
UNIT 4 CONSUMER BEHAVIOUR

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Meaning of Consumer Behaviour
- 4.3 Importance of Understanding Consumer Behaviour
- 4.4 Types of Consumers
- 4.5 Buyer Versus User
- 4.6 Factors influencing Consumer Behaviour
 - 4.6.1 Psychological Factors
 - 4.6.2 Personal Factors
 - 4.6.3 Social Factors
 - 4.6.4 Cultural Factors
- 4.7 Consumer Buying Process
- 4.8 Let Us Sum Up
- 4.9 Key Words
- 4.10 Answers to Check Your Progress
- 4.11 Terminal Questions

4.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the need to understand consumer behaviour;
- classify consumers;
- distinguish between the buyer and actual user; and
- describe the factors that influence consumer behaviour.

4.1 INTRODUCTION

As you know a market is the set of actual and potential buyers of a product and marketing refers to human activity directed at satisfying needs and wants through exchange process. This means that while marketing a product you aim at satisfying the needs and wants of actual and potential users of that product. To achieve this, it is essential to understand the tastes, preferences, likes, dislikes, consumption patterns, process of purchase, etc., of the buyers of that product. Thus, there is a need for you to study the consumer behaviour. In this unit, you will study the meaning and importance of

consumer behaviour, types of consumers, and factors influencing the consumer behaviour.

4.2 MEANING OF CONSUMER BEHAVIOUR

One thing that we have in common is that we are all consumers. In fact, everybody in this world is a consumer. Everyday of our lives, we are buying and consuming a variety of goods and services. However, we all have different tastes, likes and dislike, and adopt different behaviour patterns while making purchase decisions. You may prefer to use Colgate toothpaste, Cinthol toilet soap and Halo Shampoo whereas your spouse may prefer Neem toothpaste, Lux soap and Shikakai shampoo. Similarly, you may have a certain set of preferences in food, clothing, books, magazines, recreational activities, forms of savings and the stores from where you prefer to shop, which may be different not only from those of your spouse but also your friends, neighbours and colleagues. For example, take the case of two wheelers. You may prefer Activa, your friend may like Royal Enfield Bullet and another person may prefer Hero Honda. Similarly, take the case of smokers some people like cigars, some prefer beedies and others like cigarettes. Again within each category **also different persons prefer different brands**. Thus, each consumer is unique and this uniqueness is reflected in the consumption behaviour and pattern as well of process of purchase. **The study of consumer behaviour provides us with reasons why do consumers differ from one another in buying and using products and services.**

‘What’ products and services do we buy, ‘why’ do we buy, ‘how often’ do we buy from ‘where’ do we buy, ‘how’ do we buy, etc., are the issues which are dealt with in the area of consumer behaviour. **Consumer behaviour can be defined as those acts of individuals (consumers) directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that determine these acts.**

4.3 IMPORTANCE OF UNDERSTANDING CONSUMER BEHAVIOUR

Consumer behaviour is helpful in understanding the purchase behaviour and preferences of different consumers. As consumers, we differ in terms of our sex, age, education, occupation, income, family set-up, religion, nationality and social status. Because of these differences we have different needs, and we only buy those products and services which we think will satisfy our needs. In marketing terminology as you know, specific types or groups of consumers buying different products (or variation of the same basic product) represent different market segments. In order to market successfully to different market segments, the marketing manager needs appropriate marketing strategies. He can design this strategy only when he understands the factors which account for these differences in consumer behaviour and tastes.

In today's world of rapidly changing technology, consumer tastes are also changing rapidly. To survive in such a rapidly changing market, a firm has to constantly understand the latest consumer trends and tastes. Consumer behaviour provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore. For example, let us consider the advancement in the technology of television in India. Consumers are switching from CRT TV to Smart Televisions. The consumers exhibit a desire to purchase TV with higher resolution.

A management which believes in the philosophy of marketing concept must naturally proceed by identifying and understanding the prospective customers and their buying behaviour. To understand the potential consumers, means, to understand the consumer's goals which may be long-term or short-term in nature. Once the goals are identified, the company can decide as to how best its products can help the consumer to reach such goals. He/She can design the products accordingly, and carry on advertisement message explaining how the product can help the consumers to reach the goal. Many difficulties are to be anticipated in understanding the prospective consumers. First of all, people rarely ever give their goals any conscious thought nor express them in a clear-cut way. Even if a few goals are occasionally felt, they are rarely expressed in the order of importance. Again, the means selected to achieve proclaimed goals may or may not be rational. Many individuals frequently decide to satisfy small needs that confront them at a given moment of time. They do not pay much attention to their long-term goals of greater significance to their life in future. Most of such goals and means are changed quite often. Every person sets goals and seeks means of achieving them. However, no two persons have identical sets of ultimate or intermediary sets of goals. There can be only broad generalisations.

When target groups and their specific goals can be guessed with a fair accuracy, then an appropriate advertising message and medium can be selected. For example, when a bank desires to promote its fixed deposit business, the prospects are those whose long-term goals are peaceful, carefree retired life'. There may be many whose goals are different or who would give a low value to this goal. Hence, the advertising message of the bank, if carried through a newspaper or radio, may use the above theme. If, on the other hand, the medium is a trade journal the above goal (to attract fixed deposits) may not be achieved at all. One aspect to be considered here is; how to differentiate between the 'prospects' and 'poor prospectus' and the media to reach the prospects.

Psychology, sociology, cultural anthropology, and economics are among the areas that provide useful insights into consumer behaviour. Similarly, class and demographic methods of market segmentation, although still important need to be combined for a meaningful marketing analysis. Government and other distinctive groups constitute special markets that present unique

problems and opportunities. These markets must be analysed in depth if their potentials are to be capitalised.

Check Your Progress A

1) Based on your own experience as a consumer, furnish the following information:

Type of Product	For what purpose you buy the product?	Which brand you buy?	Where do you buy?
i) Tooth paste	_____	_____	_____
ii) Tea/Coffee	_____	_____	_____
iii) Newspaper	_____	_____	_____
iv) Washing Soap	_____	_____	_____
v) Ceiling Fan	_____	_____	_____
vi) Radio	_____	_____	_____

2) Ask one of your close friends or neighbour to furnish the information for the same.

Type of Product	For what purpose you buy the product?	Which brand you buy?	Where do you buy?
i) Tooth paste	_____	_____	_____
ii) Tea/Coffee	_____	_____	_____
iii) Newspaper	_____	_____	_____
iv) Washing Soap	_____	_____	_____
v) Ceiling Fan	_____	_____	_____
vi) Radio	_____	_____	_____

3) Compare your experience (Question 1) with the experience of your friend/neighbour (Question 2). Identify the differences, and state the reasons for the differences.

4.4 TYPES OF CONSUMERS

As you know, markets are broadly classified as consumer markets and organisational markets. In the same way all consumers also can be classified into two types: **personal consumers and organisational consumers**. When you buy a shirt for your own use, you are buying in your capacity as a personal consumer. However, when you are buying a computer for use in office, you are making the purchase in your capacity as an organisational consumer. Whenever you buy goods and services for your own or for your family use, you are treated as a personal consumer. All individuals, thus, fall in the category of personal consumers. All business firms, government agencies and bodies, non-business organisations such as hospitals, temples, trusts etc. are organisational consumers who purchase goods and services for running the organisations. As you know, in the case of an organisation also, buying decisions are taken by individuals only. Hence, the behaviour pattern of organisation consumers is marginally different from personal consumers. In this unit, however, our focus is on the personal consumer and factors influencing his/her behaviour.

4.5 BUYER VERSUS USER

The person who makes the actual purchase of a product or services is called the **buyer** and the person who consumes or uses the product or service is called **user**. Often the person who purchases the product is not the person who actually consumes or uses that product. A mother buys toys and clothes for consumption by her young children. The mother is the buyer but the actual consumers are the children. A car is purchased by the husband or the wife, but is used by all the members of the family. Thus, in the family context, you may either have the situation where the buyer is distinct from the consumer or the buyer is only one of the many consumers. Besides buyer and user, any person in the family or even from outside the family may influence the buying decision in the role of an initiator or influencer or decider. The **initiator** is the person who first suggests or gets the idea of buying the particular product or service. An **influencer** is a person whose views or advice carries some weight in making the final decision. The **decider** is the person who ultimately determines any part of or the entire buying decisions- whether to buy or not, how, to buy, when to buy, where to buy, etc.

The question that arises is who should be the subject of study in consumer behaviour? Should we study the buyer or the consumer or the other influencing persons? To overcome this problem, in many instances it is the household or the family and not the individual who is considered the subject of the study.

However, a person involved in marketing should have a very sharply defined focus for marketing strategy, especially promotional strategy. You must

identify the best prospect for your products---whether it is the buyer or the user. Even when the consumer is distinct from the buyer, the consumer's likes and dislikes, taste, etc., influence the buyer's decision in the purchase of a specific product or brand. Thus, many companies focus their promotion at both the user and the buyer. Consider the promotional message of Maggi noodles and Rasna soft drink concentrate. The taste and fun aspects of both these products are meant to appeal to the children who are the major consumers, while the convenience (in case of noodles) and economy (in case of Rasna) are meant to appeal to the mothers who are the buyers.

Check Your Progress B

- 1) Mr. Sharat, an engineering student, asked his father, Mr. Kailash, to buy for him a calculator, Mr. Kailash asked his friend, Mr. Ramesh, to suggest a suitable brand and Mr. Ramesh told him to buy Casio FX991ES PLUS model. Accordingly, Mr. Kailash bought the calculator and gave it to his son. Identify the following in this case:
 - a) Buyer
 - b) User.....
 - c) Initiator.....
 - d) Influencer
 - e) Decider
- 2) Who are likely to be the buyers and users of the following products within your family and your friend’s family:

Product	Your Family		Your Friend’s Family	
	Buyer	User	Buyer	User
Fruits				
Razar Blades				
TV Set				
Cooking Oil				
Chairs Toys				

If you find differences between your family and your friends’ family in the above, identify the reasons.

4.6 FACTORS INFLUENCING CONSUMER BEHAVIOUR

Consumer behaviour is affected by a host of variables, ranging from personal motivations (needs, attitudes and values), personality characteristics, socio-economic and cultural background (age, sex, professional status) to social influences of various kinds exerted by family, friends, colleagues and society

as a whole. The combinations of these various factors produce a different impact on each of us as manifested in our different behaviour as consumers.

Consumer behaviour results from individual and environmental influences. Consumers often purchase goods and services to achieve their ideal self-image and to project the self-image they want others to accept. Behaviour is, therefore, determined by the individual's psychological makeup and the influences of others. In other words, consumer behaviour is a function of the interaction of consumers' personal influences and the pressures exerted upon them by outside forces in the environment. Understanding consumer behaviour requires an understanding of the nature of these influences.

The basic determinants of consumer behaviour include the individual motives, perceptions and attitudes. The interaction of these factors with influences from the environmental factors causes the consumer to act. All the factors that influence the consumer behaviour can be classified into four broad groups: 1) Psychological factors, 2) personal factors, 3) social factors, and 4) cultural factor. Look at Figure 4.1 carefully and study the factors grouped in each of these four categories

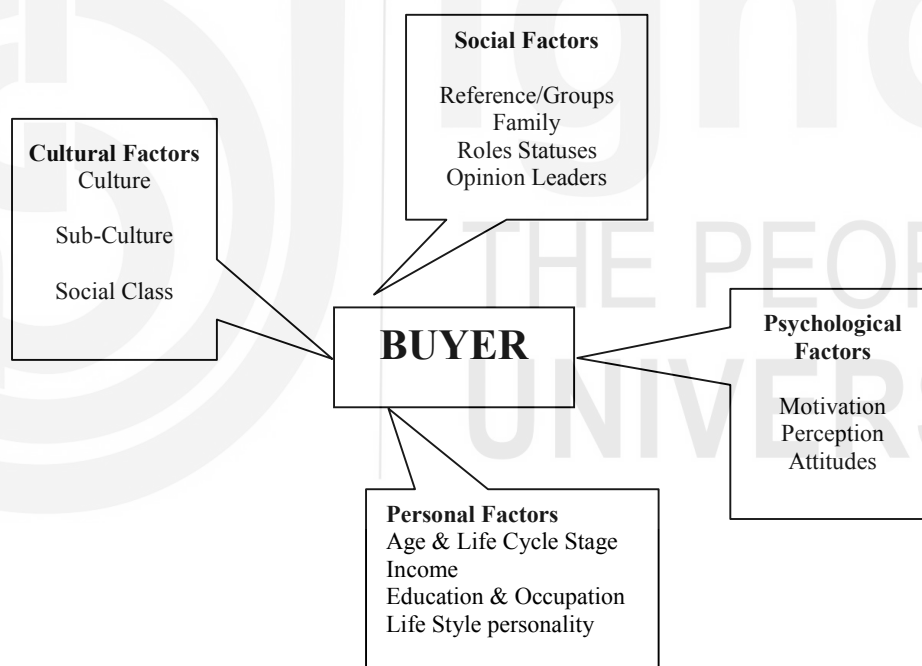


Figure 4.1 Factors influencing Consumer Behaviour

4.6.1 Psychological Factors

The starting point in the purchase decision process is the recognition of a felt need. A need is simply the lack of something useful. We all have needs and we consume different goods and services with the expectation that they will help to fulfil these needs. When a need is sufficiently pressing, it directs the person to seek its satisfaction. It is known as **motive**. **Thus, motives are inner states that direct people towards the goal of satisfying a felt need.**

The individual is moved the root word for motive to take action to reduce a state of tension and to return to a condition of equilibrium.

Although psychologists do not agree on any specific classification of needs, a useful theory of the hierarchy of needs has been developed by Abraham Maslow. His list is based on two important assumptions.

- 1) People are wanting animals whose needs depend on what they already possess. A satisfied need is not a motivator. Only those needs that have not been satisfied can influence behaviour.
- 2) All needs can be ranked in order of importance from the low biological needs to the higher level psychological needs. Each level of unfulfilled need motivates the individual's behaviour, and as each successive level of need is fulfilled, people keep moving on to the next higher level of need.

As shown in Figure 4.2, Maslow has classified the needs into five categories as: 1) Physiological needs, 2) Safety needs, 3) Social needs, 4) Esteem needs, and 5) Self actualisation needs. In the figure the different levels of needs have been depicted as being water tight compartments, but in reality there is always overlap amongst the different levels of needs, since no need is ever totally satisfied. There is always scope for further fulfilment.

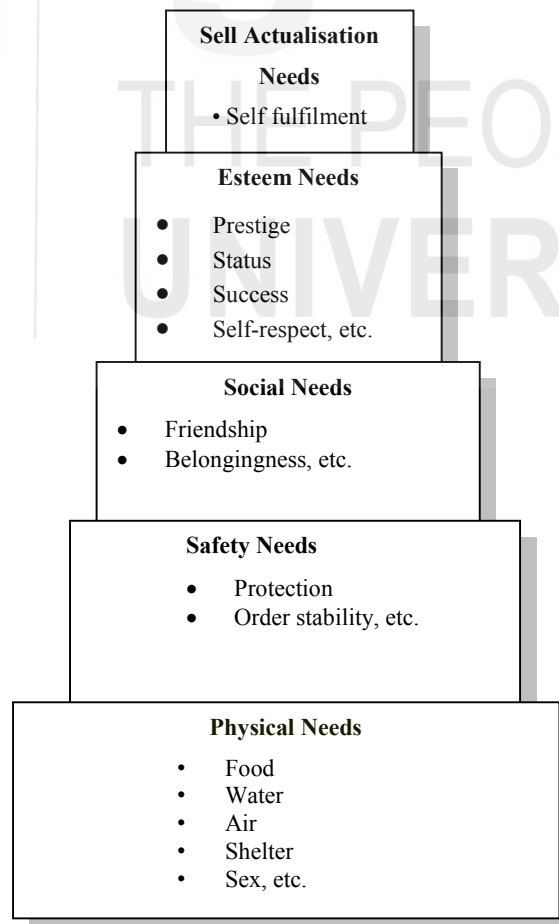


Figure 4.2 : Maslow's Hierarchy of Needs

Physiological Needs: The primary needs for food, shelter and clothing that are present in all humans and must be satisfied before the individual can consider other higher-order needs. A hungry person ignores other needs until he obtains food to satisfy his hunger. Once the physiological needs are satisfied, at least partially, other needs enter the picture.

Safety Needs: The safety needs include: security, protection from physical harm and avoidance of the unexpected unfavourable happenings. Gratification of these needs may take the form of a savings account, life insurance, the purchase of radial tires, or membership in a local health club.

Social Needs: Satisfaction of physiological and safety needs leads to the third level needs which are called social needs. These needs arise due to the desire to be accepted by members of the family and other individuals and groups. The individual may be motivated to join various groups to conform to their standards of dress and behaviour, and to become interested in obtaining status as means of fulfilling these needs.

Esteem Needs: These needs, which are near the top of the ladder, are more difficult to satisfy. At the esteem level is the need to feel a sense of accomplishment, achievement, and to receive respect from others. The competitive needs to excel to better the performance of others is in almost universal human trait. The esteem need is closely related to social needs. At this level, however, the individual desires not just acceptance but also recognition and respect. The person has a desire to stand out from the crowd in some way.

Self-actualisation Needs: The top position on the ladder of human needs is self-actualisation--the need for fulfilment, for realising one's own potential, for using one's talents and capabilities totally. Maslow defines self-actualisation this way: "**The healthy man is primarily motivated by his needs to develop and actualise his fullest potentialities and capacities. What man can be, he must be.**" **Individual behaviour resulting from motivation is affected by how are stimuli perceived.**

Perception is the meaning that each person attributes to incoming stimuli received through the five senses. To perceive is to see or hear, or touch or taste or smell something or event or idea. Perception is much more complex and broader than sensation. It is the process of the mind selecting, organising and interpreting the reality. Several factors influence one's perception. Perception may or may not be corresponding with the reality. What people perceive is as much a result of what they want to perceive as of what is actually there. Perception of incoming stimuli is greatly affected by attitudes about them. In fact, the decision to purchase a product is based on currently held attitudes about the product, the store, or the salesperson.

Attitudes are a person's enduring favourable or unfavourable evaluations, emotional feelings, pro or against action tendencies in regard to some object or idea. They are formed over a period of time through individual experiences

and group contacts, and are highly resistant to change. Since favourable attitudes are likely to be conducive to brand preferences, marketers are interested in determining consumer attitudes towards their products.

4.6.2 Personal Factors

A consumer's purchase decisions are also affected by his personal characteristics such as age, sex, stage in family life-cycle, education, occupation, income, lifestyle, his overall personality and overall self-concept. We shall now discuss some of these influences.

Demographic Factors and Life-cycle Stage: The first factor influencing a buyer's decision is his age. The need for different products and services changes with age. Babies and children have special needs for products such as milk powder, baby foods and toys. Young adults need clothes, recreational and educational facilities, transportation and a host of other age and fashion related consumption needs.

There are certain physiological differences between men and women which result in their having different consumption needs. Women need specialised medical facilities for pregnancy and delivery. Their requirement of clothes and cosmetics is different from that of men. Each gender thus has its own need for specific products and services.

Education and Occupation: Education widens a person's horizons, refines his tastes and makes his outlook more cosmopolitan. An educated person is more likely to consume educational facilities, books, magazines and other knowledge oriented products and services. In India, for example, we find that educated families are more inclined towards adopting family planning than families which have not educational background.

The occupation in which a person is engaged also shapes the consumption needs. People following specialised occupations such as photography, music, dance, carpentry, etc., need special tools and equipment. Apart from this specific need, the status and role of person within an organisation affects his consumption behaviour. Chief executives would buy three-piece suits of the best fabric, hand made leather briefcase and use services of airlines and five star hotels. A junior manager or blue collar worker in the same organisation may also buy a three-piece suit but he may compromise on price.

Income: The income of a person has an extremely important influence on his consumption behaviour. He may wish to buy certain goods and services but his income may become a constraint. Income in this context really refers to the income available for spending (i.e., income after tax, provident fund and other statutory deductions). The person's attitude towards spending versus saving and his borrowing power are also important influencing factors. Small size packaging in sachets for products such as tea, shampoo, toothpaste, etc., are meant for the lower income customers who cannot afford a one time large outlay of money on such products.

Personality: Personality is the sum total of an individual's psychological traits, characteristics, motives, habits, attitudes, beliefs and outlook. Personality is the very essence of individual differences. In consumer behaviour, personality is defined as those inner psychological characteristics that both determine and reflect how does a person respond to his environmental stimuli.

There has been a great deal of research into the concept of personality with the objective of predicting consumer behaviour, in terms of product and brand choice. The assumption in all personality related research has been that different types of personalities can be classified and each type responds differently to the same stimuli. The personality classification can be used to identify and predict that response. In case of products such as cigarettes, beer and cars, personality has been used to segment the market.

Life Style: Life styles are defined as patterns in which people live, as expressed by the manner in which they spend money and time on various activities and interests. Life style is a function of our motivations, learning, attitudes, beliefs and opinion, social class, demographic factors, personality, etc. While reading this unit, you are playing the role of a student. At the same time you also have your career, family and social roles to play. The manner in which you blend these different roles reflects your life style.

The different life styles are used for market segmentation, product positioning and for developing promotion campaigns, including new products.

Check Your Progress C

- 1) List the major factors which determine the consumer behaviour.
- 2) Differentiate between need and motive.
- 3) What are the basic assumptions in Maslow's hierarchy of needs?
- 4) Match the products in Column A with factors in Column B

Column A	Column B
i) Cameras	a) Sex
ii) Toys	b) Physiological need
iii) Suiting Cloth	c) Professional
iv) Vegetables	d) Age
v) Lipstick	e) Personality

4.6.3 Social Factors

Consumer behaviour is also influenced by social factors such as reference groups family, social roles, social status and opinion leaders

Reference Groups: As a consumer, your decision to purchase and services, is influenced by the people around you with whom you interact and the various social groups to which you belong. The groups with whom you interact directly or indirectly influence your purchase decisions.

There may be indirect reference groups. Indirect reference groups comprise those individuals or groups whom an individual does not have any direct face-to-face contact such as film stars, TV stars, sportsmen, politicians, etc. For example, celebrities (like film stars and sports heroes are well known people in their specific field of activity) who are admired and their fans aspire to emulate their behaviour. Soft drinks, saving cream, toilet soaps, textiles are advertised using celebrities from the sports and film fields. Hidden in this appeal is subtle inducement to the customer to identify himself with user of the product in question.

Family: The family is the most important of all reference groups and we shall discuss it in detail. The family, as a unit, is an important consumer for many products which are purchased for consumption by all family members. It is a source of major influence on the individual member's buying behaviour. It is from parents that we imbibe most of our values, attitudes, beliefs and purchase behaviour patterns. Long after an individual has ceased to live with his parents, their influence on the sub-conscious mind still continues to be great. In our country, where children continue to live with their parents even after attaining adulthood, the parents, influence is extremely important. Within the family, different members play different roles. Marketers are interested in finding out exactly the role played by individual members so that they can appropriately design their promotion strategy to suit these differing roles.

Roles: An individual may participate in many groups. His position within each group can be defined in terms of the activities he is expected to perform. You are probably a manager, and when you are in a work situation you play that role. However, at home you play the role of spouse and parent. Thus in different social positions you play different roles. Each of these roles influences your purchase decisions. As a manager, you would like to buy clothes which reflect your status within the organisation, such as safari suit, three piece suit, tie, leather shoes, etc. You are in a relaxed and informal situation at home, hence, you would prefer clothes which are comfortable rather than formal and you may wear shirts, jeans, kurta pyjama, dhoti or lungi.

Status: Each role that a person plays has status, which is the relative prestige accorded by society. Status is often measured by the degree of influence an individual exerts on the behaviour and attitude of others. People buy and use products which reflect their status. The managing director of a company, for instance, may drive a Mercedes to communicate his status in society. He may go to Europe or USA for a holiday, rather than going to Mussoorie or Ooty.

Opinion Leaders: A consumer is also influenced by the advice he receives from his friends, neighbours, relatives and colleagues about what products and services they should buy. **This process of influencing is known as the opinion leadership process and is described as process by which one person (the opinion leader) informally influence the actions or attitude of other (opinion receivers).** For instance, during lunch hour you may casually ask your colleague to recommend a good motor-bike mechanic. Or you discuss with your relatives and neighbours what brand of TV they possess and try to ascertain which is the brand recommended by most, before purchasing a TV for your home. Similarly, many people seek the advice or opinion leaders in case of specific products. **People who have acquired considerable knowledge and experience in a particular field are thought of as opinion leaders in that area.** Advertisers and marketers are concerned with reaching the opinion leaders and ensuring that they receive the intended information which they can, in turn, pass on to opinion receivers.

4.6.4 Cultural Factors

Consumer behaviour is also being strongly influenced by the cultural factors. Marketers normally study three cultural factors: 1) buyer's culture, 2) sub-culture, and 3) social class. Let us study these factors briefly.

Culture: The study of culture encompasses all aspects of a society such as its religion, knowledge, language, laws, customs, traditions, music, art, technology, work patterns, products, etc. All these factors make up the unique, distinctive, personality, of each society. For our purpose of studying consumer behaviour, **culture can be defined as the sum total of learned beliefs, values and customs which serve to guide and direct the consumer behaviour of all members of that society.**

The kind of products and advertising appeals that can work effectively in a society depend largely on its cultural background. In the American society, individualism, freedom, achievement, success, material comfort, efficiency and practicality are values which are followed and imbibed by the younger children. Products and services which fulfil these values are most successfully marketed in America. In the Indian society, on the contrary, conformity, spiritualism, respect for the elderly, traditionalism and education are some of the dominant cultural values. However, our Society is undergoing a cultural change and you can notice some major cultural shifts which have far reaching consequences for the introduction of a vast variety of new products and services.

Sub-culture: Within the large framework of a society, there exist many sub-cultures. **A sub-culture is an identifiable distinct, cultural group, which, while following the dominant cultural values of the overall society also has its own beliefs, values and customs that set it apart from other members of the same society.** Every member of a society is a member of several subgroups and the consumer's purchase decision is a result of the

member of these various subgroups. The marketer must understand how the specific sub cultural groups interact with each other and exert their influence on the member's consumption behaviour.

These sub cultures offer readymade market segments to the marketer who can position his product to meet the specific needs of each sub-culture.

Social Class: In every society there is inequality in social status amongst different people. So the people are categorised into different social classes. **Social classes can be defined as relatively permanent and homogeneous divisions in a society in which individual or families sharing similar values, life-styles, interacts.** Social classes are usually ranked in a hierarchical order ranging from low statuses to high status. If we compare different social classes, we would find difference, in values, attitudes and behaviour between each class, as also a pattern of consumptions behaviour unique to each class. Study Table 4.1 carefully and analyse how are the buying behaviour patterns different for various social classes.

Table 4.1: Major social classes and the dominant characteristics and buying behaviour patterns

Social Class	Distinguishing Characteristics	Dominant consumption patterns
Upper Upper	Elite of society: aristocrats of top industrialist inherited wealth well-known family background: spend money lavishly but in discreet, conservative taste.	Spend on property. homes, best education for children, frequent foreign vacation, antiques jewellery, custom made cars etc.
Lower Upper	Top professionals or business man; who have earned rather than inherited money, style and taste in conspicuous and flamboyant they seek possessions which will reflect their status.	Spend on large home with flashy and expensive decor, best education for children, imported cars and latest household gadgets, 5-star hotels, personal computers etc.
Upper Middle	Professional Careerist', coming from the middle class with basically middle class values of respectable living conformity: emphasis on good education; Style is gracious and careful.	Spend on buying quality products irrespective of the category of product it is quality which is the most important feature, Smart TV, play station, high end cars, iphone are some of the products associated with this class.

Lower Middle	White collar workers such as office workers, small businessmen and traders; value neatness and cleanliness and want their home and possessions to reflect this.	Spends a great deal of time shopping around for the best bargain; they buy refrigerator, Smart TV. motorcycle etc.
Upper Lower	Poorly educated, semi-skilled factory workers; they comprise the largest social class segment. That major motivation is security. Purchase decision often impulsive but exhibits a high degree of brand loyalty.	Smart phones, LCD TV. Coolers etc are bought but largely on hire purchase basis, if available.
Lower Lower	Often uneducated, at the bottom of the society and working as unskilled labour live from day to day basis with little planning for the future.	Buy only the basic necessities of life usually buy loose and unbranded products. Have no comprehension and value of brands.

4.7 CONSUMER BUYING PROCESS

In making a purchase decision, the consumer goes through the following five decisions :

- 1) **Problem Recognition:** The buying process starts with the buyer recognising a need or problem. For example, Mr. Rao feels very uncomfortable carrying his papers, files and lunch packet in his hand or in a plastic bag to his work place. Mr. Rao feels the need for a briefcase to carry papers to and from his office.
- 2) **Pre-Purchase Information Search:** After identifying the need for a briefcase Mr. Rao starts searching for information on the kinds of briefcases available in the market. Mr. Rao can seek information from three sources: 1) personal source (family, friends, colleagues, neighbours), 2) commercial sources (advertisements, retailers, salesmen), and 3) public sources (seeing other, consumer information centres). By the end of this stage, Mr. Rao has gathered enough information about different kinds of briefcases available and narrowed down his alternatives to moulded plastic, branded briefcases. Within this broad range there are various brands and price ranges from which to make the final choice from.
- 3) **Evaluation of Alternatives:** Mr. Rao will make his final decision using certain evaluation criteria. The most commonly used criteria are: i)

product attribute, ii) the relative importance of each attribute to the consumer, iii) brand image, and iv) attitudes towards the different brands or alternatives under consideration. For instance, the product attributes of the moulded plastic briefcases are: unbreakable, lightweight, spaciousness, reliability of locking system, colour and price. Mr. Rao attaches maximum importance to the product attributes of light weight and spaciousness as compared to other attributes. He already has some kind of attitude towards the various brands, developed in the stage of information search, which will affect his final decision.

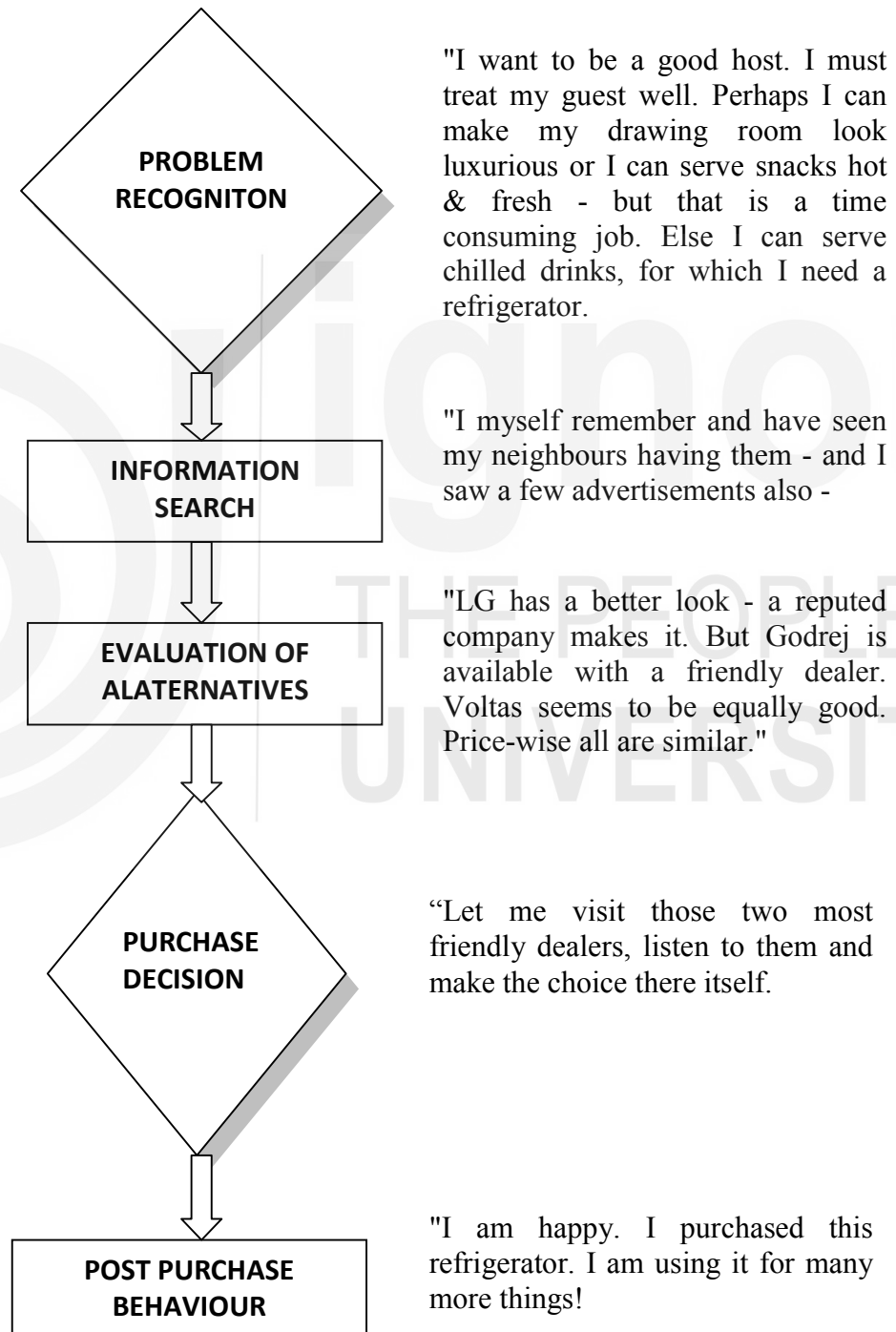


Figure 4.3: Stages in a Buying Process

- 4) **Purchase Decision:** In the evaluation stage, Mr. Rao has ranked the various brands in terms of his first, second and third preference. In short, he has made up his mind about which brand he wants to buy. However, Mr. Rao may finally end up buying a brand which is not his most preferred. For instance, when Mr. Rao goes to the shop to make his purchase, the shopkeeper's negative remarks about his (Mr. Rao's) most preferred brand may make him change his mind.
- 5) **Post Purchase Behaviour:** After purchasing the briefcase, if Mr. Rao finds that its performance or utility matches up to his expectations, he will feel satisfied with his purchase. The satisfaction will reinforce his perceived favourable image of the brand, which is likely to be extended to the entire range of products manufactured by the Company and also he may strongly recommend the brand when his friends ask his advice. Mr. Rao may do the opposite, if he feels that the briefcase which he has purchased is not upto his expectation. Thus, customer satisfaction/dissatisfaction has a powerful influence on potential customers

All the above stages in the buying process are presented in Figure 4.3 However, In case of routine purchases, the consumer may skip the second and third stages and straight away go to the stage of purchase decision. In case of purchase decision involving extensive problem solving, the consumer is likely to go through all the five stages in the specified sequence. The important point to note is that the buying process starts much before the actual purchase and has implications even after the purchase has been made. This should give ideas to the marketer as to how he/she to start designing his marketing strategy in order to achieve the specified marketing objectives.

Check Your Progress D

- 1) List the major steps in the consumer buying process.
- 2) State the difference in the buying process of washing machine and washing.
- 3) Take a magazine and identify five advertisements for different consumer goods. Study the advertising appeal in each advertisement and identify which product is supposed to satisfy which need (according to Maslow's hierarchy of needs):
 - i)
 - ii)
 - iii)
 - iv)
- 4) Take a magazine and select five advertisements where celebrities are used in the advertisement messages and identify the following:

Product	Name of Celebrity	Reference Group

4.8 LET US SUM UP

Consumer behaviour is the study of why, how, what, when, where, and how often do consumer buy and consume different products and services. Knowledge of consumer behaviour is helpful to the marketer in understanding the needs of different consumer segments and developing appropriate marketing strategies for each segment. The study of consumer behaviour also provides an insight into how consumers arrive at the purchase decision and the factors which influences their decision. Once the influencing variables have been identified, the marketer can manipulate them so as to induce in his consumers a positive purchase decision.

Consumers can be classified into two categories: 1) personal consumer, and 2) organisational consumers. All the individuals and households who buy or procure goods or services for their non-business personal consumption are called personal consumers. All individuals or organisations who buy or procure goods or services for further production or re-sale for profit or for the maintenance are called organisational consumers. Organisational consumers are comprised of industrial undertakings, re-sellers and government.

Often the person who buys the product is not the person, who actually uses it. Besides, buyer, user, or any person, can influence the buying decision in the capacity of an initiator or influencer or decider. Now the question is: who should be the subject of focus for the marketer. To overcome this problem, in many cases, it is the household or the family and not the individual who is considered the subject of focus. However, a marketer should have a very sharply defined focus for an effective marketing strategy.

Consumer's decision to purchase a product is influenced by a host of factors. All the factors that influence the consumer behaviour may be broadly classified into four groups: 1) psychological factors (motives, perceptions, attitudes), 2) personal factors (age and life cycle stage, occupation, income, life style, personality), 3) social factors (reference groups, family, roles, status), and 4) cultural factors (culture, sub-culture, social class).

In making a purchase decision, the consumer goes through five stages: 1) problem recognition, 2) pre-purchase information search, 3) evaluation of alternatives,

4) Purchase decision, and 5) post purchase behaviour. However, in case of routine purchases, the consumer may skip the second and third stages and straight away go to the stage of purchase decision.

4.9 KEY WORDS

Buyer: The Person who makes the actual purchase of a product or service.

Consumer Behaviour: Those acts of the individuals (consumers) directly involved in obtaining, using, and decision-making process, including the decision-making process that proceeds and determine these acts.

Culture: The set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions.

Decider: The person who ultimately determines any part of or the entire buying decision.

Influencer: The person whose views or advice carries some weightage in making a buying decision of a product or service.

Initiator: The person who first suggests or gets the idea of buying the particular product or service.

Life Style: An individual's pattern of living in the world as expressed by the manner in which he spends money and time on various activities and interests, and the opinions that he holds.

Motive: Strong, unfulfilled need which spurs a person to take action for his satisfaction,

Opinion Lender: The member of a reference group who is the information source and who influences the actions or attitudes of others in the group in buying a product or service.

Organisational Consumer: All the individuals and institutions who buy or acquire goods and services for their business or official/ organisational consumption.

Personal Consumer: All the individuals and households who buy or acquire goods and services for their non-business personal or domestic consumption.

Reference Group: A group that serves as a point of reference or comparison for an individual in the matter of forming value, attitude or behaviour.

Role: The activities a person is expected to perform according to his job status and other social functions and responsibilities

Social Class: Division in a society comprising people sharing same social status. values, beliefs, attitudes, and exhibiting a distinct preference for certain products and brands.

Status: The general esteem given to a role by society.

User: The person who consumes or uses a product or service.

4.10 ANSWERS TO CHECK YOUR PROGRESS

- B 1. a) Kailash, b) Sharat c) Sharat d) Ramesh e) Kailash
C 4. i) c ii) d iii) e iv) b v) a

4.11 TERMINAL QUESTIONS

- 1) What do you mean by consumer behaviour? Explain the importance of understanding consumer behaviour?
- 2) How are human needs classified and how is it helpful for a marketer?
- 3) How is the distinction between buyer and user meaningful to a marketer?
- 4) Explain various factors which influence the consumer behaviours?
- 5) What is culture? Discuss the role of culture in influencing consumer behaviour?
- 6) Describe the stages in consumer purchase decision.
- 7) You felt the need for colour TV at your house. Explain the detailed process of buying the TV.

Note: The questions will help you to understand the unit better. Try to write answers them. But do not submit your answers to the University for assessment. These are to practice only.

SOME USEFUL BOOKS

Indira Gandhi National Open University, School of Management Studies. 1989, *Marketing for Managers MS-6*, Indira Gandhi National Open University New Delhi (Units 1, 2, 4, 5, 8-10 & 20).

Kotler, Philip., Gary Armstrong. 1987, *Marketing-An Introduction*, Prentice Hall : Englewood Cliffs. (Chapters 1,2,5-8)

Neelamegham, S. 1988. *Marketing in India-Cases and Readings*, House : New Delhi. (Chapters 1-17, 30 & 31)

Sherekar S.A., 1984, *Marketing Management*, Himalaya Publishing : New Delhi. Sherlekar, (Chapters 1-5)

Santon, William,J., and Charles Futrell. 1987, *Fundamentals of Marketing*, Graw-Hill : New York. (Chapters 1,2,6-8)