Chapter 3

Conceptual Framework

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3.1 Introduction

Marketing is a subject of growing importance and interest. With the emergence of giant industrial undertakings, increasing competition and changing social and economic environment, it becomes essential for the marketers, to be customer-oriented. Buying behaviour of customers at the market place plays a significant role in the strategic marketing planning. The recent awareness of consumer behaviour has introduced many new dimensions in the marketing philosophy and practices. It is both, relevant and important for every business enterprise to know its customers and understand their buying behaviour.

The study of consumer behaviour is essential for the development of strategies and to segment the markets. Some say the consumer’s mind is a black-box, some say the consumer is an enigma, some say he is a puzzle or a riddle. May be rightly so. Experiences of many companies show that consumer behaviour, on many occasions is inexplicable. The massive amount of spending makes consumer behaviour a crucial factor in the health of a country’s economy, all levels from local to international. Consumer purchases provide reward for the design, production and delivery of valued goods. Many a times, consumers behave logically and sometimes irrationally. Study of consumer behaviour helps to predict with a high degree of accuracy, how a particular person will behave under certain circumstances.

The 1990’s has been witness to dramatic shifts in the marketplace triggered by sharp changes in demography, drastic differences in the lifestyle patterns of the past and the present and the radical revolution in communication technology. Time-tested concepts on brand loyalty and mass marketing are being turned on their heads as they fail to gauge the behaviour of new generation customers. Their greater sophistication, access to more information and emphasis on value has led consumers to desire products more closely fitted to their needs.
In the present day competitive marketing scenario, studying and understanding consumer behaviour will be the key to business success. Companies are in business today only to serve the customer and satisfy him. Those that do so efficiently are the ones that make profit. The study of consumer behaviour provides the basic knowledge necessary to make successful business decisions. Harness Edward G., Chairman of P&G says, 'We study the ever-changing consumer and try to identify new trends in tastes, needs, environment and living habits. We study changes in the market place and try to access the impact of our brands. We study our competition. Competitive brands are continually offering new benefits and new ideas to the consumer, so we must stay ahead of this'.

3.2 Consumer Behaviour

Schiffman and Kanuk state\textsuperscript{103} that, 'Consumer behaviour is the behaviour that consumers display in searching for, purchasing, using and evaluating products, services and ideas which they expect will satisfy their needs.' Consumer behaviour refers to the acts of consumers in obtaining and using goods and services and the decision-making process that determines this act. Consumer behaviour encompasses a vast area including consumption patterns, consumer preferences, consumer motivation and consumer buying habits. Engel, Blackwell and Kollat\textsuperscript{104} have given a very comprehensive idea about consumer behaviour and defined it as, 'the act of individuals directly involved in obtaining and using economic goods and services, including the decision process that precedes and determine the acts.' Consumer behaviour involves the purchasing and other consumption related activities of people in the exchange process. It is the economic, physical, social and psychological behaviour of customers as they become aware of, evaluate, purchase, consume and make up the idea about products and services.

\textsuperscript{104}Saini D. R., \textit{op cit}.
Bagozzi and Zaltman\textsuperscript{105} have said that, ‘Consumer behaviour are acts, processes and social relationships exhibited by individuals, groups and organisations in the obtainment, use of and consequent experience with products, services and other resources.’ According to Walter and Paul,\textsuperscript{106} ‘consumer behaviour is the process whereby individuals decide whether individuals decide whether, what, when, where, how and from whom to purchase goods and services.’ It refers to the behaviour that consumers display in searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

American Marketing Association\textsuperscript{107} defines consumer behaviour as, ‘the dynamic interaction of affect and cognition, behaviour and the environment by which human beings conduct the exchange aspects of their lives.’ In other words, consumer behaviour involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all things in the environment that influence these thoughts, feelings and actions.

According to Tiffin and McCormic,\textsuperscript{108} ‘consumer behaviour is concerned with the behaviour of people when they are serving in their role of consumers in our economy.’ Consumer behaviour is the mental, emotional and physical activities that people engage in, when selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires. Our senses are more wide-ranging, complex, delicate and sensitive than we normally realise and in everyday life we use only a fraction of their power.

Drucker Peter\textsuperscript{109} cites that, ‘the purpose of any business is to create a customer’. It is the customer who determines what a business is? It is the customer and he alone, who through being willing to pay for goods and services, converts

\textsuperscript{105}ibid
\textsuperscript{108}Mathur Reeta, op cit, p 89.
economic resources into wealth, things into goods. What a business thinks, it produces is not of first importance. What the customer thinks he is buying—what he considers value, is decisive, it determines what a business is, what it produces and whether it will prosper? Consumer behaviour can be summed up as the sum total of how individuals and groups recognize and determine their needs and how they purchase and experience goods and services to meet those needs. It includes the ‘what-where-why-when and how’ of the purchase and experience process. The study of consumer behaviour investigates and develops method to quantify, forecast and influence the behaviour of consumers.

Consumer behaviour is defined\(^{110}\) as, ‘all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consume and tell others about products and services’.

- Consumer behaviour involves both individual processes and group processes.
- Consumer behaviour is reflected from awareness right through post-purchase evaluation indicating satisfaction and non-satisfaction from purchases.
- Consumer behaviour includes communication, purchasing and consumption behaviour.
- Consumer behaviour includes both consumer and business buyer behaviour.

Bearden \textit{et al.}\(^{111}\) defines consumer behaviour as, ‘the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants.’ Our senses are more wide-ranging, complex, delicate and sensitive than we normally realise and in everyday life we


\(^{111}\) Statt David A., Understanding the consumer—A psychological approach, Macmillan Business.
use only a fraction of their power. Consumer behaviour may be defined\textsuperscript{112} as, ‘the decision process and physical activities that individuals engage in when evaluating, acquiring, using or disposing of goods and services.’ The study of consumer behaviour makes us aware of the subtle influences that persuade us to make the product or the service choice we do.

Consumer decisions are influenced by culture, personality, income, attitude and knowledge as well as organisational influences like brand, advertising, packaging and promotions and also the manner in which the products are retailed. No decision is taken in isolation. It is always influenced by a number of factors. Sometimes the consumer influences are stronger and sometimes the organisational influences are stronger, depending on the situation and product category. Man is a social animal and hence the surrounding factors play an important role in developing his personality, attitude and also standard of living. Along with Culture, upbringing, personality and income, a number of external factors also shape the preferences of a customer. Many a times, products are bought because of the overtime effect of an advertisement. Sometimes the packaging is attractive and also the sales promotional offers are tempting, due to which the products are bought. Development of malls has further fuelled consumerism. Excellent ambience, in-shop promotions, terrific display of goods, excellent window dressing is luring consumers to the mall. Every week-end, instead of going to gardens children seem to be preserving their parents to take them to a mall. TV advertisements too have made brands popular as a result of which the children too seemed to be aware of them and insist their parents buy the same for them.

\textsuperscript{112} Raut K.C.& Nabi M.K., Buying Behaviour of Consumer Durables in India, Indian Publishers and Distributors, Delhi, 1994.
Chart 3.1

Consumer decisions are influenced by:

**Consumer Influences**
- Culture
- Personality
- Income
- Attitude
- Knowledge

**Organizational Influences**
- Brand
- Advertising
- Promotions
- Packaging
- Retail shops

No two consumers behave in a similar manner. Their buying decisions are influenced by their upbringing, which will also include their financial background, which in turn will influence their attitude towards a certain product. A brand name, packaging, and the manner in which a product is advertised and promoted and the type of retail outlet where it is retailed also plays an important role in influencing the buying decisions of consumers. All these factors influence the perception of the consumers and how they view the product. Sometimes the organizational influences are more effective than the consumer influences and vice versa.
3.3 Relevance of Consumer Behaviour

Consumer is said to be the pivot around which the entire business activities revolve. Consumer behaviour\textsuperscript{113} becomes an interesting subject drawing from various disciplines like sociology, psychology, social psychology, anthropology and economics. Marketers thought that if they are able to predict consumer behaviour, they will be able to influence it. This is a positivist approach to consumer behaviour. However drawing from diverse disciplines Consumer behaviour developed into inter-disciplinary subject. Since there was a focus on understanding all nuances of consumer behaviour, this approach was called as interpretivism.

Consumers are of prime importance. So all the marketing activities are planned and organised centering on the consumers, as the flow of sales revenue, the life and sap of an entity, is generated from the nature and extent of satisfaction of needs. This outcome is purely from consumer behaviour. In order to produce want satisfying products, it is necessary to assess those needs and wants. Consumers are recognised as extremely complex individuals with a variety of needs and wants. Each consumer segment has unique needs. Thus it was felt that in-depth study of consumers and their behaviour will be necessary to design suitable products and marketing them.

As students of human behaviour, we are concerned with understanding consumer behaviour, with gaining insights into why individuals act in certain consumption related ways and with learning what internal and external influences impel them to act as they do. Indeed the desire for understanding consumption related human behaviour has led to diversity of theoretical approaches to its study. Consumer behaviour is rather complex and is affected by many factors. Thus buying decisions and habits are influenced by consumer’s attitude, pre-dispositions,

motives, needs, expectations, likes and dislikes. Davies\textsuperscript{114} has rightly observed that, ‘the subject of consumer behaviour is an extremely complicated one and geographers have really only just began to scratch the surface as far as their understanding of the detailed composition of individual shopping trip is concerned.

- The study of consumer behaviour makes the marketers aware of the subtle influences that persuade consumers to make the products or the service choice they do.
- Even though consumer behaviour cannot be precisely quantified and marketing decisions have to be based on probabilities, it is much better to know this behaviour and then take decisions rather than taking them without any study.
- Consumer behaviour studies help marketers understand the rationale for the behaviour of consumers and their real needs. Products and services are designed by marketers to meet these real needs.
- The segmentation of markets, advertising strategy, sales promotion schemes, variations in existing products, quantity and price variation, packaging, labelling all are modified based on consumer research.
- Understanding consumer behaviour from a micro perspective can provide into aggregate economic and social trends and can even perhaps predict such trend.
- Before launching a new product, survey of consumer behaviour is necessary to find whether a particular product will sell or not, so that accordingly investment decision is taken.
- Consumption Research provides marketers with insights to guide new product development and communication strategies.
- Through the study of consumer behaviour, customer retention can be enhanced through tactics such as creating realistic expectations, ensuring

that product and service quality meet expectations, monitoring satisfaction, offering guarantees and meeting dissatisfaction head-on by quick and appropriate response.

3.4 Application of Consumer Behaviour to Marketing

A sound understanding of consumer behaviour is essential for the long run success of any marketing program. Today businesses around the world recognise that, ‘the customer is the king’. Knowing why and how people consume products help marketers understand how to improve existing products, what types of products are needed in the marketplace, or how to attract consumers to buy their products. In essence, consumer behaviour analysis helps firms know how to please the kind and directly impact company revenues. Further companies undertake studies to find out consumer satisfaction and dissatisfaction and the cause for the same so that corrective steps may be taken to improve the product or services so that sales may be optimized and so the profits. These studies are carried out with regard to level of satisfaction and also with regard to the quality of product, its price, after-sale service and the life of the product in case of durable goods. Studies\textsuperscript{115} in specific problems are only of recent origin and started in USA in 1970’s. In India, little work has been undertaken in this regard post liberalization and globalization i.e. 1991 onwards.

Consumer behaviour has also started changing rapidly on the onset of varied shopping options. Along with the local retailer various super-markets, departmental stores, speciality shops, home shopping networks and malls are eager to cater to all kinds of consumers-rich or poor, small or big. Variety in choices leads to consumers being unreasonable and unpredictable.

\textsuperscript{115} Jain P.C., Bhatt Monika, Consumer Behavior in Indian Context, S.Chand and Company Ltd., 1\textsuperscript{st} edition, 2003, p 13.
Consumers have no patience and buy wherever convenient. They are looking for
the right combination of price and quality, and the moment the right combination
is available, the product is purchased. Sometimes the consumers travel to a great
length to buy their favourite products and hence today’s consumers are totally
unpredictable and require to be studied in order to be catered to. Since all the
marketing activities revolve around the consumer, he has to be studied in relation
to his environment which directly or indirectly affects him.

**Chart 3.2**

Customers of the 90’s have more shopping options

Customers today are bombarded with numerous options. They enjoy shopping
with local retailers as much as they enjoy shopping at malls. Each of the above
options has its own merits and demerits and therefore consumers use each one of
them. Vegetables and groceries are bought locally whereas high-end products are
bought at departmental stores. Those who do not like shopping can also enjoy
buying through the internet.
Therefore the new breed is also willing to import to satisfy specific requirements. It is difficult to classify this generation by conventional demographic factors and unless their thought process and buying behaviour are fully understood, decisions on product designs and packaging, branding or distribution channels are likely to be misplaced. With the inevitability of change looming large over the horizon, Indian companies should learn from their western counterparts, not only by identifying the sources, timing and direction of the changes likely to affect India, but also the new competencies that will enable them to respond to these changes, comprehensively and effectively.

Consumer behaviour is a complex phenomenon and an electric field. A marketing strategy is the design, implementation and control of a plan to influence exchanges to achieve organisational objectives. In consumer markets, marketing strategies are typically designed to increase the chances that, consumers will have favourable thoughts and feelings about particular products, services and brands, and will try them and repeatedly purchase them. The whole market is characterized by the
presence of tense competition let loose by monopolistic or imperfect competition making the task of marketing seriously difficult one. Consumers have become selective. Therefore in order to prove successful in the marketing strategy, it is important on the part of marketer to be abreast of consumer behaviour which encompasses attitudes, intentions and desires of consumer behaviour. The marketer who successfully exploits these aspects of consumer behaviour will be able to expand the sales of his products. The essence of marketing concept\textsuperscript{116} is captured in three inter-related orientations:

\textbf{a. Consumer Needs and Wants:}

The organisation is influenced by the needs and wants of the market instead of the consumer being influenced by the desires of the firm. Firms do not merely aim at providing goods and services; instead it focuses on identifying and satisfying the wants and needs of consumers.

\textbf{b. Company Objectives:}

Since consumer needs and wants differ due to diversity among them, a company should focus on satisfying a part of customer expectations. This should be done by effectively utilizing the company’s resources. Therefore company objectives and competitive advantages should be used for fulfilling the needs and expectations of the consumers.

\textbf{c. Integrated Strategy:}

An organisation should make integrated efforts to achieve its objectives through consumer satisfaction. For maximum impact, this requires that marketing efforts be closely co-ordinated and compatible with each other and with other activities of the firm.

3.5 Types of Buying Decisions

Consumer decision varies with the type of buying decision. There are great differences in buying toothpaste, a tennis racket, a personal computer and a new car. Complex and expensive purchases are likely to involve more buyer deliberation and more participants. The term consumer decision produces an image of an individual carefully evaluating the attributes of a set of products, brands or services and rationally selecting the one that solves a clearly recognized need for least cost. It has a rational, functional connotation. While customers do make many decisions in this manner, many others involve little conscious effort. Many decisions focus not on brand attributes but rather on the feelings and emotions associated with acquiring or using the brand or with the environment in which the product is purchased or used. Thus a brand may be selected not because of an attribute but because of its feel good factor or even for its status value.

Decision-making is a complex process. At a given point of time a number of factors affect the consumer, leading to buying of a certain product. Sometimes a certain brand of hair-oil is purchased rationally while a big purchase like a car is purchased emotionally. Insurance policies are sold through emotional motives rather than rational motives. One never knows what may appeal to the consumers. They might sometimes bargain for small things but may end up paying a premium for the possession of the favourite colour for a car. Hence it is difficult to predict consumer behaviour due to which the marketers are now trying to understand it, so that marketing strategies can be based on them. Since there is a lot of intrigue that surrounds the consumer, marketers are continuously devising plans to understand what goes into the mind of the consumers.

The following\(^\text{117}\) are the different types of buying decisions:

Chart 3.4 indicates that as the consumer moves from a very low level of involvement with the purchase situation to a high level of involvement, decision making becomes very complex. While purchase involvement is continuous, it is useful to consider habitual, limited, and extended decision-making.

a. Habitual Decision-making:
Habit can be defined as repetitive behaviour resulting in a limitation or absence of-

- Information-Seeking
- Evaluation of alternative choices.

Learning leads to habitual purchasing behaviour if the consumer is satisfied with the brand over time, after repetitive purchases, the consumer will buy the brand
again with little information seeking or brand evaluation. Advertising repetition creates brand familiarity rather than brand conviction. Consumers do not form a strong attitude towards a brand but select it because it is familiar. Many a times, after purchase, they may not even evaluate the choice because they are not highly involved with the product. Therefore marketers of low-involvement products with few brand preferences find it effective to use price and sales promotions to stimulate product trial, since buyers are not highly committed to any brand.

When a consumer is brand loyal, it is very difficult for competitors to gain his patronage. In case of brand loyalty, there is high degree of product involvement but only a low degree of purchase involvement, due to strong emotional attachment of the consumer to the brand. At the same time, a consumer may believe that all products in a particular category are the same. So, he may not attach much importance to the product category or purchase.

b. Limited Decision-making:

A low-involvement purchase is one in which consumers do not consider the product important and do not strongly identify with it. It is the simplest form of decision-making which covers the middle ground between habitual decision-making and extensive decision-making. It involves recognizing a need or a problem which has several possible solutions. Only a few alternatives are considered and simple selection rules are followed. The purchase and use of the product receive very little evaluation after the purchase unless there is a product failure or service problem.

Marketers accept the fact that consumers are not involved with their products and try to attract them through price-promotions, deals, coupons, free samples and advertisements present reasons for trying something new constantly. Advertising money is spent on a campaign of high repetition and short duration messages.

c. Extended Decision-making:

It occurs when there is a high level of purchase involvement. An extensive internal and external information search takes place followed by a complex evaluation of
multiple alternatives. After the purchase, a thorough evaluation of the purchase takes place. Relatively few consumer decisions reach this level of complexity. The high involvement could be based on the fact that the purchase is expensive, infrequent and risky. In such cases, buyers may respond to good price or to purchase convenience. The consumers would also be alert to information that might justify his or her decision. Generally products such as homes, personal computers, cars are bought through extended decision-making.

3.6 Consumer Decision-making Process

The Consumer Decision-making Process (CDP) Model\textsuperscript{118} represents a roadmap of consumers’ minds that marketers and managers can use to help guide product mix, communication and sales strategies. The model captures the activities that occur when decisions are made in a schematic format and shows how different internal and external forces interact and affect the consumers thought process and evaluation act. CDP Model shows how people solve the everyday problems in life that cause them to buy and use products of all kinds. The CDP Model, in its earliest stage was derived by Engel, Kollat and Blackwell at the Ohio State University, known as the EKB Model. Later it was named as EBM Model to acknowledge the contributions made by Miniard Paul. The EBM Model too stresses on the fact that consumer decision-making is a result of numerous factors like emotional, cultural, social status, demographics, preference groups, perceptions and motives. Every customer goes through a decision-making process in his mind and then outwardly reacts to a situation. The following model hence becomes essential part of conceptual framework as it explains the basics of why and how people buy?

\textsuperscript{118} Blackwell et al, op cit, p 71.
The buying situation can vary from one to routine response behaviour to limited problem solving to extensive problem solving. Buying is not a single act but a multi-component decision on the need class, generic class, product class, product form, brand, vendor, quantity, timing and method of payment. A person’s buying behaviour is the result of the complex inter-play of all cultural, social, personal and psychological factors. Clearly buying process starts before actual process and continues long after. This encourages marketer to focus on the entire buying process rather than just purchase decision.
a. Problem/Need Recognition:

Problem recognition[^119] is the beginning of the buying process. Need recognition occurs when an individual senses a difference between what he or she perceives to be ideal versus the actual state of affairs. Consumers buy things they believe that a product’s ability to solve a problem is worth more than the cost of buying it, thereby making recognition of an unmet need the first step in the sale of the product. Need or problem recognition could also be simple or complex. Simple problem recognition refers to needs that occur frequently and that can be dealt with almost automatically. Complex need recognition, is characterized as a state in which a problem develops over time, as the actual state and desired state gradually move apart.

b. Information Search:

Search for information may be internal, i.e. retrieving knowledge from memory or perhaps genetic tendencies or it may be external, collecting information from peers, family and the marketplace. Sometimes consumers search passively by simply becoming more receptive to information around them, whereas at other times they engage in active search behaviour such as researching consumer publications, paying attention to advertisements, searching the internet, or venturing into shopping and other retail outlets. Rapid decision-making[^120] does not suit everyone. Many consumers prefer to approach a new complex decision with more deliberation and consideration of the options i.e. considering competitor’s products.

c. Pre-purchase evaluation of alternatives:

Consumers[^121] use new or pre-existing evaluations stored in memory to select products, services, brands and stores that will most likely result in their satisfaction with the purchase and consumption. Different consumers employ

[^120] Tyagi C. L., et al, ibid, p 570
[^121] Chunawalla S.A., op cit, p 176.
different evaluative criteria i.e. the standards and specifications used to compare different products and brands. Each consumer sees a product as a bundle of attributes with varying capacities for delivering these benefits and satisfying the needs. The brands which a consumer considers while making a purchase decision form an evoked set, which is small proportion to the total available brands. Each brand in the evoked set is evaluated against chosen criteria like the brand name, price, functions performed, appearance, reputation, warranty, technical specifications, after sale service etc. Each criterion is assigned some weight age, which may differ from consumer to consumer, depending on their perception.

d. Purchase Decision:
A consumer might move through the first three stages of the decision process according to the plan and intent to purchase a particular product or brand. But consumers sometimes buy something quite different from what they intend buying. After the alternative choices are evaluated, the brands are ranked, and the top ranking brand may be purchased. The ultimate buying decision may undergo a change, if the preferred brand is not available. In such a situation, the second ranked brand may be bought. The ultimate buying occurs when the consumer finds a suitable outlet where the brand is available, and price negotiations are complete.

e. Post Purchase Evaluation:
Satisfaction occurs when consumer’s expectations are matched by perceived performance, when experiences and performance fall short of expectations, dissatisfaction occurs. The outcomes are significant because consumers store their evaluation in memory and refer to them in future decisions. Competitors have a hard time accessing the minds and decision processes of satisfied customers because these customers tend to buy the same brand at the same store. Consumers

122 Agarwal P.K., Advertising Management-An Indian Perspective, Pragati Prakashan, p 79.
feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus customers feel at least some post-purchase dissonance for every purchase. A satisfied customer buys a product again, pays less attention to competing brands and Advertising and buys other products from the Company.

**Chart 3.6**
Engel, Blackwell and Miniard (EBM) Model of Decision-Making

![EBM Model](image)

Source: M. V. Kulkarni, Consumer Marketing, 2005, pp 40-41

### 3.7 Consumer - An Enigma

‘The world is our marketplace’ might be declared as the new creed for consumers and organisations in the new century. As people throughout the world strive for economic development and greater self-sufficiency, achieving higher standards of living becomes a dominant motivation in offering attractive business opportunities in new markets. Organisations can reach more consumers, and consumers can access products from foreign countries, especially on World Wide Web (www).
Astute entrepreneurs everywhere are discovering the gains that can be made when a concentrated effort is made to understand prospective consumers and meet their needs with culturally relevant products.

Today, the behaviour depends upon the buyers needs and such needs keep on changing. Many a times, buyers do not evaluate alternatives; they take decisions, which they believe will meet his needs. A marketer treads on difficult ground when he tries to uncover the complex set of needs of his customers-existing and prospective. But in spite of the difficulty, the job continues to be undertaken by marketers, researchers and behavioural scientists. There is greater sophistication among consumers access to more information and emphasis on value has led to consumers to desire products more closely fitted to their needs. Consumers today are looking for more options at lower prices.

Consumers today, prefer to shop at stores that offer large selection of merchandise and low prices, while others prefer stores where they can get in and out quickly and to which they are willing to pay a premium to save time. There is great diversity in advertising and media too. Marketers still believe in traditional broadcast and print media, but cable television and www too seems to attract them. Consumers are accustomed to seeing advertisements on bus shelters, on municipal trash cans, on shopping carts and cabs, and now marketers are even trying to buy advertising space on the hull of a rocket from NASA.

This media influence has witnessed an explosion in the last decade. Technological developments in the field of information, biotech, genetics and intensive competition in all products and services are also influencing consumer choices, for e.g.-consumers shop for books on the internet, they shop for music from Sony, they prefer banking from HDFC, they prefer airline services from Jet Airways. Similarly multiple television channels are also shaping customer’s values. Today the Indian consumer is at cross road. Today the consumer is demanding more value for the price that he/she pays. Social structures like family, role models, and
peer groups are under pressure largely because of the change created by media, technology and competition.

Chart 3.7
The customer today

Amongst the various social influences on a consumer, family as a reference group, has one of the strongest, immediate and most pervasive effect on consumer’s personality, motivation and attitude. Thus behaviour and the decision making process is the result of the interaction of the consumer’s personal influences and the pressures extended upon them by outside forces in the environment.

3.8 Children as Consumers

Children influence the volume of resource allocation, purchases and consumption. Since the birth of a child, the purchases of a family are influenced-both directly and indirectly. As a matter of fact, in Indian marketing scenario, a child-centred culture exists as they considerably influence family expenditures. As the children grow with skills to communicate, they influence major decisions with regard to purchase. They usually take up buying roles of initiators, and influencers in case of buying those products, the use of which they share with other family members.
The purchase of fast food stuff, brand of toothpaste and other toiletries are examples of such buying. They also influence the choice of amusements, selection of restaurants and even vacations as they grow older.

There are approximately\textsuperscript{124} 120 million children in India but the relevant market for companies is smaller and it is near about 45 million in the urban centres. A substantial chunk comes from double income homes and children from such homes get empowerment early. In addition to this, companies are using children as role models for their advertisements. Therefore some products are directly targeted at children, as they are the sole decision makers or influence their parents decision-making.

Halan\textsuperscript{125} (2002) opines that, ‘Marketing to kids is no longer kids stuff’. In a focus group study by kids-link, the market research group of kid-stuff promos and events, with boys and girls in the age group 8-15 years in Delhi were able to influence decisions 50 percent of the time. The study highlighted that the kids have a lot of information because of exposure of television, other media and friends. They reflected that parents sought their opinion even in making purchase of products not directly related to them, such as cars, because of their higher knowledge of brands, models and latest trends. Children also stated that their parents bought products that made kids happy.

Research\textsuperscript{126} on children’s market reveals that children aged 8-14 years have some $165 billion in direct purchasing power and that they influence about $400 billion of their households overall purchase decisions. These children influence a wide range of family decisions, such as choice of vacations, which car to buy, game boys, computers etc. The parent-child relationship, as it relates to consumer behaviour, can be viewed as an influence-versus-yield situation.

\textsuperscript{124} Bikramjit Rishi, Emerging Trends in Behavioural Pattern of Indian Consumers, Business Perspectives, Vol.8, No.1, ISSN 0972-7612, pp 119-123.
\textsuperscript{126} Schiffman Leon G., et al, op cit.
Specifically, children attempt to influence their parents to make a purchase. While observing shoppers in a super-market, it was quite evident that children not only attempted to influence their parents to make purchases of special interest to them (cereal, candy, coke), but also products of remote interest (detergents, soap, shampoo), for which they watched advertisements on television.

Not only do children influence choices, they are actually making purchases, with family money and with their own. Just as children affect family purchases, families affect young consumer’s perception and evaluation of product and brand choices. Children’s consumer behaviour is absorbed at a very young age, through family experiences, so much so that if family exhibit brand loyalty to a specific brand, children perceive that brand to be good. A family’s influence upon a child’s brand choices must be recognized by marketers because the influence affects purchase decisions later in life as well.

The number of tweenagers (8-14 years) increased\(^{127}\) during much of 1990’s and is expected to rise, creating a growing market for clothing, music and entertainment, fast food and other products. Marketers are directing advertisements to tweenagers, who are increasingly given the task of participating in family buying decisions. These consumers are very fickle. They are likely to switch brand preferences quicker than other groups because of their high need to be accepted by their peers. Children’s ability to influence purchase decisions, their increased allowances and given businesses, offers a golden opportunity to encourage a retail-consumer bonding that could last for a life-time of purchases.

Today’s ‘bachchalog’ are pint-sized consultants,\(^{128}\) helping their parents make informed choices and influencing buying decisions. According to the recently released Disney’s Kidsense 2007 survey, 63 percent kids are discussing products that span not only kiddie categories (clothes, bicycles), but go across spectrum (DVD players, mobile phones, cars, holidays). 21 percent parents turn to their teen

\(^{127}\) Blackwell Roger, *ibid*.

\(^{128}\) Swahney Anubha, *op cit*, p 19.
or tween for information while buying high priced items and 46 percent parents
surveyed are certain that their child’s opinion is based on research.

Psychologist Hingorani Seema is unhappy with the fact that most parents want to
give all they can afford to their children, at an early age. She states that as it is,
today’s kids are growing up with a lot of peer pressure, and parents are often
comparing themselves vis-a-vis what the other kid’s parents are buying for them.
She further says that parents should know where to draw the line. The structure of
families has changed dramatically over the last three decades. Couples tend to wait
for a few years before they start a family. This is to reach a certain level of
financial security as well as for women to pursue their careers. Furthermore,
increasing number of women return to work soon after the maternity leave, which
has direct implications for the available discretionary spend. That said, two
working parents also mean that there is tendency to treat children to discretionary
items to compensate for having less time to spend with them, i.e. out of guilt.
Today’s children too are more independent, sophisticated and confident than their
predecessors. The theory is that ‘childhood’ as perceived by adults, is becoming
shorter and that children are growing out of toys and childish behaviour sooner as
they become sophisticated consumers in their own right.

3.9 Alpha-pup (pester power)

It is sad that parents feel the need to provide their children with everything they
want. In fact when they grow up, they will have a shock, when they will have to
pay their own way. By and large, children today are demanding undue attention,
service, immediate gratification, indulgence and unnecessary things. The transition
from childhood to teenager makes the tween years a time of immense change.
These years are marked by a need to gain acceptance from one’s peers, often
resulting in doing things to be ‘one among the gang’. They are well travelled,
computer literate, interacting heavily on the internet. These tweenagers influence
family decisions, as they have developed fairly sophisticated decision-making
skills. In fact, due to an increasing number of working parents, they often shop for
themselves and are responsible for more decisions than previous generation.

Today’s kids have grown up in indulgence rather than self-denial for better
tomorrow. They have grown up on the staple diet of fast food and fashion clothing
and statement accessories. They watch more television than reading books,
magazines or newspapers. Unlike their parents, the struggles that these boys and
girls have in their lives are of a very different kind. For these kids, the definition of
living is not plain vanilla livelihood, instead it is a higher order called lifestyle.
This has given rise to a new term called ‘pester power’. It is not a new
phenomenon, but it is consistent with the nature of a modern consumer society,
whereby children are becoming increasingly sophisticated consumers in their own
right. Pester power occurs when children, generally influenced by advertisements,
promotional character merchandising, below the line promotions or other
marketing stimuli and perhaps peer pressure, seek to mobilize their parents or
other adult’s spending power to get what they want. In short, pester power is a
means of children supplementing their own parents or other adults. Children
employ a number of tactics to coerce parents into buying them what they want.
This can unleash impulse spend, boosting market values. Pester power may
therefore not only lead to a parent buying an item for a child, but also extra pocket
money in order to buy stuff.

The economic boom and the rise in purchasing power have led to a society where,
the measure for success has changed completely. Even adults want flashy
accessories, cars, flashier addresses and they don’t know where to draw the line.
The same parents experience guilt if they don’t buy their child what his
contemporaries have. Therefore these children want a lifestyle with attitude and
loads of style. They want to explore and experiment with everything simply
because they have the purchasing power. Their contentment levels have gone up,
but then, so has the drive to achieve that level. These kids can be going through
‘affluenza’ syndrome, which is described\textsuperscript{129} as ‘bloated, sluggish and an unfulfilled feeling that results from efforts to keep up with the Joneses’. Today’s kids get everything on a platter, due to which there is no value for anything.

When 8 to 10 year old girls are asked to draw themselves, the figures are petite and stylish, with eyelashes emphasised and narrow waist and long legs. Children learn best from imitation and media as well as their own mothers are to be blamed for this. The desire to look and feel good is so strong that the brat pack is not willing to let time take its own course. Instead, they are off to beauty clinics and spas for grooming. Therefore call it the curse of information age or blame it on the society that’s in the grip of a consumer tsunami, the first victim of this disturbing trend is childhood. Rather than discouraging this trend, parents are fuelling it further as they see grooming as a measure of social success.

Today labels too seem to influence these kids. According\textsuperscript{130} to a study published in the August 2007 issue of the journal of ‘Archives of Pediatrics & Adolescent Medicine’, the first to look at how brand familiarity with the brand (eg. McDonald), influence their food preferences in developing food preferences, children combine the experience of a restaurant or the taste of a food with information picked up from advertisements, the sensations reinforce each other. Of the 63 children studied, only two had never been to McDonald’s. This study conducted by psychologists stated that children aged 3 to 10 preferred burgers, fries, chicken nuggets with a McDonald’s label to identical food in plain white paper.

3.10 Conclusion

A human being by nature is very complex. It is very difficult to understand the human behaviour. It is the human brain which directs all the activities of a human

\textsuperscript{130} Martinez Chelsea, Labels influence children’s food preferences, Hindustan Times, Sept. 4, 2007, p 15.
being. It is said that human brain is like a ‘Black Box’. Therefore consumer behaviour studies help to segment the market so that marketers can address different consumer segments with different products and formulate suitable strategies. Marketers also obtain clues here as to how to motivate the target customers and most importantly bring in product innovations. Marketers are constantly monitoring and understanding the underlying psychographics to map the way their respective industries are moving and decide what needs to be done, by way of adding value that motivates customers to buy the company’s products and influence the future industry structure.

To understand consumer behaviour, events preceding and following the actual purchase act should be studied. Consumer behaviour results from individual and environmental influences. Consumers often purchase goods and services which they want others to accept. Behaviour is therefore determined by the individual’s psychological make-up and the influence of others. The media and entertainment industry too are undergoing significant changes and is faced with challenges beyond the traditional erosion of price and margins. Today’s consumer behaviour is resulting in unstable and unpredictable environment with plenty of surprises ahead. Managing these challenges will require media and entertainment organisations to become forward thinking, proactive, efficient, and effective in their technology and business solutions.

Consumer Behaviour is a complex system where there is an interaction of various social, economic and psychological factors.

131 Agarwal P.K., Advertising Management, an Indian perspective, Pragati prakashan.