CHAPTER – I

INTRODUCTION

I.1. INTRODUCTION

India is one of the fastest growing economies of the world. In Financial Year (FY) 12, India’s Gross Domestic Product (GDP) grew at 6.7% but reduced to 4.5% in FY13 and FY14 (estimated) due to lower growth rates clocked by the industry sector\(^1\).

While Services sector, which contributes to one- third of the India’s GDP, has been the engine for growth, agriculture sector continued to be the anchor of the economy with 4.6% estimated growth in FY14.

With the burgeoning young and educated middle class, the growth engine for Indian economy, India is expected to become the third largest world economy by 2030, surpassing developed economies like Japan and Germany\(^2\).

Indian economy has undergone a considerable structural change in the last decade as it has been moving away from being an agriculture-led economy to a services-led economy. However, agriculture still contributes to 14% of the total GDP and employs 60% of the population\(^3\).

While, significant strides have been made in agricultural sector, there are quite a few areas of improvements which if addressed would drive the growth in both agriculture and its allied sectors. Addressing these areas would help the agriculture and thereby the food & beverage sector to better equip them to cater to the significant growth expected consumption in India in the next decade.

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In line with the growth in economy, Indian total annual household consumption is likely to treble, making India the fifth largest consumer market by 2030\(^1\). Food and beverage (F&B) is the largest segment of the consumption basket.

The F&B sector is poised for growth around the world. The emergence of new economies and increased purchasing power in developing nations are driving strong growth which is evident by the increased Merger & Acquisition activity in the sector. Consumer focus is changing, with an increased preference for healthy products with responsibly sourced ingredients.

This is leading to a need for companies to come up with a diversified product portfolio like packaged juices. Technological innovation is also a key growth driver for this sector. The use of digital devices and growth of social media have led to the importance of adopting e-commerce and digital marketing strategies.

I.1.1. Classification of Beverages

A beverage is a drink specifically prepared for human consumption. Beverages almost always largely consist of water. Drinks often consumed include: Water (both flat or carbonated), Juice based drinks, Soft drinks, Sports and Energy drinks, Alcoholic beverages like beer or spirits, coffee, tea, dairy products like milk, lassi etc.

Beverages are mainly classified into two major categories based upon the alcoholic and non-alcoholic nature of the drink. Non-Alcoholic beverages are further of two types based upon carbonization. They are carbonated beverages and non-carbonated beverages. Non – carbonated beverages include Fruit juices, Coffee and Tea. Carbonated beverages include Soda and Colas. The Alcoholic beverages are based
upon the fruit content and grain. It may be Wine, Brandy, Whisky or Beer. This study focuses on the non-alcoholic beverages only.

**FIGURE – 1.1**

**CLASSIFICATION OF BEVERAGE**

Commonly, drinks are filled into containers, like glass or plastic bottles, steel or aluminium cans as well as cardboard supported packages, like the "TetraPak" or others. Filling of beverages can be done cold, hot, ambient and cold-aseptic filling to mention the latest trend of beverage marketing and technology.

Recycling is the reprocessing of recovered paper, PET and board, including composting. Recycling occurs when a product having completed its original function is reprocessed to convert it into useful new material. Recycling makes sense both from an environmental and economic standpoint. It facilitates efficient use of the raw material from sources such as forests, and also contributes to a major reduction in waste and energy thereby helping in the reduction of greenhouse gas emissions generated in landfills.
An attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object. One of the prime reasons for conducting this research is to understand customer attitudes. The reason being –

Attitudes affect behaviour. In marketing, the desired behaviour is to drive the customer to purchase a product or service. Marketers need to understand, what attitudinal barriers exist in purchasing so they can strategize their marketing activities accordingly.

I.1.2. Origin of the Indian Beverage Industry

Despite India’s great tradition of food, eating out was not as common as in the West until recently. Now, eating out is a regular form of entertainment especially in the metros, mini-metros and Tier I cities, driven by rise in income, greater number of nuclear families and working women, and urbanization. Focused marketing by brands, with more emphasis on the menu, is also attracting customers, as is the dissemination of culinary concepts and preferences through print and television media. Closely linked to these developments is the transformation of cuisine from simple and familiar offerings to a menu that offers diversity in taste, style and origins.

At the consumer end, a greater willingness to experiment with novelties, exposure to international cuisines, and a fast-paced lifestyle have contributed to changing cuisine preferences like preferring packaged juices. Most people in India are exposed to a variety of beverages from an early age: mothers serve homemade milk shakes, Sharbats, Chocolate drinks etc. However, beverages are themselves only a “sidekick” and at best served as fillers in-between meals. Given this backdrop, the recent surge in the Indian beverage segment is exciting and can open up many retail opportunities. This emergence began with the introduction of coffee chains more than a decade ago. This was a first in terms of organized beverage retail, since the segment was earlier
dominated by small local players like juice shops. Also, restaurants which focused solely on food have also added/expanded their beverage offerings. This has boosted development of both alcoholic and non-alcoholic beverages at both product and retail level.

Non-alcoholic beverage segment include tea and aerated drinks. In the past few years, coffee has become a fashion statement among the young and upwardly mobile. With both Indian and international coffee chains mushrooming across the country, cafes play a key role in tuning customer preference and also creating a retail space. This growth has also prompted bigger international brands like “Starbucks” in to the Indian market.

Interestingly, the development of the coffee segment is set against the backdrop of India primarily referred to as a “tea drinking” nation with the per capita tea consumption of 0.75 kilos per annum being almost 10 times the per capita coffee consumption. The tea segment, despite a surge in opportunities, is presently at a similar stage to that of the coffee segment a decade ago. However, consumers are keen on trying out new variants such as flavoured and herbal teas, and further, understand the product’s novelty and they are willing to pay a premium price. Growing awareness of health benefits attributed to tea is another factor driving the expansion of tea based chains like Chaipatty, Passion– My Cup of Tea, Tapri, Infinitea, Chai Point, Tea Junction, Tea Pot, Tea Center, Cha Bar, and Wagh Bakri Tea Lounge. A push to the tea chain comes from introduction of tea options by leading coffee chains.

Brands are also experimenting with other beverage based formats, e.g. juice bars, especially in high footfall areas like airports and office complexes. Such brands as Booster Juice and My Orange cater to an increasingly health-conscious
population through easy to access locations. This has added to the overall development of the non-alcoholic segment.

I.1.3. Growth and Development of the Indian Beverage Industry

India’s population is growing and so is the economy and with that the resultant demand for food and beverages is also increasing. This is driving the growth and expected growth of the organised and packaged food and beverage sector. This is also an area where there is considerable potential for innovation and value addition as also the scope for value creation through reduction in waste.

The new government has already identified this sector as one of its priority areas. In its maiden Budget speech, Union Finance Minister Mr Arun Jaitley announced allocation of INR 2,000 crore to meet the credit needs of food processing industry. Also, Ms Harsimrat Kaur Badal, Union Minister for Food Processing Industries sees huge potential in the sector. She has spelled out her plans to develop a national food map and wants to work closely with states to resolve a host of issues faced by businesses operating in the sector. Food processing in India was earlier limited to food preservation, packaging and transportation\(^5\). However, over the last two decades, certain sections of the industry have evolved to meet global standards through technological advancements. Developments such as establishment of cold storage facilities, food parks, packaging centres, irradiation centres and modernised abattoir have helped the sector make significant strides but these still cater to a small fraction of the food production.

A number of policy and procedural initiatives are required to give impetus to this sector. Despite constraints linked to infrastructure, market access and funding,
dynamic businesses operating in this sector have made their mark on the global stage. The next few decades will be the golden years for the food and beverage sector. It is not just the domestic demand but the export potential as well that makes this sector promising for investors. It also has the potential to generate employment for 48 million people\(^6\) (13 million directly and 35 million indirectly), according to India Brand Equity Foundation.

A dynamic and emergent sector of the economy, the juice market in India has grown at a rapid pace in recent years.

The juice market is dominated by the fruit drinks segment that currently accounts for the lion’s share of sales, followed by fruits juices and nectars categories. With newer brands and variants being introduced at frequent intervals, the growth in the Indian juice market has been truly dynamic.

The growth in the domestic juice market has largely been the result of three main factors. These include the rising level of disposable income among Indian consumers, increased health and nutrition awareness among the current population in India and growing fruit imports into the country.

With India having one of the most rapidly advancing economies in the world, the real household disposable income within the country has more than doubled since 1985\(^7\). This has led to a situation where consumers are able to afford packaged fruit juices that are in fact, costlier than non-packaged ones.

At the same time, non-carbonated drinks are usually preferred by Indian consumers, that has in turn led to their dominance vis-à-vis carbonated ones. The increased preference for non-carbonated drinks has been fuelled by a rising level of
awareness about health-related issues that has been particularly noticed among teenagers and young adults within the country. Some of these health-related issues are linked to obesity and heart problems. Out of this population segment, metropolitan consumers have displayed the maximum preference for non-carbonated drinks. But there is a common perception that fruit juices contain much less sugar than aerated drinks.

Meanwhile, the Indian market has witnessed a recent surge in the imports of fruits and vegetables that have gone up by as much as 70% during the fiscal year ended March 2012. Fruit imports have risen at a fast pace, fuelled by increasing demand for imported fruits by health-conscious consumers. This increased competition has again forced domestic fruit juice producers to raise their standards of quality.

At the end, all these combined factors have worked in favour of the overall juice market as evidenced by the approximately 40 per cent increase in juice consumption within a period of one month between December 2011 and January 2012\textsuperscript{8}. That apart, the fact that there is no particular age for the consumption of fruit drinks has also helped to significantly increase the consumer base for the industry’s products.

However, the Indian juice market faces a number of challenges that have proven to be an obstacle towards further growth. Two of the primary challenges faced include the reluctant attitude displayed by domestic farmers towards fruit farming and the overall unorganised nature of the market.

I.1.4. **Challenges and prospects of the Indian Beverage Industry**

Indian farmers generally tend to display an aversion towards fruit farming which is the result of a combination of factors. To start with, there is a problem with the
entire mindset as crop farming is usually perceived to be a far more respectable profession than cultivation of fruits and vegetables within the farming community. The latter products are also vulnerable to adverse weather conditions and face a continuous risk of high price volatility. Farmers also suffer due to lack of proper storage facilities for fruits and vegetables which in turn, lead to high chances of spoilage. As such, fruits and vegetables are not considered to be financial assets, unlike stored crops.

Added to this is the fact that an overwhelming section of the domestic fruits and vegetables market is largely unorganised by nature. Indian consumers often prefer fruit juices prepared by roadside vendors as they are perceived to be more ‘fresh’ than packaged drinks.

One good thing in this regard has been the support provided by the government to the food processing industry, including the fruits segment. As per government policies, up to 100 per cent foreign direct investment (FDI) is permitted under the automatic route in the country’s food infrastructure comprising food parks, cold storage chains and warehousing, among others. Moreover, the government has also reduced corporate taxes and custom duties on food processing plant and related equipment, apart from setting up free trade zones and export processing zones for the industry.

With regard to the three main categories of the domestic juice market, fruits drinks are the most popular and include products that comprise around 30 per cent fruit-based content. Two of the highest selling brands in this category are ‘Frooti’ and ‘Slice.’ Juices, meanwhile, are manufactured by squeezing fruit or vegetable flesh using a machine and without any heat or solvents being applied. Juices have 100 per cent fruit-based content and two of the brand leaders in this category are ‘Tropicana’ and ‘Minute Maid.’ Nectars comprise a relatively newer category and include additives
such as sugar or sweeteners, apart from a range of aromas. The most popular nectar product in India currently is Dabur’s ‘Real’ brand.

A detailed manufacturing process is followed for packaged fruit juices and the different stages involved are harvesting and collection of fruits, cleaning / grading, extraction, concentration, reconstitution, pasteurisation and packaging / filling. Let us delve into a few details about each of these stages:

The first of these stages involves the harvesting of fruits which is carried out either by individual growers or by cooperative joint farming societies. The latter involves groups made up of individual land-owners whose small farming areas may not be economically sustainable by themselves. Collection of fruits is carried out by the local workforce that passes them on to juice processing units. The collected fruits are then cleaned and graded through a process of inspection and washing inside the juice processing units. In the next stage, the main ingredients that are used to manufacture the different types of beverages are extracted from the cleaned and graded fruits. Stainless steel plates filter the juices after the extraction stage and the latter are then passed on for further processing.

The entire purpose behind the processing of fruit juices is to retain their original properties for as long as possible. This is because fruit juices are best consumed fresh when they have the finest taste and colour. So, in order to preserve their original quality and properties to the maximum extent for the longest possible period, fruit juices need to be processed using a variety of techniques. The processing of fruit juices essentially varies based on the type of product involved. For instance, clear varieties of juices are derived from fruits such as apples, grapes and lemons that are usually processed with the help of plate heat exchangers, while other varieties of juices are extracted from
fruits such as guava and mango through a method of processing using corrugated tubular heat exchangers. While it is true that fruits tend to lose some important properties such as aroma during processing, these are mechanically returned during the reconstitution stage.

An important stage in the fruit juice manufacturing process involves concentrating the juices to enable manufacturers to increase their shelf life and thereby save on storage related costs. The next stage is called reconstitution which basically involves blending the concentrates with water to achieve the desired standards of quality in terms of flavour, colour and so on. This stage is followed by pasteurisation where any impurities are removed from the collected fruit content and it is basically made fit for human consumption. The last and final stage of production is packaging / filling which needs to be carried out instantly to prevent the freshly prepared juice from cooling off. The entire process is carried out in a highly sterile environment.

The juice market in India is set to have a bright future as evidenced by the emergence of certain key trends. The first of these is the concept of ‘juice bars’ that have become popular among Indian consumers at present. Juice bars are the direct outcome of Western influences on Indian society, coupled with the increased awareness about health-related issues among consumers. These juice bars usually combine a variety of fruits that are available throughout the year such as apples, oranges and bananas with other exotic varieties such as apricots, kiwis and berries to create a range of fruit juices with interesting names that have become popular particularly among young adults these days. The juice bars sell products such as exotic juices, energy boosters, masala smoothies and energisers. Two of the reputed juice bars in India comprise the HAS Juice Bar and Juice Lounge in Mumbai.
Apart from the increased level of health awareness among consumers, there are several other factors that have contributed to the success of fruit juice sales in the market. Fruit juices are being portrayed as a holistic solution for improving a person’s health and increasing immunity against diseases. What has helped is the increased affordability of juice-based products such as fruit drinks, nectars and juices. Recently, a number of fruit juice manufacturers are targeting the children’s market by promoting the product as a healthy option during the growing age. For instance, ‘Notty’ – a fruit drink launched recently, has proved popular among child consumers within the country.

Manufacturers are also adopting a number of other strategies to attract more consumers. Some companies are planning to launch fruit juices in cans that are preferred over bottles by the younger generation. Fruit juice companies are also trying to rope in popular Indian movie stars or sports personalities as brand ambassadors for their products as part of a proven marketing strategy. Further, newer flavours and variants are being introduced at frequent intervals such as the ‘Minute Maid’ range from Coca Cola and the ‘Real Activ’ range from Dabur.

To sum it up, the juice market in India is positioned favourably at present and the relatively lenient entry and exit barriers ensure that newer companies are able to enter the market freely, thereby improving its prospects even further. Moreover, the market has several untapped sectors such as the children’s segment and the rural segment, both of which are potentially high revenue generation sources in the near future.
I.1.5. Indian Fruit Juices Market

Within the beverages market, the fruit-based beverages category is one of the fastest growing categories, and has grown at a CAGR of over 30% over the past decade. At present, the Indian packaged juices market is valued at INR 1100 crore (~USD 200 million) and is projected to grow at a CAGR of ~15% over the next three years\(^9\).

The packaged fruit juices market can be divided into three subcategories, viz. fruit drinks, juices, and nectar drinks. Fruit drinks, which have a maximum of 30% fruit content, are the highest-selling category, with a 60% share of the market. Frooti, Jumpin, Maaza, etc. are the most popular products in this category. Fruit Juices, on the other hand, are 100% composed of fruit content, and claim a 30% market share at present. In contrast, nectar drinks have between 25-90% fruit content, but account for only about 10% of the market\(^10\).

The rising number of health-conscious consumers is giving a boost to fruit juices; it has been observed that consumers are shifting from fruit-based drinks to fruit juices as they consider the latter a healthier breakfast/snack option.

Dabur is the market leader in the Indian packaged juices market with its brands Real and Real Activ. It accounts for ~55% of the total packaged juices market, and is followed by PepsiCo with a ~30% share. Other players include Parle, Fresh Gold, and Godrej\(^11\).
Some of the other brands of fruit juices and drinks include Frooti, Appy, Mazza, Minute Maid, Slice, Fresh Gold, and Del Monte. Considering the attractiveness of the segment, such diversified consumer food companies as ITC are working towards a foray into Packaged Juices.

As per studies, the most preferred pack size is the individual (small) pack which is convenient, and easy to carry and consume. These are in great demand as out-of-home consumption is on the rise. Consequently, there is a growing consumer base, and also intense competition. Tetrapaks are most popular among manufacturers as well as consumers. Some companies are also offering their products in tins (e.g. Del Monte) and PET bottles (e.g. Mazza); however, they are more expensive than Tetrapaks, which adds to production costs, and, as a result, affects the market price.

Fruit juices have created a space for themselves in regular household menus, as a part of a family’s breakfast, social gatherings, and evening snacks. As a result, consumers are picking up multiple family packs at one go, which is an emerging consumption trend.

There are several reasons behind the growth the Indian Packaged juices category has realized; some of these are mentioned below.

**Changing consumer lifestyles:** Given the change in eating habits, the wider global exposure, and the growing time-poverty, has provided a fillip to the convenience food segment. Again, consumer preferences are shifting towards healthier lifestyles. As a result, the packaged juices market has charted a high growth trajectory thanks to its easy availability, anytime-anywhere consumption, and convenience. Juices are often seen to be quick, yet nutritional, fillers.
Increased Health Awareness: The rising awareness about heart- and weight-related health issues, especially among teenagers and young adults, has propelled the consumption of packaged fruit drinks. There is also a greater preference for these “healthier” beverages than carbonated soft drinks.

Hygiene matters: Juices are healthy only when prepared hygienically. Packaged juices from trusted national and international brands have usually been prepared and certified to be in accordance with health and safety regulations. They thus underpin the confidence of consumers in considering them to be a healthy and convenient option, as compared to the fresh juices available at local joints and street stalls.

Growing category of informed buyers: There is a growing category of informed buyers who are able to distinguish between fruit-based beverages and fruit juices. These consumers are health conscious, highly aware, and have higher disposable income. They have, therefore, led the demand for 100% fruit juices in the past couple of years.

Rising Disposable Incomes: In the past few years, there has been a sharp change in the number of nuclear families, in tandem with a surge in the number of working couples, which has led to higher disposable incomes. This has aided the affordability of packaged fruit juices, which are fast replacing fresh, homemade juices and becoming a compulsory item on breakfast tables.

Booming modern retail: The dynamics of growth in the fruit-based beverage space are attributed to modern retail and alluring shelf displays which drive impulse purchases.
**Habitual purchase:** The trend of consumers evolving from fruit drinks in bottles to sweetened juices to 100% packaged juices has been observed largely in the past couple of years. Consumers are buying in greater quantities, for household consumption, and buying fruit juices is becoming more of a habitual purchase than a need-based purchase.

**Introduction to new flavours:** To kindle consumers’ interest in the category and also to cater to diverse and changing tastes, fruit juices providers are introducing new flavors and packaging options.

Among all challenges, it is difficult to control the cost of production at the price points of juices, primarily because of rising food inflation. The continuous, year-long supply of raw materials, and the non-stop production of juices for the full season, is another production-linked issue which needs to be managed carefully. Also of vital importance is controlling transportation and logistics costs.

Packaged Juices are gradually cementing their place in the urban household in the metros and Tier I cities; however, replicating the same success in Tier II and Tier III cities is still a struggle as residents in these regions still prefer fresh juices over packaged ones as they are comparatively cheaper and also in sync with the traditional belief that juices are best consumed freshly pressed. Challenging and changing consumers’ perspective on value for money, to grab a regular spot in the common household basket necessitates an aggressive stance towards improving consumers’ awareness on the positive attributes of packaged juices and their merits over locally available options.
At the same time, the packaged juices market throws up many opportunities. Some of them are outlined below:

- **Shift towards 100% juices from sweetened juices:** This offers a wide opportunity to existing and upcoming juices manufacturing companies to spruce up their existing business and plan as needed for business or capacity expansion.

- **Healthy proposition:** It has been observed that consumers are making healthy choices in their beverage consumption; therefore, fibre-enriched juices and no sugar juices are more in demand. Some new juice variants claim to have no added sugar; this can be positioned as a health attribute, e.g. “Dry Fruit Apple Juice” by Balan Natural Foods.

- **Unique offering:** Consumers are seeking unique fruit flavours apart from the usual mango, orange, or lime-based fruit juices. Companies intoned to identify some of the unique fruit juices that can be offered, “Dry Fruit Apple Juice” for instance, which is much sought after due to the nutritive benefits provided by the combination of dates, figs, raisins, almonds, and apple concentrate.

- **Wider Options:** Companies need to offer wider varieties and options for the consumer to choose from, ranging from “mixed” fruit juices to pure, single fruit juices to dry fruit juices. Thanks to higher incomes, consumers are willing to experiment with variety and pay a premium for such value-added products.
• Product extension: There has been some recent product extension, e.g. Tropicana launched Tropicana Fruit Powder with no preservatives or artificial flavors, which will be available in single-serve sachets and can be made into a full glass of juice simply by adding water.

It is appropriate to say that the packaged juices market in India is still evolving. As there are many national and international brands on the verge of succeeding and expanding further into the field, new entrants can also cash in on this opportunity by positioning/promoting packaged and bottled fruit juices as part of the consumers’ daily diet. Simultaneously, it is critical to ensure affordability for consumers, while maintaining the hygienic aspects and quality of products throughout the year.

I.2. CONSUMER BEHAVIOUR AND MARKETING

Consumer behavior is "the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

Behavior occurs either for the individual, or in the context of a group (e.g., friends’ influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).

• Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems
result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.

- Consumer behavior involves services and ideas as well as tangible products.
- The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

There are four main applications of consumer behavior:
• The most obvious is for marketing strategy—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers’ brand choices.

• A second application is public policy. In the 1980s, Accutane, a near miracle cure for acne, was introduced. Unfortunately, Accutane resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers’ attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.

• Social marketing involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the
cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.

- As a final benefit, studying consumer behavior should make us better consumers. Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a size premium by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are really getting a bargain.

Any person engaged in the consumption process is a consumer. These consumers can be identified by the type of markets to which they belong. On the basis of this consumers are of two types i.e. Industrial and final consumers. The present study is concerned with the final consumers, individuals who buy for personal consumption or to meet the collective needs of the family and households needs. The consumer behaviour refers to those actions and related activities of persons involved specifically in buying and using economic goods and services. It includes both mental and physical actions. In other words it reflects the totality of consumer decisions with respect to acquisition, consumption and disposition of goods services, time and idea by (human) decision making units. It also includes whether, why, when, where, how, how much and how often and how long consumption depends. An understanding of the consumer behaviour will help us in understanding different market segments and evolve strategies to effect penetration with these markets. It also seeks to identify the gaps in shaping their desires and aspirations and solving many of the consumer’s day-to-day problems in purchase.
Adam Smith at the end of 18th century wrote consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to only, so far as it may be necessary for promoting that of consumer. The field of consumer’s behaviour really began to develop in the early 1960s, when the Ford foundation commissioned a two years study of the state of knowledge of marketing in American Business School. Later many theories were developed which viewed consumer behaviour from different angles and the marketers used these theoretical base for studying consumer behaviour and for framing various marketing strategies and programmes based on the interest, attitudes and perception of consumers.

Perception is the process by which people select, organize and interpret information to form a meaningful picture of the world. Though a motivated person is ready to act the people with some motivation may act differently. It is because of the fact that the individuals receive, organize and interpret the sensory information on an individual way.

People can form different perceptions towards same stimulus because of three perceptual process i.e. selective attentions, selective distortion and selective retention. For example, an average person may be exposed to very larger number of advertisements in a single day. Certain people have the capacity to screen out most of the information to which they are exposed, means that marketers have to work hard to attract the consumer’s attention. Even noted stimuli always came across the intended way because people have the tendency to interpret information on a way that will support their belief (selective distortion). Therefore marketers must try to understand the mind set of consumers and how these will affect interpretations of advertising and sales promotion. Further, people tend to retain information that
supports their attitudes and belief (selective retention). Because of the selective exposure, distortion and retention marketers have to work hard to get their messages.

Attitude is a person’s consistently favourable or unfavourable evaluation of feelings and tendencies towards an object or an idea. Attitudes are difficult to change. A person’s attitudes may fit into a person and to change this may require difficult adjustments. Thus a company is supposed to try to fit into existing attitudes rather than attempts to change attitudes. Attitude researchers traditionally assumed that attitudes were learned in a fixed sequence, consisting first of the formation of beliefs (cognitions) regarding attitude object, followed by some evaluation of that object (affect) and then some action (behaviour) depending on the consumer’s level of involvement and the circumstances.

The theoretical approaches to attitudes as cognitive dissonance theory, self perception theory and balance theory stress the vital role of the need for consistency. The complexity of attitudes is underscored by multi-attribute attitude model in which a set of beliefs and evaluation is identified and combined to predict an overall attitude. Factors such as subjective norms and specificity of attitude scales have been integrated into attitude measures to improve predictability. There are many subdivisions to these individual determinants of consumer behaviour and it is necessary for the marketers take into consideration each and every component in an individual.
I.3. CONCLUSION

It can be concluded that there are number of forces that influence consumer behaviour. The consumer choices redetects from the complex interplay of cultural social personnel and psychological factors. Although many of these factors cannot be influenced by the marketers they can be useful in identifying interested buyers and shaping products and appeals to serve consumer needs better.
END NOTES


