



**STUDY MATERIAL FOR BBA  
CONSUMER BEHAVIOUR  
SEMESTER - V, ACADEMIC YEAR 2020 -21**



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Kamaraj College



## UNIT - I CONSUMER BEHAVIOUR

### **Meaning:**

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

### **Definition:**

According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.

### **Nature of Consumer Behaviour:**

#### **1. Influenced by various factors:**

#### **The various factors that influence the consumer behaviour are as follows:**

- a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
- b. Personal factors such as age, gender, education and income level.
- c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.
- d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
- e. Social factors such as social status, reference groups and family.
- f. Cultural factors, such as religion, social class - caste and sub -castes.

#### **2. Undergoes a constant change:**

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

#### **3. Varies from consumer to consumer:**

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

#### **4. Varies from region to region and country to county:**

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours. The rich rural



consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

**5. Information on consumer behaviour is important to the marketers:**

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers.

**The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:**

- a. Product design/model
- b. Pricing of the product
- c. Promotion of the product
- d. Packaging
- e. Positioning
- f. Place of distribution

**6. Leads to purchase decision:**

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

**7. Varies from product to product:**

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

**8. Improves standard of living:**

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprives themselves of higher standard of living.

**9. Reflects status:**

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

**Scope of Consumer Behaviour:**

**1) Consumer behaviour and marketing management:**

Effective business managers realise the importance of marketing to the success of their firm. A sound understanding of consumer behaviour is essential to the long run success of any marketing program. In fact, it is seen as a corner's tone of the Marketing concept, an important orientation of philosophy of many marketing managers. The essence of the Marketing concept



is captured in three interrelated orientations consumers' needs and wants, company integrated strategy.

## **2) Consumer behaviour and non profit and social marketing:**

In today's world even the non-profit organisations like government agencies, religious sects, universities and charitable institutions have to market their services for ideas to the "target group of consumers or institution." At other times these groups are required to appeal to the general public for support of certain causes or ideas. Also they make their contribution towards eradication of the problems of the society. Thus a clear understanding of the consumer behaviour and decision making process will assist these efforts.

## **3) Consumer behaviour and government decision making:**

In recent years the relevance of consumer behaviour principles to government decision making. Two major areas of activities have been affected:

### **i) Government services:**

It is increasingly and that government provision of public services can benefit significantly from an understanding of the consumers, or users, of these services.

### **ii) Consumer protection:**

Many Agencies at all levels of government are involved with regulating business practices for the purpose of protecting consumers welfare.

## **4) Consumer behaviour and de-marketing:**

It has become increasingly clear that consumers are entering an era of scarcity in terms of some natural gas and water. These scarcities have led to promotions stressing conservation rather than consumption. In other circumstances, consumers have been encouraged to decrease or stop their use of particular goods believed to have harmful effects. Programs designed to reduce drug abuse, gambling, and similar types of conception examples. These actions have been undertaken by government agencies non profit organisations, and other private groups. The term "demarketing" refers to all such efforts to encourage consumers to reduce their consumption of a particular product or services.

## **5) Consumer behaviour and consumer education:**

Consumer also stands to benefit directly from orderly investigations of their own behaviour. This can occur on an individual basis or as part of more formal educational programs. For example, when consumers learn that a large proportion of the billions spend annually on grocery products is used for impulse purchases and not spend according to pre planned shopping list, consumers may be more willing to plan effort to save money. In general, as marketers that can influence consumers' purchases, consumers have the opportunity to understand better how they affect their own behaviour.

## **Characteristics of consumer behaviour:**

Consumers are nowadays known as the god of market. They should be treated or worshiped by quality products and services. A satisfied customer brings profit consistently. So the marketer should understand the customer properly. He has to understand how one customer behaves in the purchasing time. **Consumer behavior can be explained as all social, psychological and physical behavior of consumers as they become aware of evaluate, purchase, consume and tell others about the products and services.**



**Characteristics of consumer behaviour are:**

Consumer behavior is the part of human behavior. This cannot be separated. Human behavior decides what to buy, when to buy etc. This is unpredictable in nature. We cannot say that what an individual is going to do in the next moment. Based on the past behavioral pattern one can at least estimate like the past he might behave.

Learning the consumer is difficult and complex as it involves the study of human beings. Each individual behaves differently when he is placed at different situations. Every day is a lesson from each and every individual while we learn the consumer behavior. Today one may purchase a product because of its smell, tomorrow it may vary and he will purchase another due to some another reason.

Consumer behavior is dynamic. A consumer's behavior is always changing in nature. The taste and preference of the people vary. According to that consumers behave differently. As the modern world changes the consumer's behaving pattern also changes.

Consumer behavior is influenced by psychological, social and physical factors. A consumer may be loyal with a product due to its status values. Another may stick with a product due to its economy in price. Understanding these factors by a marketer is crucial before placing the product to the consumers.

Study of consumer behavior is crucial for marketers. Before producing a product or launching a product, he has to go through a clear analysis of the consumer behavior. If the people or prospects reject the product, he has to modify it.

Consumer behavior is a continuous process as it involves the process starts before the buying and continuing after purchasing. Before buying there will be high confusions and expectations about the product. After buying it, if the buyer is satisfied with the product he shows a positive behavior , otherwise negative.

**Importance of Consumer Behaviour to Marketers**

It is important for marketers to study consumer behaviour. It is important for them to know consumers as individual or groups opt for, purchase, consumer or dispose products and services and how they share their experience to satisfy their wants or needs (Solomon, 2009). This helps marketers to investigate and understand the way in which consumers behave so that they can position their products to specific group of people or targeted individuals.

In regard to the marketer's view point, they assume that the basic purpose of marketing is to sell goods and services to more people so that more profit could be made. This principle of making profits is heavily applied by almost all marketers. Earlier, the marketers were successful in accomplishing their purpose. However, today, as the consumers are more aware about the use of product and other information of the product, it is not easy to sell or attract customer to buy the product (Kumar, 2004). Thus, in order to sell a product or service or to convince consumers to buy product, the marketers have to undergo through proper research to win them over.

The following are some of the points discussed that explains the value to marketers of understanding and applying consumer behaviour concepts and theories.

1. To understand Buying Behaviour of consumers



2. To create and retain customers through online stores
3. To Understand the factors influencing Consumer's buying Behaviour
4. To understand the consumer's decision to dispose a product or services
5. To increase the knowledge of sales person influence consumer to buy product
6. To help marketers to sale of product and create focused marketing strategies

### **1. To understand Buying Behaviour of consumers**

The study of consumer behaviour helps marketers to recognize and forecast the purchase behaviour of the consumers while they are purchasing a product. The study of consumer behaviour helps the marketers not only to understand what consumer's purchase, but helps to understand why they purchase it (Kumar, 2004). Moreover, other questions like how, where and when they purchase it are also answered. The consumption and the reasons behind disposition of that particular product or services help marketers to be fully aware of the product that is marketed. The consumer behaviour studies also help marketers to understand the post purchase behaviour of the consumers. Thus, the marketers become fully aware about every phase of consumption process i.e., pre-purchase behaviour, behaviour during purchase and post purchase behaviour. Many studies in the past shows that each consumer behaves differently for a product i.e., they buy the product for different reasons, pays different prices, used the product differently and have different emotional attachments with the product (Solomon, 2009).

### **2. To create and retain customers through online stores**

Professor Theodore Levitt says that consumer behaviour is of most importance to marketers in business studies as the main aim is to create and retain customers (Kumar, 2004). If the consumers are satisfied with the product, he or she will buy the same product again. Therefore, the product should be marketed by markers in such a way that convince customer to buy the product. Thus, creating customer and the retaining those customers are important. These can be done through understanding and paying close attention towards the consumer's behaviour while making purchase decision or buying a product in market place. Moreover, the information published on the websites largely influence the customer's buying behaviour. Such information on published sources arouse consumer to buy a product or service. Moreover, updating such information will help the consumer to retain to a product or re try the product if the product has dissatisfied them (Solomon, 2009).

### **3. To understand the factors influencing Consumer's buying Behaviour**

It is important for marketers to consider the factors that affect the buying behaviour of consumer before entering the market. There are many factors that can influence the purchase decision of consumers such as social influence, cultural influences, psychological factors and personal factors (Super Professeur, 2011). Understanding these factors helps marketers to market the product on right time to the right consumers. For example, if marketer is marketing a product which is Halal. The marketers first consider all the factors that can influence consumers to buy Halal products, where they can target specific areas where Halal food is more sold.

The marketers need to pay attention to cultural influences such as religion, values and norms of the people or societies targeted and lifestyle of the targeted consumers. The marketers can propose different strategies that convince the targeted consumers to buy marketed products or services.



Moreover, the marketers should be ascertain the factors that influence and affects purchase decision of consumers (Solomon, 2009). If the marketers failed to understand the factors that might influence consumers, they will fail to convince the consumer to purchase that product or will fail to meet the demands of consumers. Some variables cannot be directly observed (Super Professeur, 2011). In such case, thorough understanding of concepts and theories of consumer behaviour helps marketers to predict the consumer's buying behaviour to a reasonable extent. Thus, understanding consumer's behaviour to buy a product is complex and requires marketers to continuously understand and apply various concepts and theories for successful marketing.

#### **4. To increase the knowledge of sales person influence consumer to buy product**

All the products and services marketed revolve around the behaviour of consumers that how they will respond to them. Effective marketing of a product by sales people may help to deliver right product to right people. Consumer behaviour deals with the knowledge of what the consumers need and want to buy and what goods and services are available to satisfy their needs. Thus, consumer behaviour deals with particularly with the behaviour of people i.e., consumers. It is important for sales person to be fully aware of the customer's requirement so that he or she could clearly communicate the benefits of the product to the customers. Moreover, the sales person by understanding consumer's demand and need for a product can sell goods that are most closely related to their requirement. Besides understanding consumer behaviour, the sales person should also have command over their spoken language. This is because any miscommunication could harm brand reputation. Moreover, if the consumers have more knowledge about the product than the sales person, the sales might fail to meet their targets. Thus, analysing consumer's behaviour and knowledge for effective marketing of products by sales people are important. The sales people must be fully aware of the consumer's behaviour in different situations so that they could help them in meeting their demands and satisfaction (Solomon, 2009).

#### **5. To understand the consumer's decision to dispose a product or services**

Disposal of product involves throwing away of products by the consumers (Solomon, 2009). This behaviour of consumer is very complex and requires more importance by the marketers. Understanding the consumer's behaviour about how and when consumers dispose a product, the marketers or the companies can position themselves so that this behaviour could be limited (Raghavan, 2010).

If the product or services that have failed to deliver required or expected satisfaction by the consumers, the product is disposed by the customers. For this, some marketers track the follow up from the consumers so that they can gauge the reason behind failure of the product. Moreover, in order to retain customers, some marketers or organizations offer customers with services like exchange of product, money back guarantee etc. Although, these tools are helpful to influence post purchase behaviour of consumers to some extent.

The method of disposition varies transversely from product to product. Some of the factors that lead to consumer's behaviour to dispose a product include psychological characteristics, situational factors or the intrinsic factors of product. The psychological characteristics include attitude, mood, emotion, social class, social conscience, perception etc. The situational factors such as urgency, functional use, fashion change etc. and intrinsic factors such as product style, durability, reliability, adaptability, replacement cost, colour, size etc. can lead to consumer's decision to dispose a product (Rao, 2011).



For example, the personal computers sold previously were largely demanded by consumers. However, due to change in size, advancing technology, affordability, convenience; most people have switched to laptops and mobiles with operating systems have disposed personal computers to a greater extent.

#### **6. To help marketers to optimize sale of product and create focused marketing strategies**

The theories and concepts of Consumer behaviour help marketers to optimize their sales and to create efficient marketing strategies. Moreover, these theories provides marketers with information on the consumer's behaviour to spend money, likely causes that incline them to spend more money on a product, and these two information help to plan strategies that should be practiced by the marketers for successful marketing of a product (Goessl, 2011). Studying different consumer behaviour theories helps to understand the different choices that consumers make to buy a product. There are some factors that need to be carefully analysed by the marketers which help them to increase their sales and develop effective marketing strategies. These factors are discussed as follows:

**Consumer's rational behaviour:** It is foremost important for a marketer to understand the situations where consumers behave rationally. Many consumer behaviour theories suggest that the consumers want to get maximum benefit and satisfaction from the product by spending minimum amount of money. This shows that consumers do not spend all their money to buy a product and keeps a certain amount of money as their savings. However, on the other hand, the consumers having limited money spend all their money on purchase of their basic needs such as shelter, food and clothing. Thus, the marketer must carefully analyse these two situations of consumers before marketing a product or services (WiseGEEK, n.d.).

**Consumer's taste and preferences:** Understanding consumer taste and preferences helps marketers to revamp their product so that they could meet customer satisfaction. These factors may change from time to time. The change in consumer's behaviour affecting by these factors should be carefully monitored. The marketers need carefully understand the consumer's interest in the products by breaking down the targeted consumers into demographics, like age, occupation and location as they contribute investigating information about consumer preferences.

**Price of Products:** Prices of products are a widely discussed factor in consumer behavior theories. The theories suggest that marketers should keep their prices low without affecting the quality to attract consumers. This is because consumers go mostly for products that are of low price but satisfies their demand (Open Learning World, 2011).

#### **Features of Product:**

Increased number of features offered by the product tends to increase the price of products. In such case, consumers go for added features in a product at affordable price. Therefore, the markers design their products in such a way that the product gives maximum value or features to consumers at affordable price (Goessl, 2011)

#### **Consumer's knowledge about a product:**

The marketer must know to what extent the consumers have knowledge about a product. Mostly, consumers select products with which they are familiar with. For example, if the consumers are aware of the health effects of eating high fat food or fast food, marketing of such a product to health conscious consumer will end up in failure.





## UNIT - II CONSUMER

### **Different Types of Consumers**

In business terms, there are different types of consumers of goods and services that are offered for sale by companies and manufacturers. So, why is it important to understand different types of consumers and how to reach them?

A product manufacturing company needs to understand the type of consumers it is targeting with its goods because it is essential to be confident a market exists for the products they intend to introduce into the market.

Knowing the types of consumers for goods enables a company to appropriately present the product to the potential purchaser, hence increasing sales and profitability.

Understanding the type of consumers who purchases your products can help you make a diverse range of decisions including:

- Product design (including cost)
- Product placement
- Promotions (type and timing)
- Production schedules.

There are different types, classes or categories of consumers of goods and services and in this article each of them will be discussed to help you understand the difference.

### **Seasonal Consumers**

Many consumers purchase and consume products on a seasonal basis. They shop at certain times when the need for them arises.

Cash flow for a business selling seasonal products can be very difficult. Long periods of the year may be without sales, so it is vital to quickly and effectively target seasonal consumers.

### **Examples of products that rely on seasonal consumers:**

- Umbrellas during the rainy season
- Cold or icy drinks during the hot seasons
- Christmas trees and decorations in December
- Beach wear in summer.

### **Personal Consumers**

These types of consumers are individual consumers who purchase goods for the sole purpose of personal, family or household use.

### **Examples**

- Going to the supermarket and shopping for goods which are to be used in the house
- Purchasing a car that you intend to use personally
- Purchasing clothes for personal use from a clothing mall
- Purchasing a mobile phone for personal communication.



Have you ever wondered why cameras and internet connections were added to cell phones? It is hard to imagine any individual who would not be eager to take photos and share them with their personal contacts and friends.

Manufacturers selling products to personal consumers are constantly looking for ideas for upgrades and add-ons to enhance the appeal of their goods to individuals.

### **Organizational Consumer**

Organizational consumers purchase products for organizations, governments or businesses, They often buy in bulk and may place long-term recurring orders. For this reason, an organizational consumer is generally highly prized and sought after.

Products and services sold to organizational consumers are often required to meet very strict standards. They may need to be adapted to meet the specific requirements of the buyer, and specific prices are negotiated.

Manufacturers and service providers who target organizational consumers are expected to be flexible in their approach to negotiating a sale, but rigid in maintaining quality.

Goods may be offered for resale at a profit to the organizational purchaser. Or an organization may buy raw materials that are aimed at producing other goods which will later be offered for sale to other consumers.

### **Impulse Buyers**

Impulse buyers are consumers who make unplanned buying decisions.

Impulse buyers make swift buying decisions and immediately purchase when they 'connect' with the product and its features. There is often some kind of emotional appeal.

Products impulse consumers purchase are not initially in their plans, so product placement is very important. Manufacturers who target impulse buyers need their goods to be featured prominently in a store.

#### **For example:**

- Chocolates near the check-out counter
- Cookies at eye level on the shelf
- Bright, eye-catching novelty items where children can spot them.

Service providers can also target impulse buyers, often by offering significant discounts or immediate service.

### **Need Based Consumers**

Need based consumers are those types of consumers who buy goods and services when they need them and not any other time. Many of the products in a hardware store, for instance, are sold to need based consumers.

A need for a certain product will necessitate buying it because it is needed immediately for a certain purpose. The challenge for marketers is to create a sense of 'need' to promote the sale of products and services.

#### **Examples:**

- Paint when a wooden house needs to be protected from the weather



- Light bulbs when we need to see at night
- Heaters or air-conditioning if we need to be comfortable in our homes.

Life insurance sales increase if we are convinced we need to be sure our families are taken care of if we die.

### **Discount Driven Consumers**

Discount driven consumers are the type of consumers who purchase goods and services primarily for the discounts on offer. They may not engage in any buying activity until they hear or see large discounts being offered on products they like.

Discount driven buyers are price sensitive and would rather wait to purchase products when they come with discounts as opposed to when they are sold for full price.

Coupons and stock-take sales are popular with this type of consumer.

An increasing number of manufacturers, retailers and service providers offer discounts during recession or harsh economic climates.

Marketers work hard to create brand loyalty among this type of consumer. It may be as simple as always choosing the same brand of deodorant, the same brand of soda, or shopping in the same store for groceries or clothes.

Cigarettes and alcohol are classic examples of products that target habitual consumers. A beer drinker can be expected to always buy the same type of beer, and smokers have been known to leave a store and go to a different sales outlet if their brand of cigarette is not available.

Advertising often encourages a persona associated with a specific product to appeal to habitual consumers.

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**UNIT - III**  
**DETERMINANTS OF CONSUMER BEHAVIOUR**

The determinants of consumer behaviour can be grouped into three major captions namely, economic, psychological and sociological. An attempt is made to elucidate these with least complications.

**I. Economic Determinants:**

Economic scientists were the first among social scientists to study consumers and their behaviour and provided the details about the solutions to the consumer and consumption problems. Economists, as we are aware, took man as a social and rational animal.

**The basic economic determinants among others are:**

**1. Personal income:**

One's income is the reward for one's economic efforts. Income means purchasing power. When we talk of income in marketing sense, we are more concerned with 'disposable income' and "discretionary income'.

'Disposable income' is the amount of money that a consumer has at his disposal for spending or saving or both. In other words, of the total gross income, whatever balance remains after meeting preemptive demands like taxes, debt repayment and debt servicing charges and the like.

Any change in disposable income will have change in consumer buying decisions. Decline in disposable income reduces the consumer spending; however, when disposable income rises, consumer spending not only rises but makes them to go in for more of luxuries.

In other words, disposable income causes change in the relative demand for different categories of products and services. On the other hand, 'discretionary income' is the income which is available after meeting the basic needs of living.

It is the residual disposable income left after meeting all the expenses essential to provide a minimum subsistence needs to a family. Discretionary income changes have their own implications.

A rise in discretionary income results in usually an increased spending by consumers on those items that raise their living standards. Therefore, a continuous rise in the discretionary income is likely to change the very life-style of the consumers.

**2. Family income:**

Where a consumer is the member of a joint family, the buyer behaviour is influenced by the family income rather than the individual income. It does not mean that one can ignore the individual income, for family income is the aggregate of individual income of all the members of the family.

In a joint family, it may so happen that a rise in an individual member's income may be neutralised by a fall in another member's income. That is why; it is the relationship between the family size or the requirements and the income that finally determines the buying behaviour or the family members.



### 3. Consumer income expectations:

Many a times, it is the future income expectations of the consumer that influences such consumer behaviour. It is the optimism or the pessimism about consumer income that determines the level of current spending.

If there are bleak prospects of future expected income, he spends less now and saves more and vice versa. It is worth the noting here that the force and vitality of a tendency to spend or save depends on the nature of consumer needs.

In case of basic needs of living, such tendency will be too weak for no consumer denies the minimum subsistence level merely because to bleak future income expectations. However, in case of non-essential goods, such tendency may be very strong to save than to spend if he is expecting weak future income generation and vice versa.

### 4. Consumer liquid assets:

It is the consumer liquid asset position that influences the consumer behaviour. Liquid assets of consumers are the assets held in the money or near-money forms of investments. The best examples of this kind are hard cash, bank balance, bank deposits, shares and bonds and saving certificates. These assets are built up to buy some consumer durables or to meet unexpected future needs or contingencies.

If a person has more such liquid assets, more carefree he comes in spending the current or the regular income.

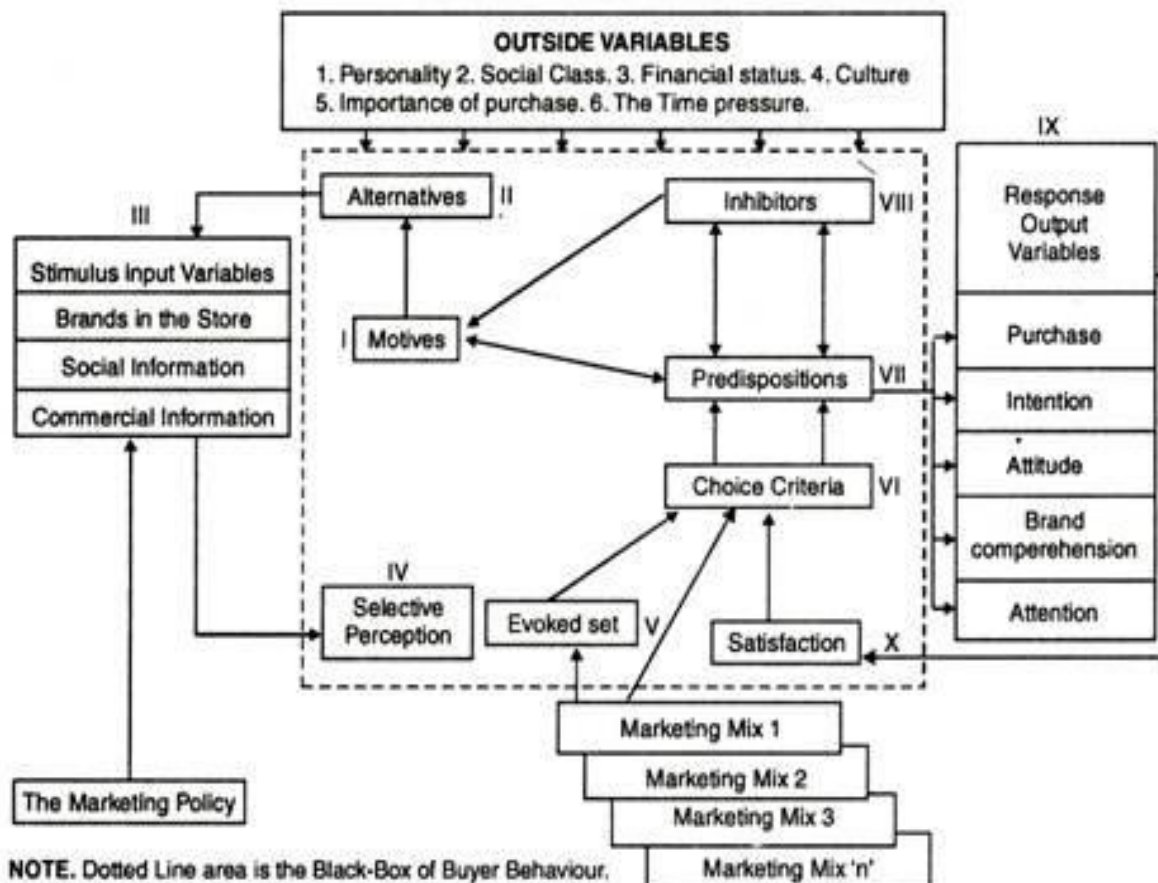


Fig. 3.08. Simplified Howard Sheth Model



### 5. Consumer credit:

Availability or paucity of consumer credit has its impact on consumer buying behaviour. Consumer credit is a facility extended by a market to postpone the payment of products bought to some future date.

Consumer credit takes number of shapes like deferred payment, instalment purchasing, hire-purchase arrangements and the like. Easy availability of consumer credit makes the consumer to go in for those consumer durables which he would have postponed otherwise. Further, it makes him to spend more freely the current income.

### 6. The level of standard of living:

The consumer behaviour has the impact of the established standard of living to which he is accustomed. Even if consumer income goes down, the consumer spending will not come down proportionately because, it is very difficult to come down from an established standard of living.

On the other hand, rise in income tends to improve upon the established standard of living. In case the income falls, the short-fall is made good by borrowings to a certain extend over a short period of time.

## II. Psychological Determinants:

Psychologists have also provided certain clues as to why a consumer behaves this way or that way. The major psychological determinants internal to the individual are motivation perception learning, attitude and personality.

Here is an attempt to explain and to know their implications in so far as consumer behaviour is concerned.

### 1. Motivation:

Motivation is the 'why' of behaviour. It is an intervening variable between stimulus and response and a governing force of consumer behaviour.

"Motivation refers to the drives, urges, wishes or desires which initiate the sequence of events known as behaviour." as defined by Professor M.C. Burk. Motivation is an active, strong driving force that exists to reduce a state of tension and to protect, satisfy and enhance the individual and his self-concept. It is one that leads the individual to act in a particular way. It is the complex net-work of psychological and physiological mechanisms.

Therefore, motives can be conscious or unconscious, rational or emotional, positive or negative. These motives range from a mere biological desires like hunger and thirst to the most advanced scientific pursuits like landing on the Moon or Mars.

It was Abraham Maslow who developed five steps human need hierarchy those of survival-Safety Belongness and Love-Esteem and Self Actualisation.

According to him, fulfillment of one will lead to the fulfillment of higher motives. The implications are that as we move up in the ladder, the input of marketing becomes more and more deep and subtle.



## 2. Perception:

Marketing management is concerned with the understanding of the process of perception because, perception leads to thought and thought leads to action. Perception is the process whereby stimuli are received and interpreted by the individual and translated into a response.

In other words, perception is the process by which the mind receives, organises and interprets physical stimuli. To perceive is to see, hear, touch, taste, smell and sense internally something or some event or some relation.

Perception is selective because, and individual cannot possibly perceive all stimulus objects within his perceptual field; hence, he perceives selectively. Perception is organized because, perceptions have meaning for the individual and they do not represent a buzzing confusion. Perception depends upon stimulus factors. That is, the nature of physical stimulus itself is a determinant of perception.

The variables like colour size, contrast, intensity, frequency and movement are of this kind. Again, perception depends on the personal factors. What the individual brings to the situation governs perception his ability to see or hear the message, his needs, his moods, memory, expressions and values all these modify the message reception.

The personal factor of perception is his self concept, need, span of apprehension, mental set and the past experiences.

**Perception has its own impact on consumer behaviour or consumer decision-making. Let us take some such cases:**

### **Perception and communication:**

It is estimated that 90 per cent of the stimuli that the individuals perceive come through sight and rest from hearing. That is why, advertisements bank heavily audio on visual stimuli.

However, it does not mean that loud noises, bright colours and large ads themselves guarantee consumer attention and response. Contrary to this, it is the use of haunting melodies, pastel shades, regional accents and careful adjustment of ad size in relation to the total page or poster size all affect perception and these factors may give better results.

### **Product and brand perception:**

Good many studies have been made of the ways in which the consumers perceive the products and the brands they choose regularly. It is brand images and the brand differentiation that play vital role in perception in addition to the physical characteristics of the product. Therefore, it is a must for a marketer to examine all the factors that impinge on the construction of a brand image to ascertain their effects on consumer perception of the company's marketing mix.

### **Price perception:**

Price is another element of marketing mix where perception has its implications. Studies have proved beyond doubt that consumers judge product or service quality by price. 'Higher the price better the quality' that goes.



This goes on establishing that there is going to be the direct or positive relationship between price and demand where marketer is cared to gain. Another aspect of this price perception is psychological pricing.

The reasoning behind such pricing strategies is that consumers are likely to perceive used in cut-price sales promotions to increase the feeling that a price has been drastically reduced.

### **Store perception:**

There are five major components of store image namely, location design-product assortment-services and personnel each of which contributes to consumer perception of the place from which he or she buys.

Mere physical attributes do not talk of a store image. Other intangible factors, too, influence consumer perception of store image such as advertising, inter-personal communication and experience.

Consumer perceptions of stores are greatly influenced by consumer's own self-perception and motives. Further, consumer's self-images influence the places in which they shop.

### **Perceived risk:**

The concept of perceived-risk recognizes that consumer experiences a sense of risk in purchase and that consumer behaviour can be studied profitably as a risk reducing behaviour.

Consumer behaviour involves risk in the sense that any action of a consumer will produce results which he cannot predict with certainty. The perception of risk in a purchase situation is a function of the possible consequences and the product uncertainty involved. Perceived risk can be divided into forms namely, 'functional' and 'psychological'.

Functional risk is related with the performance and the psychosocial risk is related with the fact whether the product enhances one's sense of well being or self-concept.

The level of perceived risk is a function of the uncertainty involved and the possible consequences of purchase and can be reduced by gaining greater certainty or by minimising consequences. In most cases, it is increasing the element of certainty.

### **3. Learning:**

In behavioural science, learning means any change in behaviour which comes about as a result of experience. Learning is the process of acquiring knowledge. Consumer behaviour is a process of learning because; it is modified according to the customer's past experience and the objectives he or she has set. This process of learning is made up of four stages namely, Drive-cue-response and Reinforcement. 'Drive' refers to an internal state of tension which warrants action.

Thus, hunger or thirst can be a drive. A 'cue' is an environmental stimulus. For instance, it can be an ad on food item or soft-drink, 'Response' represents the person's reaction to cues within his environment. Here, it can be purchased of food item or soft-drink. 'Reinforcement' is the responses reward.





The food item or soft-drink. 'Reinforcement' is the response reward. The food item or soft drink satisfies the hunger or the thirst. When reinforcement happens, the response may be duplicated resulting in habit formation or absence of reinforcement results in extinction of learnt habit.

As most consumer behaviour is learnt behaviour, it has deep impact on consumer buying process. Prior experience and learning acts as buying guide. In spite of such habitual behaviour, one can think of reasonable amount of brand switching, trying new products, does take place.

The strong tendency of most consumers to develop brand loyalties definitely benefits the makers of established brands. This makes the manufacturer of a new brand to face difficulty in breaking such loyalties and encouraging brand switching.

He succeeds in his efforts when he shows that his product is potentially much more satisfying than his competitors. Free sampling, in store trial and demonstrations and deal activities may be used to break the existing brand barrier to establish new patterns of purchase behaviour.

To the extent the learning and brand loyalty can be gained for a product, the manufacturer activates a more stable sales profile less vulnerable to the competitive inroads.

#### **4. Attitude:**

The concept of attitude occupies a central position in the consumer behaviour studies in particular and social psychology in general because; attitude measurements help in understanding and prediction of consumer behaviour. 'Attitude' refers to a predisposition to behave in a particular way when presented with a given stimulus and the attitudes towards people, places, products and things can be positive or negative or favourable or unfavourable.

Attitudes develop gradually as a result of experience; they emerge from interaction of a person with family, friends, and reference groups. There are three distinct components of attitude namely, cognitive, affective and co-native. 'Cognitive' component is what an individual believes about an object, thing or an event whether it is good or bad, necessary or unnecessary, useful or useless.

It is based on the reason and is linked with knowledge and about the object, thing or an event whether it is pleasant or unpleasant, tasty how an individual responds to the object, thing or an event. It is based on the other two components and is related with his behaviour.

Each of the three attitude components vary according to both the situation and the person. The marketing manager's success is determined partly by his ability to understand, predict and influence the consumer attitudes.

The marketer may be interested in confirming the existing attitudes, or change in the existing attitudes or create new attitudes depending on how his product is performing in the market.



Attitude confirmation is, perhaps, the easiest course of action which is followed in case of established products. Such an act involves only reminding the consumers as to why they like it and why they should continue it to purchase.

Attitude changing is more difficult task than mere confirming it. It is a change from disposition to act in the direction of the original attitude to a disposition to act in the opposite direction.

A product disliked is to be liked by the consumers. It is really a difficult process. Attitude creation is to make the consumers to forget the old products or brands and to make them to go in for new product or brand entirely altogether, in fact, it is comparatively easier to create new attitudes than to change the existing one. The most powerful instrument of attitude change and creation is advertising.

### **5. Personality:**

Very often, the word 'personality' is used to refer to the capacity of a person for popularity, friendliness or charisma. However, in strict sense, it refers to the essential differences between one individual and another.

Therefore, personality consists of the mannerisms, habits and actions that make a person an individual and thereby serve to make him distinct from everyone else. It is the function of innate drives, learned motives and experience.

This means that an individual responds with certain amount of consistency to similar stimuli. Personality is the interplay of three components namely, 'id', 'the ego' and the 'super ego'.

The 'id' governs the basic drives and the instincts of an individual. On the other hand, the 'super ego' disciplines the 'id' by suppressing anti-social behaviour; it drives the individual in the direction of more high minded pursuits of civilizations.

The 'ego' component is the executive and makes the conscious decisions and reconciles the conflicting demands of 'id' and 'super ego', wherever necessary. For instance, 'id' may force an individual to make full use of consumer credit to buy an automobile, 'super ego' dissuades such an activity as borrowing is a kind of social sin in Indian society.

It is 'ego' that reconciles these and works out a compromise making the individual to pay instalments regularly without any strain on his regular budget.

The personality of an individual is either expressed in terms of traits or type. The personality traits may be aggressiveness honesty anxiety independence sociability and so on.

The personality types may be introvert or extrovert or another classification as tradition direction outer direction and inner direction. Each of these traits and types has been explored as the possible clues to the behaviour of consumers.

Evaluation of personality's role in marketing is seen in drawing consumer profiles and psychographic market segmentation.



### III. Sociological Determinants:

In the area of psychological determinants, the consumer behaviour was seen from the stand point view of an individual. However, the sociologists and social psychologists have attempted to explain the behaviour of a group of individuals and the way in which it affects and conditions and individual's behaviour in marketing or purchase decisions.

#### These groups of individuals as determinants are:

- 1) Family
- 2) Reference groups
- 3) Opinion leaders
- 4) Social class and
- 5) Caste and culture

#### Let us see these in brief to know their marketing implications:

##### 1. Family:

Many of the decisions made by consumers are taken within the environment of the family and are affected by the desires, attitudes, and values of the other family members. Family, as a primary group, is vital because, it links the individual with a wider society and it is through this that the individual learns the roles appropriate to the adult life. The family can be 'nuclear' or 'extended'.

A 'nuclear' family is a two generational family which consists, usually, a mother-father and children. The 'extended' family is one that spans at-least three generations which consists of mother-father- children-grandparents uncle-aunts, cousins-nephews and other in-laws. There is another way of classifying the family based on family life-cycle.

This classification is 'home making phase' from marriage to birth of the first child; the 'procreation phase' from the birth of the first child to the marriage of the first child's; the dispersion phase' from the marriage of the first child to the marriage of the last and the 'final phase' from the marriage of the last child to the death of original partners.

#### The family impact on consumer buying behaviour can be traced in two ways:

- i. The family influence on the individual personality characteristics, attitudes and the evaluative criteria and
- ii. The family influence in the decision-making process involved in the purchases. Family is both a purchasing and consuming unit. Therefore, it is essential to note the distinguished family roles of the members.

#### These roles are:

##### Initiator:

The person who senses the need for the purchase;

##### Influencer:

The person who provides input into the purchase decision;

##### Decider:

The person who has the final say over the decision and

##### User:



The person who is most directly involved in using the purchase

**That is why; every marketer is keenly interested in four points in case of family purchase.**

**There are:**

- i. Who influences the buying?
- ii. Who does family buying?
- iii. Who makes buying decision?
- iv. Who uses the product?

In nuclear families, it is mostly the house-wife that has an upper hand in family purchases regarding her family role such as food, clothing, cosmetics, interior decoration and jewelleryes.

Father has say over clothing, education, insurance etc., The children have say in clothes, sports-equipments and recreational facilities such as TV, stereo-sets and the like.

Family life-cycle also has its own influence on buying behaviour. Thus, the proportion of a family budget spent on food, clothing and children goes on increasing in the 'procreation stage' than in 'home making stage'.

## **2. Reference groups:**

Each person in the society is not only the member of his family but the member of some group or groups outside the family circle. These groups can be called as 'reference groups'.

'Reference groups' are those groups which an individual identifies with to the extent that these groups become a standard or norm which influences his behaviour.

Reference group is a social and professional group that influences the individual's opinions, beliefs and aspirations. It is one that provides an individual with a sense of identity, accomplishment and stability.

Generally, a person refers to any one of the following types of reference groups in building his or her behaviour.

### **A. The groups that serve as comparison points:**

Here, the individual compares himself, his attitudes, his behaviour and his performance with the group of members. Thus, he may feel poor if members are richer than himself or vice versa.

### **B. Groups to which a person aspires to belong:**

Here, the individual aspires to be the member of such group and imitates the behaviour of that group including buying behaviour. Thus, the group may be of higher social status or a cult group such as 'hippies' or the 'jet-set'.

### **C. Groups whose social perspectives are assumed by the individual as a frame-work of reference for his own actions:**

Here, an individual may adopt the views of the group without becoming a member. A person need not be a professional sportsman to have the opinion and outlook of a professional sportsman.



Some non-military persons behave more than 'military' personnel. Similarly, a person belonging to minority may adopt the values and the perspectives of a majority which he dislikes by very nature.

Consumers as social animals spend most of their time in group situations, and accept information provided by their groups on products, price, performance, style and the like.

It is group norms that direct the attention of its members towards a new product, a new brand. These reference groups have face to face interactions that provide word of mouth communication which is more powerful than formal advertising. A satisfied customer becomes the salesman of the product.

### **3. Opinion leaders:**

Like reference groups, 'opinion leaders' or 'influentials' play a key role in influencing the buying behaviour of their followers. Very often we come across situations where a person refers to an individual than a group in formulating his or her behaviour pattern. The individual to whom such reference is made by a person or persons is the opinion leader.

The beliefs, preferences, attitudes, actions and behaviour of the leader set a trend and a pattern for others to follow in given situation. In very intimate reference group, there is a reference person, an informal group leader.

The group of followers respects him and looks up to him. He is the innovator in the group of followers who respect him and look up to him. He is the innovator in the group who first tries new ideas and products and then propagates them to his followers.

Marketers very often try to catch hold of the opinion leaders through ads and other means of communication. If they succeed in selling their ideas and products to the opinion leaders, then they have sold it to the entire group of followers behind them.

### **4. Social class and caste:**

Buying behaviour of individuals is also influenced by the social class and the caste to which they belong. Social class is a relatively permanent and homogeneous division of a society into which individuals or families sharing similar values, life-style, interests and behaviour can be categorized. Social class is a larger group than intimate group in structure.

Constitution of a social class is determined by the income, authority, power, ownership, lifestyles, education, consumption patterns, occupation, type and place of residence of the individual members. In our country, we can think of three classes are as 'rich', 'middle' and 'poor'. Caste, on the other hand, is the group of the membership by birth. It is not the wealth but the birth that decides his or her caste. These castes were based on activity specialisation of profession or occupation.

In our country, we have four such broad categorization as 'Brahmins' 'Kshatriyas' 'Vaishyas' and 'Shudras'.

From the marketing stand point, both social class and caste frame are quite relevant as buyer behaviour is influenced by these. Each class and caste develops its own standards of style, living and behaviour patterns.



It is not a surprise, and then if the members of such a class select a particular brand of product, shops at a particular store which caters to their group norms.

This does not mean that all the members of the group buy the same products, same brands, or conform to same styles; however, more or less, it becomes a pattern with differential range of likings and leanings. Thus, 'Shudras' may not enter the restaurants where 'Brahmins' and 'Kshatriyas' enter, though the 'shudras' are not barred from entering.

It is because of income pattern and traditional respect for higher castes, for in the eyes of Indian Constitution, all are equal.

### **5. Culture:**

Culture adds yet another dimension to the study of consumer behaviour. 'Culture' refers to all those symbols, anti-factor and behavioural patterns which are passed on socially from one generation to the next.

It includes cognitive elements, beliefs, values, and norms, signs and non-normative behaviour. Cultures are specific to the areas in which they evolve. Yet two nations can enjoy a common cultural heritage. Thus, each nation has its distinct culture ; however, in a particular nation, there may be subcultures identified on the basis of ethnicity, nationality, religion and race.

Cultural and sub-cultural groups have their unique consumption patterns that provide important bases to the marketers.

Cultural trends have significant implications for market segmentation, product development, advertising, merchandising, branding and packaging. While designing the marketing-mix, it is but essential to determine the broad cultural values that are relevant to the product as well as the most effective means of conveying these values.

A shrewd marketer never contradicts these cultural values in product, promotion, price and distribution.

### **Models of Consumer Behaviour:**

#### **1. Traditional Models:**

The early or traditional models were developed by economists with a view to understand economic systems. Economics helps to understand how scarce resources are allocated among unlimited wants and needs. The first four Models give a general view in terms of the Economic model, Learning model, Psychoanalytic model and the Sociological model.

#### **i. Economic Model:**

Under economics, it is assumed that man is a rational human being, who will evaluate all the alternatives in terms of cost and value received and select that product/service which gives him/her maximum satisfaction (utility). Consumers are assumed to follow the principle of maximum utility based on the law of diminishing marginal utility. It is assumed that with limited purchasing power, and a set of needs and tastes, a consumer will allocate his/her expenditure over different products at given prices so as to maximise utility.

The law of equi marginal utility enables him to secure maximum utility from limited purchasing power.



Economic model of consumer behaviour is unidimensional. This means that buying decisions of a person are governed by the concept of utility. Being a rational man he will make his purchase decisions with the intention of maximising the utility/benefits.

Economic model is based on certain predictions of buying behaviour.

- i. Price effect – Lesser the price of the product, more will be the quantity purchased.
- ii. Substitution effect – Lesser the price of the substitute product, lesser will be the quantity of the original product bought.
- iii. Income effect – More the purchasing power, more will be the quantity purchased

The assumption about the rational behaviour of human beings has been challenged by the behavioural scientists. They are of the opinion that while the predictions are useful, the model only explains how a consumer ought to behave, it does not throw light on how does the consumer actually behave.

Behavioural scientists feel the economic model is incomplete. They feel that Economics is assuming the market to be homogeneous where all the buyers will think and act alike and also focuses only on one aspect of the product i.e., income.

It has been argued upon that man is a complex entity and hence the need to adopt a multidisciplinary approach to understand consumer behaviour. Whereas, the model has ignored all vital aspects such as perception, motivation, learning, attitude, personality and socio-cultural factors.

Added to this, man is today living in a technologically advanced age with constant exposure to the various marketing variables such as superior technologically advanced quality products (and services), efficient network distribution centers, highly interactive media exposure etc. Under such circumstances man cannot be assumed to be a rational person who only treats 'price' as the deciding factor in his consumption related decisions.

Behaviour scientists have opined that broader perspectives need to be adopted while analysing the buyer behaviour. So apart from economics, even the role played by needs, motives, personality, self-concept and the socio-cultural factors have to be considered for understanding the buyer responses to various stimuli, which in turn could influence their buying behaviour.

## **ii. Learning Model:**

Unlike the economists, classical psychologists have been interested in the formation and satisfaction of needs and tastes. They argued that living beings were influenced by both innate needs such as the primary needs of hunger, thirst, sex, shelter and learned needs like fear and guilt. A drive (internal stimulus) which when directed towards a drive reducing object becomes a motive.

The various products or services will act as stimuli to satisfy drives. For instance, a hungry person will be driven towards food, which after consumption will reduce the drive and also provide satisfaction. According to learning theorists, this response of satisfaction (feeling) reinforces the relationship between drive and the drive reducing stimulus object as well as the related cues.



Further, when consumers learn to associate connection between stimulus and response, it becomes a habit. There are certain cognitive theorists, who have advocated that human beings not only learn to link stimulus with response (S-R) but also about the formation of other cognitive processes such as, attitudes, values, beliefs, motivation etc.

In marketing context, 'learning' will help marketers to understand how consumers learn to respond in new marketing situations, or how they have learned and responded in the past in similar situations. Very often it is observed that consumer's experience with one product from an organisation is likely to be generalised to the other products of the firm.

Conversely, consumers also learn to discriminate and this information will be useful in working out different marketing strategies. Simply stated this learning model will help marketers to promote associations of products with strong drives and cues and positive reinforcements from the consumers.

### **iii. Psychoanalytical Model:**

This model is based on the work of psychologists who were concerned with personality. They were of the view that human needs and motives operated at the conscious as well as at the subconscious levels. This theory was developed by Sigmund Freud. According to him human behaviour (personality) is the outcome of (a) 'id' – the source of all psychic energy which drives to act, (b) 'super ego' – the internal representation of what is approved by the society, (c) 'ego' – the conscious directing 'id' impulses to find gratification in a socially accepted manner. Thus, we can say that human behaviour is directed by a complex set of deep-seated motives.

From the marketing point of view this means that buyers will be influenced by symbolic factors in buying a product. Motivational research has been involved in investigating motives of consumer behaviour so as to develop suitable marketing implications accordingly. Marketers have been using this approach to generate ideas for developing products – design, features, advertising and other promotional techniques.

### **iv. The Sociological Model:**

According to this model the individual buyer is a part of the institution called society. Since he is living in a society, he gets influenced by it and in turn also influences it in its path of development. He is playing many roles as a part of various formal and informal associations or organisations such as a family member, as an employee of a firm, as a member of a professional forum and as an active member of an informal cultural organisation. Such interactions leave some impressions on him and may play a role in influencing his buying behaviour.

Intimate groups comprising of family, friends and close colleagues can exercise a strong influence on the lifestyle and the buying behaviour of an individual member. The peer group plays a very important role in acting as an influencing factor especially in adopting particular lifestyles and buying behaviour patterns. The group generally has an informal opinion leader, whose views are respected by the group. This leader is able to influence the individual member's lifestyle and buying decisions.

Similarly, depending on the income, occupation and place of residence etc., each individual member is recognised as belonging to a certain social class. As a member of a particular class, he may enjoy certain status and prestige. Further, each class has its own standards of lifestyle and buying behaviour pattern. So an individual member will adopt the role





suitable to conform to the style and behavioural pattern of the social class to which he/she belongs.

The marketers, through a process of market segmentation can work out on the common behaviour patterns of a specific class and group of buyers and try to influence their buying pattern.

## 2. Contemporary Models:

With the evolution of the consumer behaviour study, newer approaches were used to understand what influences consumer behaviour. These were said to be contemporary models. These contemporary models or views differed from the earlier models mainly because they focused on the decision process adopted by consumers and borrowed concepts from behavioural sciences field. Some of these models have been discussed here under.

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## UNIT - IV

### CONSUMER DECISION MAKING PROCESS

The consumer decision-making process can seem mysterious, but all consumers go through basic steps when making a purchase to determine what products and services will best fit their needs.

#### Steps in consumer decision making process

##### 1. Problem recognition

The first step of the consumer decision-making process is recognizing the need for a service or product. Need recognition, whether prompted internally or externally, results in the same response: a want. Once consumers recognize a want, they need to gather information to understand how they can fulfil that want

##### 2. Information search

When researching their options, consumers again rely on internal and external factors, as well as past interactions with a product or brand, both positive and negative. In the information stage, they may browse through options at a physical location or consult online resources, such as Google or customer reviews.

##### 3. Alternatives evaluation

At this point in the consumer decision-making process, prospective buyers have developed criteria for what they want in a product. Now they weigh their prospective choices against comparable alternatives. Alternatives may present themselves in the form of lower prices, additional product benefits, product availability, or something as personal as colour or style options. Your marketing material should be geared towards convincing consumers that your product is superior to other alternatives

##### 4. Purchase decision

This is the moment the consumer has been waiting for: the actual purchase. Once they have gathered all the facts, including feedback from previous customers, consumers should arrive at a logical conclusion on the product or service to purchase.

##### 5. Post-purchase evaluation

The best marketers know that the process doesn't end at the purchase step – in fact, that's only the *beginning* of a customer's value for your company. Once acquisition is out of the way, your new goal is to create long-term relationships between consumer and company, ensuring that you get the most value out of your customers, and they get the most value out of your products

#### Three levels of consumer decision-making:

- **Extensive problem-solving**
  - ✓ Consumers have not yet established a criteria for evaluating the product
  - ✓ They haven't narrowed the number of brands to be considered
- **Limited problem-solving**
  - ✓ Consumers have established a basic criteria for product evaluation
  - ✓ They haven't fully established brand preferences
- **Routinised-response behaviour**
  - ✓ Consumers have some experience with the product category



- ✓ They have a well established set of criteria for product evaluation
- ✓ They may search for a small amount of information or may purchase out of habit

**Four views of consumer decision-making:**

- i. an economic view: world of perfect competition, the consumer has often been characterised as making rational decisions.
- ii. a passive view: depicts the consumer as basically submissive (“underdanig”) to the self-serving interests and promotional efforts of marketers.
- iii. an emotional view: associate deep feelings or emotions, such as joy, fear, love, hope, sexuality, fantasy and even a little ‘magic’, with certain purchases or possessions. These feelings or emotions are likely to be highly involving.
- iv. a cognitive view: within this framework, consumers are frequently pictured as either receptive to or actively searching for products and services that fulfil their needs and enrich their lives.

**Pre-Purchase Behaviour:**

When a consumer realizes the needs, he goes for an information search. He does the same, so that he can make the right decision.

**He gathers the information about the following:**

- Product Brands
- Products Variations
- Product Quality
- Product Alternatives.

The consumer can gather information about a product depending on his age, gender, education and product’s price, risk and acceptance.

**Post-Purchase Behavior**

All the activities and experiences that follow purchase are included in the post purchase behavior. Usually, after making a purchase, consumers experience post-purchase dissonance. They sometimes regret their decisions made. It mainly occurs due to a large number of alternatives available, good performance of alternatives or attractiveness of alternatives, etc.

The marketers sometimes need to assure the consumer that the choice made by them is the right one. The seller can mention or even highlight the important features or attributes and benefits of the product to address and solve their concerns if any.

A high level of post-purchase dissonance is negatively related to the level of satisfaction which the consumer draws out of product usage. To reduce post-purchase dissonance, consumers may sometimes even return or exchange the product.



## UNIT - V CUSTOMER SATISFACTION

Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to best improve or changes its products and services.

An organization's main focus must be to satisfy its customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organizations, and every subgroup within an organization.

### **Sources of customer dis-satisfaction**

There are many reasons why a customer may be dissatisfied with a company, product, or service. One reason would be long wait times either in line or on the phone. If people have to wait too long to get service or to complete a purchase, they will feel that their time is being wasted and that the company may feel their time is unimportant.

Another reason for dissatisfaction is the quality of the product or service. If a product is defective or doesn't do what it is supposed to do, people will be unhappy. The same is true if a service is not properly administered or provided.

Another source of dissatisfaction is perceived poor treatment by employees. If people feel they are being disrespected or treated poorly, they will not be happy and will likely complain to the company.

People might also be unhappy if the price of the product or service is too high. People generally don't like to pay high prices and will likely complain if the prices are unreasonable. Additionally, if the product or service doesn't meet the expectations for the price a person paid, complaints will likely follow.

People also tend to be unhappy if the advertised products or services are not available. People might feel they are being tricked into coming to the store and then have to make a choice about buying a different, usually more expensive, product.

### **Problem solving**

Problem solving skills are among the most valued skills in the workforce today because they can be applied to dozens of situations. Problem solving methods are the steps we use to find solutions to problems and issues.

### **Methods of problem solving**

#### **Trial and Error**

Trial and error is a way of solving problems through repeated attempts, trying something different every time until you are successful. Although this approach sounds random, problem solving through trial and error is efficient only when you can base your attempts on some prior knowledge and information.



### **Difference Reduction**

Difference reduction requires you to break down a large task into smaller steps. The first thing you do is ask yourself what step will take you from where you are to as close as possible to the final goal. You take that step and repeat the process until you finally reach the goal.

### **Means-Ends Analysis**

With means-ends analysis you compare your current situation and the situation you want to arrive at, identify the most significant difference between those two situations, and then create a sub-goal to remove that difference.

### **Consumer Protection Act**

Consumer Protection Act has been implemented (1986) or we can bring into existence to protect the rights of a consumer. It protects the consumer from exploitation that business practice to make profits which in turn harm the well being of the consumer and society.

This right help to educate the consumer on the right and responsibilities of being a consumer and how to seek help or justice when faced exploitation as a consumer. It teaches the consumer to make right choices and know what is right and what is wrong.

### **Practices to be followed by Business under Consumer Protection Act**

If any defect found the seller should remove the mentioned defects from the whole batch or the goods affected. For example, there have been cases where car manufacturing unit found a defect in parts of the vehicle usually they remove the defect from every unit or they call of the unit.

They should replace the defective product with a nondirective product and that product should be of similar configuration or should be the same as the product purchased.

### **Redressal: Three Tier System Under Consumer Act**

#### ***District Forum:***

These fora are set by the district of the state concerned in each district wherein it consists of President and two members of which one should be a woman and is appointed by the State Government. In this, the complaining party should not make a complaint more than 20 Lacs and once the complaint is filed the goods are sent for testing and if they found defective the accused party should compensate and if the party is dissatisfied can make an appeal with state commission within 30 days.

#### **State Commission:**

This is set up by each state It consists of President and two members. Complaints should be at least 20 lacs and exceed not more than 1 crore. The goods are sent for testing and if found defective are asked for replacement or compensation. If not satisfied can make an appeal within 30 days in front of the National Commission.

#### **National Commission:**

Consist of President and 4 members. The complaint must exceed an amount of 1 crore. The goods are sent for testing and if found defective are asked for replacement or compensation



### **Features of consumer protection act**

The salient features of Consumer Protection Act are

- The Consumer Protection Act covers all public, private and cooperative sector.
- This applies to all the goods and services until and unless the Union government exempts it.
- Provisions of the Consumer Protection Act are compensatory in nature.

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