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**CENTRE FOR DISTANCE AND ONLINE  
EDUCATION**

**CONSUMER BEHAVIOUR  
SUBJECT CODE : JEBA52**

**V – SEMESTER**

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## **CONSUMER BEHAVIOUR**

### **Unit I**

Introduction to Consumer Behavior: Nature, scope & application; Importance of consumer behavior in marketing decisions; characteristics of consumer behavior; role of consumer research; consumer behavior interdisciplinary approach; E- Buying Behavior, The E-Buyer vis-à-vis the Brick-and mortar Buyer.

### **Unit II**

Internal Influences on Consumer Behavior: Consumer Needs & Motivation: Characteristics of motivation, arousal of motives; theories of needs & motivation- Maslow's hierarchy of needs, McClelland's APA theory.

### **Unit III**

Consumer Personality- theories of personality- Freudian theory, Jungian theory, Trait theory; Theory of self- images; Role of self-consciousness. Consumer Perception: Perceptual Process- selection, organization & interpretation.

### **Unit IV**

External Influences on Consumer Behavior: consumer reference groups: Different types of reference groups; Family & Consumer Behavior: Consumer socialization process; consumer roles within a family; purchase influences and role played by children; family life cycle. Social Class.

### **Unit V**

Consumer Decision making process: problem recognition; pre-purchase search influences; information evaluation; purchase decision; post-purchase evaluation.



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## UNIT I

# INTRODUCTION TO CONSUMER BEHAVIOUR

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behavior assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

We all are consumers, daily we use many products that we buy from the market according to our needs, wants, preferences, and purchasing power. What we buy, how we buy, when we buy, from where we buy, in what quantity we buy depends on various factors like our needs, preferences, beliefs, values, motivation, perception, attitude, personality, age, sex, family, social and cultural background, and many other factors. These factors determine our consumer behaviour.

Consumer behaviour is a complex and dynamic decision process; and physical activity of evaluating, acquiring, using, or disposing of products and services. Developing an effective marketing strategy requires in-depth knowledge of target consumers and how they behave and make their buying decision. Proper study of consumer behaviour is important as all marketing decisions are based on assumptions about consumer behaviour.

### 1.1 Meaning of Consumer Behaviour

Consumer behaviour is the complex and dynamic processes of deciding what product to buy, when to buy, how to buy, from where to buy, how to secure, how to use, or how to dispose to satisfy individuals, groups, or organisations' needs. Consumer behaviour is a decision process and physical activity individuals, groups, or organisations engage in when evaluating, acquiring, using, or disposing of goods and services.



Consumer behaviour has two aspects - final purchase behaviour and decision making process. Purchase behaviour is visible to us, but the decision making process involves number of complex variables which are not visible to us. Purchase behaviour is the end result of long decision making process. Study of consumer behaviour attempt to understand the decision making processes of buyers.

## 1.2 Definitions of Consumer Behavior

- According to American Marketing Association, consumer behaviour can be defined as "the dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives."
- According to Hawkins, Best, and Coney, 2001, p7, Consumer behaviour can be defined as "the study of individuals, groups or organisations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society."
- According to Satish K. Batra and S. H. H. Kazmi, 2004, Consumer behaviour is "the mental and emotional processes and the observable behaviour of consumers during searching purchasing and post consumption of a product and service."
- According to Engel, Blackwell, and Mansard, 'consumer behavior is the actions and decision processes of people who purchase goods and services for personal consumption'.
- According to Louden and Bitta, 'consumer behavior is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

## 1.3 Nature of Consumer Behaviour

**Process:** Consumer behaviour is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps;

- Identification to buy the product .



- Information search relating to the product.
- Listing of alternative brands.
- Evaluating the alternative (cost-benefit analysis)
- Purchase decision.
- Post-purchase evaluation by the marketer.

**Influenced by Various Factors:** Consumer behaviour is influenced by a number of factors. The factors that influence consumers include marketing, personal, psychological, situation- based, social, cultural etc.

**Different for all Customers:** All consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behaviour is due to individual factors such as nature of the consumer's life style, culture, etc.

**Different for Different Products:** Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of some other items.

**Region Bounded:** The consumer behaviour varies across states, regions and countries. For instance, the behaviour of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behaviour.

**Vital for Marketers:** Marketers need to have a good knowledge of consumer behaviour. They need to study the various factors that influence consumer behaviour of their target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.

**Reflects Status:** The consumer buying behaviour is not only influenced by the status of a consumer, but it also reflects it. Those who own luxury cars, watches and other items are considered by others as persons of higher status.

**Spread-effect:** Consumer behavior has a spread-effect. The buying behaviour of one person may influence the buying behavior of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items etc. This may influence some of his friends, neighbors, colleagues. This is one of the reasons why marketers use celebrities like Shahrukh Khan , Sachin to endorse their brands.



**Standard of Living:** Consumer buying behaviour may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living.

**Behaviour Keeps on Changing:** The consumer's behaviour undergoes a change over a period of time depending upon changes in age, education and income level. Etc. for instance, kids may prefer colorful dresses, but as they grow up as teenagers and young adults, they may prefer trendy clothes.

## 1.4 Scope of Consumer Behaviour

### ***Consumer behaviour and marketing management***

Effective business managers realise the importance of marketing to the success of their firm. A sound understanding of consumer behaviour is essential to the long run success of any marketing program. In fact, it is seen as a corner stone of the Marketing concept, an important orientation of philosophy of many marketing managers. The essence of the Marketing concept is captured in three interrelated orientations consumers needs and wants, company integrated strategy.

### ***Consumer behaviour and non profit and social marketing***

In today's world even the non-profit organisations like government agencies, religious sects, universities and charitable institutions have to market their services for ideas to the "target group of consumers or institution." At other times these groups are required to appeal to the general public for support of certain causes or ideas. Also they make their contribution towards eradication of the problems of the society. Thus a clear understanding of the consumer behaviour and decision making process will assist these efforts.

### ***Consumer behaviour and government decision making***

In recent years the relevance of consumer behaviour principles to government decision making. Two major areas of activities have been affected:

- **Government services:** It is increasingly recognised that government provision of public services can benefit significantly from an understanding of the consumers, or users, of these services.
- **Consumer protection:** Many Agencies at all levels of government are involved with regulating business practices for the purpose of protecting consumers welfare.



### ***Consumer behaviour and demarketing***

It has become increasingly clear that consumers are entering an era of scarcity in terms of some natural gas and water. These scarcities have led to promotions stressing conservation rather than consumption. In other circumstances, consumers have been encouraged to decrease or stop their use of particular goods believed to have harmful effects. Programs designed to reduce drug abuse, gambling, and similar types of conception examples. These actions have been undertaken by government agencies non profit organisations, and other private groups.

### ***Consumer behaviour and consumer education***

Consumer also stands to benefit directly from orderly investigations of their own behaviour. This can occur on an individual basis or as part of more formal educational programs. For example, when consumers learn that a large proportion of the billions spend annually on grocery products is used for impulse purchases and not spend according to pre planned shopping list, consumers may be more willing to plan effort to save money. In general, as marketers that can influence consumers' purchases, consumers have the opportunity to understand better how they affect their own behaviour.

## **1.5 Applications of Consumer Behaviour**

### ***Analysing market opportunity***

Consumer behaviour is the study help in identifying the unfulfilled needs and wants of consumers. This requires examining the friends and conditions operating in the Marketplace, consumers lifestyle, income levels and energy influences. This may reveal unsatisfied needs and wants. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

### ***Selecting target market***

Review of market opportunities often helps in identifying district consumer segments with very distinct and unique wants and needs. Identifying these groups, behave and how they make purchase decisions enable the marketer to design and market products or services particularly suited to their wants and needs. For example, please sleep revealed that many existing and potential shampoo users did not want to buy shampoo fax price at rate 60 for more and would rather prefer a low price package containing enough quantity for one or two washers. This finding LED companies to introduce the shampoos sachet, which become a good seller.



### ***Marketing-mix decisions***

Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Where, consumer behaviour study is very helpful in finding answers to many perplexing questions. The factors of marketing mix decisions are: - i) product ii) price iii) promotion iv) distribution.

### ***Use in social and non profits marketing***

Consumer behaviour studies are useful to design marketing strategies by social, governmental and not for profit organisations to make their programmes more effective such as family planning awareness about AIDS.

## **1.6 Importance of Consumer Behaviour in Marketing Decisions**

### ***Production policies***

The study of consumer behaviour effects production policies of enterprise. Consumer behaviour discovers the habits, tastes and preferences of consumers and such discovery enables an enterprise to plan and develop its products according to these specifications. It is necessary for an enterprise to be in continuous touch with the changes in consumer behaviour so that necessary changes in products may be made.

### ***Price policies***

The buyer behaviour is equally important in having price policies. The buyers of some products purchase only because particular articles are cheaper than the competitive articles available in the market.

### ***Decision regarding channels of distribution***

The goods are sold and solely on the basis of low price and economical distribution channels. In case of those articles, which are T.V. sets, refrigerators etc. must have different channels of distribution. Thus, decisions regarding channels of distribution are taken on the basis of consumer behaviour.

### ***Decision regarding sales promotion***

Study of consumer behaviour is also vital in making decisions regarding sales promotion. It enables the producer to know what motive prompts consumer to make purchase and the same are utilised in promotional campaigns to awaken desire to purchase.



### ***Exploiting marketing opportunities***

Study of consumer behaviour helps the marketers to understand the consumers needs, aspirations, expectations, problems etc. This knowledge will be useful to the marketers in exploiting marketing opportunities and meeting the challenges of the market.

### ***Consumers do not always act or react predictably***

The consumers of the past used to react to price levels as if price and quality had positive relation. Today, seek value for money, lesser price but with superior features. The consumer's response indicates that the shift had occurred.

### ***Highly diversified consumer preferences***

This shift has occurred due to availability of more choice now. Thus study of consumer behaviour is important to understand the changes.

### ***Rapid introduction of new products***

Rapid introduction of new product with technological advancement has made the job of studying consumer behaviour more imperative. For example, the information Technologies are changing very fast in personal computer industry.

### ***Implementing the "Marketing concept"***

This calls for studying the consumer behaviour, all customers need have to be given priority. Thus identification of target market before production becomes essential to deliver the desired customer satisfaction and delight.

## **1.7 Characteristics of Consumer Behaviour**

- **Bargaining** – A trend of bargaining is often found in the behaviour of buyers. They prefer buying goods by reducing the price as told by the seller. Indian buyers too do not frame uniform price policy. The trend of bargaining is still in vogue in the Indian markets.
- **Quality vs. Price** – Buyers focus on price instead of the variety of the goods. They therefore, prefer high price goods. A little bit change has come now because the consumers have now begun purchase of quality goods on higher price.

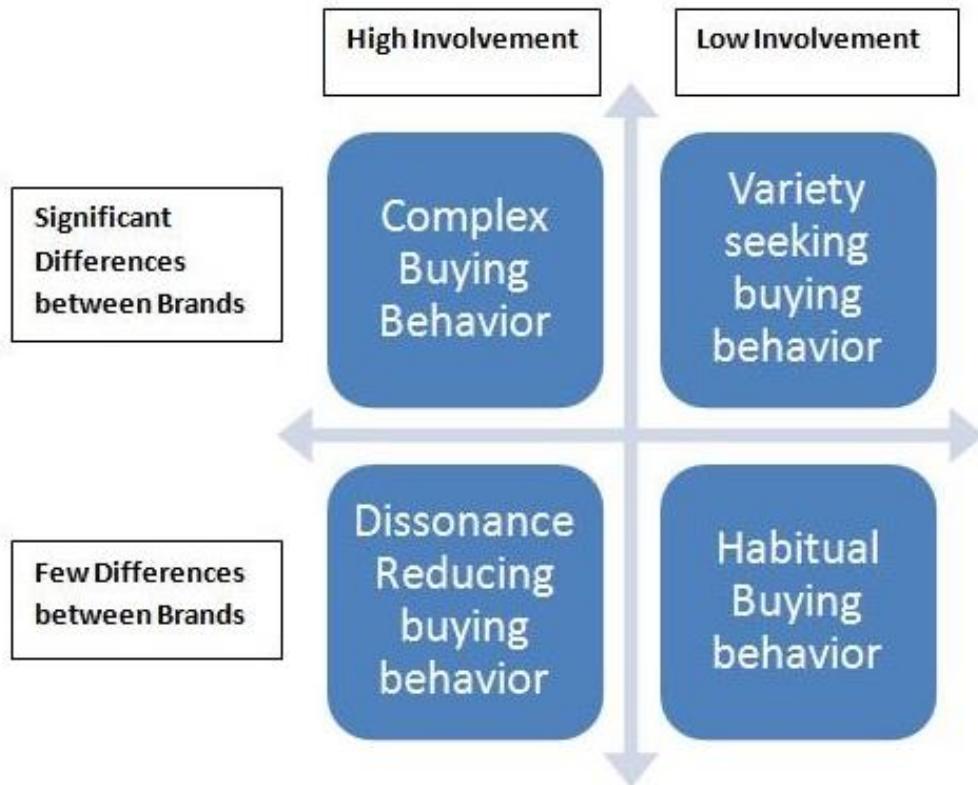


- **Brand or Trademark Consciousness** – It is the characteristic of the behaviour of buyer that he appears now aware of the brand of items and considers these goods authentic and of higher quality.
- **Changing Consumption Patterns** – Owing to widespread education, increase in income and standard of living as also desire of more comforts, the pattern of consumption is now being changed. The low income group and high income group are increasingly buying fridge, tape recorder, cooler, sewing machines etc.
- **Role of Women** – The role of women is increasing day to day in the manner of decisions for purchase. The women do purchase of all kinds particularly in families where the husbands earn the bread.
- **Credit and Guarantee** – New motives for purchase are getting their way rapidly because of having credit and guarantee facility available in the market. Such facilities are developing the trade and commerce.
- **Complaining** – Buyers are gradually being aware of their rights. They have started exhibiting their complaints through media and the representations before the concerned authorities and the forums. They can lodge their complaint before consumer forum and thus, can receive the compensation against the damage/loss so sustained.

## 1.8 Types of Consumer Behavior

Consumer buying decisions are depended on consumer behavior. There are great differences in consumer behavior while buying a car versus buying chips. Marketers have to exercise careful judgment in marketing products to different kinds of consumer behavior. A consumer's buying decision depends on the type of products that they need to buy. The behavior of a consumer, while buying a coffee is a lot different from while buying a car.

Based on observations, it is clear that purchases that are more complex and expensive involve higher deliberation and many more participants. Consumer buying behavior is determined by the level of involvement that a consumer shows in a purchase decision. The involvement allows customers to ensure that this product is exactly what they want or do not want. The amount of risk involved in a purchase also determines the buying behavior. Higher priced goods tend to high a higher risk, thereby seeking higher involvement in buying decisions.



There are four types of consumer buying behavior:

- Complex buying behavior
- Dissonance-reducing buying behavior
- Habitual buying behavior
- Variety seeking behavior

### 1. Complex buying behavior

Complex buying behavior is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest. Consumer behaves very differently when buying an expensive product or a product that is unfamiliar to them. When the risk of buying a product is very high, a consumer consults friends, family, and experts before making the decision.

For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and



family will react, how his social status will change after buying the car, and so on. In complex buying behavior, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then make a thoughtful purchase choice.

For complex buying behavior customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand their product. It is important to create an advertising message in a way that influences the buyer's beliefs and attitudes.

## **2. Dissonance-reducing buying behavior**

In dissonance-reducing buying behavior, consumer involvement is very high. This might be due to high prices and infrequent purchases. In addition, there is low availability of choices with fewer significant differences among brands. In this type, a consumer buys a product that is easily available.

Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitations, or budget limitations, consumers buy certain products without a lot of research.

For example, a consumer who is looking for a new collapsible table that can be taken for camping quickly decides on the product based on a few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available to him.

Marketers should run after-sale service camps that deliver focused messaging. These campaigns should aim to support consumers and convince them to continue with the choice of their brand. These marketing campaigns should focus on building repeat purchases and referrals by offering discounts and incentives.

## **3. Habitual buying behavior**

Habitual Buying Behavior is depicted when a consumer has low involvement in a purchase decision. In this case, the consumer perceives only a few significant differences between brands. When consumers are buying products that they use for their daily routine, they do not put a lot of thought. They either buy their favorite brand or the one that they use regularly – or the one available in the store or the one that costs the least.



For example, when a consumer buys an energy drink, he tends to buy the flavor/taste that he likes without actually putting in a lot of research and time. Many products fit into this category. Products such as chocolates, cakes, juices, etc., all fit into this product category.

Consumers just go for it and buy it – there is no brand loyalty. Consumers do not research or need information regarding the purchase of such products. Habitual buying behavior is influenced by radio, television, and print media. Moreover, consumers are buying based on brand familiarity. Hence marketers must use repetitive advertisements to build brand familiarity. Further to initiate product trial, marketers should use tactics like price drop promotions and sales promotions.

Marketers should attract consumers using visual symbols and imagery in their advertising. Consumers can easily remember visual advertisements and can associate with a brand.

#### **4. Variety seeking buying behavior**

In variety-seeking consumer behavior, consumer involvement is low. There are significant differences between brands. Here consumers often do a lot of brand switching. The cost of switching products is low, and hence consumers might want to try out new products just out of curiosity or boredom. Consumers here, generally buy different products not because of dissatisfaction but mainly with an urge to seek variety.

For example, a consumer likes to buy a cookie and choose a brand without putting much thought into it. Next time, the same consumer might choose a different brand out of a wish for a different taste. Brand switching occurs often and without intention.

Brands have to adopt different strategies for such types of consumer behavior. The market leader will persuade habitual buying behavior by influencing the shelf space. The shelf will display a large number of related but different product versions.

Marketers avoid out-of-stock conditions, sponsor frequent advertising, offer lower prices, discounts, deals, coupons, and free samples to attract consumers.

### **1.9 Role of Consumer Research**

The role of consumer research is to provide businesses with insights into consumer behavior to inform strategic decisions about product development, marketing, and overall market understanding. It involves gathering and analyzing data to identify customer needs, preferences,



and motivations, which help companies create products that meet market demand and develop targeted, effective marketing campaigns.

### ***Important roles of consumer research***

- **Informs product development:** Helps identify unmet needs, pain points, and desires, guiding the creation of new products or improvements to existing ones that are more likely to succeed.
- **Shapes marketing strategies:** Provides data to tailor marketing campaigns by identifying the most effective channels, messaging, and promotions for a specific audience. This includes understanding demographics (like age and location) and psychographics (like lifestyle and values).
- **Deepens market understanding:** Offers insights into a company's target market, including demographics, buying behaviors, and attitudes, enabling businesses to align their offerings and efforts with consumer needs.
- **Improves customer experience:** Helps identify opportunities to improve customer service and the overall customer experience by highlighting areas of friction or dissatisfaction.
- **Drives innovation:** By revealing emerging trends and opportunities, consumer research can help businesses develop groundbreaking products and services to stay ahead of the competition.
- **Assists in competitor analysis:** Provides valuable data about competitors, market trends, and economic movements, helping businesses position themselves effectively.

### **1.10 Consumer Behaviour - An Interdisciplinary Approach**

An interdisciplinary approach to consumer behavior studies how individuals and groups make consumption decisions by drawing on multiple fields, including psychology, sociology, anthropology, economics, and marketing. This approach provides a holistic view by integrating insights from these disciplines to understand the complex interplay of psychological drivers (like motivation and perception), social influences (like culture and social class), and economic factors (like income and price) that shape purchasing habits.



### ***Contributions from different disciplines***

- **Psychology:** Explains internal motivations, perceptions, attitudes, learning, and personality that influence what and why consumers buy. For example, understanding motivation helps marketers create persuasive messages.
- **Sociology:** Examines the influence of social structures such as family, social class, and reference groups on consumer choices. Social class and family dynamics, for instance, can affect preferences for food, fashion, and leisure.
- **Anthropology:** Provides insight into broader cultural influences, such as values, rituals, and beliefs, which shape consumption patterns across different societies. Marketers use this to adapt their strategies to local cultures.
- **Economics:** Focuses on the role of economic factors like income, price, and demand in shaping spending patterns, as seen in how consumer spending changes during economic recessions.
- **Marketing:** As a field, marketing uses the insights from other disciplines to inform its own strategies, such as market segmentation, brand management, and the development of the marketing mix.
- **Neuroscience:** Offers a deeper understanding of the brain's response to external cues, which is applied in areas like neuro - marketing to create more effective advertising and product design.

## **1.11 E-buying Behavior**

E-buying behavior is the process by which consumers search for, evaluate, and purchase products online, influenced by factors like convenience, price comparisons, and product reviews. It includes the user's interaction with e-commerce platforms, their decision-making process, and their post-purchase experience, driven by expectations for seamless delivery, personalized experiences, and trustworthy information.

### **1.11.1 Important aspects of e-buying behavior**

#### ***Decision-making process***

Consumers are influenced by product descriptions, reviews, price comparisons, and brand reputation. Factors like fast and affordable shipping, product availability, and a trustworthy user experience are crucial.



### ***User engagement***

This involves how customers interact with the website or app, including clicks, time spent on pages, and video views. Social media also plays a large role, turning platforms into marketplaces and influencing purchasing decisions through influencers and social shopping.

### ***Influencing factors***

- **Psychological:** Perception, motivation, and brand loyalty.
- **Social:** Family, friends, and social media influence.
- **Personal:** Age, income, and occupation.
- **Cultural:** Values and beliefs.

### ***Evolving consumer expectations***

- **Personalization:** Customers expect personalized recommendations and experiences based on their data.
- **Convenience:** There is a high value placed on convenience, from the ease of browsing to quick delivery and returns.
- **Mobile-first:** A significant portion of online shopping occurs on mobile devices, which have higher conversion rates compared to mobile websites.
- **Social and sustainable:** Shopping is increasingly social, and consumers are more conscious of a brand's sustainability efforts.

### **1.11.2 How e-commerce businesses adapt**

- **Seamless experience:** Integrating online and offline operations through omni channel fulfillment to provide a consistent experience across all channels.
- **Trust-building:** Using security, clear guarantees, and positive reviews to build trust.
- **Personalization:** Utilizing data to provide personalized product recommendations and offers.
- **Flexible options:** Offering flexible payment options, such as installment plans, to meet different financial needs.
- **Speed and efficiency:** Providing express shipping and streamlining the checkout process.

### **1.12 E Buyer Vs Brick and Mortar Buyer**

E-commerce offers convenience, a vast product selection, and global reach, allowing purchases anytime and anywhere. Brick-and-mortar stores provide a tangible experience, instant



gratification, and personal interaction that builds trust. The best approach often involves a hybrid model, as consumers increasingly value the flexibility of both online and physical shopping.

### ***E-commerce (buying through online)***

#### **Pros:**

- **Convenience:** Shop 24/7 from any location.
- **Selection:** Access a virtually unlimited range of products.
- **Reach:** Not limited by geographical location.
- **Cost:** Often lower overhead costs, which can lead to lower prices.

#### **Cons:**

- **Lack of sensory experience:** Cannot physically touch, feel, or try on items before buying.
- **Delivery time:** Immediate purchase is not possible; requires waiting for delivery.
- **Higher return rates:** Returns are more frequent due to inability to see the product beforehand.

### ***Brick-and-mortar (physical store)***

#### **Pros:**

- **Tangible experience:** Customers can physically interact with products.
- **Instant gratification:** Customers can take their purchase home immediately.
- **Personal interaction:** Can speak with staff and get immediate assistance.
- **Impulse buys:** Store layout and ambiance can drive unplanned purchases.

#### **Cons:**

- **Higher costs:** Incurs costs for rent, utilities, and staffing.
- **Limited selection:** Stock is limited to what can fit in the physical space.
- **Geographical limitations:** Reach is restricted to those who can physically visit the store.

### ***The modern solution***

Many businesses are adopting a hybrid omni channel strategy, blending both models to offer the best of both worlds. These include options like “click-and-collect” or “buy online, pick up in-store,” which combine the convenience of online browsing with the speed of a physical pickup.



## Check Your Progress

- 1) The term "atmosphere" in the context of a physical retail store refers to:
  - a) The general weather conditions outside the store.
  - b) The store's exterior facade and signage.
  - c) **The ambience, including music, color, scent, and lighting, designed to influence buyer behavior.**
  - d) The assortment and variety of products available in the store.
- 2) Which of the following are the four major factors that influence consumer buyer behavior?
  - a) Political, Legal, Economic, and Social
  - b) **Cultural, Social, Personal, and Psychological**
  - c) Financial, Religious, Educational, and Physical
  - d) Behavioral, Cognitive, Emotional, and Situational
- 3) Which of the following is the most basic influence on an individual's needs, wants, and behavior?
  - a) Brand
  - b) Culture**
  - c) Product
  - d) Price
- 4) A person's \_\_\_\_\_ consist(s) of all the groups that have a direct (face-to-face) or indirect influence on his/her attitudes or behavior.
  - a) subculture
  - b) family
  - c) social class
  - d) reference groups**



- 5) In the context of online shopping, a consumer's concern about the security of their personal and financial information is related to:
  - a) Product quality
  - b) Website design
  - c) **Perceived risk**
  - d) Brand image
  
- 6) Which of the following is considered a key personal factor influencing an individual's e-buying behavior?
  - a) Cultural values
  - b) Reference groups
  - c) **Lifestyle**
  - d) Social class
  
- 7) Which of the following is a primary reason a consumer might prefer a brick-and-mortar store over an online retailer?
  - a) Lower prices on most items.
  - b) **The ability to physically inspect the product before purchase.**
  - c) A wider selection of unique products compared to online.
  - d) The convenience of 24/7 shopping availability.
  
- 8) When a brick-and-mortar buyer makes an unplanned purchase based on an immediate stimulus within the store environment, this is called:
  - a) Need recognition
  - b) **Impulsive buying**
  - c) Information search
  - d) Post-purchase evaluation



9) A consumer visiting a brick-and-mortar store to browse products but intending to purchase them later online is engaging in a behavior known as:

- E-tailing
- Impulse buying
- Showrooming**
- Webrooming

10) The ability to satisfy human wants in a good or service is called its \_\_\_\_\_.

- satisfaction
- productivity
- profitability
- utility**

## Self-Assessment Questions

- 1) Define Consumer Behaviour?
- 2) Explain the nature of consumer behavior
- 3) What is the scope of Consumer Behaviour?
- 4) Write a short note on the importance of consumer behaviour.
- 5) Explain the characteristics of consumer behaviour.
- 6) What is the meaning of e buying?
- 7) What is the difference between e buyer and brick-and-mortar buyer?
- 8) Explain the important aspects of e-buyer.



## UNIT II

# INTERNAL INFLUENCES ON CONSUMER BEHAVIOR

Internal influences on consumer behavior are the psychological and personal factors that shape a person's decisions, such as motivation, perception, learning, attitudes, personality, and lifestyle. These are inherent to the individual and determine how they process information, develop beliefs, and ultimately make choices about purchasing products or services.

## 2.1 Consumer Needs and Motivations

In consumer behaviour, motivation plays an important part in making a decision. What is the motive of buying? A motive is why an individual does a thing. Motivation is an inner feeling that stimulates the action that is to be taken by an individual. It provides a specific direction or, results in a response. A person can be motivated to buy a product for convenience, for style, for prestige, for self-pride, or for being at par with others.

### 2.1.1 Basics of Motivation

People are motivated by many things, some positive others not. Some motivating factors can move people only a short time, like hunger which will last only until you are fed. Others can drive a person onward for years.

Motivation is the driving force within individuals that impels them to action. Motivation is the activation or energization of goal-oriented behavior. Motivation may be intrinsic or extrinsic. The term is generally used for humans but, theoretically, it can also be used to describe the causes for animal behavior as well. According to various theories, motivation may be rooted in the basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or a desired object, hobby, goal, state of being, ideal, or it may be attributed to less-apparent reasons such as altruism, morality, or avoiding mortality.

### 2.1.2 Needs

Needs are the essence of the marketing concept. Marketers do not create needs but can make consumers aware of needs. A need is something that is necessary for humans to live a healthy life. Needs are distinguished from wants because a deficiency would cause a clear negative outcome, such as dysfunction or death. Needs can be objective and physical, such as food and water, or they can be subjective and psychological, such as the need for self-esteem. On



a societal level, needs are sometimes controversial, such as the need for a nationalized health care system. Understanding needs and wants is an issue in the fields of politics, social science, and philosophy.

#### ***Types of Needs***

- **Innate Needs:** Physiological (or biogenic) needs that are considered primary needs or motives
- **Acquired Needs:** Learned in response to our culture or environment. Are generally psychological and considered secondary needs

#### **2.1.3 Goals**

A goal or objective is a projected state of affairs that a person or a system plans or intends to achieve—a personal or organizational desired end-point in some sort of assumed development. It is the sought-after results of motivated behavior.

#### ***Types of goals***

- **Generic goals:** are general categories of goals that consumers see as a way to fulfill their needs
- **Product-specific goals:** Are specifically branded products or services that consumers select as their goals

#### **2.1.4 Positive and negative motivation**

Positive motivation is a response which includes enjoyment and optimism about the tasks that you are involved in. Positive motivation induces people to do work in the best possible manner and to improve their performance. Under this better facilities and rewards are provided for their better performance. Such rewards and facilities may be financial and non-financial.

Negative motivation aims at controlling the negative efforts of the work and seeks to create a sense of fear for the worker, which he has to suffer for lack of good performance. It is based on the concept that if a worker fails in achieving the desired results, he should be punished. Negative motivation involves undertaking tasks because there will be undesirable outcomes, eg:- Failing a subject, if tasks are not completed.

Both positive and negative motivation aim at inspiring the will of the people to work but they differ in their approaches. Whereas one approaches the people to work in the best possible



manner providing better monetary and non-monetary incentives, the other tries to induce the man by cutting their wages and other facilities and amenities on the belief that man works out of fear.

### **2.1.5 Buying Motives of Consumers**

Every human activity has a motive behind it. So also, the buying activity of every buyer has a motive behind it. A buyer does not simply purchase something. He takes a decision to purchase something only when a motive (i.e., inner feeling or urge) make him to buy it.

Buying motives of a buyer refers to the influences or motivations forces which determine his buying. In other words, a buying motive is the inner feelings, urge, instinct, drive, desire, stimulus, thoughts, or emotion that makes a buyer buy a certain product or service to satisfy his needs.

#### **Types of Buying Motives**

Buying motives can be classified as follows:

1. Product buying motives
  - Emotional buying motives
  - Rational buying motives
2. Patronage buying motives
  - Emotional buying motives
  - Rational buying motives

#### **1. Product Buying Motives**

Product buying motives refer to those influences and reasons which prompt (i.e., induce) a buyer to choose a particular product in preference to other products. Product buying motives may be sub-divided into two groups, viz., emotional product buying motive, and rational buying motive.

##### ***Emotional Product Buying Motives***

When a buyer decides to purchase a product without thinking over the matter logically and carefully, he /she is said to have been influenced by emotional product buying motives. Emotional product buying motives include the following: arouse the need for food. Ex: the New cell Pride or Prestige: Many buyers are proud of possessing some product (i.e., they feel that the possession of the product increases their social prestige or status). In fact, many products are sold



by the sellers by appealing to the pride or prestige of the buyers.

Emulation or imitation: emulation i.e., the desire to imitate others is one of the important emotional buying motives. For instance, a housewife may like to have a silk saree for the simple reason that all the neighboring housewives have silk sarees.

- **Affection:** many goods are purchased by the buyers because of their affection or love for others. For instance, a father may buy a costly watch for his son or daughter out of his affection or love.
- **Comfort or desire for Comfort:** many products are bought because of the desire for comfort. For instance, fans refrigerators washing machine, cushion beds, etc. are bought by the people because of their desire for comfort.
- **Sex appeal or sex attraction:** buyers buy and use certain things, as they want to be attractive to the members of the opposite sex. Men and women by cosmetics, costly dresses, etc. because of this emotional motive.
- **Ambition:** ambition refers to the desire to achieve a definite goal. It is because of this buying motive that, sometimes, customers buy certain things. For instance, it is the ambition that makes many people, who do not have the facilities.
- **Desire for distinctiveness or individuality:** Customers buy certain things because they want to be in possession of things which are not possessed by others. Purchasing and wearing a particular type of dress by some people is because of their desire for distinctiveness or individuality.
- **Desire for recreation or pleasure:** desire for recreation or pleasure is also one of the emotional buying motives. For instance, radios, musical instruments, etc., are bought by people because of their desire for recreation.
- **Hunger and thirst:** Hunger and thirst are also one of the important emotional buying motives. Food stuffs, drinks, etc., are bought by the people because of their motive.

### ***Rational Product Buying Motives***

When a buyer decides to buy a certain thing after careful consideration, he is said to have been influenced by rational product buying motives. Rational product buying motives include the following:

- **Safety and Security:** Desire for safety or security is an important rational buying motives influencing many purchases. For instance, iron safes or safety lockers are bought



by the people because of this motive. Similarly, vitamin tablets, tonics, medicines, etc. are bought by the people because of this motive, i.e., they want to safeguard their health and protect themselves against diseases.

- **Economy:** Economy, i.e., saving in operating costs, is one of the important rational buying motives. For instance, maruti Suzuki cars are preferred by the people because of the economy or saving in the operating costs.
- **Relatively low price:** most of the buyers compare the prices of competing products and buy things which are relatively cheaper.
- **Suitability:** intelligent buyers consider the suitability of the products before buying them. For instance, a buyer who has a small dining room, naturally, goes in for a small dining table that is suitable
- **Utility or versatility:** versatility or the utility of a product refers to that quality of the product which makes it suitable for a variety of uses. People, often purchase things which have utility.
- **Durability of the Product:** Durability of the product is one of the most important rational buying motives. Many products are bought by the people only on the basis of their durability.
- **Convenience of the product:** many products are bought by the people because they are more convenient to them.

## 2. Patronage Buying Motives

Patronage buying motives refers to those considerations or reasons which prompt a buyer to buy the product wanted by him from a particular shop in preference to other shops. Patronage buying motives also may be sub-divided into two groups. They are:

- a) Emotional patronage buying motives.
- b) Rational patronage buying motives.

### *Emotional Patronage buying motives*

When a buyer patronizes a shop without applying his mind or without reasoning, he is said to have been influenced by emotional patronage buying motives. Emotional patronage buying motives include the following:

- **Appearance of the shop:** some people make their purchases from a particular shop



because of the good or attractive appearance of the shop.

- **Display of goods in the shop:** Attractive display of goods in the shop also makes the buying patronize a particular shop.
- **Recommendation of others:** some people purchase their requirements from a particular shop because that shop has been recommended to them by others.
- **Imitation:** people make their purchases from a particular shop just because other people make their purchases from that shop.
- **Prestige:** Prestige is one of the emotional patronage buying motives of the buyers. For instance, some people consider it a prestige to take coffee from a five-star hotel.
- **Habit:** some people make their purchases from a particular shop for the simple reason that they have been habitually making their purchases from that shop.

### ***Rational Patronage Buying Motives***

When a buyer patronizes a shop after careful consideration, he is said to have been influenced by rational patronage buying motives. Rational patronage buying motives include the following:

- **Convenience:** convenient location or proximity of a shop is one of the considerations influencing the purchases of many buyers from a particular shop. Many buyers, usually, buy their requirements from a nearby shop, as it is convenient to them to make their purchases.
- **Low price charged by the shop:** if the price charged by a shop for a particular product is relatively cheaper, naturally, many people will make their purchases from that shop.
- **Credit facilities offered:** people who do not have enough money to make cash purchases every time prefer to make their purchases from a shop which offers credit facilities.
- **Service Offered:** the various sales and after-sale services, such as, acceptance of order through phone, home delivery of goods, repair services etc. offered by a shop also induce the buyers to buy their requirements from that shop.
- **Wide Choice:** People, generally, prefer to make purchases from a shop which offers wide choice.
- **Treatment:** people would like to purchase their requirements from a shop where they get courteous treatment.
- **Reputation of the shop:** people would like to make their purchases from a store having reputation for fair dealings.



## 2.2 Characteristics of Motivation

### *Goal-directed*

Motivation drives a consumer to perform actions that are aimed at achieving a specific goal, such as buying a product to fulfill a need.

### *Dynamic and complex*

Motivation isn't static; it's constantly changing and is influenced by a combination of internal and external forces.

### *Internal and external forces*

- **Internal:** This includes a consumer's individual needs, wants, and psychological traits.
- **External:** This includes influences like culture, religion, social situations, and marketing efforts such as advertisements.

### *Positive and negative*

- **Positive motivation:** A "carrot" approach where consumers are motivated by the desire to gain something, like a reward or a positive outcome (e.g., "work out to get fit").
- **Negative motivation:** A "stick" approach where consumers are motivated to avoid a penalty or negative consequence (e.g., buying a security system to avoid burglary).

### *Manifest vs. Latent*

- **Manifest:** These are conscious, clear, and often well-reasoned motives for a purchase (e.g., buying a luxury car for status).
- **Latent:** These are unconscious, less-defined motives that consumers may not be aware of or willing to admit to (e.g., buying a certain brand to feel sophisticated).

### *Originates from unfulfilled needs*

The process begins with a consumer recognizing an unfulfilled need, which creates tension that they are motivated to reduce by taking action.

## 2.3 Arousal of Motives

The arousal of any particular set of needs at a specific moment in time may be caused by internal stimuli found in the individual's physiological condition, by emotional or cognitive processes or by stimuli in outside environment.

- Physiological arousal
- Emotional arousal



- Cognitive arousal
- Environmental arousal

### ***Physiological Arousal***

Bodily needs at any one specific moment in time are based on the individual physiological condition at the moment. Ex..A drop in blood sugar level or stomach contractions will trigger awareness of a hunger need. Ex: A decrease in body temperature will induce shivering, which makes individual aware of the need for warmth this type of thing, they arouse related needs that cause uncomfortable tensions until they are satisfied. Ex: Medicine, low fat and diet.

### ***Emotional Arousal***

Sometime day dreaming results in the arousal (autistic thinking) or stimulation of latent needs. People who are bored/ frustrated in trying to achieve their goals or often engage in their day dreaming, they imagine themselves in all sorts of desirable situations. Ex:- A young woman who may spend her free time in internet single chat room.

### ***Cognitive arousal***

Sometime random thoughts can lead to a cognitive awareness of needs. An advertisement that provides reminders of home might trigger instant yearning to speak with ones parents.

### ***Environment arousal***

The set of needs an individual experiences at particular time are often activated by specific cues in the environment. Without these cues the needs might remain dormant. Ex:- The 8'o clock news, the sight or smell of bakery goods, fast food commercials on television, all these may phone model display in the store window.

## **2.4 Motivation Theories and Consumer Behaviour**

Motivation theories explain how internal processes like needs and desires drive consumers to act, with key theories including Maslow's Hierarchy of Needs, McClelland's Theory of Needs, and Instinct Theory. These theories are applied by businesses to understand consumer behavior for effective marketing, product development, and brand strategy by revealing why consumers choose certain products to satisfy functional, social, emotional, or innate needs.



#### 2.4.1 Important Motivation Theories

- **Maslow's Hierarchy of Needs:** This theory suggests that consumers are motivated to fulfill needs in a hierarchical order, from basic physiological needs (like food and water) to safety, social (belonging), esteem, and finally, self-actualization.
- **McClelland's APA Theory of Needs:** This theory focuses on three learned needs: achievement, affiliation, and power.
- **Instinct Theory:** This theory posits that some consumer behaviors are driven by innate biological needs, such as hunger, thirst, warmth, and protection.
- **Herzberg's Two-Factor Theory:** This theory distinguishes between "hygiene factors" (which can cause dissatisfaction if absent, but don't necessarily motivate) and "motivators" (which lead to satisfaction and motivation when present).
- **Functional and Aesthetic Motives:** This theory highlights how consumers are motivated by both a product's practicality and its emotional or aesthetic appeal.

Here, we discuss about Maslow's Hierarchy of Needs and McClelland's APA Theory.

#### 2.4.2 How motivation drives consumer behavior

- **Needs activate tension:** When a need arises (e.g., hunger), it creates a state of tension. This tension drives the consumer to find a way to satisfy that need.
- **Motivation guides choices:** Motivation directs the consumer to select specific products or services that are perceived to be able to reduce that tension and satisfy the need, whether that need is functional (durable shoes) or hedonic (an exciting experience).
- **Marketing implications:** Understanding these motivations allows businesses to: Position products effectively: Appeal to specific needs (e.g., safety, status) through advertising and messaging.
- **Develop products:** Create products that not only meet functional needs but also provide emotional or social benefits.
- **Manage consumer conflicts:** Help consumers resolve conflicts between different motives or products through product modifications or clearer messaging.



## 2.5 Maslow's hierarchy of needs



One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator.

As per his theory these needs are:

### ***(i) Physiological needs***

These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

### ***(ii) Safety or Security needs***

These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

### ***(iii) Social needs***

Since people are social beings, they need to belong and be accepted by others. People try to satisfy their need for affection, acceptance and friendship.

### ***(iv) Esteem needs***

According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige status and self-confidence. It includes both internal esteem factors



like self-respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

#### *(v) Need for self-actualization*

Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming; it includes growth, achieving one's potential and self-fulfillment. It is to maximize one's potential and to accomplish something.

As each of these needs is substantially satisfied, the next need becomes dominant. From the standpoint of motivation, the theory would say that although no need is ever fully gratified, a substantially satisfied need no longer motivates. So if you want to motivate someone, you need to understand what level of the hierarchy that person is on and focus on satisfying those needs or needs above that level.

### **2.5.1 Maslow's hierarchy of needs in marketing and consumer behaviour**

To help with training of Maslow's theory look for Maslow's Hierarchy of Needs motivators in advertising. This is a great basis for Maslow and motivation training exercises:

- **Biological and Physiological needs** - wife/child-abuse, help-lines, social security benefits, Samaritans, road side recovery.
- **Safety needs** - home security products (alarms, etc), house a contents insurance, life assurance, schools.
- **Belongingness and Love needs** - dating and match-making services, chat-lines, clubs and membership societies, Macdonalds, 'family' themes like the old style Oxo stock cube ads.
- Esteem needs - cosmetics, fast cars, home improvements, furniture, fashion clothes, drinks, lifestyle products and services.
- **Self-Actualization needs** - Open University, and that's about it; little else in mainstream media because only 2% of population are self-actualizers, so they don't constitute a very big part of the main stream market.

### **2.6 McClelland's APA theory**

McClelland's theory, also known as the Acquired Needs Theory or Three Needs Theory, proposes that motivation is driven by three learned needs: achievement, power, and affiliation.



These needs are developed through culture and life experiences, and the dominant one influences an individual's behavior, preferences, and leadership style.



**Need for Achievement:** A desire to excel, meet goals, and be successful. Individuals with this high need prefer challenging tasks with clear goals and enjoy receiving feedback on their performance.

*Need for Achievement (nACH):* Personal responsibility, Feedback, Moderate risk

**Typical behaviors:**

- **High:** Must win at any cost, must be on top, and receive credit.
- **Low:** Fears failure, avoids responsibility.

**Need for Power :** The desire to influence or control others. This can be either a personal need to direct others or a socialized need to influence for the benefit of the organization.

*Need for Power (nPOW):* Influence, Competitive

**Typical behaviors:**

- **High:** Demands blind loyalty and harmony, does not tolerate disagreement.
- **Low:** Remains aloof, maintains social distance.



**Need for Affiliation** : The desire for friendly, harmonious relationships and to be liked and accepted by others. Individuals with a high need for affiliation prefer to cooperate and conform to group norms.

*Need for Affiliation (nAFF):* Acceptance and friendship, Cooperative

**Typical behaviors:**

- **High:** Desires control of everyone and everything, exaggerates own position and resources.
- **Low:** Dependent/subordinate, minimizes own position and resources.

## Check Your Progress

- 1) Which of the following is considered an internal psychological factor influencing consumer behavior?
  - a) Culture
  - b) Social Class
  - c) **Motivation**
  - d) Reference Groups
- 2) A strong internal stimulus that calls for action to satisfy a need is known as a:
  - a) Want
  - b) Demand
  - c) Cue
  - d) **Drive**
- 3) According to Maslow's Hierarchy of Needs, which need level must generally be satisfied before a person addresses safety needs?
  - a) Social needs
  - b) Esteem needs
  - c) **Physiological needs**
  - d) Self-actualization needs



4) According to McClelland's theory, consumers with a high need for achievement (nAch) are most likely to purchase products that reflect which of the following characteristics?

- products that are popular among their social group
- products that offer status and a sense of control over others
- products that help them attain personal goals or signify success and mastery**
- products that provide comfort and security

5) Consumers who are motivated by the need for affiliation (nAff) tend to prefer products and brands that emphasize which of the following?

- Uniqueness and personal success
- Social acceptance, belonging, and friendly relationships**
- Dominance and influence
- Risk-taking and innovation

6) An advertisement run during winter that portrays a family comfortably inside their home, eating warm food in front of a gas fire is using \_\_\_\_\_ arousal to stimulate a need.

- emotional
- environmental
- cognitive
- physiological**

7) \_\_\_\_\_ arousal of motives occurs when random thoughts or personal meditation stimulate a need.

- Physiological
- Emotional
- Cognitive**
- Environmental

## Self-Assessment Questions

- 1) Write about the Characteristics of motivation.
- 2) How do you measure motives? Explain.
- 3) Explain various types of buying motives.



- 4) Discuss in detail about arousal motives.
- 5) How motivation drives consumer behavior?
- 6) Explain the various types of motivation in consumer behaviour.
- 7) Discuss the Maslow's hierarchy of need theory?
- 8) Explain McClelland's APA theory.
- 9) How can Maslow's theory of motivation be applied to individual consumer behavior?



## UNIT III

# CONSUMER PERSONALITY

Personality, in the context of consumer behavior, refers to an individual's unique set of characteristics, traits, and patterns of thought, emotion, and behavior that influence their interactions with the marketplace. It encompasses both enduring qualities and situational factors that shape consumer preferences, decision-making processes, and brand choices.

Understanding personality in consumer behavior helps businesses tailor their marketing efforts, create relevant brand experiences, and develop effective communication strategies. By gaining insights into consumers' personalities, businesses can anticipate their needs, wants, and desires, thereby enhancing customer satisfaction and loyalty.

### 3.1 The Role of Personality in Consumer Behavior

Personality plays a significant role in influencing various aspects of consumer behavior, including:

- **Product Preferences:** Consumers with different personality traits tend to prefer different types of products. For example, an extroverted consumer might favor bold and vibrant products, while an introverted consumer might prefer subtle and understated options.
- **Brand Loyalty:** Personality influences the degree of loyalty a consumer feels towards a brand. Some consumers, driven by traits like conscientiousness or agreeableness, may develop strong attachments to brands that align with their values, while others with a more adventurous or open personality might enjoy exploring new brands.
- **Decision-Making Style:** Consumers' decision-making processes are often guided by their personality traits. For instance, a person with a high level of openness to experience might be more willing to take risks and try innovative products, whereas a person with high conscientiousness might make more deliberate and careful purchasing decisions.
- **Shopping Behavior:** Personality influences how consumers approach shopping. Some may find shopping to be a social and enjoyable activity, while others might view it as a necessary task to be completed as efficiently as possible.



### 3.2 Theories of personality

Theories of personality in consumer behavior primarily fall into three categories: Freudian, Neo-Freudian (Jungian), and Trait theory. Freudian theory suggests that consumer choices are driven by unconscious desires, while Neo-Freudian theories focus on the role of social relationships and feelings of inferiority. Trait theory, perhaps the most quantitative, views personality as a set of enduring traits like innovativeness or extraversion that influence purchasing habits.

- **Freudian Theory:** Personality is a result of the interaction between three competing forces: the id (primal desires), the ego (mediator between desires and reality), and the superego (internalized morals and social norms).
- **Neo-Freudian (Jungian) Theory:** This theory, derived from Freudian ideas, emphasizes the importance of social relationships and feelings of inferiority in shaping personality and behavior.
- **Trait Theory:** Personality is defined by a set of enduring characteristics or traits that vary in intensity from person to person.

### 3.3 Freud theory (The Psychoanalytic Theory of Freud)

Sigmund Freud, the father of psychology, became famous with his psychoanalytic theory of personality. In fact, the theory is regarded as the cornerstone of modern psychology. Sigmund based his theory on certain assumptions which is as follows –

Unconscious needs or drives lie at the heart of human motivation and personality. The socialization process that takes place within people in a social set up has a huge impact on individual behavior. Freud explained much of how the psyche or the mind operates, and proposed that, human psyche is composed of parts within our awareness and beyond our awareness. He said that all behavior within an individual cannot be explained, much lies in the subconscious.

- **Id** – According to Freud's psychoanalytic theory of personality, the id operates based on the pleasure principle, which stresses on immediate fulfillment of needs. The id is the personality component made up of unconscious psychic energy which satisfies basic urges, needs, and desires.
- **Ego** – Ego is that state of awareness which thinks of you as separate from the other. It



always thinks of the glories of the past and hopes of the future and focuses on guiltiness. It always thinks of what was and what could be.

- **Super Ego** – the super ego provides guidelines for making judgments. It is the aspect of personality that holds all our moral standards and ideals that we acquire from both parents and society.

### 3.4 Neo-Freudian (Jungian) Theory

There were a group of psychologists who believed that social interaction and resultant relationships formed the basis for the growth and development of personality. Here, they disagreed with their contemporary, Freud, who believed that personality was –

Biological and rooted in genetics, and was groomed as a result of early childhood experiences. This group of researchers who laid emphasis on the process of socialization came to be known as the Neo. To form a personality, social relationships are very important.

Based on this, consumers are classified into three personality types:

- **Complaint Personalities** – they prefer love and affection and so they move towards them and so they prefer known brands.
- **Aggressive Personalities** – they tend to move against others and they show off their need for power, success etc which is quite manipulative.
- **Detached Personalities** – they are not much aware of brands and are more self reliant and independent.

Marketers also tend to use Neo-Freudian theories while segmenting markets and positioning their products.

### 3.5 Trait Theory

Traits are the features of an individual or tendency of an individual in a particular manner. Traits help in defining the behavior of consumers. According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important.

Following are the few of the most common traits –

- Outgoing
- Sad



- Stable
- Serious
- Happy go lucky
- Relaxed
- Self assured
- Practical
- Imaginative

Trait theory is representative of multi-personality theories. Trait theory is based on certain assumptions, such as traits which are certainly stable in nature and a limited number of traits are common to most of the people.

According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important. The trait theories can be of two broad categories, viz., Simple trait theories and general trait theories.

### 3.6 Theory of Self-Image

The theory of self-image in consumer behavior posits that individuals use products and brands to express and validate their self-concept, which is how they see themselves, both individually and socially. This theory explains that consumers often buy things that align with their "actual self" (who they are), "ideal self" (who they want to be), "social self" (how they think others see them), or "ideal social self" (who they want others to see them as). By understanding these different self-concepts, marketers can tailor their strategies to create products and brands that resonate with consumers' desires for self-expression and social acceptance.

#### 3.6.1 Components of self-image theory

- **Actual Self:** This refers to how individuals perceive themselves as they currently are. It includes their physical appearance, abilities, personality traits, and social roles.

**Example:** A person who sees themselves as environmentally conscious may prefer to buy eco-friendly products that align with their actual self-image.

- **Ideal Self:** This is how individuals aspire to be or how they wish others would perceive them. It represents the traits and characteristics they desire to possess.

**Example:** Someone who aspires to be seen as fashionable and trendy may purchase designer clothing or luxury items to align their purchases with their ideal self-image.



- **Social Self:** This aspect of self-image relates to how individuals believe they are perceived by others. It often influences purchases that are intended to project a certain image in social settings.

**Example:** A consumer might buy a high-end car to project success and wealth to their peers, aligning their social self with the image they want to convey.

- **Ideal Social Self:** This is how individuals would like others to see them. It often drives purchases that are meant to enhance one's social status or fit into a particular social group.

**Example:** A young professional might choose to wear business attire from a well-known brand to be seen as competent and successful by colleagues.

### 3.6.2 The Influence of Self-Image on Consumer Behavior

Self-image influences consumer behavior in several significant ways:

- **Product Choices:** Consumers often select products that they believe are consistent with their self-image. Products that resonate with a consumer's view of themselves are more likely to be chosen over others.

**Example:** A health-conscious individual might choose organic foods and fitness-related products because these items align with their self-perception as someone who values health and wellness.

- **Brand Loyalty:** Consumers are more likely to be loyal to brands that reflect their self-image. When a brand's identity aligns closely with a consumer's self-concept, it fosters a stronger emotional connection, leading to repeat purchases.

**Example:** A consumer who identifies with the values of a sustainable fashion brand is likely to continue supporting that brand, reinforcing their own self-image as someone who cares about environmental issues.

- **Advertising Appeal:** Marketers often design advertisements that appeal to a consumer's self-image. By highlighting how a product can enhance or reflect a desired self-concept, marketers can effectively influence purchasing decisions.

**Example:** A skincare ad that emphasizes achieving a youthful appearance may appeal to consumers whose ideal self-image includes looking younger, thereby motivating them to buy the product.



- **Consumer Satisfaction:** Satisfaction with a purchase can be closely tied to how well the product or service aligns with the consumer's self-image. If the purchase reinforces or enhances their self-concept, they are more likely to be satisfied.

**Example:** A consumer who buys a high-quality, professional-grade camera because it aligns with their self-image as an aspiring photographer is likely to feel satisfied and validated by their purchase.

### 3.7 Role of Self-Consciousness

Self-consciousness plays a significant role in consumer behavior by influencing how individuals perceive and present themselves through their purchases. It drives decisions, with high public self-consciousness leading to a focus on how products project an image to others, like choosing fashion brands to communicate status or social appropriateness. In contrast, private self-consciousness directs attention inward, impacting the evaluation of a product based on one's own feelings and experiences.

#### *Public self-consciousness*

- **Impression management:** Consumers high in public self-consciousness are concerned with how others perceive them, using products to convey a desired image.
- **Symbolic consumption:** They are more likely to purchase symbolic items, such as fashion and luxury goods, to communicate traits like status and social approval.
- **Conspicuous consumption:** Individuals high in public self-consciousness may be more prone to online conspicuous consumption, such as sharing images of luxury products on social media.
- **Influence of social norms:** They are more sensitive to social expectations and may adjust their behavior to align with societal norms.

#### *Private self-consciousness*

- **Internal evaluation:** Consumers high in private self-consciousness focus on their own thoughts, feelings, and internal experiences related to a purchase.
- **Enhanced value perception:** They may increase their perception of a product's value based on their own positive experiences, particularly for higher-priced items.

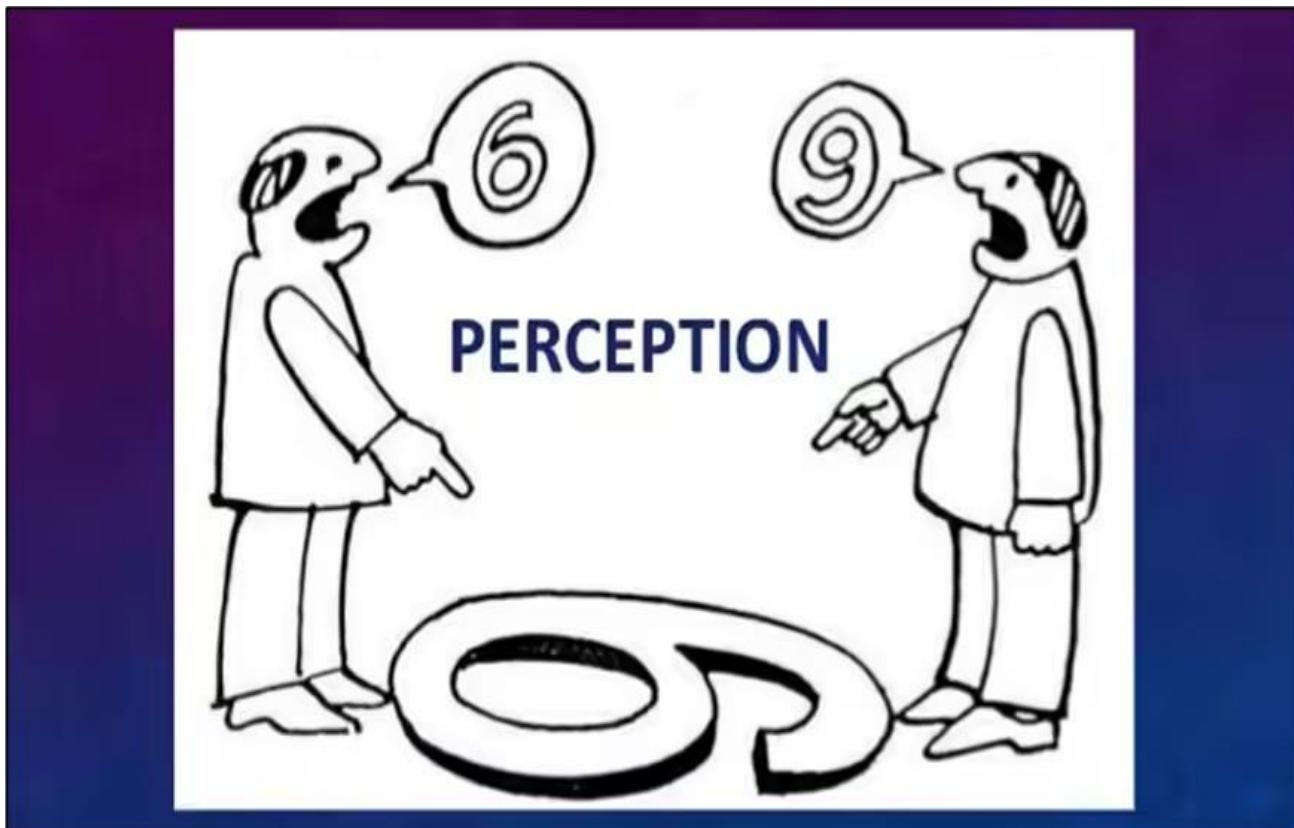


- **Attitude toward the retailer:** Private self-consciousness can moderate the link between consumer attention to a norm (e.g., being a savvy shopper) and their attitude toward a retailer.

### 3.7.1 How self-consciousness affects online behavior

- **Online shopping adoption:** Public self-consciousness has been found to be a significant predictor of adopting online shopping but can inversely affect perceived ease of use and usefulness.
- **Online conspicuous consumption:** Research shows a positive relationship between public self-consciousness and online conspicuous consumption, such as sharing luxury items online.
- **Strategies:** Marketers can leverage insights into these psychological variables for more tailored strategies, though more research is needed to fully understand the impact of self-consciousness on online consumer behaviors.

## 3.8 Consumer Perception





Consumer perception refers to how a customer feels about a company. This includes their thoughts, emotions and opinions related to a brand and its products or services. Customer perception can be positive or negative. It is an intellectual process of transforming sensory stimuli to meaningful information. It is the process of interpreting something that we see or hear in our mind and use it later to judge and give a verdict on a situation, person, group etc.

It can be divided into five Types

- **Sound** - The ability to receive sound
- **Speech** - interpreting and understanding the sounds of language we heard.
- **Touch** - Identifying surface by touching it.
- **Taste** - by tasting it through sensory organs known as taste buds.
- **Other senses** - perception through body, pain, time, sensation felt in throat and lungs etc.





### 3.8.1 Consumer perception process

Perceptual process is the different stages of perception we go through.

The different stages are

- Receiving
- Selecting
- Organizing
- Interpreting

#### ***Receiving***

Receiving is the first and most important stage in the process of perception. It is the initial stage in which a person collects all information and receives the information through the sense organs.

#### ***Selecting***

Selecting is the second stage in the process. Here a person doesn't receive the data randomly but selectively. A person selects some information out of all in accordance with his interest or needs .The selection of data is dominated by various external and internal factors.

#### ***Organizing***

Keeping things in order or say in a synchronized way is organizing. In order to make sense of the data received, it is important to organize them. We can organize the data by grouping them on the basis of their similarity, proximity, closure, continuity.

#### ***Interpreting***

Finally, we have the process of interpreting which means forming an idea about a particular object depending upon the need or interest. Interpretation means that the information we have sensed and organized, is finally given a meaning by turning it into something that can be categorized. It includes stereo typing, halo effect etc.

### 3.8.2 Why is Consumer Perception Important?

A happy customer is one who is satisfied with the experience that he has with a product or a service. Consumer perception can make or break your brand. When customers have a pleasant experience of getting their products delivered on time, they form a perception. Getting the products that were as described in the product description also creates a positive customer



perception. When customers experience great after-sale service, it will develop a positive opinion of the brand.

But when customers have a bad experience, such as broken products, no returns, no after-sales service, etc., the customers build a negative perception of the brand. When companies work towards strengthening the bond between customers and the company, customer perception improves, giving way to a better competitive edge.

Customer perception is also important to determine the kind of image a brand wants to build. For example, when a retail clothing store displays clothes on crowded racks using low-quality plastic hangers; customers get a perception that it is a low-quality brand.

But when the same clothes are presented well with back-lit mannequins, neatly arranged, good quality attractive hangers, etc., the customers build a different perception of the brand.

Customer perception or consumer perception plays a major role in buying behavior. Hence companies are going the extra mile to create a pleasant and happy customer experience for their customers. Companies are ready to spend money and effort to influence customer perception and drive profitable consumer behavior.

### **3.8.3 Factors Influencing Consumer Perception**

Customer perception can be influenced by external factors, some of which are listed below:

- **Past experiences:** Every interaction a customer has with your brand is an opportunity for you to impact their opinion of your company. Delivering consistently positive experiences can build trust between customers and your brand and lead to a loyal customer base.
- **Price:** Many consumers prioritize price when choosing between service providers. Prices that are too high or too low may detract from the public's perception of your brand, so it's important to incorporate strategic pricing strategies based on market research, competitor practices and your organization's financial needs.
- **Quality:** Product quality can influence customers' perception of your brand. When your product or service exceeds expectations, customers feel like they received a good deal, leading to a positive experience that can make them want to do business with your company again.
- **Usability:** Customers generally prefer products that are easy to use and have clear directions. The ease with which buyers can interact with your products and use them to



solve a problem can influence their feelings about your brand, so aim to create products with straightforward, widely accessible language and features that a wide range of users can operate easily.

- **Customer service:** Customer service is an important facet of how clients and customers view your business because it can make them feel appreciated, heard and respected. Even when customers have an issue with a product or service, a productive experience with the company's customer care team that solves the problem quickly can leave customers with an overall positive perception of the organization.
- **Location:** Customers value convenience, and where your company is located can impact whether certain consumers choose to purchase your products or services. It's best to have a location that's central to your target market and has easy entrance and exit points and convenient parking.
- **Marketing:** Your marketing strategies deliver messages to the public about what your company is, what it values and why it's better than the competition. Your audience is receiving these messages from a range of media and can use them to develop an opinion of your brand.
- **Reputation:** The news and stories people hear about your brand can impact their feelings about the business and help build a positive reputation. For example, if your company appears in a news story about a fundraiser for a local charity, this can create positive feelings for viewers, even if they have never shopped with you before.
- **Recommendations:** Recommendations from family members, friends and influencers can affect whether a person purchases your products or services. This is why investing in strategies to improve customers' perception can be worthwhile, leading to an exponential increase in sales and conversions.



## Check Your Progress

- 1) A set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli is called:
  - a) image
  - b) **personality**
  - c) psychological transformation
  - d) lifestyle
  
- 2) Which theory of personality suggests that unconscious needs or drives are the heart of human motivation and personality?
  - a) trait theory
  - b) neo-freudian theory
  - c) **freudian theory**
  - d) self-concept theory
  
- 3) The Neo-Freudian theorists placed more emphasis on \_\_\_\_\_ factors in personality development, while Freud focused primarily on unconscious sexual and aggressive drives.
  - a) biological
  - b) economic
  - c) **social and cultural**
  - d) physiological
  
- 4) When consumers choose and use brands that have a brand personality consistent with how they see themselves, this is known as the:
  - a) ideal self-concept
  - b) others' self-concept
  - c) **actual self-concept**
  - d) prohibitive self-concept



- 5) Trait theories in consumer behaviour focus on:
  - a) developmental changes
  - b) **stable characteristics**
  - c) unconscious conflicts
  - d) learned behaviours
  
- 6) Marketers often use personality insights to:
  - a) force consumers to change their core values
  - b) **develop marketing strategies and target specific segments**
  - c) predict the exact moment a consumer will make a purchase
  - d) eliminate all consumer internal conflicts
  
- 7) Which concept portrays the "whole person" interacting with his or her environment, encompassing their activities, interests, and opinions?
  - a) Attitude
  - b) Personality
  - c) **Lifestyle**
  - d) Self-Concept
  
- 8) \_\_\_\_\_ is the process by which people select, organize, and interpret information to form a meaningful picture of the world.
  - a) readiness
  - b) selectivity
  - c) perception
  - d) motivation
  
- 9) Which psychological factor is associated with how consumers interpret information?
  - a) Motivation
  - b) **Perception**
  - c) Belief
  - d) Attitude



10) Consumers often believe that higher prices indicate higher quality or prestige. this is an example of \_\_\_\_\_.

- a) price sensitivity
- b) objective evaluation
- c) **perceived value/quality**
- d) market analysis

## Self-Assessment Questions

- 1) What is meant by personality?
- 2) Define consumer personality.
- 3) Discuss the role of personality in consumer behavior
- 4) Explain in detail about Freudian ~~theory~~ of personality.
- 5) What is the trait theory of consumer behavior?
- 6) Define the term Self Image. How does it impact consumer decision making?
- 7) What is the role of self-consciousness in consumer behavior?
- 8) What do you mean by a Consumer perception?
- 9) List the steps in consumer perception process.
- 10) Evaluate how perception affects consumer buying decisions.



## UNIT IV

# EXTERNAL INFLUENCES ON CONSUMER BEHAVIOR

External influences on consumer behavior include cultural, social, and economic factors that come from outside an individual. These can be broken down into cultural and sub cultural values, social influences like family, reference groups, and social class, and economic conditions. Other external factors include technology, media and advertising, and situational elements such as store atmospherics like music, smell, and lighting.

### 4.1 External influences

#### *Economic conditions*

Broader economic factors like interest rates, inflation, and employment levels can significantly impact a consumer's purchasing power and willingness to spend.

#### *Marketing and situational influences*

- **Media and advertising:** Commercials, online ads, and other forms of marketing influence awareness, perception, and desire for products and services.
- **Technology:** The rise of e-commerce, social media, and digital technologies has created new ways for consumers to gather information and make purchases.
- **Situational factors (Atmospherics):** Elements of the physical environment, such as music, lighting, and store layout, can affect buying patterns. For example, a store might play upbeat music to attract a younger demographic.

#### *Cultural and sub cultural influences*

- **Culture:** The broadest influence, shaping fundamental values, beliefs, and behaviors related to things like food, dress, and social norms.
- **Subculture:** Smaller groups within a culture that share common values and life experiences, such as nationality, religion, or geographic region.

#### *Social influences*

- **Reference groups:** Groups an individual looks to for guidance or comparison, including friends, colleagues, or even celebrities. These groups can sway product choices and brand preferences.



- **Family:** Plays a pivotal role in purchase decisions, especially for larger items or when considering the needs of multiple family members.
- **Social class:** A person's position in society influences their lifestyle, spending habits, and media consumption.
- **Roles and status:** An individual's social roles (e.g., parent, professional) and status can drive specific purchasing behaviors and the need to maintain a certain image.

## 4.2 Consumer reference groups

Reference groups are social groups or individuals that influence an individual's beliefs, attitudes, values, and behavior. These groups serve as benchmarks for comparison, shaping how people perceive themselves and make choices. Reference groups can be both formal, like family or friends, or informal, such as celebrities or online communities.

### 4.2.1 Types of Reference Groups

Reference groups can be categorized into several types based on their relevance and impact:

#### *Membership Reference Groups*

These groups consist of people with whom an individual has direct interactions and affiliations. Family, friends, colleagues, and social circles are common membership reference groups. Their influence is significant because individuals seek approval and conformity within these groups.

#### *Aspiration Reference Groups*

Aspiration reference groups represent those individuals or groups to which a person aspires to belong. Celebrities, influencers, or prestigious organizations often serve as aspiration reference groups. Consumers may adopt behaviors, styles, or products associated with these groups to align with their desired self-image.

#### *Dissociative Reference Groups*

Dissociative reference groups are those individuals or groups from which an individual wants to distance them. Negative stereotypes or undesirable behaviors associated with these groups may prompt consumers to avoid their influence.



### **Normative Reference Groups**

Normative reference groups establish the norms and values that guide behavior in society. They define what is considered acceptable or appropriate in a given culture or community. Compliance with these norms ensures social acceptance and approval.

#### **4.2.2 Influence of Reference Groups on Consumer Behavior**

- **Social Comparison:** Individuals compare themselves with members of their reference groups to assess their own beliefs, preferences, and behavior. This comparison can lead to conformity or differentiation.
- **Social Identity:** People often adopt the characteristics and preferences of their reference groups to strengthen their social identity and sense of belonging.
- **Information and Opinion:** Reference groups serve as sources of information and opinions. Recommendations and reviews from these groups can impact product choices and brand loyalty.
- **Conformity:** The desire for social acceptance can lead individuals to conform to the norms and behaviors of their reference groups, affecting their choices.
- **Aspiration and Motivation:** Aspiration reference groups inspire individuals to set goals and strive for particular lifestyles or achievements.

#### **4.2.3 Marketing and Reference Groups**

Marketers recognize the influence of reference groups and employ various strategies:

- **Celebrity Endorsements:** Celebrity endorsements leverage the aspirational power of famous individuals to influence consumer choices.
- **User-Generated Content:** Brands encourage customers to share their experiences and opinions, harnessing the influence of peer reference groups.
- **Social Proof:** Displaying the popularity of products through ratings, reviews, and social media metrics appeals to consumers' desire to conform to normative reference groups.

### **4.3 Family and Consumer Behavior**

In consumer behavior, the family is a crucial influence because most purchases are made by households, and family members hold different roles (like decision-maker, influencer, or gatekeeper) in the buying process. Factors such as the family life cycle stage, lifestyle, and the



family's economic and social roles significantly shape consumption patterns, from daily groceries to major purchases like cars or vacations. Understanding these dynamics helps marketers create more effective campaigns by targeting specific family structures and their unique consumption needs.

#### **4.3.1 Important aspects of family influence on consumer behavior**

- **Family roles:** Different family members play distinct roles in a purchase, such as the decision-maker who makes the final choice, the influencer who provides opinions, the buyer, and the user.
- **Decision-making process:** Joint decisions are common, especially in areas like major purchases such as a car or vacation. The family unit often provides opportunities for product exposure and trial.

#### **4.3.2 Influence of family members**

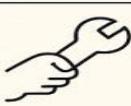
- **Spouses:** Both spouses have different tastes, but they mutually decide on purchases. For example, a bachelor may not buy perfume, but his wife may influence him to buy it for her.
- **Children:** Children can heavily influence decisions, prompting parents to buy toys, certain TV channels, or specific brands.
- **Parents:** Parents teach children about the use and value of money and impart consumption values through observation and their own behavior.
- **Family life cycle:** Consumption patterns change dramatically as a family progresses through different life cycle stages, from a young single person to a married couple, to a family with children, to empty nesters, and finally to older single individuals.
- **Early stages:** Purchases may focus on setting up a household or on children-related items.
- **Later stages:** Spending priorities shift to things like healthcare for ailing parents or the needs of retired members, as seen in the solitary survivor stage.
- **Economic and social functions:** Families provide economic support and emotional nourishment, but also establish a lifestyle that drives consumption patterns. Their commitments and time allocation influence consumption.



- **Family structure:** Both nuclear families (parents and children) and extended families (multiple generations) have different consumption patterns. Marketers need to understand the specific family composition to reach them effectively.

#### 4.4 Consumer Roles within a Family

Family members take on different consumer roles during a purchase process, including initiator (suggesting a need), influencer (providing opinions), gatekeeper (controlling information), decider (making the final choice), buyer (making the purchase), preparer (preparing for use), user (consuming the product), maintainer (handling upkeep), and disposer (getting rid of it).

| <b>FAMILY ROLES IN THE PURCHASE PROCESS</b>   |   |
|---|---|
|   | <b>INFLUENCERS</b><br>Family members whose opinions or expertise shape others' views.<br>A teenager recommending the latest smartphone features to parent.                                    |
|  | <b>GATEKEEPERS</b><br>Those who control information flow—what products, ads, or advice reach the decision-makers.<br>The spouse who filters online reviews and coupons before they're shared. |
|  | <b>DECIDERS</b><br>Individuals who have the authority to choose which product or brand to purchase.<br>The parent who signs off on the family car model.                                      |
|  | <b>BUYERS</b><br>Those who execute the transaction—making payment and completing the purchase.<br>The family member who visits the store or checks out online.                                |
|  | <b>PREPARERS</b><br>Members who ready the product for use—assembling, cooking, installing, or unboxing.<br>The parent who sets up the new home theater system.                                |
|  | <b>MAINTAINERS</b><br>Family members responsible for upkeep—cleaning, repairing, or restocking.<br>The spouse who ensures the dishwasher is loaded and serviced.                              |



## 4.5 Purchase Influences and Role Played by Children

Children influence family purchases through various means, including their active role in suggesting products, their direct consumption needs, and their socialization from peers, media, and parents. This influence is especially strong for products they use, like toys, clothing, and food, and can impact decisions on everything from groceries to family outings. Marketers often target children to influence household purchases, recognizing their increasing purchasing power and awareness.

### 4.5.1 How children influence purchases

- **Direct influence:** Children can be active initiators, information seekers, and even buyers for certain products, particularly those in which they are the primary consumer.
- **Indirect influence:** They can shape family decisions by expressing preferences, even for non-child-specific items like electronics or vacations.
- **Pester power:** This is a classic tactic where children constantly ask for specific products until parents give in.
- **Cognitive development:** As children grow, their ability to compare products, understand advertising, and make more complex choices increases their influence.

### 4.5.2 Factors that increase children's influence

- **Product category:** Children's influence is highest for products they use directly, such as toys, games, food, and clothing.
- **Family dynamics:** The level of influence can vary based on family size, communication patterns, and parental styles.
- **Digitalization:** The internet has made children more informed and aware, which increases their influence beyond just "pester power".

## 4.6 The Family Life Cycle (FLC) and Consumption

### 11 Family Life Cycle Stages

- Young Single (at home): Unmarried adults living with parents.
- Young Single (independent): Unmarried adults on their own.
- Newly Married (no kids): Couples combining incomes, no dependents.
- Full Nest I: Youngest child under 6 years.



- Full Nest II: Youngest child 6–12 years.
- Full Nest III: Youngest child a teenager or in college.
- Empty Nest I: Children have left home; parents still working.
- Empty Nest II: Retired empty-nesters.
- Single Parent I: Single caregivers with a child under 6.
- Single Parent II: Single caregivers with children 6 and older.
- Solitary Survivor: Older adults living alone (widowed or never married).

#### **4.6.1 How Needs & Spending Patterns Evolve**

##### ***Singles (Stages 1–2)***

Few obligations → high discretionary income. Priorities are lifestyle perks: fashion, dining out, streaming services, and the latest gadgets.

##### ***Newly Married (Stage 3)***

Dual incomes fuel big-ticket buys—furniture, appliances, cars—and “home-nesting” essentials, plus the first steps toward joint savings.

##### ***Full Nests (Stages 4–6)***

Childcare dominates early (strollers, formula, safety gear), then K–12 costs (tuition, books, activities) and family vacations. Durables get replaced as kids grow.

##### ***Empty Nests (Stages 7–8)***

Child expenses drop to zero → discretionary spending rebounds. Couples invest in travel, hobbies, home upgrades, and health/wellness.

##### ***Single Parents (Stages 9–10)***

One income + dependents → essentials first: housing, childcare, schooling. Shoppers gravitate to value brands and convenience services.

##### ***Solitary Survivors (Stage 11)***

Often on fixed incomes → frugal consumption. Healthcare, in-home support, modest leisure (e.g., TV subscriptions) become top categories.



## 4.7 Consumer Socialization Process

Consumer socialization is a dynamic process that shapes consumer behavior from an early age. It involves a complex interplay of family, peers, media, and education. Understanding the impact of consumer socialization is essential for both consumers and marketers.

For consumers, recognizing the influence of early socialization can lead to more mindful and informed choices in the marketplace. For marketers, understanding the role of consumer socialization informs strategies for reaching and engaging with specific consumer segments.

Consumer socialization refers to the process by which individuals, particularly children and adolescents, acquire the skills, knowledge, attitudes, and values that shape their behavior as consumers. It's essentially learning how to be a consumer in a complex marketplace.

### 4.7.1 How Consumer Socialization Occurs?

Consumer socialization is a lifelong process, but it's most influential during childhood and adolescence. Here's how it takes place:

- **Family Influence:** Families are the primary agents of consumer socialization. Children observe and learn from their parents' consumer behaviors, values, and attitudes. Parents play a crucial role in shaping their children's understanding of money, shopping, and brand preferences.
- **Peer Influence:** As children grow, peer groups become influential. Friends can introduce new products, trends, and consumption practices. Peer pressure and the desire to fit in can impact consumer choices.
- **Media and Advertising:** Media, including television, internet, and social media, expose individuals to a vast array of products and brands. Advertising plays a significant role in shaping consumer preferences and desires.
- **School and Education:** Formal education can provide individuals with critical thinking skills and consumer knowledge. Some educational programs may include lessons on financial literacy and responsible consumption.

### 4.7.2 The Impact of Consumer Socialization

Consumer socialization has a profound and lasting impact on consumer behavior:

- **Brand Loyalty:** Early exposure to brands and products can lead to lifelong brand loyalty. Consumers may continue to prefer products they used during childhood.



- **Consumer Attitudes:** Consumer socialization influences attitudes toward consumption, including values related to frugality or conspicuous consumption. These attitudes guide how individuals make choices in the marketplace.
- **Spending Habits:** Learning about money management and budgeting during consumer socialization affects spending habits. Individuals may develop habits of saving, impulse buying, or bargain hunting.
- **Media Literacy:** Consumer socialization can impart media literacy skills, enabling individuals to critically evaluate advertising messages and make informed choices.
- **The Role of Marketers:** Marketers recognize the significance of consumer socialization and often target children and adolescents with advertising and promotional campaigns. This recognition highlights the importance of responsible marketing practices, especially when young and impressionable consumers are involved.

## 4.8 Social Class

Social class significantly impacts consumer behavior by influencing purchasing habits, brand preferences, and lifestyle choices, as it reflects a person's socioeconomic status based on factors like income, education, and occupation. Marketers use social class segmentation to understand differences in spending power, how different classes respond to advertising, and the types of products and activities they value, from luxury goods for the upper class to necessities for lower classes.

### 4.8.1 How social class affects consumer behavior

**Purchasing power and habits:** Disposable income varies across social classes, directly affecting both the quantity and quality of goods purchased.

- **Upper class:** Has more discretionary income and spends on luxury goods, quality merchandise, art, and expensive recreational items.
- **Middle class:** Focuses on products for home and children, self-presentation, and clothing.
- **Lower class:** Prioritizes necessities and spends less on non-essential items.

**Lifestyle and leisure:** Social class shapes a person's lifestyle, which in turn influences their consumer activities and preferences.



- **Upper class:** Values leisure, good taste, and individual expression, often spending on things like vacations, hobbies, and fine dining.
- **Working class:** May prioritize immediate gratification and possessions, according to some studies.

**Product and brand preferences:** Different social classes have different tastes and are influenced by different cues.

**Status consumption:** People may buy certain products or brands to signal their social standing.

**Brand loyalty:** Preferences can be influenced by what is considered socially acceptable or inspirational within a given class.

**Psychological influences:** The internal motivations for consumption can differ based on social class.

**Middle-class consumers:** Their choices are often driven by personal preference.

**Working-class consumers:** Their choices may be more motivated by relational goals.

#### 4.8.2 How marketers use social class

- **Market segmentation:** Social class is a key variable for segmenting the market to identify and target specific consumer groups with tailored strategies.
- **Developing marketing messages:** Understanding how different social classes think and what motivates them allows marketers to create more effective advertising and campaigns. For example, advertising may focus on quality and exclusivity for an upper-class audience and affordability and value for a lower-class audience.
- **Product development:** Businesses can develop products and services that appeal to the specific needs and aspirations of different social classes.
- **Distribution strategy:** The choice of retail outlets and shopping environments can be influenced by the target social class. For instance, luxury goods retailers cater to an upper-class market, while discount stores serve a broader, lower-income demographic.



## Check Your Progress

- 1) A person's \_\_\_\_\_ consist(s) of all the groups that have a direct (face-to-face) or indirect influence on his/her attitudes or behavior.
  - a) sub culture
  - b) family
  - c) social class
  - d) reference groups**
  
- 2) Which of the following is the most valuable piece of information for determining a person's social class?
  - a) Their ethnic background
  - b) Their combined annual income
  - c) Their occupation**
  - d) The number of years of schooling they had
  
- 3) In terms of consumption decisions, how do middle-class consumers generally prefer to shop?
  - a) Buy at a market that sells at wholesale rates
  - b) Buy what is popular**
  - c) Buy only the brands which sell at affordable prices
  - d) Analyze the market and select the best at the lowest prices
  
- 4) The process by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers is called:
  - a) Consumer perception
  - b) Consumer motivation
  - c) Consumer socialization**
  - d) Consumer lifestyle



- 5) Which of the following is considered the most powerful reference group influencing consumer behavior from an early age?
  - a) Peer groups
  - b) Social media influencers
  - c) The family**
  - d) Work colleagues
  
- 6) In the family purchase decision-making process, who provides guidance, product facts, and recommendations?
  - a) Deciders
  - b) Buyers
  - c) Gatekeepers
  - d) Influencers**
  
- 7) The insistent demands made by children for products, often leading to parental purchase, are known as:
  - a) Irritation power
  - b) Child pressure
  - c) Peer pressure
  - d) Pester power**

## Self-Assessment Questions

- 1) Analyze the influence of reference groups on purchasing decisions.
- 2) Explain the types of reference groups relevant to consumer behavior.
- 3) Explain the role of family influences and personal influence on consumer behaviour
- 4) What is the process of consumer socialization?
- 5) Explain the roles of family members in the purchase process.
- 6) Discuss how the family life cycle stages influences an individual's consumer behavior.  
Give examples.
- 7) Explain Family Life Cycle and its characteristics influencing consumer behavior.
- 8) Explain the influence of children and teenagers on family buying behavior.
- 9) What do you understand by the term "social class"? Explain



## UNIT V

# CONSUMER DECISION MAKING PROCESS

### 5.1 Types of Consumer Decisions

There are three types of consumer decisions:

#### 5.1.1 Nominal decision-making

Nominal decision-making comes into play when making low-cost purchases. These purchases are frequent and hence don't require much thought from the consumer every time. It's important to note that a purchase decision becomes nominal over time and is not nominal right from the start. For example, a customer buying toothpaste is considered a nominal decision since he makes this low-cost purchase frequently and usually puts little time in deciding which toothpaste to buy. Each customer has their preference, and they stick with that toothpaste. However, these preferences came to be after a brief period of experimentation initially.

Too much marketing in this sort of decision-making process can have a negative impact. Customers are satisfied with their purchase to the extent that they do not even have to think about it. However, being regularly bothered by the brand can turn the customers' minds off it.

Only brand maintenance is enough from the side of the marketers to keep the customers on their side. Brand maintenance includes:

- Product is available to the customers on all platforms.
- Should maintain the price structure, and when interest in the products seems to drop, minor changes to the product and marketing are required.
- Should create advertising to make the product more memorable.

#### 5.1.2. Limited decision-making

This type of decision-making requires a little more thought from the customer; however, it still isn't much. The customer still does not have to conduct in-depth research before they make a purchase. Limited decision-making comes into play when purchasing medium costs goods or making a semi-frequent purchase, or buying a product from a familiar brand.

The research in this method is limited to learning a bit about the product on the internet or from other sources. An example of limited decision-making could be a customer deciding to buy a t-shirt from a hitherto unknown brand. The customer tries the product they like the look of, and if the fit suits them, they buy it.



Factors that influence the process of limited decision-making are:

- Product quality
- Product availability
- Price
- Packaging quality

### **5.1.3. Extended decision-making**

These purchases require a lot of research beforehand because the purchase will be expensive, and the product bought will be used for a long time. An example of extended decision-making is a student trying to buy a laptop. Naturally, the laptop is a long-term and expensive investment for the student; therefore, the student is likely to spend a considerable amount of time reading user reviews on the internet, blogs, and articles regarding the brand and the laptop, reviews from tech You tubers, and talking with friends and family.

The risks are high in these sorts of purchases because the customer will be stuck with a bad product for a long time.

Companies can influence these decisions in the following ways:

- Build an online presence on all social media.
- Regularly interacting with customers and answering their queries.
- Detailed information regarding the product on websites

## **5.2 Consumer Decision Making Process**

Consumer decision making process involves the consumers to identify their needs, gather information, evaluate alternatives and then make their buying decision. The consumer behavior may be determined by economic and psychological factors and are influenced by environmental factors like social and cultural values. The consumer decision making behavior is a complex procedure and involves everything starting from problem recognition to post-purchase activities. Every consumer has different needs in their daily lives and these are those needs which make them to make different decisions.

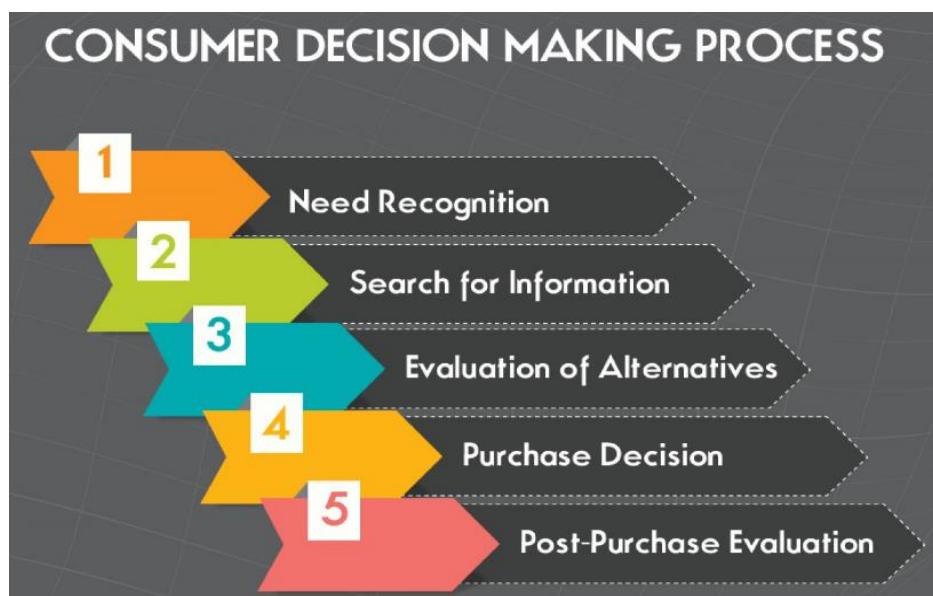
Decisions can be complex, comparing, evaluating, selecting as well as purchasing from a variety of products depending upon the opinion of a consumer over a particular product. This renders understanding and realizing the basic problem of the consumer decision making process for marketers to make their products and services different from others in the marketplace.



### 5.2.1 Steps in the consumer decision process

The consumer decision-making process involves five basic steps. This is the process by which consumers evaluate making a purchasing decision. The 5 steps are problem recognition, information search, alternatives evaluation, purchase decision and post-purchase evaluation.

- **Problem recognition/ Need recognition:** (Recognizes the need for a service or product) The process begins when a consumer identifies a problem or a need, which can be triggered by an internal stimulus (like hunger) or an external one (like an advertisement).
- **Search for Information:** (Gathers information) Consumers search for information to satisfy their need. This can be an internal search (recalling past experiences) or an external one (seeking information from friends, online reviews, or commercial sources).
- **Evaluation of Alternatives:** (Weighs choices against comparable alternatives) The consumer evaluates different brands and options based on attributes like price, features, and performance, weighing the pros and cons of each.
- **Purchase decision:** (Makes actual purchase) The consumer makes the final choice of which product to buy. This decision can be impacted by the attitudes of others and unexpected situational factors, such as a sudden price drop or a change in income.
- **Post-purchase evaluation:** (Reflects on the purchase they made) After the purchase, the consumer evaluates their satisfaction. If they are satisfied, it can lead to brand loyalty; if they are dissatisfied, it may lead to feelings of doubt or regret, known as cognitive dissonance.





The each stage elaborately discuss below.

### **5.3 Problem Recognition Definition**

Problem recognition is the initial step in the consumer decision making process when a consumer recognizes a need or a want which is not being fulfilled by any of the existing products or services available. It starts when a customer is unable to fulfil current or future needs with the products at disposal and starts to identify the gap which now has to be filled with a purchase of a product or a service. It is also defined as a gap between the current state and the desired state from the customer's perspective.

#### **5.3.1 Importance of Problem Recognition**

Problem recognition is the most important part of the consumer decisioning process as this is the point where a person becomes a potential customer and can start the process of buying a new product or a service. This is not only important for customers but also for the organizations, manufacturers and marketers. The entire product lifecycle revolves around the problem statement of the customers. If the problems ceases to exist so would be the need for the product.

Features phone still function but not many people want them as now the problem recognition is just not about being able to talk but also to have a multimedia device which can give many additional features like internet connectivity, social media, apps. If a company does not recognize the changing customer behavior they would never be able to define the problem statement and may become obsolete.

With technological advancements the problem recognition keeps getting refined and now may be solved with an improved product or an entirely new product. Paper based documentation was very critical few years back and many products like printers, scanners etc. were solving the problem. As technology improved and automated solutions cut down the need for papers and work started happening digitally, for the same need, paper based documentation became not a problem anymore.

#### **5.3.2 Types of Problem Recognition**

There are multiple types of problem recognition. The two most important are:



- **Expected and Active Problems:** These are the problems about which the customers are actively aware and plan to solve it themselves by looking out for a potential product or a solution which resolved the problem. These are expected like broadband plan getting expired, Need to enroll for a college course after schooling, buying a refill for printer, buying a bus ticket to travel to another town to meet a friend. These are examples of expected and active problems which are to be solved by the customer while being aware of them.

The marketers normally present the product which can solve the problem without defining the problem again to customer as he or she is already aware. The benefits and resolution is what the customer is interested in.

- **Unexpected and Inactive Problems:** These are the ones where the customer does not know if they require to solve them or not. An example can be insurance policy in which a customer has to be made aware that there is a need which is fulfilled by buying an insurance policy and will eventually solve a future problem if it arises.

In B2B sales especially in technology, we see this problem recognition state. Many customers have been working in the same way since many years but the new technology sellers convince them that the new digital and automated solutions are much better for them as that would help in cutting a lot of costs and increase efficiency. The customers were not aware until explained and also were not expecting to solve them immediately. But once a customer is convinced about solving the issue, then it becomes an active problem. Many times, there can be some unexpected events in life which can lead to immediate problems that require you to buy new products or services.

### 5.3.3 Examples of Problem Recognition

The problem recognition might be due to:

- A product being out of stock like Oil, floor, raw materials can lead to a problem
- Dissatisfaction with the current product or state
- New needs/wants based on the lifestyle and hierarchy in life
- Related products/purchases e.g. After buying an expensive phone, people look to buy a case immediately to protect the phone
- Marketer induced problem recognition which are inactive problems



- New products and categories e.g. When an iPad was launched, people were working on phones and desktops. After the launch, a new category got created in the market called Tablet PCs.

## 5.4 Search for Information/ Information Search

Information search represents the second stage in the consumer decision-making process, following problem recognition and preceding alternative evaluation. During this phase, consumers seek relevant data about products, services, prices, and features to help them make an informed decision.

The extent of information search varies dramatically based on numerous factors—from the complexity and risk associated with the purchase to the individual's personal characteristics and time constraints. For instance, a college student buying a laptop might spend weeks researching options, while the same person might spend just seconds deciding which brand of gum to purchase.

### 5.4.1 Types of information search

Consumer information search typically falls into two distinct categories: internal and external. Each serves a different purpose and occurs at different points in the decision-making journey.

#### ***Internal search: (Looking within)***

Internal search occurs when consumers scan their own memory for relevant information about a product or service. This type of search happens almost automatically and serves as the starting point of most purchase decisions.

For example, when considering where to eat dinner, you might mentally review restaurants you've visited before, recalling your experiences with their food, service, and ambiance. This recall process pulls from your personal knowledge base, consisting of:

- **Previous experiences:** Direct interactions with products or services
- **Passive learning:** Information absorbed through previous exposure to advertisements or casual conversations
- **Product familiarity:** General knowledge about the product category

The effectiveness of internal search depends largely on how much relevant information a consumer already possesses. For routine purchases like groceries or personal care items, internal



search is often sufficient to make a decision. However, for complex or unfamiliar purchases, consumers typically need to complement their internal knowledge with external sources.

### ***External search: (Seeking outside information)***

External search involves actively collecting information from sources outside one's memory. This type of search becomes necessary when internal knowledge proves insufficient for making a confident decision.

Consumers engage in external search through various channels:

- **Personal sources:** Friends, family, colleagues, and social networks
- **Commercial sources:** Advertising, company websites, salespeople, and packaging
- **Public sources:** Consumer reviews, rating websites, and media coverage
- **Experiential sources:** Product trials, demonstrations, and store visits

For example, a consumer shopping for a new smart phone might check technical specifications on manufacturer websites, read expert reviews, ask friends about their experiences, and visit stores to physically handle different models.

### **5.4.2 Factors influencing information search**

The depth and breadth of a consumer's information search depend on numerous variables that can be grouped into three main categories: product factors, situational factors, and consumer factors.

#### ***Product factors: What's being purchased?***

The nature of the product itself significantly impacts search behavior:

- **Price:** Higher-priced items generally trigger more extensive search efforts. A consumer might spend hours researching a \$1,000 laptop but seconds deciding on a \$5 coffee.
- **Perceived risk:** Products with greater financial, performance, or social risk prompt more thorough searches. Consumers research medical procedures more extensively than they do paper towels.
- **Product differentiation:** Markets with highly differentiated products (like smartphones) inspire more comparison shopping than standardized commodities (like gasoline).
- **Purchase frequency:** Rarely purchased items typically receive more research attention than frequently bought products.



For instance, consumers buying high-involvement products like cars or homes often engage in weeks or months of research, consulting multiple sources and carefully weighing options. Conversely, low-involvement products like chewing gum or paper clips might be purchased with little to no deliberate search.

### ***Situational factors: The context of purchase***

Contextual elements significantly shape information search behavior:

- **Time pressure:** Consumers with limited time typically conduct abbreviated searches. Emergency purchases often involve minimal research.
- **Information accessibility:** The easier information is to obtain, the more likely consumers are to seek it out. Mobile internet access has transformed search behavior by making information constantly available.
- **Purchase urgency:** Urgent needs reduce search efforts. A consumer with a broken refrigerator will likely conduct a shorter search than someone planning a future upgrade.
- **Purchase environment:** The physical or digital context of shopping affects information gathering. In-store displays, online recommendation engines, and sales assistance all influence search patterns.

For example, a shopper browsing leisurely on a weekend might extensively research products, compare prices across multiple retailers, and read numerous reviews. The same person, facing a deadline to purchase a gift before an event, might drastically curtail their search process.

### ***Consumer factors: Who's doing the searching?***

Individual characteristics play a crucial role in determining information search patterns:

- **Prior knowledge:** Consumers with existing product expertise often conduct either very limited or very extensive searches. Novices might feel overwhelmed and limit their search, while moderate experts tend to search most extensively.
- **Education and income:** Higher levels of education and income typically correlate with more thorough information searches, possibly due to greater cognitive resources and higher opportunity costs.
- **Personality traits:** Risk aversion, need for cognition, and maximizing tendencies (as opposed to satisficing) can lead to more extensive searches.
- **Shopping orientation:** Some consumers enjoy the process of researching and finding the “perfect” product, while others view shopping as a chore to be completed efficiently.



For instance, a detail-oriented consumer who enjoys research might spend hours comparing subtle differences between products, while a more pragmatic shopper might quickly identify a sufficient option and make a purchase without extensive deliberation.

## 5.5 Evaluations of Alternatives

Alternative evaluation is a critical stage in the consumer decision-making process where individuals assess and compare different options before making a final choice. It involves considering various factors and attributes associated with each alternative. Alternative evaluation consists of four key components, each of which plays a distinct role in the decision-making process:

- **Attributes Consideration:** Consumers identify and assess the attributes or characteristics they find essential in the product or service they are evaluating. These attributes can vary based on individual preferences and the specific context of the decision.
- **Attribute Weights:** After identifying the relevant attributes, consumers assign weights or importance to each attribute based on their personal priorities. Some attributes may be deemed more critical than others in influencing the final choice.
- **Attribute Performance :** Consumers evaluate how well each alternative performs on the identified attributes. They assess the extent to which each option meets their expectations or requirements.
- **Overall Evaluation:** Using the information gathered from the previous components, consumers make an overall evaluation of each alternative. They consider the combined performance of attributes and attribute weights to determine which option aligns best with their goals and preferences.

## 5.6 Purchase Decision

A purchase decision is the final step in the consumer decision-making process where an individual chooses which product or service to buy after recognizing a need and evaluating alternatives. This stage is influenced by factors like price, brand, personal attitudes, and unexpected situational factors, and it involves selecting a specific brand and the details of when and where to buy it.

### 5.6.1 Factors that influence the purchase decision



- **Psychological factors:** Emotions, attitudes, and perceptions play a significant role in the decision-making process.
- **Social factors:** Opinions from friends, family, and social media influencers can sway a consumer's choice.
- **Personal factors:** A consumer's age, income, lifestyle, and personal interests are important considerations.
- **Situational factors:** Unexpected events, like a change in price or product availability, can alter a purchase decision even at the last minute.

### 5.6.2 Types of purchase decision

The four main types of consumer buying decisions are complex, dissonance-reducing, habitual, and variety-seeking. These categories are based on the level of consumer involvement and the perceived differences between brands, with complex and dissonance-reducing behavior being high-involvement decisions, while habitual and variety-seeking are low-involvement ones.

#### *High-involvement buying decisions*

- **Complex Buying Behavior:** This occurs with expensive, risky, or infrequent purchases where the consumer sees significant differences between brands. The consumer conducts extensive research and evaluation before making a decision (e.g., buying a car).
- **Dissonance-Reducing Buying Behavior:** This also involves high involvement, but the consumer perceives few differences between brands. The primary goal is to reduce post-purchase regret (e.g., buying a carpet).

#### *Low-involvement buying decisions*

- **Habitual Buying Behavior:** This is characterized by low involvement because the consumer sees little difference between brands. Purchases are often low-cost and routine, made out of habit (e.g., buying salt or milk).
- **Variety-Seeking Buying Behavior:** This involves low involvement but a high degree of brand switching. The consumer might switch brands for the sake of variety, not because they are dissatisfied with the previous one (e.g., trying a new type of cookie).



### ***Other types of buying decisions***

- **Limited Decision-Making:** This falls between routine and extensive problem-solving, where a consumer has some existing knowledge but still performs a limited search for additional information before deciding.
- **Impulsive Buying Behaviour:** This is an unplanned, emotionally driven purchase, often triggered by visual stimuli or special offers.
- **Loyalty-Driven Buying Behaviour:** This type is based on a strong emotional connection and trust with a particular brand, leading to repeat purchases despite other options being available.

## **5.7 Post-purchase evaluation**

Post-purchase evaluation is the consumer's assessment of a product or service after buying it, determining if it met their expectations and needs. This evaluation influences future behavior, including satisfaction or dissatisfaction, repeat purchases, brand loyalty, and word-of-mouth recommendations. Key components include comparing product performance to pre-purchase expectations and assessing the overall customer experience, from delivery to after-sales support.

### **5.7.1 Important aspects of post-purchase evaluation**

- **Satisfaction vs. Dissatisfaction:** Consumers compare the product's actual performance with their expectations.
- **Satisfaction:** Occurs when the product meets or exceeds expectations, leading to positive outcomes like brand loyalty and repeat business.
- **Dissatisfaction:** Happens when the product fails to meet expectations, which can lead to regret, returns, and negative reviews.
- **Cognitive Dissonance:** A state of psychological discomfort where a consumer doubts their purchase decision, often after buying a high-involvement or competitive product. To reduce dissonance, consumers may seek out information that confirms their choice or focus only on the product's advantages.
- **Customer experience:** Beyond the product itself, consumers evaluate the entire purchase journey, including shipping, customer service responsiveness, and the ease of returns.
- **Impact on behavior:** The evaluation has significant consequences for the brand:



- **Repeat purchases:** Satisfied customers are more likely to buy again.
- **Brand loyalty:** Positive experiences build loyalty and can lead to a stronger customer-brand relationship.
- **Word-of-mouth:** Happy customers will recommend the brand, while unhappy ones may share their negative experiences widely.

## Check Your Progress

- 1) Which of the following is the second stage in the consumer decision-making process?
  - Information Search**
  - Alternative Evaluation
  - Need/Problem Recognition
  - Purchase Decision
- 2) When a consumer perceives a difference between their ideal state and their actual state of affairs, which stage of the decision process are they in?
  - Purchase
  - Information Processing
  - Need Recognition**
  - Divestment
- 3) Collecting information from peers, family, and the marketplace is known as \_\_\_\_\_.
  - Secondary search
  - External search**
  - Memory search
  - Thinking search
- 4) Which stage involves comparing the product to expectations and deciding whether it is satisfying or dissatisfying?
  - Alternative evaluation
  - Post-purchase evaluation**
  - Information searching
  - Need identification



5) Allison would like to bake a cake but realized she is out of milk. Which of the following stages of the consumer decision-making process is an example of?

- a) Need identification
- b) Information searching
- c) Alternative evaluation
- d) Purchase decision

## Self-Assessment Questions

- 1) Explain the importance of problem recognition.
- 2) What are the factors influencing information search.
- 3) Explain Consumer Decision Making process?
- 4) How can a consumer arrive at a decision? Explain various stages in it.
- 5) Discuss the stages in consumer buying process?
- 6) Explain the difference between high and low involvement decisions.
- 7) Discuss the pre-purchase process
- 8) .Discuss the post-purchase behavior of a consumer
- 9) What are the factors in a buying situation that result in extended search for pre purchase information by consumers?



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