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Principal Investigator	Co- Principal Investigator		Co- Principal Investigator and Technical Coordinator
Prof K V Bhanu Murthy Professor Department of Commerce University of Delhi	Dr. Jaswinder Singh Principal SGTB Khalsa College University of Delhi	Dr. R P Singh Associate Professor SGTB Khalsa College University of Delhi	Dr Vimal Rarh Deputy Director, Centre for e-Learning and Assistant Professor, Department of Chemistry, SGTB Khalsa College, University of Delhi <i>Specialised in : e-Learning and Educational Technologies</i>
Paper Coordinator	Content Writer		Reviewer
Dr. Kawal Gill Associate Professor SGGS college of Commerce University of Delhi	Dr. Kawal Gill Associate Professor SGGS college of Commerce University of Delhi Ms. Arpita kaul Assistant Professor Venkateshwar college University of Delhi		Prof. D K Vaid Dean (C) & Head (I & B), NCERT, New Delhi
Anchor Institute : SGTB Khalsa College, University of Delhi			

COMMERCE
7 : Marketing Management
7 : CONSUMER BEHAVIOUR AND DECISION MAKING

TABLE OF CONTENTS

- 1. Learning Outcomes**
- 2. Introduction**
- 3. Who is a Consumer?**
- 4. Concept and Definition of Consumer Behavior**
- 5. Need for understanding Consumer Behavior**
- 6. Factors affecting consumer behavior**
 - 6.1 Cultural factors**
 - 6.2 Social factors**
 - 6.3 Personal factors**
 - 6.4 Psychological factors**
- 7. Decision Making**
- 8. Consumer Decision Making**
- 9. Factors that affect Consumer Decision Making**
- 10. Consumer Decision Making Process**
 - 10.1 Need recognition**
 - 10.2 Information Search**
 - 10.3 Evaluation of Alternatives**
 - 10.4 Purchase**
 - 10.5 Post Purchase Evaluation**
- 11. Buying Roles played by Consumers in the Decision Making Process**
- 12. Summary**

1. Learning Outcomes

After studying this module, you shall be able to

- Learn who a consumer is
- Understand the concept of consumer behavior
- Understand the need for studying consumer behavior
- Analyze the factors that affect consumer behavior
- Understand the meaning of consumer decision making
- Learn about the factors that affect consumer's decision making
- Understand the steps that are involved in the consumer decision making process
- Identify the buying roles played by a consumer.
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2. Introduction

Marketing orientation makes consumer the centre stage of all the organizational efforts. An organizations success to a large extent depends on how well they can connect with their consumers. It is essential for companies to have a 360-degree view of both the daily lives of the consumers as well as changes that occur during their lifetime so that the right product can be marketed to the right consumers.

Consumers are unique in themselves; their needs and wants are diverse from one another; their consumption pattern and consumption behavior are varied. For an organization to survive and grow, it is essential for the organization to identify the needs and wants of their consumers. Though similar, consumers are unique in themselves; they have needs and wants which are varied and diverse from one another; and they have different consumption patterns and consumption behavior. The marketer helps satisfy these needs and wants through product and service offerings. For a firm to survive, compete and grow, it is essential that the marketer identifies these needs and wants, and provides product offerings more effectively and efficiently than other competitors. A comprehensive yet meticulous knowledge of consumers and their consumption behavior is essential for a firm to succeed.

3. Who is a Consumer?

A consumer can be defined as a person or group of persons who purchase or consume a products or services. They basically identify a need or desire, search for a product to satisfy their need, buy the product and consume it to satisfy the need. They are the actors in the marketplace. They buy the products for personal use and not for resale or manufacturing. A consumer could be an individual, a group of individuals, a business, an organization or an industrial undertaking.

4. Concept and Definition of Consumer Behavior

Consumers are the fulcrum around which marketing revolves. Marketing starts with understanding the needs of consumers and ends with the satisfaction of consumers. Thus, it

becomes important for businesses to understand the actions of consumers in the marketplace and what the underlying causes for such actions are.

Consumer behavior is the study of what consumer's buy, why they buy, when they buy, from where they buy, in how much quantity they buy, how often they buy it and how often they use it. For e.g. if the organization decides to manufacture a new variety of shampoo, the organization needs to analyze individual consumption behavior as to why consumers use shampoo (to reduce hair fall, to prevent dandruff), which brand of shampoo they buy (Sunsilk or L'Oreal), why he buys it (because he believes it will reduce hair fall better than competing brands), when he buys it (weekly/ monthly), where he buys it (super market/ retail outlet), how much he buys it (100 grams/200 grams). The answer to all these depends on the consumer's social and cultural background, age and family life cycle, social class, perception, self concept, attitude, beliefs, values and many factors internal and external to the consumer.

Consumer behavior can be defined as the study of how consumers (which includes individuals, groups and organizations) select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants. Consumer Behavior is multi disciplinary and has roots in different disciplines like psychology, sociology, marketing, social anthropology and economics. The objective of consumer behavior is to understand the decision making process of consumers, individually as well as in groups and analyze how emotions have an effect on their decision to buy.

Schiffman and Kunuk have defined consumer behavior as "The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs."

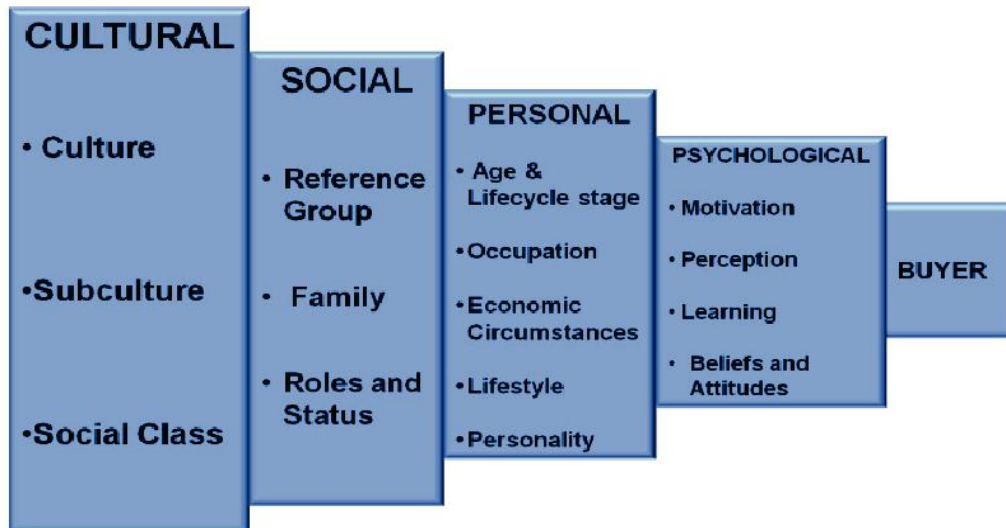
5. Need for understanding Consumer Behavior

Consumer is a priori of business. Marketing begins with needs of the consumers and ends with the satisfaction of the consumers. An understanding of consumer behavior enables organizations to produce those goods and services that consumers want. Also modifications can be made in the products design, components, packaging etc. according to the requirements of the consumers. Moreover, with time, the needs and preferences of consumers undergo a change. An understanding of consumer behavior helps organizations adapt to these changes. Knowledge of consumer behavior on the part of organizations helps them to plan and implement marketing strategies in a more effective manner. Market segmentation and selection of target market largely depends on a thorough understanding of consumer behavior. The marketing mix cannot be developed until the marketers do not have an understanding of the consumers. In short, the success of an organization largely depends on how well they understand the consumers.

6. Factors affecting Consumer Behavior

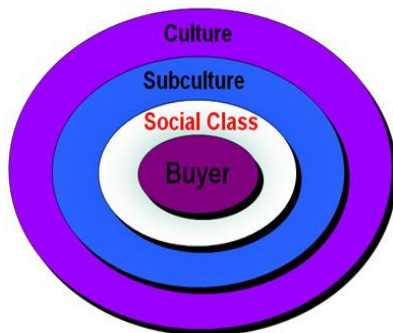
There are a number of factors that affect the buying behavior of consumers. These factors can be classified under four heads

1. Cultural Factors
2. Social Factors
3. Personal Factors
4. Psychological Factors



6.1 Cultural Factors

Cultural factors are the primary determinant of a person's needs and wants. Culture encompasses values, beliefs, ideologies, law, customs, languages and morals of a particular community or group of individuals. It is shared socially, learned, prescriptive, enduring dynamic and cumulative.



6.1.1 Culture

Culture is the most basic source of consumer's wants and behavior. It reflects the way consumer views the world. It is mostly a learned behavior that an individual acquires from the society he/she grows in. For e.g. a child growing in United States is exposed to values like achievement, practicality, success, efficiency, individualism, freedom whereas a child growing in India is exposed to values like respect and care for elders hard work honestly, integrity, social harmony sacrifice.

Even within the same country, people belonging to different regions have different cultures which are reflected in the kind of products they demand. For e.g. women from Assam and West Bengal prefer to buy saris as compared to women living in Haryana and Punjab. Similarly, people in North India prefer chapattis over rice as compared to people living in East and South India

Culture is one of the most important factors that have an effect on consumer behavior. It is pervasive in all marketing activities. It forms the basis for market segmentation, design of the product, the packaging of the product, promotion strategies. Marketers need to be very careful while analyzing the culture of different groups, regions and countries.

6.1.2 Sub-Culture

Each culture consists of small distinct identifiable groups that have unique characteristics. These sub cultures provide more specific identification for their members. Sub culture includes religions, nationalities, racial groups and geographic regions. Consumer's preferences are influenced by the sub culture they belong to. For instance Hindu brides wear red, maroon or some bright color Lehenga on their wedding whereas Muslim brides wear green and Christian brides wear white. Similarly, Hindus consider eating beef a sin whereas Muslims and Christians relish it.

6.1.3 Social Class

Some form of social stratification takes place in almost all societies. The most frequent form is social class. Social Classes are hierarchical homogenous divisions in the society which are representative of a cluster of variables like occupation, income, wealth, education etc. The members of a particular social class share similar set of values, interests and pattern of behavior. Social classes differ on the basis of speech patterns, recreation preferences, clothing and so on. Under the social class system individuals are perceived to occupy superior or inferior positions. It is possible for an individual during his lifetime to move up or down on the social class ladder.

In India, marketers use Socio Economic classification (SEC) which is a combination of the chief wage earners education and occupation to classify consumers in urban areas. All the households in urban areas are divided into 8 categories namely: A1, A2, B1, B2, C, D, and E1 and E2, wherein A1 represents highest purchase potential and E2 is indicative of the lowest. Similarly, for rural areas a scale has been developed by marketers based on the occupation of the chief wage earner of the household. The households are classified into 4 broad categories namely R1, R2, R3, R4 wherein R1 is indicative of high purchase potential and R4 is low purchase potential.

Consumers in different social classes show distinct product and brand preferences in areas like clothing, automobiles, leisure activities etc. For instance people who belong to A1 or A2 category would buy Mercedes or BMW or Jaguar whereas a person belonging to B1 or B2 might buy a Honda or Skoda.

6.2 Social Factors

Human beings are social animals. They need people to communicate and share their ideas and views. Just like cultural factors, social factors play a significant role in the consumer's decision making process.

6.2.1 Reference groups

A group comes into existence when two or more persons interact to realize a common goal. A person's reference groups consist of all those groups that have direct or indirect influence on their attitude and behavior. The groups that have a direct influence on an individual's behavior are referred to as **Membership Group**. The groups with which individual's interacts continuously and informally are referred to as **Primary Groups** and consists of the family, friends, neighbors and co-workers. The groups with which individuals do not interact continuously and interact formally are known as **Secondary Groups** and consist of professional, religious and trade union groups. Consumers also tend to get influenced by groups to which they do not belong. A group that an individual aspires to join is known as **Aspirational Group** and the groups whose behavior and attitude are rejected by an individual are called **Dissociative Groups**. Reference groups impact their members by exposing them to new behaviors and lifestyles and influencing their self concept and attitude.

The beliefs, attitude and consumption practices of the reference groups have an influence on the behavior of consumers. Consumers take cues from reference groups when they purchase anything from automobiles, jewellery to clothing. Reference groups, generally, influence consumers in 2 ways: Normative influence and Informational influence.

Normative influence: it takes place when consumers perform those actions that conform to the expectation of another person. This influence is driven by established norms of behavior i.e. according to what is acceptable to society. The reference group that exerts normative influence on the consumer has the ability to reward or punish an individual's behavior.

Normative influences have an effect on the consumers when they are buying products that will be consumed in public. For instance when a consumer is buying clothing, normative influences come into play since the consumer wants to avoid being ridiculed and expects to receive compliments. In contrast if the products are to be consumed privately the normative influences are less likely to affect consumer's decision. For e.g. normative influences have little role to play in consumers decision to buy mattresses.

Informational Influence: This takes place when the consumer is provided information to help him make a purchase decision. The information provided generally is based on the personal experiences of the individual providing the information. It helps the consumer save time and money as it cuts down the search time and the consumer gets access to a reliable product without having to incur replacement costs.

The informational influences have greater impact on consumer's decision to buy since consumer's associate word of mouth with greater value especially when the source of information is personally known to them. Informational influences tend to dominate in the purchase of

products that are complex since a high amount of learning is required before purchasing them such as houses and for products in which some amount of risk is involved such as pediatric care.

6.2.2 Family

Family is defined as a group of two or more persons residing together who are related by birth, marriage or adoption. In the life of an individual, family can be distinguished into two types: the family of orientation and the family of procreation. Parents and siblings make the consumer's family of orientation and have the maximum amount of influence. They influence the consumer's orientation towards politics, religion, economics and has an impact on the consumer's self worth and ambition. Family of procreation consists of the consumer's spouse and children. They have a direct influence on everyday buying behaviour of consumers.

Depending on the type of product different members of the family dominate the decision making process. For e.g. the decision regarding which automobile to be bought or which insurance policy to buy are generally influenced by husbands whereas the decision regarding kitchen appliances are influenced by wives.

6.2.3 Role and Status

An individual is a part of many groups- family, clubs, and organizations. Role refers to the activities an individual is required to perform as part of the group/groups to which he belongs. Each role that an individual performs has an effect on the status he enjoys in the society. Moreover, each individual plays a dual role in the society depending on the group to which they belong. The vice president of marketing in a reputed firm also plays the role of a father and husband at home. Consumers buy products according to the status they enjoy in the society and the role they are playing. Consumers buy Ferrari or Porsche not just for the superior quality but also because these cars represent social success. It is important for marketers to be aware of the status symbol potential of products.

6.3 Personal Factors

The personal characteristics of an individual such as age and life cycle stage, occupation, personality and life style have a direct impact on the consumer's decision to purchase a product.

6.3.1 Age and Life cycle stage

Over the life span of an individual they generally buy different kinds of products. The products that they buy at 20 years of age will be very different from the products that they buy when they are 70. As the age of an individual grows an evolution takes place in his values, lifestyle, hobbies and habits which have an effect on the type of products he consumes. For instance an individual, as he grows in age, may change his diet from unhealthy products (like fast food, soft drinks) to healthy products (like fruits, Organic food, green tea) to avoid health issues. Often the consumer's preferences in food, clothing, furniture and recreation modify according to their age.

Moreover, the life cycle stage also has an impact on the consumer's behavior in the marketplace. An individual, who is single, married, married with kids, married with no children living with

him, retired etc. offer different opportunities for marketers. For e.g. a young single individual would prefer to buy smart phones, basic furniture, trendy clothes and exotic vacations whereas as married couples with young children would prefer to buy toys, healthy food, comfortable clothes, bicycles and life insurance policies.

6.3.2 Occupation and Economic Factors

An individual's decision to buy or not to buy a particular product largely depends on his occupation and income. A blue collar worker would buy clothes required for work, comfortable shoes whereas the president of a company would buy designer clothes, country club membership, air travel etc. Software companies design different products for lawyers, accountants, engineers, physicians etc.

Economic circumstances refer to an individual's level of income, stability of income, time pattern of income, the assets owned by him, his savings, the proportion of assets that are liquid, borrowing power, debts and his attitude towards borrowing and spending. These factors that together represent the economic circumstances greatly impact the product choices made by consumers as they influence the consumer's capability to buy.

6.3.3 Personality and Self Concept

Personality refers to a combination of characteristics or qualities that are relatively consistent and form an individual's distinctive character. They are inner psychological characteristics of an individual that are manifested in outer behavior. Personality is relatively enduring but may change with time and abrupt events. It is often defined in terms of traits such as self confidence, sociability, dominance, defensiveness and adaptability.

Each individual's personality has an effect on the type of products they consume. Brands like consumers also have personality and consumers are likely to choose those brands whose personality matches their own. Marketers need to understand that to attract more consumers brands need to develop a personality of traits and values which is in sync with that of consumers they are targeting.

For e.g. Apple has built an image of innovativeness, creativity and boldness which is able to attract consumers who identify with these values and will feel valued by buying a product from Apple. Consumers don't just buy products based on their needs and features of the products. They also look for products that are consistent and reinforces with the image they have of themselves or the image they would like to have.

6.3.4 Lifestyle

Lifestyle is the way in which a person lives. A lifestyle is a means of forging a sense of self and to create cultural symbols that resonate with personal identity. It is an individual's pattern of living and is expressed through his activities, interests, opinions and desires. Individuals belonging to the same culture, social class, occupation even family may lead very different lifestyles. It is imperative for marketers to search for relationships between their products and lifestyle groups. The types of products that are consumed by the consumer depend on the lifestyle

they follow. If an individual follows a healthy lifestyle, they are likely to purchase organic products, buy sports shoes, join gyms etc.

6.4 Psychological Factors

Consumer responses are influenced by 4 psychological processes-motivation, perception, learning and attitude.



6.4.1 Motivation

The term motivation is derived from the word motive which refers to the needs, drives, urges, wants or impulses within an individual. They are the starting point in the motivation process. Motivation is an activated internal need state leading to goal-directed behavior to satisfy that need. Motives are relatively enduring, strong, and persistent internal stimuli that arouse and direct behavior toward certain goals.

Recognition of need is the starting point of the consumer buying process. Need can be defined as the lack of something useful. Some needs are biogenic while some are psychogenic. Biogenic needs arise from psychological states of tension such as thirst, hunger, discomfort whereas psychogenic needs arise from psychological state of tension such as the need for recognition, esteem or belonging. A need becomes a motive when it's aroused to a sufficient level of intensity to drive an individual to act.

An individual can be motivated to buy a product for convenience, for style, for prestige, for self-pride or being at par with others. If the marketers know what creates motivation, they will be able to develop marketing strategies that will be able to influence consumers' motivation to think about, be involved with, and/or process information about their brand or product

6.4.2 Perception

Perception is the process by which an individual selects, organises and interprets information input to create a meaningful picture of the world. Perception depends not only the physical stimuli but also on the relationship of the stimuli with the surrounding field and on conditions within each individual. For e.g. a salesperson talking fast may be perceived by some people as aggressive while some may perceive him to be intelligent.

An individual faces thousands of stimuli daily but it is not possible for the brain to process all the stimuli consciously. The brain focuses only on a few depending on the individual's personal experiences, beliefs and characteristics.

Perception mechanism can be organized into three processes

- **Selective Attention:** Attention is the allocation of processing capacity to some stimulus. Attention could be voluntary or involuntary. Voluntary attention is something purposeful whereas involuntary attention is grabbed by someone or something. Selective attention refers to the process where individuals pay attention to information that is of use to them or their immediate family members. A consumer in a single day is exposed to numerous advertisements, billboards, hoardings etc but he is interested in only those which would benefit him in any way. He would not be interested in information which is not relevant at the moment.

A consumer is likely to be more attentive to a stimulus that relates to a current need. Suppose a consumer is interested in buying a laptop. He is more likely to notice advertisements of laptops rather than advertisements of televisions. Also consumers are more likely to notice stimuli whose deviations are large in relationship to the normal size of the stimuli. For e.g. an individual will notice an ad offering Rs. 100 off on the selling price rather than Rs. 5 off. Lastly, a consumer is likely to be attentive a stimuli or information that is relatively new and out of the ordinary. For instance an innovative advertisement that is different from that of the competitors is more likely to catch the attention of consumers.



- **Selective Distortion:** the noticed stimuli's don't always come across in the way the senders intended it to. In many situations, two individuals are not likely to interpret information or a stimulus in the same way. Each individual will have a different perception based on his experience, state of mind, beliefs and attitudes. Selective distortion leads people to interpret situations in such a manner that they are consistent with their beliefs and values.

For marketers it means a message that they communicate about the brand in the forms of advertisements, billboards, press releases etc may not be perceived by the consumers exactly in the same way. Thus, it becomes imperative for brands to regularly ask consumers in order to know their actual brand perception.

Popular and strong brands are generally benefitted from selective distortion when consumers distort neutral or ambiguous brand information to make it more positive. A number of experiments have shown that if a consumer is given the same product, they are likely to find that the product is or tastes better when they've been told that it's from a brand they like than when they've been told it's a generic brand. While the product is exactly the same.

- **Selective Retention:** it is not possible for an individual to retain all the stimuli and information that they have been exposed to. Selective retention means that the individual

will retain only that information which will fit with their existing beliefs and perceptions. Because of selective retention consumers are likely to remember the good points of a brand they like and forget good points about competing brands. Selective retention works for strong brands. Moreover, it emphasizes the need for brands to use repetition to ensure that their message is not overlooked.

6.4.3 Learning

Learning induces changes in an individual's behavior and arises from their past experiences. In every circumstance an individual's perception is conditioned by their prior experiences, for it is this which constitutes their preparatory set or expectations and the framework into which they seek to place and organize new stimuli. In other words, a consumer learns from their prior experience and tries to maintain a balance by relating and interpreting new stimuli in terms of past or learned stimuli.

Most human behavior is learned, although much learning is incidental. Learning takes place due to interplay of drives, stimuli, cues, responses and reinforcements. Marketers can build demand for their products by associating the product with strong drives, using motivating cues and providing positive reinforcement.

6.4.4 Beliefs and Attitude

Attitude and beliefs are acquired by an individual through experience and learning. A belief is a descriptive thought that an individual holds about something. Attitude can be defined as a feeling, an assessment of an object or idea and the predisposition to act in a certain way toward that object. Attitudes allow the individual to develop a coherent behaviour against a class of similar objects or ideas. Beliefs as well as attitudes are generally part of an individual's personality and are difficult to change.

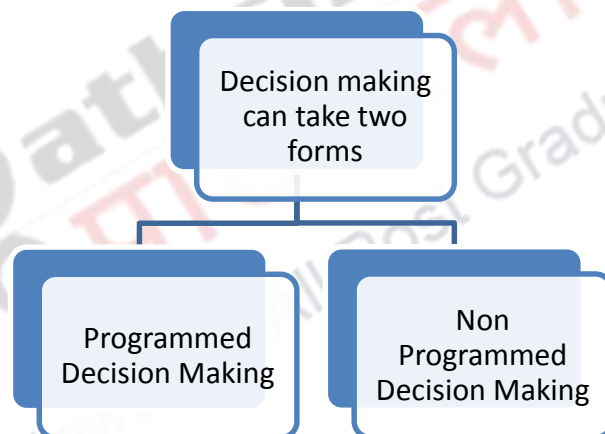
Marketers need to keep track of beliefs that consumers formulate about their products because belief makes up product image and brand image and have an influence on consumer's decision to buy. If consumers have formulated some negative belief about the product which is preventing purchase the marketer will have to come out with a campaign to correct it.

Consumers have attitude regarding politics, religion, food, music, clothing etc. Just like belief, the attitude of the consumer also has an effect on the consumer's decision to purchase a product. It is important for marketers to gauge the attitude of the consumers towards their product and brand. If the attitude of consumers is negative they need to come out with strategies that will change their attitude. However, if the attitude of the consumers towards

the companies brand or products is positive it is essential for marketers to take measures that will ensure in keeping the attitude positive.

7. Decision Making

Decision Making is the process of choosing the best alternative from a number of different alternatives that are available. It is the act of making a choice after evaluating the pros and cons of each alternative. It is a problem solving and goal oriented process.



Programmed Decision Making:

It is the process of finding solutions to regular and routine problems. Generally guidelines to deal with these problems exist and are made without much thought.

Non Programmed Decision Making:

It is the process of finding solutions to problems that are new, unique or arise suddenly. The individual taking the decision needs to gather lot of information and deliberate before arriving at a solution.

8. Consumer Decision Making

It refers to the cognitive process undertaken by the consumer in regard to potential market transaction before, during and after they purchase a product or service. It refers to the decisions consumers take about what to buy, how much to buy, from where to buy, from whom to buy, when to buy and how to buy.

It is very significant for marketers to comprehend the consumer's decision making process. Consumers constantly make decisions about the products that are to be bought. These decisions are important not only to the consumers but also to the marketers. The decision making process is complicated as consumers often have a number of alternatives from which they have to choose.

In terms of marketing, Programmed decision making takes place day to day purchases, convenience goods and shopping goods such as grocery, cold drinks, household appliances etc. The decisions to buy these products require comparatively less involvement on the part of the consumers and are mostly habitual decisions.

Non programmed decision making takes place for infrequent purchases, speciality goods and goods bought under emergency such as real estate, laptops, cameras etc. These decisions require lot of deliberation and involvement on the part of consumers.

9. Factors that Affect Consumer Decision Making

There are a number of factors that affect consumer's decision to buy a product. They can be broadly categorized into 4 categories namely

9.1 Cultural Factors

Cultural factors are the primary determinant of a person's needs and wants. Culture encompasses values, beliefs, ideologies, law, customs, languages and morals of a particular community or group of individuals. Cultural factors consist of

- Culture:** It represents the way consumer views the world. It is mostly a learned behavior that an individual acquires from the society he/she grows in.
- Sub-culture:** It refers to small identifiable groups within each culture that have unique characteristics. It includes religions, nationalities, racial groups and geographic regions
- Social Class:** They are hierarchical homogenous divisions in the society which are representative of a cluster of variables like occupation, income, wealth, education etc. The members of a particular social class share similar set of values, interests and pattern of behavior.

9.2 Social Factors

Human beings are social creatures. They have an inherent need to connect with fellow individuals. Social factors consist of

- Reference group:** A group to which the consumer may or may not belong but whose attitude, beliefs, values, opinions have an effect on the behavior of the consumers.
- Family:** Family is defined as a group of two or more persons that reside together and are related by birth, marriage or adoption. In the life of a consumer his family of orientation

(parents, siblings) and the family of procreation (spouse, children) play a major role in purchase decision.

- c. **Role and Status:** Role refers to the activities an individual is expected to perform as part of the group to which he belongs. The role he plays has an effect on his status in the society. A person's buying decisions is influenced by the role and status he has in the society.

9.3 Personal Factors

The personal characteristics of the consumer such as age and life cycle stage, occupation, personality and life style have a direct impact on the consumer's decision to purchase a product.

- a. **Age and life cycle stage:** Over the life span of a consumer they generally buy different kinds of products. The products that they buy at 20 years of age will be very different from the products that they buy when they are 70. Similarly, if the consumer is single, married, married with kids, retired has an effect on the consumer's decision to buy a product.
- b. **Occupation and economic factors:** The income the consumer earns and the occupation he is in has an effect on his decision to buy products.
- c. **Personality:** Refers to inner psychological characteristics of an individual that are manifested in outer behavior. Each individual's personality has an effect on the type of products they consume. Brands like consumers also have personality and consumers are likely to choose those brands whose personality matches their own.
- d. **Lifestyle:** refers to an individual's pattern of living and is expressed through his activities, interests, opinions and desires. Individuals belonging to the same culture, social class, occupation even family may lead very different lifestyles. The lifestyle that a consumer leads will have an effect on their decision to buy a product.

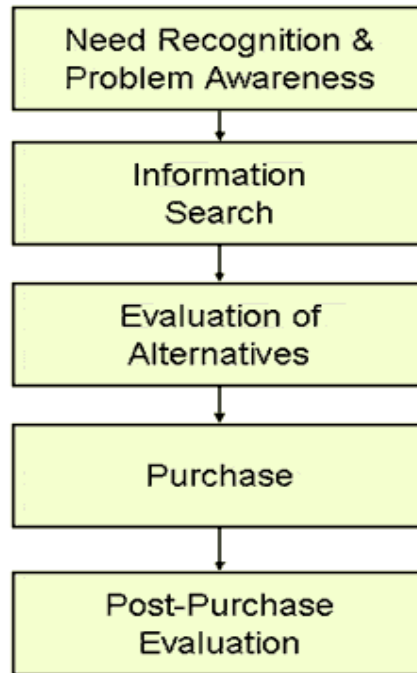
9.4 Psychological Factors

Consumer responses are influenced by 4 psychological processes-motivation, perception, learning and attitude.

- a. **Motivation:** Motivation is an activated internal need state leading to goal-directed behavior to satisfy that need. Recognition of need is the starting point of the consumer buying process. A need becomes a motive when it's aroused to a sufficient level of intensity to drive an individual to act.
- b. **Perception:** Perception is the process by which an individual selects, organizes and interprets information input to create a meaningful picture of the world. The way a consumer perceives a product or brand effects his decision to buy a product.
- c. **Learning:** Learning induces changes in an individual's behavior and arises from their past experiences. A consumer learns from their prior experience. This learning helps the consumer decide which product or brand to buy
- d. **Beliefs and Attitude:** A belief is a descriptive thought that an individual holds about something. Attitude can be defined as a feeling, an assessment of an object or idea and the predisposition to act in a certain way toward that object. Beliefs and attitudes that consumers have towards a product or brand influence their decision making process.

10. Consumer Decision Making Process

There are 5 stages in the consumer decision making process namely:



.For instance when a consumer buys a regular brand of shampoo, they go directly from a need for shampoo to the purchase decision skipping the information search and evaluation if alternatives.

10.1 Need Recognition and Problem Awareness

The consumer decision process is initiated when the consumer identifies a problem or need that has to be fulfilled. Problem arises when there is a difference between the desired and the actual state of affairs.

Needs trigger because of internal stimulus (such as hunger, thirst) as well as external stimuli. For e.g. if a person sees an advertisement for a vacation the stimuli might trigger a thought or idea about the possibility of making a purchase. This difference or need should be significant in magnitude to arouse and activate the decision process. Once the consumer realizes a problem, he initiates the process of searching for information.

10.2 Information Search

The final decision to buy a product is not made at once even though consumers recognize their problem and pay attention to the available products. The consumers identify all the available

options that can solve their problem or fulfill their need. They then gather all the information about the selected options and eventually judge which of the available options is most likely to deliver the desired outcome. Today, consumers are exposed to vast amount of information. It is becoming increasingly difficult for marketers to get through the customers filter. The chances of being overlooked by the customers are too high because a large amount of information is competing in the marketplace.

The different sources of information available to a consumer are as follows

- Personal: Family, friends, neighbours, acquaintances
- Commercial: Advertisements, Salesperson, Websites, dealers, packaging
- Public: Mass media, consumer rating agencies
- Experiential: handling, examining, using the product.

The influence of these sources varies from product to product and consumer to consumer. The consumers receive maximum amount of information about a product from commercial sources which are controlled by the marketers. However, the most reliable information comes from personal and public sources which are independent authorities. These sources perform different type of functions for the consumers. Commercial sources perform the function of providing information to the consumers whereas personal sources perform legitimizing function.

10.3 Evaluation of Alternatives

Once all the relevant information has been gathered by the consumer, he will evaluate all the alternatives that are available and select the one that fulfils his need the best. Consumers generally evaluate the alternatives on two aspects: the objective characteristics of the product and the subjective characteristics. The objective characteristics include the features of the product and its functionality whereas the subjective characteristics include the perception and perceived value that the consumer and his family and friends have about the product's brand or the company selling the product. Each attribute will not be given the equal significance by each consumer. For some consumer's reputation of the brand might be a more important attribute while for some other ease of operation may be a desirable characteristic.

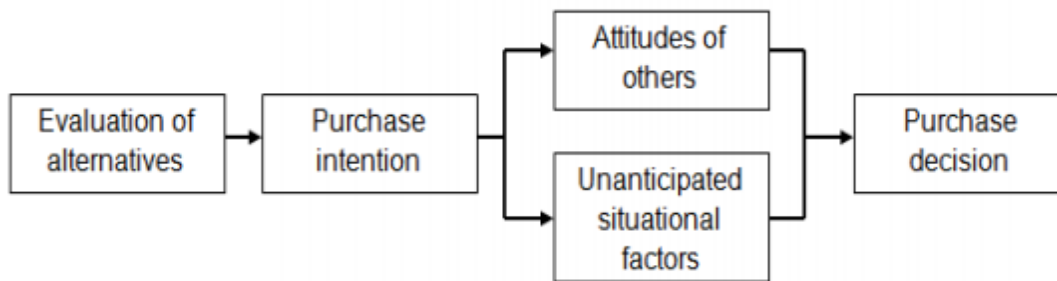
The information gathered in the previous stage along with the consumer's perception about a product or brand will be employed by the consumer to set an evaluation criteria. This criterion will be employed by the consumer to classify different alternatives and select the alternative that can satisfy him best. The consumer will then form the "evoked set" or the "consideration set" which will include all the products that have a possibility of being purchased by him.

The stronger the importance of purchase, higher will be the level of involvement of the consumers and higher will be the number of alternatives that the consumer will consider before making the decision to buy the product. For a regular purchase or when buying products that are consumed daily the consumer is likely to consider a few alternatives.

10.4 Purchase

Once the consumer has evaluated all the products that are available to satisfy his need he will choose the most appropriate product and proceed with the actual purchase itself. However, there are two factors which can interfere between the purchase intention and purchase decision-attitude of others and unanticipated situational factors.

Attitudes of others is the amount to which another person's negative attitude towards the preferred alternatives results in a readjustment of the consumer's purchase decision. The extent to which the attitude of others effects the consumer's decision to purchase depends upon the intensity of other person's negative attitude towards the chosen alternative and the motivation of the consumer to comply with the wishes of other people.



The more the negative attitude of other person and the closer that other person is to the consumer; more will be the will of the consumer to readjust his purchase intention.

Unanticipated situational factors refer to unexpected changes that might occur and alter the purchase intention. For e.g. there might be some unexpected purchase that is more urgent than the purchase the consumer was first stimulated to buy or the consumer might lose his job.

Moreover, perceived risk also alters a consumer's decision to modify, postpone or avoid a purchase. A number of risks might be perceived by consumers such as

- Financial Risk: the satisfaction derived from the product is not worth the price paid for it
- Physical Risk: the product can harm the physical well being or health of the consumer
- Functional Risk: the product is not able to perform as per the expectations of the consumer
- Social Risk: the usage of the product causes embarrassment to the consumer
- Psychological Risk: the product has an effect on the mental well being of the consumer
- Time Risk: the opportunity cost of finding another product if the chosen product fails the expectation of the consumer.

The amount of perceived risk that consumer has varies on the amount of money that is at stake, the amount of uncertainty regarding the attributes of the product and the amount of self confidence the consumer has. It is important for marketers to understand the factors that provoke a feeling of risk in consumer and provide information and support to consumers to reduce perceived risk.

10.5 Post Purchase Evaluation or Post Purchase Behaviour

Once the consumer has purchased the product he tries to rationalize the purchase decision. The consumer will make a comparison between the actual performances of the product with what he expected in terms of performance from the product.

If the actual performance falls short of expectation the consumer will be disappointed whereas if it meets the expectation the consumer is thrilled. The consumer whose expectations have been met by the product is likely to buy the product again and talk favorably to others about it. The dissatisfied customer on the other hand may abandon the product or return it. In certain extreme cases, the consumer might take public action by complaining to the company, going to court or complaining to consumer forums or government agencies.

It is important for marketers to monitor the post purchase behavior of the consumers. Companies should offer efficient customer service and after sale guarantee schemes to consumers to help them if there is any trouble with the product.

11. Buying Roles played by Consumers in Decision Making Process

Consumer decision making is a complex process. To understand how consumers actually take the decision to buy a product, it is important for marketers to identify who makes and has input in the decision making process. There are 5 roles that an individual might play

1. Initiator: It refers to the person who first identifies that a problem or need exists that can be resolved by making a purchase.
2. Influencers: It refers to the person who persuades the buyer to buy a product and help him in arriving at a decision.
3. Decider: It refers to the person who has a final say in the decision making process. He decides what is to be bought, how it is to be bought, when it is to be bought and from where it is to be bought
4. Buyer: It refers to the person who is involved in the physical activity of making a purchase and conducts the final transaction or exchange.
5. User: It refers to the person who consumes the product.

It is important for marketers to identify each role that an individual might play and devise strategies to target them.

12. Summary

- The success of an organization depends on how well it understands its customer's.
- Marketing begins and ends with the consumer's
- Consumer behavior is the study of what consumer's buy, why they buy, when they buy, from where they buy, in how much quantity they buy, how often they buy it and how often they use it.
- It is important for organizations to understand consumer behavior so that they can satisfy the consumers better, segment the market effectively, come out with products that the consumers want, modify their marketing strategies and marketing mix to suit the requirements of the consumers.
- Consumer behavior is influenced by 4 main factors: Cultural Factors (Culture, Sub-culture, Social class), Social Factors (Reference groups, Family, Roles and status), Personal Factors (Age and Life cycle stage, Occupation and Economic conditions, Personality and self concept, Lifestyle) and Psychological Factors (Motivation, Perception, Learning, Beliefs and Attitudes)
- Consumers are the actors of the marketplace.
- Decision making is the process of selecting the best alternative from a number of alternatives.
- Consumer decision making refers to the decisions consumers take about what to buy, how much to buy, from where to buy, from whom to buy, when to buy and how to buy.
- The consumer decision making process is influenced by 4 main factors: Cultural Factors (Culture, Sub-culture, Social class), Social Factors (Reference groups, Family, Roles and status), Personal Factors (Age and Life cycle stage, Occupation and Economic conditions, Personality and self concept, Lifestyle) and Psychological Factors (Motivation, Perception, Learning, Beliefs and Attitudes)
- There are 5 steps in the consumer decision making process