

Semester VI (program)

Marketing Management **Unit 2 Consumer Behaviour**

Concept of consumer behaviour :-

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

Nature Of Consumer Behaviour

1. Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

- a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
- b. Personal factors such as age, gender, education and income level.
- c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.
- d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
- e. Social factors such as social status, reference groups and family.
- f. Cultural factors, such as religion, social class—caste and sub-castes.

2. Undergoes a constant change:

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

3. Varies from consumer to consumer:

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

4. Varies from region to region and country to county:

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.

The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

5. Information on consumer behaviour is important to the marketers:

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers.

The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:

- a. Product design/model
- b. Pricing of the product
- c. Promotion of the product
- d. Packaging
- e. Positioning
- f. Place of distribution

6. Leads to purchase decision:

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

7. Varies from product to product:

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

8. Improves standard of living:

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprive themselves of higher standard of living.

9. Reflects status:

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

Significance of Studying Consumer Behaviour:-

A study of consumer behaviour is significant (or rather imperative) for the following reasons:

(i) Realistic Implementation of the Marketing Concept:

The modern marketing concept is consumer-oriented. To give a realistic implementation to this concept, a study of consumer behaviour is imperative. More specifically, a study of consumer behaviour is a must for developing an ideal marketing-mix; which is the cornerstone of the concept of marketing.

It is, in fact, very true to state that unless the marketer knows what consumers buy and why; it is not possible to design and implement a successful scheme of marketing-mix to, beat the competitive elements.

(ii) Planning Product Differentiation and Market Segmentation:

For planning product differentiation strategies (i.e. making the product so differentiated and unique that consumer may be tempted to buy only that product due to its unique features); a study of consumer behaviour is very significant or necessary.

Again, for designing schemes of market segmentation (a process of dividing a potential market into distinct sub-markets of consumers with common needs and characteristics), a study of consumer behaviour is very necessary.

As a matter of fact, the success of marketing management depends on designing schemes of product differentiation and market segmentation, the background data for which is furnished by a study of consumer behaviour.

(iii) Selection of Distribution Channels:

A study of consumer behaviour not only includes what consumers buy; but also the source from where they buy'. For example, men of status in society may never buy things from ordinary shops and ordinary markets. They may prefer to buy from prestigious stores and markets; even though they may have to pay a higher price and so on for various categories of consumers.

Thus a study of consumer behaviour guides the marketer to select suitable channels of distribution, to provide maximum convenience and satisfaction to different groups of consumers.

(iv) **Designing Promotional Techniques:**

Promotional techniques include advertising message and media, personal selling approaches and special sales promotional devices. Designing promotional techniques is much facilitated by a study of consumer behaviour; which may throw light on the psychology of people as to the factors which affect their buying decisions.

Those factors which affect consumers' buying behaviour may be suitably incorporated into the promotional techniques of the organisation.

(v) **Trade-Off between Price and Quality:**

A study of consumer behaviour is likely to reveal whether target consumers of the enterprise emphasize more on the price of the product or its quality. On this basis, the marketer can device suitable pricing strategies and programmes aimed at upgrading the quality of organisation's products to suit the needs, habits and behaviour of consumers.

Factors Affecting Consumer Behavior :-

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

1. **Cultural Factors:-**

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

Culture

Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Subculture

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

Social Class

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

2. Social Factors:-

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

Reference Groups

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

Family

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

Roles and Status

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

3. Personal Factors :-

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

Age

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

Occupation

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle

Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

Personality

Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

4. Psychological Factors:-

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

Motivation

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

Perception

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

Beliefs and Attitudes

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

Buyer Decision Process: 5 Stages of Consumer Buying Decision Process:-

Buyer decision process (or customer buying process) helps markets to identify how consumers complete the journey from knowing about a product to making the purchase decision.

Understanding the customer's buying process is essential for marketing and sales.

The buyer decision process will enable to set a marketing plan that convinces them to purchase the product or service for fulfilling the buyer's or consumer's problem.

Consumers go through 5 stages in taking the decision to purchase any goods or services :-

1. Problem Recognition.
2. Information Search.
3. Evaluation of Alternatives.
4. Purchase Decision.
5. Post-Purchase Evaluation.

When making a purchase, the buyer goes through a decision process consisting of 5 stages. Clearly, the buying process starts long before the actual purchase and continues long after. The marketer's job is to understand the buyer's behavior at each stage and the influences that are operating. The figure implies that consumers pass through all five Stages with every purchase.

Let's explain all 5 stages of the buyer decision process.

1. Need or Problem Recognition:-

During need or problem recognition, the consumer recognizes a problem or need that could be satisfied by a product or service in the market.

Problem Recognition is the first stage of the buyer decision process.

At this stage, the consumer recognizes a need or problem. The buyer feels a difference between his or her actual state and some desired state.

This could be as simple as "I'm hungry, I need food."

The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

2. Information Search:-

Once the need is recognized, the consumer is aroused to seek more information and moves into the information search stage.

The second stage of the purchasing process is searching for information.

After the recognition of needs, the consumers try to find goods for satisfying such needs.

They search for information about the goods they want.

Consumers can get information about goods from different sources.

Personal sources: This includes family, friends, neighbors, acquaintance, etc.

Commercial source: This includes advertising, salespeople, dealers, packaging, display, etc.

Public sources: This includes mass media, consumer rating organizations, etc. they also become confidential to provide information.

Experimental sources: This includes handling, examining, using, etc. Such information becomes decisive and confidential.

3. Evaluation of Alternatives:-

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate” brands in the choice set.

Evaluation of alternatives is the third stage of the buying process. Various points of information collected from different sources are used in evaluating different alternatives and their attractiveness.

While evaluating goods and services, different consumers use different bases.

Generally, the consumers evaluate the alternatives on the basis of attributes of the product, the degree of importance, belief in the brand, satisfaction, etc. to choose correctly.

4. Purchase Decision:-

After the alternatives have been evaluated, consumers take the decision to purchase products and services. They decide to buy the best brand.

But their decision is influenced by others’ attitudes and situational factors.

5. Post-Purchase Evaluation:-

In the final stage of the buyer decision process, postpurchase behavior, the consumer takes action based on satisfaction or dissatisfaction.

In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. Here is where cognitive dissonance occurs, “Did I make the right decision.”

Consumers go through the 5 stages of the buyer decision process in taking the decision to purchase any goods and services.

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