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Lecture Note # 1

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Module – I , Unit -II

CONSUMER BEHAVIOUR

CONSUMER BEHAVIOUR

Consumer Behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. Consumer behaviour may be defined as the decision process and physical activity of individuals when evaluating, acquiring, using or disposing of goods and services.

NATURE OF CONSUMER BEHAVIOUR

Systematic process: Consumer behaviour is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps:

- Need identification to buy the product
- Information search relating to the product
- Listening and evaluating the alternative
- Purchase decision
- Post purchase evaluation by the marketer

Influence of various factors: Consumer behaviour is influenced by a number of factors. The factors that influence consumers include marketing, personal, psychological, situational, social and cultural etc.

Varies from customers to customer: All consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behaviour is due to individual factors such as nature of the consumer's lifestyle, culture etc.

Different for different products: Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low quantity of some other items.

Vary across regions: The consumer behaviour vary across States, regions and countries. For instance, the behaviour of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behaviour.

Vital for marketers: Marketers need to have a good knowledge of consumer behaviour they need to study the various factors that influence consumer behaviour of the target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.

Reflect status: Consumer buying behaviour is not only influenced by status of a consumer, but it also reflects status of the buyer. Consumers, who owned luxury cars, watches and other items, are considered by others as persons of higher status.

Result in spread effect: Consumer behaviour is a result of a spread effect. The buying behaviour of one person may influence the buying behaviour of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items etc. This may influence some of his friends, neighbours and colleagues. This is one of the reasons why marketers use celebrities like Amitabh Bachchan, Sourav Ganguly to endorse their brands.

Undergoes a change: The consumer behaviour undergoes a change over a period of time depending upon changes in age, education and income level etc., for example, kids may prefer colourful dresses but as they grow up as teenagers and young adults, they may prefer trendy clothes.

Information search: Search for information is a common consumer behaviour. Consumers cannot purchase goods and services if they are unaware that a good or service exists. When a consumer decides to buy a certain item, his decision must be based on the information he has gathered about what products or services are available to fulfil his needs.

Brand loyalty: Brand loyalty is another characteristic of consumer behaviour. Brand loyalty is the tendency of a consumer to buy products or services from a certain company that he or she likes or equates with having high quality goods and services.

IMPORTANCE OF CONSUMER BEHAVIOUR

1) **Production policies:** The study of consumer behaviour effects production policies of enterprise. Consumer behaviour discovers the habits, tastes and preferences of consumers and such discovery enables and enterprise to plan and develop its products according to these specifications. It is necessary for an enterprise to be in continuous touch with the changes in consumer behaviour so that necessary changes in products may be made.

2) **Price policies:** The buyer behaviour is equally important in framing pricing policies. The buyers of some products purchase only because particular articles are cheaper than the competitive articles available in the market.

3) ***Decision regarding channels of distribution***: The consumers are given due importance as regard the channel of distribution. The retail shops of first moving consumer goods are example where the home delivery facilities are provided to the buyers.

4) ***Decision regarding sales promotion***: Study of consumer behaviour is also vital in making decisions regarding sales promotion. It enables the producer to know what motive influences consumer to make purchase and the same are utilised in promotional campaigns to awaken desire to purchase.

5) ***Exploring marketing opportunities***: Study of consumer behaviour helps the marketers to understand the consumer needs, aspirations, expectations, problems etc. This knowledge will be useful to the marketers in exploring marketing opportunities and meeting the challenges of the market.

6) ***Consumer do not always act or react predictably***: The consumers of the past used to react to price levels as if price and quality had positive relation. This may not have remained same in the present days. A thorough study of the consumers are therefore becomes crucial.

7) ***Highly diversified consumer preferences***: This shift has occurred due to availability of more choice now. Thus study of consumer behaviour is important to understand the changes.

8) ***Rapid introduction of new products***: Rapid introduction of new product with technological advancement has made the job of studying consumer behaviour more difficult. For example, the information Technologies are changing very fast in personal computer industry.

9) ***Implementing the "Marketing concept"***: This calls for studying the consumer behaviour, all customers' needs have to be given priority. Thus identification of target market before production becomes essential to deliver the desired customer satisfaction and delight.

TYPES OF CONSUMER BEHAVIOUR

A consumer's buying decision depends on the type of products that they need to buy. The behaviour of a consumer while buying a coffee is drastically different while buying a car.

Based on observations, it is clear that purchases that are more complex and expensive involve higher participations.

Consumer buying behaviour is determined by the level of involvement that a consumer shows towards a purchase decision. The amount of risk, involved in a purchase, also determines the buying behaviour. Higher priced goods tend to higher risk, thereby seeks higher involvement in buying decisions.

There are four type of consumer buying behaviour:

1. Complex Buying Behaviour

2. Dissonance-reducing Buying Behaviour

3. Habitual Buying Behaviour

4. Variety Seeking Behaviour

1. Complex Buying Behaviour

Complex buying behaviour is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest.

Consumer behaves very different when buying an expensive product or a product that is unfamiliar to him. When the risk of buying a product is very high, a consumer consults friends, family and experts before making the decision.

For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and family will react, how will his social status change after buying the car, and so on.

In complex buying behaviour, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then making a thoughtful purchase choice.

For complex buying behaviour customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand about their product. It is important to create advertising message in a way that influences the buyer's beliefs and attitudes.

2. Dissonance-reducing Buying Behaviour

In dissonance-reducing buying behaviour consumer involvement is very high. This might be due to high price and infrequent purchase. In addition, there is a low availability of choices with less significance differences among brands. In this type, a consumer buys a product that is easily available.

Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitation or the budget limitation, consumers buy certain products without a lot of research.

For example, a consumer who is looking for a new collapsible table that can be taken for a camping, quickly decides on the product based on few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available with him.

Marketers should run after-sale service camps that deliver focused messaging. These campaigns should aim to support consumers and convince them to continue with their choice of their brand. These marketing campaigns should focus on building repeat purchases and referrals by offering discounts and incentives.

3. Habitual Buying Behaviour

Habitual Buying Behaviour is depicted when a consumer has low involvement in a purchase decision. In this case the consumer is perceiving only a few significant differences between brands.

When consumers are buying products that they use for their daily routine, they do not put a lot of thought. They either buy their favorite brand or the one that they use regularly – or the one available in the store or the one that costs the least.

For example, while a consumer buys a bread, he tends to buy the brand that he is familiar with without actually putting a lot of research and time. Many products fit into this category. Everyday use products, such as salt, sugar, biscuits, toilet paper, and black pepper all fit into this product category.

Consumer just go for it and buy it – there is no brand loyalty. Consumers do not research or need information regarding purchase of such products.

Habitual buying behaviour is influenced by radio, television and print media. Moreover, consumers are buying based on brand familiarity. Hence marketers must use repetitive advertisements to build brand familiarity. Further to initiate product trial, marketers should use tactics like price drop promotions and sales promotions.

Marketers should attract consumers using visual symbols and imagery in their advertising. Consumers can easily remember visual advertisements and can associate with a brand.

4. Variety Seeking Buying Behaviour

In variety seeking consumer behaviour, consumer involvement is low. There are significant differences between brands. Here consumers often do a lot of brand switching. The cost of switching products is low, and hence consumers might want to try out new products just out of curiosity or boredom. Consumers here, generally buy different products not because of dissatisfaction but mainly with an urge to seek variety.

For example, a consumer likes to buy a cookie and choose a brand without putting much thought to it. Next time, the same consumer might may choose a different brand out of a wish for a different taste. Brand switching occurs often and without intention.

Brands have to adopt different strategies for such type of consumer behaviour. The market leader will persuade habitual buying behaviour by influencing the shelf space. The shelf will display a large number of related but different product versions.

Marketers avoid out-of-stock conditions, sponsor frequent advertising, offer lower prices, discounts, deals, coupons and free samples to attract consumers.

Consumer buying decisions are depended on the consumer behaviour. There are great differences in the consumer behaviour while buying a car versus buying chips. Marketers have to exercise careful judgement in marketing products to different kinds of consumer behaviour.

FACTORS INFLUENCING CONSUMER BUYING BEHAVIOUR:

1. **Cultural factors:** Consumer behaviour is deeply influenced by cultural factors, such as buyer's culture, subculture and social class.

(a) **Culture:** The influence of culture on the purchasing behaviour varies from country to country, therefore sellers have to be very careful in the analysis of the culture of different groups, regions or even countries.

(b) **Subculture:** Each culture has different subcultures, such as religions, nationalities, geographical regions, racial, etc. Marketing groups may use these groups, segmenting the market in several small portions. For example, marketers can design products according to the needs of a specific geographical group.

(c) **Social Class:** Every society has some kind of social class which is important for marketing because the buying behaviour of people in a particular social class is similar. Thus marketing activities could be adapted to different social classes. Here we should note that social class is not only determined by income, but also there are several other factors such as wealth, education, occupation etc.

2. **Social factors:** Social factors also influence the purchasing behaviour of consumers. Social factors are: the reference groups, family, the role and status.

(a) **Reference groups:** Reference groups have the potential for the formation of an attitude or behaviour of an individual. The impact of reference groups vary across products and brands. For example, if the product is visible as clothing, shoes, car etc. The influence of reference groups will be higher. Reference groups also include opinion leader (a person who influences others by his special skill, knowledge or other characteristics).

(b) **Family:** Buyer behaviour is strongly influenced by a family member. So vendors are trying to find the roles and influence of the husband, wife and children. If the decision to purchase a particular product is influenced by the wife of a buyer then sellers will try to target women in their advertisements.

(c) **Roles and Status:** Each person has different roles and status in society, in terms of groups, clubs, family, etc. organization to which it belongs. For example, a woman working in an organization as manager of finance. Now she is playing two roles. One is the chief financial officer and the other one is mother. Therefore, purchasing decisions will be influenced by their role and status.

3. **Personal factors:** Personal factors may also affect consumer behaviour. Some of the important factors that influence personal buying behaviour include lifestyle, economic status, occupation, age, personality and self-esteem.

(a) **Age:** Age and life-cycle have a potential impact on the purchasing behaviour of consumers. It is obvious that consumers change the purchase of goods and services over time. Family life cycle consists of different stages as young, singles, married couples, and unmarried couples etc. that help marketers develop suitable products for each stage.

(b) **Occupation:** The occupation of a person has a significant impact on their buying behaviour. For example, a marketing manager of an organization is trying to buy business suits, while a low level worker in the same organization buy - resistant clothing works.

(c) **Economic Situation:** Economic situation of the consumer has a greater influence on their buying behaviour. If income and savings of a customer is high, then he will be going to buy more expensive products. Moreover, a person with low income and savings will buy cheap products.

(d) **Lifestyle:** Lifestyle are another factor affecting import purchasing behaviour of consumers. Lifestyle refers to the way a person lives in a society and express things in their environment. It is determined by the client's interests, opinions, etc. and activities shape their whole pattern of acting and interacting in the world.

(e) **Personality:** Personality varies from person to person, time to time and place to place. Therefore, it can greatly influence the buying behaviour of customers. In fact, personality is not what one has, but is the totality of the conduct of a man in different circumstances. He has a different characteristic, such as dominance, aggression, confidence etc. that may be useful to determine the behaviour of consumers to the product or service.

4. Psychological Factors: There are four major psychological factors that affect the purchasing behaviour of consumers. They include perception, motivation, learning, beliefs and attitudes.

(a) **Motivation:** The level of motivation also affects the purchasing behaviour of customers. Each person has different needs, such as physiological needs, biological needs, social needs, etc. The nature of the requirements is that some are more urgent, while others are less pressing. Therefore, a need becomes a motive when it is most urgent to lead the individual to seek satisfaction.

(b) **Perception:** There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, sellers try to attract the attention of the customer, whereas, in case of selective distortion, customers try to interpret the information in a way that supports what customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

(c) **Beliefs and Attitudes:** Client has specific beliefs and attitudes towards different products. Marketers can change beliefs and attitudes of customers with special campaigns in this regard.

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