CHAPTER 1

CONSUMER BEHAVIOUR - A MARKETING APPROACH
The aim of marketing is to meet and satisfy target customers' need and wants. The field of consumer behavior studies how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires.

Understanding Consumer behavior and "knowing customer" is never simple. Customers may say one thing but do another. They may not be in touch with their deeper motivations. They may respond to influences that change their minds at the last minute. Small companies as well as huge corporations, such as Whirlpool, stand to profit from understanding how and why their customers buy. Not understanding your customers' motivations, needs and preferences can hurt. Studying customers provides clues for developing new product features, Prices, channels, messages, and other marketing mix elements. This study explores individual consumers' buying dynamics.

Consumer behavior is the study of human responses to product, services and the marketing of product and services. This study is of considerable importance to marketing managers and marketing researchers because the focus on the consumer is the key contribution of marketing to business practice.

This is old saying that consumer is the 'king' because he is the person on whose decision demand of any product or service is dependent. The attitude of consumer or buyer decides how demand will emerge for a new product and service and how existing goods and services will be sold. The attitude in term depends upon many economic, social, culture, climatic, and psychological factors. The decision is also influenced by education, stage of economic development, lifestyle, information, size of family and many other factors, which make behavior of the consumer unpredictable in many ways.

Scientific methods can be used to investigate the psychology of advertising, the psychology of consumer judgment, and decision-making. Consumers are frequently unable to explain how an ad influenced them or why they made a particular purchase. Fortunately, scientific research can be used to uncover
mental process and influences that affect consumers with or without their knowledge. This is what I find most fascinating about scientific consumer research, and this research is all about that.

Organizations that lose right of their consumer cannot compete effectively against firms that stay close their customers. Managers (who really understand their customers), develop better products and services, promote their products and services more effectively, and devise marketing plans and strategies that faster sustainable competitive advantages for their products and services. Furthermore, managers that know their customers can reach and satisfy them more efficiently.

Everything is changing and also the business. We hear that businesses are operating in a globalised economy; everything is moving at a nanosecond pace; that our markets are characterized by hyper competition; that disruptive technologies are challenging every business; and that business must adapt to the empowered consumer in a globalised economy. Customer is the king.

The starting point for understanding buyer behavior is the stimulus-response model. Marketing and environmental stimuli enter the buyer’s consciousness. The buyer’s characteristics and decision processes lead to certain purchase decisions. The marketer’s task is to understand what happens in the buyer’s consciousness between the arrival of outside stimuli and the purchase decisions.

The India is a celebration in diversity. Its people differ not only in the usual ways—by age and gender, by race and nationality, by education and occupation, by marital status and living arrangements—but also in their activities and interests, their preferences and opinions. They differ in the music they like; the television shows they watch, the political beliefs they hold, the clothing they wear. Indeed there has never been a better time for people watching. Just stand on a street corner during the afternoon in any medium-sized city. The diversity in dress-in fashion is very high. Women’s hemlines may very from just below the hips to just below the ankle, with any and every length in between. Their trousers may range from short-shorts to tailored slacks, from spandex bicycle pants to flowing
pajamas, from bell-bottom hip huggers to jeans. Men's clothing may vary from traditional business suits to sport jackets, from baseball jackets to un-structured jackets, from tee shirts to sport shirts to dress shirts. Department stores feature tattered clothing: the "grunge" look is still "in" alligator logos are out; and unisex clothing abounds. And everybody is in style. The Culture of & Shopping mall is gaining momentum.

The study of consumer behavior is the how individuals make decisions to spend their available resources (time, money, effort) on consumption–related items. It includes the study of what they buy, why they buy it, when they buy it, where they buy it, how often they use it. Take the simple product toothpaste. Consumer research want to know what types of toothpaste consumers buy (gel, striped, in a tube, with a pump); what brand (national brand, private brand, generic brand); why they buy it (to prevent cavities, to remove stains, to brighten or whiten teeth, to use as a mouth-wash, to attract romance); where they buy it (super market, drug store convenience store); how often they use it (when they wake up, after each meal, when they go to bed, or any combination there of); and how often they buy it (weekly, biweekly, monthly).

This study focuses on how and why consumers make decisions to buy Air & Water conditioning devices in the Jhansi region. Consumer behavior research goes far beyond these facets of consumer behavior and encompasses all of the behaviors that consumers display in searching for purchasing, using, evaluating, and services that they expect will satisfy their needs.

The term consumer is often used to describe two different kinds of consuming entities: the personal consumer and the organizational consumer. The Personal consumer buys goods and services for his or her own use (e.g., shaving cream or shampoo), for the use of the household (a VCR), or as a gift for a friend (a book). In each of these contexts, individuals, who are referred to as end user of ultimate consumer, bring the goods for final use.
The second category of consumer—the organizational consumer-includes profit and not-for-profit businesses, government agencies (local, state, and national), and institutions (e.g., school, hospitals, prisons), all of which must buy products, equipment, and services in order to run their organizations. Manufacture companies must buy the raw materials and other components needs to manufacture and sell their own products; service companies must buy the equipment necessary to render the service they sell; government agencies must buy the office products needed to operate their agencies; institutions must buy the materials they need to maintain themselves and their populations. End-use consumption is perhaps the most pervasive of all types of consumer behavior, for it involves every individual, of every age and background, in the role of either buyer, user, or both.

The person who makes a product purchase is not always the user, or the only use, of the product in question. Nor is the purchaser necessarily the person who makes the product decision. A mother may buy toys for her children (who are the user); clearly, buyers are not always users, or the only users, of the products they buy, they do not necessary make the product selection decisions them selves.

Marketers must decide at whom to direct their promotional efforts: the buyer or the user. For some products, they must identify the person who is most likely to influence the decision-who may be neither the buyer nor the user.

1.1 RELEVANCE OF STUDY:

Just as consumer and marketer are diverse, the reasons why people study consumer behavior are also diverse. The field of consumer behavior holds great interest for us as consumer, as marketers, and as a researcher on consumer behavior.

As marketers and future marketers, it is important for us to recognize, how and why, individuals make their consumption decision, so that, we can make better strategic marketing decisions. If marketers understand consumer behavior, they
are able to predict how consumers are likely to react to various informational and environmental cues, and are able to shape their marketing strategies accordingly. Without, marketers who understand consumer behavior have great competitive advantage in the marketplace.

As a researcher on consumer behavior, we are concerned with understanding consumer behavior with gaining insights into why individuals act in certain consumption-related way and with learning what internal and external influences Impel them to act as they do. Indeed the desire for understanding consumption-related human behavior has led to a diversity of theoretical approaches to its study.

Consumer behavior was a relatively a new field of study in the mid of late 1960s.with no history or body of research of its own, the new discipline borrowed heavily from concepts developed in other scientific disciplines, such as psychology (the study of the individual), sociology (the study of groups), social psychology (operates in groups), anthropology (the influence of society on the individual), 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.

The initial thrust of consumer research was from a managerial perspective: marketing managers wanted to know the specific cause of consumer behavior. They also wanted to know how people receive, store, and use consumption-related information, so that they could design marketing strategies to influence consumption decisions. They regarded the consumer behavior discipline as an applied marketing science; if they could predict consumer behavior, they could influence it. This approach has come to be known as positivism, and consumer researchers primarily concerned with predicting consumer behavior are no as positivists.

Given the interdisciplinary background in which the consumer behavior discipline is rooted, it is not surprising that academicians from a variety of contributing
disciplines, including marketing itself, have become interested in the study of consumer behavior, not necessarily from a managerial or applied perspective, but simply to understand the consumer better to serve them better. The study of consumer behavior from the point of view of understanding consumption behavior and the meaning behind such behavior is called interpretivism (some times referred to as postmodernism). Interpretivists have expended the boundaries of study to include many subjective aspects of consumer behavior, such as he affects of moods, emotions and types of situations on consumer behavior; the roles of fantasy, of play, of rituals, even of the sensory pleasures that certain products and services provide. Many Interpretivists consider each purchase experience unique because of the diverse set of variables at play at the one particular moment in time. Because of its focus on the consumption experience, the interpretive approach is also known as experimentalism.

Despite the apparent diversity of these two major approaches to the study of consumer behavior, each can be seen to complement of the other. Although the major focus of this study is on managerial marketing strategy, the researcher have endeavored to integrate both approaches- positivism and interpretivism – because of his firm belief that both prediction and understanding together give a richer and more robust portrait of consumer behavior than either approach used alone. This dual approach to consumer research enables marketers to make better strategic decisions and this too is one of the objectives of this study.

1.2 MARKETING APPROACH:

As we know that ‘marketing’ is governed by the consumers and their actions hence it is very much essential for a marketer to study ‘consumer behavior’ and this is why the study of consumer behavior has been developed as a separate marketing discipline. Marketers had long noted that consumer did not always act or react as marketing theory suggested they would. The size of the consumer market in this country was vast and constantly expanding. Billions of rupees were being spent on goods and service by tens of millions of people. Consumer preference were changing and becoming highly diversified. Even in industrial
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markets, where need for goods and service were always more homogeneous than in consumer markets, buyers were exhibiting diversified preferences and less predictable purchase behavior.

As marketing researchers began to study the buying behavior of consumer, they soon realized that, despite a something “me too” approach to fads and fashion, many consumer rebelled at using the identical products everyone else used. Instead, they preferred differentiated products that they felt reflected their own special needs, personalities, and lifestyles.

To better meet the needs of specific groups of consumer, most marketers adopted a policy of market segmentation, which called for the division of their total potential markets into smaller, homogeneous segments for which they could design specific products and/or promotional campaigns. They also used promotional techniques to vary the image of their products so that they would be perceived as better fulfilling the specific need of certain target segments, process now known as positioning. Other reasons for the developing interest in consumer behavior included the rate of new product development, growth of the consumer movement, public policy concerns, environmental concerns, and the growth of both nonprofit marketing and profit marketing.

1.3 DEVELOPING THE CONCEPT:

The field of consumer behavior is rooted in the marketing concept, a marketing strategy that evolved in the late 1950s, after marketers passed through a series of marketing approaches referred to as the production concept, the product concept, and the selling concept.

When World War II ended, marketers found they could sell almost any goods they could produce to consumer who had done without while the nation’s manufacturing facilities were dedicated to the production of war material. This marketing approach is called a production orientation; its implicit marketing objectives are efficient production and intensive distribution; a production
orientation should not be confused with a product orientation, which assumes that consumers will buy the product that offers them the highest quality, the best performance and the variety of features.

A natural evolution from both a production orientation and a product orientation is a selling orientation, in which a marketer's primary focus is selling the products that it has unilaterally decided to produce. The implicit assumption in the selling orientation is, that consumer are unlikely to buy a product unless they are actively and aggressively persuaded to do so (i.e., through a “hard-sell” approach.) The problem with a selling orientation is that it does not take consumer satisfaction into account. When consumers are induced to buy products that they don't want or need, any resulting unhappiness is likely to be communicated through negative word-of-mouth that may dissuade other potential consumers from making a similar purchase. Furthermore, when the product (or service or political candidate) does not fulfill a consumer need, it is unlikely that a repeat purchase (or donation or vote) will be forthcoming.

In the late 1950s, some marketers began to realize that they could sell more goods, more easily, if they produced only those goods that had predetermined consumers would buy. Instead of trying to persuade customer to buy what the firm had already produced, marketing-oriented firms endeavored to produce only products that they had first confirmed consumers would buy. Consumer needs and wants became the firm’s primary focus. This consumer-oriented marketing philosophy came to be known as the marketing concept. The key assumption underlying the marketing concept is that, to be successful, a company must determine the needs and wants of specific target markets, and deliver the desires satisfactions better than the competition. The marketing concept is based on the premise that a marketer should make what it can sell, instead of trying to sell what it has made. While the selling concept focused on the needs of the seller, the marketing concept focuses squarely on the needs of the buyer.

The widespread adoptions of the marketing concept provide the impetus for the study of consumer behavior. To identify unsatisfied consumer needs, companies
had to engage in extensive marketing research. In so doing, they discovered that
consumer were complex individuals, subject to a variety of psychological and
social needs quite they’re apart from their survival needs. They discovered that
the needs and priorities of different consumer segment differed dramatically and
that to design new products and marketing strategies that would fulfill consumer
needs they had to study consumer and their consumption behavior in depth.
Thus, the marketing concept laid the groundwork for the application of consumer
behavior principles to marketing strategy.

1.4 SCOPE OF CONSUMER RESEARCH

The marketing concept is build on the premise that marketers first identify
consumer needs and then develop products and services to satisfy those needs.
Consumer research offers a set of diverse methods to identify such needs.
Consumer research also is used to better understand consumption behavior. It is
used to identify and locate appropriate target markets and to learn the targets
media habits. It is used to identify both felt and latent needs, to learn how
consumers perceive products and brands and stores, what their attitudes are
before and after promotional campaigns, how and why they make their
consumption decision. Many of these applications of consumer research are
managerial in perspective; they are designed to help a marketer make specific
marketing decisions concerning product, price, promotion and distribution.

The consumer behavior has very wide scope to study how the consumers take a
decision to purchase a particular product or service. So that marketing personnel
may decide their strategy for marketing and sales promotion after properly
understanding the behavior of various consumers. But the scope is not limited
only for profit marketing but even for health and education services. In other
words consumer behavior is researched for social activities and some times even
for political, religious and other purposes.

Since the behavior of consumer is dependent upon physiological, cultural, social,
economical, lingual, regional, religious, political and other factors which takes
help of statistics, econometrics for research purpose. Thus study of consumer behavior is interdisciplinary science.

1.5 CONSUMER BEHAVIOR: AN INTERDISCIPLINARY APPROACH

If one wants to study properly and scientifically the behavior of consumers one is required to study various facts of life about thinking of consumers, their decisions, perceptions and all factors which influence their thinking and decisions like their education, culture, income, climate, social status, society, physiology, psychology, region to which they belongs, their religion, and what they like. To undertake research one has to use research tools specially sampling, drafting of questionnaire, tabulation and arriving as results and then interpret it properly and accurately so that the results may be utilized for strategic policy decisions. All this requires use of statistics and econometrics and proper understanding of economics, and other factors so that one may reach at correct, meaningful, fruitful and useful results.

- **Psychology**: Study of consumer psychology is most important part of consumer behavior research, because it helps to know the attitude of consumers, his level of learning, knowledge, perceptions, personality, his motivation of buying a particular product or service. It helps to understand psychology of different types of consumers based on their age, sex, income level, education, and their rural or urban belongingness. For instance a person living in Mumbai or Delhi thinks differently than person living in remote rural areas of Orissa, Bihar, Jharkhand, or Chattisgarh, their psychology is different, their thinking about product and services are different and their needs perceptions are different than urban elite. The study of their psychology helps marketer to segment the market and produce goods according to their requirement rather than thrusting same product on all. For instance psychology, of rural population of older generation is to wear only dhoti, they will not buy trousers whatever efforts are made. Similarly large percentages of them do not wear shoes or slippers.
Similarly they do not use toothpaste for cleaning their teeth at all others depend largely on Neem or Babul stick (datun) for cleaning teeth and some use tooth powder. While their thinking and practice can be understood only by studying their psychology and thereafter draws a sales promotion or marketing strategy accordingly. If this is not done marketing efforts will go waste and will not give results expected from advertisement and other sales promotion efforts.

The study of consumer psychology will make us to understand "how do we make the market place work better so that consumers can make better decisions about to buy" if for social purpose of India has to reduce consumption of liquor one has to find out through research why people drink. When in our country number of states prohibited drinking from time to time it was utter failure because prohibited was imposed without studying psychology of drinkers. However, in case of cigarettes when it was told that smoking is injurious to health and can cause cancer it had some impact and the absolute consumption of cigarettes has started declining. If prohibition was implemented after studying how often and what problems discontinuing drinking alcohol faces and what have been their responses to their problems and their solutions might have been found, the result would have been more encouraging.

Children are psychologically vulnerable to specific advertisements but before making such advertisements, their psychology will have to be studied to market products and service needed by them. In order to protect them against the use smoking and drinking, sale of some of these products are prohibited to minors.

The psychology is formed through combination of region, sex, religion, culture social structure, beliefs, faiths etc. The study of psychology of consumers has become most important part of study of consumer behavior and at one go one even study the needs, perceptions of consumer. Therefore it is most important tools for researcher and if one does not have resources to go in depth research, study of consumer psychology can have to a great extent in arriving it fairly accurate conclusion about marketing strategy. For example, the psychology of rural masses in India is to like bright colors specially red, black and yellow
therefore one will have to supply fabrics of these colors and use labels of these colors on their products in rural Indian psychology is to like strong tea, hence in these areas strong tea will have to be marketed.

But at the same time psychology is to try product, which is advertised because T.V. has reached to every corner of the country in remote villages too. It seems that villagers are as much concerned for commercials as urban dwellers therefore in northern India many milk vendors have purchased motorbike for vending milk. Farmers have adopted tractors, thrashers or cultivation when farmers were told the benefit of pesticides and fertilizers but as yet by and large they have not adapted to the life insurance. Why not is a psychological question to be studies by researchers and insurance marketers?

- **Psychographics:** Psychographics is another discipline, which has to be used for study of consumer behavior. Psychographics research studies life style of consumers to find out market for certain products like items of personal health care, cosmetics, consumer durables items like TV, car, drawing room furniture. In psychographics research consumers are requested to tell their household reaction about a particular product or service. The psychographics research studies the life style of an individual or family to find out how he spends his time in working, recreation, games, and vacations. It also studies the preferences of individual or household, his priorities and preferences on food, home, fashion, outing, recreation, games and his opinions regarding various economical, social, political, cultural, educational and other issues.

In order to arrive conclusions through psychographics research individuals are asked their reactions; questions are put to them and their family members. They are given statements, which they are asked to evaluate as strongly disagree, agree, and don’t agree. They may also be asked degree of importance about a product or service like very important, important and unimportant. Product specifics are also asked whether he likes a product or service or not. Sometimes opinions are sought on political and social issues like whether after Tehelka revelations his government should continue or not. Opinions are also asked to
find out which party they would like to vote, which is on the basis of opinion poll and projection of election results.

*Physiological factors* relate to the service of the properties and functions of living being in normal conditions. Thus psychologist studies the state of human being in its various phases like Child, adults and elder people (men and women). There are special needs of pregnant women for nourishment and after birth for self and newly born. There are also handicap persons with deficiency in hearing, eyesight, hands, legs, or other part of bodies. The requirements of human being at different stages of life and in different conditions have great impact on consumer behavior. Therefore they have to be researched separately.

- **Demography**: Demography refers to “the vital and measurable statistics of a population”. It relates to total population of a country, state, region, town or villages. Age, group, sex, marital status, education, level of income and occupation, do the distribution of population. Most of the countries collect information in their census. In India census is conducted every ten years, the latest of which relates to information as on 1st March 2001. Indian census has collected information on all above aspects. The data is available on all aspects up to village level. So far it is known that Indian population on 1st March 2001 was 102.7 cores which is over 16% of world population. This was 181 million more than population of March 1991. But the rate of growth declined by 2.5%. The structure data of population is also available according to which size of market in various states can be gauged and strategy for marketing can be made.

The sex ratio is in favor of males i.e. there are 933 female for every 1000 males, which is some improvement over last one decade. With long series of data one can project long-term male female ratio and can estimate demand and consumption of various products for male and female. In consumer behavior the literacy and level of education plays an important role; it is very useful for us as a consumer researcher.
Geographic Segmentation: In a big country like India, China, and USA etc., the location is very important factor in determining the consumption. In countries like India or USA where climate differs widely from location to location this factor becomes extremely important in deciding the consumer needs, motivation and behavior. For instance, in India there are hilly areas of Jammu and Kashmir, Himachal Pradesh, North Eastern States, and Ladakh where temperature is much lower than states of Southern India like Kerala, Karnataka, Tamil Nadu and Andhra Pradesh. While in northern states heavy woolens are needed in winter while in Southern states only light cotton clothes are needed through out the year. There are areas of very heavy rains in places like Cherapunji, the highest in the world and very low rain in desert of Rajasthan. These climatic changes have made big regional differences in consumption pattern.

The differences in consumption are not only due to climate but also due to wide differences in languages. Other than Hindi and English there are other 17 languages in Eight Schedule, which are spoken in one or more states. All these language differences have impact on producers and advertisers.

Culture: The Culture of different regions is different. Bengali culture is quite different than that of Punjabi of South Indian culture. There are differences not only in speech but also in dress, fashions, thinking, expectations and behavior based on the region. Many Bengalis wear dhotis on the festival of Durga, Kali or Saraswati and the ladies prefer to wear cotton sarees and are conservatives in their attitude towards their daughters. The liking of Music is also much different than in South or North.

Religion: In a country like India with different religious behavior differs according to his faith and religion. In India major religions are Hindus, Muslims, Christians, Sikhs, Buddha and Jains besides sub religions in many castes. If Hindus do not eat cows meat Muslims do not eat pig meat. Mostly the male Sikhs wear turban but it is not compulsory in any other religion. In Jainism non-vegetarian food is strictly prohibited but Christians and Muslims have no
inhibition. In Hindus there are both vegetarian and non-vegetarian population. Jains especially elderly people do not eat many vegetables specially those produced underground.

- **Social Class:** Social classes in India are based on two different criteria and there are two types of social class. First based on level of income and the other on castes, religion and region etc.

In India on the basis of income there are four classes. First below the poverty line (BPL) that is not able to consume minimum requirement and therefore they are not able to buy most of the things. Second is low-income group who are above the poverty line and are able to meet their minimum needs. Third is middle-income group who besides basic needs can also consume certain other products like television, coolers, refrigerators and ordinary furniture. The last one is high-income group. In this group there is further division of very high-income group who account for nearly ten percent of country’s population. And are able to consume anything they want. The company who produces or provides services must understand their needs, aspirations and expectations and should segment the market.

The second social class is based on community, castes, religion etc. These groupings are not only in places of their origin but also in places where they move. A South Indian or Bengali in metropolitan cities of Calcutta, Delhi or Mumbai likes to consume some food items for which they are accustomed. Even when they go abroad and become NRI they want food of their liking. As a result there are exports of Gujrati, Punjabi and South Indian food products to places of their concentration abroad. The food habits die very rarely and therefore these classes will have to be catered wherever they settle or cluster. Certain classes are also based on community basis and they like certain products or services. The food habits of Sikhs, Muslims, Jains, and Hindus are well settled and for this purpose they are social class.

- **Backward classes:** In India there are not only economically backward classes but also socially backward classes and scheduled classes, tribal classes
who are not given equal status by other classes who consider themselves to be upper class. Under the constitution all citizens have been given equal rights under Article 15 of the constitution. All citizens have equal access to shops, public restaurants, hotels and places of public entertainment, on the use of wells, tanks, bathing Ghats, roads and places of public resort maintain wholly or partly out of state funds or dedicated to the use of general public. But in spite of such a clear provisions in the law even after 55 years of independence, discriminations are practiced specially in backward rural areas. Therefore, for these classes of people there are reservations of seats in educational institutions and preferences that should be properly studied by producers of goods and services so that their demand may be satisfied and full advantage is taken of market situation.

- **Economics:** Before marketer developed the modern concept of consumer behavior it was part of economics. Demand/price theory is based on consumer behavior that is, as more quantity will be offered the price will come down, the utility of additional unit will be less than the previous one and therefore rate of increase in demand will fall with the satisfaction of demand. The economic theory further states that with the fall in price, demand should rise and with rise in prices demand should fall. However, marketer feels that with change in consumer behavior this is not always true. If a product is for show, prestige many people will buy high priced goods. If a product is cheap it is considered to be of poor quality and may not be in demand. Even in country like India the demand of motorbikes, which are almost double the price of scooters, is rising faster than that of scooters because of change in consumer preferences and scooter market seems to reach an end.

- **Statistics/Economics:** In order to study consumer behavior in various facets use of statistics and econometrics for drawing a sample, carrying out surveys, processing the data and its interpretation. High-level statistics and econometrics is required to be used for arriving at conclusions, making models for projections etc.

Thus one is required to use many services, which have to be interdependent to arrive at any meaningful conclusions for study of consumer behavior. If they are
studied in isolation from each other one may arrive at misleading conclusions. It is because human behavior is not independent, it is hybrid of various factors described above and therefore all services are equally important and essential for the study. Thus they are interdependent and the real research requires knowledge of all facets of life.

1.6 PRACTICE:

The consumer behavior is being studied for nearly half a century to take advantage in marketing of products and services, which are largely to earn profits, but there are few areas, which are providing social services. The consumer behavior is basically studied to optimize profits by taking full advantage of market situation after studying the consumer behavior and this is the main purpose of the study. The segmentation of market, advertisement strategy, sales promotion schemes, introduction of new products, variations in existing ones, producing different products for different regions, classes, price variation, quality variation all are done asked on study of consumer behavior. Whenever any new product or variation of existing one is introduced through innovation, research is conducted to find out consumer response to a new product.

Only after studying cost benefits analysis the product is introduced. If sales of our product is declining it is study of consumer behavior which tells the failure of a product and is based on the results of the study necessary amendments are made in the product, packaging, pricing, advertisement and market strategy for that product. Since the basic purpose of study of consumer behavior is to mould the views of consumer behavior in favor of a particular product, it is the tool used for promotion of sales, change he attitude of consumer in favor of particular product, it is the tool used for promotion of sales, change the attitude of consumer in favor of particular product.

Further companies undertake studies to find out consumer satisfaction and dissatisfaction and the cause for the same so that corrective steps may be taken to improve the product or services so that sales may be optimized and so the
profit. These studies are carried out with regard to level of satisfaction with regard to the quality of product, its price, after sales service, and the life of the product in case of durable goods. Studies in specific problems are only of recent origin and started in USA in 1970. In India very little work, has been done even by MNC’s and research in this direction started only after the policy of liberalization and globalization was introduced from 1991 onwards. In USA Hardy in 1976 and Pfaff in 1977 pioneered earliest studies in this direction. The industry felt that such studies are useful and therefore between 1975 and 1985 over 300 studies were carried. These studies tried to find out how often consumers experienced problems with regard to product and service. Since high level of problems have been experienced in consumer durables studies have been concentrated in this area. In India students of MBA / PGDM during their summer training period with companies have undertaken research on these aspects but as yet its impact is not much because they generally are of localized nature. These researches are on general problems, business attitude, and perceptions of consumers and perception of business with regard to prices or profits. But in India prices are increased without any consumer behavior research. The manufactures of automobiles, two wheelers, and consumer products change their prices without making any prior consumer research to find out its impact on sales and consumers satisfaction level. The prices in India by and large are changed just to cover extra cost of manufacture, excise, sales tax or marketing cost.

It may also be emphasized that companies do not evaluate the effect of price changes, impact of advertisement and therefore producers are not able to get return from the expenditure incurred on sales promotion or advertisement. When some companies were contacted in the course of the study, they did not responded perhaps because they have not carried out studies to find out cost benefit analysis of change in prices, quality, packaging, advertisement, and sales promotion schemes. It appears that the management as yet decides the impact from overall sales/profit and not of individual companies. But the fact remains that all consumer behavior studies by manufacturers or service providers are for promoting sales and increasing profits.
There are various factors to find out dissatisfaction such as price, economic, social and health risks, disparity between expectation and performance especially with regard to warranties, attendance of complaints. The fact is that if consumer behavior principles are fully applied to make profit it is most importance tool and is used to a great extent in developed markets remerging markets but India even in 2006 its importance has not been fully realized and therefore corporate sector does not conduct adequate and scientific consumer studies. Small manufacturers depend largely on the report of there growing sales, staff, distributors and retailers because they feel such expenditure as waste or they are not able to afford it. Only big companies especially MNCs use the tools of consumer behavior research when they decide to introduce some new products, they try to find out through sample test, free distribution of product and therefore by conducting a research the reaction of the consumers is found out. If results are positive then only product is introduced in the market. But this is not done always and therefore many companies are deprived of optimizing profits and sometimes lead like Godrej and Amrit Food introduced Soymilk and when the market did not accept it they lost heavily. Same fate had been of many other Soya products because Indian consumers did not like their taste. Consumer behavior is important not in regard to a product but also size of packing. Hindustan Lever and other companies, when introduced one/two Rs. Pouches for shampoos, panmasala, washing powder, it helped to boost sales. But contrary in case of Pepsi and Coco Cola large packs of 1 and 1.5 liters helped to boost sales, as they were found economical by large families and for parties etc.

Price is another important factor in boosting sales especially to masses. Nirma could reach its present status by introducing cheap washing powder to its leader and rose from scratch in 70's to sales of our Rs. 1717 crores. Further, it forced Hindustan Lever to introduce cheap powder for masses.

In case of certain products like consumer durables service is very important and companies who have not studied this aspect lost the market in items like TV, refrigerators, and courier services. Once Akai was very Popular TV but when it
could not provide the service it lost the market; it had to have second birth with proper service facilities.

Market segmentation is also part of consumer behavior. As already spelled out if bright color clothes are liked in rural areas, they have no market incites. There was time when synthetic fabrics were liked and used by rich people, but after its affect on skin, have become known, it lost the market who now prefer pure cotton and silk. Those companies who have not studied this aspect lost the market.

E-Commerce is new emerging method of marketing. It has growing Potential in India and those producers will not be left behind.

Education is being privatized and commercialized specially in the field of management, engineering, medical and computers. But many institutes have been established without studying consumer behavior. Therefore in many institutes specially where there is cluster of such institutes like Delhi, Ghaziabad, and Noida some of them are not able to fill all the seats and because of lower occupancy they are losers.

Thus from whichever angle one looks consumer study helps a lot in profit making and those who ignore this and do not regularly conduct studies are left behind and suffer.

Not For Profit Making: There are many economic activities, which are undertaken for improving economic and social welfare but not for earning profits. However, in these areas also like telecommunication, health, public education, social welfare schemes also study of consumer behavior plays very important role to improve the quality of service and help in modifications of policies. It is because consumer behavior involves more than economic goods and services. Second, consumer behavior is more than just “transactions”. As Belk argued macro economic behavior includes dimensions beyond exchanges. Consumer researchers need to “recognize the full complexity of the relationship between consumption and the rest of life”. This is macro consumer behavior and will have
to be studied at macro level to maximize social welfare from consumption of various goods and services. Some of these matters may not concern the marketer, advertisers or corporate top executives but are of immense importance to policy makers in pricing of social services like telephones, postal services, fees in government schools and colleges, public health services, schemes of cheap supply of food grains, subsiding certain services like electricity, water, fertilizers, road and rail transport in India to mention a few. As Prof. Alan R. Anderson has stated consumer behavior “encompasses more than economic transactions, and has other meanings in people’s lives beyond that which is typically of interest to marketing managers”. Thus principles of consumer behavior have an important place in social policy. As per social policy government has to ensure that principles and findings of consumer research are applied fairly. The consumer must be provided adequate information to make choice and there is no undue pressure and there are appropriate options for redress if matters go wrong, perhaps this is view of Life Insurance Corporation of India that has lately started informing consumers about various types of policies. When Tortoise brand mosquito repellent made false claim about the chemical content of its product MRTP Commission has banned these advertisements. Similarly commercial banks announce the rate of interest on their various schemes from time to time.

The second aspect of social policy is that no segment of the society is discriminated on the basis of sex, religion, community, income level, education and all are supplied products at same price without any discrimination.

Third product supplied must be safe and they should not injure or harm the users of third parties.

All the government regulations are based on above principles but state should also see in social policy that problems are not created for consumers. For which state agencies and consumer organizations undertake research, which as yet in India is not adequate.
For instance post offices are providing number of services but Postal Department does not undertake consumer survey to find out their needs, problems and expectations. Similar is the case of electricity services, the rate, hour of supplies, hour of power cuts, rates charged from different segments have not been based on any consumer study but only on the thinking of policy makers and administrator. One knows about the problems to a certain extent by users but there is no scientific study to find out the grievances of consumers and therefore they do not get the services, which they expect. It is the case with the telecommunication, railway, health, education and other services also. No doubt government is not running them for profit making but if the problems, grievances, expectations, needs of users are properly known through consumer research than better welfare and services are possible to be provided. Segmentation of power rates, charges for telephone services at different hours, the railway fares for passengers, need of trains in different routes can be decided on the basis of consumer surveys which is rarely done. There are certain services which state is not providing it but has control and regulation on them. For example universities have affiliated various institutes, colleges for different courses. What are the problems of students are not found out through survey of students and therefore whatever decisions are taken they are based on meetings with students, which is also very rare. If universities conduct surveys themselves or engage experts, it is possible to know the problems much better and so adopt better solutions. The same principle can be applied to computer education to find out whether students are provided proper education at right price and if not what is the scope of improvement. In countries like USA where consumerism has taken deep roots such research work is under taken by independent agencies and so consumer problems are better known and solved.

Government in a number of countries regulates the prices, specifications, and packaging of drugs. There is inspection of quality of foodstuffs of food department and some specific items by special agencies established for the purpose, like Bureau of Indian Standards, Agmark, drug regulatory authorities but they depend largely on surprise checks and do not conduct consumer surveys. Therefore full
truth is not known. There are regulatory agencies for insurance, telephone services, power and many more. However they depend largely on representation. In India at least there is no system of consumer research in these areas. Hence one does not know the truth, the problems, the needs, and the expectations of consumers. Therefore whatever solutions are found they are not based on consumer research but this science can be applied in all these areas, which are not for profit making. If consumer studies are undertaken it will be possible to know more firmly what law and regulations are required to assure better services to the consumers. In this way consumers' needs may be addressed from producers or service providers or from the policy providers processors but so far focus has been on detection issue through inspectors and government officers rather than from consumers. There can be system of evaluation of current position and know the alternative preferences of consumers.

One of the objectives of the state is to ensure equality to various consumers. It is desirable to find out whether the marketing system has operated to the disadvantage of specific segment of population and whether any discriminatory policies are applied to certain classes of consumer based on their income, education, sex, region, age, race, religion, language. These discriminations are against the social policy and therefore after finding out through consumer research corrective steps can be taken.

In India the cases in consumer courts have thrown valuable light on various aspects including guaranties & warranties but as yet no scientific study has been done which can prove the deficiencies to help to modify its policies. There have also been cases of exploitation of children, women and elderly persons through advertisements sales of different goods and different of services.

The producers can be forced for proper display of unit price, and force that no vital information is cancelled or missed from consumers.

In foreign countries during last two decades there have been major developments in consumer behavior "broadening the applications of marketing to a wide variety
of topics outside the traditional economic domain. These topics include education, health, the arts, conservation laws, charitable giving, and policies' Thus the application of consumer’s research is mechanical than conservational studies. It may be concluded from various research that fairness and equity are non-profit case of consumer behavior studies. The research on safety and improving consumer behavior are also useful applications of consumer behavior studies; some of the behaviors have also advocated by social marketers such as energy conservation and objective of speed laws on the roads. Which are for their and societies safety and health. There are other areas of social marketing research which have much greater challenges such as life, status, changes for improving health and life, changes of marriages, divorce, residential moves but such areas are difficult to research.

1.7 ADVANTAGES:

The consumer science is largely used by marketer to find out, whether, a particular product will be purchased by consumers or not. The failure of a large number of products after II world war compelled the producers and marketer to undertake consumer studies to test market the products.

Some of the advantages of study of consumer behavior are as under:

- **Saves from Disaster by timely understanding customers mood:**

  The failure rate of new product is surprisingly high not only in highly competitive economics of USA, Europe and Japan etc. but even in India. For instance Roohafza of Hamdard succeeded well but when other companies tried like Dabur to produce similar products they could not succeed. Dabur had to stop production of Sharbat, because consumers did not like its taste.

- **Helps in formulating Right marketing strategy:**

  If one studies well what factors will influence demand of a product accordingly production and marketing strategies can be framed. Nirma in initial stages
succeeded in its washing powder only on account of its price. It gave tough competition to Hindustan lever’s Surf, the than market leader and today Nirma has become a big producer.

- **Helps in sales promotion through customer need oriented new innovative policies:**

Through the study of consumer behavior one is able to know correctly the factors which influence buying decision of the consumer accordingly one can promote sales of existing or new product. The scheme of buying back old items has helped a lot LML in pushing sales. Akai T.V. followed this strategy, and number of other companies like Bajaj auto, Manufacturer of diesel generator sets, refrigerators, electric iron, pressure cookers etc also adopted the same strategy and benefited. Similar introduction of small packs of shampoos, washing powder and pan masala etc has helped the companies to expand their market. “When producers found that even a poor person does not mind trying a new costly product if it is available in affordable price pack many companies introduced such packaging and when the product was liked they became regular customers.”

- **Helps in market segmentation:**

The study of consumer behavior helps marketers to decide about the basis for the market segmentation to specifically serve the various customer segments by offering them unique products range suiting to their specific needs.

- **Helps in development of new products:**

Before launching a new product proper study of consumer tastes i.e. behavior avoids later failure and loss. This is particularly true for food items and daily consumption products. It is equally true for fashion goods like garments, cosmetics, and cigarettes new flavors of exiting products. In certain cases if a product is reintroduced after a long gap this type of study helps. For instance Coca-Cola was banned in India in 1977 and consumers by and large forget its taste and liking. Thumps up and other drinks took its place. When Coca-Cola was
reintroduced in 90's it could as yet not reach the same supremacy. Life buoys re-oriented its product and produced different items like lifebuoy gold, life buoy plus to meet demand of different consumers.

• Help in Reorientation of packaging:

A great importance is being given to packaging for quite sometimes by marketing department and market research but whether a particular packaging is liked by consumers or not is a recent phenomenon. Consumer if likes a packing helps in pushing sales. Producers of Vanaspati (hydrogenated oil) milk, drinks items, Etc. have developed utility packaging so that once container becomes empty they can be used for refilling. In certain cases this fact is advertised also. But in many cases this has been done without study of consumer behavior and his attraction or disliking of a particular packaging. The fact however remains that proper study can help in pushing sales.

• Helps consumers to study their behavior:

The consumers often are guided by their income, emotions, opinion of others and they do not undertake study of their behavior whether it is scientific or not. The science however can help them to study cost benefit of their buying decision. The study can reveal tem whether buying an expansive item is rational or not. Whether they should buy Rs. 2 ball pen or fancy pen costing Rs. 100 or more. Whether they should decide in favor of expansive cloth, car, consumer durables and other fashion goods or should they buy some other utility consideration. If there are competitive goods it can help them to make consumer preference chart and then decide what to buy immediately and what to postpone and what should be rejected.

1.8 INFLUENCING FACTORS:

A number of factors influence buyer behavior. They can be grouped under three broad categories.
(1) Factors that are part of the buyer as an individual

An individual’s religion and cultural background, his personality traits, self-concept, his general endowments, his upbringing – in short, his overall bio-data play a crucial role in his conduct as a buyer/consumer. These factors can be grouped broadly into three categories:

- Personal factors
- Cultural factors
- Psychological factors

(2) Buyer’s social Environment (Group influence)

Since there are two broad groups of which an individual is a part, we shall divide group influence in two parts.

- Influence of intimate group
- Influence of the broad social class

Information obtained from various sources that is other than buyer’s personal & social environment, also significantly influence their behavior.

(3) Other Factors Influencing Buyer Behavior

The behavior of consumer is dependent on a number of factors, which may be economic or non-economic factors and are dependent upon economic factors such as income price, psychology, sociology, anthropology, culture, and climate. Therefore the study is dependent upon all these sciences and consumer behavior scientists study it through research and they believe that behavior can be influenced which has been proved by actual sales promotion of a large number of products. However there is dispute whether customer should be influenced or not and what methods should be applied to influence him. In certain case objectionable or wrong statements are made to influence the customer. For instance producers of certain face creams advertise that with the usage of their
creams complexions will become fair but actually it does not happen. There are ads for removing baldness by certain oils or creams. In certain countries there are heavy damages under the contract act or other laws to safe guard the interest of consumers in India there is consumer protection act to safe guard consumers interest. The basic act is that marketing personnel believe that it is legitimate socially to influence the consumer behavior but only objection is with regard to methods used for instance, the use of sex is objected in many countries including India but still it is widely used in advertisements.

The study of consumer behavior has proved that following are the main factors, which influence the behavior:

1) Economic (Internal) Factors:

Man is a rational-buyer, who tries to obtain maximum value for his purchase. In the decision, ‘Price’ is the strongest Motivation. He compares all competing Sellers’ offerings, and normally buys the one with lowest price. However, numerous other economic factors also influence Customers, in the ways, they spend their incomes for personal consumption. It is their ‘purchasing – power’, which converts ‘production’ into ‘consumption’. People do not spend all what they earn. Disposable-personal-income is used, both for buying and saving. So, if disposable-income rises, they purchase more. In the same way, size of family, and family-income, are also important, as they affect ‘spending-patterns’. This is equally true of Incomes, which Customers expect to receive in future. In particular, spending for Automobiles, Furniture, Major Appliances, and other expensive items, tend to be influenced by Customer’s optimism or pessimism about future (or anticipated) Incomes, Consumer’s liquid assets also affect assets also affect his Buying-plans. Consumer – credit-availability, likewise, strongly influences the pattern of Consumer’s spending. These are only a few example of how so many factors influence the Consumer’s ‘buying – decision’. We now proceed to see it in more detail.
(a). **Disposable Personal Income (Marginal Utility Theory):**

Goods (and Services) are produced for 'Consumption'. Purchasing power is used, to convert 'production' into 'consumption'. So 'disposable personal income' represents potential purchasing power, in the hands of the Consumer. There is a direct relationship between total disposable income and total personal consumption. A Consumer continues to buy such Products, which give him maximum utility at relative prices.

(b). **Marginal Propensity to consume and Save (Income and Savings Theory):**

Propensity of consume, means rate of consumption, at the given level of disposable income. Higher the propensity (desire) to consume; lower will be the propensity to save. So a higher propensity to consume will result in higher Sales.

(c). **Family-Size and Family-Income:**

These affect the pattern of spending and saving of a particular family. Lower the family-income, more different will be the pattern of consumption.

(d). **Consumer’s Income Expectations:**

The income, which the Consumers expect to receive, in the future, always has some bearing on the present spending-patterns. In particular, spending for automobiles, furniture, major appliances and other durable items, tends to be influenced by Consumer’s optimism or pessimism about his future income.

(e). **Consumer’s Liquid Assets:**

Consumer’s buying-plans are influenced, especially in regard to automobiles and other durable items by the size of his holdings of liquid assets, i.e., cash etc. readily convertible into cash. This motivates him to make the purchase, although for the time being, it is out of his current income. Retired and un-employed individuals may use their liquid assets to buy everyday necessities.
(f). Consumer's Credit-Standing:

Availability of Customer's Credit greatly influences the pattern of his spending, especially in the case of durable items like automobiles, electric/electronic household appliances, even houses.

(g). Discretionary Income:

It means the money left with a family, after buying such necessities as food, clothing, shelter and transportation. A family can exercise a number of options with its discretionary income. A growth in discretionary income, usually results in increased spending.

However, Marketers do not accept all these above mentioned economic factors, because they fail to explain how Product and Brand-preferences are formed. e.g., when price is reduced, some may still not buy, thinking that it is so because its quality has gone down.

(ii) Non-Economic (Psychological/External) Factors:

Various psychological factors also influence a Consumer's behavior. To explain this type of behavior, various authors have forwarded various theories and concepts. Thus, we have:

a) A.H. Maslow's Basic Need Theory,
b) Learning Theory,
c) Image Theory,
d) Diffusion Process Theory,
e) Stimulus Response Theory, and
f) Festinger's Cognitive Dissociation Theory.

We, hereunder, describe each one, though briefly, but without the sacrifice of essentials.
(a). **Maslow's Basic Need Theory:** According to A.H. Maslow's theory of Consumer's behavior, an individual, normally tries to satisfy his most basic needs first, and after satisfying these, he is then tries to devote attention to the next one. Maslow has classified the human needs in order of preference, as follows:

- **Psychological Needs:** Condition(s) affecting the human body, e.g., need for hunger, sex, sleep temperature etc. these have the topmost priority.
- **Safety Needs:** Self-protection against dangerous worries, e.g. insurance.
- **Social Needs:** i.e., Belongingness and Love Needs: Need for social recognition.
- **Self-Esteem Needs:** Desire to achieve self-respect, and respect in the society, ego-satisfying needs. Most of the luxury items are purchased to satisfy these needs.
- **Self-Actualization Needs:** Self-fulfillments needs. It depends more on prior fulfillment of basic needs. Such needs are the result of one's desire to get the maximum of one's capabilities. Sophisticated instruments bought by Professionals are one of its examples.
- **Aesthetic Needs:** e.g., desire to acquire beauty items.

The success of a Marketer, thus, depends upon his ability to satisfy several needs all at one time, with his offers.

"Motivation" is the underlying force of any human-activity, not to mention buying alone. It is 'wishes' or 'desire' which initiate the sequence of events, known as ', when one 'need' is satisfied, a new 'need', at a higher level, emerges. It is here, that the Marketers try to discern the nature of these 'want', and attempt to satisfy them.

(b). **Learning Theory:** How do consumers learn to recognize and recall a Product? By what process, do they develop Buying and Consuming-habits? A buyer is influenced not only by external stimuli, but also by internal factors. The
basic internal factor is to influence Learning process. As per "Learning Theory", following are the important learning phases.


Brief discussion of the same is given as below.

- **Repetition:** When a Product is regularly brought before a Customer, it promotes his 'learning' about the nature and qualities of the Product. For example, continuous advertising of the Product makes a Customer motivated to purchase the particular Product.

- **Motivation:** ‘Basic Need Theory’. Buying motives include emotional, rational, natural and learning motives.

- **Conditioning:** ‘Conditioning’ is a way of learning by, which a new response to a particular stimulus is developed. For example, a long range advertising effort and continued exposure of a particular symbol, conditions the public to recognize the Product.

- **Group-Effect:** If a rich or a respected person starts consuming a particular Product, other people of the society also start following him.

(c). **Image Theory:** Buyers see themselves, and the Product (s) they buy, in terms of 'Images'. These ‘Images' are the formalized impressions, residing consciously or un-consciously in the minds of individuals. Their ‘buying – pattern' is greatly influenced by these Images. So, Marketers have to take them into account in drafting their Promotional-plans and Programmes. Motivation research is used not only to identify the nature of these Images, but also to detect its implications, for Marketing.

These Images are of three types, viz., (1) **Self**, (2) **Brand** and (3) **Product Image**. **Self-Image** is the picture, a person has of himself, the kind of person he considers himself to be, and the kind of person, that he imagines that others consider him to be. Different people have different kinds of Self-Image. In many ‘buying situations', an individual prefers to buy those Products and Brands whose
Images appear consistent with his or her Self-Image. For example, a woman, who sees herself as a good housewife and mother, exhibits a different pattern of buying-behavior than the other woman, who sees herself as a social-leader or professional woman. However, the power of Self Image varies from individual to individual and even within the same individual, as they make different buying decisions at different times. The process is both psychological and physiological.

Brand-Image results from all the impressions that Consumers receive about the particular Manufacturer's Brand. This Image is fairly consistent. This is equally true of Retail-Stores. It is through long and continued use of Advertising and Selling – Appeals, that many Brands have acquired their definite “Images”, sometimes even without the Management’s deliberate efforts.

A Product-Image, on the other hand, is a stereotype, which is conjured – up by an individual, when he thinks of the Product. For example, a person may consider a exercise-machine, as simply a means of excitement & exercise. Some may be more interested in ‘Status-Symbol-Effect’. Some Products have a high capacity for, ego-involvement, viz., Automobiles, Homes, Furniture, Packaged Foods, and Perfumes etc.

(d). Diffusion Process Theory: The social-process of spreading Information about new Products(s) and Services, to persuade Consumers to accept them is known as diffusion. According to various researches in ‘consumer-behavior’, it has been noticed that most users do not adopt an innovation, simultaneously. Diffusion-process is slow business, and the entire process may take several years. In the initial phases of 'Market-introduction' of a new Product, effort and money may be wasted, if the Marketer tries to cultivate the whole Market, all at once.

The model of 'diffusion-process' is visualized, as a curve approaching a 'normal-distribution', with a total of 16% of the Consumers as the 'innovators', and early-adopter-groups', 34% each' in the early and late-majority groups, and 16% in the 'laggard – group'. It is important to identify target-segments, at each stage, in the
diffusion-process. Experience has shown that **Innovators** are usually the youngest, and have the highest social-status and wealth. ‘Early Adopters’ are generally influential, i.e., opinion-leaders. They enjoy high social-status, but, within their social-groups. **Early Majority** (84%) will not consider buying new Product until a good of their peers have done so. **The late majority** (34%) consists of persons of below average social prestige and is older than members of ‘early-majority’. **Laggards**, on the other hand, have the lowest incomes and social values. They are the last to adopt a new Product. The ‘early-majority’, are often trying to adopt something new.

Five groups Society vis—a—vis “Innovation”.

(e). **Stimulus Response Theory**: Patron, Skinner, Thorndile and Kotler etc. developed this theory, on the basis of experiments, they carried-out, on animals. According to them “**learning occurs as a person** responds to same “stimuli”, and is rewarded with ‘need-satisfaction’ for a correct response”. Through their experiments, they proved that most recent and frequent stimuli are remembered and responded. This approach I the basis of ‘**repeated advertisements**’.

Further refined by constant experiments and refinements, is now, at the present based on four (4) central processes, viz, (i) drive, (ii) cue, (iii) response, (iv) reinforcement. Drives are needs or motives that are stronger, whereas a Cue is a weaker stimulus. The response is the resultant reaction of some stimuli, if it is
based on some previous experience. In other words, Cues will create different degrees of responses under different occasions. Reinforcement is the process by which rewarding experiences, in the past, are strengthened. That is also how Brand-preferences are strengthened, leading to ‘Brand-Loyalty’. The Policy of giving ‘free-samples’ of newly introduced product is nothing but to activate this reinforcement.

According to this theory, when a person makes a decision to by a particular Product, or choose between two or more alternatives, ‘dissonance’ will almost always occur, because the person knows that the decision made by him, has certain advantages as well as disadvantages. Having made his decision, the person tends to expose himself to such” information” that he perceives as likely to support his choice, as well as tries to avoid information that may favor the rejected alternatives.

(iii). Other economic factors: Price of the commodities, Competition with substitutes products, Utility habits of pattern, Consumer preferences of changing tastes

a) Social Factors: Culture, Attitude of society, Social values, Life style, Personality, Size of family, Education, Health standards, Social class like upper class, middle class- urban, rural .It also includes tribes, professions and alike.

b) Psychological factors: It decides the personality, taste, attitudes of individuals or groups, life style, preferences especially on occasions like marriage. The demonstration influence is also dependent upon psychology of an individual.

c) Anthropology & Geographical factors: Climate, region, history all affect, consumer behavior. In hot countries like India certain products, which keep us cool like squashes, sharbat, are demanded but they have no demand in cold regions. The dress is also influenced by climate along with other factors. Culture is also influenced by climate

(35)
d) **Technological factors:** In case of equipments whether for consumer use or industrial use as affected by technological innovations and features. But it is not confined to durable goods only. Even in case of perishable goods the shelf life etc are determined by technological developments. Innovations and introduction of new products also depends upon technological developments.

Innovations and introduction of new products also depend upon technological change.

Government decision, laws distribution policies have also big affect on consumer behavior. All these factors are studied by consumer behavior scientists and then they decide what production and marketing strategy should be adopted to develop a particular product, change the existing product and what pricing and marketing mix should be used to attract more customers towards the product / service in question to optimize sales and profits.

MNCs and a few big companies have ignored except the consumer behavior study in India. It is because till recently say up to the beginning of 90’s there was sellers market and anything could be sold. Therefore hardly any attention was paid to consumer. For instance, Hindustan Motors continued to produce same car for decades till Maruti appeared on the arena. But with the competition emerging many cars, refrigerators, TV’s to mention a few items appeared on the scene. This resulted into study of consumer behavior and in future when competition is expected to be fierce for many products and when not only American and European producers will be on the scene but also Japan and Korea are emerging big players there will be much greater emphasis on study of consumer behavior. The establishments of over 700 management institutes are also helping greater use of the tool of consumer behavior for marketing.

1.9 **Buyer Behaviour:** The buyer is a riddle. He is a highly complex entity. His needs and desires are innumerable. And they vary from security needs to aesthetic needs. These needs and desires are often at different stages of
emergence and actualization. Some are latent, some manifest, while some others are highly dominant. And they have different priorities in his scheme of things. The buyer has his own ideas and plans about realizing these needs and desires. The first task of the marketer is to get close to the buyer and understand his need-structure and priorities.

*Fastener's theory:* It intended to apply only to situations involving pre-decision anxiety – a Buyer may panic as he reaches the time of decision, and either rush into Buying, as an escape from the problem; or delay it, because of the difficulty of deciding, among various alternatives. Thus, a Buyer may experience pre-decision or post-decision discomfort (or dissonance), or both. In Marketing, as an important function, both of the Advertiser and the Salesman, is to reduce pre-decision and post-decision anxiety or dissonance. This can be achieved by (i) repeating and re-emphasizing the advantages of the Product purchased and stressing the relative disadvantage of the other alternatives, or (ii) if one feel that dissonance is due to the feeling that he has bought or has purchased an item not sanctioned by the relevant Reference Group, one have to try to show him that many characteristics of the chosen item, are similar to Products, the Buyer has foregone, but which are approved by his particular Reference Group. In other words, the Buyer experiencing cognitive dissonance, should be re-assured, that his decision is or was a wise one. Providing information that will permit the Buyer to rationalize his decision can do this.

Stimulation of want is conditioned by a Buyer's knowledge, his perception, beliefs and attitudes. Perception is the sum-total of physical stimuli and other personal factors. Certain stimuli are stronger than others, and more people perceive same. For example, 'color', 'beliefs' and 'attitudes' also play and important role in cognitive – process. Strong beliefs and attitudes are difficult to change. That is why, 'Advertisements', stressing special Appeals, are purposely designed by the Manufactures, to overcome this kind of resistance by Customers. This research is used to identify and cash upon the nature of all these influencing factors.
Consumer Behaviour – A Marketing Approach

A sound Marketing-Program, should start with a careful qualitative and qualitative and quantitative analysis of the 'market-demand' for the Product and or Services, simply because it is here that all individuals and organizations operate, and are in constant touch with the potential-customers. But all these Markets very much differ from one another and have little in common. Of course, economic, as well as social environments influence these variations.

Consumers, in turn, also interact with their environment, and this influences their actions in the Market place. In this process, two main activities take place (i) thought process and (ii) resultant activity. These two enable the Consumer to decide, what to buy, when to buy etc., as well as not to buy at all.

Thus, to sum-up, Input (such as Price, Quality, Style, Availability, Image and Options, Services, etc.) are influenced by Channels (e.g., personal preferences, family needs, Advertising, Personal Selling, promotional activities, etc.) to interact with Buyer’s psychology, which is also influenced by (i) Motivation, (ii) Attitudes, (iii) Past experience and the all important 'thought-processes'. The Output (i.e., Response) comes out in the form of (a) Product-choice, (b) Brand-choice, (c) Dealer choice, (d) Quantity and (e) Frequency of purchase.

Decision – effort is minimum in routine purchases (viz., low – cost, frequently purchased items). But for costly and durable consumer items the Consumer tries to examine the various alternatives (Models and Brands) and discuss with family members, etc., before a final decision about the Brand as well as the shop from where is to purchase, is taken for consideration.

For very costly items (purchased one in a life – time, e.g., a car or a house etc.) the decision requires maximum effort, and so is most complex, in nature.
Factors influencing 'Buying-Behavior'.

1.10 PARTICIPANTS IN THE BUYING – THE BUYING ROLES:

We can distinguish five roles people play in a buying decision.

The major participants that play an important role in the Buying – Process, are (1) Initiator, (2) Influencer, (3) Decider, (4) Buyer, and (5) User. The brief description of each one is hereunder-

Initiator: He is the person, who firsts suggests and thinks of the idea of buying the particular product. For example, publisher of a book, on marketing-management, initiates the professor of this subject to ask students of his class, to purchase that particular book. Here the publisher acts as the Initiator.

Influencer: He is the person, who implicitly or explicitly has some influence, on the final buying of others. For example students are influenced by the advise of
their professor, while taking a decision to buy a particular book. Naturally here the Professor acts as the Influencer.

Decider: He is the person, who decides finally any part or whole of the Buying – decision i.e., whether to buy or not? What to buy? When to buy? Or where to buy? Generally children are the Deciders for buying the toys, housewives for kitchen –provisions, and Head of the family for durable or luxury items.

Buyer: He is the person, who actually buys. Buyer may be the Decider or he may be some other person. For example, for toys, children are the deciders, while their parents are the actual Buyers.

User: He is the person, who actually uses the purchased item.

1.11 CONSUMER’S BUYING – MOTIVES

Essentially, ‘Modern – Marketing – Concept’ lies in the basic fact that Business has to be so directed, as to satisfy its Customers. Today being the Consumer’s (Buyer’s) Market, naturally the main focus is on the ‘Consumer’ – “He is the king – the Severing”, simple because he buys and consumes the Products. So, every Marketer has to woo him. But this is not so easy. One has to understand the Customer’s ‘Buying – Behavior’ and ‘Buying –Motives’.

A Consumer buys a particular Product, because he is influenced by certain Motives. Motive is a strong ‘feeling’, ‘urge’, ‘instinct’, ‘desire’, which marks him to reach, in the from of a ‘decision to buy’, For that matter, every human – activity is motivated (i.e., it is not spontaneous). For example, Consumers are usually ‘goal –seekers’, who gratify their needs, by buying and using commodities. In other words, needs / works / desires/ preferences, are the motivational elements behind ‘Buying’.

Buying motives can be defined as ‘all the impulses, desires and considerations’. Which induce a buyer to purchase a given product.
Why does a person buy certain product? What are his motives in buying those products?

Again, A.H. Maslow is credited with the 'classification of human – needs. He classified needs in order of preference, keeping 'Psychological Needs', as the top priority, and 'Aesthetic Needs' at the bottom. This arrangement is also referred to as 'Maslow's hierarchy of Needs'.

![Maslow's Hierarchy of "Needs".]

Need-satisfaction proceeds through each of the six stages, mostly in their successive sequence. When one need is satisfied, the Consumer will seek higher goals, and thus proceeds-up, the hierarchy. When the 'need' becomes *specific* and is *consciously felt*, it changes into 'want', for example, 'Crash-Helmet' is a safety-device for a scooter (two-wheeler) driver. Here the need for safety becomes specific, and hence changes into want, and it is this want, which a Marketer needs to produce a Product, and create a Market for his Product. Marketing-Managers always try to generate Wants and also see that their Products introduced, easily match such 'wants'.

(41)
Once such ‘wants’ are generated, these are conditioned by certain Motives, and so are aptly called a “Buyer’s Motives”. As such, ‘Buying-Motives, are defined as ‘those influences or considerations, that provide the impulses to buy, or induce action, or determine choice; in the purchase of Goods or Services. These motives are influenced by a number of other elements.

Product Motives and Patronage Motives:

Buying motives are basically of two kinds: (i) product motives (ii) Patronage Motives. It is often said that the dissatisfaction of human beings creates new products and new markets. And a product is a bundle of satisfactions. At least, it is expected to be so. Why does an individual buy a particular product? Only his buying motives can explain this. As mentioned earlier, buying motives can be defined as all the impulses, desires and considerations of the buyer, which induce him to purchase a given product. Those impulses, desires and considerations that make people buy a given product, are called product motives. The influences that explain why they buy from particular firm/shops are called patronage motives.

Product Motives

i. Emotional product motives
ii. Rational product Motives

Consumer’s Buying-Motives’ include (i) emotional, (ii) rational, (iii) natural, and (iv) learning. “Product” and its “patronage” can both be emotional and rational. Further, emotional motives for each of these, are influenced by (1) Prestige, (2) Pride, (3) Habit, (4) Initiation, (5) Recommendation, (6) Attention, and (7) Comfort.
The rational motives pertain to

i. Cost,
ii. Credit facilities,
iii. Services offered,
iv. Convenience
v. Utility (ies),
vi. Suitability,
vii. Safety,
viii. Economy.
When a Buyer buys a Product on this consideration, he acts rationally and not emotionally. But, buying a Product, from a specific shop, just because of one’s habit is ‘emotional’ and not ‘rational’. Likewise, what applies to Patronage Motives, equally applies to Product – related Movies too. Both the concepts (Product and Patronage) are equally important, complementary to each other. Thus, the Buying – decision is a strange mixture of emotional and rational motives of a Buyer (Customer).

Broadly speaking, there are four important factors, that influence the ‘Buying-Behavior’ of a Customer, viz.,

i. Cultural,
ii. Socio-Economic Backgrounds,
iii. Personality and

i. Cultural buying-motives: are very often controlled by cultural traditions and sentiment (s). For example, certain sections of the Society remain “vegetarians”, as they attach importance to its cultural values.

ii. Socio-Economic Backgrounds: Income and Class are two basic factors involved in this. For example, the buying-habit of Industrial-workers will be totally different from those of the agricultural – labors. Similarly, the pattern of buying by a rich person and a poor person, would be opposite in nature. Their experience-patterns will also be very different from each other.

iii. Personality: No two customers will ever be alike in all aspects. Every individual is unique in himself. One individual is different from the other, not only in physical respects, but also in his behavior. Thus, ‘personality’ becomes an important influencing factor for the ‘buying-behavior’ of a Consumer, in the Market place. As a matter of fact, ‘personality’ is the sum-total of so many personal traits. For example, ‘Branding’ a Product is giving a personality to it, so as to suit the personality of its Buyer. Personality is also affected by (a) Health or Physical Well-Being e.g., young persons, full energy and vigor are usually indifferent to their health, till they attain the age of forty. (b) Freedom from Fear
and Danger – fear is a negative but very powerful influencing factor. This is interlinked with the 'buying-motive', e.g., fear of death, loss in future. Fear can sell anything, e.g., hair-oil, through the fear of getting bald. (c) Appreciation by others and be complemented. Because of this human instinct, it may be used as an indirect method to sell a Product (in place of the direct method). (d) Linked with the motive is a man's desire for pride and importance. Fancy clothes, cosmetics, perfumes etc. are in high demand on account of the instinct of 'sex', or a desire to attract the opposite sex. Women spend more time, money and thought, on their personal appearance. Flattering of men works on women. Men also like to be admired. Hence, vanity is another powerful factor, to influence 'personality', i.e., Image. Comfort and convenience also influence personality-traits. Most people like to be 'easy-going', this motive may be easily used to sell 'luxury goods', viz., automobiles, sofa-sets, cooking-range, washing machine etc. likewise, some people are 'extrovert', while others are 'introvert' (based on spending habits). As a matter of fact, this personality aspect is very complex. So many theories have been put forward by well-known researchers and expects; still many things are yet to be full satisfactory and explanatory.

iv. Social Groups (or Reference Groups): The people, with whom the individual regularly associates, exert strong influence on his buying-behavior. He/She tries to conform to their standards and styles of living and behavior, to gain 'group-acceptance'. Reference Groups include family and peer persons. The people in these Groups are of fairly common age and social background. Peer-groups may be from education, village politics and work place; the only necessary condition is of 'homogeneity'. Acknowledgement of the people in such reference groups is a very powerful tool, in the hands of a Marketer. A young Executive, e.g., may dress and act differently when in the job, and in contact with his business-associates, but off the job, he may behave and dress quite differently. Such Reference Groups, are generally led by one (called an Influencer), e.g., an unmarried girl, in a college may be a fashion-leader, an older woman, her Group's 'cooking-expert', because of what she is known and a man,
his Group's political-leader, because of what he does inside and outside the Group. If such an Influencer uses a particular Product, his or her followers, are sure to do the same. Marketers, therefore, target their Promotional Programmes and other efforts to attract them.

To sum up, Buying-Motives are very complex in nature – both in quality and quantity. No satisfactory theory has yet been evolved to explain all the important aspects of this complex phenomenon. This is specially so, because, every individual instantly is being constantly influenced, both by internal and external forces.
Marketing Significance of buying motives:

It is obvious that people buy things for different reasons. Sometimes, different groups of people buy the same product for different reasons. The marketer's success lies in understanding such motives and appealing to them through the product offer. A sound knowledge of buying motives will facilitate the formulation of marketing programmes in such a way that the product appeals to the relevant motives.

1.12 BUYING HABITS & TYPES OF GOODS:

In order to study decision-making it is important to know the buying habits of customers – how, when, and where they buy.

Buying habits vary with types of goods

Buying habits can be best studied in relation to the types of products purchased. For example, consumer goods have been classified on the basis of buying habits of the people as convenience goods, shopping goods and specialty goods.

Convenience Goods

There are certain products, which consumers like to purchase with the least possible effort. Such items are purchased frequently and their unit price is low. There is not much planning behind such purchases. Products of daily consumption like toothpaste, soap, cigarettes, etc.

Shopping Goods

Items like clothes, shoes, electrical appliances, etc., are not purchased so frequently. There is an element of planning behind their purchase. They are not necessarily purchased at an easily accessible store. The buyer is ready to make one or more shopping trips to buy such items. Unlike the purchase of convenience goods, such purchase involves considerable expenditure. The buyer would like to compare the prices, quality, patterns, etc., in a number of stores.
before finalizing their purchase. Such products are normally not standardized items, they are differentiated offers, and they are termed shopping goods.

**Specialty goods**

Specialty goods are high-priced goods and include products like cars, luxury watches, high-priced dresses, ornaments, etc. Purchases of specialty goods involve substantial investments and the periodicities of purchase is less frequent compared to shopping goods. Specialty goods are not purchased on the basis of instant decisions. The various aspects of the purchase – cost angle, the utility angle, the prestige angle, the alternatives available and the experience of others who have purchased the product- are analyzed before any decision is taken. Normally, the entire family takes part in the decision – making process for purchasing specialty goods.

**Marketing Approach**

Since buyers of such products are prepared to make special efforts in buying them, the manufacturers need not have a wide distribution network. They normally deal through a small number of outlets, located in potential markets. They go in for selective distribution, entrusting the job to selected retailers. In certain cases, they sell the products through their own showrooms.

The study of consumer behavior basically is to mould consumer behavior and his decisions by market man and to avoid failure of their product, promote new product and for sales promotion. The science at times is misused and to protect consumers there are a number of enactments both in India and other countries. Actually consumer movement in India is much weaker then other developed countries because till a decade back India was sellers market and competitions is of recent origin.