
UNIT 1 CONSUMER BEHAVIOUR- NATURE, SCOPE AND APPLICATIONS

Objectives

After studying this unit you should be able to:

- define consumer behaviour
- describe the nature of consumer behaviour
- explain the scope of consumer behaviour
- outline the broad areas of application of consumer behaviour especially in the area of marketing.

Structure

- 1.1 Introduction
- 1.2 Nature of Consumer Behaviour
- 1.3 Who is a Consumer?
- 1.4 What is the Decision Process?
- 1.5 Scope of Consumer Behaviour
- 1.6 Decision Process
- 1.7 Individual Determinants
- 1.8 External Environment
- 1.9 Applications of Consumer Behaviour in Marketing
- 1.10 Summary
- 1.11 Key Words
- 1.12 Self-assessment Questions
- 1.13 Further Readings

1.1 INTRODUCTION

The reason for a business firm to come into being is the existence of a consumer who has unfulfilled needs and wants. To fulfil these consumer needs an organization is set up. In your professional capacity you may also be a part of one such business organization. But as part of the organization, have you ever wondered about who are the consumers of your products and services? Why do these consumers buy your brand and not that of the competitors? How do your consumers perceive your product fulfils their needs? After having bought your product do they feel satisfied or dissatisfied? And how are these feelings reflected in their behaviour as consumers?

It is important to the survival and growth of your organization that you regularly raise such questions and attempt to find answers to them. It is only through such a process of questioning and seeking that you can be sure of keeping your firm on the growth path. A thorough knowledge of your consumers and an understanding of their behaviour (as consumers) are essential if you wish to continue to remain in business.

This and the following units in this book provide you an insight into the subject of consumer behaviour. After having read this unit you would be able to spell out who are consumers, why they behave in the manner that they do, what influences their behaviour and how you as a marketer can manipulate the influencing factors in your favour. This is the most important aspect of consumer behaviour which has practical action implications for each business firm. Once having understood the behaviour of consumers and knowing that their behaviour can be influenced, you can initiate a number of steps to do so. This unit covers the nature, scope and applications of consumer behaviour.



1.2 NATURE OF CONSUMER BEHAVIOUR

Consumer behaviour can be defined as:

"The decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services."

This definition raises a few queries in our minds-what or who are consumers? What is the decision process that they engage in? Answers to these questions help define the broad nature of consumer behaviour.

1.3 WHO IS CONSUMER?

A "consumer" is anyone who typically engages in any one or all of the activities described in our definition. Traditionally consumers have been defined very strictly in terms of economic goods and services, i.e. goods and services wherein a monetary transaction is involved. However, over time this concept has been widened to include goods and services where a monetary exchange is not involved. Thus, the services of voluntary organizations have also been included in this definition, and users of the services of these organizations are also viewed as consumers. The logic behind this approach is that consumers of free service also engage in the same kind of decision process and physical activity as consumers of economic goods and services. A "customer" is one who actually purchases a product or service from a particular organization or shop. A customer is always defined in terms of a specific product or company.

However, the term consumer is a far wider term encompassing not only the actual buyer or customer but also all its users, i.e. consumers. There are two situations when this distinction between consumers and customers may occur, i) when the service or product is provided free, and ii) when the customer is not the actual user of the product or is only one of the many users. The second situation needs greater elaboration as it is of critical significance for us.

Very often, the actual customer making a purchase may not be doing so for himself or herself. For instance, in case of a father buying a box of crayons for his four-year old daughter, the customer is the father but the actual user of consumer is his daughter. Another case may be where a father is buying a TV for the family members. The father is the customer but all the family members are the consumers. The two vital elements to remember in all consumer situations are a) the influence on purchase from other people and b) the roles taken on by different people in consumer behaviour situations.

In the instance of the father buying crayons for his daughter, the latter may not have had influence at all on the purchase; the father is the decision maker and buyer and the daughter is the user. In case of the father buying a TV for his family, it is quite likely that the wife and children may have exerted considerable influence on the decision. The father is simply, the buyer, while other family members may be influencers and all, including the father, are users. Table 1, 1 presents one way of classifying the roles that people can take on in the context of consumers behaviour.

Table 1.1

Some Consumer Behaviour Roles

Role	Description
Initiator	The person who determines that some need or want is not being met.
Influencer	The person who intentionally/unintentionally influences the decision to buy the actual purchase and/or use of product or service.
Buyer	The person who actually makes the purchase.
User	The person who actually uses or consumes the product or service.

You will read more about the different buying roles and their influence on family decision making in Unit 9 of this course. These buying roles may vary in different buying situations. While studying consumer behaviour we have to keep in mind all the various consumer roles that can possibly be taken on. But in practical terms it may be very difficult to study all these roles. Therefore, the emphasis of study is on one role that of the buyer. The reason for this is that this is the only part of the behaviour which is overt and visible.

It is only through the buyer, whom we can easily identify, that we can attempt to study the influences exerted on the purchase by other role players.



Activity 1

- i) Name five products in which you are both the buyer and user. Try and identify the influence, if any, exerted by another person in your purchase decision.

Product

Influencer/Influence

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- ii) Name three products purchased by your family in which you played the, role of influencer. Can you specify the nature of influence.

Product

Influence exerted by you

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1.4 WHAT IS THE DECISION PROCESS?

We have defined consumer behaviour as the "decision process" and "physical activity" engaged in by individuals. The physical activity which we focus upon in the course of consumer behaviour is that of making the purchase, as explained in the previous section. But there are a number of influences affecting the purchase and a number of individuals maybe involved in exerting these influences. So the purchase action that is visible to us maybe the result of a interplay of a number of complex and hidden variables which may have influenced the ultimate purchase activity. The final purchase is just one activity in the entire series of physical and mental activities that may have occurred in this whole process. Some of these activities may precede the purchase while others may take place later. But because all these activities exert influence on the purchase they are considered a part of consumer behaviour, more specifically a part of the decision process.

Let us go back to the example of a father, we call Mr. Bannerjee. buying a TV for his family. It is possible that the consumer behaviour involving mental processes and activities may have taken place in the following sequence and manner. Mr. Bannerjee's teenage daughter, sees a new colour TV at her friend's house. She then raises the issue of buying a colour TV to replace then existing black and white TV. The family discusses the issue and agrees that it is indeed time they bought a colour TV. The next day Mr. Bannerjee discusses the matter with his friend and colleague, Mr. Chandra. He visits Mr. Chandra's home to see for himself the quality of the EC colour TV that he has. Mrs. Bannerjee also finds out more about the various brands, prices and quality of different brands, from her sister who recently purchased a colour TV. Her sister has a Crown TV and recommends the same. Meanwhile Mr. Bannerjee's daughter checks out the brands of TVs that her various friends have at their respective homes and concludes that BPL is the best. In the next few days the entire Bannerjee family makes it a point to carefully study any advertisements of colour TV that appear in the newspaper, magazine or TV. At all social occasions they raise the question of which is the best colour TV to buy amongst their friends and relatives and mentally, mark the different positive and negative points of different brands. Within two weeks the Bannerjees have collected enough information to take a decision to buy BPL, but they need more specific information. So one evening they visit two dealer outlets in their neighbourhood market to find out more about prices. They find that the BPL TV is rather expensive and beyond their budget. So they settle for Crown which was recommended by quite a few of their friends and the price is affordable too. Moreover, the dealer offered them a special five per cent discount and a free antenna alongwith free installation. The information that this company would soon he offering a VCR at a reasonable price clinched the decision in favour of Crown.



The activity and thought process which resulted in the final purchase of TV started well before the actual purchase took place and was spread over a period of two to three weeks. This entire process forms part of consumer behaviour.

Depending on the nature of product or service in question, the mental decision process accompanying the physical act of purchase may vary from very simple to extremely complex, and from being instantaneous in nature to time consuming and elaborate. But they all constitute consumer behaviour. Thus, not only the overt, observable physical behaviour exhibited in the act of making a purchase, but all the accompanying, preceding and following mental processes and activities also are an integral part of consumer behaviour.

In case of the stock of regular brands of toilet soap being depleted at home, its purchase needs no elaborate decision process or activity of comparison and evaluation. Rather the purchase decision is almost an automatic one.

Activity 2

Recall the purchase of a consumer durable in your family. Describe the decision process and physical activities, preceding the purchase undertaken by the various members of the family.

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1.5 SCOPE OF CONSUMER BEHAVIOUR

The scope of a subject refers to everything that is studied as part of that subject. When we set out to explain the scope of consumer behaviour we need to refer to all that which forms part of consumer behaviour.

The scope of consumer behaviour has been briefly touched upon in the previous section wherein it was explained that how consumer behaviour includes not only the actual buyer and his act of buying but also the various roles played by different individuals and the influence they exert on the final purchase decision. In this section we shall define and explain the scope of study of consumer behaviour.

To define the scope of a subject it is important to set parameters or a framework within which it shall be studied. Figure 1.1 presents one such framework for studying consumer behaviour. This framework is made up of three main sections-the decision process as represented by the inner-most circle, the individual determinants on the middle Circle and the external environment which is represented by the outer circle. The study of all these three sections constitutes the scope of consumer behaviour. Here, we shall dwell on these constituents of the framework only briefly as they are explained in detail in the following units.

1.6 DECISION PROCESS

The decision process as depicted in the Figure 1.1 comprises a series of steps. The first step is when the consumer becomes aware of the fact that he has a problem. The problem maybe that he has run out of toothpaste or that he needs new sofa for the



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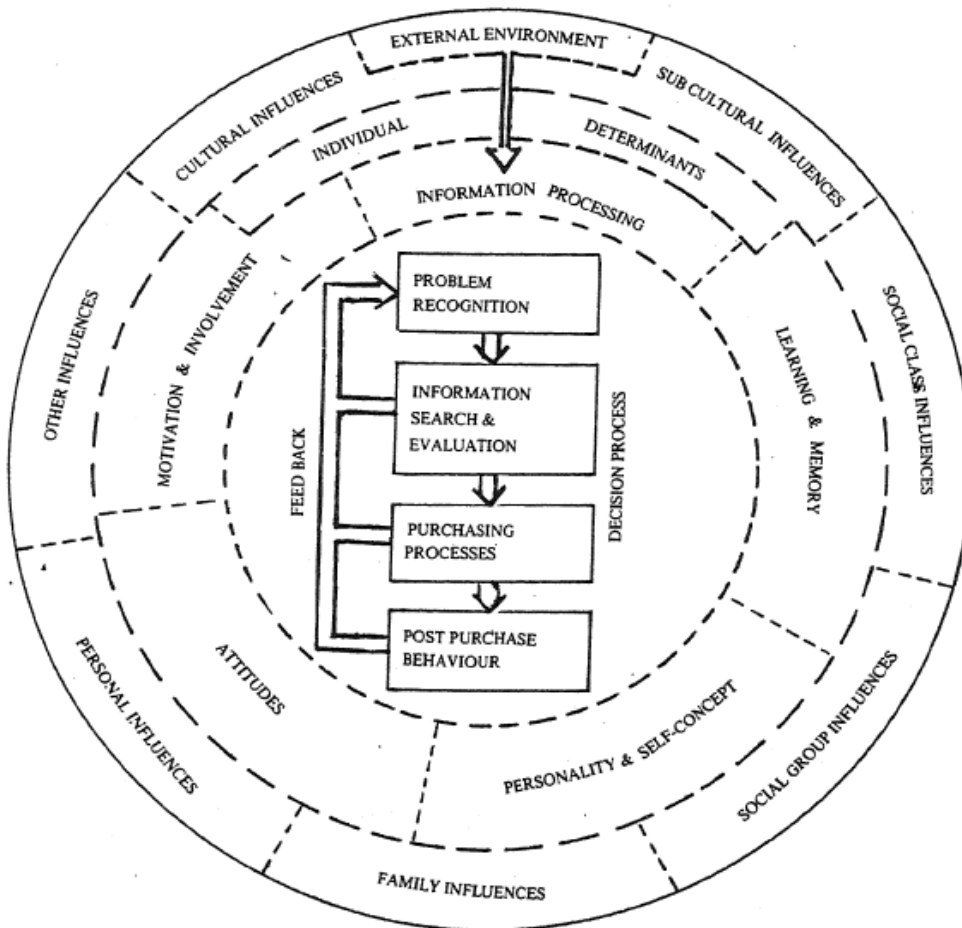


Figure 1.1: A simplified framework for studying consumer behaviour

drawing room or that he needs to engage the services of an accountant to help him with his tax planning. Problem recognition thus occurs when the consumer recognizes that he has an unfulfilled need. The desire to fulfil this need triggers off the other steps of information; search and evaluation and finally result in the purchase process.

However, not all situations of problem recognition automatically lead to the next step of information search and evaluation. A consumer may recognize the need for a vehicle to cover the long distance from his home to office and back. But if he doesn't have the means to buy a vehicle for himself, then his need would remain a need, and despite his recognition of the problem, the ensuing steps will not take place. The constraints can be lack of availability or lack of ability to buy.

Only if there are no constraints preventing further behaviour, the consumer will set out to search for information relevant to the problem. The information search can take place without the consumer even being aware of it or it may take the form of a deliberate, prolonged search. To replenish the stock of toothpaste, a regular customer knows from memory and past experience the brand, the package size he wishes to buy, and the place from where he would like to buy. Of course, if it is a first time customer for toothpaste then he, would search for information from the external environment, such as his friends, shopkeepers, and advertisements. Having gathered the relevant information, the consumer needs to evaluate it to arrive at the decision regarding which toothpaste best fulfils his need.

Having arrived at the decision, he sets out to make the purchase. At this point the consumer has to make a choice regarding which outlet to buy from. After the purchase when the consumer uses the product he either feels satisfied with-it and concludes that he has made the right decision or the feels dissatisfied and decides that his decision was not correct. This dissatisfaction-set in motion a search for alternative choices and fresh evaluation. It is thus a continuing cycle of decision process.

Activity 3

Recall the last time you purchased toilet soap, a book for your leisure reading and a dinner at a restaurant. Try and spell out the various physical and mental activities which you indulged in

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at each stage of the decision process, starting from problem recognition. (For instance, the problem recognition in case of toilet soap occurred when you had to go on an official tour and needed necessary toileteries to carry along. So you write "need to go on tour" in front on problem recognition and under the heading toilet soap, in the matrix given below.) Similarly you would fill in all the details in case of the three purchase decisions.

	Toilet Soap	Book	Dinner at a Restaurant
Problem Recognition
Information Search and Evaluation
Purchasing Processes
Post-Purchase Behaviour

(**Hint:** After dinner at a restaurant, wherein you are satisfied with the food and service, you may tell the manager what an enjoyable evening you had and make a mental note of the restaurant so that the next time you decide to visit a restaurant, you consider this as one of the possibilities. On the other hand, if you found the food to be of poor quality and the service slow and inefficient, you may like to make a written complaint in the customer hook. And also you strike off this restaurant from your mental list of alternatives.)

1.7 INDIVIDUAL DETERMINANTS

Consider the case of two sisters brought up in one family environment with exactly the same educational background living in one house and yet exhibiting very different tastes and purchase decisions. While one is regular consumer of Dettol Soap, India Today and buy's ready-made garments the other sister uses only Lux International, reads Stardust and buys hi-fashion clothes from boutiques. What is it that accounts for the vast differences of consumer behaviour in the situation of these two sisters? The answer to this can be found in the factors defined in the middle circle of Figure 1.1 i.e., personal motivation and involvement, attitudes, self-concept and personality, learning, memory and information processing.

Motivation and Involvement

All of us are consumers, within a given society all of us have the same alternatives to choose from and yet no two consumers may exhibit identical consumer behaviour. The reason for this is that each one of us is a unique individual with a unique set of needs, desires and motivation. Motivation is that internal force which arouses or activates some need and provides direction of behaviour towards fulfilment of the need. A motivation maybe physiological in nature directed towards fulfilment of biological needs such as hunger and thirst other motivations are psychological in nature focussing on the satisfaction of psychological desires such as the desire for seeking status, job satisfaction, or achievement. Everyone has both physiological and psychological motivations, but we each fulfil them in different ways. One consumer satisfies his thirst by drinking water, the second quenches it by having a Thums Up, the third drinks Bisleri Mineral Water while a fourth prefers soda. For one consumer, buying a Delux Maruti car is a way of seeking status, another satisfies his want for status by becoming a member of the best club in town, while for a third having a credit card is a status symbol.

The reason why we adopt different methods of satisfaction of our motivations is because of the differing level of personal involvement in various activities.

Involvement refers to the personal relevance or importance of a product or service that a consumer perceives in a given situation. For a professional photographer the choice of a camera is a consumer behaviour situation of involvement because the camera is his most important professional tool. The photographer would be motivated to buy the best possible camera, irrespective of the price tag. For another consumer, a camera is just a means of recording important family events and just about any camera which is convenient to handle would fill the need.

High involvement leads to a highly motivated state of mind as in case of the professional photographer. High involvement and high motivation lead to a consumer behaviour process which is distinctly different from that of a low involvement and low motivation.



Attitudes

Attitudes are our learned predispositions towards objects, people and events.

Attitudes guide our orientation towards these. It is our attitudes which influence how we respond to different products and services. Attitudes are not inborn or innate in us. Rather they are learnt from people around us.

Till a few years ago most housewives had a negative attitude towards frozen, dehydrated or instant food. But today, with more women joining the work force, such products are viewed as a convenience and instant, quick to cook meals are looked upon favourably. Similarly, our attitude towards saving is undergoing radical changes. Instead of saving and leading a simple, frugal life, people prefer to have a better lifestyle today rather than save for tomorrow.

Our attitudes influence our purchase decisions and consumer behaviour. An attitude which is averse to risk taking will never make for a consumer investing his money in shares and stocks, such a consumer would always prefer 'safe' investments even if though rate of return may be comparatively lower.

Personality and Self-concept

Personality is the sum total of the unique individual characteristics that make each one of us what we are.

It provides a framework within which a consistent behaviour can be developed. Self-concept or self-image is the way we perceive ourselves in a social framework. We always tend to buy only those products and services which we think fit or match with our personality.

Marketers also try to give a distinct image or personality to their products which is as close as possible to that of the target consumers. Gwalior Suitings uses Nawab of Pataudi for promoting its suitings, to project an image of class and exclusivity and perceives that this image would match well with the self-concept of their target consumers.

Learning and Memory

Everyday we are exposed to a wide and diverse range of information. But we can barely recall a small fraction of it the next day.

We only remember that which is of relevance and importance to us, or where we have a motivation to remember. Consider a situation where a family is viewing a TV programme and the accompanying advertisements. Out of the 15-20 advertisements, the seven year old daughter may remember the advertisement for Barbie dolls, the husband (who drives the car) may remember the advertisement of radial car tyres and the wife may remember the advertisement for a new model of mixer-grinder. This is because each one of them has a motivation for different products.

Our motives, attitudes and personality act as filters by letting in only relevant information and keeping 'all other information out. Surely we would see the product, hear its jingle on the radio but chances are it will not register in our minds. We will remember it only for a short while and then forget it.

This is known as selective retention. We retain in our memories only selective information. You will learn more about these individual influences on consumer behaviour in Unit 8 of this course.

Information Processing

This refers to the process and activities which consumers engage in while gathering, assimilating and evaluating information. As discussed in the previous paragraphs, we only attend to selective information. The manner in which we assimilate and evaluate this selective information is determined by our motives, attitudes and personality and self-concept. Thus the same information maybe evaluated in a different manner by two different individuals and the ensuing response may also be very different. A half-filled glass elicits the response "a half-empty glass from, one consumer while another reacts by saying it is "half-full".

Activity 4

Suppose you have won Rs.15, 000 in a lottery. The following optional uses of the money are available to you.

- i) Buying a VCR
- ii) Go on a holiday with your family/friends
- iii) Buy shares



- iv) Buy a personal computer for use in the house
- v) Buy a membership to a club
- vi) Deposit it in a fixed deposit account.

Rank the above options in order of your preference. Try and analyse how your personal motives, attitudes personality affected your ranking. Now put the same question to a colleague in your office/friend/spouse. Is the response different from yours?

Try and explain the response in terms of the determinants of individual behaviour explained in this section.

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1.8 EXTERNAL ENVIRONMENT

As shown in Figure 1.1 the external environment is made up of six specific influences and all other remaining influences are covered under the heading 'other influences'.

Cultural Influences

The first of the influences is that of cultural variables. Culture is defined as the complex, sum total of knowledge, belief, traditions, customs, art, morals, law and any other habits acquired by people as members of a society. Culture of one society differs from that of another. Many of our actions, and behaviour as consumers stem from our cultural background for instance, the emphasis on saving schemes oriented towards saving for a daughter's marriage or the preferred attitude towards gold as a form of saving are the result of our unique cultural influence.

Sub-cultural Influences

Within a given culture, there are many groups or segments of people with distinct customs, tradition and behaviour, which set them apart from other people. All Indians share one common cultural heritage, but the Hindu Brahmins of Tamil Nadu are very different from the Hindu Bengalis of Calcutta in the same way as Kashmiri Hindus are different from the Hindus of Gujarat. Each of these people, within one cultural mainstream, have uniquely distinct sub-cultures. They have their style of dress, food habits, religious traditions and rites all of which have implication for the marketer. Sumeet Mixer and Grinder developed special heavy duty motor to withstand continuous running required for grinding rice for dosa, vada, idli-staple food items of the South Indian cuisine. Similarly, marketers of spices need to modulate taste and formulation according to the consumers taste, which varies from state to state.

Social Class Influences

Social class is a group consisting of a number of people who share more or less equal position in a society. Within a social class people tend to share same values, beliefs, and exhibit similar patterns of behaviour and consumption. Some social classes are ranked as higher and lower. Social classes differ from one society to another, and their standing in society may also change over time. Social classes may be defined by parameters such as income and occupation. The belongingness to a social class influence decisions such as choice of residence, type of holiday, means of entertainment and leisure.

Social Group Influences

A social group is a collection of individuals who share some common attitudes and a sense of relationship as a result of interaction with each other. Social groups may be primary where face-to-face interaction take place frequently, such as families, work groups and study groups. Secondary groups are those where the relationship is a more formalized and less personal in nature. Examples of primary groups are associations of professionals members of a political party, and social groups such as Rotary, Lions, Jaycees etc.



The behaviour of individuals as consumer is greatly influenced by other members of the group. If executives of an office normally wear a safari suit to work, it is most likely that a newcomer to the office would tend to conform to this pattern of dressing, even though he may have been dressing very differently in his earlier work situation. The change over to kurta-pajama once an individual joins politics is another example of how social group influences consumer behaviour. Unit 9 of this course will give you a more detailed exposure to social and cultural influences on buyer behaviour.

Family Influences

Family is a social group which can be defined as a primary group. It needs to be studied in great detail as it is one of the strongest sources of influences on consumer behaviour.

The first and strongest influence on a child is that of his family and he imbibes many behavioural patterns from other family members subconsciously and these tend to stay with him even after attaining adulthood. Further, within a family many decisions are made jointly with various members exerting different degree of influence. The changing structure of families as the joint family system gradually gives way to single nucleus families also influence the consumer behaviour.

Personal Influences

Each individual is influenced by the family, social class, sub-cultural and cultural group to which he belongs, and yet has his own distinct personality which influences his decisions and behaviour as a consumer. The probability of trying a new product or a new brand will depend on the type of personality of the consumer. The process of evaluation of different products and different brands will vary from person to person. For one, price may be the most important parameter in making the decision to buy a water geyser, for another it is convenience, and for yet another it may be the status symbol value.

Other Influences

All other influences not covered in any of the other specific influence headings are covered here. National or regional level events, situational factors or any other external influences are included here. Cricket test matches always lead consumers to buy TV sets and transistor radios. The hosting of Asiad '82 in New Delhi brought in its wake tremendous awareness and interest in sports. All such-events have both temporary and permanent influences on consumer behaviour. During the period of the event, there is increased emphasis on buying goods and services related to the event. After the event is over, as in case of Asiad, because the infrastructure for sports has been created, an interest amongst the people been kindled; sporting events are now held regularly with more people participating. All this leads to greater consumption of sports goods.

Situational variables such as product display, price reduction offers, free gift offers, also influence consumer behaviour. Seeing an attractive offer, a free mug with a new brand of coffee, a regular user of a rival brand may be tempted to try the new brand,

As you would observe in Fig 1.1 the various factors in individual determinants and external environment are separated by broken lines, This is done to denote the fact that each of these specific factors influence and in turn are influenced by each other, Further you would notice that there is an arrow starting from external environment and passing through individual determinants upto the decision process. This indicates that external environmental factors do not affect the decision process directly, but filter through individual determinants to influence the decision process.

1.9 APPLICATIONS OF CONSUMER BEHAVIOUR IN MARKETING

Marketing is defined as "human activity directed at satisfying needs and wants through exchange processes". Thus the beginning of marketing lies in identifying unsatisfied human needs and wants and understanding the ensuing activity which people engage in to fulfil these. And that, as we have described, is the realm of consumer behaviour. Consumer behaviour and marketing go hand-in-hand. Trying to do the latter without an understanding of the former is akin to firing a shot in the dark.



Consumer behaviour has a number of applications in the area of marketing as described in the following paragraphs.

1 Analyzing Market Opportunity: Study of consumer behaviour helps in identifying needs and wants which are unfulfilled. This is done by examining trends in income, consumers lifestyles and emerging influences. The trend towards increasing number of working wives, and greater emphasis on leisure and convenience have signalled the emerging needs for household gadgets such as vacuum cleaner, washing machine and mixer grinder. Tortoise Mosquito repellent coils and Good Knight electrical repellents were marketed in response to a genuinely felt need of the people. Its rapidly rising sales graph is an indication of how well the product has satisfied the consumer's need.

2 Selecting the Target Market: The study of the consumer trends would reveal distinct groups of consumers with very distinct needs and wants. Knowing who these groups are, how they behave, how they decide to buy enables the marketer to market products/services especially suited to their needs. All this is made possible only by studying in depth the consumer and his purchase behaviour.

A study of potential consumers for shampoo revealed that there was a class of consumers who would like to use shampoo only on special occasions and who otherwise use soap to wash their hair. Further, this consumer class would not afford to spend more than three or four rupees on shampoo. Having identified this target market, companies with leading brands launched their shampoos in small sachets containing enough quantity for one wash and priced just at two or three rupees.

3 Determining the Product Mix: Having identified the unfulfilled need slot and having modified the product to suit differing consumer tastes, the marketer now has to get down to the brass tacks of marketing. He has to determine the right mix of product, price promotion and advertising. Again consumer behaviour is extremely useful as it helps find answers to many perplexing questions.

Product: The marketer has the product that will satisfy hitherto unfulfilled consumer need, but he must decide the size, shape and attributes of the product. He must figure out whether it is better to have one single product or a number of models to choose from.

Does the product require any special kind of packaging? Does it need any guarantee or after sales service? What associated products and services can be offered alongside?

Maggi Noodles were first launched in the most common flavours such as masala and capsicum. Having succeeded with these, other flavours such as garlic and sambhar were launched with the objective of appealing to specific regional tastes. However, these flavours did not succeed. Recently, exotic flavour such as prawns has been launched. All these are attempts to modify the product by adding special features, attributes which might enhance the product appeal to the consumers.

The study of consumer behaviour also guides the marketer in making decisions regarding packaging. Pan Parag was first introduced in tins. But study of consumer behaviour revealed that people wanted smaller packing which they could conveniently carry on their person and in response to this the individual pouches were introduced. Further study of consumers revealed a problem with these pouches. Once opened and kept in the purse or pocket, the pan masala would spill out of the pouch into the purse or pocket. To overcome this problem, Pan Parag has now launched a pouch with a zip. You eat as much as you want, zip up the packet and put it in your pocket without fear of spillage and wastage.

The study of consumer needs revealed the need for a water storage facility, in the kitchen and bathroom but which didn't occupy floor space. In response to this need, Sintex added the overhead indoor loft tank to their existing range of outdoor, roof top water storage tanks.

Price: What price should the marketer Charge for the product? Should it be the same as that of the competing product or lower or higher? Should the price be marked on the product or left to the discretion of the retailer to charge what he can from the customer? Should any price discounts be offered? What is the customer perception of a lower or higher price? Would a lower price stimulate sales? Or is a lower price associated with poor quality?

These are the kinds of questions facing a marketer when taking a decision regarding pricing. The marketer has to determine the price level which makes the image of the product and which also maximises the sales revenue. For doing so he must understand the way his product



is perceived by consumers, the criticality of the price as a purchase decision variable and how an increase or decrease in price would affect the sales. It is only through continuous study of consumer behaviour in actual buying situations that the marketer can hope to find answers to these issues.

Distribution: Having determined the product size, shape, packaging and price, the next decision the marketer has to make is regarding the distribution channel. What type of retail outlets should sell the products? Should it be sold through all the retail outlets or only through a selected few? Should it be sold through existing outlets which also sell competing brands or should new outlets selling exclusively your brand of product be created? How critical is the location of the retail outlets from the consumers' viewpoint? Does the consumer look for the nearest convenient location or is he willing to travel some distance for buying the product?

The answers to all these questions can only be found when the marketer has a good understanding of the consumers' needs which are being fulfilled by his product and the manner in which consumers arrive at the decision to buy. A few years ago, Eureka Forbes introduced a vacuum cleaner in the Indian market. It was not only launch of a new brand, but rather a launch of a new product concept. No retail outlets were selling vacuum cleaners very few consumers knew much about the product and fewer still were willing to buy it. Under these circumstances, the company decided to sell the product only through personal selling with the salesman calling on the consumer at his home. Here the salesman had enough time to explain, demonstrate and convince the prospective customer about the utility of the vacuum cleaner. In a retail outlet situation, all this would just not have been possible. The retailer has neither the time nor the detailed knowledge required to sell such a new product concept. This distribution strategy of Eureka Forbes, based on a very fine understanding of the consumer behaviour, has yielded good sales results. The product concept is well accepted in the urban markets and today the vacuum cleaner, in addition to personal selling is also sold through some selected retail outlets.

Promotion: The marketer here is concerned with finding the most effective methods of promotion which will make the product stand out amongst the clutter of so many other brands and products, which will help increase the sales objective and yet be within the budget. This is possible only when the marketer knows who his target consumers are, where are they located, what media do they have access to, what is their preferred media and what role does advertising play in influencing the purchase decision?

Today, TV is the most powerful advertising medium in the country. And many brands spend the greater part of their promotion and advertising budget on TV. Brands regularly advertised on TV soon become well recognized names. But as a marketer you have to question the suitability of any specific medium in case of your specific product and budget. Suppose your product is sold in only a few geographical markets you may decide to avoid TV altogether and concentrate on point of purchase promotion and local advertising through local newspaper, hoardings and wall paintings.

In so many cases of industrial product media advertising is very negligible, instead, brochures or leaflets containing detailed product specification and information are directly mailed to the actual consumer, and sometimes followed up by a salesman making a call to clinch the deal. This is primarily because buyer behaviour and informational needs of industrial buyers are very different from that of consumer buying. You will study organisational buying behaviour in detail in Unit 3 of this block. But you can make these decisions only when you know your consumer and understand his behaviour.

4 Use in Non-profit and Social Marketing: The knowledge of consumer behaviour is also useful in the marketing of non-profit or social or governmental services of institution such as hospitals, voluntary agencies, law enforcement and tax collection agencies.

The income tax authorities have always been perceived in negative manner by the common man who fears them and views them in a suspicious light. To overcome this poor image, advertisements on TV and in newspapers and magazines are regularly released, wherein a friendly, helpful image is sought to be projected. Moreover, there is greater dissemination of information regarding the rights and responsibilities of the taxpayer. Similarly, Delhi Police is trying to overcome the problem of poor image by projecting itself as always alert and available for help through regular newspaper advertisements.

Activity 5

In your own work experience, can you identify some decisions regarding product pricing,



distribution and promotions, which were based on the knowledge of consumer behaviour. What was/were these decisions?

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1.10 SUMMARY

This Unit attempts to introduce you to the subject of consumer behaviour and all that which is studied as part of this.

Consumer behaviour comprises the entire spectrum of activities and processes which individuals engage in when buying, using, acquiring or disposing of goods and services. The purchase is only one part of this range of activities. The focus of study in consumer behaviour is the individual making the purchase, but sometimes he may be purchasing on behalf of somebody else. To get a complete picture it is necessary to include both the buyer and user in the realm of consumer behaviour. The study of consumer behaviour is concerned with the decision process involved in a purchase. This process may comprise physical and mental activities preceding and following the purchase event.

During this decision process, the consumer is influenced, by a variety of factors. These influencing variables can be broadly divided into two categories, namely, individual determinants and external variables. These were briefly touched upon in this Unit and shall be explained in greater detail in later units.

An understanding of consumer behaviour is of critical importance to all persons engaged in any form of marketing activity, its importance stems from the fact that i) behaviour of consumers can be understood, ii) the behaviour can be influenced, and iii) the marketer can manipulate these influencing variables to his advantage.

Consumer behaviour is also applicable in case of non-commercial, non-profit marketing. "Run for your country" and other such runs organized on special occasions such as India completing 40 years of Independence, used various types of appeals in order to motivate the maximum participation. Organizations such as Red Cross, Blood Banks, Heart Foundation, Indian Cancer Society, UNICEF, etc. all use an understanding of consumer behaviour to market their services, sell their products (greeting cards in case of UNICEF), and to motivate people to donate, get regular health check-ups.

1.11 KEY WORDS

Decision Process: The sequence of mental and physical activities and processes receding and following an actual purchase action.

Individual Determinants: The specific variables unique to each individual, which influence his behaviour as a consumer. These variables are psychological in nature,

External Environment: All the variables emanating from the society within which an individual lives and interacts and which bear a strong influence on his consumer behaviour.

1.12 SELF-ASSESSMENT QUESTIONS

- 1) Given below is a list of products and services, some or all of which you would have purchased or used in your capacity as a consumer:
 - a) Scooter/Motorcycle/Car
 - b) An expensive suit/saree for a very important social occasion

- c) Gas stove/electrical oven
- d) Two-in-one transistor-cum-cassette recorder/player
- e) Services of a doctor
- f) Membership of a Society/Club/Union
- g) Carpet for the drawing room

Try to recall and identify the roles played by different people around you in influencing the first time purchase of these. Would the same roles be played by the same people if you went in for a repeat purchase?

- 2) Till a few years ago, the ready-made clothes market in India was limited to a few companies offering men's shirts and trousers in a few instances. But today, Vimal, Bata, Madura Coats and many other big companies have launched entire ranges of ready to wear garments for men and women. Can you identify some key variables of individual determinants and external environment responsible for this change?

1.13 FURTHER READINGS

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