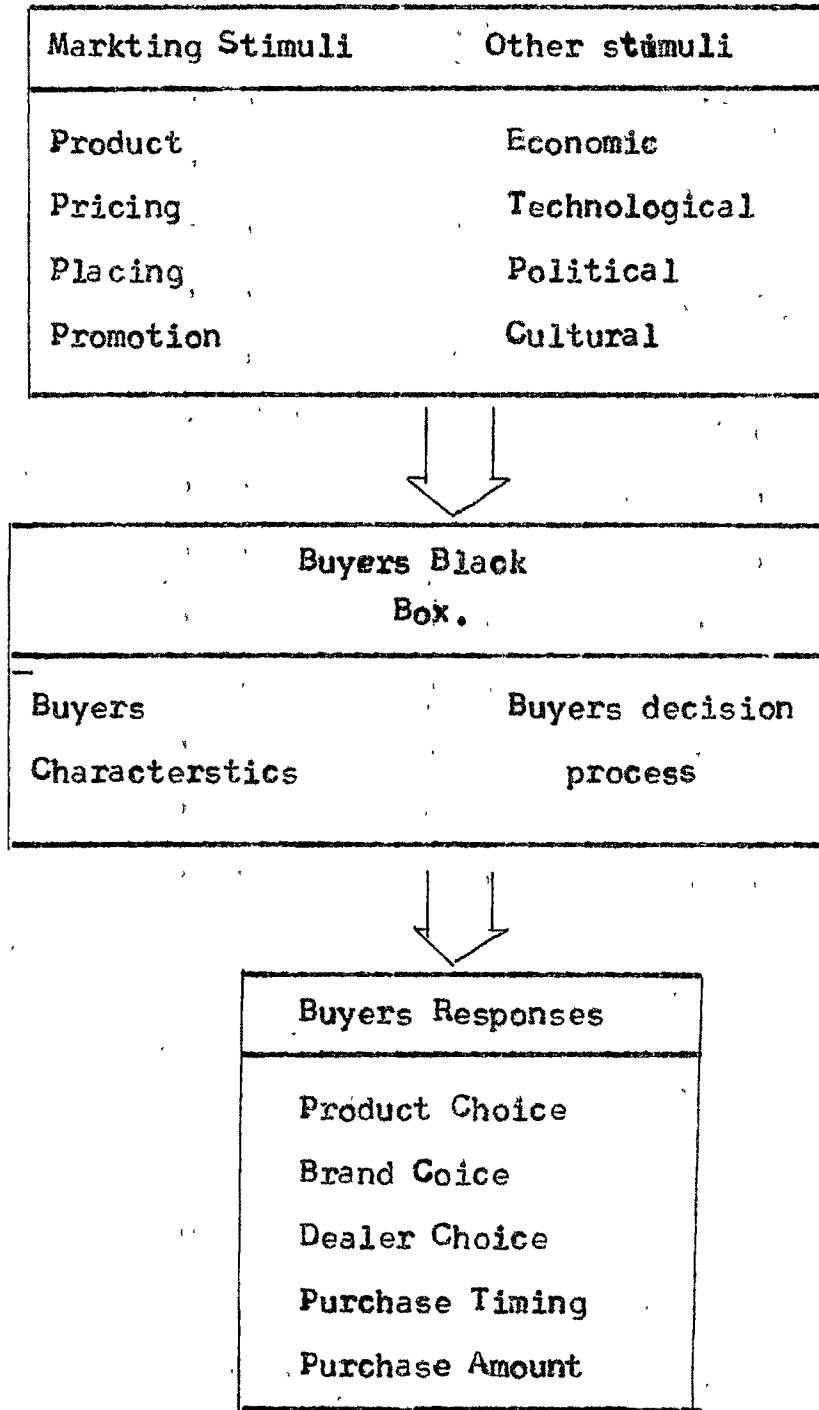


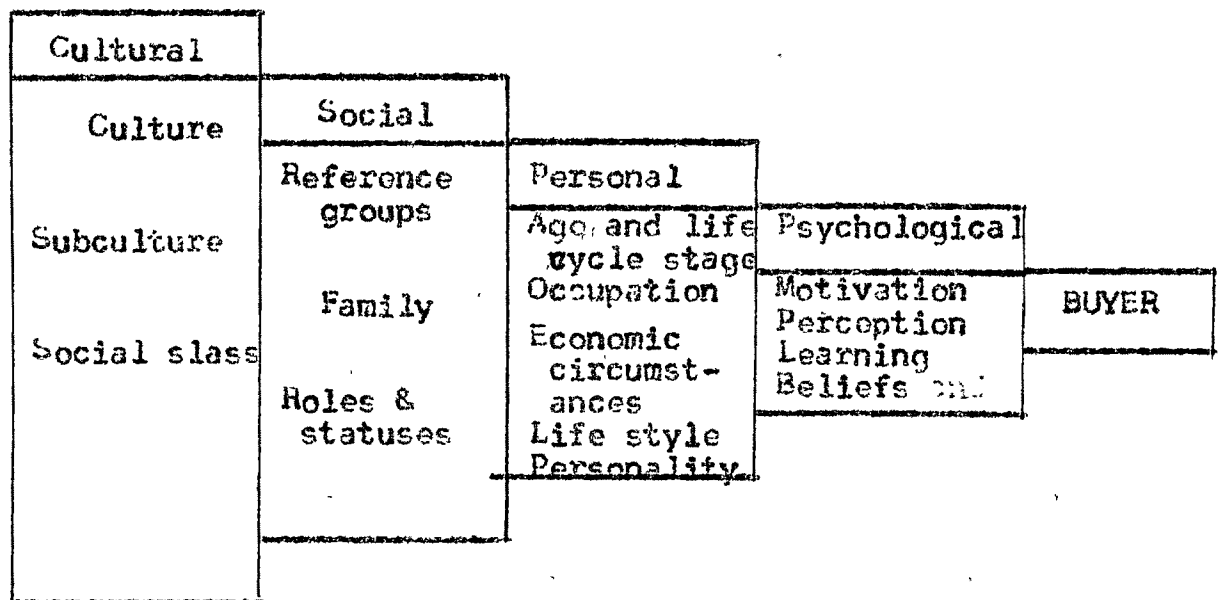
Fig. 2.2

In the above model, the stimuli are of two types. Marketing stimuli and other stimuli. Marketing stimuli consists of four ingredients of marketing mix. They are product, price, placing and promotion. Other stimuli consists of major forces and events in the buyers environment, they are economic, technological, political and cultural. All these stimuli passes through the buyer black box and produce a set of observable responses.

Therefore understanding the consumer is actually understanding what happens in the consumer black box between the stimuli and responses. The black box has two components. First, the buyers characteristics have a major influence on how a buyer perceives and reacts to the stimuli. Second the buyer's decision process itself influences the outcome.

Fig. 2.3

Detailed Model of Factors Influencing Behavior



I) BUYERS CHARACTERISTICS

Cultural Factors

Cultural factors exert the broadest and deepest influence on consumer behavior. The factors are culture, subculture, and social class.

Culture

Culture is the most fundamental determinant of a persons wants and behavior. Culture regulates our life at every turn. From the moment we born until we die, there is a constant pressure upon us to follow certain behavior. Culture may be defined as complex of symbols and artifacts created by man and handed down from generation to generation as determinants and regulators of human behavior in a given society. The symbols may be intangible (Attitudes, ideas, beliefs, values, languages, religion, social class etc.) or tangible (Tools, housing products, furniture etc.). Religious mind, caste system, joint family system are cultural determinants of Indian people.

Cultural influences change over time as old patterns gradually give way to new. Each culture expects and trains it's members to behave in the ways that are acceptable to the group. For example Western culture generally reward a person for being independent and competitive while Oriental cultures do not. The culture dictates the people to learn and behave in a particular way.

Subculture

Each subculture contains smaller groups of subcultures, that provides more scientific information to its members. Nationality groups, racial-religious groups, geographical area, age, urban-rural distribution are some factors indicating different subcultures. In India there are different subcultures. The South Indian, North Indian, and North Eastern racial groups have different subcultures. Religious groups like Hindu, Muslim, Shikh etc. indicate different tastes, habits, beliefs, values, ideas. Peoples food preferences, clothing choices, thinking depends upon subcultures.

Social Class

All human societies have social grades. It may take the form of caste system or class system. Members of different castes follow certain roles and can not change their caste membership. Sometimes in place of caste system, society is divided in the basis of economic classes. There are three major classes i.e. upper, middle, and lower and they are further divided into two stratas like upper upper and lower upper etc. Social classes are relatively homogeneous. Behavior of members is more alike. Economic position, occupation, education, income are major factors for showing social classes. Social classes show distinct product and brand preferences, store preferences, consumption patterns.

SOCIAL FACTORS

Reference Groups

A reference groups means a group of people who influence a person's attitudes, opinions and values. A reference groups standards of behavior serve as guide to individual. The consumer behavior is influenced by the small groups to which they belong. These may include family, friend circle, Social-cultural-professional organizations, trade unions, neighbours, colleagues, co-players etc. People are also influenced by groups to which they do not belong. In case of speciality goods group behavior is very important factor to consider.

Family

Of all the small groups as individual belongs to a family has the strongest influence on his behavior. Husband, wife, children, play a vital role in family purchasing. Purchasing decisions and influence of family members depends upon the product e.g. insurance, vehicles, television etc. are husband dominant while clothing, cutlery, kitchen equipments, washing machines etc. are wifedominate. Purchasing decision are often made jointly by all family members. In this regard the marketer have to know who influences to buy, who decides to buy, Who actually purchases and who uses the products. Four different people may be involved or one may do all for the four. It will influence firms marketing policies regarding products, placing and promoting.

Roles and Status.

A person participates in many groups. His position in each group can be defined as roles and status. He plays different role in family, friend circle, relatives, social organization according to the persons around him. People always choose products for their status. Generally speciality goods are purchased only for status. Social class and status related with each other. Each class has separate status symbol. In india: Motor-cars are status symbols for lower uppers and scooter, TV, freeze for lower middles.

PERSONAL FACTORS

Age and Life Cycle

People changes their attitudes and belief toward a particular product according to age and life cycle. They also buy goods and services as per the age. In the earlier stages of life people adopt fashions immediately while in old age they never adopt the fashion. In the youth, people think about vehicles, stereo system, in the middle age about insurance, house and in old age about health, recreation. Life cycles has been classified in six ways. They are bachalor, young married couple, full nest one (couple with children), full nest two (couple with dependent children) empty nest (old couple with no children) and old singles.

Occupation

A persons occupation directly and indirectly affects on his buying behavior, Different persons from different occup-

ations have different choices, habits and interests. For example persons in teaching field will be interested in purchasing books and study material while person from engineering field will purchase engineering instruments. Occupation is a major aspect in consumer behavior. Generally people from same occupations have same purchasing habits and opinion about particular product.

Economic Circumstances.

People's economic conditions will generally affect product choice. Economic circumstances consists spendable income, saving and assets, borrowing power and attitude towards savings. Spendable income is the amount available for personal consumption, expenditure and saving. It does not consists of essential expenditure for food, clothing, transport etc. and fixed expenditure for rent, insurance, debt payments etc.

Attitude towards spending is also very important factor shaping consumer behavior. Some people give preferences to saving than spending. Attitudes towards spending is quite discriminating.

It differs from product to product. Some people spend on food. While some people spend more on clothing and speciality good. Borrowing power is also an important factor related to economic circumstances. It depends upon personal sources, occupation, reputation of borrowings, availability of finances, loan schemes, hire purchase facilities etc.

Life-style

Life style is persons pattern of living in the world as expressed in his activities, interests and opinions. Persons from the same culture , social class and occupation have different life-styles.

persons hobbies, work procedure, entertainment devices, interest in jobs, fashion adoption, recreation, opinion about politics, business events, education shows the life style.

Personality and Self concept

Each person has separate personality which will influence on his buying behavior. Personality is defined as an individuals pattern of inner and outer traits which are determinant of behavioral responses. A persons personality is usually described in terms of traits as self confidence, dominance , autonomy, sociability, affiliation, emotional stability, aggressiveness etc. Personality can be useful variable in analyzing consumer behavior.

Sigmund Freud, described that there are three parts of the mind. They are - id, ego, and super-ego.

The 'id' is basic instinctive drives, activated by purely biological urges such as hunger, thirst, warmth, sleep etc. Many of which are anti-social.

The 'ego' leads to a person to act or refrain from, according to what he has learned about the world, rather than according to his biological needs.

The 'super-ego' is our conscience, accepts moral standard, and directing the instinctive drives into acceptable channels.

The 'id and 'super-ego' are sometimes in conflict. The ego is rational control centre which maintains a balance between them. There are strong co-relation between certain personalitytypes and product/brand choices.

A persons self concept or self image also a good device for knowing consumer behavior. All of us carry around a complex mental picture of ourselves. People generally prefer brands which are more, rather than less, like their own self concept.

PSYCHOLOGICAL FACTORS

A persons buying behavior is also influenced by four major psychological factors - motivation, perception, learning and attitudes and beliefs.

Motivation

Consumer motivation is concerned with the factors which motivate people in making choices or purchasing products. A motive is a need that is sufficiently pressing

to direct the person to seek satisfaction of the need. Person has many needs. Some are bio-genic such as hunger, thirst, discomfort. Some are psychogenic such as esteem, belonging, recognition. A need becomes motive when it is aroused to a sufficient level of intensity.

Psychologist have developed theories of human motivations. Two of them are as follows.

A) Maslaw's theory of motivation :

Abraham Maslaw has formulated useful theory of motivation in 1943. He had identified a hierarchy of five levels of needs. (see fig 2.4)

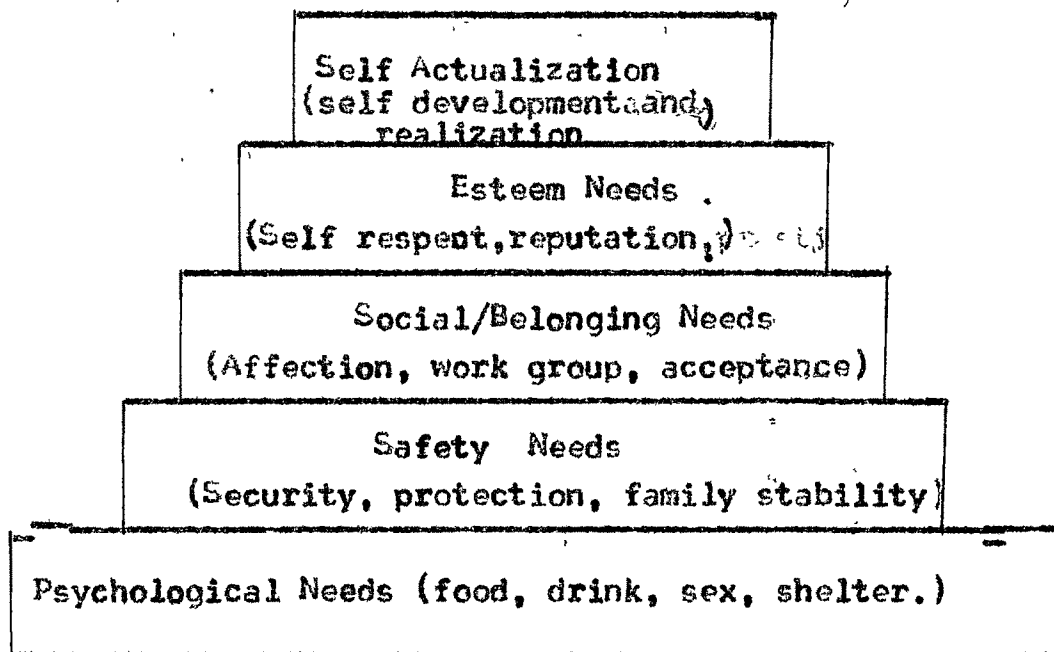


Fig.2.4 Maslow's Hierarchy of Needs.

Source : Luthans Fred -
'Organizational Behavior'
McGraw Hill, NewYork.

A.H.Maslow arranged human needs in order of importance. A person will try to satisfy the most important needs first. When he succeeds in satisfying an important need, he will be motivated to the next important need. The hierarchy is as follows :

1. Psychological needs : It is the most basic level in the hierarchy. There are the primary needs like hunger, thirst, sleep, sex etc. They are no longer motivated.

2. Safety needs : Maslow stressed on emotional as well as physical safety. Once they are satisfied, they are no longer motivate. Security, stability, protection from society are of this kind.

3. Love, belonging/social needs : The third or intermediate level of needs loosely correspond to the affection and needs. Belongingness to a group, acceptance from other are of this kind.

4. Esteem needs : The esteem level represents the higher needs of human being. The need of power, achievement, status, self respect, reputation can be considered to be part of this level.

5. Need of self actualization : People who have become self actualized are self fulfilled. Actualization is closely related to self concept, self development.

B) Freud's theory of motivation :

Sigmund Freud assumes that people are largely unconscious about the real psychological forces shaping their

behavior. A person has many urges. These urges never eliminated or under control. they emerge in dreams, in slip of tongue, in obsessive behavior. Person does not fully understand his motivational mainsprings. People purchases the products for fulfilling their uncovered deeper motives.

Perception

A motive is a force which activates behavior intended to satisfy aroused needs. Such a motivated persons acts are influenced by his perception of situation. Two people with the same motive may act quite differently, because they perceive differently.

Our senses perceive the shape, colour, feel, smell, taste of stimuli and our behavior is then influenced by these physical perceptions.

A continuous process of selection is going on as far as our perception is concerned. We are exposed to only a number of marketing stimuli (products, advertisements, stores etc.). Then we perceive only part of what we exposed to. We continue to have (retain) only part of what we selectively perceive and we act upon only part of what we retain.

Learning

When people act, they learn. Learning describe changes in an individuals behavior arising from experience.

Most human behavior is learned. Generally, learning is defined as a relatively permanent change in behavior which is a result of experience. Learning makes possible adaptation of new situations and solutions to the simple and complex problems. Interpreting and predicting the consumers learning process is the real key of understanding the consumers.

Beliefs and Attitudes

Attitudes and beliefs are strong and direct forces affecting the consumer perception and buying behavior. Through acting and learning, people acquire their beliefs and attitudes. These in turn influence their buying behavior.

A belief is a descriptive thought that a person holds about something. Beliefs may be based on real knowledge, opinion or faith.

An attitude is a persons enduring favourable cognitive evaluations, emotional feelings and action tendencies towards some object or idea. People have attitudes regarding almost everything. For example religion, politics, education, cloths, music, feeling and so on. Attitudes influence beliefs and beliefs influence attitudes.

Marketers must know the beliefs that people carry in their mind about specific products and services. These beliefs make product or brand images and people act on their belief.

Attitude as a frame of mind of liking and disliking things, moving towards or away from them. Attitudes lead people to behave in a fairly consistent way towards similar object.

II) BUYERS DECISION PROCESS

It is necessary to know the actual buying process. Consumer enters into market with many influences like social, psychological, personal etc. Consumers decision process is as follows.

Buyers Decision Process

Identifying the Buyers

Buying Roles
Types of Buying
Decision Behavior

Stages in Buyers

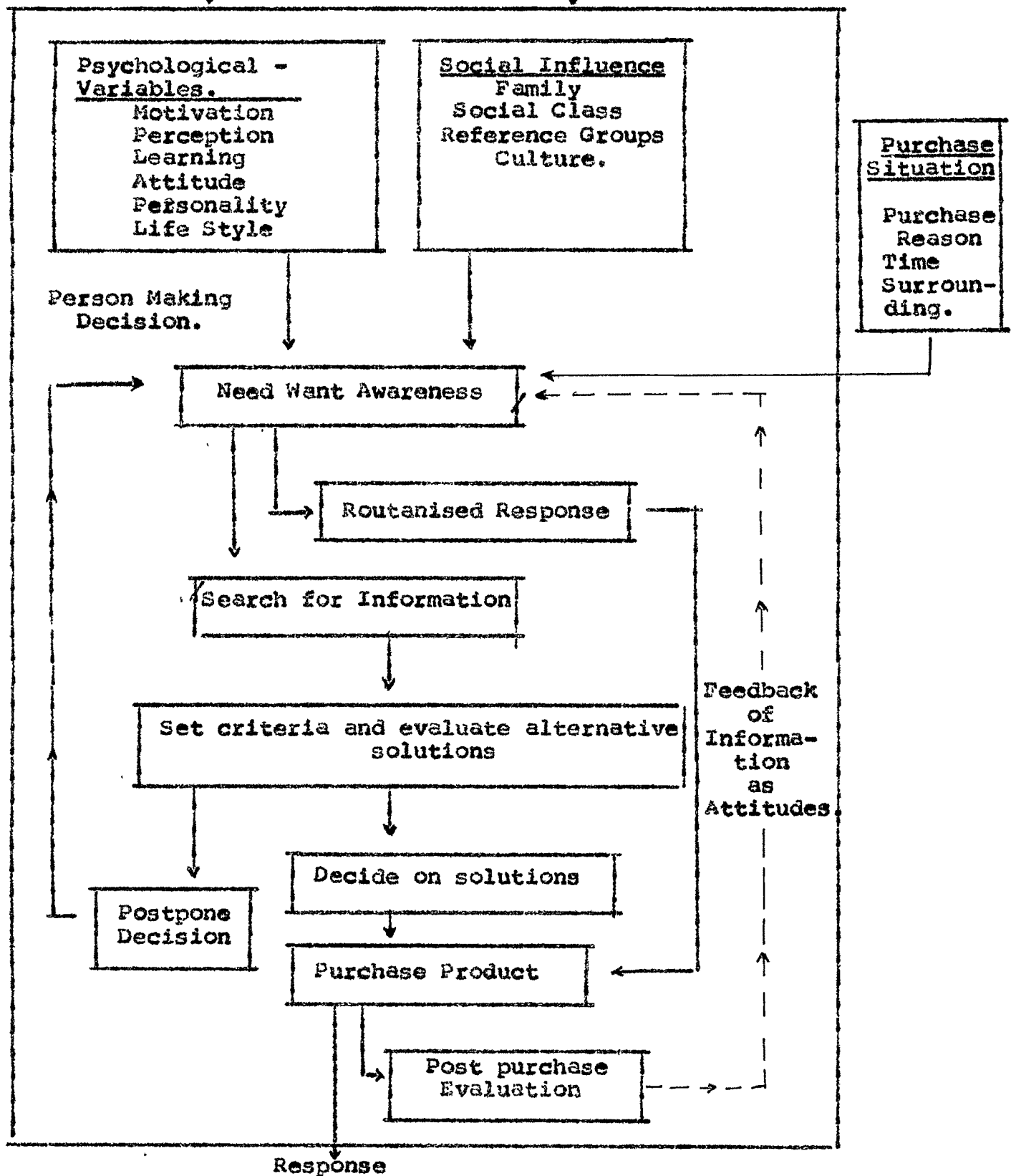
Decision Process

Problem Recognition
Information Search
Evaluations of
Alternatives
Purchase Decision
Post Purchase Behavior

A major task of the marketer is to correctly identify the target buyers of the product. The marketer needs to know who makes the buying decision in that product category.

Another factor of consumer behavior is consumer's decision process or consumer's problem solving process. Consumer problem solving process is elaborated in fig. 2.5

Fig. 2.5 Consumers Problem Solving Process
Marketing Mixes All other Stimuli



Source : McCorthy E. Jerome and Perreault William D. Jr. 'Basic Marketing' Universal Book Stall, New Delhi, -9th Ed.

Identifying The Buyers

1) Buying Roles : It is easy to identify the decision maker. Buying is a group behavior as well as individual behavior. Some products are chosen by individual himself while some products are purchased by group, family. products like cigarette, underwears are chosen personally. Speciality products like car, TV etc are chosen by whole family on a group. We can distinguish various roles of people in buying decision.

- i) Initiator - Initiator is a person who first suggests the idea of buying particular product of service.
- ii) Influencer - Influencer is a person whose advice carries some weight in making final decision.
- iii) Decider - The decider is a person who determines any part of buying decision like whether to buy, when to buy, where to buy etc.
- iv) Buyer - Buyer is a person who makes actual purchases.
- v) User - Person who consumes or uses the product.

2) Types of Buying decision behavior: Consumer decision making varies with the type of buying decision. Some decisions are complex involve many participants. Certain decisions are

quick and regular decisions. There are three types of buying behavior.

i) Routinised Response Behavior :

The simplest type of buying behavior occurs in the purchase of low cost, frequently purchased item. People know about the product class, brand available and have clear preference among brands. They do not buy the same brand always. The available brand is purchased. Generally buyers do not give much thought, or time to purchase.

ii) Limited problems Solving :

Buying is more complex when buyers confront an unfamiliar brand in a familiar product class. Buyer are fully aware of product class but unfamiliar about all brands and their features. In this situation consumer gets the information about all brands, their features and purchase the products. The marketer must design a good communication programme as campaigns.

iii) Extensive problem solving :

When buyer is unfamiliar with product class and brand, buying decision process is very complex. Consumers do not know what criteria to use for buying such product. Generally luxury products are of this kind.

Stages in buyer decision process.

Consumer goes through the process to reach a purchase decision and outcome is as follows. (See figure 2.6)

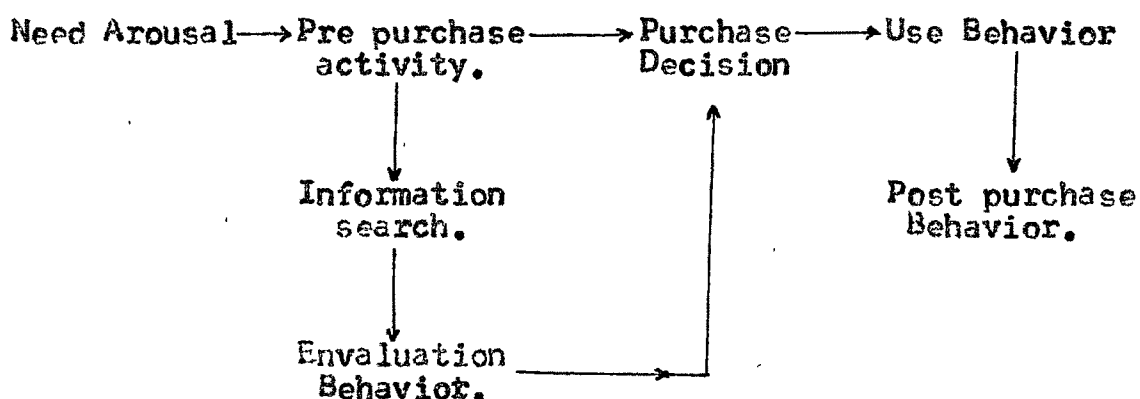


Fig. 2.6 Stages in buyer decision process.

Source: Singh Raghbir - Marketing &

consumer behavior - Deep &
Deep publications - New Delhi.

Consumer passes through all five stages in most of the purchases. In routine purchase consumers skip, neglect or reverse some of these stages, e.g. when we recognize the need of toilet-soap or tooth-paste we purchase it neglecting the two steps i.e. information search and evaluation of alternatives.

1) Problem Recognition/Need Arousal.

The starting point of buying process is need arousal. A 'need' is something which one wants to satisfy or reduce, and presumably, some object or activity will be able to do this. A need can be activated through internal and external stimuli. When an unsatisfied need creates tension, he thinks about the purchase. Need or motive may be bio-genic, aroused by external stimulies, such as an advertisement or sight of the product. Sometimes dis-satisfaction with the present

brand or product creates need or tension.

2) Pre purchase activity. - (Information search) -

After the need is aroused or felt, the buyer moves into pre purchase activity. The need arousal drives the consumer to collect information about the required commodity. As aroused consumer may or may not search for more information. Consumer may undertake no further search, some further search or very active search for getting the information. If the consumer's drive is strong and well defined, he is likely to buy. If not consumer's needs may simply be stored in memory.

Information can be derived from the following sources.

- a) Personal sources : feeling, information shared by friend, family members, neighbours etc.
 - b) Commercial Source : Newspapers and other media advertisements, salesman or dealers influence etc.
 - c) Public Sources : Mass media also effect the quality of thinking with regard to purchase.
 - d) Experimental Sources : Practical demonstrations, handling, examining and using the product considerably makes an impact on the buying activity of a person.
- Relative influence of these sources varies with product category and buyers characteristics.

3) Evaluation of Alternatives :

Once all the alternatives are identified, consumers must then evaluate each one for making purchase decision. Consumer uses various criterias for evaluating various products. These include - past experience, attitudes towards brands, opinions of other members and other reference groups.

Certain basic concepts help to throw light on consumer evaluation processes. They are product attributes, different importance weightage is given to the relative attributes, utility function of each attributes, beliefs and attitudes etc.

Each consumer sees a given product as a bundle of attributes e.g.

Camera : Picture sharpness, shape, speed, size, price.

Toothpaste : Colour, Taste/flavour, effectiveness, Price.

Two wheeler vehicle: Mileage, Toughness, price, safely, resale value.

Television : Picture quality, sound Quality, price, special features, guaranteed.

Consumers will pay the most attention to those attributes that are concerned with their needs.

The consumer attaches different weightage to relevant attributes. Some attributes are salient and some are non-salient. Salient are those that come in the mind when he thinks about product. Non-salient are those that consumer forgets but whose importance would be recognised when they are mentioned.

Then the consumer develops a set of brand belief about which each brand stands on each attributes. It is known as brand image.

Consumer then assumes utility function for each attribute. The utility function described how the consumer expects product satisfaction to vary with alternative levels of each attributes.

4) Purchase decision :

After much searching and evaluating, consumers at the same time have to decide whether they are going to buy. It is called as purchase intension. Normally consumer buys after evaluation. For a purchase decision, a person is influenced by various factors, some are highly personal, some are circumstantial and a few highly economic or social in character. The consumer takes purchase decision after considering costs, risks and rewards associated with the purchases.

Two factors can intervene between purchase intention and purchase decision. They are attitudes of other influences and unanticipated situational factors. Attitudes of others normally changes intension of buying. Other persons relations with the buyers, his influence will raise downward his purchase decision. Unanticipated situational factors also interveng the purchase intention e.g. lossing the job, other urgent requirment of money etc.

Thus preferences and even purchase intentions are not completely reliable predictors of actual purchase decision or choice.

5) Post purchase behavior :

After purchasing the product the consumers will experience some level of satisfaction of dissatisfaction.

Post purchase satisfaction - Every consumer has certain expectations from the product on the basis of messages received from various sources. If the product matches expectations, the consumer is highly satisfied and if it falls short, the consumer is dissatisfied. Satisfied consumer uses the product, exhibit the higher probability of purchasing the product on the next occasion.

While dissatisfied consumer responds differently. He may take action or may not. It may be public action or private action . Legal actions, complaining with the Govt. agencies, changing the brand, warning the friends about the product, warning the dealer etc. are some examples of post purchase reactions of dissatisfied consumer.

CONSUMER GOODS

For meaningful programming in marketing it is helpful to separate products into homogeneous classification. As 'television' is a speciality product, it is necessary to see the special marketing considerations regarding the sales, advertising price, after sales services etc.

Consumer buy a vast number of goods. These goods are subdivided into three groups on the basis of consumer buying habits. Specifically two criteria used as bases for classifying consumer products. They are 1) Consumer awareness about the product 2) Satisfaction received from searching and comparing products, weighing against time and effort required.

Classification of Consumer Products

1. Convenience Goods : Goods that the customer usually purchases frequently, immediately and with minimum effort in comparison and buying examples.

Consumer has complete knowledge of these products, they are purchased with minimum efforts. Consumers do not consider price and quality, they are willing to accept substitutes. These products are not bulky, and are not affected by fad or fashion.

Marketing Considerations : These products need wide distribution outlets. Manufacturer must rely upon the wholesalers as they can not communicate with retailers.

Retailers carry several brands of convenience goods. The responsibility of advertising lies on manufacturers.

2. Shopping Goods : Goods that the customers in the process of selection and purchase, characteristically compare on such bases as suitability, quality, price and style.

For shopping goods, consumers lack full knowledge of pertinent product features before going to the market. Consumer will continue search till they get satisfaction.

Furniture, clothing, jewellery, man's ready to wear, shoes etc. are some examples of shopping goods.

Marketing considerations : Manufacturers of shopping goods require fewer outlets. There is less use of wholesalers than that of convenience goods. Distribution from manufacturers to retailers is common. Store name is quite important from the point of buyers.

The responsibility of advertising lies on retailer. Customer does not care or know who made the product. Price of these products is high, purchased infrequently. Want of these products is satisfied after relatively long time than convenience goods after it arises. Stock with the retailers is lower. Packaging is not so important.

3. Speciality Goods : Goods with unique characteristics and/or brand identifications for which a significant group of buyers is habitually willing to make special purchase efforts.

In the case of speciality goods, buyers have complete knowledge of particular product they want before going to

the shop. Buyers will accept a specific brand. They are willing to forgo more accessible substitutes in order to get wanted brand.

Fancy goods, photographic equipments, automobiles, hi-fi components, certain home appliances are some examples of speciality goods. 'Television' also can be called as speciality product.

Consumer's insistence on certain brand is the main characteristics of speciality product. Consumers willing to expend considerable effort to find particular brand.

Marketing considerations : In case of speciality goods, usually only one outlet is used in a given area. Products are directly distributed to retailers. Sometimes one mediator called as distributor or dealer is used in the channel. Retailers are extremely important. Responsibility of sale, distribution, after sales services lies on retailers. Retailers are also dependant on the producer.

Brand and brand name is very important aspect for speciality goods. Responsibility of advertising lies upon both, retailer and producer. Extensive advertising is required for making brand image.

Consumers are aware of speciality goods. They purchases their products as a status symbol. These products purchased in-frequently. Price is high and pre-planning is required for purchasing.

Television as a Speciality Product

In India, Television is called a 'luxury product'. From the view of marketing, it is a speciality good. While some people consider TV as a shopping good.

Even though while purchasing the television, it is compared with others from the view of quality, suitability, price, model. The brand name is also important. Most of the consumers buy television on the brand name. Retailer is also important factor in television purchase because the responsibility of repairs, after sales services, fitting etc. lies on him. So customers have special choice of particular store and particular brand in the purchase of television. So it should be considered as speciality product.

Time and effort devoted by consumer in the shopping of television can not be generalised. It may go nearby store and exert minimum efforts or may have to go to distant stores and spend much time. Consumers take considerable time for planning of purchase of television.

Consumer takes long time for want satisfaction after the need arousal. Price is high but affordable for the middle class people. Price and quality is generally not compared. Because of brand image, price is not considered as a major aspect of selection.

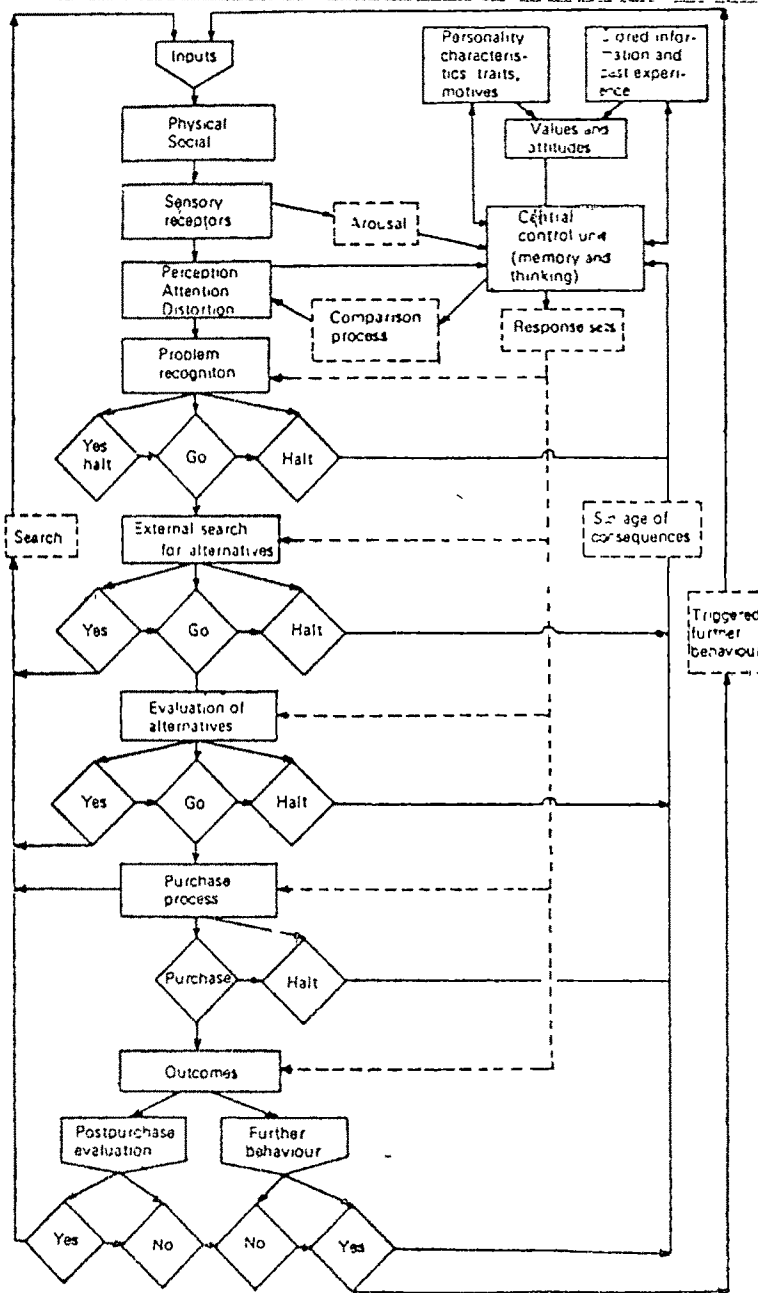
Television is generally distributed through one mediator channel i.e. producer \rightarrow main dealer/distributor \rightarrow sub dealer/retailer. In India both channels (through one mediator or two mediators) are used for distribution. Responsibility of advertising lies upon the manufacturer as well as retailer. Manufacturer advertises on national level through mass media like TV, radio, films etc. He advertises in these medias only the brand name. The local advertise is done by retailer and manufacturer jointly or seperately. When they advertise jointly, brand name and store name is considered equally. If it is given by manufacturer, the brand name is flashed more and store name is given as to know the consumers about distributor. When advertise is given by retailer, store name is flashed more and brand name is given to know the customers about the availability of brands.

Television is distributed through very few outlets. Generally two to three main dealers or distributors and five to six sub dealers are appointed for distribution. Stock turnover is lower. Pacaging is an important aspect in television distribution.

MODELS OF CONSUMER BEHAVIOR

Several models of consumer behavior have been developed by marketing scholars. One of them is developed by James F. Engel, Roger D. Blackwell and David Kollat. (see fig.2.6)

Fig. 2.6 Engel's Model of Consumer Behavior



Source : Mehta Subhash C. - 'Indian Consumers-Studies and Cases for Marketing Decisions' - Tata McGraw Hill Publishing Co. Ltd. -New Delhi- 1979

Engel's consumer behavior model considers that the consumer decision will affect largely on his personal characteristics, traits and motives at pre-purchase and post purchase level. While actually coming down to the decision of purchase, the information regarding consumer behavior is stored in memory which can be of immense use for testing post and pre-purchase behavior at different time intervals. Once the information is collected the consumer decision would largely be taken at different levels as suggested by Engel's model.

Behavioral and personality characteristics are used as basic data for understanding the problem regarding decision making. The further step is to see how actually the decision is taken. Problem of decision making is highly a complex phenomenon which always demands the help from the preserved data in memory, for testing consumer behavior at each stage i.e. (1) For searching external alternatives (2) Evaluating those alternatives (3) Deciding the purchase process which finally leads to the purchase decision.

Once the decision about purchase is made, this again leads to the evaluation of post purchase behavior., and any further deviation from that decision. This could give us the feedback information of two types Any post purchase deviation in behavior would require further information regarding the consumer behavior to be analysed which would be used as basic inputs for further analysis. If there are no deviations and post purchase behavioral patterns as contemplated if are logical enough, would be used again as supporting inputs for further analysis.

Engel's consumer behavior model entails the recurrent use of psychological aspects at each stage of decision making and brings high amount of precision and how each process guided by changing patterns of consumer behavior.
