

# Introduction to Consumer Behaviour

Can you say why people brush their teeth? Answer seems simple. But now check against the following: Those who are hypochondriacs are concerned about germs and are swayed by a 'decay prevention' appeal. Another group, mostly extroverts, brushes teeth to give them brightness and shine. But a majority just want a tingling, fresh sensation as a part of their ritual of starting a day fresh. Such research makes the marketers better prepared to meet the needs of various categories of customers. As the new decade creeps in and the new century approaches, a time has come to reflect upon and predict the consumer's behaviour in the marketplace. Many things have changed since the end of mass marketing and the beginning of market segmentation. Under mass marketing, Henry Ford gave the consumer the Ford in any colour as long as it was black. After World War II, marketers switched from making products they wanted to make products the consumer wanted. Finding out what the consumer wants to purchase and why, is what consumer behaviour is all about.

The aim of marketing is to meet and satisfy target customers' needs and wants. The modern marketing concept makes customer the centre stage of organisation efforts. The focus, within the marketing concept to reach the target customer, sets the ball rolling for analysing each of the condition of the target market. The presence of buyers' markets for many products and the growth of consumerism have also created special interest in consumer behaviour or buyer behaviour. An understanding of consumers along with a customer-oriented approach is necessary to any firm seeking to succeed in a competitive environment.

## Definition of Consumer Behaviour

Consumer behaviour is described as the dynamic interaction of affect and cognition, behaviour and environmental events by which human beings conduct the exchange aspects of their lives. The field of consumer behaviour studies deals with how individuals, groups and organisations select, buy, use and dispose of products and experiences to satisfy their needs and desires.

According to Walters & Paul, "Consumer behaviour is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services".

According to Webster, "Buyer behaviour is all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consume and tell other people about products and services".

Another definition of consumer behaviour propounded by Sabine Kuester goes as "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

Behaviour occurs either for the individual, or in the context of a group (e.g., the friends could influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).

Consumer behaviour involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage

systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.

Consumer behaviour involves services and ideas as well as tangible products.

The impact of consumer behaviour on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

## Characteristics of Consumer Behaviour

- Consumer behaviour or buyer behaviour is the process by which individuals decide whether, what, when, from whom, where and how much to buy.
- Consumer behaviour comprises both mental and physical activities of a consumer.
- It covers both visible and invisible activities of a buyer.
- Buyer behaviour is very complex.
- Buyer behaviour is very dynamic.
- An individual's behaviour is influenced by internal and external factors.
- It is an integral part of human behaviour.
- In many cases, it is the sum total of the behaviour of a number of persons.
- It is influenced by a number of marketing stimuli offered by the marketer.
- It involves both psychological and social process.
- Consumer behaviour is basically social in nature.
- Consumers act differently at different times and often respond differently to the same stimulus at different times

- They learn and thereby change their attitudes and behaviour.
- Consumers are heterogeneous in nature and they are all different from each other in certain respects.
- They often act emotionally rather than rationally.

## Applications of Consumer Behaviour

The most obvious is for marketing strategy—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that

- (1) Companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success and
- (2) It is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.

A second application is public policy. In the 1980s, Accutane, a near miracle cure for acne, was introduced. Unfortunately, Accutane resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers' attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.

Social marketing involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best

solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.

As a final benefit, studying consumer behaviour should make us better consumers. Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a size premium by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are really getting a bargain.

There are several units in the market that can be analysed. Our main thrust in this course is the consumer. However, we will also need to analyse our own firm's strengths and weaknesses and those of competing firms. Suppose, for example, that we make a product aimed at older consumers, a growing segment. A competing firm that targets babies, a shrinking market, is likely to consider repositioning toward our market. To assess a competing firm's potential threat, we need to examine its assets (e.g., technology, patents, market knowledge, and awareness of its brands) against pressures it faces from the market. Finally, we need to assess conditions (the marketing environment). For example, although we may have developed a product that offers great appeal for consumers, a recession may cut demand dramatically.

## **Importance of the study of Consumer Behaviour**

Most products eventually end up in private households even though they will pass through a number of steps on their way from producer to end user. Producers and traders form vertical

chains or networks, called value chains, the end of which is the consumer. Understanding consumer behaviour is not only important for the producer but for all the other actors in the chain. The value that the consumer puts on the goods or services limits what everyone else can get from the value chain.

What motivates the buyer? What induces him to buy? Why does he buy a specific brand from a particular shop? Why does he shift his preferences from one shop to another or from one brand or another? How does he react to a new product introduced in the market or a piece of information addressed to him? What are the stages he travels through before he makes the decision to buy? These are some of the questions that are of perennial interest to the marketing man, as product and promotion strategies revolve around these questions. In all his marketing strategies and plans, he makes assumptions as to how the buyers would behave and respond to his marketing programmes. Knowledge of the buyer and his buying motives and buying habits, is thus a fundamental necessity for the marketing man.

The study of consumer behaviour is of vital importance for the following purposes:

1. Production Policies: A study of consumer behaviour gives an insight into the various factors or attributes in a particular product, which prompt a consumer to purchase that product. Such knowledge will help the producer to pay special attention to those attributes in his product to attract the customers. Thus it helps in formulating the production policies.
2. Price Policies: The study of consumer behaviour enables the marketer to know why a customer purchases the product, because of low cost or social status. This information can be utilised for deciding the price of such products. Thus it helps in deciding pricing policies.
3. Distribution Policies: The knowledge of consumer behaviour is helpful taking decisions regarding the channels of distribution as it depends on characteristics of buyer.

4. Sales Promotion Policies: It helps the marketers to know the buying motives of the consumers to make purchases and to use the information gathered about buying motives in advertising media to awaken the consumers' desire to purchase. Thus, it helps in formulating sales promotion policies.

5. Exploiting Marketing Opportunities: A study of consumer behaviour helps the marketers to understand the consumers' needs, aspirations, expectations, problems etc. This knowledge will be useful to the marketers in exploiting marketing opportunities and meeting the challenges of the market.

6. Consumers do not always act or react predictably: The consumers of the past used to react to price levels as if price and quality had positive relation. Today, consumers seek value for money, lesser price but with superior features. The consumers' response indicates that the shift has occurred.

7. Consumer preferences are changing and becoming highly diversified: This shift has occurred due to availability of more choice now. Thus study of consumer behaviour is important to understand the changes.

8. Rapid introduction of new products: Rapid introduction of new product with technological advancement has made the job of studying consumer behaviour more imperative. For instance, the information technologies are changing very fast in personal computer industry.

9. Implementing the "Marketing Concept": This calls for studying the consumer behavior as customers' needs have to be given priority. The identification of target market before production becomes essential to deliver the desired customer satisfaction and delight.

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

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

Understanding these issues helps us adapt our strategies by taking the consumer into consideration. For example, by understanding that a number of different messages compete for our potential customers' attention, we learn that to be effective, advertisements must usually be repeated extensively. We also learn that consumers will sometimes be persuaded more by logical arguments, but at other times will be persuaded more by emotional or symbolic appeals. By understanding the consumer, we will be able to make a more informed decision as to which strategy to employ.

Consumer behaviour is defined as the mental and emotional process along with the physical activities of the people who purchase/ consume goods and services to satisfy their particular needs and wants. One of the advantages of consumer behaviour can be seen when looking at advertisers and how they advertise by keeping the consumers in mind. Advertisers spend a lot of money to keep individuals and groups of individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do.



The advertiser's goal is to get enough relevant market data to develop accurate profiles of buyers that is basically to find the common ground and symbols for communication. This involves the study of consumer behaviour: the mental and emotional process and the physical activities of the people who purchase and use goods and services to satisfy particular needs and wants. Along side the behaviour of organizational buyers (the people who purchase the products and services for use in business and government).

The primary mission of advertising is to reach prospective customers and influence their awareness, attitudes and buying behaviour. This can be done successfully only through knowing the consumer preferences, behaviour towards various stimuli i.e. consumer behaviour.

Consumer is the most important person to the marketer because the marketer takes in to consideration on the liking and disliking of the consumer and he produces the goods and services accordingly.

Consumer behaviour is important for the three persons.

***For consumer:***

As a consumer most of the time we spend time in the market and a lot on decision making that what to buy and how to buy and meeting and conferencing with different types of peoples and friends with different types of good and services. After all these things we come to the conclusion and then take some steps for the purchasing of different goods and services. If we don't have know-how of the market we can suffer huge losses. For example a consumer buys a set of mobile company without consulting with his friends or other people. It may be of no use for him or may be no availability of mobile services.

***For producer***

Consumer behaviour is also important for producer because he design and manufacture different types of product and services keeping in view the wants and needs of consumer.

### ***For scientists***

The knowledge of consumer behaviour is also important for scientists, whether he is working for profitable organization or non-profitable organization.

Consumer behaviour is such a thing which depicts consumer's attitude towards a product. It shows consumer's likeness or disliking towards the product. Consumer behaviour plays a very important role in the success or failure of a product. If a consumer is satisfied from the product then his behaviour would be positive towards the product and if he is not satisfied from the product then his behaviour would be negative towards the product. A company's success largely depends upon the consumer's positive behaviour. Today's consumer is very well aware about the products available in the market. He knows about a good and bad product. He is well educated and decides to purchase goods on merit. He will never go for such products which do not meet the quality standards. He will buy only those things which will truly satisfy his needs and expectations.

Today's global companies truly believe on this idea that a consumer must be fully satisfied. For this purpose they have the special departments like Research and Development. These global companies keep on doing research on the products and their customers. From research and surveys companies get the true picture of its standing in the market. According to the consumers' feedback they further develop and improve their products. For consumer, it is an advantage that the company gives respect to his views and attitude and brings changes in the products accordingly.

Consumer is a person who has a vital role in a market. He is supposed to run the market by buying the products present in the market. He is supposed to give value to the products existing in the market. He can behave in his own way. It is up to him that how he is treating things with in a market. He knows better that which thing is good for him and which one is not. His behaviour decides that which product is in and which one is out.

He also decided the curve of supply and demand. His demand increases which tells that a product is to be filled more and more and its supply must be raised at a fast pace. This supply will make that product valuable. Supply of things varies from time to time but supply and demand are totally dependent factors. They both need proper elucidation and inter dependence. Consumers also have a negative impact if he is behaving in a silly manner and if he is going to bother people but his positive behaviour is always appreciable in a market.

Consumer behaviour in simple is nothing but the behaviour of the consumer while purchasing a particular product. The behaviour may be before purchase or after purchase. The marketer has to analyse both the behaviours. Now before marketing a product the marketer has to understand the behaviour of the people towards the product line in the market. Only then can the marketing concept be implemented.



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