CHAPTER-1

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1.1 Consumer Behaviour

The field of consumer behaviour covers an immense ground: It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

What is consumer Behaviour?

Consumer behaviour is the way in which consumers choose how to spend their incomes. One theory of consumer behaviour views Consumers as having utility functions showing the levels of satisfaction they will derive from every possible set of goods and services. They choose their expenditure to maximize their utility subject to the constraints imposed by their incomes and the prices facing them. Here the theory of consumer behaviour clearly assumes that tastes are given, independent and fully known and that information is free, complete and reliable. Here the law of perfect Market competition is applied and the co-existence of asymmetric information is negligible. Lemon crisis in the Market structure is totally ruled out. It is because of the fact that in the perfect Market structure there is always maintained the pareto optimalities and its efficiencies in the economy. As well given the market structure of perfect competition there is always guarantees and warrantees of goods and services.
Moreover in the perfect Market completion role of market signaling takes a major leading factor of the consumer behaviour.

The mode of operational definition of the present study lies at the given view which is commonly accepted by well known economists and social scientist. Therefore, the most important reason for studying consumer behaviour is the significant role it plays in our lives. In this modern world, much of our time is spent directly in the marketplace, shopping and engaging in other activities\(^1\).

In today’s competitive marketing scenario, the marketer cannot sell the product what he offers to sell or produces but he can successfully sell only what is desired by the consumers. But what the consumer desire wants is not easy to comprehend. This poses a big issue before the marketer. It can be solved only by getting the necessary information regarding the consumer’s behaviour and market conditions. If the information reveals that consumers are satisfied with the marketer’s products or services, he makes decision to adopt it accordingly. It helps the marketers to raise the level of performance of production and marketing organizations.

Marketers have devised marketing strategies to influence the consumers. Hence, the consumer must be well informed so as to make sound consumer’s decision to select and buy the equipments, goods and services which are a need rather than being a comfort or luxury. Consumers indicated what they want, to

reliable products, services that perform as advertised, and that are backed up by prompt continuous adjustment policies when necessary.

"Management is the youngest of sciences and oldest of arts and the consumer behaviour in management is a very young disciple. Various scholar and academician concentrated on it at much later stage. It was during 1950s that marketing concept developed, and thus the need to study the behaviour of consumers was recognized. Marketing starts with the needs of the consumer and ends with his satisfaction. When everything revolves round the consumer, then the study of consumer behaviour becomes a necessity".²

Hence, consumers of a particular product differ in region, age, sex, family size, family life cycle, income, occupation, education, social class, personality, and life style, occasion of purchase, usage rate, loyalty states, and attitude towards the product. Accordingly, consumers market which is a set of all the consumers can be divided into various segments. Each segment has similarity in response to the stimuli or market offers of a business organization.

Different consumers have various needs and they belong to various level of age, income, and sex, and education and occupational groups. These consumers also purchase variety of goods and services. How the

diverse consumers make their choice among the various products is an interesting issue.

In a particular consumer market, consumer’s behaviour is the product of the interaction between the individual’s psychological influences and environmental influences. Consumer’s decision to purchase goods and services is generally influenced by how those are socially viewed. “Behaviour is, therefore, determined by the individual’s psychological makeup and the influence of the others. The dual influence has been summarized in the following simplified equation of behaviour.

\[ B = f(p, E) \]

Consumer behaviour (B) is, therefore, the result of the interaction of the consumers personal influences (P) and the pressures exerted upon them by outside force in the environment (E). Understanding consumer behaviour requires that we understand the nature of these influences.\(^3\)

According to Philip Kotler and Gray Armstrong, “Consumer Behaviour refers to the buying behaviour of final consumers – individuals and households who buy goods and services for personal consumption. All of these final consumers combined make up the consumer market.\(^4\)”

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The way in which our definition characterizes, "behaviour" also deserves special attention. That is, consumer behaviour is seen to involve a mental decision process as well as physical activity. The actual act of purchase is just one stage in a series of mental and physical activities that occur during a period of time. Some of these activities precede the actual buying, while other follows it. However, since all are capable of influencing the adoption of product or services, they will be considered as part of the behaviour in which we are interested\(^5\).

The term "customer" is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at A & P or who uses Texaco gasoline is viewed as a customer of these firms. However, the term "consumer" more generally refers to anyone engaging in any of the activities used in our definition of consumer behaviour. Therefore, a customer is defined in terms of a specific firm while a consumer is not\(^6\). In other words, the ‘customer’ is defined in the micro level and ‘consumer’ refers to macro level.

Worldwide evidence indicates people are concerned about the environment and are changing their purchasing behaviours. As a result, today's consumers are more concerned more than ever about the environment impacts of products they buy. Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible.

\(^6\) Ibid, p. 5.
Therefore, more companies are responsible to consumers' aspirations for environmentally less damaging or neutral product.

Personality and individuality are two psychological notions that have been used by that studying consumer behaviour to account for the organized totality of the consumer's makeup. Some of the important individual's psychological determinants that effect consumer behaviour are Motivation, Perception, Learning, Attitude and personality and Self-concept. Self-concept (or self-image) has become a popular approach in recent years to investigating possible relationship between how individuals perceive themselves and what behaviour they exhibit as consumers.7

Today more than ever before a consumer operate in a rapidly changing environment over which she has but partial control. Marketing activities pervades all aspects of our live today. It is imperative that the consumers buying behaviour shall have knowledge of the availability and alternatives since it will directly affect consumer buying behaviour. Marketing people make intense and organized marketing effort.

Our primary attention in the present study will be directed toward ultimate consumers, those individuals who purchase for the purpose of individual or household consumption. In this regard, some have argued that studying ultimate consumers also reveals much about industrial and

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7 Ibid p. 309.

Buying process is purchasing power when they have income, wealth or credit and it is obvious that those enable them to translate wants into effective demands. The consumers' resources may provide financing, but more often it is achieved through the use of credit which simply defined, consist of the power or ability to obtain products exchange for a promised and arrangement to pay for them later. Without credit, a consumer would be limited strictly to the transaction, which he could support through his own resources.

Market for consumers' goods consists of people who have needs and wants and who have the purchasing power to express their wants in terms of effective demands. All individuals make consumer decisions throughout their lives. The consumption of economic goods pervades nearly all-human activities. Consumer behaviour is the acts of individuals directly involved in obtaining and using economic process that proceeds to determine these acts and the experience obtained from such acts while most published applications of consumers motivation and buying behaviour have focused primarily or altogether on establishing advertising and selling appeals. It is important to realize that these concept in the planning of all marketing appeals.
Some writers maintain that knowledge of what the consumer wants is sufficient without enquiring into why he wants it. In reality, what and why cannot be separated for inquiry into the motivation of buying action provides vital clues as to how consumer's desire can be met by marketing efforts.

In earlier times, marketers could understand consumer through the daily experience of selling to them. But the growth in the size of firms and markets have turned the direct contact into almost unrealized proposition in many cases. "Increasing managers have had to turn to consumer research for answers to the most important questions about any market called the seven O's of the market place: such as:

- Who constitute the market? Occupants
- What does the market buy? Objects
- Why does the market buy? Objectives
- Who participates in the buying? Organizations
- How does the market buy? Operations
- When does the market buy? Occasions
- Where does the market buy from? Outlets

On one side, the consumers that make up the entire market possess different behaviour and on the other companies widely vary in their ability to serve different segments of the market. Rather than trying to compete in an entire market, sometimes against superior competitors,

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each company must identify the part of the market that it can best serve. On the other hand company should take the right decisions in respect of product, price, place, and promotion.

When we look into accounts of decision, there are different points of decisions, which are compulsory to take up by the firm on producers. Decisions regarding the product include product variety, quality design, features, brand name, packaging, sizes, service, warranties and returns decisions.

Price decisions includes the decisions on list price, discount, allowances, payment period and credit terms. Place decisions include decision on channels, coverage, assortments, locations, inventory and transport. And Promotion decisions include decisions on sales promotion advertising, sales force, public relation and direct marketing. Any wrong decision will cause loss to the company in terms of loses of consumers, good will and market share.

Therefore, "Consumers are often studied because certain decisions are significantly affected by their behaviour or expected actions. For this reason, consumer behaviour is said to be an applied discipline. Such applications can exist at two different levels of analysis. The micro perspective seeks application of this knowledge to problems faced by the individuals firms or organization. The societal perspective applies knowledge of consumers to aggregate level problems faced by large groups or by society as a whole."\(^{10}\)

Consumer motivation provides an over-view of the major influence on consumer behaviour with much of the discussion based on psychology. Some may question that usefulness of the study of the individual, on the basis that marketing must, of necessity usually direct primary concern towards markets composed of many individuals: hence the subject matter of psychology becomes pertinent. Thus a consumer is influenced to purchase equipment by psychology and social variables such as socially, group influence and influence of members of family and peers.

1.2 Advertising and Consumer Behaviour

In these modern days, advertising has been playing a significant role in our socio-economic life. It is considered an effective and cost efficient tool for communication. Though is highly used to attain business objectives. In this era of globalization and privatization, advertising has acquired a new status. Technological advances have added new feathers to the entire gamut of advertising, and hectic competition has made advertising more powerful in the process of attracting and holding customers. In fact, advertising creates employment opportunities, provides information regarding the developments taking place in the society, contributes to economic growth, and provides information about products and services available in the market, which helps in taking buying decisions. Apart from these, advertising is an informer of the clients - business enterprises and non-business enterprises. Its basic purpose is to communicate with the society through appropriate message and media. Advertising being an art is created in an attractive manner by using attractive
words, symbols etc. Inspite of the facts, advertising performs vital functions for the society. It has been the victims of criticism and abuses. Sometimes, while one advertisement is considered good the same is considered bad by others, similarly advertisements are also puts into the categories of ethical and unethical. Truly speaking in this age of tough competition, the business advertiser, at times, manipulates information through advertisements to achieve undesirable benefits and thereby ignores then- social responsibilities. The same is true for other unethical aspects.

A sound understanding of consumer behaviour is essential to the long-run success of any marketing program. In fact, it is seen as a corner stone of the marketing concept, an important orientation of philosophy of many marketing managers. The essence of the marketing concept is captured in three inter related orientations. They are given below:-

i) Consumers' wants and needs

The focus is an identifying and satisfying the wants and needs of consumers. The intention of the firm is not seen as merely providing goods and services. Instead, want and need satisfaction viewed as the purpose, and providing products and services is the means to achieve that end.

ii) Company objectives

Consumers' wants and needs are numerous. Therefore, a firm that concentrates on satisfying a small proportion of all desires will most effectively
utilize its resources. Company objectives and any of the firms special advantages are used to select the specific wants and needs to be addressed.

iii) Integrated strategy

An integrated effort is most effective in achieving a firm's objective through consumer satisfaction. For maximum impact, this requires that marketing efforts be closely coordinated and compatible with each other and with other activities of the firm.\(^{11}\)

The consumption rate of Indian customers has gone quite up since liberalization. International brands are coming with many product categories and options to choose. Customers have started giving more importance to choose from the various available products. The increase in number of malls with various retail outlets, additional benefits, offers, attractive packaging and brand endorsement by celebrities have also led to high involvement of consumers in the purchase process. Now-a-days, marketers appreciate the importance of understanding their customers and thus, if they come to know the level of involvement with various product options, risk associated with the product and their psychology, then they can plan their marketing strategies, target consumer and allocate their resources accordingly.

Involvement refers to how much time, thought, energy and other resources consumers devote for purchasing a product. It is one of the fundamental concepts used to explain the consumer buying process. The level

\(^{11}\)Ibid, p. 10.
of involvement affected by the amount of efforts consumers give to learn about the products and to make purchase decisions. It is a state of motivation, excitement or interest and driven by current external variables (situation, product, risk, experience, hedonic value, communication etc.) and past internal variables (enduring, ego and central values). Consumer Involvement is a source of explanation for the differences in the degree of both mental and physical efforts of a consumer and his decision-making (Beharrelland Denison, 1995; Laaksonen, 1993). Involvement call also conceptualized as a consumer's motivation to search for information (Brennan and Mavondo, 2000).

It is assumed that consumers put more efforts, perceive various risks and give more time for information searching to purchase a product, which costs high and have the property of being more durable.

1.3 Homemaker and Importance of Durable Goods/Equipment

A homemaker is a person whose prime occupation is to care for their family and/or home. The term homemaker is used in preference to either housewife or househusband because it is inclusive, defines the role in terms of activities, rather than relation to another, and is independent of marital status.

A Homemaker can buy convenience foods and clothes, but she cannot blunder around with her equipment. The equipment in a house consists of articles and appliances that are used to perform various tasks. They are valued
for the work which they can do as well as for the ways in which they reduce the
time and efforts required for many routine tasks”\textsuperscript{12}.

To keep pace with the rapidly changing living patterns, with the
increased technological innovations, a greatly increased population and a more
mobile society will required a new approached to housing and equipment
needs. The homemaker should be able to simplify and performed her household
tasks with the help of the available equipment and also should know to choose
them carefully.

The massive socio-economic and technology that have taken place have
affected the time demand and physical demand of household work of the
homemaker. As a result household work and the ease with which they can
dovetail (fit together) with one another have improved.

Every home in the modern set up today possesses certain number of
equipment. Efficient use of equipment includes the correct selection,
arrangement, operation and care of appliances so that the homemaker may
accomplish the maximum work with minimum effort and time.

A wise equipment choice together with intelligent use and care and in
the satisfactory management of time, energy and money can eliminates stress
and strain of the homemaker. Basic knowledge of the principles of household
equipment is essential to its satisfactory knowledge of selection of use and

\textsuperscript{12} Paulena Nickell and Jean Muir Dorsey: (1970) \textit{Management in Family Living}, 4\textsuperscript{th} edition, Wiley
Eastern Limited, New Delhi, p, 467.
care. Homemakers usually spend more time with their equipment than in any single domestic pursuit but this same equipment frees time for other activities.

No one can keep house without a certain amount of equipment because the homemakers accomplish the greatest amount of work in the shortest possible time with minimum effort. Many research studies have shown that by using work simplification one can reduce time given to one job, it can reduce the number of motions and improve type of motions in a specific task. It may further reduce frustration arising due to lack of effectiveness on a job.

Time and energy are two important human resources available to us, which must be used properly and not wasted. Time and energy are closely related, the management and use of one affecting the other. Time forms the framework in which various activities and work take place\(^\text{13}\). Homemakers have a lot of responsibilities within the home and outside home: hence they may carefully study how they can improve the methods of work. Further, homemakers whether they gainfully employed or fulltime homemakers feel pressure on time and energy. Especially young homemakers in the expanding family stage have great demand on their time and energy. One way to alleviate this pressure is to purchase and make use of time and labour saving devices. Van Zante opines that mechanization of the home is one of the most significant housekeeping developments after the past fifty years. In June 1951, 51 million homes in the United States were revised with electricity and electrical

\(^{13}\text{Ibid.},\ p124.\)
appliances Refrigerator, Washing machines, Toasters, Vacuum cleaners and mixers were in 98, 91, 80, 71 and 50 percent of the home respectively.

Consumer decision processes vary considerably in their complexity. Most of the decisions consumers are required to make probably rather simple ones such as the purchase of staple foods. However, consumers must make decisions that are comparatively complicated such as when buying durable goods. Durable goods are tangible goods that normally many uses.\textsuperscript{14}

In economics, a durable good or a hard good is a commodity, which does not quickly wear out, or more specifically, it yields services or utility over time rather than being completely used up when used once. In a general sense, the most important reason for studying consumer – behaviour is the significant role it plays in our lives. Much of our time spent directly in the market place, shopping or engaging in other activities. A large amount of additional time spent thinking about products and services talking to friends about them, and seeing or hearing advertisements about them. In addition, the goods we purchase and the manner in which we use them significantly influence how we live our daily lives.

Therefore, field of consumer behaviour holds great interest to all the segments of people i.e. consumers, marketers, entrepreneurs and policy makers for industrial development of the country.

Consumers benefit from insight into their consumption related decisions: what they buy, when they buy, why they buy, how they buy and promotional influences that persuade them buy. The study of consumer market and consumer buying behaviour will enable them to become better and wiser consumers.

1.4 State Scenario

Manipur, a hilly small state in the North Eastern Region of India is situated between 93.03 degree east and 94.78 degree east longitude and 23.83 degree north and 25.68 degree North latitude. It has an area 22,327 sq.km. which two distinct natural regions-the valleys and the hills. At present, the state is divided into nine districts. The districts are: Imphal West, Imphal East, Bishnupur, Thoubal, Churachandpur, Tamanglong, Senapati, Chandel and Ukhrul. A map of the state with the districts is shown in Figure No. I.

Fig. 1: Map showing the nine districts of Manipur
As per the census 2001, the population of Manipur was 22,93,896 person of which 11,61,952 were male and 11,31,944 were female which was 0.23 percent of the population of India Manipur ranked twenty-third position among the states in India in order of population size.

It covers an area of 519 sq.km. The urban population of the state is 5,61,006 in general and urban population of Imphal west is 2,46,683 in particular for the study Area.

For Manipur with its decadal growth rate of 30.02%, which is higher than 21.34% of all India, is growing market segment of Indian domestic market.

As per the record of CMIE (Center for Monitoring the Indian Economy), the level of Manipur is at 55%, while the level of all India average is 100%. In fact, being a land locked, was a thinly populated state. However, this might be due to the rapid growth of population in the state that the density of population in the state has been increasing rapidly particularly during the last 4 decades (1980-2010).

Amongst all the districts of Manipur, the present study had taken up only Imphal West district. Imphal West district represent the highest population among all the district of Manipur. Its population was 4,44,382 comprising of 2,21,781 male and 2,22,601 female respectively. Accordingly to the census figures the district was extremely urbanized which was 2,46,683 for urban and 1,97,699 for rural population.
The district is populated by various groups of people representing Meities, Tribal, Muslims, Bengalis, Nepalis, Marwaris, Assamese, Punjabis, Biharis etc. but the majorities were Meities. The district was divided into four sub-divisions namely Lamsang, Patsoi, Lamphel Pat and Wangoi for proper administrative convenience.

Homemakers in Manipur whether they are gainfully employed or fully time homemakers feel pressure on time and energy. Especially young homemakers in Manipur in the expanding family state have great demand on their time and energy. One way to alleviate this pressure is to purchase and make use of time and labour saving devices.

Taking into consideration lack of availability of paid helper in Manipur, the homemakers are facing major problem in the recent time. In order to solve at least a part of this problem, Washing machines, Refrigerator, Grinder, Oven and rice-cooker are increasingly becoming efficient in today’s home. However, it is becoming increasing important to possess as many labour saving devices as possible within one’s means such as Washing machines, Refrigerator, Grinder, Oven and Rice cooker to enable the home makers of Manipur in terms of time, energy and labour. So far, no studies have conducted regarding the consumer behaviour of Home Makers with respect to durable goods in the state.
1.5 Significance of the study

That is why, the study of household equipment now takes a new dimension requiring more and better knowledge in the selection, performance and care of all available household equipment. Manufacturers promised certain things for each brand of equipment. It should be seen and found whether their clients turn out correctly and whether it works out satisfactorily.

Homemaker should be able to make a decision as to which equipment in the modern technology gives the maximum of services in a proper way. Thus, the present study was taken with the aim to find out whether the homemaker possessing washing machine, refrigerator, grinder, oven & rice cooker are satisfied with the work performed by their equipments.

Socially having accustomed of keeping helpers at home, the Manipuri society at large, particularly women office goers are suffering like anything to maintain the professional demand as well as household demand. In this context, the upcoming market product (modern comforts of Household equipments) gives an immense support to them. In order to solve at least some part of this
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problem Washing Machine, Refrigerator, Grinder, Oven and Rice cooker are increasing efficient items of the women homemaker to their day today life.

To the marketers & future marketing, it is important to recognize why & how individuals make their consumption decisions. If marketers understand consumer behaviour, they are able to predict their marketing strategies accordingly. No doubt, marketers who understand consumer behaviour have market place to the entrepreneur who plays an important role in developing and contributing to the economy of a nation; the information about consumer behaviour will provide them ample opportunities for entrepreneurial venture in the long run.

Keeping in view of the importance of consumer behaviour and consumer market, the topic "Consumer behaviour of home makers with respect to consumer durables (Washing Machine, Refrigerator, Grinder, Oven and Rice cookers)-A case study of Imphal West", Manipur has been chosen for the research study in the state context.

Manipur with its decadal growth rate of population of 30.02%, which is higher than 21.34% of all India's growing market, is the knowledge of which will be immense help to the market of durable goods in Manipur for formulating appropriate marketing strategies for the satisfaction of consumers and profit to the company. The field of consumer behaviour holds great interest to all the segments of people i.e. consumer, marketers, entrepreneurs and policy makers for individual development of Manipur as well as the country.
By understanding the consumer behaviour of Washing machine, Refrigerator, Electric Grinder, Oven, and Electric Rice cooker, one can infer to some extend the characteristics of other products in the same way. At the backdrop of the significance of the study, the researcher need to have research design to formed the logical analysis with a systematic methodology.

1.6 Objectives of the Study

Base on the above background the main objectives have been laid in the present study. The specific objectives are:

i) To examine consumer behaviour of durable goods (Washing machine, Refrigerator, Grinder, Oven, Electric rice cooker) in some important aspects. Such as consumer’s background, (educational qualification, occupation, etc.) brands being used, awareness level of different brands, brand preferable, etc.

ii) A comparative study on consumer behaviour of Washing machine, Refrigerator, Grinder, Oven and Electric rice cooker.

iii) To assess the effectiveness of advertisement on the buying habits of the homemakers.

iv) To make intensive study of the job opportunities available to the homemakers of Manipur once they have free time.
v) To find out the satisfaction of [washing Machine, Refrigerator, Grinder, Oven and Rice – cooker] durable goods by the Home makers.

vi) To suggest appropriate marketing strategies for consumer decision for people of Manipur.

1.8 Scope of the study

The present investigation had taken up only one main district of Manipur i.e. Imphal West district. Imphal West district is taken as a case study area of being the capital of the state and due to its thick heterogeneity in population,
high rate of literacy and development. It had been represented by two distinct characteristics namely: urban with 2,46,683 population and rural with 1,97,699 population\textsuperscript{17}.

The district had been populated by different groups of people representing, Meitei, Tribals, Bengalis, Assamese, Bihari, Nepalis, etc. but the Meitei community were the majority in Imphal West district. Moreover, most of the government offices, institutions, hospitals and clinics of the state and private had been established in Imphal West district. As well only, few selected durable goods which has been given earlier were study in the present study.

1.9 Limitation of the Study

The present study had been limited to the following:

(1) The present study had taken up only homemakers of Imphal West district.

(2) The present studies have not covered the other Eight districts i.e., Bishnupur, Thoubal, Churachandpur, Chandel, Senapati, Ukhrul, Tamenglong, Imphal East.

(3) The investigation would confine to consumers of household equipments (Washing machine, Refrigerator, Grinder, Oven, and Electric rice cooker).