

Marketing Management

Consumer Behaviour and Market Segmentation

Definition-Consumer behaviour refers to the psychological, social and physical behaviour of an individual, which influences his buying decision and buying style.

Nature and Importance of Consumer Behaviour

1. Consumer behaviour is a process.
2. It comprises both mental and physical activities.
3. To satisfy needs to customer.
4. It covers both visible and invisible activities.
5. To understand the behaviour of buyers displays.
6. It is very complex.
7. It is very dynamic.
8. It is an integral part of human behaviour.
9. It is heterogeneous in nature.
10. It is influenced by past-purchase experience.

Factors Influencing Consumer Buying Behaviour

1. **Personal Factors-**

(i)**Age**-Age of a person extensively influences his buying behaviour; because he feels demand for different products at different ages.

(ii)**Occupation**-The nature of occupation of a person widely influences his buying behaviour.

(iii)**Life Style**-The patterns in which people live, spend time and money are collectively called their life styles.

(iv)**Income**-The purchasing power of a person depends on his income. So, while taking buying-decision, every individual considers his income level.

(v) **Situation-**

- **Physical Conditions**-Sometimes physical conditions influence buying-decision. For example-the decision of a person either to buy an umbrella or a shawl is influenced by weather.
- **Time**-Time influences buying behaviour in several ways. For example-time may be required to become knowledge about a product, a product may be purchased either on working day or on holiday, enough time may be required to buy a product.
- **Purpose**-The purpose for which a product is to be purchased may also be affected the buying behaviour of a person. For example-the nature of the product for personal use may be different from that of giving presentation.
- **Past-purchase experience**-While taking buying decision, sometimes a consumer considers his past-purchase experience.

2. **Social Factors**-(i) **Family**-The buying decisions of a family are taken by the members of the family. In our country, generally, the head of the family may alone or jointly with his wife take the buying decision.

(ii)Reference groups-A reference group is any group which influences a person`s attitude, values and behaviour directly or indirectly. Every person has several reference groups for different subjects and they influence his buying behaviour in different ways.

(iii)Roles and Status-Roles and status also influence the buying behaviour of a consumer. Every individual buys a product for playing a particular role and while buying the product, he considers his social status.

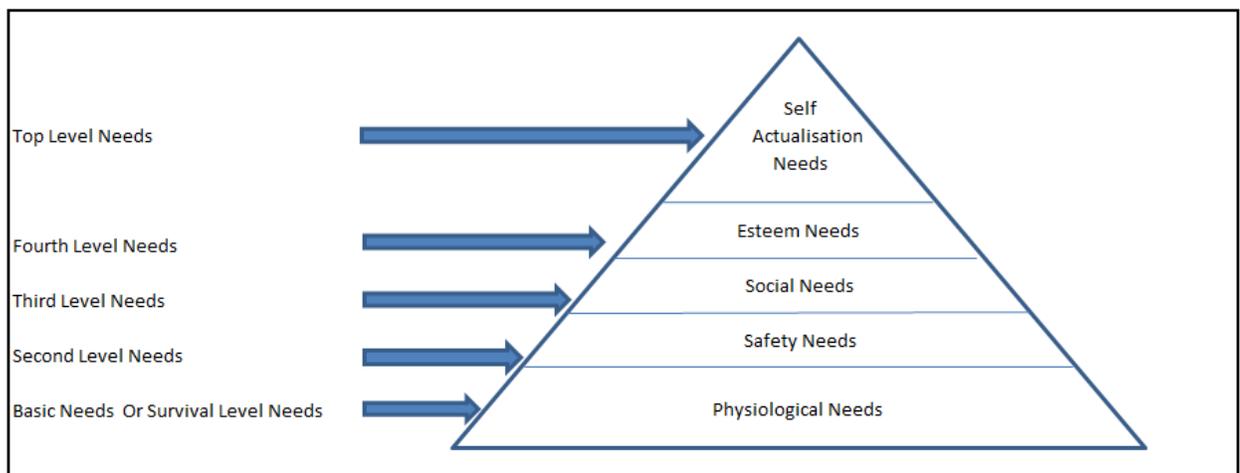
3. **Cultural Factors**- (i) **Culture**-Culture is a set of learned beliefs, values, attitudes, customs, habits, and forms of behaviour which are shared by the people of a society and transmitted from generation to generation within the society.

(ii)Sub-culture –Each culture consists of smaller sub-culture which provides specific identification and socialization for their members.

(iii) Social Class-There are mainly three different social classes in our society. They are upper class, middle class and lower class. The buying behaviour of consumers is determined by the social class to which they belong.

4. **Psychological Factors**-There are various psychological factors which influence consumer buying behaviour.

(i) Motivation-It is a driving force which impels an individual to take action to satisfy his needs. In other words, motivation drives buying decision of the people. In this context, the saying of Maslow's theory of hierarchy of needs can be mentioned. According to this theory, after meeting a lower level need, a person feels the next higher level needs. That is to say, people take buying decision according to the hierarchy of needs.



HIERARCHY OF NEEDS

(ii) Perception-Perception refers to the ability to see, hear or become aware of something through the sense. Different people perceive the same thing at the same time in different ways. The buying decisions of different people are different because of such difference in perceptions.

(iii) Learning-Consumers learn about different products through information received from advertisements, sales persons, friends and relatives. So, this learning influences their buying decisions in different ways.

(iv) Attitudes-Attitudes play a significant role in influencing consumer behaviour. For example, a consumer having strong negative attitude towards a product not only avoids the buying of the product but also insists his friends and relatives to do so.

(v) Personality-Personality also influences the buying behaviour of the consumers; because every consumer selects product according to his own personality.

(vi) Self-concept-Self-concept means the ideas or feeling of a person about himself or herself. It also influences consumer buying behaviour.

(vii) Risk and uncertainty-Risk and uncertainty is one of the important psychological factors influencing the buying behaviour of the consumers; because there are many consumers who consider risk and uncertainty while taking buying decision.

Consumer Buying Decision Process

1. Problem Recognition or Need Arousal-The source of the problem is the needs of the people and that unsatisfied needs creates tension and discomfort in the minds of the consumers. Consumers can satisfy their needs by acquiring and consuming goods and services.

2. Information Search- When the need of the consumer is strong enough then the consumer tries the readily available product to satisfy his needs but in many cases the aroused consumer engage himself in search of information.

(a) Heightened attention-In this case the consumer becomes more receptive about the information which comes to him about the product and which may satisfy his needs. Here the information search is passive in nature.

(b) Active information search-Here the consumer is the seeker of the information and he seeks information from various sources.

3. Evaluation of Alternatives- In this stage the consumer will evaluate different product or brands on the basis of alternative product attributes those which have the ability to deliver the benefits the consumer is seeking.

4. Purchase decision-After evaluating different products or brands on the basis of alternative product attributes the consumer takes the purchase decision on the basis of his or her brand preference.

5. Post-purchase behaviour-After purchasing the product the consumer may be either satisfied or dissatisfied. The satisfaction and dissatisfaction of the buyer depends on buyer's expectations and products perceived performance.

Exercise

A. Multiple Choice Questions [MCQ]

1. Consumer behaviour is —
 - a) very simple
 - b) influenced by external factor only
 - c) influenced by internal factor only
 - d) very complex
2. Consumer behaviour is —
 - a) Static
 - b) Homogeneous
 - c) Simple
 - d) Dynamic
3. Consumer behaviour is influenced by —
 - a) external factor
 - b) internal factor
 - c) past-purchase experience
 - d) all of the above
4. The false statement is —
 - a) Consumer behaviour is a single force
 - b) Consumer behaviour is heterogeneous in nature
 - c) Consumer behaviour is very dynamic
 - d) Consumer behaviour is very complex
5. Consumer behaviour includes —
 - a) visible activities
 - b) invisible activities
 - c) mental activities
 - d) all of the above