

Consumer Behaviour

By: Tapsi Vidyarthi

This reference book can be useful for
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA
and many more courses for Various Universities



NEERAJ
PUBLICATIONS
www.neerajbooks.com

Published by:



NEERAJ PUBLICATIONS

(Publishers of Educational Books)

Sales Office : 1507, 1st Floor,

Nai Sarak, Delhi-110 006

E-mail: info@neerajbooks.com

Website: www.neerajbooks.com

© Reserved with the Publishers only.

Typesetting by: Competent Computers

Terms & Conditions for Buying E-Book

- The User must Read & Accept the Terms and Conditions (T&C) carefully before clicking on the accept option for Buying the Online Soft Copy of E-books. Under this Particular Facility you may buy only the Online Soft Copy of E-books, no Hard Copy or Printed Copy shall be provided under this facility.
- These E-Books are valid for 365 days online reading only (From the Date of Purchase) and no kind of Downloading, Printing, Copying, etc. are allowed in this facility as these products are just for Online Reading in your Mobile / Tablet / Computers.
- All the online soft copy E-books given in this website shall contain a diffused watermark on nearly every page to protect the material from being pirated / copy / misused, etc.
- This is a Chargeable Facility / Provision to Buy the Online Soft Copy of E-books available online through our Website Which a Subscriber / Buyer may Read Online on his or her Mobile / Tablet / Computer. The E-books content and their answer given in these Soft Copy provides you just the approximate pattern of the actual Answer. However, the actual Content / Study Material / Assignments / Question Papers might somewhat vary in its contents, distribution of marks and their level of difficulty.
- These E-Books are prepared by the author for the help, guidance and reference of the student to get an idea of how he/she can study easily in a short time duration. Content matter & Sample answers given in this E-Book may be Seen as the Guide/Reference Material only. Neither the publisher nor the author or seller will be responsible for any damage or loss due to any mistake, error or discrepancy as we do not claim the Accuracy of these solution / Answers. Any Omission or Error is highly regretted though every care has been taken while preparing these E-Books. Any mistake, error or discrepancy noted may be brought to the publishers notice which shall be taken care of in the next edition. Please consult your Teacher/Tutor or refer to the prescribed & recommended study material of the university / board / institute / Govt. of India Publication or notification if you have any doubts or confusions before you appear in the exam or Prepare your Assignments before submitting to the University/Board/Institute.
- Publisher / Study Badshah / shall remain the custodian of the Contents right / Copy Right of the Content of these reference E-books given / being offered at the website www.studybadshah.com.
- The User agrees Not to reproduce, duplicate, copy, sell, resell or exploit for any commercial purposes, any portion of these Services / Facilities, use of the Service / Facility, or access to the Service / Facility.
- The Price of these E-books may be Revised / Changed without any Prior Notice.
- The time duration of providing this online reading facility of 365 days may be alter or change by studybadshah.com without any Prior Notice.
- The Right to accept the order or reject the order of any E-books made by any customer is reserved with www.studybadshah.com only.
- All material prewritten or custom written is intended for the sole purpose of research and exemplary purposes only. We encourage you to use our material as a research and study aid only. Plagiarism is a crime, and we condone such behaviour. Please use our material responsibly.
- In any Dispute What so ever Maximum Anyone can Claim is the Cost of a particular E-book which he had paid to Study Badshah company / website.
- If In case any Reader/Student has paid for any E-Book and is unable to Access the same at our Website for Online Reading Due to any Technical Error/ Web Admin Issue / Server Blockage at our Website www.studybadshah.com then He will be send a New Link for that Particular E-Book to Access the same and if Still the Issue is Not Resolved Because of Technical Error/ Web Admin Issue / Server Blockage at our website then His Amount for that Particular Purchase will be refunded by our website via PayTM.
- All the Terms, Matters & Disputes are Subjected to "Delhi" Jurisdiction Only.

CONTENTS

S.No.	Page
1. Consumer Behaviour: Nature, Scope and Applications	1
2. Consumer Behaviour and Lifestyle Marketing	7
3. Organisational Buying Behaviour	19
4. Perceptions	28
5. Consumer Motivation and Involvement	34
6. Attitude and Attitude Change	47
7. Learning and Memory	57
8. Personality and Self-concept	65
9. Reference Group Influence and Group Dynamics	76
10. Family Buying Influences, Family Life-cycle and Buying Roles	86
11. Cultural and Sub-cultural Influences	95
12. Problem Recognition and Information Search Behaviour	104
13. Information Processing	111
14. Alternative Evaluation	121
15. Purchase Process and Post-purchase Behaviour	127
16. Early Models	137
17. Howard Sheth Model	144
18. Recent Developments in Modelling Buyer Behaviour	150

Sample Preview of The Chapter

Published by:



**NEERAJ
PUBLICATIONS**

www.neerajbooks.com

CONSUMER BEHAVIOUR

CONSUMER BEHAVIOUR: ISSUES AND CONCEPTS

Consumer Behaviour: Nature, Scope and Applications



INTRODUCTION

In earlier times it used to happen that whatever was produced by the producers was bought by the consumers. There was no consideration given to the preferences of the buyers and even the buyers also had to buy whatever was being sold to them. But, today the picture is completely different. But with the passage of time the question that came was who the consumers are? and what are their needs that need to be fulfilled? Will the consumers turn up again after they consume the product once and if the product is a consumer durable (such as Refrigerator, Television etc.), will they spread a good word about the company. All such questions became necessary as the competition increased in the market and then it became necessary to know whether the consumers are satisfied or not. With this, a new term was coined known as “Post Sales Services” and studies were being done to know what does the consumer think about the product. It then became necessary to study the behaviour of the consumer.

CHAPTER AT A GLANCE

NATURE OF CONSUMER BEHAVIOUR

When defining the nature of anything, it means we have to state as to what are the things included in it. Similarly, when it comes to defining the nature of Consumer Behaviour, it means that what are the points to be included in consumer behaviour. They are:

Who are to be considered as consumers?

What are the factors involved while making the buying process?

The above two points can be explained below.

WHO IS A CONSUMER?

Before defining the term consumer, let us define the term customer. Any person or organisation who buys a product (goods / services) is a customer. Now the question arises that whether this customer is consuming the product or is just passing away it to other customers. A consumer is any person or organisation who finally consumes the product to avail its benefits and is able to state the positives and negatives of the product.

For example, a dealer of the refrigerator is buying the refrigerators from a particular company in bulk is just a buyer who is buying the product for the purpose of his business and then sell them to individuals. In such a case the individuals who are buying the refrigerators are the final consumers of the product and the company would know the feedback of these individuals as to what the reasons for which they bought their product and vice-versa.

Similarly, in another case where an organisation buys the services of a mobile company for all its employs and is paying the bill for the usage is concerned what plan has the service provider has given to the organisation and the service provider is concerned whether the organisation is getting all the required services or not. In this case instead of an individual, a whole organisation is a consumer.

2 / NEERAJ : CONSUMER BEHAVIOUR

WHAT IS A DECISION PROCESS?

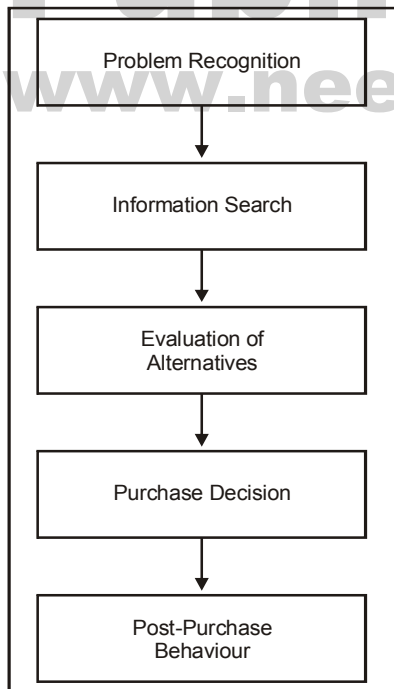
While defining the nature of consumer behaviour, we came across two major points which are to be considered i.e., who consumers are which is defined above and what are the factors involved while making a buying process for which we would be studying the decision process.

As the term states, it is a whole process before the final decision is made for the purchase of any item. There are a lot of factors which plays an important role in the decision of anything and only after a proper analysis is being done any final decision is being made.

SCOPE OF CONSUMER BEHAVIOUR

Scope of anything means as to what all can be included in it or it could be said that what is the widest area up to which the boundary can be extended of the particular topic. We have seen earlier that the basic points that are included in consumer behaviour are who can we call our consumers and how do they proceed for the decision-making process. Apart from this there are factors which are responsible for the buying decisions made are the influences being made by the peer groups, social factors, the money factor, the influences being made by the family members and ones own choices. Also, whether for buying a product the collective decision is required or it can be done without the consent of others.

DECISION PROCESS



The diagram above is given by scholars. It says that the buying process starts with the recognition of the problem, then the process of information search begins which is then followed by the evaluation of each alternative as to which is the best according to the needs required and the budget. Finally the purchase decision is being made and then comes is the post-purchase decision as to whether the decision made was correct or not.

Let us move to the example taken above and see according to the process given above. If taking the first case then, the individual got to understand that they need a refrigerator in their home as they need it in summers and otherwise too. Hence, they moved to the second step i.e., Information Search as to what are the different options available in the market of the refrigerators, having different facilities and what are the different prices. Then all these options are being evaluated as to which is best according to their requirements and needs and according to their budget. After the complete evaluation is being done, then the final decision is being made as to this is the particular refrigerator to be bought. And then the next step which in today's scenario is most important is that the post-purchase behaviour, whether the consumer is happy or not. It is so because only if the consumer is happy he / she will spread the good word about the company and the product bought.

Six stages to the Consumer Buying Decision Process (For complex decisions). Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all six stages, determined by the degree of complexity.

The six stages are:

1. Problem Recognition (awareness of need)– Difference between the desired state and the actual condition. Deficit in assortment of products. Hunger– Food. Hunger stimulates your need to eat.

Can be stimulated by the marketer through product information did not know you were deficient? i.e., see a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

2. Information Search:

- Internal search, memory.
- External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc.

A successful information search leaves a buyer with possible alternatives, the evoked set. Hungry, want to go out and eat, evoked set is:

- Chinese food
- Indian food
- Burger king
- Klondike kates etc.

3. Evaluation of Alternatives: Need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, Indian gets highest rank etc.

If not satisfied with your choice then returns to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by “framing” alternatives.

4. Purchase Decision: Choose buying alternative, includes product, package, store, method of purchase etc.

5. Purchase: May differ from decision, time lapse between 4 and 5, product availability.

6. Post-Purchase Evaluation: Outcome: Satisfaction or Dissatisfaction.

Cognitive Dissonance, have you made the right decision. This can be reduced by warranties, after sales communication etc.

After eating an Indian meal, may think that really you wanted a Chinese meal instead.

INDIVIDUAL DETERMINANTS

Determinants are those points which determine something or are responsible for the happening of a particular thing. Similarly, talking of the individual determinants, the self points which affect the decision process are as follows:

Individual Personality

An individual’s personality is the most crucial element of the decision made by him / her. It largely depends on the individual’s personality. If an individual is very simple living person then in such a case his choice would also be accordingly and vice versa.

Attitude

Attitude of any person is the way he / she think regarding life. Similarly, thinking of any person determines his choice, the way he deals with the challenges of the life and the different adoptions done by him / her to win over them.

Peer Group

Any person is known by the company he / she keeps. Similarly, the behaviour, choice, attitude and way to deal the life largely depends on the kind of peer group friends are there in the surrounding and it affects a lot.

EXTERNAL ENVIRONMENT

Educational Background

The kind of educational background received by any person plays an important role in defining his/her character. Repercussion of the same would be that it will affect the thinking, choice, the behaviour and finally would be affecting the purchase decisions.

Social Environment

The social surroundings of any person lay a lot of importance. Say for example, a girl wants to decide which type of sari she should wear in a particular marriage function. Hence, if her social surroundings would be of such kind that they permit her to be simple, she would like that but if not so then in such a case she will buy a designer sari.

Cultural Upbringing

This means that what kind of cultural values have been given to the children during their upbringing was done. If a family is very strict and dose not allow any kind of western wears to their children then in such a case, the children would not buy the western clothes and where it is allowed, they would be buying such things.

Family Background

How family background is important. What ever values a family would have in them, the same would be passed on to the children as family is first school for nay child and hence a thorough study is required for the same. Whatever a child sees from the childhood is inculcated in him for the future and same behaviour is developed by him.

Other Influences

Apart from the above given influences, there are other influences also which at times determine a lot about the behaviour and purchase decisions made. For example, a small child is after his parents for them to buy him a new bike to go to college because all his friends also have the same and then when parents give the new bike, it's a purchase decision due to some other influences.

APPLICATIONS OF CONSUMER BEHAVIOUR IN MARKETNG

As we have read in the beginning, today the desires and wants of the consumers are primary, it is important to know as to what the consumer thinks and what he wants and then only accordingly the product is developed. Consumer Behaviour has a number of applications in marketing which are as follows:

4 / NEERAJ : CONSUMER BEHAVIOUR

Determining the P's of Marketing Product

In marketing, a product is anything that can be offered to a market that might satisfy a want or need. In retailing, products are called merchandise. In manufacturing, products are purchased as raw materials and sold as finished goods. Commodities are usually raw materials such as metals and agricultural products, but a commodity can also be anything widely available in the open market. In project management, products are the formal definition of the project deliverables that make up or contribute to delivering the objectives of the project.

In general usage, product may refer to a single item or unit, a group of equivalent products, a grouping of goods or services, or an industrial classification for the goods or services.

After knowing the behaviour of the consumer, the company chooses the product to be finally made for the consumers or if there is a specific product already in existence then in such a case the company can alter its existing product and make necessary changes in the product according to the needs of the consumers.

Price

Pricing is one of the four Ps of the marketing mix. The other three aspects are product, promotion, and place. It is also a key variable in microeconomic price allocation theory. Price is the only revenue generating element amongst the 4ps, the rest being cost centres. Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. Automated systems require more setup and maintenance but may prevent pricing errors. Price is one of the biggest factors which affect the sales of a particular product. The price of any product should match with the benefits it provides to the consumers as any person before buying the product does compare the no. of benefits it gives to the consumer as compared to the price.

Place

Distribution (or place) is one of the four elements of marketing mix. An organisation or set of organisations (go-betweens) involved in the process of making a product or service available for use or consumption by a consumer or business user.

Place states as to what are the places where the particular product is available. It is more important in the case of the FMCG products as for such products the

reach of the product should be to the interiors of the areas.

Promotion

Promotion involves disseminating information about a product, product line, brand, or company. It is one of the four key aspects of the marketing mix. (The other three elements are product marketing, pricing, and distribution).

Promotion is generally sub-divided into two parts:

- **Above the line promotion:** Promotion in the media (e.g. TV, radio, newspapers, Internet and Mobile Phones) in which the advertiser pays an advertising agency to place the ad.
- **Below the line promotion:** All other promotion. Much of this is intended to be subtle enough for the consumer to be unaware that promotion is taking place. e.g. sponsorship, product placement, endorsements, sales promotion, merchandising, direct mail, personal selling, public relations, trade shows

The specification of these four variables creates a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image.

The term "promotion" is usually an "in" expression used internally by the marketing company, but not normally to the public or the market—phrases like "special offer" are more common.

An example of a fully integrated, long-term, large-scale promotion is My Coke Rewards and Pepsi Stuff.

It is very important for any organisation that the company should use the best promotion policy so that the right marketing strategy could be adopted.

Finding the Target Customer

A target customer start with the Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments.

Target marketing can be the key to a small business's success.

The beauty of target marketing is that it makes the promotion, pricing and distribution of your products and/or services easier and more cost-effective. Target marketing provides a focus to all of your marketing activities.