

CONSUMER BEHAVIOR - A CONTEMPORARY APPROACH

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Abstract:

From the market perspective, people of India comprise different segments of consumers, based on class, status, and income. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods. Three-fourths of India's population lives in rural areas, and contribute one-third of the national income.

India is a lucrative market even though the per capita income in India is low and it remains a huge market, even for costly products.

Consumer behavior consists of the actions that consumers take in regard to making decisions about purchasing various goods and services. A study of this phenomenon will often focus on the psychological and other factors that motivate people to either buy a product or reject it in favor of some other option.

Introduction:

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

- a) the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers);
- b) the psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- c) the behavior of consumers while shopping or making other marketing decisions;

Behavior occurs either for the individual, or in the context of a group (e.g., friends 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 behavior 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 behavior involves services and ideas as well as tangible products.

The impact of consumer behavior 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.

Meaning of Consumer Behavior:

Individuals or groups acquiring, using and disposing of products, services, ideas, or experiences, it includes the search for information and actual purchase also an understanding of consumer thoughts, feelings, and actions.

The study of consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items (Schiffman and Kanuk, 1997). The field of consumer behavior covers a lot of ground. According to Solomon (1996), consumer behavior is a study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

Andreason (1965) proposed one of the earliest models of consumer behavior. That model recognizes the importance of information in the consumer decision-making process. It also emphasizes the importance of consumer attitudes although it fails to consider attitudes in relation to repeat purchase behavior.

Schiffman and Kanuk (1997) mentioned that many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits (satisfactions) in the purchase of goods and services.

A consumer is generally thought of as a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages in the consumption process (Solomon, 1996)

The official definition of consumer behavior given by Belch (1998) is ‘the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires’. Behavior occurs either for the individual, or in the context of a group, or an organization. Consumer behavior 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.

Why Consumer Behavior?

- To stay in business by attracting and retaining customers
- To benefit from understanding consumer problems
- To establish competitive advantage for a product or service or company.

Four main applications of consumer behavior:

- (i) **Marketing Strategy** — for making better marketing campaigns
- (ii) **Public Policy** — to get consumers’ attention
- (iii) **Social Marketing** — involves getting ideas across to consumers rather than selling something
- (iv) **Consumer Behavioral Research** —should make the better consumers.

Key elements that influence Consumer Behavior:

One of the key elements that influence consumer behavior is the *self-image* of the consumer. People who crave admiration in order to feel good about them will often go to extraordinary lengths to receive validation from others. This will often lead them to purchase the latest trendy clothing and the newest car loaded with extras, and being seen in the right places can be extremely important. By contrast, people who are less concerned with what others think are likely to focus on making purchases they deem as practical and capable of providing them with the comfort and service they require.

Cultural factors can also play a role in shaping consumer behavior. For example, bargaining with a shop owner over the price of an item is a common practice in many places around the world. In some cultures, haggling over prices before buying is considered an essential part of the process. In other places, the idea of attempting to bargain with a shop owner is

considered improper, and even rude. People who travel often adapt their consumer behavior to conform to the local standard, and thus be perceived as part for the social norm.

Social pressure is a related factor that has a considerable influence on consumer behavior. Consumers may be motivated to purchase specific brands because people they admire have bought those same products. The desire to fit into a social circle can influence the selection of clothing, food, the type of home and neighborhood, and just about any other buying decision. With social pressure, the focus is not to stand out and be admired, but to fit into the group of choice, and be recognized as a part of that group.

Education also plays a major role in determining consumer behavior. This relates to both formal education and learning in general. As people become more informed about their purchasing options, products that were once desirable may be cast aside in favor of other products that the consumer deems to be more attractive in some manner.

Characteristics of the Indian Consumer Behavior

- The Indian consumers are noted for the high degree of value orientation.
- Such orientation to value has labeled Indians as one of the most discerning consumers in the world.
- Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market.

Rural Consumer

About three quarters of the Indian population are in the rural areas and with the growing middle class, especially in the Indian cities; the spill over effect of the growing urban middle class is also felt in the rural areas.

The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of fast-moving consumer goods (FMCG) in India. The market size of the fast moving consumer goods sector is more than US\$ 23.25 billion by 2010. As a result, it is becoming an important market place for fast moving consumer goods as well as consumer durables.

Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant than values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers.

Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behavior is quite unique. Perhaps, only in India, one sees traditional products along side modern products. For example, hair oils and tooth powder existing with shampoos and toothpaste.

Rural Market: The Next Big Opportunity

The rural market offers great untapped potential. In 2008, the rural market grew at an impressive rate of 25 per cent compared to the 7-10 per cent growth rate of the urban consumer retail market. Further, according to international consultancy firm Celent, the rural market will grow to a potential of US\$ 1.9 billion by 2015 from the current US\$ 487 million.

Today, the rural market accounts for a hefty share in most market segments—55 per cent of LIC policies, 70 per cent of toilet soaps, 50 per cent of television, fans, bicycles, tea and wrist watches.

Also rural India is less affected by the global slowdown. Consequently, an increasing number of marketers are targeting it across fast moving consumer goods (FMCGs), cars, two-wheelers and consumer durables.

FMCG is clocking over 20 per cent demand in rural markets, ahead of the 17-18 per cent growth coming from urban India. Nokia plans to tap the growing rural market with 93 million subscribers. It is tying up with various micro finance institutions. Moreover, it is trying to reach into rural areas with 'showrooms on wheels' and 'Rural care on the go'— marketing and servicing vehicles, respectively.

Increasing Awareness of Indian Consumers

Over the years, as a result of the increasing literacy in the country, exposure to the west, satellite television, foreign magazines and newspapers, there is a significant increase of consumer awareness among the Indians. Today more and more consumers are selective on the quality of the products/services.

This awareness has made the Indian consumers seek more and more reliable sources for purchases such as organized retail chains that have a corporate background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

Indian consumers are now more aware and discerning, and are knowledgeable about technology, products and the market and are beginning to demand benefits beyond just availability of a range of products that came from 'trusted' manufacturers. The Indian consumers are price sensitive and prefer to buy value for money products.

Changing Trends in Indian Consumer Behavior:

(i) Bulk Purchasing:

Urbanization is taking place in India at a dramatic pace and is influencing the life style and buying behavior of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning.

Bulk purchases from hyper stores seems to be the trend these days with purchasing becoming more of a once-a-week affair, rather than frequent visits to the neighbourhood market/store/vendor. The popular growing shopping trend among urbanities is purchasing from super markets to hyper stores.

(ii) Trendy Lifestyles:

The current urban middle and upper class Indian consumer buying behavior to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is now an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad.

Foreign brands have gained wide consumer acceptance in India, they include items such as;

- ❖ Beverages
- ❖ Packed food
- ❖ Ready to eat food
- ❖ Pre-cooked food
- ❖ Canned food
- ❖ Personal care products
- ❖ Audio/video products
- ❖ Garment and apparel
- ❖ Footwear

- ❖ Sportswear
- ❖ Toys
- ❖ Gift items

Foreign brands vie increasingly with domestic brands for the growing market in India. Foreign made furniture is well accepted by the Indian consumers. Malaysian, Chinese, Italian furniture are growing in popularity in India.

Indian consumers have also developed lifestyles which have emerged from changing attitudes and mind sets; exposure to western influences and a need for self-gratification. Beauty parlours in cities, eateries, designer wear, watches, and hi-tech products are a few instances which reflect these changes.

(iii) Buyers' Market in the Making:

The sellers' market is slowly moving towards becoming the buyers' market. Since, India's economic liberalization policies were initiated in 1991, many new product offerings have entered the Indian market and product variety has also increased manifold.

Import licensing restrictions are being eliminated and tariffs significantly reduced and this has led to large range of consumer goods made available in India. Indian consumers have always preferred foreign goods and with the liberalization, they now have a choice of foreign products vis-à-vis the local products.

Road Ahead:

The Indian consumer remains one of the most upbeat globally. The Nielsen Global Consumer Confidence study, conducted by Nielsen, a market research company revealed that Indians are "the most optimistic lot globally who think that their country will be out of the economic recession in the coming years."

In fact, it is widely believed that the Indian market will fuel the growth of multinational companies in the coming years. While most leading companies are cutting costs in the US and Europe, they see India as a strategic market, which can fuel their growth.

In order to create a successful marketing campaign, it is necessary to understand these factors and utilize those behaviors in a manner that motivates consumers to make purchases.

Conclusion:

Understanding the psychological processes which underlie one's consumer behavior can supply both fascinating and valuable information. Manufacturers and retailers want to understand consumers' consumption characteristics so they can better market to the consumers.

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