



CONSUMER BEHAVIOUR

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ABSTRACT:

It is well said

"Consumers now have a voice. And the fact that consumers can be creators, producers and distributors means they can push back against brands to punish them for their socially irresponsible behavior or reward them for their responsible behavior."

Author: Simon Mainwaring

"Consumer behavior refers to action and decision process of people who purchase goods and services for personal consumption". Customer behavior is an orderly process where the buyer interacts with his or her environment for making purchase decisions. There are various factors like family, reference groups, technology factors, political factors ,social factors affects the behavior of customers. Customers mind is just similar to black box.

1. INTRODUCTION

Customer means someone who regularly purchases goods from particular store is known as customer. Example: Rahul purchase his shirt only from Monty Carlo showroom.

Consumer means anyone engaging in the activity of evaluating, acquiring all disposing of goods and services.

In our daily life we purchase number of products then we will be called consumers. Consumer purchase goods after taking into consideration various factors like what he will buy? Why they buy? How they buy? When they buy? How frequently they will buy? How they will dispose off products they will buy?

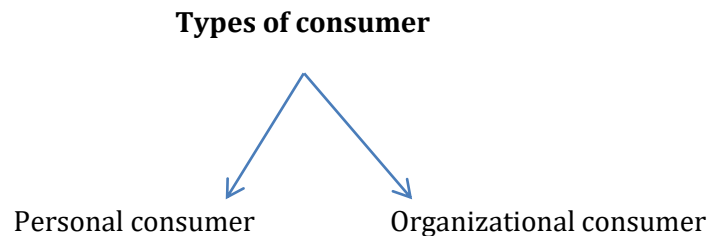
1.1 Definitions:

According to American Marketing Association "The dynamic inter action of affect and cognition, behavior and the environment by which human being conduct the exchange aspect of their lives."

According to Peter D Bennett, “Consumer behavior refers to action and decision process of people who purchase goods and services for personal consumption”.

2. Types of Consumers

From the above explanations we come to conclusion, **Consumer is of two types:**



2.1. Personal consumer

2.2. Organizational Consumer.

1. **Personal Consumer** – When a person buy goods and services for his own use, For example: Furniture or Car is known as personal consumer.
2. **Organizational Consumer-** When profit and non-profit organization for running their organization purchase various products , equipment and services.

It is normally observed when an individual makes a purchase he have very little influence from others but in actual number of peoples jointly involved in that decision. For example purchase of new car involves entire family. People can take different role that we call consumer behavior.

3. Consumer Behaviors’ Role

Act as	How he acts
Initiator	Who determines that some need or desire is not being met and authorize and purchase and rectify the situation?
Influencer	Who buy intentional or unintentional word or action influence purchase decision?
Buyer	Who purchase goods or services?
User	Who actually consume the purchased goods?

Wife may initiated by saying that she need washing machine for washing clothes. Her friends play the role of influencer by giving various options to purchase fully automatic Samsung washing machine as it provide good services and wash clothes properly. Husband may be the purchaser of it.

So when we have to consider one role we will choose buyer ‘coz buyer effects the role of others and he has to make decisions relating to purchase timings, package size, brand choice and store choice etc.

4. Importance of Consumer Behavior

4.1 Importance in Daily Life – We spent a lot of time in market place to buy products and enjoy other services. It effects daily life decisions for example- From where we purchase, how we purchase and how we utilize those goods.

4.2 Decision Making- There is a two level of decision making

4.2.1. Micro Level

4.2.2. Societal Level

1. Micro Level- Consumer behavior helps firms and organization to achieve their objective by understanding issues like

A) Psychology of consumer's thinking, feelings, reason and selecting deferent brands of product.

B) How he make buying decisions

C) Limitation of consumer's knowledge

2. Societal Level- In this level we know that consumers collectively affects economic and social condition of a country. Their behavior has significant influence on quality of life and standard of living.

4.3 Applying Consumer Behavior Knowledge

4.3.1. Consumer Behavior and Marketing Management- Marketing strategies determined success of a firm a sound understanding of consumer behavior is important consumer behavior is the winner stone of marketing concept. The three target is essential to capture market

a) **Consumer's Need and Want-** Today firms not only sales goods and provide services to customer but also maintain and retain them by completely satisfied and delighted them with their products. They focus on identifying the wants and needs of consumer.

b) **Company Objective-** The Company's main objective is to increase the wealth of shareholders. Company concentrate on need and wants of target market and deliver the desire satisfaction by utilizing its scares resources.

c) **Integrated Strategy-** In the strategy customers need and wants and objective of a company should be served. Marketing efforts closely coordinated other activities of the firm.

4.4 Market Analysis- Analysis begins from general trend like consumer life style, income study and finding unsatisfied needs. Firm can examine its ability to satisfy consumer needs. Innovative and newly designed product given to the society for example by finding medical needs company offered a machine that while sitting at home, you can check your blood pressure, blood sugar, temperature etc.

4.5 Market Segmentation- Consumer behavior help the marketer to identify distinct group of customers those who have unique wants and need. It can help marketer to decide which identify target group needs should be served. According to their life style, standard of living and personality. For example Dove or Dettol Soaps introduce for particular segment.

4.6 Market Mix- “Marketing mix is the set of controllable factual marketing tools that firm blend to produce the response it wants in target market”. **According to Kotler**

A series of decisions are made of four major ingredients which are considered as major elements of marketing mix. Such as

4.6.1 Product

4.6.2 Place

4.6.3 Price

4.6.4 Promotion

we take lux as one item/brand it is available in three shades and packages. Similarly, in other brand product are available in different shades/fragrances and pack sizes.

Product mix denotes the complete set of all products offered for sale by company. The product mix consists of several product lines.

Decisions influenced by consumer behavior are__

- a) What is the size, shape and feature of a product. Example: L’Oreal shampoo increased their sale by offering sachets.
- b) How it should be packed to sale in market.
- c) Service to be offered. Examples: Roaming facilities given by cellular companies.
- d) Types of Warranties.
- e) Type of accessories should be offered.

2. Price

The sum of value that consumer pay in exchange of the benefit he will derive by using product or service. For many product consumer is very much concern about their prices, quality etc.

Price plays important role in market for both seller and buyer. There is no market without price. Price denotes the value of product expressed in monetary terms. Price will move forward or backward with changes in supply and demand conditions.

Price regulate business profit, allocates the resources for optimum production and distribution.

1. Increase profit 2. Increase return on investment

1.meet competition

3. Place

How to reach customers is a very important question in the mind of marketors. Where and how to offer products for sale involves place variable of marketing mix into consideration.

Following decisions are influenced by customer behavior:

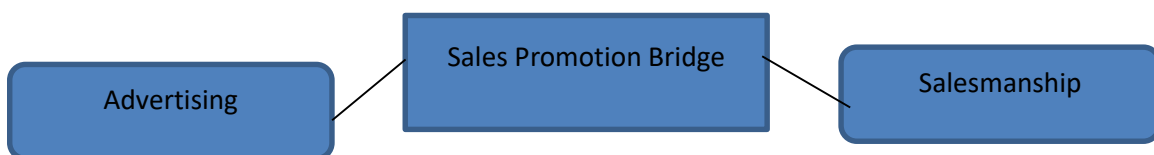
- What type of retail outlet should sell Firm`s offerings?
- Where they should be located and how many should be there?
- Which channel will be used to distribute products to retailers?

4. Promotion

Promotion is the process of marketing communication to inform, persuade, the purpose of favour of your product or service. It communicates marketing information to consumers, users and resellers. It is not enough to communicate ideas. Promotion persuades the buyer to take the desired action. Promotional efforts act as powerful tools of competition providing the cutting edge of its entire marketing programme. Promotion has been defined as “the co-ordinated self-initiated efforts to establish channels of information and persuasion to facilitate or foster the sale of goods or services, or the acceptance of ideas or points of view.” It is form of non-price competition.

All forms of promotion try to influence consumer`s attitudes, beliefs, ways of living or life style, values and preferences towards a company and its products, and thereby influence his/her behavior.

1. Advertising
2. Publicity
3. Personal Selling
4. Sales Promotion



Sales promotion

Sales promotion referred to the promotional activities other than personal salesmanship, advertising and publicity, which stimulate consumer purchasing and dealer effectiveness, e.g., displays, exhibitions and showrooms, demonstration, free samples, coupons, premiums, contents and various other non-recurrent selling efforts. Sales promotion is a bridge or a connecting link covering the gap between advertising and personal salesmanship, the two wings of promotion.

4.7 Consumer behavior and non-profit organization and social marketing: many organizations such as government agencies, religious institution or universities and charitable trusts appeals to the public for support and try to satisfy the needs of society. A study of consumer behavior can help these organizations to achieve their goals.

4.8 Helps in government decision making:

Government Services: if the study of the consumers, behavior is made properly government can make various decisions.

4.8.1 Public policies: government can form public policies and type of public services to be offered in health sector, libraries, transportation, etc.

4.8.2 Protect consumers: to protect consumers against the mal practices or illegal business and regulating their activities. What type of govt. programmes to be designed to effect and educate consumer depends upon Consumer Behavior study e.g. Consumer Protection Act was formed by Government of India.

As per consumer protection act we need consumer protection because:

- We need physical protection of the consumer
- Ecological and environmental effects of chemical, fertilizers or refinery complexes will have to be seriously considered because they pollute water, air and food and endanger human life.
- We need protection of the customer against unfair trade practices.
- We must have adequate protection of consumer public against the abuse of monopoly position and/or restrictive trade practices.

Consumer rights

1. The right to protection of health and safety
2. Right to be informed
3. Right to choose
4. Right to heard
5. Right to seek redressed
6. Right to consumers` education
7. Right to basic needs
8. Right to secure ecological balance

4.9 Demarketing: refers to all such efforts to encourage consumers to reduce their consumption of a particular product or services, e.g. some natural resources are very scarce such as oil, natural gas, water, etc. promotions are given to conserve not to destroy them. To reduce drug abuse, gambling etc. actions are taken by govt. agencies, non-profit organization on the basis of information through Consumer Behavior.

5. Consumer Behavior Involves Mental Decision

Example Ravi always purchases Dettol Soap but suddenly shifted his demand to Lux Soap. Actually 'coz of competing brand and advertising effects strongly recommended by his friend Ashu changed his decision from Dettol to Lux.

Below diagram shows how consumers takes decisions and how they take decisions to purchase product and services. This is the general model of decisions and evaluation to purchase and after purchase.

There are various factors that affect the decisions of consumer's .External factors like culture, sub culture, demographics, social status, references group, family, marketing activities. Internal factors like perception, learning, memory, motives, personality, emotions, and attitude.

All these factors require or desire proper decisions that relate to find out problem, collect information, evaluate and select that information that is suitable to solve particular problem.

Our decisions is not concluded here after sale and purchase process of consumer ,our decisions starts relating to post purchase process like warrantee, guarantee ,after sales services .

As individual encounters various situation as a result consumer decisions process is activated.

Process, experience and acquisitions it produces in turn influence the consumer's self-concept and life style by affecting their internal and external characteristics.

Problem recognition

making starts with finding out problems. Most frequent problems occur when consumers realize they are out of the product. Example: when new fashion comes into existence, people feel that their current holding is not in style and up to date.

Whenever someone in organization recognize problem the first step is decision making process. If an item of stock reached minimum stock level or a machine fails to work or a new product is to launch in the market it leads to need recognition.

5.2 Search process

We research for products or services that can satisfy our needs and wants. It is an easy way to find out what we are looking for. Our friends and family members even give their recommendations because they had many experiences. We also had so many experiences that help us to solve many problems. There are so many sources from where consumer gets information:

PERSONAL SOURCES

COMMERCIAL SORCES

PUBLIC SOURCES

EXPERIENCE SOURCES

The consumer receives the information from commercial sources. These include

Advertisement, salespeople, catalogue, newspaper and manufacturer supplied direct mail. Personal sources include family members and friends. Ask customers how they get information about product. What sources affects their purchase decisions. The consumer information helps marketers plan advertisements, select information to give to customers, and choose other marketing technique needs.

5.3 Evaluating alternatives

Once customer has decided what will satisfy his needs he will begin to find out best deal. That depends on price, quality, and other factors. He will compare prices, quality, brands, sizes, colours, and services. After receiving the list of potential suppliers, the buyer see the specific term of proposals made by each supplier. If it is required further details can be asked.

5.4 Selection stage

After taking into consideration now they decide on what they will purchase and from where they will purchase. They may have prior experience or his preference may be boost with the result of experience.

Many factors influence the purchase decisions. These includes the cost of product compared to how much money the consumer can afford to spend ,the opinions of family and the services provided by marketer.

5.5 Evaluation of decisions

The goal of marketer is not only to satisfy customer but also retain them, maintain them for life time. One bad experience may deteriorate the product image on other hand one best experience led to brand loyal customer who may become brand evangelist for you .Retailers use the term buyer's remorse to describe customers second thoughts after a purchase.

Marketer use the term cognition dissonance to post decision doubt that customer has about an original purchase.

6. Conclusion

Customer behavior is an orderly process where the buyer interacts with his or her environment for making purchase decisions. There are various factors like family, reference groups, technology factors, political factors ,social factors affects the behavior of customers. Customers mind is just similar to black box .Every week our marketing researchers ask consumers to find out:

- What they think about our product and competitors.
- What they think of possible improvements in our products.

- Whether they use our product or not.
- What attitude they have relating to our product.
- What are their dreams for their families

Consumer behavior is our key element for planning and managing in this ever-changing environment.

Consumer behavior is to do with the activities of individuals in obtaining and using the goods services; it encompasses the decision making precedes and determines purchases.

Consumer behavior / consumption behavior; Consumer behavior is micro behavior whereas consumption behavior is macro behavior. Consumer behavior, as a study focuses on the decision process of the individual consumer or consuming unit. In contrast, the consumption behavior as study, is to do with the explanation of the behavior of aggregate of consumer or the consuming unit

Consumer behavior / buyer behavior; the area of consumer behavior includes the activities of both final and intermediate users. Buyer behavior means the study of the activities of both final and intermediate users while consumer behavior covers the study of the activities of only final users.

Significance- The consumer is the focus of marketing efforts. Its real significance is spelled out by the modern marketing concepts. In operating this concept, the marketing manager solves the consumption problems of consumers. The study of consumer behavior is a must to adjust the four Ps of marketing mix in the light of changing nature of consumer behavior.

Through there are good many models of consumer buying process, it is made up of five steps namely Need recognition, Information search, Evaluation and intention, Purchase decision , Post-purchase reaction. The determinants of consumer behavior can be lumped into three categories----Economic----Psychological and Sociological. The economic determinants are; Personal income, Family income, Consumer income expectation, Consumer liquid assets, Consumer credits, Level of standard living. The psychological determinants are: Motivation, Perception, Learning, Attitude, and Personality. The sociological determinants are: Family, Reference groups, Opinion leaders, Social class, Culture.

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