CHAPTER - IV
BUYER BEHAVIOUR
AND
THEIR PERCEPTION
A contract of sale is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. The seller is the provider of goods and services to the society. What is offered for sale in the market must be based on what is in demand, i.e., the preference of the buyer. If the seller sells what the buyer wants, he will be successful. A highly priced product cannot be sold in a market consisting of lower income groups. On the other hand, low priced products will not satisfy the elite class. Products that have become outdated cannot be sold even if the marketer makes an earnest attempt. For example, Gramophone records, manual operation wristwatches, black and white television sets etc., are not in demand these days.

Even in the service sector, certain services are becoming unpopular with the consumers. For example, the service of the postal department was considered vital once. The advent of private couriers and e-mail has made the postal department of the Government unpopular. Similarly, the advent of the Private Satellite Television Channels has made the Doordharshan unpopular.

Buyer behaviour is not a static concept. No marketer can predict with certainty the behavioural pattern of the consumers. If the marketer
carries out a detailed analysis of the various determinants of buyer behaviour and brings out the product to satisfy the specific needs of the buyers, he may be successful.

**Buyer, Consumer and Customer**

The terms buyer, consumer and customer are interchangeably used. However, a better analysis of these terms brings out the basic difference between the three concepts. Buyer is the one who actually purchases a product or service. He may or may not use it. For example, a father may buy a pen for his son. Here, the buyer and the user are different. Consumer is the person who actually uses a product. Thus, it becomes clear that a buyer need not be a consumer and a consumer also need not necessarily be a buyer. A buyer or a consumer becomes a customer if he regularly buys or consumes a product or service.

It is important that the marketer should understand the above difference. This will certainly help him to use the right strategy to draw the buyer’s attention towards his product or service. For example, the marketers of toys shall prepare the advertisement to attract the children most. This is necessary because, it is only the children who will influence their parents to buy the toys for them.
Buyer Behaviour

The manner in which the buyer will react to the marketer’s strategy is what is known as buyer behaviour. For example, if the marketer offers discount during off-season, it must induce the buyers to buy. The success of the marketer, therefore, lies in his ability to draw the attention of the buyer towards his products.

Knowledge about Buyer Behaviour

The marketer should have knowledge about the behaviour of the buyer due to many reasons:

- Buyer behaviour is not static in nature. It may change any time. Therefore, the marketer should have knowledge of it.
- It enables the marketer to introduce the right product at the right time in the market.
- As the market for consumer products is a highly competitive one, lack of knowledge of the behaviour of buyers would enable the competitors to attract the customers’ attention towards their products.
- The buyers can be satisfied only by offering products that fulfill their desires. The general belief is that good quality products at a reasonable price would positively influence the buyer behaviour.
The sales promotional activities of a business are also undertaken in tune with the behaviour of the buyers. For example, free samples, gifts etc., are offered with the hope that such offers would attract the attention of the buyers.

Factors involved in buying decisions

- **Quality**: Most buyers are quality conscious. Such people want to buy only branded goods. They may not mind a high price.

- **Price**: People who are price conscious want to buy from cheapest source. They may not give any importance for the brand name.

- **Quantity**: Based on the quantity purchased, buyers may be classified into small buyers, medium buyers and large buyers. For example, there are buyers who buy vegetables daily. Some buy vegetables once in two days or once in three days. There are still some who buy even vegetables once a week. Such people buy vegetables in large quantities from the wholesale market where the price is much less.

- **Seller's Image**: Some buyers are specific about the seller's image. They buy always from a particular merchant. On the other hand, there are people who may buy from different shops.

- **Shopping comforts**: The elite class is always particular about shopping comforts. Such people expect facilities like an air-conditioned showroom, self service, acceptance of credit cards and so
on. It is only to satisfy such people that the departmental stores to be started in big cities and towns$^4$.

**Buying Motives**

People buy different types of goods and services that fulfill their various needs. Abraham Maslow has developed a theory explaining the general human needs. It is better known as the ‘Hierarchy of Needs’.

Physiological needs refer to the basic needs of human beings. These are physical in nature. Need for food, clothing and shelter will fall under this category. With his earnings the individual will strive to have at least a square meal daily. He will also desire to have decent clothing and a dwelling place.

Safety needs refer to those needs that enable a person to secure himself. Insurance, investment etc., provide the kind of security the individual may look for$^5$.

Special needs will drive a person to do things that will give him recognition in the society. A person, who reaches this stage of the hierarchy, may desire to own a house, buy a two-wheeler or a four-wheeler, and so on.

Esteem needs enable a person to satisfy his ego. For example, people who belong to the elite class of the society show interest in luxury products, e.g., an expensive car, a costly piece of jewellery and so on.
Factors determining buyer behaviour

An attempt has been made to find out the various factors that determine buyer behaviour.

Geographic Factors

i) Physical Conditions: Every place has its own physical conditions which determine the buying behaviour of the people. For example, bullock carts are used as a mode of transport by the people in villages due to lack of proper roads. In cities, such carts are used mainly for transporting goods. Thus, a person, aspiring to be a two-wheeler or four-wheeler dealer, would like to have his show room in a city rather than in a village.

ii) Climatic Condition: People living in hill stations always experience a cold climate. Such a climatic condition forces them to use sweaters, waistcoats, caps, etc. These goods are not so popular with the city dwellers who always experience a hot climate. A person marketing air-conditions cannot have his showroom in a hill station.

Demographic Factors

i) Age: The age of the buyer determines his buying behaviour. Children desire to have toys, chocolates, etc. Those in their adulthood need certain products like sharing cream, cosmetic items, etc. Generally, people who are in their old-age need certain items like spectacles,
walking stick, medicines, etc. In our markets, there are shops that exclusively cater to children. It may be remembered that the Indian Railways offer tickets at concessional rates and also provide special quota to the senior citizens.

**ii) Sex:** Certain products are desired by men and certain others by women. Leather belts, shoes, shaving kit etc., are the products used by men. Bangles, studs, lipstick etc., are the products used by women. In our markets, we do have certain shops that cater only to men and certain others that cater only to women.

** Cultural Factors **

**i) Customs:** The buying behaviour of the people will be very much influenced by their customs and practices. For example, people in the North eat chappathis whereas in the South rice is the major food item. Again, in the South men prefer Dhoties whereas men in the North prefer Pyjamas. A cloth merchant in Chennai, therefore, may not stack large quantities of pyjamas.

**ii) Habits:** Customs and practices are inherited. Habits are acquired and not inherited. For example, Noodles and Pizzas are not our type of food. But we have acquired a taste for such items. As a result, these are being sold in every nook and corner of our cities and towns.
Social Factors

i) Family Influence: A person's buying behaviour is very much influenced by his family. The father or the mother may decide what they should buy for their children. Likewise, if there are two sisters, probably the elder sister will suggest to her younger sister what is good for her.

ii) Media Influence: The influence of media, cinema in particular, on a person's buying behaviour cannot be ignored. Most of the youngsters emulate their favourite film heroes in hairstyles, dress and so on.

iii) Peer Group Influence: Peer group consists of members who possess identical characteristics. They all have similar tastes, preferences and so on. Needless to say, every member of such a group will faithfully accept the suggestions of other members.

5. Socio-economic Factors

i) Income: Needless to say, as increase in a person's income may motivate him to go in for new items. He may buy something for himself or for his wife or children.

ii) Desire for Savings: Sometimes, when there is an increase in an individual's income, he may desire to save a portion of it. The amount so saved may be invested. He may invest in gold, shares, land and so on.
iii) **Purchasing Power:** The purchasing power of an individual is determined by his real income. There is a difference between money income and real income. Money income refers to the actual amount received as income by a person. On the other hand, real income refers to the capacity of a person's money income to buy goods and services. An increase in money income need not result in an increase in real income / purchasing power.

**The process of buying**

The following are the various stages involved in the buying process of an individual who buys consumer goods:

**Recognition of an unfulfilled:** A person has to first of all recognize a need which has not been fulfilled so far. He may recognize it himself or somebody may make him to realize. For example, a person may want to buy a two-wheeler because he himself feels the necessity. He may also be advised on the need for a two-wheeler by his friend or relative.

**Collection of information:** Having recognized his need, as the next step, the person will proceed to collect information on the various brands and models of two-wheelers available in the market, the dealers, the price and so on. Information may be obtained from newspapers, magazines, friends and relatives and dealers.
Choice of brand and model: Once the relevant information has been collected, the next step is to compare the relative merits of the different brands and models. A decision is then made to buy a specific brand and a specific model, e.g., Hero Honda, Splendor. Here again, the buyer may receive advice from his friends and relatives. The factors that usually determine brand and model choice are the popularity of the brand, price and features of the product, availability of spares and price of spares and availability of service facilities.

Choice of dealer: Having selected the brand and model, the next step is to select the particular dealer from whom the buyer will buy. Often, there are many dealers in the market for any product. Therefore, it becomes necessary to select the dealer. The dealer may be chosen on the reputation of the dealer, Proximity, terms and conditions of the dealer, accessories provided, discounts offered in case of cash payment and the quality of after-sales service.

Completing the deal: Having finalized the dealer, the last stage in the process of buying is to make payment (in case of cash purchase) on an auspicious day and take delivery of the vehicle. The buyer can also collect all the necessary documents pertaining to the vehicle (Registration Certificate, Insurance Policy, Warranty Card and the Voucher). In case of hire purchase, the buyer may have to make an initial payment (called
down-payment) and sign a contract with the financier to pay the balance amount in instalments. The documents pertaining to the vehicle will remain with the financier only. The documents will be handed over to the buyer only after he has finished paying all the instalments.

**Laggard**

The dictionary meaning of the word ‘laggard’ is ‘a person who lags behind’. In marketing language, a laggard is a conservative buyer who cannot adopt himself to changes. Such a buyer has sentimental attachment towards certain goods. He constantly shows preference for certain age-old products. No amount of promotional efforts can really help to change the attitude of such buyers. It is not uncommon to find some people using fountain pens, wristwatches, umbrellas, etc., that are decades old. It is only such people who are called laggards. They show preference for age-old products and even if someone gives them a new product, they may accept it but may not use it.

**Theories on Buyer Behaviour**

**Economic Theories**

i) **The Marginal Utility Theory:** According to this theory, a buyer will continue to buy a product as long as it gives him utility or satisfaction. Man, in economics, is considered to be rational and therefore, the buying decision of an individual is very much influenced by
economic considerations. This theory, however, does not explain how brand preferences are formed. Economic factors alone cannot explain changes in sales. A fall in price need not always result in a significant increase in sales.

ii) Income and Savings Theory: This theory focuses attention on what is termed as 'purchasing power’. The purchasing power of an individual is determined by his disposable income. Disposable income is the money left with a person after payment of tax and his savings. The marketers are interested in knowing the effect of changes in the income of an individual on his spending and saving. In certain cases, spending may rise faster than income and in other cases, a higher portion of a person’s income may be saved.

Psychological Theories

i) Stimulus Response Theory: According to this theory, a correct response to some stimulus (anything that excites a person) will reward a person with need satisfaction. For example, if some advertiser announces a free gift offer and the individual feels induced by it, he can respond to it and is going to be suitably rewarded. The individual responds better to a more recent or frequently used stimulus. This is probably the reason why certain television advertisements are frequently repeated. A refined version of the theory explains the stimulus response process using four
elements – drive, cue, response and reinforcement, Drive is a stronger stimulus and somehow it is satisfied, e.g., hunger, thirst etc. A cue, on the other hand, is a weaker stimulus (there are options). Response is the answer given to a drive or cue. If the response is to a cue, a person may shift from one brand to another. If it is drive, this option is not available. Reinforcement is the process by which one tries to strengthen the rewarding experience one has had in the past. For example, a person may show preference always for a particular brand of product. This leads to what is called ‘brand loyalty’.

**ii) Cognitive Theory:** This theory helps to explain the post-purchase behaviour of a buyer. Many buyers ponder over their purchase decisions. They have a feeling that their decisions are unwise. They also doubt the product quality. They start comparing the product with the substitute products. It, therefore, becomes the responsibility of the seller to clear any such doubt about the product in the minds of the buyers. In other words, some kind of a reassurance on the part of the seller is necessary. Belief and attitudes play an important role in the cognitive (knowing) process. It is difficult to change certain beliefs and attitudes. Marketers have to do this work successfully and only then they will be able to satisfy different classes of buyers.
Psycho-Analysis Theory

This theory explains the behaviour of an individual using three elements – id, super ego, and ego. Id is a Latin word which refers to a persons’ inherited psychological impulse. It leads to strong drives which cannot be influenced. Super ego is nothing but a person’s conscience. It stresses the moral aspects of the activities of an individual. Ego weighs the consequences of a person’s acts and guides him by telling him whether he should proceed further or not. Thus, it may be said that id brings out the large. Super ego intervenes by highlighting the moral issues involved and ego is the conscious and rational control that helps to maintain a balance.

Socio-Cultural Theory

This theory suggests that the behaviour of an individual will certainly be included by the group of which he is a member. Despite the fact that each individual has his own abilities, likes and dislikes, he wants to identify himself with a particular social group. The influence of family, reference group, peer group, etc., on the behaviour of a buyer cannot be ruled out. A person may desire to own a motorcycle mainly because, a close friend of his has bought one. In the same manner, when a fridge or a television set has to be purchased for a household, all the members of the
household take a collective decision. All these considerations are important for a marketer for performing his activities effectively.

**Caveat Emptor**

It is a Latin phrase the meaning of which is ‘Buyer Beware’. Under the Sale of Goods Act, 1930, a seller is not required to disclose everything about the product he sells to the buyer. The buyer is expected to examine the goods thoroughly before buying. If, after having purchased the goods, the buyer finds them defective or not suitable for his purpose, he cannot hold the seller liable for it. The following rules of the Sale of Goods Act protect the interests of the seller.

**Rules Protecting the interest of the seller**

1. There is no implied condition as to quality or fitness of the goods for a particular purpose.

2. If the buyer buying an article suffers from any abnormality and the same is not made known to the seller, the latter is not liable.

3. Even if the buyer buys a product under its patent or other trade name, the implied condition as to fitness for a particular purpose shall not apply.

4. If the same product can be put to a number of uses and the buyer buys it for a particular use, he must tell the seller about the same. Otherwise, the seller is not liable.
5. If the buyer has examined the goods thoroughly before buying, there is no implied condition regarding defects which such examination ought to have revealed.

**Protecting the interest of the buyers**

The following rules of the Sale of Goods Act protect the interests of the buyer (Exception to 'Caveat Emptor'):

1. If the buyer relies on the seller's skill and judgement rather than his own judgment, the implied condition that the goods will be fit for use will apply and the seller is liable.

2. In case of sale of goods by description, there is an implied condition that the goods shall be of merchantable quality. If a television set sold to a person does not work from the beginning, it cannot be said to be of merchantable quality. The seller, in such case, is liable.

3. In some cases, the purpose for which the buyer buys a product is inferred from the circumstances. In such a case the buyer need not specifically tell the seller why he is buying the product.

4. When goods are sold by sample, there is an implied condition that the goods will correspond with the sample. Otherwise, the seller is liable.

5. In the case of eatables and provisions, there is an implied condition that the goods shall be wholesome. For example, if a packet of
milk purchased by a buyer contains germs, the seller becomes liable for damages.

6. If the buyer’s right of possession is questioned, in view of the seller’s defective title, the latter becomes liable.

7. If the goods sold are of a dangerous nature, e.g., crackers, chemicals, etc., it is the duty of the seller to caution the buyer of the probable danger. Otherwise, he becomes liable to the buyer if the latter suffers any injury.

**Need for Consumer awareness**

Although it is said that ‘consumer is the king’, in the market, there are a number of undesirable activities taking place targeting the consumer. Some marketers indulge in several malpractices to make windfall gain. There are some unethical practices of the sellers against which the consumers need protection.

1. **Poor Quality goods**: Many businessmen deliberately bring out poor quality goods. Some of these are unbranded. The market for electrical goods may be cited as an example.

2. **Manipulation of the price.** It is not uncommon to find the same product being sold at different prices in different places. A bottle of 300-ml. soft drink may be sold at Rs. 9 in a bunk shop, at Rs. 15 in a cinema theatre and so on. The buyers usually pay the price demanded by the sellers.
3. **Black marketing and hoarding:** Marketers do resort to black marketing essential goods. They do this to create an artificial demand for such goods. This results in a rise in the price. The victim is the innocent buyer. Rice, sugar, butter, edible oil, onion etc., are the products the supply of which is deliberately withheld by the seller.

4. **Adulteration:** It takes place in the market in two forms. Inferior goods are deliberately mixed with superior goods. The other form of adulteration is to mix chalk powder, sand, brick powder, stones etc. Inferior grades of rice may be mixed with the superior grades. It is not uncommon to find the presence of stones, clay balls etc., in rice and grams. Brick powder, chalk powder etc., are added to masala powder.

5. **Deceptive advertisements:** Most newspaper and television advertisements make only false claims. They are nothing more than a gimmick or trick used by the marketer to get the buyer’s attention.

6. **Duplicate goods:** The market is flooded with lots of fake and duplicate goods. The presence of duplicate goods is quite common in the market for electrical and electronic goods, auto spares and so on. Biscuits, chocolates and soft drinks of popular companies are also being imitated by certain unscrupulous persons.

7. **Unreal discounts:** Certain marketers announce a discount of even 50 per cent. Such discounts, obviously, cannot be real. No seller can
afford to sell his product at 50 per cent discount unless there is some
defect in the product.

8. **Quantity loss:** Often the buyers notice quantity loss in what they purchased. For example, a person buying a kilo of sugar may find a quantity loss of at least 50 grams. False weights and measurements are used by many vendors.

**Measures taken to protect buyers**

1. **Standardisation:** The Indian Standards Institution, renamed as Bureau of Indian Standards, certifies the quality of consumer and industrial goods. The consumer can buy with confidence the products bearing such a certification. The International Standards Organisation (ISO) certifies products that ensures quality to the global buyers.

2. **Maximum Retail Price:** The maximum retail price (M.R.P.) of every product is supposed to be mentioned on the container or wrapper. The buyer, therefore, need not pay more than that price.

3. **Branded products:** Popular brands assure quality. It is, therefore, necessary that the buyer insists on branded goods. Most buyers think that branded goods cost more and do not go for them. They fail to understand that although the price of branded goods is higher, they get their money's worth.

4. **Authorised dealer:** A mention was made earlier on the presence of spurious and fake products in the market. The only way to tackle such
a problem is that the buyer should make it a point to buy branded goods only from authorized dealers.

5. **Co-operative buying:** Consumer co-operative stores are started by the consumers themselves to protect their interests against exploitation by the marketers. They contribute subscription to get their membership. The co-operative stores buy in bulk quantities all the essential goods used by the consumers directly from the manufacturers at wholesale price and the same are sold to the buyers at that price.

6. **Legislative measures:** A number of Acts have been enacted in India to protect the interests of consumers and to check the unethical practices of the sellers. These include:
   a) The Essential Commodities Act.
   b) Prevention of Food Adulteration Act.
   d) Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act.
   e) Drugs and Cosmetics Control Act.
   f) Trade and Merchandise Act.
   g) The Sale of Goods Act
   h) The Consumer Protection Act

7. **Consumer Courts:** Such of those buyers who have grievances can approach the Consumer Courts that have been set up exclusively to handle such cases. The consumer courts ensure quick disposal of cases.
Consumerism

Consumerism is essentially a social movement started to secure more rights for the buyers. It requires the marketers to give greater attention to protect the interests of the consumers. In the western countries, the consumer movement focuses on such rights of the buyers as the right to choose, the right to safety and the right to be informed and heard. The movement of consumers is needed in countries like India to protect the interests of buyers against such unethical practices of marketers such as adulteration, high price, quantity loss and so on.\(^{12}\)

Creating awareness among the consumers on the precautions they should take while buying is one of the objectives of the consumer movement. The need to buy standardized products from authorized sellers will be stressed.\(^{13}\)

Once a buyer becomes a victim to the fraudulent activity of a marketer, all efforts need to be taken to protect his interests. This is yet another objective of the consumer movement.\(^{14}\)

Protection of the interest of the affected buyer is not possible without giving him legal help. The consumer movement focuses attention on this aspect too.

Consumer movement is not something started against the seller’s interests. Its goal is to safeguard the interests of the buyers and remind the sellers of their duty to adopt ethical business practices.\(^{15}\)
End Note:


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