Chapter One
INTRODUCTION
CHAPTER-ONE

INTRODUCTION

The value of an item in the mind of a consumer is simply the difference between the anticipated price and the price on the tag.

- Roy H. Williams

Indian economy is growing at very fast pace, even though the speed has retarded during last few years. But since our economy is consumer oriented, that too not external but internal, its advent cannot be held back for long. The day is not far off when Indian rupee shall occupy the ranks very much close to US Dollar or Euro. Lion’s share of this transformation shall go to the gigantic pool or Indian consumers. Our ever ballooning population, which used to be thought of as being the curse to our progress, has proved to be a boon in disguise. Our educated middle class is the epicenter of this paradigm shift. Gradual increase of the purchasing capacity and the disposable income of this class of our society have provided wheels to growth of our ailing economy.

Households, Families and organizations purchase different products to meet widely different needs. There is, however, an important similarity in their consumption patterns: they buy as groups, not as individuals. Like individual consumers, Households and families also go through a decision-making process that takes them through the five stages – needs assessment, information gathering, choice, consumption and post purchase evaluation. Because more than one person is involved in the process, the dynamics of consumption patterns are complicated by different roles played by each member of the family at each stage of the decision process.

The household operates as an economic unit, earning and spending money. In doing this, the household members establish individual and collective consumption priorities, decide the products and brands that fulfill their needs and also decide where these items are to be bought and how they are to be used in furthering the goals of the family members. Also consumer’s attitudes towards spending and saving and even the brands and products purchased are moulded to a large extent by the
families they grow up in. In a way, household remains the single most pervasive and enduring influence on all consumer behaviour. Most of us cherish early memories of purchases made with the family members: choosing a new audio system, deciding to buy a new car. These and many more purchase decisions made as a household unit continue to affect our consumption into adulthood. We tend to subscribe to the same newspapers and magazines that we saw being subscribed when we were children. We automatically buy the same laundry detergent our mothers trusted.

To understand the behaviour of consumers better, it is imperative to have adequate knowledge on the functions provided by the family. These functions include the following: economic well-being, emotional support, suitable family lifestyles, and socialization of family members. Decision making by a group such as a household differs in many ways from decisions made by an individuals. There are five roles that frequently occur in household decision making. Individuals play various roles for different decisions:

**Information gatherer:** The individual who has expertise and interest in a particular purchase. Different individuals may seek information at different times or on different aspects of the purchase.

**Influencer:** The person who influences the alternatives evaluated, the criteria considered and the final choice. In the example of health food, it is the child who is the primary consumer, who plays the role of a major influencer.

**Gatekeepers:** Household member(s) who control the flow of information about a product or service into the family.

**Decision maker:** The individual who makes the final decision. Joint decisions are also likely to occur more often than not.

**Purchaser:** The household member who actually purchases the product. It may be any member of the family who is visiting the market, or it may even be the servant who runs all the household errands.
Users: The user of the product. For many products there are multiple users.

Maintainers: The individual who services or repairs the product such as it continues to provide continued satisfaction.

Disposers: The household member who initiates or carries out the disposal or discontinuation of a particular product.

THE FAMILY LIFE CYCLE (FLC)

Most families necessarily pass through the traditional family life cycle which comprises of a series of predictable stages. Consumer researchers have always been attracted to the concept of family life cycle (FLC) to understand the behaviour of consumers at various stages of their lives so as to effectively design the right marketing strategy.
The FLC is a composite variable created by systematically combining such commonly used demographic variables as marital status, size of family, age of family members, and employment status.

The traditional FLC is a progression of stages through which many family members pass, starting from bachelorhood, moving on to marriage to family growth, to family contraction and ending with the dissolution of the basic unit. The five basic stages may be summarized as follows:

Stage 1: Bachelorhood   Young single adult living apart from parents
Stage 2: Honeymooners   Young married couple with no children
Stage 3: Parenthood     Married couple with at least one child at home
Stage 4: Postparenthood  An older married couple with no children living at home.
Stage 5: Dissolution     One surviving spouse.

**MARKETING STRATEGY AND HOUSEHOLD DECISION MAKING**

It is a known fact that the household influences most consumption decisions. Hence, formulating an effective strategy for most consumer products requires a thorough understanding of the household decision-making process with respect to that product.

![Figure 1.2: Household Decision Making](image)
The household decision making process often varies across market segments such as stages in the household life cycle or the social class to which the family belongs. It therefore becomes imperative to analyze household decision making within each defined target market. Within each market, it is important to determine which household members are involved at each stage of the decision process and what their motivations and interests are.

MARKETING APPLICATIONS – HOUSEHOLD PURCHASING

Understating household purchasing processes is necessary to:

- Understand the differences in consumption patterns of different households.
- Develop product and promotional strategies with recognition of the changing gender roles and responsibilities within the household unit.
- Use the concept of the family life cycle as a basis for segmenting the market.
- Target products and services properly for the family roles in decision-making.

According to the latest World Development Indicators Indian, GNP in recent years was $2 billion as per purchasing power criteria. It is just below three other nations in the world, the USA, china and Japan. And Indian average annual GDP growth rate in terms of last 33 years has been a decent 4.99 rate, higher-much higher-than the average growth rate of 2.6% for USA between 1965-2010.

The size of the Indian middle class, as we shall see in grater detail later, is growing and growing at a faster rate, compared to the overall growth in population. Consumption expenditure on average has grown at 18% between 1993-94 and 2007-08.
CONSTITUENTS OF INDIAN CONSUMING CLASS

An NCAER report (Indian Market Demographics) has classified consumers on the basis of ownership and consumption into five categories (Table 1.1).

Table # 1.1: Indian Consuming Classes

<table>
<thead>
<tr>
<th>Income Range (Rs.)</th>
<th>Class</th>
<th>Additions To Households (Million)</th>
<th>Addition To Population (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>215000 plus</td>
<td>Very Rich</td>
<td>0.7</td>
<td>2.2</td>
</tr>
<tr>
<td>45000-215000</td>
<td>Consuming Class</td>
<td>14.3</td>
<td>27.8</td>
</tr>
<tr>
<td>22000-45000</td>
<td>Climbers</td>
<td>15.3</td>
<td>16.9</td>
</tr>
<tr>
<td>16000-22000</td>
<td>Aspirants</td>
<td>8.3</td>
<td>3.1</td>
</tr>
<tr>
<td>16000 or less</td>
<td>Destitute</td>
<td>6.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>44.7</td>
<td>52.4</td>
</tr>
</tbody>
</table>

Source: NCER Report 2011

The very rich are oriented towards ‘money for value’. They are willing to pay more and more for better and better benefits. They want the best that is available in the world, not merely in India. Consuming classes are oriented towards value for money, judiciously balancing benefits and prices all the time and making value-optimizing decisions. These are cost benefit maximizers. This segment wants high-end popular or mildly premium products. Climbers tend to say: “This is all the money I can afford; what is the best you can offer me for it”. They buy popular products, like Nirma. Aspirants have just started buying. So they buy, say, slices of bread instead of full loaf, 50 paise packs of various product, etc. They can’t afford more than that. Destitute hardly consume any manufactured goods that they bought.

Generally speaking, the market in the new Millennium promises to be economically more multi layered, culturally distinctive and complex, and geographically heterogeneous than it was in pre liberalization phase.
Table # 1.2: Changing Face Of India

<table>
<thead>
<tr>
<th>EARLIER</th>
<th>EMERGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Two India: Haves and have-nots.</td>
<td>• Many: shades of rich, not so poor, poor, destitute</td>
</tr>
<tr>
<td>• Divide between urban and rural areas</td>
<td>• Geographical heterogeneity even intra-region (e.g., an urbanized village)</td>
</tr>
<tr>
<td>• Few age cohorts with similar consumption pattern</td>
<td>• Many age cohorts with distinctive patterns</td>
</tr>
<tr>
<td>• Culturally complex society</td>
<td>• Ever more complex than earlier</td>
</tr>
</tbody>
</table>

*Source: NCER Report 2011*

These consuming classes have different value orientation as far as their consumption pattern is concerned (Figure 1.3)

![Figure # 1.3: Value Orientation of Different Consuming Classes](image-url)
Table 1.3: Value Orientation of Different Consuming Classes

<table>
<thead>
<tr>
<th>Consuming class</th>
<th>Mn HHS 2000-01</th>
<th>Value orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich</td>
<td>3</td>
<td>Benefit maximizers</td>
</tr>
<tr>
<td>Climbers</td>
<td>66</td>
<td>Cost benefit optimizer</td>
</tr>
<tr>
<td>Aspirants</td>
<td>32</td>
<td>Cash constrained benefit seekers</td>
</tr>
<tr>
<td>Destitute</td>
<td>24</td>
<td>Hand to mouth existence</td>
</tr>
</tbody>
</table>

Source: NCER Report 2011

CONSUMER’S PURCHASING PATTERN

There are many factors which influence consumer’s purchasing pattern. These may be categorized under the heading of marketing stimuli and other stimuli comprising of Economic, Psychological, Socio-cultural, Technological and Political. Marketers are doing a lot of research to understand the relation between marketing stimuli and consumer response (Nair Suja, 2011).

<table>
<thead>
<tr>
<th>Marketing Stimuli</th>
<th>Other Stimuli</th>
<th>Buyers Black Box</th>
<th>Buyers Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Economic</td>
<td>Buyers decision</td>
<td>1. Product</td>
</tr>
<tr>
<td>Price</td>
<td>cultural</td>
<td></td>
<td>2. brand choice</td>
</tr>
<tr>
<td>Place</td>
<td>Technological</td>
<td></td>
<td>3. dealer choice</td>
</tr>
<tr>
<td>Promotion</td>
<td>political</td>
<td></td>
<td>4. purchase</td>
</tr>
</tbody>
</table>

Figure # 1.4: Model Of Consumer Buying Behaviour

The marketing environment comprises of various marketing mix elements which act as clues in influencing consumer response. Today the buyer is exposed to a variety of information. These sources inform and educate the buyer about the existence of the products, its price to match the product features and performance, availability of the product at a suitable shop. This is supported by many promotional measures that persuade people to try a product in the form of advertisements, samples and trial, demonstrations, point of purchase/displays in shop and salesmen’s suggestions. Although the marketing environment helps in making the consumer/buyer aware of the
product, it is the combination of marketing stimuli and other stimuli which will make the buyer respond either positively or negatively towards a particular product.

**Influence of Other Factors on Consumer Behaviour**

Economic factors namely family income, the disposable personal income, the individual’s discretionary income and standard of living can also influence the buyer’s behaviour pattern. Each culture, religion and language commands its own unique pattern of social conduct. Every culture has its own set of beliefs, values, customs, which will be seen in the way the consumer responds to the various products available in the market. Every culture has certain dos and don’ts which will significantly control the individuals’ life style and buying behaviour. If the technology adopted in the making of the product is something unique or latest, the consumers must be made aware of this. Here the marketer will have to analyze the buying motive of the consumer. ‘Buying motives can be defined as “all the impulses, desires and considerations of the buyer” which induces him to purchase a given product’. People are very much concerned about their image and status in the society. Status is indicated by the possession of products made from the latest technology. So if a new product that constitutes a status symbol is within their reach, their aspiration to possess it, will influence the decision making process. Similarly, the political environment will play a role in the availability of the category of products in the market. The Government has adopted new policies and reforms in the form of industrial licensing policies and trade policies, which has had a direct impact on the economic institutions like the banking sector and capital market in particular. This in turn will affect the savings of the consumers, a large chunk of which will flow into the capital markets and this will have a direct effect on the consumption of the buyer.

The buyers purchase decision is very often influenced by the social environment – consisting of his family, his society, neighbours, his friends, his job and his colleagues. Such influences will be seen in his response to the product brand,
store patronage and purchase timing. Yet the buyer cannot be said to be a passive person, who will allow himself to be manipulated by the marketing man. So the marketing manager has to work out the marketing strategies and plans to influence the buyer behaviour.

**DETERMINANTS OR FACTORS INFLUENCING CONSUMERS PURCHASING PATTERNS AND DECISIONS**

Consumer does not make purchase decisions in a vacuum. Their buying behaviour are influenced by cultural, social, personal and psychological determinants/factors. Most of these factors are ‘uncontrollable’ and beyond the hands of the marketer, however, they have to be considered while trying to understand the complex buyer behaviour.

<table>
<thead>
<tr>
<th>Cultural factors</th>
<th>Social factors</th>
<th>Personal factors</th>
<th>Psychological factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>4. Life style</td>
<td>4. Beliefs and attitude</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Personality and self-concept</td>
<td></td>
</tr>
</tbody>
</table>

**Figure # 1.5 : Determinants Of Consumer Purchasing Pattern**

**(A) Cultural Factors**

Cultural factors have the deepest influence on consumer behaviour.

**Culture:** Culture is the most basic fundamental determinant of a person’s wants and behaviour. Right from the time of his birth, a child grows up in a society learning a certain set of values, perceptions, preferences, behaviour and customs, through a process of socialization involving the family and the other key institutions. We can see that a lot of importance/value is given to success and achievement, efficiency,
pragmatism, material comfort, individualism, freedom, etc. All these will have a bearing on a child growing up and will also be seen in his buying behaviour.

**Leisure time:** Most of the couples are working and hence seeking more ways to increase leisure time to spend on holidaying and sports. They are interested in the purchase of time saving home appliances and services like washing machines, ovens, vacuum cleaners, hotels/resorts, etc.

**Health conscious:** People are becoming health conscious and are getting involved in activities such as exercises, jogging, yoga, eating lighter and more natural food.

**Informality:** People are adapting a more relaxed and informal life style. This can be seen in their choice of clothing, furnishing and entertaining.

**Subculture:** Each culture will contain smaller groups of subculture that provide more specific identification and socialization for its members. In other words, to segment larger societies into smaller sub groups (sub cultures) these are homogeneous in relation to certain customs and ways of behaviour.

**Social classes:** social class may take the form of a caste system where the members of different castes are reared for certain roles and cannot change their caste membership.

**(B) SOCIAL FACTOR**

A consumer’s behaviour is also influenced by social factors, such as the consumer’s reference groups, family and social role and status.

**Reference group:** A person’s reference groups are those groups that have a direct (face to face) or indirect influence on the person’s attitudes or behaviour.

**Family:** Members of the buyer’s family can exercise a strong influence on the buyer behaviour. Marketers are interested in the roles and relative influence of the husband, wife, children and parents on the purchase of a large variety of products and services.
In a nuclear family, either husband is more dominant, sometimes the wife is more dominant or they have equal influence. The following observation has been made in most of the cases.

**Table # 1.4 : Family Influence**

<table>
<thead>
<tr>
<th>Category</th>
<th>In the purchase of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Husband dominant</td>
<td>Automobiles, T.V., computer (P.C.) policies</td>
</tr>
<tr>
<td>Wife dominant</td>
<td>Washing machines, kitchen appliances, home appliances</td>
</tr>
<tr>
<td>Equal participation</td>
<td>Housing, recreation activities, outside entertainment.</td>
</tr>
</tbody>
</table>

At the same time, the dominance of a family member varies for different sub decisions within a product category. For example, if a couple are planning to purchase a an automobile, the decision related to “when to buy” may be primarily made by the husband but regarding “what colour of car to buy” may be a joint decision.

**Role and Status:** A person is a member of many groups-family, clubs, organizations, etc., and the person’s position in each group can be defined in terms of role and status.

**(C) PERSONAL FACTORS**

A consumer’s purchase decisions are also influenced by personal characteristics namely the buyers age and stage of life cycle, occupation, economic circumstances, life style, personality and self concept.

Age and stage of life cycle: People’s choice of goods and services changes over their lifetime. This change can be observed right from childhood to maturity especially in taste and preferences related to clothes, furniture and recreation activities.
The stages of life cycle can be said to be a psychological feeling of a certain transformation taking place as they go through life, and experiencing sudden changes, in the consumption pattern.

**Occupation:** A person’s occupation has a direct effect on his choice of goods and services. A clerk will purchase products which are economical and not burn his pocket.

**Economic Circumstances:** A person’s economic circumstances consist of his/her spendable income (amount, stability and time pattern) savings and assets (liquid, movable and immovable) ability to borrow and attitude towards spending versus saving.

In other words, income, saving, credit and assets are the elements of a person’s purchasing power. However, this must be backed by the willingness to buy. With increase in per capita income and improved standard of living, a willingness on the part of the consumer to purchase products, which indicate sophistication, has been noticed.

**Life style:** Life style of a person conveys more than the person’s social class or personality alone. Knowing a person’s social class will help in inferring about what the person’s behaviour is likely to be. However, if one fails to see him/her as an individual, similar personality will indicate certain psychological characteristics about the individual but not throw much light on the person’s interest, opinions or activities.

**Personality and self concept:** Each person has got a distinctive personality which will influence his/her buying behaviour. Personality may be defined as “the person’s distinguishing psychological characteristics that lead to relatively consistent and enduring responses to his/her own environment:.

Personality can be used to analyze consumer behaviour because marketers have seen that there exists a co-relation between personality types and product/brand choices. Some of the traits used to describe a person’s personality are: self confidence dominance, aggressiveness, defensiveness, achievement, deference, etc.
D) PSYCHOLOGICAL FACTORS

For the purpose of understanding consumer’s buying behaviour, four major psychological determinants – motivation, perception, learning and beliefs and attitudes are important.

**Motivation:** Motivation can be said to be the inner drive that is sufficiently pressing and directs the person to seek satisfaction of the need. Satisfaction of the need reduces the felt tension.

**Perception** is the process of selecting, organizing and interpreting or attaching meaning to events happening in environment. How a motivated person acts will be dependent on how he/she perceives the situation.

Perception depends not only on the character of the physical stimuli but also on the relation of the stimuli to the surrounding field and on the actions, thoughts, feelings, etc., within the individual.

**Perceived Risk:** Consumer behaviour also gets affected by the concept of perceived risk. Any action on the part of the consumer or consumer behaviour/purchase will compete with the numerous alternative uses of the same financial resources.

**Attribution process:** There is also a tendency of individuals to perceive causality or attribute an interrelationship when events occur in a chain.

**Learning:** When people act, they learn. Learning describes changes in an individual’s behaviour arising from experience. Most human behaviour is learned.

**Beliefs and attitudes:** Through learning, people acquire certain beliefs and attitudes and in turn this influences their buying behaviour.

A belief is a thought that a person holds about something. People act based on their beliefs. These beliefs help in building up product and brand images.
Attitudes make people to behave in a fairly consistent way towards similar objects. People do not interpret and react to everything in a fresh way.

The above discussions have shown that there are many determinants which act on consumer purchasing pattern behaviour.

**APPROACHES TO CONSUMER PURCHASING PATTERNS AND BEHAVIOUR**

We need to understand the approaches that consumers apply to purchases – from the glamour and variety-ridden fast-moving consumer goods to the utility and symbolism-orientated durable categories.

Fast moving durable goods have a daily association with consumers poor or rich, is promoted predominantly by glamour, a number of multinational corporations have been involved in marketing them for years and they also account for a significant market-share among the rural Indian market. Marketers need to understand the psyche of consumers in order to sustain their interest in their respective brands. On the other hand, consumers spend significant time in retail outlets to decide about their well thought our durable categories. Both these situations of decision making, call for different approaches from the marketing viewpoint.

A consumer who is using or perhaps even the prospective first time user may take a look at an advertisement or the brand itself at a point of purchase (retail environment) and go through the information provided. Consumers require variety in these situations and may require variants of brands.

The online advertising interface and mobile phones have created one more dimension to the limited decision making process wherever it is appropriate. Brands have started using them when they are appropriate to the respective segment.

Retail store traffic (footfalls) is important for all categories, especially for durables in the Indian context as consumers believe in “touch-feel-buy” process. It is
not uncommon to find in semi-urban areas, families “embarking” on a journey to the nearest town to buy durables. In the urban areas too consumers like to visit stores, compare brands, prices, features and then put together the WOM they may have received earlier to make the final choice. The retailer’s say is quite powerful in semi-urban and rural markets. The discount provided by the retailer also plays an important role in the decision to buy a brand from the respective retailer. Consumers in the process ascertain not just information about the brands: they also gather information about the retailer in the case of extensive decision making while buying durables. Category killers (dealing with a wide variety of a specific category) like well known retail outlets are attractive to many consumers they not only show case many brands but also provide huge discounts (Big Bazaar). As most of these retailers deal with many categories, they are variants of typical category killers.

Retail service is a key factor in extensive decision making during the information seeking phase of consumers. It is important for store personnel to understand the needs of the consumer and educate him/her on the fit between the offering and the needs. This is a short term approach and can create dissatisfaction among consumers. With the range of products available in several categories like TVs, micro-waves, mobiles, refrigerators and air-conditioners, the consumers may not be able to pick the right offering: in fact the present variety number of brands may confuse him/her. This is a practical aspect that makes specific decision making rules, in theory, ineffective. This is also a situation that creates an opportunity for the retailer to build the retail equity. Whirlpool in developed markets has outlets where consumers can try the product before buying them. The sales personnel are trained to convey the highest product knowledge and its applications to consumers. A retailer should build the equity of the store; this helps when the market becomes competitive the retailer through the trust earned can launch private labels even in durable categories.

Consumer purchasing patterns and decision making, and how marketers adapt their approaches to this decision making process is a basic foundation for brand success.
Customer retention and in the recent times managing customer migration has been a topical issue the world over. Understanding the psyche of consumers and adapting to their needs form a significant part of customer retention strategies – a radical shift from the strategies of yesteryear when customer satisfaction was always linked to overt functionality-based outcomes.

Companies are today grappling with the realities of customer satisfaction, loyalty and management of customer migration trying out both strategic initiatives and operational methods to ensure customer retention. Customer Relationship Management (CRM) is one such measure. There are streams of research that suggest that a vast majority of companies that have invested in CRM have not got much ahead with regard to customer retention.

Television as a category is experiencing the replacement cycle in the country to a great extent – a significant share of the market is made of consumers who are replacing their television sets. A consumer who has been satisfied with his/her TV set may like to choose a different brand of TV with probably better looks or features during the replacement cycle. With price feature combination being dynamic in the industry with several brands competing with one another, dissatisfaction is more at the latent level than at the overt level for a consumer who buys a new brand (and not the brand he/she has been using) during the replacement cycle.

Hence brand to TV not only needs to provide effective after-sale service and deliver a good product: it has to also ensure updated products and other value added services to come to terms with the changing needs of consumers.

A TV brand introducing “on-call” movies, for instance, in an urban market where a family is under time pressure is likely to offer value that is satisfying in terms of the list of movies offered, time convenience, the cost saved in buying a DVD player, and efforts and rentals related to the renting of movie albums.
The process is a dynamic one in which the brand has to address the consumer’s context and combine products and services in an appropriate manner rather than only fine tuning after sales service to very high levels that reflect a traditional approach towards satisfaction and consumer retention.

Figure #1.6: Link Between Consumer Needs And Brand Offerings

Figure 1.6 shows how consumer satisfaction/retention is linked with how well the brand is able to adapt itself to the changing needs of consumers.

The symbolic aspect of satisfaction has to be delivered on a different plane. Development of brand associations and brand personality is the challenge to marketers on the symbolic plane of managing brands. Of course, brand offerings too should support such associations. Harley Davidson’s motorcycles reflect how such symbolism can create a cult brand through a group of involved consumers who unite together to show case such a binding with the group. This is an extreme example of symbolism-based loyalty, but it understands the importance of building up symbolism to ensure loyalty. Owners of the group strongly relate to one another, organize group gatherings and exhibit a strong sense of belongingness. At more moderate level, associations of Louis Philippe and Park Avenue apparel, premium-ness associated with higher end cars and the signaling value of high tech gadgets like iPod are examples of how symbolism can drive loyalty. As stated earlier, it should be noted that symbolism can be sustained if backed up by appropriate product offering
strategies. Onida’s “Owner’s pride, neighbor’s envy” created a high degree of symbolism during the eighties and any brand in this advantageous situation should be in a position to sustain such symbolism with innovative offering and appropriate symbolism in communication. Power house from Philips, the mid-range music system introduced several years back also created powerful symbolism.

Brand loyalty is not repeat purchase: it is repeat purchase with commitment associated with the brand. There are three prerequisites for this – The first one is gaining consumer insights to balance the offerings as appropriate, the second is the organization’s internal ability to adapt itself to the changing needs of consumers while brand association is the final aspect. These pre requisites provide a link to the consumers to identify themselves with the offerings. Without such a long term approach, the utility of “contemporary” strategies would only result in cosmetic and short term results.

Consumer behaviour deals with the psychological process of decision making by consumers in a social context, which also exerts group pressures on them. A consumer buying a brand of two-wheeler, for example, is motivated by a need to own the category and the particular brand (based on functional and emotional benefits) and buy the brand from an outlet. This buying behaviour involves several psychological factors. These factors govern the individual thinking process (like motivation, personality, perception and attitude), decision making steps involved in buying, (decision making process) interaction of the consumer with several groups like friends, family and colleagues (group-oriented concepts) and selection of the brand and outlet depending on price and features and emotional appeal (marketing mix elements in a given environment). Consumer behaviour links these four aspects to enable a marketer to formulate marketing strategies. The basic elements of consumer behaviour-what the consumer buys, how he/she buys, when and where he/she buys and how much he/she buys – is understood by the interaction of different factors associated with consumer behaviour as shown in Figure 1.7.
Consumer decision making is about the sequence of steps involved in the process and also distinguishes it in terms of low-involvement and high-involvement products. Consumer decision making is helpful for the marketer to focus on a specific stage of the process. Even an established brand of mixer Sumeet will have to maintain a “top-of-the-mind” recall through constant advertising (to maintain visibility of the brand) and continue with its demonstration (which it has for a number of years) at a retail outlet.

The post-purchase phase of the decision making process is essential for marketers to ensure that consumers are satisfied after the purchase. Another complex, but interesting, aspect of this phase is how consumers reconcile to (or are satisfied with) the brand they have purchased when they are faced with similar or equally attractive propositions of competing brands. LG refrigerator offers to preserve the nutrients of the foods stored in it, and BPL’s Converter offers the option of converting the freezer into storage space in the refrigerator. Competing brands tend to impact consumer psyche a lot more in the post-purchase phase.

Consumer behaviour involves the study of individual thinking processes like perception, attitude, learning aspects and personality. It also involves group concepts like group behaviour, reference groups and socialization within a cultural context. While several aspects of consumer behaviour and its linkages provide a framework
for its study, the motivation, ability and opportunity (MAO) concerned with the consumer provide a fundamental and important foundation for strategies formulated by studying consumer behaviour.

The Indian context has a number of product categories which are dominated by (or where there is a significant share of) the unorganized sector. A major part of consumption occurs at the lower end of the market (in terms of price points). The unorganized market consists of several local brands (catering to localized markets in terms of geographical regions).

While traditional concepts of consumer behaviour hold good even in today’s context and environment, it is important to recognize the emergence of powerful media that has an impact on how consumers perceive a brand and its message. YouTube is an example of how user-generated content can exponentially catch up on the Internet among millions of consumer within a matter of short time.

The marking strategy of a company requires consumer insights to produce and offer the brand with appropriate marketing mix elements.

While the behavioural aspects concerned with marketing are dealt with, consumer behaviour is only one of the inputs to successful marketing strategy. The history of the brand, the nature of the category, the kind of competition, the number of product categories the company is in, its infrastructure with regard to manufacturing and the capabilities of the competitors to swiftly address changing consumer needs are some of the other vital aspects that are inputs to brand’s success.

While a number of psychological variables are useful in understanding the consumers’ psyche, it is worthwhile to probe into some specific aspects of consumer decision making (CDM) in order to formulate marketing strategies consumer decision making enables marketers to visualize a broad framework of stages and apply psychological or/and group variables to a specific product/market/brand situation. Figure 1.8 shows the several stages involved in consumer decision making (CDM).
A different approach may be required to use the basic CDM model in the category of durables. The stage of information search (for categories with which consumers are familiar) is important for new brands, especially for those which provide value or provide new features. LG and Samsung in televisions, and LG refrigerators, used the print media extensively to highlight the new features offered in their brands. This is one of the reasons for their above-average performance in terms of the brand growth. This stage is also important for categories like the microwave oven and electric cooker for which brands may have created a need in the last decade in niche markets.

It must be emphasized at this stage that for any new-concept product to succeed (especially durables), positive word of mouth is required at the post-purchase stage (which succeeds the purchase stage) in CDM.

TYPES OF CONSUMER DECISION MAKING (CDM)

There can be different degrees of CDM depending on the unit cost of the product, involvement levels of consumers with regard to categories, effort involved and the importance attached to the purchase.

**Habitual CDM** : This kind of CDM involves no decision making at all. The consumer buys his/her preferred brand whenever a need arises and the evaluation of the brand may take place only when it fails to perform as expected.

**Limited CDM** : This CDM exists between habitual or nominal CDM and extended CDM. The difference between habitual and limited CDM is that the consumer may search for limited information before taking the decision. A consumer who has run out of tea may compare brand prices or sales promotion offers.
Extended CDM: This kind of CDM reflects a high level of purchase involvement. An extensive memory search or an external search results in complex decision making with a number of alternatives/choices open to the consumer. The three types of CDMs discussed above are summarized in the following Figure 1.9)

<table>
<thead>
<tr>
<th>Type</th>
<th>Product involved</th>
<th>Consequences of CDM</th>
<th>Dissonance</th>
<th>Degree of involvement/effort in CDM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td>Low-cost items</td>
<td>Low</td>
<td>Nil</td>
<td>Low</td>
</tr>
<tr>
<td>Limited</td>
<td>Low-cost items</td>
<td>Low</td>
<td>Nil</td>
<td>Low</td>
</tr>
<tr>
<td>Extensive</td>
<td>High-cost items</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Figure # 1.9: A Comparison of CDM Types

CONSUMERS PURCHASING PATTERN, SHOPPING STYLES AND BRANDS

Purchasing pattern and shopping is an activity which people, by and large, look forward to. It is, therefore, worthwhile to analyze the impact it has on their decision making. The analysis will also provide marketers an insight into how consumers select brands within a product category (from soaps and shampoos to televisions and refrigerators).

EMERGENCE OF SHOPPING STYLES

A few decades ago, such an article may not have been applicable to the Indian context. As markets grew and brands proliferated with variety of propositions and positioning strategies, shopping styles began emerging, at least in the urban context. Consumers have also developed lifestyle which has emerged from changing attitudes and mind sets: exposure to western influences and a need for self-gratification.

PURCHASING PATTERN STYLE

Quality-oriented Style: Consumers, here, look for quality in brands when shopping. They may choose expensive brands as they feel that price is an indicator of quality.
These consumers are normally price-insensitive if ‘quality’ products enhance the ‘quality’ of comfort and well-being. The ‘feature’ oriented ‘quality’ consumer may form a profitable niche for marketers. The LG brand that offers preservation of nutrients in its refrigerator and microwave is an example.

**Purchasing Pattern & Brand-Conscious Style:** Consumers in this category are Brand conscious because of the prestige associated with these brands. They may be drawn towards brands which have lifestyle appeals, in addition to promises on quality. A brand-conscious shopper will be found more in categories like two-wheelers, cars, televisions, textiles and watches where the brand is likely to reflect the social status of the buyer. Brands can also be built in impulsive product categories like soft drinks and chocolates through which the consumer would like to identify himself/herself in a social setting.

**Novelty-oriented Style:** A small section of consumers may want to try and experiment with new products, new variants of existing product/brands and new brands. This shopping style may be found in almost any category where a number of brands compete with each other.

**Purchasing Patterns & Shopping as a Fun/Pleasure-oriented Activity:** There may be shoppers who regard shopping as a fun-oriented pleasurable activity. Retail ambience layout and in-store music may be factors which may keep the consumers longer in retail outlets. While it may be possible to create brand awareness in such consumers in the case of durables, consumable product marketers can gain directly through this kind of shopping activity.

**Purchasing Patterns & Value for Money Style:** This style attempts to focus on the best bargain – not just the price but enhanced price-performance equation. A consumer with this orientation may gather information about several brands and retail outlets before finalizing the purchase of a brand. This consumer is different from the quality-oriented consumer in that he/she is concerned about the total offering (or total product experience) than just the quality. Bajaj has a value
perception based on its initial cost, costs of maintenance, ease of reparability, resale value, service centre backup and ruggedness of the vehicle.

**Purchasing Patterns & Impulsive Style:** Unlike the shopaholic, this consumer buys without much analysis or information. The impulsiveness mentioned in this context is not the impulsiveness associated with most consumers when they buy things on impulse. The impulsive buyer is in a hurry to finish off his/her shopping (occasional hurry is not considered here) without much planning even while buying expensive and risk-oriented durables. This consumer does not seem to get involved with the learning process involved in buying or decision making. Well-known brands can reassure this kind of consumer through a distinctive advertising campaign.

**Purchasing Patterns & Shopping Style under Information-overload:** In crowded categories like electronic and entertainment equipment (generally durables) or cars, the number of claims and counter-claims made by brands can confuse a consumer. The confusion arises out of the fact that consumers don’t understand well the technological terms. Besides, they may feel that they are losing out on certain features for the money they are paying (though they may not use all the features) if they decide on a specific brand.

**Purchasing Patterns & Loyalty Style of Shopping:** The ultimate shopper for any marketer will be a committed loyalist who selects and reselects the brand out of conviction and involvement with the brand. The consumer may even stick to the brand across product categories brought over a period of time. BPL has a host of categories and a buyer of a transistor may be a perspective buyer of several categories.

The household consumer’s decision making and their purchasing pattern are very important as per as consumer behaviour (particularly durable household goods’ concern. Purchasing pattern of household depends on two factors, external and internal factors. External factor are outside household and affect them marketing
communication, using and disposing durable and nondurable goods, social class, cultural background are some relevant factor.

The maternal influencing factors consists of age, gender, and race (demographic factors) there perception, the study of consumer purchasing pattern provides a basis for developing marketing strategies as well as wellness of household families of different consumer class.

Purchasing pattern study also provides effective price mechanisms, better after sales support, distribution of effective print and visual media i.e., electronic media’s advertisement strategy. Customer satisfaction is primary goal of durable goods industries, so, a study of consumer purchasing pattern is also beneficial for household families. Chhattisgarh has a growing durable consumable goods market special for electronic goods. Raipur is capital city of Chhattisgarh state. There are two types of retail shops exist in durable goods market in Raipur viz. organized retail shops, example of such shops are Best Price (Bharti Wallmart Venture), Easy Day, Big Bazaar, Lotus, V.M.-Mart etc. Unorganized retail shops are also widely spread over jurisdiction of metropolitan limits of Raipur city. Some important areas for these unorganized shops are Malviya Road, Jaistambh Chowk, Gurunanak Chowk, Sadar Bazar, Civil Lines area, Vivekanand Ashram etc.

Purchasing pattern of household consumers for durable goods depends on some important factors on the basis of these factors household consumers decide whether they purchase a particular durable product or not. These factors are:

1. Durability of the product.
2. Price of the product.
3. Schemes available (particularly promotional schemes) for the product.
4. Technology involved in the product.
5. After sales service supports.

These factors were considered for analysis of consumers purchasing pattern for durable goods in Raipur City.
There is a lack of research data relating to consumer’s purchasing pattern, household families purchasing decision and buying behaviour of household families about durable goods in Chhattisgarh state in general and in Raipur city. In particular, Chhattisgarh durable consumers and marketers face new opportunity and threat due to constant changes in the marketing world of durable consumer goods. After establishment of new state of Chhattisgarh, competition from multinational companies entering in the durable goods market; the government of Chhattisgarh that is forcing the pace of change in meeting the basic need of consumers, development of changed pattern of consuming durable goods due to upliftment programmes for the citizens and redistribution of their income. All the above mentioned changes are taking place.

This study focuses on the consumers purchasing pattern of household durable goods of household families at Raipur city. It provides information that may help marketer and retail sellers to identify opportunities and to help the consumers of durable goods sector too. Which of the above mentioned decision making factors i.e., durability, price, available purchasing schemes for a particular household durable product, technology involves and after sales service etc., influences the decision making process of household durable consumer of Raipur city. The consumer is the key person during the market activities.

Based on these information it is necessary to study the consumers purchasing pattern of household durable goods in Raipur city.

OBJECTIVES

A research objective can be defined as the specific information required solving a research problem. On the basis of above mentioned statements the objectives of the study were

1. To identify the various socio-economic, cultural and psychological factors that influences the purchasing pattern of respondents.
2. To analyze the Indian consumer durable industry by assessing different marketing strategies adopted by the consumer goods companies.

3. To analyze the consumer’s purchasing pattern of household durable goods in Raipur City.

4. To suggest appropriate approach representing consumers purchasing pattern for durable household goods.

HYPOTHESIS FRAMED FOR THE STUDY

Hypothesis framed for the study is “there is no significant relationship between occupation of household durable consumers of Raipur city and their preference towards financial scheme”.

PLAN OF THE STUDY

In this introductory chapter I have dealt about household decision making process, consumers purchasing pattern and there different approaches, customer’s behaviour, shopping style and brands of consumers importance of the study, followed by objectives of the study, hypothesis framed for the study and research plan. Chapter 2 deals with the review of literature in context of work done by national and international researchers. Chapter 3 describes research methodology and techniques, the methods and sample design used in the study. Chapter 4 deals with the overview of Indian consumer durable goods industry. This chapter also deals with factors affecting durable consumer goods industry in India. Chapter 5 describes the SWOT & PEST analysis of Indian consumer durable industry. Chapter 6 focuses on the analysis of consumers purchasing pattern in Chhattisgarh state. This chapter also tests the hypothesis regarding relationship between occupation of household of Raipur and their preference toward financial scheme. Chapter 7 carries the summary of research, key findings and suggestions given in the light of findings. These chapters are followed by Bibliography, Appendices carrying structured questionnaires.