CHAPTER-II

REVIVE OF LITERATURE

In this chapter, an attempt is made out to tress out the consumer behavior. The consumer is the centre of marketing of every product. Products are produced to sell to the people. Now days different types of products are produced by small & big companies. Such products are produced in anticipation of consumers. Products are essentially required to satisfy essential need of the consumers. Such products easily get demand from consumers. But there are some products which are Luxurious. Efforts are requires to attracts consumers towards such products.

The Economy is referred as a ‘customer driven’ economy. Ultimately success of any marketing program depends on how consumer behaves & whether his behavior is indicative to accept the product. Today companies are spending lot of money to have better understanding if their consumer’s behavior.

Indian market has been gone through several changes since last tow decades. These changes includes higher reach of mass media, availability of different products, growth in income, change in life style and living standards, high level of consumer spending on items other than basic necessities. Gradual development of economy has indeed influenced these changes. The key to the success of any organization is therefore, an excellent knowledge and appreciation of consumer behavior. Hence, the firms first understand the key elements that drive customer value. There are
various factors like social factors, psychological, cultural and personal factors which influence consumer behavior.

Consumer is the kind. The existence of product and company depend on the acceptance and consumer buying trend to that product. Hence, it is essential to study the consumer behavioral aspects fundamentally. Many authors have contributed their to study the consumer behavioral aspects. With the economic development of the nation the attitude of Indian people changed. It leads to develop city and urban area. In process of economic development income sources of the people increased significantly, which leads to change the life style of the people. Due to this change different products are produced which will put the consumer convenient and helps to reduce the efforts. Such products are the segment of food products i.e. instant food products. Such products require creating the demand among the consumers. Moreover, it is essential to study the consumer trend for such products. Different studies have been conducted to study the consumer trend to purchase different types of products. Different authors have contributed towards the concept of consumer trend and consumer behavior.

Psychological Model:

Psychological aspects of the consumer are the most important aspects in the study of consumer behavior.

1) Leon G. Schiffman: Leon G. Schiffman Leslie lazar Kanuk, from Barnch College, city university, New York have nicely contributed their views towards the study of consumer behavior. In this book the comprehensive aspects of consumer behavior are discussed. How the study of consumer behavior and its application to strategic planning and strategic
marketing is important is explained. A social and cultural dimension of consumer behavior is discussed. In this book efforts have been taken how the knowledge of consumer behavior can be practically applied to professional practice of marketing. In this book how consumer behavioral aspects is useful to introduce any new product in the market is nicely discussed by giving different examples supported by attractive advertisement samples pictures. The application of consumer behavior principals is also covered. This book covers the strategies for changing attitude of consumers.

2) Suja R. Nair: [In his book consumer behavior, (text & cases) Himalaya Publishing House, New Delhi.] the concept of consumer behavior has appropriately discussed in this book. He has focused on different aspects of consumer behavior, meaning of consumer behavior and role of consumer in marketing various models & theories of consumer behavior is discussed. There is elaborate on various consumer behavioral factors like- social, psychological, cultural and personal factors which lead to focus on influences on the consumer behavior supported by examples. He has discussed the importance of group dynamics in consumer decision making process. He explained how family, friends opinion while buying are more effective to take final decision to buy any product. The marketing promotional strategies, techniques create impact on consumer. Moreover, apart from individual buyer there are industrial and organizational buyers for many products. The buying process of such buyers is also explained.
3) **A.H. Maslow**: A.H. Maslow has contributed his opinion towards consumer behavior. He is of the opinion that there is a hierarchy of human needs. He says that individual consumer usually determine his strongest needs and its priority. Human needs are arranged in hierarchy of relative importance. Human being give first preference to satisfy the basic needs and then seek ways to satisfy next higher level needs.

Maslow’s Motivation theory says –

“When lower level needs of basic amenities are satisfied, man starts looking for higher level needs of status and self development”

![Maslow's need theory](image)

**Fig. 2.1 Maslow’s need theory**
Maslow has given the framework of a set of hierarchy as follows:

a) Physiological needs: It refers to the basic needs of food, water, shelter. These needs are shown at the top and be satisfied to the desired level.

b) Safety needs: these needs are to be satisfied after physiological needs. It refers to felt for being free of physical danger or self preservation. It is expected to satisfy the need of security in the use of product.

c) Social needs: it refers to creating the feels of social human belongingness. It conveys the feelings of love and affection. For example in the advertisement of baby food products for children convey the feelings of love and affection.

d) Esteem needs: esteem needs are concerned with the self respect, self confidence, feeling of personal worth. These needs evoke feeling of prestige, power in man.

e) Self actualization needs: it refers to the development of intrinsic capabilities to lead people to look out for opportunities to utilize their potentiality.

However, the ‘hierarchy’ of needs given in Maslow’s theory may not be so rigid for all individuals and at all the times.

4) Ivan Pavlov: Ivan Pavlov, Russian Physiologist have contributed to study the consumer behavior. He has explained the learning process (on his experiment performed on dog) steps i.e. 1) A drive is a strong internal stimulus which impels action. 2) Cues act as a stimuli e.g. advertisement sales promotion techniques stimulus the individual towards the product 3) a process of trial and error, the buyer will respond accordingly. He will
choose a specific response to satisfy need. Thus learning is a important part of buying behavior. Marketers must understand the learning process of a buyer & try to build up brand loyalty.

**Consumer Behavior Models:**

**The Nicosia Model :( 1966)**

This model was developed in 1966, by Francesco Nicosia, an expert in consumer motivation and behavior. He has tried to explain buyer behavior by establishing a link between the organization and its (prospective) consumer. He suggested that messages from the firm to influences the consumer towards the product. This may result in a search of the product or an evaluation of the product attributes by the consumer. If he satisfies it may result in positive response.

Theories of Consumer Behavior:

Different Theories have been developed to explain the consumer attitude. The important theories are:

- Economic theory.
- Law of diminishing Marginal utility.
- The law of equal marginal utility.

5) **Ms V. Rajeshwari & Ms. M. Aylsh Millath:** Conducted a study regarding “Brand Preference towards water Purifier.” The study has examined the buyer’s behavioral trend to purchase branded product in the segment of water purifier. The study revealed that 80% people prefers to

6) Dr. Sanjaya S. Gaur: In this study “Study of buying behavior for branded fine rice”, he has studied the buying behavior of consumers in the fast changing socio-economic environment profile of urban consumers.

7) Dr. Venkatesh Tamlurkar: In his study “Role of Instant Foods in the Catering Industry” he has nicely explained the concept of instant food and its importance and convenience to catering industry as well as at homes. Development of Socio-economic status, tastes, income and habits of the Indian food products. He has explained the buying trend has increased among the people became of following factors:
   o Emergence of industrial society.
   o Reduce domestic servants.
   o Increase in working women.
   o Emergence of nuclear families.
   o Convenience.
   o Increasing income.
   o Standard of living.
   o Mass media.

The survey revealed that young generation has changed their taste to the instant food became of western influence and to save time and energy.

8) Jason Engelhart: “Untold history of instant Food” (jan30, 2008)

In this article he has explained the history for the demand towards instant food in America. Processed, readymade food has existed for ages. History says that since 1916 American peoples uses frozen
peas, Corn snacks and powdered sauce. Today popularity of convenience food has led them to use ready made food items.

9) P. Thirumorth: “A study on retailer and customer attitude towards P & G detergent powder in coimbatore city”, Indian Marketing Journal, sep.2006, P.26 presented a paper on study of consumer attitude towards detergent powder. Powder is essential for the customers in their daily use. Hence it reveals a real attitude of general customers and focus on consumer’s behavior towards purchasing branded products. He has tested the buying attitude on the influencing factor like- quality, price, income of customers and found that most of the respondents do not switch over branded frequently.

10) www.articlesbase.com: ‘India a big trade mart for the food industry’: The article published on ‘www.articlesbase.com’ In this article the demand trend for instant food products and market potentiality for such products is highlighted. Indian food industry hailed as the sunshine industry of India. Current market size is around US $ 182 billion.

   Growing economy, surplus food, shift in consumer consumption pattern put Indian Food Industry on fast track. According to consultancy firm Mckinsey & Co., the retail food sector in India in 2008 was worth US $ 70 billion, which would be US $ 150 billion by 2025.

   RNCOS, an industry research firm, released a new market research report titled “Indian Food, Beverages and Tobacco Market Forecast till 2001”. The key findings are:
• Consumer spending on food and beverage product to grow at 12.2% during 2007 to 2011.
• Production of branded snakes’ food is estimated to grow at annual rate of 20% in coming 2-3 years.
• Food processing is growing at 14% as compared to 6.7% growth in 2003-04.
• Food processing industry received foreign direct investment (FDI) totaling US $ 143.80 million in 2007-08.
• Instant food snack market currently growing at 15-20%.
• Zero excise duty on fruit and vegetable processing units.
• Excise duty on ready to eat packaged foods and instant food mixes has been brought down to 8% from 16%.

11) www.researchandmarket.com: ‘Indian Food Processing Industry 2008’: The article published on ‘www.researchandmarket.com’. The report and finding says that India is presently world’s second largest producer of food and developing agriculture sector. Surplus food and changing lifestyle changed consumption pattern. The food processing industry has emerged as one of major driver of economy. However, the unorganized, small players in Food processing sector account for more than 70%. Majority of food units are engaged in primary processing. Value added processing food products is a mere 8%.

12) ‘www.niir.org’: The published by ‘niir.org’ on instant food snacks highlights the importance of Potato processing product. Potato is probably the most popular food item in Indian diet. India is largest producer of
potato. It is grown all over the country prominently in Uttar Pradesh. Today it is used to prepare a snacks food items like: Potato chips or chivda. Potato chips and wafers are popular processed value added food product. Potato chips account for an average 85% of snacks market. Potato chips and wafers are popular in urban and semi-urban areas. Besides hotels, canteens, railway stations are popular places for its marketing. Overall snacks market is estimated at Rs.45 to Rs.50 billion, growing at 7 to 8% annually. Potato chips constitute nearly 85% of Indian snacks food market 40% of the market is captured by branded companies like: Frito – Lay captured 45% market share, followed by Haldiram at 27% and ITC at 16%. The leading brands in the are: Lays, Benniels, Uncle Chips, Bingo, Kurkure etc.

13) **Dr. D.G. Girdhari:** “Research Methodology” Uday Publication Aurangabad, 2002, in this book the concept of research methodology has explained in simple language which helps the researcher to understand the technique of research methodology to use while writing thesis. Moreover he has given different types of research design which can be used while preparing the thesis work. Moreover the book is useful to apply hypothesis testing method as he has explained it with examples.

14) **Leon G Schiffman & S. Rameshkumar:** “Consumer Behavior”, Printic Hall, New Delhi-2009. In this book authors has taken efforts to explain different consumer behavioral aspects with advisement samples, pictures and diagrams. He has nicely explained consumer attitude formation and change with good examples. He has incorporated the theme of influence of culture on consumer behavior. Moreover he has given the theme of consumer decision making. He has nicely explained levels of
consumer behavior i.e. basic purchase or consumption decision brand purchase channel of purchase decision and payment of purchase decision.

15) **Meenu Agrawal:** “Consumer Behavior and Rural Marketing in India”, New century publication, New Delhi, 2009, in this book author has explained the consumer trend psychology towards the buying. Buying preferences of the consumers send signals to the producers to produce various types of goods in required quantities. Producers, therefore, produces only those commodities which are desired by the consumers. Consumer behavior is related to the likes and dislikes, expectations and motivations of the consumer. Every consumer differs from the others because his/ her preferences of the commodities are generally different consumer behavior has changed in recent years due to enhanced awareness, information technology and more governmental intervention through legislation. Moreover he has given the factors affecting the consumer behavior.

16) **K.K. Garg:** “Research Methodology”, omega publication, U.S.2009 in this book author has given research methodology to write research papers and given mythology to be used while preparing the thesis. In this book he has explained how findings and approaches of earlier studies provides a useful guide for further research. He has given how learning theory me be use alone or in combination in the design and evaluation of age appropriate curriculum.

17) **Lars Perner**, “CONSUMER BEHAVIOR: THE PSYCHOLOGY OF MARKETING”, [www.consumerpsychologist.com](http://www.consumerpsychologist.com), in this article author has explained how consumer helps firms and organizations improve their marketing strategies by understanding issues such as how:
• The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers);
• The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
• The behavior of consumers while shopping or making other marketing decisions.

Moreover he has given four applications of consumer behavior like:
• Marketing strategy:- for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later.
• Application of public policy framed by government and legislation
• Social marketing involves getting ideas across to consumers rather than selling something.
• Studying consumer behavior should make us better consumers.

18) www.oppapers.com: “FOOD PROCESSING IN INDIA” in Corporate Catalyst India, In this article it is explained that the food sector has been witnessing a marked change in consumption patterns, especially in terms of food. Increasing incomes are always accompanied by a change in the food basket. A large part of this shift in consumption is driven by the processed food market, which accounts for 32 per cent of the total food market. It accounts for US$ 29.4 billion, in a total estimated market of US$ 91.66 billion. The Confederation of Indian
Industry (CII) has estimated that the food processing sector has the potential of attracting US$ 33 billion of investment in 10 years and generates employment of 9 million person-days. The Government has formulated and implemented several Plan Schemes to provide financial assistance for setting up and modernizing food processing units.

19) **K. N. Murty:** “Consumer behavior in India : An application of the Rotterdam demand system”, *European Economic Review* Volume 14, Issue 2, 1980, Pages 221-235, [www.sciencedirect.com](http://www.sciencedirect.com); in this paper explained the postulates of neoclassical theory of consumer behavior. The absolute price version of the Rotterdam model has been estimated for rural and urban areas of India separately. The estimated marginal budget shares, income and price elasticity’s show marked differences in consumption patterns of rural and urban consumers in India. The effect of food grains price rise on the demand for various items is also analyzed.

20) **William A. Barnett & and Apostolos Serletis:** “Consumer preferences and demand systems” *Journal of Econometrics* Volume 147, Issue 2, December 2008, Pages 210-224 in this paper author has given update survey of the state-of-the-art in consumer demand modeling. he has explained the different approaches to imperial demand analysis. Such as the differential approach, the locally flexible functional forms approach, the semi-non-parametric approach, and a non-parametric approach.

21) **Nandini Raghavendra:** ET Bureau, 'Consumer behavior has changed', [www.economictimes.indiatimes.com](http://www.economictimes.indiatimes.com), 7 Oct, 2010, in his article how consumer trend changed towards luxury items has been highlighted. Author has explained the consumer trend that Consumer behavior has
changed dramatically. Earlier, consumers never asked about the price; they saw, they liked and they bought a product. Today, they come, they look, they want to understand, they check other brands, they come back again and then decide. Conversion today is much longer. As from say buying 10 products, consumers are now buying one and they want to be sure that they get the best deal.
A) References:
10) www.articlesbase.com: “India a big trade mart for the food industry”. 
17) www oppapers.com: “FOOD PROCESSING IN INDIA” in Corporate Catalyst India
20) Nandini Raghavendra: ET Bureau, 'Consumer behavior has changed

B) Website:

1) www.niir.org
2) www.Indiamba.com
3) www.articlesbase.com
4) www.researchandmarket.com
5) www.consumerpsychologist.com
6) www.oppapers.com
7) www.sciencedirect.com
8) www.economictimes.indiatimes.com