CHAPTER - III
CONSUMER BEHAVIOUR

Consumer behaviour is a subset of human behaviour. An understanding of consumer behaviour is essential in planning and programming the marketing system. Consumer behaviour refers to the behaviour of consumers in deciding to buy or not to buy or use or not to use or dispose of or not to dispose of the products which satisfy their needs. The term ‘consumer behaviour’ refers to the behaviour of both the personal consumer and the organizational consumer. The present study has made an attempt to study the behaviour of personal consumers. The personal consumer buys goods and services for his or her own use, for the use of the household or as a gift for a friend. In each of these contexts, the products are bought for final use by individuals, who referred to as end users or ultimate consumers. The goal of the study of consumer behaviour is to properly describe, explain and ultimately predict human actions in the market place. Understanding the consumer behaviour is not an easy job because of the complexity involved. The difficulty is that fully understanding customers’ needs is often a costly and inexact process.

In this era of intense competition where customer is the king, success depends a lot on the efficiency of the managers in delivering what they have promised and the responsibility lies on the organisations to develop such a culture where business ethics are followed, value for the services is provided and quality services are offered to achieve higher level of customer satisfaction. For achieving customer satisfaction understanding dynamic consumer behaviour is essential. As true believers in the marketing concept marketer should try their best to meet needs of consumers

Consumer behaviour studies play an important role in framing marketing and in deciding marketing strategies. Consumers are often studied because certain discussions are significantly affected by their behaviour or expected actions. For this reason such
consumer behaviour is said to be an applied discipline. Such applications can exist at two level of analysis. The micro perspective involves understanding consumers for the purpose of helping a firm or organisation accomplish its objectives. On the macro or societal perspective consumers collectively influence economic and social conditions within an entire society.

3.1 CONSUMPTION AND CUSTOMER

CONSUMPTION: process is related to different types of individuals, purchaser, shopper or customer and is generally used synonymously to indicate one who actively engaged in buying. The consumption process involves three interrelated activities of decisions: determine personal or groups wants, seek out and purchase products and employ products to derive benefits.

CUSTOMER: The term “customer” is typically used to refer to one who regularly purchase from a particular store or company. The “consumer” more generally refers to anyone engaging in any of the activities (evaluating, acquiring, using or disposing of goods and services) used in the definition of consumer behaviour. Therefore, a “customer” is defined in terms of specific firm while consumer is not. Customers are value maximises within the bounds of search costs, limited knowledge, mobility and income. The most commonly thought of consumer situation is that of an individual making a purchase with little or no influence of others. A consumer or buyer is one who determines personal wants, buys products and uses those products. The traditional viewpoint defines consumers strictly in terms of economic goods and services or one who consumes goods.

The customer is king philosophy has become one of those marketing fads and fashions that have continued to trail the growth and expansion of the product economy. The term consumer is often used to describe two different kinds of consuming entities personal consumer and organisational consumer. Ultimate consumers are those individuals
who purchases for the purpose of individual or household consumption. Organisational consumers are those who buy products and services in order to run their business. Buyer is the individual who actually makes the purchase transaction whereas user is the person most directly involved in the consumption or use of the purchased product.

A customer is also called client, buyer, shopper or purchaser, usually used to refer to a current or potential buyer or user of the products of an individual or organisation, called the supplier, seller, or vendor. This is typically through purchasing or renting goods or services. However, in certain contexts, the term customer also includes by extension anyone who uses or experiences the services of another. A customer may also be a viewer of the product or service that is being sold despite deciding to not buy them. The word customer is derived from “custom,” meaning “habit”; a customer is someone who frequently buy from a particular shop, who made it a habit to purchase goods or services rather than elsewhere and with whom the shopkeeper had to maintain a relationship to keep his or her “custom,” meaning expected purchases in the future. The slogans “the customer is king” or “the customer is god” or “the customer is always right” indicate the importance of customers to businesses - although the last expression is sometimes used ironically.

However, “customer” also has a more generalized meaning as in customer service and a less commercialised meaning in not-for-profit areas. To avoid unwanted implications in some areas such as government services, community services and education, the term “customer” is sometimes substituted by words such as “constituent” or “stakeholder.” This is done to address concerns that the word “customer” implies a narrowly commercial relationship involving the purchase of products and services. However, some managers in this environment, in which the emphasis is on being helpful to the people one is dealing with rather than on commercial sales, comfortably use the
word “customer” to both internal and external customers. The definition of consumer behaviour is redefined in the context of services, as the nature of service is significantly different from products.

The “consumer” more generally refers to anyone engaging in any of the activities used in our definition of consumer behaviour. Therefore, a customer is defined in terms of specific firm while consumer is not. The traditional viewpoint has define consumers strictly in terms of economic goods and services whereas rational view defined the consumer in terms of potential adopters of services (including free services, ideas, philosophies). Ultimate consumers are those individuals who purchases for the purpose of individual or household.

3.2 CONSUMER BEHAVIOUR AND BUYER BEHAVIOUR

Consumer behaviour is seen to involve a complicated mental process as well as physical activity (purchase decision). Consumer behaviour is a decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services. Consumer Behaviour reflects the totality of consumers decisions with respect to the acquisition, consumption and disposition off goods, services, time and ideas by (human) decision making units.

Buyer Behaviour particularly is the study of decision making units as they can buy for themselves or others. Thus, buying behaviour particularly involves collective response of buyers for selecting, evaluating, deciding and post purchase behaviour. Buyer behaviour is the study of human response to services and the marketing of products and services. Buyer behaviour researches continuously investigate a broad range of human responses including human affective, cognitive and behavioural responses. The buying behavior and purchase decisions are need to be studied thoroughly in order to understand, predict and analyze critical market variations of a particular product or service. The field of
consumer behaviour is the broad study of individuals, groups or organisations and the process they use to select secure and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Consumer behaviour studies are based on the buying behaviour of final consumers—individuals and households who buy goods and services for themselves. The collective behaviour of consumers has a significant influence on quality and level of standard of living. Buyer Behaviour is broadly defined by various scholars and researchers as:

- It is the behaviour displayed by the consumers during the acquisition, use and disposition of products/services, time and ideas by decision making units.
- It is the body of knowledge which studies various aspects of purchase and consumption of products and services by individuals with various social and psychological variables at play.
- The process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. The activities directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow these actions.

3.3 CONSUMER BEHAVIOUR AS A DYNAMIC PROCESS

Consumer behaviour involves the understanding that acquisition, use and disposition can occur over time in a dynamic sequence. In other words the study of consumer behaviour is the study of how individuals make decisions to spend their available resources (money, time, efforts) on consumption-related items.

The American Marketing Association (AMA) defines consumer behaviour as “The dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspect of their lives.
Consumer behaviour is “The study of individuals, groups, or organisations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.” Behaviour occurs either for the individual, or in the context of a group (e.g., friend’s influence what kinds of clothes a person wears) or an organisation (people on the job make decisions as to which services the firm should use).

Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage the consumption of a product in market. Consumer behaviour involves services and ideas as well as tangible products. The impact of consumer behaviour on society is also relevant. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy. Services are also marketed in much the manner as goods and commodities. Still there are wide difference between goods and services based on their characteristics and attributes.

3.4 CONSUMER BEHAVIOUR: AN EMERGING FIELD OF STUDY

Marketing consists of an interaction between buyer and seller for the purpose of exchanging something valuable to the mutual benefit of both the parties to the transaction. One cannot appreciate this marketing process by observing only the seller, Hence, marketing strategies and decision is determined by the sound knowledge consumer. Markets are selected on the basis of consumer wants, location, characteristics and expenditure patterns. To ignoring the customer can lead to disaster in a modern economy.

Consumer behaviour has become an integral part of strategic market planning. It is also the basis of the approach to the concept of Holistic Marketing. The belief that ethics and corporate social responsibility should also be integral components of every marketing decision is embodied in a revised marketing concept – the societal marketing concept –
which calls on marketers to fulfil the needs of their target markets in ways that improve society as a whole.

Consumer or the “Customer” play a very critical role as these are the people who finally buy the goods and services of the organisation and the firm is always on the move to make them buy so as to earn revenue. It’s crucial from both the points of view as given below:

**From the customers’ point of view:** Today, in the highly developed and technologically advanced society, the customers have a great deal of choices and options (often very close and competing) to decide on or compare; (a) They have the products of an extreme range of products attributes (the 1st P - Product), (b) they have a wide range of cost and payment choices (the 2nd P - Price), (c) they can order them to be supplied to their door step or anywhere else (the 3rd P - Place) and (d) finally they are bombarded with more communications from more channels of information than ever before with the invent of information technology (the 4th P - Promotion).

**From the marketers’ point of view:** “The purpose of marketing is to sell more stuff to more people more often for more money in order to make more profit.” This is the basic principle of requirement for the marketers in earlier days where aggressive selling was the primary aim. It cannot be achieved by force, aggression or plain alluring. Customer today are more informed, more knowledgeable, more demanding more discerning and above all there is no dearth of marketers to buy from. The marketers have to earn them or win them over. The global marketplace is a study of diversity among consumers, producers, marketers, retailers, advertising media, cultures, customs and of course the individual or psychological behaviour. However, despite prevailing diversities, there also are many similarities. Consumer market is highly sensitive and driven by widely diversified culture in many countries.
The study of consumer behaviour is also very important to the marketers because it enables them to understand and predict buying behaviour of consumers in the marketplace. It is concerned not only with what consumers buy, but also with why they buy it, when, where, how they buy it, how often they buy it and also how they enjoy the services. Consumer research is the methodology used to study consumer behaviour; it takes place at every phase of the buying process: before the purchase, during the purchase and after the purchase. Researches show that two different buyers buying the same product may have done it for different reasons, paid different prices, used in different ways, have different emotional attachments towards the things and so on. The market strategies are reframed to achieve organisational objectives depending upon knowing, serving and influencing consumers. This suggests that the knowledge and information about consumers is critical for developing successful marketing strategies. The relationship between consumers and marketers, consumer behaviour and marketing strategy is instable to attain organisational objectives.

Consumer behaviour is interdisciplinary approach based on concepts and theories about people that have been developed by behavioural scientists, philosophers and researchers in diverse disciplines such as psychology, sociology, social psychology, cultural anthropology and economics. The study of consumer behaviour also helps management to understand consumer’s needs so as to recognise the potential for the trend of development of change in consumer requirements and new technology and also to articulate the new thing in terms of the consumers needs so that it will be universally accepted in the market well. The following are few examples of the benefits of the study of consumer behaviour derived by the different categories of people: (a) A marketing manager should know about consumer behaviour as it will help him to design better marketing plans to get those plans accepted within the company. (b) Researchers want to
analyse the consumers decision process and ingredients of customer satisfaction and

c) Customer satisfaction measurement includes quantitative and qualitative measures as well as a variety of contact methods with customers.

3.5 TYPES OF CUSTOMER

Marketing scientists had noted that consumer does not always act or react as suggested by economic theory. Therefore customer is further analysed from different angle. Sometime consumers buy because of emotions involved in a purchase decision or several other reasons.

1. Economic and Passive Customer: Economic view explains the consumer as an economic man who buys rationally to maximize the utility (benefits) derived from a product or service. The passive view explains the consumer basically submissive to the self-serving interest and promotional efforts of marketers.

2. Cognitive and Emotional Customer: According to cognitive view consumer is defined as a thinker and problem solver. Emotional man is a reality of each of us because of deeply rooted feeling and emotions.

3. Potential and Realised Customer: There are three possibilities to identify the state of consumer; (1) non consumers (2) potential consumers and (3) realized consumers. A non consumer is an individual who has no need for a given product/service and is not likely to have need in the foreseeable future. An individual not currently purchasing may influenced to buy at some future point of time is referred to as a potential consumer. Realized consumers generally conform to our normal definition of purchaser or shopper, since they are engaged in buying.

4. Personal Consumer and Organisational Consumer: The personal consumer buys goods and services for his own, for the use of the household, for just one
member or as a gift for a friend. In these contexts, the goods are bought or finally used by individuals who are referred to as “end users” or “ultimate consumers.” Whereas organizational consumers buy for altering, modifying or reselling the products/services.

5. **Final Consumer:** A type of strategy promotion that is primarily focused on end users of a product or a service. This will typically involve the advertising or sales promotion of an item rather than more of a personal selling type of approach.

6. **Rural Consumer:** The rural market is one such segment that caught the fancy of certain Indian marketers in a big war. Marketer considers catering to the rural market as an opportunity, an antidote to the slow growth they faced in urban India. Rural consumers as a segment have several distinctive characteristics and the values, aspirations, and needs of this vast heterogeneous culture of rural consumers are quite different from the urban consumers.

7. **Women as a Consumer and Decision Maker:** Gender is considered as an important characteristic for consumer behaviour studies by marketers. Women are treated as an exception rather than as normal average. A retrograde gap. Large number of experts felt that it is a fact of life that women consumer exhibit special traits and behaviour.

### 3.6 THE PROCESS OF BUYING ROLES

For making strategic decisions, the marketers have to identify the buyers who make the final buying decisions. It is truly a big task before the marketers to identify the target buyers of the particular service.

1. **Influencer:** Several people may be involved in a particular purchase decision, but all of them are not consumers. A person who has influence, whose views or advice is given weightage while taking the final decision.
2. **Gatekeepers**: Family members who control the flow of information about a product or service into the family.

3. **Initiator**: The person who is the first to suggest or think of the idea of purchasing a product or service.

4. **Decider**: The person who finally takes the decisions of whether to buy, what to buy, how to buy and from where to buy.

5. **Buyer**: The person who actually buys the product/service after making payments.

6. **User**: The person who actually uses or consumes the product or service.

### 3.7 Concepts and Dimensions of Consumer Behaviour

Consumer behaviour is an interdisciplinary science and relatively emerged as a new field of study in the mid to late 1960s. This new discipline is borrowed heavily from concepts developed in other scientific disciplines such as applied psychology, social psychology, cultural anthropology, economics and econometrics. Therefore, it is crucial to discuss various dimensions of consumer behaviour in the context of Indian consumer.

**a) Consumer Needs and Motivation**: Consumer needs are the bases of all modern marketing. The key to a company’s survival, profitability and growth in a highly competitive environment is its ability to identify and satisfy unfulfilled consumer needs. Marketers do not create needs though in some instances they may make consumer more keenly aware of unfelt need. Motivation can be described as the driving force within individuals that impels them to action.

**b) The driving force is produced by a state of tension exists as the result of an unfulfilled need. Motivation is a need-induced tension which exerts a “push” on the individual to engage in behaviour that his expects will gratify needs and thus reduce tension.**
e) Individuals strive both consciously and subconsciously to reduce this tension through behaviour that they will fulfill their needs. Consumer motivation is dynamic in nature because their wants are frequently changing.

d) **Consumer Psychographics:** Marketing practitioner and consumer researchers refer Psychographics as lifestyle analysis or AIO (activity, interest and opinions) research. Consumer specific psychographics researches are related to consumer personality, buying motives, interests, attitudes, beliefs and values. Services specific psychographics researches are related to product attributes such as consumer responses about products, brands or a specific consumption situation.

e) **Consumer perception:** Perception is defined as the process by which an individual selects, organises and interprets stimuli into a meaningful and coherent manner. Stimuli are sensory inputs include services, packages, brand names, advertisements and commercials. Sensory receptors are the human organs that receive sensory inputs. Sensation is the immediate and direct response of the sensory organs to simple stimuli.

f) **Learning and consumer involvement:** Consumer learning is the process of acquiring the knowledge related to purchase and consumption information.

g) **Consumer attitudes:** Attitudes are expression of inner feelings that reflects whether a person is favorably or unfavorably predisposed to some object, person or event. As an outcome of psychological process attitudes are not directly observable but must be inferred from what people say or do.

h) **Demographic Factors:** Demographics describe a population in terms of its size, distribution and structure. Demographics influence buying behaviour both directly and indirectly by affecting other attributes of individuals such as their personal
values and decision styles. There are contradictory conclusions about the effect of age, income and gender for a particular service.

i) Age, age-groups, education level, income, occupation etc. serves as various dimensions of demographics. In India additional factors such as religion, social denominations, caste, age, family background, regional disparities instates, linguistic difference, regional perception of class factor and the degree of impact of these factors in affecting the social status, all play crucial role in determining the social status of an individual.

j) **Economic Factors:** Wealth, home ownership, number of earning members in a family, household income, expenditure, rate of interest, inflation, economic conditions and investment pattern are some of the economic factors which have strong influence on consumer purchase decision.

k) **Communication and Consumer Behaviour:** Communication is the transmission of messages from a sender to a receiver by means of signals of some sort sent through a channel. There are four basic components of all communications: a source, a destination, a medium and a message. There are two types of communication to which a consumer is exposed interpersonal communication and impersonal (or mass) communication.

l) **Socio-cultural Factors: Consumer in a group and consumer reference groups:** A group may be defined as two or more people who interact to accomplish similar goals. Consumer relevant groups are family, friends, formal social groups, shopping groups, consumer action groups, work groups, references groups etc. Four basic functions provided by the family are relevant to consumer behaviour these include; economic well-being, emotional-support, suitable family lifestyles and family-member socialization. Sociologists and researchers have strongly
favoured the concept of Family Life Cycle (FLC) - a way to classify family units into significant groups. FLC is a strategic tool for marketers to segment families in terms of a series of stages spanning the life course of a family unit. Traditional family life cycle stages are bachelorhood, honeymooners, parenthood, post parenthood and dissolution.

m) **Consumer and their social classes:** Social class is defined as the division of members of a society into a hierarchy of distinct status classes so that members of each class have relatively the same status and members of all other classes have either more or less status. Social class is measured in terms of social status of its members and comparison of members of each social class with other social classes. Some of the variables of the social class are occupation, income, educational level and property ownership etc.

n) **Culture and consumer behaviour:** Culture is a sum total of learned beliefs, values and customs that serves to direct the consumer behaviour of a particular society. Subculture can be thought as a distinct cultural group that exists as an identifiable segment within a larger and more complex society.

o) **Consumer and Consumerism:** The word consumerism has many expressions depending on who is using the term, “Government, business, consumer groups, academicians and researchers”. Consumerism is defined as a social movement of citizens and government to enhance the rights and powers of buyers in relation to seller.

### 3.8 BUYING PROCESS OR CONSUMER DECISION MAKING

A decision is the selection of an action from two or more alternatives. In other words, in order to make a decision, there must be a choice of alternatives available. If a
person has a choice between making a purchase and not making a purchase, or a choice
between brands, we can say that this person is in a position to make a decision.

A “no-choice” decision is commonly referred to as a “Hobson’s choice.”

Buyer decision making is an attempt to solve consumer problems. A problem
refers to a discrepancy between a desired state and an ideal state which is sufficient to
arouse and activate a decision process. Thus problem can be major or minor and the
broader and more ambiguous a problem is, the more potential solutions are generally
available.

The study of buyer behaviour is the most dynamic marketing activities as the
buyer rapidly change their preferences and are affected by multiple factors at a given point
of time, are difficult to analyze. Therefore, it is necessary that continuous study of buying
behaviour must be conducted and extended. This monitoring will make an understanding
of marketing management to take effective decisions regarding service price, distribution
and promotion. A marketer understands how buyer will respond to different service
features, prices, advertising appeals and so on will have an enormous advantage over his
adversaries. When a buyer takes a decision to buy there is no rigid rule to bind them.
Sometimes the decisions are taken on the spot or after evaluating various alternatives
available and reassuring himself with the opinion of those who have already purchased the
service.

**Four views of buyer decision making:** For depicting consumer decision making it is
important to consider several models of man. The term model of man refers to a general
perspective held by a significant number of people concerning how (and why) individuals
behave as they do. Following are the consumer-related models of man:-

a) **Economic man (Traditional view):** Economics reflects a world of
perfect competition and the consumer is often characterised as an economic man.
The economic theory of consumer behaviour was synthesized by Alfred Marshall from the ideas of Classical Economists and the proponents of theory of „Marginal Utility. Economic view explains the consumer as an economic man who buys rationally to maximize the utility (benefits) derived from a service. To behave rationally in the economic sense a consumer would have to be aware of all available service alternatives. The consumer would have to be capable of correctly ranking each alternative in terms of its benefits and disadvantages. According to leading social scientists this view is unrealistic because of three reasons (a) people are limited by their existing skills, habits and reflexes (b) people are limited by their existing values and goals (c) people are limited by the extent of their knowledge. However, consumers rarely have enough information, sufficient or sufficiently information, or even an adequate degree of involvement or motivation to make perfect decision.

b) Consumers are living in an imperfect world where they do not maximise their decisions in terms of economic considerations such as price-quantity relationships, marginal utility or indifference curves. Indeed the consumers are often unwilling to engage in extensive decision making activities and will instead settle for a “satisfactory” decision, one that is “good enough.” For this reason, the economic model is often rejected as too idealistic and simplistic. The economists described man as a rational buyer and viewed the market as a collection of homogenous buyers.

c) Passive man: This model is quite opposite to the economic model of man. The passive view depicts the consumer basically submissive to the self-serving interest and promotional efforts of marketers. Consumers are perceived as impulsive and irrational purchasers, ready to yield to the arms and aims of marketers. At least to
some degree the passive model of the consumer was subscribed by the hard
deriving salesman who is trained to manipulate customer. The passive man view
fails to recognize that the consumer plays an equal (if not dominant) role in many
buying situations by seeking information about service alternatives and selecting
the service that appears to offer greatest satisfaction.

d) **Cognitive man:** According to this view consumer is defined as a thinking problem
solver. Within this framework consumers are frequently depicted as either receptive
to or actively seeking services that fulfill their needs and enrich their lives. The
cognitive man focuses on the process by which consumers seek and evaluate
information about the services. There are six types of consumer perceived risks
(functional risk, economic risk, physical risk, social risk, psychological risk and
time risk) which a consumer use to handle such as collecting information about
alternatives, patronizing specific agents, brand loyalty etc. These risks are key
components of cognitive view and consumers are viewed as information-
processing systems. Consumer may use a preference formation strategy that is
“other-based” in which they allow another person probably a trusted person or an
expert to establish preferences to them.

e) **Emotional man:** Marketers prefer to think of customer in terms of either economic
or passive models. Emotional man is also a reality of each of us because of deeply
rooted feeling and emotions: joy, fear, love, hope, fantasy, sadness etc. These
emotions have an impact on purchases and possessions. Such feelings or emotions
are likely to be highly involved for making a purchase decisions. When a consumer
makes any emotional purchase decision, less emphasis tends to be placed on
current mood, feelings, pre-purchase information and information search.
### 3.9 BUYING DECISION RULES

Buyer decision rules (often referred to as heuristics, decision strategies and consumer information processing strategy) are procedures used by consumers to facilitate brand or other choices. Such rules reduce the burden of making complex decision by providing guidelines or routines that make the process less taxing.

Buyer decision rules are classified into two categories compensatory and non compensatory decisions rules. Compensatory decision rule suggests a consumer evaluates brand options in terms of each relevant attribute and computes a weighted or summated score for each brand. The assumption states consumer will generally select the brand that scores highest among the alternatives evaluated.

Non compensatory decision rules do not allow buyer to balance positive evaluations of a brand on one attribute against a negative evaluation or some other attributes. Buying may be broadly categorized into two categories; individual buying and organizational buying.

**Decision Approach and Purchase Pattern:** Buyer approach to making purchase and their buying patterns are different as compared to final consumers in many ways.

- **Formality:** Since many consumer purchases are likely to be complex and technical financial risks are considerably high, buying behaviour is much more complicated as compared to final consumer. Due to these reasons, there is a greater formality in decision making and often proposals, quotation requests and purchase contracts are involved in such decision making.

- **Negotiations:** In most cases of consumer buying there are extensive negotiations between buyers and suppliers over a longer period of time. Some of the important reasons for lengthy negotiations include (1) the service complexity requires that specifications must be carefully spelled and agreed upon (2) the other size tends to
be large and purchase price is important and (3) usually many people are involved in researching a final purchase decision.

c) **Less Frequent Purchase**: Organisations generally make purchases less frequently than do final consumers. Firms might buy capital equipment that will be used directly in the production process for a number of years. Whereas a household keeps on purchasing his daily need services on a regular basis.

d) **Reciprocity**: Sometimes consumer buying transactions involve an arrangement in which two organisations agree to buy from each other. They might agree to buy services or raw materials from each other on certain pre-decided terms and conditions.

e) **Service**: In many instances consumer services must be customized for a specific consumer buyer. Product support activities such as services, installation, technical assistance and spare parts are critical.

f) **Frequent Purchase**: Household consumption and a regular demand of daily need services force consumers to buy certain services most frequently. In such cases consumer usually repeat his purchase on a regular interval.

**Consumer Involvement**: Products and services are offered to consumers keeping in mind their needs and valuable feedback. Marketers must develop services, segment market and communicate the suitability of the service accordingly. There are various types of buying decision processes. As the consumer moves from a very low level of involvement with the purchase to a high level of involvement, decision making becomes increasingly complex. While purchase involvement is a continuum, it is useful to consider nominal, limited and extended decision making as generated descriptions of the types of processes that occur along various points on the continuum. Buyer behaviour is based on the degree of buyer involvement for a particular service. Buyer decision making varies with the type of buying
decision. The buyer behaviour can be divided in four categories based on the degree of buyers involvement.

a) **Complex Buying Behaviour:** Consumer goes through complex buying behaviour when they are highly involved in a purchase and aware of significant differences existing among brands can be analysed by the customer. Consumers are highly involved in a purchase when it is expensive, bought frequently, risky and highly self-expressive.

   a. **Dissonance-Reducing Buying Behaviour:** Sometime the consumers are highly involved but see little differences in the brands. The high involvement is based on the fact that the purchase is expensive, infrequent and risky. In this case the buyer will shop around to learn what is available but will buy fairly quickly perhaps responding primarily to a good price or to purchase convenience.

b) **Habitual Buying Behaviour:** Many services are bought under conditions of low involvement and the absence of significant brand differences. There is good evidence that consumers have low involvement with the low cost frequently purchased services.

c) **Variety Seeking Buying Behaviour:** Here consumer does a lot of brand switching. Some buying situations are characterised by low consumer involvement but significant brand difference. Some buying situations are characterised by high consumer involvement but less significant brand differences.

**Types of Buying Decisions:** The term buying decision produces an image of an individual carefully evaluating the attributes of a set of services, brands or services and rationally selecting the one that solves a clearly recognized need for the least cost. It has a rational,
functional connotation. Buyers do make many decisions in this manner however many other decisions involve little conscious efforts.

1. **Nominal Decision Making** is also referred as habitual decision making, its effect involves no decisions. A problem is recognized internal search provides a single preferred solution in the form of specific brand, that brand is purchased and an evaluation occurs only if the brand fails to perform as expected. Nominal decisions occur when there is very low involvement with the purchase. When a low premium group life insurance is offered by employer it could be a low involvement and vice versa.

2. **United Decision Making or Limited Decision Making** involves internal and external search and the buyer has few alternatives to make purchase decision. This decision could be made depending upon the few attributes of the products it also involves post purchase evaluation of possible alternatives. It covers the middle ground between nominal decision making and extended decision making. In the simplest form, limited decision making is similar to nominal decision making. Limited decision making also occurs in response to some emotional or environmental needs.

3. **Extended Decision Making** involves an extensive internal and external information search followed by a complex evaluation of multiple alternatives and significant post purchase evaluation. It is in the response to high level of purchase involvement. Post purchase evaluation is significant as high level purchase involvement and a through evolution of purchase may be assessed. Relatively few consumer decisions reach this level of complexity. However services such as homes, insurance, personal computers and complex recreational items are purchased via extended decision making.
Levels of Buyer Decision Making: If all purchase decisions required extensive effort, consumer decision making would be an exhaustive process that left little time for anything else. On the other hand, if all purchases were routine, they would tend to be monotonous and would provide a little pleasure or novelty. Depending upon efforts ranging from very high to very low, there are three specific levels of decision making as described below:-

1. **Extensive Problem Solving:** When buyers have no established criteria for evaluating a service or specific brands in that category, or have not narrowed the number of brands they will consider to a small, manageable subset called evoked set, their decision making efforts can be classified as extensive problem solving.

2. **Limited Problem Solving:** At this level of problem solving buyers have already established the basic criteria for evaluating the service and the various brands in this category. However, they have no fully established preferences concerning a specific group of brands. Their search for additional information is more like “fine-tuning” they must gather additional brand information in order to discriminate among the various brands.

3. **Routinised Problem Solving:** At this level buyers have some experience with the service category and a well-established set of criteria with which to evaluate the brands in their evoked sets. In some situations, they may search for a small amount of additional information, in others they simply review to update the known information.

3.10 **CONSUMERS CHOICES (OPTIONS/ATTRIBUTES)**

Personality strongly impacts decisions of buyers. Consumers choice involves selection of one service/brand from a set of possibilities and on variety, reception of stimulators and excitement of trying from new stores. Sometimes choices are based upon judgments like consumer will purchase the services if they have a favorable attitude
towards a product. Consumer choice involves selecting one service from a set of possibilities.

i. Consideration Set: Consideration set is the range of services that a consumer can recall on the basis of past experience before any new purchase.

ii. Price-List Cuing: Consumers consideration sets are likely to vary over the time, depending on how many and which particular brands happen to be salient, vivid or accessible from memory at the time the purchase decision is rendered. This dynamic set of consideration set formation raises some interesting issues for marketing strategy.

iii. The Attraction Effect: Another way to influence consumers consideration sets by adding a new brand to a service line this is known as attraction effect.

iv. Consumers compare attributes, trade-off across services rather than comparing one service with another.

3.11 BUYING/PURCHASE BEHAVIOUR

The output of the consumer decision making concerns two important issues associated to post decision activities purchase behaviour and post purchase evaluation. The objective of studying these activities is to increase the consumer satisfaction with his purchase.

Consumers make two types of purchases; trial purchase and repeat purchases. If a consumer purchases a service or brand for the first time and buys a smaller quantity than usual such purchase would termed as trial purchase. Thus a trial is the exploratory phase of purchase behaviour in which consumers attempt to evaluate a service through direct use. If a trial brand is found more satisfactory and better than other established brands/service, the consumers are likely to repeat the purchase. Repeat purchase behaviour is closely related
to the concept of brand loyalty. Trial is not feasible in many cases due to certain reasons like highly priced product and budgetary constraints.

3.12 BUYING BEHAVIOUR MODELS

The influences of social science have prompted marketing experts to propound certain buying behaviour models for explaining buyer behaviour. These models are divided into two broad categories microeconomic and macroeconomic models. The classical microeconomic approach focus on type of purchase and quantity of these purchases made by the consumer. Macroeconomic approach considers the monetary value of goods and resources and how they will change over the period to period. Several models have been put forward for explaining buyer behaviour. All the social sciences like Economics, Psychology, Sociology and Anthropology have influenced the buyer behaviour studies. Some important consumer behaviour models are discussed below to nurture the ideas of social sciences:

1. The Economic Model: According to economic model buyer is a rational man and his buying decisions are fully governed by the concept of utility. He will allocate this amount over the set of services in a very rational manner with the intention of maximising the utility or benefits. People are limited by their skills, habits, reflexes, knowledge etc. Buyers operate in an imperfect world in which they do not maximize their decisions in terms of economic considerations such as price-quantity relationships, marginal utility or indifference curve. It means that the buyer is usually unwilling to engage in extensive decision-making activities and satisfied with utility or benefits of a product.

2. The Learning Model: This model takes its cue from the Pavlov an stimulus model- response theory buyer behaviour can be influenced by manipulating the derives, stimuli and response of the buyer. The model rests on mans ability of
learning, forgetting and discriminating. Stimulus response theory on learning model has its beginning with Russian psychologists Ivan Pavlov. it is based on experiments made by Pavlov on feeding of a dog was preceded by the sound of a bell and found that dogs behaviour is conditioned, it is related to behaviour producing stimulus and behaviour response. The process of learning based on four fundamental factors drives, cues, responses and reinforcement. Driving is a strong internal stimuli impelling action. The cue is a weak stimulus in the environment determining when, where and how an individual responds to the drive. The action to cue is a response and reinforcement takes place when the action is rewarding. If the response is rewarding the individual tends to repeat the response, when the drive is aroused again. Repeated reinforcement leads to habit formation and the decision process for individuals become a routine affair. The Pavlov and model relates buyer behaviour to the learning process and states that response of consumer depends on his experience and level of learning.

3. **The Psycho-Analytical model**: The psycho-analytical model drawn mainly from Freudian psychology. Sigmund Freud added a new dimension to consumer behaviour theories by introducing psychological elements of the consumer into their decision making. This model considers individual buyer as a complex set of deep- seated motives that derive him towards certain buying decisions. The buyer has his hidden fears, suppressed desires and totally subjective longings. His buying actions can be influenced by appealing these desires and longings. The model describes most superior and innovative implications to the marketer for designing a service message that suits the psychological needs of the consumer.

4. **Social-Psychological Model**: This theory is proposed by Veblen in the context of behavioural aspects related to the economic and personality variables. Consumer
behaviour of any person can be understood by society and place of living. These social influences exert pressure and mould individual behaviour. Veblen saw man primarily as a social animal confirming to the general forms and norms of the culture surrounding him. The subculture, norms, reference groups, membership, social class, family and surroundings also mould his behaviour. The challenge to marketers is to determine which of these social levels are most important in influencing the demand for his service.

5. **The Nicosia Model:** Nicosia model and Howard and Sheth model belong to a category called systems model where human being is analysed as a system with stimuli as the input and behaviour as the output of the system. Francesco Nicosia, an expert in the buyer behaviour and motivation proposed his model of buying behaviour in 1966. The model tries to establish a relationship between a firm and its buyers. The message from the firm first influences the predisposition of the buyer towards the product and services. Depending on the situation he develops a certain attitude towards the product and services. It may lead to a search or evaluation of the service. If these steps have a positive impact on a buyer it may result in a decision to buy. This is the sum and substance of the activity explanations in the Nicosia model.

The Nicosia model is divided into four major fields:

a) The buyer’s attitude is based on message exposure: There are two subfields in this field. Subfield 1 includes aspects of the firms marketing environment and communication efforts that affect buyer attitudes such as services attributes, competitive environment, characteristics of mass media, choice of copy and characteristic of the target market. Subfield 2 includes buyers service search and
evaluation, the act of purchase and feedback in the form of buyer experience to both the firm and buyer.

b) Buyers search for and evaluation of the firms output and other available alternatives: The second field of the Nicosia Model deals with the search for relevant information and evaluation of firms brand in comparison with alternative brands. The output of this stage is motivation to purchase the specific brand.

c) The buyers motivated act of purchase: In the third field the consumers motivation toward the firms brands results in purchase of the brand from a specific retailer.

d) The buyers storage or use of the service: The final field consists of two important types of feedback from the post purchase experience; one to the firm in the form of sales data and other to the consumer in the form of experience (satisfaction or dissatisfaction). Experience of consumer with the service affects their attitudes and predispositions concerning future message from the firm.

The firm produces some type of communication that the consumer is exposed to. Attributes of the messages and the buyer determine the nature of the buyers exposure to it and its influence on him. The attitude of buyer is input to the system. The buyer will probably become motivated to gain information at this point and search activity will involve searching internal memory for relevant information about the communication. External search may also occur. If the buyer process relevant information and begins to favour the firms brand he will be motivated toward it. If nothing intervene this motivation leads to purchase. At this point a number of outcomes can occur. One outcome is that the firm receives feedback and another is that the buyers attitude toward the brand may change because he gains experience. This service experience is feedback to the buyers predispositions.
6. **Howard and Sheth Model**: This model is proposed by John Howard and Jagdish Sheth in 1969 in their publication entitled „The theory of Buyer Behaviour. This model is a major revision of an earlier systematic effort to develop a comprehensive theory of consumer decision making. The model consider human being as a system with stimuli as input and outputs beginning with attention to a given stimuli and ending with purchase. In between the inputs and outputs there are variables affecting perception and learning. These variables are considered hypothetical, since they cannot be directly measured at the time of occurrence. It distinguishes three level of decision making:

   a. **Extensive problem solving**: Early stage of decision making in which the buyer has little information about brands and has not yet developed well defined and structured criteria by which to choose among services.

   b. **Limited problem solving**: In this more advanced stage choice criteria are well defined but the buyer is still undecided about which set of brands will best serve him.

   c. **Routinised response behaviour**: Buyers have well defined choice criteria and also have a strong predisposition towards one brand. A little confusion exists in the mind of a buyer and he is ready to purchase a particular brand with little evaluation of alternatives.

7. **Engle-Blackwell-Miniard Model**: This model was originally developed in 1968 by Engle, Kollat and Blackwell followed by number of researches on this model. Recently Miniard has contributed this model in conjunction with Engle and Blackwell. It stands as one of the most popular representation of buyer behaviour. The model is summarized in four sections (1) Decision-process stages, (2) Information output, (3) Information processing and (4) variables influencing the decision process. Variables are grouped into four general categories: stimulus input, information processing, decision process and
variables influencing the decision process. The model depicts buyer behaviour or decision process as the central focus of this model defined under five basic decision process stages. These stages are motivation and need recognition, search for information, alternative evaluation, purchase and outcomes.

These models are helpful in gaining new insight into complex and dynamic buyer behavior. These models have their own pros and cons. Several other models were also proposed but the typical, complicated and unpredicted nature of buyer behavior could not be fully explained by anyone. Neither they establish a straight input-output equation on buyer behaviour nor do they provide a precise answer to the whys or hows of buyer behaviour. It is essential to understand various dimensions of buyer behavior for developing a sound marketing strategy for a product or a service. The working on buyer mind is still a mystery for marketers.

8. **Sheth Family Decision Making Model**: These comprehensive models presented were for all focusing on individual decision making. An alternative perspective considered the family as an appropriate decision making unit. This model shows separate psychological systems representing the distinct predispositions of the father, mother and other family members. The separate predispositions leads into family buying decisions which may be either individually or jointly determined. The model lists seven factors that influences purchase decision are autonomous or joint: social class, lifestyle, role orientation, family life cycle stage, perceived risk, service importance and time pressure. The model suggests that joint decision making tends to prevail in middle class families, newly married and close relation. It is suggested that joint decision making is more prevalent in situations of high perceived risk and uncertainty. The joint purchase decision is also considered important when there is ample time to make a decision.
9. **Bettman’s Model:** Bettman model of buyer choice portrays that buyer has limited capacity for processing information. When the product of choice is available the consumer rarely analyse other alternatives available in the market. The Bettmans model suggest that the buyer employs simple decision making. Bettman model consists of a series of interrelated flowcharts that depict various dimensions of the buyer choice process. The Bettman model illustrates its seven basic components: 1. Processing capacity, 2. Motivation, 3. Attention and perceptual encoding, 4. Information acquisition and evaluation, 5. Memory, 6. Decision process and 7. Consumption and learning process.

Processing capacity component influences the other major components of the model. Motivation is another central component of the Bettman Model. It influences both direction, intensity of consumer choice and stimulates the consumer to seek information necessary to evaluate alternatives and make a choice. Motivation provides momentum to consumer by a hierarchy of goals mechanism in a dynamic force that takes the form of a series of intermediate sub goals and lead to a desired end state by selecting a product or service.

The attention and perceptual encoding components are closely related and influenced by the consumer goal hierarchy. There are two types of attention voluntary and involuntary. The perceptual coding element is an extension of the attention component. The consumer organises and interprets perceived stimuli and provides insights into the need for additional information. The consumer undertakes external search to the extent that information now available in memory is inadequate. New information is evaluated on the basis of its suitability or usefulness. The consumer continues to acquire additional information until all relevant information has been secured. Memory is the component through which all information flows. Consumer begins the internal search for information
through his memory to reach on a conclusion to select product or service. If the internal information is inadequate the consumer undertake external search.

According to this model different types of choices are normally made in conjunction with the fulfillment of specific components of the model. Thus the choices made during the decision process component are a particular form of choice. The consumption and learning component of this model is concerned with future utilization of experience acquired after the purchasing a product.

11. **Sheth Newman Gross Model of Consumption Values:** This model explain the reasons of selecting a product by the consumer. The model concentrates on assessing consumption-relevant values that explain why consumers buy a product or not. This model describes five consumption values that are core of this model.

   Functional value of a consumer choice is the perceived functional utilitarian or physical performance utility received from the choices attributes. This is associated with economic utility theory.

   **Social value** of a choice is the perceived utility acquired because of the association between one or more specific social groups and a consumers choice. A consumer choice gains social value by being linked with positively or negatively stereotyped demographic, socioeconomic and cultural ethnic groups.

   **Emotional value** of a choice is perceived utility acquired from its capacity to stimulate the consumers emotions or feelings. A choice acquires emotional value when associated with specific feelings or when it triggers or sustain those feelings. Products and services are frequently associated with emotional responses.

   **Epistemic value** of a choice is the perceived utility that comes from the choices ability to foster curiously, provide novelty and satisfy a desire for knowledge. New purchase and consumption experiences, especially offer epistemic value.
Conditional value of a choice is the perceived utility acquired by a choice as an outcome of some particular situation or circumstance facing the consumer.

The model proposes that consumer choice behaviour may be influenced by any or all of these five consumption values. The model is based on conceptual composition and measurement of five component values in different consumer choice situations. The model has already been tested in more than 200 consumer-choice situations.

12. Andreasan Model: This model develops a general model of buyers choice behaviour based on several conceptions about attitude formation and change drawn from social psychology. According to Alan R. Andreasan the attitude changes are exposure of various kinds of information. These exposures may be voluntary or involuntary. The entire process comprises of four stages namely input stimuli, perception and filtration, disposition changes and various feasible outcomes.

There are two principle strategies adopted by marketers to attract favourable purchase decisions. Market segmentation strategy attempts to fit in existing attitude and behavior in terms of service design, distribution etc., while service differentiation strategy attempts to change attitude and behaviour to make the consumer accept a particular service. Attitude formation and change are central concept of this model. There is a difference between what the actual information is and the ways people perceive it. Information is not stored objectively but subjectively to perceptual judgment. A marketer should try to build a favourable attitude in consumer. This model is comprehensive, highly complex and based on the concepts of consumer learning along with attitude formation as integral part.

Traditional theories concerning consumer behaviour were based on economic theory whereas later researches discovered that consumers purchase impulsively and influenced not only by family, friends, role models and advertisers, but also by mood,
situation and emotion. All reflects both the cognitive and emotional aspects of consumer decision making.

**Chart 3.1**

GAP MODEL OF CONSUMER DECISION MAKING IN SERVICES

This model considers five important gaps need to be identified while finalizing marketing strategies and analyzing consumer behaviour. The model consider buying as a continuous circle and for achieving customer satisfaction it is mandatory to analyse these gaps.

Customer Gap: difference between expectations and perceptions

**Provider Gap 1:** not knowing what consumer expect

**Provider Gap 2:** not having the right service designs and standards

**Provider Gap 3:** not delivering to service standards

**Provider Gap 4:** not matching performance to promises

3.14 The Buying Process

Buyer behaviour involves a mental process as well as physical activity. The buying behaviour and purchase decisions need to be studied thoroughly to understand,
predict and analyse critical market variations. Buyer is a riddle, highly complex entity want to satisfy his innumerable needs and desires. The five steps involved in buying process are described briefly.

1. **Problem recognition:** Problem recognition results when a buyer recognizes a difference of sufficient magnitude between perceived benefits and actual benefits derived from a product or service. The buying process starts when the buyer recognizes a problem or need. The consumer began to feel a problem in the form of a certain need or desire. The needs can be triggered either by internal stimuli like hunger, thirst etc., or by external stimulus generally referred to as a sign or cue. Depending on the intensity of the want, the person will try to fulfill the unsatisfied want.

2. **Information search:** Information is to know about a service, attributes of service, prices, stores and so on. Search may be categorized in four categories pre-purchase, ongoing, internal and external. An aroused buyer may or may not search for more information. If the buyers derive is strong and the desired service to satisfy the need is easily available then he or she may not search for more information. The extent of search activity depends upon the strength of derive, the amount of information buyer already have, the ability to obtain additional information, the importance or value given to gathering additional information and the satisfaction buyers gets from information search. Buyers engage in both internal and external information search. Internal search involves the buyer identifying alternatives from his or her memory. For certain low involvement services, it is very important that marketing programs achieve “top of mind” awareness. For high involvement services, buyers are more likely to use an external search. A compensatory decision involves the buyers “trading off” good and bad attributes of a service. The amount
of effort a buyer puts into searching depends on a number of factors such as the market, number of competitors, differences between brands, service characteristics, important of services and situational characteristics.

3. **Evaluation of alternatives**: Evaluation involves those activities undertaken by the buyer to compare alternatives carefully on the basis of certain criteria, alternative solutions to market related problems etc. The marketers are interested in knowing how the buyer processes information to arrive at brand choice. There is no single evaluation process used by the buyers or even one consumer in all purchase decisions.

4. **Purchase decisions**: Actual purchasing process of buyer seeking to build a better understanding of how buyers make their purchases. The earlier mentioned evaluation step helps the consumer in arriving at a purchase intention. In the decision evaluation stage, the consumer forms preferences among the brands in the choice set. The consumer may also form a purchase intention and lean towards buying the most preferred brand. However factors can intervene between the purchase intention and the purchase decision. There are certain factors which may come in the way of his/her purchase intention and purchase decision.
   a) The attitude of others: By other we mean people who are close to the buyer and their reaction or attitude towards the purchase intention of the prospect.
   b) The unanticipated situational factors: These factors may influence the purchase intention such as transfer to another place, priority given to another purchase etc.

5. **Post purchase behaviour**: Once the buyer makes a decision to purchase a product or service there can be several types of additional behaviour associated with that decision such as decisions on service uses and decision on services related to the item purchased. The marketers job continues even after the service is bought especially since he has to
learn a lot from the post purchase behaviour undertaken by the buyer. This will be indicative of whether the buyer is experiencing post purchase satisfaction or not.

Post Purchase satisfaction: The level of satisfaction experienced by the buyer after his purchase will depend on the relationship between his expectations about the service and performance of the service. After purchase of a service a buyer may detect a few. Some buyers will not want the flawed services whereas others will be indifferent to the flaw and some may even see the flaw as increased cost of the service. The buyers post purchase actions will provide necessary feedback to the marketers as to whether he/she is satisfied or dissatisfied with the product or service acquired. A satisfied buyer will act as an informal word of mouth for the firm whereas a dissatisfied buyer will react in an entirely different manner.

Post purchase action: The satisfaction or dissatisfaction with the service will determine subsequent performance of the service in the market. If the buyer is satisfied then he will exhibit a higher probability of repeat purchase of the service. The satisfied buyer will also tend to say good words about the service. Whereas a highly dissatisfied buyer will not buy the service again and spread negative words about service and company.

3.15 BUYER DECISION PROCESS TOWARDS NEW SERVICES:

1) **Awareness stage:** In this stage an individual comes to know about a new innovation or new idea or new product/service. He becomes aware of the innovation from any source of information like friends or neighbors, co-workers, commercial sources etc. The individual only learns about knowledge, innovations from either of the sources of information. This means his knowledge about the new innovation is only limited to extent the information generated by the source of information from where he first learns about the new innovations.
2) **Interest stage:** After being aware of innovation in this stage the buyer feel stimulated and is interested in the innovation to seek more information in terms of its utility aspects, its performance, durability and so on. The in depth information sought by him will try to be obtained from all the sources he finds reliable.

3) **Evaluation stage:** Based on all the information gathered by the individual buyer will evaluate and make decision whether it is worthwhile or whether it will make sense and do him good to try out the innovation. In other words from all the collected information related to innovation buyer will mentally try to evaluate the service attributes and work out to what extent the new service will be useful and then decide whether or not to try the new service.

4) **Trial stage:** After evaluating the worthiness of the new service the buyer may decide to try out the innovation on a small scales basis initially to make an actual assessment of the value of the new service. This stage also indicates that now the buyer is mentally prepared to try out the innovation, through initially on a small scale. The buyer wants to experiment with the innovation and depending on how comfortable he feels with to service, he will decide whether to go for large scale use or not. Since the buyer is not sure about the outcome of the use or consumption of the new service or innovation, he feels it more logical and practical to go for a trial before extending it to full fledge use.

5) **Adoption stage:** After deriving the satisfaction from the purchase of new service on a trial basis, the buyer decide upon whether to extend full fledge use or not. This is the last stage in the adoption process. The buyer takes the final decision for the further use of service. The adoption process model is suggested by Everett M.
Rogers describes five stages of adoption; knowledge (awareness stage), persuasion (forming attitude), decision, implementation and confirmation.

3.16 INDIVIDUAL DIFFERENCE IN INNOVATIVENESS

1) **Innovators:** After being aware of and seeking more information of new services only few buyers normally try out the new services. These people are referred to as pioneers or innovators of the new service. Innovators are venturesome and are easily assessed to new ideas.

2) **Early adopters:** The early adopters are the other buyers who adopt the new ideas and services after innovators. The people do not immediately plunge into buying as soon as a new service is available in the market. The early adopters also take to purchasing or trying new service quite early but after carefully verifying and gathering information about the new idea or new service from authentic sources. Marketers have identified that the early adopters are usually recognized as opinion leaders in their social circles or community.

3) **Early majority:** The early majority are the buyers who adopt new service after some time and after careful investigation. These people are more deliberate as compared to the innovators or early adopters. These people are more thoughtful, shrewd and will not easily get swayed by new services or innovation.

4) **Late majority:** The other buyers who adopt services a little later are referred as late majority. These people unlike the earlier mentioned categories of adopters to the innovation are more conservative in their approach and do not immediately respond in favour of a change. Their acceptance of the new service will come into effect only after a public opinion is in favour of the new product or service. The late majority are people with limited education and have an average social status, drawing limited salary and consequently having limited purchasing power.
5) **Laggards:** This is the last category of buyers to adopt a new service, comprising of rest of the people. As the term “laggards” indicate, these people are who lagging behind and here in their acceptance of innovations. These people are very conservative, tradition bound. A lot of deliberation, caution and suspicion exhibited in their buying decisions for new services. They generally prefer to mingle with people of similar traditions.

### 3.17 IMPORTANT FACTORS THAT INFLUENCE CONSUMER BEHAVIOUR

There are various factors influencing buyer behaviour can be grouped into two categories.

a) **Internal Influence:** Factor that are part of the buyer as an individual Psychological and Personal factors.

b) **External Influence:** Factor that are part of the buyer as a Cultural and Social factors.

#### 1. Psychological Factors

The psychological factors that affect consumer behaviour can be classified under four heads as given below

**a. Motivation**

Motivation is activating the internal needs and requirements of the consumer. It can also be described as goals and needs of the consumers. Motivation arouses and directs the consumers towards certain goals. These needs can be psychological needs, needs of security, social needs, esteem needs and also self actualizing needs.

**b. Perception**

Perception is sensing the world and the situations around and then taking a decision accordingly. Every individual look at the world and the situations differently. The judging ability and capacity of every individual is different and hence they look at the world differently. This is what separates the decision taking abilities from person to person.
c. Learning and Experience

Learning is the research of products and services before the consumer takes the decision of buying a product. Learning and self educating these days is done online and also in groups. Experience is taking a lesson from the purchase of a product and service. Learning and experience both again play an important role in influencing the consumer’s behaviour as it influences their purchase decision.

d. Attitude and Beliefs

Attitude is a consumer’s favorable and unfavorable emotional condition or emotional feeling, and also its tendency of reaction to certain actions and behaviours. Beliefs of people that are the belief that people assume the products to be as make the specifications of the products. Hence attitude and beliefs are also important and need to be taken into consideration while studying human.

2. Personal Factors

A number of personal factors also influence the consumer behaviour. In fact this is one major factor that influences consumer behaviour. The sub factors under personal factor are listed below.

a. Age and life cycle stage

Age of a consumer and his life cycle are two most important sub factors under personal factors.

b. Occupation

Occupation of a consumer affects the goods and services a consumer buys. The occupations group has above average interest in buying different products and services offered by organizations. In fact organizations produce separate products for different occupational groups.
c. Financial or economic situations

Everything can be bought and sold with the help of money. If the economic situation of a consumer is not good or stable it will affect his purchase power. In fact if the consumers or the economy of a nation is suffering a loss it definitely affects the consumers purchase or spending decisions.

d. Life style

People originating from different cultures, sub cultures, occupations and even social class have different styles of living. Life style can confirm the interest, opinions and activities of people. Different life styles affect the purchase pattern of consumers.

e. Self concept and Personality

Every individual is different and has different and distinct personalities. Their distinct personalities and distinct physiology effects their buying decisions. Hence purchase of products and services differs from person to person.

3. Cultural Factors

Culture plays a very vital role in determining consumer behaviour it is sub divided into cultural, sub culture, social class

a. Culture

Culture is a very complex belief of human behaviour it includes the human society, the roles that the society plays, the behaviour of the society, its values customs and traditions. Culture needs to be examined as it is a very important factor that influences consumer behaviour.

b. Sub-Culture

Sub-culture is the group of people who share the same values, customs and traditions. It can be defined the nation, the religion, racial groups and also groups of people sharing the same geographic location
c. Social Class

Society possesses social class; in fact every society possesses one. It is important to know what social class is being targeted as normally the buying behaviour of a social class is quite similar.

4. Social Factors

Social factors are also subdivided into three categories as follows:

a. Reference groups

Under social factors reference groups have a great potential of influencing consumer behaviour. Of course its impact varies across products and brands. This group often includes an opinion leader.

b. Family

The behaviour of a consumer is not only influenced by their motivations and personalities but also their families and family members who can two or more people living together either because of blood relationship or marriage.

c. Role and status

People who belong to different organizations, groups or club members, families play roles and have a status to maintain. These roles and status that they have to maintain also influences consumer behaviour as they decide to spend accordingly.