

# INTRODUCTION TO CONSUMER BEHAVIOR

# 1

*Consumer behavior involves the purchasing, and other consumption related activities of people engaging in the exchange process. The study of consumer behavior field draws its findings from a number of disciplines, viz. anthropology, sociology, social psychology, marketing research, and economics. Consumer behavior knowledge may be applied in solving both micro and macro marketing problems. Thus, an understanding of the discipline is essential for a marketer who wishes to be successful in the face of competition. The total discussion of this unit has taken in three different lessons. Let's start the lessonwise discussion.*

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## **Lesson 1: Understanding the Consumer Behavior Field**

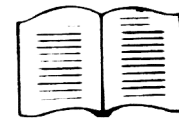
### **Objectives of this lesson**

After reading this lesson, you will be able to:

- Understand the complex nature of consumer decision making
- Define consumer behavior
- Understand the reasons why we study consumer behavior
- Know the scope of consumer behavior field
- Comprehend few consumer terminologies.

### **Introduction**

“Sales determine profit, and consumers’ actions determine sales.” The bottom line of every organization’s involvement in business is to make profit, which is being determined by how its market behaves. Market, you know, consists of people with money to spend and the willingness and ability to spend it. The difficulties surrounding consumer’s willingness and ability lie at the heart of buying behavior process. What makes consumers shop as they do? What makes them susceptible to some sales efforts and not to others? Why does an individual purchase or not purchase a specific product or service? Unless the marketing people understand the buying processes of the organization’s target market, the chances for success are slim.



### **The Complex Nature of Consumer Buying Process**

The buying processes consumers go through to purchase most products and services are considerably more complex than they may appear. Seldom are they just matters of buying or not buying. If you analyze the mind of a consumer you will find that a set of complex often conflicting needs simultaneously felt by him as unmet. His buying behavior is determined by such sets of needs and the influences that create these needs as well as the stages consumer go through to satisfy them (needs).

### **Stages of the Buying Process**

To understand buying behavior, it is necessary to look at the buying process as a set of stages consumers go through. Consumer behavior can be divided into three very distinct stages. These stages are as follows:

Stage 1: pre-purchase stage

Stage 2: purchase stage

Stage 3: post-purchase stage

The above mentioned stages of buying process can be stated as under:

- **Pre-purchase Stage:**

Pre-purchase behavior is what the consumer does before making a purchase.

In the past, marketing executives equated consumer behavior with the actual purchase decision. Their concern focused entirely on the purchase act itself - the physical exchange of money for goods and services. Recently, attention has increasingly centered on pre-and post-purchase behavior. Pre-purchase behavior is what the consumer does before making a purchase, often determining what the decision will be. For repeat purchasing, post-purchase behavior will be the primary determinant of future purchase behavior.

The pre-purchase stage consists of three separate steps.

Pre-purchase behavior depends on many factors. How critical the need is for a product and how urgent the time frame are often major factors in determining how much activity takes place in this stage. Other factors include whether the consumer is making a first time or repeat decision, and how taxing the purchase is on his or her monetary resources.

The pre-purchase stage consists of three separate steps. First, the consumer must become aware of both a need to be satisfied and the availability of the product or service. Generally, it is believed that awareness of the need must come first, but sometimes awareness of need and availability can occur simultaneously.

The second step is for the consumer to obtain information about how the particular need can be satisfied. Information can be collected from friends, relatives, acquaintances, or from various promotional efforts of the firm and its competitors. The amount of information required depends on the consumer's level of familiarity and experience with the goods and services, availability of information, and the value and importance of the product.

The third step in this stage is for the consumer to analyze the information collected, considering the advantages and disadvantages of holding money (and thereby not satisfying the need) as well as weighing attributes of the competing products.

- **Purchase Stage:**

After analyzing the information available, the consumer's purchase behavior comes into focus. The first decision the consumer makes is whether the need should even be satisfied, i.e., should the consumer make a purchase or hold his or her money? Decisions about very low-cost purchases will not be specially agonizing. But those requiring considerable expense may be quite difficult. If the consumer decides to purchase a product, the question then becomes which one will best satisfy the need. Many variables influence this choice which we will be discussed later.

Purchase behavior does not end when the decision is made to buy a particular product or service.

Purchase behavior does not end when the decision is made to buy a particular product or service. The physical exchange must still take place. When the transaction cannot be completed the instant the decision is

made, or when the consumer has to do something else to make it all happen, the possibility exists that the sale will never materialize. After seeing a mouth-watering Chinese dish on television, a consumer may quickly decide to have (buy) it. Rather than getting dressed and going out, however, the consumer changes his or her mind and settles for a sandwich.

- **Post-purchase Stage:**

Only in the last sixty years or so have marketing executives recognized the significance of post-purchase behavior. Previously, it was assumed that the marketing function ended when the sale was made. Modern marketing executives, however, now realize that post-purchase behavior is critical.

The primary concern with post-purchase behavior is making sure that customer needs are satisfied through the product's use. Consumers will be reluctant to buy a product again if it did not perform up to their expectations the first time. Another concern with post-purchase behavior is that after most high-cost purchases, a buyer may experience cognitive dissonance, questioning the wisdom of the decision. The negative factors associated with the purchase will seem greater, and the disadvantages of the options not taken will appear less important. If this condition continues, it is quite likely that a consumer will never be satisfied with the product's usage. To combat this condition, consumers seek out information reinforcing the wisdom of their choices. Marketing executives have begun active campaigns to provide the information these consumers want in order to improve consumer satisfaction and obtain added publicity.

Consumer decision making, thus, is not an instant outcome, rather a complex process full of variables. Any purchase decision you make is the outcome of interaction of many factors including the culture, social class, reference group, needs, self-concept, learning, attitude, product attributes, buying environment etc.

**Activity:**

Describe a recent important purchase that you made. To what extent can your purchase be described by the consumer decision making process discussed earlier here? How would you explain the deviation?



Our purchase decisions, first of all, are influenced by our cultural context. Certainly, this is the most pervasive external force on an individual's decision. Why do we buy colorful sharees and ornaments for the bride? From our culture we have learned that bride should put on colorful sharee and ornament on the wedding day and as a result we buy such things for the bride. Why do Muslim males buy 'pajama' and 'panjabi' during Eid time? This is again an influence of our culture.

Our purchase decisions, first of all, are influenced by our cultural context.

Human beings work and live with each other, and generally influenced by some of the people around them. In particular, consumers are affected by their family, social class, reference group, friends, neighbors, and associates. Why do you use a particular brand of toilet soap? You may have seen your parents to use that brand which influenced your decision. Your selection of a particular brand in a product class may also be influenced by your friends, the social class to which you belong, your reference group, or even by your neighbors.

Although cultural, social, and other influences can be very strong, so too are those within the individual. Needs and motives, perceptions, learning processes, attitudes and personalities, and self-concepts have a significant impact on what, when, and how people buy. Although consumers have many needs that are basically similar, they try to satisfy them in quite different ways, depending on how they perceive both their needs and the environment in which they operate. In fact, two people with identical needs may take different actions to fulfill them based on their perceptions of the situation. There is little doubt that what consumers learn has a significant impact on how they behave. Aside from the basic needs, all needs are learned from past experiences and other individuals or groups, as well as the manners in which they seek to satisfy them. In addition, one's motivation, attitude, and personality also determine his choice decision. Purely for the personality differences, two brothers may buy and use shirts of two different designs.

Besides the cultural, social, and individual influences, buying decisions are also affected by the attributes of the product and the environment surrounding it. You may have gone to marketplace to buy a particular brand of a product, but may come back buying another brand? What influenced you to change your decision? May be the brand that you bought was so attractive in terms of packaging, design, or price which influenced your decision. The display of the item or the approach of the salesperson may also influence you to behave in a particular fashion (part of the buying environment).

### **Definition of Consumer Behavior**

Behavior of consumer is motivated or purposive.

Consumer behavior involves the purchasing, and other consumption related activities of people engaging in the exchange process. Bagozzi and Zaltman defined consumer behavior as “ acts, processes, and social relationships exhibited by individuals, groups, and organizations in the obtainment, use of, and consequent experience with product, services, and other resources”. Behavior of consumer is motivated or purposive. This behavior is directed toward the goal of obtaining products or other resources. They are obtained for use in their own right or as a medium for future exchange. The three important aspects of this definition such as acts, processes, and social relationships include diverse consumer activities. Some of the activities include experiencing a need, window shopping, comparison shopping, simply thinking about the available

information concerning a product's relative benefits and dis-benefits, or seeking a friend's advice about a new product etc. Consumer behavior also involves the experiences, which are consequences of using products and services.

If we analyze the above definition, we can identify the following three phenomena involving consumer behavior:

- Activities such as acts, processes, and social relationships.
- People such as individuals, groups, and organizations.
- Experiences such as obtaining, using, and consequences.

In this lesson, we shall mention few other definition of consumer behavior as given by different authors. Engel, Blackwell, and Miniard defined consumer behavior as “those acts of individuals, directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts”<sup>1</sup>. This definition includes some of the features of the other definition given and discussed above. In addition, it includes one of the very important aspects of the buyer behavior “the decision process”. This aspect is dealt with in the discussion of the stages of the buying process above.

The definition of consumer behavior given by Harold W. Berkman and Christopher C. Gilson is more exciting. To them consumer behavior is “the activities of people engaged in actual or potential use of market items - whether products, services, retail environments, or ideas”<sup>2</sup>. This definition considers both individuals and organizations as consumers. Moreover, it considers the acts of potential buyers as the consumer behavior. Question may come to your mind “why the acts of potential/future customers are considered as the behavior of consumers?” The reason is very clear. Suppose, you are planning to buy an apartment next year. What you will do until next year comes? You will probably look at the advertisements of different apartment sellers, visit few of them, inquire prices and terms and conditions of payments, compare locations, designs, and fittings. Why do you undertake these activities? You probably undergo this process to arrive at the most logical decision. These activities help you to make your future purchase. Thus activities of potential customers are also considered as the consumer behavior. Marketers consider the activities of potential consumers so that they can prepare themselves well in advance to capture this group and make the sale to them.

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<sup>1</sup> Engel James F., Blackwell R.D., and Miniard P.W., *Consumer Behavior*, CBS College Publishing, New York, 1986, p. 5.

<sup>2</sup> Berkman H.W., Gilson C.C., *Consumer Behavior*, Dickenson Publishing Co. Inc., USA, 1978, p. 5.

### **Scope of Consumer Behavior Field**

The field of consumer behavior tries to find out the answers to the following questions:

- What are the products people buy?
- Why they buy them?
- How they buy them?
- When they buy them?
- Where they buy them?
- How often they buy them?
- How is the decision process of the consumer?

For instance, if you intend to produce a new variety of tooth paste, you should analyze the nature of individual consumption behavior as to why consumer uses tooth paste (to whiten teeth/prevent tooth decay); which brand of toothpaste he buys (say Close-up or Aromatic); why he buys it (because he believes that it will whiten his teeth better than competing brands); how he buys it (cash/credit); when he buys it (monthly/weekly); where he buys it (from retail or supermarket); how often he buys it (frequency of buying, say every fortnight) and how much he buys it (100 gram/200 gram). It must also be noted that the behavior is likely to show variation from individual to individual, from product to product and from an individual of one region to individual of another region. Thus analyzing the consumer behavior is a prerequisite though the process is highly complicated. At the same time, a firm's ability to establish and maintain a satisfying exchange relationships depends on the level of understanding of buying behavior. Consumer behavior field explores the decision process and acts of people involved in buying and using products.

Consumer behavior field explores the decision process and acts of people involved in buying and using products.

In examining and focusing on various aspects of consumer behavior, this discipline borrows findings from quite a number of disciplines. That is why this discipline is termed as a multidisciplinary field of study. Among others, it liberally borrows from Anthropology, Sociology and Social Psychology, Psychology, Marketing Research, and Economics. The reason for borrowing from Anthropology is that it helps us to understand the cultural and sub-cultural settings in which our behaviors take place. In the beginning we have already mentioned how culture affects consumer behavior. Consumers are social beings and as a result their behaviors occur as a result of their interactions with different social groups such as family, social class etc. Sociology and Social Psychology help us to understand the influence on different social groups on consumer decision making. In addition, every individual is a unique identity, and as a result his behavior is very much affected by his personal characteristics such as his learning, perception, motivation, personality, beliefs, values, images, attitudes etc. Psychology deals with them for which consumer behavior borrows from psychology. How consumers respond to different marketing activities including the product itself, advertisements, promotional



activities and so on are identified by Marketing Research. If marketers do not know consumers' response tendencies to their activities, it becomes truly difficult for them to formulate strategies. Keeping this in mind, consumer behavior takes help from Marketing Research in identifying consumer behavior pattern. Finally, consumer behavior occurs in the context of his economic condition. Economics helps us to understand this greater context of consumer behavior for which consumer behavior discipline borrows findings from economics.

### **Why Study Consumer Behavior?**

The better the firm understands its consumers, the more likely it becomes successful in the marketplace. The management of famous US company Procter and Gamble stated: "Our business is based on understanding the consumer and providing the kind of products that the consumer wants. We place enormous emphasis on our product development area and our marketing area, and our people knowing the consumer"<sup>3</sup>. A knowledge of consumer behavior would render immense help for planning and implementing marketing strategies. For example, buyers' reactions to a firm's marketing strategy have great impact on the firm's success.

Second, the proof of establishing consumer orientation in the marketing concept of the firm depends on how marketing mix adopted satisfies the consumers. This is known only when marketing mix is developed to include positive answers to the questions listed in the discussion of the scope of consumer behavior field.

Third, by gaining a better understanding of the factors that affect consumer behavior, marketers are in a better position to predict how consumers will respond to marketing strategies. In addition, the study of consumer behavior helps in developing the strategies mentioned below:

Selection and segmentation of target markets; devising appropriate marketing strategies most relevant to the target market segment; evaluation of marketing programs, strategies, and tactics; assessing the trends of change and preparing the marketing plans to suit the future changes.

Finally, consumer is the principal a priority of business. The efficiency with which a free market system enterprise operates, depends upon the extent of consumer understanding possessed by the business community. A business community that is ignorant of consumer preferences cannot possibly fulfil its obligations in a meaningful and responsive manner. This is exactly the reason why consumer behavior is given importance in modern marketing. Moreover, this is the era of marketing orientation. Under this concept, consumers are treated as kings and queens (prince/princess). In order to survive in the face of today's extreme competition, you must serve and satisfy your consumers in a way better than yours competitors do. To do this successfully you must know who

Consumer is the principal a priority of business.

<sup>3</sup> R. Crain and F. Danzig, "Patience and Perspective", *Advertising Age*, 1987 - August, pp 148-160

your consumers are and how they behave. By studying consumer behavior you can easily get the answers to these questions and act accordingly.

### **Few Consumer Terminology**

Many of us have misunderstanding on some of the very common consumer related terms. To reduce this ambiguity, following section will highlight the differences among few important terms.

Buyers are not always deciders.

- **Consumer versus Buyer:** Buyers are those who carry out the formal arrangements for purchase, service, delivery, and financial terms. Buyers are not always deciders. Consumers are those people who actually put a purchased product to work or who uses it to satisfy his physical or social/psychological need(s). These two terms are also used synonymously. The synonymous use lead to the development of two other concepts - the ultimate and industrial/institutional consumers.
- **The Ultimate Consumer versus Industrial/Institutional Consumer:** The ultimate consumer is he who gets the products from marketing intermediaries for household use. The industrial/institutional consumer on the otherhand gets the product for use in the production process of other marketable item or for resale.
- **Consuming versus Purchasing:** Purchasing refers to the act of obtaining any market item from the channel of distribution (the marketing intermediaries constitute the channel of distribution) and it is only one aspect of consumer decision process. Consuming, on the otherhand means utilizing the product for satisfying motive(s) arise out of either biological or secondary need(s).
- **Customer versus Consumer:** Customer refers to the consumer who uses, or might use a product and a consumer is everyone who buys and uses any item.

## Self Evaluation

### Objective Questions

1. Market consists of –
  - a. People with money to spend
  - b. People with money to spend and the willingness to spend it
  - c. People with money to spend and the willingness an ability to spend it
  - d. All of the above.
  
2. The difficulties surrounding consumers' willingness and ability lies–
  - a. At marketers' understanding the economy
  - b. At the heart of buying behavior process
  - c. At fighting hard to increase consumption
  - d. Both b & c.
  
3. The buying process consumers go through to purchase most products and services are –
  - a. Considerably more complex than they may appear
  - b. Determined by the marketing activities
  - c. The outcomes of the socio-cultural influences
  - d. None of the above.
  
4. Consumer behavior can be divided into –
  - a. Couple of very distinct stages
  - b. Four very distinct stages
  - c. Many distinct stages
  - d. Three very distinct stages.
  
5. In the past, marketing executives equated consumer behavior -
  - a. With the action that may be taken by the consumer to increase their consumption
  - b. With the actual purchase decision
  - c. Both a & b
  - d. None of the above.
  
6. Purchase act means –
  - a. Creating new users
  - b. Discovering new uses
  - c. The physical exchange of money for goods and services
  - d. All of the above.
  
7. Pre-purchase behavior is –
  - a. What the consumer does before making a purchase
  - b. Determining what the decision will be
  - c. Both a & b

- d. None of the above.
- 8. Which of the following could be a factor determining a pre-purchase behavior?
  - a. Type and nature of the need
  - b. Time pressure on buying
  - c. Financial involvement
  - d. All of the above.
- 9. Which of the following is a step of the pre-purchase stage ?
  - a. Becoming aware of both a need to be satisfied and the availability of the product or service
  - b. Obtaining information about how the particular need can be satisfied
  - c. Analyzing the information collected
  - d. All of the above.
- 10. The primary concern with post-purchase behavior is –
  - a. Making sure that customer needs are satisfied through the product's use
  - b. Making sure that customer recommend others to buy the product
  - c. Both a & b
  - d. None of the above.
- 11. Any purchase decision a consumer makes is the outcome of interaction of –
  - a. Factors including the culture, social class, needs, and buying environment
  - b. Many factors including the culture, social class, reference group, needs, self-concept, learning, attitude, product attributes, buying environment etc.
  - c. Factors including the culture, social class, reference group, learning, attitude, product attributes, and buying environment
  - d. None of the above.
- 12. Who gave the following definition of consumer behavior? Consumer behavior is “acts, processes, and social relationships exhibited by individuals, groups, and organizations in the obtainment, use of, and consequent experience with product, services, and other resources”.
  - a. Bagozzi and Zaltman
  - b. Berkman and Gilson
  - c. Zaltman and Wallendorf
  - d. Wasson.
- 13. Which of following phenomenon can be found in the consumer behavior definition given by Bagozzi and Zaltman?
  - a. Activities
  - b. People
  - c. Experiences

- d. All of the above.
14. Which of the following question is being answered by the consumer behavior field?
- a. What are the products people buy?
  - b. Why they buy them?
  - c. How they buy them?
  - d. All of the above.
15. Why a marketing executive needs to study consumer behavior?
- a. To better understand his consumers
  - b. For better planning and implementing marketing strategies
  - c. For gaining a better understanding of the factors that affect consumer behavior
  - d. For all of the above.

**Answers :**

1. c, 2. b, 3. a, 4. d, 5. b, 6. c, 7. c, 8. d, 9. d, 10. a, 11. b, 12. a, 13. d, 14. d, 15. d.



**Descriptive Questions**

1. Define consumer behavior. Consumer decision making is termed as complex in nature. Why? Show your arguments with example.
2. What are the reasons for which a marketer needs to study consumer behavior? What are the areas covered in the discussion of consumer behavior study? Discuss them.

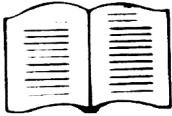
## Lesson - 2: An Overview of Consumer Behavior

### Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the perspective of consumer behavior
- Know the reasons of emergence of consumer behavior field
- Know the reasons of using newer approaches in explaining what makes people as they do
- Comprehend different influences on buying behavior.

### Introduction



The area of consumer behavior is more diverse, complicated, and socially significant than many other areas of human behavior. Consumer behavior study involves an examination of everyday life and even more. This field is probably one of the most intriguing and important fields in the social sciences.

### Perspective of Consumer Behavior Field

Consumer behavior in most of the cases is a complex process.

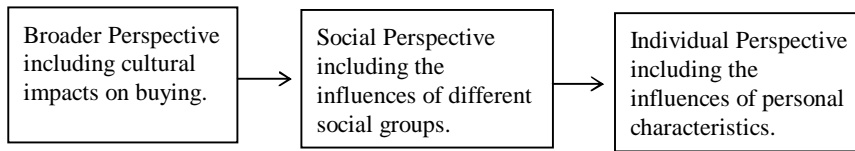
Consumer behavior field is interdisciplinary in nature. Consumer behavior in most of the cases is a complex process. The decision process that the consumers undergo is shaped by broad social or cultural forces, close interactions with different people and organizations, as well as the personal characteristics of the individuals. To describe consumer behavior effectively, considerations of all of the perspectives including cultural, social, and individual influences are prerequisite.

Certainly the most pervasive force on an individual is the cultural environment which is the complex set of values, ideas, attitudes, and other meaningful symbols created by people to shape human behavior. It also includes the artifacts (society's material features) and the transmission of these values, ideas, attitudes, and the artifacts from one generation to the next. How people work and play, what they buy, how they buy them are affected by their cultures.

Human beings work and live with each other, and generally are influenced by some of the people around them. In particular, consumers are affected by their social class standing, reference group, and family. Their buying decisions are, as a result, influenced by these social influences.

Although the cultural, social, and other influences can be very strong, so too are those within the individual. Needs and motives, learning processes, perceptions, personalities, self concepts, and attitudes have a significant impact on what, how, why, and when people buy. The entire range of perspectives in consumer behavior, thus can be summarized according to the following figure.

**Figure -1.1: The Following Figure Shows Different Perspective of Consumer Behavior.**



**Emergence of Consumer Behavior Field/Consumer Behavior as a Field of Study:**

Consumer behavior is relatively a new field of study. This has emerged as a legitimate field (academic) of study during 1960s. Marketers began to develop expertise in the behavioral sciences during this period. “Even the earliest formal studies may be traced back no further than the late 1940s”<sup>4</sup>. Though it is a relatively new field of academic study it has developed to such an extent, that amazes us. One may ask ‘why it has developed to such a great extent or what contributed for the dazzling rate of development of this field? The answers are quite a few.

This is the era of marketing orientation. Marketers both in developed as well as in developing countries pursue their activities based on marketing concept. Under the marketing concept, consumers are at the focal point of every company activity. As consumers are treated as kings and queens, they receive utmost importance, and companies try to make their customers happy in a way better than their competitors do. To satisfy customers better, one has to know what customers want, when they want, how they want, the frequency with which they want and the other aspects of consumers. To know these marketers are constantly studying the minds of their consumers, are identifying newer and fascinating aspects of consumer behavior everyday, which contribute to the development of the field at such an accelerating rate.

Under the marketing concept, consumers are at the focal point of every company activity.

In the earlier discussion, we have mentioned consumer behavior as an interdisciplinary field of study, which is constantly borrowing form many other fields of social sciences including some older ones as anthropology. Marketers indiscriminately borrow from sociology, anthropology, social psychology, psychology, economics and other related fields to know how they are related to behaviors of people. This borrowing has enabled the subject to reach this level of development.

The research on consumer behavior in contemporary marketing practices is another reason for the development of this infant field of knowledge to such a higher rate. Research enables marketers to minimize their gaps of knowledge on different aspects of consumer behavior.

Research enables marketers to minimize their gaps of knowledge.

<sup>4</sup> Berkman H. W., and Gilson C. C., *Consumer Behavior - Concepts and Strategies*, Dickenson Publishing Company, Inc., USA, p. 7.

You all are aware of the state of development of information technology including computers. Marketers are also not lagging behind in this. They use computers heavily to reveal the hidden motives of buyers and their reactions to different attributes of the firms and their products. The simulation of behavior using computers is another reason for the exciting development of consumer behavior field.

Consumer behavior is now an important field of study.

Researchers from diverse background are united now a days to conduct study on consumer behavior aspects and to publish books, articles, journals, and periodicals and the outcome is that consumer behavior is now an important field of study.

### **Use of Newer Approaches in Explaining What Makes People as They Do:**

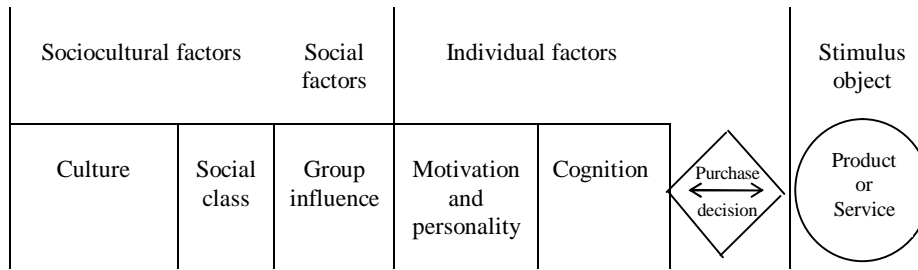
Consumer behavior field is studied using two types of theories - the traditional and the newer or contemporary/modern theories. The older or traditional theories were developed based on the opinions or intuitions of marketers. While developing theories they depended heavily on different economic principles. According to the economic principles, most of the consumers behave purely based on rationality or logic. Economists compare human behavior with that of machine. A machine always behaves in the same fashion against a particular stimulus. Economists as well as the advocates of traditional theories believe that human behaviors are comparable with that of the behaviors of machines.

The present day marketers use modern scientific theories in explaining what makes consumers behave as they do. The contemporary marketers also use models in explaining the unpredictable behavior of consumers. The newer approaches are so precise that they have overshadowed the older traditional approaches of buyer behavior. The modern theories are interdisciplinary in nature since the subject consumer behavior itself is a multidisciplinary subject. These theories are developed taking liberal help from the findings of different disciplines of behavioral sciences, which was mentioned earlier. The contemporary approaches are also accompanied by models to help marketers understand behavior more accurately. Model is a representation of something on a smaller scale and in this context, model is the representation of some behavioral system used to explain behavior in that system. To understand how models explain a behavioral system, we shall here take up the discussion of a simple consumer behavior model developed by Gordon W. Allport. In the next unit detail discussion of other models will be made to give you clearer idea on models and their roles in explaining consumer behavior.

Model is a representation of something on a smaller scale.



**Figure-1.2: Shows the Allport Consumer behavior Model**



**Description of the Model**

Allport consumer behavior model basically shows the relationship of socio-cultural, social, and individual factors with that of the stimulus objects relating to products or services. An individual’s consumption or purchase decision is the outcome of this interaction. The stimulus objects relating to the product or service continuously interact with these three sets of factors. The result of the interaction is the decision of the buyer. If the result of interaction is positive, the buyer will decide to buy the brand, and, if the result is negative he will forego the idea of buying the brand whose stimuli he considered. In the following section we shall describe the elements of this model in brief because you will have separate units to study covering each of the factors in detail.

- Socio-Cultural Factors and Their Influences on Buying:** What products you buy, the way you use them, the frequency with which you buy and use them, and even the methods you apply to buy them all are determined by the cultural context of which you are a part. For example, putting on ear rings by males is not approved by our culture, but in the western culture it is not discouraged. That is why lot of males in western countries are found to use ear rings where males of Bangladesh do not use ear rings because our culture does not permit it. With regards to the method of buying, self service is preferred by people of certain cultures, where in our culture it is not still found to be a common practice. Bargaining is preferred here in our culture, where it is not a practice in other cultures. In our country, we test the freshness of fish by pressing it through our fingers, where it cannot be imagined in a modern developed culture.

Marketing now a days no more considered a local or national phenomenon, rather a multinational phenomenon. The products that you produce here in Bangladesh may have markets well beyond our national boundary. In order to be successful, marketers therefore, should have idea on other cultures in addition to his own if he plans to market his products elsewhere.

Marketing now a days no more considered a local or national phenomenon, rather a multinational

Cultural traits are not same everywhere. There are great diversity found among cultures. Certain cultures are characterized by value shifts and technological change (such as western cultures), where others are characterized by insularity and tradition (such as

Differences affect the products and services people buy.

Bangladesh culture). These differences affect the products and services people buy. Because of relaxed sexual mores certain products have very good markets in western cultures (such as mini skirts), and even certain products may be advertised through public media. Where in a traditional cultures these products cannot be sold and advertised publicly. The values retained by cultures are not rigid rather they change over time. Even in a country like Bangladesh values have changed significantly over last couple of decades bringing substantial changes in our consumption behavior. Use and purchase/consumption of certain products and services such as fresh flowers, mineral water, tissues (hand, toilet, facial), mobile phones, debit and credit cards, prepackaged/instant food items, e-mail, internet service, cable television are few of the examples of such changes taken place even in our culture.

There are often subcultures within a culture, adding to the complexity of cultural influence on consumer behavior.

There are often subcultures within a culture, adding to the complexity of cultural influence on consumer behavior. Just as there are unique market segments within a more generally defined market, there are also diversities within a culture. Undoubtedly, differences exist on the basis of region, religion, age, income, family structures and so on. Bangladeshis all over the country, for example, like fish, but people of certain areas of our country like dry fish. This is an influence of subculture. The urban people, for example, eat bread at breakfast where rural people eat rice at their breakfasts. The upper class in the city areas like to eat out frequently as a result of which restaurant and fast food shops have established heavily in these areas.

- **Social Factors and Their Influences on Purchase/Consumption Decision:** Human beings work and live with each other, and generally are influenced by some of the people around them. In particular, consumers are affected by their social class, reference group, and family. The influences of these social factors are just as pervasive as the cultural factors.

People belonging to a particular social class tend to have similar beliefs, life styles and buying patterns.

People belonging to a particular social class tend to have similar beliefs, life styles and buying patterns. They purchase similar products from same stores, and live in the same types of neighborhoods and houses. People conform to patterns of living and buying accepted by the other members. Although lifestyles are quite similar within a social class, they vary considerably from class to class.

Consumers can belong to a variety of reference groups. A reference group is a group of people with whom the individual looks to for association, information, and standards of behavior. These groups can be formed on many bases, including family, work, professional, religion, civic, educational, and recreational. These groups exert tremendous and widespread impact on consumer buying behavior. It is quite possible for reference groups to influence both the type of product purchased and the brand name selected.

The family usually is the most significant group for the consumer, exerting a stronger and more wide ranging influence on lifestyles and purchasing behavior than any other. Decision making in the family and the influence of a particular member in such decision depends on the product or service in question. Certain decisions are made individually by a particular member, while others are taken collectively. It varies according to the type of the product as well as the stage of the life cycle where the family fits. Newly married couples are found to take most of the decisions jointly. Patterns of consumption also change over the family life cycle. Singles, for example, will require different types of products than the newly married couples, and families with new born child will require certain types of products not required by the families having older children.

You will note that number of changes are taking place in the social structures having profound impacts on purchase/consumption decisions. Emancipation of women in urban Bangladesh for example, has created a new breed of customers free to decide what they want. As more mothers are involving in professions, the markets for disposable diapers, baby food, daycare centers are emerging here in urban Bangladesh. As more women are becoming careerist, they feel reluctant to breast feed their babies to keep their figures fit as well as to save time and avoid hassles creating a solid market for baby food.

- **Individual Factors and Their Influences on Buying/Consumption Decision:** The individual consumer variables are as equally important as the cultural and social forces on purchase/consumption decision. Every individual is a unique entity though he is a part of culture and different social groups. Thus, number of individual consumer variables come into action while the person contemplates a purchase decision.

Consumer decisions are influenced by his previous experiences that determine his learning. If you were dissatisfied with a particular brand, this experience will definitely shape your future decisions. In fact, aside from the instinctive needs, all needs are learned from past experiences and other individuals or groups, as well as the manners in which they seek to satisfy them. The learning theories suggest that marketers should increase the intensity of their stimuli including advertisements for learning to occur quickly.

Although consumers have many needs that are basically similar, they try to satisfy them in quite different ways, depending on how they perceive both their needs and the environment in which they operate. In fact, two people with identical needs may take different actions to fulfill them based on their perceptions of the situation. Since people perceive differently as well as selectively, stimuli that marketers give to markets should be different for different groups of people. The selectivity of perception suggests that advertisements and other stimuli

offered by marketers should be outstanding for ensuring perception of his target markets.

Since motives vary from person to person so their behaviors vary.

At the very center of a consumer's buying decision is his or her physiological and psychological/social motives. A motive is a force, which has been activated into a state of tension causing the individual to seek to satisfy a specific need. Since motives vary from person to person so their behaviors vary. Some are motivated by price where others are by quality, still others by features of the product and a wide range of other factors. If marketers conduct motivation research it may help them revealing hidden consumers' motives and the findings may be utilized to devise marketing strategies.

Personality of consumers is another individual factor determines behavior. Each consumer is unique in terms of his or her ambitiousness, conservatism/ liberalism, degree of extroversion, and so on. Collectively, these primary character traits comprise the individual personality. Personality pattern determines the type of product an individual will select and the style he will prefer. Why some people buy sports cars and why others do not even if they can afford? The simple answer is the differences in their personalities.

Marketing executive, without question, must be concerned with consumer attitudes. They are an individual's enduring favorable or unfavorable evaluations, emotional feelings, and action tendencies toward some object or idea. If attitudes toward the firm's goods are favorable, information about the particular product or service is more likely to be received and have positive impact on consumers. If, for example, you like a particular singer's style (having positive attitude toward him/her), you are likely to buy any new album released of that singer. If the attitudes are negative, that will also affect your decision, and it is very difficult to change attitude from a negative to a positive one.

In each buying decision, a consumer thus considers a unique set of social, cultural, and individual factors. They remain active throughout and interact with that of the marketer dominated activities through which they (marketers) try to influence people to buy their products. The purchase decisions are, thus, affected by this interaction as well as media and interpersonal communications.

## Self Evaluation

### Objective Questions

1. The decision process that the consumers undergo is shaped by –
  - a. Broad social or cultural forces
  - b. Close interactions with different people and organizations
  - c. The personal characteristics of the individuals
  - d. All of the above.
  
2. Cultural environment is the complex set of –
  - a. Values and ideas created by people to shape human behavior
  - b. Attitudes, and other meaningful symbols created by people to shape human behavior
  - c. Both a & b
  - d. None of the above.
  
3. Consumers are affected in their purchase decisions by –
  - a. Government
  - b. Their social class standing, reference group, and family
  - c. Other customers
  - d. None of the above.
  
4. Needs and motives, learning processes, perceptions, personalities, self concepts, and attitudes are –
  - a. Cultural factors
  - b. Social factors
  - c. Individual factors
  - d. Both a & b.
  
5. Consumer behavior has emerged as a legitimate field (academic) of study during –
  - a. 1960s
  - b. 1940s
  - c. Late 1970s
  - d. None of the above.
  
6. To satisfy customers better, one has to know –
  - a. What customers want and when they want
  - b. How they want products
  - c. The frequency with which they want different products
  - d. All of the above.
  
7. Which of the following is/are subject(s) from which consumer behavior borrows?
  - a. Sociology and anthropology
  - b. Social psychology and psychology
  - c. Economics and other related field

- d. All of the above.
- 8. The older or traditional theories of consumer behavior were developed based on –
  - a. The opinions or intuitions of marketers
  - b. The findings of economic theories
  - c. Both a & b
  - d. None of the above.
- 9. Economic principles suggest that most of the consumers behave purely based on –
  - a. Rationality or logic
  - b. The availability of products
  - c. Their religious background
  - d. All of the above.
- 10. The modern theories are –
  - a. Interdisciplinary in nature
  - b. Multidisciplinary in nature
  - c. Both a & b
  - d. None of the above.
- 11. Allport consumer behavior model basically shows the relationship of socio-cultural, social, and individual factors with -
  - a. That of the stimulus objects relating to products or services
  - b. Economic factors
  - c. Both a & b
  - d. None of the above.
- 12. Bangladeshi culture is characterized by –
  - a. Technological change
  - b. Insularity and tradition
  - c. Value shift
  - d. All of the above.

**Answers:**



1. d, 2. c, 3. b, 4. c, 5. a, 6. d, 7. d, 8. c, 9. a, 10. c, 11. a, 12. b.

**Descriptive Questions**

- 1. Briefly explain different perspective of buyer behavior. Examine the reasons of emergence of consumer behavior field.
- 2. Summarize different influences on buying behavior as shown in the Allport consumer behavior model.

## Lesson - 3: Marketing Applications of Consumer Behavior Theories and Knowledge

### Objectives of this lesson

After reading this lesson, you will be able to:

- Understand in general how the knowledge of consumer behavior help us
- Identify the micro-marketing applications of consumer behavior knowledge
- Explain the macro-marketing applications of consumer behavior theories and knowledge

### Introduction

You will find only few areas of social sciences, which are as diverse, complicated, socially significant, curiosity arising as the area of consumer behavior. You should know that studying consumer behavior involves an examination of day-to-day life activities of people. This involves both serious and minor social problems together with a variety of behaviors on the part of people and organizations. An adequate understanding of consumer behavior and its theories is essential for the prosperity of any marketing or even non-marketing enterprise, whether it is selling soap, a political candidate, or pursuing a social policy. Consumer behavior is a social activity. Improvements in our understanding of this area of social activity can lead to actions by public and private organizations, as well as by individual consumers, which will enhance the quality of consumption related behavior.



Consumer behavior is a social activity.

Consumer behavior knowledge and theories may be applied both by public and private agencies that undertake programs in response to the question, 'how should consumers buy?' Today, national and local legislation and regulations, and the programs of consumer interest groups, have taken on a prescriptive character, conforming to their respective notions of what consumers should do. Such knowledge can lead to both consumer protection efforts and to a better understanding of the impacts of these efforts have on consumers.

Consumer behavior knowledge and theories are also important from an intellectual standpoint. This discipline is a relatively unexplored field in the social sciences. But, this is an excellent context in which to develop and test theories from virtually every scientific area concerned with human behavior.

It is now evident that the study of consumer behavior has a lot of potential for application to real world problem solution - both micro and macro marketing problems. Successful marketing decisions by commercial firms,

nonprofit organizations, and regulatory agencies require extensive information on consumer behavior. The researchers in other disciplines of social sciences may also be benefited from the knowledge of consumer behavior.

### **Application of Consumer Behavior Theories in Solving Micro-Marketing Problems:**

The micro marketing problems are those directly related to the job of marketing managers. A marketing manager needs to manage marketing operations effectively, he needs to undertake research work to identify/reveal different hidden motives of his customers, and also to take a number of creative decisions. He, therefore, faces (a) managerial, (b)research oriented, as well as (c) creative problems in doing his job. These are directly related to his basic activities, and they are discussed as micro-marketing areas. Marketing managers, therefore, face three micro-marketing problems, and he may apply consumer behavior knowledge and theories in solving these micro marketing problems. In the following section we shall discuss how the knowledge of consumer behavior theories may be applied in managerial, research oriented, and creative problems (micro-marketing problems) faced by marketers.

Societies are changing very rapidly.

- **Application of Consumer Behavior Theories in Solving Managerial Problems:** Societies are changing very rapidly. With such changes, expectations, desires, and needs of people are also changing keeping pace with the social and technological changes. Whatever you produce and sell well today, may not be desired tomorrow even by the same group of people. Needs change everyday. How one anticipates the changes and react to them determine his success in the marketplace. Marketers face real challenge in this area. As customers are getting more educated and affluent, they are becoming more aware, demanding, and skeptical of advertising claims. This has created a new class of customers who should be dealt with and managed differently. The affluence of consumers also creates demand for different and new types of products. A marketer who can anticipate these changes well ahead of his competitors succeeds in the face of acute competition. In the urban areas of our country, for example, increased education and affluence of people have created demand for sliced bread, prepackaged, and instant products and the product like apartments. Increased health consciousness of the present generation has created demand for mineral water, which our previous generation could not even think. Marketers, who anticipated these, came up with such products before others and got the most benefit out of the exploitation of the opportunity. But question remains, 'how do you anticipate new markets?' The answer lies in the knowledge that you acquire about consumer behavior theories. Consumer behavior theory provides the manager with proper question to ask and the proper solution to take. It is impossible to be an effective marketing manager over the long run without a usable understanding of consumer behavior.

It is impossible to be an effective marketing manager over the long run without a usable understanding of consumer behavior.



- **Application of Consumer Behavior Theories in Solving Research Oriented Problems:** Consumer research is an indispensable input to marketing decisions. It is impossible for a particular company's product to meet the demand of all consumers in a particular product category. Since consumers vary in many dimensions they need products with different features. How do marketers know these variations and what they should do knowing them? Marketers face a lot of problems in knowing the answers to these questions. Research in consumer behavior can reveal the differences among consumers and helps marketers segmenting markets and offering different types of products that best suit the differences. Consumer research can also provide the clues for turning a product failure into a success. Marketers need to conduct continuous research on consumers. A knowledge on consumer behavior and the theories explaining those behaviors can help marketers significantly in carrying out research in its true perspective.

Consumer research is an indispensable input to marketing decisions.

- **Application of Consumer Behavior Theories in Solving Creative Problems:** This is the age of extreme competition. Everyone tries to satisfy his customers better than his competitors do. Excelling competitors can guarantee your long-term existence. To excel competitors, you need to pursue your activities based on strategies. What strategy means in this regard? Strategy is a plan or scheme for deceiving an opponent. Contemporary marketers need to move strategically in every aspect of marketing operation to combat competitors successfully. And the areas range from product development to pricing, to promotion, and distribution. Why a marketer needs to formulate strategies and pursue his activities based on those strategies? The reasons are numerous. *First*, marketplace is flooded with products. If you want your product to be recognized from among the numerous products, you must present it quite differently for the product to be recognized. How do you do that? By strategically positioning your product in the minds of present and potential customers.

Strategy is a plan or scheme for deceiving an opponent.

*Second*, majority of the products available in the marketplace are indeed similar. The only difference may be the brand name or the difference in packaging. For your brand to take a place in the minds of the buyers it should be presented outstandingly. If you fail to do this, customers may buy your competitors' brands. Paracetamol, for example, is a generic product. Different brands of paracetamol contain same ingredients and probably they are equally effective. But, why paracetamol of certain companies sell well. The reason is that they are successful in giving consumers/prescribes the idea that theirs are better. This is also done through strategic move.

*Third*, the development of mass media has made it possible for every company to transmit its message to the consumers, resulting in commercial clutter. Remember, how many advertisements/

commercials you see spending one hour time in front of a television set. Also remember how many of them you can recall. You can probably only recall those advertisements that seemed creative or outstanding to you. An individual is continuously bombarded with numerous advertisements by different media. He attends to only those that are able to attract his notice. Advertising materials, therefore, should be very creative and outstandingly prepared in order for the audience to remember and recall them. If you have a knowledge of consumer behavior and the theories that explain their behaviors, you will be able to decide how to prepare your message for consumers to discriminate it from other messages given by your competitors.

Products should be priced in a way that is considered attractive to customers as well as affordable to them.

Marketers also suffer from the pricing problems. Products should be priced in a way that is considered attractive to customers as well as affordable to them. Prices should also be set considering the prices of competitors. Here again you need to be creative. Understanding consumers' profile helps you to set appropriate prices and this can be done effectively using consumer behavior knowledge and theories.

To minimize the risk of faulty distribution decision you also need the knowledge of consumer behavior theories and their applications. Products should be available to locations where consumers want them. This is a serious problem for marketers to set and maintain proper distribution network. This problem can again be minimized to a great extent by the application of consumer behavior knowledge any by researching the minds of your consumers.

### **Application of Consumer Behavior Theories in Solving Macro-Marketing Problems:**

In addition to the use in solving micro-marketing problems, consumer behavior knowledge and theories may also be applied in other areas known as macro marketing areas. Nonprofit marketers, public policy makers, economic planners, and researchers in other areas of social sciences may also be benefited through the use of consumer behavior knowledge, new findings in this field, as well as the theories. The discussion here may be taken under the following headings:

- **Application of Consumer Behavior Theories by Nonprofit Marketers:** Nonprofit organizations such as charities, religious organizations, relief and welfare agencies, museums, and various public services are adopting marketing concepts for better performance of their activities. Such organizations deal with two types of markets viz. service users and financiers. They need to keep both of the markets happy. Proper knowledge of consumer behavior provides them with useful clues for formulating strategies appropriate for each group.

- **Application of Consumer Behavior Theories in Public Policy Decisions:** To curb abuse in the form of outright deception of consumers by marketers, government agencies undertake regulatory decisions in many countries. Consumers are deceived through imitated products, deceptive advertising, and in many other forms. Moreover certain marketing activities are causing threats to the environment. The chemical waste, littering of non-biodegradable containers, production and marketing of certain unethical products should not be allowed to continue for long. Governments have taken and are taking activist roles against such acts for the sake of consumers. Consumers are potential beneficiaries of different public policies. But, before taking actions against such activities the minds of the consumers must be well researched. Whether they favor these actions of government regulatory agencies or not should be known for the actions to sustain. Otherwise they will go in vain. Government of Bangladesh, for example, may decide to put an embargo on the production of polythene bags considering their impacts on the environment. And this is taken to protect consumers from environmental hazards. But what happens if consumers do not favor such an act of the government. It is therefore, imperative for the public policy planners to know the behavioral patterns of the consumers before any action to take and implement. The knowledge of consumer behavior, thus may help public policy makers to understand the minds of people and their reaction patterns against different public policies.
- **Application of Consumer Behavior Theories in Other Disciplines of Social Sciences as well as Their General Application:** From an intellectual standpoint even, the knowledge of consumer behavior and its theories are important. Consumer behavior, we know, is a relatively unexplored field. But, it is an excellent context in which to develop and test theories from virtually every scientific area concerned with the behavior of human. The anthropologists, sociologists, psychologists, economists, political scientists, and geographers may also take help from consumer behavior theories to perform their jobs better. Since they deal with human being they should understand their behaviors properly, and theories of consumer behavior may help them immensely in this regard. Therefore, consumer behavior has a great potential for those engaged in marketing profession as well as in other professions, to contribute to the general inventory of knowledge about the behavior of human being.

**Activity:**

Look through recent copies of a magazine and report on few applications of consumer behavior knowledge to marketing decisions.



## Self Evaluation

### Objective Questions

1. You will find only few areas of social sciences, which are as diverse, complicated, socially significant, curiosity arising as –
  - a. The area of computer science
  - b. The area of consumer behavior
  - c. The area of psychology
  - d. None of the above.
  
2. Consumer behavior involves an examination of –
  - a. Day-to-day life activities of people
  - b. Pre-purchase activities of people
  - c. Motivation of people
  - d. Both b & c.
  
3. An adequate understanding of consumer behavior and its theories is essential for the prosperity of –
  - a. Government organizations
  - b. Nonprofit organizations
  - c. Marketing enterprise
  - d. All of the above.
  
4. Consumer behavior knowledge and theories may be applied to undertake programs in response to the question –
  - a. 'How should consumers buy?'
  - b. 'Where consumers live?'
  - c. 'Where marketing activities should be carried on?'
  - d. None of the above.
  
5. Today, national and local legislation and regulations, and the programs of consumer interest groups, have taken on a -prescriptive character –
  - a. Preventive character
  - b. Prescriptive character
  - c. Both a & b
  - d. None of the above.
  
6. Consumer behavior knowledge can lead to –
  - a. Consumer protection efforts
  - b. A better understanding of the impacts of marketing efforts have on consumers
  - c. Both a & b
  - d. None of the above.

7. A marketing manager faces –
  - a. Managerial problems in doing his job
  - b. Research oriented problems in doing his job
  - c. Creative problems in doing his job
  - d. All of the above.
  
8. Marketing managers face –
  - a. Three micro-marketing problems
  - b. Four micro-marketing problems
  - c. Two micro-marketing problems
  - d. Many micro-marketing problems.
  
9. As customers are getting more educated and affluent, they are becoming –
  - a. More aware
  - b. More demanding
  - c. More skeptical of advertising claims
  - d. All of the above.
  
10. Research in consumer behavior can reveal –
  - a. The differences among consumers
  - b. Helps marketers segmenting markets
  - c. Both a & b
  - d. None of the above.
  
11. Contemporary marketers need to move strategically in every aspect of marketing operation range from –
  - a. Product development to pricing, to promotion, and distribution
  - b. Product development to financing, to promotion, and distribution
  - c. Both a & b
  - d. None of the above.
  
12. Nonprofit organizations deal with two types of markets viz –
  - a. Service users and financiers
  - b. Service users and service providers
  - c. Service users and management
  - d. None of the above.

**Answers:**

1. b, 2. a, 3. d, 4. a, 5. b, 6. c, 7. d, 8. a, 9. d, 10. c, 11. a. 12. a.

**Descriptive Questions**

1. Describe the use of consumer behavior knowledge in solving micro-marketing problems with examples.



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2. Summarize the uses of consumer behavior knowledge in different areas.