RATIONALE BEHIND STUDYING CONSUMERS' BEHAVIOUR
CHAPTER - II

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Of the four phases of the economic activities viz. organizing, producing, distributing and consuming the goods and services, the consumption activity is considered the most significant. Because there is no meaning in producing goods and services unless there is no consumption. At present the economy has become a market economy. It has been an universal phenomenon that there is a recessionary trend in the World since the market for most of the goods has become a buyers' market. In a buyers' market i.e. in an economy of plenty there is wide variety of goods of all categories and services before the buyers or consumers preference. The preferences of a consumer create demand for goods and services and in turn accelerate the economic activity of the World in general and the country in particular.

An attempt has been in this chapter to examine the theoretical nuances behind studying consumer or buyers' behaviour as it is considered significant in determining the level of production and National Income in terms of goods and services.
The various concepts which are used in this chapter are explained in the following paragraphs.

**CONSUMER**

Consumer is a person or an individual, institution who buys goods or hires any services for consideration, paid or promised and includes user of goods, using them with the approval of the buyer but does not include a person who obtains goods for resale or for any other commercial purpose.

Consumer is the principal a priori of business. The efficiency with which a free market system of enterprise operates, in the last analysis depends upon the extend of consumer understanding possessed by the business community. "A business community that is ignorant of consumer preferences cannot possibly fulfill its obligations in a meaningful and responsive manner."  

The consumer is the individual who helps up the buying public or the mass market, and the people who buy for personal or family consumption and institutions. The other type of consumers are the average consumers who are not concerned with consumers' protection or receiving a good bargain for their money.
BUYER BEHAVIOUR

"Buyer Behaviour is never simple yet understanding it is the essential task of marketing Management." \(^3\) Buyer behaviour is all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consume and tell other people about products and services. \(^4\)

CONSUMER PREFERENCE

The term consumer preference refers the preference on the part of a consumer for one brand of a product in relation to various other brands of the same product available in the market. The consumers' choice reveals consumers' preference.

The normal patterns of behaviour regarding consumer spending and saving appeared to be relatively consistent in the past. Consumers are modifying their behaviour in view of their expectations about an uncertain future. Marketers are aware of this shift in expectations of the macro-level.

Buyer behaviour is comparatively a new field of study. It is the attempt to understanding the predict human actions in the buying role. It has
assumed growing importance under market oriented or consumer oriented marketing, planning and management.

Many products are purchased under conditions of low consumer involvement and the absence of significant brand differences.

Consumers undertake variety seeking buying behaviour in situation characterized by low consumer involvement but significant perceived brand differences. In such cases consumer often do a lot of brand switching.6

CONSUMER GOODS

Consumer goods as goods destined for use by ultimate consumer or households and in such firm that they can be used without commercial processing.

Consumers buy a vast number of goods. A useful way to classify these goods is on the basis of consumer shopping habits because they have implications for marketing strategy. We can distinguish between convenience, shopping, speciality and unsought goods.
a) Convenience goods

These are purchased frequently immediately and with maximum of convenience. They are such a nature that a consumer minimizes his time and effort in buying such an articles.

b) Shopping goods

Shopping goods are those goods which are purchased by consumers in the process of selection after some shopping that is making comparisons about their quality, price and style.

c) Speciality goods

Speciality goods are those goods which process such unique characteristics and brand identification that the consumer would make any effort to get the particular goods.

d) Unsought goods

Goods that are consumer does not know about or knows about but does not normally think of buying. New products, such as smoke detectors and food processors are unsought goods until the consumer is made aware of them through advertising.
INDUSTRIAL GOODS

Industrial goods are those goods which are destined primarily for use in producing other goods or rendering services as contracted other goods or rendering to be sold primarily to the ultimate consumer eg. Automobile, engine, fertilizers, etc.

DURABLE GOODS

Durable goods are tangible goods that normally survive many uses. Durable products normally require more personal selling and services, command a higher margin and require more seller guarantees.

NON-DURABLE GOODS

Non-durable goods are tangible goods that are consumed in one or a few sellers. Since these goods are consumed fast and purchased frequently, the appropriate strategy is to make them available in many locations, change only a small markup, and advertise heavily to induce trial and build preference services.
CONSUMER BEHAVIOUR THEORIES

From the very early times efforts were being made to explain the motivational processes that influence buying behaviour. Social sciences have contributed several theories and tried to find out this phenomenon. Some of the theories have briefly been stated in the following paragraphs.

1. Economic Theories

Marginal Utility Theory - This theory was developed by classical Economists. According to them, a consumer will continue to buy such products that will deliver him the most utility or maximum satisfaction at relative prices.

Economists hold the view that man is rational in all activities and purchasing decisions are the result of economic calculations. However, do not accept this theory, on the ground that it fails to explain how product and brand preferences are formed. The economic factors alone cannot explain variations in sales. For instance, when price is reduced some may not buy, thinking the quality of the product has gone down on the contrary, the general feeling is that a price reduction increases the relative value of goods and hence sales increases.
2. Income and Savings Theory

This theory is based on the fact that purchasing power is the real determinant of buying purchasing power, on the other hand, is dependent on disposable income left after payment of tax and savings. To facilitate how people allocate changes in their total income between spending and saving, there are two concepts as given by the Economists.

i) The Marginal Propensity to consume, and

ii) The Marginal Propensity to save.

II. PSYCHOLOGICAL THEORIES

These theories are also called as Learning Theories. The essence of these theories lies in the fact that people learn from experience, and the results of experience will modify their actions on future occasions. The importance of brand loyalty and repeat purchase market learning theory more relevant in the field of marketing.

a) STIMULUS RESPONSE THEORIES

"Learning occurs as a person responds to some stimulus and is rewarded with need satisfaction for a correct response". They proved that most recent and frequent stimuli are remembered and responded.
b) COGNITIVE THEORIES

This theory was propounded by Festinger mainly to explain certain post buying behaviour. According to it, stimulation of want is conditioned by a consumer's knowledge, his perception, beliefs and attitudes. Perception is the sum total of physical stimuli and personal factors. Certain stimuli are stronger than others and some are perceived by more people.

c) Gestalt and field Theories

According to this theory, learning and consequent behaviour is not independent, but is a total process. They argue that human behaviour must be viewed as individually patterned totalities.

III. PSYCHO-ANALYTIC THEORIES

This theory is developed from the thoughts of Sigmund Freud. He postulated that the personality has three basic dimensions, id, the ego and the super ego.

The id refers to the free mechanism that leads to strong drives. Ego refers to the act of weighing consequences and tries to reconcile with reality. It is an equilibrating device that leads to socially acceptable behaviour and imposes rationality on the id.
Super ego is a person’s conscience. It is highly rational and tries to keep the activities morally right.

IV. SOCIO-CULTURAL THEORIES

The credit for formulating this theory goes to Theortein Veblen (1899) and the theory is sometimes known as “Veblenian Model”. He asserted that man is primarily a social animal and his wants and behaviour are largely influenced by the group of which he is a member. The tendency of all people is to “fit in” a society in spite of their personal likes and dislikes. Most of the luxury goods are bought primarily because one’s neighbour or friend of the same status brought it. Culture, sub-culture, social classes, reference groups, families are the different factor groups that influence buyer behaviour. Consumers are social beings and belong to social group.
FACTORS INFLUENCING BUYING BEHAVIOUR

1. Information from a variety of sources

The buyer today is exposed to a veritable flood of information. There is a deluge of information unleashed on him from different sources. These sources inform him about new products and services, improved versions of existing products, new uses for existing products and so on. The common information sources that persuade people to try a product are advertising, samples and trials, displaying and salesmen’s suggestions.

2. Socio-cultural environment of the buyer

The buyer is not a ascetic. He is living in a society, influenced by it and in turn influencing its course of development. He is a unit of several groups.

3. Group influence

Group influence on individual buyer behaviour is of two types. They are the intimate group and the brand social classes.

4. Religion and language

Every culture, very religion and every language group dictates its own unique partners of social conduct. In dress and food habits, education or marriage in almost all matters of individual life.
5. Concern about status

People are coming more and more concerned about their image or their status in society. This concern is a direct outcome of the material prosperity of the society.

CONSUMER PSYCHOGRAPHICS

Psychographics also commonly referred to as lifestyle analysis or (i.e. activities), interests and opinions. It is a form of consumer research that has been heartily embraced by both marketing practitioners and academic consumer researchers.

TYPES OF CONSUMER PSYCHOGRAPHICS

As previously noted, psychographic variables are often referred to as AIOs, for much psychographic research focuses on the measurement of activities, interests and opinions. (AIO)

Activities : How a Consumer (or a family) spends time

Interests : A consumer's (or a family's) preferences and practices

Opinions : How a consumer feels about a wide variety of events and things.
Psychographic inventories usually require consumers to evaluate their personal (individual) or their family’s (household’s) stand in relation to a wide variety of statements.

**AIO STUDIES ENCOMPASS A WIDE VARIETY OF VARIABLES**

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<th>OPINIONS</th>
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Source: Joseph T. Plummer, "The concept and application of Life Style segmentation", Journal of Marketing, 38 (Jan-1974)

**CONSUMER PERCEPTION**

Perception is the process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the World. It has strategy implications for marketers because consumers make decisions based upon what they perceive, rather than on the basis of objectives reality.
Products also have images (i.e. symbolic meanings) for the consumer. The way the product is perceived (i.e. positioned) is probably more important to its ultimate success than are its actual product characteristics. Products that are perceived favourably obviously have a better chance of being purchased. The brands that a consumer considers in making a purchase choice in a particular product category are known as the evoked set. Consumers often perceive risk in making product selections because of uncertainty as to the consequences of their product decisions. The most frequent types of risk that consumers perceive are functional risk, physical risk, financial risk, social risk, psychological risk, and time risk. Studies show that the perception of risk by the consumer varies with the individual, the product, the shopping situation, and the culture.

The concept of perceived risk has important implications for marketers, who can facilitate the introduction and acceptance of new products by providing consumers with an optimal number of acceptable risk reduction strategies.
CONCLUSION

In a buyers market the consumer decision and preference are considered significant in marketing a product. There are several theories associated with consumer decision and preference. Further consumer preference is influenced by several factors such as economic, social, cultural, demographic, psychographic, etc. Above all the consumer decision and preference is mostly influenced by consumer perceptions. Consumers perceive risks in product selection. The types of risks may be functional risk, physical risk, financial risk, social risk, psychological risk and time risk. The perception of risk varies from individual to individual.

As such, marketers can introduce new products in the market within optimal number of acceptable risk-reduction strategies. Hence, a detailed study has been made in the next chapter to reveal the strategies adopted by Maruti Udyog Limited to influence the buyers of their cars by adopting risk-reduction strategies in terms of product differentiation.
FOOTNOTES

1  N.Rajan Nair & Sanjith.R.Nair, Marketing, Sultan Chand & Sons, New Delhi, 1983. Page 188.


4  Webster, Frederick.F, Marketing for Managers, 1974, P.19)


6  M.A. SAHAF, Marketing Principles and Practices, New Delhi, 01(p.131)

7  Dr.N.Rajan Nair, Sanjith.R.Nair, Marketing, Sultan Chand & Sons, 23 Daryaganj, New Delhi-2 (pp.196-198)