
UNIT 8 DETERMINANTS OF CONSUMER BEHAVIOUR

Objectives

The objectives of this unit are to:

- define what is meant by consumer behaviour
- understand its role and importance for a marketer
- identify the major factors that influence a consumer's purchase decision and behaviour
- study each of the major influencing factors in detail to be able to understand how it affects consumer behaviour

Structure

- 8.1 Introduction
- 8.2 Importance of Consumer Behaviour for Marketers
- 8.3 Types of Consumers
- 8.4 Buyer versus User
- 8.5 A Model of Consumer Behaviour
- 8.6 Factors influencing Consumer Behaviour
- 8.7 Psychological Factors
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8.1 INTRODUCTION

One thing that we have in common is that we are all consumers. In fact, everybody in this world is a consumer. Everyday of our life we are buying and consuming an incredible variety of goods and services. However, we all have different tastes, likes - and dislikes and adopt different behaviour patterns while making purchase decisions. You may prefer to use Colgate toothpaste, Cinthol toilet soap and Halo shampoo while your spouse may prefer Neem toothpaste, Lux soap and Shikakai shampoo. Similarly, you may have a certain set of preferences in food, clothing, books, magazines, recreational activities, forms of savings and the stores from where you prefer to shop, which may be different not only from those of your spouse but also your

friends, neighbours and colleagues. Each consumer is unique and this uniqueness is reflected in the consumption behaviour and pattern and process of purchase. The study of consumer behaviour provides us with reasons why consumers differ from one another in buying and using products and services.

'What' products and services do we buy, 'why' do we buy, 'how often' do we buy, from 'where' do we buy, 'how' do we buy, etc. are the issues which are dealt with in the discipline of consumer behaviour. Consumer behaviour can be defined as those acts of individuals (consumers) directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts.

In this and the next two units we shall discuss some of the basic issues of consumer behaviour. In this unit we shall outline the major influences which shape an individual's consumer behaviour and preferences. The specific process of decision-making involved in consumer behaviour is discussed in the next unit. Important parameters relating to the Indian consumer market are discussed in Unit 10.



8.2 IMPORTANCE OF CONSUMER BEHAVIOUR FOR MARKETERS

Consumer behaviour is helpful in understanding the purchase behaviour and preferences of different consumers. As consumers, we differ in terms of our sex, age, education, occupation, income, family set-up, religion, nationality and social status. Because of these different background factors we have different needs and we only buy those products and services which we think will satisfy our needs. In marketing terminology, specific types or group of consumers buying different products (or variation of the same basic product) represent different market segments.

To successfully market to different market segments, the marketing manager needs appropriate marketing strategies which he can design only when he understands the factors which account for these differences in consumer behaviour and tastes.

In today's world of rapidly changing technology, consumer tastes are also characterised by fast changes. To survive in the market, a firm has to be constantly innovating and understand the latest consumer trends and tastes. Consumer behaviour provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore. For example, let us consider the advent of colour television in India. When we switched over from black and white transmission to colour transmission in the early eighties, the consumers exhibited a desire to purchase colour TV for closer-to-life picture viewing.

Consumer behaviour is a process, and purchase forms one part of this process. There are various endogenous psychological and exogenous environmental factors which influence this process. All these factors and the type of influence which they exert on an individual's consumption behaviour can be understood and analysed. Moreover, some of these factors can be further influenced by specific elements of the marketing strategy, so that the consumer behaviour process results in a definite purchase decision. To the extent that the marketer can understand and manipulate the influencing factors, he can predict the behaviour of consumers. Though prediction can never be absolutely accurate, it certainly reduces the risk associated with different marketing strategies. Thus, the importance of consumer behaviour lies in the fact that behaviour can be understood and influenced to ensure a positive purchase decision. The marketing manager's interest lies exactly here i.e. to ensure that his marketing strategy results in purchase of the product.

Activity 1

To get a preliminary idea about the study and applications of consumer behaviour complete the following table in terms of your own purchase behaviour. What are

a) your reasons for purchasing following products and services?

- i) Groceries
- ii) Soft Drink
- iii) Television
- iv) Hair Service
- v) Leather Shoes :

b) Which brand do you normally purchase?

- i) Groceries
- ii) Soft Drink
- iii) Television
- iv) Hair Service
- v) Leather Shoes

c) How often/how much do you buy at a time?

- i) Groceries
- ii) Soft Drink
- iii) Television
- iv) Hair Service
- v) Leather Shoes



d) From where do you usually purchase? (Type of retail outlet)

- i) Groceries
- ii) Soft Drink
- iii) Television
- iv) Hair Service
- v) Leather Shoes

e) Conduct a similar exercise for one of your close friends and compare is/her purchase behaviour with your own. Are there any differences? Identify the reasons for these differences.

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8.3 TYPES-OF-CONSUMERS

All consumers can be classified into two types -personal and organisational. When you buy a shirt for your own use - you are buying in your capacity as a personal consumer. However, when you are buying a computer for use in office you are making the purchase in your capacity as an organisational consumer. Whenever you buy goods and services for your own or for family use, you are a representative of a personal consumer. All individuals thus fall in the category of personal consumer. All business firms, government agencies and bodies, non-business organisations such as hospitals, temples, trusts are organisational consumers of goods and services purchased for running the organisation. In this unit our focus is on the personal consumer and factors influencing his/her behaviour.

8.4 BUYER VERSUS USER

Often the person who purchases the product is not the person who actually consumes or uses the product. A mother buys toys and clothes for consumption by her young children. The mother is the buyer but the actual consumers are the children. A car is purchased by the husband or the wife but is used by all the members of the family. Thus, in the family context, you may either have the situation where the buyer is distinct from the consumer or the buyer is only one of the many consumers. The question that arises is: Who should be the subject of study in consumer behaviour? Should we study the buyer or the consumer. To overcome this problem, in many instances it is the household or the family and not the individual who is considered the subject of the study.

However, a person involved in marketing, should have a very sharply defined focus for marketing strategy, especially promotional strategy. You must identify the best prospect for your products-whether it is the buyer or the user. But even when the



consumer is distinct from the buyer, the consumer's likes and dislikes, taste, etc. influence the buyer's decision to purchase a specific product or brand. Thus many companies play it safe and focus their promotion at both the user and the buyer. Consider the promotional message of Maggi noodles and Rasna Soft drink concentrate: the taste and fun aspects of both these products are meant to appeal to the children who are the major consumers, while, the convenience (in case of noodles). and economy (in case of Rasna) are meant to appeal to the mothers who are the buyers.

Activity 2

- a) Identify which of the members within your own family are likely to be the buyers and users for the following products:

Product	Buyer	User
Shoe Polish
Air Cooler
Toilet is soap
Scooter/moped
News paper
Daily Consumption
Vegetables

- b) In the above analysis, which of your family member plays the buyer role most of the times? Can you identify the reasons?

8.5 A MODEL OF CONSUMER BEHAVIOUR

A consumer's decision to purchase a particular product or service is the result of complex interplay of a number of variables. The starting point for the decision process is provided by the company's marketing stimuli in the shape of product, promotion, price and distribution strategy.

The marketing stimuli are received by the potential consumer along with the other stimuli already existing in the environment. These stimuli may be social, economic, cultural, technological and political in nature. At the point of receiving the marketing stimuli, the consumer already has a certain mental, emotional and psychological frame of mind developed over the years by his cultural, religious, social, family and psychological background. However, most of these factors (or buyer characteristics) exert their influence at the sub-conscious level so that the consumer is not really aware of their existence or working.

When a stimulus is received, the consumer goes through an elaborate process of : decision-making in terms of receiving, retaining, interpreting and evaluating the stimuli according to his own framework. Depending on the nature of product being purchased, this process may work at the sub-conscious level or it may be overt, the time taken to make the decision may vary from a few seconds to a few days or months. The buyer characteristics and buyer decision-making process in conjunction with marketing stimuli lead to a decision to either buy the product or not to buy.

For instance, you are on your way home from office after a hot, long, tiring day. On the way you see a hoarding for a cola drink which promises to be cool, refreshing and tasteful. This hoarding provides you a stimulus to stop at the nearest cold drink shop and drink a cola. All three brands (Thums Up,Pepsi & Fanta) are available at the shop at a certain price. You can recall some association with each of the three brands from the advertisements you have seen on TV, hoardings and magazines. You buy a particular brand of cola and consume it. The initial stimulus for this purchase and consumption was provided by the hoarding. This was further backed up by other stimub such as product display in the shop, watching other consumers buy a particular brand,



any point-of-purchase promotion material, earlier satisfaction with a given brand etc. Your response to these stimuli results in a purchase of a particular brand. In between, the process of receiving these stimuli and responding to them, you went through a decision-making process. The stimuli, the process of decision-making and response constitute a simple model of consumer behaviour as shown in Figure I.

Figure I
A Simple Model of Consumer Behaviour

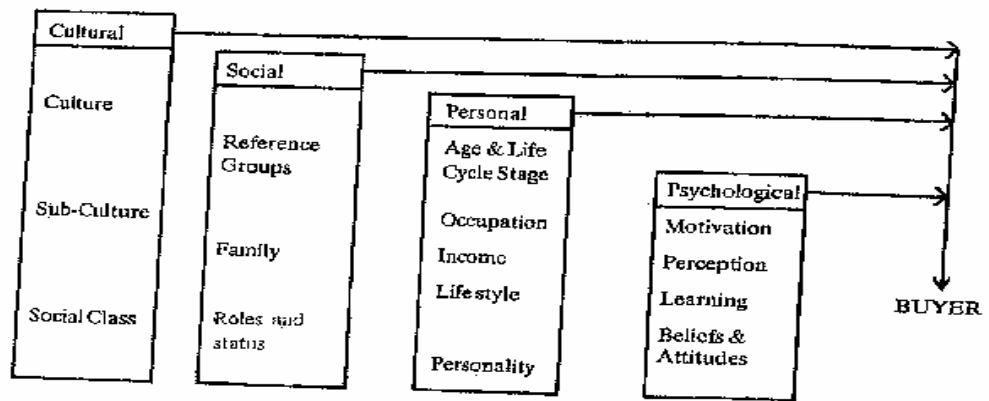
'Input	EXTERNAL INFLUENCES	
	Marketing Stimuli	Other Stimuli
	Product	Economic
	Price	Technological
	Promotion	Political
	Channel of distribution	Social
Process	CONSUMER DECISION MAKING	
	Buyer Characteristics	Buyer Decision
	Psychological	Process
	Personal and	
	Cultural characteristics	
Output	CONSUMER DECISIONS AND ACTIONS	
	Product choice	
	Brand choice	
	Dealer choice	
	Purchase timing	
	Purchase amount	

8.6 FACTORS INFLUENCING CONSUMER BEHAVIOUR

Consumer behaviour is affected by a host of variables, ranging from personal motivations, needs, attitudes and values, personality characteristics, socio-economic and cultural background, age, sex, professional status to social influences of various kinds exerted by family, friends, colleagues and society as a whole. The combinations of these various factors produce a different impact on each one of us as manifested in our different behaviour as consumers. You may think that the best way of utilising your annual saving is to have a holiday, but your wife thinks it is wisest to invest in a house, while your colleague considers buying shares as the best way of spending savings. Thus you would find that each person has his or her own standards of judgments and distinct behaviour in every aspect of his role as a consumer. But at the same time, underlying the individual differences are similarities which help explain behaviour of specific types or groups of people. It is these similarities which make it possible for us to classify and analyse the behaviour of individual consumers.

Psychological factors such as individual consumer needs and motivations, perceptions, attitudes, the learning process and personality characteristics are the similarities which operate across different types of people and influence their behaviour. Amongst the social influences affecting behaviour, we can classify the influences of family, friends, leaders and the social class to which the 'consumer belongs. Figure II exhibits a detailed model of factors influencing consumer behaviour. We shall discuss these factors one by one and see how they influence the individual's behaviour as a consumer.

Figure II
Detailed Model of Factors influencing Consumer Behaviour



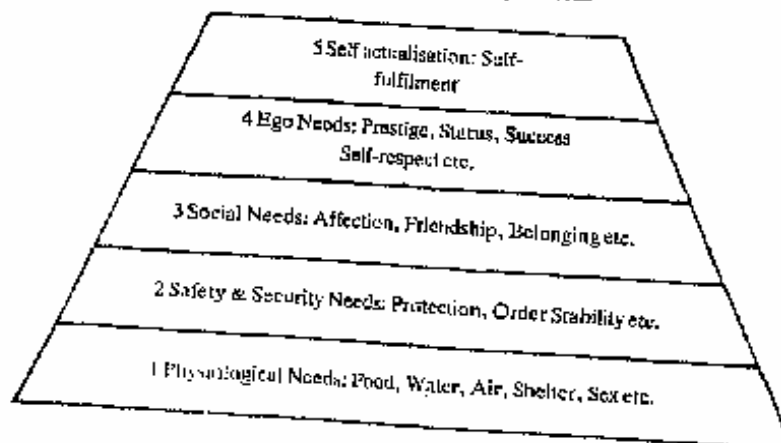
8.7 PSYCHOLOGICAL FACTORS.

Consumer Needs and Motivations

We all have needs and we consume different goods and services with the expectation that they will help fulfil these needs. When a need is sufficiently pressing, it directs the person to seek its satisfaction. It is known as motive. All our needs can be classified into two categories—primary and secondary. Primary needs or motives are the physiological needs which we are born with, such as the need for air, water, food, clothing, shelter and sex. The secondary needs are our acquired needs which we have developed in response to the society and environment in which we live. The secondary needs are the result of the individuals' psychological make-up and his relationship with other members of the society. The secondary needs may include the need for power, prestige, esteem, affection, learning, status etc. Clothing is a primary need for all of us; but the need for three piece tweed suit, or benaras brocade saree or silk kimono are expressions of our acquired needs. The man wearing a three piece tweed suit may be seeking to fulfil his status need or his ego need by impressing his friends and family:

All human needs can be classified into five hierarchical categories and this hierarchy is universally applicable (Fig.III). The theory of hierarchy of needs was propounded by Abraham Maslow. According to Maslow's hierarchy all needs can be ranked in order of importance from the low biological needs to the higher level psychological needs. Each level of unfulfilled need motivates the individual's behaviour, and as each successive level of need is fulfilled people keep moving on to the next higher level of need. In figure III the different levels of needs have been depicted as being water tight compartments, but in reality there is always overlap amongst the different levels of needs, since no need is ever totally satisfied. There is always scope for further fulfilment.

Figure III: Maslow's Hierarchy of Needs





Maslow's hierarchy-of human needs helps us understand consumer motivations. It's useful for the marketer who can identify what generic level need his product is capable of fulfilling and accordingly position his product and back it up with relevant marketing inputs. Products such as food and Clothing are bought to fulfil physiological needs; insurance, burglar alarms, security services are purchased because they fulfil safety needs; most personal care products such as soap, toothpaste, shaving cream, perfume are bought primarily because they serve social needs, And luxury products such as jewellery, expensive clothing, fancy house and cars are bought mainly to serve ego and self-actualisation needs. The same product can be sold to entirely distinct customer segments provided the marketer can correctly identify the need which the product is fulfilling. For instance, a bicycle may be bought by different customer segments for entirely different reasons. One segment may buy to use it as a means of commuting. For another segment, a bicycle serves a recreational/leisure need while for a third segment, it fulfils the need of a health aid. Still another customer segment buys a bicycle for converting into a rickshaw or bicycle cart for selling fruits, vegetables etc. A bicycle is also purchased for use in competitive sport.

Perception

The second major psychological factor that influences consumer behaviour is perception. Perception can be described as "how we see the world around us". All the time we are receiving messages through our five Sense organs viz., eyes, ears, nose, mouth and skin. The different sights, sounds, smells, tastes and sensations that we feel are known as stimuli. Each person recognises, selects, organises and interprets these stimuli in his own individual manner based on his needs, values and expectations and this is known as perception. Since each individual's needs, motives and expectations are unique therefore each individual's perception is unique.

Perception helps to explain the phenomenon of why different individuals respond differently to the same stimulus under the same condition. As a marketing manager, you are providing stimulus to your consumers through the physical shape, colour, size, fragrance, feel, taste of your product, its package, advertisements and commercials. Your interest is to understand why and what different types of perceptions are associated with each of the stimuli so that you can highlight that particular stimulus or combination of stimuli which evokes the most favourable perception in the maximum number of consumers. For example, generally consumers tend to perceive the quality of perfumes on the basis of package, brand name, price and manufacturer's image.

Every day, every hour of our life we are being bombarded with a variety of stimuli. If we were to analyse and interpret each one of these stimuli, it may drive us crazy. But we all have an in-built screening system which helps us to 'select' and 'recognise' only the relevant stimuli and ignore all the others. As a person involved in marketing, you would like to ensure that the stimuli which you are providing are not ignored by the consumers, but rather they are recognised, interpreted and retained in the consumer memory. In this context, there are three aspects of perception which are of immediate interest to the marketer. These are selective exposure, selective distortion and selective retention.

Selective exposure: You must have noticed that when you are on the look-out for purchasing a specific product, be it camera, refrigerator, television or any other high value product or service, you suddenly seem to notice more than the usual number of advertisements pertaining to that specific product. This is because of your selective exposure. People are more likely to notice stimuli which relate to their immediate needs. For the marketer, the implication is that he has to carefully and accurately identify his potential customers since other customers are not at all likely to notice the stimuli. Having identified the potential customers, the marketer has to ensure that the stimuli are interesting enough to attract and hold their attention.

Selective Distortion: Let us suppose you have decided to purchase a specific brand 'A' of pressure cooker. Since you have already made your decision you would seek only that information which reinforces the correctness of your decision.

If you hear some positive remarks made about brand 'B' you would tend to find some shortcoming or flaw in that brand so that you do not feel that you have made a wrong



decision by buying brand 'A'. When you attempt to fit information to suit your own ideas or personal meaning, the process is known as selective distortion. Thus, a marketer may find that his message is often not received in the intended manner but it is twisted in different ways by different consumers.

Selective Retention: People forget much of the stimuli which they receive and only retain that information which reinforces their values and decision. You are more likely to remember the positive features of brand 'A' pressure cooker since they help reassure you that the decision which you had made was correct.

Activity 3

What do you think are -the bases for perceiving quality *in* the following products/services?

- i) Green Vegetables
- ii) Shirting Material
- iii) Restaurant
- iv) Coffee Powder
- v) A pair of shoes
- vi) Transistor Radio.....
- vii) Toys for Young Children.....
- viii) Bus Service
- ix) Bank.....
- x) Detergent Powder
- xi) Electric Toaster.....
- xii) Crockery.....
- xiii) Stainless Steel Utensils
- xiv) Medical Doctor.....

Learning

A new born infant's sucking at the feeding bottle is instinctive behaviour, but a five-year old clamouring for chocolate or chewing gum is the result of learned behaviour. Much of an adult's human behaviour is learned behaviour.

This is a very significant fact for marketers, because it implies that consumers can be made to learn the desired behaviour through an interplay of motives, stimuli, cues, responses and reinforcements. A housewife has the need for cutting down the time she spends for cooking *in* the kitchen. When this need is strong enough to propel her to take action it becomes a motive. The motive is directed towards the stimulus object - a pressure cooker. The stimuli are the various advertisements about the product which she sees and hears. Cues are minor stimuli that determine when, where and how the housewife responds. Positive feedback about pressure cooker from a friend, seeing it on display in a show-window, a special introductory price offer are all examples of cues which influence a housewife's response to the motive for buying a pressure cooker. Suppose the housewife buys the pressure cooker and is satisfied with its performance, then the chances are that she would like to use it as often as possible, and in the future may buy another one. The housewife's response to pressure cookers has been reinforced.

At some later stage, the same housewife wants to buy an electric oven. Since she has had a positive experience with brand 'A' pressure cooker, she may infer that the company manufacturing brand 'A' also makes good electric ovens and choose it over other brands. This is known as 'generalisation' of response.



Learning refers to the skill and knowledge gained from past experience which we apply to evaluate future decisions and situations. A marketer can build up demand for his brand by associating it with strong motives, using the appropriate stimuli and cues and providing positive reinforcement, thus making the consumer 'learn' that the brand is good and worth patronising.

Beliefs and Attitudes

A belief is a descriptive thought that a person has about something. A person may believe that a certain cooking oil 'X' has the lowest fat content and is best for health. This belief may be based on some real facts or it may merely be a notion or opinion that the person has. The belief that the customer has about a brand is important because it determines his behaviour towards buying and using it. The beliefs constitute the brand image, and if the customer has the wrong beliefs he is likely to generate a negative image about the brand. The marketer must ensure that consumers have all relevant and correct information about the brand to facilitate formation of a positive brand image.

Attitude is a person's enduring feeling, evaluation and tendency towards a particular idea or object. Starting from childhood, attitudes develop over the time with each fresh knowledge input, experience and influence. Attitudes get settled into specific patterns and are difficult to change. It is easier to market a product which fits in well with the existing patterns of attitudes rather than change the attitudes to fit a new product concept.

Activity 4

a) A company is planning to introduce an anti dandruff shampoo in the Indian market. As a marketing consultant to this company, what motivational, perceptual and attitudinal characteristics will you consider for devising the four P's for this product.

i) Product

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ii) Price

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iii) Promotion

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iv) Place (Distribution)

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v) Kindly repeat this activity for a service such as dry-cleaning

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8.8 PERSONAL FACTORS

A consumer's purchase decisions are also affected by his personal characteristics such as age, sex, stage in family life-cycle, education, occupation, income, life-style, his overall personality and overall self-concept. We shall now discuss some of the influences.

Demographic factors and life-cycle stage

The first factor influencing a buyer's decision is his age. The need for different products and services changes with age. Babies and children have special needs for products such as milk powder, baby foods and toys. Young adults need clothes, recreational and educational facilities, transportation and a host of other age and fashion related consumption needs.

There are certain physiological differences between men and women which result in their having different consumption needs. Women need specialised medical facilities for pregnancy and delivery. Their requirement of clothes and cosmetics is different from that of men. Each gender thus has its own need for specific products and services.

Consumption behaviour is also influenced by the specific stage of the family life cycle. Table 1 lists nine stages in the family cycle and the predominant buying pattern associated with each. This family life cycle may be applicable in India only in the urban upper middle classes.

Table 1
Traditional Family Life-Cycle and Buying Pattern

<i>Stage in Family Life-Cycle</i>	<i>Buying or Behaviour Pattern</i>
Single Stage Young, unmarried people living away from home	- Few financial burdens. Spend on rent, food, very basic kitchen equipment and furniture, recreation and leisure time accessories such as stereo systems.
Young Newly married: No children	- Better off financially than they will be in near future, wife is usually working, Highest purchase rate. Spend on furniture, durables such as refrigerators, gas stoves, vacations etc.
Full Nest I: Youngest Child under 6	- Spend maximum on home purchases. Interested in new products and influenced by advertising. Buy TV, baby foods, cough medications, toys such as tricycle.
Full Nest II: Youngest Child over 6	- Some wives return to work. Better financial position, less influenced by advertising. Buy large sized packages, various kinds of foods, bicycles, education, house purchasing.
Full Nest III: Old married couples with dependant children	- Financial position still better. Spend on education, more tasteful furniture, cars, non-necessary appliances etc.
Empty Nest I: Older married couples, no children living at home, household head still working.	- Spend on travel, recreation, self-improvement, home-improvement, health care.
Empty Nest II: Older married, no children at home, head retired	- Drastic reduction in income. Buy medical appliances and medi-care products which aid good health.
Solitary Survivor: In Labour force	- Likely to sell home, but income still good.
Solitary Survivor: Retired	- Reduced income, spend on medical products

Source: Adapted from William D. Wells and George Gubar, "Life-Cycle Concept in Marketing Research," *Journal of Marketing Research*, November 1966.



Education and Occupation

Education widens a person's horizons, refines his tastes and makes his outlook more cosmopolitan. An educated person, as compared to somebody less educated, is more likely to consume educational facilities, books, - magazines and other knowledge oriented products and services. For instance, in India, we find that educated families are more inclined towards adopting family planning than families which have no educational background.

The occupation also shapes the consumption needs. People following specialised occupations such as photography, music, dance, carpentry, etc. need special tools and equipment. But, apart from this specific need, the status and role of a person within an organisation affects his consumption behaviour. Chief executives would buy three-piece suits of the best fabric., hand made leather briefcase and use services of airlines and five star hotels. A junior manager or blue collar worker in the same organisation may also buy a three-piece suit but he compromises on quality.

Income

The income which a person earns is an extremely important influence on his consumption behaviour. He may aspire to buy certain goods and services but his income may become a constraint. Income in this context really refers to the income available for spending (i.e. income after tax, provident fund and other statutory deductions). The person's attitude towards spending versus saving and his borrowing power are also important influencing factors. Small size packaging in sachets for products such as tea, shampoo, toothpaste are meant for the lower income customers who cannot afford a one time large outlay of money on such products.

Products which are considered luxuries are more income sensitive than products which fall in the category of necessities. If you are marketing a luxury product you must keep a close watch on income and saving trends to avoid decrease in sales resulting from recession. To avoid sales decline you may need to re-position the product, change the marketing mix or both.

Personality

Personality is sum total of an individual's psychological traits, characteristics, motives, habits, attitudes, beliefs and outlooks. Personality is the very essence of individual differences. In consumer behaviour, personality is defined as those inner psychological characteristics that both determine and reflect how a person responds to his environmental stimuli. Personality is enduring and ensures that a person's responses are consistent over time.

There has been a great deal of research into the concept of personality with the objective of predicting consumer behaviour, in terms of product and brand choice. The assumption in all personality related research has been that different types of personalities can be classified and each type responds differently to the same stimuli, and personality can be used to identify and predict that response. In case of products such as cigarettes, beer and cars, personality has been used to segment the market. The runaway success of 'Charms' cigarettes used a urban young, modern, carefree personality for appealing to the potential market segment of students and other young people. In contrast, surf detergent powder is promoted with the help of 'Lalitaji'-a middle class traditional, forthright and objective housewife. These are just the right personality variables that would appeal to a potential customer of surf.

Personality research to predict consumer behaviour has either focused on total personality profile or a specific trait and attempted to find a correlation with product brand choice. But both these approaches assume that individuals with a given personality profile or trait are homogeneous in all other respects such as age, income, education, occupation etc. We have seen how all these factors strongly influence a consumer's decisions. A much broader, more comprehensive approach for characterising behavioural patterns is needed and this is provided by the concept of life-style.



Life-Style

Life-styles are defined as patterns in which people live, as expressed by the manner in which they spend money and time on various activities and interests. Life-style is a function of our motivations, learning, attitudes, beliefs and opinion, social class, demographic factors, personality etc. While reading this unit, you are playing the role of a student. But at the same time you also have your career, family and social roles to play. The manner in which you blend these different roles reflects your life-style.

Life-style is measured by a technique known as psychographics. It involves measuring consumers' responses to Activities, Interests and Opinions(AIO), along with collecting information on demographic factors as shown in Table 2. Defferent individual's responses are collected and analysed to find distinctive life-style groups. Based on the AIO technique, different life-styles have been identified and described. The different life-styles are then used for market segmentation, product positioning and for developing promotion campaigns, including new products.

To get a good idea of marketing based on life-styles, you only need to look at the promotional strategies of Garden Vareli, Raymonds and Vimal Textiles.

Life-Style Dimensions

Table 2

<i>Activities</i>	<i>Interests</i>	<i>Opinions</i>	<i>Demographic</i>
Work	Family	Themselves	Age
Hobbies	Home	Social issues	Education
Social	Job	Politics	Income
Vacation	Community	Business	Occupation
Entertainment	Recreation	Economics	Family size
Club Membership	Fashion	Education	Dwelling
Community	Food	Products	Geography
Shopping	Media	Future	City size
Sports	Achievements	Culture	Stage in life cycle

Activity 5

What major differences do you observe amongst the users of Surf and Nirma in terms of various life-style dimensions?

Life-style Dimensions	Surf	Vs.	Nirma
1. Activities			
2. Interests			
3. Opinions			
4. Demographics			



8.9 Social Factors

Reference Groups

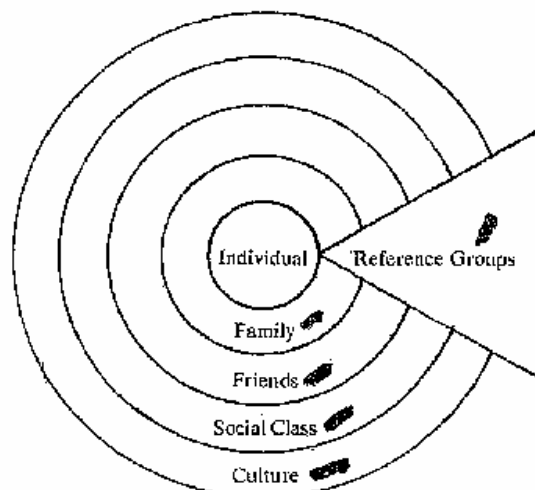
As a consumer, your decision to purchase and use certain products and services, is influenced not only by psychological factors, your personality and life-style, but also by the people around you with whom you interact and the various social groups to which you belong. The groups with whom you interact directly or indirectly influence your purchase decisions and thus their study is of great importance to marketers.

A group is defined as two or more people who interact to achieve individual or common goals. The three categories of groups which are important for the marketer to understand are:

- i) Primary and secondary groups:** A primary group is one with which an individual interacts on a regular basis and whose opinion is of importance to him. Family, neighbours, close friends, colleagues and co-workers are examples of primary groups. Secondary groups are those with which an individual interacts only occasionally and does not consider their opinion very important.
- ii) Formal and informal groups:** Rotary: Lions, Jaycees are some of the well-known social groups in our society. Labour unions, social clubs and societies are other types of formal groups to which individuals may belong. A formal group has a highly defined structure, specific roles and authority positions and specific goals.
- iii)** In contrast, an informal group is loosely defined and may have no specified roles and goals. Meeting your neighbours over lunch once a month for friendly exchange of news is an instance of an informal group.
- iv) Membership and symbolic groups:** A membership group is one to which a person belongs or qualifies for membership. All workers in a factory qualify for membership to the labour union. A symbolic group is one which an individual aspires to belong to, but is not likely to be received as a member. A head clerk in an office may act as if he belongs to the top management group by adopting their attitudes, values and modes of dress. Both membership and symbolic groups influence consumer behaviour but membership groups have a more direct influence. Primary, informal and small groups exert the maximum influence on consumers and are of great interest for marketers.

Any of these groups can serve as a reference group for a consumer if it serves as a point of reference or comparison in the formation of the values, attitudes and behaviour. Different kinds of groups, whether small or large, formal or informal or symbolic qualify as a reference group (Figure IV). The concept of reference group is a very wide one and includes both direct and indirect individual or group influences.

Figure IV
Major Reference Groups





Indirect reference groups comprise those individuals or groups with whom an individual does not have any direct face-to-face contact, such as filmstars, TV stars, sportsmen, politicians.

Reference groups are used in advertising to appeal to different market segments. Group situation with which potential customers can identify are used to promote products and services. Hidden in this appeal is the subtle inducement to the customer to identify himself with the user of the product in question. The three types of reference group appeals most commonly used are:

- a) celebrities,
- b) experts, and
- c) the 'common man'.

Celebrities are well known people (in their specific field of activity) who are admired and their fans aspire to emulate their behaviour. Film stars and sports heroes are the most popular celebrities. Soft drinks (Thums Up), shaving cream (Palmolive), toilet soaps (Lux), textiles (Dinesh, Graviera) are advertised using celebrities from the sports and film fields. Experts such as doctors, lawyers, accountants and authors are used for establishing the benefits of the product. Colgate and Forhans toothpastes are examples of products which use the expert reference group appeal for promotion.

Another reference group appeal is that which uses the testimonials of a satisfied customer. It demonstrates to the prospective customer that someone just like him uses and is satisfied with the product. Hindustan Lever Ltd. for Surf has used this appeal very effectively, using a stereo type upper middle class housewife known as 'Lalitaji'.

Direct reference groups which exert a significant influence on consumer's purchase decisions and behaviour can be classified into six categories. These are:

- i) the family,
- ii) friendship groups,
- iii) formal social groups,
- iv) formal shopping groups,
- v) consumer action groups, and
- vi) work groups.

Family

The family is the most important of all these groups and we shall discuss it in detail. The family, as a unit, is an important consumer for many products which are purchased for consumption by all family members. It is a source of major influence on the individual members' buying behaviour. We can identify two families which shape an individual's consumption behaviour. One is the family of orientation, that is the family in which you are born and consists of your parents, brothers and sisters. It is from parents that we imbibe most of our values, attitudes, beliefs and purchase behaviour patterns. Long after an individual has ceased to live with his parents, their influence on the sub-conscious mind still continues to be great. In our country, where children continue to live with their parents even after attaining adulthood, the father's influence is extremely important.

The second type of family is the family of procreation consisting of the consumer's spouse and children. Within the family, different members play different roles. Marketers are interested in finding out exactly the role played by individual members so that they can appropriately design their promotion strategy to suit these differing roles. Traditionally, it has been the wife's role to purchase food, clothing and other household sundries, while the husband played a dominant role in the purchase of automobiles and life insurance. But with the emergence of the working woman, these lines of traditional role demarcation have been getting increasingly blurred. Husbands now have to shoulder a greater part of the household duties while women are asserting themselves in areas so far treated as the husband's domain. Thus, the same decision, in different families may be made either by the husband or wife, or both may have an equal voice. Children are also beginning to exert their influence on the family's purchase decisions. This is especially true in case of products such as television, stereo music systems, records, personal computers, etc. where the children are likely to have more updated information about various brands and product attributes. Commenting on the



consumer behaviour trends in the hi-fi stereo music today, Vice-president of Peico Electronic (Consumer electronics division) said, "It is teenagers who select sets, and their papas just-buy them" (as reported in 'India Today' July 31, 1987).

Roles

An individual may participate in many groups. His position within each group can be defined in terms of the activities he is expected to perform. You are probably a manager, and when in your work situation you play that role. However, at home you play the role of spouse and parent. Thus in different social positions you play different roles. Each of these roles influences your purchase decisions.

As a manager, you would like to buy clothes which reflect your status within the organisation, such as safari suit, three-piece suit, tie, leather shoes etc. But at home where you are in a relaxed and informal situation you would prefer clothes which are comfortable rather than formal and you may wear shirts, jeans, kurta pajama, dhoti or lungi.

Status

Each role that a person plays has status, which is the relative prestige accorded by society. Status is often measured by the degree of influence an individual exerts on the behaviour and, attitude of others.

People buy and use products which reflect their status. The managing director of a company may drive a Mercedes to communicate his status in society. He may go to Europe or U.S.A. for a holiday, rather than going to Mussoorie or Ooty.

Group norms

The norms of a group are the implicit rules of conduct and behaviour that are expected of its member. For instance, in certain multi-national companies in India, the norm for office wear includes a full-sleeved shirt and tie, notwithstanding the terrible heat conditions. If marketers can identify the various groups to which potential consumers belong, they can successfully market those products and services whose consumption is dictated by the group norms.

Conformity

Conformity implies that members of a group have adopted attitudes and behaviour patterns that are consistent with the group's norms. In the context of consumer behaviour it refers to the percentage of members who knowingly use the same brand or product.

Opinion Leaders

Apart from the family, a consumer is influenced by the advice he receives from his friends, neighbours, relatives and colleagues about what products and services he should buy. This process of influencing is known as the opinion leadership process and is described as the process by which one person (the opinion leader) informally influences the actions or attitudes of others (opinion receivers). The influence is informal and the setting in which the influencing process takes place has nothing to do with the actual buying or selling of the product in question. For instance, during lunch hour you may casually ask your colleague to recommend a good scooter mechanic. Or you discuss with your relatives and neighbours what brand of TV they possess and try to ascertain which is the brand recommended by most, before purchasing a TV for your own home. Further, the process often occurs between two persons rather than in a large group setting. Thus, the opinion leadership process can also be thought of as the 'word-of-mouth' communication.

The advice of opinion leaders is sought in case of specific products. People who have acquired considerable knowledge and experience in a particular field are thought of as opinion leaders in that area.

Both opinion leaders and followers receive information on all kinds of products and services from the mass media. But the opinion receivers are more influenced by the opinion leaders rather than the media. In the eyes of the opinion receiver, the opinion leader has more credibility than the mass media. The opinion leaders become a sort of 'middleman' receiving information from mass media and passing it on to opinion receivers.



Advertisers and marketers are concerned with reaching the opinion leaders and ensuring that they receive the intended information which they can, in turn, pass on to opinion receivers. Thus the first task of the marketer is to identify the opinion leaders. In a particular society, persons who are members or participants in a number of social organisations and have a high social activity participation are likely candidates for opinion leaders. Having identified the opinion leaders, the next task is to reach them through the media which they patronise. Direct mail pieces, magazines and journals-of clubs and social organisations and special interest magazines (for speciality products) are some of the appropriate channels for this purpose.

Diffusion of Innovation

Opinion leaders are usually innovators. They are always trying out new products and brands, and recommending them to the opinion receivers. The acceptance of new products, brands, and ideas is known as the diffusion of innovation. In a narrow sense, innovation is defined as something new or modified which has a relative advantage over the existing products. Marketers are concerned with the spread or diffusion of this innovation which is a two-step process. The first step is the spread of awareness of an innovation from its source to the consumers. The second step is the individual consumer decision-making process which leads up to the acceptance or rejection of the innovation.

Activity 6

- i) Name some of the potential candidates to be considered as celebrities for promoting the following products/services and concepts:
 - a) Oil filter for a tractor
 - b) Fertilizer
 - c) family planning concept
 - d) Cold cream
 - e) Canvas shoes
 - f) Scooter tyres
 - g) Colours Television
 - h) Infant milk powder
 - i) General interest magazine
 - j) Beauty parlour
 - k) Courier service
 - l) Bank
 - m) Housing
 - n) Health Clinic
 - o) Headache remedy
- ii) What are your reasons for selecting these celebrities?

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8.10 CULTURAL FACTORS

Culture

Culture is an extremely critical and all pervasive influence in our life. "It is a mould in which we are all cast, and it controls our daily lives in many unsuspected ways" (Edward T. Hall-The Silent Language): The study of culture encompasses all aspects of a society such as its religion, knowledge, language, laws, customs, traditions, music, art, technology, work patterns, products, etc. All these factors make up the unique, distinctive 'personality' of each society. For our purpose of studying consumer behaviour, culture can be defined as the sum total of learned beliefs, values and customs which serve to guide and direct the consumer behaviour of all members of that society.



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Culture is learned through the following three ways:

- a) **formal learning** in which parents and elders teach children the proper way to behave; for instance a child may be taught that too many toffees and chocolates are bad for his teeth. This learning may influence his response, both as a child and adult, towards these products.
- b) **informal learning** in which we learn by imitating the behaviour of our parents, friends, or by watching TV and film actors in action;
- c) **technical learning** in which instructions are given about the specific method by which certain things have to be done such as painting, dancing, singing, etc.

Though a marketer can influence all the three types of learning through his company's advertising strategy, it is informal learning which is most amenable to such influences. Children learn much more about products and services through advertisements in mass media (especially TV) than they do either from their parents or teachers. Brand loyalties and images developed in the early, formative years of childhood tend to be deep-rooted and affect the child's consumer behaviour even in later years of adulthood. Marketers' interest lies in identifying the potential consumer segments and 'catching them young'.

The kind of products and advertising appeals that can work effectively in a society depend largely on its cultural background. In the American Society, individualism, freedom, achievement, success, material comfort, efficiency and practicality are values which are followed and imbibed by the younger children. Products and services which fulfil these values are most successfully marketed in America. In the Indian society, on the contrary, conformity, spiritualism, respect for the elderly, traditionalism and education are some of the dominant cultural values. However, our society is undergoing a cultural metamorphosis and you can discern some major cultural shifts which have far reaching consequences for the introduction of a vast variety of new products and services. Some of these changes are as follows:

i) Convenience: With more women joining the work-force there is an increasing demand for products that help lighten and relieve the daily household chores, and make life more convenient. This is reflected in the soaring sale of gas stoves, mixies, washing machines, vacuum cleaners, ready to eat/cook packets of dehydrated frozen/precooked foods, fast food outlets etc.

Fifteen years ago when Hindustan Lever first introduced the concept of dehydrated vegetables and marketed Hima peas, the concept did not succeed. The cultural value was of eating fresh and freshly cooked food. But today that cultural value does not have a strong hold, and frozen foods which can be kept upto 6-7 months are being successfully marketed.

ii) Education: People in our society today wish to acquire relevant education and skills that would help improve their career prospects. This is evident from the fact that so many professional, career-oriented educational centres are coming up, and still they cannot seem to meet the demand. As a specific instance count the number of institutions offering courses and training in computers that have opened in your city. The establishment of IGNOU also a result of this cultural trend.

iii) Physical Appearance: Physical fitness, good health, and smart appearance are on premium today. Slimming, centres and beauty parlours are mushrooming in all major cities of the country. Cosmetics for both women and men are being sold in ever increasing numbers. Exclusive shops retailing designer clothes at fancy prices are doing brisk business.

iv) Materialism: There is a definite shift in the people's cultural value from spiritualism towards materialism. People are spending more money than ever before on acquiring products such as air-conditioners, cars, scooters, video cassette recorders, etc. which add to both physical comfort as well as status.

A company which wants to grow must keep a tab on such major cultural trends to ensure that its products fit in well with these new trends.



Sub-culture

Within the large framework of a society there exist many sub-cultures. A sub-culture is an identifiable distinct, cultural group, which, while following the dominant cultural values of the overall society also has its own beliefs, values and customs that set them apart from other members of the same society. Table 3 lists the various sub-cultural categories that can be identified in any society.

Table 3
Sub-Cultural Categories

Sub-cultural category	Illustrative sub-culture
Nationality	Indian, Sri Lankan, Pakistani
Religion	Hinduism, Sikhism, Islam, Christianity
Race	Black, White, Asian
Age	Young, Middle aged, Elderly
Sex	Male, Female
Occupation	Farmer, Teacher, Business
Social Class	Upper, Middle, Lower
Geographic location	South India, North India, Western India, Eastern India.

These sub-cultures offer readymade market segments to the marketer who can position his product to meet the specific needs, motivation, perception and attitudes of each sub-culture. However, the marketer may need to modify both his product and advertising appeal to suit their specialised needs.

Every member of a society is a member of several sub-groups, (such as an elderly, Keralite, Christian, Woman, teacher) and the consumer's purchase decision is a result of the influence of these various sub-groups. The marketer must understand how the specific sub-cultural groups interact with each other and exert their influence on the member's consumption behaviour.

Social Class

In every society there is inequality in social status amongst different people and the people are categorised into different social classes. Social classes can be defined as relatively permanent and homogeneous divisions in a society in which individuals or families sharing similar values, life-styles, interests and behaviour can be categorised.

Social class is a concept based on distribution of status and the categories are usually ranked in a hierarchical order ranging from low status to high status. People belonging to a particular class tend to restrict their interaction to people belonging to the same class; unless it is for a very specialised purpose. Within a social class there are shared values, attitudes and behavioural patterns of consumption of certain products and services. But if we compare different social classes, we would find differences in values, attitudes and behaviour between each class, as also a pattern of consumption behaviour unique to each class.

Social class is an ideal basis for segmenting the market, as different social classes exhibit distinct product and brand preferences. Within the same social class, there is sharing of information on different products and brands, while between the different social classes there is little communication. Different social classes have different media exposure and habits. Let us take the instance of English women's magazines: If we study the profile of Femina, Savvy, and Woman's Era, we would immediately realise the different class of readers each magazine is catering to. Social classes, thus, are market segments which are easily identified and also easy to reach.

Social class is a complex variable which is determined by a persons' income, occupation, education; personal performance and possession of different types of products.

Social classes can be categorised on the basis of a number of different bases such as blue collar workers and white collar workers, educated and uneducated and so on. The most commonly accepted and used categories of social classes are shown in Table 4 along

with their dominant distinguishing characteristics and the stereo type products and services consumed by them.



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Table 4

Major social classes and their dominant characteristics and buying behaviour patterns

Social class	Distinguishing characteristics	Dominant consumption patterns
Upper Upper	Elite of society; aristocrats or top industrialists, inherited wealth; wellknown family background; spend money lavishly but in discreet, conservative taste.	Spend on property, homes, best education for children, frequent foreign vacations, antiques, jewellery, custom made cars etc.
Lower Upper	Top professionals or businessman, who have earned rather than inherited money; style and taste is conspicuous and flamboyant, they seek possessions which will reflect their status.	Spend on large homes with flashy and expensive decor, best education for children, imported cars and latest household gadgets, 5-star hotels, personal computers etc.
Upper Middle	Professional 'carcerists', coming from the middle class with basically middle class values of respectable living, conformity; emphasis on good education; Style is gracious and careful.	Spend on buying 'quality' products; irrespective of the category of product it is quality which is the most important feature. Colour TV, video cassette recorder, Maruti cars are some of the products associated with this class.
Lower Middle	White collar workers such as office workers, small businessmen and traders; value neatness and cleanliness and want their home and possessions to reflect this.	Spends a great deal of time shopping around for the best bargain; they buy refrigerator, black & white TV., scooter, motorcycle etc.
Upper Lower	Poorly educated, semi-skilled factory workers; they comprise the largest social class segment. Their major motivation is security, purchase decision often impulsive but exhibits a high degree of brand loyalty.	Black and white TV, gas stove, ceiling or table fan are bought but largely on hire purchase basis, if available.
Lower Lower	Often uneducated, at the bottom of the society and working as unskilled labour live from day to day basis with little planning for the future.	Buy only the basic necessities of life, usually buy loose and unbranded products. Have no comprehension and value of brands.

8.11 SUMMARY

Consumer behaviour is the study of why, how, what, when, where, and how often do consumers buy and consume different products and services.

Knowledge of consumer behaviour is helpful to the marketer in understanding the needs of his different consumer segments and developing appropriate marketing strategies for each. It is also useful for the marketer in developing an understanding of , how consumers respond to the various marketing stimuli, which he provides in terms of the product, price, promotion and place. If the marketer can correctly identify those stimuli that evoke a positive response in the consumer he can very easily design effective marketing strategies using these stimuli.

The study of consumer behaviour also provides an insight into how consumers arrive at the purchase decision and the variable which influences their decision. Once the influencing variables have been identified, the marketer can manipulate them so as to induce in his consumers a positive purchase decision.

A consumer's decision to purchase a product is influenced by a number of variables which can be classified into four categories, namely psychological, personal, social, and cultural.

Man is a many faceted, complex psychological being. His consumer behaviour is influenced by his motives, perceptions, attitudes and learning. Each of these psychological factors provides a unique mental framework for each consumer within which he makes his purchase decisions. For the marketer it is essential to associate his



product with the motives and positive perceptions of his consumers. Also he must ensure that the product concept fits in with the consumer's existing attitudes and beliefs.

Consumers differ from one another in terms of their sex, age, education, income, family life-cycle stage, personality and life style, and other personal characteristics which influence their buying behaviour. The needs of elderly consumers are different from those of young consumers. Newly married couples have needs which are totally different from older retired married couples. To successfully market to consumers with differing personal characteristics, the marketer must accordingly modify his marketing , strategies.

Man is a social animal and is influenced by the people with whom he interacts. Each person interacts with and is a member of many groups. These groups provide a point-of reference or comparison for the consumer and are known as reference groups and strongly affect his product and brand choices. Amongst the various groups such as family, friends, social organisations, professional associations, the strongest influence is exerted by the family.

Culture is the most pervasive influence on our lives and influences all aspects of our behaviour; consumers operate within the cultural framework of their society and purchase only those products which fit in with their cultural norms. Within each culture there exist many sub-cultures comprising distinct nationality groups, religious groups, racial groups, geographic groups that have their own unique values and life-style. Social classes are group of people who have similar income, education, wealth, social -status, value and beliefs. The marketer must understand that people with different cultural, sub-cultural and social class background have different product and brand preferences and need suitably modified products and marketing strategies.

8.12 KEYWORDS

Motivation: Strong, unfulfilled need which spurs a person to take action for his satisfaction.

Perception: Process of selection, organisation and interpretation of stimuli into cohesive, coherent picture.

Stimulus: An input to any one of the five senses.

Attitudes: Enduring and learned tendencies to act in a particular consistent way with regard to a given object or idea.

Belief: A descriptive thought that an individual has about a product, service, idea or practice.

Learning: Process of applying results of past experiences to evaluate a new situation or modify future behaviour.

Demographics: Objective and easily measurable characteristics of a population such as age, income, education, occupation, sex and marital status.

Psychographics: The technique of measuring life-styles using psychographic characteristics such as attitudes, opinions, and interests.

Life-Style: An individual's pattern of living in the world as expressed by the manner in which he spends money and time on various activities and interests, and the opinion that he holds.

Reference group: A group that serves as a point of reference or comparison for an individual in the matter of forming value, attitudes or behaviour.

Sub-culture: `Culture within a culture'; distinct groups of people grouped on the basis of nationality, religion, geographic region or race and having their own distinct motives, values and behaviour patterns.

Social Class: Division in a society comprising people sharing same social status, values, beliefs, attitudes, and exhibiting a distinct preference for certain products and brands.



Diffusion of Innovation: Process by which the acceptance of an innovation (or product, service, idea) is spread by communication to members of a society and the adoption of the innovation in terms of actual purchase of the product.

8.13 SELF-ASSESSMENT QUESTIONS

1. Choose five magazines or newspaper advertisements for different consumer goods. Study the advertising appeal in each advertisement and identify which need(s) each product is supposed to satisfy (according to Maslow's hierarchy of needs).
2. Name and describe the different types of groups that may have influenced your behaviour in terms of making a decision:
 - a) To buy a particular brand of refrigerator
 - b) To choose a school/college for your child
 - c) To buy a filing system or typewriter for your office use.
3. If you are invited to someone's home for the first time, what factors would you consider in making an estimation of their social class?
4. Give an example from your own experience of each of the following types of cultural learning:
 - a) formal learning
 - b) informal learning
 - c) technical learning
5. Discuss the importance of sub-cultures in segmenting the Indian market for food products. Divide India into four regions comprising North, South, West and East and then proceed further.

8.14 FURTHER READINGS

Schiffman, Leon G., and Kanuk, Leslie Lazar, 6th edition *Consumer Behaviour*, Prentice-Hall of India, New Delhi

Kotler, Philip, 2002 *Marketing Management*, Prentice-Hall of India Private Limited, New Delhi