Purpose and Overview:

In a customer-oriented marketing planning and management, behavioural studies have assumed growing importance. The success of the marketing programme rests on the decision of the buyers or the ultimate users. The marketing manager bears the vital responsibility of studying the factors governing the decision-making practices of the consumers. The behavioural scientists not only study why, how and what people buy but they also study other factors—such as, where, how and under what conditions they make the purchases. Hence, an in-depth study of the enigmatic human personality and determinants of the complexity of consumer behaviour may be the main purpose of behavioural management.

Concept of Consumer Behaviour:

The whole behaviour of a person while making purchases may be termed as consumer behaviour. "Consumer behaviour is the process whereby individuals decide whether, what, when, where how and from whom to purchase goods and services."¹ There are two main problems involved in the study of consumer behaviour. The first is to determine what that behaviour is, to find out the products and brands that the consumer is actually buying. The
second is concerned with the why of consumer behaviour - why consumers do
act as they do. On the basis of a few studies on the buying behaviour of
consumers, Tousley Clark and Clark² have concluded that there is often little
planning and deliberation in purchase decisions. George Katona³ as a result of
the continuing studies of the Survey Research Centre has concluded that most
consumer behaviour is habitual behaviour, that the consumer acts as he does
automatically and rather inflexibly from force of habit. Impulsive buying does
take place but primarily with fairly equivalent products, small purchases or
an occasional luxury, that is in situations when it is not really important.

Consumers Versus Buyers

Every one is an ultimate consumer or user of goods, not every one is a
buyer of goods. Many ultimate consumers are too young or too old, are subject to
infirmities or are confined to institutions and so are not able to purchase the goods
they consume.⁴ Even those, who are able to buy what others consume, still depend
on others to do much of their purchasing.

Consumer Behaviour and Consumption Behaviour

Consumer behaviour is micro behaviour. It relates to an individual
person. Consumption behaviour relates to the mass or aggregate of individuals. It
is macro behaviour. The study of consumer behaviour is always decision process
of an individual consumer or a consuming unit, such as, the family, etc. It includes
all the efforts to describle and explain one or more acts of choice either at a given
time or over a period of time. In contrast, the study of consumption behaviour is concerned with the description and explanation of the behaviour of aggregates of consumers or consuming units, again at a given time or over a period of time. The subject matter of consumption behaviour parallels at the aggregates level to that of consumer behaviour at the individual level.

Consumer Behaviour and Buyer Behaviour

Consumer behaviour pertains to activities of both ultimate and industrial consumers. Ultimate consumers are the end-users of the product/service. Industrial consumers are only an intermediate users who add further value to the product/service before it is consumed by the end users. When a reference is made to both ultimate consumers and industrial consumers, then it is buyer behaviour. Consumer behaviour denotes the behaviour of only end-users or ultimate consumers. The present study concerns itself with the consumer behaviour proper.

Consumer behaviour includes not only the actual buyer and his act of buying but also the various roles played by different individuals and the influence they exert on the final purchase decision. Consumer behaviour is the decision process and physical activity engaged in when evaluating, acquiring using or disposing of goods and services.

Major Factors Influencing Consumer Behaviour:

Consumer behaviour is highly influenced by a unique set of cultural, social, economic and psychological factors. These factors, however, are non
Cultural Factors:

Wants and behaviour of persons are profoundly determined by culture. Family and other key institutions help children to acquire a set of values, perceptions, preferences and behaviour. Values relating to achievement and success, activity, efficiency, material comfort, freedom, individualism, etc., are the factors to which a child's values are exposed.

Similarly, sub-cultures, which are the components of culture provide more specific identification and socialisation for their members. Sub-cultures include nationalities, religions, racial groups, and geographical regions. Sub-cultures make up important market segments and marketers often design products and marketing programs tailored to their needs.

Social Class:

Social stratification is a common feature of all human societies. Social stratification may take the form of caste system or the form of social classes. Members of social class share similar values, interests and behaviour. They exhibit certain indicators such as occupation, education, income and area of residence. They differ in dress, speech pattern and recreational preferences, etc. Persons of a social class indicate similar behavioural patterns. "Social classes..."
show distinct product and brand preferences in many areas including clothing, home furnishings. Leisure activities and automobiles. Some marketers focus their efforts on one social class.

Culture is that complex whole which includes knowledge, belief, art, law morals, and any other habits, acquired by man as a member of society. Culture includes a set of learned beliefs, values, attitudes, morals, customs, habits and forms of behaviour that are shared by a society and transmitted from generation within that society. It is essential that a marketer has an indepth study of all these variables. Culture is alive, moving, and dynamic. It reacts to internal and external pressures. Cultural influence is a force shaping patterns of consumption. Much of our behaviour is determined by culture. The technological sophistication influences cultural changes in a society and thus the buyer's behaviour. It is essential that a marketing manager differentiates marketing strategy in the background of generation or degenerator found in culture.

Economic Factors Influencing Consumer Behaviour

Economists, among the social scientists, were the first to examine consumer buying behaviour by exploring about the ways in which the consumers solve consumption problems. They assume the rational behaviour of persons who have perfect information about the market and who attempt to obtain maximum value for every unit of money and effort spent. Economists assume that consumers consider price as the most effective vehicle of motivating purchases. The following
are the important economic factors and theories which are basic and relevant for understanding consumer behaviour:

   i) Personal Income and Disposable Income.

   Personal income is the most powerful economic factor that influences and conditions consumer behaviour by giving purchasing power to consumers which helps them strike an exchange transaction. However, it is the disposable personal income (DPI) but not the gross income that represents the amount of money that a consumer possesses for using it for purchases. Disposable personal income is the residual income after meeting certain demands in the form of government taxes, debt repayment and debt servicing charges, etc. The spending or consumer buying decisions vary in relation to the variations in DPI. This relationship between income and spending has been very well brought out by Lord Keynes "men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income".10

   The relationship between the change in DPI and the relative change in demand for different categories of products and services has been further supported by Engel's law of consumption. Earnest Angel, a German statistician, observed that while rising family income tended to be accompanied by increased spending in all categories the percentage of income spent on food tended to decline the percentage spent on housing and household operations tended to remain constant,
and the percentage spent on other categories of commodities such as clothing, transportation, recreation health, and education as also saving tended to rise. A study conducted by Gupta on the validity of Engel's law concludes that in India "there is a tendency for the elasticity of coefficients for expenditure or various food items to decrease with a rise in the level real income."¹¹

ii) Discretionary income too has its impact on the spendings by consumers. Discretionary income is the income over and above that required to meet fixed expenses and outlays necessary to provide a family with its minimum subsistence requirements.¹² It is observed that a rise in discretionary income results in an increase in spending by consumers on products categories that raise living standards such as consumer durables, like refrigerators, coolers, air conditioners, etc.

iii) Apart from personal income, family income too has its impact on the consumer behaviour. Here the income of the whole family that matters "A rise in an individual member's income may possibly be neutralised by a fall in another member's income. Therefore, it is the relationship between the family size/requirements and the family income that ultimately determines the buying behaviour of the family members."¹³

iv) Future income expectations too have their influence on the consumer behaviour. The level of current spending of consumer is determined by the optimism or pessimism about their future income. The spendings and purchase behaviour
of the consumers depend on their needs: basic needs or non-basic needs. In case of basic needs, the tendency to spend less may not be strong since they affect the consumers' subsistence itself. The non-basic needs of the consumers may be ignored when income expectations are weak and they may spend less.

v) The consumers' liquid assets may also influence their buying behaviour. Liquid assets like bank balances, short term bank deposits, shares, units, government bonds, etc; could be easily converted into cash. They are used to buy consumer durables such as automobiles, scooters, refrigerators, washing machines, etc. In fact, liquid assets are built up sometimes precisely to buy such products.

vi) The availability of consumer credit is another factor which influences consumer behaviour. Consumer credit may be extended by marketer under a variety of arrangements, such as deferred payment, instalment payment, hire purchase, etc. Consumer durables in India are sold on credit plans. Refrigerators, televisions are sold on an instalment basis. Cars are offered on hire-purchase basis.

vii) Consumers are not only influenced by current income but also by the living standards enjoyed in the past. A decline income of consumers may result in a decline in their spendings but not to the same extent. It is difficult to depart from the living standard one has got accustomed to.

Sociological Factors Influencing Consumer Behaviour

Social factors such as reference groups, family and social roles and statuses influence consumer's behaviour.
i) Reference groups consists of all the groups that have a direct or indirect influence on the persons attitudes or behaviour. Among the reference groups membership groups have direct influence on a person. These include family, friends neighbours and co-workers with whom the person interacts fairly continuously and informally. Persons also belong to secondary groups such as religious, professional and trade union groups. These groups tend to be more formal and require less continues interaction.

Reference groups influence peple in three ways :

1. They expose an individuals to new behaviours and life styles.
2. They influence attitudes and self concept.
3. They create pressures for confirmity that may affect actual product and brand choices.

Influence of other groups to which people do not belong is also felt in their attitudes and behaviour, viz; aspirational groups to whom the person hopes to join and the dissociative groups whose values and behaviour an individual rejects.

Marketers try to identify target customers' reference groups but the level of reference group influence varies among products and brands. The influence of reference group on the target customers in relation to both product and brand choice is found strongly in case of consumer durables like automobiles and colour televisions. Kotler\textsuperscript{18} says manufacturers of products and brands where group is
strong must determine how to reach and influence the opinion leaders in these reference groups.

ii) Family is the most important consumer buying institution society. Family members are the most influential primary reference group. From parents a person acquires an orientation toward religion, politics, economics and a sense of personal ambition, self worth and love, even if the buyer no longer interacts very much with his or her parents. Marketers should be interested in the roles and relative influence of the husband, wife, and children in the purchase of a large variety of products and services. Research studies on consumers have revealed that in every family, there is a role specialisation which means that every member of the family has a specific role to play in making the family purchases.

The marketing policies regarding the product, promotion, channel of distribution and promotion strategies are governed by family members making actual purchases.

iii) Roles and status do influence the purchase behaviour of persons. A person participates in different social groups like family clubs, organisations etc. His or her position in each group can be defined in terms of role and status. Each role carries a status. People choose products that communicate their role and status in society.

Psychological Factors Determining Consumer Behaviour:

The consumer's buying behaviour is also influenced by psychological factors like motivation, perception, learning and beliefs and attitudes.
Motivation: An individual has many needs at any given time of which some are biogenic which arise from physiological states of tension such as hunger, thirst, discomfort. Other needs are psychogenic which arise from psychological states of tension such as the need for recognition, esteem or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. The motive drives a person to act.

Consumer behaviour is largely determined by the human motivation which has been explained by psychologists by their theoretical formulations. There are well known theories of motivation advocated by Sigmund Freud, Abraham Maslow, Frederick Herzberg and Pavlove. These theories carry quite different implications for consumer analysis and marketing strategy.

i) Sigmund Freud’s motivation theory influencing the people’s behaviour is based on the assumption that a person is unable to satisfy all his needs within the bounds of society and consequently the unsatisfied needs create tension within an individual which have to be repressed. Such repressed tension is always said to exist in the sub-conscious and continues to influence consumer behaviour. Motivation researchers often collect indepth interviews with the consumers to uncover deeper motives triggered by a product. They use various projective techniques, such as, word association, sentence completion, picture interpretation and the role playing.

The psycho-analytic model of Freud laid emphasis on the instinct of the individual and his psychology as the cause of individual behaviour in particular
way. Buyers are motivated by symbolic as well as economic functional products. Buyers private world of hopes, dreams and fears can often be the stimuli in effecting purchases.

ii) Abraham Maslow has tried to explain the consumer behaviour through his theory of hierarchy of needs. "Wants spring from needs and are not something alien to be setoff in opposition to needs". Maslow contends that human needs are hierarchical or arise in order of sequence. Appearance of one need rests on the prior satisfaction of another more pre-potent need. In their order of importance, they are physiological needs, safety needs, social needs, esteem needs, and self actualisation needs. In other words, as the lower order needs are satisfied, the higher order needs tend to take over. The human behaviour is considerably influenced by the driving force called 'need', 'drive' or 'motive'. Markets have widely accepted the classification of needs formulated by Maslow. A marketer is, therefore, interested in influencing these very 'needs' 'drives' and 'motives' so as to favourably dispose the buyer towards the company's products.

iii) Herzberg's developed a Two Factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) and satisfiers (factors that cause satisfaction). Absence of dissatisfiers and presence of satisfiers would help in motivating a purchase. A television that does not come with a warranty would be a dissatisfier. However, the presence of a warranty would not act as a satisfier or motivator of a purchase. Hence it is necessary that absence of dissatisfier and presence of satisfier is a positive factor in motivating the consumer to buy a product. Hence, sellers
should do their best to avoid dissatisfiers. Secondly, the manufacturer should identify the major satisfiers or motivators of purchase in the market and then supply them.

iv) Pavlovian Learning Model refers to a change in the behaviour which occurs as a result of practice. Change in behaviour is a product of reasoning, thinking, information processing and perception. The learning experiences of buyers affect the buying behaviour. The applicability of learning model for the marketing manager is that it helps in building up demand for a product by associating it with drives, providing cue configurations and further positive re-inforcement. The product features such as price, quality, service, brand, package, etc., act as cues.

Other Psychological Factors Influencing Consumer Behaviour:

In addition to the above psychological approaches to the analysis of consumer behaviour, there are other concepts which influence consumer behaviour. They are: (i) Perception, (ii) Personality Traits, (iii) Attitudes, (iv) Self concepts and (v) Cognitive Dissonance.

Perception relates to the interpretation of the stimuli by a consumer. Personality traits are those characteristics that account for the differences among people and that are predictive of behaviour. Attitude is a mental state of readiness organised by experience exerting influence upon the consumers response to marketing inputs. Attitudes are formed on account of an inward need, external
environment and the task experience. Self concept or self image is one's image as viewed by himself or the manner in which a consumer wants others to see him. The theory of cognitive dissonance explains that a consumer desires harmony, balance and completeness to reduce tensions and strives towards consistency within his cognitive structure.

Thus, an analysis of the influence of a variety of factors on consumer behaviour provides an insight into the significance of each of those factors in the purchase decisions of buyers of products and services. However, it will be naive to presume that consumer behaviour is influenced by any one of these individual factors. But, at a point of time and in a given set of situations, consumer behaviour is influenced by a sum total of these diverse yet interrelated factors. All these factors are prone to work simultaneously and influence a consumer choice when he/she is in the process of taking a purchase decision. It is no doubt, possible that the relative importance of these factors may vary in a given situation. The job of the marketing management is not only to identify company's potential consumers but also to find out the nature and intensity of the influence exerted by these factors while formulating marketing strategies.