1.1 Consumer Buying Behavior

“The most important thing is to forecast where customers are moving, and be in front of them.”

- Philip Kotler

Consumer behavior is an endless and diverse field of research and its applications helps the organization is constructing improved marketing strategies and considering the internal and external factors influencing the buyer’s decision making process. One of the major questions which consumer behavior addresses is why consumption decisions are made, and what impact the process of selection, purchase, use and disposal by consumers happens on society. Consumer behavior blends together psychology and economics along with sociology and genetics. Diversity defines consumer behavior. A consumer is characterized by the individuality he/she beholds in the type of behavioral process while adopting a new process or the way the buying decision and problem solving process is addressed. "Consumer needs and preferences are changing, given change the factors like demographics and lifestyles. These changes can become great business opportunities for alerts marketers and threats for marketers who fail to adapt. It is very essential to know how buyers behave in modern marketing field.”

The study of techniques where the individuals and organizations select to use and dispose of goods, ideas, experiences or services to satisfy their needs is referred as consumer behavior. In terms of marketing, the term 'consumer' is not only the one who performs the act of purchase itself, but also in involved in the pre and post purchase activities. The implication of both pre and post purchase influences the marketer in different degrees.

1.1.1 Concept of consumer buying behavior.

Figure-1.1: Kotler's Buyer Decision Process

Source: http://adamblaynee.blogspot.in/2009_04_01_archive.html
The process of selection, purchase and dispose of product and services as per the needs of the consumers is known as consumer buying behavior. The process of consumer behavior is subject to continuous change as per time since the purchase behavior of the consumer keeps on varying according to their physical and psychological needs. Kolter and Keeler have highlighted the relevance of understanding buying behavior of consumers and the means by which consumers select their products and services.²

Schiffman defines consumer buying behavior as “the behavior that consumes display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.”³

American Marketing Association (AMA) defines “The behavior of the consumer or decision maker in the market place of products and services. It often is used to describe the interdisciplinary field of scientific study that attempts to understand and describe such behavior.”⁴

Figure-1.2: Model of Consumer Behavior

Source http://image.slidesharecdn.com/consumerbehaviour-externalfactors
Consumer behavior is affected by two essential factors i.e. Internal and external factors affecting their purchase motive. Individual needs, attitudes, personality, motives, learning and attitude towards brand are part of internal factors criteria affecting the selection of a product/service. Life style, demographic factors and personality which have impacts on brand selection along with other environmental factors which include culture, family, business and direct contact group etc. are all factors of external environment affecting consumer behavior. Marketing organization are also an integral part of environmental factors.

"The study of consumer behavior is rapidly involving as researchers recognize and implement new technique and turns disciplinary perspectives to understand the nature of purchase and consumption behavior. This wider view attempts to strictly consumer behavior in the light of rapidly evolving lifestyles, values, priorities and social contexts".  

Consumer buying behavior is an encyclopedic concept as it is influenced by cultural, social, personal and psychological factors. The four P's of marketing consists of product, place, price and promotion. For marketers, one of the most challenging job today is studying the individual's roll as a buyer, user and disposer of product & service. The technology today is growing at such a rapid pace, the business must understand the cultural, & social values lifestyles and priorities of consumer behavior how each of these factors enter into consumers’ mind and influence the purchase decision. The consumers are studied on two attributes to
understand the impact of purchase i.e. how and why they respond to it. Secondly about the purchaser's choice procedure how it influences the purchaser's conduct, thereby implementing new technique, as an interdisciplinary approach of growth to devise an optimum consumer buying behavior model.

1.2 Factors influencing consumer buying behavior

Figure-1.4: Factors influencing consumer buying behavior

1.2.1 Cultural factors affecting consumer buying behavior: Cultural elements significantly affect purchase conduct. Man is a social element and society plays a crucial role in determining a man's needs and behavior. Young individuals often learn essential factors and qualities about their needs from first blood relations and other critical gatherings. Marketers are continuously attempting to spot "social movements" which indicate the need of new products or services that may be of use to consumers.

1.2.2 Social factors affecting consumer buying behavior: A consumer's purchasing conduct is likewise affected by the social setups where the consumer lives and thrives for his economic wellbeing. In each and every society there are "sub-societies" which are the gatherings of individuals which offer same values.

1.2.3 Personal Factors affecting consumer buying behavior

Individual components impacting the purchasing conduct are: Economic conditions, age, Personal attitude & beliefs, occupation, and self image. Consumer buying behavior is significantly affected by age & lifestyles. Family life-cycle of a consumer undergoes various stages of being single, married, parenting etc. Such
categorization helps marketers to carefully develop items suitable for every stage of individuals. Occupation of a person along with lifestyle and personality has a huge impact on his purchase behavior.

1.2.4 Psychological Factors affecting consumer buying behavior

There are four essential mental variables namely perception, motivation, learning, beliefs and attitudes influencing the purchaser purchasing conduct. The motivation level is also another factor influencing the customers buying intentions. Each individual has some distinctive needs and the nature of the needs is that, some of them are most influential while others are least. Hence a need turns out to be a motive when it is more influential for the individual to look for fulfillment.

1.3 Relevance of buying behavior in present scenario.

Buying behavior is most challenging concept in marketing since the purchase conduct of Indian consumers has seen a transformational shift over a last decade. Consumption patterns are viewed as a life full of luxury and comfort where they value sensitivity is more important than price sensitivity. For any business to be successful, understanding consumers buying behavior is the key. The underlying criteria for any business is ultimate customer satisfaction, largely based on buying decision which is influenced both rationally and emotionally.

In the present day world consumers are not merely expecting an experience from a product instead they look to be a part of it as technology has helped in bridging the gap between passive on looking to active participation. Consumers are expecting more both in terms of product and its value Therefore business need to seek smarter and efficient ways to build emotional relationship with customers thus making them brand loyals.

Since this is an era of cultural shift where everything is viewed as rich, fulfilling and meaningful there is a significant cultural shift which has large impacted the consumer decision as consumers seek both real time depth and meaning from their purchases and they look for personalization in every product or service they plan for purchase.
The consumers today prefer change rather than going along with the same brand since preference is high for the functional attributes of a product rather than the brand value. Today availability of products is not just the only parameter for consumers, nevertheless they are looking for unforgettable experience, services and ambience which is leading in the growth of entertainment and shopping.

The market has seen a shift from seller’s market to buyer’s market. The ultimate beneficiary today is the customer since a fixed competition exist in markets of India which has led to reduced prices and the manufacturers are expected to maintain quality of products to sustain and keep themselves at par in this highly competitive world.

1.4 Origin and Characteristics of Generation X

![Timeline of Generation](image)

Generation X or Gen X, are born after the world war ended, generally includes people born in early sixties through the late seventies. India had shifted to a socialist economic model under the leadership of political leaders with drastic changes in economic policy and social reforms. This generation in India is called the Post-independence Generation/Boomers. They saw a series of economic reforms where the business regulations were lightened, foreign investment were having lesser restrictions, bureaucracy had reduced, and a the telecommunications industry had seen a tremendous expansion along with the growth in space programs and the information technology sector.

1.4.1 Buying Behavior of Generation X

Generation X are those set of individual who have been born from the mid of 1960's late 70's. This generation are consumers who are savvy enough and believe in
making informed purchases and often turn to the internet to get best value of their money. This generation seldom engages itself in unplanned buying and generally doesn’t buy a product until they have thoroughly researched about it. Marketing tactics according to them are mere efforts by the companies to target the consumers therefore they are very much skeptical about being targeted and expect a clear explanation of a product’s is benefits. Generation X a has seen the development of technology hence they are quite tech savvy but still are accustomed to the traditional methods of advertising likes print, radio and television. but with the time which Gen x spends online it is evident that they respond to conventional marketing techniques to digital media as well. We can characterize the buying behavior of Gen X in following ways:

- Gen X values diversity and independence which implies the generic term ‘one size fits all” doesn't hold true for them.
- Building relationship is one major feature common among Gen X buyer’s since they are brand loyal consumers.
- Although Gen X is accustomed to traditional marketing techniques but they have started responding well to the new forms of digital media also, hence giving plenty of opportunities to the marketers to reach them.
- “Not every Generation is alike, nor should they be treated by marketers in the same way. Multi-generational marketing is the practice of appealing to the unique needs and behavior of individuals within more than one specific generational group, with a generation being a group individuals born and living about the same time.”

1.5 Origin and Characteristics of Generation Y

The Millennial Generation furthermore known as Generation Y, explains the group of individuals born after Generation X. Since there are no precise timelines of when the Generation Y birth year starts and ends, it is assumed the birth dates which range somewhere from the mid-1980s to the early 2000s constitute the group of millennial. The Characteristics of this generation are marked by an growth in communication patterns, social media usage, and digital technologies. However they differ in their frames by region, social and economic conditions. The effects of the
attributes of Generation Y in this environment are disputed. Generation Ys involvement in technology has enabled them to experience & develop the most globally similar generation yet. The late 1995's and 2000's in India witnessed the rise of middle-class and increased demand for consumer durable goods. Indian economy witnessed a lot of reform policies and grew under liberalization. During this period the country was stable and prosperous, and politically it was witnessing a lot of reforms. In India, Gen-Y witnessed the growth of broad economic opportunity for them, making young working individuals share the same rapid tempo of America's generation Y and laying greater emphasis on financial gains as their desired outcome. This generation is technologically capable and connected with keen interest in entrepreneurial and business activities. They also easily accept diversity of opinion and the western heritage of laws and customs, making them strongly suited for global interaction. In India this is called as Generation-Y/Post- Economic reform generation workforce.

1.5.1 Buying Behavior of Generation Y

Generation Y’s or the millennial were born when means of communication with one other are easy. This is that Generation which was born between 1981-1993(early 1980's to late 2000's). Having grown up in a contemporary consumption driven society Generation Y have more money at their disposal then any group in history. Generation Y plays an important role in society from the marketing point of view because of their active participation in information searching to final purchase and post purchase decision. This is the group of individuals which is most educated and is born among computers and internet thus being the most tech-savvy consumers. Being the most informed generation these consumers are very alert and aware towards their consumption pattern.

- The use of social media by Gen Y effects the socio - economic status directly, as well as indirectly.
- According to a marketing research firm Kelton Research every year Gen Y spends approximately $212 per year on their necessities.
- Generation Y wants everything to be contextually visual.
• Nothing outcasts word-of-mouth marketing when it comes to convincing Generation Y, according to Hassler. "Friends are the biggest influencers for Gen Y. If their friends have something and endorse it, that's all they need."10

1.6 Difference in Attitude & Perception of Generation X and Generation Y

Table-1.1: Difference in Attitude & Perception of Generation X and Generation Y

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Generation X</th>
<th>Generation Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Values</td>
<td>1. Relationships</td>
<td>1. Freedom</td>
</tr>
<tr>
<td></td>
<td>2. Experience</td>
<td>2. Activist</td>
</tr>
<tr>
<td></td>
<td>3. Family</td>
<td>3. Fun</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Altruism</td>
</tr>
<tr>
<td>Family Life</td>
<td>1. Independent</td>
<td>Shift towards the traditional family setup</td>
</tr>
<tr>
<td></td>
<td>2. Dual career parents</td>
<td></td>
</tr>
<tr>
<td>Work Ethics</td>
<td>1. Respect Authority</td>
<td>1. Multitaskers</td>
</tr>
<tr>
<td></td>
<td>2. Skeptical</td>
<td>2. Goal oriented</td>
</tr>
<tr>
<td></td>
<td>3. Workaholics</td>
<td>3. Entrepreneurial</td>
</tr>
<tr>
<td></td>
<td>4. Hardworking</td>
<td></td>
</tr>
<tr>
<td>Financial Dealings</td>
<td>Save &amp; Multiply</td>
<td>Earn &amp; Spend</td>
</tr>
<tr>
<td>Communication Media</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Internet</td>
<td>1. Social Media</td>
</tr>
<tr>
<td></td>
<td>2. Television</td>
<td>2. Blogs</td>
</tr>
<tr>
<td></td>
<td>3. Print</td>
<td>3. Word of Mouth</td>
</tr>
<tr>
<td>Social Activity</td>
<td>Confined social group</td>
<td>Self - Activists</td>
</tr>
<tr>
<td>Religious Beliefs</td>
<td>Conservative</td>
<td>Independent approach to religion &amp; spirituality</td>
</tr>
</tbody>
</table>
REFERENCES


