CHAPTER-1

INTRODUCTION

Customer is the king of the business. He creates demands and the business produces products and services to satisfy them. The organizations also create demand by publicizing their products which in layman’s term is called marketing. In order to stay in the market in the present age of competition, it is essential to win the faith of the consumer and his loyalty towards the product. The foregoing discussion, therefore, takes in to account a theoretical framework of the marketing concept in general, the consumer behaviour and branding.

1.1 Marketing Concept

It is a fundamental idea of marketing that organizations survive and prosper through meeting the needs and wants of customers. This important perspective is commonly known as the marketing concept. The marketing concept is about matching a company's capabilities with customer wants. This matching process takes place in what is called the marketing environment. Businesses do not undertake marketing activities alone. They face threats from competitors and changes in the political, economic, social and technological environment. All these factors have to be taken into account as a business tries to match its capabilities with the needs and wants of its target customers. An organization that adopts the marketing concept accepts the needs of potential customers as the basis for its operations. Success of business is dependent on satisfying customer needs.

A need is a basic requirement that an individual wish to satisfy. The basic need of the people is for food, shelter, affection, esteem and self-development. Many of these needs are created from human biology and the nature of social relationships. A want is a desire for a specific product or service to satisfy the underlying need. For Example; consumers need to eat when they are hungry. What they want to eat and in what kind of environment, will vary enormously. For someone eating at McDonalds satisfies the need to meet hunger. For others a microwave ready-meal meets the need. Some consumers are never satisfied unless their food is branded. Consumer wants are shaped by social and cultural forces, the media and marketing activities of businesses.
Marketing is set of processes which help in creating, communicating, delivering and exchanging goods and services that have value for customers, clients and society at large. It is an economic activity through which the commodities and services are exchanged for money. Marketing can be defined as the process of determining the needs and wants of consumers and process to deliver products that satisfy those needs and wants. It includes all such activities that are necessary to move a product from the producer to the ultimate consumer. In fact, it acts as a bridge between producer and the consumer.

Marketing starts with market research, a process in which marketers get to know everything about the needs and wants of consumers, and it ends when somebody buys that product he needs. Services provided to customers after the purchase are also an important part of marketing. The process of marketing includes all activities related to production, advertising, and transportation, processing, packaging and selling. It consists of those efforts which affect transfers in the ownership of goods and services which provide for their physical distribution.

Marketing as defined by Philip Kotler and Garry Armstrong\(^1\) is "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others".

In a similar way, the American Marketing Association (AMA)\(^2\) also viewed the term 'marketing' as, "the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objects".

American Marketing Association explaining 'marketing' as those activities directs the flow of goods and services from the producer to the consumer or the ultimate user. It includes all those efforts which are helpful in the transfer of the ownership and the physical distribution of the goods and services.

Thus, on the above basis it can be said that

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Marketing besides the purchase and sale includes all activities those are concerned with the transportation of the goods from production to the consumption.

- The main objective of all these activities is to satisfy the human needs.
- It is also the aim of marketing to satisfy the existing customers and to encourage the prospective customers.
- The activities and plans related to the increase in prices are also included within marketing.

1.2 Evolution of Marketing

To know about marketing, it becomes important to know about chronological evolution of marketing in different eras. Each of these eras is unique in its own way and all of these eras have developed techniques that can be very useful to anyone who wants to get success in the field of marketing.

(1) Simple Trade Era
In simple trade era products were either handmade or harvested. In this period supplies were very limited and products were at basic form. The ultimate aim of the economic activity in this era was exploration because goods were very limited. This era continued from early times to the beginning of 19th century.

(2) Production Era
In 19th century when there was industrial revolution, a lot of products were produced but alternative options of these products were very limited. The philosophy of the business people was “If you can build it, they will surely come”. This era lasted for more than 50 years i.e. 1850s to the 1920.

(3) Sales Era
The period of this era was 1920 to the 1940. In this era businesses had to face a very difficult time to sell the goods what they produced. Gone were the days when products were sold easily to consumers. Commoditization arose in this era as products turned into commodities and consumers focused mainly on the commodity’s price.

(4) Marketing Era
This era was called as beginning of Modern age of marketing. Now all the activities of the business were consumer oriented. All marketing plans, policies and actions were made to
give maximum satisfaction and welfare to the consumers. This era lasted from the 1940s up to the 1990s.

(5) **Relationship Marketing Era**
This era was between 1990 to 2010. At this time business were actively indulge in satisfying loyal customers with the aim to make a steady income and convincing others to switch to their product or service. Businesses at this time made concentration on customers not only to satisfy them by offering the products or services but also to interact with them in order to establish rapport, address needs and make profit in the long run.

(6) **Mobile Marketing Era**
In today’s world this era took place. With the help of technological advancements such as the social networking sites, businesses now focus on exploiting this new medium for their marketing strategies. While mobile marketing may still be at its infancy it must be noted how some marketers were now ahead of the others in terms of the mobile tactics that they utilize.

### 1.3 Marketing Objectives
Marketing is at the heart of a business. **Marketing is the process of identifying, anticipating (predicting) and satisfying customer needs profitably.** Almost every activity that a business undertakes can be linked with

- Raising finance to support an investment in new product development.
- Introducing quality assurance and lean production to improve product profitability.
- Training staff to improve customer service standards.

**Marketing objectives** are as under:

- Maintaining or increasing market share
- Developing new products / innovation
- Meeting the needs of customers
- Entering a new market / market positioning
- Gaining an advantage over competitors

### 1.4 Importance of Marketing
For the success of the organization marketing is a very important. All activities of production and distribution depend largely on marketing. Many people had the concept that sales and
marketing are basically the same but these both are different in many aspects. Marketing covers advertising, promotions, public relations and sales. It is the process of introducing and promoting the product or service into the market and encourages sales from the buying public. Sales means transfer of possession to use the product or services. Since the goal of marketing is to make the product or service widely known and recognized to the market, marketers must be creative in their marketing activities. In this competitive nature of many businesses, getting the product noticed is not that easy.

(a) Marketing Promotes Product Awareness to the Public

Product or service recognized by the market is the primary goal of marketing. No business possibly ever thought of just letting the people find out about the business themselves, unless you have already established a reputation in the industry. But if you are a start-out company, the only means to be made known is to advertise and promote. Various types of marketing approaches can be utilized by an organization. All forms of marketing promote product awareness to the market at large. Offline and online marketing make it possible for the people to be educated with the various products and services that they can take advantage of.

(b) Marketing Helps Boost Product Sales

Apart from public awareness about a company’s products and services, marketing helps boost sales and revenue growth. Whatever your business is selling, it will generate sales once the public learns about your product through TV advertisements, radio commercials, newspaper advertisements, online advertisements and other forms of marketing. The more people hear and see more of your advertisements, the more they will be interested to buy.

(c) Marketing Builds Company Reputation

In order to conquer the general market, marketers aim to create a brand name recognition or product recall. This is a technique for the consumers to easily associate the brand name with the images, logo, or caption that they hear and see in the advertisements. For example, McDonalds is known for its arch design which attracts people and identifies the image as McDonalds. For some companies, building a reputation to the public may take time but there are those who easily attract the people. With an established name in the industry, a business continues to grow and expand because more and more customers will purchase the products or take advantage of the services from a reputable company.
1.5 Importance of Studying Customers Relations

Marketing plays a very essential role in the success of a business. It educates people on the latest market trends; helps boost the sale, profit and good reputation. But marketers must be creative and wise enough to promote their products with the proper marketing tactics. Although marketing is important, if it is not conducted and researched well, the business might just be wasting on expenses and time on a failed marketing approach. Surprisingly, not all business knows and understands their customers fully well. Some business fails to take time to get to know their customers and relate to them.

Customers are the lifeline of the business. They define the business and the company highly depends upon their needs for most of the sales and marketing activities. The secret to a solid and successful business is to place your customers in the heart of the business and make them feel that they are the most important ingredient of your business. An effective way to do this is to find out what they want and understand their needs. 

**Customer Relation** is the ability to reach out and relate to customers being the most important element in the business is the concept of customer relations. In this approach, the fundamental and powerful tool to use is communication. The goals of customer relations are to make the customer feel valued, identify possible issues and problems and to find out emerging needs that may serve useful in future product developments. When dealing with customers, one needs to initiate the talk and encourage interaction and questions them to learn if they are satisfied with the product or if there are any problems that they experience. They might also offer suggestions to make the business better. Customers who complain about the product or service only mean that they are concerned about the way business is being conducted such it to be corrected. Challenges for the company are to grow and improve. Customer remarks should be heeded and paid attention to. Bringing up negative concerns is an indication that there are aspects about the way they are dealt. It is necessary to follow things up with the customers regularly.

Understanding the needs of the customers will help a company define and create new market opportunities that greatly contributes to revenue growth in the organization. With the rapidly changing economy and dynamic technology, customers also observe a rapid change in personal tastes and preferences. Customer predictability is not as conventional as it used to be. So, a company must conduct regular market research to be fully updated with the latest
trends. With research, the business will be able to generate new and broader marketing strategies needed in the various marketing programs.

Basically, the two types of customer research are qualitative and quantitative. Qualitative research is conducted through in-depth individual or group discussion with customers. Quantitative research is based on the use of standard questions or survey questionnaires where results are generated right away and easily studied or analyzed. Customer research is not just aimed at existing customers but also embraces potential target markets.

Customers who find it easy to do business with the company will come to understand that the business knows what customers need and expect from the company as their product and service provider. As a reliable service provider, the company and staff should be knowledgeable about the products and services offered. Customers expect to interact with business people who know what they are doing and the product or service they are promoting. The company should ensure that the representatives are well-equipped with the required product knowledge so that company can quickly respond to customer inquiries. Customers appreciate a company that offers them options and alternatives, especially when the company representatives make them feel like they would like their customers to have the best interests. This technique makes customers feel so important that they are provided special treatment.

**Developing Customer Relationship**

Since customers are the ‘need of the business,’ companies should do emphasis on building good customer relationships. Once it becomes able to establish connections, it keeps loyal customers to continue doing business and bring more people into the business.

Good customer relationships drive the business to success. Just make people believe in the ability of the company to satisfy their needs and fulfill their expectations as well as in the products and services. In the process of finding people who would believe in the company, consider making a relationship with them and the company will not have to spend huge amounts of money just to attract more customers.

Relationships are developed over time and are not built overnight. It is not a one-time experience with the customers. That is why effective marketing plans include strategic
activities that entail building good customer relationship apart from developing the product or adding a new product line to the market.

1.6 Techniques for Building Good Customer Relationship

(a) Build Your Network
Every business probably has a desire to grow and expand its operations. One way to achieve it is to build the network of customers. The company should not just focus on promotional activities and advertising programs but must take efforts to expand the network. A company’s network may consist of business associates, acquaintances, existing and potential customers, business partners or clients, suppliers and contractors. Even family members and friends are part of that large network of the business.

The market is so huge that a company is not able to reach out to everyone who can benefit from their product or service. There are a lot of prospective customers out there waiting whose needs your business can address. This is possible through the process of networking. Expand the connections by conducting business seminars, attending company events and responding to business invitations and getting exposed to the programs of the society. Since networking is a long-term investment, make sure to place value in a relationship once it is formed.

(b) Keep in Touch with Customers Regularly
When good relationships with people build, permanence is never a guarantee. Customers may come and go for some reasons, even with the most loyal of the customers. That is why the company must have built a relationship with them, do not end from there. The process is continuous; a business has to constantly communicate with their customers. Communication should be done early and regularly.

After attending networking events and meeting new acquaintances, make it a point to initiate the next encounter and always make a follow-up. For existing customers, provide them with the latest updates of new products and any of your marketing programs. It is also a way of educating them with the latest market trends and keeping them up-to-date with industry technology.

(c) Reward Loyal Customers
There must be reward for loyal, repeat customers; they will pay the company back by bringing in more customers to your business from their network of connections. If the company thinks about it, the process becomes effortless marketing. Loyal customers become the best salespeople and marketing agents. Monetary rewards are old school but some companies still practice it. These may come in the form of credits, rebates, discounts and other similar privileges. Recognizing their loyalty by acknowledging them during company events and occasions are also a way of rewarding them. A company that is able to sustain devoted and dedicated customers in the business has already developed a solid reputation in the industry it is in. Then again, the secret is to always constantly communicate with them and keep new ones coming.

(d) Buying Behaviour of the Consumer

A firm must ascertain the nature of consumers buying behaviour if it is to market its product properly. In order to persuade a buyer to buy a product; marketers try to determine the behavioural process of how a product is purchased. Buying behaviour is usually split into two prime strands. A market can be divided into two, a B2C market or a B2B market. The former stands for Business to Consumer which means products or services are sold directly to consumers. B2B on the other hand stands for Business to business markets which mean customers and transactions take place between your business and that of another business. Understanding the behaviour of these two types of markets is essential as the will be dealing by either or both of them. In B2C, a consumer most likely researches before purchasing. If the satisfaction level is met, a second purchase may take place and eventually brand loyalty develops. In B2B, most purchases are made in wholesale and usually involve contract signings, re-buys and the like.

1.7 Need of Studying Consumer Behaviour

As marketing success and failure depends on target consumers, individuals and group reactions expressed in the form of buying patterns one must understand consumer behaviour. Consumers are of different types. In America, USSR and U.K. decision may be taken by women themselves or in consultation with the male head of the family. In India excepting the sophisticated so called higher classes decisions and purchases are even now taken by men. It
is only in the educated elites that husband and wife may jointly decide what, where and when to buy?

Understanding consumer behaviour and “knowing consumer” is never simple. Consumers may say one thing but do another. They may not be in touch with their deeper motivations. They may respond to influence that change their minds at the last minute. The modern marketing concept spells out the real significance of consumer behaviour.

The aim of marketing is to meet and satisfy target customer’s needs and wants. The field of consumer behaviour studies how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires. The study of Consumer behaviour is an off-shoot of marketing. The growth of consumerism and consumer legislation emphasizes the importance that is given to the consumer.

Consumer is the king and it is the consumer who determines what a business is? Therefore, a sound marketing programme should start with a careful analysis of the habits, attitude, motives and needs of consumers. It must be noted that the behaviour is likely to show variation from individual to individual, from product to product and from one region to another region. Thus, analyzing the consumer behaviour is a prerequisite though the process is highly complicated. It has been proved in a number of cases that the better the firm understands its consumers, the more likely it becomes successful in market place. In addition, the study of consumer behaviour helps in developing the strategies under noted:

• Selection and segmentation of target market.
• Devising appropriate marketing strategies most relevant to the target market segment.
• Evaluation of marketing programme, strategies and tactics.
• Assessing the trends of change and preparing marketing plans to suit the future changes.

Thus, consumer behaviour includes the "what-where-why-when and how" of the purchase and experience process. The study of consumer behaviour investigates and develops methods to quantify, forecast and influence the behaviour of consumer.

The field of consumer behaviour covers a lot of ground. It is the study of the process involved when individual or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. Consumers take many forms. Needs and desires are to be satisfied range from hunger and thirst to love, status or even spiritual fulfillment.
Although it is important for the firm to understand the buyer and accordingly evolve its marketing strategy, the buyer or consumer continues to be an enigma—sometimes responding the way the marketer wants and on other occasions just refusing to buy the product from the same marketer. The marketer provides stimulus is a combination of product, brand name, colour, style, packaging, intangible services, publicity and so worth. Consumer behaviour refers to the decision making process by which consumers interact with their environment and the actions they take in the market place. It also consists of the factors influencing the consumer decisions and actions. In this process, two activities take place on the part of the buyer: -

1) The thought process that analyses and decides what to buy, when to buy etc and
2) The resultant activity i.e. accepting and rejecting a product.

Moreover, the behaviour need not be the result of a single buyer's behaviour but may be the sum total of the behaviour of a number of people. For e.g. - a patient might be the actual consumer of vitamin; the relatives go out and buy the vitamin and the brand or product decision makes the study of buyer behaviour complex.

The term 'customer' is specific in terms of brand, company or shop. It refers to person who customarily or regularly purchases particular brand, purchases a particular company's product or purchases from a particular shop. Thus a person who purchases ice-cream from Quality Walls is a customer of these companies. Whereas the 'Consumer' is a person who generally engages in the activities - search, select, use and dispose of products, service, experiences or ideas made by the doctor. Here, though the patient is real consumer, his behaviour or desires never come into the picture but decisions are taken by a third party.

1.8 Characteristics of Consumer Behaviour

(a) Behaviour has an object:
In conducting behaviour research, it tends to be objecting specific. For e.g. If the researcher is interesting in learning consumer’s behaviour toward branded food products, the “Object” might include brands of food product like ice-cream has brands Amul, Mother Diary, Cream bell, Kwality walls etc.

(b) Behaviour is a learned predisposition:
There is a general agreement that behaviour is learned. This means that behaviour relevant to purchase behaviour are formed as a result of direct experience with the product, word of mouth information acquired from others or exposure of mass-media advertising, the internet and various forms of direct marketing (e.g. a retailer’s Catalog). It is important to remember that although attitude may result from behaviour, they are not synonymous with behaviour. Instead, they reflect either a favourable or an unfavourable evaluation of the attitude object.

(c) Behaviour has Consistency:

Another characteristic of behaviour is that they are relatively consistent with the behaviour of the consumer that they reflect. However, despite their consistency, behaviour is not necessarily permanent, they do change.

(d) Behaviour occurs within a situation:

“Situation” means events or circumstances that, at a particular point of time, influence the relationship between attitude and behaviour. A specific situation can cause consumers to behave in ways seemingly inconsistent with their attitudes. For instance, it is assumed that Ram purchases a different brand of ice-cream each time he runs low. Although his brand switching behaviour may seem to reflect a negative behaviour or dissatisfaction with the brands he tries, it actually may be influenced by a specific situation. For example, he wishes to economize. Thus, he will buy whatever is the least expensive brand and it is not a matter of a negative behaviour. The opposite can also be true clearly when measuring behaviour, it is important to consider the situation in which the behaviour takes place or it can misinterpret the relationship between attitude and behaviour.

(e) Behaviour has Direction, Degree and intensity:

Behaviour expresses how a person feels toward an object. It explains (i) direction - the person is either favourable or unfavourable toward for or against the object. (ii) degree – how much the person other likes or dislikes the object and (iii) Intensity- The level of sureness or confidence of expression about the object or how strongly a person feels about his or her conviction. Attitude is an important variable in individual behaviour. It refers to beliefs, feelings and behavioural tendencies of people toward objects, people and ideas. ABC Model seeks to better explain the nature of behaviour.

A= affective – feeling

B= Behaviour – action tendencies
Cognition – beliefs and opinions.

Consumers are classified as under according to their buying pattern:

1. **Habit Determined Group**: It is that class of buyers who habitually buy any product of specific brand because he is fully satisfied with the utility of that product or brand.

2. **Cognitive Group**: It is that class of buyers who are influenced by the conscious claims and their buying behaviour is based on those claims. For e.g., some buyers are price cognitive and their behaviour is based on the price of the product on saving they made.

3. **Emotional Sector Group**: It is that class of buyers who are much affected by the image and features of the products.

4. **New Group**: It is a group of those persons who still have not made psychological decision.

### 1.9 Nature of Indian Consumers

Majority of Indian consumers are not in a position to understand correctly, the Implication of trade and price policies followed by the trader. Mostly, they have lethargic behaviour. In urban areas, the consumers are more vigilant and authority cautions to contain the grievance of urban people whereas the rural people are disorganized and they do no create enough pressure for administration. In nutshell, the qualities of India consumers are as follows:

1. Low literacy.
2. Indian consumers expect guarantee and after sale service.
3. Rural resident in most of the cases.
4. Bargaining trends in also.
5. Ignorant of his right as consumer.
6. Ladies purchaser is mostly.
7. Low paying capacity.
8. Best product in cheapest price.
10. Least botheration about quality for standards.

### 1.10 Importance of Consumer Behaviour
Marketing research is often concerned with behaviour of the consumers. If the behaviour of the consumer towards a company or its product is unfavourable, the Company will not be able to sustain itself for too long. It is therefore, in the interest for company to ensure that people have a favourable behaviour towards its product. However, this by itself is not enough. The company must also preferences to the consumers. Thus, a study of behaviour becomes very relevant to marketing researchers.

Take the case of a researcher who wants to know consumers behaviour towards branded food product. For this purpose, he may have to undertake research on buying pattern of consumers. By observing consumers as they buy goods, he can learn their preferences for a particular brand. Apart from this direct observation which would need a long time he may embark upon a behavioural survey. This would reveal the likes and dislikes of the consumers in respect of a certain brand or brands, which would be extremely helpful to the researcher.

**1.11 Determinants of Consumer Behaviour**

Consumer is a human being and the behaviour of human being is never static. It goes on changing with the change in factors affecting the consumer behaviour which are known as determinants of consumer.

(a) **Economic Determinants:**

Economic scientists were the first among social scientists to study consumers and their behaviour provided the detail about the solutions of the consumer and consumption pattern. It includes personal income, disposable income, discretionary Income, family income, income expectations, consumer credit, standard of living, government policy, economic conditions.

(b) **Sociological Determinants:**

Consumer is a social being. Many social factors influenced his behaviour. The study of sociological factors provides certain clues to why a consumer behaves in a particular manner. Social scientists explain the behaviour of a group of persons and the way in which it reflects while purchasing a product. These groups of persons are (i) Family (ii) Reference group (iii) Opinion leader (iv) Social class (v) Culture. All of these parties are helpful in understanding the consumer behaviour.

(c) **Psychological Determinants:**
Psychology has contributed much to understand the consumers. Psychology explains how consumers learn about a product and how they can recall from the memory and develop the buying habits. Psychologists have also provided certain clues as to why a consumer behaves this way or that way. The buying decisions are affected by certain psychological factors such as motivation, perception, learning, beliefs, behaviour and basic needs.

(d) **Personal Determinants:**
The personal factors of an individual such as his age, income, occupation, life cycle stage, education etc. are important determinants of an individual buying behaviour. The income level determines the expenditure of a person. Lifestyle reflects the manner in which a person lives and spends his time and money. It is a behavioural concept that will enable a marketer to understand and predict the consumer’s behaviour.
Consumers may be businessmen, professionals and employed persons. Professionals may further be sub divided into Doctors, C.A.s, lawyers etc. Employed persons may be classified as clerks, officers, teachers, executives, judges and army personnel’s. Their need, behaviour and preferences are differing in all situations. Therefore, all manufacturing houses or others today make an effort to maintain contacts with their consumers, as far as possible. One such attempt was done through this survey which was conducted by researcher. To assess the true feelings of the consumers and in order to avoid bids in the response of the consumer, the project was focused not on the brand that the company is sponsoring but only, “Branded Food Products.” The theme of the survey was to study the behaviour of consumers towards branded food products.

**1.12 Consumers Buying Process**
Every day each of us make numerous decisions concerning every aspect of our daily lives. Some decisions are to make without a very routine manner without stopping to think about how to make these decisions. Other decisions require a great amount of effort, thinking and even perhaps some discomfort. Marketers need to go beyond the various influences on consumers and develop an understanding of---

- Who makes these decisions?
- Where are these decisions made?
- The different types of buying decision.
Buying process is the decision – making process leading to purchase decisions.

**Need Recognition** means awareness of a want, a desire as consumption problem without this satisfaction the consumer normally builds up tension. It means buying process starts when a person begins to feel that a certain want or desire or consumption problem has arisen and it has to be satisfied.

The next stage in the buying process is the **Information search.** Now, consumer tries to solve it, gathers the sources and information about the product. Recognized needs can be satisfied promptly when the desired product is not only known but also easily available, e.g. water to satisfy thirst.

After collecting the required information, a customer enters the next stage of **evaluation of alternatives.** The evaluation stage represents the stage of mental trial of the product on the basis of the evaluation behaviour of consumers; the marketer can improve or modify the product and segment the market on the basis of product attributes.

After evaluation of alternatives the consumer/ buyer enter the next stage in which he finally takes the **purchase decision.** Normally, a consumer buys the product he likes most.

The last but not the least important stage of buying process is the **post purchase experience and behaviour.** It refers to the behaviour of a buyer after buying the product. It is indicated in terms and satisfaction. This behaviour is reflected in repeating purchases or discontinuation of purchases.

### 1.13 Theories of Consumer Behaviour

Theory of consumer behaviour describes how consumers buy different goods and services. Furthermore, consumer behaviour also explains how a consumer allocates its income in relation to the purchase of different commodities and how price affects his or her decision. The theories of consumer behaviour are based on the assumptions rational consumer, budget constraints and consumer preferences. There are two theories that seek to explain consumer behaviour. These are the utility theory and the indifference preference theory.

1. **Utility Theory**
The utility theory explains consumer behaviour in relation to the satisfaction that a consumer gets the moment he consumes a good. This theory was developed and introduced in 1870 by a British Economist, William Stanley Jevons. When we speak of utility, we refer to the satisfaction or benefit that a consumer derives of his consumption. The utility theory of demand assumes that satisfaction can be measured. The unit of measure of utility is called utils.

The fundamental assumption of utility theory of demand is that the satisfaction that a person derives in consuming a particular product diminishes or declines as more and more of a good is consumed. In other words, as successive quantity of goods is consumed, the utility we derive diminishes. This is called the law of diminishing marginal utility.

(2) Indifference Preference Theory
Another theory explaining consumer behaviour is the indifference preference theory. Economist Wilfred Pareto developed this modern approach to consumer behaviour. Under this analysis of consumer behaviour is described in terms of consumer preferences of various combinations of goods and services depending on the nature, rather than from the measurability of satisfaction in our previous discussion of the utility theory. Under the latter theory, consumer's taste and preferences were presented by the way of total and marginal utility.

An indifference curve is a locus of points each of which represents a combination of goods and services that will give equal level of satisfaction to a consumer.

1.14 Types of Consumer Buying Behaviour
Consumer buying behaviours are determined by certain factors:

- Level of involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyer’s level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.
- High involvement purchases- high priced goods, products visible to others and the higher the risk the higher the involvement. Types of risk:
  a. Personal risk
  b. Social risk
c. **Economic risk**

On the basis of these determinants the consumer behaviour is grouped into four types:

- **Routine Response/Programmed Behaviour**—buying low involvement. Frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.

- **Limited Decision Making**—buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps, requires a moderate amount of time for information gathering. Examples include Clothes—know product class but not the brand.

- **Extensive Decision Making**—Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend a lot of time seeking information and deciding. Information from the companies, friends and relatives, store personnel etc. go through all six stages of the buying process.

- **Impulse buying**—no conscious planning. The purchase of the same product does not always elicit the same buying behaviour. Product can shift from one category to the next. For example: Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

**1.15 Factors Affecting Consumer Buying Decision Process**

A consumer, making a purchase decision will be affected by the following three factors:

(a)**Personal Factors**

It includes demographic factors like Sex, Race and Age etc who in the family are responsible for the decision making. Young people purchase things for different reasons than older people.

(b)**Psychological Factors**

Psychological factors include the following terms:
• **Motives**—A motive is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal. Actions are effected by a set of motives, not just one. If marketers can identify motives, then they can better develop a marketing mix. 

MASLOW hierarchy of need includes:

- Physiological Needs
- Safety Needs
- Love and Belonging Needs
- Esteem Needs
- Self-Actualization Needs

• **Perception**—What do you see? Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. If we select some information we pay attention to it, organize it and interpret it. Information inputs are the sensations received through sight, taste, hearing, smell and touch.

  - Selective Exposure—select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).
  - Selective Distortion—Changing/twisting current received information, inconsistent with beliefs.

• **Ability and Knowledge**—Need to understand individual’s capacity to learn. Learning changes in a person's behaviour caused by information and experience. Therefore, to change consumers' behaviour about your product, need to give them new information of product like free sample etc. Learning is the process through which a relatively permanent change in behaviour results from the consequences of past behaviour.

• **Attitudes**—Knowledge, positive and negative feelings about an object or activity—may be tangible or intangible, living or non-living drive perceptions. Individual learns attitude through experience and interaction with other people. Consumer attitude towards a firm and its products greatly influence the success or failure of the firm's marketing strategy.

• **Traits**—Trait affects the way people behave. Marketers try to match the store image to the perceived image of their customers. There is a weak association between personality and buying behaviour; this may be due to unreliable measures. Consumers buy products that are consistent with their self-concept.
Lifestyles—Recent US trends in lifestyles are a shift towards personal independence and individualism and a preference for a healthy, natural lifestyle. Lifestyles are the consistent patterns people follow in their lives. Example: healthy food for a healthy lifestyle.

Social Factors
Consumer wants, learning, motives etc. are influenced by opinion leaders, person's family, reference groups, social class and culture.

- **Opinion leaders**—includes Spokespeople etc. Marketers try to attract opinion leaders; they actually pay spokespeople to market their products.

- **Roles and Family Influences**—Role means anything you should do based on the expectations of you from your position within age group. People have many roles—husband, father, employer/employee. Individuals role are continuing to change therefore marketers must continue to update information.

Family is the most basic group a person belongs to. Marketers must understand:
- that many family decisions are made by the family unit
- consumer behaviour starts in the family unit
- family roles and preferences are the model for children's future family (can reject/alter/etc)
- family buying decisions are a mixture of family interactions and individual decision making
- Family acts an interpreter of social and cultural values for the individual.

The Family life cycle: families go through stages; each stage creates different consumer demands.

- **Reference Groups**—individual identifies with the group to the extent that he takes on many of the values, attitude or behaviour of the group members.

- **Families, friends and professional organizations**—Any group that has a positive or negative influence on a person’s attitude and behaviour.

- **Social Class**—An open group of individuals who have similar social rank. US is not a classless society Social class influences many aspects of our lives. Social class determines to some extent the types, quality and quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping; do not engage in much pre purchase information gathering. Stores project definite class images. Family, reference groups and
social classes are all social influences on consumer behaviour. All operate within a larger culture.

- **Culture and Sub-culture**—Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Cultural values in the US are—good health, education, individualism and freedom. In American culture time scarcity is a growing problem, it changes in meals, big impact on international marketing. Culture can be divided into subcultures like geographic regions different society, different levels of needs, different cultural values.

### 1.16 Consumers Problems in India

Indian economy is an agriculture economy. Majority of population lived in villages and small towns, people are illiterate or less educated, suffering from poverty. On the other hand, with the increase in urbanization, expansion of education, transfer of labour towards industries is changing the consumption pattern of Indian economy.

Indian consumers are very fond of **bargaining**. They prefer buying goods by reducing the prices as told by the seller. They purchase low priced product, knowing their low quality because they are price conscious.

Because of less education facilities majority of the rural population are still unaware about standard brand names of the product. They are concerned with the product and not with its brand name as they are **unconscious about brands**.

The **role of women** is increasing day by day particularly in buying decisions. Women are generally interested in varieties and prefer good looking products. Due to **Diversity** in social system, customs, religion, language, food habits, cultures, subcultures etc, the behaviour of Indian consumers is not uniform.

Indian consumers are **less complaining** people. They think that if some seller cheats them, then God will punish him. They do not know the laws and rights of the consumers. They are innocent and illiterate.

Indian consumers like to buy the products on **credit**, because their disposable income is less to fulfill the demand for consumer durables. In spite of this these consumers are more
interested in guarantee and warrantee.

1.17 Brands
Every more firms and other organizations have come to the realization that one of their most valuable assets is the brand name associated with their products or services. In our increasing complex world, all of us, as individuals and as business managers, face more choices with less time to make them. Thus a strong brand’s ability is necessary for simplifying consumer decision making and for reducing risk.

Meaning of Brand
Branding has been around for centuries as a mean to distinguish the goods of one producer from those of another. In fact, the word Brand is derived from the old nose word brand, which means “to burn”. Still brands are the means by which owners of live stock mark their animals to identify them. At a very basic level, branding means stamping a product with a particular name or sign. It is done in order to differentiate one’s product from other product in the market.

According to the American Marketing Association (AMA) (1960),³ a brand is a “name, term, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” Technically speaking, whenever a marketer creates a new name, logo or symbol for a new product he or she has created a brand.

For a Company/ marketer brand is: -

- Relationship – how people connect to them and they connect to people.
- The brand value reflects how their name is perceived.
- The meaning and value of brands are used to develop an effective marketing mix.
  (What are they saying? To whom? And do the people believe them?)
- Brand is the route to establishing trust.

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A brand is a name, term, sign, symbol or design used to identify the products of one firm and to differentiate them from the products of the competitors. A brand or a trade mark is an integral part of the symbol appearing on the product. A buyer identifies the product with the brand name and seller gets a chance to earn goodwill in the market.

Brand provides physical identification, legal protection and basis for promotion. The physical identification is important in shopping, sorting, grading etc. That’s why, the use of brand for the products and services increasing day by day.

Dals or pulses are usually sold loose in the market. Dals are known by their different types like Masoor ki Dal, Urad ki Dal. These names are not brand name when a company takes Masoor ki Dal and put it into a packet it will need to give the Dal a special name. It needs to do this so that the customer doesn’t confuse the Dal in that particular packet with the Dal i.e. sold loose. They decide on a name like ‘Top Taste Dal’. This naming of the product is called ‘branding’.

Before we proceed to understand brands, let’s get a definition for Brands. According to Dictionary of Business and Management, Brand is, “a name, sign or symbol used to identify items or services of the sellers and to differentiate them from goods of competitors.”

According to Philip Kotler and Gray Amstrong⁴ a brand is defined as a “name, term, sign symbol (or a combination of these) that identifies the maker or seller of the product.

Therefore, Brand can be anything, a name, sign or any symbol that will help a customer to identify one product from another. This is so true because from this we know that the products are not brands. It also helps to understand the fact that brand is a person’s perception of the product or service in question.

Brand is not only convenient for businesses for repeated customer purchase but also easier for customers to filter out the countless generic items. Brand gives consumers the reason to buy it and wastes less time for consumer to choose. There are ways to improve a brand from advertising such as viral campaign online advertisements, print advertisements and commercials advertisements. Another way is to improve your product or services that will reinforce the brand.

The term ‘brand’ is associated with a product that has a unique, consistent and well-recognized character e.g. Tata tea, Vadilal ice cream. These brands build up images in the minds of consumers. Large organisations work hard to raise the power and status of their brands and guard them carefully against unlicensed use or unfair imitation.

A brand usually carries a logo or trade mark by which it is recognised. Many shoppers can easily identify biscuits, chips, tea; it is the brand which is drawing them towards the product. Developing a corporate brand is important because a positive brand image will give consumers and other interested stakeholders confidence about the full range of products and activities associated with a particular company.

1.18 Origin of Brands

Before the industrial revolution most of the products used around the home, were made in that home. Branding actually came from cattle grazing. Cattle of different owners grazed together in ranches and they often got mixed up. The owners thought of a solution, they started marking their cattle with the owner’s sign by using a beated Iron. This is called ‘Branding’ The average person would just buy the raw material needed and make it himself with the onset of mass production. However, in the 1800’s most household products could be purchased in a store, saving the person time that could be spend working and earning more money, then that spent on making whatever was needed. That’s when advertising and competition began to really affect business. People confronted by a variety of different manufacturers only had guesses to go on as to which is best. They would often choose by presentation as that was as good as any other factor that could be seen. The presentation would soon, after trial and error is fitted with a reputation and gain an image therefore, be a Brand.

The original motivation for branding was for craftsmen and others to identify the fruits of their labors so that consumers could easily recognize them. Goldsmith and silversmith were also required to mark their goods, both with their signature or personal symbol and with a sign of the quality of the metal.
1.19 Importance of Brands

An obvious question is why brands important? What functions do they perform that make them so valuable to marketers and consumers? It will take a couple of perspective to uncover the value of brands to both consumers and firms themselves.

For Consumers
- Identification of Source of product.
- Assignment of responsibility to product maker.
- Reduces risks.
- Search cost reduces.
- Promise bond.
- Symbolic device.
- Signal of quality.

For Manufactures
- Means of identification to simplify handing or tracing.
- Means of legally protecting unique features.
- Signal of quality level to satisfied customers.
- Means of endowing products with unique associations.
- Source of competitive advantage.
- Source of financial return.

Building strong and lasting relationships with customers and the communities in which the businesses reside as well as with their own employees seems to be (or should be) the focus of many companies. Just as there are many branding techniques, there are also many different uses for branding. Here are the seven common types of branding.

- **Corporate Branding** – Making the promise of quality products, service and delivery to customers. The intent is to attract new customers and create loyalty in past customers. Corporate branding is nothing new; it’s been around as long as competition between businesses has existed.
• **Employer Branding** – its focus is on employees to understand the vision, mission, goals, products and services of the company. It is designed to educate employees in order for them to uphold the corporate brand to their customers. The employer branding may be required and essential to a competitive business.

• **Cause Branding** – It is an attempt to attract customers by associating the company with a cause or purpose that potential customers would find beneficial to their personal goals or in line with their values. This might be a percentage contribution of company sales to charitable organizations or donations to nature.

• **Co-Branding** – This is becoming more familiar to the consumer all the time. E.g.: banking facilities within grocery stores. This branding falls in the “one-stop shopping” category.

• **Spirit Branding** – This hit the consumer market big time by selling soft drinks with the slogan of I’d like to teach the world to sing. It’s that “get a good feeling” from using our product approach. The world looks brighter and things just go better when you start your morning off with our product.

• **Community Branding** – A company by showing the collective good done for the community in which it and its employees reside. This branding can include company and employee outreach programs to help the needy, support the elderly, contribute to public education or provide emergency relief and jobs for the unemployed. It’s a promise to the people in the community that company will be a beneficial partner to them.

• **Culture branding** – Culture branding is making promises to employees concerning their working environment and relationship to their leaders and managers. In this case, “promises” are different from guarantees and opportunities which they are offered in employment agreement.

**1.20 Traditional Versus Modern Brand**

In the past producers and intermediaries sold their goods out of barrels, bins and cases, without any supplier identification. Buyers depend upon the seller’s integrity. The earliest signs of branding were requiring crafts people to put trade marks on their products to protect themselves and consumers against inferior quality.

Today, branding is such a strong force that hardly anything goes unbranded so called
commodities does not have to remain commodities. Salt is packed in distinctive container; oranges are stamped with grower’s name.

**Branded food products** - such as ice-cream, chips, tea etc. are increasing being sold under strongly advertised brand names. In the past years, consumers viewed the brands in a category arranged in a brand ladder, with their favourite brand at the top and remaining brands in descending order of preference. There are now signs that ladder is being replaced with a consumer perception of brand parity. Instead of a strongly preferred brands, consumers buy from a set of acceptable brands, choosing whichever is on sale that day.

**Just Logo is Not Branding**
Just Logo is not branding, branding is more than that. Actually if the marketers are able to send the brand message to the customers without the presence of the logo; the marketers are on the right way. But it can’t say that a logo is not needed. It is a track by which customers are able to know about their brand.

### 1.21 Difference between Trademark and Brand

Trademarks and brand names are essentially the same thing. The only difference between the two is that a trademark is registered with the U.S. Patent and Trademark Office. Registration of a brand name as a trademark affords the owner of that trademark legal recourse if someone else uses that name. Small businesses often confuse trade names with trademarks. Specifically, many companies incorrectly assume that once they have chosen a business name and registered that name with their state of incorporation. They have unlimited rights to the name in connection with their business. This is a dangerous assumption and can be so costly it can literally sink a business.

### 1.22 Importance of Branded Food Products

Branding is essential to bring the immediate attention of the consumers and make it distinctive in the eyes of the consumers. It helps to create goodwill of the firm as well as to gain the goodwill of the consumers. Brands help the consumers by different ways. Brands help in distinguishing and differentiating the products of different manufacturers. Thus, a lot of time and efforts of the consumers are saved in shopping for goods and services.
The manufacturers, who use a particular brand for their products, always keep themselves busy on imposing the quality of their product because they want that the demand for their product should go on increasing. Thus, Branded products (Like Vadilal Ice-cream, Lipton Tea etc.) are always quality products.

The prices of standard brands do not fluctuate much; therefore, it brings certainty in prices. Even the distributors cannot charge high prices. Even the distributors cannot charge high prices because prices are usually printed on the containers or packing.

The popularity of the brand provides satisfaction of prestige and status to the consumers. Therefore, the consumer prefers to buy only prestigious branded food products. Consumers also receive mental satisfaction when they use the product of superior or prestigious food brand.

Generally, Guarantee is provided in branded products regarding their usefulness. Brand provides legal protection to consumers against unfair trade practices.

The packing of the products of standard food brands is always of high quality. The brand name and all other relevant futures of the product are printed on packing itself. It distinguishes the goods of different producers and this fact enables the consumers to select their products quite easily and conveniently.

1.23 Rationale of the study

Today, many companies are focusing on building customer relations. Besides, this reputation of the company is build around the popularity of its brand. Moreover, the choice of the consumers for a particular brand is a function of many variables which affect their buying decisions. Besides, the background of the respondents consumer demographic features play an important role in determining consumer behaviour.

Considering the importance of branded food product, the present study examines the consumer behaviour towards branded food products. Thus, the focus of the study is to know about all those information that reflects the behaviour of consumers towards branded food products like consumer brand awareness, brands availability and brand preference and in case of non-availability alternative actions taken by consumers.
1.24 Conclusion

The above discussion explains that marketing originates from needs which create demand. Marketing concept is about matching a company's capabilities with customer needs. It has travelled a long way from production era to mobile marketing era. It helps to boost up sales and the reputation of the company. Increase in sales is also affected by consumer behaviour. In the above discussion, various aspects of consumer behaviour and its economic, social, psychological and other aspects have been highlighted. Besides, the role of brand in marketing and importance of branded food products has been discussed in detail.