Module-1

CONSUMER BEHAVIOR

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MODULE 1:

INTRODUCTION TO THE STUDY OF CONSUMER BEHAVIOR

1.1 Defining Consumer Behavior
1.2 Nature, Scope and Application of Consumer Behavior
1.3 Application of Consumer Behavior
1.4 Why Study Consumer Behavior?
1.5 Evolution of Consumer Behavior as a Field Of Study and its relationship with Marketing Behavioral Dimension
1.6 The Interdisciplinary Nature of Consumer Behavior

Introduction:

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. Herein, lies the essence of Consumer Behavior, an interdisciplinary subject, that emerged as a separate field of study in the 1960s.
Lesson -1
INTRODUCTION TO CONSUMER BEHAVIOR 1

Instructional Objectives

After completion of this lesson, the student shall know about:

1.1 Definition and Meaning of Consumer Behavior
1.2 Nature, Scope and Application of Consumer Behavior

1.1 DEFINING CONSUMER BEHAVIOR:

Consumer Behavior may be defined as “the interplay of forces that takes place during a consumption process, within a consumers’ self and his environment. - this interaction takes place between three elements viz. knowledge, affect and behavior; - it continues through pre-purchase activity to the post purchase experience; - it includes the stages of evaluating, acquiring, using and disposing of goods and services”.

The “consumer” includes both personal consumers and business/industrial/organizational consumers.

Consumer behavior explains the reasons and logic that underlie purchasing decisions and consumption patterns; it explains the processes through which buyers make decisions. The study includes within its purview, the interplay between cognition, affect and behavior that goes on within a consumer during the consumption process: selecting, using and disposing off goods and services.
Cognition: This includes within its ambit the “knowledge, information processing and thinking” part; It includes the mental processes involved in processing of information, thinking and interpretation of stimuli (people, objects, things, places and events). In our case, stimuli would be product or service offering; it could be a brand or even anything to do with the 4Ps.

Affect: This is the “feelings” part. It includes the favorable or unfavorable feelings and corresponding emotions towards a stimuli (eg. towards a product or service offering or a brand). These vary in direction, intensity and persistence.

Behavior: This is the “visible” part. In our case, this could be the purchase activity: to buy or not a buy (again specific to a product or service offering, a brand or even related to any of the 4 Ps).

The interaction is reciprocal between each of the three towards each other and with the environment.

**OTHER DEFINITIONS:**

“The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.”
- Schiffman and Kanuk

“…..the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services.”
- Loudon and Bitta
“The study of consumers as they exchange something of value for a product or service that satisfies their needs”
- Wells and Prensky

“Those actions directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions”.
- Engel, Blackwell, Miniard

“the dynamic interaction of effect and cognition, behavior and the environment by which human beings conduct the exchange aspects of their lives”
- American Marketing Association

### 1.2 NATURE AND SCOPE OF CONSUMER BEHAVIOR:

#### 1.2.1 Nature of Consumer Behavior:

i. The subject deals with issues related to cognition, affect and behavior in consumption behaviors, against the backdrop of individual and environmental determinants. The individual determinants pertain to an individual’s internal self and include psychological components like personal motivation and involvement, perception, learning and memory, attitudes, self-concept and personality, and, decision making. The environmental determinants pertain to external influences surrounding an individual and include sociological, anthropological and economic components like the family, social groups, reference groups, social class, culture, sub-culture, cross-culture, and national and regional influences.

ii. The subject can be studied at micro or macro levels depending upon whether it is analyzed at the individual level or at the group level.

iii. The subject is interdisciplinary. It has borrowed heavily from psychology (the study of the individual: individual determinants in buying behavior), sociology
(the study of groups: group dynamics in buying behavior), social psychology (the study of how an individual operates in group/groups and its effects on buying behavior), anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behavior), and economics (income and purchasing power).

iv. Consumer behavior is dynamic and interacting in nature. The three components of cognition, affect and behavior of individuals alone or in groups keeps on changing; so does the environment. There is a continuous interplay or interaction between the three components themselves and with the environment. This impacts consumption pattern and behavior and it keeps on evolving and it is highly dynamic.

v. Consumer behavior involves the process of exchange between the buyer and the seller, mutually beneficial for both.

vi. As a field of study it is descriptive and also analytical/ interpretive. It is descriptive as it explains consumer decision making and behavior in the context of individual determinants and environmental influences. It is analytical/ interpretive, as against a backdrop of theories borrowed from psychology, sociology, social psychology, anthropology and economics, the study analyzes consumption behavior of individuals alone and in groups. It makes use of qualitative and quantitative tools and techniques for research and analysis, with the objective is to understand and predict consumption behavior.

vii. It is a science as well as an art. It uses both, theories borrowed from social sciences to understand consumption behavior, and quantitative and qualitative tools and techniques to predict consumer behavior.
1.2.2 Scope of Consumer Behavior:

The study of consumer behavior deals with understanding consumption patterns and behavior. It includes within its ambit the answers to the following:
- ‘What’ the consumers buy: goods and services
- ‘Why’ they buy it: need and want
- ‘When’ do they buy it: time: day, week, month, year, occasions etc.
- ‘Where’ they buy it: place
- ‘How often they buy’ it: time interval
- ‘How often they use’ it: frequency of use

The scope of consumer behavior includes not only the actual buyer but also the various roles played by him/ different individuals.
**Basic Components:**

**Decision making**
(Cognitive and Affect): this includes the stages of decision making: Need recognition, Information search, Evaluation of alternatives, Purchase activity, Post purchase behavior.

**Actual purchase**
(Behavior): this includes the visible physical activity of buying of goods and/or service. It is the result of the interplay of many individual and environmental determinants which are invisible.

**Individual determinants and environmental influences:**
The environmental factors affect the decision process indirectly, through way of affecting individual determinants.

**Buying roles:**
Actual Buyer vis a vis other users. There are five buying roles, viz., Initiator, Influencer, Decider, User, Buyer. The initiator is the person who identifies that there exists a need or want; the influencer is the one who influences the purchase decision, the actual purchase activity and/or the use of the product or service; the decider is the one who decides whether to buy, what to buy, when
to buy, from where to buy, and how to buy; the buyer is the one who makes the actual purchase; and, the user is the person (s) who use the product or service. These five roles may be played by one person or by different persons. A person may assume one or more of these roles. This would depend on the product or service in question.

Examples: Let us take two examples.

Example 1:
A child goes to a kindergarten school. She comes back home and asks her parents to buy her a set of color pencils and crayons. Now the roles played are:
1. Initiator: the child in nursery school
2. Influencer: a fellow classmate
3. Decider: the father or the mother
4. Buyer: the father or the mother
5. User: the child

Example 2:
The lady of a house who is a housewife and spends her day at home doing household chores watches TV in her free time. That is her only source of entertainment. The TV at home is giving problem. She desires a new TV set, and says that she wants an LCD plasma TV. Now the roles played are:
1. Initiator: the housewife (mother)
2. Influencer: a friend / neighbour
3. Decider: the husband or the son
4. Buyer: the husband or the son
5. User: the family
Consumer behavior focuses specifically on the *Buyer* and *often User*. But also analyzes impact of other roles.

**Buyers and Sellers:** They are the key elements in consumer behavior. They have needs and wants and go through a complex buying process, so as to be able to satisfy the need through purchase of the good or service offering. They enter into an exchange process with the seller, which leaves both the parties (buyer and seller) better off than before. In fact the exchange process is value enhancing in nature, leading to satisfaction of both the parties.

**REFERENCES FOR FURTHER READING:**

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 Define Consumer Behavior?
Ans Consumer Behavior may be defined as “the interplay of forces that takes place during a consumption process, within a consumers’ self and his environment.
-this interaction takes place between three elements viz. cognition, affect and behavior;
it continues through pre-purchase activity to the post purchase experience;
it includes the stages of evaluating, acquiring, using and disposing of goods and services”.

Ques 2 List out the individual determinants and environmental influences that affect consumption behavior?
Ans These are listed as follows:

Individual Determinants:
- Personal motivation and involvement
- Learning and memory
- Decision making.

- Perception
- Attitudes

- Self-concept and personality

External Environment:
- Family
- Social Group
- Reference Groups
- Social Class

- Culture
- Sub-culture
- Cross-culture

- National and regional influences
Ques 3  Is the subject of Consumer Behavior interdisciplinary?
Ans. It borrows heavily from:

1. psychology (the study of the individual: individual determinants in buying behavior)
2. sociology (the study of groups: group dynamics in buying behavior)
3. social psychology (the study of how an individual operates in group/groups and its effects on buying behavior)
4. anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behavior)
5. economics (income and purchasing power)

Ques 4  What are the basic components in consumption behavior?
Ans. The basic components in consumption behavior are as follows:

a) Decision making (Cognitive and Affect)
b) Actual purchase (Behavior):
   - Buying the good or service
   - Physical activity: Visible
   - Result of interplay of many individual and environmental determinants (these influences are invisible)
c) Individual determinants and environmental influences
d) Buying roles.
e) Buyers and Sellers
SELF EVALUATION TESTS/QUIZZES:

Section A  True/false:

1. Consumer Behavior includes within its ambit, only the actual purchasing of products and services.
2. The “consumer” includes both personal consumers and business/industrial/organizational consumers.
3. The discipline studies consumption patterns at micro levels only.
4. The environmental factors affect the decision process indirectly.

Section B  Multiple choice questions:

1. **Consumer Behavior may be defined as:**
   a) the interplay of forces that takes place during a consumption process, within a consumers’ self and his environment.
   b) decision process and physical activity during consumption process.
   c) A study that analyzes the stages of evaluating, acquiring, using and disposing of goods and services
   d) All of the above.

2. **Consumer behavior focuses specifically on the:**
   a) Initiator
   b) User
   c) Buyer
   d) Decider

Section C  Fill up the blanks:

1. The study includes within its purview, the interplay between cognition, ___________ and behavior.
2. The actual purchase activity is the result of interplay of many individual and _______________ determinants
3. The study of Consumer Behavior is both a science and an _______________
Section D  Short answers:
1. Mention the various stages of Decision Making.
2. What are the various Buying Roles.
3. Which are the various disciplines that have contributed to the study of Consumer Behavior?
4. What are the various environmental influences that affect consumption behavior?

Section A  True/false:
1. False  
2. True  
3. False  
4. True  

Section B  Multiple choice questions:
1. d  
2. c  

Section C  Fill up the blanks:
1. Affect  
2. Environmental  
3. Art  

Section D  Short answers:
1. Need recognition, Information search, Evaluation of alternatives, Purchase activity, Post purchase behavior.
2. Initiator, Influencer, Decider, User, Buyer
3. Psychology, Sociology, Social psychology, Anthropology, Economics
4. Family, Social Group, Reference Groups, Social Class, Culture, Sub-culture, Cross-culture, National and regional influences