CHAPTER I

INTRODUCTION
The American Marketing Association perceives marketing as, "the performance of business activities that directs the flow of goods and services from producer to consumer or user".1 Marketing has even been described as, "Customer satisfaction engineering".2 The marketing process starts even before the goods go into production. It does not end with the sale but continues till the satisfaction of the customer is obtained.

This consumer orientation to marketing has given birth to a new operational notion called 'The Marketing Concept'. This concept has been in vogue in the free economies for quite some time, and specially in USA since 1950. Felton views the marketing concept as "a corporate state of mind that insists on integration and coordination of all marketing functions which, in turn, are welded with all other corporate functions, for the basic objective of producing maximum long-range corporate profits".3

Kotler comprehends the marketing concept as a customer orientation backed by integrated marketing aimed at generating customer satisfaction as a key to satisfying organisational goals.4

In short, the marketing concept says "find wants and fill them" rather than "create products and sell them". This orientation is reflected in various contemporary ads: "Have it your way" (Burger King); "You’re the boss" (United Airlines); and "No dissatisfied customers" (Ford.).

The pith and marrow and sum and substance, of the modern concept of marketing is customer’s satisfaction backed by integrated marketing. It starts with an interpretation of consumer’s needs and desires and follows with all the business activities involved in flow of goods and services from producers to consumers and ends with those services necessary to aid a consumer in getting the excepted utility from the product he has purchased. Thus, it is apparent that the marketing definition must be extended at both ends and that the process both starts and ends with the consumer.5


Concept of Consumer Behaviour:

If one accepts the marketing concept as a business philosophy then the entire focus of business is on consumer satisfaction. The customer becomes the fulcrum around which business activities revolve. The be-all and end-all of marketing concept is satisfaction of consumer. This requires a thorough understanding of consumer behaviour and buying motives. Recognizing the importance of consumer understanding, research into consumer motivations, cognizance, beliefs, attitudes, learning, perceptions, emotions, and opinions has made tremendous strides particularly in competitive marketing environments.

'Consumer means, "one who or what which consumes; one who uses a commodity or service."6 Behaviour means, "manner of behaving or acting; the action or reaction of any material under given circumstances".7 Behaviour is a mirror in which everyone shows his image. The term 'Consumer behaviour' or 'buyer behaviour' is often used rather loosely for the present study.


7. Ibid., P.134.
In recent years, there has been growing interest in the study of consumer behaviour in the marketing profession the world over. In our own environment we have witnessed markets becoming increasingly competitive, with more and more of these changing from seller’s to buyer’s market.

Consumer behaviour is simply a subsection of the larger field of human behaviour. Human behaviour refers to the total process by which individuals interact with the environment. Engle, Blackwell and Kollat have given very comprehensive idea about consumer behaviour and defined consumer behaviour as, "the act of individuals directly involved in obtaining and using economic goods and services, including the decision processes, that precedes and determines these acts".8 Schiffman and Kanuk states that, "consumer behaviour is the behaviour that consumers display in searching for, purchasing, using and evaluating products, services, and ideas which they expect will satisfy their needs."9 In the context of various types of consumers and products and services Zaltman and Wellendorf have said that, "consumer behaviours are acts, processes, and social relationship exhibited by individuals.

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groups, and organisations in obtainment, use of, and consequent experience with products, services, and resources. Consumer behaviour refers to the differential behaviours of persons over time as they acquire, process, and utilize information from various sources and settings in purchasing, consuming, and communicating about brands, products, and clusters of products. In other words consumer behaviour is the process by which individuals decide, whether, what, when, how, and from whom to purchase the goods and services.

Often, we know very little about what goes on in a buyer's mind before, during and after purchase. Sometimes even the buyers themselves do not know the real factor motivating their buying action. A purchase is rarely the result of single motive."

Consumer behaviour occurs over a period of time, the time-horizon varies for different types of activities. Consumer behaviour changes over a period of time because of changes in income, changes in life cycle stage, and other

Factors. In short, consumer behaviour differs from person to person, place to place and from time to time.

Studies on new product adoption process, brand loyalty, consumer discrimination ability, attitudes towards risk, perception, learning, and motivation can all contribute to enhance customer understanding. Knowledge of cultural expectations and constraints, interpersonal influence in families, social class, reference groups, opinion leaders and purchase decision making process can make the communication task far more effective.

Consumer behaviour encompasses a vast area including consumption patterns, consumer preferences, consumer motivation, consumer buying process and shopping behaviour etc. The study of consumer behaviour is the study of how individuals make decision to spend available resources (money, time, effort) on consumption - related items. The basic questions which are answered in a study of consumer behaviour are, what consumer buy, why they buy it, how they buy it, when they buy it, where they buy it, and how often they buy it.

Need for the Study

The area of consumer behaviour in marketing is significant because 80 per cent of the national income is
constituted by expenditure incurred by the consumers. Marketing is the process of defining, anticipating and creating customer needs and wants. Organising all the needs and wants provides the rationale for firm's existence. Knowledge of consumer behaviour is, therefore, vital for a firm to achieve its marketing objectives. An understanding of the motives underlying the consumer behaviour helps a firm to select appropriate sales and advertising strategies and to plan its marketing programme in a more efficient and effective manner.

The study of consumer behaviour is useful in the development of more efficient use of marketing resources and in arriving at solution to the problems of marketing management. Now a days greater attention is given to consumer protection. The knowledge and understanding of consumer behaviour can lead to both consumer protection efforts and to better understanding of the impact these efforts have on consumer. "An important reason for studying consumer behaviour is evaluation of consumer groups with unsatisfied needs and desires".11

Satisfaction of the consumer is, thus, the ultimate aim of any business activity. When Drucker says that, "the purpose of business is to create customers", he directly hints at the closer study of consumer behaviour. The study of consumer behaviour is basic to all economic activity. Knowledge of consumer behaviour is vital for effective product planning and for efficient execution of advertising and sales promotion policies. Satisfaction of ultimate purpose of any marketing system.

'For the success of business, all the marketing plans and policies should be customer oriented. Customer-orientation means that, the marketing planners should try to learn and understand consumer behaviour. A knowledge of customer behaviour is, therefore, important for effective product planning and for efficient execution of firm's advertising and sales promotion policies.'

A business community that is ignorant of consumer preferences cannot possibly fulfil its obligations in a meaningful and responsive manner. Study of consumer behaviour has assumed growing importance now a days and in customer

oriented marketing system consumer behaviour is a dynamic concept. Hence, the study of consumer behaviour is important for the marketer in response to the question, 'how do consumer buy and how will this change, if the marketing program is changed'.

The success of any business enterprise depends not only on the ability to recognise unfulfilled needs, but also to understand whether those needs will be expressed as economically feasible markets and what organisational response is required for success in setting these needs. An understanding of consumer's preferences, beliefs, needs, wants, desires, emotions, habits, are all important determinants for the success of the marketer and all can vitally influence his decisions relating to the identification of opportunities, product policy, channels of distribution, pricing, personal selling and promotional strategies.

'Consumer behaviour can also be viewed as "the discipline which provides marketing managers with an understanding of what is behind the decision to spend money, time, and effort on consumption related items. It probes not only what is changed but also why, where, when, and how often".13'

Even consumer can benefit from the study of buying behaviour. A knowledge of why we buy, of what we buy and of the influence on our decision making - can make us wiser shoppers. Awareness of what lies behind advertising messages can help us evaluate them better.

Consumer behaviour in terms of product-wise studies is relating an unexplored field of marketing. As such, it is also important from an intellectual point of view. Zaltman and Wallendorf correctly pointed that, "Marketers have conducted some excellent research in consumer behaviour and are devoting more time in this field, yet only the surface has been scratched." Product-wise studies are limited in number.

It is with this background that the present study has been undertaken.

Objectives of the Study

The researcher has set the following objectives for the study on hand.

1. To study the consumer goods market in India.

2. To analyse the socio-economic profile of consumers in Hubli.

3. To examine the ownership pattern, duration of usage, method of acquisition, time-lag between need identification and actual purchase in respect of consumer durables.

4. To find out the family involvement in decision-making process, the role of husband, wife and children in decision-making process, brand loyalty, reasons for buying and reasons for not buying in respect of both consumer durables and non-durables.

5. To examine various product features which influence consumers, colour preferences, degree of liking, influence of price and advertisement on consumers while buying durables and non-durables.

6. To find out consumer awareness and shopping behaviour of consumers.

Methodology

The methodology adopted for the present study is a case study method supported by a survey technique.

Geographical Area of Study

Choice of the area for the present study is made as it suits the personal convenience of the researcher. The
importance of Hubli as the second largest city in Karnataka State, next only to Bangalore, in terms of population, industrial/commercial and trade activities, was also a compelling point in selecting this area. The city has a population of 4.24 lakhs, and a large number of public and private sector industrial units are located in and around Hubli. The study is confined to Hubli urban agglomeration only. Eight popular consumer durables, namely Fan, Iron box, Taperecorder, Television (including portable television, black and white television and colour television), Mixie, Pressure Cooker, Two Wheeler (including moped, motor cycle and scooter) and Suitcase, and five popular non-durables, namely, Tea, Toothpaste, Detergent soap, Toilet soap and Face cream, were selected for the present study.

The expanse of the study consists of consumers of Hubli city urban agglomeration only. The households in the area were classified equally in three categories, based on the occupation of heads of households. These categories were employees, business class people and professionals. Limitations of time and resources accounted for the geographical expanse and hence the concentration on a single city.
Tools used

Data were collected from primary and secondary sources by conducting field work and reviewing the available literature.

Primary Data

The study is based on primary data though data were collected marginally from secondary source. A comprehensive questionnaire schedule was prepared for household on the basis of the objectives of the study. The schedule was pretested through a pilot survey covering 50 households of different categories. To conduct interviews, though family was considered as the unit, the heads of all sample households were interviewed in depth in their residences. So, the atmosphere in and around their residences helped to verify the information provided by them. Two separate schedules were prepared for durables and non-durables. The data so collected were scrutinized, coded, tabulated and finally used for the study.

Secondary data

In order to fulfill the first two objectives of the study, secondary data were collected. Literature on the geography, history, social and cultural setting, communication and transport, family life of Hubli, were collected by reviewing books, gazetteers, reports and official records; the
major source of secondary data being Census of India 1991 (provisional results). The official records with Hubli-
Dharwad Municipal Corporation, Town Planning Authorities, Land
Record and District Statistical Centre etc., were studied to
get the required data. The data were also collected from well
established research agencies and organizations such as,
Operations Research Group (ORG) and Indian Marketing Research
Bureau, Bombay and, from leading news papers.

Sampling

The sample consisted of 600 household respondents,
equally distributed among employees, businessmen, and
professionals. A convenient stratified sample method was
adopted so that there was more possibility of all respondents
belonging to different categories getting included in the
study, making the analysis and results authentic. Care was
also taken to see that the sample was reliable and efficient.
Attempts were made to contact both husband and wife in each of
the selected household to respond together, in consultation
with each other to the schedule. In cases where it was not
possible to obtain joint response from both the parties, it
was ensured that at least one of them, that is husband or
wife, was interviewed. Interviews were held in Kannada
(Local language), English, Urdu and Hindi depending upon the
proficiency of the informants. The discussion took place in
late afternoons and early evenings when the family members were at home and free from work. The informants were encouraged to speak as long as they desired. Since a residential building is likely to contain more than one household, only one from each such house was surveyed. Out of the respondents living in a building, the family with the highest socio-economic status was included in the sample. The characteristics of the sample chosen for the study have been outlined in the succeeding chapter, as these characteristics have been derived from the profile of Hubli urban consumers.

Limitations of the study

In view of the limitation of individual researcher the study limits its scope to only Hubli city agglomeration. Understanding and proper interpreting consumer behaviour is a whole lot easier said than done. Any study on consumer survey through pre-design schedule suffers from basic limitations of the possibility of difference between what is recorded and what is real. This is because the consumers may not deliberately report their true preferences, and, even if they want to do so, there are bound to be differences due to well-known problem of filter in communication process. In order to minimise this error, interviews were conducted personally and a lot of time was spent with the respondents. Most of the
respondents extended their co-operation, though a few of the respondents did not co-operate well, hence, they were excluded. As consumer behaviour is a very wide subject, the present study is limited to selected consumer durables and consumer non-durables of daily use.

Chapter Scheme

The study is presented in eight chapters with tables and diagrams. The chapters are organized in the following manner.

1. Chapter I deals with the introduction of the problem chosen, need for the study, objectives of the study, methodology and limitations of the study.

2. Chapter II deals with the theoretical background of consumer behaviour and earlier studies.

3. Chapter III is devoted to the urban consumer goods market in India.

4. Chapter IV deals with the profile of Hubli consumers and the characteristics of the sample respondents.

5. Chapter V deals with the consumer behaviour in respect of consumer durables.

6. Chapter VI contains the consumer behaviour in respect of consumer non-durables.
7. Chapter VII presents the information regarding the consumer awareness vis-a-vis shopping behaviour.

8. Summary of findings and conclusions are presented in Chapter VIII.