CHAPTER - III

FACTORS INFLUENCING CONSUMER BEHAVIOUR:
A CONCEPTUAL FRAME WORK
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INTRODUCTION

Consumer behaviour is a subset of human behaviour. An understanding of consumer behaviour is essential in planning and programming the marketing system. Consumer behaviour refers to the behaviour of consumers in deciding to buy or not to buy or use or not to use or dispose of or not to dispose of the products which satisfy their needs. The term ‘consumer behaviour’ refers to the behaviour of both the personal consumer and the organizational consumer. The present study has made an attempt to study the behaviour of personal consumers. The personal consumer buys goods and services for his or her own use, for the use of the household or as a gift for a friend. In each of these contexts, the products are bought for final use by individuals, who referred to as end users or ultimate consumers.

The goal of the study of consumer behaviour is to properly describe, explain and ultimately predict human actions in the market place. Understanding the consumer behaviour is not an easy job because of the complexity involved. The difficulty is that fully understanding customers’ needs is often a costly and inexact process.
FIGURE 3.1

SIMPLE MODEL OF CONSUMER BEHAVIOUR

Consumer behaviour research goes far beyond these facets of consumer behaviour and encompasses the consumers’ behaviour displayed in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. For example, a couple may experience dissatisfaction with their choice of car, perhaps because of continuing service problems. They may communicate their dissatisfaction to friends and, in turn, influence their friends’ future car purchases. They may vow never to buy the same make or model again, limiting their own future selection decisions. Each of these possible consequences of consumers’ post-purchase dissatisfaction has significant ramifications for car marketers, who have to build post-purchase strategies into their promotional campaigns.

For example, consumer researchers want to know what type of car consumers buy (small, mid size, luxury); what brand (national brand, international brand); why they buy it (personal use, business use); where they buy it (dealers, friends); how often they use it (frequently, occasionally); and how often they change it (every two years, every five years, after ten years).

THEORIES OF CONSUMER BEHAVIOUR

After understanding the meaning of the consumer behaviour, certain major theories given by the experts are to be discussed. This would enable the researcher to have an insight into the present study. In this part, the behavioural learning theories, cognitive learning theory, involvement theory, social judgment theory are outlined below.
BEHAVIOURAL LEARNING THEORIES

The behavioural learning theories are as we have known-Stimulus Response (SR) or Behavioural learning theories. In the SR theory, there is a link between responses and stimuli. Here our response to particular stimulus indicates our learning. Thus what we learn are habits. In the SR theory, the process is not so important. The inputs and outputs are more important.

CONGNITIVE LEARNING THEORY

A great deal of learning occurs by our ability to think with mental faculties. Some solutions flash before us in an instant where as some problems need careful collection and evaluation of information to take decisions. Learning is thus a function of excerpting the mind. This is called cognitive learning theory.

INVOLVEMENT THEORY

It is difficult to define involvement and more difficult to measure it. Involvement has the components of person, product, and situation. There can be ego - involvement. Commitment also shows involvement. The more the search for information, the higher is the involvement. The lower the search for information, the lower is the involvement. There is a distinction between product involvement and brand involvement. The degree of involvement is indicated by decision time taken, and by the importance given to the product. Involvement is not a dichotomous construct, say high
and low envelopment, and it is a continuum. Though there are semantic problems, involvement theory goes a long way in formulating our communication strategy.

**SOCIAL JUDGMENT THEORY**

The central premise of social judgment theory is that on individuals processing of information about an issue is determined by his or her involvement with the issue. Individuals who are highly involved with an issue and have a strong or definite opinion about it will accept very few alternative opinions.

**IMPORTANCE OF CONSUMER BEHAVIOUR**

Consumers gain valuable insights in their consumption-related behaviour. It makes them wiser consumers. Marketers are benefited by understanding how consumers take consumption decisions, which enable them to formulate suitable marketing strategies. They can anticipate the reactions of the consumers to various cues, both informational and organizational. It is likely to be given them a competitive advantage.

Initially, marketers thought that if they were able to predict consumer behaviour, they would be able to influence it. This is a positivist approach to consumer behaviour. Consumer behaviour was considered just applied marketing management. However drawing from diverse disciplines, consumer behaviour developed into an interdisciplinary subject. It becomes a subject of study going beyond narrow marketing and managerial perspective, there is focus on simply understanding all nuances of consumer
behavior, and this approach is called interactive. Experience plays a great role while buying and each such experience is affected by a lot of factors. Therefore, interpretive is also called experetivism. Both these approaches are complementary to each other. But at the same time, enough care is taken to understand the consumption-related decisions.

This integration contributes to enrich our study of consumer behaviour, and formulation of better marketing strategies.

**FACTORS INFLUENCING CONSUMER BEHAVIOUR**

From the viewpoint of the marketing strategist, the mix of cultural, social, personal and psychological factors which influence behaviour are largely non-controllable. Because of the influence they exert upon patterns of buying, it is essential that as much effort as possible is put into understanding how they interact and, ultimately, how they influence purchase behaviour.
FIGURE 3.2

FACTORS INFLUENCING CONSUMER BEHAVIOUR

Cultural
  - Culture
  - Sub-Culture
  - Social Class

Social
  - Reference Groups
  - Family
  - Role and Status

Personal
  - Age and Life Cycle Stage
  - Occupation
  - Economic Circumstances
  - Lifestyle and Personality

Psychological
  - Motivation
  - Perception
  - Learning
  - Beliefs and Attitudes

The Buyer
CULTURAL FACTORS

Culture is the most basic determinant of a person’s wants and behaviour. People with different cultural, sub-cultural and social class characteristics have different product and brand preferences. According to William J. Stanton, a culture may be defined as, “the complex of symbols and artifacts created by a given society and handed down from generation to generation as determinants and regulators of human behaviour”.

CULTURE

A culture is a way of living that distinguishes one group of people from another. Much of consumer behaviour is determined by culture. In the words of Clyde Kluckhohn, “Culture regulates peoples’ lives at every turn. From the moment people are born, until they die, there is constant conscious and unconscious pressure on them, to follow certain types of behaviour.”

SUB - CULTURE

Sub-cultural analysis enables marketers to segment their markets to meet the specific needs, motivations, perceptions, and attitudes that are shared by members of a specific sub-cultural group. A subculture is a distinct cultural group which exists as an identifiable segment within a larger, more complex society.

George P. Moschis and Roy L. Moore studied marketers and consumer behaviour researchers generally agree that the consumer’s behaviour of Blacks differ
from that of Whites. There appears to be no consensus on the cause of the differences. Consumer behaviour may be attributable to socialization processes that operate differently among the two sub-cultures.

**SOCIAL CLASS**

Social class defines the ranking of people in a society into a hierarchy of upper, middle and lower classes based on their power and prestige. In our society, prestige and power are defined by income, occupation and education.

Paul Hugstad, James W. Taylor and Grady D. Bruce conducted a research on social class and information searching under different levels of perceived risk. They found out a few significant relationships. In high-risk purchases no social class patterns existed for information search using friends, relatives, magazines, newspapers, television, radio and sales people. However, the upper classes are more likely than the lower classes to consult consumer guides. In mid-level risk purchases, friends and relatives are more likely to be used as information sources as social class decreases. In low-risk purchases, there were no significant relationships between social and information searching.

**SOCIAL FACTORS**

The second major groups of factors that influence consumer decision making are social factors, which include all effects on the buying behaviour that result from interactions between a consumer and the external environment.
REFERENCE GROUPS

Consumers are also influenced by reference groups, that is, groups that serve as a reference point for individuals in defining their needs and developing opinions.

George Homans noted that generally consumers accept reference group influence because of the perceived benefits in doing so.

FAMILY

Family is a major influence on the consumption behaviour of its members and in addition, it is the prime target market for most products and product categories.

Today more of the decisions that affect the family as a whole are taken by the entire family. Issues often left solely to the household in the past, for example, the purchase of a new car is now a joint decision. Children have also increased their influence within the immediate family circle and may be consulted on such things as what make of car the family should purchase.

The study by Aayush and Kapoor revealed that kids influence parents while making purchasing decisions in categories like outing (37.5%), electronics (21%), and beverages (14.5%). Interestingly, among kids, the majority of purchase decisions are predetermined (44%) which may suggest that they are becoming more brand conscious.

The number of car purchase decisions in which the husband was reported to be the major influence was high.
TYPE OF FAMILY

There are two types of families; extended family and nuclear family. The extended family was once the most common family unit. It consists of three generations living together and often includes grandparents, aunts, uncles and cousins. The nuclear family, a mother, a father and one or more children became the model family unit over time.

SOCIAL STATUS

Status is how we measure our position in society relative to other people, and status symbol is the products that we use as benchmarks in this comparison. A person who owns a luxury car has more status than a person who owns a mid size car and a person who owns a mid size car has more status than a person who owns a small car. People choose products that communicate their role and status in society.

FRIENDS

Friends may influence in two major ways. First they make a recommendation. As they are friends, we are more likely to trust their judgement than that of an acquaintance, or indeed a total stranger. Second, friends may buy us a gift.

RELATIVES

The level of influence may depend upon the closeness of the family in emotional terms, and its ethnicity. Families of Indian or West Indian origin, for example, tend to be more close-knit. If someone is planning to buy a car, that person may seek the opinion or guidance of a friend or relative who is thought to know about cars.
PERSONAL FACTORS

A person’s buying decisions are also influenced by personal characteristics that are unique to each individual, such as gender, age, life-cycle stage, personality, self-concept, and life-style. Individual characteristics are generally stable over the course of one’s life.

GENDER

Physiological differences between men and women result in different needs, such as health and beauty products. Just as important are the distinct cultural, social and economic roles played by men and women and the effects that these have on their decision-making processes.

AGE AND FAMILY LIFE - CYCLE STAGE

The age and family life cycle stage of a consumer can have a significant impact on consumer behaviour. How old a consumer is generally indicates what products he or she may be interested in purchasing. Consumer tastes in food, clothing, cars, furniture and recreation are often age related.

Judith Waldrop found marketers are interested in understanding what products will sell well in the youth market. Moreover, it is important to appreciate the influence may be more significant to most marketers than is youth’s role as primary purchaser of certain items.
INCOME

A household’s income level combined with its accumulated wealth determines its purchasing power. Income certainly influences purchasing decisions because it determines how much people can afford. For example, families with incomes below Rs.10,000 find it very difficult to buy a home. On the other hand, families in the higher income categories buy luxury automobiles and vacation homes.

EDUCATION

Education has been associated with the purchase of books, healthier foods, and entertainment. Education also influences how decisions are made. Educated consumers seek more information and demand better quality products. Those with a limited education are generally at a disadvantage not only in earning money but also in spending it wisely.

OCCUPATION

A person’s occupation also influences his/her consumption pattern. Marketers try to identify the occupational groups that have above average interest in their products and services. A company can even specialize its products for certain occupational groups.
PERSONALITY AND SELF CONCEPT

Personality of an individual also influences his / her buying behaviour. Personality refers to the unique psychological characteristics of an individual. It is usually described in terms of distinguishing character traits, attitudes and habits - dominance, sociability, autonomy, authoritative, aggressiveness, adaptability and the like. Marketers must have in-depth knowledge of different human personalities.

LIFE STYLE

People coming from the same subculture, social class, and occupation may have quite different lifestyles. Lifestyle is a person’s pattern of living. Lifestyle captures something more than the person’s social class or personality; it profiles a person’s whole pattern of acting and interacting in the world.

Susan P. Douglas and Christine D. Urban observed lifestyle studies and stated build up the profiles of the consumers in terms of their daily life patterns, their work habits and leisure activities, their interests and self-perceptions, their aspirations and frustrations, their attitudes towards their families and others and their beliefs and opinions about the environment around them.

PSYCHOLOGICAL FACTORS

An individual’s buying decisions are further influenced by psychological factors: perception, motivation, learning and attitudes. These factors are what consumers use to interact with their world. They are the tools consumers use to recognize their feelings, gather and analyze information, formulate thoughts and opinions and take action.
PERCEPTION

Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. A person receives information through the senses: sight, taste, hearing, smell and touch. How and what consumers perceive strongly affect their behaviour toward products, prices, package designs, salespeople, stores, advertisements and manufacturers.

MOTIVATION

Motivation involves the positive or negative needs, goals and desires that impel a person to or away from certain actions, objects or situations. By identifying and appealing to people’s motives – the reasons for behaviour – a firm can produce positive motivation. Each person has distinct motives for purchases, and these change by situation and over time. Consumers often combine economic and emotional motives when making purchases.

LEARNING

Learning consists of changes in a person’s behaviour that are caused by information and experience. Variations in behaviour that result from psychological conditions such as hunger, fatigue, physical growth, or deterioration are not considered learning. Learning refers to the effects of direct and indirect experiences on future behaviour. Consumers learn about products directly by experiencing them.
ATTITUDES

Attitude is a predisposition to feel or act in a given manner towards a specific person, group, object, institution or idea. Customer attitudes, understanding and awareness of the product are intimately related. A preference for a particular brand indicates the customer’s attitude towards it.

BUYING ROLES

For many products, it is easy to identify the buyer. Men normally choose their shaving equipment and women their cosmetics. Other products involve a decision-making unit consisting of more than one person. Consider the selection of a family automobile. The teenage son may have suggested buying a new car. A friend may advise the family on the kind of car to buy. The husband may choose the make. The wife may have definite desires regarding the car’s size and interior. The husband may make the financial offer. The wife may use the car more often than her husband. Thus we can distinguish five roles people might play in a buying decision:

INITIATOR: A person who first suggests the idea of buying the particular product or service.

INFLUENCER: A person whose view or advice influences the decision.

DECIDER: A person who decides on any component of a buying decision: whether to buy, what to buy, how to buy, or where to buy.

BUYER: The person who makes the actual purchase.
**USER:** A person who consumes or uses the product or service.

A company needs to identify these roles because they have implications for designing the product, determining messages, and allocating the promotional budget. If the husband decides on the car make, then the auto company will direct advertising to reach husbands. The auto company might design certain car features to please the wife. Knowing the main participants and their roles helps the marketer fine-tune the marketing program.

**CONSUMER DECISION MAKING**

For marketer, the most important behaviour on the part of prospective buyer or consumer is the process of deciding whether to buy or not to buy. It is the decision-making process that leads to purchase decisions. A decision involves a choice between two or more alternative actions or behaviours.

The true decision making occurs only when consumers do extensive search for information in order to carefully evaluate two or more alternatives. Purchase decisions are made to satisfy needs and wants.
CONSUMER BUYING DECISION PROCESS

The stages a buyer passes through in making choices about which products and services to buy are the purchase decision process. This process has the five stages shown in Figure 3.3. People engaged in extended problem solving usually go through all the stages of this decision process, whereas those engaged in limited problem solving and routinized response behaviour may omit some stages.
FIGURE 3.3

THE CONSUMER DECISION MAKING PROCESS


PROBLEM RECOGNITION

The first stage of the consumer decision-making process is recognizing that one has a need to fulfill or a problem to solve. A want exists when someone has an unfulfilled need and has determined that a product or service will satisfy that need. For
example, the need to replace the family car might be triggered by its poor performance, by a change in family size, by an increase in family income, by a desire to have a car that is in style, by a need for better gas mileage because of increased gas prices, and so on.

Bruner (1987) points out that among the consumers, there seems to be two different needs or problem recognition styles. Some consumers are actual state types, who perceive that they have a problem when a product fails to perform satisfactorily. In contrast, other consumers are desired state type, for whom the desire for something new may trigger the decision process.

**INFORMATION SEARCH**

After recognizing a problem, a consumer begins to search for information, the next stage in the purchase decision process. An information search has two aspects. In an internal search, buyers search their memories for information about products that might solve the problem. If they cannot retrieve enough information from memory to make a decision, they seek additional information from outside sources in an external search.

For example, a person is going to purchase a new car. The decision is more complicated, and he is motivated to search for more information. The decision to search is based upon the perceived value of the information in relation to the costs of obtaining it. Most people buying a new car would probably like information on various models,
options, fuel mileage, durability, passenger capacity and so forth. The trouble and time it takes to get this data are less than the cost of buying the wrong car.

Punj and Stealin (1983) conducted studies to find out the amount of search that consumers undertake when they are in the purchase decision process. They used confirmatory factors analysis to show that high cost of searching and good brand knowledge were associated with less search activity for new automobiles.

**EVALUATION OF ALTERNATIVES**

Having recognized the problem of need and searched for information about possible alternatives, the consumer arrives at the third stage of the decision-making process: evaluation of the alternatives. When a satisfactory number of alternatives have been identified, the consumer must evaluate them before making a decision. The evaluation may involve a single criterion, or several criteria, against which the alternatives are compared.

A consumer buying a new car will usually consider engine performance, safety, reliability, mileage, interior design, maintenance history, social status, luxurious fittings, price and brand name.

Nakanishi and Bettman (1975) quote that an evaluation process may be too complex for many consumer goods; consumers may evaluate brands on two or three key attributes and eliminate brands if they are not adequate on any one attribute.
PURCHASE DECISION

After searching and evaluating, the consumer must decide whether to buy or not. Thus, the first outcome is the decision to purchase or not the alternative evaluated as the most desirable. If the decision is to buy, a series of related decisions must be made regarding features, where and when to make the actual transaction, how to take delivery or possession, the method of payment and other issues.

Peterson, Balasubramanian and Bronnenberg (1997) forecast that early in the twenty first century consumers will be purchasing food and other basic household needs via in-home television computer systems. The shopper will choose after viewing brands and prices on the screen. So, the purchasing process itself may change dramatically in the coming decades.

POST PURCHASE BEHAVIOUR

This is the final stage of the decision making process, where consumers compare the product’s performance against their expectations. Buyer’s feelings and evaluation, after the sale, are significant for the marketer because they can influence repeat sales and develop ‘brand loyalty’ or stop the use of the product for ever. Many companies regard satisfied customers as their best form of advertising.

Kotler and Mantrala (1985) state that the larger the gap between expectation and performance, the greater the consumer’s dissatisfaction and they prove that some consumers magnify the gap when the product is not perfect and they are highly dissatisfied; others minimize the gap and are less satisfied.
FIGURE 3.4

PURCHASE AND POST PURCHASE EVALUATION

FIGURE 3.5

PURCHASE DECISION PROCESS ACTIVITIES OF CAR

Problem Recognition Stage → Need for a New Car → Yes/No

Information Search Stage → Information Collection About the Cars → Automobile Magazines, Automobile Companies, Advertisement, Friends and Relatives, Dealers

Alternative Evaluation Stage → Criteria for Selection → Price, Colour and Appearance, Fuel Consumption / Kilometer Per Litre, Status Symbol, Export Options, and After Sales Service

Purchase Decision Stage → Purchase Decision → Do Not Buy/Buy

What Type of Car → Economy, Mid-Size, Luxury, Super Luxury

Timing of Purchase → Now/Later

Which Car → Model A, Model B, Model C

Where to Purchase → Dealer A, Dealer B

How to Finance → Own Funds

Post Purchase Stage → Degree of Satisfaction → Satisfied/Dissatisfied
CONSUMER SATISFACTION

In best practice companies, cultural values suggest that satisfying the customer is essential for business success. Customer satisfaction is the ultimate goal for any organization, for improving the organizational performance, and it is perceived to be the only factor that influences repeat purchase, particularly in the service industries.

Howard and Sheth defined satisfaction as, “the buyer’s cognitive state of being adequately or inadequately rewarded in a buying situation for the sacrifice he has undergone. According to Swan and Combs, Consumer’s satisfaction (S) is a function of his / her expectations (E) and the product’s perceived performance (P), that is \( S = F(E, P) \).

Churchill and Suprenant described the concept of consumer satisfaction as an outcome of purchase and use resulting from the buyer’s comparison of the rewards and costs of the purchase in relation to the anticipated consequences. Operationally, they compared satisfaction to an attitude that can be assessed as the sum of the satisfactions with the various attributes of the product or service. Ostrom and Iacobucci suggest that customer satisfaction is a relative judgement that takes into consideration both the qualities and benefits obtained through a purchase as well as the costs and efforts borne by a customer to obtain that purchase. Spreng, Mackenzie, and Olshavsky proposed a model of consumer satisfaction that includes not only expectations, but also desires.

Today’s consumers are demanding, informed and assertive when service problems arise. When service failures occur, the organization’s response has the
potential to either restore customer satisfaction and reinforce customer loyalty or exacerbate the situation and drive customers to a competing firm.

Satisfaction research to date has been extensive and has focused primarily on the relationship between pre-purchase performance expectations and post-purchase satisfaction.

Robert A. Westbrook, Joseph W. Newman and James R. Taylor conducted a study to determine the extent of satisfaction of the customer. In general, the findings indicated appreciable satisfaction approximately 90% of the buyers who reported satisfaction with the product and brand alternatives, reported that they were able to obtain the pre-purchase information they needed, experienced no difficulty in judging product quality, did not feel rushed while shopping and did not worry about making the right buy.

Marketing is said to revolve around the customer with delivering satisfaction as its main objective. Emphasis in the recent years, however, has shifted from mere satisfaction to higher satisfaction. Observations in the automobile industry in the US (General Motors) and elsewhere (Toyota) that it was generally, only the completely satisfied customers who returned for repeat purchases, came as a revelation for business.
MEASURING CONSUMER SATISFACTION

Why to measure consumer satisfaction?

- Because the average business loses between 10% and 30% of its customers each year, often without knowing what lies behind these figures.

Churchill and Suprenant indicated that early researchers did not measure satisfaction. Instead, the focus was on the linkage between expectations and perceived product performance. At some point, research shifted to the relationship among perceived expectations, disconfirmation, and satisfaction. For example, Olson and Dover examined the effects of performance, expectations and disconfirmation on an individual’s beliefs. But they were unable to measure satisfaction, and consequently, were unable to determine the impact of the above constructs on satisfaction.

SATISFACTION VERSUS DISSATISFACTION

The moment a product is purchased and used, we begin to judge it. The level of satisfaction or dissatisfaction we experience depends upon how well the product’s performance meets our expectations. If it performs as or better than expected, it leads to satisfaction; if it falls short of expectations, it leads to dissatisfaction.

From the above discussion, it can be deduced that satisfaction is influenced by a number of variables. These variables are expectations, performance, disconfirmation and desires. Each of these factors is discussed below:
EXPECTATIONS

Segmentation is the process of dividing a potential market into distinct subsets of consumers with similar needs or characteristics. The delivery of customer service begins with an understanding of customer expectations. It is essential to understand consumers’ expectations in order to meet them.

FIGURE 3.6

PERCEPTION – SATISFACTION MODEL


According to Prakash and Lounsbury, the conceptualization of the determinant role of expectations can be traced to adoption level theory and comparison level theory. The authors sought to classify the different types of expectations that should be
confirmed in the determination process. They identified three types of expectations: predictive, normative and comparative.

Predictive expectations refer to a consumer’s beliefs about how a brand is likely to perform on certain attributes. Normative expectations, also known as desired expectations imply that a certain norm or standard must be met to generate satisfaction. The third type refers to expectations about a brand as compared with similar brands.

Oliver and Winer categorized expectations as either active or passive. Active expectations are consciously anticipated by consumers. Passive expectations exist only generally and are not processed unless disconfirmed.

**PERFORMANCE**

Performance may be defined as the commission or omission of the service or some aspect of it. Performance that meets or exceeds expectations leads to satisfaction. Performance is ideal if a purchase performs as or better than expected. Performance is equitable if it is adequate to the cost and effort the consumer made to obtain the product. Expected performance, the lowest level of satisfactory performance, means that though the purchase works out as anticipated, it only just qualifies as satisfactory.

**DISCONFIRMATION**

Disconfirmation stems from the differences between prior expectations and actual performance. In many cases, a decision involves two or more close alternatives
and could go either way. Having made their decisions, consumers may feel insecure, particularly if substantial financial or social risks are involved. Oliver proposed that disconfirmation is an independent construct that has additive effects on satisfaction. For this reason, he advocated measuring disconfirmation independently of expectations and performance.

**DESIRE**

Spreng, Mackenzie, and Olshavsky called for the inclusion of desires as a key variable in determining consumer satisfaction. They pointed out that fundamental to marketing concept is the idea of satisfying consumer wants and desires. Yet, researchers in this field have generally ignored desires and concentrated on the disconfirmation of expectations.

**CUSTOMER LOYALTY**

The most positive outcome from achieving customer satisfaction is to gain customer loyalty. Loyalty is a feeling of commitment on the part of the consumer to a product, brand, marketer or outlet which results in repeat purchase. Consumer loyalty, since it takes the form of repeat purchase, is directly linked to the formation of purchase habits.

Customer satisfaction is a stepping stone to customer loyalty. Customer loyalty is one of the most important intangible assets a company can have and offers the opportunity for significant leverage in achieving the market and financial goals.
BRAND LOYALTY

Brand Loyalty refers to the level of commitment that customers have for a specific brand. The primary benefit of brand loyalty is that it provides insurance against significant market share loss when a new competitor appears on the scene. Another
company may have a much larger base of customers to begin with but if they are ‘no loyal’ customers, they are more easily lured away by competitors.

Newmann and Werbel were much interested in some new findings on automobile brand loyalty. The data analyzed for the above study were from 217 households, which had bought a new car in 1967 or 1968. The respondents were adults from a probability sample of 1300 households in the United States excluding Alaska. The findings revealed that the probability of loyalty was higher than average for persons who attended but did not graduate from either high school or college who were in occupations of low to medium skills who bought cars frequently. They were optimistic and were satisfied with their cars.

NEGATIVE WORD – OF - MOUTH

Negative Word-of-Mouth has been broadly defined as telling others about one’s dissatisfying experience. It is potentially quite powerful and it can influence other consumers not to shop at the offending retailer. The current study found that dissatisfied consumers, on average, told 4.88 others about their dissatisfying experience. Other studies have found that dissatisfied consumers, on average, tell nine others about their dissatisfaction.
RUMOUR

Rumour is a particularly insidious form of negative communication. Through rumours, not only negative but also untrue information about products and brands can be spread.

COMPLAINT

Not all consumers who are dissatisfied with the performance of a purchase take steps to remedy the situation. An average of only one in three does so. Robinson’s study is about the complaining behaviour of new car owners. Most of the new car owners have teething problems and they seem to be expecting too much from their car. A model has been developed in order to test the level of satisfaction of the new car owners.

What happens when consumers experience dissatisfaction? According to Halstead, there are several negative outcomes possible. First, consumers may exhibit unfavourable word-of-mouth communication: that is, they tell others about their problems. In fact, studies show that customers tell twice as many people about bad experiences as good ones. Such behaviour can severely damage company’s image. Second, consumers may not repurchase the brand. Those who are not fully satisfied with a brand are less likely to repurchase it than are satisfied buyers. About 96% of unhappy customers do not complain, therefore, the firm never gets a chance to correct the service failure and retain the customer even if it wanted to.
TYPES OF CAR BUYERS

There are numerous models of cars that are produced and marketed in the society as per the changing preference and needs of the consumers.

- Car is bought primarily as a status symbol.

- Brand image associated with the car is very important

- Quality of engineering and attention of finish are very important. In general, looks and styling are important.

- Multiple car owners and light users, usually chauffeur driver.

- Economy of operation and cost of maintenance are relevant to the purchase decision.

LUXURY CAR BUYERS

- The luxury segment – buyers see the car as a measure of upper class living standards.

- Recent entrants rather than high quality of engineering or brand image tend to be viewed favourable.

- Emphasis on technology and add on features.

- Cost of maintenance and economy of operation are not major selling points to this class of buyers. But time loss due to breakdown is a major irritant to the buyers in this segment.
FAMILY CAR BUYERS

- Family car buyers prefer comfortable and rather roomy cars.

- Luggage space would be an important criterion.

- Buyers would typically be upper middle class. Thus cost of maintenance would be important.

- Such cars would be used for highway driving.

UTILITY / FUNCTIONAL BUYER

- Operating economy, durability, driving ease and ruggedness are desired attributes.

- Wish to have enough facilities in maintaining the car

- Buyer is price sensitive

- The car is mainly used for city driving.

SPORTS CAR BUYERS

- Styling, ruggedness end maneuverability are very imperfect

- The car would be used extensively on highways.

- Open hooded cars would be preferred.
ORGANIZATIONAL BUYERS SEGMENT

- Car choice influenced by practicality
- Ruggedness as opposed fragility is important.
- Space is important so is low downtime.
- Mostly chauffeur driven cars.

CAR RENTAL AGENCIES

- Frequent long distance travel
- Comfort, minimum down time and low maintenance cost are important
- Ruggedness, reliability, ease at repairs and servicing are also desirable attributes.

TAXI AND TOURIST CAR OPERATORS

- Fuel economy, low maintenance cost, ruggedness, and space are essential attributes.
- Cars used heavily and frequently used in highways.

CONCLUSION

Consumer behaviour research goes far beyond the facets of consumer behaviour and encompasses the consumers’ behaviour displayed in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy
their needs. For example, a couple may experience dissatisfaction with their choice of car, perhaps because of continuing service problems. They may communicate their dissatisfaction to friends and, in turn, influence their friends’ future car purchases. They may vow never to buy the same make or model again, limiting their own future selection decisions. Each of these possible consequences of consumers’ post-purchase dissatisfaction has significant ramifications for car marketers, who have to build post-purchase strategies into their promotional campaigns.

After understanding the meaning of the consumer behaviour, the behavioral learning theories, cognitive learning theory, involvement theory, social judgment theory are outlined in this chapter.

Consumers gain valuable insights in their consumption-related behaviour. It makes them wiser consumers. Marketer’s benefited by understanding how consumers take consumption decisions, which enable them to formulate suitable marketing strategies. They can anticipate the reactions of the consumers to various cues, both informational and organizational. It is likely to give them a competitive advantage.

For many products, it is easy to identify the buyer. Men normally choose their shaving equipment and women usually their cosmetics. Other products involve a decision-making unit consisting of more than one person. Consider the selection of a family automobile. The teenage son may have suggested buying a new car. A friend may advise the family on the kind of car to buy. The husband may choose the make. The wife may have definite desires regarding the car’s size and interior. The husband may make the financial offer. The wife may use the car more often than her husband.
The true decision making occurs only when consumers do extensive search for information in order to carefully evaluate two or more alternatives. Purchase decisions are made to satisfy needs and wants.

Customer satisfaction is the ultimate goal for any organization, for improving the organizational performance, and it is perceived to be the only factor that influences repeat purchase, particularly in the service industries. Operationally, they compared satisfaction to an attitude that can be assessed as the sum of the satisfactions with the various attributes of the car.

REFERENCES


