CHAPTER III
CONCEPTUAL FRAMEWORK OF CONSUMER BEHAVIOUR

3.1 INTRODUCTION

Consumer behaviour refers to the act of individuals who are directly involved in obtaining and using goods and services. It also includes the decision-making process which leads to the act of purchase. Consumer behaviour has no history or body of research of its own. It is a new discipline that borrows heavily from concepts developed in other fields such as psychology (study of the individual), sociology (study of groups), social psychology (study of how an individual operates in groups), anthropology (the influence of society on the individual) and economics. Several early theories related to consumer behaviour were based on the economic theory, on the notion that individuals act rationally to maximize their benefits in the purchase of goods and services. Marketing describes a mutually beneficial relationship between a consumers play an important role in the economy. They form the largest economic group in any country. The producers have to understand their tastes and preferences and produce goods which help them satisfy their needs. Consumer behavior is at the core of the marketing function. Consumer behaviour consists of actions, reactions and responses in relation to the products bought and services sought.

Factors like personality, perception, attitude and learning on the one hand and the product, price, physical attributes, advertising and societal influence on the other shape the behaviour of consumers. Therefore, the marketer has to comprehend these elements for better understanding of the consumer. Interestingly, consumer reactions to marketing are often low-key and passive.
3.2 CONSUMER BEHAVIOUR

Consumer is that basic foundation of every business. What consumer sees, thinks, prefers and buys is of great importance to marketers to fine tune their marketing offers and achieve high level of consumer acceptance and satisfaction. The emergence of rural market as a viable proposition has sparked a new interest among marketers to explore and understand them (Lalitha Ramakrishna 2005).

3.3 BASIC MODEL OF CONSUMER BEHAVIOR

The basic Consumer behaviour model applicable to all consumers is shown in the figure 3.1

![Diagram of Consumer Behaviour Model]

**Figure 3.1: Basic model of Consumer behaviour**

3.3.1 Marketing Offer

3.3.1.1 Product

Managing the product includes planning and developing the right products and / or services to be marketed by the company policy strategy guidelines are needed for changing the existing products, adding new ones, and decisions are also needed regarding branding, packaging, colouring standardizing and other product features.
3.3.1.2 Place

Under this the management should select and manage the trade channels through which it wants the product to reach the market at the right time. Each type of goods requires a special kind of transportation mode and special kind of warehousing.

3.3.1.3 Price

The management is required to determine the basis for fixing price of its goods and then establish policies for dealing with discounts, freight payments and other price related situations.

3.3.1.4 Promotion

The management must inform and persuade the market (customers) regarding company’s products, advertising, personal selling and sales promotional activities (Mamoria C.B 2005).

3.3.2 Stimuli

Stimuli can arise internally or externally.

3.3.2.1 Internal

Internal stimuli originate from the individual self. One may feel the need for food (natural phenomenon) or for an elegant dress on observing friends (social comparison).

3.3.2.2 External

External stimuli are caused by marketing offer or by environment. The marketing stimuli consist of 4Ps: product, price, promotion and place. The stimuli from environment may come from one or more of the factors or events in socio-cultural, technological, economic and political environment. These factors induce a consumer to think about purchasing a product.
3.3.3 Environment
3.3.3.1 Socio-Cultural Factors

The socio-cultural factors that influence a consumer include: social class, groups, family role, status and sociability.

a. Culture: Basic cultural values have not faded in rural India. Many rural purchases require collective social sanction, unheard of in the urban areas. Buying decisions are highly influenced by social customs, traditions and beliefs. Social norms influencing individuals are more visible. Rural consumers being conservative in their outlook, take longer time to be influenced. They do not take quick decisions. They discuss the issue of purchase with other villagers and the headman. Decision-making is thus a collective and time-consuming process.

b. Social Class: Social classes in rural areas are difficult to define for two reasons.
   - Occupations are not the same throughout the year
   - Incomes are not constant

c. Group: Humans, being social animals form groups and develop behaviours with reference to groups they like. Associated groups are the groups to which a consumer belongs as a member. They are:
   - Primary groups, in which there is a regular and informal interaction, for example, family, friends and neighbors.
   - Secondary groups, in which the interaction is formal and less regular, for example, offices, political groups and self-help groups.
   - Reference groups are aspiration groups which serve as guide posts to shaping the attitudes and behaviour of consumers. For instance, sports teams and culture associations can be reference groups to the rural youth. Opinion leaders are those people, who, by virtue of their competence or acceptability wield influence on others. In a village, opinion leaders can be a sarpanch, a teacher, a bank manger, a village development officer, a
doctor, a manual youth extension officer or a social worker (Rebecca Gardyn 2000).

d. **Family:** Family is an important consumer-buying organization in consumer markets. Family size and roles played by family members exercise considerable influence on purchase decision.

e. **Role and Status:** Role refers to the behaviours expected of the individual as a member of the group. High-income group people to reflect their status use premier products. A serpent and head master enjoy a higher status in a village, people trust them and expert them to be exemplary. Accordingly, they try to make sound purchase decisions and provide rational advice to the people who seek their opinions.

f. **Sociability:** In the rural areas, individuals are known and identified better, despite the universality of personal identification and touch in rural areas, the sociability levels are low. Rural folks have limited personal interactions. Their exposure to people and information is less people.

3.3.3.2 **Technological factors**

Technology has an impact on the occupations and life styles of the rural people. Occupations like agriculture, dairy, poultry and animal husbandry have become more productive and profitable. New technology has boosted the incomes of the rural folks. As an extension, it has impacted the life styles of people pushing them closer towards the urban ones.

3.3.3.3 **Economic Factors**

The rural economic environment is characterized by the following features.

- **Poverty:** Many people are below the poverty line. It is observed that only 3.8 percent of the households in rural areas with 2.8 percent of the population reported an income of more than Rs. 1200 per capita per month.

- **Low income occupation:** Agriculture is the primary occupation. There is a shift
nowadays to other occupations. Shopkeepers and people in service are 21 percent in rural households. More than 70% of the people are in small-scale agricultural and natural factors there is an acute seasonality and high chance element in the income receipts.

3.3.2.4 Political factors

The philosophy and decisions of the ruling party and the thinking of rival parties greatly influence the fortunes of rural people. The governments at the center and state levels are, by and large helpful to the rural people. However, in the development plans so far, the urban benefited more than the rural. A clear emphasis on the protection and development of rural folk is laid in he recent plans and development programmes. A few highlights are:

- A four-fold increase in the outlay for rural development from the seventh to the ninth five-year plan.
- Programmes for self-employment like the Prime Minister Rojgar Yojana (PMRY) of the central government and the chief minister empowerment Yojana programme (CMEY) in Andhra Pradesh.

The IT policy, which is bringing connectively to villages through the internet. As a result, new thinking patterns, new occupational choices and new life styles are emerging in the rural side.

3.3.3 Buyer characteristics

The characteristics of the buyer that affect the buying process include:

- Age and life-cycle stage
- Occupation
- Economic situation
- Life-style
- Personality and self concept
- Psychological factors
3.3.3.1 Life-Cycle Stages based on age

Buying is influenced by the age and life-cycle stages people. A look at table 3.1 presents the picture of the consumption by age and life-cycle stages.

Table 3.1
Life-cycle stage and age wise consumption of Rural and Urban consumers

<table>
<thead>
<tr>
<th>Age</th>
<th>Life-Cycle Stage</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Urban</td>
</tr>
<tr>
<td>Below 12 years</td>
<td>Child, Teenage</td>
<td>Book, pencil, noodles, mopeds, play station</td>
</tr>
<tr>
<td>13-19 years</td>
<td>Young</td>
<td>A/c Restaurants, Bikes</td>
</tr>
<tr>
<td>20-40 years</td>
<td>Middle</td>
<td>Clothes, Ornaments, Perfumes</td>
</tr>
<tr>
<td>40-60 years</td>
<td>Aged</td>
<td>Credit cards, Readymade garments</td>
</tr>
<tr>
<td>Above 60 years</td>
<td>Old</td>
<td>Clubs, Parks</td>
</tr>
</tbody>
</table>

3.3.3.2 Occupation

Evidently, the goods and services bought by a person are influenced by the occupation of the individual. Farmer buys a tractor and a carpenter buys a hacksaw. People who work in the fields buy shirts, dhoti and upper cloth and those who work in the offices wear shirts and trousers.

3.3.3.3 Economic Situation

The purchasing power of an individual is the prime consideration for marketers. If the disposable income of an individual is high. Obviously, he or she can buy a number of popular goods or a few expensive goods. Marketers have to find the income sensitivity of the goods and services they offer and make decisions like:

- Offer low priced pack sizes
- Price the goods moderately
- Offer installment purchase schemes
- Give heavy discounts or incentive goods with the purchase
3.3.3.4 Lifestyle

Lifestyle is a person pattern of living. The pattern of living is determined by the activities, interests and opinion of people.

**Activities** - work, hobbies, shopping, social events, etc
**Interests** - food, fashion, family, recreation, etc
**Opinions** - about self, society, government, business, etc

3.3.3.5 Personality and self-concept

Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one’s own environment. To relate personality to products people purchase, there are two aspects to be considered-situation and person. When in a social gathering, youth prefer to buy mineral water bottles or sachets, food packets, etc. given the situation, the response patterns vary from individual to individual. A conservative person may offer tea, whereas a jovial, hedonistic type may buy Pepsi cola for his friends. A person low on sociability will prefer drinking tea standing alone at a corner tea stall. Modern marketers are increasingly concerned about matching products to the perceived self-personality of the individual (Lalitha Ramakrishna 2005).

3.3.3.6 Psychological Factors

Consumer psychologists have tried to develop quantitative techniques, which have shown better research regarding the consciousness of the consumer. Physiological measures were framed on his hope that have a better potential to research the real attitude and as a consequence, would be more successful in predicting consumer behaviour. The three psychological factors, which help describe what goes on in the minds of consumers, have influence on his decision making. They are:

- Perception
- Cognition and
- Beliefs and Attitudes
- Motivation
a. Perception

Perception is the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. Stimuli may include products, packages, brand names, advertisement and commercials, etc. Perception is an individual process and depends on internal factors such as individuals beliefs experiences, needs, moods, and expectations. As consumer perception significantly affect their behavioural responses to marketing activities, consumer attitude towards marketing have been found to be linked to several key macroeconomic variables and have been used in economic forecasts (Chopin & Darrat, 2000). Perception includes three distinct processes:

- Sensation
- Information selection
- Interpreting the information

Sensation is the immediate, direct response of the sense organs (eyes, ears, nose, mouth, and skin) to a stimulus such as brand name, package, and advertisement and so on. A stimulus is any unit of input to any of the senses. Marketers are interested in knowing the physiological responses of the consumers to various marketing stimuli such as visual and audio elements of a commercial or the design of the product package so that it would attract consumer attention.

Information selection refers to paying attention to particular stimuli. Sensory inputs are only part of the perceptual process. There are internal psychological factors that include a consumer's personality needs, motives expectations and experiences. The individual psychological factors explain as to why people pay attention to some of the things and ignore others. For this reason it is not unusual that people select, attend, understand, and perceive the same stimuli in different ways. Consumers pay attention only to those stimuli that are relevant to their needs or interests and filter out the irrelevant ones.
Interpreting the information requires people to organize, categories, and interpret the information registered by the senses. This process is uniquely individual as it is based on what individuals expect to see in the light of their experiences, the number of possible explanations they can thick of, their personality, needs, motives, etc. the meaning attributed to a stimulus depends in part on the nature of stimulus. In a way, perception is a filtering process wherein internal and external factors influence what is received, and how it is processed and finally interpreted (Kazmi SHH).

b. Cognition

The information gathering and processing styles of rural India are simple since their sources and skills are limited. For them, learning is possible when the subject is simplified; the presentation is made in their dialect and in a lucid style. With the aid of pictures and diagrams the audience is slowly involved in experiential learning through demonstrations.

c. Beliefs and Attitudes

A belief is a descriptive thought that a person holds about anything. Beliefs may be based on knowledge, opinion, faith or emotion. A rural buyer of a watch holds the belief: ‘heavy watches are good in quality, durability and reliability”. Attitude describes a person’s relatively consistent evaluation, feelings and tendencies towards an

- **Cognitive** - information evaluation and inference
- **Cognitive** - emotional feelings
- **Behaviour** - disposition to do or not to do

Rural consumers have a set of attitudes; which influence their purchases. The difference between local brands and corporate brands is not worthy of consideration. The first attitude requires marketers to design economy products. The second one makes fighting copycats difficult, marketers have to educate the rural consumers on the potential dangers of using fake products and guide them to identify the right products (Jill Carroll 2002).
d. Motivation

Motivation is a process of creating motives. Motivation to purchase a product becomes positive when the product corresponds to a need or a motive, which is to be satisfied. The motivation becomes stronger when such satisfaction is very important to the consumer. Hatwick classified motives into two types: Primary and secondary

Primary Motivation

- Food and Drink
- Comfort
- To attract the opposite sex
- welfare of loved ones
- freedom from fear and danger
- To be superior
- Social approval
- To live longer

Secondary Motivation

- Bargains
- Information
- Cleanliness
- Efficiency
- Convenience
- Style, beauty
- Economy, Profit
- Curiosity
Abraham Maslow propounded a need hierarchy theory of motivation. According to it, individuals have a spectrum of needs placed at five different levels in terms of priority. The need hierarchy and the corresponding product hierarchy of a typical farmer may be as shown in figure 3.2

![Need and Product Hierarchy](image)

**Figure 3.2: Need and Product Hierarchy**

**Basic needs** - Products and services which are basic for living functions. Agricultural implements, pumps, tube wells, bullock cart, fertilizers, seeds, pesticides, house, marriage.

**Productivity Needs** - Products, which improve productivity and minimize disturbances: tractors, harvesters, cycles, two wheelers, insurance, and banking.

**Social Needs** - Products and services that give leisure and make leisure a pleasure.

**Esteem Needs** - Products and services which enhance the standard of life and boost, self-esteem. Convenience durables: refrigerators, collers, washing machines, jeeps.

**Self Actualization Needs** - Products and services which help realize life’s dreams.
3.3.4 The Consumer decision process model

![Diagram of the Consumer Decision Process Model](image)

**Figure 3.3: Consumer Decision Process Model**

As the model shows, consumers typically go through seven major stages when making decisions: need recognition, search for information, pre-purchase evaluation, purchase, consumption, post-consumption evaluation, and divestment. These seven stages and how various factors influence each stage of consumers decisions. By understanding
the stages in the consumer decision-making roadmap, marketers can discover why people are or are not buying product and what to do to get them to buy more or from a specific supplier (Roger 2005).

3.3.4.1 Need recognition

When the buyer recognizes a gap between his desired state and the actual state, buying process starts. Such recognition may be caused by stimuli either internal or external. At this stage, the marketer should help consumers identify their current and future problems and felt or latent needs. To do this, marketers have to research on consumer problems and needs (Lalitha Ramakrishna 2005).

Figure 3.4: Need Recognition
3.3.4.2 Search for information

Once need recognition occurs, consumers begin searching for information and solutions to satisfy their unmet needs. Search may be internal, retrieving knowledge from memory or perhaps genetic tendencies or it may be external, collecting information from peers, family, and the market place. Increasingly, information search is occurring on the internet. 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 ads, searching the internet, or venturing to shopping malls and other retail outlets (Abeer 1999).
Figure 3.6: Evaluation of alternatives

3.3.4.3 Evaluation of alternatives

The evaluation process may be done more carefully and logically in some cases, for example, consumer durables. In case of convenience goods, which are purchased for one-shot consumption, the evaluation may be very less.
The next stage of the consumer decision process is purchase. The core of marketing is exchange. A brand success reflects choice or a decision in its favour. A decision involves a choice between two or more alternative actions or behaviors (Flemming 1976). The customers essentially make two types of decision in the context of marketing. The first type of decisions is directed at the choice of product or service. These decisions are called assortment decisions. The second type of decision concerns the choice of specific brands and how to obtain them. These are called as market related decisions (Walters 1974). The concept of assortment implies the basic combination or group (Wroe 1957). Assortment decisions tend to be guided by central values held by the individual and socio-psychological variables. Sometimes, assortment decision tends to be conscious ones, based on systematic analysis. The perception of each type of consumers should be duly recognized with respect to the related attributes and benefits of the product while getting involved with purchase decisions. Regardless of the type of customers the process of purchase decision are uniform via, need
recognition choice of involvement level, identification of alternatives. Evaluation of alternatives, decision to buy and post purchase behavior consumer decision process does not consist of discrete acts, but is a processes. It is not just the decision but a whole series of decisions (Stanton, Etzel and walker 1994).

The customer moves to market related decisions in order to operationalize the assortment strategy. After searching and evaluating the alternatives, the consumer must decide whether to buy or not. Thus, the first outcome is the decision to purchase or not to purchase. The buying decision also highly influenced with cultural, social, personal and psychological factors.

Figure 3.8: Consumption and Post-Consumption evaluation
3.3.4.5. Post Purchase behavior

After purchasing the product, the consumer will experience some level of satisfaction or dissatisfaction. The consumer will also engage in post purchase action and product uses of interest to the marketer. The consumers satisfaction or dissatisfaction with the product will influence subsequent behavior, if the consumer is satisfied, then he/she will exhibit a higher probability of purchasing the product on the next occasion. The satisfied consumer will also tend to say good things about the product and the company to others. The post purchase behavior is depending upon the extent of consumers set of experience stored in memory, how well they select products and stores and the type of feedback they received. Understanding consumer needs and buying processes is essential for building, effective marketing strategies. By understanding how buyers go through problem recognition information search, evaluation of alternatives, the purchase decision and post purchase behavior, the marketers can identify the effective marketing strategy.

The post purchase evaluation involves comparison between the expectations and actual performance of the product or brand. It leaves the consumer with neutral feelings. Second, performance exceeds expectations, in this situation consumer feels satisfied. Third, performance falls below expectations, this leaves the consumer dissatisfied (Ernet, Woodruff and Jenkins 1987). The interaction between expectations and actual product performance produces either satisfaction or dissatisfaction. The disconfirmation can be of two varieties: A positive disconfirmation occurs when what is received is better than expected and a negative disconfirmation occurs when things turnout worse than anticipated. Thus, any situation in which the consumer’s judgment is proven wrong is a disconfirmation (Benison 1980). The desire to study the behavior of consumers after the purchase has been made is a true marketing, orientation, identification with the consumers and seeing things from their perspective. Purchases are purposive and motivated. post purchase behavior indicates to what extent these purchase activity gives an indication as to whether the customer are going to again patronize a firm in future , and also whether they will be in a mood to recommend a product to potential customers.
Figure 3.9: Divestment

3.3.4.6 Divestment

Divestment is the last stage in the consumer decision process model. Consumers have several options, including outright disposal, recycling, or remarketing. With other products, consumers find themselves having to dispose of packaging and product literature as well as the product itself. In these situations, recycling and environmental concerns play a role in consumers’ divestment methods (Roger 2005).

3.3.5 Dissonance

Products like carpets and furniture are expensive but have few differences. However, consumer is involved because they are more social products their style appearance and performance will be talked about and may result in either delight or dissonance.
3.4 SUMMARY

It is essential for the marketers to understand the Consumer behaviour to frame marketing strategies. Consumer behavior is essential in formulating the However, information about rural consumers is limited and hazy due to lack of right competence, partial approach and limited knowledge and bias of the corporate managers. The model of consumer behaviour comprises both internal and external stimuli, which include self, socio-cultural, technological, economic and political factors. In the rural context, social customs and sanctions, caste factor, temporary occupations, difficult in accounting incomes, influence of development groups and opinion leaders like teacher, pradhan, group leader and an official, size of the family, status, sociability, latest technology products and government policies and programmes act as generators of stimuli. Buying decision process are influenced by buyer characteristics such as age and life-cycle stage, occupation, economic situation, life style, personality and self concept and psychological factors like perception, cognition, belief and attitudes and motivation. But some differences are found between rural and urban consumers owing to the limited information sources and limited evaluation capabilities. Buyer evaluation procedures, which urban usually employ are also employed by rural but in a less systematic way.
3.5 REFERENCES


3. Rebecca Gardyn (2000),” I’ll Have What He’s Having”, American Demographics, pp. 22.


