Chapter 2

REVIEW OF LITERATURE

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2.1 Family- A Key Consumer Unit

The family is a key unit of the society. Every individual born into this world is endowed with certain qualities or characteristics that he/she inherits through his/her parents. Yet, individuals are different from their parents. Apart from this physical and mental inheritance, individuals inherit a natural environment and a social heritage, a human and technological environment that is a product of their own efforts and the society. This social heritage consists of language, customs, morals, religions, sciences, the arts, philosophies, social institutions, and technological tools and equipments. Throughout life a continuous interaction takes place between the individuals and their environment.

Human needs and desires change through time and new methods are devised for meeting these needs and wants. In turn, new desires arise.

2.1.1 Concept of a Family

A family is two or more people living together, who are related by blood or marriage (Assael, 2001). The family is the most important consumer buying organization in society, and family members constitute the most influential primary reference group (Spiro, 1983; Burns, 1992; Boutilier, 1993; Assael, 2001; and Moore, Wilkie & Lutz, 2002).

Families have been categorized by Assael (2001, p 569) as:

1. Nuclear Family: Father, mother and children

2. Extended Family: Nuclear family and relatives like grandparents, uncles, cousins, etc.

3. Family of Origination: Family of origin- where an individual is born, and

4. Family of Procreation: Family created by marriage.

Role of a Family

The strategic significance of a family lies in the force with which it connects a family to the larger social group. This is its socialization function. It is the link between the individual and the social structure. Functioning in a particular subsystem of values, members of the family, as they develop, learn to work, and cooperate with others in the neighbourhood, social institutions and the peer group. Social values are learned, reacted to, accepted or rejected; thus individuals change as the subsystems change, and the
individuals in turn affect the system by bringing about further changes in it. The individual is in constant sequence of learning situations that link him at some level with some segment of society. Therefore, as the economy changes the individual’s linkage to it changes.

The functions of a family change with general social changes. Therefore, the roles of various family members within a group also change. There is a prevalence of division of work in the home by sex. However, in recent years the allocation of family tasks along sex lines has changed. Many men today carry or share some home responsibilities traditionally carried by women: they participate more in the care of the children, do the marketing, and prepare a meal. At the same time, women are assuming some tasks traditionally carried by the husband, like, earning some of the family income. Child bearing is perhaps, the only responsibility still carried exclusively by the women. Thus, there is a trend towards companionship and equalitarian family organization (Nickell and Dorsey, 2002).

Historically, women have played diverse roles in home activities; as wives, as mothers and as homemakers. In earlier times in an agricultural economy, a home was a production unit and women were in charge of home production. Now women function as consumer-buyers, choosers of goods and services and as co-managers in the use of available resources for family well being. The decline of the agricultural economy and rise of the industrial economy, women’s roles have seen a gradual change. Today many women have moved into work situations outside the home. Hence, though a difference in the roles of husbands and wives remains the direction of their roles has certainly changed. Many married women have emerged as a wage earning colleague of her husband and a homemaker. They have become choosers of a wide range of goods- raw, prefabricated, convenience and labour saving (Gokilavani and Nageshwari, 2007).

The Home- a Primary Consuming Unit

The change in the methods of production and communication has created a wide variety of goods and services from which families choose to satisfy their needs and wants. Family needs and wants are constantly changing. With the mass production of commodities for exchange, a home today has become a consuming unit instead of a production unit for producing material goods. The homemaker instead of being primarily the director of production for use within the home is now a chooser of commodities and services to satisfy family needs and wants and an advisor of choice making in the family.
In a society predominate by exchange of goods and services for fulfilling family needs and wants, it becomes an important responsibility for women to give direction to the factors of production and control family consumption. Their choices before buying direct both consumption as well as production. That is, their choices affect consumer interests and aid in directing consumption. Thus, as a consumer buyer, she and her family becomes the centre of consumer-buyer function in the market (Nickell and Dorsey, 2002).

Acquiring knowledge of quality, grades and standards, knowing what to buy, when and how, identifying and assessing alternatives available, and knowing what price to pay-become, and essential responsibilities of a consumer-buyer. This way, by being an aware consumer, she is able to maintain the quality of goods and services in the market. Moreover, women as mothers and consumer-buyers also have the responsibility for training future consumers. Through meticulous fact finding and experience over a period of time, informed and aware consumers, learn the art and science of good purchasing. Encouraging all family members to participate in the buying process makes them aware of each other’s needs and wants. It also makes them familiar with the market realities and the prevailing costs (Schiffman and Kanuk, 2007).

In urban India, with the growth of nuclear families, and both husband and wife working, the role of women in major family decisions, such as purchase of house, automobiles and durables has grown substantially and is no longer just cosmetic in terms of accompanying the chief wage earner, normally, the husband. In most cases, joint decision making is becoming a common phenomenon with a significant influence of teenage children, particularly in technology-savvy products such as cell phones, home computers, and music systems. Children and teenagers are being targeted by companies using the internet as an interactive device (Sheshadri, 2006).

The change in the home from a producing to a consuming unit increases the managerial problems concerning the use of human and material resources and requires excellent problem solving skills. A woman needs to be well informed and knowledgeable to solve these problems within the constraints of her resources and to the satisfaction of all the family members. Thus, she needs to be an efficient manager to successfully manage her home and work towards welfare of all members and the society at large.
Through a careful analysis of the mental and physical processes involved in meeting the managerial responsibilities in the home we can get a good understanding of what is required to achieve satisfaction for all family members and avoid any frustrations (Nickell and Dorsey, 2012).

2.1.2 Women Consumers in India

Women consumers in India have several layers to them. Therefore it is not appropriate to look at Indian women as ‘one mass’ of consumers or household consumption decision-makers. The various ‘lifecycle stages’ (a combination of their age, occupational status, and marital status) they pass through are associated with distinct lifestyles, and therefore, different consumption orientations. Whether they are married or have children, and whether they are ‘within the household’ or ‘between the house or workplace’ has a very deep impact on their individual as well as consumption psyche and behavior (Business World, 2011).

A study conducted by Business World titled Juxt Indian Women 2010 study concluded that there were only 40 million working women in India (9% of all women- of these 72% were working mothers). Of the rest 260 million were house-wives and 148 million were students. Housewife mothers were the largest occupational- marital segment among women (50%) with an average age of 37 years. Half of all the employed women in India were ‘unskilled’ workers. Only 1 in 10 worked in the corporate world.

Women form the significant ‘better half’ of the consumption world in any modern society. They play a pivotal role in the household buying decision-making and consumption in India. This is particularly more so because almost three-fourth of all families in India are nuclear families with children. The report differentiated Indian women into six distinct lifecycle groups (Table 2.1).

The household assets owned by housewife mothers were found to be far better than that of working wives and working mothers. TV was the main media used by almost all strata of women. The TV watching habits of women in different strata indicated that entertainment/ serials and reality shows were watched by most women; followed by news, movies and music.
Money emerged as the top-most priority among all the different women consumer segments, they showed very distinct second priorities in their lives. This indicated that their occupational-marital status was the main driver of their lifestyles. After money different women segments showed distinct second priority in their lives (self-education for women students, status/fame for working maidens, children’s education for housewife/working mother, family for housewives, and health for working wives). Therefore, it was concluded that lifestyle drivers and motives differed distinctly among the women consumers in different lifecycle stages (Businessworld, 2011).

### 2.1.3 Classification of Indian Consumers

Indian population is classified by National Council for Applied Economic Research (NCAER) into five groups, based on annual household income (based on 1995-96 indices). These groups are Lower Income, three subgroups of Middle Income and Higher Income. Income classifications have not served as effective indicator of ownership and consumption trends in the economy. Therefore, NCAER, India’s premier economic research institution, has released an alternative classification based on consumption indicators, which is more relevant for ascertaining consumption patterns of various classes of goods. Consumer households in India have been classified into five classes, ranging from the destitute to the highly affluent, which differ considerably in their consumption behavior and ownership patterns across various categories of goods. These classes exist in both urban and rural households, and consumption trends differ significantly between similar income households in urban and rural areas (CCI, 2012).
Rapid economic growth has increased and enhanced employment and business opportunities and increased disposable incomes. This rapid rise will lead to an even faster increase in demand for consumer durables and expendables. Middle class, defined as households with disposable incomes from Rs 2,00,000 to 1,000,000 a year comprised of about 11,000,000 households in 2001-02 and was expected to rise to about 27,000,000 households in 2009-10. It was predicted that by 2025 the size of middle class was likely to increase to about 41% of the Indian population (NCAER, 2005).

According to NCAER estimates that household income in the top 20 boom cities in India is projected to grow at 10 per cent annually over the next eight years, which is likely to increase consumer spending on durables. The emergence of quick and easy loans, zero equated monthly installment (EMI) charges, loan through credit card, loan over phone, has made it easy for Indian consumers to afford more expensive consumer goods (CCI, 2012 p3).

2.2 Consumer Durables Market in India- An Overview

India’s consumer market in recent years has witnessed an economic boom. This boom has been driven by a young population with access to disposable incomes and easy finance options (NCAER, 2011 and CCI, 2012).

2.2.1 Consumer Market in India

In the nineties, India globalised in a big way and began to assimilate with the outside world. Markets saw the entry of global brands and product categories. This period marked the emergence and acceptance of both global communication and global brands respectively. The decade of preceding the year 2000 represented the awakening of consumerism in India and the preceding decade of 2000-10 marked the adolescence period of liberalization. This period has seen a greater level of confidence on the part of consumers to voice their preferences and exercise their choices. Companies too have matured their engagement with the Indian market. The decade has seen a coming of age as far as the level of Indianisation that firms have brought right from strategic product innovation to communication, pricing and distribution (Businessworld, 2012 p 131).

The CCI Report of 2012 concludes that the market share of MNCs in consumer durables sector in India is 65 per cent. The MNC’s major target is the growing middle class of
India. MNCs offer superior technology to the consumers whereas the Indian companies compete on the basis of firm grasp of the local market, their well acknowledged brands, and hold over wide distribution networks. The biggest attraction for MNCs is the growing Indian middle class. The market is characterized by low penetration levels. MNCs hold an edge over their Indian counterparts in terms of superior technology combined with a steady flow of capital, while domestic companies compete with MNCs on the basis of their well-acknowledged brands, an extensive distribution network and an insight in local market conditions (CCI, 2012 p1).

Apart from steady income gains, consumer financing has become a major driver in the consumer durables industry. In the case of more expensive consumer goods, such as refrigerators, washing machines, televisions and computers, retailers are joining forces with banks and finance companies to market their goods more aggressively. Among department stores, other factors that will support rising sales include a strong emphasis on retail technology, loyalty schemes, private labels and subletting of floor space in larger stores to smaller retailers selling a variety of products and services, such as music and coffee. Indian media and internet have also contributed significantly to the expanding consumer goods market as consumers in the remotest areas are equally aware of the latest products launched in the market due to the increasing penetration of television channels and cinemas. In the Financial Year 2010 Air conditioners (including industrial and office air conditioners) constituted 38% of the consumer appliances market, followed by refrigerators at 14 %, electric fans at 7.5%, washing appliances at 7% and sewing machines at 5% (CCI, 2012 p 5).

2.2.2 Concept and Classification of Consumer Durables

The term ‘consumer durable’ has been defined in the Household Consumer Expenditure Report of 2008 by the Directorate of Economics and Statistics (Government of Delhi) for the 63rd Round of the National Sample Survey (July 2006-June 2007) as being items that have a life time of one year or more and include furniture and fixtures, ‘entertainment’ durables such as radios, TVs, VCR/VCD/DVD Players, cameras, musical instruments, jewellery and ornaments, crockery and utensils, cooking and other household appliances such as fans, air conditioners, air coolers, sewing machines, washing machines, stoves,
pressure cookers, fridges, water purifiers, electric irons, heaters, toasters and ovens, household transport equipment including two-wheelers, four-wheelers and their parts, therapeutic appliances, clocks, watches, computers for household use, mobile phone handsets, and bathroom and sanitary equipment. Petty durables such spectacles, torches, locks, umbrellas, etc. were excluded from the list of consumer durables (Government of Delhi, 2012).

2.2.3 Ownership Pattern of Consumer Durables in India
Consumer Durables Industry in India, the Indian consumer durables segment can be segregated into three groups: white goods, brown goods and consumer electronics which include:

- **White goods**- Refrigerators, Washing Machines, Air Conditioners and other domestic appliances
- **Brown goods**- Microwave Ovens, Food Processors (Mixer Juicer Grinder), Water Purifiers and other kitchen appliances
- **Consumer electronics**- Televisions, Audio and Video Systems, Computers, Mobile Phones, Digital Cameras, VCD-DVD players, Handy Cams, I pads, and other electronic devices

These segments are characterized by intense competition, emergence of new companies (especially Multi National Companies, MNCs), introduction of state-of-the-art models, price discounts and exchange schemes. MNCs continue to dominate the Indian consumer durable segment, which is apparent from the fact that these companies command more than 65% market in the colour television (CTV) segment. Further, in alignment with the global trend over the years, the demand for consumer durables has increased with rising income levels, double-income families, changing lifestyles, availability of credit, increasing consumer awareness and introduction of new models. Products like air conditioners are no longer perceived as luxury products (CCI, 2012, p4).

The National Sample Organisation (NSSO) conducted an all-India survey of expenditure of households and unorganized service sector enterprises in the 63rd round of NSS during July 2006- June 2007. Its report was published in 2008 indicated that the absolute and percentage break up of Monthly Per Capita Expenditure (MPCE) on consumer durables in 2006-07 for urban India was Rs 59 which was 5% of the total MPCE. The MPCE for rural area was Rs 26 which is 4% (National Sample Survey Report, 2008).
The 2005 report of the Market Information Survey of Households conducted by NCAER and Business Standard stated that the rapid rise in incomes will lead to an even faster increase in the demand for consumer durables and expendables. As a result the ownership of goods will also go up significantly and this growth will be powered by the increased usage in different income classes and the rise in the size of the Great Indian Middle Class. The report indicated that the demand for consumer durables like Colour TVs, Refrigerators and White Goods had been increasing steadily over the last two decades. Tables 2.2 and 2.3 quote the demand and penetration for these household durables. It can be clearly observed that while the demand for these durables has been increasingly steadily, there is still a lot of scope for penetration of these durables and the market has a lot of scope for reaching to the masses.

### Table 2.2 Demand of Consumer Durables in India
(Figure in ’000)

<table>
<thead>
<tr>
<th>Consumer Durables</th>
<th>1995-96</th>
<th>2001-02</th>
<th>2005-06</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTV regular</td>
<td>1785</td>
<td>4580</td>
<td>6295</td>
<td>9957</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>1850</td>
<td>3006</td>
<td>4335</td>
<td>6774</td>
</tr>
<tr>
<td>White Goods</td>
<td>3437</td>
<td>6024</td>
<td>8727</td>
<td>13149</td>
</tr>
</tbody>
</table>


### Table 2.3 Penetration of Consumer Durables in India
(Number of households owning goods per ’000 households)

<table>
<thead>
<tr>
<th>Consumer Durables</th>
<th>1995-96</th>
<th>2001-02</th>
<th>2005-06</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTV regular</td>
<td>72.0</td>
<td>145.6</td>
<td>213.0</td>
<td>314.0</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>86.1</td>
<td>134.0</td>
<td>160.7</td>
<td>224.9</td>
</tr>
<tr>
<td>White Goods</td>
<td>149.4</td>
<td>247.1</td>
<td>319.1</td>
<td>451.7</td>
</tr>
</tbody>
</table>


There is a marked difference in the ownership of common household consumer durables amongst the various income groups in India with the Aspirers and the Middle Class having a large latent demand. Table 2.5 brings out clearly the difference among ownership of consumer durables amongst the various consumer groups.
Table 2.4 Income Grouping and Ownership of Selected Consumer Durables
(Ownership per ’000 households 2001-02)

<table>
<thead>
<tr>
<th>Annual household Income (’000)</th>
<th>Households (Million)</th>
<th>Colour TV</th>
<th>Refrigerator</th>
<th>Air Conditioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deprived &lt;90</td>
<td>135.4</td>
<td>0.05</td>
<td>0.04</td>
<td>0.00</td>
</tr>
<tr>
<td>Aspirers 90-200</td>
<td>41.3</td>
<td>0.40</td>
<td>0.34</td>
<td>0.04</td>
</tr>
<tr>
<td>Middle Class 200-1000</td>
<td>10.7</td>
<td>0.73</td>
<td>0.62</td>
<td>0.32</td>
</tr>
<tr>
<td>Rich &gt;1000</td>
<td>0.8</td>
<td>0.99</td>
<td>0.74</td>
<td>0.83</td>
</tr>
<tr>
<td>Total</td>
<td>188.2</td>
<td>0.17</td>
<td>0.01</td>
<td>0.03</td>
</tr>
</tbody>
</table>


The ownership and usage pattern between the two metropolitan cities of Delhi and Mumbai also throws some light on the consumer choices across these cities (Refer Table 2.5).

Table 2.5 Usage of Washing Machine in Delhi and Mumbai
(Ownership per ’000 households in 2001-02)

<table>
<thead>
<tr>
<th>Annual household Income (’000)</th>
<th>Washing Machine</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delhi</td>
</tr>
<tr>
<td>&lt;90</td>
<td>29.2</td>
</tr>
<tr>
<td>90-135</td>
<td>224.8</td>
</tr>
<tr>
<td>135-180</td>
<td>503.2</td>
</tr>
<tr>
<td>180-300</td>
<td>616.1</td>
</tr>
<tr>
<td>&gt;300</td>
<td>822.0</td>
</tr>
<tr>
<td>Total</td>
<td>574.9</td>
</tr>
</tbody>
</table>


The difference in ownership of Refrigerators in urban and rural areas by those owning other durables is brought out clearly by Table 2.7. The NCAER report stated that in urban areas Refrigerators were owned by 31.3% families owning a two wheeler, 89.0% of families owning cars/jeeps, 36.7% families owning Televisions, 88.2% owning Air Conditioners and 80.4% of families owning Cellphones. The NCAER report also stated that there was a large market for secondhand consumer durables and the share of second hand durable goods was quiet high in urban areas as compared to rural areas.
Table 2.6 Ownership of Refrigerators by those Owning Other Durables
(Percent of households owning various durables 2001-02)

<table>
<thead>
<tr>
<th>Durables</th>
<th>All India</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two wheelers</td>
<td>21.8</td>
<td>31.3</td>
<td>9.2</td>
</tr>
<tr>
<td>Cars/Jeeps</td>
<td>83.8</td>
<td>89.0</td>
<td>17.1</td>
</tr>
<tr>
<td>Televisions</td>
<td>26.3</td>
<td>36.7</td>
<td>8.7</td>
</tr>
<tr>
<td>AC</td>
<td>85.9</td>
<td>88.2</td>
<td>31.7</td>
</tr>
<tr>
<td>Cellphones</td>
<td>64.5</td>
<td>80.4</td>
<td>35.8</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>12.9</td>
<td>36.1</td>
<td>4.0</td>
</tr>
</tbody>
</table>


2.3 Understanding Consumer Behaviour

2.3.1 Concept of Consumer Behaviour

A consumer is a person who buys any goods and/hires any service for a consideration paid or promised or partly paid or partly promised or under any system of deferred payment but does not include a person who obtains such goods for resale or for any commercial purpose. However, a person is a consumer if he purchased goods for the purpose of earning his livelihood by means of self-employment (Consumer Protection Act, 1986).

Economic strength of a country lies in its ability to employ all its available resources gainfully. This is possible only when there is a steady and effective demand for goods and services, the pre-condition for which is the ability and willingness of the people to purchase or pay for such goods and services. Ultimately, consumption function is the centre of all economic activities, which is largely influenced by consumer behavior (Seshadri, 2006).

According to Blackwell, Miniard and Engel (2006), Consumer behavior is defined as activities people undertake when obtaining, consuming, and disposing of products and services. Consumer behavior has traditionally been thought of as the study of ‘why people buy’ specific products and brands. They include three primary activities in the definition of consumer behavior- obtaining, consuming and disposing:

- Obtaining refers to the activities leading up to and including the purchase or receipt of a product.
- Consuming means how, where, when, and under what circumstances consumers use products.
• Disposing refers to how consumers get rid of products and packaging.

Figure 2.1 depicts these three activities. The Figure also shows how many variables affect the process of consumer behavior. Each of these variables shows how ‘individual and unique’ a consumer’s behavior can be and how these influences can explain why we as consumers make certain decisions.

Engel, Blackwell & Knollet (1978) defined Consumer behaviour as “...the acts of individuals directly involved in obtaining and using economic goods and services, including the decision processes that precede and determine these acts”.

Consumer behavior also can be defined as a field of study that focuses on consumer activities. Historically, the study of consumer behavior focused on buyer behavior, or “why people buy.” More recently researchers and practitioners have focused on consumption analysis, which refers to why and how people use products in addition to why and how they buy. Consumption analysis is a broader conceptual framework than buyer behavior because it includes issues that arise after the purchase occurs- issues that often affect how people buy and the satisfaction they receive from their purchase.
Consumer behavior should be the primary focus of every firm’s marketing programme. This is central to the **marketing concept** - the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. The key element in marketing is the exchange by the marketer of something of such value that the customer will pay the price that meets the needs and objectives of the seller. A customer’s satisfaction with an exchange depends on his or her satisfaction with consumption of the product as well as the exchange of money. Consumers only want to pay for products and services that satisfy their needs, a process likely to occur unless the firm thoroughly understands how buyers consume or use a particular product.

Study of consumer behaviour is very complex as it embraces psychological, social and physical behaviour of all potential consumers as they become aware of, evaluate, consume and tell others about products and services (Nair, 1999).

**2.3.2 Evolution of the Study of Consumer Behavior**

Consumers face infinite choices and possibilities every hour of the day and night. The final selection of what is available for consumers to buy has changed over time, as consumers force marketers to evolve from supply chains to demand chains. Everyone involved in determining what consumers are able to buy are included in a **supply chain** which includes all the organizations involved in taking a product from inception to final consumption. These organizations typically include manufacturers (who turn raw material into products), wholesalers (or other forms of distributors who procure products, house them, and distribute them to the point of sale), retailer (who sell them to final users through stores, directly or on the internet), and consumer (who buy and consume the products). The supply chain also includes many facilitating organizations such as advertising and research firms, financial institutions, and transportation or logistics firms (Blackwell, Miniard & Engel, 2006).

The focus and the power within the supply chain to determine what is offered to consumers has shifted throughout history. The convergence of changing market forces, including increased competition, changing consumer lifestyles, power shifts within the supply chain and the influence of consumer, business orientation has changed from a **manufacturing focus to a marketing focus**.
Business strategy in the twentieth century focused on supply, but in the twenty-first century it focuses on demand. The earliest contributions to consumer behavior occurred in the 1920s when production capacity began to out run demand and the challenge shifted from **how to manufacture goods to how to sell them**. At this time advertising agencies emerged as important institutions, and Universities began offering courses on selling, advertising and other marketing areas. Advertising agencies and Universities relied on the accumulated wisdom of experience rather than behavioural science to influence consumers.

In 1930s, marketers brought forth the importance of repetitive advertising to build awareness and brand preference. The 1940s and 50s saw the coining of the phrase **unique selling proposition** (USP) to describe the importance of selecting a benefit of the product and repeating that phrase so often that consumers uniquely associate that benefit with a particular brand.

In the period after World War II, it was easy for marketers to predict what consumers would buy- anything firms could produce. In the 1960s and 1970s the productive capacity of firms far exceeded demand. This made the study of consumer behavior to grow beyond its roots in economics into a meaningful discipline. Earlier price once dominated the study of consumer behavior by economists, modern-day marketers began to focus on many other dimensions affecting consumer choice, such as quality, convenience, image, and advertising, aiding the transition of organizations to having what consumers would likely buy. Figure 2.3 details this evolution in the study of consumer behaviour.
The change from sales to a marketing orientation required more sophisticated tools to understand consumers and what products or services would satisfy them. Hence, behavioural science played an important role in understanding the needs and wants of consumers. They provided a toolbox of theories and methodologies borrowed by innovative marketing organizations, including:

- **Motivation research**: Motivation research was derived from psychoanalytical theories of Sigmund Freud in the 1960s to uncover hidden and unrecognized motivations through guided interviewing.

- **Positivism**: This approach uses rigorous empirical techniques to discover generalizable explanations and laws. This process takes the view that if results cannot be proven in a laboratory, the data are not useful, and that only information derived from scientific methods should be used in making decisions. This approach is useful in understanding and predicting consumer behavior and discovering cause-and-effect relationships that govern persuasion and education.

- **Postmodernism**: Postmodernism is a complimentary approach to positivism and became popular in the 1980s and 1990s. Postmodernism uses qualitative and other research methods to understand consumer behavior. It may include understanding
the emotion involved in choosing a brand. Postmodern research has led to the use of ethnographic and other research methods to understand daily life and the influence of the culture on how people consume products (Blackwell, Miniard & Engel, 2006 and Schiffman & Kanuk, 2007)

2.3.3 Principles of Consumer Behavior

A few underlying principles of consumer behavior have become mottos for some of the most successful organizations. Though these principles might seem basic, but they often are misunderstood or ignored. Blackwell, Miniard and Engel (2006) describe these principles as:

- **The Consumer is Sovereign**
  Consumer behavior is purposeful and goal oriented. Products and services are accepted or rejected to the extent that they are perceived as relevant to needs and lifestyles. A consumer is fully capable of ignoring everything the marketer has to say. It is easier for a firm to change its marketing programs to fit the preference of consumers than to expect consumers to change their preferences to fit the needs of a marketer. Firms that survive and thrive learn that the consumer reigns.

- **The Consumer is Global**
  The world is the market place for many consumers today as they watch global television networks and search the World Wide Web to satisfy basic consumer needs and decision processes that are nearly universal. The new global consumers buy the same brands, from the same type of retailers, and for the same reasons in many countries throughout the world. Therefore, whether it is South Africa, Taiwan, Russia, or Australia, researchers are using the same methods and theories to conduct research and analyse consumer behavior. Even though there are differences between cultures and consumer decisions, as consumers become more global the similarities are much greater.

- **Consumers are Different and Consumers are Alike**
  Marketing practitioners focus on similarities between consumers, always looking for groups of people who have the same needs and basic behaviours wherever they may live and whatever they do. Marketers must dive deeper in their understanding of consumer behavior to identify groups of people into **market segments** which span demographic characteristics and geographical boundaries. Consumer analysts focus on similarities
within groups, while recognizing the differences between groups (Hassan & Blackwell, 1994).

- **Consumers have Rights**

Consumer needs are real. They are expressed in the purchases consumers make and in the purchases they choose to forgo. The combined effect of the thousands of advertisements consumers face all the time is a constant reminder of material goods and services they do not have. Individuals are motivated towards more consumption, acquisition, and upward mobility, and society is driven to produce and innovate. Despite this, sometimes, fraud and manipulation occur. In response to such events Consumer Rights emerged. These included: Right to safety; Right to be informed; Right to choose; Right to be heard (redress); Right to enjoy a clean and healthful environment; and Right of the poor and other minorities to have their interests protected (Lampman, 1998 and Collins & Porrous, 1997).

Rights are absolute, inviolable, and nonnegotiable. Outright deception, poor product quality, nonresponse to legitimate complaints, pollution and other actions are nothing less than violations of legitimate rights (Blackwell, Miniard & Engel, 2006).

### 2.3.4 Segmentation of Consumer Markets

Market segmentation is the process of identifying groups of people who behave in similar ways to each other, but somewhat differently than other groups. A **market segment** is a group of consumers with similar behavior and needs that differs from those of the entire or mass market. People differ considerably in their motivations, needs, and decision processes. Companies which customize products and services for consumers are able to maximize customer satisfaction.

Segmentation is based on identifying and appealing to consumers with similar behavior, not necessarily similar characteristics. Consumer analysts use consumer characteristics for segmentation because they are correlates or “proxies”, for behavior- not because the characteristics are determinants of why people buy. Blackwell, Miniard and Engel (2006) explained this with an example, market segments that buy a stereo priced at $3,000 (about Rs 16,50,000) are much different from those that buy a stereo priced at $300 (about Rs 16,500). Not only will the product and price be different, based upon different music-listening behavior, but the distribution channels and promotional components of the marketing mix likely will be different. At first glance, one might conclude (falsely) that
the segments buying the $3,000 stereo would all be high income and the segments buying the $300 stereo would be low income. In fact, a few low income consumers might buy the expensive stereo (leaving other needs and wants unfulfilled), and many high income consumers might buy the lower-priced stereo (providing future savings for consumption of other things).

Measuring behavior for the purpose of developing a targeted marketing mix is difficult, but it is relatively easy to measure consumer characteristics such as income, age or gender. Marketing strategy frequently relies on consumer characteristics because they are often correlated with consumer behaviours. The variables typically used to define segments of potential customers with similar behavior are demographics, psychographics (activities, interests and opinions), purchase and consumption behaviours, geographical characteristics, and situational factors (time, place of use and usage). These variable-based segments overlap, yielding a highly targeted segment, which may improve the predictability and sensitivity of how segments will respond to specific types of advertising, promotions, product variations, and distribution channels (Shiffman & Kanuk, 2007 and Hawkins, Best, Coney & Mookerjee, 2007).

2.3.5 Role of Consumer Behaviour in Consumer-Centric Marketing

Customer centric organizations provide consumers with more value than competitors. Value is the difference between what consumers give up (time, money or other resources) for a product and the benefits they perceive. In today’s value conscious environment, sellers must develop and communicate the overall value of their products (Grewal, Monroe & Krishnan, 1988,). Quality is often thought to be synonymous with value. However, is not enough to sustain competitive advantage in today’s environment (Woodruff, 1997 ), but the combination of other components of value, such as, brand, image, price and product features, does provide an advantage.

Marketing strategy involves the allocation of resources to develop and sell products and services that consumers will perceive to provide more value than competitive products or services. The process includes market analysis, market segmentation, brand strategy, and implementation, with the study of consumers at the core. As seen in Figure 2.3, the consumer relates directly with each of these areas of strategy formulation and
implementation. The Figure shows four major steps of marketing any product or service and introducing it to the marketplace.

Figure 2.3: Consumer Centric Marketing Strategy: Marketing Mix and Implementation


Understanding consumers’ expressed and unspoken needs and realities that affect how they make life, brand and product choices is referred to as consumer insights (Stephan & Blackwell, 1999).

Marketing strategy involves a plan to meet the needs and desires of specific target markets by providing value to that target better than competitors. Such a plan specifies the essential components of the marketing mix- the four Ps (product, place, price and promotion). Consumer research is extremely important in developing segmentation strategy as well as formulating the marketing mix, and both are also affected by the decision process of consumers. The first element of the marketing mix is product. It includes the total bundle of utilities (or benefits) obtained by consumers in the exchange process. Products include both goods and services with both tangible and intangible attributes. Products may be purchased for a variety of reasons ranging from satisfying a basic need to something that just feels good (for example, a massage).
Place (or distribution) is the second element of the marketing mix. In this phase, firms decide the most effective outlets through which to sell their products and how best to get them there. Where would consumers expect and want to buy this product—through mass retailers, electronic retailing, direct selling, or catalogs?

The third element of the marketing mix is the price. It involves an assessment of the total bundle of disutilities (costs) given up by consumers in exchange for a product. Disutility usually refers to cash paid (or credit card debt incurred) for the product. It also includes other disutilities such as time, inconvenience, and psychological risk that add to the price of the product.

The final element of the marketing mix is promotion. This includes advertising, public relations, sales promotion, and personal sales. Organisations must determine what messages they want to send to which consumers, which forms of communication will best reach specific segments, what type of communication should occur during the various stages of the purchase and consumption process, and how different product attributes should be positioned through different forms of media. Effective implementation of the marketing strategies can be achieved through seven Rs of the marketing mix—research, retailing, reliability, reward, and relationship. R stands for success in customer-centric organizations, because it also stands for relationship marketing. It is the science and art of acquiring and retaining customers.

2.3.6 Influence of Demographic Characteristics on Consumer Behavior

Several factors influence consumers’ buying behavior. These include: marketing (4Ps) and other stimuli like, economic, technological, political, cultural factors; consumers’ social and personal characteristics; and psychological processes like motivation, perception, emotions, learning and memory. Consumers generally pass through five stages while making a purchase: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior. These factors and the consumer buying process are illustrated in the Figure 2.4 and described below.
2.3.6.1 Influence of Economic factors on Consumer Behaviour

Economists study consumer behavior as a factor of demand and supply. According to classical economists, it is the utility (want satisfying power) of a good which prompts a consumer to buy a good. Classical and neoclassical economists believe that consumers are rational and capable of perceiving the utilities of different quantities of goods they want (Seshadri, 2006).

Seshadri explained that according to renowned economist Marshall, consumers are rational, sensible and seek to get maximum satisfaction from a given commodity. They achieve such a situation of utility maxima when the marginal utility they get from that commodity is equal to the price they pay for it. Economists have suggested a variety of variables influencing consumer behaviour. Level of current income, relative income, permanent income, highest previously attained income, liquid assets, tax variation, and credit are some such influencing factors. The purchasing power of consumers is generated by disposable personal income and not their gross personal income. Any changes in their disposable income affect their buying behaviour.

Consumption is a function of current income, previous income, permanent income, discretionary income, future income, consumer liquid assets and consumer credit.
Thus, consumers’ product choice is greatly affected by economic circumstances: spendable income (level, stability, and time pattern), savings and assets (including the percentage that is liquid), debts, borrowing power, and attitudes toward spending and saving (Kotler et al, 2007). The estimated number of Indian households by income groups and the projected age distribution of population is presented in Table 2.7 below.

Table 2.7 Distribution of Indian Households (million) by Income Group

<table>
<thead>
<tr>
<th>Annual Household Income (at 2004-05 prices)</th>
<th>2010-11</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deprived Below Rs 112,000</td>
<td>134.7</td>
<td>113.3</td>
</tr>
<tr>
<td>Aspirers Rs 112,000-250,000</td>
<td>70.7</td>
<td>89.4</td>
</tr>
<tr>
<td>Middle Rs 250,000-1,250,000</td>
<td>31.4</td>
<td>53.3</td>
</tr>
<tr>
<td>Rich Over Rs 1,250,000</td>
<td>3.2</td>
<td>6.6</td>
</tr>
</tbody>
</table>


2.3.6.2 Influence of Culture on Consumer Behaviour

An individual’s cultural orientation focuses on group influence. A clear appreciation of cultural values is vital for understanding of consumer behaviour. The term ‘culture’ comprises of a set of norms or attitudes or a definite way of doing things. Culture is like an adhesive which binds together people of similar ideas, values, and behaviour. It can be viewed as a means of coping with the environment. Block and Roering (1979) defined culture as a complex set of values, ideas, attitudes and other meaningful symbols created by humans to shape behaviour and the artifacts of human behaviour, all of which are transmitted from one generation to the next. It may include “the entire heritage of a society transmitted by word, literature or any other form and all traditions, habits, religion, art and language. People nurture cultural values, habits and patterns of behavior and these are transmitted from generation to generation. Culture generates a sense of identity, moulds beliefs, directs attitudes, prescribes norms and promotes values (Jean & Hennessey, 2001 and Seshadri, 2006),

Culture, sub culture and social class are particularly important influences on consumer buying behavior. Culture is the fundamental determinant of a person’s wants and behavior. The growing child acquires a set of values, perceptions, preferences and behaviours through his or her family and other key institutions. A child growing up in a traditional middle-class family in India is exposed to the following values: respect and
care for elders, honesty and integrity, hard work, achievement and success, concern for humanity and sacrifice. A child growing up in the United States is exposed to the following values: achievement and success, activity, efficiency and practicality, progress, material comfort, individualism, freedom, external comfort, humanitarianism, and youthfulness (Schiffman and Kanuk, 1997).

Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic region (Jean & Hennessey, 2001).

With the opening up of the world economy, as well as, the Indian economy after liberalisation, consumers and manufacturers share cultural practices for consumption and production at a global level. This can lead to Indianisation of western culture or westernisation of Indian culture and a shift in the pattern of behaviour of consumers in Indian and in western countries (Seshadri, 2006).

Jean & Hennessey (2001) explain the cultural influences on consumer behaviour in Figure 2.5.

Five distinct characteristics of culture influence consumer behaviour: Culture is learned; Culture is inculcated; Culture is a social phenomenon; Culture is gratifying, and Culture is adaptive (Block and Roering, 1979, p 102).

Culture is a dynamic concept and cultural trends tend to redefine uses of certain products, resulting in significant changes in the behavioural aspects of the consumer. Culture bars...
people from doing certain acts, particularly in food habit and these cultural barriers are nurtured mostly by religious beliefs.

Advertising must take into account the cultural values and product-definitions of the society (or sub-society) in which it tends to operate. Sometimes, the preferences of consumers are so pre-determined by cultural values and their behaviour so defined culturally as to be strong enough not only to resist any tempting advertisement but also to make the marketers to modify their advertising strategy recognizing and reflecting cultural values (Kotler et al., 2012 and Sheshadri, 2006).

Venkateshu (1999, p 60-61) in his study on the influence of culture and advertising and vice versa on rural and semi-urban middle class, pointed out that a majority of consumers buy durables and clothes during festival seasons as the festivals are deep-rooted in Indian culture. More than 48 per cent of people buy during festivals, 2 per cent on New Year, 20 per cent during marriage season, 4 per cent after harvest and 26 per cent remain uncertain. His study also revealed that in 40 per cent of the cases, husband took decisions and in 81 per cent of the cases wife made decisions on buying consumer durables; the instances of husband and wife jointly taking decisions account for 32 per cent buying decisions. As many as 40 percent of the consumers did not like to buy goods on some days like New Moon Day and 8 per cent did not wish to buy in ‘Soonya Masa’ (November-December) or ‘Ashada Masa’ (May-June).

The study also reported that Indian culture is unique and unparalleled as it is composed of rich-cultures, which include nationalities, religion, and racial groups speaking different languages. Despite these diversities, the Indian consumers can be broadly classified into urban consumers and rural consumers. “Urban Consumers are said to have a marked similarity. The spending habits of urban consumers follow a pattern. For example, the first week of the month is boom time for consumer non-durables. The fourth quarter of the year is the boom period for consumer durables. Working women are for time saving cooking and household gadgets. The Green Revolution has brought in a transition from the traditional subsistence to modern commercial farming resulting in an increased income in the hands of the farmers and rural folk. This increase in the levels of income coupled with improvement in media, like TV, make inroads into their culture. The attitude and life-style of the rural middle class are changing. Venkateshu concluded that
he saw the consumers’ attitude changed to ‘buy and invest’ instead of ‘thrift and savings’ attitude of the last generation”.

Ramakrishnan (2001) in his study found that in Tamil Nadu, during the month of Aadi (15th July to 15th August), no auspicious thing is done and an average consumer in Tamil Nadu has developed a mental block against any big purchase during this month. However, he states that in Chennai, recently businessmen have started offering attractive discounts on large scale to consumer goods for overcoming the generally low sales during Aadi month. It has been observed: “Aadi kondatam, Aadi Bonanza, Aadi Thallupadi, Aadi discounts, etc., words stare at the consumers from the print and the visual media, words that entice them to indulge in a spree of extravagant consumerism, for, like all discount sales, it subtly suggests that by spending consumers are in fact saving”.

2.3.6.3 Influence of Social Class on Consumer Behaviour

The term ‘social class’ refers to the social position a person occupies in a society. Every society in reality is stratified. Stratification arises with the most rudimentary division of labour and appears to be socially necessary in order to get people to fill different positions and perform adequately in them (Berlson & Stenier, 1994 and Seshadri, 2006).

Social classes are relatively permanent and homogenous divisions in a society into which lifestyles, interests and behaviours can be categorized (Block and Roering, 1979). Individuals are largely grouped, based on their occupation, education, income, personal interaction, possessions, affiliations and value orientation and these large groups tend to become a social class. There is uniformity in the behaviour of individuals within each social class, though there are differences in the behaviour between different social classes. However, there is also similarity in the behaviour of many social classes in many respects (Seshadri, 2006).

Behaviour of all social classes are unique within themselves. Each social class has its own pattern of purchase, education, occupation and recreation. Many behaviours are common between social classes. This is shared behaviour. Excluded behaviour is one which the social classes do not indulge in and avoid as it is against their standards and norms (Khan, 2001).
All human societies exhibit **social stratification**. Stratification sometimes takes a form of a caste system where the members of different castes are reared for certain roles and cannot change their caste membership. More frequently, it takes the form of **social classes**, relatively homogenous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests, and behavior.

Different categorization of social class has been made by researchers. In India, it is usual to categorize the social class into three: Upper Class, Middle Class and Lower Class. Khan (2001) added working class in between middle class and lower class and bought out the social class system as follows: Elite of the Society- Upper Class, White Collar Middle Class- Middle Class, Affluent Working Class and Blue (Khaki) Collar Class- Working Class and Lower Class.

Indian marketers use a term called **Socio Economic Classification** (SEC), which uses a combination of the education and occupation of the chief wage earner of the household to classify buyers in the urban areas. This classifies all the urban households into eight broad categories namely, A1, A2, B1, B2,C, D, E1 and E2; with A1 signifying the highest purchase potential and E2 signifying the lowest. For the rural areas, the system uses the occupation of the chief wage earner of the household and the type of house to classify households into four broad categories from R1 to R4 in the descending order of purchase potential.

Social classes show distinct product and brand preferences in many areas, including clothing, home furnishings, leisure activities, and automobiles. Social classes differ in media preferences, with upper class consumers often preferring magazines and books and lower class consumers often preferring Television. Even within a media category such as TV, upper class consumer tends to prefer news and drama and lower class consumers tend to prefer soap operas and sports programs. There are also language differences among the social classes. Advertising must ring true to the targeted social class of consumers (Kotler et al., 2007).

The awareness and buying behaviour of the consumers are largely influenced by the category of social class to which they belong. Their lifestyle and buying behaviour are largely determined by the social class to which they are associated (Seshadri, 2006).
With the advancement of education and technology, coupled with meritocracy, there is greater scope for social mobility which enable the people to move up the social ladder rather more easily than earlier generations (Chisnall, 1994).

As people go up in the social ladder, new consumption habits are formed by way of using consumer durables, such as washing machines, mixer, grinders etc., and, in short, their awareness goes up and their lifestyle gets transformed. New styles of life tend quickly to become habitual. Consumption patterns, that at first seem indulgent and discretionary, tend to become routine and necessary.

Based on various studies conducted by consumer researchers, Carl and Roering (1979) compiled generalisations to indicate the impact of social class on consumer behaviour as follows:

- The amount and type of search undertaken by an individual varies by social class as well as by product and situation.
- Upper class individuals have far more access to media information than do their lower class counterparts. Lower class individuals tend to rely on relatives and close friends for information about consumption decisions whereas middle class
individuals put more reliance upon media acquired information and actively engage in external search from the media.

- Lower class individuals tend to prefer to shop at local face-to-face places where they are confident that they will receive friendly service and easy credit. Upper middle class individuals tend to be more confident in their shopping ability and shop at broader range shops. The discount stores especially appeal to the middle class, because they are careful and economy minded in their buying.

### 2.3.6.4 Influence of Social Factors on Consumer Behaviour

In addition to cultural factors a consumer’s behavior is influenced by such social factors as reference groups, family, and social roles and statuses.

**Reference Groups**

The kind of group used by an individual as a point of reference for her/his own judgment, beliefs and behavior is called a **Reference group.** It consists of all the groups that have a direct (face-to-face) or indirect influence on a person’s attitudes or behavior. Groups having direct influence on a person are called **membership groups.** Membership groups are **primary groups,** such as family, friends, neighbours, and co-workers, those with whom the person interacts fairly continuously and informally. People also belong to **secondary groups,** such as religious, professional, and trade union groups, which tend to be more formal and require less continuous interaction (Kotler et al., 2012).

Reference groups influence people in at many ways. Reference groups expose an individual to new behaviours and lifestyles, and influence attitudes and self-concept, they create pressures for conformity that might affect actual product and brand choices. People are also influenced by groups to which they do not belong. **Aspirational groups** are those a person hopes to join. **Dissociative groups** are those whose values or behavior are rejected by an individual. On several occasions Reference groups have **opinion leaders** who offer advice or information about a specific or product category, such as which of several brands is best or how a particular product may be used (Schiffman & Kanuk, 1997). Marketers try to reach opinion leaders by identifying demographic and psychographic characteristics associated with opinion leaders, identifying the media read by opinion leaders, and directing messages at opinion leaders. Several brands use celebrities very effectively as brand ambassadors for sales promotion.
A group is an aggregation of individuals standing in certain descriptive (i.e., observable) relations to each other. The kinds of relation exemplified will, of course, depend upon, or determine, the kind of group, whether it be a family, an audience, a committee, a labour union or a crowd (Hawkins et al., 2007).

According to Chisnall (1994 p 159) a reference group may influence behaviour by affecting levels of aspiration, hence contributing to satisfaction or frustration. They may also influence behaviour through establishing conventional patterns of personal expenditure, thus producing conformity and contentment or otherwise. Reference groups perform normative functions by serving as a source of individual’s norms, attitudes and values. They also perform comparative functions when individuals use a group to establish a frame of reference for value formation and decision making (Block & Roering, 1979).

The level of influence of reference groups varies among products and brands. Reference groups appear to influence both product and brand choice strongly in the case of automobiles and colour televisions (Kotler, 1999).

Opinion leaders play an important role in influencing consumer behaviour. An opinion leader is the person in informal product related communications who offers advice or information about a specific product or product category. For instance, which of the several brands is best or how a particular product may be used. Opinion leaders are found in all strata of society. A person can be an opinion leader in certain product area and an opinion follower in other areas (Kotler, 1999). Hence, an opinion leader may also be called a ‘reference individual’ (Seshadri, 2006).

**Family**

The family is the most important consumer buying organization in society, and family members constitute the most influential primary reference group (Spiro, 1983; Burns, 1992; Boutilier, 1993; and Moore, Wilkie & Lutz, 2002). There are two families in a buyer’s life. The **family of orientation** consists of parents and siblings. People acquire an orientation towards religion, politics and economics, and a sense of personal ambition, self-worth, and love from their family (Palan and Wilkies, 1997 and Beatty & Talpade, 1994). Even if the buyer no longer interacts very much with his/her parents, there influence on behavior can be significant. The **family of procreation** (one’s spouse and children) has a more direct influence on everyday buying behavior.
Family members influence buying decisions. In traditional joint families, the influence of grandparents on major purchase decisions, and to some extent on the lifestyles of the younger generations, is still intact, though diminishing. Western researchers on family decision making have focused more on husband, wife and child dominance in different situations, and have found evidence where one of these dominate, or there is joint decision making (Palan & Wilkies, 1997 and Beatty & Talpade, 1994).

In urban India, with the growth of nuclear families, and both husband and wife working, the role of women in major family decisions, such as purchase of house, automobiles and durables has grown substantially. It is no longer just cosmetic in terms of accompanying the chief wage earner, normally, the husband. In most cases, joint decision making is becoming a common phenomenon with a significant influence of teenage children, particularly in technology-savvy products such as cell phones, home computers and music systems. Children and teenagers are being targeted by companies using the internet as an interactive device (Singh, 1989, Sheshadri, 2006 and Gokilavani & Nageshwari, 2007).

Roles and Statuses

A person participates in many groups- family, clubs, and organizations. The person’s position in each group can be defined in terms of role and status. A role consists of the activities a person is expected to perform. Each role carries a status. A senior vice president of marketing has more status than a sales manager, and a sales manager has more status than an office clerk. People choose products that reflect and communicate their role and actual or desired status in society (Kotller et al., 2012).

2.3.6.5 Influence of Personal Factors on Consumer Behaviour

A buyer’s decisions are also influenced by personal characteristics. These include the buyer’s age and stage in the life cycle; occupation and economic circumstances; personality and self-concept; and lifestyle and values.

Age and Stage in the Life Cycle

People buy different goods and services over a lifetime. Taste in food, clothes, furniture and recreation are often age related. Critical life events or transitions- marriage,
childbirth, illness, relocation, divorce, career change, widowhood- give rise to new needs (Thierry & Koopman, 1984).

A family is two or more people living together, who are related by blood or marriage. Traditionally, family is considered as the primary unit of society. Since family is a dynamic entity, its composition has changed over the years. This has resulted in variations in its needs and alterations in its buying behaviour. This is a sort of progression known as family life cycle. It is a function of age but also reflects income and changes in family situation that affect every facet of purchasing power (Assael, 2001).

A traditional Family Life Cycle has eight stages:

1. **Young Singles**: Single people under the age of 35. Incomes are low since they are starting a career, but they have few financial burdens and a high level of discretionary Income.

2. **Newly Married**: Newly married couples without children. High level of discretionary income because the wife is usually working.

3. **Full Nest I**: Married couples with the youngest child under 6. Greater squeeze on income because of increased expenses for child care.

4. **Full Nest II**: Married couples with children from 6 to 12 years. Better financial position since parents income is rising. Most children are "latchkey kids" because both parents are working.

5. **Full Nest III**: Married couples with teenage children living at home. Family’s financial position continues to improve. Some children work part time. Increasing educational cost.

6. **Empty Nest I**: Children have left home and are not dependent on parental support. Parents are still working. Reduced expenses result in greatest level of savings and highest discretionary income.

7. **Empty Nest II**: Household head has retired, so couple experiences sharp drop in income. Couple relies on fixed income from retirement plans.

8. **Solitary Survivor**: Widow or widower with lower income and increasing medical needs:

The above mentioned stages reflect the progression of a family from marriage to retirement and also serve as the basis to understand the role and influence of the members of family in decision-making process. In some families, husband is dominant and in same families wife has greater influence in making purchase decisions. In many families
domination of husband or wife in certain decisions is a result of consumer role specialization (Block & Roering, 1979 and Gokilavani & Nageshwari, 2007).

The influence of husband or wife depends upon the nature of the product purchased. In purchase of some products, both husband and wife extend equal influence, which is known as syncratic (Davis & Rigaux, 1974 p 54).

It has been pointed out by consumer researchers that problem recognition, information search, and final decision are the three important phases through which a family takes purchase decision. Applying the above format, it would be possible to show that some changes in husband and wife influence do occur from the time a problem is recognized until a final decision is made (Seshadri, 2006 p 33).

In the opinion of Sheth (1974), joint decision making is more likely when the level of perceived risk in buying is high (when purchase of a new home) or when the purchasing decision is important to the household (decision to buy major appliances).

It has been observed that joint decision making is less likely among upper and lower socio-economic groups. Low-income groups are more female dominant; higher-income groups are more male dominant; the middle-income groups are more likely to engage in joint decision making (Gokilavani & Nageshwari, 2007).

There is high frequency of joint decision making in younger families and ‘shared decisions’ are greater in the first year of marriage (Ferber & Lee, 1974).

There is more likelihood of joint decision making if the family has no children and once the children are born, roles come into play and need for joint decision gets reduced (Seshadri, 2006).

Children also influence family decisions. The process by which young people acquire skills, knowledge and attitude relevant to their functioning in the market place is known as consumer socialization (Ward, 1980). The purchase behaviour of children is nurtured by parents particularly, children’s brand preferences. The family is instrumental in teaching young people rational aspects of consumption, including basic consumer needs. The extent of children’s influence on parents varies according to the category of products
Consumer behavior is also influenced by psychological life cycle stages in their life. Certain “passages” and “transformations” are experienced by adults as they go through life. As they go through these passages their behavior also changes. For instance, marriage, childbirth, illness, job, career change, relocation, retirement, death of a loved one, all give rise to new needs (Kotler, 2012, Du & Kamakura, 2006, Sheehy 1995).

2.3.6.6 Influence of Occupation on Consumer Behaviour

Occupation also influences consumption patterns. A blue collar worker will buy work clothes, work shoes, and lunch boxes. A company president will buy suits, air travel, dress suits, air travel, and country club memberships.

2.3.6.7 Influence of Personality and Self-Concept on Consumer Behaviour

Our person has personality characteristics that influence his or her buying behavior. Personality means a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli. Personality is described in terms of such traits as self-confidence, dominance, autonomy, deference, sociability, defensiveness and adaptability. Personality can be a useful variable in analyzing consumer brand choice. Consumers associate brands with some personality characteristics. Therefore, consumers are likely to choose brands whose personalities that match their own. Brand personality can be defined as the specific mix of human traits that may be attributed to a particular brand (Kotler et al, 2007).

Aaker (1997) conducted research into brand personalities and identified the following five traits:
1. Sincerity (down to earth, honesty, wholesome, and cheerful)
2. Excitement (daring, spirited, imaginative, and up-to-date)
3. Competency (reliable, intelligent, and successful)
4. Sophistication (upper class and charming)
5. Ruggedness (outdoorsy and tough)
Consumers often choose and use brands that have a brand personality consistent with their own **actual self-concept** (how one views oneself), although in some cases the match may be based on the consumer’s **ideal self-concept** (how one would like to view oneself) or even **others’ self-concept** (how one thinks other’s see oneself) rather than actual self-image (Sirgy, 1982). These effects may be more pronounced for publically consumed products as compared to privately consumed goods (Graeff, 1997). Consumers who are high “self-monitors”—that is, how others see them—are more likely to choose brands whose personalities fit the consumption situation (Aaker, 1999).

### 2.3.6.8 Influence of Lifestyle and Values on Consumer Behaviour

People from the same sub culture, social class, and occupation may lead quiet different lifestyles. A **lifestyle** is a person’s pattern of living in the world as expressed in activities, interests, and opinions. Lifestyle portrays the “whole person” interacting with his or her environment. Lifestyles are shaped partly by whether consumers are money-constrained or time-constrained. Companies aiming to serve money-constrained consumers create lower cost products and services (Sheshadri, 2006). Dhobal (2001) conducted a study of Indian males based in big cities and classified them into four groups:

1. **Traditional**: Conservative, driven by values, cherishes family, and avoids ostentation. Spans all age groups, is usually married and belongs to the second tier in the SEC ladder. Accounts for almost 36% of the total male population.
2. **Pleasure-seeker**: Self oriented, driven by status and status symbols. A risk taker, pleasure seeker, young and unmarried. Accounts for over 40% of the male population.
3. **Social chameleon**: Hypocrite of sorts who wants to project the right image. Tech-savvy and individualistic. Age between 30-40 years. Accounts for 17% of the male population.
4. **Intrinsic progressive**: The futuristic person. Believes in family values and equality of sexes, in nontraditional, tech-savvy, young, and works as an executive class. Accounts for 7% of the male population.

Consumer decisions are also influenced by **core values**, the belief systems that underlie consumer attitudes and behaviours. Core values go much deeper than behavior or attitude, and determine at a basic level, people’s choices and desires over the long term.
2.3.6.9 Influence of Psychological Processes on Consumer Behaviour

As discussed earlier, the model of Consumer Buying Behaviour given by Kotler, Keller, Koshy and Jha (2007) shows that marketing and environmental stimuli enter consumers’ consciousness. Along with these stimuli a set of psychological processes combine with certain consumer characteristics to result in decision processes and purchase decisions. Four key psychological processes- motivation, perception, learning and memory-fundamentally influence consumer responses to the various marketing stimuli. These psychological influences on consumer behavior are described in the following section.

2.4 Motivations- the Core of Consumer Behavior

2.4.1 Types of Needs

A person has many needs at any given time. Some needs are biogenic; they arise from physiological states of tension such as hunger, thirst or discomfort. Other needs are psychogenic; they arise from psychological states of tension such as need for recognition, esteem or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act. Human needs and motives are inextricably linked and it is extremely difficult to identify the precise differences which may characterize them. Motives initiate behaviour and direct it towards specific type of activities (Chisnall P M, 1994).

Human needs may be broadly classified into two types: basic physiological needs, and psychological needs. The individual feels bodily satisfied and tension relieved once his physiological or biological needs are satisfied. However, level of satisfaction of his psychological (emotional) needs poses problems and makes his very behaviour complex.

Bayton (1958) classified psychological needs into: Affectionate needs, Ego-bolstering needs, and Ego-defensive needs.

Human needs are infinite. Maslow structured a hierarchy of human needs from physiological (lower wants) to self-actualisation (higher wants). According to him as soon as one of these needs is satisfied, another appears in its place. This process is unending. It continues from 'birth to death' (Kotler et al., 2012).

Fulfilling one need often comes at the expense of another need. Money spent satisfying one need leaves less for the rest. The time allocated to one need means less time for fulfilling others. The tradeoffs in our ability to satisfy various needs cause motivational conflict.

Motivational conflict can take one of the three basic forms. **Approach-approach** conflict occurs when the person must decide between two or more desirable alternatives (for example, buying new television and a motor cycle). **Avoidance-avoidance** conflict involves deciding between two or more undesirable alternatives (for example, between cleaning the kitchen or the store room). The last type, **approach-avoidance**, exists when a chosen course of action has both positive and negative consequences (for example, cigarette consumption satisfies smokers’ need for nicotine, but does so at the risk of their health).

Resolving motivational conflict requires people to prioritize their needs. Doing so means that people must decide on the relative importance of each of their needs. These decisions will be of both a short-term (which needs to satisfy now) and long-term (which needs to satisfy in the future) nature. Like most things, consumers differ in the priorities they assign to their needs. What is vital to one person may be trivial to another.

### 2.4.2 Theories of Human Motivation

Three of the best known theories of human motivation- those of Sigmund Freud, Abraham Maslow and Frederick Herzberg- carry quiet different implications for consumer analysis and marketing strategy Kotler, Keller, Koshy and Jha (2012). These theories are described below.
Freud’s Theory

Sigmund Freud assumed that the psychological forces shaping people’s behavior are largely unconscious, and that a person cannot fully understand his/her own motivations. When a person examines specific brands, her/she will react not only to their stated capabilities, but also to other less conscious cues. Shape, size, weight, material, colour, and brand name can all trigger certain associations and emotions. A technique called **laddering** can be used to trace a person’s motivations from the stated instrumental ones to the more terminal ones (Reynolds & Gutman, 1988).

Motivation researchers often collect ‘in-depth interviews’ with a few dozen consumers to uncover deeper motives triggered by a product. They use various projective techniques such as word association, sentence completion, picture interpretation, and role playing (Dichter, 1964).

Maslow’s Theory

Maslow’s theory is a well-known approach to specifying the relative priority assigned to different needs. Maslow’s theory explains why people are driven by particular needs at particular times and how some needs take precedence over other needs. According to Maslow, human needs are arranged in a hierarchy, from the most pressing to the least pressing. In order of importance, they are physiological needs, safety needs, social needs, esteem needs, and self-actualisation needs (Blackwell, et al, 2007 and Kotler, 2007). Figure 2.6 illustrates these needs.
Maslow’s hierarchy is a useful concept because it reminds us that people attach different priorities to their needs. However, this theory should not be seen as providing a definitive specification of what these priorities may be. Although Maslow’s ordering may correspond with the priorities of many, it certainly does not reflect everyone’s priorities in all situations. Sometimes people ignore lower-order needs in pursuit of higher-order needs. Differences in the importance consumers attach to various needs ultimately affect how they evaluate products being considered for purchase and consumption. Different needs lead consumers to seek different benefits (Kotler et al, 2007).
Herzberg’s Theory

Frederick Herzberg developed a two factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) and satisfiers (factors that cause satisfaction). The absence of dissatisfiers is not enough; satisfiers must be present to motivate a purchase. For example, a computer that does not come with a warranty would be a dissatisfier. Yet the presence of a product warranty would not act as a satisfier or motivator of a purchase because it is not a source of intrinsic satisfaction. Ease of use would be a satisfier.

Herzberg’s theory has two implications. First, sellers should do their best to avoid dissatisfiers (for example, a poor training manual or a poor service policy). Although these things will not sell a product, they might easily unsell it. Second, the seller should identify the major satisfiers or motivators of purchase in the market and then supply them. These satisfiers will make the major difference as to which brand the customer buys (Kotler et al., 2012, Hawkins et al, 2007 and Blackwell et al, 2007).

Motivational Intensity

Need recognition depends on the degree of discrepancy between one’s current situation (where one is now) and one’s ideal situation (where one wants to be). As need deprivation increases, need recognition becomes more likely. Motivational intensity also grows stronger. How strongly consumers are motivated to satisfy a particular need depends on the intensity of the motivation. Sometimes fulfilling a need preempts all else. At other times, motivational intensity is much more modest. Motivational intensity may not be very high as the need may not be very important. The needs most important to consumers are pursued more intensively.

Motivational intensity is also determined by the degree of involvement. The more strongly motivated consumers are to satisfy their needs, the greater their involvement with potential sources of need satisfaction. Consumers motivated to project a favourable social image, for example, will be more involved with products perceived as satisfying this need than those who are not so motivated. Products that evoke higher involvement (those that are more personally relevant to our needs) increase consumers’ motivation to acquire and consume these products (Celsi and Olson, 1988).
The amount of efforts consumers exert when trying to satisfy their needs depends on their involvement and motivational intensity in a purchase decision. As intensity and involvement increase, consumers try harder to fulfill their needs. They become more attentive to relevant information. They undertake more thinking and respond differently to persuasive communications. External search becomes greater. Consumers may also consider a larger number of choice alternatives for attaining need satisfaction (Blackwell, et al., 2007).

2.4.3 Understanding Human Motivations- A Challenge

Humans are complex creatures and engage in behaviours for reasons that sometimes are less than transparent. The motivation for buying and consuming can sometimes be very surprising. Understanding why people behave as they do is often a challenging endeavour because people may not be willing to disclose the real reasons behind their actions. Consumers may not feel comfortable divulging what makes them buy to others. For instance, a man who buys a ‘muscular looking car’ may do so to enhance his own masculinity, but may not wish to admit this (Blackwell et al, 2007).

When people believe that their answers to a question may cast a less than favourable light on themselves, they may decide not to tell the truth. Rather, they provide answers that, to them, are socially acceptable. Another complicating factor is that people may not be able to tell others why they behave the way they do. Sigmund Freud and his followers introduced the idea of unconscious motivation, in which people are unaware of what really motivates their behavior. Knowing one’s own motivations is one of the most difficult things, because we try to explain our behavior in an intelligent way, when very often it is not. Another challenge to understanding consumer motivation stems from the reality that it can change. What motivates purchase today may not be what motivates purchase in the future (Piirto, 1991 and Blackwell et al, 2007).

A change in consumer motivation can be good or bad news for business. If the change involves a particular need becoming more important to consumers, then businesses serving this need should benefit. Conversely, if a change is due to the need becoming less important, then businesses serving this need may suffer (Kotler et al, 2007).
2.4.4 Strategies Used Marketers to Motivate Consumers

Companies often try to motivate consumer buying by linking their products to important needs. Some of the ways by which companies motivate consumers are:

- **Money**: Money may be provided to consumers in the form of price cuts, rebates or coupons. Motivating consumers through price may increase sales but not profitability. Sometimes, consumers motivated by price tend to give their business to whoever is offering the lowest price.

Further, incentives based on price reductions have been found to increase the price sensitivity of both loyal and non-loyal consumers. Price promotions train consumers, especially those who are not loyal, to look for deals in the marketplace instead of encouraging them to be loyal to a given brand based on attributes other than price. Another potential problem of price reductions is that consumers may use price as a signal of product quality. Price reductions have often been found to reduce the favourablity of consumer’ attitude towards a product (Raghubir, 2004 and Corfman, 1999).

Despite these concerns, price reductions remain one of the most popular marketing strategies for motivating consumers to purchase (Blackwell et al, 2007).

**Providing other Incentives**: Often companies motivate consumers by providing **premiums**, which is when one product is offered as an incentive for the purchase of another product. The premium may be offered for free or sometimes the premium may be offered at a discounted price. Premiums are a popular tool for attracting new business. A particular premium can actually hurt a product’s sales when the number of consumers who are motivated by the premium are outnumbered by an even greater number of consumers who are motivated not to purchase the product because of the premium (Kotler, 2007).

Raghubir (2004) has shown that prior exposure to an item used as a premium has been shown to reduce consumers’ purchase intentions for a similar item from the same product category. Moreover, the perceived value of the product offered as a premium
is dependent on the particular product it’s being used to promote. Contests and sweepstakes are other type of incentives used to motivate consumers.

- **Implementing a Loyalty Program:** Loyalty programs try to motivate repeat buying by providing rewards to customers based on how much business they do with a company (Dowling & Hammond, 2003; Wansink, 2003).

- **Enhancing Perceived Risk:** Another way of motivating consumers is to enhance the perceived risk of buying a product. Perceived risk represents consumers’ apprehension about the consequences of their behavior (Bauer 1960; Tarpey & Peter, 1975; Bettman, 1973; and Dowling, 1986). Consumers may have reservations about whether a product will live up to their expectations. Perceived risk influences consumer search. Greater risk causes more search, because of its influence on consumer motivation. Usually consumers are motivated by consumers to not put themselves at risk, especially when the outcomes are important. Consumers try to reduce risk is by acquiring more information about the purchase decision. Perceived risk affects a consumer’s need for information while making a purchase decision. Depending on what is learned during search, consumer’s choices may turn out differently than if less extensive search had been undertaken. Moreover, greater perceived risk may cause consumers to become more risk averse when choosing products. Educating consumers about their risks may motivate them to make more informed choices that reduce their exposure to risk (Blackwell, et al, 2006).

- **Arousing Consumers’ Curiosity:** Our curiosity often motivates us to learn more about what has aroused our interest. For new products (for example, digital cameras and web TVs). Companies need to educate potential customers about the product’s benefits and attributes, motivating consumers to acquire and learn product information is critical. Arousing consumers’ curiosity may activate their need for information. This can be done by advertising a benefit that is not normally associated with the product (such as a camera that allows the user to delete part of the picture. Companies sometimes try to arouse consumers’ curiosity when introducing new products into the market place (Blackwell et al, 2007).
Other Psychological Processes Affecting Consumer Behavior

Perception, Learning and Memory are other psychological processes that affect consumer behavior. It is beyond the purview of the review of literature for the present study to discuss these in detail.

2.5 Management- Process and Practices in Choice Making

2.5.1 The Process of Buying- Models of Consumer Behavior

A model is a blueprint that shows the essential elements of a large system and is a rough approximation of a complicated reality. Models of buying behaviour serve as the basis for marketers to have qualitative and quantitative assessments as they describe market parameters and allow the marketers to make predictions as to the likely outcome of marketing strategies to be adopted by them. Various buying behaviour models have been developed since 1940. These models can be classified into monadic models and multivariable models. Monadic models are based on microeconomics and multivariable models are based on behavioural sciences. These try to explain the consumer’s purchase decision making process. What is more important in the case of durable home appliances, is the satisfaction of the consumer about the product’s performance and his reaction to the brand used and subsequent purchase or replacement (Seshadri, 2006).

Some of the popular models of consumer buying behavior are:

- Behaviour Economic Model
- Black Box Model
- Decision Process Models
- Multi-Variable Model
- The Nicosia Model

Behaviour Economic Model

Classical economists studied consumer behaviour on the premise that the consumer is rational and market is perfect. Their study of consumer behaviour focused on economic behaviour rather than the actual behaviour of the consumers themselves. George Katona through his Behaviour Economic Model presented the influence of
psychological factors as major determinants of consumer behaviour. This behavioural economic viewpoint is explained in Figure 2.7

**Figure 2.7 Katona’s Behavioural Economic Model**

This model explains that actual economic conditions are modified by the psychological processes resulting in consumer sentiment, which is a deciding factor in the amount of discretionary spending by the consumers.

**Black Box Model**

This model is based on the psychological approach. According to this model human beings are like a processor in a system. The inner psychological instincts like perception, learning, etc which motivate the consumer to either buy or reject the product, are difficult to predict. In other words it would be very difficult to read what is going inside the mind of the consumer. Hence the consumer is termed as black box. Figure 2.8 illustrates the Black Box Model of consumer behaviour.

**Figure 2.8 Black Box Model of Consumer Behaviour**

Adopting a mixture of marketing strategies, marketers approach the consumer or black box by offering product and services. The input to black box comprises competing product, quality, price, style, advertisement and word of mouth. The output is typically
the result of consumer’s choice of a brand of product. In the opinion of Chisnall (1994 p195) this elementary model is a start, however, to more sophisticated study of many variables in the decision process as reflected in multi variable models described below.

**Decision Process Models**

Marketing scholars have developed a “stages model” of the buying decision process. A consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior. It brings forth the fact that the buying process starts long before the actual purchase and has consequences long afterward. Various authors have given their interpretations of the stages model of buying process, namely, Kotler et al, 2007; Blackwell et al, 2007; Schiffman & Kanuk; and Hawkins et al, 2007).

The Five Stage Model of Consumer Buying Process as proposed by Kotler, Keller, Koshy and Jha (2007) was found most suitable for studying buying behavior as per the study objectives. Hence, it has been described in detail in the following section.

**Multi-Variable Model**

Howard & Sheth (1969) proposed a model in which a multiplicity of variables was linked in a precise way. The model indicated the complexity of consumer behaviour and also portrayed the role of learning, perception, attitudes, etc., in influencing consumer behaviour.

Howard and Sheth contended that when buyers are interested in purchasing something, they actively seeks information from their commercial and social environment. The buyers’ perceptual processes limit the information received and modify it so that it is consistent with their frame of reference. In addition to the process of searching for information, buyers draw from their attitude and motives. The choice criteria that buyers develop enable them to choose a brand that has the greatest potential for satisfying their motives. When buyers’ experiences with a brand are satisfactory, the evaluation of it increases and the likelihood of their purchasing that brand of product again, increases. If the buyers repeat the decision a number of times, routinised purchase behaviour develops (Sheshadri, 2006).
The Nicosia Model

Nicosia (1968) gave a model of buying behavior based on the technique of computer flowcharting with feedback loops. Nicosia’s model explained in depth the structure of a consumer decision process. The model is useful in predicting consumer behaviour. Nicosia identified four basic fields in his flowchart- 1. From the source of a message to the consumer attitude (Firm’s attributes and Consumer’s attributes), 2. Search Evaluation, 3. Purchase Decision (the act of purchase) and 4. Feedback (Purchasing Behaviour, Consumption, Storage and Experience). According to him, each of the four ‘building block or fields’ should be viewed as a ‘sub program of the overall computer program’ throughout which ‘a number of invariant cognitive and other psychological activities’ take effect.

In the opinion of Seshadri (2006) among the various models of buying behaviour, multivariable models seems to be the most acceptable models. These models project consumer behaviour as information acquisition and processing, moderated by psychological, social and cultural influences. However, according to Chisnall (1994), no model can really offer a complete explanation of buying behaviour that is universally acceptable; they need interpretation and sophisticated understanding before they can be of value to the various stakeholders in the production-consumption process.

2.5.2 The Five Stage Model of Consumer Buying Process

The buying process starts long before the actual purchase and has consequences long afterwards. Kotler, Keller, Koshy and Jha (2006) have developed the Five Stage Model of Consumer Buying Process as illustrated in Figure 2.10. The consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior.
Consumers do not always pass through all five stages in buying a product. They may skip or reverse some stages. A woman buying her regular brand of toothpaste goes directly from the need for toothpaste to the purchase decision, skipping information search and evaluation. This provides a good frame of reference, however, because it captures the full range of considerations that arise when a consumer faces a situation involving new purchase (Putsis & Srinivasan, 1994).

**Problem Recognition**: The buying process starts when the buyer recognizes a problem or need. The need can be triggered by an internal or external stimuli. With an internal stimulus, one of the person’s normal needs- hunger, thrust, sex- rises to a threshold level and becomes a drive; or a need can be aroused by an external stimulus.

**Information Search**: An aroused consumer will be inclined to search for more information. There are two levels of arousal for a consumer. The milder search state is called heightened attention. At this level a person simply becomes more receptive to information about a product. At the next level, the person may enter an active information search: looking for reading material, phoning friends, going online and visiting stores to learn about the product. The major information sources for a consumer may be:
The relative amount and influence of these sources vary with the product category and the buyer’s characteristics. Generally the consumer receives the most information about a product from commercial sources - that is, marketer dominated sources. However, the most effective information often comes from personal sources or public sources that are independent authorities. Each information source performs a different function in influencing the buying decision. Commercial sources normally perform an information function, whereas personal sources perform a legitimizing or evaluation function.

Through gathering information, the consumer learns about competing brands and their features. The total set of brands available to the consumer includes all the brands manufacturing a product. The individual consumer will come to know only a subset of these brands (awareness set). Some brands will meet initial buying criteria (consideration set). As the consumer gathers more information, only a few will remain as strong contenders (choice set). The consumer makes a final choice from this set (Narayana & Markin, 1975; DeSarbo & Jedidi K, 1995; Cooper & Inoue, 1996).

**Evaluation of Alternatives:** It is important to know how a consumer processes competitive brand information, and makes a final value judgment. No single process is used by all consumers or single consumers in all buying situations. There are several processes, the most current models of which see the process as cognitively oriented. That is, they see the consumer as forming judgements largely on a conscious and rational basis.

Consumers see each product as a bundle of attributes with varying abilities for delivering the benefits sought to satisfy their need. The attributes of interest to buyers vary by product. Consumers pay the most attention to the attributes that deliver the sought-after benefits. Different attributes are important to different consumer groups.

Evaluations often reflect consumers’ beliefs and attitudes. Through experience and learning, people acquire beliefs and attitudes. These in turn influence buying behavior. A **belief** is a descriptive thought that a person holds about something. People’s belief about the attributes and benefits of a product or brand influence their buying decisions. An
**attitude** is a person’s enduring favourable or unfavourable evaluation, emotional feeling, and action tendencies toward some object or idea. People have attitudes towards almost everything: religion, politics, clothes, music, food... (Blackwell et al, 2006 and Krech, Crutchfield & Ballachey, 1962).

Attitudes put people in a frame of mind: liking or disliking an object, moving towards or away from it. Attitudes lead people to behave in fairly consistent ways towards similar objects. Because attitudes economise on energy and thoughts, they can be very difficult to change.

**Intervening Factors:** Even if consumers form brand evaluations, two general factors can intervene between the purchase intention and the purchase decision as shown in Figure 2.10 (Sheth J N, 1974). The first factor is the **attitude of others**.

![Figure 2.10 Steps between Evaluation of Alternatives and a Purchase Decision](image)

*Figure 2.10 Steps between Evaluation of Alternatives and a Purchase Decision*


The extent to which other person’s attitude reduces the preference for an alternative depends on two things: (1) the intensity of another person’s negative attitude toward the consumer’s preferred alternative and (2) the consumer’s motivation to comply with the other person’s wishes. The more intense the other person’s negativism and the closer the other person is to the consumer, the more the consumer will adjust his or her purchase
intention. The converse is also true: A buyer’s preference for a brand will increase if someone he or she respects favours the same brand strongly. Related to the attitude of others is the role played by infomediaries who use various media channels to disseminate their evaluations. For example, product testing reports published in consumer magazines, letters to editors, discussions in e-forums and various chat rooms.

The second factor is **unanticipated situational factors** that may erupt to change the purchase intention. The chief wage earner of the family may lose his or her job, or some other purchase might become more important, or a retail sales person may put off the potential customer. Preferences and even purchase intention are not completely reliable predictors of purchase behavior.

**Purchase Decisions:** In the evaluation stage, the consumer forms preferences among the brand in the choice set. The consumer may also buy the most preferred brand. In executing a purchase intention, the consumer may make up to five sub-decisions: brand, dealer, quantity, timing, and payment method. Purchases of everyday products involve fewer decisions and less deliberation. In some cases, consumers may decide not to formally evaluate each and every brand; in other cases, intervening factors may affect the final decision.

Consumers’ decisions to modify, postpone or avoid purchases are strongly influenced by the risks they perceive. There are many different types of risks that consumers may perceive in buying and consuming a product:

1. **Functional risk**—the product does not perform up to expectations.
2. **Physical risk**—the product poses a threat to the physical well-being or health of the user or others.
3. **Financial risk**—the product is not worth the price paid.
4. **Social risk**—the product results in embarrassment from others.
5. **Psychological risk**—the product affects the mental well-being of the user.
6. **Time risk**—the failure of the product results in an opportunity cost of finding another satisfactory product.

The amount of perceived risk varies with the amount of money at stake, the amount of attribute uncertainty, and the amount of consumer self-confidence. Consumers develop routines for reducing risk, such as decision avoidance, information gathering from friends, and preference for national brand names and warranties. Marketers must
understand the factors that provoke a feeling of risk in consumers and provide information and support to reduce perceived risk.

**Post Purchase Behaviour**

Consumer may experience dissonance after a purchase when they notice certain disquieting features in the product of their choice or hear favourable things about other brands. They are alert to information that supports their decision. Marketers must monitor post purchase satisfaction, post purchase actions, and post purchase product uses to sustain a healthy relationship with the consumer (Kotler et al., 2007).

**Post purchase Satisfaction:** Satisfaction is a function of the closeness between expectations and the product’s perceived performance (Barbera & Mazursky, 1983). If performance falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. These feelings make a difference in whether the customer buys the product again and talks favourably or unfavourably about it to others.

Consumers form their expectations on the basis of messages received from sellers, friends, and other information sources. The larger the gap between expectations and performance, the greater is the dissatisfaction. Here the consumer’s coping style comes into play. Some consumers magnify the gap when the product is not perfect, and they are highly dissatisfied; others minimize the gap and are less dissatisfied. The importance of post purchase satisfaction suggests that product claims must truthfully represent the product’s likely performance (Day, 1984; and Kotler & Mantrala, 1985).

**Post purchase Actions:** Satisfaction or dissatisfaction with the product influences a consumer’s subsequent behavior. Satisfied consumers are usually repeat buyers of goods and services. They say good things about the product to other consumers.

Dissatisfied consumers may abandon or return the product. They may seek information that confirms its high value. They may take public action by complaining to the company, going to a lawyer or complaining to other groups (such as business, private or government agencies). Private actions include making a decision to stop buying the
product (exit option) or warning friends (voice option). In all these case, the seller has done a poor job of satisfying the customer (Blackwell et al., 2006).

**Post purchase Use and Disposal**: Marketers should also monitor how buyers use and dispose of the product (Figure 2.11). A key driver of sales frequency is product consumption rate- the more quickly buyers consume a product, the sooner they may be back in the market to repurchase it. If consumers throw the product away, the marketer needs to know how they dispose it, especially if it can harm the individuals handling it or the environment.

![Figure 2.11 Ways of Using or Disposal of Products](image)


This model provides the basis for developing discussions of consumer buying behaviour. Problem recognition or felt need is the starting point. Buyers seek to satisfy their needs. Hence, they search for product, services or brands. After searching and discovering various products and services, they try to critically evaluate the same, keeping in mind various views, including that of opinion leaders. In the process of evaluation, they develop choice criteria, covering performance of product, price levels, design, availability, etc. Then they decide to buy and their decisions are made up of many subdivisions relating to the specific attributes of the products. Post-purchase evaluation is crucial for the marketers to launch their long term marketing strategies. Satisfactory
product performance has a positive effect on the memory bank of the consumer, who would like to buy the same brand of the product (Seshadri, 2006).

2.6 Consumer Protection and Activism in India

2.6.1 Concept of Consumer Activism- Consumerism

The term ‘consumer activism or consumerism’ refers to a set of policies and activities aimed at protecting consumer rights and promoting consumers welfare. It appears to rise when there is consumers’ discontent, ignorance and unfavorable economic conditions. The concept of consumerism has been described in different ways.

According to Gabriel & Lang (1985), Consumerism is the outcome of a complex interplay of forces- political ideology, production, class relations, international trade, economic theory cultural and moral values. Consumerism is a moral doctrine in developed countries and is the vehicle for freedom, power and happiness. They hold Consumerism as an economic ideology for global development and a key feature of international relations from trade and aid to foreign policy. Thus, consumerism has emerged as a political ideology since modern state being a welfare state is not only a major provider of goods and services but which has also become a guarantor of consumer rights and minimum standard of living. They believe that Consumerism is also a social movement seeking to promote and protect the rights of the consumers.

Gulshan (1994) referred to Consumerism as a wide range of activities of government, business and independent organisations that are designed to protect individuals from policies that infringe upon their rights as consumers.

Consumerism is a social force within the environment designed to aim and protect the consumer by exerting legal, moral and economic pressures on business and independent organisations that are designed to protect the individuals from practices that infringe upon their rights as consumers. It can also be described as the organization of activities and attitudes of consumers in relation to distribution of goods and services (Bose, 2002 p 525).
Consumerism is an ideology and takes the form of an organised forceful movement calling for concerted efforts of regulators, business, voluntary consumer organisations and consumers themselves for creating consumer awareness, initiating timely action for protecting consumer rights and taking necessary steps for promoting consumer welfare (Seshadri, 2006 p 49).

The primary aim of consumer movement is to ensure consumer rights in the process of exchange and such rights include the right to be informed, to be told the truth, to be given adequate alternatives and to be assured of safety in the process of completion (Hermann, 1979 p 56).

The essence of consumerism is Consumer Protection. For the purpose of protecting the consumers against various kinds of exploitation, the concerned agencies involved in consumerism must do their jobs in the right sense and in the right direction. For instance, voluntary consumer organisations should provide necessary product information to the consumers and also recommend the best buy of products. Business organizations should adopt utmost ethics in their business transactions by following the principle of self regulation. The duty of the government begins with enacting consumer protection laws and will be complete only when these laws are effectively implemented to achieve the purpose for which these are enacted (Seshadri, 2006 p 49).

Apart from the consumers themselves, there are three important stakeholders involved in consumer protection: Consumer oriented agencies, Business organizations and Government agencies. These three stakeholders serve as a mode of consumer protection, i.e. the consumer organization by self help, the business by self regulation and the government by implementing the statutes strictly. Business aims at the protection of consumers through self regulation. But consumerism aims at the protection of consumers through self-help. When business misbehaves and fails to fulfill social responsibilities, consumerism involves government assistance. Thus, in reality, the problem of consumer protection is bilateral, Consumerism (self-help through organized consumer movement) and business (self-regulation and self-discipline by producers and traders) (Sheth, 1974 and Bose, 2002, p 27-28). Bose further reiterated that consumer legislation was a rough substitute for self regulation of business and appeared as a last resort.
For promoting consumer protection and satisfaction and stopping exploitation of consumers, Gulshan (1994 p 32) advocated for the combined action of business, state, consumers and consumer associations.

2.6.2 Need for consumer activism- Consumer problems in India

In an economic sense consumption means use of things for satisfaction of human wants. Today, consumption is viewed more an economic act since the industry views consumers as groups. The rapid globalisation of production and market gives new twists to consumption patterns and involves economic, cultural, environmental and moral aspects. Consumerism or consumer movement has to take care of a life excessively pre-occupied with consumption. Consumers, being malleable beings, are often over-managed and controlled. They are in a weak bargaining position. Consumerism serves as a bargaining agent for the consumers (Seshadri, 2006 p 53).

Rising income enhances the purchasing power of the consumers and their propensity to attain higher standard of living for which they need consumer information. Consumers as individuals have little opportunity to gain relevant information for themselves and they are, therefore, dependent on independent consumer organisations, investigative journalists and the provisions of official information. Further, consumer information means knowing what your rights are and being confident enough to exercise them; it gives consumers the right to redress. Hence, there is need for consumerism (Solomon, 2009)

Consumers are exploited either by way of paying higher prices or taking defective goods. They are also taken for a ride by misleading advertisements, packaging and sales promotion schemes, shoddy products and poor service. Due to technological advancement, the products produced in modern times have complex features, particularly in the case, of consumer durables. Consumers find it difficult to make an appropriate choice. Consumerism has come to stay as a force to guide them against the increased complexities of technology vis-a-vis increased product complexity (Seshadri, 2006).

Spread of education and passing of the consumer protection laws has created an awareness in the minds of the consumers about their rights as consumers and with a view to enforcing their rights, they need to organise themselves into consumer groups.
Consumerism has become inevitable as increased income and educational levels of people has sensitized them to value the quality of life they lead and not give importance to material gains alone (Aggarwal, 2006 and Ganesan & Sumathy, 2012).

Consumers should get adequate information on quality of goods, price, conditions of production and sale, use of goods, expected performance of goods, safety and special care, precautions and guidance to use sophisticated and costly consumer durables (Seshadri, 2007).

Consumers need protection against unsafe and unhealthy products, deceptive and unfair trade practices, all types of pollutions and monopolistic trade practices (Bose, 2002 p 526-527).

Indian consumers are passive by nature. Most of them have had to put up with adulterated food, faulty weights, under measures, spurious and hazardous drugs, exorbitant prices, endemic shortages leading to black marketing and profiteering substandard products, useless guarantees, callous and indifferent services from public utilities and a list of other ills (Shanthy & Mahamayi, 2012).

The business has the responsibility of providing goods and services needed by the consumers at fair prices and guarding against adulteration, poor quality, defective advertisement and lack of service and courtesy. The attitude of business towards consumers has been found to be indifferent. Whatever be the nature of the market, competition or monopoly, the worst affected is the consumer. Where there is monopoly, the consumers are helpless and where there is competition, they are at the mercy of advertising (Sumathi & Revi, 2012).

2.6.3 Consumer Protection and Awareness Initiatives of the Government

The Government of India through its legislative and other measures has shown its commitment to the welfare of consumers by encouraging fair trade practices. Therefore, to protect the interest of the consumers the Government has enacted some laws, formulated Standardisation marks for quality control, adopted the ISO 9000 series of standards.

Government has brought out several publications for consumer awareness. It has instituted National Awards to honour individuals and NGOs doing outstanding work in
the field of consumer protection. Doordarshan (National TV channel) has been telecasting a programme titled ‘Sanrakshan Upbhokta Ka’ and All India Radio has been broadcasting ‘Jago Grahak Jago’ and several other programmes to educate consumers on various aspects.

Consumer Day is observed every year on 15th March in India. Exhibition, seminars and special events are organized on this day to educate consumers on about their rights and responsibilities.

Consumer protection has been selected for the first time by the Planning Commission as one of the subjects to be included as priority areas for the Eleventh Plan and constituted a Working Group to formulate a comprehensive set of policies, programmes and strategies to launch a strong policy paradigm for consumer protection (Ganesan & Sumathy, 2012).

Some of the Government initiatives with special reference to consumer durables are described below.

**Consumer Protection Laws**

Several laws have been enacted to promote consumerism in India. The author concluded that there are a number of loopholes in these Acts. Weak enforcement machinery, lack of testing laboratories, lack of technical personnel, and delay in filing cases/complaints are some of the reasons for these laws not being as effective as intended to protect the interest of the consumers. The Laws and Acts pertaining to consumer durables are:

**The Bureau of Indian Standards Act, 1986** - to develop standards for marking and quality certification of products. ISI mark is issued by Bureau of Indian Standards for a range of products.

**The Trade and Merchandise Marks Act, 1958** - to provide for registration and better protection of Trademarks and prevent fraudulent use of marks on goods.

**Consumer Protection Act 1986** - The Consumer Protection Act 1986 is a land-mark in the history of Consumer Protection in India and the Act is regarded as the ‘Magna Carta’ in the field of consumer protection. The Act is intended “to provide for better protection of the interest of the consumers and for that purpose to make provision for the establishment of Consumer Councils and other authorities for the settlement of Consumers’ disputes and associated matters. The Act promotes and protects the rights of
consumers by establishing consumer protection councils and providing speedy remedy or redressal through judicial machinery at district, state and Central levels.

To protect the consumers, the Act guarantees the following **rights** to the consumers: right to safety, right to choose, right to be informed, right to be heard, right to consumer education, right to basic needs, right to healthy environment and right to redressal. This entails certain consumer responsibilities: to know fully the quantity, quality and price prior to making purchases, observing care towards false and misleading advertisements, verifying the quality marks like ISI, Agmark, etc, obtaining proper receipt /cash memo against the purchase made with guarantee /warranty cards, duly completed in all respects, proper knowledge of the Consumer Forums for redressal of consumer grievances against the sale of defective goods and deficient services or adoption of unfair or restrictive trade practices.

Section 2(d) of this Act defines a ‘**consumer**’ as a person who buys any goods, hires any services for a consideration paid or promised or partly paid or partly promised or under any system of deferred payment but does not include a person who obtains such goods for resale or for any commercial purpose. However, a person is a consumer if he purchased goods for the purpose of earning his lively hood by means of self-employment.

A complaint under this Act can be filed by any consumer, any registered voluntary consumer organisation, the Central Government the State Government or one or more consumers on behalf of other consumers having common interest.

The Act provides for **filing complaint** in the following circumstances:

- It a consumer suffered loss or damage as a result of any unfair trade practice adopted by a trade.
- If the goods purchased are defective.
- If there are differences in the services availed/hired.
- If a consumer has been charged a price in excess of the price displayed or fixed under any law in force.
- If the goods hazardous to life and safety, when used, are being offered for sale to public in contravention of any law in force.
Consumer Courts

The Act established a three-tire redressal forum classified according to the value of claims where complaint can be filed. District forums are constituted at District Headquarters. State Commissions are situated in State Capitals. The National Commission functions from New Delhi.

The complaint can be filed on plain paper. There is no fee for filing a complaint. It can be filed either in person or through an authorized agent. The complaint should be filed within two years from the date on which the cause of action had arisen.

Consumer courts can order the following reliefs: removal of defects from the goods, replacement of goods, refund of the price paid, award of compensation for the loss suffered, removal of defects/deficiencies in the services, discontinuance of unfair/restrictive trade practices, withdrawal of hazardous goods from sale and award of compensation to the parties. No fee is payable for filing appeal in State and National Commissions. There is no special procedure for filing appeals except that the grounds of appeal should be accompanied by copies of orders appealed against.

Standardisation Marks

Standardisation of goods and services is another important measure taken by the Government to safeguard the interest of consumers against defective goods, unsatisfactory services, unfair trade practices and other forms of exploitation. The term 'standard' implies a set of requirements or specifications as to the nature of a product. Standardisation implies that goods are of a specified and uniform quality. Products with standardisation marks are of good quality and consumers can buy them without insisting on any detailed inspection.

Presently the Government has issued the following standardization marks: ISI mark, PAC mark, FPO mark, Agmark and ECO mark.

The standardization marks specifically relevant to purchase of electrical consumer durables are:

**ISI Mark:** The Bureau of Indian Standards was setup in 1986. It instituted the ISI mark to symbolize the use of a standard quality control in the production of the concerned
products. Improper use of the ISI mark is an offence. This mark has been developed for more than 1250 products including agricultural implements, electrical goods, baby food, sports goods, paints, detergents, food stuffs, drugs, cosmetics, utensils, textiles, furniture, etc (Nayyar, 2006).

**BEE Star Rating:** The Government of India set up Bureau of Energy Efficiency (BEE) in March 2002 under the provisions of the Energy Conservation Act, 2001. The primary objective of BEE is to reduce the energy intensity of the Indian economy with active participation of all stakeholders. BEE develops minimum energy performance standards and labelling design for equipment and appliances. BEE also takes responsibility to create awareness and disseminate information on energy efficiency and conservation among the masses (Bureau of Energy Efficiency, 2012).

BEE offers consumers an energy labelling programme for the benefit of the consumers. This enables consumers to reduce their monthly electricity bills while using air conditioners, refrigerators, CFL (Compact Fluorescent Lamp) bulbs, etc by providing information on electricity consumption and prevent wastage. Minimum energy efficiency standards have been prescribed by BEE and appliances are rated on the basis of energy efficiency indicated by suitable number of stars on the name plate label. The number of stars can vary from 1 to 5. Higher stars indicate higher energy efficiency and more electricity bill saving for the consumers.

Energy labeling program is mandatory from January 2010 for the following products: Frost Free Refrigerators, Room Air conditioners, Tungsten Fluorescent Lamps (CFL) and Distribution Transformers.

The program is in voluntary adoption phase for following products: Direct Cool Refrigerators, Colour Televisions, Stationary Storage Type Water Heaters, Ceiling Fans, General Purpose Industrial Motors, Monoset Pumps, Openwell Pump Sets, Submersible Pump Sets and Domestic Gas Stoves.

**ISO: 9000 series of standards:** The Government has adopted the ISO: 9000 series of standards launched by the International Standards Organisation. ISO standards were laid down in India in 1987 and are renewed every five years to determine whether they should
be confirmed, revised or withdrawn. The ISO: 9000 is a coveted standard for the quality of products, therefore it reduces the need for inspection by the buyers (Nayyar, 2006).

2.6.4 Voluntary Consumer Organisations in India

Consumer organizations are like other Non Governmental Organisations who have consumers as a target group. These organizations create a platform to the consumers to protect their interests and can raise their voice for an individual or masses whose interests are at stake (Vijender, 2006). The Consumer Organisations’ function of being a watchdog in today’s advertising society is indispensable to protect consumer rights and interest.

Seshadri (2006) stated that the aim of voluntary consumer organisations in India is to create awareness in the minds of consumers about their rights. They believe in promoting consumer education and also dissemination of information. Some of the active consumer organizations in India are: Voluntary Organisation in the Interest of Consumer Education (Delhi), Consumer Education and Research Society (Ahmedabad), Consumer Guidance Society in India (Mumbai), Consumer Unity and Trust Society (Jaipur), Citizen Consumer Civic Action Group (Chennai) and Federation of Consumer Organisation in Tamil Nadu (Thanjavur).

These organisations bring Newsletters regularly. They publish articles on consumer education and product ratings that guide consumers on making product choices. These organizations also provide a liaison with the Government and the producers on behalf of the consumers. From time to time, these organizations organise seminars, exhibitions, demonstrations and workshops for consumer awareness. Some of these organizations undertake regular testing of products in independent laboratories to determine product quality. They recommend brands based on comparative testing, evaluation and ranking of products. As part of its programme to promote consumerism Government support is extended to strengthen functioning of voluntary consumer organisations as there is need for not only physical protection of consumers, but also for their protection against deceptive, unfair, monopolistic and restrictive trade practices and antagonistic ecological and environmental factors.

Another milestone of the consumer movement in India has formation of Consumer Federations at State level and National level. Tamil Nadu was the first state to form
Federation of Voluntary Consumer Organisations (FEDCOT) in 1990 followed by Gujarat, Andhra Pradesh, Orissa and West Bengal. At the National Level, Consumer Coordination Council was formed as a coordinator of voluntary consumer organizations. Other milestones achieved as a result of the efforts of consumer organisations have been formation and adoption of Citizens Charters and creation of a Public Utility Commission. The success of consumerism is a strong function of consumer awareness and the assistance the movement gets from the government (Sheshadri, 2006; Kumar, 2012).

2.6.5 Recent studies on Consumer Behaviour, Awareness and Consumer Protection in India

Ganesan and Renukadevi (2012) found that though the consumers’ expectations on the specialty and features of the products were more, the awareness level about the Protection Acts and legislations was very low. It was found that most of the consumers in the study area were not aware about the intricacies of the Act and legislations exclusively available for them. Therefore, the authors recommended that it was essential on the part of the government and other service organizations to make known to the consumers the various Acts and laws available for them by radio and television and conducting awareness programmes in residential areas.

A study titled Liberalisation of Retail Market and its Impact on the Consumers was conducted by Chacko (2012). The study was an attempt to evaluate the influence of big retail houses in Thrissur, Kerala. A survey of fifty regular customers from big retail stores in the city was carried out using a structured questionnaire. The findings of the study were that there had been considerable change in the pattern of the households after they shifted consumption to big retail stores (72% households). The monthly spending of the households recorded increase. The use of credit cards also increased. Also the customers surveyed belonged to all socio-economic strata. Customers belonging to different income groups, education levels and occupational categories purchased from these stores. However there was difference in the product preference of each of these categories. It was found that the consumptions basket of the households also changed considerably after consumption was shifted to these stores.

The major findings of the study conducted by Mathari and Banu (2012) were that consumers had all the right to demand the quality for the product offered. Several laws had been enacted to safeguard the consumers from cheating, dissatisfaction of the
product, etc. The authors observed that the world was going at a rapid speed with innovations, advanced technologies, faster machines, etc. They stated that consumers must be thankful to those who made their life easy and provided a way to live a modern globalised life. The authors expressed that living with machines, new cars, mobile phones and computers were small pleasures when compared to the values in life, relationships, love, mercy etc. which offered complete satisfaction to an individual. According to the authors the study of consumer behaviour was a challenging task because the consumer market was in constant change. The authors recommended that in order to maintain a balance in the global market, marketers should concentrate on high quality product with reasonable price and satisfy consumers with good after sales service.

Karki, Indu, Mehrotra and Neelam conducted a study titled “Awareness of Standards Marks, Consumers Rights and Acts” in 2008. The results indicated that awareness of ISI mark was highest among respondents followed by Agmark. Association of education with the awareness of rights revealed that awareness of Right to Choose was highest among homemakers. Further, in the case of Consumer Protection laws, awareness about Bureau of Indian Standard Act was highest. The association of education with the awareness of rights and Acts was non-significant.

In a study titled Awareness of Students about the Consumer Protection Act, 1986 conducted by Vijayalekshmi and Sumathy (2012) to find out the awareness of students about Consumer Protection Act, 1986 of Bharatiar University students. It was found that most of the consumers were not aware about the CPA 1986 and that the awareness was low due to lack of education, lack of interest no awareness campaigns. Students had very low awareness about their right to be informed about product quality, price, protection against unsafe products, access to variety of goods at competitive price and consumer education. The study concluded that manufacturers and service providers had been reluctant to give due consideration to protection of consumer interest. The authors reported that the local government had taken measures with the help of NGOs to promote consumer awareness in schools and colleges. The authors recommended that consumers awareness through consumer education and the action by consumer activists and associations was needed to make consumer protection movement a success in the country.
Suganya (2012) conducted a study titled Awareness Level about Consumer Protection Act to find the consumers’ level of awareness about Consumer Protection Act in Tiruppur district of Tamil Nadu. The study found that nearly half the respondents did not have any knowledge about Consumer Protection Act. About 35% respondents often examined the expiry date of the item purchased especially food or medicine and 20% respondents rarely checked the expiry date and remaining 40% did not check the expiry date at all. Less than half of the respondents (43%) always checked the MRP of the goods purchased and 32% of the respondents did not check this at all. A large number of the respondents (68%) reported that they come across adulteration in food stuff. More than half of the respondents (58%) had come across improper services (including automobile service, food service in hotel, tourism, etc). All the consumers had not filed any case in the Consumer Court. It was concluded that mass media and educational institutions need to play an effective role in consumer awakening and imparting information regarding organisations working for promoting consumers’ interest in the area. The authors recommended that the Government should be pro-active towards the policies of MNCs that exploit consumers.

A study titled Awareness on Consumer Legislation and Organization was conducted by Sumathi and Devi (2012). The study was undertaken to assess the awareness of respondents towards consumer terminologies and legal laws and to ascertain their awareness regarding consumer organizations and various information sources. The main findings were: for both the male and female respondents Television was the main media that influenced their buying practices the most, and there was a significant difference between the awareness level of the male and female respondents regarding consumer terminology and consumer protection laws. Males were more aware about the popular consumer terminologies than females.

Sumathy and Nichlavose (2012) conducted a study titled Effectiveness of Consumer Awareness Campaigns which focused on the effectiveness of consumer awareness campaigns of Government of India with special reference to Thrissur District, Kerala. The study found that out of the 55% respondents who were females the majority were literate. Chi-square test results showed that there is a significant relationship between awareness campaigns and the attitude of respondents towards consumers’ exploitation. It was concluded from the study that consumer awareness campaigns of the Govt. of India were
effective in Thissur District as the attitude of the respondents were positively changing towards consumer exploitations. It was recommended that multi-media publicity to educate consumers and make them aware about their rights would have a long lasting impact not only on the end consumers but also on the entire manufacturing and services sector. The authors were of the view that this would go a long way in introducing greater accountability and transparency in the services provided by the public as well as private sector since the end user, i.e. consumer, would be educated and will become aware enough to ask for best possible services in return of their hard earned money. The authors hoped that with these efforts the day was not far off when the consumers will be truly empowered.

Mythli (2012) conducted a study titled “Involvement of Higher Educational Institutions in Consumer Protection and Welfare”. The study was based on facilitating and promoting better protection of consumers’ rights, interest and welfare by involving research institutions, Universities and Colleges in research activities in the area of consumer protection and consumer welfare. It was concluded from the study that practical knowledge of consumer protection and consumer welfare will be imparted to the members of the consumer clubs through audio visual aids, posters, lectures etc. The authors recommended that besides these activities demonstration and street plays could also be arranged. Further, debates, declamation, essay writing, letter writing contests and quiz programmes could help the consumers to become more aware.

A study titled Attitudes of Consumers Towards Marketing Practices, Consumerism and Government Regulations was conducted by Jerinabi and Kavitha (2012) in Coimbatore city among 150 households covering three residential areas a low income, a middle income and high income division in the city. The study findings highlighted the need for public policy-makers and business organizations to be aware and sensitive and/or responsive to consumers’ attitudes-towards the marketing practices of firms and consumer related issues. The authors expressed that consumers have undergone a lot for exploitation as our country was a developing country with prevalence of mass poverty and illiteracy. From time to time the government has attempted to safeguard consumers’ interests through legislations and the CPA 1986 and amendments later on were considered as the most progressive statute for consumer protection procedural simplicity
and speeds and inexpensive redressal of consumer grievances as contained in the CPA are really unique and have few parallels in the world.

Muthupandian and Velmurugan (2012) conducted a study titled Effectiveness of Consumer Awareness Advertisements in Various Media to list out the various media sources those are used for consumer protection, to assess whether there was significant difference between the educated younger generation of consumers based on their education and residential background and also to determine which media source was more attractive and convenient for disseminating consumer protection information to educated younger generation of consumers. Even though the Government and other regulatory agencies have taken numerous steps to spread consumer awareness through various mediums, however it reached only 60 percent of the consumers. Based on the study, it was concluded that there was no significant difference in the educational and residential background of the consumers. Hence it was recommended that agencies working towards promoting consumer protection should adapt new and innovative media for advertising in an aggressive manner to the prospective consumers.

A study titled Consumer Awareness and Satisfaction on Consumer Disputes Redressal Forum was conducted by Nithya and Chinnadora (2012). The findings of the study revealed that advocates were the major source of information on Consumer Disputes Redressal Forum for the respondents. The study concluded that efforts of consumers, business and the government were very essential to protect the rights of the consumers. The study concluded that a well organised consumer movement was needed to make the government responsive and effective. It recommended that for sincere and dynamic business enterprises consumerism was not a threat but an opportunity.

A study Consumers’ Attitude Towards Consumer Protection Welfare Measures was conducted by Shanthy and Mahamayi (2012). The study was an attempt to study the awareness of consumers towards consumer protection welfare measures prevailing today. The study concluded that even when consumers found the food products were adulterated they do not complain against them as they feared that that nothing could be done to resolve them. Out of 68 respondents who made complaints, 38 got rectification of defects in their products. The authors observed that Consumerism was yet to pick up in developing countries. It was recommended that business houses, politicians and the
government should come forward to safeguard the interest and welfare of consumers who were the main pillars of today’s business world.

Dhir (1995) conducted a study titled “Awareness regarding consumer protection laws”. It was found that female respondents’ awareness regarding consumer protection law was significantly less than the counterpart male respondents 72% of the respondents were aware of consumer protection Act.

2.7 Global Trends in Consumerism

Consumerism has become a global phenomenon in the past three decades (Seshadri, 2006 p 82). The ecological forces of consumerism began in Western Europe where the consumer movement took roots as a political force in early 1980’s to protest acid rain’s detrimental impact on Europe forests (Assael, 2000 p 35-36).

The globally accepted new trend in consumerism is prevention of pollution and promotion of green consumption (Sumathy & Vijayalakshmi, 2012 and Blackwell et al., 2006). Being aware of the fact that existing legal and incentive policies have not worked, The Indian Development Report (1999-2000) recommends strengthening of Pollution Control Board for strict enforcement, granting the citizens the right to pollution information and treatment of domestic waste water, besides taking steps to phase out old vehicles from Urban areas, encourage technological inventions (catalytic converters, four stroke engine) introduce unleaded petrol in all urban areas, improve road safety for smoother traffic flow and, above all, improve public transport system in urban areas.

A strong consumerist lobby has emerged today for environment-friendly products. There is a green consumerism movement which expresses a preference for less environmentally harmful goods and services the world over. The trend is strong throughout Europe with Germany leading the way with all organizations having a formal environmental policy.

Apart from protecting the environment, consumerism tends to devise a mechanism for withdrawing/preventing defective goods and services so that no consumer anywhere in the world will suffer due to poor quality. Murthy (2001, p 196) concluded that for consumers of the 21st century- the true measure of consumerism would be improved quality of life through better quality of products and services at competitive prices.
2.8 Significance of Conducting Research in Consumer Behaviour

Consumer behavior is studied for many reasons across the world. The main issues that serve as the starting point to begin examining consumer behavior are as follows:

- **Consumer Behaviour Determines the Economic Health of a Nation**

  Every day in every country around the globe consumers vote through their choices and purchases for products from certain nations and firms. With their money customers elect their retailers and other marketers they want to survive and be profitable enough to provide jobs for a nation’s citizens. With their votes, consumers determine which people will have good jobs or bad jobs, and which will have no jobs at all. Ultimately, consumers determine which companies will have rising share prices (attracting capital, improving technology, and creating jobs for college graduates) and which will go out of business. On a macroeconomic level, when consumers “vote” with their money, they determine whether workers in China or India should have more jobs or whether work should go to Europe and North America (Kotler et al, 2012).

- **Consumer Behaviour Determines the Success of Marketing Programs**

  People who study consumer behavior generally desire to influence or change the behavior of consumers in some way. Some manufacturers and marketers use marketing to influence brand choice and purchase, whereas others, such as public health advocates, use demarketing to influence people to stop smoking or abstain from illegal drugs. Today businesses around the world recognize that “The Consumer is King.” Knowing why and how people consume products helps marketers understand how to improve existing products, what types of products are needed in the market place, and how to attract customers to buy their products. In essence, consumer behavior analysis helps firms to know how to “please the king” and directly impact bottom-line profit (Hawkins et al, 2007).

- **Consumer Behaviour Determines the Economic Health of Everyone**

  The most important reason to study consumer behavior is the fact that our decisions as consumers determine our economic health. All consumers can benefit from money-saving strategies, tips on how to be ‘better shoppers’ and avoiding deceptive practices. Consumer awareness and education programmes should be based on research into motivation and behavior if they are to be relevant in the real world of consumer life.
Consumer economists, home economists, marketers and specialists in consumer affairs are among the leading researchers of how and why people consume products.

- **Consumer Behaviour Helps Formulate Public Policy**
  Organisations and individuals interested in public policy must understand the needs of consumers when formulating policies relating to economics, social welfare, family planning, or nearly any other subject. They also need to know how to predict the behavioural changes that will follow their policies. The benchmark for success of a market-driven economy is the right of consumers to make an informed and unrestricted choice from a range of alternatives. When this right is curtailed by business abuse, governments are expected to influence consumer choice by curbing deception and other unfair trade practices (Ganesan & Sumathy, 2012).

- **Consumer Behaviour Affects Personal Policy**
  A person’s economic quality of life is determined by personal policy. Understanding consumer behavior will make all consumers realise the fact that what they have in life is determined more by how much they save (and how little you spend) than how much they earn (Blackwell et al., 2007).

**Challenges for the Future of Research in Consumer Behaviour**

More than forty years have passed since the field of consumer research was born, evolving from various disciplines in behavioural sciences. More than ever before, the need to understand consumers and consumer behavior has become an important topic around the globe, from boardrooms and executive suites to universities and health care providers. Therefore, Blackwell, Miniard and Engel (2006, p 44-45) describe some of the new challenges consumer researchers face:

1. Gathering and interpreting correctly the information that organizations need to meet the sophisticated needs of organizations in the twenty-first century.
2. Developing effective consumer research methods to keep abreast of the rapid changes in consumer trends and lifestyles.
3. Understanding consumer behavior from a broader perspective as an important part of life in its own right.
Consumer behavior is dynamic and exciting. The rate at which consumers are changing and at which marketing is adapting will only accelerate in the future. Mastering this subject will require a long-term commitment to the study of consumers- and how their life styles and needs are changing, how family structures and life styles are changing. Mastery of this subject will make us better consumers. Mapping the people’s consumption system would help to understand the consumer’s behavior.