2. CONSUMER BEHAVIOUR

2.1. CONSUMER BEHAVIOUR DEFINED

The American Marketing Association has defined consumer behaviour as, “The dynamic interaction of affect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives.”

Peter D. Bennett, ed. Dictionary of Marketing Terms, 2nd ed. 1995. “Consumer behaviour refers to the actions and decision processes of people who purchase goods and services for personal consumption.”


Consumer behaviour refers to “the mental and emotional processes and the observable behaviour of consumers during searching for, purchasing and post consumption of a product or service.”

How consumers make decisions to spend their available resources such as money, time and effort on consumption and use-related items is the subject of consumer behaviour study. Consumer behaviour has two aspects: the final purchase activity which is visible to us and the decision process which may involve the interplay of a number of complex variables not visible to us. In fact, purchase behaviour is the end result of a long process of consumer decision-making. The study involves what consumer’s buy, why they buy it, how they buy it, when they buy it, where they buy it, how frequently they buy it and how they dispose of the product after use. For example, consider the product computer, a relatively new but big business in our country. A study of consumer behaviour in this area would investigate what kinds of consumers buy it or would buy for home and personal use? What features do they look for? What benefits do they seek including post-purchase service? How much are they willing to pay? How many are likely to buy now? Do they wait for prices to come down? Do they look for some freebies? The answers to these can be investigated through consumer research and provide manufacturers with important data and insight for determining computer features and promotional strategy etc.
2.2. CONSUMER AND CUSTOMER

A consumer is anyone who typically engages in any one or all of the activities mentioned in the definition. Traditionally, consumers have been defined very strictly in terms of economic goods and services wherein a monetary exchange is involved. This concept, over a period of time, has been broadened. Some scholars also include goods and services where a monetary transaction is not involved and thus the users of the services of voluntary organisations are also thought of as consumers. This means that organisations such as UNICEF, CRY, or political groups can view their public as “consumers.”

The term consumer is used for both personal consumers and organisational consumers and represents two different kinds of consuming entities. The personal consumer buys goods and services for her or his personal use (such as cigarettes or haircut), or for household consumption (such as sugar, furniture, telephone service etc.), or for just one member of the family (such as a pair of shoes for the son), or a birthday present for a friend (such as a pen set). In all these instances, the goods are bought for final use, referred as “end users’ or “ultimate consumers.”

The other category of consumer is the organisational consumer, which includes profit arid not-for-profit organisations. Government agencies and institutions (such as local or state government, schools, hospitals etc.) buy products, equipment and services required for running these organisations. Manufacturing firms buy raw materials to produce and sell their own goods. They buy advertising services to communicate with their customers. Similarly, advertising service companies buy equipment to provide services they sell. Government agencies buy office products needed for everyday operations. The focus of this book is on studying behaviours of individual consumers, groups and organisations who buy products, services, ideas, or experiences etc. for personal, household, or organisational use to satisfy their needs. Anyone who regularly makes purchases from a store or a company is termed as “customer” of that store or the company.
2.3. DEVELOPMENT OF CONSUMER BEHAVIOUR FIELD

For a variety of reasons, the study of consumer behaviour has developed as an important and separate branch in marketing discipline. Scholars of marketing had observed that consumers did not always behave as suggested by economic theory. The size of the consumer market in all the developed and rapidly developing economies of the world was extensive. A huge population of consumers was spending large sums of money on goods and services. Besides this, consumer preferences were shifting and becoming highly diversified. Even in case of industrial markets, where the need for goods and services is generally more homogenous, buyers’ preferences were becoming diversified and they too were exhibiting less predictable purchase behaviour.

Marketing researchers involved in studying the buying behaviour of consumers soon appreciated the fact that though there were many similarities, consumers were not all alike. There were those who used products currently in vogue while many consumers did not like using “me too” types of products and showed a preference for highly differentiated products that they felt met their special needs and reflected their personalities and lifestyles.

These findings led to the development of market segmentation concept, which required dividing the total heterogeneous but potential market into relatively smaller homogenous groups or segments for which they could design a specific marketing mix. They also used positioning techniques and developed promotional programmes to vary the image of their products, so that they were perceived as a better means to satisfying the specific needs of certain segments of consumers.

Other important factors that contributed to the development of consumer behaviour as a marketing discipline include shorter product life cycles, increased environmental concerns, interest in consumer protection, growth of services marketing, opening up of international markets and the development of computers and sophisticated techniques of statistical analysis.
2.4. HISTORY OF MODELS AND ITS FOCUS AREA GROWTH OF CONSUMER BEHAVIOUR

Consumer behaviour is a multi-disciplinary field which draws its concepts from several fields of study. It is useful to the marketing organisations, consumer groups and governmental authorities. It is an applied field since the concepts of behavioural science disciplines are applied to the understanding of human behaviour as far as consumption is concerned. By its very nature,

Table-1
HISTORY OF CONSUMER BEHAVIOUR: STUDY

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Year</th>
<th>Contribution area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katz and Lazarsfeld at Columbia University</td>
<td>1955</td>
<td>Information dissemination and interpersonal influence</td>
</tr>
<tr>
<td>Katona and his colleagues at University of Michigan</td>
<td>1960</td>
<td>Expectations and attitudes</td>
</tr>
<tr>
<td>Kuehen Howard</td>
<td>1962 1963</td>
<td>Learning theory</td>
</tr>
<tr>
<td>Evans Kassarjan</td>
<td>1959 1965</td>
<td>Personality and social character</td>
</tr>
<tr>
<td>Engel Kassarjan and Cohen</td>
<td>1963 1965</td>
<td>Cognitive dissonance</td>
</tr>
<tr>
<td>Cox</td>
<td>1967</td>
<td>Perceived risk</td>
</tr>
<tr>
<td>Steffler Green</td>
<td>1968 1969</td>
<td>Perception preference mapping</td>
</tr>
<tr>
<td>Levy</td>
<td>1959</td>
<td>Symbolic interactions</td>
</tr>
<tr>
<td>Day</td>
<td>1969</td>
<td>Attitude</td>
</tr>
<tr>
<td>Bourne Stafford</td>
<td>1957 1966</td>
<td>Reference groups</td>
</tr>
<tr>
<td>King Zaltman</td>
<td>1963</td>
<td>Interpersonal communication and</td>
</tr>
<tr>
<td>Researcher</td>
<td>Year</td>
<td>Contribution area</td>
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</tr>
<tr>
<td>Levy</td>
<td>1966</td>
<td>Social class</td>
</tr>
<tr>
<td>Wells</td>
<td>1966</td>
<td>Life style</td>
</tr>
<tr>
<td>Bauer</td>
<td>1965</td>
<td>Sub-cultures</td>
</tr>
<tr>
<td>Sturdivant</td>
<td>1969</td>
<td></td>
</tr>
<tr>
<td>Kuehen</td>
<td>1962</td>
<td>Model of consumer behaviour (limited aspects)</td>
</tr>
<tr>
<td>Frank</td>
<td>1966</td>
<td>Comprehensive consumer behaviour model</td>
</tr>
<tr>
<td>Niccosia</td>
<td>1966</td>
<td>Comprehensive consumer behaviour model</td>
</tr>
<tr>
<td>Howard and Sheth</td>
<td>1969</td>
<td>Comprehensive consumer behaviour model</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td></td>
</tr>
<tr>
<td>Sendhil Mullainathan</td>
<td></td>
<td>Integrated behavioural economics into mainstream theory.</td>
</tr>
</tbody>
</table>

It increases appreciative content of marketing, and leads to more effective and consumer-ori-ented marketing programmes. Consumer behaviour is interwoven with the emergence of the marketing discipline and has extended the motivation research of 1950s. By 60’s consumer behaviour acquired a formidable body of knowledge. The following table summarises the growth of consumer behaviour as a subject of study.

Models which are integrative is a significant development to resolve contemporary prob-lems of consumer research. As there is no single unified theory of consumer behaviour, several theories function for a single model. These models draw upon many theoretical areas such as social class, attitudes and perception. As many concepts of consumer behaviour are contributed by diverse disciplines, sometimes the research findings lack consistency and are disjointed, attracting the label of too academic for the entire subject. Consumer research should be related to the problems that are
relevant for the managers and the findings must be communicated adequately.

Business executives should also learn to value the research findings, and use them in their decision making process. Researchers should not lose sight of the marketing realities while undertaking their research. One should have some trained individuals as links between the marketing practitioners and research workers. These individuals can be called ‘social science technicians’ or ‘social engineers’.

2.5. DISCIPLINES INVOLVED IN THE STUDY OF CONSUMER BEHAVIOUR

Consumer behaviour was a relatively new field of study during the second half of the 1960s without a history or research of its own. It is in fact a subset of human behaviour and it is often difficult to draw a distinct line between consumer-related behaviour and other aspects of human behaviour. The discipline of consumer behaviour has borrowed heavily from concepts developed in other disciplines of study such as psychology, sociology, social psychology, cultural anthropology and economics.

Psychology is the study of the individual, which includes motivation, perception, attitudes, personality and learning theories. All these factors are critical to an understanding of consumer behaviour and help us to comprehend consumption related needs of individuals, their actions and responses to different promotional messages and products and the way their experiences and personality characteristics influence product choices.

Sociology is the study of groups. When individuals form groups, their actions are sometimes quite different from the actions of those very individuals when they are operating alone. The influences of group memberships, family and social class on consumer behaviour are important” for the study of consumer behaviour.

Social psychology is a combination of sociology and psychology and studies how an individual operates in a group. It also studies how those whose opinions they respect such as peers, reference groups, their families and opinion leaders influence individuals in their consumption behaviour.
Cultural anthropology is the study of human beings in society. It explores the development of core beliefs, values and customs that individuals inherit from their parents and grandparents, which influence their purchase and consumption behaviour. It also studies sub-cultures and helps compare consumers of different nationalities and cultures.

Economics: An important aspect of the study of economics is the study of how consumers spend their funds, how they evaluate alternatives and how they make decisions to get maximum satisfaction from their purchases.

Despite the fact that consumer behaviour as a field of study is relatively of recent origin, it has grown enormously, has become a full-blown discipline of its own and is used in the study of most programmes of marketing study.

The marketing concept was accepted and adopted by a large number of companies in the developed countries, particularly the United States and this provided an impetus to study the consumer behaviour. Companies had to engage in extensive marketing research to identify unsatisfied consumer needs. In this process, marketers learnt that consumers were highly complex as individuals and had very different psychological and social needs, quite apart from their survival needs. They also discovered that needs and priorities of different consumer segments differed significantly. They realised that to design products and develop suitable marketing strategies that would satisfy consumer needs, they had to first study consumers and the consumption related behaviour in depth. In this manner, market segmentation and marketing concept paved the way for the application of consumer behaviour principles to marketing strategy.

2.6. CONSUMER BEHAVIOUR APPLICATIONS IN MARKETING

Consumer behaviour principles are applied in many areas of marketing as discussed below:

Analysing market opportunity: Consumer behaviour study helps in identifying the unfulfilled needs and wants of consumers. This requires examining the trends and conditions operating in the marketplace, consumers’ lifestyles, income levels and emerging influences. This may reveal unsatisfied
needs and wants. The trend towards increasing number of dual income households and greater emphasis on convenience and leisure have led to emerging needs for household gadgets such as washing machine, mixer grinder, vacuum cleaner and childcare centres etc. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

**Selecting target market:** A review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and needs. Identifying these groups, learning how they behave and how they make purchase decisions enables the marketer to design and market products or services particularly suited to their wants and needs. For example, consumer studies revealed that many existing and potential shampoo users did not want to buy shampoo packs priced at Rs. 60 or more and would rather prefer a low-priced sachet containing enough quantity for one or two washes. This finding led companies to introduce the shampoo sachet, which became a good seller.

In case of consumer durables market in India marketers are targeting the higher income class with special features in the equipments as well as longer warranty period and of course world class quality. In case of semi urban and rural areas consumers who prefer the basic offerings or slightly modern version of the product are targeted.

### 2.7. MARKETING - MIX DECISIONS

Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Here too, consumer behaviour study is very helpful in finding answers to many perplexing questions.

**Product:** The marketer designs the product or service that would satisfy unfulfilled needs or wants. Further decisions regarding the product concern the size, shape and features. The marketer also has to decide about packaging, important aspects of service, warranties and accessories etc.

Nestle first introduced Maggi noodles in masala and capsicum flavours. Subsequently, keeping in view the consumer preferences in some regions, the company introduced garlic, Sambar, Mixed Vegetables, Dal Atta Noodles, etc.
Price: The second important component of marketing mix is price. Marketers must decide what price to charge for the product or service. These decisions will influence the flow of revenue to the company. Should the marketer charge the same, higher, or lower price in comparison to competition? Is the consumer price sensitive and would a lower price stimulate sales? Should there be any price with discounts? Do consumers perceive lower price indicative of poor quality?

To answer such questions, the marketer must understand the way the company’s product is perceived by consumers, the importance of price as a purchase decision variable and how different price levels would affect sales. It is only through consumer behaviour study in actual buying situations that the marketer can hope to find answers to these important issues.

Promotion: Promotion is concerned with marketing communications to consumers. The more important promotion methods are advertising, personal selling, sales promotion, publicity and direct marketing. The marketer has to decide which method would be most suitable to effectively reach the consumers. Should it be advertising alone or should it be combined with sales promotion? The company has to know the target consumers, their location, what media do they have access to and what are their media preferences, etc.

In most cases of industrial products, there is very little or no advertising. Brochures containing technical specifications are often posted to clients and the salespeople make follow-up visits. Consumer products get the maximum share of advertising. The pharmaceutical industry exclusively uses personal selling for prescription drugs. Insurance companies use both advertising and personal selling. Basically speaking Promotion is the tool of marketing which has been used to attract consumers towards the product or organisation. Some cases it has been used for creating positive attitude towards organisation. Sales Promotion is the most effective weapon for converting non-users of product to users of the product in the rural areas as well as in semi urban area for absolute new product. One can’t use same sales promotion tool for every type of product. Depending upon the product and type of consumers marketers have to develop different promotional strategies. Specifically in case of consumer durables like Television
promotional strategies for the same TV model is different in Gujarat and in Uttar Pradesh.

**Place:** The next decision relates to the distribution channel, that is, where and how to offer products and services for sale. Should the products be sold through all the retail outlets or only through selected ones? Should the marketer use only the existing outlets, which also sell competing brands, or should new exclusive outlets selling only the marketer’s brands be created? Is the location of retail outlets important from consumers’ point of view? Should the company think of direct marketing?

The answers to these questions are furnished by consumer behaviour research. For example, when Eureka Forbes introduced its vacuum cleaners many years ago, few stores knew anything about this product and most were not willing to buy it. Consumer awareness about the product was also low and no retail shops carried the product. Under these circumstances, the company decided to sell the product only through personal selling, with salespeople calling directly on the consumer at her/his home. These salespeople had enough time to explain and demonstrate the vacuum cleaner and convince prospects about its usefulness. Retail outlets would not have been suitable for this sales approach. This strategy was based on understanding of consumer behaviour and yielded good results.

**Use in Social and Non-profits Marketing:** Consumer behaviour studies are useful to design marketing strategies by social, governmental and not-for-profit organisations to make their programmes more effective such as family planning, awareness about AIDS, crime against women, safe driving, environmental concerns and others. UNICEF (greeting cards), Red Cross and CRY etc. make use of consumer behaviour understanding to sell their services and products and also try to motivate people to support these institutions.

A model refers to a simplified depiction of reality and includes only those aspects of reality that interest a particular model developer. Models assist in constructing a theory that guides research on consumer behaviour and facilitates learning of what is known about consumer behaviour.

Economists, with the objective of understanding economic systems, developed the earliest consumer behaviour models in the early 19th century.
With consumer behaviour becoming a distinct discipline of study, newer approaches were developed to explain the processes that influenced consumer behaviour. These contemporary descriptions and explanations are quite different from all the earlier approaches because their focus is on the decision process that consumers go through when deliberating about buying products and services. Thus, contrary to economic models, the emphasis shifts to mental activity that occurs before, during, and post-purchase.

Scholars have developed a large number of consumer behaviour models. There are significant variations in these models in terms of sophistication, precision, area of knowledge, and scope. Three models are presented here. The Nicosia model represents one of the earliest attempts to explain consumer behaviour, the Howard-Sheth model presents a more comprehensive theory of buyer behaviour, and the EKB model is viewed as the most popular representation of consumer behaviour. Salient features of these models are presented here.

2.8. DIFFERENT TYPES OF CONSUMER BEHAVIOUR MODELS:

Consumer models are nothing but a framework based on particular study by particular researcher provides guidelines for consumer buying behaviour understanding. The consumer behaviour models provide better insight to the marketers for taking important decisions regarding various marketing mixed elements. It describes various factors influence on ultimate consumer buying behaviour, specifically with reference to Indian consumer. Economic models and Haward Sheth models are important. Indian consumer behaviour for consumer durables followed more or less resembled factors in such two models. Nicosia Model which emphasizes influence of product as well as services offered by the marketer rather than conventional factors.

2.8.1. Economic Model

Under economics, it is assumed that man is a rational human being, who will evaluate all the alternatives in terms of cost and value received and select that product/service which gives him/her maximum satisfaction (utility). Consumers are assumed to follow the principle of maximum utility based on the law of diminishing marginal utility. It is assumed that with limited
purchasing power, and a set of needs and tastes, a consumer will allocate his/her expenditure over different products at given prices so as to maximize utility.

The law of equimarginal utility enables him to secure maximum utility from limited purchasing power.

Economic model of consumer behaviour is unidimensional. This means that buying decisions of a person are governed by the concept of utility. Being a rational man he will make his purchase decisions with the intention of maximising the utility/benefits.

Economic model is based on certain predictions of buying behaviour

1. **Price effect**- lesser the price of the product, more will be the quantity purchased,

2. Lesser the price of the substitute product, lesser will be the quantity of the original product bought (*substitution effect*)

3. More the purchasing power, more will be the quantity purchased (*income effect*).

The assumption about the rational behaviour of human beings has been challenged by the behavioural scientists. They are of the opinion that while the predictions are useful, the model only explains how a consumer ought to behave. It does not throw light on how does the consumer actually behave.

Behavioural scientists argue that the economic model is incomplete. Economics is assuming the market to be homogeneous, and that buyers will think and act alike. And that they will only concentrate on one aspect of the product, i.e., income. This model ignores all the other aspects such as perception, motivation, learning, attitude and personality and socio cultural factors. It has always been agreed upon that man is a complex entity, a puzzle, a riddle. Hence, it is very important to have a multi-disciplinary approach to understand consumer behaviour. Further, in today’s environment, apart from the various psychological, socio cultural determinants of the consumer, it has been observed that the consumer also gets influenced by other marketing variables namely - products (ones which are technologically advanced), effective distribution network and marketing communication (media and promotion techniques). Thus man cannot be assumed to be a
rational person and price is not the only factor which influences his purchase decision. Behavioural scientists have opined that a broader perspective has to be taken while trying to analyse buying behaviour, not only economics but the role played by needs, motives, personality and self-concept and socio cultural factors should be considered to understand what will be the buyer’s responses to various stimulus and in turn what will be the effect of this on consumer’s buying behaviour.

2.8.2. Nicosia Model (Conflict Model)

Francesco Nicosia was one of the first to develop consumer behaviour model in the early 1960s and shift focus from the act of purchase itself to the more complex decision process that consumers engage in about products and services.

Nicosia presented his model in flow chart format, resembling the steps in a computer programme. Also, all variables are viewed as interactive, with none being inherently independent or dependent. Thus, the model describes a circular flow of influences where each component provides input to the next.

The model is viewed as representing a situation where a firm is designing communications (products, ads etc.) to be delivered to consumers and in turn consumers’ responses influence subsequent actions of the firm. The model contains four major fields or components: (FIELD-I) the firm’s attributes and outputs or communications and the consumer’s psychological attributes, (FIELD-II) the consumer’s search for and evaluation of the firm’s outputs and other available alternatives, (FIELD-III) the consumer’s motivated act of purchase, and (FIELD-IV) the consumer’s storage or use of the product. Nicosia assumes that the consumer is seeking to fulfill specific goals and that initially there is no history between the consumer and the firm, so no positive or negative predispositions towards the firm exist in the consumer’s mind.

As shown in the figure, the firm produces some type of communication (product, service, ad etc.) that the consumer is exposed. Attributes of the message and the consumer determine the nature of consumer’s exposure to it and its influence on the individual. One consequence is that the message will influence the consumer’s attitude towards the brand. This attitude is the input to the FIELD-II.
The consumer will probably become motivated to gain information at this point, and search activity is likely to occur. Some search activity will involve searching internal memory for relevant information about the communication (product, service, company etc.). External search may also occur, where the consumer visits stores or reads reports etc. This is likely to lead to evaluation. If the consumer processes relevant information and begins to favour the firm’s brand, she/he will be motivated, leading to FIELD-III, and if nothing intervenes, this information is likely to precipitate shopping activity and purchase of the brand. At this point, a number of outcomes can occur. One outcome is that the firm receives feedback (FIELD-IV) and another is that the consumer’s attitude towards the brand may change because she/he gains experience with the product during storage and use. This experience is feedback to the consumer’s predispositions.

Limitations of Model:

The Nicosia model offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product. For example, the consumer may find
the firm’s message very interesting, but virtually he cannot buy the firm’s brand because it contains something prohibited according to his beliefs. Apparently it is very essential to include such factors in the model, which give more interpretation about the attributes affecting the decision process.

2.8.3. Howard-Sheth Model

The Howard-Sheth Model represents a major revision of an earlier systematic effort to develop a comprehensive theory of buyer decision-making. This model depicts and creates a distinction among three stages of decision-making.

1. **Extensive Problem Solving:** This occurs when a consumer has little or no prior knowledge, and any beliefs about the brand do not exist and she/she has no specific brand preference. The consumer seeks information actively about several alternative brands in the category.

2. **Limited Problem Solving:** In this situation the consumer has some limited knowledge and beliefs about the available brands. Because of limited knowledge, she/he is not in a position to evaluate brand differences to establish a preference. The consumer seeks some comparative brand information, although the decision criteria are quite likely to be fairly established.

3. **Routinised Response Behaviour:** This refers to a situation when the consumer has well-established knowledge and beliefs about the brand and other alternatives in the category and is predisposed to purchase a specific brand.

The model has four major sets of variables:

1. Inputs
2. Perceptual and Learning Constructs
3. Outputs
4. External Variables
Inputs.
These variables include three distinct types of information sources (stimuli) present in the consumer’s environment. **Significative** stimuli represent the brand’s physical attributes, the marketer provides the **symbolic** stimuli in the form of brand information and could be visual or verbal, and the third kind of information is furnished by consumer’s social environment such as family, reference groups, and social class. All these three types of stimuli furnish information inputs to the potential consumer concerning the product category or the brand.

Perceptual and Learning Constructs
The central element in the Howard-Sheth Model includes psychological variables that are assumed to operate when the consumer is involved in decision-making process. These psychological variables are treated as simply ideas, and are not defined operationally or evaluated directly. Some of these variables are perceptual in nature and focus on how the consumer receives and processes information gained from input and other parts of the model. For instance, **stimulus ambiguity** occurs when the consumer is not sure about the meaning of information gained from the environment. **Perceptual bias** occurs in case the consumer distorts the received information so that it suits the consumers’ established needs, wants, or experiences.

Learning constructs perform the function of consumer’s concept formation and include her/his goals, information about the brands in the evoked set, criteria for evaluating alternatives, and intentions to buy. The proposed interaction (shown with arrows and solid and dotted lines) between various perceptual and learning variables and the variables in other segments of the model give the Howard-Sheth Model a distinct character.

Outputs
The model shows a series of outputs that are similar in name to some of the perceptual and learning construct variables that include attention, brand comprehension, attitudes, intentions, and finally the act of purchase.
External Variables

These variables are not directly involved in the decision-making process. The relevant external variables include importance of the purchase, consumer’s personality traits, time pressure, and availability of funds.

Engel, Blackwell, Miniard Model (Formerly EKB Model). Also Called Open System

2.8.4. The Engel – Kollat – Blackwell Mode

This model talks of consumer behaviour as a decision making process in the form of five step (activities) which occur over a period of time. Apart from these basic core steps, the model also includes a number of other related variables grouped into five categories. Information input Information processing Product - brand evaluation General motivating influences Internationalised environmental influences

The five steps (activities) involved in the decision process stage are briefly explained hereunder:

(1) Problem Recognition: The consumer will recognise a difference between his or her actual state and what the ideal state should be. This may occur on account of external stimuli, for example a young girl has seen an advertisement of an exhibition of American Diamonds and may feel the desire to possess the same or seeing a beautiful dress displayed in the show-room may make a youngster to feel the need for a new dress.

   It may be noted that the consumer must perceive a sufficiently large discrepancy between actual and ideal states in order to be activated, recognise a problem and find a way to solve it.

(2) Information Search: Initially the information available with the consumer may be consistent to the beliefs and attitudes held by him or her. While being involved in an information seeking or search stage, the consumer will try to gather more information from various sources. These sources could be sales persons, personal or friends or neighbours or mass communication media. The information processing takes place in various stages. The individual gets exposure of the stimuli which may
catch his or her attention, be received and stored or retained in memory. This method of information processing is selective in nature and the consumer will accept the information which is conclusive to what is perceived by them.

(3) Alternative Evaluation: Now the individual will evaluate the alternative brands. The methods used for evaluating the various products will be dependent on the consumers underlying goals, motives and personality. The consumer also has certain (predetermined) beliefs about the various brands in terms of the characteristics associated with the different brands. Based on these beliefs the consumer will respond either positively or negatively towards a particular brand.

(4) Choice: The consumer’s choice will depend on his or her intention and attitude. The choice will also depend upon normative compliance and anticipated circumstances.

Normative compliance relates to the extent to which the consumer is influenced by other people like friends, family members etc. Thus normative compliance and anticipated circumstances will attempt to influence the individual. The person’s choice of the product can also be dependent on the sensitivity of the individual to handle unanticipated circumstances like losing the job, funds diverted for another urgent cause etc.

At this stage, a purchase decision is likely to occur unless when confronted by unanticipated circumstances. In case of the latter occurring, it may act as a barrier to the purchase decision.

(5) Outcome: The outcome may be either positive or negative. If the end result is positive, the outcome will also be positive. Conversely, if there is dissonance, that is, a feeling of doubt experienced by the consumer, about the choice made by him or her the outcome will not be positive. Now the consumer will search for more information to support his or her choice.

The above mentioned Engel-Kollat-Blackwell model has taken into consideration a large number of variables which influences the consumer. The model has also emphasised on the conscious decision making process adopted by a consumer. The model is easy to
understand and is flexible, that is, it recognises that a consumer may not go through all the steps always. This is because in case of repeat purchases the consumer may bypass some of the steps.

One limitation of this model is the inclusion of environmental variables and general motivating influences but not specifying the effect of these on the buyer behaviour.

2.9 CONSUMER BUYING BEHAVIOUR PROCESS

One of the very few aspects common to all of us is that we are all consumers and the reason for a business firm to come into being is the presence of consumers who have unfulfilled, or partially fulfilled needs and wants. Buyer behaviour is an extremely important and complex subject for any marketer. At the same time, it is important to appreciate that there is no unified, tested, and universally established theory on this subject. Buyer remains an enigma and her/his mind is viewed as a black box. Before businesses can develop marketing strategies, they must understand what factors influence buyer behaviour and how they make purchase decisions to satisfy their needs and wants. Understanding buyer behaviour and “knowing buyers” are not that simple. It is almost impossible to predict with one hundred per cent accuracy how buyers will behave in a certain situation. Buyers are moved by a complex set of deep and subtle emotions. Their behaviour results from deeply held values and attitudes; their perceptions of the world and their place in it, from common sense, impulse, or just plain whimsy.

“Consumer behaviour refers to the mental and emotional processes and the observable behaviour of consumers during searching, purchasing, and post consumption of a product or service.”

Satish K. Batra and S. H. H. Kazmi,

Buyer behaviour has two aspects: the final purchase activity visible to any observer and the detailed or short decision process that may involve the interplay of a number of complex variables not visible to anyone. Actual purchase is just one activity, but the process is initiated several steps prior to a purchase and often progresses beyond consumption. In fact, purchase behaviour is the end result of a long process of consumer decision-making, influenced by many variables.
The terms ‘buyer’ or ‘consumer’ are used both for personal consumers and organisational consumers and refer to two different kinds of consuming entities. The personal consumer buys products or services for personal or household consumption for final use, such as salt, toothpaste, computer, gifts, etc.

**Figure-3**  
Factors affecting consumer behaviour
2.9.1. Factors Affecting Consumer Behaviour

Figure 4
Factors affecting consumer behaviour

**SOCIAL FACTORS**

Social factors refer to forces that other people exert and which affect consumers' purchase behaviour. These include culture and subculture, roles and family, social class, and reference groups.
Culture and Subculture

Culture influences consumers through the norms and values established by the society in which they live. It is the broadest environmental factor that influences consumer behaviour. The impact of culture is automatic and almost invisible and its influence on behaviour is usually taken for granted. Culture operates primarily by setting somewhat loose boundaries for an individual within a society and by influencing the functions of different institutions such as family and mass media.

Culture operates primarily by setting somewhat loose boundaries for individual behaviour within a society and by influencing the functioning of different institutions such as family and mass media. Within the given framework of culture, individual and household lifestyles evolve. The boundaries set by culture on behaviours are referred to as norms, derived from cultural values and are the rules permitting or prohibiting certain types of behaviours in specific situations. Members of a society obey cultural norms without deliberation because behaving otherwise is viewed as unnatural. For example, we are rarely aware of how close we stand to other individuals in a formal meeting. This norm is adhered to, though this well-defined distance varies from culture to culture. In India, kissing women in public is not an accepted norm, while in Western cultures it is quite normal. Persons flouting cultural norms face sanctions or penalties, which can be in the form of mild or severe social disapproval. There are any number of organised group reprisals in the rural areas of India.

Culture not only influences consumer behaviour but also reflects it. It is a mirror of both the values and possessions of its members. Cultures are not static but evolve and change slowly over time. Marketing strategies are unlikely to change cultural values, but marketing does influence culture. Advertising agencies, fashion design houses, music companies, cinema, etc., are all producers of culture. They are all responsible for creating and producing products and services designed to meet cultural goals. Their products and services influence the desire to be beautiful, independent and socially recognised, etc.
Culture influences what people wear, what and how they eat, where they live, etc. It has a broad influence on their buying and usage behaviour of products and services, and the extent of their satisfaction with them. For example, Indians eat their food with their fingers and shun the fork-knife-spoon combination, while in many far eastern countries, chopsticks are used for this purpose. In some cultures such as that of India, where washing clothes is done by hands, manufacturers of laundry products offer washing soaps and detergent cakes to satisfy the needs of a majority of Indians. Culture also influences to some extent how consumers purchase products and use them, and this determines the development, pricing, promotion, and distribution of products. In western countries, with their full service supermarkets, some significant differences in shopping can be observed.

Marketers are always concerned about cultural shifts and keen to discover new products or services that consumers may want. Women are trying to become more independent financially and are joining the work force in India. The number of dual income homes is increasing in urban areas. The need to provide care to children during work hours has resulted in the emergence of childcare services such as crèches, and day-care ‘play schools’. The shift to nuclear families and smaller houses/flats has led to demand not only for time saving devices but also smaller gadgets for the kitchen. Cultural shift toward greater concern for health and fitness is leading to introduction of health and fitness services, exercise equipment, clothing, and a variety of health-and-fitness related foods and drinks.

Subcultures exist within a given dominant culture. Culture is viewed as consisting of basic patterns of behaviour that exist within a society at national level. Within this broad culture, one can easily distinguish relatively more homogeneous and fairly large groups that follow the dominant cultural values but also have other quite distinct beliefs, values, customs, and traditions that set them apart from the larger cultural mainstream. These represent the subcultures that may be based on religion, region, ethnic groups, language, age, gender, and many other differences. In India, we often differentiate subcultures when someone is described as a South Indian, Punjabi, Kashmiri, Gujrati, Bengali, etc. However, the diversity of subcultures
in India is simply mind-boggling. These subcultures show significant preference for a particular type of diet, clothing, ceremonies, etc.

Out of several sub-cultures in India, only some are important from the marketers’ point of view for formulating separate marketing programmes. Much depends on the relevance of a product category to a particular subculture. For example, cosmetics are popular among ladies, no matter to which subculture they belong. Similarly, jeans and T-shirts are very popular among urban and semi-urban teenagers irrespective of whether they are Hindus, Muslims, Sikhs, or Christians.

Distinct regional subcultures arise due to climatic conditions, the natural environment and available resources, language and significant social and cultural events. Such groups can be identified as having distinct and homogeneous needs, tastes, lifestyles and values. Anyone who has travelled across India would have probably noted many regional differences in consumers’ consumption behaviour, particularly with regard to dress, food and drink. For example, South Indians prefer to drink coffee, while most North Indians use tea. Dog meat is considered a delicacy in certain North-Eastern parts of India, which may shock consumers in other parts of the country. Given such clear differences in consumption patterns, marketers have realised that India is in no way a single market for at least some product categories.

It is more relevant for marketers to study and understand sub-cultures on a regional basis, particularly language, food habits, festivals, gift giving, customs, etc. Some major Indian sub-cultural groups include Punjabi, Gujarati, Marwari, Marathi, Tamil, Oriya and Bengali.

In developed and most developing countries, marketers are increasingly interested in targeting working women because they constitute a sufficiently large and growing market. They have a different set of needs compared to women who do not work outside their homes. Working women shop less frequently, spend less time shopping and are more brand and store-loyal. They are more likely to go shopping after office hours in the evening. After examining advertising response to financial services, Lynn J. Jaffe has reported that the use of a “modern” positioning strategy, that is, a focus on
career and family, proved more effective with women than a more traditional positioning strategy of focusing on “nurturing and family.”

In recent times, a number of advertisers have realised the importance of communicating appropriately with working women and mothers.

**Roles and Family**

All of us occupy some positions within family, groups, organisations etc. A role refers to a set of functions and activities that an individual in a particular position is supposed to perform, based on one’s own and others’ expectations. An individual may have several roles and sets of expectations placed on her/his behaviour. He can be a son, husband, father, employee, friend, teacher, and club member. These different roles influence a person’s general as well as buying behaviour. For example, the father is a teacher and wants to buy a laptop computer, but the son who has just entered college wants a motorcycle and insists that father should postpone his computer purchase. Such a situation may have a bearing on an individual’s buying behaviour.

**Figure-6**

*Joint Decision Making Process*

- Initiator (Need recognition) → Gatekeeper (Information search) → Influencer (Evaluation of alternatives) → Decision-maker (Decision to buy) → Buyer (Purchase) → User (Consumption & evaluation)

**Figure-7**

*Family Decision Process for Children’s Products*

- Gatekeepers (Parents) → Initiators (Parents, children) → Decision makers (Parents) → Buyers (Parents) → Users (Children)

Communications targeting parents

A person’s changing roles in family lifecycle very significantly influence types of purchases and buying behaviour. Gradually, at least in urban areas
women’s roles are changing as many women are taking up different types of jobs. Increasing numbers are joining central and state governments in administrative positions; others are opting for professional positions such as engineers, doctors, and executives in business and industry.

In case of many products and services, husband and wife jointly make purchase decisions, particularly for durable goods. Children also now play a bigger role in some family purchases. When two or more family members are involved in making a certain purchase related decision, each may take up different role(s) such as initiator of the idea; gatherer of information regarding different brands; the decider selects specific brand and also perhaps the outlet; and finally, there is the actual buyer. Marketers need to know the influence of all these roles and develop a marketing mix that takes care of needs and wants of a target market.

In case of consumer durables product the decision of brand may be taken by chief wage earner but the decision about the type of product or model having better or basic facility decision is to be taken by the female members of the family

Social Class

Many people like to think (and say) that all people are created equal. However, in all societies there are some people who are ranked higher than others. Social class can be viewed as a range of social positions in a society. ‘Social class defines the ranking of people in a society into a hierarchy of distinct status classes; upper, middle and lower, so that the members of each class have relatively the same status based on their power and prestige.’

Social class means societal rank, which is one’s position relative to others on one or more dimensions valued by society. Social class is based on demographic variables that others in society aspire for and hold in high esteem. These characteristics precipitate unique behaviours. Social classes range from the lower to the upper. Those with few or none of the socio-economic factors desired by society represent lower class, while persons who possess many of the socio-economic characteristics desired by the society constitute upper class. Individuals in different social classes tend to have different consumption patterns.
Social class is often measured in terms of social status. Subjective values set by a society determine the ideal types of people in that society. Important factors that determine the status in most societies include: authority over others; political, economic, military, or religious power; ownership of property, income, occupation, lifestyle and consumption patterns, education; public service, ancestry and connections.

Social class influences people and they may develop and exhibit common behavioural patterns. They may have similar desires, attitudes, preferences, and possessions. Consumers buy products not only for what they can do but also for what they mean, because products or services are seen to possess personal and social meanings in addition to their functional attributes. Our possessions such as the houses we live in, the cars we own, the clothing we wear, or the watches that appear on our wrists, are indicators of social class. Possessions of products or other signs of wealth have always been signs of achievement or status symbols. The things consumers buy become “symbols” that tell others who they are and what their social class is. In societies where financial wealth signifies status, possessions become an indicator of income and wealth, since others are unlikely to know how much one earns. Thus, there may be members at each social-class rung who aspire to achieve a higher status by acquiring those symbolic possessions that are marks of distinction enjoyed by a higher rung in the social status ladder.
Reference Groups

A reference group refers to a group of people with whom an individual identifies herself/himself and the extent to which that person assumes many values, attitudes, or behaviours of group members.

Almost all of us have several reference groups such as family, school or college related groups, work groups, club memberships, etc. Nearly the entire spectrum of consumer behaviour takes place within a group setting. In addition, groups serve as one of the primary agents of consumer socialisation and learning and can be influential enough to induce not only socially acceptable consumer behaviours but also socially unacceptable and even personally destructive behaviours. For example, group influences sometimes affect excessive consumption of alcohol, use of harmful and addictive drugs, shoplifting etc.

An individual can be a member of a reference group such as the family and would be said to be part of a membership group. This same individual may aspire to belong to a cricket club and would be said to be a part of an aspiration group. A disclaimant group is one to which an individual may belong to or join and then reject the group’s values. An individual may also regard the membership in a specific group as something undesirable and to be avoided. Such a group is a dissociative group.

Membership groups and aspiration groups are viewed positively; disclaimant and dissociative groups are viewed negatively. Marketers advertise to appeal to the desire to be part of a group and very rarely appeal to the desire to avoid or disclaim a group. When they do, they do it for shock effect, to drive home the point in a dramatic manner. Even ad appeals used to encourage non-conformity are made on a positive note to being different from everyone else. Marketers tend to focus on membership and aspiration groups.

Group memberships and identity are very important to most of us. Apparently most of us do not like to think that we are conformists, but the truth is that we generally conform to group expectations most of the time. Marketers often advertise their products showing group settings such as family, friends, neighbours, etc.

The degree of group influence depends on an individual’s sense of identity, value systems, strength of involvement with the group and tendency of accepting influence of reference group. Reference groups may influence both purchase decision as well as the brand choice.
PSYCHOLOGICAL FACTORS

Psychological factors are internal to an individual and generate forces within that influence her/his purchase behaviour. The major forces include motives, perception, learning, attitude, and personality.

Motivation

This refers to driving forces within an individual produced by a state of tension caused by unfulfilled needs, wants, and desires. Individuals strive to reduce this tension through some appropriate behaviour that they expect will satisfy their needs. Much depends on individual thinking and learning in selecting the goals and the patterns of behaviour that they believe will satisfy their needs. Whether an individual’s need is fulfilled leading to reduction of tension, depends on the course of action the individual takes.

**Figure-9**

Motivation Process

- **Unfulfilled Needs, Wants, and Desires** → Felt Tension → Drive → Appropriate Behaviour → Goal or Need Fulfillment

Consumers, at any given time, are generally influenced by a set of motives rather than just one motive. The strength of an individual’s motives may vary at different times and occasions. For example, a person’s motive for water and food would be much stronger after observing a twelve-hour fast than after having had water and food two hours earlier. Many different motives influence purchase behaviour at the same time. A middle-income group person buying a car might be motivated by several characteristics, such as transportation convenience, comfort, social distinction, and economy. This will have implications for auto manufacturing companies offering cars to consumers.
Every person has needs. Some of these needs are basic to sustaining life and are in-born with needs such as air, water, food, and shelter, etc. Acquired needs are learnt needs that we acquire as a result of being brought up in a particular culture and society. For example, needs for self-esteem, prestige, affection, power and achievement are all considered as learned needs. Motives may also be classified as utilitarian or hedonic. A consumer’s utilitarian needs focus on some practical benefits and are identified with product attributes that define product performance such as economy or durability.

Hedonic motives relate to achieving pleasure from the consumption of a product or service and are often associated with emotions or fantasies. Hedonic needs are more experiential as they are closely identified with the consumption process. For example, a hedonic need might be the desire to be attractive to the opposite sex. The evaluative criteria for brands are usually emotional rather than rational (utilitarian).

Many of the needs of an individual remain dormant for long periods. The arousal of any particular set of needs at any given point in time gets triggered by an individual’s physiological condition, emotional or thinking processes or due to situational factors.

- **Physiological Arousal**: Most of the physiological cues are involuntary and often arouse some related needs. For example, a person may heat up water on a store to take a bath, and may make a mental note to buy a geyser.

- **Emotional Arousal**: Sometimes latent needs are stimulated because a person gets involved in thinking or daydreaming about them. This occurs when consumers deliberate about unfulfilled needs. For example, a young man who wants to become a cricket player may identify with Sachin Tendulkar and use products endorsed by him commercially.

- **Cognitive Arousal**: Sometimes just random thoughts may stimulate arousal of needs. An ad “home away from home” may remind a person of home and he may suddenly become aware of his need to call his wife or children.
• **Situational Arousal**: A certain situation confronting a consumer may also trigger arousal. This can occur when the situation attracts attention to an existing bodily condition. For example, seeing an ad of Coca-Cola or a display suddenly makes one aware of being thirsty. The need would have been presented but was not strong enough to trigger arousal. Similarly, seeing a kitchen gadget in use may activate the need to buy that gadget.

**Perception**

Perception is the process by which an individual selects, organises, and interprets stimuli into a meaningful and coherent picture of the world. Stimuli may include products, packages, brand names, advertisements and commercials, etc. Perception is an individual process and depends on internal factors such as an individual's beliefs, experiences, needs, moods, and expectations. Perception is also influenced by the characteristics of stimuli such as the size, colour, and intensity, and the context in which it is seen or heard.

Perception includes three distinct processes:

- Sensation
- Information selection
- Interpreting the information

**Sensation** is the immediate, direct response of the sense organs (eyes, ears, nose, mouth, and skin) to a stimulus such as brand name, package, advertisement and so on. A *stimulus* is any unit of input to any of the senses. Marketers are interested in knowing the physiological responses of the consumers to various marketing stimuli such as visual and audio elements of a commercial or the design of the product package so that it would attract consumer attention.

**Information selection** refers to paying attention to particular stimuli. Sensory inputs are only part of the perceptual process. There are internal psychological factors that include a consumer’s personality, needs, motives, expectations, and experiences. The individual psychological factors explain as to why people pay attention to some of the things and ignore others. For this reason it is not unusual that people select, attend, understand, and perceive the same stimuli in different ways. Consumers pay attention only to those
stimuli that are relevant to their needs or interests and filter out the irrelevant ones. In a typical day we are exposed to a large number of stimuli but can remember only those that seem to be relevant to us and ignore all others.

Interpreting the information requires people to organise, categorise, and interpret the information registered by the senses. This process is uniquely individual as it is based on what individuals expect to see in the light of their experiences, the number of possible explanations they can think of, their personality, needs, motives, etc. The meaning attributed to a stimulus depends in part on the nature of stimulus. Some ads attempt to communicate objective, factual information in a straightforward manner, others are ambiguous and apparently seem to have no relationship with an advertised product and the individual will usually interpret the meaning in such a way that they serve to fulfill personal needs, wishes, interests, etc. An individual’s interpretation of reality depends on clarity of the stimulus, past experiences, her/his motives, and interests at the time of perception. In a way, perception is a filtering process wherein internal and external factors influence what is received, and how it is processed and finally interpreted.

- **Selective perception** can possibly occur at the exposure, attention, comprehension, or retention stage of the perceptual process. Selective exposure can occur when a person chooses not to attend or ignore a stimulus, as happens during zapping and zipping. Selective attention is the outcome when an individual chooses to pay attention to certain stimuli and ignore others.

- **Selective comprehension** results when consumers interpret information on the basis of their attitudes, beliefs, motives, and experiences. For example, an ad that speaks against the preferred brand of a consumer may be interpreted as biased, untruthful, and the claims totally ignored. The information is often interpreted in a manner that supports the consumer’s position.

- **Selective retention** is also a common phenomenon. Consumers do not retain all the information in their memory that the advertisement attempts to communicate even after attending and comprehending it. Advertisers use symbols, slogans, images, and associations to ensure that the information is available when it is time for purchase action.
Subliminal perception: As postulated by psychoanalytic theory, people are motivated below their level of conscious awareness. Stimulated below their level of conscious awareness, they perceive stimuli without actually being aware that they are doing so. Subliminal perception is the ability to perceive stimuli that are below the level of conscious awareness because the stimuli are either too weak or extremely brief to be consciously noticed. The stimuli are below the threshold of awareness but obviously not below the absolute threshold of the receptors involved. Constant repetition, not the strength or duration, is what makes them effective.

Learning

Learning is viewed as a relatively permanent change in behaviour occurring as a result information or experience, both direct and indirect. Schiffman and Kanuk have defined consumer learning as:

“The process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behaviour.”

There are two basic approaches to learning: (1) behavioural approach, and (2) cognitive learning approach. The emphasis of behavioural learning is on external environmental stimuli, which are responsible for eliciting the behaviour and minimise the importance of internal psychological processes. Behavioural learning considers stimulus - response relationship as leading to learning, and cognitive learning is based on the premise that learning also occurs as a result of mental activity.

Classical conditioning (also called respondent conditioning) assumes that learning process is associative and there is relationship between a stimulus and a response. For example, the salivation resulting in dogs at the sight of food is not taught but is an innate reaction, as was demonstrated in Pavlov's experiments with dogs. Since this connection between food and salivation exists before the conditioning process, the food is termed as unconditioned stimulus and salivation as the unconditioned response. Pavlov showed that by pairing a neutral stimulus such as ringing a bell, with the unconditioned stimulus (in this case, food) for a number of repetitions, the dogs learned to
salivate at the sound of ringing bell. And thus, the bell became a conditioned stimulus that resulted in conditioned response that was similar to the original unconditioned response.

Two conditions are important for learning to occur through classical conditioning. The first condition is that unconditioned stimulus and conditioned stimulus must be close in time and space, and the second important condition is the repetition. There will be stronger association between the two, if the unconditioned and conditioned stimuli occur together more frequently.

Classical conditioning plays an important role in marketing as the consumers can be conditioned to develop favourable brand impressions. Marketers attempt to develop favourable associations of consumers’ perceptions, emotions, and impressions for their products and services so that the reactions elicited are favourable. For example, the commercial of Liril soap shows quite pleasant settings. Classical conditioning can develop favourable emotional associations with the product or service. This is the reason that many ads use humour, popular music, or feature attractive personalities or exciting sports events. The marketers of consumer behaviour specifically speaking in case of television and Air conditioners are using such type of psychological presentation for creating favourable situation.

Operant conditioning (instrumental conditioning) views the individual as an active participant in the learning process by acting on some aspects of the environment. The individual’s response leads to getting a positive reinforcement (a reward) or negative reinforcement (punishment). According to operant conditioning, behaviour is a function of its consequences. A favourable consequence or reward with a particular behaviour is an important element of operant conditioning. Reinforced behaviour strongly cements the bond between a stimulus and response. For example, if a consumer experiences positive outcome after buying a product, the chances that this consumer will use the product again increase. Conversely, if the outcome is unfavourable, the chances of repurchase of the product decrease.
Attitudes

“An attitude is an enduring organisation of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment.” In the context of consumer behaviour, Schiffman and Kanuk have defined attitude as “a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object.”

Consumers have attitudes toward many things that are relevant to products, brands, companies, celebrities, advertisements, etc. Attitudes are viewed as quite important in the object evaluation process, products, or companies and can be favourable or unfavourable feelings and behavioural inclinations. Research supports the assumption that attitudes strongly affect consumer behaviour.

Personality

Personality refers to a dynamic concept that describes the growth and development of an individual’s whole psychological system, which looks at some aggregate whole that is greater than the sum of the parts. Personality is the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to environment.

There seems to be much controversy regarding the exact nature of personality. However, the concept of personality is viewed as very real and meaningful as personality characteristics help us describe and differentiate between individuals. Most authorities seem to be in general agreement that personality of an individual is made up of her/his inherited characteristics and the interactions with environment and moderated by situational conditions. It is the composite total outcome of an individual’s psychological make up, motives, beliefs, attitudes, habits, and overall outlook.

Marketers consider four main theories of personality as more relevant to their purpose and include (1) Self-concept theory, (2) Psychoanalytic theory, (3) Social-cultural theory, and (4) Trait theory.

Most marketers consider self-concept theory as most relevant as it focuses on how the self-image or self-concept of individuals influences their purchase behaviour. Self-concept describes the totality of an individual’s thoughts and feelings having reference to herself/himself as an attitude object. Each one of us has a self-concept. We see ourselves as individuals possessing certain attributes and qualities and value them. Individuals
develop and alter their self-concept based on interaction of psychological and social dimensions. Research studies confirm that consumer purchases in many product categories are significantly influenced by their self-concept. According to psychoanalytic theory, personality is the result of childhood conflicts between three fundamental components of personality: Id, Ego, and Superego. The id is entirely unconscious and is viewed as the source of strong basic desires and operates on ‘pleasure principle’. It seeks immediate pleasure and to avoid pain. The ego represents an individual’s conscious control to deal with the real world by developing capabilities of realistic thinking and tackle the environment in an appropriate manner. It operates on ‘reality principle’ and is capable of postponing the gratification to a time when it would be in a manner that is socially acceptable. The ego is believed to manage the conflicting demands of the id and the superego; usually striking realistic compromises. The superego constitutes the moral part of personality and represents the ideal rather than real. It defines what is right and good and affects an individual to strive for perfection. It often represses certain behaviour based on id that could disrupt the social system.

Marketers use many themes in advertising based on psychoanalytic understanding of personality such as fantasy, wish fulfillment, aggression, and escape from life’s pressures. Examples of some of the product categories using some of these themes include perfumes, hair dye, skin-care products, ready-to-wear garments, farmhouses, autos, and even some brands of laptop computers and cellular phones, etc.

Subscribers to social-cultural theory believe that social and cultural variables are more important than biological drives in the development of individual personality. They believe that childhood experiences in relating to others produce feelings of inferiority, insecurity, and lack of love. Their view is that individuals strive to win over the feelings of inferiority and search for ways to gain love, security, and relationships. Carl Jung, Freud’s famous disciple believed that an individual’s culture creates an accumulation of shared memories from the past such as caring and nurturing females, heroes, and wise old men.

It is fairly common for marketers to show some typical characters in advertisements that attempt to take advantage of positive shared meanings in a particular culture such as caring mother, devoted housewife, heroes with a macho image,
**Trait theory** says that personality is composed of a set of traits that are relatively stable and describe a general pattern of behaviour. A trait is any distinct and relatively enduring characteristic in which one person differs from another.

Trait theorists construct personality tests and ask respondents to record their responses to many items. Respondents are required to mark ‘agree’ or ‘disagree’ with certain statements such as ‘like’ or ‘dislike’ certain situations or kinds of people. The responses are statistically analysed and reduced to a few personality dimensions. There are a number of standardised personality tests and evaluative techniques available. This makes using trait theory easier to study the relationship between personality and behaviour.

Personality tests that measure just one trait (such as self-confidence, or innovativeness) are called single-trait personality tests. Such tailor-made tests are increasingly being developed for use in the study of consumer behaviour.

**PERSONAL FACTORS**

Personal factors include those aspects that are unique to a person and influence purchase behaviour. These include demographic factors, lifestyle, and situational factors.

**Demographic Factors**

Demographic factors include individual customers’ age, gender, education, occupation, income, marital status, family size, etc. These characteristics affect the purchase and consumption behaviour of persons. Demographic considerations have given rise to broad ways of looking at markets, such as child market, teenage market, youth market, and senior citizen market. Similarly, marketers also look at markets from the income angle: low-income group, middle-income group, high-income group, and dual income households. In general, income affects purchases because it determines how much people can afford to spend.

Buyer behaviour also varies among urban and rural consumers in conjunction with other characteristics such as education and income. It is believed that consumers with common demographic characteristics behave in relatively similar manner and tend to have similarity in many aspects, such as product and service preferences.
Demographic characteristics may affect purchase behaviour during specific stages of purchase decision process. In the present scenario, a person’s age and income may affect the number and types of information sources used. For example, a university professor’s and a taxi driver’s income may be the same but their purchases of dresses and other discretionary products would be different. Composition of household and stage in family life cycle also influence purchase behaviour.

Younger generation in cities, with resources, use the Internet to search a variety of information and often make purchases online for some types of products. They are the ones who mainly patronise fast food outlets. The effect of occupation and education is also seen on consumer buying behaviour. Educated consumers seek more information and better quality products.

**Lifestyle**

Lifestyle is an indicator of how people live and express themselves on the basis of their activities, interests, and opinions. Lifestyle dimensions provide a broader view of people about how they spend their time, the importance of things in their surroundings, and their beliefs on broad issues associated with life and living and themselves. To some extent, people determine their own life styles, but the pattern is also influenced by demographic factors and personality.

Marketers use lifestyle research to segment markets, as lifestyles have strong effect on many aspects of consumer purchase decisions, including product needs, brand preference, media habits, and how and what types of shopping outlets they choose. Consumers in different countries and cultures may have characteristic lifestyles. For example, Indian women are home focused, less likely to visit restaurants, more price-sensitive, spend time preparing meals at home and are fond of movies. (Lifestyle is discussed in detail in later this chapter).

**Situational Factors**

Situational influences are temporary conditions or settings that occur in the environment at a specific time and place. Based on Russell W Belk’s study, situational influence refers to *all those factors particular to a time and place that do not follow from a knowledge of personal (intra-individual) and*
stimulus (choice alternative) attributes and that have a demonstrable and systematic effect on current behaviour. This means that a situation is a set of factors outside of - and removed from - the relatively stable or permanent attributes of the individual consumer and also removed from the attributes of the primary stimulus object (an advertisement, or a product) to which the consumer is reacting, such as looking at an ad, or buying a product.

The consumption situation can become the basis for developing and positioning new products for specific consumer segments. Purchase occasions can also be related to certain situations such as birth, marriage, buying a new house, marriage anniversary, Diwali, Christmas, Mother’s Day, Valentine’s Day and others.

**Purchase Situation** may affect consumer decision about product selection. Three main factors particularly influence marketing strategy with regard to purchase situation:

**In-store environment** refers to stimuli present in the in-store environment and includes decor, sounds, aroma, lighting, dress and behaviour of sales personnel; product availability, shelf position, price deals, displays and physical space are important factors. Store atmosphere has been shown to influence customers’ mood and their willingness to visit and move around. In addition, store atmosphere also influences the consumers’ judgments of the quality of the store and its image. Not only has this but positive mood induced in the store enhanced satisfaction with store, encouraging repeat visits and store loyalty. Such factors are particularly important in influencing unplanned purchases. In-store environment such as price changes, displays and sales personnel exert influence on consumer behaviour. A substantial part of sales promotion expenditures is devoted to in-store displays and promotions.

Service atmosphere is an important factor in influencing consumers’ consumption behaviour. Many services such as hairdressing, beauty parlor, bank, restaurant, dry cleaning and hospital, etc., require from a few minutes to a few days or weeks. It appears that the physical characteristics and the feelings as well as the images they create become increasingly important as hedonic motives and the time involved. Thus, physical characteristics of any
of the above mentioned services might be more important than the intangible services provided.

**Usage or consumption situation** refers to the occasion of consumers’ product use. When guests arrive, the type and number of items served during meals change than what is generally consumed in the family. People use different dresses to wear at home and at work. A consumer may use a particular brand of deodorant for a special occasion and another one for everyday use.

The amount of *time* available for purchase has a significant effect on consumer decision process. Generally, the less the time available, the shorter will be the information search. The less available information will most likely form the basis for decision and less than optimal purchase will be made. Being time pressured encourages brand loyalty and is a mechanism of avoiding risk. Shopping on the Internet has the potential of reducing the amount of time required to make a specific purchase and provides the consumer with almost total control over when the purchase is made. Though it is not a widely accepted practice among consumer circles in India; however, with the increase in Internet usage and dual-career households it is likely to grow more in urban areas.

**2.9.2. Level of Involvement in Consumer buying Behaviour :**

**Involvement Level**

Consumer involvement is considered as an important variable that can help explain how consumers process the information and how this information might influence their purchase or consumption related behaviour. However, there is wide agreement that the degree of involvement has a very significant effect on consumer behaviour.

**Involvement Variables** are believed to precede involvement and influence its nature and extent. These variables are believed to be the sources that interact with each other to precipitate the level of consumers’ involvement at any particular time and situation.

The extent of risk perception the consumer has with purchase decision can also influence the level of involvement. The perceived risk is the outcome of consumer’s perception of the chances of potential degree of resulting
unfavourable consequences from making a purchase decision, such as financial loss, or physical or psychological harm. As already discussed, researchers have suggested that the level of involvement may also be influenced by promotional messages and the media used.

Purchase involvement is the level of concern for, or interest in, the purchase process stimulated by the need to consider a certain purchase. It is important to realise that consumer involvement can take many forms and a broad distinction is that it can be cognitive, such as a consumer may be motivated to learn about the latest specifications of the new iMac; or emotional, when a consumer is considering the purchase of a gift for his wife on their first marriage anniversary. There are several broad types of involvement related to the product, the message, or the perceiver.

• **Product involvement** refers to a consumer’s level of interest in a certain product. Marketers communicate many sales promotions to increase consumer involvement in a product. Tata Indica V2 sponsored a contest in which participants were to submit five words that describe the car starting with the letter “V.”

• **Advertising involvement** refers to the consumer’s interest in processing the ad messages. Television is said to be low-involvement medium and consumers process information in a passive manner. In contrast, print is a high-involvement medium as the readers actively process information.

• **Purchase situation involvement** may occur while buying the same item in different contexts. For example, when a consumer wants to impress someone, she/he may buy a different brand that reflects elegance and taste in a better way than the usual one that she/he buys.

There are various types of consumer-decision processes. It is useful to view purchase decision involvement as a continuum and as the consumer moves from a low level of involvement with the purchase situation to a high level of involvement, purchase decision-making becomes increasingly complex. Based on the amount of effort that goes into decision-making, consumer researchers have found it convenient to think that on one end is the
habitual purchase decision-making or nominal decision-making and at the other extreme is extended decision-making. Many decisions fall somewhere in the middle and are characterised by limited decision-making. It should be kept in mind that the types of decision processes are not distinct but rather blend into each other.

Nominal decision-making is also referred to as nominal problem solving, habitual decision-making, or routine problem solving. Recognition of need is likely to lead directly to an intention to buy. Information processing is very limited or non-existent. There is generally low-involvement with most low-priced and frequently purchased products, which are consumed on an ongoing basis and involve nominal decision-making. A problem is recognised, consumer’s internal search from long-term memory comes up with a single preferred solution, the preferred brand is purchased and no brand evaluation
occurs unless the brand fails to perform as expected. Some of these decisions are so nominal that the consumer does not even think of purchasing an alternative brand. Nominal decision-making is generally the outcome of continued satisfaction with a brand which was initially chosen after an extended decision-making process, or the consumer does not attach much importance to the product category or purchase. The consumer buys Aquafresh toothpaste without further consideration because it meets her/his overall needs, even though using the best available toothpaste is important to her/him. In the second situation, consumers may not attach much importance to salt or sugar they buy for household consumption. Having tried Tata Salt and found it satisfactory, they now purchase it repeatedly without any thought, when it is needed. In this category, sales promotions can lead to considerable brand switching.

**Limited decision-making** is usually more straightforward and simple. It involves internal (long-term memory) and limited external search, consideration of just few alternatives, simple decision rules on a few attributes and little post purchase evaluation. As pointed out earlier, it covers the middle ground between nominal and extended decision-making. Buyers are not as motivated to search for information, or evaluate each attribute enthusiastically, but actually use cognitive shortcuts. When the level of consumer involvement is lowest, limited decision-making may not be much different than nominal decision-making.

**Extended decision-making** corresponds most closely to the traditional decision-making perspective. Such decisions involve extensive internal (long-term memory) and external (outside sources) information search followed by a rigorous evaluation of several alternatives because consumers do not possess any meaningful information about the product or service and need lots of it. The evaluation often involves careful consideration of attributes of one brand at a time, and taking stock of how the attributes of each brand measure up to a set of desired characteristics. All this happens in response to a high level of consumer’s involvement in making a purchase decision. Such complex decisions are relatively few and may relate to buying a computer, stereo system, washing machine, laser printer, or a new house. Post purchase evaluation is more likely to be complex and dissonance causing.
2.10. CONSUMER DECISION-MAKING PROCESS

Consumer decision-making generally involves five stages: Problem or need recognition, information search, alternatives evaluation, purchase, and post-purchase evaluation.

Problem Recognition

Purchase decision-making process begins when a buyer becomes aware of an unsatisfied need or a problem. Problem recognition is a critical stage in consumer decision-making process because without it, there is no deliberate search for information. Rarely is there a day when we do not face multiple problems which individuals resolve by consuming products or services. We commonly face problems such as the need to replenish items of everyday consumption. For example, the consumer who runs out of milk, or cooking oil has a clear definition of the problem. Such problems are quickly recognised, defined and resolved. As another example of a routine problem, we can think of an individual who notices that the fuel meter of her/his auto is indicating very low level of fuel and goes to the first petrol pump on her/his way and gets the tank filled with petrol. Unplanned problem occurs when, for example, the refrigerator or some other major appliance breaks down. Recognition of a problem such as the need for a notebook computer may take much longer as it may evolve slowly over time.

The process of problem recognition combines some highly relevant consumer behaviour concepts such as information processing and the motivation process. First of all, consumers must become aware of the problem through information processing arising as a result of internal or external stimuli. This leads to motivating consumers; they are aroused and activated to engage in some goal directed activity (purchase decision-making). This kind of action in response to recognising problems and finding solutions to problems depends on the magnitude of the discrepancy between the current state and the desired or ideal state and secondly, the importance of the problem for the concerned consumer. The discrepancy and/or importance should be of sufficient magnitude to start the purchase process. Without perception of a problem by the consumer, there is no recognition of an existing problem and hence there is actually no need to engage in the
process of decision-making. Since the consumer does not perceive any discrepancy between her/his current state and the desired state, the current state for the concerned consumer is apparently quite satisfactory and does not need decision-making. It is important to appreciate that it is actually the consumer’s perception of the actual state that stimulates problem recognition and not some “objective” reality. Also, the relative importance is a critical concept in several purchase decisions because almost all consumers have budgetary or time constraints.

**Figure-11**

Stages in Consumer Decision Process

- Need or Problem Recognition
- Information search
- Alternative Evaluation
- Store Selection and Purchase
- Post purchase

Routine problems are those where the difference between actual and desired states is expected to be felt and would call for immediate solution. For instance, convenience goods of everyday use are associated with this category of problem recognition. Both routine and emergency problems stimulate purchases of goods and services with a minimum time lag between purchase and actual consumption. Emergency problems are possible but are
unexpected and necessarily need immediate solutions. For example, say a consumer meets an accident while on his/her way to office, gets injured and the vehicle is badly damaged. In such an emergency, she/he needs a quick solution to reach a hospital’s emergency room.

**Information Search**

After problem or need recognition, consumers generally take steps to gather adequate information to select the appropriate solution. Information search refers to what consumer surveys in her/his environment for suitable information to make a satisfying purchase decision. Problem recognition is an ongoing process for consumers and they use internal and external searches to solve these problems. Consumers may also be involved in ongoing search activities to acquire information for possible future use. No sooner does a consumer recognises a problem, than she/he in a reflexive manner first thinks or tries to remember how she/he usually solves this kind of problem. The recall may be immediate or occur slowly as a result of conscious effort. This recall from long-term memory might produce a satisfactory solution in case of many problems, and no further information search is likely to occur.

In case of high involvement purchases, the relative importance of external information search tends to increase. In general, it seems the type of information sought by a consumer depends on what she/he already knows. If the consumer possesses little knowledge about available alternatives, the tendency is to learn about the existence of alternatives and after acquiring sufficient information, to redirect efforts towards learning more about the attributes of available alternatives to develop suitable evaluative criteria and evaluate them. Purchase decisions of this type involving perceived risk, extensive information search, and serious evaluation efforts are called *extended decision-making*. 
Sources of external information include:

- Relatives, friends, neighbours, and Chat groups.
- Professional information from handouts, pamphlets, articles, magazines, journals, books, professional contacts, and the Internet.
- Direct experience through trial, inspection, and observation.
- Marketer initiated efforts included in advertisements, displays, and sales people.

Besides recalling and learning about the availability of different solutions, an important objective of information collection is to determine appropriate evaluative criteria. These criteria are the standards and specifications that the consumer uses in evaluating products and brands. The consumer establishes what features or attributes are required, to meet her/his needs. For several types of products such as computer, car, cell phone and others, these criteria may vary from consumer to consumer. In most cases, consumers usually undertake brand processing or attribute processing. Brand processing involves evaluating one brand at a time on several attributes, then a second, and so on in the evoked set. Attribute processing involves examining a specific attribute and comparing other brands on that attribute. In this manner, one by one, a second, a third, or fourth attribute may be selected for comparison.

The information collection yields an awareness set of brands/products. Awareness or consideration set is composed of recalled and learned about solutions. Awareness set contains evoked set, inept set, and inert set.

Evoked set is composed of those brands the consumer will evaluate to choose the solution of a particular problem or need. Inept set includes those brands that the consumer finds unworthy of consideration. Inert set is composed of alternatives that the consumer is aware of but would not consider buying and would treat with indifference.

Alternatives’ Evaluation

Consumers’ evaluative criteria refer to various dimensions; features, characteristics and benefits that a consumer desires to solve a certain problem. For example, a consumer’s evaluative criteria for a laptop computer
may include processor speed, operating system, memory, graphics, sound, display, software included, cost and warranty, etc. However, for another consumer the set of evaluative criteria may be entirely different from the same product.

Any product feature or characteristic has meaning for a consumer only to the extent that it can provide a desired benefit. Consumers who want to avoid dental cavities would use the toothpaste that contains fluoride in its formulation. For this particular consumer, fluoride content would probably be the most important evaluative criterion. Fluoride feature is important because it provides a desired benefit, otherwise it has no value. What is more important for marketers is to stress upon — and convince consumers about — the benefit that a particular feature provides rather than mentioning the feature only.

To evaluate different alternatives in the evoked set, the consumer examines products or brands against the desired set of criteria, and also those that are not desired. Consumers use either attitude-based choice that involves the use of general attitudes, impressions, beliefs, intuition, or heuristics and form overall preferences about brands, or attribute-based choice that requires the knowledge of specific attributes at the time of choosing a brand by comparing each brand alternative on specific attributes. This attribute-based choice process is cumbersome and time consuming. Generally, the importance of an optimal decision is related to the value of the product under consideration and the consequence associated with a non-optimal decision.

The purchase decision of certain products is primarily based on affective choice or what we call feeling-based purchases. The evaluation is simply based on how the product makes the consumer feel while he/she is using the product or service. Probably most of us can recall certain purchases we made based on our overall feelings associated with product usage. Consumers imagine or picture themselves using the product or service and evaluate the associated feelings that this use will produce. Marketers’ messages must attempt to furnish information and experiences by using suitable spokespersons to help develop a strong attitude-based position. Marketers’ must also provide performance levels and supporting information.
to help those consumers who tend to develop preference based on attribute-based choice.

**Store Selection and Purchase Decision**

Making a purchase is often a simple, routine matter of going to a retail outlet where the consumer looks around and quickly picks out something needed. All consumers like to view themselves as intelligent shoppers and make decisions regarding the retail outlet choice in which they will shop. Generally, consumers decide about the make of the computer first then choose the dealer to buy it from. Frequently, it happens that consumers choose the retail outlet first and this influences their choice of the brand. For example, when consumers shop for clothes, they generally decide about a retail outlet first, or go to a market area where several such stores exist. Similarly, they often make a brand decision in the retail store when they shop for appliances.

Increasingly, consumers are exposed to product introductions and their descriptions in direct-mail pieces and catalogues, in various print media vehicles, on television and on the Internet and buy them through mail, telephone, or computer orders. In case of some product categories, Internet offers greater selection, convenience and lower prices than other distribution outlets for at least some consumers. So far, this in-home shopping is not so common in India but is on the increase. A large number of companies with websites are encouraging consumers to buy products through computer orders.

Retail outlet image and location has an obvious impact on store patronage and consumers’ outlet choice often depends on its location. Consumers generally will choose the store that is closest. Similarly, the size of the store is also an important factor that influences consumers’ outlet choice. For minor shopping goods or convenience items, consumers are unwilling to travel very far. However, for high-involvement purchases, consumers do not mind travelling to distant shopping areas. Retail outlets are also perceived as having varying degrees of risk. Consumers perceive less risk with traditional retail outlets compared to more innovative outlets such as the Internet.

Once the consumer has chosen a brand and selected a retail outlet. Traditionally, this would involve offering the cash to acquire the rights to the
product. In developed and many developing countries, credit often plays an important role in completing the purchase transaction. Credit cards are popular in developed economies and are increasingly becoming popular in India and many other developing countries, as a convenient way of financing many purchases.

Many retail outlets overlook the fact that the purchase action is generally the termination of last contact that the customer will have with the store on that shopping trip. This presents the business an opportunity to create a lasting impression on the customer.

**Post-Purchase Action**

Consumers’ favourable post-purchase evaluation leads to satisfaction. Consumers choose a particular brand or retail outlet because they perceive it as a better overall choice than other alternatives that were evaluated while making the purchase decision. They expect a level of performance from their selected item that can range from quite low to quite high. Expectations and perceived performance are not independent and consumers tend to perceive performance in line with their expectations. After using the product, service, or retail outlet, the consumer will perceive some level of performance that could be noticeably more than the expected level, noticeably below expectations, or match the expected level of performance. Thus, satisfaction with a purchase is basically a function of the initial performance level expectations, and perceived performance relative to those expectations.

Consumers engage in a constant process of evaluating the things that they buy as these products are integrated into their daily consumption activities. In case of certain purchases, consumers experience post-purchase dissonance. This occurs as a result of the consumer doubting her/his wisdom of a purchase. After purchase, most products are put to use by consumers, even when they experience dissonance. Consumers experience post-purchase dissonance because making a relatively longer commitment to a selected alternative requires one to forgo the alternative not purchased. Thus, in case of nominal-decisions and most cases of limited-decisions, consumers are unlikely to experience post-purchase dissonance because in such decisions consumers do not consider attractive attributes in a brand not selected.
As one may expect, a positive post-purchase evaluation results in satisfaction and the negative evaluation causes dissatisfaction. In case the consumer’s perceived performance level is below expectations and fails to meet the expectations, this will definitely cause dissatisfaction and the product or the outlet will be most likely pushed in the inept set and dropped from being considered on future occasions. Thus, the consumer is also likely to initiate complaint behaviour and spread negative word-of-mouth.

The consumer generally experiences satisfaction when the performance level meets or exceeds the minimum performance expectations. Similarly, when the performance level far exceeds the desired performance level, the consumer will not only be satisfied but also will most likely be delighted. Such an outcome tends to reduce the consumer’s decision-making efforts on future purchase occasions of the same product or service to accomplish need satisfaction. Thus, rewarding purchase experience encourages consumers to repeat the same behaviour in future. A delighted consumer is likely to be committed and enthusiastic about a particular brand and usually unlikely to be influenced by competitors’ actions. A delighted consumer is also inclined to spread favourable word-of-mouth.

2.11. ADVANTAGES OF STUDYING CONSUMER BEHAVIOUR

Importance of study of consumer behaviour

As stated earlier, consumer behaviour plays an important role in modern marketing practices. Most of marketing decisions are based on the study of consumer behaviour. It provides valuable information to design and marketing mix and to modify it over time. Marketing managers can actualize marketing goals only by studying consumer behaviour and responding it by designing and designing marketing programme objectively. It is imperative to know how consumers react to marketing programme (4 P's) to serve them effectively. Role or importance of study of consumer behaviour can be explained with reference to the points stated as under.-
1. Modern Philosophy

   It concerns with modern marketing philosophy - identify consumers' needs and satisfy them more effectively than competitors. It makes marketing consumer-oriented. It is the key to succeed.

Achievement of Goals

   The key to the company's survival, profitability, and growth in a highly competitive marketing environment is its ability to identify and satisfy unfulfilled consumer needs better and sooner than the competitors. Thus, consumer behaviour helps in achieving marketing goals.

2. Useful for Dealers and Salesmen

   The study of consumer behaviour is not useful for the company alone. Knowledge of consumer behaviour is equally useful for middlemen and salesmen to perform their tasks effectively in meeting consumers needs and wants successfully. Consumer behaviour, thus, improves performance of the entire distribution system.

3. More Relevant Marketing Programme

   Marketing programme consisting of product, price, promotion, and distribution decisions can be prepared more objectively. The programme can be more relevant if it is based on the study of consumer behaviour. Meaningful marketing programme is instrumental in realizing marketing goals.

4. Adjusting Marketing Programme Over Time

   Consumer behaviour studies consumer response pattern on a continuous basis. So, marketer can easily come to know the changes taking place in the market. Based on current market trend, the marketer can make necessary changes in marketing programme to adjust with market.

5. Predicting Market Trend

   Consumer behaviour can also aid in projecting the future trends. Marketer finds enough time to prepare for exploiting the emerging opportunities, and/or facing challenges and threats.
6. Consumer Differentiation

Each segment needs different products. For every segment, a separate marketing programme is needed. Knowledge of consumer differentiation is a key to fit marking offers with different groups of buyers. Consumer behaviour study supplies detail about consumer differentiations.

7. Creation and Retention of Consumers

Marketers who base their offering on a recognition of consumer needs find a ready market for their products. Company finds it easy to sell its products. In the same way, the company, due to continuous study of consumer behaviour and attempts to meet changing expectations of the buyers, can retain its consumers for long period.

8. Competition

Consumer behaviour study assists in facing competition, too. Based on consumers' expectations, more competitive advantages can be offered. It is useful in improving competitive strengths of the company.

9. Developing New Products

New product is developed in respect of needs and wants of the target market. In order to develop the best-fit product, marketer must know adequately about the market. Thus, the study of consumer behaviour is the base for developing a new product successfully.

10. Dynamic Nature of Market

Consumer behaviour focuses on dynamic nature of the market. It helps the manager to be dynamic, alert and, active in satisfying consumers better and sooner than competitors. Consumer behaviour is indispensable to watch movements of the markets.

11. Effective Use of Productive Resources

The study of consumer behaviour assists the manager to make the organisational efforts consumer-oriented. It ensures an exact use of resources for achieving maximum efficiency.