

## CHAPTER 3

### CONSUMER BEHAVIOR

**Consumer behavior is the study of when, why, how, and where people do or do not buy a product.**

It blends elements from psychology, sociology, and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer.

#### CONSUMER BEHAVIOR MODEL

The black box model shows the interaction of stimuli, consumer characteristics, and decision process and consumer responses.

### **BLACK BOX MODEL**

<b>ENVIRONMENTAL FACTORS</b>		<b>BUYER'S BLACK BOX</b>		<b>BUYER'S RESPONSE</b>
<b>Marketing Stimuli</b>	<b>Environmental Stimuli</b>	<b>Buyer Characteristics</b>	<b>Decision Process</b>	
Product Price Place Promotion	Economic Technological Political Cultural Demographic Natural	Attitudes Motivation Perceptions Personality Lifestyle Knowledge	Problem recognition Information search Alternative evaluation Purchase decision Post-purchase behavior	Product choice Brand choice Dealer choice Purchase timing Purchase amount

The essence of the model is that it suggests consumers will respond in particular ways to different stimuli after they have 'processed' those stimuli in their minds. In more detail, the model suggests that factors external to the consumer will act as a stimulus for behavior, but that the consumer's personal characteristics and decision-making process will interact with the stimulus before a particular behavioral response is generated.

It is called the 'black box' model because we still know so little about how the human mind works. We cannot see what goes on in the mind and we don't really *know* much about what goes on in there, so it's like a black box. As far as consumer behavior goes, we know enough to be able to identify major internal influences and the major steps in the decision-making process which consumers use, but we don't really know how consumers transform all these data, together with the stimuli, to generate particular responses.

## **FACTORS AFFECTING CONSUMER BEHAVIOR**

### **1. CULTURAL FACTORS**

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

- **Culture**

Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

- **Subculture**

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

- **Social Class**

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

### **2. SOCIAL FACTORS**

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

- **Reference Groups**

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

- **Family**

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

- **Roles and Status**

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

### **3. PERSONAL FACTORS**

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

- **Age**

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

- **Occupation**

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

- **Economic Situation**

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

- **Lifestyle**

Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

- **Personality**

Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

### **4. PSYCHOLOGICAL FACTORS**

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

- **Motivation**

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

- **Perception**

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

- **Beliefs and Attitudes**

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.