3.1 DEFINITION

According to Markin, a "consumer" is a person who uses goods or services to satisfy his needs rather than to resell them or produce other goods with them.

Stanton opines that the ultimate consumers buy and/or use products or services for their own personal or household use. They are satisfying strictly non-business wants and they constitute what is called the consumer market.

Pensen looks at the "consumer" from the angle of his income and declares that "in the using of that income for the satisfaction of his wants he is a consumer". This eventually means that a person who spends his income on buying goods in order to satisfy his wants is called a consumer.

Tiffin McCormick says that everyone is a consumer of at least some of the goods and resources of our economy. Some writers talk about the importance of consumers in the business society and thereby try to establish what they mean by consumers. Frederick Bonhan opines that under capitalism the consumer is the king.

Markin emphasizes that "consumer" is the king in the market place. Hepner holds that consumer is the basic unit of which larger markets are composed.

David Loudon and alber J. Della Bitta, opines "the traditional viewpoint has been to define consumers strictly in terms of economic goods and services". This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition. Consequently,
Organizations such as the Red Cross, united way or foster parents plan, as well as religious and political groups can view their various public as consumers. The rationale for this position is that many of the activities such people engage in regarding free services, ideas, or philosophies are quite similar to those they engage in regarding commercial products and services. Ultimate consumers are those individual who purchase for the purpose of individual or household consumption. One should recognize that much industrial purchasing behavior is unique because it often involves different buying motives and the influence of a large variety of people. The term ‘customer’ is typically used to refer to someone who purchases from a particular store or company. The term ‘consumer’ more generally refers to anyone engaging in any of the activities of evaluating, acquiring, using or disposing of goods and services. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

Rural markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or labor economics. Total markets constitute an important segment of overall economy. The rural marketing process involves planning as an integral part. The task of rural business is to deliver value to the market and also make profit for its survival and growth. The traditional view of value delivery process is to produce commodities and then hire people to sell. The planning starts with the mass market to be divided into many micro markets with its own liking, perception, preferences and buying methods. Hence, in consumer behavior the study on the preferences and the behavior is focused as:
"How individuals make decision to spend their available resources (time, money, effort) on consumption-related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it and how often they use it."

Marketing on the one hand is a business philosophy and on the other an action oriented process. The philosophy - also termed as marketing concept - has its roots in market economy. There are four critical ideas that form the foundation of such an economy: Individuals pursue their self-interest to seek rewarding experience. Their choices determine as to what would constitute such experience, the choices themselves being shaped by personal (taste) and external (cultural) influences. Consumers enjoy the freedom to choose; they are sovereign.

This freedom ensures free and competitive exchange between “buyers and sellers”. Marketing in turn is based on these four principles. Thus marketing can be defined as a ‘Process that aims at satisfying individual and organizational needs by creating, offering and exchanging competitively made products that provide value to the buyers’. Today our focus is on customer. Objectives liken revenue, profit, market share, etc. Re important, but they will flow only by acquiring customer competence. In our country particularly the customer, even as late as in 1980s, was bereft of alternatives; he would uncomplainingly buy whatever the seller dished out. Not anymore. Today’s choice empowered customer, supported by a competitive environment, global quality, and new economic realities, decides the fate of the marketer. So let’s define marketing once more: “It is a total business philosophy aimed at identifying the needs of each customer group, then designing and producing product / service package so as to serve the groups more effectively than the competitors”. This definition reveals three key dimensions of
marketing: It seeks to identify customer needs. Many manufacturers would know all there is to know about relevant production technology, but nothing about their customers' wants. They may design products with fancy features without considering the perceived value of such features to their buyers. Then they wonder why their sales staff fails to push the product in the market.

Marketing attempts to select customer groups for which it can develop a competitive edge. Companies taking a shot gun approach - meaning all things to all people - inevitably end up with a sack full of unsold product inventories.

**Definition of Buying Behavior:**

Buying Behavior is the decision processes and acts of people involved in buying and using products. Need to understand:

- Why consumers make the purchases that they make?
- What factors influence consumer purchases?
- Changing factors in our society.

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

- Buyer's reactions to a firm's marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a Marketing Mix (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy. Marketers can better predict how consumers will respond to marketing strategies.

**3.2 THEORETICAL STUDY ON CONSUMER BEHAVIOUR**
3.2 THEORETICAL STUDY ON CONSUMER BEHAVIOUR

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.
Developing a framework for understanding rural buyer behavior

Consumers in India can be divided into three broad categories: Urban, Rural, and R-urban in terms of geography and sociological characteristics. This supports the notion of a continuum from rural to urban, r-urban being the overlap between the two, with pretensions to being closer to urban in physical features and proximity to large urban centers but with deep sociological moorings.

It is desirable to consider behaviors in specific interaction contexts of these three markets that is participant from each market buying from or selling to or facilitating participants from the same or other markets for a better understanding of specific behavior patterns.

When the above two (grouping in terms of geography, sociological characteristics and as participants of three markets) are put together we establish a domain for exploring and understanding rural buyer behavior. It includes eight of the nine blocks (except the crossed one).

Any marketing interaction normally involves six broad categories of participants from the marketer perspective. These are the end customers, suppliers and distributors, facilitators whole both direct and indirect like bankers, transporters, warehousing agents, advertisers, research utilities and regulators.
It makes more intuitive and practical sense to map out both individual behavior and interaction behavior (influence on each other) to develop a better insight on their past behavior and future responsibilities. Apart from traditional buying phases and buying roles the factors that need to be studied are as below

**Modalities:** (activities providing time, space, form, ownership, assortment etc., utilities and their perceived importance by the participants)

**Norms:** (formal and informal rules guiding the interactions among participants)

**Satisfaction/Dissatisfaction:** of the participants with the interaction process and their outcomes and results thereof.

### 3.2.1 Factors Influencing Consumer Behavior

Consumption and spending pattern of both urban and rural consumers are changing with rising income and exposure. As rapid socio-economic changes sweep across India, the country is witnessing the creation of many new markets and a further expansion of the existing ones.

![General model of consumer behavior](image)
The general model of consumer behavior shows that to begin with a company needs to take into account the external stimuli. External stimuli are divided into two: the first one being the marketing stimuli, consisting of the four Ps: Product, price, place and promotion. These are the most important aspects of marketing, and a company can formulate and change them in such a manner as to capture a large share of the market. Environmental stimuli, consisting of economic, technological, political and cultural aspects.

The buyers black box typically consists of buyer characteristics and the buyer decision process. The buyer characteristics are again divided into four: cultural, social, personal and psychological characteristics. These aspects are internal to each person; so it is very difficult for the company to have perfect information or to influence them. The impact of each of these factors will be explained in detail later.

The other part, i.e. buyer’s decision process, consists of all factors explained before, such as the external stimuli and the characteristics of the buyer. Depending on those factors, the consumers are going to have different needs, process of evaluation and preferences, and the decision making process. It is also important to take into account that this process also depends on the product. The most important part of the process is the final buying decision. The consumer has to decide which product satisfies their necessities in a better way. The buyer typically has to make a choice in some aspects such as the product, the brand or the dealer.
3.2.2 Micro Factors Influencing Consumer Behaviour

There are many microfactors influencing the consumers. It was exhibited in the following figure.

Cultural Factors:

In relation to consumer behavior, the major factor that encompasses large geographical regions and is observed to be influencing the consumer mindset to a large extent in our country is its culture. The factors that influence cultural factors are:

➤ **Culture:**

Culture is the set of basic values, perception, wants and behaviors learned by a member of society from family, place of residence and other important institutions. Culture is the most basic cause of a person’s wants and behavior. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country.

➤ **Sub Culture:**

It provides more specific identification and socialization for members belonging to a particular religion, racial group and geographic regions.
Multicultural marketing came up since different ethnic and demographic groups did not respond favorably to mass market advertising.

**Social Factors**

Social factors heavily influence the consumer's mindset. Typical social factors include formation of informal or formal groups, family and social status. Take for example, a college going student in an urban location. Through the social groups, she keeps up with the latest fads, trends and fashions and is heavily influenced by the societies youth icons and celebrities.

- **Social Class**: This is relatively homogenous and enduring divisions of the society as all human societies exhibit social stratification. The impact of social class is as follows:
  - Those within each class tend to behave more alike than those from two different classes.
  - Persons are perceived as occupying superior positions according to a social class.
  - Social class is usually determined by a cluster of variables rather than a single variable.
  - Individuals can move up or down the social ladder during their lifetime.
  - Social classes show distinct product and brand preferences in many areas, differ in media preferences etc.

- **Reference Group**: A person's reference group consists of all members of the group who have a direct or indirect influence on his/her attitudes and behavior—membership groups having direct influence on the consumer.

- **Primary Group**: This is the group with whom the consumer interacts...
fairly regularly in an informal manner.

- **Family Orientation**: Parents and siblings (very often, a person acquires orientation toward religion, politics, and economics, sense of personal ambition, self-worth and love through family influence) exert a significant influence.

- **Family of Procreation**: Spouse and children—more direct influence on everyday buying behavior. Indian consumers have a high degree of family orientation. It extends to the extended family and friends as well.

- **Secondary Group**: this is the more formal group and requires less interaction. This is also the group having indirect influence or the group to which the person does not really belong.

- **Tertiary Groups**: Aspirational groups which a person hopes to join. Dissociative groups whose values or behaviors an individual rejects. An opinion leader is a person who sometimes makes informal communication and offers advice or information about specific product or product category.

- **Role and Status**: a person's position in each group that every one participates can be defined in terms of the role ad status of the person plays it. Role consists of the activities that a person is expected to perform. Each role carries a status; people are found choosing products that reflect their roles and the desired status in society. Therefore, marketers must be aware of the status symbol and the potential of different products and brands.

**Personal Factors**:

The third set of possible factors of influence is various personal factors. These include:
> **Age and Life cycle stage:** it goes without saying that consumer preferences and tastes undergo considerable changes with age. Tastes for various items such as entertainment goods, clothing, food, will change as a person grows. Psychological life cycle stages also matter. The marketers should therefore consider the critical life events or transitions as giving rise to new needs.

> **Occupation and Economic Condition:** it significantly influence consumption patterns and product choice. The latter includes disposable income, savings and assets, debts, borrowing power, and attitudes towards spending/saving. Hence marketers have to reposition or reformulate their products if economic indicators point to a recession vis-à-vis massive growth.

> **Personality and Self-concept:** personality is a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli. Brand personality is the specific mix of human traits that may be attributed to a particular brand. The following traits have been identified in brand personalities:

<table>
<thead>
<tr>
<th>Personalities</th>
<th>Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sincerity</td>
<td>Down-to earth, honest, wholesome, cheerful</td>
</tr>
<tr>
<td>Excitement</td>
<td>Daring, spirited, imaginative, up to date</td>
</tr>
<tr>
<td>Competence</td>
<td>Reliable, intelligent, successful</td>
</tr>
<tr>
<td>Sophistication</td>
<td>Upper class, charming</td>
</tr>
<tr>
<td>Ruggedness</td>
<td>Outdoorsy, tough</td>
</tr>
</tbody>
</table>
Life style and Status: lifestyle is a person's pattern of living in the world as expressed in activities, interests, opinions etc. hence the marketers have to discover new trends in consumer lifestyles and search for relationships between these and their products. Life styles are constrained by consumers being money constrained or time constrained.

Psychological Factors:

Finally, at the individual level, the psychological factors that shape a consumer's behavior are:

- **Motivation**: it is the internal feeling that makes a person to buy a certain product in order to satisfy a necessity. Freud, Maslow and Herzberg talk about motivation in the western context. Depending on the phase which a person is in, different products are consumed to satisfy his/her needs and the needs can satisfy different motives.

- **Perception**: People have a sensation when they try a product; this perception depends on the experiences that people have had with the products and also of any prior knowledge about a product that they may have gained from others. Perception heavily dictates consumer choice.

- **Learning and Experience**: The knowledge or opinion that people have about a product can be influenced by the company. With new information or free samples, the companies can age of a product manipulate the image of a product? They can use this when they want to introduce a new product in the market and also if they want to change the image or the concept of one existing brand.

- **Beliefs and Attitudes**: People can have a positive or negative feeling about a product. This feeling can be a consequence of their personal
experiences or because of their interaction with other people. Marketers can use such beliefs and attitudes to their advantage by customizing their products according to the needs of the consumer. Customers look at the product and assimilate all that it stands for by recalling its brand values. The advantage of differential brand positioning will hold the key in the scenario when the market is getting flooded with similar types of options.

CONSUMER BEHAVIOR HAS INTERDISCIPLINARY ROOTS:

Consumer behavior was a relatively new field of study in mid to late 1960s. Because it had no history or body of research of its own, marketing theorists borrowed heavily from concepts developed in other scientific disciplines, such as psychology, anthropology, and economics. Many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits in the purchase of goods and services. Then, research discovered that consumers are just as likely to purchase impulsively, and to be influenced not only by family and friends, by advertisers and role models but also by mood, situation, and emotion. All of these factors combine to form a comprehensive model of consumer behavior that reflects both the cognitive and emotional aspects of consumer decision making.

3.3 CONSUMER BEHAVIOUR IN DECISION MAKING

Consumer decision making enables marketers to visualize a broad framework of stages and apply psychological and group variables to a specific product/market/brand situation. The process of decision making can provide
several trigger points at a conceptual level, especially when a brand wants to position itself in a crowded product category or enter a new concept product category or reposition itself.

CONSUMER DECISION MAKING: Important Dimensions

> What kind of approach (Strategy should a brand have when it enters a crowded category with which consumers are familiar)?
> How should a brand promote a ‘new concept’ product and how are the stages in the CDM framework useful?
> What strategies, other than advertising, may be useful in the specific stages of consumer decision-making?
> How can celebrities be used at different stages in the decision making process?
> What are different kinds of decision-making consumers indulge in?
> What are the specific differences in CDM between FMCG products and durables?
> Can needs be differentiated based on what a brand offers?
> Do consumers have different kinds of “sets” from which they select brands?
> What kind of strategies can a brand use when consumers search for information?
> How do consumers use evaluative criteria to take a decision across brands?
> What kinds of factors influence the selection of retail outlets when a consumer decides to buy a product?
These dimensions are strongly linked with one another and also play a significant role in CDM. They focus the attention of any marketer in consumer product categories towards how consumers perceive a category, a brand and their own needs.

Stages in Decision Making
(Source: “Conceptual issues in consumer behavior” by S. Ramesh Kumar)

The decision making process can be viewed as three distinct but interlocking stages: The input stage, the process stage, and the output stage. These stages are depicted in the simplified model of consumer decision making in the following figure.
The input stage influences the consumer's recognition of a product need and consists of two major sources of information: the firm's marketing efforts and the external sociological influences on the consumer. The cumulative impact of each firm's marketing efforts, the influence of family, friends and neighbors, and society's existing code of behavior, are all inputs that are likely to affect what consumers purchase and how they use what they buy.

The process stage of the model focuses on how consumers make decisions. The psychological factors inherent in each individual affect how the external inputs from the input stage influence the consumer's recognition of a need, pre-purchase search for information and evaluation of alternatives. The experience gained through evaluation of alternatives, in turn, affects the consumers' existing psychological attributes.
The output stage of consumer decision making model consists of two closely related post decision activities: purchase behavior and post purchase evaluation. Purchase behavior for a low cost nondurable product may be influenced by a manufacturer's coupon and may actually be a trial purchase; if the consumer is satisfied, he may repeat the purchase. The trial is the exploratory phase of purchase behavior in which the consumer evaluates the product through direct use. A repeat purchase usually signifies product adoption. For relatively durable product such as laptop, the purchase is more likely to signify adoption.

3.4 CONSUMER PERCEPTION

Perception is defined as the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. It can be described as “how we see the world around us.” Two individuals may be exposed to the same stimuli under the same apparent conditions, but how each person recognizes, selects, organizes and interprets them is a highly individual process based on each person’s own needs, values and expectations. The influence that each of these variables has on the perceptual process and its relevance to marketing, will be explored in some detail.

In simple terms, perception is the meaning an individual adds to the information a person receives through the sensory organs. The incoming stimuli interact with the stored information to give rise to perception. The following figure illustrates the mechanism of perception.
Perception consists of several elements—selection, organization and interpretation of stimuli. All these elements offer useful points to marketers regarding the formulation of communication strategies.

Selection of stimulus, as stated earlier, depends on attention which can be brought into communication through contrast. Lack of contrast can also be used to attract attention. The organization of stimuli involves figure and ground, grouping and closure. All these concepts offer insights into how an advertisement may be affected by consumer perception. Perceptual interpretation, unique to the individual as adding meaning to what has been sensed, is based on the individual’s experience. Marketers have to be careful when they choose brand names for their product categories.

3.5 CONSUMER ATTITUDE

Consumer researchers assess attitudes by asking questions or making inferences from behavior. The word object in our consumer-oriented definition of attitude should be interpreted broadly to include specific consumption or marketing related concepts, such as product, product category brand, services, possessions, product use, causes or issues, people, advertisement, internet site, price, medium or retailer. In conducting attitude research, we tend to be object-specific.
3.5.1 Structural Models of Attitudes:

Motivated by a desire to understand the relationship between attitudes and behavior, psychologists have sought to construct models that capture the underlying dimension of an attitude. To this end, the focus has been on specifying the composition of an attitude to better explain or predict behavior. The following section examines several important attitude models: tri-component attitude model, the multi attribute attitude models, the trying to consume model and the attitude toward the ad model, each of these models provides a somewhat different perspective on the number of component parts of an attitude and how those parts are arranged or interrelated.

**TRICOMPONENT ATTITUDE MODEL:**

According to this model, attitudes consist of three major components: a cognitive component, an affective component and a conative component.

1. **Cognitive component:** it consists of person’s cognitions, that is the knowledge and perceptions that are acquired by a combination of direct experience with the attitude object and related information from various sources. This knowledge and resulting perceptions commonly take the form of beliefs, that is, the consumer believes that the attitude object possesses various attributes and that specific behavior will lead to specific outcomes.

2. **The Affective Component:** a consumer’s emotions or feelings about a particular product or brand constitute the affective component of an attitude. These emotions and feelings are frequently treated by consumer researchers as primarily in nature; that is, they capture an individual’s direct or global assessment of the attitude object.
individual rates the attitude object as favorable or unfavorable, or good or bad depending on emotional feelings.

3. The Co-native Component: it is related to likelihood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. According to some interpretations, the co-native component may include the actual behavior itself. In marketing, and consumer research, the conative component is frequently treated as an expression of the consumer’s intention to buy. Buyer intention scales are used to assess the likelihood of a consumer purchasing a product or behaving in a certain way.

MULTIATTRIBUTE ATTITUDE MODELS:

Multi attribute attitude models portray consumers attitudes with regard to an attitude object as a function of consumer’s perception and assessment of the key attributes or beliefs held with regard to the particular attitude object. Although there are many variations of this type of attitude model, we have selected the following three models to consider here as: attitude toward object model, attitude toward behavior model and theory of reasoned action model.

1. The Attitude-toward-object Model: it is suitable for measuring attitudes toward a product category of specific brands. According to this model, the consumer’s attitude toward a product or specific brands of a product is a function of presence and evaluation of certain product specific beliefs or attributes.

2. The Attitude-Toward-Behavior Model: in this model the individuals’ attitude toward behaving or acting with respect to an object rather than the attitude toward the object itself. The appeal of
the attitude toward behavior model is that it seems to correspond somewhat more close to actual behavior than does the attitude towards object model.

3. **Theory of reasoned-action Model:** it represents a comprehensive integration of attitude components into a structure that is designed to lead to both better explanations and better predictions of behavior. Like the basic tri-component attitude model the theory of reasoned action model incorporates an affective component and a con-native component and a cognitive component.

**TRYING TO CONSUMER MODEL:**

There has been an effort underway to extend attitude models so that they might better accommodate consumer’s goals as expressed by their “trying” to consume. The theory of trying to consume is designed to account for the many cases where the action or outcome is not certain, but instead reflects the consumer’s attempts to consume.

**ATTITUDE-TOWARD-THE-AD MODEL:**

In an effort to understand the impact of advertising or some other promotional vehicle on consumer attitudes toward particular products or brands, considerable attention has been paid to developing what has been referred to as attitude-toward-the-ad-model.
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