Preface

The world over a lot of changes are occurring, with the cyclic movement of boom period which was followed by the recession. Along with these changes, the consumer behaviour has also been evolving. The effects of the business economy has also been visible in how Indian consumers are behaving. There have been lifestyle changes, a young educated, working population with high per capita income and the urge to ‘Earn more, and buy more’. Marketers have observed that certain products (such as Fairness creams, Perfumes, Fast food etc.) which are traditionally targeted at the youth are being consumed by more people above 40 years. While those in the 30-39 year olds have tremendous purchasing power and are keen to purchase high-end products. So, the biggest challenge for the marketers is to analyse the complex buying behaviour of the various target segments, identify their deep-rooted aspirations and unmet needs and offer them suitable product and service offerings.

This book is written specifically for students pursuing the subject of Consumer Behaviour, at the postgraduate level (MBA) at Jawaharlal Nehru Technical University, Hyderabad. Efforts have been made to blend both concepts and applications from the field of consumer behaviour.

This book can be used as a textbook for consumer behaviour and is as per the syllabus prescribed by the Jawaharlal Nehru Technical University, Hyderabad. Students may find this textbook interesting since considerable efforts have been made to present the material clearly and in a style which is simple, easily readable and motivating. Language in the entire text is presented in a simple language, concepts supported by real examples (where-ever possible), figures, tables and attractive sketches. The entire textbook is divided into five units comprising of 13 chapters in total. Each chapter begins with learning objectives, then continues with Structure, Introduction, Subject matter and concludes with Summary so as to reinforce the major points. The ‘Chapter Questions’ provided for at the end of each chapter is to enable students to test themselves with regards to the concepts discussed therein and get a practical know-how of the same by carrying out the ‘Activity mentioned’.

UNIT 1: Under Unit 1, there are six chapters, namely: Introduction to Consumer Behaviour, Understanding Consumers and Market Segments, Consumer Motivation, Consumer Personality and Memory and Attitude Formation and Change.

UNIT 2: Under Unit 2, two chapters are covered. These are related to Social and Cultural Environment and Reference Group and Family Influence.

UNIT 3: Under Unit 3, three chapters are covered related to Communication and Consumer Behaviour, Diffusion of Innovations and Models of Buyer Behaviour.

UNIT 4: Under Unit 4, discussions are related to Consumer Decision-making Process in Chapter 12.

UNIT 5: Under Unit 5, the topic of Consumerism is discussed as Chapter 13.

Suja R. Nair
I would like to thank Mr. Anuj Pandey, Niraj Pandey and Vijay Pandey for their continuous and invaluable support. I am grateful to Mrs. Nimisha, Mr. Adiga and the entire team of Himalaya Publishing House Pvt. Ltd. for all the assistance provided in the preparation of this textbook. Finally, a special thank you to M/s. S. Jagannath and V. Nagarjuna for the lovely sketches presented in this book.

Suja R. Nair
# Brief Contents

## UNIT - 1

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   - Meaning and Definition of Consumer Behaviour  
   - Comparison between the Traditional versus Customer Focused Marketing  
   - Managerial and Consumer Perspective on Consumer Behaviour  
   - Applications of Consumer Behaviour  
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UNIT - 1

Chapter 1: Introduction to Consumer Behaviour
Chapter 2: Understanding Consumer and Market Segments
Chapter 3: Consumer Motivation
Chapter 4: Consumer Perception
Chapter 5: Consumer Personality and Memory (Information Processing)
Chapter 6: Attitude Formation and Change
Consumer Behaviour
LEARNING OBJECTIVES

After going through the chapter, you should be able to:

- Understand the meaning and learn the foundations of consumer behaviour
- Make a comparison between the traditional and customer focused marketing
- Understand the implications of the managerial and consumer perspective on consumer behaviour
- Learn about the applications of consumer behaviour.

STRUCTURE:

- Introduction
- Relationship between ‘Marketing’ and ‘The Consumer’
- Meaning and Definition of Consumer Behaviour
- Comparison between the Traditional versus Customer Focused Marketing
- Managerial and Consumer Perspective on Consumer Behaviour
- Applications of Consumer Behaviour
- Summary
- Chapter Questions for Discussion
- Activity
INTRODUCTION

The last decade, with its high economic growth rate has been of great interest to the marketers of various products and services. This high economic growth rate has resulted in the creation of new segments of consuming classes ranging from the elite upto those who fall in the bottom of the pyramid (poor-low income family). There have been many changes occurring in areas such as the demographics (India is a nation with a very young population, average age of 22 years who are healthy, educated and earning too), social scenario (breaking up of the joint family set up, more acceptance of western clothes and eating habits etc.) and so on. All this has resulted in the growth of consumer’s aspiration levels and their seeking right ‘value’ and a certain lifestyle from the various products and services offerings. The challenge before marketers is to offer products which will provide them the desired value satisfaction especially in this age of constantly changing consumer behaviour and aspirations.

In this chapter, we try to understand the relationship between marketing and consumer, meaning of the term consumer behaviour and have an over view of the managerial and consumer perspective on consumer behaviour. We have also taken a look at the (reasons for usage or) applications of consumer behaviour.

RELATIONSHIP BETWEEN ‘MARKETING’ AND ‘THE CONSUMER’

Successful organisations today such as Reliance infocomm, BSNL, LG, Tata Motors, HDFC etc. have used marketing to create and build lasting relationships with their customers. Simply put, ‘marketing can be defined as a business philosophy that regards
customer satisfaction as the key to successful trading and advocates the usage of management practices which help to identify and respond to customer needs.’

The above view on marketing has a philosophical dimension. This means that here, the marketing concept focuses on the customer, who is viewed as the driving force behind all its (marketing) activities, clearly recognising that long-term survival is possible only by meeting their consumers needs. In an open (or free) market economy such as ours, consumers have the total freedom on:

- What to buy?
- Whether to buy a particular product or service?
- When to buy?
- Where to buy?

Hence, in order to be successful in the long-run, organisations will have to use marketing to attract consumers, i.e., they will have to identity what customers want and then make all efforts to supply it more effectively and efficiently than competitors. Of course, closer the match between what the consumer needs and what the organisation supplies, then more will be the willingness on the part of the customer to pay for ‘it’, resulting in the generation of more profits for the latter.

To put it briefly, the relationship between marketing and the customer can be summarised as a business philosophy which is concerned with creating and keeping profitable customers, where:

- Creating customers requires the organisation to continuously monitor its environment, identify the opportunities presented by the changing consumer needs and make efforts to convert them into actual customers.
- Keeping customers implies that organisations make all efforts to minimise threats to their existing customer base which could occur either due to changing customer needs or competitors activities.
- Profitable customers will be all those who have the potential to generate revenues which will more than offset the costs of the business.

Efficiency Versus Effectiveness

Organisations who succeed at the marketplace have come to recognise that in the long-run, it is only their ability to be effective and efficient in satisfying the target customers’ needs, which will earn them profits.

Efficiency is to follow the principle of ‘doing the right things’. This efficiency goal is concerned with producing goods/services at a minimum cost (to the organisation) so as to maximise their profitability. Thus, efficiency is the means of enhancing profitability rather than the primary means of achieving it.

Effectiveness is concerned with making continuous efforts to satisfy the needs of the market and doing the right things in the eyes of the customers.

The ideal state which is strived to be achieved by an ideal business organisation is to be both effective and efficient.
MEANING AND DEFINITION OF CONSUMER BEHAVIOUR

Consumers can be referred to all those individuals who buy products and services either for themselves or on behalf of their households. So they can be either the users of these products or services, or are responsible for the welfare and well-being of those who use them. Consumers buy products/services in order to meet the physical demands of life, apart from using these purchases to indicate their roles in the society, to express their personalities, communicate their attitudes and opinions, stress on the values held by them and also to demonstrate their wealth. This means that the products and services purchased by consumers not only satisfy their physiological needs but also their psychological and sociological needs.

The Emerging ‘New’ Consumer

From early millennium onwards, marketers are having to deal with an emerging new consumer. Of course, the new consumers are not necessarily ‘new’ in the absolute sense, they differ from the old consumer in terms of their expectations, values and patterns of behaviour. As a result, the challenge before the marketer is to have a high degree of understanding of the consumers’ motivations and channelise all marketing efforts to clearly satisfy their ‘specific needs’.

The new consumer can be characterised by a new value system, with greater price sensitivity and more awareness of value for money, willingness to experiment with new ideas and technologies etc. (Refer Figure 1.1).

Figure 1.1: Characteristics of the ‘new’ consumer.

- The development of new value systems.
- Higher level of price awareness and price sensitivity compared to old consumers.
- More emphasis on value for money.
- Have less technophobia.
- Very specific increased demand for and greater acceptance of more products or services.
- Ability and willingness to experiment with new products, ideas and delivery systems.
- Not very brand or store loyal.
- Awareness and responsive towards the changing roles of men and women.
- Concern for environment and related issues.
- More sceptical about politicians and increasing public awareness about issues concerning the society.
**Definition of Consumer Behaviour**

Consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. (L.G. Schiffman, L.L. Kanuk, 2005).

As per the above definition, consumer behaviour tries to understand how consumers (individuals) make decisions on consumption-related items. That is, this study tries to seek answers on questions related to the consumer’s decisions on what to buy, why they buy it, when and where they buy it, how often they buy and use it, consumer’s evaluation of the purchased (or consumed) item and the impact of such evaluations on future purchase behaviour and finally on how they dispose of it.

Irrespective of our diverse backgrounds each one of us is a consumer. We are regular consumers of food, clothing, shelter, vehicles, services etc. We, as consumers are also contributing to the overall growth of our economy. However, in order to build, grow and succeed in the evolving marketplace, marketers are required to make all efforts to have a thorough understanding of their consumers. They need to be clear about their consumers in terms of — what they want, how much they are willing to spend, where do they work, who are their personal and social influences, how they spend their leisure time etc. Marketers make use of consumer behaviour study to understand how consumption related decisions are made, the impact of personal and group pressure on their purchase decisions, the role of the social, cultural influence on the purchase behaviour and so on.

According to Sheth and Mittal, ‘Customer behaviour is the mental and physical activities undertaken by household and business customers that result in decisions and actions to pay for, purchase and use products and services’. (Jagdish N. Sheth, Banwari Mittal, 2003).

The above definition includes the behaviours of both the household and business (organisational) customers. The mental and physical activities undertaken by the customer include:

(a) **Mental**: Assessing the suitability of the product or service brand, making inferences about a product’s (or service’s) quality from advertising information and evaluating its performance after consuming the product or service.

(b) **Physical**: Visiting stores, searching for information on the products (or services) from various sources, reading various reports (or business magazines) to have an idea about the product’s or service’s actual performance, talking to sales personnel and issuing a purchase order.

It is to be understood that the term consumer behaviour can be used to describe two different kinds of consuming entities:

- The **personal consumer** who purchases goods and services for his or her own use, for the use of the household or as a gift for a friend. In all the above contexts, the products or services are purchased for the use of, by the ultimate consumer (or end-users).
- The **organisational consumers** will be inclusive of profit and not-for-profit run businesses, government agencies (local, state and central) as well as institutions (educational,
hospitals, hotels etc.) all of which are required to buy products, tools, equipments and services in order to run their organisations.

From a marketer’s point of view, end-use consumption is perhaps the most pervasive of all types of consumer behaviour, because it involves every person of each age group and background carrying out the role of either a buyer or user or both.

![Figure 1.2: Consumer types, behaviours and roles.](image)

COMPARISON BETWEEN THE TRADITIONAL VERSUS CUSTOMER FOCUSED MARKETING

The field of consumer behaviour is rooted in the marketing concept which has evolved through several alternative approaches such as the production concept, the product concept and the selling concept, as several alternative approaches to marketing. However, it is the marketing orientation approach which has gained wide acceptance since it places customer needs at the heart of the organisation.

The basic philosophy underlying the marketing concept is that in order to be successful, organisations must determine the needs and wants of specific target markets and deliver the same so as to ensure the desired satisfaction better than competitors. The marketing philosophy works because it goes by the premise that marketers must focus on the needs of the buyers and make products or services which it can sell. The reasons behind the success of organisations such as Reliance infocom (mobile phones), Tata Motors (Nano, Indica, Indigo etc), Toyota (Corola), Honda (Honda City), Cavin Care (Fairever etc.) Maruti (A-Star, Swift etc.) can be attributed to the fact that they had been able to identify the changing (aspiring) needs of their target market and make suitable product offerings accordingly.

The traditional marketing concept has provided the base on which the customer focussed marketing has came to be evolved. Marketing focussed organisations were engaged in carrying out extensive marketing research programmes in order to identify the various types of needs of their target market, segment them into various categories and workout suitable marketing strategies.
A Continuous environmental analysis and interpretation.

Constant search for opportunities and new markets.

Working at marketing strategy development process by keeping a continuous track of competitor and customer analysis.

Work out innovative segmentation, targeting and positioning.

Create a well formulated pricing strategy along with a distinctive advertising and promotional appeal.

A fundamental recognition of the need to build relationship with customers, suppliers, distributors and media.

Working at creating and maintaining high levels of customer satisfaction by adding value.

An emphasis upon proactivity, innovation and creativity and working towards delighting the customer.

**Figure 1.3: Activities involved in marketing and customer focused marketing.**

Thus, marketers carried out consumer research in order to identify the marketing strategy concepts of market: segmentation, targeting, positioning and mix elements. Today, when we have entered the digital age, the market is influxed with more new competitors, products/service offerings, with wider reach and distribution networks, clearly indicating that marketers have to do a re-look on the marketing front. They have come to realise that in order to be successful in this highly competitive market, they have to adopt a customer focussed marketing strategy and work towards entering into successful relationships with their customers. The key drivers for successful relationships between marketers and customers are the three Cs, namely Customer value, Customer satisfaction and Customer retention, where,

- **Customer value** is the ratio between the customer’s perceived benefits (economic, functional and psychological) and the resources (monetary, time, effort, psychological) used to obtain those benefits.

- **Customer satisfaction** is the individual’s perception of the performance of the product or service in relation to his or her expectations.
- **Customer retention** refers to providing continuous value to the customers such that the customers feel that it is in their best interest to stay with them (organisation) rather than switching over to another organisation. Table 1.1 gives a comparison between the traditional marketing concept and value and retention focussed-marketing.

### Table 1.1: A Comparison between the Traditional Marketing and Value and Relation Focussed Marketing

<table>
<thead>
<tr>
<th><strong>The Traditional Marketing Concept</strong></th>
<th><strong>Value and Retention-Focused Marketing</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Make only what you can sell instead of trying to sell what you make.</td>
<td>Use technology that enables customers to customise what you make.</td>
</tr>
<tr>
<td>Do not focus on the product; focus on the need that it satisfies.</td>
<td>Focus on the product’s perceived value, as well as the need that it satisfies.</td>
</tr>
<tr>
<td>Market products and services that match customers’ needs better than competitors’ offerings.</td>
<td>Utilize an understanding of customer needs to develop offerings that customers perceive as more valuable than competitors’ offerings.</td>
</tr>
<tr>
<td>Research consumer needs and characteristics.</td>
<td>Research the levels of profit associated with various consumer needs and characteristics.</td>
</tr>
<tr>
<td>Understand the purchase behaviour process and the influences on consumer behaviour.</td>
<td>Understand consumer behaviour in relation to the company’s product.</td>
</tr>
<tr>
<td>Realize that each customer transaction is a discrete sale.</td>
<td>Make each customer transaction part of an ongoing relationship with the customer.</td>
</tr>
<tr>
<td>Segment the market based on customers’ geographic, demographic, psychological, socio-cultural, lifestyle, and product-usage related characteristics</td>
<td>Use hybrid segmentation that combines the traditional segmentation bases with data on the customer’s purchase levels and patterns of use of the company’s products.</td>
</tr>
<tr>
<td>Target large groups of customers that share common characteristics with messages transmitted through mass media.</td>
<td>Invest in technologies that enable you to send one-to-one promotional messages via digital channels.</td>
</tr>
<tr>
<td>Use one-way promotions whose effectiveness is measured through sales data or marketing surveys.</td>
<td>Use interactive communications in which messages to customers are tailored according to their responses to previous communications.</td>
</tr>
<tr>
<td>Create loyalty programmes based on the volume purchased.</td>
<td>Create customer tiers based on both volume and consumption patterns.</td>
</tr>
<tr>
<td>Encourage customers to stay with the company and buy more.</td>
<td>Make it very unattractive for your customers to switch to a competitor and encourage them to purchase “better” — in a manner that will raise the company’s profitability levels.</td>
</tr>
<tr>
<td>Determine marketing budgets on the basis of the numbers of customers you are trying to reach.</td>
<td>Base your marketing budget on the “lifetime value” of typical customers in each of the targeted segments compared with the resources needed to acquire them as customers.</td>
</tr>
<tr>
<td>Conduct customer satisfaction surveys and present the results to management.</td>
<td>Conduct customer satisfaction surveys that include a component which studies the customer’s word of mouth about the company,</td>
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</tbody>
</table>
MANAGERIAL AND CONSUMER PERSPECTIVE ON CONSUMER BEHAVIOUR

Marketer’s marketing plan is driven by their perception of why and how do consumers behave as they do and how they are likely to respond to the various marketing mix elements. But in reality, in most of the markets, buyers differ enormously in terms of their buying dynamics. So the marketer has got a mammoth task of identifying these complex differences. For, if one were to consider the consumer markets, buyers typically will differ in terms of their age, income, educational levels and geographical locations. Apart from this, the more fundamental differences will be in terms of their personality, lifestyles and their expectations.

Despite these complexities, it is imperative that the marketing manager understands the dynamics of the consumers buying process, otherwise the costs and competitive implications of failing to do so would be very high. Under the marketing approach, organisations were engaged in carrying out market researches to identify the consumer’s underlying needs and develop product or service offerings to match those needs. Apart from a wider product range, the advertising and media managers were required to work on diverse campaigns and be more creative in communicating the product benefits.

Now since the entire marketing efforts are focused on the ‘consumer’, the talking also involves using behavioural terms. In this context, the product or service is positioned to deliver a set of benefits to a specific (defined) segment of consumers. The advertising manager aims at communicating symbols and images to indicate how the brand delivers these benefits and create a favourable attitude towards the brand and thereby induce trial among the customers. It is also possible, through advertising to influence consumers to go for repurchase of products or services.

Implications of Managerial Approach

Managerial perspective on consumer behaviour tends to be more micro and cognitive in nature. The term micro is used because the manager is focusing on the individual consumer — his or her attitudes, perceptions and lifestyle and demographic features. Further, the external factors influence in terms of the reference groups, the family, social class and culture are studied in order to know how they influence the individual
Consumer Behaviour

consumer. The cognitive nature emphasises on the thought processes of individual consumers and the factors which influence their decision-making processes.

From the marketing manager’s perspective, it is necessary to satisfy the needs of the individual consumer through suitable product or service offerings. Hence, the necessity to gather information on the consumer’s needs, thought processes characteristic features. Such information will be useful in segmenting the target market on the basis of various parameters.

However, the manager has to be vary of a few risks associated with the managerial approach:

- *It would not be correct to go by a strictly cognitive approach.* This is because, the consumers may not always adopt a systematic decision-making process, especially when purchasing products on impulse or habitual basis (buy toothpaste, tooth brush etc.) Such products have symbolic value and do not require the consumer to be involved in a systematic information processing.

- *It would be incorrect to overlook the dynamics of environmental factors influencing the consumers decision-making process.* For instance, gifts purchased for ritual purposes would have to be culturally derived. This reason may be overlooked if only a micro view is taken, where the focus is exclusively on the individual consumer.

- *Another risk could arise if the managers were to focus more on the purchase aspect rather than on consumption.* While trying to work on the consumer satisfaction level managers have realised that this can be understood by looking at the post purchase behaviour or the consumption front and not merely the purchase experience. It is for this reason that marketing managers are entering into relationship based marketing with their consumers. Moreover, to a great extent this relationship marketing will depend on the consumption experience.

Thus, it will be more helpful if the marketers were to adopt a ‘holistic approach’ to the study of consumer behaviour. For this, marketing managers will have to make efforts to understand the environmental context of the consumer’s actions, the cognitive processes involved in their decision-making process and then work out suitable marketing strategies accordingly.

Consumers Perspective on Consumer Behaviour

Above, we have discussed the manager’s perspective on consumer behaviour, now we will try to view it from the consumer’s eye. Both, the managerial and consumer perspectives differ on three accounts.

(a) Managers seek product information so as to come out with product offerings, which will work as vehicles of influences. Whereas, consumers tend to evaluate information for the purpose of making better decisions on purchase choices.

(b) Marketing managers workout strategies which are product or brand specific. While the consumers have the tendency to evaluate various brands before actually purchasing products. Further, the consumers choice, although may not appear to be related but in reality could be a reflection of their desires and lifestyle. Such behaviour
could be visible in their buying food items (eating Pizza, Burgers), wearing Ruf-n-Tuf jeans and Reebok shoes and owning a Blackberry cellular phone could be a reflection of the individual consumer’s lifestyle and desires.

(c) Managers may view competition as a threat. Whereas, for the consumer, availability of more brands (i.e., more competition) will work as an opportunity to compare, have more choices and get a few products at lower prices too.

For managers, study of consumer behaviour will help to offer good quality products and acquire the necessary accurate information to ensure the building up of a loyal customer base in the long-run.

As consumers, the study of consumer behaviour will provide them insights into their own consumption-related decisions and thereby enable them to become better and wiser consumers.

**APPLICATIONS OF CONSUMER BEHAVIOUR**

The field of consumer behaviour study has gained prominence from mid-1960s onwards. As a new discipline (having no body of research of its own), the study of consumer behaviour borrowed heavily from other established disciplines, such as psychology (the study of the individual), sociology (the study of groups), social psychology (the study of how individuals behave in groups), anthropology (the study of the origin and customs of mankind) and economics (the study of the science of the production and use of goods or services).

**Positivism and Interpretivism**

In the initial stages, the main thrust of consumer behaviour was from a marketing manager’s perspective: they were interested in knowing the specific causes of consumer behaviour and then use this consumption related information to work out suitable marketing strategies to influence consumption decisions. Since the marketers’ were concerned with predicting consumer behaviour, this approach came to be known as positivism.

Academicins from contributing disciplines (including marketing) were interested in the study of consumer behaviour simply to understand the consumer better. The study of consumer behaviour from the point of view of understanding consumption behaviour and the meanings behind such behaviour came to be known as interpretivism. The interpretive approach is also known as experientialism because of its focus on the consumption experience. Inspite of the differences in these two approaches, both the approaches — positivism and interpretivism can easily be said to be complementary to each other. For prediction and understanding of consumer behaviour it is necessary to get a strong picture of consumption related behaviour.

A comparison between positivism and interpretivism is presented in Table 1.2. These two theoretical research areas are highly complementary and when used together will provide a more insightful and indepth understanding of consumer behaviour.
Consumer research carried out from a managerial point of view to take strategic marketing decisions is called positivism.

- Positivist research is quantitative and empirical in nature.
- Positivist research tries to identify cause-and-effect relationships in buying situations.
- Positivists typically use probability studies, which can be generalised to larger populations.

Consumer research carried out for the purpose of probing deep into the consumer’s mind to understand the motivations, feelings, emotions etc. affecting their consumer behaviour is called interpretivism.

- Interpretivism involves qualitative research which cannot be projected to larger population.
- Interpretivism research is primarily concerned with understanding the act of consuming and can be used to provide insights for working out various positioning strategies.
- Interpretivists usually view consumption experiences as unique situations occurring at that specific time and hence cannot be generalised to larger populations.

### Table 1.2: Comparisons between Positivism and Interpretivism

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**Usage of Consumer Behaviour Knowledge**

In most of the markets, buyers differ enormously in terms of their buying dynamics. The marketing manager will have a difficult task in coming to terms with these differences when working out various marketing strategies. For instance, in consumer markets, buyers typically differ not only in terms of their age, income, educational qualifications and geographical locations but more fundamentally in terms of their personality, lifestyles and their expectations. Similarly, if one were to consider the organisational and industrial markets also, complex buying behaviour is seen. Here, there could occur differences in the goals being pursued, the criteria followed by those involved in the buying process, the formality of purchasing policies and the constraints which could take the form of delivery dates and expected performance levels. Thus, understanding of consumer behaviour will help the marketer to take marketing strategic decisions which can be broadly applied in the following areas:

- **To obtain consumer information related to their unmet needs and wants and develop products or services accordingly.**
  
  Consumers are highly complex individuals, so through consumer behaviour study marketers will be able to identify unsatisfied consumer needs and develop and offer new products (or services) to them.

- **To identify the personal and market traits which affect consumer’s decision-making process.**
  
  Each customer is unique in relation to certain personal factors such as personality traits, gender, age, caste, his or her socio-economic cultural environment, cultural values, reference groups influence and social class status. There are also certain
market forces such as market traits (climate, topography and ecology), economic environment, government policy and technology which would influence the consumer’s decision making process. Consumer behaviour study will help to identify the role played by the personal and market factors in influencing the consumption related decisions.

- **To identify specific consumer segments with unfulfilled wants.**
  Consumer behaviour study will help marketers to discover the unmet needs and priorities of different consumer segments and design new products and marketing strategies to fulfill those needs. Thus, through consumer behaviour study, they will have access to consumer information which will help them (marketers) to identify the various market segments and offer suitable products.

- **Develop marketing strategies through market segmentation which will help in the redesigning and repositioning of existing products.** Consumer behaviour study have enabled marketers to go for market segmentation, *i.e.*, offering consumers differentiated product offerings, using specific marketing mix elements and positioning the product so as to satisfy the targeted customers better than competitors.

- **Consumer behaviour information will help to evaluate marketing strategies.**
  Current trends have indicated that marketers need to be sensitive to the changes in consumer needs, demographic characteristics and lifestyles and develop effective marketing strategies. Evaluation of marketing strategies is more valid because of the greater value orientation on the part of the consumers’ today. They desire for more customised products because of their accessibility to better and more information on products and services.

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**Figure 1.4: Utility of consumer behaviour knowledge.**
Consumer behaviour study will help to evaluate the suitability of marketing communication elements. Through marketing communications, consumers learn about products, their prices, availability of new products and the characteristics of alternative brands. Marketing managers can work out effective communications to inform (convey product benefits) and influence consumers purchase decisions. Thus, the key elements in the study of consumer behaviour are the marketers’ ‘Communication of information and influence’ and the consumers ‘Receipt of marketing information’.

Consumer behaviour study will help in the creation of customer value, satisfaction and retention. In order to survive in the highly competitive market, marketers are working towards building customer relationship. The three drivers of successful relationships between marketers and customers are customer value, high levels of customer satisfaction and building a structure of customer retention.

Consumer behaviour is defined as the behaviour that consumer display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their need. Customer focused marketing calls for working towards successful relationships with customers, with the marketer having to concentrate on key drivers such as customer satisfaction and customer retention.

For the managers, the study of consumer behaviour will help to offer good quality products and acquire accurate data and information which will help to build up a long-term relationship with their users. For consumers, the study of consumer behaviour will help to provide insights into their own consumption-related decisions, which in turn will make them become better and wiser buyers.

Whenever consumer research is carried out from a managerial perspective to take strategic marketing decisions, it is called positivism. Whereas, when research is carried out to understand the motivations, feelings, emotions, etc., affecting consumer behaviour, it is called interpretivism. Thus, the many reasons for studying consumer behaviour can be understood by having a look at the applications of the same, in various areas.

CHAPTER QUESTIONS FOR DISCUSSION

1. Define consumer behaviour. Explain the nature, scope and its importance in the field of marketing.
2. Give a comparison between ‘Customer focused’ and the ‘Traditional’ approaches to marketing.
3. The consumer behaviour study will enable marketers to develop an insight into the consumption-related habits of its target market. Elucidate.
ACTIVITY

- Meet any person who is running a business organisation and ask the variables considered by him to be important influences on his target market. Note down the same. Meet another businessman and carry out a similar exercise. What are the common variables influencing the target market of each business. How did you arrive at this conclusion?