CHAPTER II

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INTRODUCTION

For the proper understanding of any study, the definitions for some of the concepts must be very clear. It is with that view in mind. Some of the concepts relating to the subjects of enquiry are defined in this section.

MARKET

Market is a place where buyers and sellers meet. Products or Services are offered for sale and transfer of ownership occur.

MARKETING

It is the process of planning and executing the consumption, pricing, promoting and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

PRODUCT

Alderson defines, "A product is a bundle of utilities consisting of various features and accompanying services".

Standon defines, "A product is a salt of tangible and intangible attributes, including packaging, colour, price, manufacturer’s prestige,
retailer’s prestige and manufacturer’s and retailer’s services, which the buyer may accept as offer satisfaction or wants or needs.

BRAND

A brand is a name, term, sign, symbol or design or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors.

CONSUMERS

Consumers are people in families and other kinds of households who buy and use products and services in order to satisfy their personal needs and wants.

CONSUMER MARKET

It consists of all the individuals and households who buy or acquire goods and services for personal computation.

ADVERTISING

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.
CONSUMER BEHAVIOUR

Consumer behaviour is defined as the act of individual in obtaining and using goods and services including the decision process that proceeds and determine the acts.

Walters and Paul says that, "consumer behaviour is the process where by individuals decide what, when, where, how and from whom to purchase goods and services.

Sherlekar defines consumer behaviour as "all psychological social and physical behaviour of potential consumer as they become aware of, evaluate, purchase, consumer and tell others about products and services".

CONSUMERS ARE TWO TYPES

(a) Individual consumers who buys goods and services to satisfy his personal or household wants.

(b) Industrial customer who buy products and services either to use in making other goods and services and to use in his own business.

IMPORTANCE OF CONSUMER BEHAVIOUR

Modern marketing is customer – oriented. Therefore, the study of consumer behaviour is vital in framing production, policies, price policies. Decisions regarding channel of distribution and above all decisions regarding sales promotion.
(i) PRODUCTION POLICIES

The consumer behaviour gives an insight into the various factors, which prompt him to purchase and like a particular product. It is known that it is the packing which attract the buyer then the producer will pay special attention to the packing of his products thus consumer behaviour helps a great deal in formulating production policies.

(ii) PRICE POLICIES

The buyer behaviour is equally important in having price policies. The buyer of some products purchase only, because particular articles are cheaper than the competitive articles available in the market. In such a case the price of such products cannot be raised on the other hand, some other articles are purchased because it enhances the prestige and social status of persons. The price of such things can easily be raised. Some articles are purchased under particular attitudes and emotional such as Khadi Garments. Price of articles purchased under emotional motives can also be raised.

(iii) DECISION REGARDING CHANNEL OF DISTRIBUTION

The goods, which are sold and purchased solely on the basis of low price, must have cheap and economical distribution channels. In case of those articles which are require service after sale such as television sets must
have different channels of distribution are taken on the basis of consumer behaviour.

(iv) DECISION REGARDING SALES PROMOTION

A study of consumer behaviour is also vital in making decision regarding sales promotion. It enables the producers to know what motive prompt buyer to make purchases and the same are utilized in advertising media to awaken desire to purchase. The marketer to take decision regarding brand, packaging, discount, gifts, etc., on the basis of consumer behaviour for promoting sales of his products.

FACTORS INFLUENCING CONSUMER BEHAVIOUR

The influences that determine the behaviour of the individual buyers can be grouped into:

(a) Individual factors,
(b) Social factors,
(c) Cultural factors and
(d) Psychological factors
(a) INDIVIDUAL FACTORS

A buyer’s decisions are influenced by personal characteristics. Such as the buyers are and life style stage, occupation, economic situation and life style.

(i) OCCUPATION

A person’s occupation affects the goods and services bought marketing try to identify the occupational groups that have an average interest in their products and service. A company can even specialize in marketing product need by a given occupational groups.

(ii) ECONOMIC SITUATION

A persons economic situation will greatly affect product choice, marketing of income sensitive goods closely watch trends in personal income, savings and interest rates, if economic indicators point to a recession, marketers can take steps to redesign, reposition and re-price their products.

(iii) LIFE STYLE

People coming from the same sub-culture social class and even occupation, may have quite different life styles. Life style is a person pattern of living as expressed in his or her activity interests and opinion. Life style captures something more than the persons social class or personality. It profiles a person’s whole pattern of acting and interacting in the world.
(b) SOCIAL FACTORS

A consumer's behaviour is also influenced by social factors. Such as the consumer's small groups, family and social roles and status. Because these social factors can strongly affect consumer's responses, companies must take into account when designing their marketing strategies.

(i) GROUP

A person's behaviour is influenced by many small group. Groups which have a direct influence and to which a person belong are called membership groups. Some are primary groups with whom there is regulate but informal interaction such as family, friends, neighbors and co-workers. Some are secondary group, which are more formal and have less regular interaction. They include organization such as religious, goods, professional associations and trade unions.

(ii) FAMILY

Family members can strongly influence buyer behaviour. The buyer parents make up the family of orientation. The family is the most importance consumer organization in society.
(iii) ROLE AND STATUS

A person belongs to many group and family club organization. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the persons around them. Each role carries a status reflecting general esteem given to it by society.

(C) CULTURAL FACTORS

Cultural factors even broadest and deeps influence on consumer behaviour. The cultural factors are culture, sub-culture and social class.

(i) CULTURE

It is the basis cause of a persons wants and behaviour. Marketers are always trying to spot cultural shift in order to imagine new products that might be wanted.

(ii) SUB-CULTURE

Each all contains smaller sub-culture, or group of people with shared value system based on common life experiences and situations, nationality groups, religious groups, social groups and geographical areas are distinct. Sub culture with characteristic life styles many of these sub-cultures make
up important market segment and marketers after design products and marketing programme tailored to the needs of the segments.

(iii) SOCIAL CLASS

Almost every society has some form of social class structure. Social classes are relatively permanent and ordered divisions and in a social society whose members share similar values, interests and behaviour, social class is not determined by a single factor such as income is measured as a combination of occupation income, education, wealth and other variables.

(d) PSYCHOLOGICAL FACTORS

A person's buying choices are influenced by four major psychological factors i.e.

(i) Motivation
(ii) Perception
(iii) Learning and
(iv) Belief and Attitudes

(i) MOTIVATION

A person has many needs at any given time. Some needs are biological arising from states attention such as hunger, thirst or discomfort; other needs are Psychological arising from the need recognition esteem or
belonging. A need becomes a motive, when it is aroused to a sufficiently level of intensity. A motive is a need that is sufficiently pressing to direct the person to seek satisfaction.

(ii) LEARNING

Learning describes changes in an individual behaviour arising from experience. Learning occurs through the interplay of drives, stimuli, response and reinforcement. The practiced significance of learning theory or marketers is that they can build demand for a product by associating it with strong drives using, motivating cues and providing positive reinforcement.

(iii) PERCEPTION

A motive is a drive or force, which activates behaviour in order to satisfy that, aroused need, i.e., the motive. Perception is the meaning we give on the basis of our past experience. To perceive is to see, to hear, no touch, to taste, no smell and to sense something or event or relation and to organize, interpret and find meaning in the experience. Our sense perceives the colour, shape, sound, smell, taste, etc., of the stimulus.
(iv) BELIEVES AND ATTITUDES

A belief is a descriptive through that a person has about something. An attitude described a person’s relatively consistent evaluations, feelings and tendencies towards an object or idea. Attitudes put the people into a frame of mind of liking or disliking things moving towards or away from them.

BUYING MOTIVES

Buying motives are defined as, “those influence of considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or services.

A motive can be defined as a drive or an urge that for which an individual seeks satisfaction through the purchase of something.

Buying motive broadly speaking individuals are, motivated to buy external and internal factors. According to the motive may be external motive and internal motive.

External motives are outside one self. A consumer is the product of his environment. Hence man’s attitudes and behaviour influences his culture and various factors like income, occupation, religion, culture, the family and social environment act as motives.
Internal motives often originate in the minds of the people and are both physical and psychological in nature. They are broadly classified into two classes.

(a) Rational buying motives
(b) Emotion buying motives

(a) RATIONAL BUYING MOTIVES

Which are based on logical reasoning or thinking. They include the immediate monetary cost but also long range costs affecting the buyers such as durability depreciation, length of usage, degree of labour needed and ultimate benefits.

(b) EMOTIONAL BUYING MOTIVES

Which are based on personal feelings and cover a wide range of irrational motives, including impulse, instincts, habits and drives are varied in nature.

BUYING DECISION PROCESS

The buying decision process consists of

1. Recognition of an unsatisfied need
2. Identification of alternatives.
3. Evaluation of alternatives
4. Purchase decision, and
5. Post purchase behaviour

1. RECOGNITION OF AN UNSATISFIED NEED

When a person has an unsatisfied need the buying process being to satisfy the needs. Generally the unsatisfied need leads to tension. The nature of the want indicates the speed with which a person moves to fulfill the unsatisfied want, which is of high processing need on the basis of need and it is urgency forms the order of priority marketers should furnish the information of selling points.

2. IDENTIFICATION OF ALTERNATIVES

Different alternatives are available in the market. The consumer must know the brand of the product, which gives maximum satisfaction. And the person has to search out for relevant information of the product, brand, location etc. There are many sources, friends neighbors etc., and the market, salesman, advertising display, sales promotion, newspaper, television etc.

3. EVALUATION OF ALTERNATIVES

This is a critical stage, especially with regard to the costly items. Consumer have different views on different alternatives. The attributes taste, colour, price, durability etc., have different preferences. All the details of the
attributes are provided by the marketers. On the basis of attribute preferences say price, colour etc., consumers reduce the number of alternatives.

4. PURCHASE DECISION

By considering the likes and dislikes of alternatives, one is about to take a decision as to buy or not to buy. One will consider with reference to product, type, price, quality etc. A seller can facilities such consumers to understand the product through advertisements.

5. POST PURCHASE BEHAVIOR

Feed back information is important as far as a seller is concerned. A brand preference naturally repeats sales to a marketer. A satisfied buyer is a silent advertisement. If the purchased brand fails to give the expected satisfaction to the buyer, it is affects the sales negatively. A satisfying experience of a buyer tends to strengthen the brand preference.

CONSUMER BEHAVIOUR AND CONSUMPTION BEHAVIOUR

Consumer behaviour relates to and individual person (Micro behaviour). Where as consumption behaviour relater to the mass or aggregate of individual (Macro behaviour). The study of consumer behaviour always focuses on the decision process of the individual consumer
or consuming unit, such as the family. It includes all the efforts to describe and explain one or more acts of choice either at a given time or over a period of time.

Consumption is also shaped by the stage of family life cycle. Marketers often define their target markets as certain life cycle group and develop appropriate products and marketing plans.

CONSUMERISM

It is defined by Richard H. Buskirk and James as “organized efforts of consumers seeking redress, restitution and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living”.

Philip Kotler says the “Consumerism is not limited to organized efforts only, but it is a social movement seeking to argument the rights and power of buyers in relation to sellers”.

NEED FOR CONSUMER PROTECTION

Marketing is increasingly impersonal consumer choice is influenced by mass advertising using highly developed arts of persuasion. The consumer typically cannot know whether drug preparations meet minimum standards of safety, quality and efficacy. He usually does not know how much he pays for consumer credit.
Whether one prepared food has more nutritional value than other; whether the performance of a product will in fact meet his needs and expectations or whether the “large economy size” is really a bargain. Hence, we need consumer protection.

(i) We need physical protection of the consumer, for instance, protection against products that are unsafe or endanger health and welfare of consumer.

(ii) We need protection of the consumer against deceptive and unfair trade practices. Consumer must have adequate rights and means of redress against business malpractices and frauds.

(iii) Ecological and environmental effects of chemical, fertilizers or refinery complexes will have to be seriously considered because they pollute water, air and food and endanger human life. Consumer wants due protection against all type of population. He wants enriched quality of life a beautiful healthy and peaceful environment free from pollution.

(iv) We must have adequate protection of consumer public against the abuse of monopoly position and or restrictive trade practices production delayed in protection denied.

Greater and free competition in the market is of definite advantage to the consumer. Competition can reduce prices, enhance quality and stimulate.
innovation in product mix and marketing mix innovation means progress
and progress means life, a prosperous life. Competition is the dispenser of
justice to the consumer and producer.

Consumer seeks protection, advice and information when his rights
are adversely affected. The shift from buyer beware to seller beware has
increased the role of government in promoting the consumer’s right to
safety, the right to be informal, the right to choose, the right to be heard, the
right to redress and right to represent. These consumers right constitute
consumer bill of rights.

In 1962 President John F.Kennedy in his consumer message, summed
up these rights of consumers and paved the way for organized consumerism
in the U.S.A. and all over the world. The programme for protection of
consumer interest as outline by J.F.Kennedy in 1962 placed unique
importance upon consumerism.

PROBLEMS OF BUYING

They are many problems in buying products the main buying
problems are as follows:
(1) WHAT TO BUY?

It is difficult to determine the quality, size, type and style of goods which will be liked by the consumers. It is very difficult to take a decision regarding these factors. It is not possible to buy goods to satisfy consumers wants, without finding the targets of the consumers. So a decision must be taken in a proper way make a list of the things that are to be bought considering what are preferred by consumers.

(ii) WHEN TO BUY?

The time to purchase the goods must be decided. The time factor plays o a vital role in this problem. Buying in correct time will give good profit correct purchasing will lead to correct supply to consumers.

(iii) WHERE AND HOW TO BUY?

The source from where purchase could be made is another problem. The availability of necessary products must be searched. There may be different places where the required products are available. There arises the selection problem from where we have to buy, we must select the place, where we can get good quality with minimum cost.
(iv) HOW MUCH TO BUY?

The quantity of goods needed must be known. Proper quantities of goods must be purchased for regular supply. As such maintenance of balanced inventory method must be adopted to supply goods regularly to the consumers.

(v) NEGOTIATIONS OF PRICES AND TERMS

This includes that the terms and conditions on which the good can be purchased. If the purchase price is less the negotiation of prices and terms of conditions are favourable. As a result is possible on the other hand, if the negotiation of prices and terms are not favourable, the selling price will increase and hence completion fails.

Thus there are many problems before getting the proper quality and quantity of goods and that too in time and at the proper place. Again there is the problem of getting the goods at the lowest costs if there is any problem of buying. We must consider the six R’S. the six R’S are right quality, right quantity, right price, right delivery, right suppliers and right place.

BUYING PATTERNS

According to the consumer products buying patterns may be discussed under three heads.
(i) CONVENIENCE BUYING PATTERNS

This type of pattern, little time is given to making the purchasing decision. The selections become a matter of habit and purchase is made at the most convenient location. Important features of these patterns are as follows:

(a) Articles bought on convenience basis are usually those that are bought frequency and of which the price is relatively low.

(b) Little attention is given to the purchase little effort is made in the purchase and shortest time possible is spent on the purchase.

(c) The presence of significance of fashion and fad are almost nil.

(d) Buying is generally done on impulse basis.

(ii) SHOPPING BUYING PATTERNS

The purchase made under this pattern is made only after a comparison of the competitive articles. The chief features of this pattern are as follows:

(a) There is more inspection involved in buying several stores are visited and competitive products are inspected for such characteristics as quality style, service arrangements and price.

(b) The comparison is undertaken because of an anticipated gain from the time and effort required for the shopping.
(c) The consumer lacks full knowledge of pertinent product feature before embarking upon shopping.

(iii) SPECIALLY BUYING PATTERNS

In this pattern, the consumer seeks out a particular location for the purchase of a product or brand having some particulars attraction other than price. The chief features of this pattern are as follows:

(i) Because of the extent of the differentiation in the product being sold, there is less shopping.

(ii) Mass marketing and extensive availability are not called for in the marketing plan.

(iii) The price becomes less important in the purchase decision.

(iv) The buyer accepts only that brand for which he has a liking and therefore he makes specials purchasing efforts of it.

CONSUMER GOODS

Consumer goods are those which are meet for direct consumption by ultimate consumers and households for examples car, television, radio, cycle, shoe, furniture, toys etc.
CHARACTERISTICS OF CONSUMER GOODS

1. CONSUMERS ARE NUMEROUS

Where there is a population, there exist market for these commodities. People of the whole world are buyers. Goods are manufactured to meet the day to day needs of the public the buyer of consumer goods are scattered and the markets are widespread. Because of the numerous buyers, it is not possible for the manufactures to deal directly with the buyers individually. Hence, the procedures of manufacture goods employ the middleman services wholesales and retailers through whom the distribution of goods is done.

2. PURCHASE IN SMALL LOTS

Generally the unit cost of consumer goods is low. People buy in small quantities for instance, paste, brush, soaps, hair oil, etc., such goods are available easily that too in any quantity. This is because of

(a) The goods are available at convenient place
(b) Most of the consumers are financially poor
(c) The goods can be purchased at frequent intervals in any quantity
(d) Locking up of capital is avoided determination of quantity is avoided.
3. MASS PRODUCTION

Consumer goods are manufactured in large scale. There are a few customers for industrial goods. The demand for the consumer goods is greater and such as large scale production is essential.

4. PRIMARY DEMAND

The world is progressing at the sometime human beings are also raising their standard of life. A scooter, which was formerly a luxury item, has now become a comfort item. People have more income, more advertising and other promotional methods, which induce them to raise their standard, accepting luxuries as if they are necessaries.

5. BUYERS ARE POORLY INFORMED

Consumers may buy varieties of goods through generally not interested in studying their characteristics. Manufacturers also do not inform the buyer consumers about the characteristics of the product consumers may not be experts in buying goods, the depend on the advice of the seller.

6. COMPLETION

When similar consumer goods are marketed these arises competition, competition may be with regard to price, quality, substitute products, etc. To
overtime stiff competitions manufactures adopt various methods through branding, packaging etc.

7. CHANGES OF FASHIONS

We may generally come across occasions of "clearance sales". This is because of fashion change. New developments arrive and new fashion comes in as a threat to the existing fashion.

8. PERSONAL CONSIDERATION GUIDE PURCHASE

Consumer goods must give satisfaction to the consumer conditions of sales home delivery, repair facility, fitting, guarantee, installation etc. have influence on the buying decisions when a person purchase a durable product he makes an enquiry as to the facilities, such as services after sales etc. available to him.

9. MANUFACTURES EXERCISES CONTROL OVER THE PRICE

Manufacture has complete control over the price of his products through the control of quality of quantity. The demand for the products depends upon economical conditions, size of populations, fashion, target etc.
10. BUYING MOTIVES

Consumers because of buying emotional motives buy consumer goods. This emotional motive may be of pride imitation, prestige, comfort, social status, affection etc.

CLASSIFICATION OF CONSUMER GOODS

(1) CONVENIENCE GOODS

Goods that the customer usually purchases frequently immediately and with the minimum effort are known as consumer goods. Low unit cost available at convenient places at frequent intervals with minimum effort etc. is important characteristics of consumer goods. Consumer goods are daily necessaries for human being for instance, cigarettes, newspaper, soap, sugar, tea, toothpaste, etc.

(2) SHOPPING GOODS

Shopping goods are consumers products consumers make comparison in the selection of products as to quality price style suitability etc., in several stores examples are cloth, furniture, radio, fan, etc.
(3) SPECIALITY GOODS

Specialty goods are these “goods with unique characteristics and or brand identification for which a significant groups of buyers are habitually willing to make a special purchasing effort” for example watches, cars, tap recorder, television etc.

CHANNELS OF DISTRIBUTION

According to channel of distribution a trade channels for products is the route through which goods move from the manufacturers or producers to the ultimate consumers

According to channel of distributions consists of many specialized marketing institutions that update to each other as sellers and buyers

In brief the type of distribution or channel for consumer goods are

1. Manufacturer to consumer
2. Manufacturer to retailer to consumer
3. Manufacturer to wholesalers to retailer to consumer
4. Manufacture through an agent to wholesalers to retailer to consumer
5. Manufacturer to wholesalers to consumer