CHAPTER 2

CONSUMER BEHAVIOUR AND CONSUMER DURABLES - THEORETICAL AND CONCEPTUAL DIMENSIONS
CONSUMER BEHAVIOUR AND CONSUMER DURABLES-
THEORETICAL AND CONCEPTUAL DIMENSIONS

Behavioral studies have assumed growing importance in the context of customer oriented marketing planning and management. The vital responsibility of studying the factors governing the decision making practices of the customers/consumers vests on the marketing manager. The decision of buyers or the ultimate users determines the successes of the marketing programme. The behavioral 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 they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, the impact of such evaluations on future purchases, and how they dispose it. Consumer behavior through consumer research encompasses all the behavior that consumer display in searching for, purchasing, using, evaluation and disposing of product and services that they expect will satisfy their needs.\(^1\)

Consumer behavior relates to the whole behavior of a person while making purchases. On the basis of a few studies on buying behavior of consumers, Tousley Clark and Clark Fred have concluded that there is often little planning and deliberation in purchase decisions.\(^2\)

On the basis of continuing studies of the Survey Research Centre, George Katona has concluded that most consumer behavior is habitual behavior, that the consumer acts as he does automatically and rather inflexibly from force of habit.\(^3\) Walter C.G and G.W Paul have perceived consumer behavior as the process whereby individual decide whether, what, when, where, how and from whom to purchase goods and services.\(^4\)

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In the words of Jagadish N Sheth & Banwari Mittal “Consumer Behaviour is the mental and physical activities undertaken by household that result in decisions and actions to pay for, purchase, & use products and services”.5

Consumer behavior in case of end-users/ultimate consumers is perhaps the most persuasive of all types of consumer behavior, for it involves every individual of every age and background, in the role of buyer, user or both. Clearly buyers are not always the users, or the only users, of the product they do buy, nor do they necessarily make the product selection decision themselves.

The study of consumer behavior has proved that many factors like price, income, distribution of income, competition with substitutes, utility, consumer preference (economic factors) & factors like culture, attitude, social values, life styles, personality, size of family, education, health standards etc. (social factors) play a major role in buying behavior of customer.

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 cars. Consumers pass though stages like problem recognition, information search, evaluation of alternatives, purchases decision and post purchase behavior.

Major durable products like cars will represent significant expenditure for the consumers. Therefore cognitive elements related to price, income and financing are expected to be common in the decision process. It can be hypothesized that if ‘rational choices’ ever are found in consumer decision – making it is likely to be in connection with first purchase of major durable product. The nature of the problem is complex enough to arouse such processes; the broad classes of alternatives will have to be considered because their consumption will be influenced by the purchase decision.

Because, the satisfaction derived from the use of durable products is normally not realized immediately, one may expect choice processes to include future state of affairs as cognitive elements.

Many consumers apply extensive decision processes in first purchase of major durable products. A considerable number of single choice processes are involved, information is acquired from the environment and all but primary information sources are used. Systematic changes in the cognitive structure are expected to occur as the decision proceeds. In comparisons with alternatives from other product classes as well as with other alternatives of the same type, income and price considerations are important. "Faced with choices, the purchaser compares the value or benefit derived from the various brands. In this evaluation consumer balance the benefits of the purchase against the cost or price. Some consumer groups or segments are more sensitive towards price, where as others may be more benefit oriented". At any given time the consumer may have several purchase sequences going on, and many decision processes are never completed. "In reality the decision making process is extended, complex and often confused".

MAJOR FACTORS INFLUENCING CONSUMER BEHAVIOR

Consumer behavior is highly influenced by unique set of cultural, social, economic and psychological factors. Family and other key institutions help children to acquire a set of values, perception, preferences and behavior. Values 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 aware of these factors and take them into account while formulating marketing strategy.

7 David Mercer, "Marketing", Blackwell Publishers Ltd., 1996, pp.52
CULTURAL FACTORS

Wants and behavior of persons are profoundly determined by culture. “Culture refers to a set of values, ideas, artifacts & other 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 other means to the members of particular society.

Culture has a profound effect on why & 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, & alternative evaluation consumption & divestment stages of how individuals make purchase decisions in a variety of ways. “Though marketers can influence these stages through advertising and retailing strategies, certain cultural forces are difficult to overcome, at least in the short term”.

Culture is that complex whole which includes knowledge, belief, art, law, morals and other habits acquired by man as a member of society. Culture includes a set of learned beliefs, values, attitudes, morals, customs, habits and forms of behavior 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 variables. Culture is alive, moving and dynamic. It reacts to internal and external pressures. Cultural influence is a force shaping pattern of consumption. Much of our behavior is determined by culture... The technological sophistication influence cultural changes in society and thus the

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12 Zaltman, “Contribution from the Behavioural Sciences”, pp.7
buyer's behavior.... It is essential that a marketing manager differentiates marketing strategies in the background of generation or degeneration found in culture.  

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. “Individuals may be members of more than one subculture at the same time”. Sub cultures makeup important market segments and marketers often design products and marketing progress tailored to their needs.

SOCIAL CLASS

Social stratification is a common feature of all human societies. Social stratification may take the form of caste system or the form of social classes. Members of social classes share similar values interests and behavior. 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 one 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 groupings as one of the basis”.

ECONOMIC FACTORS INFLUENCING CONSUMER BEHAVIOR

Economists among the social scientists were the first to examine consumer buying behavior by explaining about the way consumers solve consumption problems in

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particular & spend-save problems and product-choice problems, in general. They assume that persons exhibit rational behavior, 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 behavior.

1. Personal Income and Disposable Income: Personal income is the most powerful economic factor that influences and conditions consumer behavior by giving purchasing power to consumer which helps them strike exchange 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 form 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 change 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 the percentage spent on other categories of commodities such as

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clothing, transportation, recreation health and education and also saving tended to rise. A study conducted by Gupta on the 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 a rise in the level of real income.19

2. Discretionary income too has its impact on the spending by consumers. Discretionary income is the income over and above that required to meet fixed expenses and outplays necessary to provide a family with its minimum subsistence requirements.20 It is observed that a 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 impact on the consumer behavior. “A rise in an individual member’s income may possibly be neutralized by a 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 behavior of the family members.”21

4. Future income expectations too have their influence on the consumer behavior. The level of current spending of consumers is determinate by the optimism or pessimism about their future income. The spending and purchase behavior of the consumers depends on their needs - basic needs or non basic needs. Incase of basic needs the tendency to spend less may not be strong since they affect the consumers subsistence itself. The non basic needs of the consumers may be ignored when income expectations are weak and they may spend less.

5. The consumer’s liquid assets may also influence their buying behavior. Liquid assets like bank balances, short term bank deposits, shares, 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 another factor which influences consumer behavior. Consumer credit may be extended by marketer under a variety of arrangements such as deferred payment, installment payment, hire purchase etc. Consumer durables in India are sold on credit plans. Refrigerators, televisions are sold on an installment basis. Cars are 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 a 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' behavior is explained by Duesenberry.22

ECONOMIC THEORIES AND CONSUMER BEHAVIOR

The conventional theory of utility and consumer choice was propounded in the last half of nineteenth century by a number of economists. The theory was later refined by Marshall's Principles23 (1890). Marshall's successors extended his techniques to cover new issues and new situations. But the substances of Marshall’s theory remained the same. Pareto's Manuel (1906) marked the next stage. However, he recognized Marshall's theory to meet his partial equilibrium technique. The next stage commenced with the publication of articles of Johnson (1913) and Slutsky (1915) up to the emergence of Value and Capital by Hicks (1939). These writers carried the substance of the theory closer to Marshall. Marshall's theory approaches consumer choice from the view point of marginal value of utility. Utility is considered as a measure by which the consumer achieves the most satisfactory choice. The basic postulate of the marginal utility approach

is that the consumer makes choices on a basis that maximizes total utility. This theory has
brought out two important laws which govern the consumer buying behavior. They are
(i) the law of diminishing marginal utility and
(ii) The law of equi-marginal utility.

The law of diminishing marginal utility states that the additional benefit which a
person derives from a given increase of his stock of thing diminishes with every increase
in stock that he already has. This law implies that the consumer satisfies his wants in
order of their urgency and that he consciously or unconsciously weights in his mind the
price he had to pay for the utility of each unit of product he buys.

Law of equi-marginal utility or the law of substitution states that so as to
maximize satisfaction consumer arranges his expenditure in such a way that his marginal
utilities from different items are equalized by a process of substitution of product or more
utility for one possessing less utility. This law is based on the premise that consumer
wants are competitive on account of their multiplicity and the scarcity of resources.
Further some wants are more urgent relative to other wants. Consumer is therefore
always confronted with product choice problem. Marginal utility theory however
considers every consumer as a rational being who makes choices rationally. But the
consumer does not have perfect knowledge of the market and therefore his decision
making is based on imperfect information.

(iii) Hicks\textsuperscript{24} has introduced the Indifference curve analysis to over come the
problem of measuring utility. An indifference curve represents satisfaction
of a consumer from two products. The indifference curve is drawn on the
assumption that for all possible points (or combination of two products) on
an indifference curve the total satisfaction or utility remains the same.

"The main strength of the indifference curve analysis is that the overall
consumer choice problem is structured as a relative choice between
product alternatives within constraints related to price, income and the
available budget.

\textsuperscript{24} Hicks J R, " A Revision of Demand Theory" Oxford University Press, 1956.
Economic theories explain the pattern of consumer behavior in general, and in particular, when changes occur in those economic phenomena, which influence consumer purchases such as, income and price. There explanations rely heavily on a theoretically deducted pattern of consumer behavior based on certain fixed assumptions. But the deductive approach is fragile since it is based on assumption that is seldom stable in relation to human behavior. Economic theories suggest that consumer behavior is caused entirely by environmental stimuli. Accordingly unit sales of a company would respond to a change in price. Here the consumer is considered passive. In other words he is supposed to react in the same way to a given stimulus. However the consumer is not passive. The economic theories do not explicitly recognize the possibility that an individuals exogenous and endogens variables such as motives, attitudes personality and social factors play an important role in shaping consumer behavior.

SOCIAL FACTORS INFLUENCING CONSUMER BEHAVIOUR

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

1. A reference group consists of all the groups that have a direct or indirect influence on the person's attitudes or behavior. Among the reference groups membership groups have direct influence on a person. These include family, friends, neighbors and co-workers with whom the person interacts fairly continuously and informally. 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 an individual to new behaviours and life styles
b. They influence attitudes and self concept
c. They create pressure for conformity that may affect actual product and brand choices.

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Reference group studies have shown that personal advice in face-to-face groups is much more effective as a behavioural determinant group than advertising. That is, in selecting products or changing brands, we are more likely to be influenced by word-of-mouth information from members of our reference groups than by ads or sales people.\(^{25}\)

Influence of other groups to which people do not belong is also felt in their attitudes and behavior. Viz. Inspirational groups to whom the person hopes to join and dissociate groups whose values and behavior an individual rejects. “Consequently the influence of peers and referents other than family members is relatively less powerful in external families, so the use of a non family peer in a promotion may not be successful”.\(^{26}\)

Markets try to identify 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 color televisions. Kotler says that manufactures 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 a 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”.\(^{27}\)


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 in 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 Ahemdabad revealed that "for detergents and other washing materials it was mainly the housewife who decided on the brand; for the radios and refrigerators the decision making was done by the husband alone or 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 influence the purchase behavior 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 communicate their role and status in society.

4. A lifestyle is a person's pattern of living in the world as expressed in activities, interests and opinions. People from the same subculture, social class and occupation may lead different lifestyles. Lifestyle classifications has been proposed by researchers like Joseph T. Plummer through AIO (Activities, Interests, Opinions) & VALS (Value Lifestyles) by Arnold Mitchell.


PSYCHOLOGICAL FACTORS DETERMINING CONSUMER BEHAVIOR

The consumer buying behavior is influenced by four major psychological factors – motivation, perception, learning and beliefs and attitudes.

MOTIVATION

An individual has many needs at any given time of which some are biogenic which arise from physiological states of tension such as hunger, thirst, discomfort. Other needs are psychogenic which arise from psychological states of tension such as the need for recognition, esteem or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. The motive drives a person to act.

Consumer behavior is largely determined by the human motivation which has been explained by psychologists by their theoretical formulations. There are three best known theories of motivation - the theories of Sigmund Freud, Abraham Maslow and Frederick Herzberg. These theories carry quite different implications for consumer analysis and marketing strategy.

a. Sigmund Freud's motivation theory influencing the people's behavior is based on the assumption that a person is unable to satisfy all his needs within the bounds of society and consequently the unsatisfied needs create tension within an individual which have to be repressed. Such repressed tension is always said to exist in the sub-conscious and continues to influence consumer behavior. Motivation researchers often conduct in-depth interviews with the consumers to uncover deeper motives triggered by a product. They use various projective techniques such as word association, sentence completion, picture interpretation and the role playing.

The psycho-analytic model of Freud laid emphasis on the instinct of the individual and his psychology as the cause for individual behavior in particular way. Buyers are motivated by symbolic as well as economic functional products. Buyers' private world of hopes, dreams and fears can often be the stimuli in effecting purchases. Man's choices are influenced strongly by motives and fantasies which are deep in his private world.
More recent research holds that each product is capable of arousing a unique set of motives in consumers. Marketers can position different brands which arouse one of these different appeals. Jan Callabaut calls this approach “Motivational Positioning.”

According to Freud’s theory consumers are seen as having conflicting desires as they are confronted with products to gratify wants. Further anxiety is a key concept emerging out of this conflict system. Hence, consumers can minimize the anxiety arising out of this conflict system by appealing to their tendencies of fantasizing with fulfillment, aggressive impulses and the need to escape from life pressures. Marketers may use flights of fantasy to propel people to buy products. Therefore hedonism is an appeal to the pleasure principle and this approach underlines many of the products designed for an affluent society.

Psychoanalytic theory has caused marketers to realize that while it is possible to appeal subconsciously to buyers’ dreams, hopes and fears, there are other occasions when it is necessary to provide buyers with socially acceptable rationalistic approach for making purchases.

b. Abraham Maslow has tried to explain the consumer behavior through his theory of hierarchy of needs. Wants spring from needs and are not something alien to be set off in opposition to needs. Maslow contends that human needs are hierarchical or arise in order of sequence. Appearance of one need rests on the prior satisfaction of another more pre-potent need. In their order of importance, they are physiological needs. In other words as the lower order needs are satisfied the higher order needs tend to take over. The human behavior is considerably influenced by the driving force called ‘need’, ‘drive’ or ‘motive’. Markets have widely accepted the classification of needs formulated by Maslow. A marketer is therefore interested

in influencing these very needs’, drives and motives so as to favourably dispose the buyer towards the company’s products.

The concept of motivation can be thought of as behavior that is instigated by needs within the individual and is directed towards goals that can satisfy these needs. An understanding of consumer motivations considerably help marketers to develop insights into the needs/motives and tensions of consumers which may be profitably used to develop and sell appropriate products. Various theories of human motivations have been propounded by psychologists over the years. However Maslow and McGregor hold similar views about the hierarchical nature of needs. Howard and Sheth also refer to the dominance hierarchy of motives because a buyer cannot satisfy equally many motives at a given time. Maslow’s theory helps marketers understand how various products fit into the plans and lives of consumers.

c. Herzberg developed a two factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) and satisfiers (factor that cause satisfaction). Absence of dissatisfiers and presence of satisfiers would help in motivating a purchase. A television that doesn’t come with a warranty would be a dissatisfier. However the presence of a warranty would not act as a satisfier or motivator of a purchase. Hence it is necessary that absence of this satisfier and presence of satisfier is a positive factor in motivating the consumer to buy a product. Hence seller should do their best to avoid dissatisfires. Secondly the manufacturer should identify the major satisfiers or motivations of purchase in the market and then supply them.

LEARNING

Pavlovian Learning Model refers to a change in the behavior which occurs as a result of practice. Change in behavior is a product of seasoning, thinking, information processing and perception. The learning experiences of buyers affect the buying

behavior. The applicability of learning model to the marketing manager is that it helps in building up demand for a product by associating it with drives, providing cue, configurations and further positive re-enforcement. The product features such as price, quality, service, brand, packages etc. act as cues. "Another approach holds that learning is a probabilistic process, under the assumption that the best predictors of future buying behaviour is the sequence, rhythm and frequency of past buying behaviour."36

Other Psychological factors influencing consumer behavior: In addition to the above psychological approaches to the analysis of consumer behavior there are other concepts which influence consumer behavior. The major ones include,

1. Perception
2. Personality Traits
3. Attitudes
4. Self concepts
5. Gestalt Approach and
6. Cognitive Dissonance

Perception relates to the interpretation of the stimuli by a consumer. "Individuals acts and react on the basis of their perceptions, not on the basis of objective reality. Thus for marketers, consumer perception is much more important than their knowledge of objective reality."37

Personality traits are those characteristics that account for the differences among people and that are predictive of behavior. "Some relate personality to certain traits while other see it as a unified whole. Socialization plays a great role in personality development."38

Attitude indicates knowledge, feelings and intended action for the given stimulus. Attitude is a learned predisposition in a constant favourable or unfavourable manner in respect to a given object. An attitude provides a series of cues to marketers. They predict future purchases, redesign marketing effort and make attitude more favourable.\(^9\) Attitude is a mental state of readiness organized by experience exerting influence upon the consumers' response to marketing inputs. Attitudes are found on account of an inward need, external environment and the task experience. Apart from the physical experience of the product the prospective purchaser also demand that it conform to his or her values and attitudes.\(^0\)

Self concept or self image is one’s image as viewed by him or the manner in which a consumer wants others to see him. Self concepts influences a person’s consumption deeply, for people live their self concepts in large measure by what they consume.\(^1\)

In the Gestalt approach the basic premise is that the consumer behavior is motivated by the human need for a stable organization of his/her psychological field.

The theory of cognitive dissonance explains that a consumer desires harmony, balance and completeness to reduce tensions and strives towards consistency within his cognitive structure. Buyers tend to read promotional material even more avidly after the purchase than before, in order to justify their decisions and to displace the dissonant elements by concentrating on those aspects of the promotion that stress the good points of the product purchased. Thus marketers need to recognize the role of their promotion in general, and of their advertising in particular, in the post purchase period. Whether the buyer’s expectation have been met & whether the consumer is satisfied are the crucial issues\(^2\).

The above analysis of the influence of a variety of factors on consumer behavior has provided an insight into the significance of each of these factor in the purchase decision of buyers of products and services. However it will be naive to presume that

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\(^1\) Jagdish N Sheth & Banwari Mittal, “Consumer Behaviour- A Managerial Perspective”, Thomson South Western, 2005, pp.6
\(^2\) Leon A Festinger, “A Theory of Cognitive Dissonance” Evanston, Row, Peterson, 1957, pp.135
consumer behavior is influenced by any one of these individual factors. But at a point of
time and in a given set of situations consumer behavior is influenced by a sum total of
these diverse yet interrelated factors. All these factors are prone to work simultaneously
and influence a consumer choice when he/she is in the process of taking a purchase
decision. It is no doubt, possible that the relative importance of these factors may vary in
a given situation. The job of the marketing management is not only to identify company’s
potential consumers but also to find out the nature and intensity of the influence extended
by these factors.

**BUYING BEHAVIOUR MODELS**

The models vary in their interpretation of the decision object. In the Nicosia
model a supplier tries to influence consumer brand choice by means of message that is
then adjusted based on consumer feedback. Predisposition towards the firm’s offering
influences the interpretation by consumers of the message and creates an attitude that
may induce a search for further information and evaluation of the firm’s brand. Positive
evaluation results in the motivation to purchase the brand from a specific supplier. Given
its reliance on a supplier’s communication initiative, the Nicosia model is narrow.

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 search behaviour are explicitly recognized 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 are difficult to measure, and the
model also has limited generality.

The EKB (Engel, 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 model is considered to be advantageous due to its consideration of the many variables influencing consumers, its focus on levels of consumer 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 process.

FIGURE 2.1
NICOSIA MODEL
FIGURE 2.2 - HOWARD AND SETH MODEL OF BUYER BEHAVIOUR

Inputs
Stimulus display
- Significative:
  a) Quality
  b) Price
  c) Distinctiveness
  d) Service
  e) Availability
- Symbolic:
  a) Quality
  b) Price
  c) Distinctiveness
  d) Service
  e) Availability
- Social Environment:
  a) Family
  b) Reference groups
  c) Social class

Perceptual constructs
- Overt Search
- Stimulus ambiguity
- Attention
- Perceptual bias
- Confidence
- Attitude
- Motives
- Choice criteria
- Brand comprehension
- Satisfaction
- Intention
- Purchase
- Intention
- Attitude
- Brand comprehension
- Action

Outputs
Figure 2.3 - Engel - Blackwell - Kollat Model of Buyer Behaviour

Information and Experience

A
Evaluative Criteria

Attitude

Central Control Unit

Information and Experience

Evaluative Criteria

Attitude

Problem Recognition

Internal search and Alternative Evaluation

External search and Alternative Evaluation

Purchasing processes

Outcomes

Further Behaviour

Post-purchase Evaluation

Income
Culture
Family
Social Class
Physical
Other

Income
Culture
Family
Social Class
Physical
Other

Output Decision Process

External Search

Stimuli

Exposure

Attention

Comprehension

Retention

Information Feedback

Personality

Filter

Hold

Hold

Hold
The Stimulus-Response model of buyer behavior 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 behavior is influenced by cultural, social, personal and psychological factors. Cultural factors exert the broadest and the deepest influence and the marketers' task is to understand about the changes in buyer's consciousness between the arrival of marketing and environmental stimuli and the purchase decision.

**FIGURE 2.4**

**STIMULUS – RESPONSE MODEL OF BUYER BEHAVIOUR**

<table>
<thead>
<tr>
<th>Marketing Stimuli</th>
<th>Other Stimuli</th>
<th>Buyer's Characteristics</th>
<th>Buyer's Decision Process</th>
<th>Buyer's Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Economic</td>
<td>Cultural</td>
<td>Problem recognition</td>
<td>Product choice</td>
</tr>
<tr>
<td>Price</td>
<td>Technological</td>
<td>Social</td>
<td>Information Search</td>
<td>Brand choice</td>
</tr>
<tr>
<td>Place</td>
<td>Political</td>
<td>Personal</td>
<td>Evaluation of alternatives</td>
<td>Dealer Choice</td>
</tr>
<tr>
<td>Promotion</td>
<td>Cultural</td>
<td>Psychological</td>
<td>Purchase decision</td>
<td>Purchase timing</td>
</tr>
</tbody>
</table>

The differences – sometimes quite wide – impossible interpretations of the same behavior should remind us that the consumer's total psychological field is quite complex and that many forces – past and present, hidden and apparent, instinctive & learned, individual and environmental – all do influence behavior.43

THE BUYING DECISION PROCESS

Consumer decision making may vary with the type of buying decisions. Henry Assael distinguished four types of consumer buying behaviour, based on the degree of buyer involvement and the degree of difference among brands.

FIGURE 2.5
TYPES OF CONSUMER BUYING BEHAVIOUR

<table>
<thead>
<tr>
<th>Significant differences Between brands</th>
<th>High Involvement</th>
<th>Low Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant differences Between brands</td>
<td>COMPLEX BUYING BEHAVIOUR</td>
<td>VARIETY - SEEKING BUYING BEHAVIOUR</td>
</tr>
<tr>
<td>Few Differences Between brands</td>
<td>DISSONANCE - REDUCING BUYING BEHAVIOUR</td>
<td>HABITUAL BUYING BEHAVIOUR</td>
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STAGES OF CONSUMER BUYING PROCESS

Consumers move from one stage to another in order to complete their decision making, for a variety of consumer products. These stages are –

1. Problem Recognition
2. Information search
3. Evaluation of Alternatives
4. Purchase Action and
5. Post-purchase behavior.

These stages of buying decision process are followed frequently one after the other in a given order in most of the consumption situation.

1. Problem recognition is also described as need-recognition or identification of needs wants or desires. Problem recognition provides an initial clue about why a buyer buys what he or she intends to. It gives a definite direction to his/her subsequent purchase behavior stages. Finally problem recognition provides
marketers with an immense scope for using their influence in how the buyers may or may not recognize their needs. Thus "Virtuous Circle" exists between problem recognition by consumers and marketers stimuli or cues that prompts consumers to react in desired manner.

Figure 2.6: Problem Recognition: A Consumer Marketer Nexus.

Need Recognition

Marketers Stimuli

Problem recognition relates to the perceived gap or discrepancy between the existing and the desired consumer positions for a given product and service. The existing consumer position reflects how a consumer feels presently about his consumption or non-consumption of a given product. The desired consumer situation refers to his expectations and anticipations from the consumption or non-consumption of a given product or service.

The desired consumer position is achieved by advertising newer use of products already in use or by introducing newer accessories in the product. This marketing stimulus usually promises a higher level of satisfaction to the consumers.

2. Information search commences the moment consumers recognize their need for a product or service. This search process is quite deliberate and long drawn for most consumer durables. It is always directed towards the satisfaction of the needs recognized. Search behavior is always purposive and a deliberate attempt to gain appropriate knowledge about products, its brand and its important characteristics and the stores from where to purchase. "From his sources of information the consumer may rely on his reference groups. He may also pay attention to advertisements, or make several shopping trips to various stores' seeking product demonstrations or help from sales clerks".  

Marketing implications of search behaviour are broad ranging. It makes marketers aware of how customers search for relevant information. It also helps them facilitate the search process in favour of their marketing stimuli. The marketers influence the search process through advertisement, product and packaging policies and pricing strategies.

3. Information search will lead them to a stage where a set of brand choices will emerge for evaluation. Consumers will use different evaluative criteria in different buying situations despite the product being the same. The evaluation stage represents the stage of mental trial of the produce. During this stage the consumer assigns relative value weights to different products / brand on the basis of a accumulated stock of product information and draws conclusions about their relative satisfaction giving potential. After this the consumer will develop the intention either to purchase or reject the product or brand.

Marketers have an unenviable task on their hands while consumers are at the stage of brand evaluation. The acid test of marketing effectiveness in this regard is whether consumers are led to the actual purchase action or not.

4. Purchase action or purchase decision is a stage where marketer can observe how mental evaluation is translated into purchase activity at the point of purchase. The purchase action is important both for marketers and consumers’ perspective.

If customers purchase the evaluated item it confirms effectiveness of the marketing mix employed by marketers vis-à-vis competitions. The non-selection on the other hand will signal to marketers towards the need of a change in marketing mix. For customers purchase action marks the end of their efforts for an optimum brand choice. They give up money in return for a product and they also give up the choice of brand once made. It also means that they must depend on it alone for the delivery of expected benefits and satisfaction.

5. Post purchase behavior of customers is significant from marketers view point. Marketers will have a clue as to whether customers will come back to them in future too.
It will indicate whether the present customers will recommended the marketer to other potential customers. Post purchase attitude is the attitude of satisfaction or dissatisfaction towards a product developed by consumer after the product is used. While purchase activities generate cash for the organizations post - purchase behaviour retains the key to repeat buying and customer loyalty.

The marketers’ job is to understand the buyers’ behavior at each stage, and the various influences that are exerted on them. The attitudes of other unanticipated situational factors and perceived risk may affect the decision to buy as well as consumers levels of post purchase satisfaction.

Knowledge of buying process thus involves insight into the concepts of drive & motivation, selective attention, selective perception, cues, approach behaviour, avoidance reaction, rewards & reinforcement.\(^{45}\)

The principle of Consumer behaviour serve a company best when they are applied to be developing and maintaining customer orientation. Customer orientation also referred as Market Orientation means a through understanding of customers needs & wants, the competitive environment, and the nature of the market used to formulate all of the firms plans and actions to created satisfied customers.\(^{46}\)

ECONOMIC AND MARKETING IMPLICATIONS OF CONSUMER DURABLES

The economic and marketing implications of durable goods are significant in view of the fact that demand for durable goods is likely to be more volatile. Demand for them moves rapidly or evaporates quickly in relation to business conditions. Two of the very significant features of the durable goods are (i) they can be easily stored and (ii) their replacement can be postponed. Hence, they create more problems of


complicated nature in their demand analysis. Durable goods make an addition to the existing stock. Therefore it is an accepted practice to separate the current demand for durable goods in terms of (i) replacement of old products and (ii) expansion of the total stock. The most important feature of demand for durable commodities is that it consists of both replacement demand and expansion demand. “Sales of such commodities, therefore are hyper-sensitive to small changes in demand.

Elasticity of demand in profoundly influenced for the durable goods by the storability and postponability of replacement “Decision regarding the purchase of durables is viewed in the light of maintenance and operating costs in relation to future income. The demand for durables therefore depends not only upon present prices and present incomes but also upon current trends such as the state of optimism, the rate of obsolescence and improvement in product designs. It is hypersensitive to small changes because current output satisfies only a small fraction of the total current demand.

The implication of storability and postponability of durable goods are felt in the areas of inventories during the different phases of business cycles. Expansion or contraction of inventories during booms and recessions is made possible due to their storability. Storability also affects the short run price elasticity because during a temporary fall in price, buyers tend to build up inventories and reduce them when prices rise. Similarly during a recession, people normally, postpone the replacement of durables but during periods of expected shortages they enhance their replacement demand. In matters of replacement of durables, physical deterioration is not significant. It is the technological upheaval that produces a blast of obsolescence and plays a dominant role in demand as an important replacement determinant.

Consumer durables are characterized by high unit cost, long life and consequently low frequency of purchase. Hence, a potential consumer is likely to seek more information and give a much greater thought to the purchase of a consumer durable than to a non-durable where the risk is considerably less and the decision does not entail much loss even if a mistake is made.
DISTINCTION BETWEEN CONSUMER DURABLE AND NON DURABLE GOODS

The distinction between the consumer durable and non-durables is very significant for marketers, manufacturers and also for the consumers. The various basic economic parameters like cost, price and demand for the consumer durables are substantially different from those for consumer non-durables. The distribution channels for these two types of commodities differ considerably. Consumer durables are generally high priced goods compared to lower unit price for consumer non durables. Durables are consumed over several years. Demand for non-durables depends largely upon style, convenience and income. It is governed basically by the prevailing conditions. As against this the demand for durables is a derived demand. These goods are mostly bought for future use and hence expectations play a dominant role. Consumer durables exhibit some special characteristics which have significant economic and marketing implications. Some of the major characteristics of consumer durables are discussed here.

1. **High Unit Cost:** The unit cost of most of the consumer durables such as refrigerators, motor cars, television, radios, tape recorder or two-in-one, video cassette etc are high as compared to the unit cost of consumer non-durables. Very few consumer durables may cost much less like the ball-pens, carry bags, knife or a book etc.

2. **No-Repeat Sales:** The frequency of purchase of consumer durables is very low. They are used over a pretty long period of time. A scooter or motor car or a television set cannot be purchased frequently as in the case of a match box.

3. **Storability:** Consumer durables are non-perishable products. Hence, they can be stored over a long period of time. A Car can be purchased and retained for a sufficiently long period of time. They may become obsolete only with the introduction of a new innovative product or new models due to technical improvement. However, obsolescence is not so frequent as the introduction of new product is a time consuming process.
4. **Postponability**: The purchase of consumer durables is postponable since these are not essential goods. Demand for these goods is price and income elastic. A consumer can postpone the purchase of the durables if the price of these goods is high or if his income is moderate. They are not basic essential articles for normal living. The high price of the goods and moderate income of the purchaser forces him for detailed enquiry and he weighs the pros and cons of these durables, results in purchase or postponement. Price and income constraints result in postponing the purchase of the consumer durables.

5. **Involves Much Thinking**: The buyer of the consumer durables has to think well before deciding to buy the same. In addition to price and income factors the purchaser has to think over other aspects related to the consumer durables. A purchaser of a motor car for instance has to think over the various aspects like the model and variety advantages, maintenance cost, fuel economy, availability of spares, resale value of the car before the actual buying of the car. The buyer has to make a thorough evaluation of the alternatives of the particular consumer durables taking into account the financial implications of buying particular consumer durable.

6. **Service Backing**: Consumer durables involve after-sales services unlike the consumer non-durables.

7. **Volatile Demand**: The volatility of demand for consumer durables is due to the fact that the demand depends not only upon present prices and present incomes but also upon current trends - the state of optimism, the rate of obsolescence and improvement in product designs. The demand is hypersensitive to small changes as the output at a particular point of time will succeed in satisfying only a small fraction of the total demand at that point of time.

8. **Sales Related to Established Reputation**: The sales of consumer durables depends on reputation of the manufacturing firm and the brand image. Buyers make necessary enquiry with the existing users of the products before going in
for the costly durable goods. Quality of the product and the integrity of the producer have most powerful impact as the marketing of consumer durables.

9. Demonstration/Trial: Consumer durables unlike consumer non-durable goods are of technical nature. Hence these products are to be properly demonstrated and a chance for trial may have to be given to the buyers. This is true with most of the consumer durables. F G Pyatt in his analysis of demand divides the market for consumer durables into three components and they are (i) the initial purchase market (ii) the replacement market and (iii) the multiple ownership market.

MARKETING ISSUES OF CONSUMER DURABLES

The important issues involved in the marketing of consumer durables relate to Product pricing, Distribution, Personnel selling, Merchandising, Advertising, Research and Development, Servicing and Packaging.

1. Product Pricing: Price is an important variable in the marketing of consumer durables. Product pricing for consumer durables is largely cost-oriented. In markets characterized by oligopoly of a small number of suppliers the price is set by the market leader and the others follow suit. The price of consumer durables includes the cost of servicing, replacement of parts etc. during the guarantee period. However in case of some consumer durables, price wars do occur and some firms sell their products below the cost to get rid of old stock.

2. Distribution: Consumer durables need only a few seller/dealers for the distribution of the products since there is little impulse buying. In case of consumer durables there is little impulse buying and only a few dealers are necessary for the distribution of the products. Consumers are willing to travel greater distances and spend more time shopping for consumer durables. Often it is a sound practice to ensure that the number of distribution outlets is limited because the volume is not high enough to justify larger number of outlets. The consumer durables may also involve after sales
services in which case a limited number of outlets staffed with persons well versed in providing such services can be employed when the number of outlets is limited.

Distribution costs which include the cost of freight, warehousing and inventory have gone up because of increase in transportation costs, inventory carrying costs & higher credit rates. Hence, the manufacturers have been trying to rationalize their distribution procedures and they are trying to sell their products at areas closest to their production centres so as to minimize transportation costs.

3. Personal Selling: Personal selling is an important component of the communication mix that marketers have at their disposal for the marketing of consumer durables. Personal selling is undertaken either by the company's salesman in the case of company showroom sales or by the shopkeeper in the case of smaller retail units. Personal selling is effective through careful training about product attributes, different techniques of persuasion, handling objections etc. Some leading companies have regular training programmes designed specially for such people.

4. Merchandising: Merchandising has little effect on the sales of consumer durables. It is important in case of consumer non-durables where there is good deal of impulse buying. However better merchandising through strategic display does help bring in more customers to the store.

5. Advertising: Advertising is one of the most important promotional tool used by consumer durable companies. It is an economical way of informing potential consumer about the introduction of a new product as well as arousing their interest in a particular brand. Advertising itself may not result in a completed sale but it may bring a prospective customer into the store. The subsequent function of converting customer interest to the sale of the product depends upon the salesman. Heavy advertising by competitors makes consumer durable companies incur large advertising costs. A reduction in advertising costs is possible only when competitors voluntarily agree to cut down their expenditure on advertising.
6. Research & Development: Manufacturers of consumer durables in India have not been investing much in research and development. R & D expenditures are miniscule compared to the outlays of manufacturers of smaller products abroad. This is quite natural in view of the slow replacement of consumer durables in India. Unlike in other countries especially in the US frequent model changes have not become frequent in Indian consumer durables marketing scene. At the same time users of consumer durables in India tend to use their products for longest period of time, sometimes even up to a stage where high repair costs do not justify their retaining the old product as compared to buying a new one. However in Indian context, R & D can be pressed for effecting cost saving in the manufacturing of consumer durables, since innovating new models involves heavy costs.

7. Service: Servicing especially after-sales service is an important component in the marketing of consumer durables. Consumer durables like automobiles, refrigerators, television sets etc. require periodic servicing due to some technical breakdowns. Servicing results in consumer satisfaction and is prominently highlighted in promotional campaigns. Failure in providing prompt service to customers may create unpleasant experience, and will result in negative publicity.

8. Packaging: Protective packaging plays an important role in the marketing of consumer durables. Cardboard packaging has replaced wood and paper there by reducing the cost of packaging. Packaging technology has made lot of advancement and the manufacturers of consumer durables are keeping abreast of such innovations, so to save cost.