CHAPTER 6: Factors Affecting Buying Behavior of Consumers in Malls

The field of 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.

Malls are changing the way people shop and entertain. The mall phenomenon has transformed the way people shop and be entertained. As single-point destinations for food, shopping and entertainment, malls have revolutionized retailing, and have significantly increased consumer spending. Expertise in the conceptualization, design, development, and management of malls is necessary to optimize long-term sustainability and profitability.

6.1 About Buying Behavior of Consumers

A market of a billion people has different consumer with various choice of their products and thus an elasticity demand will be appeared in the market. Consumer differs from one to another one and arranging into age, gender, income, education level, and tastes. Moreover, it has relationship in between the unlimited resources surroundings and the consumer will be heavily make their choice changed always of the goods and services so that they will demand more and more (Kotler et al. 2005). Consumer not really understand why they would chosen the product and purchased it at the time and what actually control them to buy it and the reason why so because is always comes from their minds demanded. As a result, a number of factors have been identified and taken into considerations that are affected consumer's attitude towards product and service.

Why do we need to learn about consumer buying behavior? The simple answer is that no longer can we take the customers for granted. Consumer buying behavior determines how our consumers decide to buy our product and what are the various factors responsible for this decision?
Out of 11,000 new products introduced by 77 companies, only 56% are present after 5 years. Only 8% of new product concepts offered by 112 leading companies reached the market. Out of that 83% failed to meet marketing objectives. What we need to understand here is why consumers make the purchases that they make, what factors influence consumer purchases and changing factors in our society.

The central focus of marketing is the consumer. To devise good marketing plans, it is necessary to examine consumer behavioral attributes and needs, lifestyles, and purchase processes and then make proper marketing-mix decisions. The study of Consumer behavior includes the study of what they buy, why they buy, how they buy, when they buy, from where they buy, and how often they buy. An open-minded consumer-oriented approach is imperative in today’s diverse global marketplace so a firm can identify and serve its target market, minimize dissatisfaction, and stay ahead of competitors. Final consumers purchase for personal, family, or household use.

6.2 Consumer Behavior towards Shopping in Malls

The shopping behavior in a mall is quite similar to the shopping behavior inside a store, because these two behaviors are performed in geographic environments. In addition, the literature revealed that there exist several studies dealing with the shopping behavior in stores, which can be useful to study the shopping behavior in a mall. This similarity encouraged us to look at these studies in order to better understand the shopping behavior in a mall. In this sub-section we present the results of our study of human shopping behavior in stores. Based upon these studies, we can infer some characteristics of the shopping behavior in a mall. In addition, we focus only on the factors that come from the environment (the store) and that affect the shopping behavior.

Consumer behavior depends enormously on the context or the situation. The influence of the situation on consumer preferences for a product or a service has been well documented in prior research on consumer behavior (Belk, 1974) (Srivastava et al., 1981). In line with (Belk, 1974), we define a usage situation as « those factors particular to a time and place of observation, which do not follow from personal (intra-individual) and stimulus (choice alternative) attributes, and which have a
demonstrable and systematic effect on current behavior. These factors are called stimuli or situational variables (Belk, 1974). Previous research such as that done by (Ratneshwar and Allan, 1991), has investigated the impact of different usage contexts on consumer consideration sets, and shown that consumers or customers consider different items in different usage situations. These findings are in line with those of (Warlop and Ratneshwar, 1993), who illustrate the importance of the usage context (familiar versus unfamiliar situations) regarding the formation of consideration sets.

(Belk, 1974) presented a situation as a part of a context, which is itself a part of an environment. This distinction is very relevant because the situation is associated with a point in time and space. Shopping situations, based upon specific aspects, which are presented in the following points.

**Atmospheric Aspect:** This aspect contains the following factors:

**Visual Factors:** The visual factors of a physical environment such as a store that influences shopping behavior are:

**Lighting:** Good lighting creates a pleasant atmosphere and encourages the customers to stay in the store longer. If customers go into a store that is dull and dingy, they are not encouraged to stay very long (Pellet 1996). However, if the lights are harsh and glaring, retailers are going to find that it takes a toll on employees’ performance. Glaring lights are also going to make the customers uncomfortable. If the light does not augment colour contrast, it may not be suitable in a fashion wear store (Bandyopadhyay et al., 2001).

**Colours and Fixtures:** Retailers frequently use colours and fixtures to improve the store environment. (Michon et al., 2005) Given that, they help provide a classic in-store ambiance. Proper colour contrast can enrich the store image and perceived store or merchandise quality.

**Layout and Displays:** It is an established fact that changes in layout can affect the sales of a store (Bandyopadhyay et al., 2001). These authors’ research on the impact of layout and display effects on sales revealed several interesting findings.
Non-visual factors: These factors are:

Sound and Music: Sound plays an increasingly critical role in helping retailers to entertain and inform customers (Michon et al., 2005). Retailers are now expanding its use beyond the traditional background music application. Sound helps to create a unique environment as merchandisers are confronted more and more with the monotony of merchandise in most stores (Michon et al., 2005). Sound, in the form of music, is commonly used to entertain customers. It can also give a significant boost to a store’s energy level by creating a sense of excitement. The audio experience, therefore, can be an important component of a store’s overall entertainment factor. The main advantage of using sound in the form of music is that it can greatly extend customers’ stay time. Music is known to have a classical conditioning effect on consumers (Bandyopadhyay et al., 2001). If the music is likeable, customers not only feel good, but they tend to stay longer likewise. Music also makes the service environment look more positive to customers in waiting lines (Bandyopadhyay et al., 2001).

Odours and Smell: Studies have shown that ambient aromas both influence a consumer’s mood and the time he or she spends in the store. What’s more, the sense of smell has the greatest impact on emotions because, anatomically speaking, the nose is directly connected with the olfactory lobe in the limbic system of the brain, which controls emotion (Maclean, 1973).

Much research examined the factors that affect shopping behavior in retail environments. In existing studies, most have discussed the environmental factors, or physical surroundings, relative to bank, travel agency, hotel, and restaurant, hospital, and workplace settings. Table 4.20 shows some of the environmental factors that have been discussed in the literature (Baker et al., 1988), (Bitner, 1992), (Engel et al., 1995) and (Lewison, 1994). (Baker et al., 1988) studied banks, (Bitner, 1992) discussed a typology based upon who performs actions within the environment, as well as having proposed a conceptual framework for three types of service organizations: self-service, interpersonal service, remote service. (Engel et al., 1995) and (Lewison, 1994) provided textbook discussion on the environment factors.
Social Aspects

Crowding and Density: Retail store crowding influences the confidence of the shopper. According to (Harell and Hutt, 1976), many consumers, after shopping in a crowded store, feel that they somewhat deviated from their original shopping plan. Customers tend to shorten their shopping time if they find the store too crowded. They browse less and buy only the basic necessities.

Staff or Salesperson: The results of the study made by (Baker et al., 1995) indicated that ambiance and salespeople are more likely to affect customers’ perceptions of merchandise and service quality than design factors such as color, displays, store, and merchandise layout. Although there is a wealth of literature on how service quality influences customer satisfaction and purchase intention [see, for example, (Taylor and Baker, 1994), (Gronroos, 1993), (Rust and Oliver 1994)], unfortunately, not much research has been done to explore the impact of the employees on customers’ shopping behavior (Michon et al., 2005).

Spatial Aspects

It is spatial behavior because it is influenced by the spatial and geographic characteristics of the environment (mall) such as the layout, the architecture of the environment, the colours and textures, etc. (Dogu and Erkip, 2000) presented the shopping behavior in a mall or a retail store as a spatial activity that is completely affected by the geographic characteristics of the environment such as building shape and layout, in addition to geographic configuration. They argued that the shopping behavior inside a mall is a kind of way finding/orientation behavior because the shopping activities are also related to the nature of goods to be purchased, and may be affected by the shopper’s time and financial constraints.

Temporal Aspect

The time has played a major function in several research disciplines that are closely related to consumer behavior. This dimension remarkably affects consumption and shopping behavior (Carmon, 1991) and (Dhar and Nowlis, 1999). The importance of time, as a major variable of interest in consumer behavior theory, had already been recognized in the early stages of consumer research. Over the past twenty years,
several research streams concerning time have evolved within the consumer behavior literature. These included the effects of time pressure on consumers’ decision-making, allocation of their time, and perception of time. Several interdisciplinary reviews also appeared in the marketing literature (Carmon, 1991). The majority of research works addressed the effect of time pressure when consumers are forced to choose. Some researchers such as (Dhar and Nowlis, 1999), examined the decision process and choice outcomes when the no-choice, or deferral option, is available. Studying the no-choice option in consumption or shopping behavior is important for our study because mall’s visitors are not always obliged to buy items or to visit stores. (Dhar and Nowlis, 1999) presented a model of the consumer decision-making process (alternative evaluation process) under time pressure.

India is a big country with 28 states, over one billion people and 120 dialects/languages. From the market perspective, people of India comprise different segments of consumers, based on class, status, and income.

An important and recent development in India’s consumerism is the emergence of the rural market for several basic consumer goods. Three-fourths of India’s population lives in rural areas, and contribute one-third of the national income. This rural population is spread all over India, in close to 0.6 million villages. India is a lucrative market even though the per capita income in India is low and it remains a huge market, even for costly products.

6.2.1 Specification of the Characteristics of Shopping Behavior in a Mall

Based upon the results of studies presented in the previous sub-sections, dealing with consumption and shopping behaviors in stores, we can list the main characteristics of the individual shopping behavior in a mall.

Shopping behavior in a mall has many dimensions:

- Personal Behavior: It is influenced by personal variables such as demographic variables (gender, age, occupation, marital status, etc), or the position in the family or in a group (who makes the decision.), and other personal characteristics of the individual.
Psychological Behavior: It is influenced by psychological factors such as motivations, attitudes, values, personality (or self-concept), lifestyle, mood, emotion, involvement, etc.;

Cognitive Behavior: It is influenced by the perception, memorization, and knowledge of the person about his/her environment;

Social Behavior: It is influenced by the leading opinion in the family or group, the reference group, the role in the family or group, the social class, the culture, the sub-culture, the religion, etc.; and

Environmental/Situational Behavior: It is influenced by three aspects of the environment:

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<td>Decor style</td>
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Figure 6.1: Store Atmosphere and Shopper Behavior
The shopping behavior in a mall is composed of the following processes:

**Needs/Problems Recognition Process:** The consumer comes to the mall with the need to visit certain stores in order to purchase specific items or services;

- Information Search Process (perception and memorization processes): The shopper perceives the stores, kiosks, etc.;
- Alternatives’ Evaluation Process: The shopper can have the choice of visiting many stores or kiosks to satisfy his/her needs, so he/she must decide which stores/kiosks to visit;
- Decision-making Process: The customer decides which store to visit;
- Acting Process: The customer acts by moving to his/her selected store; and
- Post-Decision Process: The customer leaves the stores, and after his/her shopping trip, he/she leaves the mall.

Based upon the study made in several disciplines, we designed a theoretical model of shopping behavior in a mall. This model contains internal and external factors that affect shopping behavior and processes that compose it. This model is presented as below.

![Shopping Mall Model](image)

**Figure 6.2: Shopping Mall Model**
6.2.2 Shopping in Groups

The shopping behavior can be accomplished in groups which can be families, friends, colleagues, etc. The social aspect of shopping behavior brings out the idea of studying the shopping behavior of groups, in addition to the studies done with regards to individual behavior. In order to understand the shopping behavior of groups, we turned towards the discipline of consumer behavior. Unfortunately, the majority of research that involves group consumption behavior deals with one category of group which is the family. Moreover, these studies focused on the investigation of family’s influence on the decision-making process of one consumer belonging to the family.

Due to the noteworthy absence of studies dealing with the consumption or shopping behavior of groups we turned towards other disciplines that studied groups and their behaviors. Among these disciplines, we can cite: sociology, social psychology, and the discipline that studies group decision-making. In sociology, a group is usually defined as ‘a collection consisting of a number of people who share certain aspects, interact with one another, accept rights and obligations as members of the group, and share a common identity’ (Hare, 1976). While an aggregate comprises merely a number of people, a group in sociology exhibits cohesiveness to a larger degree. Aspects that members in the group may share include interests, goals, values, ethnic/linguistic background, and kindship. To define a group, we present the following key points:

**Members have ‘self-definition’ as a Group Member:**

Members are identified by others (‘other-definition’) as a group member. It is especially important that other group members also identify the individual as belonging to the group. Both ‘self’ and ‘other’ definition as a member are necessary. Without self-definition, the individual will lack motivation to act in the group’s best interests, and may even think it silly or futile to conform to group norms. Individuals who are compelled to be in a group lacking self-definition may even act to undermine the group. The person may require surveillance to stay in the situation (as for example in a prison). At the very least, someone may enjoy group benefits without contributing (freeloaders) because s/he does not self-define as a group member. Without other-definition, we may perceive the person as a fraud and this could expel him/her from
the group. At the very least, we may create distance mechanisms (such as ignoring the person, «rewriting history» to exclude him/her from the group, or literally, «cutting them out of the picture»). Someone who is «in, but not of» the group is not seen as entitled to group privileges or rewards.

**Interdependent and common goals that require membership coordination:**

This characteristic implies commonality in the group. Interdependence means that people cannot achieve goals individually, but must do so as group members. Interdependent goals require coordination among the members to achieve them. They require the coordinated efforts of at least two people working together. Interdependent goals imply a division of labour so that each member has a unique and specific task i.e., a specialized task.

**6.3 Significance of the Consumer**

Consumerism describes the effects of equating personal happiness, with purchasing material possessions and consumption in excess of one’s need. Consumerism is associated with Capitalism and the West. Today it is multi-cultural and non-geographical. Capitalistic economy leads to the fetish of goods and services, devaluing the intrinsic worth, focus are on its price (Karl Marx).

Consumerism has become a negative term today. People deny, the fact that they are compelled to consume or they are compulsive buyers. They rationalize the consumption process. The post-modern consumerism as evolved over the years propagates more than required advertisement, massive credit spending, and mass consumption. The mental account is losing its effectiveness as a self-control device due to factors like temptation, impulsiveness and sometimes addiction to buying (Shefrin and Thaler, 1992). These aspects of consumerist society seen across the world are also a reality in Kerala as well and hence worth pursuing. The study gains importance primarily for the reason that nothing much has been done by way of academic research in India (and Indore) with regards to buying decision towards Malls.
In consumer buying behavior research, an emerging area in a fast developing economy like India is compulsive buying. There is a growing influence on consumers both by the retail and the credit market environment. The study attempts to understand the impact of the buying decision process towards malls.

The attitude to spend on consumer goods (non-durables, durables, automobiles and housing) and to possess them is growing with an increase in income levels. This is possible due to the rising professional (or job) opportunities and also complimented by the fact that the number of double income working families is on the rise. People are having increased eagerness to identify him or her as part of a consumerist society.

As the number of educated people of Indore is growing rapidly with the new younger generation, their expectations and demands for customer service has increased, as well as their options and choices. Consumers or buyers will ask a lot of sensible and technical questions, and demand specifications and explanations about their pets or products. Opinions on product comparisons, selection and choices are been tested frequently.

Hence, with the changing economy and a new generation in Indore, the entrepreneurs must recognize changes in consumers’ purchasing patterns, as well as how they make purchasing decisions, in order to keep up with their needs and requirements. The retailers must also equip themselves with through knowledge about their products and services. They must live up to consumers’ expectations. Otherwise their traditional and conservative sales and marketing strategy will put them way behind and out of business very soon. A very different approach has to be drafted to attract these new consumers. As well as coming up with new ideas, being unique and offering better services, products, or being different from the rest is essential (Kotler and Keller, 2006).

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labelled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market.
Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant than values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers. Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behavior is quite unique. Perhaps, only in India, one sees traditional products along side modern products. For example, hair oils and tooth powder existing with shampoos and toothpaste.

6.3.1 Different Segments of Indian Consumers

- **The Socialites**

  Socialites belong to the upper class. They prefer to shop in specialty stores, go to clubs on weekends, and spend a good amount on luxury goods. They are always looking for something different. They are the darlings of exclusive establishments. They go for high value, exclusive products. Socialites are also very branding conscious and would go only for the best known in the market.

- **The Conservatives**

  The Conservatives belong to the middle class. The conservative segment is the reflection of the true Indian culture. They are traditional in their outlook, cautious in their approach towards purchases; spend more time with family than in partying and focus more on savings than spending. Slow in decision making, they seek a lot of information before making any purchase. They look for durability and functionality but at the same time are also images conscious.

  They prefer high value consumer products, but often have to settle for the more affordable one. These habits in turn affect their purchasing habits where they are trying to go for the middle and upper middle level priced products.
India’s Rich

India’s rich can be categorized into five major categories as follows:

The Rich

The rich have income greater than US $11,000 per annum approximately. These people are upwardly mobile. Some of them in this category are Double Income No Kids households. They spend more on leisure and entertainment-activities than on future looking investments. Across the category, backgrounds are distinctly middle class. They aspire, therefore, to attain the super-rich status.

The Super Rich

The Super Rich have income greater than US $22,000 per annum approximately. There are less Double Income No Kids families here than in the rich category. The Super Rich are mainly professionals and devoted to consumerism. They buy many durables and are status conscious.

The Ultra Rich

The Ultra Rich have income greater than US $44,000 per annum approximately. There is no typical profile of the ultra-rich. There are some DINK households of middle-level executives. Some single earning households are of first generation entrepreneurs. Some rich farmers, who have been rich for a long time, belong to this category.

The Sheer Rich

The Sheer Rich is made up by households having income exceeding US $110,000 per annum approximately. They do not have a homogenous profile. There are joint families as well as nuclear families in this category. They consume services greatly. They own multiple cars and houses. They aspire to social status and power.
The Obscenely Rich

The Obscenely Rich is made up of households having income exceeding US$ 222,000 per annum approximately. There are hardly 6,515 approximately such households in India. They are first-generation entrepreneurs who have made it big. Some of them are techies. A variety of people belong to this category. They are just equivalent to the rich in the developed countries. They crave for exclusivity in what they buy. Most premium brands are relevant to them.

Rural Consumer

About three quarters of the Indian population are in the rural areas and with the growing middle class, especially in the Indian cities; the spill over effect of the growing urban middle class is also felt in the rural areas.

The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of Fast Moving Consumer Goods (FMCG) in India.

6.3.2 Increasing Awareness of Indian Consumers

Over the years, as a result of the increasing literacy in the country, exposure to the west, satellite television, foreign magazines and newspapers, there is a significant increase of consumer awareness among the Indians.

Today more and more consumers are selective on the quality of the products/services. This awareness has made the Indian consumers seek more and more reliable sources for purchases such as organized retail chains that have a corporate background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

Indian consumers are now more aware and discerning, and are knowledgeable about technology, products and the market and are beginning to demand benefits beyond just availability of a range of products that came from ‘trusted’ manufacturers. The Indian consumers are price sensitive and prefer to buy value for money products.
6.3.3 Marketing Strategies

Online Marketing

A study by the Confederation of Indian Industry (CII) and the International Trade Centre predicts that e-commerce activity in India will rise from US$ 0.10 million approximately, of which the business to business segment will account for US$ 5.41 billion. Currently, the products Indian consumers are buying through online are greeting cards, clothes, CDs/ VCDs/ DVDs, cassettes, books, magazines, medicine and educational material.

The popular online shops in India include:

- www.ebay.in
- www.shopping.rediff.com
- www.reliablegreetings.com
- www.shopping.expomarkets.com

Celebrity Influence

This is an important tool which is able to influence Indian consumer buying behavior. In India, celebrities are being increasingly used in marketing communication by marketers to lend personality to their products. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. What they endorse sell like hot cakes. It is not surprising therefore that using celebrities in advertisements has become common practice.

In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Indians always love their heroes and heroines.

Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When a consumer likes the celebrity in the advertisement, he or she is more likely to accept what the celebrity says about the advertised product and therefore will develop more positive feelings toward the advertisement and the brand itself. Famous celebrities are able to attract attention and retain attention by their mere presence in the advertisements.
In the midst of the advertisement clutter, the advertisements that celebrities endorse also achieve high recall rates. When people see their favoured reference group members or celebrities in the advertisements, they pay more attention to them.

Celebrities may also help reposition products. Products with sagging sales need some boosting and in these Indian celebrities can help by way of them endorsing the product concerned.

**Quality Oriented Outlets**

Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well known brands in selected product range, consumers are likely to take cues from well established retail outlets hoping that these outlets carry quality products.

**Freebies**

Indian consumer buying behavior is influenced by freebies. Freebies are consumer products given free of charge as gifts to purchases of selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers. Freebies generally comprise tooth paste, soaps, detergent, cooking oil etc.

**Eco-Friendly Products**

The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.
6.3.4 Changing Trends in Indian Consumer Behavior

Bulk Purchasing

Urbanisation is taking place in India at a dramatic pace and is influencing the lifestyle and buying behavior of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning.

Bulk purchases from hyper stores seems to be the trend these days with purchasing becoming more of a once-a-week affair, rather than frequent visits to the neighbourhood market/store/vendor. The popular growing shopping trend among urbanities is purchasing from super markets to hyper stores.

Trendy Lifestyles

The current urban middle and upper class Indian consumer buying behavior to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is now an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad. Foreign brands have gained wide consumer acceptance in India, they include items such as:

- Beverages
- Packed food
- Ready to eat food
- Pre-cooked food
- Canned food
- Personal care products
- Audio/video products
- Garment and apparel
- Footwear
- Sportswear
- Toys
- Gift items
Foreign brands vie increasingly with domestic brands for the growing market in India. Foreign made furniture is well accepted by the Indian consumers. Malaysian, Chinese, Italian furniture are growing in popularity in India.

Indian consumers have also developed lifestyles which have emerged from changing attitudes and mind sets; exposure to western influences and a need for self-gratification. Beauty parlours in cities, eateries, designer wear, watches, hi-tech products are a few instances which reflect these changes.

6.3.5 Buyers’ Market in the Making

The sellers’ market is slowly moving towards becoming the buyers’ market. Since, India’s economic liberalization policies were initiated in 1991, many new product offerings have entered the Indian market and product variety has also increased manifold. Import licensing restrictions are being eliminated and tariffs significantly reduced and this has led to large range of consumer goods made available in India.

Indian consumers have always preferred foreign goods and with the liberalization, they now have a choice of foreign products vis-à-vis the local products.

6.3.6 Shopping Behavior in a Mall as a Consumption Behavior

Shopping behavior in a mall is similar to consumption behavior. In order to understand the human shopping behavior in a mall, it is relevant to study the human consumption behavior. This sub-section presents our literature review of consumer behavior, with the goal to understand some aspects of the shopping behavior in a mall.

It is well accepted in the literature concerning consumer behavior that the consumption behavior is influenced by several factors, and is composed by various processes. (Duhaime et al., 1996) argued that the best way to study human consumption behavior is to find « Why they act like they do? ». The majorities of the researchers who study this subject are interested to know why humans buy some goods and adopt such consumption behavior, etc. These researchers emphasize that consumption behavior is influenced by two types of factors: internal factors (e.g., needs, values, lifestyle, personality, attitudes, gender, lifecycle, etc.), and environmental and social factors (e.g., culture, social class, reference groups, family,
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etc.) (Duhaime et al., 1996). Other factors, which are cited in the literature such as emotion, humour, time, advertisement, etc., are presented as additional factors or miscellaneous.

The way Indian consumers are spending their money on various items has changed in recent years. Other items have increased in importance, for example, medical and healthcare spending has increased from 3.5 per cent to 8.5 per cent of total expenditure over the same period, a compound growth rate of 19.71 per cent. Similarly spending on transport and communication has grown at 13.2 per cent.

While the Compound Annual Growth Rate (CAGR) in total consumer spending has been around 12 per cent a year over the past decade, there have been sharp ups and downs. Consumer expenditure has been in tandem with the annual GDP growth.

Urban expenditure levels per capita exceeded rural levels for all the product groups, except on cereals and cereal substitutes. The average monthly per capita expenditures on cereals and cereal substitutes for rural and urban areas are very close to each other. Combined the middle and the lower income group provide 60 per cent of the value of the Indian market.

6.4 Major Factors affecting consumer buying behavior

Buying Behavior is the decision processes and acts of people involved in buying and using products. Need to understand:

- Why consumers make the purchases that they make?
- What factors influence consumer purchases?
- The changing factors in our society.
Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

6.4.1 Cultural Factors

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

**Culture:** Culture consists of a society’s beliefs, values, ethics, customs, shared meanings, rules, rituals, norms, and traditions. Culture provides people with a sense of identity and an understanding of acceptable behavior. Culture is deep-seated and enduring, but does change slowly over time (Clark, 1990). Culture is the part of every society and is the important cause of person wants and behavior. The influence of
culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

**Subculture:** Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. whose members are distinguishable from the general population and who are held together by common culture and/or genetic ties. To the degree that people in an ethnic group share common customs, values, rituals, and traditions that are different from those of other ethnic groups or the larger society, they constitute a distinct ethnic group (Hirschman, 1982). Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

**Social classes and Stratification:** Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc. Social stratification represents the hierarchical division of members of a society into relative levels of prestige, status, and power (Rossides, 1990). Social class refers to divisions, based upon economic and demographic characteristics. Those in the same stratum have roughly similar consumption, lifestyle, and income, and socialize with each other (Gilbert and Kahl, 1982).

**6.4.2 Social Factors**

Consumers do not live or make decisions in isolation. The values, beliefs, and opinions of those who surround the consumer affect his/her decisions. Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

**Reference Groups:** Reference groups are individuals or collections of people whom the individual uses as a source, or point of comparison for attitudes, beliefs, values, or behaviors. Consumers belong to some of the groups that influence their consumer behavior, and either aspire to join, or work to avoid association with others. Some of
these groups are formal groups and others are simply informal groups of friends (Homans, 1961).

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

**Family:** The most influential reference group is the consumer’s family (Qualls, 1982). The family teaches the consumer cultural values that have a substantial impact upon consumption behavior. It continues to be a point of reference, even when the consumer has formed his own household. Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

**Roles and Status:** Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

**6.4.3 Personal Factors**

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

**Age:** Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.
Occupation: The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation: Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle: (Cosmas, 1982) argued that the total assortment of goods and services used by a consumer is hypothesized to be a mirror image of his/her lifestyle. Lifestyle refers to the distinctive ways in which consumers live, how they spend their time and money, and what they consider. Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

Self-concept: (Sirgy, 1982) presented the influence of the self-concept on consumption behavior. Self-concept is an organized set of perceptions of the self, comprised of such elements as the perceptions of one's characteristics and abilities; the perception of oneself in relation to others; and objectives, goals, and ideals that are perceived as either positive or negative (Rogers, 1951).

Personality: One of the more engrossing concepts in the study of consumer behavior is that of personality. Personality accounts for consistent patterns of behavior based upon enduring psychological characteristics (Kassarjian, 1971). It is the pattern of traits and behaviors that makes one individual unique and different from all others. Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.
6.4.4 Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

Perception: Perception deals with recognizing, selecting, organizing, and interpreting stimuli in order to make sense of the world around us. People receive stimuli from their environment through the five senses, which they then must interpret. People are selective and interpret stimuli that reinforce and enhance their existing beliefs. Consumers tend to interpret what they perceive in such a way so that it does not conflict with their basic attitudes, personalities, motives, or aspirations. They pay attention to stimuli deemed relevant to existing needs, wants, beliefs, and attitudes, and disregard the rest.

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

Motivation and Needs: Behavior is initiated through motivations and needs (Bayton, 1958). The author argues that motivation is one of the basic factors in consumer behavior. Motivation arises out of tension-systems which create a state of disequilibrium in the mind of the individual (Helgeson et al., 1984). This triggers a sequence of psychological events directed toward the selection of a goal, which the individual anticipates will bring about relief from such tension, and the selection of patterns of action which he anticipates, will bring about the achievement of the goal. To better understand consumption behavior, we need to know the fundamental needs and motivations, which are the origin of this behavior (Duhaime et al., 1996). Some researchers tried to identify the needs systems of humans.
(Maslow, 1954) was not the only theorist to focus his efforts on human needs as the motivating force behind human behavior. For example, (Murray, 1938) elaborated a typology of physiological needs even more detailed than that proposed by Maslow.

Figure 6.4: Maslow Needs

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

**Knowledge and Learning:** Consumer knowledge and learning significantly affect consumption behavior (Craik and Watkins, 1973). Information processing describes the series of steps, by which information (or stimulus) is encountered through some exposure to a person’s senses, interpreted, understood and accepted, and stored in memory for future use in making of decisions (McGuire, 1976). Elaboration, via mental processing, transforms this information into beliefs, attitudes, and intentions that determine product choice and related aspects of purchase. The degree of integration between the stimulus and existing knowledge that occurs while a stimulus is being processed will influence the amount of learning that takes place (Craik and Watkins, 1973).

**Values, Beliefs, and Attitudes:** Values, beliefs, and attitudes greatly affect human behavior (Duhaime et al., 1996). A value is a standard that guides one’s actions, attitudes, comparisons, evaluations, and justifications toward oneself and others.
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(Rokeach, 1960). While motivations and needs of human behavior continually change, values and beliefs are relatively permanent (Rokeach, 1960). Rokeach developed what he called ‘Rokeach Value Survey: RVS ’, which is an instrument to operationalize the value concept. Researchers closely compare the concepts of attitudes and beliefs when studying values. The idea of studying attitudes and beliefs, when learning about values, is important because the three concepts are closely related to one another. An attitude is a relatively enduring organization of beliefs around an object or situation, predisposing one to respond in some preferential manner (Rokeach, 1960). An attitude is thus, a package of beliefs consisting of interconnected assertions to the effect that certain things about a specific situation are true or false, and other things about it are desirable or undesirable (Morris, 1956). A belief is any simple portion of knowledge, conscious or unconscious, inferred from what a person says or does (Weiner, 1998). According to a study by (Weiner, 1998), all beliefs are a predisposition to action, and an attitude is thus, a set of interrelated predispositions to action, organized around an object.

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

Additional Factors (Miscellaneous):

Consumer behavior is influenced by other additional factors. These factors are presented in the following points:

**Emotion:** A large number of research works presented emotions as an important component of consumer behavior (Richins, 1997) (Lemoine, 2001). In their studies of consumption-related emotions, consumer behavior scholars have based much of their work on frameworks of emotion developed in psychology. The foundation laid by theorists in this field has provided a useful starting point for the investigation of emotions in the consumer behavior field (Richins, 1997). Some scholars have attempted to order the universe of emotions by identifying a set of basic fundamental emotions, although there is no widespread agreement concerning the number or the nature of such basic emotions.
Demographic Variables: Demographic variables have a long history in marketing and consumer behavior disciplines (Kalyanam and Putler, 1994). (Kalyanam and Putler, 1994) presented the importance of taking into account the demographic variables in human consumption behavior. The most important variables studied by the researchers of consumer behavior are the following: gender; age group; marital status; occupation and employment sector; habits, and preferences.

Conclusion

The nature of India’s expanding economy reflects not only the growing buying power of the Indian population, but also the large-scale effects the rising middle classes in India are having on the economy. As the GDP of the country increases, so too does the importance of the country’s domestic retail industry. With the trend towards growth in the organized retail sector, shopping malls and hotel retail space are becoming more common in India’s urban areas. With large multinational companies attracted by India’s burgeoning economy, many in India are wondering if job growth in this industry will also follow. In the future, India’s consumers can expect more choices, higher quality, and more purchasing power with which to make their purchase decisions.