

Unit-2: Consumer Behaviour

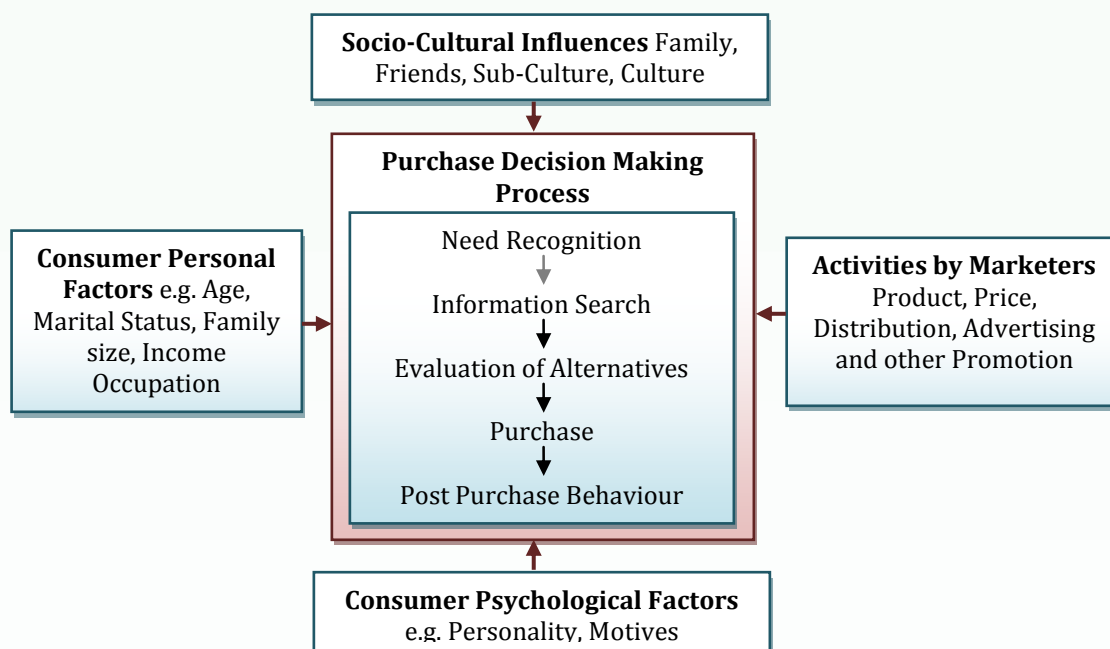
In Unit 1, you studied about the marketing concept that emphasized the importance of the customer. Customer needs and wants should form the beginning of all product design and marketing activities. For this it is essential for marketers to understand consumer behaviour. Session I of this Unit highlights the importance of studying consumer behaviour and describes the stages in the typical consumer decision making process. Session II describes the different types of buyer behaviour and the participants in the purchase decision.

SESSION-1

DEFINING CONSUMER BEHAVIOR AND ITS SCOPE

Consumer behavior refers to all the processes related to why, how, when, from whom consumers purchase and pay for a product and how they consume and dispose of it in order to meet their needs. Thus the scope of consumer behaviour is very broad. It starts from the point where a consumer experiences a need which can be fulfilled by a product. It includes the decisions and activities involved in the purchase of a specific product alternative. It encompasses all the factors that influence the process of consumer need recognition, choice of alternative and product consumption. These factors include cultural factors (e.g. food and dress habits, customs and rituals), social factors (for example family and friends), personal factors (for example consumer age and occupation), psychological factors (consumer personality, motives, attitudes etc.) and marketing activities. It ends only after the consumer has used and disposed of the product. Figure 2.1 depicts an overview of the factors that influence consumer behaviour.

Figure 2.1: Scope of Consumer Behaviour



Importance of Studying Consumer Behaviour

Studying consumer behaviour can help marketers make better decisions about their marketing programmes. The following are some of the benefits of understanding consumer behaviour for marketers:

- ★ Understanding the needs and the motives underlying consumer purchases can help marketers design better products. Knowledge of the features and benefits consumers look for in a product will enable manufacturers to build in these attributes and benefits in to their brands. For example for consumers who want a bathing soap that fights germs, manufacturers offer brands such as Lifebuoy soap and Dettol soap. For consumers who are looking for a soap which is gentle on the skin, manufacturers offer soaps such as Dove and Pears. Similarly for the cost conscious car-owner there is the Maruti 800, Alto and other hatchback car models such as the Hyundai Santro and Maruti Swift. On the other hand for customers looking for luxury cars with more powerful engines, there are car models such as Toyota Corolla and Honda Volkswagen Vento. Product packaging is also influenced by the knowledge of consumer behaviour. Several brands of shampoo have been able to add greatly to their sales by launching the Rs.1 or Rs. 2 shampoo sachet after they realized that many cost conscious consumers want to use quality products but are unwilling to spend a large amount at one time on shampoo bottles.
- ★ Knowing when and where consumers buy products enables marketers to make the product available at the right place and time. The key to the survival and success of many fast-moving consumer goods such as cold drinks, bread, salt and soap is wide availability because marketers have understood that if a particular brand is not available then consumers will easily take a substitute rather than go searching for a specific brand. On the other hand, for high-end luxury products limited distribution is possible and in fact adds to the exclusive image of the brand. With the increase in internet penetration in India and greater consumer confidence about purchasing online, many marketers are ensuring that their products can be purchased through the online mode.
- ★ An understanding of the role that different individuals play in the purchase process can help design better promotional programmes such as advertisement and personal selling and aim them at the right people. For example the manufacturers of milk additives (such as Bournvita, Maltova and Horlicks) address their advertising and sales promotion campaigns to both mothers and children, since the former are the buyers of the product category and the latter are the users. The attempt is to persuade the mothers by highlighting the nutritional value of the product. while attracting children to the brand through good taste and associations with cartoon characters and celebrities.
- ★ A knowledge of the sources of information that various consumers are exposed to or use to know about the product can help marketers ensure that information about the product is available to their target consumer in the appropriate media. Thus products for which the

decision maker are women will be advertised in women's magazines or TV programmes watched by women. Expensive luxury watches will be advertised in glossy magazines read by business executives.

- ★ Pricing decisions also need to be based on an understanding of consumer behaviour. Pricing cannot be a mechanical process based only on cost of the product and desired profit margin. Pricing is a complex task and must also take in to account the value that consumers place on the product as well as competitors offerings. Mobile phone manufacturers such as Nokia, Samsung and Micromax have phones available at various price points in India. These manufacturers want to cater to the customers who would like a low-priced phone with the minimum features as well as the customers who want the latest features and are willing to pay for them.

Consumer Decision Making Process

Although the scope of consumer behaviour is quite vast, in this unit we will study only the consumer decision making process. Consumer decision making can be defined as a process of gathering information, evaluating it and selecting the best possible alternative so as to solve a problem or make a buying choice. A typical consumer decision-making process consists of five stages: (i) need recognition (ii) information search (iii) evaluation of alternatives (iv) purchase (v) post-purchase behaviour. We shall look at each of these stages in more detail in the following paragraphs. However, it must be remembered that not all purchase decisions follow all these steps or do so in this order. Also, the time duration of this process as well as the length of these stages may vary depending on the product, the consumer and the situation. For example the decision making process for a cold drink may comprise only a few seconds. A person who feels thirsty and decides to have a cold drink may quickly buy a Pepsi or Coke without giving the decision much thought, drink it and put the plastic bottle in a garbage bin. However, the decision making process for purchasing a house may take several months or years. Similarly, when a car tyre bursts on the highway and has to be replaced immediately, it is an emergency situation and the car owner will quickly choose from the brands of tyres which are available at the nearest outlet. On the other hand, if car owner was replacing the tyre in the normal course he or she may seek out more information on the various brands and spend considerable effort in evaluating the alternatives before choosing. In the following paragraphs while looking at the steps in the consumer decision making process we shall take the example of Arvind Kumar, the first time buyer of a motor-cycle.

i) Problem or Need Recognition

The purchase process begins when the consumer experiences a need or faces a problem. The trigger for this need could be internal to the customer or could be external. Thus a person driven by hunger or thirst (internal factors) would be motivated to search for food or water. External factors such as seeing a neighbor bring home a new car may cause a person to think about purchasing a new car also.



Marketers must understand the situation or factors that can trigger the need amongst consumers to buy their product. Some of these situations could be (a) reduction in existing stocks: when a housewife sees that the salt in the bottle in the kitchen is getting over or a student sees that the refill in her ball point pen is finishing, this triggers the need to buy a new packet of salt or a new refill. (b) dissatisfaction with existing stocks: a person may feel that the sofa in the sitting room is old and out of style or the coat that he or she is wearing is old-fashioned. (c) recognition of an unfulfilled desire: a family may want to go on a holiday to a place where they have never been earlier or buy a car to improve their status. In this case the person is motivated by a desire to try out something never bought earlier (iv) change in circumstances: improvement in the family's financial situation so that it is now possible to buy a car; the daughter has just entered college and feels the need for a computer at home. Arvind Kumar had always wanted to purchase a motor cycle and the fact that he has recently changed his job and has to now travel to a new office located far from his home may trigger the need to buy a motor cycle.

An understanding of situations that can lead to need recognition by consumers can help marketers ensure that the product is available at locations where need recognition is likely to occur. For example, when a set of picnickers climb up a hill, they are likely to rush for the outlet selling food and cold drinks. Marketers can also trigger need recognition through advertisements and other forms of communication. For example, an advertisement reminds the mother about the germs on the playing field and suggests that X brand of soap would fight germs and keep her child protected and healthy.

ii) Information search

Having recognized a need to solve a problem, the prospective purchaser of a product such as a motor-cycle is likely to seek information about the various options that are available in the market. The various sources of information can be classified in to (a) internal sources of information- this basically refers to the information available to the customer from his her own memory. The customer may have bought and used the product or similar products earlier. Arvind Kumar might have driven one or more motorcycles belonging to his friends and may have made some judgments about these brands or models. Alternatively, the person may have simply read or heard about the product earlier and now remembers this information (b) external sources of information-This refers to basically four sources: Personal Sources- These could be friends, relatives and colleagues. Arvind Kumar is likely to seek the views and advice of his friends or colleagues who are motor cycle owners; Public Sources- These refer to reviews of the product by independent experts and reviewers that appear in different magazines, newspapers or on television; Arvind Kumar may find reviews about a newly launched motor-cycle in an automobile magazine; Commercial sources-These refer to marketing activities by the product manufacturers. They include advertisements in print, television, radio and other media, websites, product exhibitions, personal selling by company

sales force or dealers. Arvind Kumar might carefully read advertisements of different brands of motorcycles and compare the features of the various models; Experiential Sources- These refer to the consumer touching, handling, examining or using the product. Trial use or test drives are opportunities for the consumer to try out the product before purchase. Arvind Kumar may visit motor cycle showrooms and examine the various models. It is likely that Arvind Kumar will gather information from several or all of these sources.

iii) Evaluation of Alternatives

Before purchasing a product, consumers are likely to spend some time and effort in comparing the various options. They may compare the different alternatives on the basis of price, features, reliability etc. Arvind Kumar may compare the different brands and models of motorcycles on price, fuel consumption per kilometer, maintenance costs and brand image. Based on this comparison, the consumer will decide on the brand or brands that best meet his or her requirement and budget. The consumer may also decide about the location or outlet from where the brand has to be purchased. It is important for marketers to understand the criteria or parameters on which consumers will evaluate the products and the order of importance of these criteria.

iv) Purchase Decision

This is the stage where the consumer decides on a particular alternative after a comparison of the attributes of the options available. The consumer forms an intention to buy a particular brand. However, as an old English proverb goes “There’s many a slip ‘twixt the cup and the lip”, even when the outcome of an event seems certain, things can still go wrong. Though the consumer may have decided on brand X, he or she may finally end up buying brand Y. This could be because of any of several reasons. The particular size, design or color of the brand that the consumer was looking for is out of stock. The customer is made to wait too long or is not attended to properly by the salesperson at the retail outlet. The retailer does not provide the facility of home delivery and installation. In our example, Arvind Kumar might find that there is a waiting time for the model of motor cycle that he had decided on and therefore he finally purchases a comparative model of a different manufacturer which is available immediately. It is therefore important for marketers to not only ensure that prospective consumers decide to buy their brand but to also make sure about availability and facilitate all activities leading to the final purchase. This is required in order to ensure that the purchase intention is converted in to the final purchase decision.

v) Post-Purchase Behaviour

The marketer’s job is not over when the consumer purchases the product. Marketers need to understand the consumers’ experiences while using or consuming the product. Does the consumer face any problems? These problem areas offer an opportunity to improve the



product. For example market research informed Marico, the manufacturers of Parachute brand of coconut oil, that users had a problem in pouring out the oil from the bottle in winter as the oil would set. Marico now makes its Parachute oil also available in wide-mouthed jars, the lid of which can be taken off allowing the oil to be scooped out easily. Similarly, based on studies of usage experience of consumers, many shampoos and lotions come in containers that can be stored upside down allowing the last drop to be squeezed out and used. Marketers also want consumers to safely dispose of product containers and unused products in an environmentally friendly and safe manner. For example plastic and paper containers must be disposed of so as to do minimum harm to the environment and unused medicines past the expiry date must be destroyed. For a long term relationship with the consumer, marketers need to ensure that their products are used by the consumers conveniently and safely and for maximum benefit.

SESSION-1

DEFINING CONSUMER BEHAVIOR AND ITS SCOPE

Assignment

1. Define consumer behaviour and explain its scope.
2. Why is it important for marketers to study consumer behaviour. Illustrate your answer with some suitable examples.
3. Describe the typical steps in the consumer decision making process. Use a suitable product to illustrate your answer.

Answer the following questions

1. Fill in the blanks

- a) A typical consumer decision-making process consists of _____ stages
- b) Two external sources of information about products are _____ and _____ sources.
- c) An understanding of problems that customers face in product usage can help marketers to _____ the product.

Activity

In groups of five students, identify a product and list out the different attributes on which consumers are likely to evaluate the product. Will all attributes be equally important to all consumers? If no why? Discuss and submit a short write-up.

Performance standards

The performance standard covered by the assessment includes the following, but not limited to:

Performance standards	Yes	No
Able to define consumer behaviour and explain its scope		
Able to explain the importance of studying consumer behaviour.		
Able to list and describe the steps in a typical consumer decision making process.		

SESSION-2

INTRODUCTION TO CONSUMER BEHAVIOUR

Types of Buying Behaviour

The involvement of the consumer in the purchase process varies according to the buying situation. High involvement situations usually involve products that are high priced, have complex features and their purchase is accompanied by high risk. Low involvement situations involve products that are usually low priced and their purchase is accompanied with low risk. Consumer buying behaviour can be classified into three broad categories based on the amount of time and effort consumers are likely to spend on the decision making process:

i) Extensive Problem Solving

This refers to an in-depth search for and evaluation of alternatives. Consumers are likely to put in considerable effort in seeking out information from different sources and comparing the brands on various attributes. The purchase of cars, computers, television and other high value items may often be accompanied by extensive problem solving behavior. Usually the higher the monetary value of the purchase and the greater the importance of the decision the greater is going to be the involvement of the consumer. Parents and students may spend a lot of effort finding out about different colleges and career options for the students. They are likely to engage in extensive problem solving because the decision is a very important one. High involvement purchase situations therefore lead to extensive problem solving behaviour.

ii) Limited Problem Solving

This is an intermediate level of decision making where the consumer has some purchase experience with the product category but would like to gather and evaluate more information about brands, new product features, prices, stores etc. A person buying a new shirt may like to search for different designs and materials but would not put in too much of effort in seeking more information. A housewife may seek some information from her friend or neighbor about a new brand of cooking oil and then decide to purchase it. These are situations of moderate involvement for the consumer.



iii) Routinized Response Behavior

These are the least complex type of decision making situations, where the consumer bases choices on his or her own past experience and product knowledge and needs no further information. Hardly any time or effort is spent in the search for or evaluation of information. Purchase of many fast-moving consumer good (FMCGs) such as toiletries, tea, coffee, cold drinks are low involvement situations where consumers engage in routinized response behaviour.

	Extensive Problem Solving	Limited Problem Solving	Routinized Response Behaviour
Complexity of decision making	High	Medium	Low
Time taken to make decisions	High	Low to Medium	Low
Consumer Involvement	High	Medium	Low
Information gathering	Yes	Yes but limited	No
Information sources	Many	Few	Few or none
Knowledge about the product	No	To a very great extent	Yes
Brands considered	Many	Few	One , Very Few
Examples	Real Estate, Choosing a college, A first car	Shirts, New brand of cooking oil, Home furnishings	Toothpaste, Soap Cold Drinks, Tea,

Table: Types of Buying Behaviour

It must be remembered that the above classifications of levels of buying behaviour are broad generalizations. Thus whereas for many buyers the purchase of a car may involve extensive problem solving behaviour, for some high net worth buyers , the purchase of a new car may be a limited problem solving situation.

Buyer Roles in Consumer Decision Making

For many consumer products a number of individuals are involved in and influence the decision making process. The roles that various individuals may play are:

i) Initiator

This is the person who first proposes that a certain product needs to be purchased. For example a student may be the one to suggest to his parents that a computer should be purchased as he would like to learn to use it. The housewife who proposes that the family should buy an air-conditioner is also playing the role of the initiator.

ii) Influencer

This is the individual whose opinion, advice or viewpoint has an impact on the purchase decision. Influencers may gather information about the various alternatives and convey this to the others. An influence may be a member of the family or outside it. In the example of the computer, the student's elder sister may collect information about the features and prices of various brands of computers and make the recommendation about buying a particular brand. A neighbor may strongly recommend a particular air conditioner manufacturer because of the good service provided. Teenage children often have considerable influence on the car model purchased by the parents.

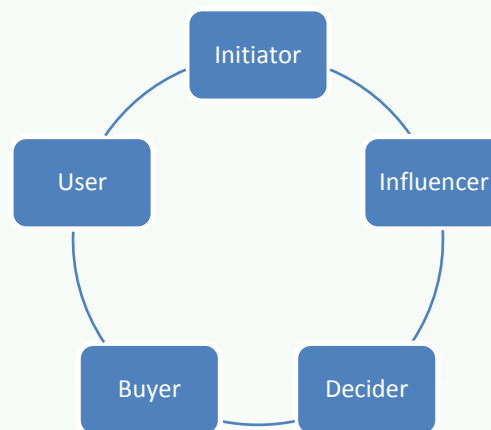


Figure: Role of Participants in the Buying Decision

iii) Decider

This is the individual who makes the final decision on any aspect of the purchase decision such as whether to buy, what to buy, how to buy and from where. In the example of the computer this could be the father. For apparel it may be the teenager who decides the brand and the style. For food and grocery items, soaps and detergents, the housewife may be the decider. In many cases it may be the husband and wife making a decision jointly.

iv) Buyer

This is the individual who conducts the purchase transaction. She or he visits the store, selects the item and makes the payment.

v) User

This is the individual who actually uses or consumes the product. It could be the child who consumes the milk additive that has been purchased by the mother. The student uses the personal computer while the user of the air conditioner may be the entire family.

In some cases each of these roles are played by different individuals inside or outside the family. In other cases one individual may undertake two or more roles. Thus the mother may be the initiator, the decider and the buyer for a brand of baby food and the baby is the user. In other cases one individual may play out all the roles. For example the child may be the initiator, the decider, the buyer and the user for a bag of potato chips.

Marketers need to understand as to who are the participants in the purchase decision for their products and the roles that these participants play. It is necessary to communicate and promote the product and its benefits with all the participants, since they have the potential to impact the purchase decision. It must also be remembered that these different individuals will be looking for different benefits and value in the product. Thus whereas children may be looking for good taste, mothers will be looking for nutritional value in the food products. Can you think of any food brands which claim great taste and high nutritional value? The wife may be looking at convenience in a washing machine while the husband may be evaluating it on electricity and water consumption.

SESSION-2 INTRODUCTION TO CONSUMER BEHAVIOUR

Assignment

1. Explain the different types of buying behaviour for consumer products. In which situations are each of these behaviours most likely to be displayed?
2. Describe the roles of participants involved in the buying decision. Are these roles always performed by different people? Use examples to illustrate your answer.

Activity

1. In groups of five students, identify three products purchased by members of a household and list out (a) the buying roles that are likely to be played by different family members in the purchase process and (b) the product attributes and benefits that each of these individuals will use to evaluate the products.
2. For the products identified in Activity 1 above search for and analyze the promotional efforts of two manufacturers. Explain (a) At whom are their messages aimed? (b) What features and benefits are being highlighted? (c) Are these efforts in line with your analysis in Activity 1? Submit a written report on Activity 1 and 2 _____

Assessment

Answer the following questions

1. Fill in the blanks

- a) Consumers are likely to engage in _____ problem solving while purchasing high involvement products.
- b) While purchasing fast moving consumer goods, buyers are likely to exhibit _____ responses.
- c) _____ is the person who first suggests that a product needs to be purchased.

Performance standards

The performance standard covered by the assessment includes the following, but not limited to:

Performance standards	Yes	No
Able to explain the different types of typical buyer behaviour for consumer products.		
Able to describe the participants and their roles in the buying decision.		

