CHAPTER II

REVIEW OF THEORETICAL FRAMEWORK OF CONSUMER BEHAVIOUR

DEFINITION OF CONSUMER BEHAVIOUR

The economic strength of a country lies in its ability to employ all its available resources gainfully. This would be possible only when there is a steady and effective demand for goods and services, the pre-condition for which is the ability and willingness of the people to purchase or pay for such goods and services. Ultimately, consumption function is the centre of all economic activities, which is largely influenced by consumer behaviour.

Consumer behaviour may be defined as "... the acts of individuals directly involved in obtaining and using economic goods and services including the decision processes that precede and determine these acts". A study of consumer behaviour is very complex as it embraces "psychological, social and physical behaviours of all potential consumers as they became aware of, evaluate, consume and tell others about product and services". The behavioural dimensions of consumer action are so complex and interdisciplinary that a general study of consumer behaviour revolves round the theoretical and empirical work of a number of other disciplines like economics, psychology, sociology, socio-psychology and the like. An attempt is made to review all these aspects of consumer behaviour in this chapter.


2 Suja R Nair, Consumer Behaviour (Text and Cases), Himalaya Publishing House, Mumbai, 1999, p.3.
ECONOMIC DIMENSIONS

The economists were the first to examine consumer buying behaviour. Demand and supply are the two basic factors of economics. Producers can produce whatever they want but they cannot market the products unless the consumers show first their propensity to buy. According to classical economists, it is the utility (want satisfying power) of a good which prompts a consumer to buy a good. The concept of utility was first introduced by Bentham. He opined that nature has placed mankind under the governance of pain and pleasure. The principle of utility recognises this aspect of pain and pleasure. The Principle of Utility helps assess the actions depending on whether they increase or decrease the happiness of the Consumer. Thus Bentham “had indeed planted the tree of utility”.

Bentham’s concept of utility, which was planted so deep and spread so wide, was developed and used by the classical and neoclassical economists to explain the behaviour of consumer. The basic assumption they made is that consumer is rational and is capable of perceiving the utilities of different quantities of commodities he wants. Marshall evolved his Law of diminishing marginal utility and the law of equi-marginal utility to explain consumer behaviour under Cetris Paribus (other things being equal) assumptions, which include that the market is perfectly competitive, prices are known, the products are homogenous, income and tastes are fixed and marginal utility of money is constant. He studied consumer behaviour in a market for consumption goods.

According to Marshall, a consumer is rational, sensible and seeks to get maximum satisfaction from a given commodity and will achieve such a situation of utility maxima when the marginal utility he gets from that

commodity is equal to the price he pays for it. Utility is therefore cardinally measurable. The law of marginal utility thus provides the hypothesis of utility maxima to the consumer, who could allocate his given income in such a manner that the marginal utility per rupee is equal for all goods. As per Marshallian equimarginal utility analysis, a consumer will get maximum total satisfaction out of a given expenditure when the marginal utility of each commodity to be purchased divided by its price is equal. The principle of maximising utility provided a basis for Marshall to build his theory of motivated consumer behaviour which he explained in terms of psychology.

Pareto viewed utility as a psychological concept and as immeasurable from the observations of consumer behaviour. He arranged utility positions in order of preference and tried to explain the behavioural adjustments of consumer to the changes in market by using indifference curve analysis. Hicks followed Pareto and further developed this analysis. This analysis explains how a rational consumer behaves with reference to two commodities when there is a change in income or price of one commodity under certain assumed conditions. The properties of indifference curve are (1) they slope downwards from left to right and do not touch either the X-axis or Y-axis, (2) they are convex to the origin, (3) All points on the same indifference curve show the same level of welfare, (4) higher indifference curves show higher level of welfare, (5) they do not cut each other. The following figure of simple indifference curve analysis indicates the most preferred position of consumer at Equilibrium point E where he gets maximum satisfaction by having most favoured combination of O\alpha' of X and O\beta' of Y goods.
Given a fixed income indicated by price line AB in the figure, a rational consumer can buy either commodity X entirely (OA in figure) or Commodity Y entirely (OB in figure) or a combination of both. If he chooses a combination of both the commodities, he will be in equilibrium at the point of tangency of indifference curve with the budget or price line (as shown at Point E) where he gets not only the most favoured combination of goods X and Y but also higher possible degree or level of satisfaction. Hicks' theory is almost an extension of Marshallian theory of course with a lot of improvement. At the same time, Hicks made Pareto's model more usable. Hicks integrated Pareto and Marshall together by using Pareto's analysis in explaining the Marshallian substance about consumer behaviour.

After considering the preliminary aspects of Marshallian and Hicksian analyses, an interesting question may arise as to whether it would be possible to establish Marshall's view without his assumptions and without using the indifference curve analysis of Edgeworth, Pareto and Hicks. An attempt has been made by Paul Samuelson to refine the Marshallian and Hicksian approach to the concept of consumer behaviour. Using econometrics, he evolved his Revealed Preference Hypothesis. As per this theory the preferences of consumer are known by his behaviour in the market. In other words, the
consumer reveals his choice or preference for one combination/basket of goods over the other.

A distinction has been made between weak ordering and strong ordering of consumer's preferences. Under weak ordering, a division consists of groups which are arranged in sequential order of preference but within the group, there is no such sequential ordering. On the other hand, under strong ordering the consumer makes a definite choice because each item is placed in its order. The theory of Revealed Preference is based on strong ordering. This is illustrated below.

**GRAPH 2.2**
REVEALED PREFERENCE

In a given price income situation, the consumer purchasing power is limited by line PP. The consumer will not purchase combination C because it is inferior as being within the triangle. Combination at Point D is not preferred as it is out of reach. The consumer has to choose any point on the line PP. For instance if Consumer purchases combination A and not Combination B, it simply shows that he prefers A to B. This does not mean that it must lie on higher indifference curve than B. All that can be said is that he is in a chosen position and has revealed his preference for the combination of goods at
Point A. The Revealed Preference theory explains Consumer Behaviour in Psychological and Observational terms. It is the observed behaviour of consumer which forms the basis of this theory. Therefore, the theory is behavioristic as preference is clearly a state of mind.

The theories of utility maximisation and observed behaviour did contribute substantially to the study of consumer behaviour. "Their scientific roles" as Stigler points out "are of course complimentary and the utility theorists as a class have always expressed the greatest enthusiasm for empirical work compatible with abstention from it".4

(5) Macro economists on the other hand suggested a variety of variables influencing consumer behaviour. Level of current income, relative income, permanent income, highest previously attained income, liquid assets, tax variation, credit are some such influencing factors.

**Disposable Income:** It is not gross personal income but it is his disposable personal income of consumer which generates his purchasing power. After meeting tax development if any, and other service charges, the amount available to the consumer is disposable income available for consumption or servicing. The changes in his disposable income affect his buying behaviour.

**Current Income:** According to Keynes "... the fundamental Psychological Law upon which we are enabled to depend with great confidence both a priori, from our knowledge of human nature and from the detailed facts of experience is that men are disposed, as a rule and on the average, to increase their consumption as their income increases but not as much as the increase in their income".5

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Previous Income: But consumption is not the function of current income alone as purely Keynesian view would have it, but also the function of highest previously attained income as argued by Duesenberry. According to him consumer is influenced by the established living standard enjoyed by him in the past. No doubt his consumption will fall as his income falls but not to a greater extent as it would be difficult for him to scale down his previous living standard.

Permanent Income: Milton Friedman distinguishes between permanent income and transitory income and highlights that consumption is the function of permanent income only.

Discretionary Income: It is pointed out that some consumers will have residual income after meeting all expenses from the disposable income and such residual income is called discretionary income. It has been defined as "Income over and above that required to meet fixed expenses and outlays necessary to provide family with its minimum substance requirements." It is stated that a rise in the discretionary income is spent for purchasing consumer durables like refrigerators, televisions, washing machines etc.

Future Income: It is stated that consumer's optimistic expectation of income in future also determines his buying behaviour in some cases. For instance, consumer in employment in public sector plans his current purchases taking into account arrears of pay revised or dearness allowance to be released to him. If his income expectations are weak, there is a tendency to spend less and if the income expectations are strong, the tendency to spend will be more.

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The strength of this tendency also depends upon the type of the consumer needs viz., basic needs or non-basic needs.

**Consumer Liquid Assets:** Investments made in units, government, bank, NSCs, short term deposits, shares and bank balances are known as liquid assets. The level of the liquid assets largely influences the consumer behaviour. The liquid assets are generally used to buy consumer durables and the very existence of such assets relieves the consumer from the fear of meeting unexpected future needs.

**Consumer Credit:** Consumer buying behaviour is also influenced by the availability of credit. Consumer will be tempted to buy products if these are offered to him on credit. Besides Credit Card facility being extended utmost by all banks, deferred payment, installment purchase, hire purchase, consumer loans etc. also form part of consumer credit. There is a growing tendency to buy goods more particularly costly consumer durables by using these credit facilities.

**PSYCHOLOGICAL DIMENSIONS**

Psychology is a branch of behavioural sciences which studies human mind. The psychological aspects of consumer behaviour focus mainly on the influence of motivation, personality and attitude on consumer's decision making process.

**Motivation**

'Human needs and motives are inextricably linked, the relationship between them is so very close that it becomes extremely difficult to identify the precise differences which may characterize them... Motives initiate behaviour and direct it towards specific type of activities'\(^8\) Human needs may be broadly

classified into (1) basic physiological needs and (2) psychological needs. The individual feels bodily satisfied and tension relieved once his physiological or biological needs are satisfied. But the level of satisfaction of his psychological (emotional) needs poses problem and makes his very behaviour complex. As Bayton suggested the psychological needs may be classified into Affectionate needs, Ego-bolstering needs and Ego-defensive needs. Human needs are infinitely extensive. Maslow structured a hierarchy of human needs from physiological (lower wants) to self-actualisation (higher wants) and observed "as soon as one of (these) needs is satisfied, another appears in its place. This process is unending. It continues from birth to death". For a variety of reasons, consumers are motivated to buy goods and on many occasions consumers tend to buy goods more on emotional instincts or prestige reasons rather than on rational grounds. "Human behaviour is so enormously varied, so delicately complex, so obscurely motivated that many people despair of finding valid generalisation to explain and predict the actions, thoughts and feelings of human beings -- despair, that is of the very possibility of constructing a science of human behaviour". Fundamental appreciation of motivational factors is also necessary for a systematic study of consumer behaviour.


11 Berelson, Bernard and Gary A Steiner, Human Behaviour: An Inventory of Scientific Findings, Harcourt, Brace and World, New York, 1964
Personality

Personality is another psychological determinant of consumer behaviour. Patterns of behaviour are often based on personality which differ from individual to individual according to their physique, mental make-up, environment and the like. There are four classifications of personality theories viz., (1) Trait theories, (2) Psychoanalytic theories, (3) Social learning theories and (4) self-concept theories.

"Personality is made up of traits or variables some of which will be commonly held and others which will be specific to individuals".12 Trait theorists grouped the people according to the types of personality. Self-confidence, competitiveness, consistency, aggressiveness, dominance are some of the significant characters which affect the personal variation in traits. Karen Horney13 developed a model based on inter-personal response trait and classified the people into three categories (1) those who move towards people (compliant), (2) those who move against people (aggressive) and (3) those who move away from the people (detached). The compliant people tend to be sympathetic and friendly. Aggressive individuals try to excel and get recognition even at the cost of others. Detached people tend to be emotionally independent, self-sufficient and undisturbed. Individuals who could not succeed as 'compliant' or 'aggressive' may adopt 'detachment' in order to compensate for their failure.

Psychoanalytical theorists attempted to study individual behaviour in depth. Individuals do behave both consciously and unconsciously and according to them, the human behaviour is considerably influenced by the

unconscious. "Freud compared human mind to an iceberg, the smaller part above the water is termed 'conscious mind' while below it is the far greater mass termed 'unconscious mind'".14 According to Freud, human beings are not completely rational. This is all the more true when people in this country go for marketing. They are more guided by the psychological label for the products they intend to buy. Consumption today is not the direct function of biological needs but is largely attributed to psychological. This is because some items being purchased by consumer may be completely unnecessary from the physiological point of view but may be absolutely necessary from psychological angle.

Social learning theorists on the other hand focus their attention on the effect of environmental influences on the personality of individual. It is quite common that people develop their behaviour by learning processes. Learning may be defined as a process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behaviour. It is therefore clear that "learning results from acquired knowledge or experience."15

Some people nurture their behavioural patterns following the code prescribed by their caste or religion. Some set their own standard on value for guiding their behaviour. Some people may rely on the values of others whom they view as their gospel to guide their actions. Based on their learning process, consumers make their own generalisations and in case generalisations are found invalid they develop a sense of discrimination. As a consequence of generalisation and discrimination coupled with continuous learning process,

people tend to develop preferences. "Marketers have applied the learning process to study the effectiveness of advertising and used this to teach the consumers about their products and also help them to develop brand loyalty".¹⁶

Self-concept theories of Personality emphasise the self image of the individual which adds to his personality. Self-esteem is an important psychological make up of an individual. "Self" is the sum total of all that a man can call his -- his body, traits and abilities, his material possessions, his family, friends and enemies, his vocations and avocations and much else".¹⁷ Individuals adopt, what they view themselves as 'ideals' on the basis of their self-image and set their consumption patterns accordingly. Birdnell¹⁸ made an empirical study about people's perception of their car vis-à-vis their perception about themselves and found that 'a close relationship reflecting a high degree of cognizance existed between the perceptions which the car owner had of themselves and their cars'. For instance, people who own prestige cars may identify themselves closely with such cars to demonstrate their status and dignity. If such a person moves down in the status, hierarchy which scales down his ability to buy car, then is its truly expression of 'self'.

Though none of theories of personality is fully satisfactory, the value addition, the theories made in building up various models for understanding the influence of personality on consumer behaviour cannot be underestimated.

¹⁷ Hall, Calvin S and Gardener Lindzey, Theories of Personality, John Wiley, New York, 1957.
Attitude

Attitude is another important feature of personality which influences behaviour of an individual. Attitude is an indispensable concept in shaping consumer behaviour as it exerts a dynamic influence upon his response to an object or situation with which he is concerned. "An attitude represents both an orientation towards or away from some object, concept or situation and a readiness to respond in a predetermined manner to these related objects, concepts or situations".\(^{19}\)

Attitude, according to classical psychological model, is made up of three components: (1) Cognitive (2) affective and (3) behavioural.\(^{20}\) The cognitive component includes not only consumer’s perception about a product but also his belief about the relative merit of the product. The affective component relates to consumer’s feeling and arouses likes or dislikes for an attribute object (i.e. a product or service). The behavioural component of an attitude concerns with the expected behaviour or intention of a consumer towards a particular object. This model of attitude provided the basis for the "hierarchy of effects" hypothesis which explained how attitude changed through effective advertising.


HIERARCHY OF EFFECTS MODEL

RELATED BEHAVIOURAL
DIMENSIONS

Behavioural

Affective

Cognitive

MOVEMENT TOWARDS
PURCHASE

Purchase conviction

Preference

Liking

Knowledge

Awareness

Unawareness

"Essentially this model suggests that not only are attitudes made up of three components but also these components are arranged in a particular order; that is a consumer must have awareness and knowledge of a product (cognitive component) before a liking and preference (affective component) for it can occur".

The multi attitude model developed by Fishbein brought out the relation between belief, intention and attitude. This model suggests that the


consumer has an intention to buy a product. The factors influencing such an intention to buy are (1) attitude and (2) belief. The belief or liking for the product arises after evaluating the criteria by comparing various alternatives. Joyce brought out the relation between attitudes and buying behaviour with reference to advertising influence. According to him, attitudes influence purchasing and purchasing influences attitudes as well. Consumer buys a product which gives him satisfactory or expected performance. Hence consumer repeats purchase of the product. He develops a favourable attitude towards the product. This develops a sense of brand loyalty for the product. But this does not happen always. Attitudes tend to change due to variety of reasons such as environment, group membership, want satisfaction, extremeness, multiplicity, interconnectedness and so on. Sometime attitude changed due to mood of the consumer may also affect his buying decisions.

The above attributes of psychology show the possible workings of human mind while taking decisions. Psychology as a branch of behavioural sciences occupies an important place in the study of human mind.

Cultural Dimensions

While psychological orientation concentrates on individual, cultural orientation focuses on group influence. A clear appreciation of cultural values is necessary for lucid understanding of consumer behaviour. The term culture has wider meaning and larger applications in modern times. It may comprise a set of norms or attitudes or a definite way of doing things. “A culture is a kind of adhesive which binds together men of similar ideas values

It neither refers to instinctive human responses nor includes inventiveness but can be viewed as the means and methods of coping with the environment. "Culture can be defined as complex set of values, ideas, attitudes and other meaningful symbols created by humans to shape behaviour and the artifacts of human behaviour all of which are transmitted from one generation

to the next". It may include “the entire heritage of a society transmitted by word, literature or any other form ... all traditions, habits, religion, art and language”.

Howard and Sheath viewed culture as “a selective man made way of responding to experience a set of behaviour patterns”. Culture generally prescribes standards of behaviour to be observed in certain situations. An analysis of culture reveals various components as given in the figure 2.1.

With the opening up of the world economy as a result of liberalisation these components assume much importance as there will be not only exchange and interlinking of business practices but also sharing of cultural tradition and heritage at global level. Indianisation of western culture or westernisation of Indian culture may lead to a shift in the pattern of behaviour of consumer in India and in western countries.

In the following figure an attempt has been made to explain the cultural influences on consumer behaviour.

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For understanding the cultural effect on consumer behaviour five distinctive characteristics have been identified: “(1) Culture is learned; (2) Culture is inculcated; (3) Culture is a social phenomenon; (4) Culture is gratifying and (5) Culture is adaptive”\(^{31}\). It is the people who nurture cultural values, habits and patterns of behaviour which are transmitted from generation to generation. Culture generates sense of identity, moulds beliefs, directs attitude, prescribes norms and promotes value.

Consumerism tends to be developed around these components of culture which have significant bearing on consumers’ decision marking process. Sometimes the preferences of consumers are so pre-determined by cultural values and their behaviour so defined and refined culturally as to be strong enough not only to resist any tempting advertisement but also to make the marketers to modify their advertising strategy recognising and reflecting cultural values. Sometimes some people may deviate from the culturally accepted patterns of behaviour but such deviation is only temporary and their behaviour will tend to be in consonance with the culturally accepted patterns of

behaviour in view of the fact that the core of culture being deep-rooted and embedded, continues to be influential. Though modern girls use sticker bindis instead of kumkum, their attachment to cherished cultural value is manifestly significant.

It is true that culture itself is a dynamic concept and the cultural trends tend to redefine the uses of certain products resulting in significant changes in the behavioural aspects of the consumer. “Advertising must take into account the cultural values and product-definition of the society (or sub-society) in which it tends to operate ... the social values implied by the concept of ‘Perfume’ are such that its users are necessarily considered as feminine... Advertisers of male cosmetics have discovered that they must carefully conceal the feminism and narcissism involved in colognes”.

In his study on the influence of culture and advertising and vice-versa on rural and semi-urban middle class, H.R. Venkatesha pointed out that majority of consumers buy durables and clothes during festival seasons as the festivals are deep-rooted in Indian culture. More than 48% of people buy during festivals, 2% on new year, 20% during marriage season, 4% after harvest and 26% remain uncertain. His study also reveals that in 40% of the cases, husband takes decisions and in 8% of the cases wife makes decisions on buying consumer durables; the instances of husband and wife jointly taking decisions account for 32% buying decisions. 40% of the consumers do not like to buy goods on some days like New Moon Day and 8% do not wish to buy in ‘Soonye Masa’ (Nov-Dec) or ‘Ashada Masa’ (May-June).


Indian culture is unique and unparalleled as it is composed of rich sub-cultures which include Nationalities, religion, racial groups speaking different languages. Despite these diversities, Indian consumers can be broadly classified into urban consumers and rural consumers. “Urban Consumers are said to have a marked similarity. The spending habits of urban consumers follow a pattern. For example, the first week of the month is boom time for consumer non-durables. The fourth quarter of the year is the boom period for consumer durables. Working women are for time saving cooking and household gadgets”.34 The Green Revolution has brought in a transition from the traditional subsistence to modern commercial farming resulting in an increased income in the hands of the farmers and rural folk. This increase in the levels of income coupled with improvement in media like TV make inroads into their culture. The attitude and life-style of the rural middle class are changing. “We see the consumerist attitude to buy and invest instead of thrift and savings attitude of last generation”.35

In Tamil Nadu during the month of Aadi (15th July to 15th August) no auspicious thing is done and an average consumer in Tamil Nadu has developed a mental block against any big purchase during this month. However in Chennai recently during last Aadi we saw businessmen offered attractive discounts in such a large scale to consumer goods as to have suddenly discovered the magic means of offselling the generally low sales during Aadi month. It has been observed: “Aadi kondatam, Aadi Bonanza, Aadi Thallupadi, Aadi discounts etc. words that stare at us from the print and the visual media,

34 Ibid., p.58

35 Ibid., p.59
words that entice us to indulge in spree of extravagant consumerism, for like all
discount sales it subtly suggests that by spending they are in fact saving.36

Culture bars from doing certain acts particularly in food habits and these
cultural barriers are nurtured mostly by religious beliefs. As society advances
there tends to be small variations in beliefs leading to what is known as
“cultural drifts”. If these drifts loom large, there arises difference in cultural
factors from one place to another resulting in “cultural gaps”. For instance, “In
India there was a cultural barrier against eating eggs among some sections of
the society. But now we can see a sea change in the total scenario. Egalitarian
culture has evolved and giving eggs to the children and pregnant women is
common. The National Egg Coordination Committee’s first objective was to
get the egg consumers to consume more and non-consumers to start consuming.
Egg production has stoop up from 8000 Million eggs in 1975 to 25000 million
eggs in 1992. This is a clear example of cultural drifts where the food system
has been influenced to a greater extent by advertisement.”37 Orthodox Jews are
seen keen on observing their cultural tradition. “At one time Roman Catholics
did not eat meat on Fridays and certain other nominated days in the year; to the
dismay of fishmongers, ‘Pope John XXIII rescinded this prohibition’.”38

It is also interesting to note the cultural influences on consumer
behaviour in USA which has been summed as follows: “American values have
undergone some significant changes and the effect on consumer behaviour has
been substantial. Changes in three institutions – the family, organized religion
and education – have instigated these value changes. Four areas illustrate the

37 H.R. Venkatesha, Cultural Dimension of Advertising Published in Marketing the 21st Century,
result of changing American Values: American of all the ages desire to be perceived as youthful; the impact of traditional religious beliefs is decreasing significantly; creative eroticism is met with less and less resistance; and living the leisure life is growing in popularity”.

“Cultural diversity and multiculturalism has been eroded by overwhelming culture of consumption” and that would make the shift in the meaning of culture from ‘whole way of life’ to ‘whole way of struggle’.

Social Class

(1) The term ‘social class’ refers to the social position a person occupies in a society. Whatever may be the size, every society is stratified which is the reality of life. “The hierarchical evaluation of people in different social positions is apparently inherent in human social organization. Stratification arises with the most rudimentary division of labour and appears to be socially necessary in order to get people to fill different positions and perform adequately in them.”


Individuals are largely grouped based on their occupation, education, income, personal interaction, possessions, affiliations and value orientation and these large groups tend to become a social class.

“Social classes are relatively permanent and homogenous division in a society into which lifestyles, interests and behaviours can be categorized.”

In view of the homogeneity it could be observed that there is uniformity in the behaviour of individuals within each social class though there are differences in the behaviour between different social classes. At the same time there is also similarity in the behaviour of many social classes in many respects. This may be depicted in the following figures:

Social class behaviour

\[\text{FIGURE 2.3}\]

\[
\text{Unique Behaviour} \quad \text{Shared Behaviour} \quad \text{Excluded Behaviour}
\]

Source: Adopted from consumer behaviour, Hawkins, Convey and Best.

It may be seen from the above that "the behaviour of all social classes are unique within themselves....each social class has its own pattern of

purchase, education, occupation, recreation etc. This is important to marketers in order to understand the needs of the consumers..... There are many behaviours which are common between social classes and all social classes behave in a similar manner without much difference. This is shared behaviour. Excluded behaviour is one which the social classes do not indulge in. they try to avoid that behaviour as it is against their standards and norms”.

Different categorization of social class has been made by researchers. W. Lloyd Warner brought out six major classification of US society.

<table>
<thead>
<tr>
<th>Social Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper-Upper</td>
<td>Aristocracy</td>
</tr>
<tr>
<td>Lower-Upper</td>
<td>New Rich</td>
</tr>
<tr>
<td>Upper-Middle</td>
<td>Professionals and managers</td>
</tr>
<tr>
<td>Lower-Middle</td>
<td>White collar workers</td>
</tr>
<tr>
<td>Upper-Lower</td>
<td>Blue collar workers</td>
</tr>
<tr>
<td>Lower-Lower</td>
<td>Unskilled labourers</td>
</tr>
</tbody>
</table>

In India it is usual to categorize the social class into three kinds:

i) Upper Class

ii) Middle Class

iii) Lower Class

Martin has added working class in between middle class and lower class and bought out the social class system as follows.


These are identified by the marketers. Low Percentage of population

Concentration of population in the middle class

Working Class and Lower Class together form the major percentage of population.

The awareness and buying behaviour of the consumer are largely influenced by the category of social class to which he belongs. His lifestyle and buying behaviour are largely determined by the social class to which he is associated.
## TABLE 2.1
LIFESTYLE ORIENTATION AND PURCHASING PATTERN OF A SOCIAL CLASS

<table>
<thead>
<tr>
<th>Social Class</th>
<th>Lifestyle Orientation</th>
<th>Purchasing Tendencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Class</td>
<td>Good Taste</td>
<td>Quality merchandise;</td>
</tr>
<tr>
<td></td>
<td>Graceful Living</td>
<td>Expensive hobby and</td>
</tr>
<tr>
<td></td>
<td>Good Things in Life</td>
<td>recreation;</td>
</tr>
<tr>
<td></td>
<td>Individual expression</td>
<td>Equipment, art, books,</td>
</tr>
<tr>
<td></td>
<td>Interest in art and</td>
<td>travel</td>
</tr>
<tr>
<td></td>
<td>culture</td>
<td></td>
</tr>
<tr>
<td>Middle Class</td>
<td>Respectability,</td>
<td>Items in fashion and</td>
</tr>
<tr>
<td></td>
<td>Conformity,</td>
<td>related to self</td>
</tr>
<tr>
<td></td>
<td>Propriety, Social</td>
<td>presentation;</td>
</tr>
<tr>
<td></td>
<td>Esteem</td>
<td>good clothing,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>neighborhood and house</td>
</tr>
<tr>
<td></td>
<td></td>
<td>items for children</td>
</tr>
<tr>
<td>Working Class</td>
<td>Fun oriented parochial</td>
<td>Newest appliances,</td>
</tr>
<tr>
<td></td>
<td>(restricted in scope)</td>
<td>sporting events</td>
</tr>
<tr>
<td></td>
<td>unsophisticated taste</td>
<td>newest and biggest</td>
</tr>
<tr>
<td></td>
<td>Focus on possession</td>
<td>items</td>
</tr>
<tr>
<td></td>
<td>and not ideas</td>
<td></td>
</tr>
<tr>
<td>Lower Class</td>
<td>Close family</td>
<td>Status symbol products</td>
</tr>
<tr>
<td></td>
<td>relationships; No</td>
<td>enhancing self</td>
</tr>
<tr>
<td></td>
<td>interest in world</td>
<td>esteem; Pseudo symbols</td>
</tr>
<tr>
<td></td>
<td>affairs; No</td>
<td>of prosperity, such</td>
</tr>
<tr>
<td></td>
<td>Neighborhood oriented</td>
<td>as used scooters;</td>
</tr>
<tr>
<td></td>
<td>Want immediate</td>
<td>readily available</td>
</tr>
<tr>
<td></td>
<td>gratification</td>
<td>products</td>
</tr>
</tbody>
</table>

*Source: Adapted from Hawkins, Best and Coney – Consumer Behaviour, p. 173.*

With the advancement of education and technology coupled with meritocracy there is greater scope for social mobility which enabled the people in the western society "to move up the social ladder rather more easily than earlier generations."\(^{47}\)

As people go up in the social ladder, new consumption habits are being formed by way of using consumer durables such as washing machines, mixers, grinders etc and in short their awareness goes up and their lifestyle gets

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transformed. "New styles of life tend quickly to become habitual. Consumption patterns that at first seem indulgent and discretionary tend to become routine and necessary".48

It is also interesting to note the observation of Levy:

"The higher one is in the social scale, the more comprehensive are one's values; there is greater sense of participation in the community, as well as an increase in self expressive attitudes. Self fulfillment is more valued and more pursued as a real possibility".49 This reminds us about Maslow's concept of Self actualisation.

Based on various studies concluded by consumer researchers, Carl E Block and Kenneth J. Roerving have summed up the following generalisations50 to indicate the impact of social class on consumer behaviour.

a) The kind, quality and style of clothing an individual wears is related to that individual's social class. While all social classes are interested in clothing fashion, the upper classes pays greater attention to fashion information.

b) The evaluation criteria a family uses to select a home are affected by social class


c) The amount and type of search undertaken by an individual varies by social class as well as by product and situation.

d) Upper class individuals have far more access to media information than do their lower class counterparts. Lower classes individuals tend to rely on relatives and close friends for information about consumption decisions whereas middle class individuals put more reliance upon media acquired information and actively engage in external search for the media.

e) Lower class individuals tend to prefer to shop at local face to face places where they are confident that they will receive friendly service and easy credit. Upper middle class individuals tend to be more confident in their shopping ability and shop at a broader range shops. The discount store especially appeals to the middle class because they are careful and economy minded in their buying.

Family Influence in Consumer Behaviour

"A family is two or more people living together who are related by blood or marriage"51

Traditionally, family was considered as the primary unit of society. The norms and sentiments that make it have their sources partly in the wider community; the community is, in part, the repository of family ideals and a source of family stability. Types of families may be explained as follows:

Since family is a dynamic entity its composition tends to change over the years; resulting in variations in its need and alterations in its buying behaviour. This is a sort of progression known as family life cycle which "is not only a function of age but also reflects income and changes in family situation that affect every facet of purchasing power"\textsuperscript{52}

Eight stages of family life cycle described by William Wells and George Gubar are given below:

The Traditional Family Cycle

1. Young Singles
Single people under the age of 35. Incomes are low since they are starting a career, but they have few financial burdens and a high level of discretionary income.

2. Newly Married
Newly married couples without children. High level of discretionary income because the wife is usually working.

3. Full Nest I
Married couples with the youngest child under 6. Greater squeeze on income because of increased expenses for child care.

4. Full Nest II
Married couples with children from 6 to 12. Better financial position since parents income is rising. Most children are "latchkey kids" because both parents are working.

5. Full Nest III
Married couples with teenage children living at home. Family's financial position continues to improve. Some children work part time. Increasing educational costs.

6. Empty Nest I
Children have left home and are not dependent on parental support. Parents are still working. Reduced expenses result in greatest level of savings and highest discretionary income.

7. Empty Nest II
Household head has retired, so couple experiences sharp drop in income. Couple relies on fixed income from retirement plans.

8. Solitary Survivor
Widow or widower with lower income and increasing medical needs.


The above stages not only reflect the progression of a family from marriage to retirement but also serves as the basis to understand the role and influence of the members of family in decision making process. In some families husband is dominant and in same families wife has greater influence in
making purchase decisions. “To many families the fact that the husband or wife dominates (has the greater influence) in certain decisions is simply the result of consumer role specialization.”

It is also true that the influence of husband or wife depends upon the nature of the product purchased. In purchase of some products both husband and wife extend equal influence which is known as syncratic. The average relative influence of husbands and wives as studied by Davis and Rigaux using a sample of 73 Belgium households is given in figure 2.5.

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It has been pointed out by consumer researchers that problem recognition, information search and final decision are the three important phases through which a family takes purchase decision. Applying the above format, it would be possible to show that some changes in husband and wife...
influence do occur from the time a problem is recognized until a final decision is made.

(7) Henry Assael,⁵⁴ has brought out the following five roles in decision making:

FIGURE 2.6
Required roles in joint decisions

According to Sheth,⁵⁵ joint decision making is more likely when the level of perceived risk in buying is high (e.g., Purchase of a new home) or when the purchasing decision is important to the household (e.g., Decision to buy major appliances)

It has been observed that joint decision making is less likely among upper and lower socio economic groups. Low income groups are more female dominant; higher income groups are more male dominant; the middle income groups are more likely to engage in joint decision making.⁵⁶

It has been pointed out that there is high frequency of joint decision making in younger families and one study found that ‘shared decisions’ are greater in the first year of marriage.⁵⁷

It has been stated that there is more likelihood of joint decision making if the family has no children and once the children are born, roles come into play and need for joint decision gets reduced.

**Consumer Socialization of Children**

The influence of children on family decisions cannot be ignored. The process by which “young people acquire skills, knowledge and attitude relevant to their functioning in the market place”\(^5^8\) is known as consumer socialization. The purchase behaviour of children are nurtured by parents, particularly, children’s brand preferences. It is aptly said that “the family is instrumental in teaching young people rational aspects of consumption including basic consumer needs”.\(^5^9\) At the same time, children do exert influence on parents’ buying decisions. One American study estimates that “children influence $132 Billion in family expenditures over 62 product categories. The bulk of these influences are in food and beverage products”.\(^6^0\)

The extent of children’s influence on parents varies according to the category of products. The following figure indicates the product purchased and influenced by children.

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\(^6^0\) *The Little Shoppers*, American Demographics, Feb.1992, pp.48-50.
GRAPH 2.3
PURCHASE BEHAVIOUR OF CHILDREN

Candy, gum
Toys
Presents
Soft drinks
Snacks
Books, magazines
Fast food
Clothes
Records, tapes
Batteries
Movie admissions
Sports equipment

Percentage of Children Purchasing Product

Group Influence and Consumer Behaviour

Modern society is composed of inter related social groups. "A group is an aggregation of individuals standing in certain descriptive (i.e., observable) relations to each other. The kinds of relation exemplified will, of course, depend upon, or determine, the kind of group, whether it be a family, an audience, a committee, a labour union or a crowd." ¹

A person's behaviour is largely influenced by the group he belongs. Groups may be primary or secondary, also formal and informal.

Primary groups include family, friends or working colleagues. The secondary groups include political or religious organizations or professional associations. Formal groups have defined organizational structures where the rights and duties of members are specified. Informal groups have less rigidity. Sometimes people are influenced by the group to which they do not belong. Such influential group is called aspirational group.

When an individual's attitude and behaviour are influenced by a particular group of people, then the group is known as reference group. The concept of reference group was originated by Herbert Hyman in 1942 to describe the kind of group used by an individual as a point of reference for his own judgment, beliefs and behaviour.63

"Reference group may influence behaviour in two principal ways.

i) By affecting levels of aspiration, hence contributing to satisfaction or frustration.

ii) By affecting the types of behaviour through establishing conventional patterns of personal expenditure, thus producing either conformity and also contentment or otherwise."63

"Reference groups perform normative functions by serving as a source of individuals norms, attitudes and values. They also perform comparative functions when individuals use a group to establish a frame of reference for value formation and decision making."64


The level of influence of reference groups varies among products and brands. "Reference groups appear to influence both product and brand choice strongly only in the case of automobiles and color Televisions mainly brand choice in such items as furniture and clothing; and mainly product choice in such item as beers and cigarettes."\(^{65}\)

The influence exerted by reference group to encourage conformity by changing the consumer attitudes and behaviour can be explained as follows:\(^{66}\)


Opinion leaders do play an important role in influencing consumer behaviour. "An opinion leader is the person in informal product related communications who offers advice or information about a specific product or product category such as of which of several brands is best or how a particular product may be used. Opinion leaders are found in all strata of society and a person can be an opinion leader in certain product area and an opinion follower in other areas".  

An opinion leader may also be called as a reference individual. An individual may be an opinion leader with reference to one product but may be an opinion seeker in respect of another product.

BEHAVIOURAL MODELS OF CONSUMER BEHAVIOUR

A model is “a blue print which shows the essential elements of a large system” and “which cannot be regarded as anything more than a rough approximation of complicated reality”.

Models of buying behaviour serve as the basis for marketers to have qualitative and quantitative assessments as they describe market parameters and allow the marketers to make predictions as to the likely outcome of marketing strategies to be adopted by them. The models should contain the attributes of relevance, comprehensibility and reliability.

Various buying behaviour models have been developed since 1940. Broadly these models can be classified into monadic models and multivariable models. Monadic models are based on microeconomics and multivariable models are based on behavioural sciences.

Behaviour Economic Model

Classical economists studied consumer behaviour on the premise that the consumer is rational and market is perfect. Their study mainly focused the economic behaviour rather than the actual behaviour of the consumers themselves. George Katona brought out the influence of psychological factors

as major determinants of behaviour of consumers. His behavioural economic viewpoint is explained below:

FIGURE 2.8

KATONA’S BEHAVIOURAL ECONOMIC PERSPECTIVE

The above figure shows that the actual economic conditions are modified by the psychological processes resulting in consumer sentiment which is a deciding factor in the amount of discretionary spending by the consumers.

Consumer sentiment reflects consumer changing attitude about the economy. Ivanova and Kajal Lahiri examined the utility of index of consumer sentiment (ICS) in predicting aggregate consumer expenditure by drawing evidences from various models and they observed: “we conclude that the benefits from including consumer sentiments in models of consumption are largest in periods when conflicting economic and socio political news cause high overall uncertain and wide swings in near term expectation of personal income”. 69

Black Box Model

This model is based on psychological approach. According to this model human being is like a processor in a system. The inner psychological instincts like perception, learning etc which motivate the consumer to either buy or reject the product, are difficult to predict. In other words it would be very difficult to read what is going inside the mind of the consumer. Hence the consumer is termed as black box.

**FIGURE 2.9**

**BLACK BOX MODEL OF CONSUMER**


Adopting a mixture of marketing strategies, marketers approach the consumer or black box by offering product and services. The input to black box comprises of competing product, quality, price, style, advertisement and word of mouth. The output is typically the result of consumer's choice of a brand of product. "This elementary model is a start however to more sophisticated study
of many variables in the decision process as reflected in multi variable models".70

Decision Process Models

According to theses models buying process involves, series of stages to be followed in sequence as indicated below:

**FIGURE 2.10**

**FIVE STAGE MODEL OF CONSUMER BUYING PROCESS**

| Problem Recognition | Information Search | Evaluation of Alternative | Purchase Decision | Post purchase behaviour |

*Source: Kotler*71

The comparative model devised by Engel, Kolat and Blackwell describes the following steps:

**FIGURE 2.11**

**COMPARATIVE MODEL**

| Problem Recognition | External Search | Alternative Evaluation | Purchasing Process | Post purchase Evaluation |

*Source: Engel, Kolat and Blackwell*72

These models cannot be taken as full-fledged ones but certainly provide the basis for 'developing discussions of consumer buying behaviours.'

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Problem recognition or felt need is the starting point. Buyers seek to satisfy their needs. Hence they search for product, services or brands. After searching and discovering various products and services, they try to critically evaluate the same keeping in mind various views including that of opinion leaders. In the process of evaluation, they develop choice criteria covering performance of product, price levels, design, availability etc. Then they decide to buy and their decisions are made up of many subdivisions relating to the specific attributes of the products. Post purchase evaluation is crucial for the marketers to launch their long term marketing strategies. Satisfactory product performance has a positive effect on the memory Bank of the consumer who would like to repeat the buying of the same brand of the product.

**Multi Variable Model**

In the model developed by Howard and Sheth, a multiplicity of variables is linked in a precise way. The model not only indicated the complexity of consumer behaviour but also portrays the role of learning, perception, attitudes etc in influencing consumer behaviour.

The model is so rich in form and contents it cannot be explained in few paragraphs but can be briefed excellently in the words of Block and Roering as follows:

"Howard and Sheth contend that when the buyer is interested in purchasing something, he actively seeks information from his commercial (significative and symbolic) and social environment. The buyer's perceptual processes limit the information received and modify it so that it is consistent with its own frame of reference. In addition to the process of searching for information, the buyer draws from his learning obstructs, such as attitude and motives. The choice criteria the buyer has developed enabled him to choose a brand that has the greatest potential for satisfying his motives. When a buyer's
experiences with a brand are satisfactory, the evaluation of it increases and the likelihood of his purchasing that brand of product again, increases. If the buyer repeats the decision a number of times, routinised purchase behaviour develops.\textsuperscript{74}

The Nicosia Model

Based on the ‘technique of computer flowcharting with feedback loops’, Nicosia’s model explains in greater depth the structure of a consumer decision process. The model is useful in predicting consumer behaviour.

Nicosia Identified four basic fields in his flowchart. According to him, each of the four ‘building block or fields’ should be viewed as a ‘sub program of the overall computer program’ throughout which ‘a number of invariant cognitive and other psychological activities’ take effect.


Among the various models of buying behaviour, multivariable approach seems to be the most acceptable model. These models project consumer behaviour 'as information acquisition and processing, moderated by psychological, social and cultural influences.' However, as observed by Chisnall, 'no model can really offer a complete explanation of buying behaviour that is universally acceptable; they need interpretation and sophisticated understanding before they can be of value to marketing management'.
