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CHAPTER II

CONSUMER BEHAVIOUR: A THEORETICAL FRAMEWORK

2.1 INTRODUCTION

Any person engaged in the consumption process is a consumer. These consumers can be identified by the type of markets to which they belong. On the basis of this consumers are of two types i.e. Industrial and final consumers. The present study is concerned with the final consumers, individuals who buy for personal consumption or to meet the collective needs of the family and households needs. The consumer behaviour refers to those actions and related activities of persons involved specifically in buying and using economic goods and services. It includes both mental and physical actions. In other words it reflects the totality of consumer decisions with respect to acquisition, consumption and disposition of goods services, time and idea by (human) decision making units. It also includes whether, why, when, where, how, how much and how often and how long consumption depends. An understanding of the consumer behaviour will help us in understanding different market segments and evolve strategies to effect penetration with these markets. It also seeks to identify the gaps in shaping their desires and aspirations and solving many of the consumer’s day-to-day problems in purchase.

Adam Smith at the end of 18th century wrote consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to only, so far as it may be necessary for promoting that of consumer.\(^1\) The field of consumer’s behaviour really began to develop in the early 1960s, when the Ford foundation commissioned a two years study of the state of knowledge of marketing in American Business School\(^2\). Later many theories were developed which viewed consumer behaviour from different angles and the marketers used these
theoretical base for studying consumer behaviour and for framing various marketing strategies and programmes based on the interest, attitudes and perception of consumers.

2.2 CONSUMER BEHAVIOUR THEORIES

The major theories of consumer behaviour can be grouped with (a) economic theories, (b) psychological theories (c) psycho-analytical theories and (d) socio cultural theories. All the consumer behavioural theories are based on the basic law of consumption i.e. when aggregate income increases, consumption also increases by some what smaller amount and is based on the assumptions like spending habits remain the same, political conditions, remaining normal and economy is free and perfect.

Economic Theories

The economic theories on consumer behaviour focused on how consumers allocate their income and how this determines the demands of various goods and services. The traditional theory of demand starts with the examination of the behaviour of the consumer, since the market demand is assumed to be the summation of the demand of individual consumers. In the traditional theory it is assumed that the consumer has full knowledge about all available commodities their prices and income. In order to attain the objective the consumer must be able to compare the utility (satisfaction) of various baskets of goods, which he can buy with his income. The basic economic theories include marginal utility theory, psychological law of consumption, absolute, relative and permanent income hypothesis etc.

Marginal utility theory was developed by classical economists. According to them a consumer will continue to buy such products that will deliver him the most utility or maximum satisfaction at relative prices. Economists hold the view that man is rational in all the activities and purchasing decisions are the result of economic calculations. This
theory brought out two laws that are said to govern consumer buying behaviour. These include law of Diminishing marginal utility and law at Equi-marginal utility. As per the law of diminishing marginal utility, a consumer satisfies his wants in order of their urgency and that he consciously or unconsciously weighs in his mind the price he has to pay for the utility of each product he buys. In the case of Law of Equi-marginal Utility, so as to maximise satisfaction, consumer arranges his expenditure in such a way that his marginal utilities from different items are equalized by a process of substitution of product or more utility for one possessing less utility.

However, the economists only partially accept this theory on the ground that economic factors alone cannot explain variations in sales and decision of purchase by consumers, but it is influenced by many psychological and sociological factors. On account of these, economists have attempted to refine it by providing improvements and thereby formulated indifference curve analysis and theory of revealed preferences.

In the indifference curve analysis, the overall consumer choice problem is structured as a relative choice between product alternatives within constraints related to price, income and the available budget. Similar type of refinement of the utility theory has also been made by Samuelson in his Revealed preference theory and by Armstrong in his Marginal Preference theory. While the utility approach is micro in character, there are important macro theories also.

**Psychological Law of Consumption**

Keynes’s Psychological Law of Consumption is the basis to income theory. This law is a statement of very common tendency that when income increases, consumption also increases, but not to the same extent as the increase in the income. This law depends upon three related prepositions, (i) when the aggregate income increases, consumption expenditure also increases, but a smaller amount. (ii) an
increment of income will be divided in some ratio between saving and spending. (iii) an increase in income is unlikely to lead either to less spending or less saving than before. This theory highlights the fact that consumption essentially depends upon income and that income earners always have a tendency to spend less on consumption than the increment in income. However there are critics against this theory stating that there are many other non income factors which influence consumption spending especially in the short run.

**Economic Theories of Spending Behaviour**

The three general theories on the determinants of total consumer spending are; (a) The Absolute Income Hypothesis, (b) The Relative Income Hypothesis, (c) The Permanent Income Hypothesis, and (d) The Life Cycle Hypothesis. Each theory was put forward originally in terms of individual behavior and then generalized to aggregate behaviour and each hypothesis postulates a relationship between consumption and income, though the concepts underlying these terms may vary substantially.

a) **The Absolute Income Hypothesis**

The first statement of this theory is perhaps made by Keynes in the General Theory. Its subsequent development is primarily associated with James Tobin and Arther Smithies. This theory states that the individual consumer determines what fraction of his current income he will devote to consumption on the basis of the absolute level of that income. Other things being equal the rise in his absolute income will lead to decrease in the fraction of that income devoted to consumption. This theory was criticized on the ground of its inability to reconcile data on saving with observed long term trends and as an answer to this inconsistency the relative income hypothesis was developed.
b) **Relative Income Hypothesis**

This hypothesis was propounded by Dorothy Brady Rose Friedman and James Duesenberry. Its underlying assumption is that saving rate depends on the level of income, but on the relative position of the individual on the income scale. As such, Relative Income Hypothesis implies the assumption that spending is related to a family’s relative position in the income distribution of approximately similar families. Thus the theory argues that the fraction of families income spend on consumption depends on the level of it’s income relative to the income of neighboring family’s and not on the absolute level of family’s income.

James S. Duesenberry supplied psychological support to the relative income hypothesis noting that there is a strong tendency in our social set up for people to emulate their neighbors and at the same time to strive constantly towards a higher standard of living. According to him, consumption expenditure of an individual is determined not only by his current income, but also by the standard of living enjoyed by him in the past. This idea is known as Duesenberry hypothesis.

c) **The Permanent Income Hypothesis**

The Permanent Income Hypothesis was developed by Prof. Milton Friedman. Like Relative Income Theory, it holds that the basic relationship between consumption and income is proportional, but the relationship here is between permanent consumption and permanent income. He replaced the concept of current income to permanent income. According to him, “Permanent income is to be interpreted as the mean income regarded as permanent by the consumer unit in question which in turn depends on its farsightedness”. Since Permanent Income Hypothesis argues that proper consumption function relates permanent consumption to permanent income. It concludes that the long run consumption income relationship is proportional. Changes in permanent income give rise to proportional changes in permanent consumption.
However critics argue that, this theory puts too much stress on the expectations and long range planning of consumer units, while in reality consumer units change their consumption behavior frequently.

d) Life Cycle Hypothesis or (MBA Approach)

This hypothesis was propounded by Modigliani, Albert Ando and later by Branberg. This approach is essentially a permanent wealth hypothesis rather than permanent income hypothesis. According to this, the household or consumer unit is assumed to determine the amount available for consumption over life which is the sum of households net worth at the beginning of the period plus the present value of its non property income minus present value of planned bequests. In the MBA hypothesis, consumption is taken as a function of wealth and age and not of simple current income. It also emphasises that consumption function is strictly proportional to total wealth. The above economic theories highlight the shortrun and long run consumption function of consumers based on their income, savings, wealth and life cycle.

Psychological theories

The essence of psychological theories (learning theories) lies in the fact that people learn from experience and the results of experience will modify their actions on future occasions. The importance of brand loyalty and repeat purchase makes learning theory more relevant in the field of marketing. Among the learning theories come stimulus response theories and cognitive theories.

Contributors of stimulus response theories include Purlon, Skinner Thorindike and Kotlew. According to them learning occurs as a person responds to some stimulus and is rewarded with need satisfaction for a correct response. They proved that most frequent and recent stimuli are remembered and responded. This approach is the basis of reported advertisements. The cognitive theory was propounded by Festinger mainly to explain certain post buying behaviour
According to it stimulation and want are conditioned by a consumer’s knowledge, his perception, beliefs and attitudes. The theory further states that even after a well thought out purchase the consumers undergo some sort of discomfort, fear or dissonance. This post decision anxiety is caused by ‘nice’ (cognitive dissonance) arising from doubts on the decisions taken. The consumers compare on the merits of the products bought with substitutes or start analyzing drawbacks of the product. Such customers require some reassurances from the seller stressing that the decision taken is wise one. Though the theory was developed to explain a ‘post decision’ phenomenon, it is suitable for explaining pre-decisions anxiety also. The advertisements and personal selling aimed to reduce cognitive dissonance on the part of the buyer and prophets.

Gestalt theory, coined by German Psychologist Christian Von Ehrenfels\textsuperscript{10} viewed personality as the result of the interaction between the person and the total environment and the two must be considered together as a patterned event. Consumers attempt to stabilize their psychological field by providing meaning to the surrounding world. Consumers, in making market decisions, strive to reduce tension and conflict between themselves and their environmental perceptions.

**Psycho-analytic theories**

This theory developed from the thoughts of Sigmund Freud\textsuperscript{11}. He postulates that personality has three basic dimensions, the id, the ego and the super ego. It follows that consumer behaviour is a function of the interaction of these three systems. Here the id urges an enjoyable act, the super ego presents the moral issues involved and the ego acts as the arbitration in determining whether to proceed or not. This has led to motivational research and has proved useful in analyzing buyer’s behaviour. This in turn has contributed some useful insights in the advertising and packaging field.
Socio cultural theories

The credit of formulation of this theory goes to Thorstein veblem (1899) and is known as veblenian model\textsuperscript{12}. He asserted that a man is primarily a social animal and his wants and behaviour are largely influenced by the group of which he is a member. He argued that people have a tendency to fit in a society in spite of their personal likes and dislikes. Culture, sub culture, social classes reference groups, family are the different factor groups that influence buyer behaviour.

All the above theories give guidelines to the marketing managers how a consumer behave in a particular situation and what are the factors which influence their decision making process.

2.3 CONSUMER DECISION BEHAVIOURAL MODELS

Consumer behavioural models describe the decision-making or choice process of consumers. Comprehensive models of consumers behaviour include Nicosia model\textsuperscript{13}, Howard Seth model\textsuperscript{14}, Sheth family decision making\textsuperscript{15}, Bettman information processing model and the Seth-new-Gross model\textsuperscript{16}.

Nicosia Model

The model focuses on the relationship between the firm and its potential consumers. It suggests an interactive design where the firm tries to influence consumers and the consumers by their actions (or interaction) influence the firm.
### CHART-2.1

*Summary flow chart of the Nilcosia model of consumer decision process*

<table>
<thead>
<tr>
<th>Sub field-I</th>
<th>Massage</th>
<th>Sub field-II</th>
<th>Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms attribute</td>
<td>exposure</td>
<td>Consumers attributes</td>
<td>(especially predisposition)</td>
</tr>
</tbody>
</table>

- Search and Evaluation
- Experience
- Field 4 – Feedback
- Consumption
- Motivation
- Purchasing
- Decision
- Behaviour

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Howard – Sheth Model

The model distinguishes among three levels of learning viz., extensive problem solving, limiting problem solving and routinised response behaviour.

Extensive problem solving (EPS)\textsuperscript{17} takes place when the consumer's knowledge and beliefs about brands are very limited and the consumer actively seeks information concerning a number of alternative brands. When the consumers knowledge and beliefs about the brands are only partially established and he is not fully able to assess the brand differences limited problem solving (LPS) take place. Routinised response behavior (RRS) occurs when the consumers knowledge and beliefs about the brand and its alternative are well established and the consumer is predisposed to the purchase at one particular band.

**Characteristics of the three stages of decision making:**

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<tr>
<th>Stage</th>
<th>Amount of information need prior to purchase</th>
<th>Speeded done</th>
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<tr>
<td>EPS</td>
<td>Great</td>
<td>Slow</td>
</tr>
<tr>
<td>LPS</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>RRS</td>
<td>Little</td>
<td>Fast</td>
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Engel Kollat Blackwell Model\textsuperscript{18}

The model explains the individual consumer behaviour under four sections.

1. Decision – process stage
2. Information input stage
3. Information processing stage and
4. Variable influencing the decision process
The model identified the task of decision process viz., problem recognition, search, alternative evaluation, purchase and outcomes. Information from marketing and non-marketing sources feeds into the information processing section of the model which has its initial influence at the problem recognition stage of decision making process. The consumer will process the information which consists of consumer response, attention, comprehension, perception, yielding/acceptance and retention of incoming marketer or dominated and non-marketing information. The model also stresses that there are certain variables which influence the decision making process which includes individual characteristics like motives, values life style and personality and the social factors like culture, reference groups, family and situational influence like consumers’ financial condition etc.

**Sheth-family decision making model**

Sheth family decision-making model suggests that joint decision making tends to prevail in families that are middle class – newly married and those who are close knit with few prescribed family roles. In terms of product specific factors, it suggests that joint decision making is more prevalent in situations of highly perceived risk or uncertainty, when the purchase decision is considered to be important and when there is ample time for decision making.

**Bettman’s information processing model of consumer choice.**

This model brings the concept of consumer process information. The model emphasises that consumer’s information processing capacity is limited and they rarely undertake complex analysis of available alternatives. The model suggests that consumer normally adopts simple decision strategies (heuristics). This will enable the consumer to arrive at a choice having complete analysis of available alternatives. The Bettman system could be useful to the marketing managers to design marketing strategy by stimulating new insights about his consumers.
2.4 CONSUMER DECISION PROCESS

The thought process that consumers go through to arrive at their decisions is known as the consumer decision process. Consumers decisions are concerned mainly with how, when, how much, from where, questions concerned with the purchase of a product/service/ideas. Consumer realizes that if he wants to make a purchase, he goes through a series of steps mainly like problem recognition, information, search, evaluation of alternatives, decision on alternatives and assessment.

Consumers can have problems related to all five facets of decision making viz. whether, what, where, when and how to purchase. Internal determinants like needs, perceptions and motives have the most direct effect on problem recognition and the environmental variables are less directly involved in this process.

The consumer search process i.e. the mental and physical activities undertaken by consumers to provide information on recognized problems involves the identification of alternative products or brands, specific stores prices, terms of sale, services etc. Both internal (based on experience of the consumer) and external (outside information source) search will be made by the consumer before making a purchase decision. Before making a final decision he will also search for alternative solutions to a particular problem. Therefore a consumer decision making also involves evaluation of the alternative decisions i.e., the activity of identifying alternative solutions to a problem and determining the relative merits of each. Consumer decision is the outcome of the evaluation i.e. the mental process of choosing the most desirable alternative.

Consumer decision process also involves post purchase assessment. It can be defined as the consumer’s perceptions of the outcome of the purchase process. The result of the purchasing can be either satisfaction (when the purchases do not conform to the buyer’s
expectations) or dissatisfaction (when the purchases do not conform to the buyers expectation). The consumer will store the information and experiences obtained by him with the purchase and try to recall the information with entering into another purchase. This consumer decision making is a continual process as, the end of one purchase decision is the beginning of another. Following figure illustrate the consumer decision-making process.

**Fig. 2.1 Consumer Decision Making Process**

- **Problem Recognition**
- **Search for market related information**
- **Basic determinants (Internal) Environmental Information**
- **Past purchase assessment**
- **Evaluation and selection**
2.5 DETERMINANTS OF CONSUMER BEHAVIOUR

The decision making process of the consumers are influenced by both internal/individual/external/environmental variables. It is important for a marketer to understand all these variables so as to know as to why consumer behaves in the manner he/she does and how his/her mind is conditioned and influenced. An understanding of consumer behaviour theories (as discussed in the previous session) will help to understand the determinants of consumer behaviour. An analysis of the basic variables influencing the consumer behaviour will be much useful to the marketers to frame suitable marketing strategies. The theory broadly classified the determinants into economic factors, sociological factors and behavioural factors. Economic factors are already discussed in the beginning of this chapter.

Sociological and Behavioural Determinants

Sociologists and socio psychologists attempted to explain the behaviour of a group of individuals and the manner in which it influences and conditions an individual’s behaviour in the market place. They emphasized the influence of family members, reference groups, opinion leaders, social class and caste and culture on the consumer behaviour.

Family:

Consumer researchers have revealed that, for every family there is a role specialization and every member of the family has a specific role to play in making the family purchases. It is possible that the buyer may be influenced by the preferences of the other members of the family group or the decision has emerged out of the consensus of opinion among the family members. For a marketing man it is important to identify these members and their respective buying roles.
Reference Group:

The concept of reference group was originated by Hyman in 1942\(^1\) to describe the kind of group used by an individual as a point of reference for his own judgment, belief and behaviour. The reference group will affect the level of aspiration and type of behaviour through establishing conventional patterns of personal expenditure. An understanding of the points of reference of the target consumers of company’s products is very relevant in formulating effective marketing strategies/programmes.

Opinion leaders:

The concept of opinion leadership emerged from a research conducted by Lazarfeld Berelson and Gandet (1940)\(^2\). Consumers often make a reference to an individual (opinion leaders) in order to formulate his/her behaviour pattern. For the marketers it is necessary to identify those leaders who influence and condition the others behaviour, so that they can formulate the promotional strategies based on it.

Cultural factors

Culture can be defined as a set of basic values, perceptions, wants and behaviour learned by a member of a society from family and other important institutions. These factors exert the broad and deep influence on consumer behaviour. Howard and Sheth\(^3\) has viewed culture as selective man made way of responding to experience, a set of behaviour patterns. Cultural aspects go a long way in conditioning the purchase behaviour of Indian consumers. Moreover, its influence is more enduring on account of ‘Samskar’ it builds up.

Social Class and caste

In addition to culture and sub culture social class also influences the behavioral pattern of consumers. Social class is a relatively permanent and ordered division whose members share similar
values, interests and behaviors. It is determined by factors like income, occupation, education, wealth and other variables. Caste on the other hand is a group with a developed life of its own, the membership where of, unlike that of classes is determined not by selection but by birth. Marketers are interested in social class because people within a given social class tend to exhibit similar buying behaviour. Research studies carried out in USA and elsewhere suggest that influence of class affiliates is visible on product and store choices of consumers. In India although no empirical research about caste oriented consumer behaviour is available, it is common knowledge that those belonging to lower class do not buy from stores generally patronized by higher class.

**Individual determinants of consumer behaviour**

The buyers decision or consumer behaviour is influenced by in addition to external factors both personnel and psychological characters of the individual. Marketers cannot control or regulate these variables but can tune or mould their marketing strategies by identifying these factors.

Personal characters of an individual includes the buyers age and life cycle stage, occupation, economic situation, life style, personality and self whereas psychological characters cover their perception, learning, belief, attitude and motivation. The degree of influence and effectiveness of these factors on consumer’s decisions making process are as follows.

**Age and life cycle stage**

Consumers change the buying patterns and habits over their life time. Taste in clothes, fashion, and recreation are age related factors. Further, consumers face different stages of family life cycle i.e. the stages through which families might pass as they mature overtime. Marketers often define their target markets in terms of different consumer segments and family life cycle stage and develop appropriate products and marketing plans for each stage and segment.
Life Style

Life style is a person’s pattern of living as expressed in his or her psychographics. It is the expression of the ways he or she chooses to spend time and money and how his or her values and tastes are reflected in consumption choices. Life style research is useful to tact social consumption preferences and also to position specific products and services to different segments.

Many marketers identify regional differences in product preferences and develop different versions of their products for different markets. A set of techniques called geo-demography analysis; consumption patterns using geographical and demographic data identify clusters of consumers who exhibit similar psycho-graphic characteristics.

Personality

The concept of personality refers to a person’s unique psychological make-up and how it consistently influences the way a person responds to his or her environment. Marketing strategies based on personality differences have met with only partial mixed success, because of the way these differences in personality traits have been measured and applied to consumption contexts. Some approaches have attempted to understand underlying differences in small samples of consumers by employing technique based on Freudian psychology whereas others have tried to assess these dimensions more objectively in large samples using sophisticated quantitative techniques.

Self

Consumers’ self-concepts are reflections of their attitudes toward themselves. Whether these attitudes are positive or negative, they will guide many purchase decisions, products can be used to boost self-esteem or to reward the self. Many product choices are dictated by the consumers perceived similarity between his or her personality and
attributes of the product. Self image congruence models suggest that products will be chosen when their attributes match some aspects of the self. These models assume a cognitive matching between product attributes and the consumer’s self image. Congruity also has been found between consumers and their preferred brands of beer, soap, tooth paste and cigarettes relative to their least preferred brands, as well as consumers self images and their favourite stores. In order to understand consumer behaviour the marketer must understand the relationship between consumer self concept and possession of products and services.

**Psychological factors**

A person’s buying choices are further determined by various psychological factors viz. motivation, perception, learning, belief and attitudes. Marketers have very little control over these variables and therefore call for great attention on these factors to tune their marketing strategies.

**Motivation**

The psychological theories of Sigmund Freud and Abraham Maslow\(^\text{22}\) focus on the need for identifying motivational aspect of consumers. Many factors affect motivation. First motivation tends to be greater, when consumers see something as personally relevant. Other things are seen as relevant because they relate to our needs, values and goals, because they are seen to entail considerable risk or because they are inconsistent with prior attitudes. Even when motivation to do so is high, if consumers lack the knowledge, experience, intelligence, or money to engage in behaviour, process, information etc, they cannot achieve a goal. Highly motivated consumers may also fail to achieve goals if other opportunity to do so is limited.
Perception

Perception is the process by which people select, organize and interpret information to form a meaningful picture of the world. Though a motivated person is ready to act the people with some motivation may act differently. It is because of the fact that the individuals receive, organize and interpret the sensory information on an individual way.

People can form different perceptions towards same stimulus because of three perceptual process i.e. selective attentions, selective distortion and selective retention. For example, an average person may be exposed to very larger number of ad’s in a single day. Certain people have the capacity to screen out most of the information to which they are exposed, means that marketers have to work hard to attract the consumer’s attention. Even noted stimuli always came across the intended way because people have the tendency to interpret information on a way that will support their belief (selective distortion). Therefore marketers must try to understand the mind set of consumers and how these will affect interpretations of advertising and sales promotion. Further, people tend to retain information that supports their attitudes and belief (selective retention). Because of the selective exposure, distortion and retention marketers have to work hard to get their messages.

Learning

Learning theorists stressed that most human behaviour is learned. Learning occurs through the interplay of drives, stimulus, cues, responses and reinforcement. Learning describes changes in an individual behaviour arising from experience. The practical significance of learning theory for marketers is that they can build up demand for a product by associating it with strong drives using motivating cues and providing positive reinforcement.
Beliefs

People have certain beliefs towards certain products and services. They acquired this through doing and learning. Belief is a descriptive thought that a person has about something. Marketers are interested in the belief that people formulate about specific products and services because these beliefs make up products and brands images that affect buying behaviour. If some of the beliefs are wrong and prevent purchase, the marketer want to launch a campaign to correct them.

Attitudes

Attitude is a person’s consistently favourable or unfavourable evaluation of feelings and tendencies towards an object or an idea. Attitudes are difficult to change. A person’s attitudes may fit into a person and to change this may require difficult adjustments. Thus a company is supposed to try to fit into existing attitudes rather than attempts to change attitudes. Attitude researchers traditionally assumed that attitudes were learned in a fixed sequence, consisting first of the formation of beliefs (cognitions) regarding attitude object, followed by some evaluation of that object (affect) and then some action (behaviour) depending on the consumer’s level of involvement and the circumstances.

The theoretical approaches to attitudes as cognitive dissonance theory, self perception theory and balance theory stress the vital role of the need for consistency. The complexity of attitudes is underscored by multi-attribute attitude model in which a set of beliefs and evaluation is identified and combined to predict an overall attitude. Factors such as subjective norms and specificity of attitude scales have been integrated into attitude measures to improve predictability. There are many subdivisions to these individual determinants of consumer behaviour and it is necessary for the marketers take into consideration each and every component in an individual.
It can be concluded that there are number of forces that influence consumer behavior. The consumer choices redetects from the complex interplay of cultural social personnel and psychological factors. Although many of these factors cannot be influenced by the marketers they can be useful in identifying interested buyers and shaping products and appeals to serve consumer needs better.

2.6 INTERNATIONAL CONSUMER BEHAVIOR

Consumer behaviour may vary from time to time, place to place and country to country. Even for the companies operating within borders of a single country feels it difficult to understand consumer behaviour. Although companies in different countries may have something in common, their culture, values, attitudes and perceptions towards products and services are different. Sometimes the differences are obvious and some times more stable. Cultural differences are also important across the boarders. The culture varies in terms of their product preferences. The companies make sure that their market plans and programmes should able to meet the unique cultures and needs of consumers in various markets. On the one hand, they want to standardise their offering in order to simplify operations and take advantage of economies of scale and on the other hand, adopting marketing efforts within each country results in products and programmes that better satisfy the needs of local consumers. Therefore, before the marketer there are two options either to adopt a standardized strategy or to have a localized strategy. For example, unlike Americans, European favour dark chocolate over milk chocolate, which they regard, is suitable only for children. Again, Americans favourite colours are red and blue where as Japanese prefer olive and brown. Consumers in different countries have varied needs and wants, spending power, product preferences and shopping pattern. Failing to understand such differences from one country to another will result in the long term survival in the international market.
Proponents of standardized strategy argue that many cultures especially those of relatively industrial countries have become so homogenised that the same approach will work throughout the world. Some companies successfully marketed the globals products. Eg. Coca cola, Sony Walkman’s, McDonalds Hamburger etc. The proponents of localised strategy endorse academic perspective, which focuses on variables within culture. They argue that each country has a national character a distinctive set of behaviour and personality characteristics. An effective strategy must be tailored to the sensibilities and needs of each specific culture. For example, Gillette sells over 800 products in more than 200 countries. The company uses different brand names and formulations for the same product in different countries. i.e., Gillete’s silkiness shampoo is called Soyance in France and Scdntal in Italy and Silence in Germany\textsuperscript{23}.

In short, marketers who deal with consumer behavior across international boarders face certain additional challenges than in the national market. The differences of consumers in terms of values, attitudes and behaviour call for the significant changes in products and marketing programmes inorder to be success in international markets.

2.7 CONSUMERISM - IMPACT ON CONSUMER BEHAVIOUR

The business concerns are dependent on the consumer not only for its survival but also for its growth. However, though consumer is considered as king, in reality he is not a king, he is a prince without a privy purse and is often distinguishable from a serf or pamper. He pays more and earns less in reality. He is one to suffer from acute shortage of essential commodities. Shortage in weight and measurement, deceptive and misleading advertisement, cartels, profiteering and deficient services are adopted by traders of both public and private sectors.
It was President, Mr. John F. Kennedy, who introduced the Bill of Rights of the consumer and gave an impetus to the international consumer movement. The day (March 15, 1962) that he announced the first Bill of Rights of the Consumer is celebrated annually as World Consumer Day. He promulgated the four basic rights of consumers they are, right to safety, right to choose, right to be informed and right to be heard. The International Organisation of Consumers Union at Hague added three more rights of consumers i.e. right to redressal, right to consumer education and right to healthy environment.

Consumerism is an organised movement of citizens and government to strengthen the rights and powers of buyers in relation to sellers. Consumerists’ groups seek to increase the amount of consumer information, education, and protection. Consumerism is a national problem afflicting every section of the society, men and women whether old, youth or child, rich or poor, rural or urban literate or illiterate. Consumer protection is a form of social action, which is designed to attain the well being of one group within a society namely the consumers. The movement has taken up lead in India during recent years. Unfortunately, it could not cross the borders of urban mass and elite class of people. Consumerists from India want the government to check on the safety of products that are potentially hazardous and to penalize companies that are careless. The Indian Consumers gained focus, only after disgruntled consumers started reaching and voicing their grievances against unscrupulous traders and manufacturers of goods and service. Government of India has accorded high priority for consumer protection. The legislative measures in India cover various aspects of consumer protection since 1930 up to the enactment of Consumer Protection Act, and the amendment during 2002.

In India, consumerism encompasses the evolving set of activities of government, business enterprises and independent consumer organisations that are designed to protect the rights and interest of consumers. Consumer movement is a social and economic
movement, which seeks to protect the interests of the consumer against the unfair trade practices adopted by the traders.

Although the need for consumer legislations is widely documented and strongly supported, the effectiveness of resulting legislation in safeguarding consumer rights has proved somewhat uneven probably due to the limited knowledge or insights into consumer behaviour. Many policy makers now concede that majority of the legislations were passed with little consideration of actual consumer behaviour and they now agree that research into consumer attitudes and habits concerning their purchase behaviour should have been a necessary precaution to the enactment of consumer legislation and should be the requisite basis for minimizing the defaults in the existing low.

Many consumers are willing to be active consumerists (i.e. join consumer groups) but actual participation appeared to be limited often because consumers feel that the leaders of consumer movement are out of touch into their needs. Today the traders, in order to keep in touch with the changing consumer environment, provide mechanisms for voluntary consumer input (complaints, complements, and information) in addition to soliciting input through marketing research. However there are indications that such input is highly skewed, because it is the educated consumers who take advantage of companies outreach programmes and who participate in several rule-making procedures, minority and less educated consumers are unlikely to involve themselves in such activities. In order to cop up with the consumer during the coming decade, business must become and remain sensitive to public attitudes through continued consumer behaviour research.

In this chapter we have briefly reviewed the various theoretical approaches towards the study of consumer behaviour. It is seen that the early foundations of consumer behaviour was in economics. But after the Second World War consumer behaviour approaches became more practical oriented. In these practical approaches sociological
psychological and behaviour theories and approaches dominate. A research study on consumer behaviour can be attempted either from a theoretical economists angle on ‘marketing in practice’ angle. In this study the second approach is followed. In the practical approach broadly the consumers are divided into rural consumers and urban consumers and their behaviour is evaluated at three stages, pre-purchase, purchase and post purchase. The present study excludes the urban consumers because urban consumers is an over research area. In order to understand properly rural marketing behaviour an awareness about the rural areas and rural markets is quite essential. This is attempted in the succeeding chapter.

References


5. Ibid., pp.170-171

6. Ibid., pp.171-174

7. Ibid., pp.175-177

8. Ibid., p.179.


12. Ibid. p.198 -191


15. Ibid. p. 120-122

16. Ibid p.121-123

17. Ibid. p.119-1120


19. Ibid.p.123-124


24. ibid. p.171