CHAPTER – II

BUYER BEHAVIOUR-
THEORETICAL FRAMEWORK
People live with unlimited needs. They need life giving substances, transportation and thousands of other items. Every person in the world is a consumer some way or the other. The consumer or buyer is a complex entity and he/she constantly tries to achieve a better standard of living by acquisition of goods and services. The consumers' needs and desires are often at different stages of emergence and satisfaction. Some are hidden while others are manifest and still others are highly dominant. Some of these needs are within their means and hence easily meet them. On the other hand, some others may be beyond satisfaction. There seem to be peculiarities and inconsistencies in consumer behaviour that makes it difficult to predict and understand. Consumer realizes that needs can be ever-growing and yesterday's luxuries are today's necessities, and strives to increase to meet growing needs. He exercises options, dictates creation of goods and services. All these constitute uninhibited consumer behaviour.

Consumer behaviour depends on number of factors like geographic factors, demographic factors, psychological factors, economic factors and socio-cultural factors. These factors influence the buying decision making process of consumer in a major way. A particular buyer on a particular occasion facilitates of a particular product class, might be conjunctive buyer or disjunctive buyer. A conjunctive buyer will evaluate alternative by establishing minimum attribute levels that is acceptable brands. They will consider only those brands that exhibit a conjunction to all the minimum requirements. A consumer can be disjunctive buyer where he also establishes a separate, minimally acceptable level there is cut off point for each attribute.

A good marketer will know exactly what are the needs of a consumer and tries to fulfill it, but a smart marketer will try to know the consumers desire, convert these desires into wants and wants into satisfaction through consumption of product. Hence, the most challenging part of a marketer is to analyze the consumer market and his/her behaviour.

Customer, buyer and consumer

A customer is one who intends to purchase or consume the product or service in near future or getting satisfaction about the benefits of the product/service first time. He may decide or may not decide to buy the product.
A buyer is one who has the purchasing power. He purchases the product on making payment for the product or service. He may purchase in order to consume himself or to be consumed by somebody else. He is the customer at first, after deciding to purchase he becomes a buyer.

A consumer is one who ultimately consumes the product. A consumer turns into buyer on making payment, and buyer turns into consumer on consuming the product.

For the marketer, the customer, buyer and consumer are all the same. The market aim is to attract the consumer to go for their products. For this, understanding of consumer behaviour is required.

Behavioural studies have assumed growing importance in the context of consumer oriented marketing planning and management. The vital responsibility of studying the factors governing the decision making practices of the consumer's vests on the marketing manager. The decision of buyer as the ultimate user determines the successes of the marketing programme. The behavioural scientists not only study how individuals make decisions and spend their available resources (time, money effort etc) on consumption related items, but also what they buy, when buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, and how they dispose it, consumer behaviour through consumer research encompasses all the behaviour that consumer displays in searching for purchasing, using, evaluation and disposing of product and services that they expect will satisfy their needs.

Consumer behaviour relates to the whole behaviour of a person while making purchases on the basis of a few studies in buying behaviour of consumers. Tousley Clark and Clark Efreed have concluded that there is often little planning and deliberation in purchase decisions.

Buying process starts long before the actual purchase and has consequences long after the purchase. This is relevant especially to complex buying decision i.e. buying expensive, high involvement products such as mobile phones. Consumers pass
through stages like problem recognition, information search and evaluation of alternatives, purchases decision and post purchase behaviour.

Concept of buyer (consumer)

Buyer meaning: A buyer is any person who contracts to acquire an asset in return for some form of consideration. A buyer or merchandiser is a person who purchases finished goods, typically for resale, for a firm, government, or organisation. (A person who purchases material used to make goods is sometimes called a purchasing agent). In product management, buyer is the entity that decides to obtain the product, (wikipedia dictionary). The researcher used consumer and buyer synonymously.

The concept 'consumer' has been widely used in the literatures of the various disciplines like economics, business economics (particularly) and home economics. Writers in different fields have defined the consumer in accordance with their problem on hand.

In general, the concept consumer means a buyer. It is also used to mean a person who uses some products or services. Therefore, Markin emphasizes that consumer is the king in the market place. Hepner holds that consumer is the basic unit of the which larger markets are composed.

Allport looks at the consumer from the psychological point of view. According to him a consumer is an individual who has tastes, desires and attitudes of his own. When a purchased product satisfies the tastes, desires and attitudes of a person, then he becomes a consumer of that product.

According to marketing consumer is a person who uses goods or services to satisfy his needs rather than to resell them or produce other goods with them. Stanton opines that the ultimate consumers buy and/or use products or services for their own personal or households use. They are satisfying strictly non-business wants and constitute what is called the consumer market. The dictionary of economics defines consumer as a person for whom consumer goods have utility i.e., have the ability to satisfy his want.
Lough holds the view that the term consumer is far from self-defining. According to him this term usually includes all the persons who finally take the specified goods. The final takers may get the goods in converted forms. He further confines the term, consumer, strictly to ordinary individuals. He says that consumers are natural persons. Consumers are to be taken as the most important section of a nation and not simply as an aggregate of individuals.7

Richert states that consumer is one who buys a commodity for use rather than for resale.8 At the same time, the Random House dictionary defines consumer as a person who uses a commodity or services. McCarthy states that the term consumer usually means the individual citizen or his family in his capacity as a buyer.10

Cannon and Vichert state that all consumers are ultimate consumers. These writers consider that the ultimate consumer as one who buys and/or uses goods or services to satisfy personal or household wants rather than for resale or use in business, institutional or industrial operations.11

Pensen looks at the consumer from the angle of his income and declares that "in using of that income for the satisfaction of his wants he is a consumer." This eventually means that a person who spends his income on buying goods in order to satisfy his wants is called a consumer.12

Tiffin McCormick says that everyone is a consumer of at least some of the goods and resources of our economy.13 Some writers talk about the importance of consumers in the business society and thereby try to establish what they mean by consumers. Frederick Bonhan opines that under capitalism the consumer is the king.14

A careful examination of all these definitions and views point out that "consumer" is essentially a buyer of a certain product or services as well as a user of certain product. Therefore, a consumer may be defined as a person who buys certain goods or services and uses them to satisfy his needs. He is the person who resells or produces other materials from the goods he has purchased. The important factor in the relationship between consumer and market is that the consumer is the nucleus of all marketing strategy.
Concept of behaviour

Behaviour is what a person does. It can be defined as the observable and measurable activity of human beings. Human behaviour is orderly, not arbitrary, systematic not random. Human behaviour is caused by motives or needs. Human behaviour is not perfectly predictable. Behaviour is basically goal oriented. In other words, our behaviour is generally motivated by a desire to attain a goal. The specific goal is not always consciously known by the individuals. The reasons for our action are not always apparent to the conscious mind.

According to Morgan C.T., King, R.A., Weisz, J.R. and John Schopler, behaviour includes anything person or animal does that can be observed in some way or the other. Behaviour, unlike mind or thoughts or feelings, can be observed, recorded, and studied. No one ever saw or heard a mind but we can see and hear behaviour. We can see and measure what a person does and hear record what a person says. Internal mental events can be studied as they manifest themselves through what people do and say.

Consumer behaviour is viewed as a process of problem solving. It requires deliberation with respect to alternatives and a choice among them. That is, a consumer carefully considers reasons for buying some products and makes a decision to buy one of them. This consumer's problem solving behaviour is subject to group influence and occurs under strong motivational circumstances. Consumer behaviour finds its bases in bio-psycho-sociological factors. That is, biological drives such as need for water, food, oxygen, sleep and warmth have influence over consumers. Psychological motives like social approval, self esteem, security, status and knowledge also have strong influence on consumers. Besides these, consumers have to respond to sociological forces like family, reference groups, social class, and culture. Hence, consumer behaviour can be explained in terms of parental influences, psychological, sociological and environmental factors, as well as biological and physiological phenomena.
Concept of buyer behaviour

Buyer behaviour is referred to as the study of when, why, how, where as what people do or do not buy products. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variable in an attempt to understand people’s wants. It also tries to assess influences on the consumer of groups such as family, reference groups, and society in general.

Buyer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorised into social choice and welfare functions.

Consumer behaviour includes persons what they buy, why they buy it, when they buy it, where they buy it, how often they buy it and how often they use it. Consumer behaviour is included in the marketing function. Marketing means how our products and services are designed for, and sold to consumers in market. And it is about the consumer market itself in which billions of individual purchases occur each year in millions of marketing outlets. Consumer behaviour is the study of how individuals make decisions to spend their available resources (time, money, efforts) on consumption related items. Consumer behaviour is more complicated and not easily definable and measurable. The following are some of the important definitions of consumer behaviour.

According to Mahammad Amanatullam: “Consumer behaviour is defined as the acts of individuals directly involved in obtaining and using economic goods and services in the decision processes that precede and determine these acts.” Schiffman and Kanuk state consumer behaviour is the behaviour that is displaced in searching
for purchasing, using, evaluating and disposing of products, services and ideas that they expect will satisfy their needs.

In the words of William L. Wilkie "Consumer behaviour is the activity that people engage in when selecting, purchasing and using products and services to as to satisfy the needs and desires. Such activities involve mental and emotional process in addition to physical action". According to L. Loudon & Albert J. Della Bitta "the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of good and services".

According to Walters & Paul, "Consumer behaviour is the process whereby individuals decide what, when where, how and from whom to purchase goods and services". According to Webster, "Buyer behaviour is all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, consume and tell other people about products and services".

Blech and Blech define consumer behaviour as 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. Behaviour occurs either for the individual, or in the context of a group or an organisation. Consumer behaviour involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption.

According to Solomon, consumer behaviour is a study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

All definitions include consumer behaviour is an individual consumption activity, that is where, what, when, how and whom to purchase and how to use goods and services. So, the marketers and research scholars should believe and understand consumer behaviour regarding the satisfaction of consumer needs.
CHARACTERISTICS OF BUYER BEHAVIOUR

1. Consumer behaviour or buyer behaviour is the process by which individuals decide whether, what, when, from whom, where and how much to buy.
2. Consumer behaviour comprises both mental and physical activities of a consumer.
3. It covers both visible and invisible activities of a buyer.
4. Buyer behaviour is very complex.
5. Buyer behaviour is very dynamic.
6. An individual’s behaviour is influenced by internal and external factors.
7. It is an integral part of human behaviour.
8. In many cases, it is the sum total of the behaviour of a number of persons.
9. It is influenced by a number of marketing stimuli offered by the marketer.
10. It involves both psychological and social process and
11. Consumer behaviour is basically social in nature.

WAYS OF BUYING BEHAVIOUR

According to the concept of marketing the buying behaviour can be divided in two ways

Consumer Behaviour: It refers to those who use the user who buys the product for direct consumption, not to use for further sale purpose like home users.

Business Behaviour: It includes users who buy the product for the further sale purpose like shopkeepers, dealers, and retailers.

Types of buying behaviour

Consumer decision making varies with types of buying decision. There is a great difference between the purchasing of a computer and a car. Buying decisions vary with the type of product. The types of buying behaviour are separately divided as per consumer and business buying. A description of four types is given and these are explained below.

Complex buying behaviour

Consumers go through complex buying behaviour when they are highly involved in the purchase and aware of significant difference among brands. The
customer tries to learn more about the product such as its features, attributes, quality, durability, reliability etc. For this purpose, the customer seeks information from various sources such as print media, electronic media and develops a particular belief and attitude towards the product. He only makes the final purchase decision only when he is fully satisfied. Therefore it is very important for the marketers of high-involvement products to understand the information gathering and evaluation processes of customers.

Dissonance reducing buying behaviour

Consumer is highly involved in a purchase and observes insignificant differences between the brands. Such type of buying behaviour occurs when the product is expensive, risky and is purchased infrequently but the differences between the brands are insignificant. It means that the customer can purchase product from any anywhere without considering the brand. For example the consumer buying furniture will exhibit dissonance-reducing buying behaviour because on the one hand the product is expensive while on the other hand it is in the other given price range.

Habitual buying behaviour

Many products are bought under conditions of low consumer involvement and the absence of significant brand differences. Such type of behaviour occurs when the consumers buy low cost, frequently purchased products. For example, purchase of milk, bread, salt etc requires low consumer involvement and does not contain significant differences between brands. In such cases, brand loyalty does not occur and consumers only purchase products of particular brand because of their familiarity. For this purpose, customers do not gather information on the brand.

Variety-seeking buying behaviour

Some buying situations are characterized by low consumer involvement but significant brand differences. Customers try to use different brands of such products because they want to check variety of products. This is the reason that most of the consumers do a lot of brand switching in case of variety-seeking buying behaviour. Under such circumstances, both leaders and challengers have to adopt different strategies to attract the customers. For example, leaders have to adopt the strategy of encouraging the habitual buying behaviour with the help of extensive advertisement
and dominating shelf space whereas challengers have to encourage the variety-seeking buying behaviour by offering products at low prices, providing free sample and special discounts etc.\textsuperscript{27}

**Buying behaviour models**

The models vary their interpretation of the decision object. In the Nicosia supplier tries to influence consumer brand choice by means of message that is then adjusted based on consumer feedback. The disposition towards the firms offering influences the interpretation by consumers of the message and creates an attitude that may induce search for further information and evaluation of the firm's brand. Positive evaluation results in the motivation to purchase the brand from specific supplier. Given its reliance on a supplier's communication initiative the Nicosia Model is narrow. This model focuses on the relationship between the firm and its potential consumers. The firm communicates with consumers through its marketing messages and the consumers react to these messages by purchasing response. Looking to the model we will find that the firm and the consumer are connected to each other. The firm tries to influence the consumer and the consumer is influencing the firm by his decision. Nicosia model with regard to consumer decision process is shown in figure 1 in the following page.
The Nicosia model is divided into four major fields:

**Field 1:** The consumer attitude is based on the firm’s message. The first field is divided into two subfields. The first subfield deals with the firm’s marketing environment and communication efforts that affect consumer attitudes, the competitive environment, and characteristics of target market. Subfield two specifies the consumer characteristics eg., experience, personality, and how he perceives the promotional idea towards the product. During this stage the consumer forms his attitude towards the firm’s product based on his interpretation of the message.

Field 2: Search and evaluation: The consumer will start to search for other firm’s brand and evaluate the firm’s brand in comparison with alternative brands. In this case the firm motivates the consumer to purchase its brands.

Field 3: The act of the purchase: The results of motivation will arise by convincing the consumer to purchase the firm’s products from a specific retailer.

Field 4: Feedback: This model analyses the feedback of both the firm and the consumer after purchasing the product. The firm will benefit from its sales data as a feedback, and consumer will use his experience with the product that affects the individual attitude and predisposition concerning future message from the firm.

The Nicosia model offers no detailed explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude towards the product. For example, the consumer may find the firm’s message very interesting but virtually he cannot buy the firm’s brand because it contains something prohibited according to his benefits. Apparently it is very essential to include such factors in the model, which gives more information about the attributes affecting the decision process.

The Howard and Sheth Model serves as an integrating framework for a very sophisticated comprehensive theory of buyer behaviour. It attempts to develop a unified theory useful for understanding a great variety of behaviour. Different types of consumer problem solving and information searching behaviour are explicitly recognised in this model. But the model does not make sharp distinction between exogenous and other variables. Some of the variables are not well defined and difficult to measure and the models have limited generality.

Howard-Sheth Model

This model suggests three levels of decision making:

1. The first describes extensive problem solving. At this level the consumer does not have any basic information or knowledge about the brand and he does not have any preferences for any product.
2. The second level is limited problem solving. This situation exists for consumers who have little knowledge about market, or partial knowledge about what they want to purchase. In order to arrive at a brand preference some comparative brand information is sought.

The third level is habitual response behaviour. In this level the consumer knows very well about the different brands and he can differentiate between the different characteristics of each product, and he already decides to purchase a particular product. The simplified description of the theory of buyer behaviour is presented in figure 2.

Figure 2
Howard-Sheth Model

According to the Howard-Sheth model there are four major sets of variables, namely:

a) **Inputs:** These input variables consist of three distinct types of stimuli (information sources) in the consumer’s environment. The marketer in the form of product or brand information furnishes physical brand characteristics and verbal or visual product characteristics. The third type is provided by the consumer’s social environment (family, reference group, and social class). All three types of stimuli provide inputs concerning the product class or specific brands to the specific consumer.

b) **Perceptual and Learning Constructs:** The central part of the model deals with the psychological variables involved when the consumer is contemplating a decision. Some of the variables are perceptual in nature and are concerned with how the consumer receives and understands the information from the input stimuli and other parts of the model. For example, stimulus ambiguity happens when the consumer does not understand the message from the environment. Perceptual bias occurs if the consumer distorts the information received so that it fits his or her established needs or experience.

**Outputs**

The outputs are the results of the perceptual and learning variables and how the consumers will respond to these variables (attention, brand comprehension, attitudes and intention).

c) **Exogenous (External) variables**

Exogenous variables are not directly part of the decision-making process. However, some relevant exogenous variables include the importance of the purchase, consumer personality traits, religion, and time pressure.

The decision-making process, which Howard-Sheth Model tries to explain, takes place at three inputs stages: Significance, Symbolic and Social Stimuli. In both significative and symbolic stimuli, the models emphasize material aspects such as price and quality. These stimuli are not applicable to every society. In social stimuli
the model does not mention the basis of decision making in this stimulus, such as what influence the family decision? This may differ from one society to another.

Finally, the model shows no direct link between the role of religion and in fact on the consumer's decision-making processes. Religion is considered as external factor with no real influence on the consumer, which gives the model obvious weakness in anticipating the consumer decision29.

The EKB (Engell, Kollat and Blackwell or Miniard) model identified decision process stages (problem recognition, internal and external search, alternative evaluation, purchase decision and outcome). The degree of involvement for each stage varies with specific purchase decisions. In each case the decision process is influenced by consumer's personal characteristics, social and situational influences and retained memory by consumer's personal characteristics, social and situational influences and retained memory from exposure to communications. Consumer choice follows the stages of search and evaluation of alternatives, resulting in dissonance or satisfaction/dissatisfaction. The models considered to be advantageous due to its consideration of the many variables influencing consumers its focus on levels of consumers involvement, and its emphasis on the decision making process regarding purchases. The flow of the model is quite flexible. But there appears to be vagueness regarding the role of some of the variables and the model is somewhat mechanistic in its treatment of the decision process30. Engel Blackwell-Kollát Model of Buyer Behaviour is shown in figure 3 in the following page.
Figure 3
Engel Blackwell-Kollat Model of Buyer Behaviour

ABRAHAM MASLOW’S “NEED HIERARCHY THEORY”

One of the most widely mentioned theories of motivation is the hierarchy of needs put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator. As per his theory these needs are:

(i) Physiological needs: These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of the opinions that until these needs were satisfied to a degree to maintain life, no other motivating factors will work.

(ii) Security or Safety needs: These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

(iii) Social needs: Human beings are social animals. They strive to be in society. In this type of need people will try to satisfy their needs for affection, acceptance and friendship.

(iv) Esteem needs: According to Maslow, once the people are satisfied with social needs, they would like to have esteem needs. This category includes power, prestige status and self confidence needs. It includes both internal esteem factors like self respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

(v) Need for self actualization: Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming; it includes growth, achieving one’s potential and self fulfillment. It is to maximize one’s potential and to accomplish something marketer is interested in finding what state of need hierarchy the consumer is in and what type of product to be developed to suit his or her needs. If person needs security for his car than the mileage, then auto companies should highlight that benefit in their marketing.
THE LEARNING MODEL

According to the learning model which takes its cue from the Pavlovian stimulus response theory, buyer’s behaviour can be influenced by manipulating the drives, stimuli and responses of the buyer. The model rests on man’s ability to learn, forget and determine. The stimulus response learning theory states that there develops a bond between behaviour producing stimulus and a behaviour response (S. R. Bond) on account of the conditioning of behaviour and formation of habits. This theory may be traced to Pavlov and his experiments on salivating dogs.

Pavlov’s experiments brought out associations by conditioning. In his well known research, with dogs, a bell was rung every time, food was served to a dog. Eventually the dog started salivating each time upon hearing the bell though no food was served. The dog’s behaviour is conditioned; it is related to behaviour producing stimulus (bell ringing) and behaviour response (salivation). The S.R.Bond so established causes a set pattern of behaviour learnt by the object-dog. In terms of consumer behaviour, an advertisement would be a stimulus whereas purchase would be a response.

Learning Process: According to the stimulus response theory, learning is dependent on drive, cue (stimulus), response and reinforcement.

A.Drive: Drive may be defined as any strong stimulus that impels action. It arouses an individual and keeps him prepared to respond. The drives may be classified as primary drives and secondary drives. Primary drives are based upon innate physiological needs such as thirst, hunger, pain avoidance, and sex. The secondary drives are based upon learning. They are not innate and are derived from the primary drives. These include the desire for money, fear, pride, rivalry, etc.

B.Cue: Cue or stimulus may be defined as any object in the environment perceived by the individual. The aim of the marketing man is to find out or create the cue of sufficient importance that it becomes the drive stimulus or elicits other responses appropriate to his objective. Here, the objective is to find out those conditions under which a stimulus will enhance the chances of eliciting a particular kind of response.
C. Response: Response is an answer to a given drive or cue. When a man feels thirsty, he attempts to get water at any cost. Here attempt to get water is a response to the primary drive of thirst. “Response also includes attitudes, familiarity, perception and other complex phenomena.” Responses may be generalized or discriminatory. Generalized response refers to a uniform response to similar though not identical stimuli. Discriminatory response refers to the selective response to similar stimuli. Undifferentiated products such as cigarettes and detergents normally elicit generalized consumer responses but by huge advertising outlays companies try to induce consumers to perceive differences in brands and to make discriminatory responses.

D. Reinforcement: Reinforcement or reward means reduction in drive and stimulus. It has been defined as “environmental events exhibiting the property of increasing the probability of occurrence of responses they accompany.” Thus, when consumption of a product or a brand of product leads to satisfaction of the initiating need (drive/stimulus) there is reinforcement. If at some later date the same needs are aroused, the individual will tend to repeat the process of selecting and getting the same product or brand of product. Each succeeding time that product or brand brings satisfaction, further reinforcement takes place, thus, further increasing the possibility that in future also, the same product or brand will be bought. This type of behavioural change, increasing possibility that an act will be repeated, is called learning: reinforcement increases the rapidity and vigor of learning.

The psychoanalytical model

The psychoanalytical model draws from Freudian Psychology. According to this model, the individual consumer has a complex set of deep seated motives which drive him towards certain buying decisions. The buyer has a private world with all his hidden fears, suppressed desires and totally subjective longings. His buying action can be influenced by appealing to these desires and longings. The psychoanalytical theory is attributed to the work of eminent psychologist Sigmund Freud. Freud introduced personality as a motivating force in human behaviour. According to this theory, the mental framework of a human being is composed of three elements, namely:

1. The id or the instinctive, pleasure seeking element. It is the reservoir of the instinctive impulses that a man is born with and whose processes are entirely
subconscious. It includes the aggressive, destructive and sexual impulses of man.

2. The superego or the internal filter that presents to the individual the behavioural expectations of society. It develops out of the id, dominates the ego represents the inhibitions of instinct which is characteristic of man. It represents the moral and ethical elements, the conscience.

3. The ego or the control device that maintains a balance between the id and the superego. It is the most superficial portion of the id. It is modified by the influence of the outside world. Its processes are entirely conscious because it is concerned with the perception of the outside world.

The basic theme of the theory is the belief that a person is unable to satisfy all his needs within the bounds of society. Consequently, such unsatisfied needs create tension within an individual which have to be repressed. Such repressed tension is always said to exist in the subconscious and continues to influence consumer behaviour.

Bettman's information processing model of consumer choice

Bettman in his model describes the consumer as possessing a limited capacity for processing information. He implicate that the consumers rarely analyze the complex alternatives in decision making and apply very simple strategy. In this model there are seven major stages. Bettman's Information Processing Model of Consumer Choice is shown in figure 4 in the following page.
Figure 4
Bettman's Information Processing Model of Consumer Choice

Stage No. 1: Processing capacity

In this step, he assumes that the consumer has limited capacity for processing information, consumers are not interested in complex computations and extensive information processing. To deal with this problem, consumers are likely to select choice strategies that make product selection an easy process.

Stage No. 2: Motivation

Motivation is located in the center of Bettman model, which influences both the direction and the intensity of consumer choice for more information in deciding between the alternatives. Motivation is provided with hierarchy of goals' mechanism.

that provides a series of different sub-goals to simplify the choice selection. This mechanism suggests that the consumers own experience in a specific area of market and he does not need to go through the same hierarchy every time to arrive at a decision, which makes this mechanism serves as an organizer for consumer efforts in making a choice. No concern was given on religious motives, and how religion may motivate the consumer in his decision.

Stage No. 3: Attention and perceptual encoding

The component of this step is quite related to the consumer's goal hierarchy. There are two types of attention; the first type is voluntary attention, which is a conscious allocation of processing capacity to current goals. The second is involuntary attention, which is automatic response to disruptive events (e.g., newly acquired complex information). Both different types of attention influence how individuals proceed in reaching goals and making choices. The perceptual encoding accounts for the different steps that the consumer needs to perceive the stimuli and whether he needs more information.

Stage No. 4: Information acquisition and evaluation

If the consumer feels that the present information is inadequate, he will start to look for more information from external sources. Newly acquired information is evaluated and its suitability or usefulness is assessed. The consumer continues to acquire additional information until all relevant information has been secured, or until he finds that acquiring additional information is more costly in terms of time and money.

Stage No. 5: Memory

In this component the consumer keeps all the information he collects, and it will be the first place to search when he need to make a choice. If this information is not sufficient, no doubt he will start looking again for external sources.

Stage No. 6: Decision process

This step in Bettman's model indicates that different types of choices are normally made associated with other factors, which may occur during the decision process. Specifically, this component deals with the application of heuristics or rules
of thumb, which are applied in the selection and evaluation of specific brand. These specific necessities a consumer uses are influenced by both individual factors (e.g. personality differences) and situational factors (e.g. urgency of the decision) thus it is unlikely that the same decision by the same consumer will apply in different situation or other consumer in the same situation.

**Stage No. 7: Consumption and learning process**

In this stage, the model discusses the future results after the purchase is done. The consumer in this step will gain experience after evaluating the alternative. This experience provides the consumer with information to be applied to future choice situation.

**Consumer market**

Combining final consumers constitutes consumers market. It includes individuals and households who buy goods and services for personal consumption.

The Consumer market consists of consumers varying in age, income, education, culture, preferences etc. Different consumers have different means of satisfying their wants and desires, with such a vast market and difference in consumer, the marketers keenly have to observe in consumer behaviour in order to frame proper marketing strategy to attract these varying consumers.

The stimulus response model of buyer behaviour explains about the marketing and environmental stimuli that enter the buyer's consciousness. The buyer's characteristics and decision process lead to certain purchase decisions. A consumer's buying behaviour is influenced by cultural, social, personal and psychological factors. Cultural factors exert the broadest and the deepest influence and the marketer's task is to understand about the changes in buyer's consciousness between the arrival of marketing and environmental stimuli and the purchase decision. The stimulus response model of buyer behaviour is presented in figure 5.
The differences sometimes quite wide impossible interpersonal of the behaviour should remind us that the consumer's total psychological field is quite complex and that many forces-post and present, hidden and apparent, instinctive & learned ,individual and environmental-all do influence behaviour.

Major factors influencing consumer behaviour

Consumer behaviour is highly influenced by unique set of cultural, social economic and psychological factors. Family and other key institutions help children to acquire set values, perception, preferences and behaviour. Value relating to achievement, success, activity, efficiency material comfort, freedom, individualism etc; are the factors to which a child's values are exposed.

These factors however are non-controllable by the marketer but should be the aware of these factors and take then account while formulating marketing strategy.

Cultural factors

Wants behaviour of persons are profoundly determined by culture. "Culture refers to a set of values, ideas, artifacts and their meaningful symbols that help individuals communicate, interpret, and evaluate as members of society". It has been described as the ‘blue print ’of human activity determining the co-ordinates of social action and productive activity. It is a set of socially acquired behaviour patterns transmitted symbolically through language and however means to the members of particular society.
Culture has a profound effect on why and how people buy and consume products and services. It affects the specific products people buy as well as the structure of consumption in individual decision making, & communication in a society. Culture affects the need, search, and alternative evaluation consumption divestment stages of how individuals make purchase decisions in variety of ways. "Through marketers can influence stages through advertising and retaining strategies, certain cultural forces are difficult to overcome, at least in the short term."30

Culture is that complex whole which includes knowledge, belief, art, law, morals and other habits acquired by man as a member of society40. Culture includes a set of learned beliefs, values, attitudes, morals, customs, habits and forms of behaviour that are shared by a society and transmitted from generation within that society. It is essential that a marketer has an in-depth study of all these variables41. Culture is alive moving and dynamic. It reacts to internal and external pressures. Cultural influence is a force shopping pattern of consumption. Much of our behaviour is determined by culture. The technological sophistication influences cultural changes in society and thus the buyer’s behaviour. It is essential that a marketing manager differentiates marketing strategies in the background of generation or degeneration found in culture42.

Similarly, subcultures which are the components of culture provide more specific identification and socialization for their members. Sub cultures are groups of people within a larger society. "Individual may be members of more than one subculture at the same time."41. Sub cultures makeup important market segments and marketers often design products and marketing progress tailored to their needs.

The impact of culture is so natural and automatic that its influence on behaviour is usually taken for granted. A true appreciation of the influence that culture has on our daily life requires some knowledge of at least one other society with different cultural characteristics. The following figure-1 presents a model depicting the role that subjective culture plays in determining our beliefs, practices and values, which in turn impact our social norms, attitudes, behavioural intentions and ultimately our behaviour. Theoretical model of cultures influence behaviour is presented in below figure-6.
Figure 6
Theoretical Model of Culture's Influence on Behaviour

Culture exists to satisfy the needs of the people within a society. It offers order, direction and guidance in all phases of human problem solving by providing "tried-and-true" methods of satisfying physiological, personal and social needs. It is associated with what a society's members consider to be a necessity and what they view as a luxury.

Culture is shared. In other words, culture frequently is viewed as group customs that link together the members of a society. Various social institutions within a society transmit the elements of culture and make the sharing of culture a reality. Above such institutions is the family, which serves as the primary agent for enculturation. A vital part of the enculturation role of the family is the consumer socialization of the young. This includes teaching such basic consumer-related values and skills as the meaning of money; the relationship between price and quality; the establishment of product tastes, preferences, and habits; and appropriate methods of response to various promotional messages.

The consumption behaviour involves mental and physical activity. Physically, buyer visits shop, studies the products and selects the product. Mentally, his attitude, perception, and communication and learning prefer a particular brand of product. Thus, buying behaviour is a very complex behaviour.

Social Factors Influencing Consumer Behaviour

Social factors such as reference groups, family, social roles, status & life style influence consumer's behaviour.

1. A reference group consists of all the groups that have direct or indirect influence on the person's attitudes or behaviour. A among the reference groups membership groups have direct influence on person. These include family, friends, neighbours and co-workers with whom the person interacts fairly continuously and informality. Persons also belong to secondary groups such as religious, professional and trade union groups. These groups tend to become formal and require less continuous interaction.

Reference groups influence people in three ways

a. They expose and individual to new behaviour and life styles.
b. They influence attitudes and self concept and  
c. They create pressure for conformity that may affect actual product and brand choice.

Reference group studies have shown that personal device in face-to-face group is much more effective as behavioural determinant group than advertising. That is in selecting products or changing more likely to be influenced by word-of-mouth information from members of our reference groups than by ads or sales people.  

Influence of other groups to which people do not belong is also felt in their attitudes and behaviour, viz., inspirational groups to whom the person hopes to join and dissociate groups whose values and behaviour of an individual referents other than family members is relatively less powerfully in external families. So the use of a non family peer in a promotion may not be successful.  

Markets try to identity target customers' reference groups but the level of reference group influence varies among products and brands. The influence of reference group on the target customers in relation to both product and brand choice is found strongly in case of consumer durables like automobiles and colour television. Kotler says that manufacture of products and brands where group influence is strong must determine how to reach and influence the opinion leaders in these reference groups.

2. Family is the most important consumer buying institution in society. Family members are the most influential primary reference group. From parents a person acquires an orientation toward religion, politics, economics and sense of personal ambition, self-worth and love. Even if the buyer no longer interacts very much with his or her parents their influence on the buyer can be significant. "Perhaps the most influential peer group is the family. Since family structure can vary widely between countries, cultures, sub cultures, an analysis of the target consumer's family structure can be crucial. In nuclear families the number of immediate family members and their importance to the individual is limited, whereas in extended families there are numerous important family members available to exercise an influence on the individual's decision making."
Marketers should be interested in the roles and relative influence of the husband, wife and children in the purchase of a large variety of products and services. Research studies on consumers have revealed that every family there is a role specialization which means that every member of the family has a specific role to play in making the family purchases. A study in Ahmadabad revealed that “for detergents and other washing materials it was mainly the house wife who decided on the brand; for the radios and refrigerators the decision making was done by the husband alone on jointly with the wife”. However it is possible that he/she may be influenced by the preferences of the other members of the family group or may be that the ultimate buying decision emerged out of a consensus of opinion among the family members.

The marketing policies regarding the product, promotion, channel of distribution and promotion strategies are governed by family members making actual purchases.

3. Roles and statuses do influences the purchase behaviour of persons. A person participates in different social groups like family clubs, organizations etc. His or her position in each group can be defined in terms of role and status. Each role carries a status. People choose products that communication their role and status in society.

4. A lifestyle is a person’s pattern of living in the world expressed in activities, interests and opinions. People from the same subculture, social class and occupation may lead different lifestyle.

Social class

Social stratification is a common feature of all human societies. Social stratification may take the form of caste system and the form of social classes. Members of social classes share similar values interests and behaviour. They exhibit certain indicators such as occupation; education, income and area of residence. They differ in dress, speech pattern and recreational preference. They differ in many aspects, including clothing, home furnishing, leisure activities and automobiles. Some marketers focus their efforts on the social class.

Each society has some distinctive classes identified on the basis of certain characteristic features and frame of references. Knowledge of such social class
groupings help the marketer to identify and segment the target market by taking social class grouping as one of the biases.

**Economic Factors Influencing Consumer Behaviour**

Economists among the social scientists were the first to examine consumer buying behaviour by explaining about the way consumer solve consumption problems in particular & spend-save problems and product-choice problems, in general. They assume that persons exhibit rational behaviour, they have perfect information about the market, and attempts to obtain maximum value for every unit of money and effort spent. Economists assume that consumers consider price as the most effective vehicle of motivating purchases. The following are the important economic factors and theories which are basic and relevant for understanding consumer behaviour.

1. **Personal income and disposable income:** Personal income is the most powerful economic factor that influences and conditions consumer behaviour by giving purchasing transactions. However it is the disposable personal income (DPI) and not the gross income that represent the amount of money that a consumer uses for purchases. Disposable personal income is the residual income after meeting certain demands, in the form of Government taxes, debt repayment and debt servicing charges etc. The spending or consumer buying decisions vary in relation to the variations in DPI. This relationship between income and spending has been very well thought out by Lord Keynes “The fundamental psychological law upon which we are entitled to depend with great confidence with a prior from of our knowledge of human nature and from the detailed facts of experience is that men are disposed as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income.”

The relationship between the changes in DPI and the relative changes in demand for different categories of products and services has been further supported by Engels’, law of consumption. Earnest Engel observed that while rising family income tended to be accompanied by increased spending in all categories, the percentage of income spent on food tended to decline. The percentage spent on housing and household operations tended to remain constant and percentage spent on other categories of commodities such as clothing, transport, recreation health and education and savings tended to rise. A study conducted by Gupta on the

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validity of Angel's law concludes that in India there is a tendency for the elasticity of coefficients for expenditure on various food items to decrease with rise in the level of real income.\(^2\)

2. Discretionary income too its impacts on the spending by consumers. Discretionary income is the income over and above that required to meet fixed expenses and out plays—necessary to provide a family with its minimum subsistence requirements.\(^3\) It is observed that rise in discretionary income results in an increase in spending by consumers on products categories that raise living standards such as consumer durables like refrigerators, coolers, air conditioners etc.

3. Apart from personal income, family income too has its impacts on the consumer behaviour. "A rise in an individual member’s income may possibly be neutralized by fall in another member’s income. Therefore, it is the relationship between the family size/requirements and the family income that ultimately determines the buying behaviour of the family members."\(^4\)

4. Further income expectations too have their influence on the consumer behaviour. The level of current spending of consumers is determinate by the optimism or pessimism about their further income. The spending and purchase behaviour of the consumers depends on their needs—basic need or non basic needs. Income of basic needs the tendency to spend less may not be strong since they affect the consumer’s subsistence itself. The non basic needs of the consumers may be ignored when income expectations are weak and may spend less.

5. The consumer’s liquid assets may also influence their buying behaviour. Liquid assets like bank balance, short term bank deposits, shows, units, government bonds etc., could be easily converted into cash. They are used to buy consumer durables such as automobiles, scooters, refrigerators, washing machines etc. In fact liquid assets are built up, sometimes precisely to buy such products.

6. The availability of consumer credit is other factor which influences consumer behaviour, consumer credit may be extended by marketer under a variety of arrangements such as deferred payment, installment payment, and hire purchase etc. Consumer durables in India are sold on credit plans. Refrigerators, Televisions are sold on an installment bases—cars or offered on hire-purchase basis.
7. Consumers are not only influenced by current income but also by the living standards enjoyed in the past. A decline in income of consumers may result in decline in their spending, but not to the same extent. It is difficult to depart from the living standards one has got accustomed to. This tendency of consumers' behaviour is explained by Duesenberry S.S\textsuperscript{55}.

**Buyer Behaviour-A Difficult Puzzle**

The stages mentioned above are not extinctive. One customer may take quick decision for a particular product whereas another customer for the same product may take a long time. The delay at each stage is due to the customer's personality, that is, cautious slow decider, hesitant, risk taker etc. Moreover, the buyer does not wait to evaluate all the alternatives available. He tries to find out the cause-effect relationships of his decisions. Thus, the marketers' job becomes challenging, because the marketer has to predict the unpredictable buyer. Hence, it can be said that the behaviour of a buyer is difficult puzzle\textsuperscript{56}.

Since satisfaction drives behaviour, a more thorough understanding of what drives consumer satisfaction will give service providers the insights they need to influence consumer behaviour in the short-term and long-term. The centrality of the concept is reflected by its inclusion in the marketing concept that high consumer satisfaction ratings are widely believed to be the best indicator of a company's future profit\textsuperscript{57}. Because, satisfied consumers are more willing to pay for the benefits they receive and are more likely to be tolerant of increase in price. This implies high margins and consumer loyalty. Otherwise, it will lead to consumer turnover, high replacement costs and high consumer acquisition costs\textsuperscript{58}. This is a means to strategic ends such one of consumer retentions that directly affect profits.

Consumer satisfaction is generally described as a judgment that a consumer develops after the act of purchase of a product/service. The determinant to consumer satisfaction includes product quality, product packaging, keeping delivery commitments, price and responsiveness and ability to resolve complaints and overall communication accessibility and attitude. Most firms realise that the more competitive market, the more important the level of consumer satisfaction. It is in this context very important to provide consumers with outstanding value, i.e. quality, service and price to achieve sustained consumer satisfaction and loyalty.
Consumer satisfaction plays an important role to measure the overall performance of the firm; it is natural to focus on satisfaction as an overall evaluation of a firm’s product, rather than a particular individual’s evaluation of a specific transaction. The levels of satisfaction among the consumers are a good indicator of the level of quality of the products or services that they are receiving. But the way to raise the levels of consumer satisfaction from neutral to satisfied or from satisfied to completely satisfied is based on the basic elements of product/service that delivered, basic support services that make the product/service more effective and user to use and extraordinary service that so excel in meeting consumers personal experiences.

Improving quality and consumer satisfaction reduces costs associated with defective services such as warranty costs, field service, and reworking and handling or managing complaints. Word-of-mouth from satisfied consumers lowers the cost of attracting new consumers and enhances the firm’s overall reputation, while that of dissatisfied consumers naturally have the opposite effect.

The constantly changing environment forces enterprises to identify new opportunity for claiming competitive advantages and to adapt these intense and environmental factors become more hostile; the concern for service quality grows. Quality has been considered to be one of the management’s top most competitive priorities and a prerequisite for sustenance and growth of firms. The quest for quality improvement has become a highly desired objective is today’s intense competitive market.

Though service quality and consumer satisfaction is conceptually different, but there exists a high relationship between them. The perceived service quality is an antecedent to satisfaction and leads to consumer satisfaction. Firms that are clearly interested in providing outstanding consumer value would be expected to have culture that reinforces high quality. A high quality service can level the consumer’s perception and exception towards an offering. Quality has to satisfy, and preferably exceed, the needs and expectations of the consumers. That is why; service quality is widely seen as a key antecedent to successful consumer relationships. A service offer, which is inferior or indistinct, may lead to greater problems in attracting and retaining satisfied consumers.

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In recent years, consumer satisfaction has grown much more importance to business firms of all types because of increased consumer requirements, new technological possibilities and the ongoing globalisation mean that a focus on quality improvements are necessary for all organisations, who want to strengthen their competitiveness on the world market. Keeping this fact in the mind, all firms are paying greater attention to service quality and consumer satisfaction in this increased competitive and deregulated market.
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27. Ibid., 2004, pp.100-103.


42. Ibid, p.277.


