CHAPTER- IV
THEORIES ON CONSUMER BEHAVIOUR

Consumer behaviour can be examined as it is a decision making process of an individual when consumer engaged in evaluating, acquiring, using or disposing goods/services. The decision making is basically depend on two important aspects that are the consumers expected amounts of satisfaction and the resources that are available to him for spending.

In other words, Consumer Behaviour can be defined as the sum total of how individuals and groups recognize and determine their needs and ``how cannot how often’’ they purchase and experience goods and services to meet those needs. It includes the ``what-where-when and how’’ of the purchase and experience process. The study of consumer behaviour investigates and develops methods of quantify, forecast and influence the behaviour of consumers.

James F Engle, Roger D Blackwell and Paul W Miniard, have said, ``Consumer behaviour refers to the actions and decision processes of people who purchase goods and services for consumption.’’

Bearden et al, has define Consumer Behaviour is ``the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants.’’

Leon G. Schiffman and leslie Lazar Kanuk, have told, ``The behaviour that consumers display in searching for, purchasing, evaluating and disposing of products and services that expect will satisfy their needs”

In simple terms consumer behaviour refers to ``the mental and emotional processes and the observable behaviour of consumers during searching, purchasing and post consumption of a product or service.’’
4.1 Determinants of Consumer Behaviour

1. Economic Determinants
2. Sociological Determinants
3. Psychological Determinants.

4.1.1 Economic Determinants

1. Income: Income reflects purchasing power. Higher the income, higher is the purchasing power of a person and vice versa.
2. Income expectations of consumers
3. Availability of consumer credit. Higher the availability of consumer credits higher the tendency among consumer to buy durables such as T.V. Car, House etc.
4. Possession of liquid assets such as cash.
5. Economic Theories such as (i) Law of Diminishing Marginal Utility and (ii) Law of Equilibrium – Marginal Utility.

4.1.2 Sociological Determinants

1. Family: In every family there is a role specialization. They are (i) Husband dominated decisions (ii) Wife dominated decisions and (iii) joint decisions.
2. Reference groups: These are the groups used by an individual as a point of reference for his own judgment, beliefs and behaviour.
3. Opinion Leaders: A person makes reference to an individual and not to a group in order to formulate his or her behaviour pattern (ex: a father in the family or in the Church, eldest brother in the family, a teacher in the school or college etc.)
4. Social class and caste
5. Culture.
4.1.3 Psychological Determinants

1. Motivation Theory: Human Behaviour is motivated, and an unsatisfied need is a motivator.

2. Learning Theory: There develops a bond between behaviour producing stimulus and a behaviour response. As advertisement is a stimulus whereas purchase is response.

3. Psychoanalytical Theory: A person is unable to satisfy all his needs. As a result such unsatisfied needs create tension within a person. Such tension is always said to exist in the sub-conscious and continues to influence consumer behaviour.

4. Perception: Different individuals perceive different products, brands, stores and ads differently.

5. Personality traits: An understanding of personality traits of the consumer helps marketers to identify the kind of behaviour their consumers might have which helps a long way in formulating suitable marketing strategies.

6. Attitudes: Attitudes towards products vary among different individuals

7. Self-concept: Individual behaviour is influenced by his own images as viewed by himself or the manner in which he wants others to see him.

How consumes make decisions to spend their available resources such as money, time and effort on consumption is the subject of consumer behaviour. Consumer behaviour has two aspects: the final purchase activity which is visible to us and the decision process which may involve the interplay of number of complex variables not visible to us. In fact, purchase behaviour is the end result of a long process of consumer decision making. The study involves what consumer buy, why they buy it,
how they buy it, where they buy it, how frequently they buy it and how they dispose of the product after use.

4.2 Consumer vs. Customer

The term consumer is used for both personal consumer and organizational consumers and represent two different kinds of consuming entities. The personal consumer buys goods and services for her or his personal use (such as cosmetics), or for household consumption (such as rice, sugar, furniture), or just for one member of the family (such as a school bag for the son), or a birthday gift for a friend (such as a pen set). In all these cases, the goods are bought for final use, referred as `end users, or `ultimate consumers’.

The other category of consumer is the organizations (such as local or state government, schools, hospitals etc.) buy products, equipment and services required for running these organizations. Manufacturing firms buy raw materials to produce and sell their own goods. They buy advertising services to communicate with their customers. Government institution buy office products needed for everyday operations. Anyone who regularly makes purchases from a store or a shop or a company is termed as `customer’ of that shop or store or the company. Thus a customer is typically defined in terms of specific shop or store or company.

4.3 Factors Influencing Consumer Behaviour

Consumer behaviour is influenced by various factors. They may be grouped into three broad categories, namely, economic factors, sociological factors and psychological factors. They are discussed here briefly.

4.3.1. Economic factors

Consumers are influenced by various economic factors. Major economic factors are discussed here.
**Personal income:** It is most important factor as it provides the consumer purchasing power. However, he has to set aside a part of his income for meeting pre-emptive demand like taxes, debt repayment, interest payment etc. The balance is his disposable income. While decline of the disposable income decreases consumer spending, increase in the same enhances consumer spending. Change in disposable income brings in change in demand for different categories of goods. The consumer first tries to meet his minimum subsistence need to his family. Surplus of his disposable income over his expenses for essential needs represents his discretionary income. Rise in discretionary income usually leads a consumer to spend more on the items that enhances his living standards. If discretionary income increases on long-term basis, the consumer is induced to change his life-style.

**Family income:** In joint family consumer behaviour is influenced by total income of all the family members. Increase in one member’s income may be neutralized by the decline in other member’s income. Hence consumer behaviour is greatly affected by the family requirements as a whole.

**Expectation about future income:** Volume of current spending of the consumer is greatly determined by his optimism or pessimism about his future income. If he apprehends his future to be black, he will spend only to meet his basic needs. On the other hand he will spend more on non-essential goods, if he expects that his income will increase in near future.

**Liquid asset position:** If a consumer holds more money or near-money form of assets, i.e. cash in hand, bank deposits, share certificates, bonds etc., he becomes more carefree in spending his income. He usually holds these assets for acquiring durables and meeting future contingencies.
Availability of credit facilities: Easy availability of credit usually in the shape of deferred payment; installment purchasing, hire-purchase arrangements induce the customers to purchase consumer durables. The consumer would have postponed the purchase, if such facilities were not available. Such facilities make him spend his current income more open-handedly.

Standard of living: Standard of living to which the customer is accustomed has a great impact on his spending habit. His income may suddenly fall, but his spending will not decrease proportionately as he will find it very difficult to come down from his established living standard. He will try to meet his expenses by borrowing. However, if his income increases on a permanent basis he will be allured to enhance his standard of living.

4.3.2. Sociological factors influencing consumer behaviour

Individuals live in-groups. Social scientists have attempted to explain behaviour of a group of individuals and the way groups affect individual behaviour. These scholars have also enquired how individual behaviors in marketing decisions are affected by groups. Groups may take the form of family, reference group, social class and caste. That apart, cultures of the group to which the consumer belongs and the groups have a dominant influence on the consumer decision making process. Here these issues are discussed briefly.

Family: It is the primary group. It connects the individual with a wider society. Through it the individual learns the role appropriate to his adult life. Most of the consumer’s decisions are taken within the family environment and the hopes, attitudes and values of other family members affect these decisions.

Since family members consume the product, they have vital roles in decision making process. They have to play four roles: initiator, motivator, decider and user.
An individual may play more than one role. While the initiator senses the need for the product, the motivator provides information for taking purchase decision. The decider has the final say about the decision, whereas the user is directly involved in using the product.

Developed countries possess the nuclear families at large in number, i.e. families consisting of father, mother and children. The house-wife is the decider for purchasing goods like food, clothing, cosmetics etc., while father has the say in spending on education, insurance and housing, finally, children have say in clothes, recreational facilities like TV, stereo set and so on. Proportion of family budget to be spent on various items depends on the stage of the family life-cycle. For instance, spending on food, clothing, child-care goes increasing during the period between the births of the first child to the marriage of that child.

Reference groups: The consumer is not only a member of his family, but also a member of some groups outside his family. These groups are called reference groups. Such groups may be social and professional. They influence the consumer’s opinions, beliefs and aspirations. The consumer accepts information received from their groups on products, price, performance style etc., group norms draw the attention of its members towards a new product or a new brand.

Opinion leaders: In every intimate reference group, there is an informal group leader. The beliefs, attitudes, actions and behaviors of leaders are considered an ideal to be followed by the followers. The follower respects the leader and seeks his advice. He is considered the innovator in the group who first tries new ideas and products. Then his followers try to follow him. These opinion leaders play key role in influencing the purchasing behaviour of their followers.
Social class and caste: Social class is a larger group than intimate group. Income, power, ownership, education, consumption pattern, occupation, and place of residence of the individual members form such group. In India people are divided into three classes, rich people, people of middle income and the poor.

Caste on the other hand, is a group and the membership of it is determined by birth. Few centuries ago caste system originated from the specialization of occupation. In India, there are four brand categories of castes, Brahmins, Kshatriyas, Vaishyas and Sudras.

Each social class and caste develops its own tastes, styles and behaviour pattern. It is found that member of a class select a particular brand of product, they buy at a particular store which supports their group norms. It does not mean that all are same stores but follow the same pattern. For instance, people of one caste may not take their meal run from a hotel, if the meal is cooked by people of other caste or community. Thus it is evident that buying behaviour is highly influenced by such social groups.

Culture: It refers to the behavioural pattern, which pass on socially from one generation to the next. It includes beliefs, normal values, norms, customs and normative behaviour. Cultures are usually area specific. However, two nations can enjoy a common cultural heritage. Culture influences consumers. Knowledge of consumer’s culture helps the marketer in understanding the extent to which the consumer is more than just a set of biological instinct.

Sub-culture: It is a group within a culture. It means that there are sub-cultures like students, professionals, football players, prison inmates etc. Individuals may be members of more than one sub-culture at a time. Such groups have unique consumption pattern. Marketers should understand the cultural and sub-cultural values
that are relevant to the product. They should never contradict these cultural values while promoting and distributing a product and fixing prices.

4.3.3. Psychological factors determine consumer behaviour

According to the concepts of modern psychologists, some major factors internal to the consumer determine his consumption behaviour. These factors are motivation, perception, learning, attitude and personality. These factors are discussed here briefly.

- **Motivation:** It is the governing force of behaviour. It links the stimulus with response. It refers to the urge, drives and desires which initiates a chain of events. This chain of events is called behaviour. With these driving forces, a person tries to reduce his state of tension to protect and satisfy his self-concept. It is the complex network of physiological and psychological mechanism. Motives may range from mere biological needs like hunger to the most advanced desire of self-actualization. The consumer is driven by some motives. He wants to satisfy his needs and that is why he initiates some actions to achieve his ends. Authorities like Maslow and McClelland have contributed heavily on motivation theory.

- **Perception:** It is the process by which the mind receives, organizes and interprets stimuli. Perception leads to thought and thought leads to action. Perceptions have meaning for an individual. An individual has no confusion about his perception. However, perception depends on personal factors like ability to see or hear the message, the need moods, values all that modify message one receives.

Behaviour is highly influenced by one’s perception. Consumer decision is guided by the perception of the concerned individual. One has one’s perception about product, brand price, stores existing in the market and the
stock of purchases of the product. From investigation it is revealed that 99% of the stimuli that individuals perceive come from sight and the rest from hearing. That is why marketers prefer visual advertisement to audio-based advertisement. Knowledge of consumer perceptions helps us understanding how their behaviors are influenced by their perceptions.

➢ Learning: In Psychology learning means any change in behaviour arising out of experience. Process of learning is made up of four stages: drive, cue, response and reinforcement. Drive refers to an inner excited state of mind that justifies actions. Hunger can be a drive. Cue is a stimulus received from environment. Advertisement refers to the consumer’s reaction to cues. For instance, due to heavy temperature he may purchase an item of soft drink to overcome thirsty. Reinforcement describes the reward one gets from one’s response if the consumer is satisfied with his purchased soft drink, and if he prefers the brand, then reinforcement happens, thus his habit of purchasing will be formed. If he is dissatisfied, there will be no reinforcement, consequently his learning habit will perish.

Most of the consumer behaviour arises out of consumer’s learning process. His prior experience and learning guide him for decision making. That is why most of the people are brand loyal. Brand switching is possible only when new brands are more satisfying than existing ones.

➢ Attitudes: Knowledge about attitude of a customer helps understanding and predicting consumer’s behaviour. It refers to an inclination to behave in particular way then a particular stimulus is provided. Inclination about a product, people, and places may be favorable or adverse. Attitude develops gradually as a result of experience.
Attitude has three major components: Cognitive, affective and conative. Cognitive component speaks of the consumer’s beliefs about an object, such beliefs relate to whether the object is good or bad, necessary or unnecessary. It is based on consumers past experience.

Affective component of attitude relates to the consumer’s feeling about the object whether it is pleasant or unpleasant. It speaks of his emotion. Cognitive component speaks of how an individual response to the object. It is based on the first two components.

It is easy to confirm the attitude of a consumer but it is very difficult to bring change in attitude. Attitude change requires shift from original attitude based on a disposition to act in the opposite direction for creating an opposite disposition. The most powerful instrument of attitude change is advertisement.

**Personality:** It is something that makes a person distinct from everyone else. It consists of the mannerisms, habits and action. It is the function of inner drives, learned motives and experiences. In Psychology it is considered that personality develops out of the interplay of three components, ‘Id’, ‘the ego’ and ‘super ego’. ‘Id’ controls the instinct of an individual and the ‘super ego’ controls the ‘Id’ by suppressing anti-social behaviour. The ‘super ego’ drives a person in the high-minded pursuits of civilization. The ‘ego’ component reconciles the conflicting demands of ‘Id’ and ‘super ego’. Personality is expressed in terms of one’s traits like suggestiveness, honesty, independence, and sociability. Again, one may be introvert or extrovert in nature. Consumer’s behaviour is determined by his personality, i.e., by his thinking about honesty, anxiety, aggressiveness. Marketers attempt to exploit these traits through advertisement.
4.4 Consumer Behaviour Models

There are various consumer models which help in understanding consumer behaviour. These are listed below.

1. Economic Model
2. Psychological Model
3. Pavlovian Model
4. Sociological Model
5. Howarth Sheth Model
6. Engel – Blackwell – Kollat Model
7. Model of family decision – making
8. Nicosia Model
9. The psycho analytical model
10. Learning Model

4.4.1. Economic Model

In this model, consumers follow the principle of maximum utility based on the law of diminishing marginal utility. Consumer wants to spend minimum amount for maximizing his gains. Economic model is based on:

1. **Price Effect**: Lesser the price of the product, more will be the quantity purchased

2. **Substitution effect**: Lesser the price of the substitute products, lesser will be the utility of the original product bought.

3. **Income effect**: When more income is earned, or more money is available, more will be the quantity purchased.

This model, according the behavioral scientists, is not complete as it assumes the homogeneity of the market, similarity of buyer behaviour and concentrates only on the product or price. It ignores all the other aspects such as perception, motivation,
learning, attitudes, personality and socio-cultural factors. It is important to have a multi-disciplinary approach, as human beings are complex entities and are influenced by external and internal factors. Thus, price is not the only factor influencing decision making process.

4.4.2. Psychological Model

Psychologists have been investigating the causes which lead to purchases and decision making. This has been answered by A.H. Maslow in his hierarchy of needs. The behaviour of an individual at a particular time is determined by his strongest need at that time. This also shows that needs have a priority. First they satisfy the basic needs and then go on for secondary needs. The purchasing process and behaviour is governed by motivational forces. Motivation stimulates people into action. Motivation starts with the need. It is a driving force and also a mental phenomenon. Need arises when one is deprived of something then a tension is created in the mind of the individual which leads him to a goal directed by behaviour which satisfies the need. Once a need is satisfied, a new need arises and the process is continuous.

4.4.3. Pavlovian Learning Model

This model is named after the Russian Physiologist Ivan Pavlov. He experimented on a dog and observed how it responded on the call of a bell and presenting it with the piece of meat. The responses were measured by the amount of saliva secreted by the dog. Learning is defined the changes in behaviour which occur by practice and, based on previous experience. This is important to marketers as well. The learning process consists of the following factors.

1. Drive: This is a strong internal stimuli which impels action. Because of the drive, a person is stimulated to action for fulfilling his desires. Drives can be innate (in born), which stem from physiological needs, such as a hunger, thirst, pain, cold, sex etc.
2. **Triggering Cues:** these influence the decision process but do not activate it. They are two kinds.

1. **Product cues** are external stimuli received form the product directly, e.g., colour of package, weight, style, price etc.
2. **Informational cues** are external stimuli which provide information about the product, like advertisement, sales promotion, talking to other people, suggestions of sales personnel etc.

Response is what the buyer does, i.e., buy or not buy.

3. **Reinforcement**

When a person has a need to buy, say clothing, and passes by a showroom and is attracted by the display of clothing their colour and style, which acts as a stimulus, and he makes a purchase. If he likes it, enforcement takes place and he is happy and satisfied with the purchase. He recommends it to his friends as well, and visits the same shop again. Reinforcement part thus is an important part of buyer behaviour and the marketer tries to create a good image of the product in the mind of the consumer for repeating purchases through Reinforcement.

4.4.4. **Sociological Model**

This is concerned with the society. A consumer is a part of the society and may be a member of many groups in a society. His buying behaviour is influenced by these groups. Primary groups of family and friends have shown a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different. As a member of an elite organisation, his dress requirements may be different, thus he has something that confirm to his lifestyle in different groups.
4.4.5. Howarth- Sheth Model

This model is slightly complicated and shows that consumer behaviour is a complex process and concepts of learning, perception and attitudes influence consumer behaviour. This model of decision making is applicable to individuals. It has four sets of variables which are:

1. Input
2. Perceptual and Learning constructs
3. Outputs
4. Exogenous or external variables
1. Input

Some inputs are necessary for the customer in making decisions. These inputs are provided by three types of stimuli.

(a) **Significative stimuli**: These are physical tangible characteristics of the product. These are price, quality, distinctiveness, services rendered and availability of the product. These are essential for making decision.

(b) **Symbolic Stimuli**: These are the same as significative characteristics, but they include the perception of the individual, i.e., price is high or low, quality is up to the mark or below average, how is it different from other
products, what services can the product render and, what is the position of after sales service and how quickly or easily is the product available and, from where.

(c) Social stimuli: This is the stimuli provided by family, friends, social groups, and social class. This is important, as one lives in society and for the approval and appreciation of the society, buying habits have to be governed.

These construct psychological variables, e.g., motives, attitudes and perception which further influence consumer’s decision making process. The consumer receives the stimuli and interprets it. Two factors that influence his interpretation are stimulus - ambiguity and perpetual bias. Stimulus ambiguity occurs when the consumer cannot interpret or fully understand the meaning of the stimuli he has received, and does not know how to respond.

2. Perceptual and Learning constructs

Perceptual bias occurs when individual distorts the information according to his needs and experiences. These two factors influence the individual for comprehension and rating of the brand. If the brand is rated high, he develops confidence in it and finally purchases it.

3. Output

Output means the purchase decision. After purchase there is satisfaction or dissatisfaction. Satisfaction leads to positive attitude and increases brand comprehension. With dissatisfaction, a negative attitude is developed.

4. Exogenous or External Variables

These are not directly influence the decision process. They influence the consumer indirectly and vary from one consumer to another. These are the
individual’s own personality traits, social class, importance of purchase and financial status. All the four factors discussed above are dependant on each other and influence the decision making process. The model though complicated, deals with the purchased behaviour in an exhaustive manner.

4.4.6. Engle – Blackwell – Kollat Model

It consists of four components

(i) Information Processing
(ii) Central control units
(iii) Decision process
(iv) Environmental influences

(i) **Information process:** The information processing consists of exposure, attention, comprehension and retention of the marketing and non-marketing stimuli. For successful sales the consumer must be properly and repeatedly exposed to the message. His attention should be drawn, such that he understands what is to be conveyed and retains it in his mind.

(ii) **Central Control Units:** The stimuli processes and interprets the information received by an individual. This is done by the help of four psychological factors.

1. Stored information or past experience about the product, which serves as a standard information for comparing other products and brands.
2. Evaluative criteria could be different from individual to individual.
3. Attitudes or the state of mind which changes from time to time, and helps in choosing the product.
4. The personality of the consumer guides him to make a choice suiting to his personality.
iii. Decision Process

The components of Buyer behavior process as explained in the Figure below.

**Figure 4.3: Simple Consumer Behaviour model**

Understanding the buyer behavior process is a systematic effort to evaluate the consumer’s attempts to fulfill his needs, wants or demands.

1. Problem recognition

Problem recognition is the first step in initiating the buying process. In terms of individual drivers of buying processes, the rural consumer has no difference from his urban counterpart. He also has his own aspirations and desires to achieve in life, but means and goals to be achieved might be different. There are a few differences in environmental context that compel us to realize the difference between the two. The critical factors which affect the process of need recognition in the markets are:

(i) The infrastructure in the village/town which is beyond the effective road and rail connectivity. It may or may not include a well–laid banking system, telecommunication facility, electrification reach and regularity.

(ii) The penetration of the television and more specially the Cable and Satellite in the vicinity.

(iii) The population shifts in the locality, which occur both village to village and village to town.

(iv) The occupation and the economic profile of the village/town residents.

(v) On account of (i) the ‘available’ set in different product categories have been very small in most of the rural markets.
While point (i) and (ii) have long discussed as major issues, a critical factor is the population shifts across the villages. Like in urban or towns, where population has a tendency to shift towards the metros in search of greener pastures, it is a discernible trend in the villages too, wherein the population shows shifts towards the sub – urban areas and semi – rural towns. However, unlike their urban counterparts, who in the process of migration eventually lose the link with their roots, this is not so for large segments of population in the villages. The rural counterpart has the tendency to transfer his learning’s to his roots that eventually affects the buying patterns, starting from the need set.

2. Information search

Every one already knows through our exposure to Consumer behavior and through our basic course on marketing management about sources of information search for consumer are:

(i) Personal sources: Family, Friends, neighbors, and acquaintances.

(ii) Commercial sources: Advertising, salespersons, dealers, packaging and displays.

(iii) Public sources: Mass media, consumer – rating and organization.

(iv) Experimental sources: Mass media and consumer.

Let us evaluate how these sources are utilized in the context of the rural markets:

Mass Media combined together reaches only 57% of the rural population and vernacular press barely covers 16% of the rural population. In such a situation, the unconventional media like weekly haats, annual fairs, festivals, wall paintings, cinema vans are the means of publicity in the rural markets. But the biggest source of information is “word of mouth” which is considered credible. Data on rural consumer buying behavior has indicated that, the retailer influences almost 35% of the buying
decisions in the rural markets. The other key motivators and important sources of pre-purchase information in the rural markets are:

(i) The Gram Pradhan (Mukhiya)

(ii) The owner of the durable/non-durable products

(iii) The prospective consumer’s friends/relatives/family members living in urban location, who are frequent visitors to their villages.

Rural markets as compared to the urban markets require more intensive personal selling effort. Hence, a brand needs to associate itself with the day to day activities and the psyche of the rural consumers and then act accordingly.

3. Evaluation of alternatives

Urban consumers have the opportunity to consider and evaluate a large number of brands where rural consumers doesn’t have those many brands. This is primarily because, the product ranges available are not wide and secondly, because the consumers have largely been found to be brand loyal, compared to the urban markets. The loyal behavior has result partly on account of the fact that their evoked sets have been smaller, sometimes limited to one or two brands. The history of the use and long familiarity with these limited number of brands have resulted in a “perceived loyalty”. However, as mentioned earlier in the information search section, word of mouth plays a crucial role for sizable time in evaluation of alternative is reduced.

4. Purchase decision

The final is a deliberation, which usually, in the rural context, takes longer time as compared to the time spent in information search of alternatives. Due to resource constraint or lack of exposure or personal orientation, rural customers spend considerably lesser time on the II\textsuperscript{nd} and III\textsuperscript{rd} stages of the buyer behavior process.
Contrary to his urban counterpart rural customer spends lesser time on the final purchase and more in the earlier stages, the reasons for which are higher exposure levels and availability of alternatives as well as large amounts of information.

The factors, which influence the final choice, are:

- Attitude of other
- Unanticipated situational factors
- Perceived Risk

The issue of attitude of others in addition to that of friends and relatives, who may be existing owners of the products, refers in this case as the retailer or the dealer. In some cases the final choice is made on the advice given at the channel level. Alternatively, in some cases it is the complementary product that makes final purchase decision far easier. For instance, a person in the village buying the *Eveready Jeevan Saathi* brass torch will rely on the batteries of the same company.

5. Post purchase behaviour

Within the framework of the buyer behavior process, the post purchase behavior forms a critical part, as it lays foundation for the repeat purchases and development of loyalties. In the context of the rural markets loyalties have been found to be higher and extended. Penetrative pricing of a homogenous product quality similar to that of available product quality in the urban markets and making the product available will be the key to service in the rural markets. Just like the urban middle class, villagers demand value for money.

In conclusion the critical factors for the rural customer in the buying decision process would be:

(i) The need for the product.

(ii) The purchasing capacity.
(iii) The attitude towards the product.

(iv) The cost benefits analysis done by the consumer before buying the product.

(v) The social values governing the society.

**iv. Environmental Influences**

Environmental influences are Culture, Social Class, Personnel Influences, Family and situation influence factors.

**Fig 4.4: The Engel-Blackwell-Miniard Model of consumer behaviour**

The basic drawback of the model is that the roles of some variables are very vague. The model is somewhat mechanistic in its treatment of the decision process. Despite these limitations, this model is very use for as it is updated and various variables are incorporated here from time to time.

4.4. 7. Model of Family Decision Making

In a family decision making model, it is important to understand how the family members interact with each other in the context of their consumer decision making. There are different consumption roles played by various members of the family. These roles are as follows:

i. **Influencers**: The members who influence the purchase of the product by providing information to the family members. The son in a family may inform the members about a fast food joint. He can influence the family members to visit the place for food and entertainment.

ii. **Gate keepers**: These members control the flow of information for a product or brand that they like and influence the family to buy the product of their choice. They provide the information favourable to themselves and, withhold information about other product which they do not favour.

iii. **Deciders**: These are the people who have the power or money and authority to buy. They play a major role in deciding which product to buy.

iv. **Buyers**: Buyers are the people who actually buy. A mother buying ration for the house, father buying crayons for his children and so on.

1. **Prepares**

   Those who prepare the product in the form it is actually consumed. Mother preparing food by adding ingredients to the raw vegetable. Frying an egg for consumption, sewing clothes for the family and so on.
2. User

The person who actually uses or consumes the product. The product can be consumed individually or jointly by all members of the family. For instance, use of a car by the family, like wise use of refrigerator, T.V. etc. The role that the family members plays are different form product to product. Some products do not involve the influence of family members, as vegetables bought by the house wife. She can play many roles as a decider, preparer as well as the user. In limited problem solving or extensive problem solving there is usually a joint decision by family members. The predisposition of various family members which when influenced by other factors leads to joint or individual decisions. These factors consist of social class, lifestyle, role orientation, family lifecycles stage, perceived risk, product importance and time pressure.


This model explains the consumer behaviour on the basis of four fields. The output of field one becomes the input of field two, and so on. Field one further consists of subfields one and two. Subfield one is the firm’s attributes and the product’s attributes. The subfield two is of the predisposition of the consumer and his won characteristics and attributes, which are affected by his exposure to various types of information and message, and is responsible for the building of attitude of the consumer. Field two is the pre-action field, where the consumer goes on for research and evaluation and gets motivated to buy the product. Field three is the act of purchase or the decision making to buy the product. The customer buys the product and uses it. Field four highlights the post purchase behaviour and the use of the product, its storage and consumption. The feedback from field four is fed into the firms attributes or field one, and the feedback from the experience is responsible for
changing the pre-disposition of the consumer and later his attitude towards the product.

Nicosia Model is a comprehensive model of dealing with all aspects of building attitudes, purchase and use of product including the post purchase behaviour of the consumer.

Fig 4.5: Nicosia Model for Consumer Behaviour

Limitations of this model: Here factors internal to the consumers are not considered. Moreover the assumption that the consumer’s decision process begins without previous favorable idea of the brand, is not very realistic. However, this is the pioneering attempt to consolidate concepts on consumer behaviour.

4.4.9. The psychoanalytical model

The psychoanalytical model draws from Freudian psychology. According to this model, the individual consumer has a complex set of deep seated motives which drive him towards certain buying decisions. The buyer has a private world with all his hidden fears, suppressed desires and totally subjective longings. His buying action can be influenced by appealing to those desires and longings.

According to Mr. Freud, human personality has three parts namely, 1. the “ID”, the source of all mental energy which drives one to an action. 2. the “Super Ego”, the internal representation of what is socially approved—one’s conscience. 3. the “Ego”, the conscious director of ‘ID’ impulses for finding satisfaction in socially acceptable manner. In other words, ‘ID’ represents one’s animal or basic impulses, ‘instincts’ and cravings for immediate and total satisfaction. These instincts might be even anti-social. The Super Ego or conscience reflects one’s idealized behaviour pattern via media between the extremes, which is the, conflict between “ID” and “Super Ego”, is resolved by Ego. The Ego is the intermediary, which mediates and processes the dispute action as a rational control centre between the conflicting extreme sides of ID and Super Ego. It is Ego that directs one’s behaviour to satisfy both the “ID” and “Super Ego”. This model can be presented as follows
Fig 4.6: The psychoanalytical model of Consumer Behaviour

4.4.10. Learning model: All theories of buyer behaviour have been basically based on a learning model namely, Stimulation-Response or more popularly known as SR model. SR learning theory is very useful to modern marketing and marketers. Learning is the centrifugal point in the entire study of human behaviour. Learning, as noted earlier, refers to a change in the behaviour which occurs as a result of practice. It is a change in the behaviour that results from previous experience and behaviour in similar situations. Learning is a product of reasoning, thinking, information processing and, of course, perception. Therefore, behaviour is deeply affected by the learning experiences of the buyers.

Of all the psychologists, Pavlovian stimulus or learning of buyer behaviour is widely accepted. He says that buyer behaviour is capable of being manipulated by human drives, stimuli, and responses of the buyer. This model banks on man’s ability to leave, forget and discriminate. Learning process involves three steps namely, Drive—a strong internal stimulus which impels action. When it is directed towards a drive-reducing object, it becomes a motive. A ‘drive need’ thus motivates a person for action to satisfy the need. Here, the objectives are the stimuli which the drives Cues are weak stimuli. Cues determine when the buyer will respond. Say, everyone have
cues such as a product advertisement relevant to the situation and existing in our environment.

Response is the final stage which is needed to fulfill the drive or as a need which was acting as a strong stimulus. Thus, the thirst can be quenched by an ad. These sequential components of learning link stimulus cue and response finally resulting in a habit. In marketing, it is better known as a learning brand loyalty, brand images and store patronage. Repeated reinforcement leads to habit formation and the decision process for an individual becomes a matter of routine. It is worth emphasizing here that everyone learns through trial and error and changes in our behaviour are brought about by practice as experience. The SR model of Pavlovian learning is made clear by given figure:

**Fig 4.7: Learning model of Consumer Behaviour**

![Learning model of Consumer Behaviour](image)

4.5. A Model Representing Purchasing Pattern of Consumer Durable Product towards Indian consumer.

A given model of consumer behavior depicts consumer behavior as a decision process i.e., how a modern consumer takes decisions in a highly sophisticated environment. In the modern environment consumers consider the following aspects for their purchase.
More choices for their selection due to multiple brands both in Foreign & Indian companies. This is mainly due to our recent governmental policies on globalization and liberalization policies.

High level of technological advancement seen in both operational and manufacturing areas. This has given a more selective approach to our Indian consumer's to select their taste and preference and increase their level of participation in purchase decisions.

More critical promotional plans introduced by marketers to win the confidence of modern consumer's through offering more economical and psychological measures to select the product of their purchase i.e., Exchange offer (old with new), and dual or multiple offer purchase etc.

Challenging pricing strategies of marketers due to cost reduction techniques both in manufacturing and promotional plans that in turn leads to marketers adopting a competitive approach towards both consumers and competitors.

Introducing more flexible choices in 'mode of purchase' by offering both understandable and flexible systems of repayment. This constantly attracts more consumers' and gives them a competitive edge to improve their standard of living.

Attempting continuously Research & Development practices in order to bring a user-friendly system by considering the changes in environment. Thus it motivates the mind-set of a consumer increasing their level of participation and prepares the mind to accept and select the changes suited for in their living condition.

Keeping all the above factors in mind, the researcher has attempted to study the modern purchasing pattern on consumer durable products. Accordingly, with the
available information, researcher has designed the following model. In this model of consumer behavior, the researcher has identified how a consumer attempts to purchase any durable product in an **open market condition**. There are **three basic phases attached with this model**.

**Phase I:** The basic desire/stimuli of an individual create need recognition which in turn ends with searching behavior using both external and internal modes. With available information in search, one can easily evaluate various alternatives available for his consideration. In modern era, since both foreign and Indian brands are available, the basic considerations presently available before consumer are:

- Model /Operational convenience i.e., A 'form utility' of any product and the ease of operational convenience has gained an immense role.
- Technology to cover the best of the kind to suit the modern living conditions. Till recent past, our Indian consumers aimed for their needs only at a limited scope. Thanks to liberalization for giving them an endless scope for their lifestyle.
- Pricing strategy to cover all sections of Indian consumers to maintain their ability to purchase in order to maximize possible demand for the product. This is possible only through adoption of cut throat competitive methods in Indian market viz., cost reduction by applying mass production, mass transportation and mass promotional activities.
- Promotional efforts made to cover the mass, through application of modern form of comparative advertising. Meaningful effort of various sales promotional offers by affecting both economic and psychological factors and creating better salesmanship through continuous training programs for the sales force in order to improve their presentation.
Availability of the product at the doorstep made possible saving both time and cost of consumer's efforts in purchasing any choice of their kind. This has enabled to provide both time and place utility of the marketing function.

Reliability/worthiness creates confidence in the minds of consumers to decide about the level of involvement both in searching and selection decisions.

After sales service provides endless scope for the Indian consumer to select any new technology that is available at their doorstep. This prepares the mind of consumers to take any level of risk in their involvement by winning the confidence of their own.

Considering all the above criteria on a comparative basis one has to build basic beliefs, a positive attitude and an intention that in turn ends in purchase of any durable product.

**Phase II:** In social life, any individual is basically attracted towards one or more reference groups. The reference group of an individual may have a greater level of influence, through the level of satisfaction and confidence attained. In turn this reference group may act as a source of information for buying decisions. Normally, suppliers/dealers, company brochures, the buyers associations, trade journals, print media, T.V commercials, relatives, friends, colleagues, earlier users, company sales force and users of other competing brands act as major role players to get necessary information. Through such information one can do alternative evaluation of various brands/models available in order to get his belief and change his attitude to develop an intention to purchase the durable product. More satisfied a consumer, he induces many others to purchase the same product. This is a silent & continues form of marketing effort any company can choose for their long-term strategy. Moreover, this
is considered as one of the effortless promotion / publicity of the kind in both cost and time.

**Phase III:** In post purchase evaluation, consumers may normally end with two sets of measures. One may be positive, i.e., when he has attained all his basic desires. The other may be negative, when he has attained dissatisfaction of desired features looked therein. The former may end with either repeat purchase or act as a reference group to motivate others to purchase, whereas the latter may certainly reject the total purchase system. Besides, the above factors consumer-purchasing pattern also may involve a certain degree of influence through both Environmental factors and Personal factors.

4.5.1 **The environment factors:**

- **Economic factors:** It includes the current and anticipated stage of the business cycle, as well as inflation and interest rates. This will define how an organization can effectively utilize the availability of resources to the best of its utility. Economic factors often challenge the survival of an organization. The ability of companies to create the required demand in the minds of consumers’ in such conditions is important.

- **Cultural factors:** It includes knowledge, believes, values, attitudes, habits and forms of behavior that are shared by a society and are transmitted from generation to generation i.e., the influence of older and younger generation and vice versa. In recent times, extensive exposure has led the younger generation into more influence in changing 'Cultural Revolution' that has resulted in replacement of new attitudes on culture.

- **Social factors:** It includes educational level, occupational level and income level, influence of reference group etc. In the changing environment, the education and occupational mode of independence of both sex (male and
female), has resulted in increasing nuclear type of family structures in the social class. This in turn has created a potential demand for durable products.

- **Psychological factors:** It includes likes and dislikes of certain individuals relating to need for comfort/sophistication, sentiments, realization of the ego needs. In recent times, since the living pattern of individuals has changed due to the influence of cultural and social factors the individual preferences differ dramatically.

- **Demographic factors:** It refers to the size of the population, the size of the family, the type of family, age group of family members, the total family income the total family expenses the duration of stay, the influence of younger generation, role of different members in the family, compulsion of religious values/moral values, social condition and freedom of living.

- **The Situational/Occasional factors:** It includes influence of promotional measures and additional benefits offered by the companies as their part of promotion, frequency of usage of the product, sentiments/traditional values of one's purchasing style and realization of their ego needs. In recent times, due to time pressure, consumers mostly take their decisions based upon the benefits extended out of the purchase both in the form of money and time.

- **Competitors’ strategies:** A company’s competitive environment obviously is a major influence on its marketing programs. Skillful marketing executives constantly monitor all aspects of competitors’ marketing activities – their products, pricing, distribution systems and promotional programs. Moreover, the destiny of many Indian firms today is affected by international competition due to our new economic policy of government called liberalization. This has
really challenged many Indian companies to reconsider the strategies adopted for their survival.

- **Technological change**: Due to the open market condition, many foreign companies have entered into the Indian market with advanced technology. This has led to change in lifestyle of our Indian consumers that has in turn resulted in a challenge to our existing Indian companies to reconsider their strategies of production and marketing.

### 4.5.2 The personal factors:

- **Consumer economic resources**: It includes the availability of cheap sources of borrowing funds, availability of surplus funds, and availability of additional sources of income etc., which influence consumers to decide on their purchase. In recent times, due to availability of more financing sources/options any consumer's mind is persuaded to purchase their requirement with least efforts. Some of the possible measures influencing the consumer in recent times are: Easy and low down payment, EMI, Credit cards purchase, Zero percent of interest loan schemes and the active role of both commercial and foreign banks coming out with more special programs due to liberalized economic conditions.

- **Knowledge of an individual**: It plays a vital role in consumer decision making. Due to the education and increased level of literacy among people there is increase in awareness of product availability, product features, technological advancements etc., this in turn has led to a more complex nature of purchasing style.

- **Involvement**: It includes the learning attitudes of an individual and means to get end results through a proper searching process. The success of an
individual lies on the level of involvement, which in turns influences, the level of satisfaction in his achievement.

- **Life style:** It includes status, level of compromise in living condition of an individual and the utilities of a particular product to support their life style.

- **Reference groups:** It includes normative reference group (direct influence), comparative reference group (point of comparison), indirect reference group like movie stars, sports personalities, contractual group (person’s membership or degree of involvement), aspiration group (influencing group), disclaiming group (non-influencing group) and avoidance group (rejection group).

- **Utilities:** The basic benefits attached with consumers’ purchase with reference to ‘Form utility’ (design, color, dimensions, and other features of the product), ‘Place utility’ (product availability in desired place), ‘Time utility’ (product availability in desired time) and ‘Possession utility’ (Position of ownership, service guarantees). Besides, according to acquisition – transaction utility theory, two types of utilitys are associated with consumer purchase: acquisition utility and transaction utility. Acquisition utility represents the perceived economic gain or loss associated with a purchase, and is a function of product utility and purchase price. Transaction utility concerns the perceived pleasure or displeasure associated with the financial aspect of the purchase, and is determined by the difference between the internal reference price and the purchase price.

### 4.6 Conclusion

Each model has reviewed about different aspects of consumer behaviour for durable products. However, a research gap was identified in consumer behaviour models. So one model representing purchasing pattern of consumer durable product
which is suitable to rural and urban consumer behaviour towards consumer durable products.

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