

# A REVIEW ON CONSUMER BEHAVIOUR

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## ABSTRACT

Consumer Buying Behaviour refers to the buying behaviour of the ultimate consumer. Many factors, specificities and characteristics influence the individual in what he is and the consumer in his decision making process, shopping habits, purchasing behavior, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. An individual and a consumer is led by his culture, his subculture, his social class, his membership groups, his family, his personality, his psychological factors, etc.. and is influenced by cultural trends as well as his social and societal environment. By identifying and understanding the factors that influence their customers, brands have the opportunity to develop a strategy, a marketing message (Unique Value Proposition) and advertising campaigns more efficient and more in line with the needs and ways of thinking of their target consumers, a real asset to better meet the needs of its customers and increase sales.

## I. INTRODUCTION

It is a globally accepted fact that in recent times, marketers have become dynamic and the consumer has control over the strategic decisions made by the insurance companies. Companies are put to challenge to understand the pulses of new age policyholders and their buying pattern. India, in this scenario is no exception. It is being a nation of diverse cultures and traditions, understanding the consumers' buying pattern become a hard task. With the advent of globalization and the sequel changes in the country, many Multinational Insurance Corporations have started making a foray into Indian insurance market due to its sky-scraping potential.

Business environment today is turbulent as never before and the service industry as promising as never before. In this era of intense competition where customer is the king, success depends a lot on the

efficiency of the managers in delivering what they have promised and the responsibility lies on the organisations to develop such a culture where business ethics are followed, value for the services is provided and quality services are offered to achieve higher level of customer satisfaction. For achieving customer satisfaction understanding dynamic consumer behaviour is essential. As true believers in the marketing concept marketer should try their best to meet needs of consumers.

Service firms should follow a proactive approach i.e. begin the service and satisfaction management process before they even come in contact with customers and also be reactive i.e. look forward for customers to complain, welcome them and tell them what to do. This study is an attempt to develop a thought on how to focus on enabling and keeping promises in service firms because how promises are kept is a clear indication of how strong and for how long shall the customer relationship be. The service sector dominates the Indian economy today, contributing to more than half of our National Income. Since services are intangible in nature and cannot be checked before the purchase is actually made therefore, it is very critical to deliver what has been promised to the target customer. Consumer behaviour studies play an important role in framing marketing and in deciding marketing strategies. Consumers are often studied because certain discussions are significantly affected by their behaviour or expected actions. For this reason such consumer behaviour is said to be an applied discipline. Such applications can exist at two level of analysis. The micro perspective involves understanding consumers for the purpose of helping a firm or organisation accomplish its objectives. On the macro or societal perspective consumers collectively influence economic and social conditions within an entire society.

## II. CONSUMER BEHAVIOUR AND BUYER BEHAVIOUR

Consumer behaviour is seen to involve a complicated mental process as well as physical activity (purchase decision). Consumer behaviour is a decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services.

Consumer Behaviour reflects the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, time and ideas by (human) decision making units.

Buyer Behaviour particularly is the study of decision making units as they can buy for themselves or others. Thus, buying behaviour particularly involves collective response of buyers for selecting, evaluating, deciding and post purchase behaviour. Buyer behaviour is the study of human response to services and the marketing of products and services. Buyer behaviour researches continuously investigate a broad range of human responses including human affective, cognitive and behavioural responses. The buying behavior and purchase decisions are need to be studied thoroughly in order to understand, predict and analyze critical market variations of a particular product or service. The field of consumer behaviour is the broad study of individuals, groups or organisations and the process they use to select secure and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Consumer behaviour studies are based on the buying behaviour of final consumers-individuals and households who buy goods and services for themselves. The collective behaviour of consumers has a significant influence on quality and level of standard of living. Buyer Behaviour is broadly defined by various scholars and researchers as

1. It's the behaviour displayed by the consumers during the acquisition, use and disposition of products/services, time and ideas by decision making units.
2. It is the body of knowledge which studies various aspects of purchase and consumption of products and

services by individuals with various social and psychological variables at play.

3. The process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. The activities directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow these actions.

### CONSUMER BEHAVIOUR: AN EMERGING FIELD OF STUDY

In the highly specialised study of "business management", "business administration" or just "management" today, "marketing management" function plays a very critical role in business activities. This is because this functional area of management (1) "earns" the revenue and (2) "works" in the close proximity with the public or persons outside the organisation. Controlling these two attributes to have the desired benefits are the most difficult part of the management, because none of these two are within the direct control of the marketers. This does not mean that the other functional areas are not useful, but they are not "directly" involved in the activities mentioned above. Marketing consists of an interaction between buyer and seller for the purpose of exchanging something valuable to the mutual benefit of both the parties to the transaction. One cannot appreciate this marketing process by observing only the seller, knowledge about consumer is a sound basis for marketing strategies and decisions. Markets are selected on the basis of consumer wants, location, characteristics and expenditure patterns. To ignore the customer can lead to disaster in a modern economy.

Consumer behaviour has become an integral part of strategic market planning. It is also the basis of the approach to the concept of „Holistic Marketing“. The belief that ethics and corporate social responsibility should also be integral components of every marketing decision is embodied in a revised marketing concept – the societal marketing concept – which calls on marketers to fulfil the needs of their target markets in ways that improve society as a whole.

Consumer or the “Customer” play a very critical role as these are the people who finally buy the goods and services of the organisation and the firm is always on the move to make them buy so as to earn revenue. It's crucial from both the points of view as given below:

**From the customers' point of view:** Today, in the highly developed and technologically advanced society, the customers have a great deal of choices and options (often very close and competing) to decide on or compare; (a) They have the products of an extreme range of products attributes (the 1st P - Product), (b) they have a wide range of cost and payment choices (the 2nd P - Price), (c) they can order them to be supplied to their door step or anywhere else (the 3rd P - Place) and (d) finally they are bombarded with more communications from more channels of information than ever before with the invent of information technology (the 4th P - Promotion).

**From the marketers' point of view:** “The purpose of marketing is to sell more stuff to more people more often for more money in order to make more profit.” This is the basic principle of requirement for the marketers in earlier days where aggressive selling was the primary aim. It cannot be achieved by force, aggression or plain alluring. Customer today are more informed, more knowledgeable, more demanding, more discerning and above all there is no dearth of marketers to buy from. The marketers have to earn them or win them over. The global marketplace is a study of diversity among consumers, producers, marketers, retailers, advertising media, cultures, customs and of course the individual or psychological behaviour. However, despite prevailing diversities, there also are many similarities. Consumer market is highly sensitive and driven by widely diversified culture in many countries.

The study of consumer behaviour is also very important to the marketers because it enables them to understand and predict buying behaviour of consumers in the marketplace. It is concerned not only with what consumers buy, but also with why they buy it, when, where, how they buy it, how often they buy it and also how they enjoy the services.

Consumer research is the methodology used to study consumer behaviour; it takes place at every phase of the buying process: before the purchase, during the purchase and after the purchase. Researches shows that two different buyers buying the same product may have done it for different reasons, paid different prices, used in different ways, have different emotional attachments towards the things and so on. The market strategies are reframed to achieve organisational objectives depending upon knowing, serving and influencing consumers. This suggests that the knowledge and information about consumers is critical for developing successful marketing strategies. The relationship between consumers and marketers, consumer behaviour and marketing strategy is instable to attain organisational objectives.

## DIFFERENT VIEWS ON CUSTOMER

Marketing scientists had noted that consumer does not always act or react as suggested by economic theory. Therefore customer is further analysed from different angle. Sometime consumers buy because of emotions involved in a purchase decision or several other reasons.

**Economic and Passive Customer:** Economic view explains the consumer as an economic man who buys rationally to maximize the utility (benefits) derived from a product or service. The passive view explains the consumer basically submissive to the self-serving interest and promotional efforts of marketers.

**Cognitive Versus Emotional Customer:** According to cognitive view consumer is defined as a thinker and problem solver. Emotional man is a reality of each of us because of deeply rooted feeling and emotions.

**Potential and Realised Customer:** There are three possibilities to identify the state of consumer; (1) non consumers (2) potential consumers and (3) realized consumers. A non consumer is an individual who has no need for a given product/service and is not likely to have need in the foreseeable future. An individual not currently purchasing may influenced to buy at some future point of time is referred to as a potential consumer. Realized consumers generally conform to our earlier definition of purchaser or shopper, since they are engaged in buying.

**Personal Consumer Versus Organisational**

**Consumer:** The term consumer is often used to describe two different kinds of consuming entities; the personal consumer and the organisational consumer. The personal consumer buys goods and services for his own, for the use of the household, for just one member or as a gift for a friend. In these context the goods are bought or finally use by individuals who are referred to as “end users” or “ultimate consumers.” Whereas organizational consumers buy for altering, modifying or reselling the products/services.

**Final Consumer:** Any person engaged in the consumption process is a consumer but these buyers can be identified by the type of market to which they belong. Two major types of market to which they belong are final consumer and industrial buyer. The final consumer market consists of individuals who buy for personal consumption or to meet the collective needs of family or household unit.

**Rural Consumer:** The rural market is one such segment that caught the fancy of certain Indian marketers in a big way. Marketer considers catering to the rural market as an opportunity, an antidote to the slow growth they faced in urban India. Rural consumers as a segment have several distinctive characteristics and the values aspirations and needs of this vast heterogeneous culture of rural consumers are quite different from the urban consumers.

**Women as a Consumer and Decision Maker:** Gender is considered as an important characteristic for consumer behaviour studies by marketers from past several years. They treat women as an exception rather than as normal average is a retrograde gap. Large number of experts felt that it is a fact of life that women consumer exhibit special traits and behaviour.

### III. CONCEPTS AND DIMENSIONS OF CONSUMER BEHAVIOUR

Consumer behaviour is an interdisciplinary science and relatively emerged as a new field of study in the mid to late 1960s. This new discipline is borrowed heavily from concepts developed in other scientific disciplines such as applied psychology, social psychology, cultural anthropology, economics and

econometrics. Therefore, it is crucial to discuss various dimensions of consumer behaviour in the context of Indian consumer.

**(a) Consumer Needs and Motivation:** Consumer needs are the basis of all modern marketing. The key to a company's survival, profitability and growth in a highly competitive environment is its ability to identify and satisfy unfulfilled consumer needs. Marketers do not create needs though in some instances they may make consumer more keenly aware of unfelt need. Motivation can be described as the deriving force within individuals that impels them to action.

The deriving force is produced by a state of tension exists as the result of an unfilled need. Motivation is a need-induced tension which exerts a “push” on the individual to engage in behaviour that he expects, will gratify needs and thus reduce tension. Individuals strive both consciously and subconsciously to reduce this tension through behaviour that they anticipate will fulfill their needs. Consumer motivation is dynamic in nature because their wants are frequently changing.

**(b) Consumer Psychographics:** Marketing practitioner and consumer researchers refer Psychographics as lifestyle analysis or AIO (activity, interest and opinions) research. Consumer specific psychographics researches are related to consumer personality, buying motives, interests, attitudes, beliefs and values. Services specific psychographics researches are related to product attributes such as consumer responses about products, brands or a specific consumption situation.

**Consumer perception:** Perception is defined as the process by which an individual selects, organises and interprets stimuli into a meaningful and coherent manner. Stimuli are sensory inputs include services, packages, brand names, advertisements and commercials. Sensory receptors are the human organs that receive sensory inputs. Sensation is the immediate and direct response of the sensory organs to simple stimuli.

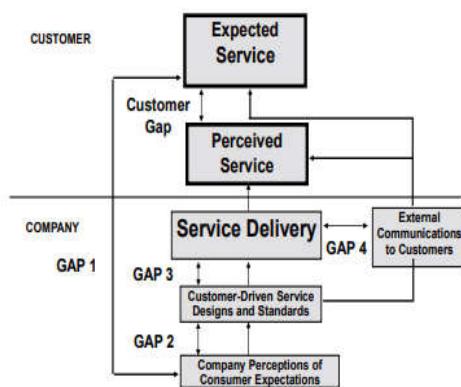
**(c) Demographic Factors:** Demographics describe a population in terms of its size, distribution and structure. Demographics influence buying behaviour

both directly and indirectly by affecting other attributes of individuals such as their personal values and decision styles. There are contradictory conclusions about the effect of age, income and gender for a particular service

**(d) Economic Factors:** Wealth, home ownership, number of earning members in a family, household income, expenditure, rate of interest, inflation, economic conditions and investment pattern are some of the economic factors have strong influence on consumer purchase decision.

**(e) Communication and Consumer Behaviour:** Communication is the transmission of messages from a sender to a receiver by means of signals of some sort sent through a channel. There are four basic components of all communications: a source, a destination, a medium and a message. There are two types of communication to which a consumer is exposed interpersonal communication and impersonal (or mass) communication.

#### IV. CONSUMER DECISION MAKING MODELS IN SERVICES



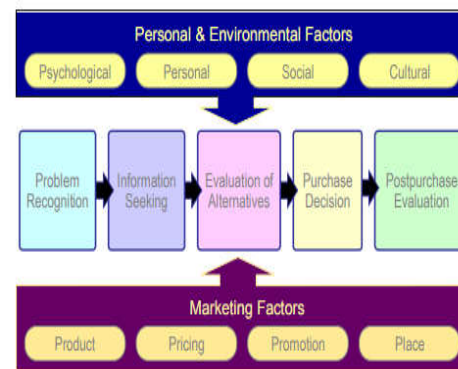
#### Gap Model of Consumer Behaviour

This model considers five important gaps need to be identified while finalizing marketing strategies and analyzing consumer behaviour. The model consider buying as a continuous circle and for achieving customer satisfaction it is mandatory to analyse these gaps.

#### The Buying Process

Buyer behaviour involves a mental process as well as physical activity. The buying behavior and purchase decisions need to be studied thoroughly to understand, predict and analyse critical market variations. Buyer is a riddle, highly complex entity want to satisfy his innumerable needs and desires. The five steps involved in buying process are described briefly.

#### The Consumer Buying Process



#### V. RESEARCH METHODOLOGY:

##### SOURCES OF DATA:

Data, facts, figures, other relevant material of past and present and surveying are the basis for study and analysis. Without an analysis of factual data no specific inferences can be drawn on the questions under study. Inferences based on imagination or guesses cannot provide correct answer to research questions. The relevance adequacy and reliability of data determine the quality of the findings of a study.

For the purpose of the present study, data from two sources has been collected, namely primary data and secondary data.

##### PRIMARY DATA:

Primary data is source from which the researcher collects the data. It is a firsthand data, which is used directly for the analysis purposes. Primary data always gives the researcher a fairer picture. In the present study primary data has been collected using questionnaires. For the purpose of collecting the same, 100 respondents have been randomly selected.



Even the response of the respondents was taken into consideration. In this study, primary data plays a vital role for analysis, interpretation, conclusion and suggestions.

#### **SECONDARY DATA:**

Secondary data is data which is collected and compiled for other purposes. Secondary data also plays a key factor in providing more information which will influence the analysis. Few of the main sources of secondary data include newspapers, business journals, magazines, internet and company reports, etc.

#### **VI. CONCLUSION**

For a successful consumer oriented market service provider should work as psychologist to procure consumers. By keeping in mind affecting factors things can be made favorable and goal of consumer satisfaction can be achieved. Study of consumer buying behaviour is gate way to success in market.

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