CHAPTER-1

INTRODUCTION

The marketing scenario in the world today is changing very rapidly. The boundaries of nations are disappearing for exploiting the opportunities of business. Technological changes are taking place at the flash of an eye and standards are undergoing changes in no time. Buying habits of the consumers are fast varying and so are the fortunes of various organisations. An organisation with an excellent track record suddenly finds its products obsolete, its unparallel consumer base eroded and its financial resources depleted. In order to sustain in such an environment, an organization needs to anticipate the changes in the behaviour of consumers. In today’s business environment time is not only a scarce resource, but also a competitive weapon. The marketer must move faster, quicker and swifter to thrive in these turbulent times. Companies have to react with speed to competitive moves of the rivals. The marketing of products is becoming more and more complex process in the context of globalization, liberalization, privatization and modernization policy of the Government.

The challenge before marketing managers is two fold: (a) how to fight competition and maintain the market share (b) how to exploit the opportunities, establish customer base and retain the customer loyalty.

In order to face the above challenges there is a need for new methods of approaching the consumers by studying about the consumers buying behaviour in general and their buying patterns and preferences in particular.
Consumer behaviour

“Consumer behaviour is the behaviour exhibited by people in planning, purchasing and using economic goods and services. Consumer behaviour is an integral part of human behaviour and cannot be separated from it. In fact the Consumer behaviour is a subject of human behaviour. This does not mean that all human behaviour is consumption oriented. Human behaviour refers to the total process by which individuals interact with their environment.”

Consumer buying behaviour is the study of how people buy, what they buy, when and why they buy. It is a sub category of marketing that blends elements from psychology, sociology, socio-psychology, anthropology and economics. It attempts to understand the buyer decision making process both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics’ and behavioural variables in an attempt to understand people’s wants. It also tries to assess influences on the consumers from groups such as family, friends, reference groups and society in general.

Thus Consumer behaviour is, “the process whereby individuals decide, whether, what, when, where, how and from whom to purchase goods and services”.

In this process, the consumer deliberates within himself before he finally makes a purchase move. This deliberation relates to many variables and is aimed at solving consumption problems. Amongst these problems, the first and foremost is to decide whether to spend money and the second problem is what to buy because the needs are multiple and resources are scarce. Therefore needs are to be ranked in terms of priority. The subsequent consumption problems relate to the place from where to buy, the mode of purchase, quantum of purchases mode of payment and the seller shop from whom to buy.
This whole buying behaviour consists of both physical and mental activities. The physical activities involve visiting a shop, examining the product, selecting products and eating/drinking outside, that is the actual act of consumption. Mental activities on the other hand, involve deliberations within and forming of attitudes, perceiving communication material and learning to prefer a particular brand of product.

Consumer behaviour consists of all human behaviour that go in making purchase decisions. An understanding of the Consumer behaviour enables a marketer to take marketing decisions, which are compatible with its consumer, needs.

**STAGES OF BUYING PROCESS**

**Need Recognition**

Need recognition means awareness of a want or a desire. A buying process starts with the need arousal. A need can be activated through internal or external stimuli. The basic needs of a man arise to a particular level and become a drive and he knows from his previous experience. This is a case of internal stimulus. A need can also be aroused by an external stimulus such as the sight of a new product in a shop while purchase after usual product.

**Product Awareness/Information Search**

In this stage the consumer enters a stage of active information search to get product awareness. He tries to collect more information about the product, its key attributes, and qualities of various brands and about the outlets where they are available. The sources of consumer information are:

- Personal sources (family, friends, neighbours etc.)
- Commercial sources (advertisements, salesmen, dealers)
Public sources (mass media, consumer rating organizations)

Experimental sources (handling, examining, using the products).

**Interest**

Consumer interest is indicated in the consumer’s willingness to seek further information about a product. At this stage the consumer is actively involved in the buying process and pays attention to the product. However if he loses interest during his involvement, his attention will be diverted and the buying process will break down.

**Evaluation and Intention**

Once interest in a product is aroused, a customer enters the subsequent stage of evaluation and intention. The evaluation stage represents the stage of mental trial of the product. During this stage, the consumer assigns real-time value-weights to different products/brands on the basis of accumulated stock of product information and draws conclusions about their relative satisfaction giving potential value. After this evaluation the consumer develops the intention either to purchase or reject the product/brand. The final purchase will however depend on the strength of the positive-intention that is the intention to buy.

**Output**

Output is the end result of the inputs of buying behaviour. It emerges after these inputs are duly processed by the consumer. Output is composed of purchase and post-purchase behaviour.

**Purchase**

It is the terminal stage in the buying decision process that completes a transaction. It occurs either as a trial and or adoption. If a consumer is buying
something for the first time from the behavioural view point it may be regarded as trial. This trial enables him to accumulate experience about the product purchased. If this experience is positive in terms of satisfaction derivation then repeat purchases may occur otherwise not. However repeat purchases will occur only when he is satisfied with the performance. But the possibility of trial purchase is available only in the case of non-Software services ie Low price Software services. In the case of software services like software packages, software trouble shooting, and General software re-services trial purchase is not possible because once a product is purchased it has to be adopted and repeatedly used.

Post Purchase Behaviour

Post Purchase Behaviour refers to the behaviour of a consumer after his commitment to a product has been made. It originates out of consumer experience regarding the use of the product and is indicated in terms of satisfaction. This behaviour is reflected in repeat purchases or abstinence from further purchase. If product use experience indicates satisfaction, then repeat purchase will occur otherwise not.

Determinants of Buying Behaviour of Consumers

There are various classes of determinants of buying behaviour of consumers namely marketing environment, economic, sociological, cultural, personal and psychological.

Need and importance of the study

The need and importance of studying buying behaviour of consumers is rooted in the modern marketing concept. In order to operationalise this concept, management attempts to solve consumption problems of consumers.
However no business can possibly help consumer solve their consumption problems unless the marketer understands the buying behaviour of the consumers and makes an attempt to comprehend the buying process and the factors influencing it.

Consumer buying behaviour is dynamic. Therefore it is necessary to continuously study, analyse and understand it and monitor this understanding to the marketing management so that effective decisions can be taken in respect of products, price, promotion and distribution. The profit position of a product hinges on the kind of pre-disposition – positive/negative – that a consumer has developed towards it. It is essential to study and analyse it inorder to understand why he has developed such a predisposition. Besides, the Indian marketing conditions in particular the role of the Government and the steadily emerging consumer movement necessitates that marketers in India must understand buying behaviour of consumers- their needs, aspirations, expectations and problems.

Thus in substance, it may be said that in the interest of effective marketing decisions, marketers must develop an understanding of their consumers behaviour, the buying process and the factors influencing this process.

**Statement of the Problem**

The study of behavioural aspects of consumers is of great importance for marketers and this knowledge is applied to find out the consumers wants and needs. In India consumer legislations since 1960 have created special interest in this subject. The main point for developing successful marketing strategy is a clear understanding of the consumers mind before, during and after a purchase. As all consumers are not alike and their shopping patterns and preferences are constantly changing, they prefer varieties of products which reflect their own needs, personalities and life styles.
After globalisation, a wide range of Software services started flooding the market. Software services, which were the presence of upper class during the eighties, have suddenly started thronging the middle-income group households. The focus of everyone’s attention is shifted towards owning these gadgets and the very social status of the family has come to be assessed by the possession of these assets. A noteworthy development of the nineties is that even the low income groups have started acquiring a wide range of Software services.

The changing concept of retail business into ‘retail in detail’, emergence of giant sized retail business in the name of malls and the Government’s policy to allow foreign direct investment in retail business also change the life style and the buying patterns and preferences of the consumers in India.

In this context the consumer is confronted with a complex set of alternatives in many purchase situations. He has to choose the products and product classes from many varieties worth his money and efforts. Again from each product category he has to make selection from different sizes, colours, models and brands.

The consumer has also to take decision about when and where to buy the products that he needs or wants, how much he wants to spend on it, or how much he can afford to and how he will pay for it. Some purchase decisions are routine and may not require these considerations. Other purchase situations may be more complex.

In other cases considerations regarding status and prestige are also important. Many products purchases may require the evaluation of a variety of economic, social, and psychological factors. To solve the problems of consumers and marketers, there must be continuous studies in the field of consumer buying behaviour. Hence this study is undertaken to provide solutions to solve the problems of consumers and marketers.
Scope of the study

The study aims at analysing Consumer behaviour relating to Software services and Low price Software services. The scope of the study has been limited to certain buying behavioural aspects of purchase decision process, namely (information search, product awareness, Interest, product evaluation process, brand preference, factors of motivation, price and quality consciousness, purchase and post purchase behaviour). The study broadly aims at examining perceptions of the consumers mainly in terms of the information gathered, sources of information, location where the purchase is made and the ultimate purchase decision.

Products selected for the study

The products selected for the study are Software services include software packages, software trouble shooting and General software re-services. The study is conducted to analyse the buying behaviour of consumers of software services from difference perspectives.

Objectives of the study

1. To study the socio-economic profile of consumers of software services namely software packages, software trouble shooting and General software re-services.

2. To analyse the information search and factors influencing pre purchase and purchase decision process of software services.

3. To identify the influence product attributes and product evaluation process on consumers of software packages, software trouble shooting and General software re-services.
4. To identify the post purchase behaviour of consumers on software services and to classify them based on the factors influencing their purchase behaviour.
5. To measure the influence of demographic variables on purchase decision factors of software services.

**Hypothesis of the study**

The following research hypothesis are formulated and structured for the study

1. There is no significant difference among purchase decision factors of consumers of software services products.

2. Consumers of software services products do not differ in their perceptions of information search.

3. There is no significant difference among the consumers based on the factors of post purchase behaviour.

4. There is no significant influence of demographic variables on the consumer behaviour factors of software services.

**Research Design**

**i) Pilot study**

A preliminary investigation was undertaken by contacting 50 consumers of software services in Chennai. Simple Random sampling method was applied. The purpose of the pilot study is to test the quality of the items in the
questionnaire and to confirm the feasibility of the study. The cronbach alpha method and Hotellings t-square method are applied to check the reliability of the statements in the questionnaire. The tests revealed that the alpha value is 0.917 and t-square value is 245.17 which are statistically significant.

ii) Sources of data

The sources of data are primary as well as secondary. The data collected from the consumers survey constitute primary and information gathered through books, journals, magazines, reports, dailies and internet consist of secondary data. The data collected from both the sources are scrutinized, edited and tabulated. The data were analysed by using SPSS (Statistical Package for Social Sciences) computer packages.

iii) Products selected for the study

The products selected for the study are consumer software services which are directly using by consumers viz. Software packages, software trouble shooting and General software re services. The study is conducted to analyse the consumers purchasing behaviour of these software services from difference perspectives.

iv) Variables

The study depends upon both independent and dependent variables. In the present study the demographics of consumers are considered as independent variables and the variables in Likert’s five point scale are dependent variables.
The Questionnaire administered was a structured closed end questionnaire. Variety of both the question and the responses are structured with 6-sections. Section 1 of the questionnaire was framed to obtain general information about the consumers of software services products. Section 2 to 6 deals with pre purchase behaviour, product attributes, purchase decision, information search and post purchase behaviour respectively. The questionnaire with a covering letter is handed over personally to each and every respondent and they are requested to return the filled in questionnaire after 15 days. The basic instructions were given. Additional information was sought by encouraging the respondents to give suggestions and opinions and by asking questions. The respondents took the period of fifteen days to two months to return the completed questionnaire.

v. Sample selection

Sample selected for the study covers different areas of Chennai city. Totally 540 consumers of software services were selected on simple random sampling method. Out of the sampling, 520 consumers only returned the filled questionnaires and of that 500 only are usable. Hence, the exact sample of the study is 500.

vi. Research Tools

Primary data collected through a well framed questionnaire is the research tool for the present study. The tools used for analysis are demographic factors, pre purchase behaviour, product attributes, purchase decision, information search and post purchase behaviour.
vii. Types of Analysis

The sources of data are primary as well as secondary. The data collected from consumers in Chennai were analysed descriptively as well as empirically. The data collected from both the sources are scrutinized, edited and tabulated. The data were analyzed using Statistical Packages for Social Science (SPSS) and other computer packages.

DATA COLLECTION

The data for this study was collected from consumers in all parts of Chennai. The researcher collected the sample by using simple random sampling method.

DATA ANALYSIS

The processing, classification, tabulation, analysis and interpretation of data were done with the help of SPSS software package. The following statistical tools and mathematical techniques have been applied depending on the nature of data collected from the respondents.

Details of Statistical Tools used for analysis noted against each is given below:

1. **One sample T-test** is applied to analyse the consumer’s preferences on various elements of purchase decision process in respect of software services.

2. **Factor analysis** by principle component method is applied to analyse the various elements of consumer behaviour in respect of software services.
3 **One-way analysis of variance [ANOVA]** is used to identify the significant differences among the various elements of consumer behaviour with regard to software services.

4 **K means cluster analysis** is applied to classify the respondents into various groups based on the mean scores of various elements of consumer behaviour on software services.

5 **Paired sample t – test** is used to find the mean values of various elements of consumer behaviour in respect of software services.

6 **Non-parametric Chi square test** is employed to find the association between clusters of buyers of software services and various demographic characteristics. Karl Pearson’s coefficient of correlation is used to find the relationship between the variables of the study.

**LIMITATIONS OF THE STUDY**

The study takes into account certain factors influencing the purchase decision process of consumers of software services. The sample size of the study is restricted to 500 and it covers the consumers of Chennai city only.

The products selected for study are from consumer software services viz. software packages, software trouble shooting and general software services. Individual products in the case of non-software services are not selected for the study. Individual name of the brands are not taken for study.

The study focuses mainly on the factors influencing the purchasing behaviour of consumers of software services. However the role of dealers not analysed through the views of the consumers.
EXPECTED CONTRIBUTION FROM THE STUDY

i. For Corporates

The study on purchasing behaviour relating to the consumers of software services is important to make better strategic production decisions by the corporates. Study of consumers purchasing behaviour helps in designing production, scheduling, segmentation, positioning, pricing, distribution, advertising and promotional strategies.

ii. For Government

The study also helps Government in providing products and services and understanding what could be the future problems. E.g. pollution, traffic and antiplastic drive, etc.

iii. For Marketers

If marketers understand the consumers purchasing behaviour, they are able to predict how consumers are likely to react to various situations and are able to shape their marketing strategies accordingly. Studying the consumers purchasing behaviour has great competitive advantage in the market place. Further it helps in market opportunity analysis, target market selection and marketing mix determination. Consumers purchase decision process which is characterized as more complex in its nature, has been subject to research often, only recently. This study is an attempt to explore the purchase decision process within a family with special reference in consumers’ purchasing behaviour and their role in purchase decision. To the Marketers: consumers influence in the purchase decision process is to be considered more seriously than the influence of any other factor, for the simple and the most importance reason, that, it is the consumers who decides the consumption pattern, choice of products, brands, stores and other product related aspects nowadays. The marketing strategy to be adopted under conditions where purchase decisions are husband dominated has to necessarily
differ when such decisions are wife dominated decisions. In order to reach the prospective buyer without any complications, the Marketer’s prime responsibility is to identify the person dominating the decision making process and she is to be influenced further towards the desired action. It is believed that, such an approach will serve the purpose more effectively than a generalized approach often practiced by Indian Marketers towards the consumers purchase activity. Consumer behaviour research is an effective tool in Marketing for all types of organization. It provides clues as how to reach and serve the consumers more effectively. In order to achieve success in the market, the companies may adopt this methodology.

iv. For Public: Consumers should be aware of the new products introduced in the market and of its special features, price, quality, etc. They should be capable of identifying duplicate products and should avoid purchasing unnecessary items. Purchase is to be made on the basis of the quality, income and according to the budget. Consumers must know the standard shop which sells products at reasonable prices with excellent service. They should give importance to the package date, manufacturing date, ISI marks, expiry date, brand etc while purchasing. They should bargain and should clarify their doubts regarding the product, they buy. Proper planning is essential before going for purchasing and should know the credit facilities, offers, discounts, etc available for the products in the market. To conclude, in order to bring about lasting happiness in purchase, decision should be ‘Joint Decision’. To protect consumers and help to evaluate products comes, it is essential to study the purchasing behaviour of consumers.

CHAPTER SCHEME

The different processes regarding the study have been discussed in six chapters. The contents of each chapter are given below:
CHAPTER I: Introduction

The first chapter is introductory part of the study. It contains definition of the consumer behaviour, need and importance of the study, Statement of the problem, Scope of the study, software services selected for study, Objectives of the study, Hypothesis, Research Methodology, Limitations of the study, Expected contribution from the study and the Chapter layout.

CHAPTER II: Review of Literature

Review of Literature sketches a detailed review of the literature relevant to the present study. Previous studies and research findings on purchase decision process, information search, evaluation of alternatives, post purchase evaluation, and the factors influencing the consumer behaviour are included in this chapter.

CHAPTER III: Conceptual framework of Consumer Behaviour.

Third chapter highlights the conceptual framework of consumer behaviour elements pre-purchase behaviour, purchase decision, information search and post purchase behaviour.

CHAPTER IV: Analysis of Factors influencing purchase decision of software services products

This chapter presents application of factor analysis, t-test and ANOVA technique to analyse the influence of consumer behaviour aspects.

CHAPTER V: Analysis of classification of consumers of software services products-

This chapter presents application of Cluster analysis for classification of consumers of software services and multiple regression analysis to sharply estimate the influence of demographic variables.
CHAPTER VI: Summary of Findings, Conclusions and Suggestions:

This last chapter summarizes the findings of the study and the conclusions arrived at from the study along with the suggestions to the Government, marketers, manufacturers and public for framing their strategy suitably and successfully.