
“Understanding Consumer Behavior In Globalized Era”

Dr. Dayanand Surwade
Hod, Dattakala Group of Institution

I. INTRODUCTION

To understand consumer behavior we have to study consumer and the difference between customer and consumer. The term “Customer” is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at A&P or who uses Texaco gasoline is viewed as a customer of these firms. The term “consumer” more generally refers to anyone engaging in any of the activities used in our definition of consumer behavior. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

The traditional view point has been to define consumers strictly in terms of economic goods and services. This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition. Consequently, organizations such as the American Dental Association, UNICEF, and Foster Parents Plan, as well as religious and people engage in regarding free services, ideas and philosophies are quite similar to those they engage in regarding commercial products and services.

II. DEFINING CONSUMER BEHAVIOUR

Before continuing, its appropriate to offer a definition in order to clarify the focus of our study. Consumer behavior may be defined as:

“The decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services.”

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Although it is not necessary to memorize this definition, it brings up some useful points:

- Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).
- Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.
- Consumer behavior involves services and ideas as well as tangible products.
- The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

III. OBJECTIVE OF THE STUDY

Many of the variables affecting consumers (such as personality, learning, perception of external situation, motives, and so forth) cannot be directly observed. Therefore, those who want to learn about the variables affecting consumers must often make inferences to determine the extent to which a given variable is having an influence. That is, just like the scientist who cannot see the oxygen and must infer its properties by looking for its effects on the other variables, a consumer researcher must look for the influence of unobservable variables on the activities of consumer that can be observed. The problem is that these variables have different aspects and can change over time. Therefore, if we observe the effects of the variable at two different points in time we might draw different inferences about its characteristics. We must be ready to accept this ambiguity because of the difficulty of studying unobservable behavior. We should also look forward to reading about more than one investigation of the same variable because such studies will help us narrow in on the specific nature of the variables that are of interest to us in achieving our goal of understanding the behavior of consumer.

IV. NEED FOR STUDY CONSUMER BEHAVIOUR

Consumer behavior is rarely a simple process. The purchase decision can evolve many variables, including price, quality, availability and services. Information regarding these inputs can be obtained from several sources.

Consumer behavior is that subject of human behavior which concerned with decision and acts of individuals in purchasing and using the product. The study of consumer behavior is n attempts to find the answers for the following questions. (a) who are the consumers, (b) what do they buy, (c) where do they buy, (d) how do they buy, (e) why do they buy, (f) when do they buy. Need for study consumer behavior is explained with help of the following points :

- (a) **Production policies :** - the consumer behavior gives an insight into the various factors which prompt him to purchase a particular product. If it is known, that it is the packing or taste or habit or fashion which attracts the consumer then the producer will pay attention to these attributes in his products and thus consumer behaviors helps a great deal in formulating production policies.
- (b) **Price Policies :** - The buyer's behavior is equally important in framing price policies. The buyers of some products purchase only because particular products (articles) are cheaper than the competitive products (articles) available in the market. In such cases, the price of such products can not be raised. On the other hand, some other products (articles) are purchased because; it enhances the prestige and social status of persons. The price of such thing can easily be raised or fixed higher. Some products are purchase under particular attitudes and emotions. Like khadi garments are purchased by them who think themselves and the followers of 'Gandhi'. Price of products purchased under emotional motives can also be raised.
- (c) **Decisions regarding channel of Distribution:** the products which are purchased and sold solely on the basis of low price must have cheap and economical distribution channels. In case of those products, which requires sale after services such as T.V. sets, Refrigerators etc. must have different channels of distribution. Thus, decisions regarding channels of distribution are taken on the basis of consumer behavior.
- (d) **Decision regarding Sales Promotion:** A study of consumer behavior is also vital in making decisions regarding sales promotion. It enables the producers to know what motives promote the buyers to make purchase and the same are utilized in advertising. Media awakens the desire of society to purchase. The marketers takes decisions regarding brand, packaging, discount, gifts, etc., on the basis of buyer's behavior for promoting sales of the products.

Thus the study of consumer behavior plays an important role in decision making.

V. FACTORS INFLUENCING CONSUMER BEHAVIOR

- 1) **Cultural factors :-** These factors exert the broadest and deepest influence on consumer's behavior.
 - a. **Culture :-** Culture is an important determinant of human behavior in the society. Culture refers to " a people's shared customs, beliefs, values, and artifacts (housing works of art so on) that are transmitted from generation to generation". The study of culture is necessary to understand the human behavior. It refers to the study of acquired or cultivated behavior. The study of culture helps the markets in his efforts to study the non-rational aspect of buyer behavior.

The basic characteristics of culture are as follows :- 1) The culture is inculcated into an individual and passed on from generation to generation. (2) The buyer lives in a society having certain cultural characteristics though the customer has to learn everything from his experience, but the culture provides certain pattern of behaviors to be adopted. (3) Cultural values keep on changing over the passage of time. (4) Culture meets different types of needs of an individual in a society and if its elements do not conform to the individual they extinguish. (5) The cultural values are shared by the society as a whole.
 - b. **Sub – Culture:** - Each culture consists of smaller sub-cultures that provide more specific identification for its members. Four types of sub-culture can be distinguished, viz., nationality groups, religious groups, religious groups, racial groups, geographical areas etc.
 - c. **Social Class :-** It is identified as relatively permanent and homogeneous group of people having certain identifiable characteristics. According to Philip Kotler, Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interacts, and behavior. The market has to study the behavioral pattern of these classes so as to formulate his marketing strategy and promotional communication.
- 2) **Social Factors:-** These include reference groups, family and social roles and status.
 - a. **Reference Group :-** Reference group is a relatively small social group to which a person belongs or aspires to belong and that provides guidance to acceptable beliefs, values, attitudes, and behavior. According to Philip Kotler, "a person's reference group consists of all the groups that have a direct (Face to Face) or indirect influence on the person's attitude or behavior."

Example of Reference Groups :-

Membership Groups :- Groups having direct influence on a person are called membership groups. These are the groups to which the person belongs and interacts.

Primary Groups :- These groups are related with family, neighbors etc. Primary Groups tend to be informal.

Secondary Group :- The members have less continuous interaction and they tend to be more formal. E.g. religious groups, professional groups etc.

Aspirational Groups:- The groups to which a person likes to belong, but he is not the member of that group.

Dissociative Group: - A Group whose values are rejected by the individual.

The importance of reference group influence varies among products and brands. Marketers of products and brands where group influence is strong must determine how to reach and influence the opinion of leaders. Group influence is strong for products that are visible to others, whom the buyer respects.

According to 'Philip Kotler', an individual is influenced by a reference group in the following manner:-

- These groups show the people the (possible) new behaviors and life styles.
 - They also influence the person's attitude and self-concept, because the person normally desires to fit in it.
 - They created pressure for conformity that may affect the person's actual product and brand choices.
- b. **Family:** the family is considered to be one of the strongest source of group influence for the individual consumer. The joint family is the most common form of family system in India. From the marketer point of view the decision – making role in the joint family system is being played by the oldest member of the family. It is not always that the authority vests with him but it can be diffused also. The marketer must know the income of the family which is used for family purchases.
- c. **Roles and Status:** - A person (individual) participates in many groups throughout the life. The person's positions in each group can be defined in terms of roles and status. A role consists of activities that a person is expected to perform according to the persons around him or her. Each role carries the status reflecting the esteem given to it by the society.
- 3) **Personal Factors:-** These factors include age and life cycle stage, Occupation, economic circumstances, life style and personality and self concept.
- a. **Age and Life Cycle Stage:** - People buy different goods and services over their life time. Consumption is also shaped by the stage of the family life cycle. There are nine stages of the family life cycle and in each stage the Person behaves in different way.
- b. **Occupation:** - A buyer's buying behavioral pattern is also influenced by his occupation. For example, a company president will buy expensive suits, credit card membership etc. The marketer tries to find out the different occupational groups of the segment and draft the marketing plan accordingly.
- c. **Economic Determinants :-** Economic considerations are very powerful and influencing as far as the behavior is concerned. Marshall was the first person to examine the role of economic factor on human behavior. Human being wants to maximize his satisfaction by his limited resources. Before taking any decision buyer collect various information. Economic model is based on the assumption that the price of the product affects its demand. The important economic factors are the income and liquid assets.
- Income is the most powerful economic factor to influence consumer behavior because it gives him the purchasing power from the marketers point of view, here the disposable income is important than the gross income. Disposable income is that part of person's income which remains after deduction of the state taxes and repayment of debt. Etc. Out of the disposable income, a major share is spent to meet the basic needs like food, clothing, shelter, education etc. With reference to Indian Consumers it is not his personal income that decides his buying power of the family as a whole has a great influence on his buying behavior.
- d. **Life Styles:** - People coming from same sub-culture, social class and occupation may lead to quite different life styles. A person's life style is the person's pattern of living in the world as expressed in the person's activities, interest and opinions. Life style portrays the person's interaction with the environment. Life style shows a person's way of being and acting in the world. Marketer will search for relationships between their products and life style groups.
- e. **Personality and Self Concept:** - Each person has distinct personalities that influence his behavior. According to Philip Kotler, personality means the person's distinguishing psychological characteristics that lead to relatively consistent and enduring responses to his or her environment. Personality is usually described in terms of traits like self confidence, dominance, defensiveness, adaptability etc.
- Generally, attitudes and beliefs lead an individual to a consistent response to the environment. This consistency of behavior is known as 'Personality Researcher'. It has been shown that correlation exists between personality type and product choices.
- 4) **Psychological Factors:** - These include motivation, perception, learning, attitudes and beliefs.
- a. **Motivation:** - Motivation is an integral urge to do something. Why a person acts at all? The answer can be given by understanding those forces which affect these actions. A person acts because he wants to fulfill his needs and desires. All the acts of a person are based on his desire to fulfill the needs and the need is the rationality of each and every action. The psychological, social and other needs motivate the customers. 'A.H. Maslow' has presented the hierarchy of human needs to explain the behavior of the individual. Need is a recognized want and leads the buyer to act and satisfy it. Only unsatisfied needs result in action. Maslow in his five level hierarchies has explained this theory. He explained that lower level needs are

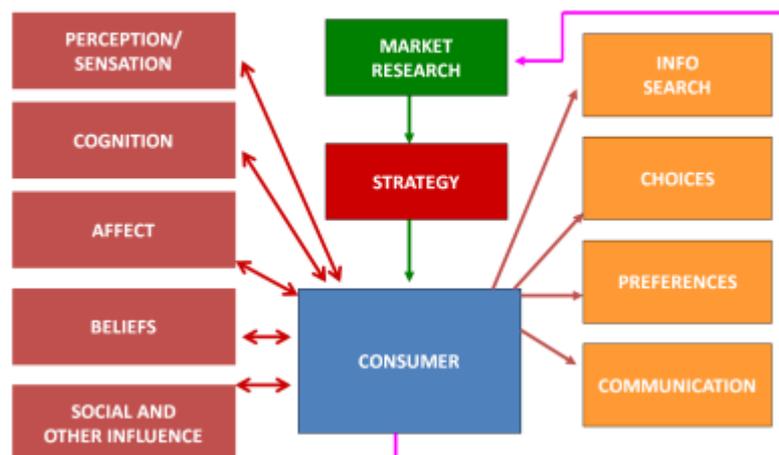
satisfied, the buyer aspires for the satisfaction of higher level needs. Buying motives are the reasons why the consumer buys a product and the marketing manager is interested to know these motives.

- b. **Learning:** - Learning is the change in an individual's behavior arising from previous experience and behavior. It is the result of thinking, information processing and perception. Most of the human responses are based on learning, i.e. self learning or the learning of the group.
- c. **Perception:** - Perception is the meaning which a person gives to a 'Stimuli'. Perception influences and shapes the behavior. It can be defined as, "a complex process by which people select, organize and interpret sensory stimulation into a meaningful and coherent picture".
- d. **Attitudes and Beliefs:** - Attitudes are the emotional pre-disposability's to respond positively or negatively to an object or class of objects. 'Predisposition' is the result of constant learning influenced by perception and personality. It is very difficult to change the perception because it is the result of continuous learning. Attitude lead people to behave in a fairly consistent way towards similar objects. If the buyers is very loyal towards a particular brand, then it is very difficult to change is attitude and belief towards that brand. The marketing manager must try to identify the attitude and beliefs of the customer segment and then develop the appropriate marketing strategy.

Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product).

Sources of influence on the consumer. The consumer faces numerous sources of influence.

INFLUENCES ON AND OF CONSUMER BEHAVIOR



Often, we take *cultural* influences for granted, but they are significant. An American will usually not bargain with a store owner. This, however, is a common practice in much of the World. *Physical* factors also influence our behavior. We are more likely to buy a soft drink when we are thirsty, for example, and food manufacturers have found that it is more effective to advertise their products on the radio in the late afternoon when people are getting hungry. A person's *self-image* will also tend to influence what he or she will buy—an upwardly mobile manager may buy a flashy car to project an image of success. *Social* factors also influence what the consumers buy—often, consumers seek to imitate others whom they admire, and may buy the same brands. The social environment can include both the mainstream culture (e.g., Americans are more likely to have corn flakes or ham and eggs for breakfast than to have rice, which is preferred in many Asian countries) and a subculture (e.g., rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population). Thus, sneaker manufacturers are eager to have their products worn by admired athletes. Finally, consumer behavior is influenced by *learning*—you try a hamburger and learn that it satisfies your hunger and tastes good, and the next time you are hungry, you may consider another hamburger.

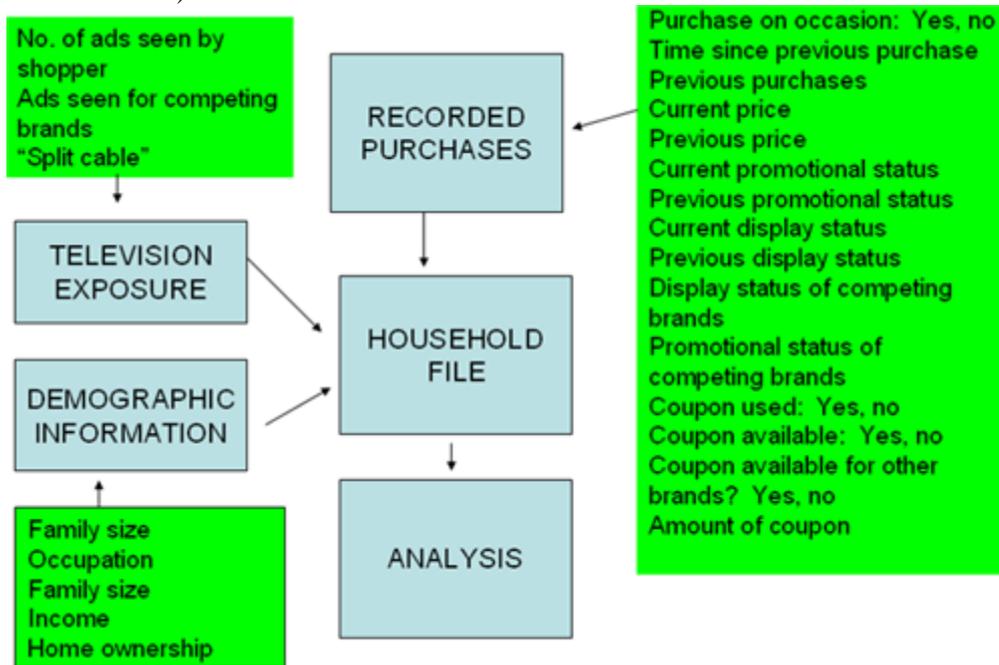
VI. FINDINGS

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and

- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

The consumer's shopping record is usually combined with demographic information (e.g., income, educational level of adults in the household, occupations of adults, ages of children, and whether the family owns and rents) and the family's television watching habits. (Electronic equipment run by firms such as A. C. Nielsen will actually recognize the face of each family member when he or she sits down to watch).



It is now possible to assess the relative impact of a number of factors on the consumer's choice— e.g.,

- What brand in a given product category was bought during the last, or a series of past, purchase occasions;
- Whether, and if so, how many times a consumer has seen an ad for the brand in question or a competing one;
- Whether the target brand (and/or a competing one) is on sale during the store visit;
- Whether any brand had preferential display space;
- The impact of income and/or family size on purchase patterns; and
- Whether a coupon was used for the purchase and, if so, its value.

VII. CONCLUSION

- The Study of Consumer behavior helps to various personnel, institutions, manufacturer / marketers etc. to understand and identify the potential buyer of their respective goods or services.
- The study also helps the manufacturer / marketer and functional managers in formulating various policies, strategies, R&D and plays a vital role in decision making. It able to make understand the buying behavior, variables, factors that influence / affects consumer buying behavior.
- The Study of Consumer behavior also helps like gauge to measure buying frequency of the consumer and information related to their taste, preferences, perception, pattern / fashion etc.
- The Study also improves and supports to research work in the concerned subject.

VIII. REFERENCES :-

- [1] SET / NET SERIES BOOKS
- [2] CONSUMER BEHAVIOUR BY LOUDON & DELLA BITTA
- [3] www.wikipedia.com