CONSUMER BEHAVIOUR- NATURE, SCOPE AND APPLICATIONS
Introduction

As a part of the organization, have you ever wondered about:

- Who are the consumers of your products and services?
- Why do these consumers buy your brand and not that of the competitors?
- How do your consumers perceive your product fulfils their needs?
- After having bought your product do they feel satisfied or dissatisfied?
- And how are these feelings reflected in their behaviour as consumers?
Definition

- It refers to “the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants.” - BEARDEN

- “The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.” - LEON G SCHIFFMAN
Nature of Consumer Behaviour

- Consumer behaviour can be defined as:
  - "The decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services."

- This definition raises a few queries in our minds-
  - What or who are consumers?
  - What is the decision process that they engage in?
  - Answers to these questions help define the broad nature of consumer behaviour.
Who is a Consumer?

- A "customer" is one who actually purchases a product or service from a particular organization or shop. A customer is always defined in terms of a specific product or company.

- However, the term consumer is a far wider term encompassing not only the actual buyer or customer but also all its users, i.e. consumers. There are two situations when this distinction between consumers and customers may occur,
  - i) when the service or product is provided free, and
  - ii) when the customer is not the actual user of the product or is only one of the many users.
Customer Vs. Consumer

Very often, the actual customer making a purchase may not be doing so for himself or herself.

- For instance, in case of a father buying a box of crayons for his four-year-old daughter, the customer is the father but the actual user of consumer is his daughter.
- Another case may be where a father is buying a TV for the family members. The father is the customer but all the family members are the consumers.
- The two vital elements to remember in all consumer situations are:
  - a) the influence on purchase from other people and
  - b) the roles taken on by different people in consumer behaviour situations.
Customer Vs. Consumer
Some Consumer Behaviour Roles

- **Role**                          **Description**
  - Initiator                        The person who determines that some need or want is not being met.
  - Influencer                       The person who intentionally/unintentionally influences the decision to buy the actual purchase and/or use of product or service.
  - Buyer                           The person who actually makes the purchase.
  - User                            The person who actually uses or consumes the product or service.
# Activity

i) Name five products in which you are both the buyer and user. Try and identify the influence, if any, exerted by another person in your purchase decision.

<table>
<thead>
<tr>
<th>Product</th>
<th>Influencer/Influence</th>
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</table>

ii) Name three products purchased by your family in which you played the role of influencer. Can you specify the nature of influence.

<table>
<thead>
<tr>
<th>Product</th>
<th>Influence exerted by you</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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<td>2</td>
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<td>3</td>
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Why study cons. Behavior?? – The importance

- To understand the seen and more importantly unseen elements of the consumers’ BLACK BOX
- To understand the HIDDEN MOTIVES that may become the needs of consumers later.
- To get a deep INSIGHT into the consumers’ psychology
To get an idea of the *PURCHASE DECISION HABITS* of consumers, i.e. trying to understand:

> What do they buy?
> Why do they buy?
> When do they buy?
> How much do they buy?
> From where do they buy?
> Frequency of purchase?
> How much do they spend?
To understand the direct (stated) and implied (unstated) needs of the customers.

Once the customer’s psychology is understood, their needs & wants can be fulfilled more effectively and efficiently.

Understanding the cons. Behavior will help the seller/marketer in framing more EFFECTIVE MKTG STRATEGIES- 4P’s to achieve higher levels of CUSTOMER SATISFACTION.
Scope of Consumer Behaviour

To define the scope of a subject it is important to set parameters or a framework within which it shall be studied. Figure 1.1 presents one such framework for studying consumer behaviour. This framework is made up of three main sections—the decision process as represented by the inner-most circle, the individual determinants on the middle Circle and the external environment which is represented by the outer circle. The study of all these three sections constitutes the scope of consumer behaviour.
The Buyer Decision Process

- Need Recognition
- Information Search
- Evaluation of Alternatives
- Purchase Decision
- Post Purchase Behavior

Can be triggered by internal stimuli or external stimuli that rises high enough to become a drive.

Amount of search depends upon many factors. Sources of information may be personal, commercial, public, experiential.

Depends on consumer and buying situation. At the end of this stage purchase intentions are formed.

2 factors intercede between purchase intention and actual decision. Attitude of others. Unexpected situational factors.

Satisfaction is important.
Recall the last time you purchased toilet soap, a book for your leisure reading and a dinner at a restaurant. Try and spell out the various physical and mental activities which you indulged in at each stage of the decision process, starting from problem recognition. (For instance, the problem recognition in case of toilet soap occurred when you had to go on an official tour and needed necessary toiletries to carry along. So you write "need to go on tour" in front on problem recognition and under the heading toilet soap, in the matrix given below.) Similarly you would fill in all the details

<table>
<thead>
<tr>
<th></th>
<th>Toilet Soap</th>
<th>Book</th>
<th>Dinner at a Restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Recognition</td>
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<td></td>
<td></td>
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<tr>
<td>Information Search</td>
<td></td>
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<tr>
<td>and Evaluation</td>
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<tr>
<td>Purchasing Processes</td>
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<tr>
<td>Post-Purchase Behaviour</td>
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The consumer’s black box has two parts -

1. The buyer’s characteristics influence how he perceives and reacts to the stimuli
2. The buyer’s decision process itself affects the buyer’s behavior.
Different factors affect customers in different ways and at different times.

<table>
<thead>
<tr>
<th>Cultural</th>
<th>Social</th>
<th>Personal</th>
<th>Psychological</th>
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</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Reference Group</td>
<td>Age &amp; Life-cycle Stage</td>
<td>Motivation</td>
</tr>
<tr>
<td>Subculture</td>
<td>Family</td>
<td>Occupation</td>
<td>Perception</td>
</tr>
<tr>
<td>Social Class</td>
<td>Roles &amp; Status</td>
<td>Economic Situation</td>
<td>Learning</td>
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<td></td>
<td>Lifestyles</td>
<td>Beliefs &amp; attitudes</td>
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<td>Personality &amp; Self-Concept</td>
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Characteristics/Factors Affecting Consumer Behavior
Individual Determinants

- Motivation and Involvement
- Attitudes
- Personality and Self-concept
- Learning and Memory
- Information Processing