

# A Conceptual Exposition of Consumer Behaviour Indian Context

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## **Abstract**

*The area of consumer behaviour has been always of great interest to marketers. The knowledge of consumer behavior helps the marketer to understand how consumers think, feel and select from alternatives like products, brands and the like and how the consumers are influenced by their environment, the reference groups, family, and salespersons and so on. A consumer's buying behavior is influenced by cultural, social, personal and psychological factors. Most of these factors are uncontrollable and beyond the hands of marketers but they have to be considered while trying to understand the complex behavior of the consumers. Consumer behaviour is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.*

**Key words:** *Consumer Behaviour, Culture, Howarth Sheth Model, Nicosia Model, Social Class.*

## **Introduction**

Every marketing activity revolves around the customer. He is the focal point. In the early stages of economic evolution, the consumer had to accept what producer had produced. But, today the consumer dictates terms to the manufacturer to manufacture the products he wants. Consumers purchase a commodity as dictated by their mental and

economic forces. Mental force creates desires and wants and the consumers feel that products offered by manufacturers can satisfy those wants. But the economic force may come in the way of satisfying that want. Hence, he has to choose between the wants and select the products according to the priority of consumption. The producer has to consider these two consumer forces, before manufacturing the product. As consumption initiates production, the producer should identify the motives which prompt consumers to purchase. This helps him to offer a total product that can satisfy the consumer needs. Thus, consumer's inner motives such as fear, vanity, pride, fashion, possession, sex or romance, affection, comfort and economic motives such as purchasing power are the ones which decide the buying pattern. Producer should study and analyse the consumer behaviour to manufacture the product accordingly.

Right from the time there has been exchange of goods and services between the buyers and sellers, the ultimate success of all the economic activities has primarily depended on the producer manufacturing and selling goods and services desired by the target consumer. The ultimate decision of whether or not to purchase a product or service and from whom to buy has always been vested in the hands of the final consumers. One can imagine the absurdity of trying to sell air conditioners or swimsuits to the people of North Pole, where it is very cold. This only goes to show that marketers have to revolve every marketing activity around the ultimate consumer. Since the focus of attention is on the consumer; the marketer is always probing and trying to learn.

Who buys products/services?

How do they buy products /services?

When do they buy goods / services?

Where do they buy goods / services?

Why do they buy goods / services?

How often do they buy? and so on....

This shows that there is always an attempt on the part of the marketer to understand and study 'consumer behaviour'. This can be referred to as an attempt to understand and

predict human actions in the buying role. The study of consumer behaviour is comparatively a new research field. Basically, human beings have been sociable in nature and their buying decision or freedom of choice is determined by the affluence of the individual consumer and the society in question.

### **Meaning of Consumer Behaviour**

We may opine that the whole behaviour of a person while making purchase may be termed as consumer behaviour. It is the attempt and prediction of human actions in the buying role. Walter and Paul have considered consumer behaviour as the process whereby individuals decide whether, what, when, where, how and from whom to purchase goods and services. Thus, in consumer behaviour we consider not only 'why', 'how', and 'what' people buy but other factors also such as 'where', 'how' and 'under what circumstances the purchases are made'. In this process, the consumer deliberates within himself before he finally makes any purchases. This deliberating relates to several factors and is aimed at solving consumption problems. Amongst these problems, the first problem is to decide whether to actually spend money or save it. In case, the decision is taken to spend money, the second problem arises as to what to buy because the wants are unlimited and resources are scarce. Therefore, the wants should be ranked first in order of priority. The next problem relates to the place where to buy, the mode of purchase-large/ small quantities, cash/credit purchases and the like. The problem is to decide the seller's shop, i.e., from which shop to buy. In this way the whole consumer behaviour consists of physical and mental activities or exercises.

With the opening up of the markets or the post liberalisation period has resulted in many companies entering the markets with offerings of their goods and services. This has made each marketer to realise that he has to constantly upgrade the consumer's knowledge about his products by finding new dimensions. This is because there has been a change in the physical behaviour of the consumer. The consumer of yesteryears was a silent person who uncomplainingly purchased the goods from the market place. There is a new customer emerging today. He /She is the choice empowered customer who will be the decider of the fate of the product/service at the market place. There is a change in the social environment of the customer especially with the rising consumer earnings and the

sharply dropping savings rate-resulting in increasing amounts of disposable income to be spent on products and services.

Marketers have also observed a change in the psychological behaviour of consumers. There is an increasing awareness among the consumers to the changes taking place around them resulting in an urge to purchase various goods and services. In other words, there is a positive buying motive shown by the consumers This is on account of changing personal and family, social and cultural influences, the influx of the satellite T.V. bringing with it information filled with rich images and data on the global life style. All this has resulted in making the consumer individualistic in the present era of ever-changing consumer tastes. At the same time, marketers and more so the manufacturers of various products and services are also responding by making all adjustments with the focus of attention on the behaviour of the consumer at the market place. The consumers are also aware the realities taking place in the market namely:

- I. The increasing and continuous flow of new competitor ready to explode the choice of the consumers, and
- II. Global competitors forcing companies to offer qualitative valued products.

### **Variables of Consumer Behaviour**

Consumer vary tremendously in their ages, income education level, mobility pattern and tastes and preference. Around two decades ago it was argued that Economics was marketing's Mother discipline. This was because it was seen that consumer purchase decision is governed by their economy and mental forces. Mental forces like fear, pride, fashion, possessions, sex or romance, vanity etc., create desires and want in the minds of the consumers, but economic forces such purchasing power may come in the way of satisfying those want hence the consumer has to choose between those wants and sale the products according to the priority of consumption. However, the rapid changes taking place in the external environment, he also had a bearing on the consumer behaviour and is seen in the complex manner in which a consumer behaves. Researcher in this field have shown that the light that has been shed on the human behaviour can in general, by the behavioural sciences be extended to the study of the behaviour exhibited by individual in

their roles as buyers/consumers. So, consumer behaviour can be said to be the melding of all those bodies of knowledge concerning with human behaviour-behavioural sciences.

The decisions taken by consumers in connection with purchases are influenced by various variables. They are aimed at solving consumer's problem. Kotler has identified the below mentioned major variables which influence consumer behaviour:

1. Culture
2. Subculture
3. Social Class
4. Personal Factors:

### **Importance of Consumer Behaviour**

Consumer behaviour has assumed great importance in custom oriented marketing planning and management a marketing manager must understand the social and psychological determinants of consumer behaviour to enable him to plan his marketing strategy. As a matter of fact, consumer behaviour is dynamic. Therefore, it is necessary to continuously study, analyse and understand it and monitor this understanding for the marketing management so that the effective decisions can be taken in respect of production, pricing, channels of distribution etc. The profit position of a product hinges on the kind of predisposition-positive/negative-that a consumer has developed towards that product. It is essentials to study and analyse it in order to understand why he/she has developed such a predisposition. In India, the growth of consumerism, existence of buyers' market for many products, consumer legislation since 1954 (such as MRTP. Act, 1969, The Patents Act, 1970, the Prevention of Food Adulteration Act, 1954) etc., and the role of the Governments (both State and Central) necessitates that marketers in India must understand consumer behaviour their problems, needs, aspirations and expectations. The study of consumer behaviour is of vital importance while taking decisions as to quality, quantity, packaging, branding of products, pricing of products selection of channels of distribution, advertising, sales promotion etc.

Thus, in short, it may be said that in the interest of effective and fruitful marketing decisions, marketers must develop in understanding of their consumer's behaviour, the buying process and the variables influencing the consumer behaviour.

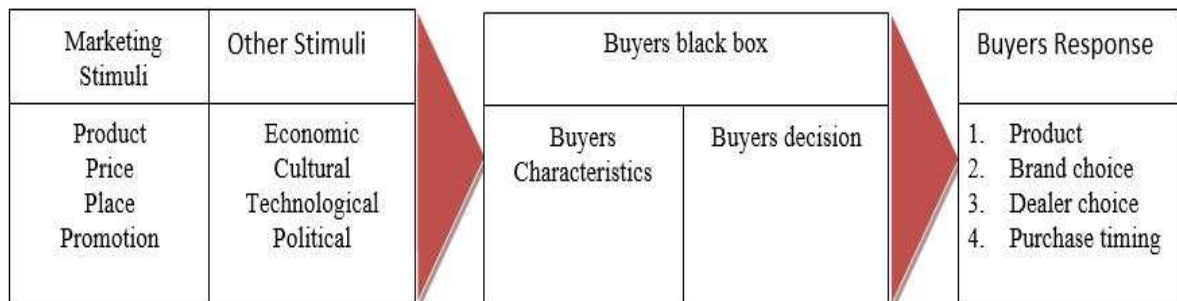
Modern marketing is customer-oriented. Therefore, the study of customer's behaviour is vital in framing production policies, price policies, decision regarding channels of distribution and above all decisions regarding sales promotion. The study helps in

- Production Policies
- Price policies
- Decision regarding channels of distribution
- Decision regarding sales promotion

**Factors Affecting Consumer Behaviour**

There are many factors which influence consumer behaviour. These may be categorised under the heading of marketing stimuli and other stimuli comprising of Economic, Psychological, Socio cultural, Technological and Political. Marketers are doing a lot of research to understand the relation between marketing stimuli and consumer response. Further, there are also various consumer models and theories which help in understanding consumer buying behaviour.

**Fig 1: Model of Consumer Buying Behaviour**



The marketing environment comprises of various marketing mix elements which act as cues in influencing consumer response. Today the buyer is exposed to a variety of information. These sources inform and educate the buyer about the existence of the products, its price to match the product features and performance, availability of the

product at a suitable shop. This is supported by many promotional measures that persuade people to try a product in the form of advertisements, samples and trial, demonstrations, point of purchase/displays in shop and salesmen's suggestions. Although the marketing environment helps in making the consumer/buyer aware of the product, it is the combination of marketing stimuli and other stimuli which will make the buyer respond either positively or negatively towards a particular product.

Economic factors namely family income, the disposable personal income, the individual's discretionary income and standard of living can also influence the buyer's behaviour pattern. Each culture, religion and language commands its own unique pattern of social conduct. Every culture has its own set of beliefs, values, customs, which will be seen in the way the consumer responds to the various products available in the market. Every culture has certain do's and don'ts which will significantly control the individual's life style and buying behaviour. If the technology adopted in the making of the product is something unique or latest, the consumers must be made aware of this. Here the marketer will have to analyse the buying motive of the consumer.

Buying motives can be defined as all the impulses, desires and considerations of the buyer which induces him to purchase a given product. People are very much concerned about their image and status in the society. Status is indicated by the possession of products made from the latest technology. So, if a new product that constitutes a status symbol is within their reach, their aspiration to possess it, will influence the decision-making process. Similarly, the political environment will play a role in the availability of the category of products in the market.

The Government has adopted new policies and reforms in the form of industrial licensing policies and trade policies, which has had a direct impact on the economic institutions like the banking sector and capital market in particular. This in turn will affect the savings of the consumers, a large chunk of which will flow into the capital markets and this will have a direct effect on the consumption of the buyer.

Thus, all the above factors will play upon the buyer's black box and make him respond to the product either positively or negatively. The buyer is a complex entity. He has always been a puzzle for the marketers. It has been observed that the buyer does not follow rigid rules while making buying decisions and though he is exposed to a lot of information about the product, he filters it out and perceives and retains information only what he would normally like to perceive and retain.

The buyers purchase decision is very often influenced by the social environment consisting of his family, his society. Neighbors, his friends, his job and his colleagues. Such influences will be seen in his response to the product brand, store patronage and purchase timing. Yet the buyer cannot be said to be a passive person. Who will allow himself to be manipulated by the marketing man? So, the marketing manager has to work out the marketing strategies and plans to influence the buyer behaviour.

Consumers do not make purchase decisions in a vacuum. Their buying behaviour are influenced by cultural, social, personal and psychological determinants/factors. Most of these factors are uncontrollable' and beyond the hands of the marketer, however, they have to be considered while trying to understand the complex buyer behaviour.

The individual determinants that effect consumer behaviour are:

- Motivation and involvement
- Attitudes
- Personality and self-concept
- Learning and memory
- Information processing

The external influences or factors are:

- Cultural influences
- Sub-cultural influences
- Social class influences



- Social group influences
- Family influences
- Personal influences
- Other influences.

Hence, a number of factors affect or determine consumer behaviour. It is important to note that consumer behaviour never remains fixed but is ever changing. The factors affecting consumer behaviour are also changing. The factors or determinants of consumer behaviour may alternatively be broadly classified under the following three major heads:

- I. Psychological Factors,
- II. Economic Factors,
- III. Sociological Factors

### **Models of Consumer Behaviour**

We have already seen that there are many factors which influence the decision-making of consumers. There are various consumer models which help in the understanding of consumer behaviour. These are

#### **1. Economic Model**

In this model, consumers follow the principle of maximum utility based on the law of diminishing marginal utility. The consumer wants to spend the minimum amount for maximizing his gains.

#### **2. Psychological Model**

Psychologists have been investigating the causes which lead to purchases and decision-making. This has been answered by A.H. Maslow in his hierarchy of needs. The behaviour of an individual at a particular time is determined by his strongest need at that time. This also shows that needs have a priority. First, they satisfy the basic needs and then go on for secondary needs.

### **3. Pavlovian Learning Model**

This model is named after the Russian Physiologist Ivan Pavlov. He experimented on a dog and observed how it responded on the call of a bell and presenting it with a piece of meat. The responses were measured by the amount of saliva secreted by the dog. Learning is defined as the changes in behaviour which occur by practice and, based on previous experience. This is important to marketers as well.

### **4. Input, Process and Output Model**

This is a simple model of consumer behaviour, in which the input for the customer is the firm's marketing effort (the product, price, promotion and place) and the social environment. The social environment consists of the family, reference groups, culture, social class, etc. which influences the decision-making process. Both these factors together constitute the input in the mind of the consumer.

### **5. Sociological Model**

This is concerned with the society. A consumer is a part of the society and he may be a member of many groups in a society. His buying behaviour is influenced by these groups. Primary groups of family friends and close associates exert a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different. As a member of an elite organisation, his dress requirements may be different, thus he has to buy things that conform to his lifestyles in different groups.

### **6. Howarth Sheth Model**

This model is slightly complicated and shows that consumer behaviour is complex process and concepts of learning, perception and attitudes influence consumer behaviour. This model of decision-making is applicable to individuals. It has four sets of variables which are:

- Input
- Perceptual and Learning Constructs
- Output

### **8. Model of Family Decision-making**

In a family decision-making model, it is important to understand how the family members interact with each other in the context of their consumer decision-making. There are different consumption roles played by various members of the family.

### **9. Nicosia Model**

This model explains the consumer behaviour on the basis of four fields shown in the diagram. The output of field one becomes the input of field two, and so on.

Nicosia Model is a comprehensive model of dealing with all aspects of building attitudes, purchase and use of product including the post-purchase behaviour of the consumer.

### **Conclusion**

Thus, marketer will have to constantly monitor the new face of the consumer and determine their underlying psychographic so as to be able to add value to their products and services and motivate them to buy these value added products and services.

Since consumer is one who will decide whether or not to buy a particular product, marketers have to understand the role of consumer in the market and work out marketing programme accordingly. Consumer behaviour is defined as all psychological, social and physical behaviour of all potential consumers as they become aware of, evaluate, purchase, consume and tell other about products and services.

Consumer behaviour can be understood better by viewing it with its inter disciplinary dimensions. Consumer behaviour study is said to be the melding of all those bodies of knowledge concerned with human behaviour- behavioural sciences. This scientific disciplines which have a bearing on the consume behaviour are economics, psychology, sociology socio-psychology and cultural anthropology.

The managerial perspective that consumer behaviour discipline was considered to be an applied marketing science that is, if they could predict consumer behaviour, they could influence it is called a positivist approach, developed in the modernist era. The academician's perspective to the study of consumer behaviour with a view of understanding consumption behaviour and the meaning behind such behaviour is called interpretivism or post modernism.

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