CHAPTER 4

CUSTOMER’S PSYCHOLOGY AND CONDUCT

4.1 Concept of customer’s psychology

There are many reasons for which a customer buys jewellery. Some of them are as follows:

- For the events like marriage, birthdays, anniversary etc.

- Jewellery is bought for its rarity

- Status symbol

- Impulsive purchase

- Investment

From the viewpoint of a psychologist: Jewellery was worn to differentiate oneself from others. Jewellery was a symbol of affluence, class and prestige and this mindset still persists. The psychological factors that drive customers to buy jewellery are:

- To build ones’ image

- Shopping spree

- Experiencing Brand

- Show success

- Impress others

Image

People, who have public image, try to maintain that image and buy jewellery that is unique and designer. Now a days’ everyone have their own thoughts and likings. According to one of the demographic surveys 87 % of the adult even consider
wearing body jewellery. It was discovered it is because of lack of confidence and self-esteem that people tried to seek attention by wearing jewellery on their body parts. It is also concluded that males are less influenced than females in this respect. Females try and adore themselves in all possible ways to impress others.

**Shopping spree**

Shopping has become a popular activity nowadays. People feel happy and relaxed after shopping. Over the past few years people have learnt the art of spending. The concept of saving is less popular now a days and people like to spend for living a good lifestyle. In mid 80’s customers were not much aware of brands as they are now, marketing strategies have also evolved a lot over past few decades, which has created a deep impact on customers mindset. Want overpowers the need in today’s world. There are many events which encourage jewelry shopping like weddings, engagement, Diwali etc. . On the other hand people buy jewellery to impress other members of the society.

**Experience Brands**

Brand Experience is an immense desire in today's generation. Looking at the increasing number of people preferring branded over non-branded products, the same trend has been observed in case of jewellery. Branded jewellery sets a trend that is followed by affluent classes and further by the lower segments of the society. Many brands have become so popular that people want to experience that brand at least once in the lifetime. Branded product becomes “blind” desire, even if people have less knowledge of the product an brand.

**Show success**

The owner of the jewellery wants to prove a successful journey of life by flaunting their jewellery. They try to imitate the jewellery worn by celebrities and successful people. By wearing some unique pieces they become the talk of the town, which brings them in limelight. Owning such rare pieces give them a sense satisfaction. This trend is very well observed in social gatherings. This has become possible because of increased propensity to consume and expend. Expenditure on jewellery has increased over fast few years.
Impress others

Most of the people buy jewellery to impress others. Jewellery has become one of the popular gift items for big occasions like anniversary, weddings etc. Unfortunately many of the jewellery received as a gift is not used, but due to its high monetary value it is still considered as good gifting option. According to one of the American magazines when asked from teenagers “why did you buy this jewellery?” most of them replied because their favorite celebrity, musician and politician wore the same jewellery. It was also observed that some of the customers bought the jewellery without any actual need for it.

The graph below illustrates the impact of celebrities on consumers by age group.

Fig 4.1: Impact of celebrities on consumer

Source: INDEX Magazine

The graph above illustrates the impact of celebrities on consumers by age group. Age group between 18-34 is most impressed by celebrity styling and it impresses least the age group above 55.

The buyer’s mindset: -

According to the psychological association, need is overruled by desire. Luxury jewellery is purchased due to many factors like, emotional connection, cultural and
financial factor. Branded Jewellers understand the game of emotions and motivation to get sales. Once the motivation achieved, the sales person has to establish an emotional connection. It is generally noticed that when there is a luxury purchase, there is always an emotional factor involved in it. Motivation can arise from many factors like passion, price, accomplishment etc. Then the salesperson identifies the emotional weakness of the customers and persuades them to buy the product. Buyers feel happy after making the purchase and a rise in self-esteem. Owning a luxury product gives a feeling of being special and hence they feel happy.

4.2 Customers psychology towards – Product, Brand, Quality, Luxury

Customer’s psychology towards Product

According to one of the studies it was observed that customers first and foremost look for the country in which product is made. If the product is made in another country or is imported, then they evaluate whether the price to be paid is little higher than locally made product. Imported products are little costly but are unique, therefore, there is a huge demand for them.

A psychologist described when there are few words attached to the product like – handmade, imported, premium etc. then they are easily accepted and their desire automatically increases to buy something which is rare and unique.

Online shopping v/s Offline shopping

In online shopping customers buy day to day products more and with much ease than the expensive products. Jewellery is expensive and most of the customers prefer to visit the store and purchase it after getting its touch and feel. Now a day’s this trend is replacing with the online shopping experience. It has become very easy to buy expensive products like jewellery as options for return is easily available. Payment gateways have become very secure from both the ends - the transferor and the receiver. This is the era where bulky items like refrigerator, televisions and washing machines are also bought online, which was not even thought off a few years back. Many brands have traditional businesses have joined the online platforms to sell their products. Some brands like Tanishq brought about a revolution for diamond jewellery. They came up with many new business modules like office jewellery,
contemporary jewellery, light weight jewellery etc. Online selling is a trial and error game where the target audience might or might not like a product. They sometimes not even try the product before making returns. A Lot of research is done before launching any new collection as there are many financial threads connected to it.

In offline selling there is a chance of identifying which product would be best suitable for customers according to their requirement. Customer’s psychology for any product is framed with the very first information they gather from the salesperson. Customers generally don’t have clear idea of what they want, and in this situation customer become an easy target of the salesperson. Customer’s attitude has three different variants, which are: -

**Fig 4.1:- Customers attitude**

![Customer Attitude Diagram]

Source: -www.consumerpsychologist.com

**Beliefs: -**

It is common that customer have some preconceived notion about a particular product. Their beliefs are sometimes positive and sometimes negative. Some may consider a particular product to be expensive before even knowing the details. There can be many reasons that a customer finds a product to be overpriced and the most common factor is brand image. There is a blind belief amongst customers that an imported product is always expensive than the domestic product. Since there are many assumptions, the sellers cannot sort them all so they try to answer the ones which are most important.
Affect: -

Many products affect a customer’s psychology for example if diamond jewellery is purchased it is expected to last forever. Then sometimes they feel if a more expensive imitation is bought it will give negligible return on investment. Many products’ marketing make a customer feel nostalgic and they end up buying them.

Behavioral Intention:-

It is observed that many factors affect the behavioral intention like: -

- Income- some customers can’t afford to buy luxury goods.
- Age Group- Younger generation doesn’t go for very expensive jewellery.
- Judgment problem – Not all customers can judge if their purchase is worth the price.

Considering all the factors it is not always necessary that a customer will end up buying a particular product. Many customers just come with an intention to explore designs. Salesperson has to identify the genuine buyers and crack the deal.

Customer’s psychology towards Brand

Seth God in defines brand as -“A brand is a set of expectations, memories, stories and relationships that, taken together, account for a consumer’s decision to choose one product or service over another”². In other words it is a basic understanding of a company and how a customer perceives it. This perception is a result of companies marketing skills and how it is molded. Every brand has its own way of presentation, which differentiates it from the other brands.

Brand can create an image but it is totally dependent on how people perceive it. Every brand tries to make a frame in which their brand should be recalled. A brand is composition of many thoughts, which generate an emotional bond with customer. Every brand is targeted to a particular set of age group or audience.

According to a psychologist there are three factors why a brand is favored over other brands, which are: -
• Emotional Decision
• Identity
• Public Identity

**Emotional Decision** is the most important factor, which we don’t realize while making a purchase. Customer buy a particular brand just because of the emotional connection with the brand. A consumer psychologist in New York, FMRI’s concluded that customers assess a particular brand emotionally rather than from its details and information. A supermarket creates the feeling of happiness by visual merchandising, to improve sales. These practices improve salsas they are fast-tracking emotions.

**Identity** is another important psychological factor which customer keeps in mind while doing shopping from a branded store. It defines how a customer thinks about himself and others e.g.: (I am tall, I am traditional). Customer psychology says that customers keep their image in mind while shopping for any branded article. For instance one chooses a particular jewellery brand for others to think about him in a particular way. Many teenagers choose brands which reflect their personalities for example: - Boohoo, earthy etc.

**Public Identity** is when you get connected to someone who uses the same brand as you do. It is a membership amongst social group with the feeling of oneness. Public identity is directly related to brands as it affects every individual later on. A study on solar panel discovered the reason as to why solar panels were actually fixed. Customers thought that it was an expensive installation done by rich people but in reality it was actually done because of someone’s recommendation.

According to a psychologist, brands generally target the customer on this basis. They market their products in a way that customers get connected emotionally with them and make them feel that their identity will stay intact with that particular brand. After buying that brand they all feel a part of that group which uses the same brand.

**Customer’s psychology towards Quality**

Customers use different variants to define the quality. There is no particular tool to determine the quality of a product as such, different customers respond differently to the same product. Some customers may find a product to be of high quality where as some may find the same product to be of poor quality. In general price determines the
quality of product. If the price is high then the quality is good and if it is less than the quality is not up to the mark. Many studies have determined that pricing is the first thing, which gives rise to a perception towards quality of a particular product. Many jewellery brands sell their product at 3X margins and they have higher sales then the Jewellers with 2X margin.

Customers also relate “country of origin” to the quality. If it is imported from a developed nation then quality would be considered good where as domestic products are considered to be of inferior quality. Many products are even labeled with their origin and are considered supreme over others.

Customer’s psychology is built by the story, which is narrated by the seller. If brand says that the product is made with the best raw material and with utmost precision then customer believes that it is a high quality product. An image of a product is interpretation of every tag related to that product.

Some brands provide lifetime “guarantee” and “Free service” which gives the customer the desired confidence. These products are generally made after a lot of research and are thus of high quality. The psychology changes as soon as there is no after sales service and customers shift to other brand for better quality and service.

Companies need to study the market before studying the customer’s need. Then detailed study is done before making the product, which at least matches customer's expectation of quality. They need to look into their competitor’s quality goals as well to provide better products and services. A comparative study can be shown to customers when the product is launched in market to explain how they have a quality edge over others.

Many products are considered of top quality if they are “durable”. Some brands provide fewer features but better durability than others which attracts a lot of customers. Customer's psychology is such that once a product is bought then it should last longer than other available products. Even surveys can be an effective way to know if the product delivered was of good quality or not, if not then, brands should improve their quality.
Intellectual property rights are very strong documents to give proof of good quality. If there is a trademark, copyright and patent attached with the product then it is largely considered to be of superior quality as there is lot of research done and documentation done before getting obtaining these rights.

Customer’s psychology towards Luxury

Neuroscience tells luxury is a mere psychological factor. According to one of the survey reports customers described luxury as very high quality, expensive, unique and limited stock. In spite of all these factors people still want to buy luxury products. There is a big question why? The answer is people get emotionally attached to what they want to buy and put all in they have to buy that luxury product. Owning a luxury product gives a status symbol. Luxury products show affluence.

Emotional judgment always dominates while buying any product. The same product might be available in local market but emotions will push to buy a luxury product.

Those who own luxury products have their social image and people try to maintain that, for which they don’t compromise and thus buy luxury products. They prove their self-identity by doing so.

When their products are noticed in between the crowd they feel proud, this give them pleasure and a feeling of happiness. This luxury slowly becomes a part of their living standards.

Some of the luxury products are bought because society gives importance to them. For example ,if someone buy Mercedes, then he is rich and doing good in life, irrespective of its actual need.

4.3 Customers conduct in jewellery industry

Jewellery had along journey from being an art to investment and now a status symbol. Indians have been highly attracted toward designer jewelry over these years. In a survey it was found that about 70% of the woman are always looking for unique pieces to buy and add to their collection. Buying jewellery was disposal of income in a form of investment. Now a day there is behavioral change and jewellery is bought for many other reasons as well.
There is a particular set in which customer behave for certain questions:

- Why buy jewelry?
- Which jewellery to be bought?
- When to buy jewelry?

Most of the purchases are made after these self-imposed questions. A customer decides why he wants to buy jewellery, when he wants to buy jewellery and which type of jewellery he wants. There are different types of groups, which behave in different ways. Generally, affluent people think less while buying jewellery as compared to lower middle class and middle class. Even the teenagers buy jewellery in today’s era, which was not so common about two decades back.

Four P’s – Product, Price, Place and Promotion, mostly influence customer’s conduct. Customer’s conduct can be broadly judged on these factors, as these 4 P’s are the major factors for decision-making.

**Fig 4.2 Four p’s of marketing**

![Four P's of Marketing Diagram](image)

Source: Philip Kotler in 1967

The entire decision-making revolves around these factors, some of which are inversely proportionate while others are directly proportionate.
Price – Indian jewellery market is highly price driven. A slight variation in price makes a huge impact on sales. For example, Tanishq had about 20% increase in its sales numbers when they launched anniversary discount offers. Even a slight reduction in price or rolling out of a lucrative offer catches customer’s attention and some of the people who are in a dilemma, are lured by such offers. In most of the studies it was observed that price is inversely proportional to sales i.e. decrease in price increases the sales and vice versa. In some exceptional case of a luxury product it was found that some customers buy product even if the price was high and in those cases there was a direct proportion between the sales and the price.

Product – If the product is of good quality and is unique then also a customer purchases it. It is a psychological factor that shows if a product is unique then customer don’t mind paying more than the average price of the product. Product itself should give its good impression. If a customer gets impressed even half way, then chances of buying it is more and less efforts are needed to convenience them. Customer’s conduct depends on how did he perceive the information. Some of the customers have their own image of a product, which influence their decision a lot.

Promotion – It is a huge field to be explored. Promotion plays like a gimmick, customer don’t understand the strategy behind them but purchase the product because it was promoted in certain way. A huge amount goes into promotion to get the sales. Customer conduct is generally predicted by the brands before launching the product. Promotions get huge sales but a little less margin. Promotions are good way to clear up stock. With promotions customer gets the feeling of more benefit in less price and tend to buy in more quantity than required.

Place – Customers behave in a sophisticated way if they are buying a luxury product whereas they might try and bargain for less popular brands. There is behavioral change seen in tier two city and metro city. Customer conducts in a more organized way in metro city as compared to tier two cities. Customer’s conduct in domestic market is very different as compared to international market. This change is also seen region wise where rich rural community will think twice to spend where as rich urban would spend the same amount easily.
Customer’s conduct is not at all static, it evolves with time. For example kids like colorful and bilgy cloths when they grow, as teenagers they prefer fashionable cloths and when they come to maturity age they prefer elegant and comfortable cloths.

Customers behave differently for the same product, for example women take more interest in buying jewellery than men where as men take more interest in buying gadget. This conduct is due to individual’s liking and attraction.

Customers conduct even change with their background. They carry those traits along with them while making a firm decision. An educated customer would like to do research and then come to a conclusion for any particular product where as uneducated will just go with the flow or recommendation’s to buy any product. This behavior is very important for purchasing a technical or advanced product; an educated person will understand all the technical aspects with a little ease than uneducated person.

Online and offline shopping are another aspect which studies how customer behave for same product when it is on an online platform and when it is on offline platform. For online shopping customers feel more relaxed, where as in offline shopping they are conscious before making any purchase. According to a study only 22% of the population thought online purchase is risky and rest 78% population thought it's ok and safe to do online shopping, as shown below: -

**Fig 4.3:** Comparison between online and offline shopping

Source: - Study on Consumer behavior towards online and traditional purchasing by Gopal Kumar
If customers feel safe then they can purchase online but if they feel scared then they might skip online shopping and go of offline shopping. In offline shopping customer can touch and feel the product which can give clear idea of quality and craftsmanship where as in online shopping only pictures will do that effort. Offline sales staff can help us to choose the best product according to our requirements and budget. Customers conduct rely more on the comfort than other factors in case of online shopping.

According to a psychologist there are two different types of factors responsible for customer’s behavior towards product

**Fig 4.4:- Factors for customers behaviour**

<table>
<thead>
<tr>
<th>Internal Factor</th>
<th>External Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation and perception</td>
<td>Social Influence</td>
</tr>
<tr>
<td>Customers Attitude</td>
<td>Religion and class</td>
</tr>
<tr>
<td>Image and personality</td>
<td>Family influence</td>
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</table>

Source: -https://www.slideshare.net/ashwinanitt/jewellery-buying-behaviour

Internal factors are useful for the decision-making while external factors do not much influence the decision-making. Internal factors help in deciding which product to buy and which would be more suitable for the situation. These are the primary factors, which are considered before making any advertisement and marketing policy.

According to **Steve Jobs**, customers don’t know what they want; they have to be driven in a direction to make purchase. Internal factors are located in frontal lobe of our brain, which gives proper reasoning for a particular thought. They answer the question like why to buy, which one to buy and where to buy in a reasonable way. External factor just gives a secondary idea if that particular purchase is good or not.
4.4 Purchase decision

Purchase decision follows a series of actions. At first, customers define their need, then look for all the available options, evaluate the best configuration for the price, then decide which one to buy and after buying, comparing the performance with expectation. This procedure can be explained in a diagram:

![Diagram: Consumer Purchase Decision Process](image)

**Fig: 4.5 Consumer Purchase Decision Process**

Source: [www.mbaskool.com](http://www.mbaskool.com)

Consumer’s purchasing process is explained as follows:

1. Problem recognition: A customer first has to identify the need for a product and then willingness to buy it. Some of the products are want-based and they are not the priority for the customer. Once there is a need for a particular commodity, there should be willingness to buy that particular product. Some customer’s just wish for a product but they don’t want to spend money to buy it and the chain towards buying process breaks at the first place itself.

2. Penetrating information: When the need is defined, the next step is gathering information of that particular commodity. There are many ways to do this because of advanced technology. It is very easy to gather information these days. Many online websites are their which compare different products in no time, on many grounds.
This procedure is very exciting and tedious at the same time. Customers prefer to gather information through the existing users and knowledgeable people. Some get the information through marketing channels and campaigns.

3. Evaluation of alternatives: - After collecting all the basic information now it is time for evaluation. Generally comparing present technology by old technology does evaluation. Expert advice is also taken; they can be helpful in suggesting the best option within the circumference of budget. Price plays most important function as if the gap between best technology and other technology is wide, price can just fix that gap. Comparison of brand is a part of this process where one brand is compared with other for features and price. More features are given edge over less feature for e.g.: - Bluestone diamond give more services such as buy back service where as Tanishq gives no buy back service. Customers feel insecure if there is no buy back option in jewelry. Thus, customers prefer bluestone over Tanishq.

4. Purchase decision: - When assortment is completed there comes next step of buying a particular brand. This is when a customer is willing to pay for particular commodity. Once a particular commodity and brand is decided then it has to be found that where that product is available at the best price. After online market people prefer to compare the rates between online and physical stores and then buy from where they get best discounts.

5. Post purchase behavior: - This is the real scenario where product is being used and judged if it meets all the expectations. Before purchase it was all about gathering information and assessing it but once it is purchased it is evaluated whether it fulfills all the promises made. This is the reason why many people believe in touch and feel of the product.

Purchase decision is a combine matter of several areas, few of them are discussed below:

**Review system:** -

Review is most effective way to know about trust worthiness of the seller. In one of the studies it was found that 85% of the customer trust the online reviews and act
accordingly, 35 % of the customer buy only if the reviews are positive towards the product. Only 11 % of the population neither read reviews nor believed in them.

Getting review is a continuous process and it helps a lot in this competitive world. Sellers even give some discounts if customers review them for the purchase. If a product has many negative reviews then it is assumed that the seller is not genuine.

**Collecting information: -**

Customer now days are smart, they collect information from all the possible means. Some decades back collection of information was through friends and family only. Now a day’s social media is very helpful in detailing and flowing information. Flow of information was very slow process earlier but now thanks to social media it has become fastest way of passing on any information.

Customers even prefer old ways where they gather information from salesperson, people associated with that company and non-associates of the company. Most of the customers gather information from friends and family who have been using the same product. It was observed by one of the studies that 60 % of people consult their friends and family before buying any product. This clearly states mouth publicity is very impressive and best way for catering to organic customers.

**Preference something over other: -**

When a purchase is made, there is involvement of rational and irrational thinking. According to scientists, human being think in an irrational manner at the first place and then when asked why do they really want to buy that product then they think in a rational way.

When suddenly asked someone for getting involved in any activity their subconscious brain works but when asked why then their rational brain comes into action. For sudden reaction towards anything only subconscious brain reacts and which is not able to judge the situation with reasoning and thoughts.
Follow the crowd:

Decades ago, there was not much involvement of social media which has increased tremendously over the years. This change has engulfed almost everyone. For e.g. to own an iPhone was everyone’s wish irrespective of the need.

There are many brands, which did not stand first in blind test but have established their name and everyone is blindly following it. Some of the words associated with the product also creates impact on customers mind that it is a premium product. According to one of the marketing companies, product’s packaging is done in a way which is very similar to the bestseller so that customers can relate to the already perceived information.

Simplicity:

It is human phenomena that simple things are always loved than the complicated ones. Generally companies try and make simple packaging, which is appealing to all the age groups. Information on the package should be displayed in a way which is easy to understand and perceive.

Brands generally highlight the factors that differentiate their products from others and also the additional advantages of using their product to attract customers. This is an old practice but is very effective. E.g. Yearly plan for cell phone network is easy to understand than monthly. Companies like JIO sell their product for like Rs1000 yearly which provides unlimited data and unlimited calls and they compare it with other companies like AIRTEL. They compare whether they are receiving better services for the same money or not and get sorted before making a purchase.

Numbers are more tricky and quick way for any securing sales ,if the price is 999 Rs then just 1 rupee less in a thousand makes customer feel that it is cheaper. In this case just a rupee can create lot of difference as irrational brain suggests buying that product without giving a proper reasoning.

Language used is another important factor for understanding a product. If any product is targeted to particular region then that information should be flown to them in the language they easily understand. There are many languages spoken in India and
one company should identify which one the customers will understand and which they
won’t. Most of the well-known brands try to put maximum languages to cater to a
larger audience. E.g., Britannia is well-known company which makes many products
for different segments and different age groups. Their products are sold everywhere in
India, therefore they use maximum language possible on their packaging so that their
sales is not hampered. If customers feel it is difficult to understand then they might
just look for simpler products.

Visual display is another criteria of simplicity, which push buyers for making a
purchase. If the customer is looking for any particular product and they get the
product displayed in simplest but most beautiful way then they might end up buying
them rather than looking for another product. Generally there is lot of research done
to identify which packaging is simple yet impressive.

**Retail Display: -**

When the product is displayed in the store then every single aspect like flooring, wall
décor and interiors matters; as it can influence the sales or might just get it off. Minute
aspects of the interiors can play a major role in changing customer’s psychology. Like
the floor is very important to drive customers emotional factor. Some of the stores
have soft floor which gives a very comforting feel to the customers but draws attention
away from the product. Hence extra comfort environment tends to make customers
ignore the product. Therefore, there has to be an appropriate flooring which gives
some amount of comfort but at the same time draws attention towards product as well.

The colors on which product is kept should be light colors so that product is seen in
most noticeable way. Many brands even use bright colors to denote colors of
feminism e.g. Victoria secret use Pink as their brand color, most of their display is
on pink as they sell woman’s product.

**Social Media Voyage: -**

Social media channels like Facebook, Instagram, Twitter have taken their technology
to next level. They provide an alternate and more visual way to find a brand. This
experience is very different from what Google.com offers. Each platform has its own
advantage, like Twitter can give you the social impact more while Instagram has
higher customer retention rates as its image focused. Pictures have much move in-depth impression than just the words. All these channels help in brand establishment and improve the purchase trust.

A study on social media influence found that a customer would buy from the brands they follow or they would follow brands from which they want to purchase.

**Fig:- 4.6 Social Media Activities that Influence Shopping**

<table>
<thead>
<tr>
<th>Social Media Activities that Influence Their Digital Shopping Behavior According to Digital Buyers Worldwide, Sep 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of respondents</td>
</tr>
<tr>
<td>Reading reviews, comments and feedback</td>
</tr>
<tr>
<td>Receiving promotional offerings</td>
</tr>
<tr>
<td>Viewing ads</td>
</tr>
<tr>
<td>Staying on top of current fashion and product trends</td>
</tr>
<tr>
<td>Writing reviews, comments and feedback</td>
</tr>
<tr>
<td>Associating with particular brands or retailers</td>
</tr>
<tr>
<td>Purchasing products directly via a social media channel</td>
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Source: -www.emarketer.com

Nearly 45 % of the customers read the reviews before shopping and go through comments and feedback. 44 % of the customers purchase the product due to promotional offer give to them. Around 30 % of the customer would click on the ads and only 16 % of the products were bought directly through social media channel.

It is inferred from the study that direct purchase from social media is comparatively less as compared to customers who’re just looking to gather information about the product. Social media act as source of data, which is very broad and helpful for the customers. Customers generally browse the product, which they need to purchase and gather all the important information about the product. Customers even follow their favorite brand on social platforms to keep themselves up-to-date about the brand of their liking. Looking for information on social media, customers put their real life experience on it, which gives better view about the product and is more helpful in deciding about their purchase. It is very convenient to ask questions on social
channels and one gets almost a prompt reply from random people who have had past experiences with the brand – both good and bad. Many blogs also exist on which topic for discussions can be suggested and they provide detailed review of product.

**Justification**

Human being when put into a situation which requires sudden thinking, tend to sway towards the irrational choice. It was studied why this behavior is so common. While discovering and analyzing the reason of survey subject choosing a particular action, it was observed that it was the first reaction of the subject, which is primarily dominated and overpowered by their emotional state of mind. When the subjects were asked for the reason for such an action, their choices became more rational.

Emotional decisions once made, are a dominating element which over clouds any other rational or irrational judgment. Such human phycology is targeted by advertising companies, where their prime motive is to connect emotionally with the customers. Thereafter when the customer walks into their establishment for purchase, their brain is wired to have emotional inclination towards the brand and most likely they’re not going to pull their steps back. Such emotional connect leads to strong brand building and increases the chances of customers purchasing the product once they step in.

It is difficult to judge any product at the first glance and hence it’s common that a rational judgment is only made after the purchase is made. Before making a purchase, there are expectation towards the product. The real judgment about whether the product meets the expectations or exceeds the same or is below par can only happen when the customer uses the product.

In many studies, where customers were given wrong information and tried to pick up products based on misleading information, it was found that about 90% of the consumers could not clearly justify for their selection of the product. Some tried to relate to the information given to them in the first place, but when they realized that most of the information given to them was wrong or misleading, they could no longer relate to the product anymore. This was clear picture of emotional influence during the purchase.
Subconscious purchase: -

Industry research have concluded that customer make decision in their subconscious mind. Once the customer decides which product they are looking for, they go to a market place (online or offline) and try to choose the best product from all the available brand. At this point of time customer uses their subconscious mind. For example, Amul is a well-known brand and when it launches new product, customers automatically consider it to be good, because of their subconscious brain wired to think in a positive direction about the brand Amul.

In some of the cases subliminal mind gives all the answer related to the product and this is how customer make a purchase with his subconscious mind.

4.5 Customers segmentations

According to Margaret Rouse “Customer segmentation is the practice of dividing a customer base into groups of individuals that are similar in specific ways relevant to marketing, such as age, gender, interests and spending habits”

Customer segmentation is present in every sector of the market. It starts right from vegetable vendor to the most luxury segment.

It is very important to group customers, as it is needed for the brands to target a particular group for getting effective sales and creating targeted marketing campaigns. If entire population is considered as one segment, then there won't be any clear picture about whom to target for sales.

Advertising companies make ads targeting a particular group or segment of the audience. For example, if an ad is made for kids then there will be many colors, bling, poppy music to attract them towards the product. While if an ad is made for women, then it will be made in a way that they look beautiful after using the product (if it’s related to cosmetic or physical aspect of women). There are many ways in which ads are made but the target is predefined always

American best marketing company segmented their customers on their basic metamorphosis such as: -
• Gender
• Age
• Expenditure
• Geographical location
• Social financial group

**Gender** categorization is done on gender basis that is male or female. This categorization is useful for the company which targets only one segment of gender. For example, shaving cream target men and have no link to women, so all the marketing is done in its prospect. These categorizations are useful for the studies where comparison is done for the brands available for that particular gender. After mastering in one of the segments, companies can think of entering into other market segments. This makes it easy for the companies to study the size of market and its potential.

There can be further categorization in gender as well, like woman targeted market can have woman of different age group. If a particular product is made for that sub-segment, then this sub-sectioning can be very helpful. For example, calcium supplements for woman is primarily targeted to woman over 40 years of age, as they may need calcium supplement after a point.

These individual variables have their own traits and they are very important for customers to help them in purchase.

**Age** categorization is creating group of people of same/similar age group. These group share many common needs and wants. Marketing groups trigger those needs for a particular age group and it is assumed that group would respond positively towards those triggers. Another example of age based targeting is where companies have mixed variety of products for different age groups, but their packaging is done in a way which attract the target customers only. Age segmentation is bifurcated in different ways, but most common way in which it is done is listed below:-
- Kids
- Teens
- Adults
- Mid Aged
- Senior citizens

Kids can be grouped up till age of 10 years old, then teens are between 10-20, Adults are from 20 to 35 age group, 35 to 62 is the mid aged group, after 62 all are considered as senior citizens.

Its found that adults are the high spenders while rest all the groups have less spending behavior. Senior citizens were found to be least spending behavior as they just spend on their needs and less on their wants.

**Expenditure** – Every customer is different and they will behave in different way towards a brand. Some would spend more and some are reserved to spend less. This segmentation of customers is done according to the ability of their spending. Breakdown is done after observing the sales patterns and observing the graph of product purchase. This configuration becomes useful for marketing and generating other ways to increase sales. High spending crowd is studied and reasons to their purchases are observed. Generally expenditure behavior depends on income, age and many other co-related factors as well

**Geographical location** - Customers are divided at the place of their residing. This can be grouped on the basis of which region they belong to. Every region have their own unique composition and some of the product might be needed for that region, whereas it would not be of any use to other region. Provincial segmentation is very important in the case of product made to target a particular geographical section. For example, ice boards are made for very cold region and might not be of any use in region where there the temperature does not go below freezing point. Production and demand is calculated on the basis of density of that region and manufacturing is done accordingly.
Climate can be another variable of geographic segmentation. Different climate conditions will have diverse properties. Some of the products are just focused on climatic conditions like ice cream. They are more in demand in hot weather as compared to other places where weather is not very hot.

Segmentation can be focused on the population of particular place where product has to be launched. Like in metro cities, there is more demand of packaged food than in tier-2 cities. Companies sometimes target much populated area than a less populated area, for simple higher volumes of business.

Social Financial Group

These groups are most influencing in setting trends and they have many followers. They have social circle according to similar profile people. These people have social gatherings, where they get influenced from one another. For example, powerful businessmen like Ambani and Tata. They influence others who are little financially little less small than them.

Segmentation for these groups can be done in many ways but most popular way is from their financial status and power.

Customer segmentation varies from business to business (B2B), Business to consumer(B2C) and business to government (B2G). In B2B groups are made according to the target retailers who would sell their product and have similar profile. In B2C industry, huge fractions of earnings are spent on advertisement, as it is the last stage where product has to reach the end users and they need to be impressed and emotionally connected to make their purchase.

4.6 Motivation

Motivation

Motivation is a self driven process where one identifies their needs and wants. Then find reasons for completing that need and then make the purchase to get fully satisfied. This process can be understood in a simple way as following: -
Customer first identify their needs, then many things drive him in that direction. Like a customer who needs a cellphone, thinks that they will get special attention if they buy a new phone. That cellphone need slowly becomes his want. Thereafter, they set some goals. If they achieve those goals, they will buy that phone. Once they buy that phone his behavior just changes and his need is satisfied.

Stimulation is the force behind need. Some or the other factor will stimulate the need and from their things come in action. Stimulation can be in different molds like:

1. Physical Stimulation
2. Emotional Stimulation
3. Intellectual stimulation
4. Ecological stimulation

**1. Physical stimulation:** - In this type of stimulation one urges something, which he feels, impacts their physical condition. E.g. if its very hot weather then body would demand something cold like cold coffee or something. In this type of need there is a physical condition that derive the need for a particular product. If these needs are not fulfilled then they cause certain distress situation.
2. **Emotional Stimulation:** - At times when we get connected to something unconsciously then we have this emotion desire and our need increase to want. E.g. watching too many movies may stimulate our dreaming and feeling like actors. Then we might need stuff what they have used in movies. Such are the emotional stimulations.

3. **Intellectual stimulation:** - Sometimes thoughts that are not related to other product need are called intellectual stimulation. E.g. looking at TV to select which one to buy and just see the advertisement of jewellery and suddenly realize there is a need of jewellery.

4. **Ecological stimulation:** - When there is a need generated because of the timing of moment where the need promptly generated. E.g. when you come home after work and feel hungry and at the same time if you see advertisement of pizza then you suddenly tempt to eat pizza and this need will satisfy the thoughts and no further requirement would be there.

**Different type of motivation**

According to corporate sector motivation is divided into two types: -

- Positive motivation
- Negative motivation

**Positive Motivation** is a when someone tries to achieve something in all positive ways. This is said to be going in right direction through all the right means. Positive motivation is generally when there is urge to self develop and always learn. Generally when the assigned task is achieved then there is a reward, which would make the person feeling of satisfaction.

**Negative motivation** is generally fear of not doing something, for example in marketing job there is a target which should be achieved otherwise there will be cut in salary and this salary cut motivated the person to meet all the given target and perform in his best manner.
Motivation’s impact on customer’s decision

Customers generally choose between all the possible choices available. Customer first choose the category which he wants to buy e.g. if a customer choose a service like renting a bike then he would not be interested in getting new fancy parts for bike he would be more keen to go to places on that bike. Then in between if see any interesting activity then might decide to go and try that. In all the above choices customer has made he had chosen something over other and rejected the less motivating choice and followed the most motivated choice. Here motivation can be bike love, love for adventure activity and rejecting buying new stuff for bike. He was emotionally motivated towards certain things and followed that by rejecting others.

Marketing to motivate

Many customers accuse advertisement for igniting their need, which was never a real need. For example if there is a requirement of shoes then looking at the advertisement like Nike if shoes are not proper then it might affect your health later, so customer feel the need of a good shoes where as he could have bought a cheaper priced shoes to fulfill his need but advertisement motivated him to switch to better product.

Advertisement sometimes shows a real like picture from which customer connect himself and just start to feel the missing needs which he never had, this again leads to motivation E.g. If a advertisement shows a beautiful videos with go pro cam then when a customer need to go for a long drive or on holidays he would want to buy Go Pro cam so that he can also make such videos.

4.7 Law of demand: -

In other words, the law of demand describes an inverse relationship between price and quantity demanded of a good. The law of demand is one of the most fundamental concepts in economics. It works with the law of supply to explain how market economics allocate resources and determine the prices of goods and services.

The law of demand in microeconomic states, all other factors being equal, as the price of a good or service increases, consumer demand for the good or service will
decrease, and vice versa. The law of demand says that the higher the price, the lower the quantity demanded.

**Fig 4.8:- Law of demand**

![Law of demand diagram](http://www.investopedia.com)

Source: - http://www.investopedia.com

In above diagram its reflected that when price of any particular product is increased then quantity of that particular product is decreased.

**Exceptions of Law of demand:**

There are many goods, which do not fall in this category, and they are as categorized as following

**Giffen goods:** - Giffen goods are inferior goods, which are described as when price is increased then the demand of the goods also increases and law of demand is violated in this case.

**Expectation of change in the price of commodity:** - If an increase in the price of a commodity causes households to expect the price of a commodity to increase further, they may start purchasing a greater amount of the commodity even at the presently increased price. In this case when there is a little expectation in increasing price then people buy more and more goods for storage. In this case also there is a violation in law of demand
**Basic or necessary goods:** Some goods are basic necessity and they can’t be avoided in day-to-day basis. These goods are bought even when price is low or even when its increased. E.g. medicines, if there is any regular need of medicine then customer will buy it even when the price is high.
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