

CONSUMER BEHAVIOUR NOTES

Course Code: RMB205

Unit 1

The study of consumer Behaviour describes what products and brands consumers buy, why they buy them, when they buy them, where they buy them, how often they buy them, how often they use them, how they evaluate them after the purchase, and whether they buy them repeatedly. The term consumer behaviour, individual buyer behaviour, end user behaviour and consumer buying behaviour all stands for the same. Consumer behaviour is the study of how individuals, groups and Organisation select buy, use, and dispose of goods and services, ideas or experiences to satisfy their needs and wants.

Definition According to Belch and Belch "consumer behaviour is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires"

Customers versus Consumers

The term 'customer' is specific in terms of brand, company, or shop. It refers to person who customarily or regularly purchases brand, purchases company's product, or purchases from particular shop. Thus, a person who shops at Bata Stores or who uses Raymond's clothing is a customer of these firms. Whereas the 'consumer' is a person who generally engages in the activities - search, select, use and dispose of products, services, experience, or ideas.

Nature of Consumer Behaviour:

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

- Need identification to buy the product
- Information search relating to the product
- Listening and evaluating the alternative
- 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, situational, social and cultural etc.

Different for different customers: All consumers do not behave in the same manner. Different consumers behave differently. The different in consumer behaviour is due to individual factors such as nature of the consumer's lifestyle, culture etc.

Vary across regions: 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 the target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.

Reflect status: Consumer buying behaviour is not only influenced by status of a consumer but it also reflects it. Those consumers who owned luxury cars, watches and other items are considered by others as persons of higher status.

Key Concepts in Consumer Behaviour:

Needs and Wants: Consumers have both physiological and psychological needs that drive their Behaviour. Needs are basic requirements like food, water, and shelter, while wants are desires shaped by culture, society, and personal experiences.

Motivation: Consumer decisions are often driven by underlying motives, such as achieving pleasure, avoiding pain, or fulfilling self-esteem needs. Marketers try to tap into these motives to influence consumer Behaviour.

Perception: Perception refers to how consumers interpret and make sense of the world around them. It includes the selection, organization, and interpretation of sensory information, influencing how consumers perceive products and brands.

Attitude: Attitudes are a consumer's overall evaluation of a product, service, brand, or idea. They can influence purchase decisions and are shaped by beliefs, feelings, and Behavioural intentions.

Decision-Making Process: Consumers go through a series of stages when making a purchase decision: problem recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation. Each stage is influenced by internal (personal) and external (environmental) factors.

Influence of Culture and Social Factors: Culture, subculture, social class, reference groups, and family play significant roles in shaping consumer Behaviour. These factors impact the values, beliefs, and norms that influence how consumers make choices.

Psychological Factors: Consumer Behaviour is influenced by psychological factors like perception, motivation, learning, memory, and personality traits. These factors contribute to how consumers process information and make decisions.

Situational Factors: The context in which a consumer makes a decision, such as the physical environment and social surroundings, can affect their Behaviour. For instance, a consumer might make different choices when shopping alone versus with friends or family.

Consumer Segmentation: Marketers divide consumers into distinct groups based on shared characteristics, Behaviours, or preferences. This helps tailor marketing strategies and offerings to specific segments.

Consumer Research: Marketers conduct consumer research to gain insights into consumer Behaviour. Methods include surveys, focus groups, observations, and data analysis to understand consumer preferences, trends, and motivations.

Post-Purchase Behaviour: After making a purchase, consumers might experience satisfaction or dissatisfaction. Post-purchase Behaviour influences their future buying decisions and can lead to brand loyalty or word-of-mouth recommendations.

Understanding consumer Behaviour is essential for businesses to develop effective marketing strategies, create products that resonate with their target audience, and build strong customer relationships. By delving into the complex interplay of psychological, social, cultural, and economic factors, businesses can anticipate and meet consumer needs and wants more effectively.

Consumer Behaviour in the Contemporary Environment

Consumer Behaviour in the contemporary environment is shaped by a complex interplay of factors influenced by technological advancements, changing social dynamics, economic shifts, and evolving cultural values. Here are some key aspects of consumer Behaviour in today's world:

Digital Transformation: The widespread adoption of digital technologies has revolutionized how consumers interact with brands, products, and services. Online shopping, mobile apps, social media, and e-commerce platforms have significantly impacted how consumers search for information, make purchasing decisions, and engage with businesses.

E-Commerce and Online Shopping: The convenience of online shopping has transformed consumer Behaviour. Consumers can now research, compare prices, and purchase products and services from the comfort of their homes. The rise of mobile shopping has further accelerated this trend.

Influence of Social Media: Social media platforms play a substantial role in shaping consumer Behaviour. Consumers often seek product recommendations, reviews, and engage with influencer content, which can greatly influence their purchasing decisions.

Personalization and Data Analytics: Businesses use data analytics to gather insights into consumer preferences and Behaviours. This enables them to offer personalized recommendations and tailor marketing messages, enhancing the overall consumer experience.

Sustainability and Ethical Consumption: Modern consumers are increasingly conscious of environmental and ethical considerations. They are more likely to support brands that align with their values and prioritize sustainability in their products and practices.

Health and Wellness: Consumers are placing a higher emphasis on health and wellness, leading to a shift in preferences towards healthier food options, fitness products, and wellness services.

Experience Economy: Consumers are seeking experiences rather than just products. This has led to the growth of sectors such as travel, entertainment, and dining, where the focus is on providing memorable and immersive experiences.

Instant Gratification: The digital age has cultivated an expectation for instant gratification. Consumers expect quick and efficient service, fast shipping, and seamless experiences.

Rise of Subscription Services: Subscription-based models have gained popularity across various industries, offering consumers convenient and regular access to products and services.

Cultural Diversity and Globalization: Increasing globalization and cultural exchange have led to consumers being exposed to a wider array of products and influences, resulting in more diverse consumer preferences and Behaviours.

Online Reviews and Ratings: Consumer Behaviour is often influenced by online reviews and ratings. Positive reviews can drive purchasing decisions, while negative ones can deter potential customers.

Privacy Concerns: As technology advances, consumers are becoming more aware of their digital footprint and the potential misuse of their personal data. Privacy concerns can influence consumer decisions regarding online engagement and purchases.

Mobile Dominance: Mobile devices have become integral to consumer Behaviour, allowing for constant connectivity, information access, and on-the-go purchasing.

Social Responsibility: Consumers are increasingly drawn to brands that demonstrate social responsibility and contribute positively to their communities.

Economic Uncertainty: Economic fluctuations and global events, such as recessions or pandemics, can greatly impact consumer Behaviour, leading to changes in spending patterns and priorities.

In this contemporary landscape, businesses must stay attuned to these shifts in consumer Behaviour to effectively engage their target audience, build meaningful relationships, and adapt their strategies to remain competitive in an ever-changing market.

Consumer Behaviour in electronic markets: opportunities, issues, and challenges

Consumer Behaviour in electronic markets, also known as e-commerce or online markets, has undergone significant transformations due to the advent of digital technologies. This shift has brought about numerous opportunities, as well as a range of issues and challenges that businesses and consumers need to navigate. Here is an overview of these aspects:

Opportunities:

1. **Global Reach:** E-commerce enables businesses to reach a global audience without the limitations of geographical boundaries. Consumers can access products and services from around the world, expanding their choices and options.

2. **Convenience and Accessibility:** Online markets offer unparalleled convenience. Consumers can shop 24/7 from any location, reducing the need for physical visits to stores.
3. **Personalization:** Data analytics and tracking allow businesses to personalize consumer experiences, offering product recommendations and tailored marketing messages based on individual preferences and Behaviour.
4. **Cost Efficiency:** Online markets often have lower operational costs compared to brick-and-mortar stores, which can lead to competitive pricing and cost savings for both businesses and consumers.
5. **Variety and Choice:** Consumers have access to a vast range of products and services online, enabling them to explore and compare options easily.
6. **User Reviews and Ratings:** Online platforms allow consumers to read reviews and ratings from other buyers, aiding in informed decision-making.

Issues and Challenges:

1. **Trust and Security:** Consumer trust is critical in online markets. Concerns about data security, online fraud, and identity theft can deter consumers from making purchases.
2. **Product Quality and Authenticity:** Consumers may be hesitant to purchase products online due to concerns about receiving lower-quality items or counterfeit goods.
3. **Lack of Tangibility:** In e-commerce, consumers cannot physically touch or try products before purchasing, which can lead to uncertainties and potential dissatisfaction.
4. **Returns and Customer Service:** Handling returns and customer service issues in online markets can be more complex and time-consuming for both businesses and consumers.
5. **Digital Divide:** Not all consumers have equal access to technology and the internet, creating disparities in online shopping opportunities.
6. **Privacy Concerns:** Consumers worry about the collection and use of their personal data by online businesses, raising privacy issues.
7. **Impersonal Experience:** Some consumers miss the personalized and human interaction that physical stores provide.
8. **Logistics and Delivery:** Ensuring reliable and efficient delivery can be challenging, especially for businesses operating across borders.
9. **Marketplace Complexity:** The proliferation of online marketplaces and platforms can make it difficult for consumers to identify reputable sellers and make informed choices.
10. **Overwhelm and Decision Fatigue:** The abundance of choices and information online can lead to decision fatigue and difficulty in making purchasing decisions.

11. **Cultural and Regulatory Differences:** Operating in global electronic markets requires businesses to navigate varying cultural norms and legal regulations.
12. **Intense Competition:** The low barriers to entry in e-commerce can result in intense competition, making it challenging for businesses to stand out and attract consumers.

As e-commerce continues to evolve, addressing these challenges and capitalizing on opportunities is crucial for businesses and consumers alike. Striking the right balance between convenience, security, personalization, and ethical considerations will shape the future of consumer Behaviour in electronic markets.

Unit 2

Consumer Perception: Perception Process & Involvement, Sensation & Sensory Thresholds, Selective Perception

Consumer perception is a critical aspect of consumer Behaviour that influences how individuals interpret and make sense of the world around them, including products, brands, advertisements, and marketing messages. It plays a significant role in shaping purchasing decisions and overall consumer Behaviour. Let's delve into the key components of consumer perception:

Perception Process: Perception is the process through which individuals select, organize, and interpret sensory information to create a meaningful understanding of their environment. The perception process involves several stages:

1. **Exposure:** This is the initial stage where consumers come into contact with sensory stimuli, such as visual, auditory, olfactory, tactile, and gustatory stimuli. Exposure can occur through advertising, packaging, or direct interaction with products.
2. **Attention:** Consumers focus their attention on specific stimuli while filtering out others. Attention is influenced by factors like novelty, relevance, and personal interests.
3. **Interpretation:** Once attention is captured, consumers interpret the sensory information by assigning meaning to it. Interpretation is influenced by personal experiences, beliefs, cultural background, and contextual cues.

Involvement: Involvement refers to the level of personal relevance and importance that a consumer attaches to a product, brand, or decision. High involvement is associated with products that are significant and require careful consideration, while low involvement pertains to products with minimal impact on the consumer's life.

Sensation and Sensory Thresholds: Sensation is the immediate response of the sensory receptors (eyes, ears, nose, skin, and tongue) to basic stimuli such as light, sound, smell, touch, and taste. Sensory thresholds are the levels at which consumers can detect changes in sensory stimuli. Key concepts related to sensory thresholds include:

1. **Absolute Threshold:** The lowest level of stimulus intensity at which a consumer can detect a stimulus.

2. **Differential Threshold (Just Noticeable Difference, or JND):** The minimum difference in stimulus intensity required for a consumer to perceive a difference between two stimuli.
3. **Subliminal Perception:** The perception of stimuli below the absolute threshold, which occurs at an unconscious level and can influence consumer Behaviour.

Selective Perception: Selective perception refers to the tendency of consumers to filter, interpret, and remember information in a way that aligns with their pre-existing beliefs, attitudes, and interests. Consumers are more likely to notice and remember information that is consistent with their existing views while ignoring or distorting information that contradicts them.

Selective perception can manifest in various forms:

1. **Selective Exposure:** Consumers actively seek out information that reinforces their existing beliefs while avoiding information that challenges them.
2. **Selective Attention:** Consumers focus their attention on specific aspects of stimuli while ignoring others.
3. **Selective Interpretation:** Consumers interpret information in a way that supports their preconceived notions.
4. **Selective Retention:** Consumers remember information that aligns with their beliefs more accurately than information that does not.

Understanding consumer perception and the selective processes at play can help marketers design effective communication strategies and tailor messages to resonate with consumers' existing perceptions and attitudes. However, it's essential to strike a balance between leveraging selective perception and maintaining ethical and honest communication with consumers.

Consumer Learning: Applications of Behavioural learning theories and cognitive learning theories to consumer Behaviour

Consumer learning is a process through which individuals acquire knowledge, skills, attitudes, and Behaviours related to making decisions and consuming products or services. It involves both Behavioural and cognitive aspects. Behavioural learning theories and cognitive learning theories offer valuable insights into how consumers acquire information, develop preferences, and make purchasing decisions. Let's explore how these theories apply to consumer Behaviour:

Behavioural Learning Theories:

1. **Classical Conditioning:** This theory, pioneered by Ivan Pavlov, suggests that a consumer can learn to associate a particular stimulus with another stimulus through repeated exposure. Marketers often use classical conditioning to create positive associations between their products and desirable outcomes. For example, associating a product with positive emotions or celebrities can influence consumer preferences.

2. **Operant Conditioning:** Developed by B.F. Skinner, operant conditioning focuses on the relationship between Behaviours and their consequences. Positive reinforcement (reward) or negative reinforcement (removal of discomfort) can shape consumer Behaviour. Loyalty programs, discounts, and rewards for repeat purchases are examples of using operant conditioning to encourage desired consumer Behaviours.
3. **Observational Learning (Social Learning):** Proposed by Albert Bandura, observational learning involves learning by observing the Behaviours of others and the consequences of those Behaviours. Consumers may imitate the consumption patterns of role models or peers. Marketers use this concept in influencer marketing, where consumers observe influencers using or endorsing products.

Cognitive Learning Theories:

1. **Information Processing:** Cognitive learning theories emphasize the mental processes involved in learning, such as attention, perception, memory, and problem-solving. Marketers can design clear and memorable advertisements that align with consumers' cognitive abilities to process and retain information effectively.
2. **Meaningful Learning:** According to David Ausubel's meaningful learning theory, individuals learn by actively connecting new information to existing knowledge and concepts. Marketers can facilitate meaningful learning by relating new product information to consumers' existing beliefs or experiences, making it easier for consumers to understand and remember.
3. **Cognitive Mapping:** Consumers create mental maps of their knowledge about products, brands, and attributes. Marketers can influence cognitive mapping by highlighting specific product features and benefits, helping consumers form accurate mental representations of products and making informed purchase decisions.
4. **Expectancy-Value Theories:** These theories, such as the Theory of Reasoned Action and the Theory of Planned Behaviour, propose that consumers make decisions based on their beliefs about the outcomes of different choices and the values they place on those outcomes. Marketers can shape consumer Behaviour by influencing these beliefs and values through persuasive communication.
5. **Problem Solving:** Consumers often engage in cognitive learning to solve problems related to their needs or wants. Marketers can present products as solutions to consumer problems, focusing on how the product meets specific needs or addresses challenges.

Incorporating these Behavioural and cognitive learning theories into marketing strategies allows businesses to tailor their messaging, promotions, and product offerings to better align with how consumers learn and make decisions. By understanding the psychological processes underlying consumer learning, marketers can effectively influence consumer Behaviour and enhance the overall consumer experience.