CONSUMER DECISION BEHAVIOR
AND FACTORS INFLUENCING
CONSUMER BEHAVIOR
CHAPTER-II

CONSUMER DECISION BEHAVIOR AND FACTORS

INFLUENCING CONSUMER BEHAVIOR

In this chapter an attempt has been made to examine the consumer decision behavior, types of consumer’s characteristics, factors influencing consumer behavior and buying decision process.

2.1 DEFINITIONS

Consumer

The term consumers used to describe two different kinds of consuming entities. Personal consumers who buy good and services for their own use or for household use and organizational consumers who buy products, equipment and services in order to run their organizations. Personal consumers otherwise called “ultimate or end users”.

User

The person who gets the benefits of the goods ultimately which were purchased by him or others. The user may not be a purchaser of the goods. At the
same time the user may not be a single person. He may come under consumer group especially personal consumers.

**Buyer**

The person who purchases goods for him or for the benefit of others is called a buyer. He may not be an end user of the product. The buyers are not always the users, or the only user, of the products they buy, nor are they necessarily the persons who make the product selection decisions.

**Consumer Behavior**

The term consumer behavior can be defined as the behavior that consumers display in searching for, purchasing, using, evaluation and disposing of products, services and ideas which they expect will satisfy their needs. The study of consumer behavior is the study of how individuals make decisions to spend their available resources (money, time, effort) on consumption-related items. It includes the study of what they buy, why they buy it, how they buy it, when they buy it, where they buy it, and how often they buy it. Thus the consumer behavior is the study of how individuals make consumption decisions.
2.2 CONSUMER DECISION BEHAVIOR

It is a usual behavior with most consumers to have the general objective of creating and maintaining a collection of goods and services that provides current and future satisfaction. There are three types of consumer decision making.

1) Routine Decision Behavior
2) Limited Decision Behavior
3) Extensive Decision Behavior

1. **Routine Decision Behavior**

   It is usually found in the case of frequently purchased and low cost items.

2. **Limited Decision Behavior**

   It is pertinent in the case of purchases made by the consumers less frequently. The investment needed also will be comparatively high.

3. **Extensive Decision Behavior**

   It is required when a consumer wants to purchase unfamiliar products which are totally new.
2.3 TYPES OF CONSUMERS CHARACTERISTICS

1) DEMOGRAPHICS

Demographics as the objective characteristics of the consumer and cited broad demographics trends such as the greater proportion of working women, the increasing proportion of singles and the greater number of older consumers.
2. LIFESTYLE

Life style characteristics are represented by a consumer activities, interests and opinion. Activities may be related to work, social events, entertainment and the community. Interests may forms on the home, recreation & fashion. Opinion might concern the individual's job and personal achievements.

3. PERSONALITY

Personality is a complex psychological concept. Its primary features are self-concept roles and levels and consciousness. The self-concept refers to how a person sees himself and how he believes others to see him at a particular time. The buying behavior is influenced by the particular role upon which a buyer is concentrating at a given time.

Decision process shows the impact of demographics, social factors and psychological factors. The successful marketing strategies depend on identifying consumer needs and wants.
2.4 FACTORS INFLUENCING CONSUMER BEHAVIOUR

A. GENERAL FACTORS

1. Needs

Every individual has needs; some are innate, others are acquired. Innate needs are physiological (i.e., biogenic); they include the needs for food, for water, for air, for clothing, and for shelter. Because they are needed to sustain biological life, the biogenic needs are considered **primary needs** or motives.

Acquired needs are needs we learn in response to our culture or environment. These may include needs for esteem, for prestige, for affection, for power, and for learning. Because acquired needs are generally psychological (i.e., psychogenic), they are considered **secondary needs** or motives. They result from the individual’s subjective psychological state and from relationships with others.

Needs and goals are constantly growing and changing in response to an individual’s physical condition, environment, interactions with others, and experiences. As individuals attain their goals, they develop new ones. If they do not attain their goals, they continue to strive for old goals or they develop substitute goals. Some of the reasons why need-driven human activity never ceases include the following: (i) existing needs are never completely satisfied and thus constantly require activity designed to attain or maintain fulfillment;
(ii) as needs become satisfied, new, higher-order needs emerge which must be fulfilled; and (iii) people who achieve their goals set new and higher goals for themselves.

Most human needs are never completely, or fully, satisfied. For example, at regular intervals people experience hunger needs that must be satisfied by eating.

2. Personality

Personality is the one of important factor to determining the consumer behavior. Personality defined as “those inner psychological characteristics that both determine and reflect how a person responds to his or her environment”

The emphasis in this definition is on inner characteristics—those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from other individuals. As discussed later in this chapter, the deeply ingrained characteristics that we call personality are likely to influence the individual’s product and store choices; they also affect the way the consumer responds to a firm’s communication efforts. Therefore the identification of specific personality characteristics associated with consumer behavior may be highly useful in the development of a firm’s market segmentation strategies.
3. Perception

Perception can be described as “how we see the world around us”. Two individuals may be subject to the same stimuli under apparently the same conditions, but how they recognize them, select them, organize them, and interpret them is highly individual process based on each person’s own needs, values, expectations, and that like. The influence that each of these variables has on the perceptual process, and its relevance to marketing, will be examined in some details. First, however, we will examine some of the basic concepts that underlie the perceptual process. These will be discussed within the framework of consumer behavior.

B. SOCIAL FACTORS

1. Home Decoration

To the extent that a family’s home is its castle, the décor of the home should provide clues to the family’s social class position. Of all the rooms in the home the living room seems to best express how a family wants to be seen by those it entertains. Therefore, living-room furnishings are likely to be particularly sensitive to class influences. As noted earlier, Chapin’s Social Status Scale uses the presence and condition of living-room furnishings to measure a family’s social class standing. The appropriateness of using living
room furnishings as a barometer of social class standing is underscored by a leading consumer researcher who noted: "The living-room of a home is essentially the face you present the world of your friends and acquaintances, and the average housewife is consciously or unconsciously concerned with the impression it makes".

2. The Pursuit of Leisure

For many products and services, social class membership is closely related to choice of recreational and leisure-time activities. Research suggests that upper class consumers are likely to attend the theater and concerts, to play bridge, and to attend college football games. Lower-class consumers tend to be avid television watchers and fishing enthusiasts and enjoy attending drive-in movies and baseball games. Furthermore, the lower-class consumer spends more time on commercial types of activities and craft activities.

3. Saving, Spending, and Credit

Saving, Spending and credit-card usage all seem to be related to social class standing. Research suggests that upper-class consumers are future-oriented and confident of their financial acumen, to the extent that they are more willing to invest in insurance, stocks, and real estate. In comparison, lower-class consumers are more concerned with immediate gratification; when
they do save, they are primarily interested in safety and security. A study which focused on bank credit-care usage found that members of the lower social classes tend to use their bank credit cards for installment purchases, while members of the upper social classes pay their credit card bills in full each month. In other words, lower-class purchasers tend to use their credit cards to "buy now and pay later" for things they might not otherwise be able to afford, while upper-class purchasers use their credit cards as a convenient substitute for cash.

4. Culture

Culture is a challenging undertaking because its primary focus is on the broadest components of consumer behavior—an entire society. In contrast to the psychologist, who is principally concerned with the study of individual behavior, or the sociologist, who is concerned with the study of groups, the anthropologist is primarily interested in identifying the very fabric of society itself.
C. ECONOMIC FACTORS

1. Disposable Personal Income

The economists made attempts to establish a relationship between income and spending. Disposable personal income represents potential purchasing power that a buyer has. The change in income has a direct relation on buying habits. Personal consumption spending tends both to rise and fall at a slower rate than what disposable personal income does.

2. Size of Family Income

The size of family and the size of family income affect the spending and saving patterns. Generally large families spend more and small families spend less, in comparison.

3. Income Expectation

The expected income to receive in future has a direct relation with the buying behavior. The expectation of higher or lower income has a direct effect on spending plans.
4. Propensity to Consume and to Save

This goes to the habit of spending or saving with the disposable income of buyers. If the buyers give importance to present needs, then they dispose of their income. And buyers spend less if they give importance to the future needs.

5. Liquidity of fund

The present buying plans are influenced greatly by liquidity of assets i.e., cash and assets readily convertible into cash, for example, readily marketable share and bonds, bank balances etc. However, these convertible assets influence and offer freedom to the buyer, who actually buys with current income.

6. Consumer Credit

Facility of consumer credit system-hire purchase, installment purchase etc., play an important role in purchasing decision. A buyer can command more purchasing power. “Buy now and pay later” plays its role effectively in the rapid growth of markets for car, scooter, radio, fridge, furniture, television and the like.
Economic model suggests behavioral hypothesis,

(a) Lower the price of the product, higher the sales.
(b) Lower the price of substitute products; lower the sales of this product.
(c) Higher the real income, higher the sales of this product.
(d) Higher the promotional expenses, higher the sales.

However, “lower the price of a product, higher the sales” may not hold good, as buyers may feel that the product is a sub-standard one. Economic factors alone cannot explain all the variations in sales. The model ignores the fundamental question of how product and brand preference are formed.

2.5 BUYING DECISION PROCESS

The process consists of

1. Recognition of an Unsatisfied need

When a person has an unsatisfied need, the buying process begins to satisfy the needs. Generally the unsatisfied need leads to tension. The nature of the want indicates the speed with which a person moves to fulfill the unsatisfied want, which is of high pressing need. On the basis of need and its urgency, forms the order of priority. Marketers should furnish the information of selling points.
2. Identification of Alternatives

Different alternatives are available in the market. The consumer must know the brand of the product, which gives maximum satisfaction. And the person has to search out for relevant information of the product-brand, location etc. There are many sources-friends, neighbors etc., and the marketers, salesman, advertising display, sales promotions, newspapers, television etc.

3. Evaluation of Alternatives

This is a critical stage, especially with regard to the costly items. Consumers have different views on different alternatives. The attributes-taste, colour, price, durability etc., have different preferences. All the details of the attributes are provided by the marketers. On the basis of attribute preference-says prices, colour etc., consumers reduce the number of alternatives. For instances, when we buy a table on the basis of price range, we may be able to eliminate the alternatives.

4. Purchase Decision

By considering the likes and dislikes of alternatives, one is about to take a decision as to buy or not to buy. One will consider with reference to product,
type, price, quality etc. A seller can facilitate such consumers to understand the product through advertisements.

5. Post purchase Behavior

Feedback information is important as far as a seller is concerned. A brand preference naturally repeats sales to a marketer. A satisfied buyer is a silent advertisement. If the purchased brand fails to give the expected satisfaction to the buyer, it affects the sales negatively. A satisfying experience of a buyer tends to strengthen the brand preference.

The following are the some of the important motives, influencing the ultimate consumer behavior:

1. Fear : To overcome theft, you may purchase a burglar Alarm (out of fear).

2. Desire for money : Purchasing when the price fall down.

3. Varity : Getting costly items, to be admired by others.


5. Love and affection : When you purchase toys, dresses for your sister, it is out of affection.

7. Possession: this refers to collection of stamps, coins etc.

8. Health and physical well-being: Purchasing health foods, vitamins, etc.,

9. Comfort and Convenience: Purchasing equipments like refrigerator, pressure cooker, mixy etc.,

Mortimer has given ten kinds of conveniences:

1. Form: A product may be available in different forms for example, Vitamins may be in the form of tablets, or liquids, or syrup or powder.

2. Quantity: Products are offered in sizes: for example pastes are available in family size, medium size and small size.

3. Time: The products are available at any time: for example, tea, cigarette and the like are always available.
4. Packaging : Packages are easy to open, use and store.

5. Place : The product must be available at all places: for example tea, coffee, newspaper etc.,

6. Combination : Convenience is found in service industries.

7. Automatic : People prefer push button model. For example, bike with a self-starter model.

8. Credit : Credit facility is offered by the seller: hire purchase, installment purchase etc.,

9. Readiness : The product must be ready for use: for example tinned meal.

10. Selection : Facility to select: There may be choice to choose items.
CONCLUSION

We conclude the chapter II with the gathered points and views. Two kinds of consumer entities. Personal and Organizational consumers. The person who gets the ultimate benefit of product is called user. The buyer may not be an end user and a person makes product selection decision. The consumer behavior is the study of how individuals make consumption decisions. The general objective of creating and maintaining a collection of goods and services that provides current and future satisfaction is called consumer decision behavior. Routine, Limited and Extensive Decision Behaviors are the three types of consumer decision behaviors. There are three types of consumers’ characteristics. Demographics that involved age, sex, income, education and marital status are as the objective characteristics of the consumer. Activities, Interests and Opinion are the key factors that managed by the Life style characteristics. The third characteristics of personality are a complex psychological concept. There are three main heads of factors that influencing consumer behavior. Under the general factors further three sub divisions are there. One is primary needs (i.e., biogenic needs) and secondary needs (i.e., psychogenic needs) second are personality defined as “those inner psychological characteristics that both determine and reflect how a person responds to his environment”. Lastly, perception can be described as “how we see the world around us”. Under Social factors we have four sub heads. Home
Decoration and the pursuit of Leisure time activities and recreational. Saving, spending and credit card usage all seem to be related social class standing. Finally culture, it is a challenging undertaking because its primary focus is on the broadest components of consumer behavior on entire society. The last main factor is economic factors. It further explained with, Disposable personal income, Size of family income, income expectation, propensity to consume and to save, liquidity of fund and consumer credit. Considering the buying decision process it consists of Recognition of a unsatisfied need that has to be satisfied, Identification of alternatives of available products in the market, evaluation of alternatives that to identify the price, quality and durable of the product, after that decision to buy products and finally post purchase behavior which useful in the seller point of view. How the decision-making power of a consumer changes his lifestyle is analyzed in chapter III.