CHAPTER - II
THEORETICAL FRAME WORK OF CONSUMER BEHAVIOUR AND PERCEPTION

2.1 INTRODUCTION

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

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

Each method for vote counting is assumed as a social function but if arrow's possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonocity, unanimity, homogeneity and weak and strong Pareto optimality. No social choice function meets these requirements in an ordinal scale simultaneously. The most important characteristic of a social function is identification of the interactive effect of alternatives and creating a logical relation
with the ranks. Marketing provides services in order to satisfy customers. With that in mind, the productive system is considered from its beginning at the production level, to the end of the cycle, the consumer.

In modern times, the consumer is the central theme of every marketing system. For a product to sell, with or without advertising, it must appeal to and satisfy some needs for consumers at least. These needs dominate the behaviour of the modern customers. The field of consumer behaviour covers a lot of ground. It is the study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas, experiences to satisfy their needs and desires. The study of consumer behaviour provides an insight into how consumers arrive at the purchase decision and the variables influencing their decision.

In today's global culture, the company's image is built and made known by its customers. The success of the firm will be determined by how effective it has been in meeting the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit their needs. Profits from customer relationships are the major aspects of all business. So, the basic objective of any business is profit maximization through customer satisfaction. The emergence of marketing concept in respect of services is a recent phenomenon.

“The purpose of business is to create and keep a customer”.¹ It implies that the purpose of a business organization is to achieve the objectives set out by its stake holders, its shareholders, its employees and others. But among the most important players in this game are the customers of the business. No business can be successful if it ignores the needs of its customers.

If a business is to be successful, it has to understand consumers and this does not mean talking to stray consumers on a random basis. This is where an
understanding of consumer behaviour typologies becomes important. The process has to start with understanding the profile of the average consumer and how the consumer relates with the product category and the brand in question.

The perspective of role theory takes the view that much of consumer behaviour resembles actions in a play.² As in a play, each consumer has lines, props and costumes necessary to put on a good performance, people act out many different roles, hence sometimes alter their decisions depending in the particular “play” there are in at the time. A consumer is generally thought of a person who identifies a need or desire, makes a purchase and then disposes of the product during the consumption process.

Consumers show wide variations in the size and potential of the various consumer market segments. The consumer buying process is influenced by the consumer financial position, personality, tastes, preferences, reference group, social standing and even economic sentiment that is dictated by the status of the economy.

Knowing the impact of these concepts on buying behaviour will help marketers in the generation of new product ideas and adopt customisation for – the core product, some additional features and offering additional services all done with the intention to delight the customers. In this age of information explosion and internet marketing becoming a reality, it is all the more necessary that marketers go for the creating of appropriate data base which can help them to go for ‘tailor made’ products to suit individual tastes, preferences and buying behaviour.

More than a century ago, the father of our nation Mahatma Gandhi, had made a visionary and deep meaningful statement at Johannesburg, South Africa in 1890. “A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our
work. He is the purpose of it and not an outsider on our premises. He is a part of it. We are not doing a favour by serving him. He is doing us a favour by giving us the opportunity to do so”3. Though this statement was not made in the marketing concept, there is lot of wisdom and insight into Mahatmas words.

For decades together, marketers have regarded customer as the king and this concept is gaining more momentum and importance today. All the firms are now engaged in a process of creating a life time value and relationship with their customers. As it is for sure that a company image is built and made known by its customers. The marketers are engaged in gauging the behaviour of the customers by trying to identify the sources, timing and direction of the changes in consumer behaviour and also the emerging new competencies and perspectives all to enable them to respond to the changes in the most effective manner. Thus, the priority will be to develop a new paradigm to tackle the emerging challenges at the market place. To quote George S. Day “Every dimension of market orientation emphasizes the ability of the firm to learn about customers, competitors and channel members in order to continuously sense and act on events and trends in prospective market”4.

2.2 Meaning and Definition of Consumer Behaviour

Traditionally the word ‘customer’ was used to define people whom the organization dealt with externally. The term customer refers to “the purchaser of a product or service. They may or may not be the ultimate consumer. Whereas the term consumer refers to the end user of a product or services”.5 They may or may not be the customers.

Consumer behaviour is defined variedly. The Dictionary of Marketing and Advertising defines consumer behaviour as “observable activities chosen to maximise satisfaction through the attainment of economic goods and services such as choice of retail outlet, preference for particular brands and so on”6.
According to Ostrow and Smith’s Dictionary of Marketing, the term consumer behaviour refers to “the actions of consumers in the market place and the underlying motives for those actions. Marketers expect that by understanding what causes consumers to buy particular goods and services they will be able to determine which products are needed in the market place, which are obsolete, and how best to present the goods to the consumer”.7

According to Loudon and Della Bitta, Consumer behaviour is “the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services”8.

For Schiffman and Kanuck, the term “consumer behaviour’ refers to “the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs”, and the study of consumer behaviour is the study of how individuals make decisions to spend their available resources – like time, money, effort – on consumption related items”.9
CHART – 2.1
INTEGRATED BEHAVIOUR MODEL

Market Mix
- Inter-personal Variables
  - Motive
  - Perception
  - Levels
  - Attention
  - Passions

All other Stimuli
- Intra-personal Variables
  - Social Class
  - Reference group
  - Culture

Need-want awareness
Search for information
Evaluate Alternatives
Does product meet criteria and expectation?
Are lower cost substitutes available?
Does person have ability to purchase?
Is credit possible where needed?
Purchase product
Post-purchase decisions

RESPONSE
2.3 IMPORTANCE OF CONSUMER BEHAVIOUR

The importance of consumer behaviour in marketing has been beautifully described in a journal titled Modern Management, Calcutta January '99 in the following words: consumer behaviour is a rapidly growing field of research and teaching which, in addition to considerable value of marketing managers and others who are professionally concerned with buying activity”. The essence of modern marketing concept is that all elements of business should be geared for the satisfaction of consumers.10

It is believed that consumers make purchase decisions on the receipt of a small number of selectively chosen pieces of information. Thus, it will be very important to understand what and how much of information is required by the customer to help them to evaluate the goods and services offerings. Today consumer behaviour even includes the post purchase satisfaction or dissatisfaction behaviour, in addition to the changes occurring in the personal, social and cultural influences, with the leaps and bounds made in the fields of science and technology making the consumer more realistic, conscious or choosy.11

2.4 DETERMINANTS OF MODERN CONSUMER BEHAVIOUR

Consumer behaviour results from individual and environmental influences. It is determined by the individual’s psychological make-up. In this context, there are four basic determinants of consumer behaviour.12

- Individual needs
- Motives
- Perception
- Attitudes
2.4.1 INDIVIDUAL NEEDS OF CONSUMER

The starting point in the buying decision process is the recognition of a felt need. A need may be defined as the lack of something useful to the consumer. An individual consumer always has innumerable unsatisfied needs. These needs become motives later on because every consumer is motivated by his needs. Psychological studies indicate that buying behaviour of consumers is directed towards satisfying certain basic needs. There is no unanimity regarding the list of basic needs of consumers among the psychologists. Maslow has classified basic needs in the hierarchical order as under.\textsuperscript{13} Psychological needs, safety needs, belongingness and love needs, esteem needs, self-actualization needs, desire to know and understand and Aesthetic needs. According to Maslow, an individual consumer normally tries to satisfy his needs strictly in the order given in his list. Thus, buying behaviour of consumers may be determined on the basis of the stage of his needs. Some of the needs are natural and some others are acquired during the lifetime of consumers.

2.4.2 MOTIVE OF CONSUMER

Drive or motive is a state of tension where an individual consumer tries to find ways to satisfy the drive. Drives are, in effect, the reasons underlying certain behaviour patterns. A drive is a strong stimulus that motivates the individual consumer. Depending on the cues-products, signs, advertisements and other stimuli relevant to the situation existing in the environment, the individual consumer chooses some specific response in an effort to satisfy the drive. The specific response to be chosen depends upon the cues and the previous experiences of consumers. Thus, a motive can be defined as an urge for which an individual consumer seeks satisfaction through the purchase of something. It is, thus, an inner urge that moves or prompts a consumer to some action.

2.4.3 PERCEPTION OF CONSUMER

Perception is the image or the formalised impressions residing in the minds of the individual consumers about different products on, producers and retailers and of themselves. Patterns of buying behaviour are greatly influenced.
by these perceptions. As perception affects the buying behaviour of the consumer. There are two types of image in the minds of modern consumers. These are,

(i) Self image          (ii) Brand image

Self image is a picture of himself in the mind of the individual consumer. Different consumers have different kinds of self image that give rise to market segmentation along psychological lines. A basic level of motivation is that in many buying situations, an individual consumer prefers to buy those products or services whose images appear consistent with his self-image. Brand image is the impression of a particular band in the minds of the modern consumers. Through long continued use of particular advertising and selling appeals many brands have acquired definite image in the minds of the consumer such as surf, Pepsodent etc. Modern management should also take advantage of the brand image. Thus, perception of incoming stimuli is greatly influenced by the attitudes to these stimuli.

2.4.4 ATTITUDES OF CONSUMERS

Attitudes of consumer govern the response to a stimulus and leads to behaviour, usually to action. An attitude of the consumer cannot be neutral. To have attitude means some involvement in being ready for action. Attitude immediately defines the position of consumers for or against a thing.

2.5 CONSUMER BEHAVIOUR AS A FIELD OF STUDY

Consumer behaviour as a separate field of study has only gained attention from the 1960’s. This new discipline draws concept from other scientific disciplines such as psychology, sociology, socio-psychology, cultural, anthropology and economics. Initially, the study of consumer research was emphasising from a managerial perspectives. In that, if the marketing manager could obtain consumption related behaviour, then they could influence it. This type of consumer behaviour approach came to be known positivism.¹⁴
But there are a group of academicians, who are interested in the study of consumer behaviour, so as to understand it better. This approach is of interest to the academicians because they are more interested in knowing consumption behaviour going by the influence of the various disciplines of the consumer behaviour. This approach of studying the consumer behaviour with a view of understanding consumption and the interpretations of such behaviour is known as ‘interpretivism or post-modernism’. These interpreuists have also treated each purchase experience as unique because of the many variables which influence the behaviour at that particular moment of time. On account of its focus on the consumption experience, the interpretive approach is also referred to as experimentalism.

While conducting consumer researches, it was realised that inspite of easy acceptance of fashion and fads, consumers also had a preference for differentiated products, so as to match their special needs, personalities and life styles. Thus, came into existence the importance of market segmentation. Thus, the field of consumer behaviour will be helpful for adopting the process of market segmentation.

Similarly, the study of consumer behaviour will also help in the process of product positioning. Today with most of the firms going global, there is an increasing importance being given to consumer behaviour across borders to have more information about cross cultural consumer needs and preferences and consumption habits. This information can help marketers devise the necessary promotional strategies to be adopted to meet the needs of the foreign consumers.

2.6 FACTORS INFLUENCING BUYING BEHAVIOUR

It is widely acclaimed that India is one of the largest consumer markets in the world. But the consumers in India show wide variations in the size and potential of the various consumer market segments. This differences can be
seen in terms of the geographical differences, urban-rural consumers (their style of living, consumption pattern etc.), age and family life cycle, income level, education levels, linguistic and religion diversity, food habits, festivals etc. Hence, knowing the impact of these concepts on buying behaviour will help marketers in the generation of new product ideas and adopt customisation for the core product, some additional features and by offering of additional services, all done with the intention to add to customer delight.\textsuperscript{15}

There are various factors influencing the buying behaviour internally and externally.

- Cultural factors
- Social factors
- Personal factors
- Psychological factors

\textbf{2.6.1 Cultural factors} - exert the broadest and deepest influence on consumer behaviour. Culture, subculture, and social class are particularly important in buying behaviour. Culture is the most fundamental determinant of a person’s wants and behaviour. Culture, especially in a very old civilisation like India, is in everything that touches life. There are pre-designed ways in which we are supposed to behave.\textsuperscript{16}

- \textbf{Subculture} – Each culture consists of smaller subcultures that provide more specific identification and socialisation for its members. Subculture includes nationalities, religions, social groups and geographical regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs.

- \textbf{Social class} - Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests and behaviour. Social class does not reflect income but also other indicators such as occupation, education and area of
residence. Social classes differ in their speech, dress, patterns, recreational preferences and show distinct product and brand preferences in many areas, including clothing, home furnishings, leisure activities and automobiles.

2.6.2 Social factors – A customer’s behaviour is influenced by the social factors such as reference groups, family, roles and status.

- **Family** - As the fundamental social unit, the family’s influence on consumer behaviour is most important and fundamental. Family act as a purchasing unit and may be supplying needs of perhaps two or more generations. One’s view about religion, politics etc., is influenced by the family. One’s attitude towards materials possession and thrift are shaped by the family. The family makes the children adopt particular form of purchasing behaviour. In many cases, children initiate the elders. For example, if you ask a young person why you opened your account in this bank, you may get an answer “my dad had it here”. The bank is perceived as the desirable because of the person’s family influence.

- **Reference group** - A group that serves as a reference point and influences individuals affective responses, cognitions and behaviour, influences a person’s thoughts and actions. Most people rely on several reference groups for information on a particular decision and on different reference groups for different decisions. Knowing the reference and using those reference groups, play an important role in designing marketing strategies. In reference group, role of the opinion leader is crucial. Opinion leader is perceived as the role model. It can be sports person for a product related to health and fitness or, a film star for a product related to beauty. For example, BPL uses Amitabh Bachan, Visa has used Sachin Tendulkar or Daewoo used shahrukh Khan as the opinion leaders.

- **Roles and Status** – Roles are the patterns of needs, goals, beliefs, attitudes, values and behaviour that are expected of an individual occupying a particular position in the society. Every individual has a specific role or position within
each group to which an individual belongs. In a family individual may act as husband or father, wife or mother, son or brother or daughter or sister. Each role can affect how the individual behaves when purchasing the tools related to the role. Status is the positioning of an individual within a group, organization or society. The desire to achieve higher status within the given role also affects the buying behaviour of an individual.\(^\text{17}\)

### 2.6.3 Personal factors

A buyer’s decisions are also influenced by personal characteristics. These include the buyers’ age and stage in the life cycle, occupation, economic circumstances, lifestyle, personality and self concept.

- **Age and Stage in the Life Cycle**
  Consumption is shaped by the family life cycle. People buy different goods and services over a lifetime. Marketers choose these life-cycle groups as their target markets and pay close attention on their consumption.

- **Occupation and Economic Circumstances**
  Occupation also influences consumption patterns, ‘marketers try to identify the occupational groups that have above average interest in their products and services and likewise tailor the products and services for certain occupational groups. Products choice is greatly affected by economic circumstances; spendable income (level, stability and time pattern), savings and assets, debts, attitudes toward spending and savings. Marketers of income sensitive goods continuously monitor trends in personal income, savings and interest rates.

- **Lifestyle**
  A lifestyle is a person’s pattern of living in the world as expressed in activities, interests and opinions. Lifestyle portrays the “whole person” interacting with the environment. Marketers thus search for relationships between their products and lifestyle groups.

- **Personality and self-concept**
  Personality is often described in terms of self confidence, autonomy, dominance and adaptability. By personality is meant a set of distinguishing
human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli, Consumers make brand choices based on personalities that match their own. Hence brand personality is a specific mix of human traits that may attribute to a particular brand. Marketers attempt to develop brand personalities that will attract consumers with the same self-concept.18

2.6.4 PSYCHOLOGICAL FACTORS

A person’s buying decision is influenced by four major psychological factors, motivation, perception, learning, beliefs and attitudes.

- **Motivation**
  
  A motive is a need that is sufficiently pressing to drive the person to act. A need becomes a motive when it is aroused to a sufficient level of intensity.

- **Perception**
  
  Perception is the process by which an individual selects organizes, interprets information inputs to create a meaningful picture of the world. Perceptions can vary among individuals exposed to the same reality. In marketing, people’s perceptions are more important than the reality.

- **Learning**
  
  When people act, they learn. Learning involves changes in an individual’s behaviour arising from experience. Learning theorists believe that learning is produced through the interplay of driver, stimuli, cues, responses and reinforcement. Learning theory teaches marketers that they can build up demand for a product by associating it with strong drives, using motivating cues and providing positive reinforcement.

- **Beliefs and attitudes**
  
  A belief is a descriptive thought that a person holds about something. People’s belief about a product or brand influences their buying decisions. An attitude is a person’s enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea. Attitudes economize on energy and thought and are very difficult to change. Thus, a company would
be well-advised to fit its product into existing attitudes rather than to try to change people’s attitudes.

Global marketers know that buyers hold distinct beliefs about brands or products from different countries. Several studies have found that the impact of the country of origin varies with the type of product, like consumers want to know where a car was made but not the lubricating oil. Certain countries enjoy a reputation for certain goods: Japan for automobiles and consumer electronics. The more favorable a country’s image, the more prominently the “Made in……” label is displayed. Attitudes toward country of origin can change over time; before World War II, Japan had a poor quality image.¹⁹

2.7 CONSUMER BUYER BEHAVIOUR
If a marketer can identify consumer buyer behavior, he or she will be in a better position to target products and services at them. Buyer behaviour is focused upon the needs of individuals, groups and organizations. It is important to understand the relevance of human needs to buyer behaviour (remember), marketing is about satisfying needs.

Human motivations are introduced by Abraham Maslow by his hierarchy of needs: The hierarchy is triangular. This is because as people move up it, fewer
and fewer people satisfy higher level needs. People begin at the bottom level. Physiological needs such as food, air, water, heat, and the basic necessities of survival need to be satisfied. At the level of safety, man has a place to live that protects him from the elements and predators. At the level of safety, man has a place to live that protects him from the elements and predators. At the third level we meet our social and belongingness needs i.e. we marry, or join groups of friends, etc. The final two levels are esteem and self-actualization. Fewer people satisfy the higher, level needs. Esteem means that you achieve something that makes people recognised and given personal satisfaction.

**Chart – 2.2 Buying Decision Process**

To understand consumer buyer behaviour is to understand how the person interacts with the marketing mix. As described by Cohen (1991), the marketing mix inputs (or the four P’s of price, place, promotion, and product), are adapted and focused upon the consumer. The psychology of each individual considers the product or service on offer in relation to their own culture, attitude, previous learning, and personal perception. The consumer then decides whether or not to purchase, where to purchase, the brand that he or she prefers, and other choices.
Consumers these are the people or organizations that use the products you produce and they may or may not be the ones who actually pay for them. For example the consumer of a toy is a child but the purchaser is usually an adult; the consumer of medical supplies is a patient but the purchaser is often a hospital or GP’s surgery. Purchasers are the people or organizations who actually pay for your products or services. They could be members of the general public or other businesses. Purchasers can also include distributors or dealers who make your products and services available to final customers. These are sometimes called ‘intermediate customers’.

Internal customers are the people or teams within the organization who process work on the way to serving intermediate or final customers. Most people inside an organization pass their work on to others after they have finished with it.

In manufacturing, people on an assembly line suppliers and customers to each other; in a managerial context, a manager’s internal customers may be team members, colleagues, administrative staff and managers further up the organizational hierarchy.

Suppliers to gear up business to deliver satisfaction for customers, it is vital to create close alliances with your suppliers. These are the people or organizations who supply with the resources and raw materials that are processed into the product that is delivered to final customer. These different groups of customers link up in what is known as the ‘customer-supplier chain’ or ‘supply chain’, every aspect of which must work efficiently to retain customers.

Although it is important to identify internal customers and their needs, these individuals and group are not customers in quite the same sense and end users. The essential difference is that end users can go elsewhere if they choose to do so, whereas internal customers have no such choice.
External and internal customers are similar, however, in that both have requirements which must be identified and met. Failing to meet the needs of internal customer’s leads to inefficiencies in the process, this in turn ultimately results in failing to provide satisfaction for end users.

**CHART – 2.3**

**CONSUMER DECISION MODEL**

2.8 SOME INDIAN CULTURAL VALUES AND CONSUMER BEHAVIOUR

- **Tolerance.** India is a secular democratic nation today, very much as a result of this cultural value. In fact, tolerance has been a hallmark of the Indian way of life.

- **Individuality.** The value of individualism is quite well enshrined in our traditional concept of the “self”.

- **Equality.** The concept of equality is strongly ingrained in the Indian Constitution and, in many ways, pervades and influences all marketing and consumption activities.
• **Activity.** This is an Indian cultural value deeply rooted in the Indian philosophy of “KARMA”. It is taken from what Lord Krishna tells Arjuna, the proverbial seeker of knowledge in the Gita.

### 2.9 CONSUMER BUYING PROCESS

This is an important process which has a vital role in consumer behavior study. This is the first essential step to understand consumer behavior. The objective of study of consumer buying process is to know how a consumer makes his decision regarding buying or not buying any commodity. In most cases, a decision involves the selection of an option from two or more attractive choices. The buying process is the process of decision-making leading to a purchase function. It represents a problem-solving approach. The mechanism is the same as in any processing activity in which we supply some input followed by the processing activity and finally the output comes before us. Input is a stimulus. It is provided by two sets of stimulus variables, namely, the firm’s marketing efforts and the social environment. The firm’s marketing efforts are designed to positively expose, inform and influence consumers. These efforts include product or service itself, advertising, price strategies, distribution network, and in fact all marketing functions.
2.10 STAGES OF BUYING PROCESS

The buying process is composed of a number of stages and is influenced by an individual’s psychological framework composed of the individual's personally, motivations, perception and attitudes. The buyer or consumer takes his buying decision for some commodities immediately without much consideration such as items of daily use while for some other commodities mainly luxury or durable items, he thinks much before taking a decision to purchase it. Sometimes, he consults others. Generally, the purchaser passes through five distinct stages in taking a decision for purchasing a particular commodity. These stages are: (i) need arousal, (ii) information search, (iii) evaluation behaviour, (iv) purchase decision, and (v) post-purchase feelings.
2.10.1 Need Recognition

A buying process starts with need arousal. A need can be activated through internal or external stimuli. The basic needs of a common man arise to a particular level and become a drive and he knows from his previous experience how to satisfy these needs like hunger, thirst, sex, etc. This is a case of internal stimulus. A need can also be aroused by an external stimulus such as the sight of new product in a shop while purchasing other usual products. There is a two-fold significance of need arousal stage to a marketing man: The marketer must identify the drive that might actually or potentially connect to the product class or brand and make the buyer feel that the product can satisfy his needs. It also recognizes that the need levels for the product fluctuate over time and are triggered by different cues. The marketer can arrange cues to conform better to the natural rhythms and timing of need arousal.

2.10.2 Product Awareness or Information Search

After need arousal, the consumer tries to solve it and gathers the sources and information about the product. Depending upon the intensity of need, it produces two states of an individual. The first state if called heightened attention when the consumer becomes more receptive to the information regarding the item he needs. He becomes more receptive to the information regarding the item he needs. He becomes alert to information bearing on the need and its gratification. If a consumer needs to purchase a television, he will pay more attention to TV advertisements. He keeps remembering the remarks made by friends and associates about TVs.

If need is more intense, the individual enters a stage of active information search and he tries to collect more information about the product, its key attributes, qualities of various brands and about the outlets where they are available. There are four consumer information sources.

- Personal sources (family, friends, neighbours, etc.)
- Commercial sources (advertisements, salesman, dealers)
- Public sources (mass media, consumer-rating organizations)
- Experiential sources (handling, examining, using the product)
The marketer will find it worthwhile to study the consumer information sources whenever (a) a substantial percentage of the target market engages in search, and (b) the target market shows some stable patterns of using the respective roles and importance calls for interviewing consumers about the sources of information.

2.10.3 Motivation

The modern consumers do not get guided by his instincts, but have an active mind in selecting their goals, evaluate their relative usefulness in terms of products they buy, hence, consciously controlling his behavior in selecting these products. In the motivational process, unfulfilled needs create tension, which firms up the driving strength and develops a behavior towards goal fulfillment. The behaviour is not only based on need based drive strength, but, gets shaped up by the person’s learning process and thinking (or cognitive) process. Marketers, who understand this, will try to influence the consumer’s cognitive processes. Behaviour towards goal fulfillment will be deeply influenced by personal and cultural factors.

2.10.4 Interest

Interest may be viewed as a state of mind that exists when a consumer perceives a need and or is aware of alternative products capable of satisfying that need. Consumer interest is indicated in the consumer’s willingness to seek further information about a product. At this stage the consumer is actively involved in the buying process and pays attention to the product. However, if he loses interest during this involvement, his or her attention will be diverted and the buying decision process will break down. In our example of a housewife requiring a washing-aid, she may look for further information about these machines once she becomes aware of such machines. The kind of information she may look for is about the alternative washing machines available in the marketplace, their relative prices, operational efficiency, and warranty and service facilities.
2.10.5 Evaluation and Intention

Once interest in a product(s) is aroused, a consumer enters the subsequent stage of evaluation and intention. The evaluation stage represents the stage of mental trial of the product. During this stage, the consumer assigns relative value-weights to different products or brands on the basis of accumulated stock of product information and draws conclusions about their relative satisfaction giving potential value. After this evaluation, the consumer develops the intention either to purchase or reject the product or brand. The final purchase will, however, depend on the strength of the positive-intention that is the intention to buy. On the basis of the evaluation behaviour of consumers, the marketer can improve or develop the product and segment the market on the basis of product attributes.

2.10.6 Purchase Decision

There are three more important considerations for taking the buying decision: (a) attitude of others such as wife, relatives and friends, but it depends upon the intensity of their negative attitude and the consumer’s motivation to comply with the other persons’ wishes; (b) anticipated situational factors as expected family income, expected total cost of the product and the expected benefits of the product; and (c) unanticipated situational factors.

2.10.7 Post-purchase Feelings

If the product matches his expectations, the consumer is satisfied; if it exceeds, he is dissatisfied.

2.11 PARTICIPANTS IN THE BUYING PROCESS

These are the following five different roles that persons can play in a buying decision:

• **Initiator** - The initiator is a person who first suggests or thinks of the idea of buying the particular product.

• **Influencer** - Influencer is a person who explicitly or implicitly has some influence on the final buying decision of others.
• **Decider** - The decider is a person who ultimately determines any part or whole of the buying decision, i.e., whether to buy, what to buy, how to buy, when to buy or where to buy.

• **Buyer** - The buyer is the person who actually purchases.

• **User** - User is the person who actually uses or consumer the services or products.

The marketer’s task is to study the buying process and the role of the main participants in the buying process. He should initiate all of them to make purchases of his product at different stages and through different strategies.

### 2.12 CONSUMER PERCEPTION

In philosophy, psychology, and cognitive science, perception is the process of attaining awareness or understanding of sensory information. The word "perception" comes from the Latin words perceptio, percipio, and means "receiving, collecting, action of taking possession, apprehension with the mind or senses". Perception is one of the oldest fields in psychology. The oldest quantitative law in psychology is the Weber-Fechner law, which quantifies the relationship between the intensity of physical stimuli and their perceptual effects.

The study of perception gave rise to the Gestalt school of psychology, with its emphasis on holistic approach. What one perceives is a result of interplays between past experiences, including one's culture, and the interpretation of the perceived. If the percept does not have support in any of these perceptual bases it is unlikely to rise above perceptual threshold.

### MEANING AND DEFINITION

**Meaning**

Perception is the process of selecting, organizing and interpreting information inputs to produce a meaning. A person receives information through, senses sight, taste, hearing, smell and touch. How and, what consumer perceive
strongly affect their behavior towards products, prices, package designs, salespeople, stores, advertisements and manufacture. Perceptions vary from person to person. Different people perceive different things about the same situation. But more than that, we assign different meanings to what we perceive. And the meanings might change for a certain person. One might change one's perspective or simply make things mean something else.

Definition

"To perceive means to immobilize... we seize, in the act of perception, something which outruns perception itself." - Henri L. Bergson.

"If the doors of perception were cleansed everything would appear to man as it is, infinite. For man has closed himself up, till he sees all things thru chinks of his cavern". - William Blake.

"Nothing exists until or unless it is observed. An artist is making something exist by observing it. And his hope for other people is that they will also make it exist by observing it. I call it creative observation, creative viewing". - William S. Burroughs.

2.14.1 Types

Two types of consciousness are considerable regarding perception: phenomenal (any occurrence that is observable and physical) and psychological.

2.14.3 PERCEPTION-IN-ACTION

Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Sensation usually refers to the immediate, relatively unprocessed result of stimulation of sensory receptors in the eyes, ears, nose, tongue, or skin. Perception, on the other hand, better describes one's ultimate experience of the world and typically involves
further processing of sensory input. In practice, sensation and perception are virtually impossible to separate, because they are part of one continuous process. Thus, perception in humans describes the process whereby sensory stimulation is translated into organized experience. That experience, or percept, is the joint product of the stimulation and of the process itself.

**APPLICATIONS OF CONSUMER BEHAVIOUR**

By determining the behavior of the consumer you are more able to determine when, what, and where a consumer is more likely to buy. There are four main applications of consumer behaviour:

- The most obvious is for marketing strategy-i.e., for making better marketing campaigns.
- A second application is public policy.
- Social marketing involves getting ideas across to consumers rather than selling something.
- As a final benefit, studying consumer behaviour should make us better consumers.

**2.12 CONSUMER SATISFACTION**

Satisfied consumer lead to word-of-mouth publicity, In fact, it can spread faster than advertising. Besides, for high value products, people may like to go by the experience of owners of particular brands. Hence, existing customers, if satisfied, can be important ambassadors of positive brand image. So also feedback from the existing customers can be very rewarding. A company may not always be right in whatever it does. A feedback from customers can help the company restructure the various components of its marketing mix.

Happy and satisfied customers behave in a positive manner. They will buy a lot and will give a large share of their income. Customer satisfaction is derived largely from the quality and reliability of products and services. Recent research results have demonstrated that customers who are only just satisfied are likely to
walk away for a slightly more attractive proposition from competitor. The major goal of any customer satisfaction program should be to achieve ‘preferred supplier’ status with as many customer as possible. ‘Preferred supplier’ status means that a customer formally or implicitly makes the policy known within the organization that, whenever possible, any purchases of goods and services in category will be supplied.

It is necessary for the marketers to go beyond the various influences on buyers and develop on understanding of how consumers make their buying decisions. Specifically, they must identify who makes the buying decision, the types of buying decisions, and the steps in the buying process. People play different roles in a buying decision like initiator, influencer, decider, buyer and the user. Consumer decision making varies also with the type of buying decision. Henry Assael distinguished four types of consumer buying behaviour based on the degree of buyer involvement and the degree of differences among brands as complex, variety seeking, dissonance-reducing and habitual buying behaviour.20

Consumers do not search extensively for information, evaluate characteristics and make a decision. Instead, they are passive recipients of information in television or print ads. Television advertising is more effective than print because it is a low involvement medium that is suitable for passive learning.21 Marketers use four techniques to try to convert a low involvement product into one of higher involvement. First, they can link the product to some involving issue, second, they can link the product to some involving personal situation. Third, they might design advertising to trigger strong emotions related to personal values or ego defense. Fourth, they might add an important feature. Ian C.Macmillan and Rita Gunther McGrath argue that if companies examine customer’s entire experience with a product service the consumption chain, they can uncover opportunities to position their offerings in ways that neither they nor their competitors thought possible. Trying to understand the customers behaviour

74
in connection with a product has been called mapping the customers consumption system, customer activity cycle or customer scenario.\textsuperscript{22}

Marketing scholars have developed a “stage model” of the buying decision process. With regard, the consumer passes through five stages: Problem recognition, information search, evaluation of alternatives, purchases decision and post purchases behaviour. Clearly the buying process starts before the actual purchase and has consequences long afterward.\textsuperscript{23} Of key interest to the marketer are the major information sources to which the consumer will turn and the relative influence each will have on the subsequent purchase decision, consumer information sources fall into four groups.\textsuperscript{24}

- Personal sources : Family, friends neighbours, acquaintances
- Commercial sources : Advertising, sales persons, dealers, packaging, displays.
- Public sources : Mass Media, consumer rating organizations.
- Experiential sources : Handling, examining is using the product.

The relative amount and influence of these information sources vary with the product category and the buyers characteristics. Generally speaking, the consumer receives the most information about a product from commercial sources – that is marketer dominated sources. However the most effective information comes from personal sources. Through gathering information, the consumer learns about competing brands and their choice set of these acceptable brands.\textsuperscript{25} The purchase intention and purchase decision of a consumer can be intervened by two factors – attitudes of others and the unanticipated situational factors. The extent to which another person’s attitude
reduces one’s preferred alternative depends on two things – intensity of the other person’s negative attitude toward the consumers preferred alternative. The consumers’ motivation to comply with the other person’s wishes.\textsuperscript{26}

A consumer’s decision to modify, postpone or avoid a purchase decision is heavily influenced by perceived risk.\textsuperscript{27} The amount of perceived risk varies with the amount of money at stake, the amount of attribute uncertainty, and the amount of consumers self confidence. Marketers must understand the actors that provoke a feeling of risk in consumers and provide information and support to reduce the perceived risk.

Satisfaction or dissatisfaction with the product will influence a consumer’s subsequent behaviour. The buyer satisfaction is a function of the closeness between the buyers’ expectation and the products perceived performance. If the performance falls short of expectations, the customer is disappointed, if it meets to expectations, the customer is satisfied; if it exceeds expectations, and the customer is delighted. If the customer is satisfied, he will exhibit a high probability of purchasing the product again. Marketers say “our best advertisement is a satisfied customer”.\textsuperscript{28} Dissatisfied consumer may abandon or return the product. They can make even decisions to stop buying the product or warning friends. In all these cases, the seller has done a poor job of satisfying the customer.

Marketers must thus, monitor the post purchase satisfaction, actions and product uses. Post purchase communications to buyers have been shown to result in fewer product returns and order cancellations.\textsuperscript{29} Computer companies for example, can send a letter to new owners, solicit customer suggestions for improvements and list the location of available services, write intelligible instruction booklets. Above all they can provide good channels for speedy redress of customer grievances. Thus, marketers can in all way make the consumer truly delighted.
To conclude, knowledge of consumer behaviour is very much helpful to the marketing manager in understanding the needs of his different consumer segments and developing appropriate marketing strategies for each. The study of consumer behaviour also provides in-depth insight into how consumer arrives at the purchase decision and the variable which influences their decision. A consumer’s decision to purchase a product is influenced by a number of variables which can be classified into four categories – psychological, personal, social and cultural. Consumers differ from one another in terms of age, sex, education, income, family life cycle, personality and life style. The needs of elderly consumers are different from those of young consumers. Hence to successfully market to consumers with different personal characteristics, the marketer must accordingly modify his marketing strategies.30
END NOTES


5. Suja R. Nair, op.cit.p.3.


7. Ibid.

8. Ibid.

9. Ibid.

10. Ibid.


14. Suja R. Nair, op.cit., pp. 8-9

15. Ibid.

16. M.G. Parameswaran, op.cit., p.27.

17. S.L. Gupta, Sumitrapal, op.cit., pp. 167-168


21. The impact of Television advertising; Learning without involvement
Public Opinion quarterly (Fall 1965) pp. 349-356.
22. John A. Howard and Jagadish N. Sheth Get inside the lives of your
customers, Havard Business Review (May 2001) p.81. The theory of
24. Consumer Behaviour and Product Performance: An alternative
25. An Investigation of Relationship among Evaluative beliefs, Affect,
26. The Role of Risk in Consumer Behaviour, Journal of Marketing (April
1974) p.54.
27. Barry L. Bayus, “Word of Mouth”: The Indirect effects of marketing
28. Jame H. Donnelly Jr. and John M. Ivancewich “Post Purchase
Reinforcement and Back out Behaviour” Journal of Marketing
Language.