

# Consumer Behaviour

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# Understanding Consumer Behaviour



## Learning Objectives

After reading this chapter, you will be able to

- define consumer behaviour as a discipline and establish its boundaries by explaining its scope
- discuss the evolution of consumer behaviour as a discipline
- explain the multi-disciplinary nature of consumer behaviour by exploring its linkages with different social sciences such as sociology, psychology, and anthropology
- analyse how different modules in the discipline of consumer behaviour are academically linked with these social sciences
- understand the application of consumer behaviour in marketing of products and brands, social marketing, policy formulation, and consumer protection
- explain why consumer behaviour in the Indian context is important

## INTRODUCTION

In this chapter, we will introduce the concept of consumer behaviour and all its consequences. We will also establish the importance of understanding consumer behaviour from the perspective of marketing management. It is important to note that understanding consumer behaviour is not only important for a successful marketing effort, but also for understanding changing attitudes, behaviour patterns, and social practices. Consumer behaviour is a subset of social behaviour and understanding the consumer helps in policy formulation.

Therefore, in order to get an in-depth understanding of how and why a consumer behaves in a way in which he does, academicians draw from different disciplines including sociology, psychology, anthropology, and economics. On the basis of theories and constructs drawn from these different disciplines, a unique perspective that helps us understand the behaviour of the consumer has been developed.

We will try to understand this perspective that is particularly important in India because of the complex nature of the Indian society and culture.

## DEFINITION OF CONSUMER BEHAVIOUR

Before trying to define consumer behaviour, we should understand the difference between the concepts of ‘consumer’ and ‘customer’. ‘Consumer’ is a more broad-based term, whereas ‘customer’ denotes a kind of permanency in the usage of the product. We use the word ‘customer’ if the consumption is spread over a period of time. For instance, a regular shopper at Food Bazaar for the past one year can be referred to as a customer of that shop.

Sometimes the words consumer and customer are also used to denote the differences between the purchaser and the final user of the product. From this perspective, the person who purchases the product from the shop is defined as the customer and the person who uses the product is the consumer. For example, a housewife purchases a fairness cream from a shop for her daughter. The mother in this case is only a customer, but the consumer is her daughter. On the other hand, if the housewife had purchased the fairness cream for herself then she is the customer as well as the consumer. In this case, customer and consumer are one and the same person.

After clearly understanding the distinction between the two concepts, we can define the discipline of consumer behaviour. Consumer behaviour is a discipline that encompasses all processes involved in acquiring, using, and disposing of products, services, and ideas. As a discipline, it is also concerned with the results of such acquisitions, uses, and disposals.

If we analyse this definition, the first words that stand out are ‘products, services, and ideas’. This means that as a discipline, consumer behaviour is not only concerned with consumption of products and goods, but also services. Not only does the consumption of soap or car fall within the ambit of consumer behaviour, but also the consumption of health and hospitality services. Similarly, the discipline of consumer behaviour also concerns itself with the consumption of ideas, namely the processes by which people acquire and adopt new ideas.

For example, concepts of consumer behaviour can be applied to understand why people prefer to purchase small cars (that are a product) in India, as well as to understand why the small family norm (which is an idea), is adopted more by upper- and middle-class families than by lower-class families. The first case, that is, purchase of a small car, is an example of consumption of a product, whereas adoption of the small family norm is an example of the consumption of an idea. Therefore, consumer behaviour is involved, not only when purchase happens, but also when purchase does not happen. In this way, consumer behaviour is concerned with acquisition, use, and disposal that may occur with or without purchase.

It is also interesting to note that consumer behaviour is not only concerned with the processes in which financial transactions are involved, but also processes in which there are no financial transactions. Various governmental and non-governmental organizations are involved in campaigning on different social issues—ranging from safe drinking



water and AIDS awareness, to environment-friendly practices and adult education. In these cases, no financial transaction is taking place. However, there is adoption of new behaviour or practices, or a change in attitude that can also be defined as consumption. In other words, consumption happens not only when money changes hands, but also when people change their old values, practices, attitudes, and beliefs for social good.

What is common in these two instances is that they share the same two parties. One of the parties in the transaction comes out with a product, service, or an idea, and communicates it to the other party (i.e., consumers or customers) who adopt it. This adoption accrues into profit for the first party, which is called marketing, or results in social good, which is known as social marketing.

Consumer behaviour is also concerned with both the processes and the results of consumption. It deals with the processes by which a product or a service or an idea is adopted. Such processes can be psychological in nature, such as learning or motivation, or social in nature, such as consumer socialization, or even socio-economical such as value–price trade-off.

An example of a social process affecting consumer behaviour could be the low demand for vacuum cleaners because of the widespread availability of maidservants. In a social situation, where day-to-day cleaning is done by the maidservant, a housewife would rarely purchase an expensive product like vacuum cleaner. This leads to an understanding of how a social situation acts as a barrier to the acceptance of a product or a brand. On the other hand, consumer behaviour is also interested in understanding the process by which some other classes of consumers accept this product. Was it the value–price trade-off? If yes, what was the value–price trade-off that persuaded them to purchase such a product?

To gain a perspective on consumer behaviour, it is essential to understand all these processes. Along with this, it attempts to understand the results of such behaviour. These results vary in nature from psychological and social to financial. The psychological results of consumption could be satisfaction or dissatisfaction, pleasant or unpleasant memories, positive or negative perceptions, etc. Examples of social consequences are development of consumer culture, association of consumption with identity, and formation of status symbols.

Lastly and most importantly, consumer behaviour is used for analysing consumption. For example, in the case of vacuum cleaner, the purchase could result in satisfaction when the prime consideration is health and hygiene. However, in some middle-class households, where the prime concern is value for money, the vacuum cleaner purchased might result in some kind of dissatisfaction. In some cases, housewives find it inconvenient to use the product daily and some even find it inadequate to battle the dust in India. Analysing the results of such consumption and understanding the reasons for the same is a very important aspect of consumer behaviour.

## SCOPE OF CONSUMER BEHAVIOUR

We have defined and explained the discipline of consumer behaviour, which is concerned with the processes and results of acquisition, usage, and disposal. If we are able to detail

these processes and their results, we would be able to understand the scope of consumer behaviour as a discipline.

The processes involved during consumption are basically decision-making processes, as shown in Fig. 1.1. In a society, the consuming units include individuals, families, and organizations that start the consumption process. They decide whether to acquire, use, or dispose any goods, services, and ideas. The decision processes involved during the acquisition also revolve around questions, such as what to acquire, when to acquire, from where to acquire, whether to acquire only the idea of gathering information or purchase the actual product.

Similar decision processes are involved during the use and disposal of products, ideas, and services. Answering these questions helps consumers select the most suitable and appropriate product or service or idea that also obtains them the optimum value–price trade-off. The scope of consumer behaviour also involves studying the reasons and analysing why consumers purchase certain products from certain shops and at a particular time of the year. Whatever consumption decisions are taken, they create results at two levels—micro and macro. Micro level is the level of the consuming unit, that is, individual, family or organization. These results may be satisfaction, happy or sad experiences, perceptions, learnings, memories, and attitudes. However, the impact of consumption is not limited to the consuming unit;

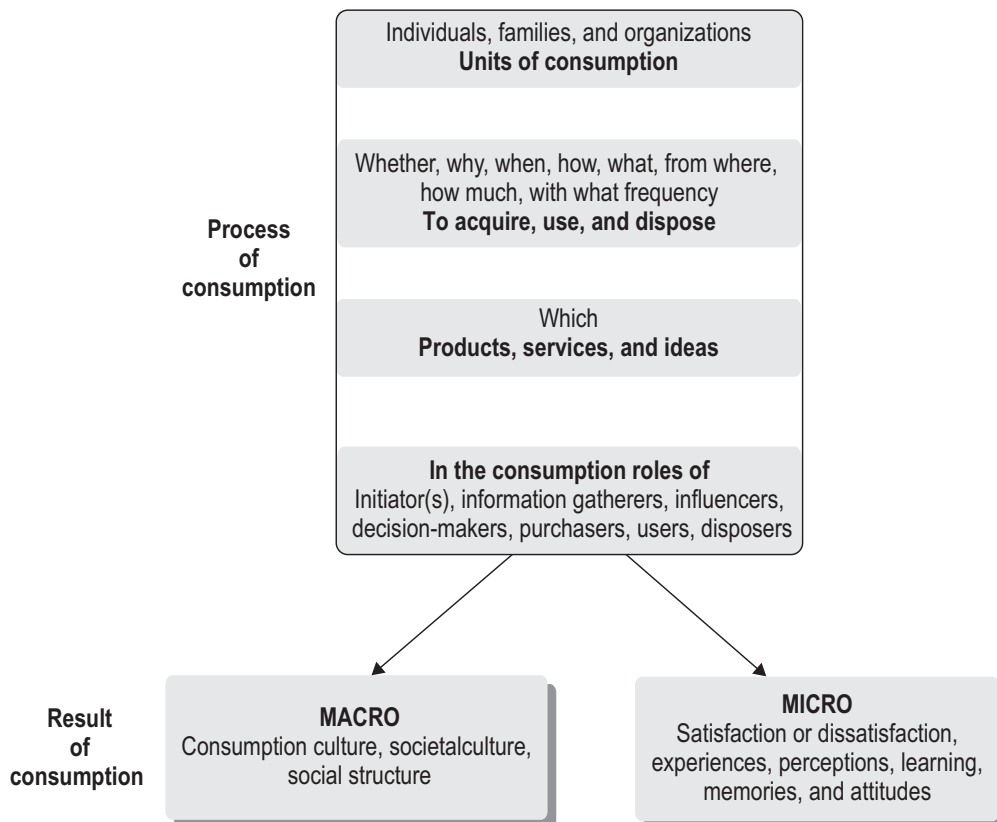


Figure 1.1 Scope of consumer behaviour

rather, it also has a macro effect. The macro effect of consumption is visible in terms of consumption trends. Trends of consumption are typically products of society's past culture that affect its emerging culture. Exhibit 1.1 elucidates how the results of consumption affect consumer behaviour.

### Exhibit 1.1 Telecom Industry and Change in Consumption Pattern

The increase in the consumption of mobile telephony services and value-added services (VAS) has changed the Indian society at the macro as well micro level. Consumption of mobile telephony has led to changes in not only the urban community, but also in the traditional rural community.

For example, the methods of cultivation have undergone a stark change in rural India due to the consumption of mobile telephony and VAS. A farmer has to make multiple decisions during the period of cultivation, such as which crops to cultivate, what fertilizers, micro-nutrients, pesticides, and other agro-chemicals to use, when to irrigate the crop, and where to sell the product for the best price. Traditionally, these decisions were taken with the help of information from peers and some accessible retailers.

Today, the use of mobile telephony has provided an alternative source of information that is changing the way farmers cultivate and live. This is a macro trend as now there are 21.89 crore rural versus 18.84 crore urban mobile subscriptions (Juxtconsult 2011). Various mobile service providers have started marketing VAS specifically for farmers.

Bharti Airtel has launched such a service called *Behtar Zindagi* in Rajasthan. It provides subscribers with relevant and important information on weather conditions, market rates and health, education, and finance.

Information on weather conditions, such as if the monsoon is expected to be erratic that year, helps the farmers time the sowing. Information on market rates helps the farmers decide the market in which to sell their product. Other examples of similar consumption trends are Nokia Life Tools, a text message-based agro-information service and IFFCO Kisan Sanchar.

Another interesting example is mKrishi from TCS Innovation Labs that is being tested in four villages in Maharashtra. This service runs on camera mobile phones. Farmers seeking advice upload photographs of their crops through mobile phones to the control room. The photographs are forwarded to agro-experts and their advice is communicated to the farmers. Expert advice is available on all relevant agricultural issues.

The increased use of mobile telephony and VAS is leading to major macro level changes in the way farmers live and earn.

## HISTORY OF CONSUMER BEHAVIOUR AS A DISCIPLINE

Today, the discipline of consumer behaviour is one of the most important components of the marketing discipline. With a few exceptions, most of the universities and institutes awarding a professional degree in marketing management have made the course a core elective. Although no systematic research has been carried out in this area as yet, during the course of teaching this subject in different institutes as faculty or visiting faculty, the author has observed that it is one of the most popular subjects among marketing students. In a similar way, different aspects of consumer behaviour have also become hot topics of research. Most research articles that one reads in referred journals are either directly

related with the domain of consumer behaviour or try to interrelate marketing variables with behavioural variables. The popularity of consumer behaviour as a discipline is not just an Indian but a global phenomenon.

In an article, Walters (1979) points out that consumer behaviour has emerged as the glamour subject of marketing. He also points out that systematic research in consumer behaviour had been neglected for a long time. Till 1960, there was no significant amount of consumer research. However, by 1965, consumer research projects in academia as well as in industry were in full flow. It was in 1965 when a course in consumer behaviour was defined and different marketing disciplines started offering the course. Prof. Jagdish Sheth, in his presidential address to *Advances in Consumer Research*, also fixed the same year as the time when the field of consumer behaviour got defined (Sheth 1985).

Although consumer behaviour as a field of study was introduced quite late in the history of marketing, it is notable that the interest among consumers is not a recent phenomenon. It is as old as the discipline of marketing and economics. According to Walters (1979), it was apparent in the writings of Adam Smith who said that in an economic system, the interest of the producer should be attended to only to the extent that is necessary for promoting consumers' concern. However, this concern for the consumer did not translate into the development of the discipline of consumer behaviour.

There were two reasons for this. First, the social sciences (from where the discipline of consumer behaviour derives the basic understanding of consumers as individuals) were not sufficiently developed at that point of time and second, the concern with early consumers was at the gross level. This means that they were analysed only in terms of units who were making certain rational demands in a perfect market.

Marketing as a discipline started to separate from the discipline of economics with the maturing of the industrial economy and the beginning of mass production. The process started approximately in the first decade of the 20th century. The early scholars of the marketing discipline followed the tradition of economics and treated consumers only at a gross level, that is, as creators of demand in the marketplace.

According to Walters (1979), Paul Nystrom was the first person to break away from the tradition of economics in his book *Economic Principles of Consumption* in 1929. Though the book still had an economics orientation, for the first time it introduced consumers' needs, motivations, and habits, along with customs and knowledge as factors that influenced consumers' choices in the marketplace. Managers of that time also realized that the task of marketers should be to focus on the needs and desires of the consumers and use advertising and sales to persuade them to purchase goods. However, these authors were part of the early school of thought and not the general trend.

The first systematic approach to understanding marketing philosophy and defining the consumers at the core of it, was in E. Jerome McCarthy's book *Basic Marketing*. Published in 1960, it led to a knowledge revolution. To quote Walters (1979), the consumer movement in marketing was in full swing by 1965 and there was a profusion of research in the field.

The first model of consumer behaviour that appeared was that of Nicosia (1966). Within a short time span Howard and Sheth (1969) introduced a more comprehensive model (explained in Chapter 13 of this book). At the same time, consumer behaviour textbooks were introduced. The first consumer behaviour textbook was authored by Engel, Kollat, and Blackwell (1968) followed by the one written by Walters and Paul (1970).

Since then, there has been exponential increase in the number of textbooks and research-based perspective-building books, as well as in the number of research projects, leading to the establishment of consumer behaviour as a scholastic field of study. Let us look at Exhibit 1.2 to understand the different concepts of consumer behaviour.

### Exhibit 1.2 Understanding Consumer Behaviour Concepts

J. Sinha is a faculty at one of the best-known management institutes in India. His son passed his Class 12 exam with flying colours and has joined an engineering college in the same city. The college is situated on the outskirts of the city. He travels by the city bus that takes him around 2.5 hours for the complete journey. He feels the need for a motorcycle. Sinha thinks the need is justified, but one that can be better fulfilled by purchasing a scooter, as it is safer. Therefore, the family agrees with the *need* for a two-wheeler. They agree with the reason for the purchase, that is, cutting down on the travel time. There is also agreement on purchasing the product immediately.

However, there is a disagreement on the *usage* pattern. Sinha feels that if a scooter is purchased, then he would also be able to use it for short distances. In addition, a scooter is a cheaper alternative and *better value for money*. His son is completely opposed to purchasing a scooter. His opposition stems from his conviction that a scooter does not suit his personality. He feels he would look good on a motorcycle. However, he tries to convince his father on different grounds.

1. A motorcycle gives a better mileage. Its maintenance cost is also lower than that of a scooter. Therefore in the longer run, it is cheaper than a scooter. A motorcycle will also last longer compared to a scooter.
2. According to him, a motorcycle is safer as compared to a scooter. This is because it

has a better balance due to its larger wheel base, better suspension system, and anti-skid brakes.

On the basis of these arguments, he tries to establish that a motorcycle has better *value-price trade-off*.

In the next stage, they work towards establishing the value-price trade-off for different brands of motorcycles. The information was gathered by the son. On the basis of the information gathered, they decided on a brand of motorcycle. The whole family went to the dealer to purchase the motorcycle.

In this entire process, Sinha's son was the *initiator*, *information-gatherer*, *influencer*, and the *primary user* of the motorcycle. Sinha was the *purchaser* and the *secondary user* of the product. If it is disposed of before the son gets a job, Sinha will be the main decision-maker. If it is disposed of after his son has got a job, then he will be the primary decision-maker on the *disposal* of the product. Here, the *unit of consumption* is the family.

*Micro impact* of the consumption is the satisfaction that the son shows with the performance of the product. Initially, both the parents felt pangs of anxiety due to their perception that motorcycle was a dangerous vehicle. But after some time, they realize that their anxieties were unfounded and it was indeed a better-balanced vehicle. Sinha even recommended to one of his doctoral students that he buy a motorcycle instead of a scooter.

This type of positive feedback has resulted in a *macro impact* where scooter as a category has started shrinking. Motorcycles run largely on 4-stroke engines enabling better fuel utilization and causing lesser environmental damage.

## CONSUMER BEHAVIOUR AS A MULTI-DISCIPLINARY SCIENCE

Consumer behaviour is a complex and a multidimensional process. Due to the complexity of consumer behaviour, it becomes very difficult to predict specific instances on the basis of any given model. To understand consumer behaviour for a given brand in a given context, often a specially-formulated consumer research is conducted. Even then, prediction of consumer behaviour is often risky and imprecise. However, it is easier to grasp the model of consumer behaviour that elucidates the process of consumption and the factors that affect consumption on a general level. This model can be utilized to develop a perspective.

The process of consumption starts with the generation of a need that gets converted into a want and a demand. A need evolves into a want when it is associated with a particular product. If the consumer has the financial capacity to purchase the product, then want is transformed into demand. For example, thirst is a need. When thirst is associated with a product called soft drink, then it evolves into a want for the soft drink. If the consumer has the financial ability to purchase a bottle of soft drink, then it becomes a demand for the soft drink.

Needs could be triggered by the lack of homeostasis in the body of the consumer or by some elements in the external environment. For example, a person may not be thirsty, but an outdoor ad may suddenly trigger a need for a bottle of water. Emergence of a need starts the whole process of consumption in which the consumer starts debating about whether, what, why, when, how, from where, how much, and at what frequency.

The preceding discussion clearly indicates that consumer behaviour is a discipline that has borrowed extensively from other social sciences. In an attempt to understand the process of consumption holistically, it relies on significant contributions from sociology, anthropology, and psychology. In the following section, we will explain the symbiotic relationship between consumer behaviour and each of these three social sciences.

### Sociology and the Discipline of Consumer Behaviour

Sociology can be defined as the study of social systems. Social systems are the manifestations of the interactions between different individuals that get institutionalized into different types of groups. These groups can range from small primary groups such as family, friendship group, and neighbourhood group, to large secondary groups such as socio-economic class and society. These groups have evident and not-so-evident goals, values, and norms of behaviour that are confirmed by members of the groups.

All of these groups prescribe certain forms of behaviour for its members and prohibit some other forms of behaviour. The behavioural prescriptions and taboos of society tend to be encyclopedic in nature and therefore necessarily include consumption behaviour. For example, societal behavioural prescriptions and taboos clearly state the eligible age for



marriage, the acceptable ways in which one can get married (instances of social behaviour), and at the same time, prescribe what should be worn by the bride and groom, what kind of goods should be gifted, how the marriage reception should be organized (instances of consumer behaviour). Therefore, the same values, norms, and other forms of prescription and taboo influence social as well as consumer behaviour.

As individuals grow, they internalize the socially acceptable consumption behaviour and their consumption is guided by their internalized preferences. If they do not adopt the socially acceptable mode of consumption, they indulge in proscribed behaviour. Therefore, it can be said that social groups impact on the consumption behaviour in two ways. First, they create internal preferences through the process of internalization and second, they impose sanctions on deviant consumption behaviour.

These set of factors that influence consumer behaviour are called *sociology of consumption*. Some authors choose to term them as *external factors*, since social factors are a part of the external premises and form a part of the social environment. However, the author of this book prefers to name it differently because, in his opinion, the term *external* emphasizes more on aspects outside an individual, but in actuality, social factors in this case work in combination with the individual to become influential.

Under sociology of consumption, some of the micro factors influencing consumer behaviour are social group, community, neighbourhood, village community, family, socio-economic class, and culture. The impact of all these aspects, specially culture, is very important for brand managers to understand consumption.

The successful launch of McDonalds in India is an example of a culturally-nuanced marketing strategy. At the heart of the McDonald launch was the question of most Indians' negative attitude towards foreign food brands. The basic reason for this distrust was the distaste for non-vegetarian food items. The brand wanted to position itself as Indian and a 'promoter of family values'. Keeping these values in mind, the brand created some specific items especially for the Indian market such as the McAloo Tikki Burger and Veg Pizza McPuff. Even the spices and sauces used in the burgers were tailored for the Indian palate. These indianized products worked so well that they have also been introduced in some Middle Eastern markets that are largely habituated by Indians. Figure 1.2 is another example showing the usage of sociological factors while promotion.

The study of the impact of culture on consumption is informed not only by the sociological perspective but also by the anthropological perspective.

### **Anthropology and the discipline of consumer behaviour**

Anthropology is the study of man in his cultural setting. Culture is the central theme in the discipline of anthropology, especially social anthropology. It studies both aspects of culture—material culture as well as non-material culture. It not only studies man as enveloped by his cultural setting but also as a contributor to the culture. Anthropology studies both the material and the non-material aspects of culture and in doing so, it tries to understand man holistically.



Tata Housing announced its entry into the Ahmedabad real estate market during the festival of *Sankranti* or *Uttarayan*. *Uttarayan* is celebrated everywhere in India in different forms. In Gujarat it is celebrated on a grand scale with kite flying. The state tourism department organizes a kite festival. During this time of the year, the Vibrant Gujarat summit is also organized to attract investors.

This ad captures the attention of the target group by using a strong socio-religious symbol. In the process, it also captures the attribute of 'grandness' associated with the festival and makes it the brand property.

**Figure 1.2** Sociological aspects in promotion

Anthropology defines culture as a way of life. Products and brands used by a community are an important aspect of its material culture. Therefore, anthropological perspective becomes very important in understanding the impact of culture on consumer behaviour. Chapter 5 on Culture, a part of the sociology of consumption module, employs an eclectic mix of sociological and anthropological perspectives to explain the impact of culture on consumer behaviour. The anthropological perspective is also evident in the description of the neighbourhood community and village community and its impact on consumption.

### **Psychology and the Discipline of Consumer Behaviour**

Psychology can be defined as the science of behaviour and cognitive processes. A cognitive process is the process by which people acquire, represent, memorize, retrieve, and use information. Therefore, psychology is concerned with all forms of behaviour, its organization into different forms of personality and attitudes, and the cognitive processes behind it. It is evident that all forms of consumption are specific types of behaviour and hence, the theories developed in the generalized context of psychology can be easily applied to understand consumer behaviour.

The discipline of consumer behaviour is replete with such applications that have led to the formulation of some very successful marketing strategies. Freud's psychoanalytical



theory of personality is the most important example of such an application. His concepts of id, ego, superego, and conscious and unconscious mind are widely used to understand consumers. Another example is Maslow's hierarchy of needs that is also used and applied to understand consumers.

Similarly, we use different theories of learning and memory to understand the impact of marketing communication on consumers. Such theories are utilized in media planning. The various rules that guide product promotion are also guided by the theories of learning and perception. In short, the whole arena of brands and their structure is informed by the psychological theories of perceptions and personality.

In this book, the third module consists of the psychology of consumption where the theories and concepts of psychology are applied to understand different aspects of behaviour. With the help of these concepts, we try to explain different aspects of individual behaviour in a socio-cultural context. We explain, in different chapters, the consumer need and motivation, his perceptions, learning, memory, and attitude formation. The last chapter of this module deals with personality, where different psychological theories of personality are utilized to integrate all the aspects of behaviour in personality (refer to Fig. 1.3 that shows an example of how brands create their personality on the basis of understanding of consumer psychology).

## STUDY OF CONSUMER BEHAVIOUR

In the foregoing section, we discussed the multi-disciplinary nature of consumer behaviour. In this section, we will explain the chapter scheme in the book in this light. The whole process of consumption is affected by different factors. These factors can be grouped into three categories:

**Psychological factors** These are the factors that are present in the psyche of the consumer. They can also be understood as constituents of the internal environment that affect consumption behaviour. Psychological factors that have a significant effect on consumption behaviour are need, motivation, learning, perception, attitude, and personality.

**Social factors** Social factors that affect consumption behaviour are social groups to which the consumer belongs and the reference group to which he aspires to belong. Further, it includes the family, class, and culture, which he is a part of. These factors can be understood as the elements of the external socio-cultural environment.

**Factors of market structure** The elements of market structure are the size of the market, number of consumers, number of different segments of consumers, and the regulatory structure of the market. These factors affect the availability of the products and goods and the aspects a consumer looks into before making a decision about consumption. The impact of these factors on consumption is studied in disciplines such as Marketing and Supply Chain Management.



Jockey is perhaps one of the most famous innerwear brands in the world. The brand is synonymous with the functional benefit of quality and comfort. However, over a period of time, other brands have caught up and started providing similar benefits. Therefore, the need of the hour for Jockey was to associate new set of benefits with its product, keeping the original ones to create a new brand personality.

This was done by extending the meaning of jockeying. The dictionary meaning of jockeying is trying all possible ways to achieve a goal. Professional horse riders are also known as jockeys and an important aspect of horse riding is fun. The ad reinterprets the meaning of jockeying and associates the fun aspect of jockeying with the brand and in the process was successful in creating a new brand personality for its product.

**Figure 1.3** Use of psychological aspects

These three types of factors are not independent of each other as shown in Fig. 1.4. The psyche of the consumer is at the centre of this structure. As we have earlier explained, his psyche consists of his motives, learning, memories, perceptions, attitudes, and his personality type. However, these elements of his psyche are not instinctual. What we mean by this statement is that consumers are not born with the elements of psyche. What consumers are born with are certain intellectual and linguistic abilities with the help of which he internalizes the values, beliefs, and norms prevalent in society, in the process of being brought up.

There are numerous values, beliefs, and norms in every society. From these, an individual internalizes a unique set of values that is different from the internalized set of all other individuals. On the basis of this internalization and their genetic structure, people develop their unique personalities. Therefore, the process of being brought up and the consequent

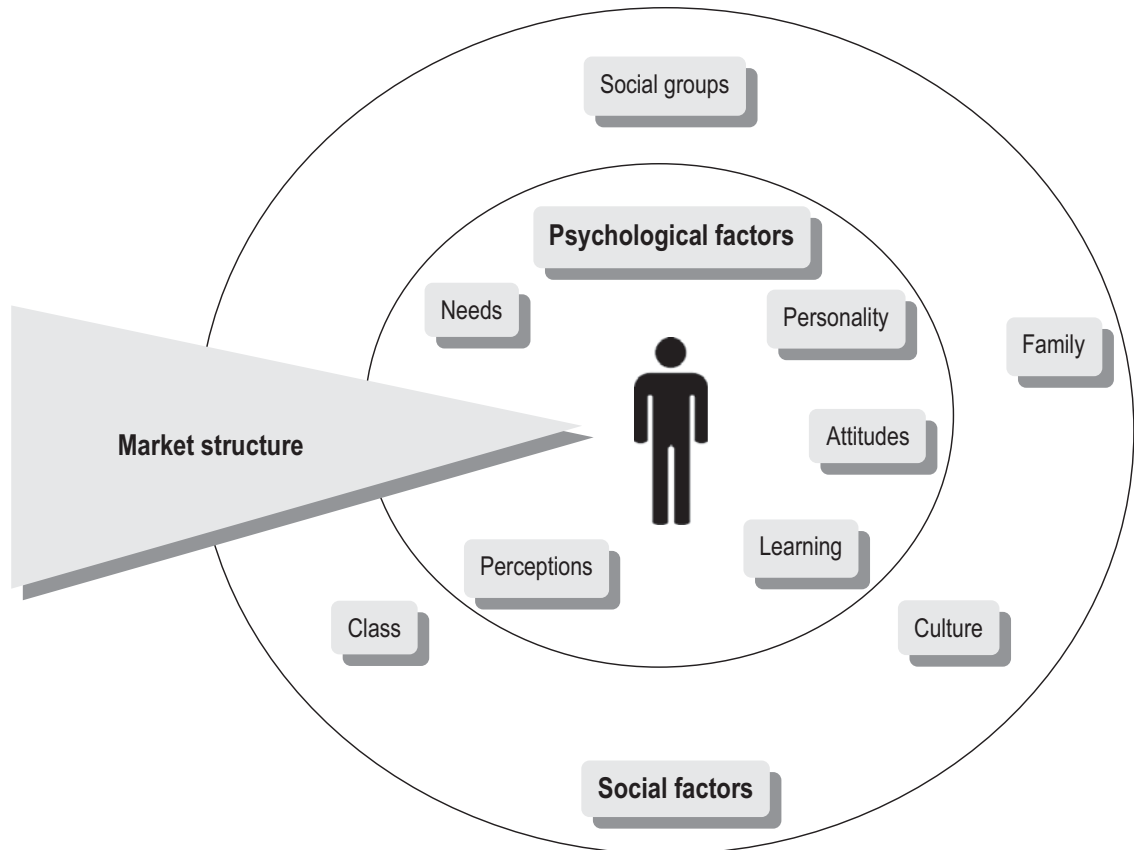


Figure 1.4 Factors of consumer behaviour

internalization provide a link between the internal and the external environment of an individual's consumption. The internal environment helps understand the psychology of consumption and the analysis of the external environment helps explain the sociology of consumption.

Based on this perspective, one can conclude that, there are three aspects that are imperative for a marketer to understand consumer behaviour, namely (i) sociology of consumption, (ii) psychology of consumption, and (iii) addressing consumers. Each of these aspects comprise of various micro factors. Let us understand them briefly here.

### Sociology of Consumption

Sociology of consumption comprises the following micro factors.

#### *Social groups*

All social groups prescribe behaviour patterns for their members based on the group norms, values, and beliefs. These also have a major influence on the consumption pattern of their members. Studying the norms and beliefs of such groups can aid marketers to infer consumer behaviour pattern of members of these groups.

### *Family*

Primary groups such as family, neighbourhood, and community play an indispensable role in influencing product and brand consumption pattern of any individual. The basic structure of the personality is formed in the family that also determines an individual's preferences including his preferences for products and brands. Family also affects consumption pattern as it is the basic unit of income generation and consumption.

### *Class*

Class is also an important influence for consumption because the level of consumption and the brands people consume depend on their class position. Usually, each class has a distinctive culture that affects the style of consumption.

### *Culture*

Culture can be defined as the way of life of a group of people. The culture of a group consists of values, norms, beliefs, and symbols. It imposes constraints on the behaviour of its members, including their consumption behaviour. Recognizing the group from which a member belongs to might help the seller close the deal successfully.

## **Psychology of Consumption**

Psychology of consumption comprises the following micro factors.

### *Motivation*

As explained earlier, the process of consumption starts with the emergence of need and motivation. Therefore, understanding the kind of campaigns that motivate people to consume a brand being marketed is important.

### *Learning*

One of the basic aims of marketing is to teach and modify behaviour patterns, especially those behaviour patterns that relate to product and brand consumption. Understanding different theories on learnings and their related concepts can help one understand how consumers learn to consume different brands and products.

### *Perceptions*

Adoption of a particular product is dependent on the consumer's perceptions about it. Getting an insight into the principles of perception and how they are applied to make brand communication more effective for particular set of audience can be relevant to a marketer.

### *Memory*

In the process of decision-making, consumers search for cues from their memory based on their experiences. The positive feedback from their memory storage is one of the important sources of favourable decisions.

### *Attitude*

One of the aims of a marketing campaign is to change the consumer's attitude if he has negative attitude towards the brand or to keep his attitude from changing if he has positive attitude towards the brand. Therefore, a marketing executive being aware of attitude formation models and their characteristics could work in favour of them.

### *Personality*

Personality reflects an individuals' uniqueness and the choices he makes for the products and brands he chooses. Studying this can give an idea to the marketers about how to influence the consumption pattern of different personality types together and separately.

## **Addressing Consumers**

The module of addressing consumers comprises the following micro factors.

### *Consumer decision models*

Over a period of years, numerous models have been derived to understand the process of decision-making that consumers follow. These models explain consumer decision processes from different perspectives. Understanding them might enable marketers to predict the consumer pattern of different individuals.

### *Researching consumers*

Consumer research is a form that concentrates on understanding the preferences, attitudes, and behaviours of consumers in a market-based economy, and it aims to understand the effects and comparative success of marketing campaigns.

## **APPLICATIONS OF CONSUMER BEHAVIOUR**

From the discussion in different sections of this chapter, it is obvious that understanding consumer behaviour is necessary for marketing success. Understanding consumer behaviour is also crucial for success in other domains of management and marketing. These domains where consumer behaviour can be applied are (i) marketing of products and brands, (ii) social marketing, (iii) policy formulation, and (iv) consumer protection.

### **Marketing of Products and Brands**

Understanding consumer needs, motives, attitudes, and their interrelationship with socio-cultural elements is at the core of marketing and branding. This section explains how the core of a marketing plan and branding is based on consumer insight that in turn is based on the understanding of consumer behaviour.

### *Consumer behaviour and marketing*

The business of selling to the masses started with industrialization that made mass production possible. The first product to be mass produced was the Ford Model T. The

perspective that emerged from the experience of mass selling this car was called sales approach. The focus of sales approach is production-centric and the perspective that informs the whole approach is to offer a product of reasonably good quality at a reasonable price.

Sales approach assumes that if such an offer is made in the market and if the product is made widely available, the product will sell well in the market. Therefore, the focus is to create production efficiency and a wide distribution network. In the beginning, this approach was indeed successful as the marketplace was not crowded with various products and brands. However, gradually, competitors emerged and now consumers have more and more products to choose from in the market. Due to this, the focus has shifted from production to consumers as the competition has made consumers more powerful.

With this shift in the marketplace, the focus of intellectual discipline has also shifted from engineering and sales to marketing management. In the marketing paradigm, consumers and their needs are central. This is also evident from the following definition of the term marketing: 'Marketing can be defined as the process by which individuals and organizations acquire what they need and want. According to this perspective, success in the marketplace comes because of understanding the needs and wants of the target consumers and formulating an offering to address those needs and wants.'

Therefore, the starting point in the marketing approach is the needs and wants of consumers and not the product or offering. Therefore, understanding targeted consumers is the basis of marketing. On the basis of consumer understanding, marketers gain an insight into an unfulfilled need or a partially-satisfied need. Marketers prepare product offerings to meet the unsatisfied needs of consumers. Marketers' offerings consist of four dimensions, namely product, promotion, place, and price. These four dimensions are popularly known as the four Ps of marketing.

*Product* includes branding. Product or service is that aspect of the offering that changes hands at the time of transaction between the marketer and the consumer.

*Promotion* includes all the communications that the marketer uses to get his product known to the consumers. Communication here includes different activities—advertising, public relations, outdoor advertising, sales and promotion, visual merchandising, etc.

*Place* is the distribution aspect, or where the product would be available to the consumer.

*Price* is the cost of the product to the consumer. Price also determines the customer's value of the product. Customer value of a product can be defined as the difference between the total benefit that a customer derives and the total cost that he incurs. Larger the amount of customer value of a given product, more the chances of the product being purchased.

In every case of marketing, the starting point is the recognition of a consumer's needs. It is apparent that marketers would not be able to recognize consumer needs unless they have knowledge of consumer behaviour.



In the next stage, the market is segmented and the marketer takes a decision on the relevant segment(s) of consumers to target. He describes his target group geographically, demographically, psychologically, and sociologically. This understanding serves as a springboard for the formulation of pricing and promotion policies. Once again, the discipline of consumer behaviour plays a crucial role in segmentation and targeting based on the marketer's knowledge about the consumer.

Formulation of marketing strategy is also dependent on the understanding of the behaviour in the target group. Marketing strategy is the optimum mix of the four Ps of marketing. Figure 1.5 is an example of the optimum usage of the four Ps by a marketer.

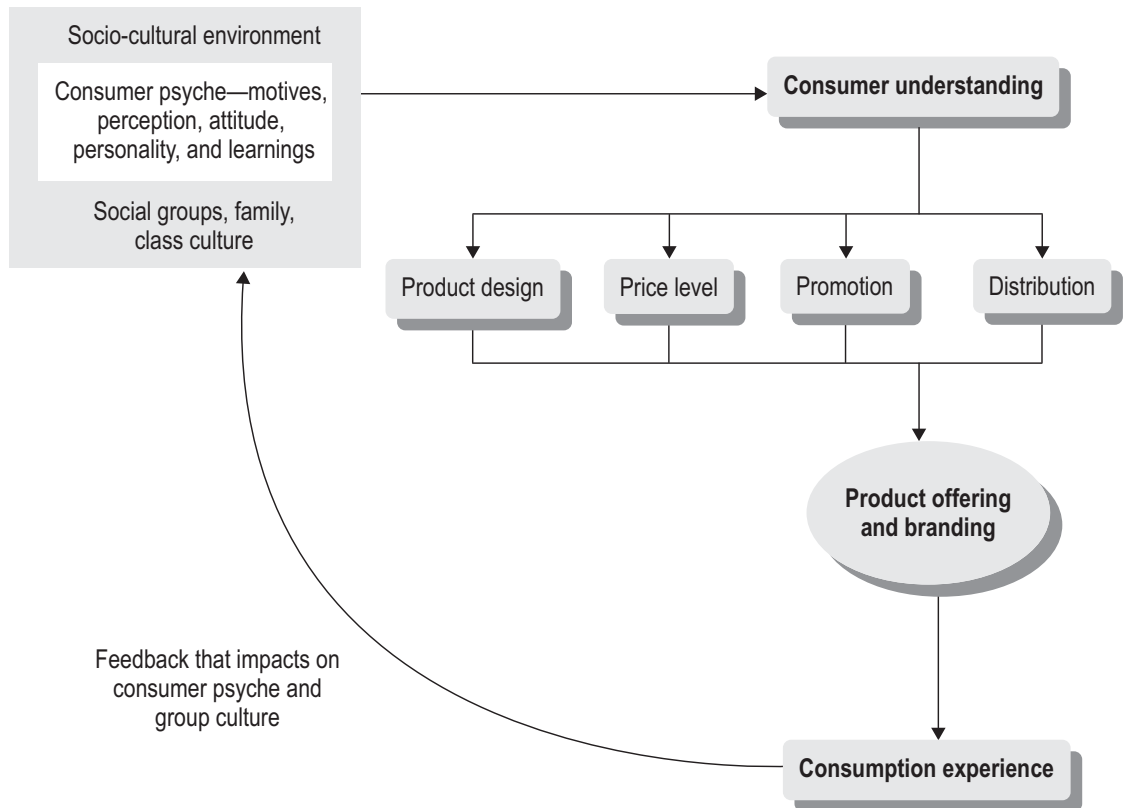


Advertising is a part of promotion strategy but it has to seamlessly gel with the other three elements of marketing strategy, namely product, price, and place. This ad is an excellent example of such an effort. In this case the *product* is *Badam* milk shake that is targeted at children. Milk has calcium that is essential for bone health and children require it in abundance. However, some children do not like the taste of milk. Not only is *badam* or almond believed to enhance brain function and memory, it is also tasty. Therefore, *badam* milk or milk flavoured with almond nuts, has the quality of strengthening both the body and mind.

This quality is conveyed in the ad by showing a Tiger that symbolises strength and agility. Therefore, the *promotion* strategy communicates brand value effectively and with precision. The brand value is further strengthened by verbal and visual depiction. The ad uses a phrase 'Tiger Zor' that means the strength of the tiger. The visual depicts a child sliding on a cascade of milk with a tiger in tow. It incorporates the 'fun' element and counters the 'boring white milk' perception among a section of children. This also helps in attracting children's attention.

Its competitive *pricing* ₹22 for a 150 ml bottle and big banners on the roads and on various websites (*place*) facilitates in the promotion of the product. Therefore, understanding consumer behaviour and its utilization in the brand and the communication has made the communication very strong and efficient.

Figure 1.5 Usage of four Ps in promotion



**Figure 1.6** Centrality of consumer understanding in marketing

During the strategy formulation, marketers decide about the product and the brand, its price, and the places where it will be made available and how the whole offering is going to be communicated to the consumer. Therefore, marketing strategy can be defined as deciding about the most profitable mix of product, price, promotion, and place (distribution) that could be made available to the consumers.

The optimum mix of these four dimensions in the marketing efforts depends on the extent of the knowledge that the marketer has about the consumer.

In short, it will not be wrong if we say that consumer behaviour is the starting point of marketing strategy formulation and marketing operations. The centrality of consumer behaviour in marketing is summarized in Fig. 1.6.

### ***Consumer behaviour and branding***

Brand can be defined as a name or a symbol that is intended to identify, differentiate, and describe a product or a service to distinguish it from its competitors. A brand therefore states the origin of the product or the service, states what it is, and tells how it is different from the competing brands. Branding protects both the consumer and the marketer from unfair competition. In due course, every brand develops an image and a personality.



### Exhibit 1.3 Creating the Right Brand Equity

During a project that involved designing a brand personality for a dry cell, the client asked a very interesting question, 'What do the different colours signify in a consumer's mind?' From a brand perspective, this is a very important question. The brand wanted to create a perception that it is a high-tech brand that is long-lasting. Now the question was: which colour should the brand use that would support this perception of high tech with long-lasting energy in the minds of the consumers?

Similarly another client wanted to know the type of perception that will be created in the minds of the

consumer if the container was cylindrical, square, or rectangular.

Yet another example is when one of the tea brands asked what kind of a perception is created when a traditional cup is used in the commercial vis-a-vis a steel cup or a translucent cup.

These are some of the examples of how consumer understanding is used to create the relevant and right perceptions in the minds of the consumers and hence the right brand equity.

*(If you want to know the answers to these interesting questions, read Chapter 9 on Sensation and Perception.)*

Development of a brand personality and image is dependent on the product category in which the brand operates and the interaction between the brand communication and the consumers' response to it. Brand equity is the complete set of assets and liabilities of a brand that adds to or subtracts from the value of the brand. What is important to understand is that brand equity belongs to the realm of perception rather than reality. In other words, branding or development of brand equity is dependent not only on the marketer, but also on how the consumers react to the communication and subsequently forms perceptions about the brand. Hence, understanding of consumer behaviour is crucial for the formation of brand equity.

Exhibit 1.3 gives an idea about how marketers work to create the right brand equity for their products.

Assets or liabilities on which brand equity is based can be grouped as (i) name awareness, (ii) awareness of other proprietary brand assets—trademarks, patents, etc., (iii) perceived quality, (iv) brand associations in addition to perceived quality, and (v) brand loyalty.

Each of these aspects of brand equity is important and leads to important consequences such as customer retention, customer satisfaction, positioning of the product offering, and product life-cycle extension. Hence, evolving the right and relevant brand equity is crucial for brand success and development of such equity is dependent on the correct and precise understanding of consumer behaviour.

### Social Marketing

Increasingly, the perspective of social marketing is being used for social and developmental marketing. Social marketing is an application of the marketing

perspective to sell social change and development. Here, social practices, values, attitudes, and behaviour patterns are marketed instead of a product. Like marketing, social marketing also starts with consumer understanding. Social marketing is not a social change movement. Rather, it markets a more beneficial behaviour by applying the strategies of segmentation, targeting, and positioning, with the hope that old behaviour will be replaced.

In a social marketing project, the first aim of the marketer is to identify and understand the reasons for a change in the behaviour pattern. On the basis of this, he prepares an alternative behaviour pattern that could be marketed to the target group through communication, promotion, and distribution. From the preceding description, it is clear that even in social marketing, the ability to understand consumer behaviour is central. In reality, the ability to understand consumer behaviour is more crucial for success in social marketing than in marketing. This is because people hold social values, beliefs, and attitudes more strongly than values, beliefs, and attitudes regarding a product. Therefore, to replace such behaviour, a more forceful campaign is needed. For this, the marketer has to develop an exceptionally deep and penetrative insight into consumer perceptions and thinking. Figure 1.7 gives an example of social marketing.

### Policy Formulation

In all modern industrial societies, it is the duty of the government to form policies, guidelines, and laws to protect consumers. In India, examples of such laws are the Monopolies and Restrictive Trade Practices Commission Act, 1969 and the Consumer Protection Act, 1986. It is disconcerting to note that in India these laws are based on the policy makers' assumptions about what kind of products, brands, communications, and quality standards are good for Indian consumers. There has been no attempt to prove and validate these assumptions on the basis of research in the area of consumer behaviour. This has resulted in the media over-representing the opinions of the common man.

The point of view of the lower socio-economic classes remains unstated, unconsidered, and unrepresented in the formulation of policies related to consumption. Ideally, before the formulation of any policy, there should be a systematic and scientific research-based study of all the stakeholders (i.e., of people who are going to consume the policy and ideas inherent in the policy), especially of those who belong to the lower socio-economic category. This study should diagnose all the obstacles to the policy as also all the factors that would increase the acceptance of the policy. In fact, formulation of such a study and derivation of policy implications require a thorough understanding of consumer behaviour.

A representative consumer survey, before the policy is formulated, can be used to remove the biases. This trend is visible in more mature democracies where knowledge and research in the area of consumer behaviour is taken into account before policy formulation.

Rapid technological and the resultant cultural changes have made utilization of consumer behaviour knowledge and research for policy formulation very important. The rapidity



This social marketing ad campaign was launched on the occasion of World No Tobacco Day on 31 May 1987. Smoking may cause fatal diseases, but smokers find it difficult to kick the habit because of two reasons. First, it is addictive and second, there is low awareness of the harmful effects of smoking. Smokers require an emotional shock even to contemplate quitting. This activity was planned keeping these two consumer insights in mind.

This campaign had anti-smoking promoters dress as cigarettes and stand near common smoking areas such as offices, restaurants, railway stations, and bus stops holding a satirical message. The message said that cigarettes had become 'jobless' because more people were giving up smoking. The message portrayed 'Cigarette' looking for a new job.

The promoters handed people a 'resume' that enumerated the 'killing talent' of cigarettes. The resume of jobless cigarettes was also placed in many job portals to reach out to netizens. Throughout the day, radio jockeys also mentioned the ad to further spread awareness.

**Figure 1.7** Social marketing

of change requires constant upgradation in policies and regulatory laws. Upgradation of regulatory laws requires tracking of technological and consequent cultural changes (sometimes still nascent and not quite apparent), through consumer research. This helps in making regulatory policies anticipative and reactive in nature. Anticipative regulatory policies also help in quickly controlling the negative consequences of the market trend under consideration.

One of the negative consequences of advancement in communication technology is the rapid spread of socially harmful practices. For example, two different products, camera and phone, were merged into one product, that is, mobile camera phones. One can shoot a photograph and immediately e-mail it to one's friends. This was the product proposition. However, what was not anticipated was the use of this product to download pornographic games, movie clips, and also to shoot unsuspecting women and distribute such photographs through mobile phones.

What was remarkable was the rapidity and comprehensiveness of the spread, and the knee-jerk reactions from the authorities. Proper research and consumer understanding of the product category could have anticipated the socially negative use of camera mobile phones. Accordingly, a regulatory policy could have been formulated.

These examples show how the knowledge of consumer behaviour can be utilized to formulate policies that are contemporary, relevant, and congruent with changing consumer needs, values, mores, and practices.

## Consumer Protection

In addition to the government, there are various non-government organizations (NGOs) that are also actively working in the field of consumer rights. These NGOs are generally of the following two types.

### *NGOs that keep a watch on marketing and advertisement agencies*

In India, examples of NGOs that act as watchdogs are Consumer Education and Research Centre (CERC), Consumer Forum, Consumer Action Group, etc. These organizations keep a watch on whether products, brands, and different marketing tools are in accordance with societal morals, values, and laws. In case of any violation, they fight with marketing and advertisement agencies legally.

For these NGOs, though the knowledge of consumer behaviour may not be essential, it will definitely add to their understanding of what kind of marketing communications or tools are harmful for consumers. Therefore, they would be able to build a more effective and efficient initiative against socially harmful marketing.

### *NGOs that utilize advocacy tools to mobilize consumers against socially harmful consumption*

Examples of advocacy-based NGOs are Consumer Education and Empowerment and Confederation of Indian Consumer Organizations. There are various other NGOs that advocate against the use of alcohol and tobacco. These NGOs try to convince consumers against any consumption that they consider as either individually or socially harmful. They use advocacy tools to not only convince the consumers but also authorities for the formulation of laws. For these NGOs, it is essential to understand the consumer needs, values, and motives to formulate effective advocacy programmes to convince consumers against socially harmful consumption.

For example, Alcoholics Anonymous (AA) is an international mutual aid movement with the objective of 'staying sober and helping other alcoholics to achieve sobriety'. The movement was founded by Bill Wilson and Bob Smith in the US. The movement is an epitome of success, based on an accurate understanding of the behaviour of alcoholics who want to leave the debilitating habit behind and 'consume the idea of sobriety'. It is a known fact that most alcoholics who want to leave the habit find it very difficult and often relapse into alcoholism. They need the support of the family and community at this

difficult stage. However, due to the negative consequences, they usually do not receive any support and sympathy.

Further, alcoholics do not want their condition to be known and would like to remain anonymous. Based on this understanding, Alcoholics Anonymous was launched. AA local offices in different cities arrange meetings that are open only to alcoholics who want to stop drinking. In these meetings, they share their experiences and describe the obstacles that they have encountered in their attempt to stop drinking. They also share solutions through which they have been able to overcome the obstacles. AA assures anonymity to all those who attend its meetings. In this way, AA has been able to develop a service based on the understanding of the behaviour of its target group of consumers.

## CONSUMER BEHAVIOUR IN INDIAN PERSPECTIVE

Consumer behaviour is a complex phenomenon. The complexity of consumer behaviour is due to the large number of factors that affect it. These factors can be broadly categorized into three groups, namely social, psychological, and economic. Traditionally, consumer behaviour as a discipline concentrated only on social and psychological factors. Apart from the concept being complex, there are different levels on which these concepts can be understood.

For example, the most important factor in consumer decision-making is culture, which actually envelops all the other variables of consumer behaviour. Culture can be understood in the global, national, and regional perspectives. Consumer behaviour can also be understood from these different cultural perspectives. This book explains consumer behaviour from a given cultural perspective, that is, from the perspective of the Indian culture.

However, this is not the only perspective from which human behaviour can be understood. There are different perspectives that can be utilized to understand consumer behaviour. These different perspectives become important due to the following two factors:

- The Industrial Revolution was a western phenomenon. Therefore, modern industries and consequently, modern industrial culture developed in the West and from there it slowly diffused to other areas of the globe. In the process of diffusion, the modern industrial culture got blended with the indigenous cultures. Therefore, the modern industrial culture of the West is different from the modern industrial culture of non-western countries (which is blended).
- The modern disciplines of sociology and psychology emerged and developed in the West. Therefore, these disciplines contain elements of the western industrial culture and are able to explain the western phenomenon more effectively.

Due to these issues, the question has always been whether theories and concepts from these essentially western social sciences can effectively explain consumer behaviour in

non-western societies. Academicians answer this question in three different ways and accordingly, three perspectives of studying consumer behaviour have emerged.

### **Global Perspective**

Academicians who subscribe to this perspective believe that western theories and concepts are not limited by their western origin. These concepts have a global application and so can be utilized to understand consumer behaviour everywhere. This perspective further believes that blended culture does not make much of a difference, especially for consumption behaviour.

Consumption of modern mass-produced products and brands is influenced by the elements of modern industrial culture. According to this perspective, people purchase and consume products and brands because of the product features and benefits that are largely understood on the basis of modern industrial culture. Therefore, this perspective believes that consumer behaviour is influenced by those aspects of culture that are global in nature. Therefore, the cultural factors that determine the consumption of modern products and brands are global in nature and the consumer behaviour should be uniform throughout all the cultures.

This point of view is subscribed to by multinational players. There is pressure on these companies to evolve global standardized processes and structures for manufacturing and marketing. Global perspective helps them evolve such processes and structures.

Global perspective is more suitable for product categories that are the latest available and at the cutting edge of technology. These products lack a predefined culture linkage. Therefore, these types of products lack culture-based meaning for a consumer. Examples of such products could be a fax machine and a photocopying machine. However, if the latest and high-tech product is replaced or perceived as an alternative to the existing product category, it develops cultural linkages. To understand these products, we will have to take the help of the cultural perspective. Some examples of such products are computers, i-pods, and digital cameras.

### **Perspective of Imported Theories**

The perspective of imported theories believes that the basic human values and needs are common across cultures, but behaviour patterns vary from one culture to another. Therefore, this perspective believes that theories and concepts can be imported from Western culture to interpret the behaviour patterns in non-western cultures. This transportation of theories from the West to the non-Western world may or may not be accompanied by modifications and adaptations.

The perspective of imported theories, to some extent, is also based on the evolutionary perspective. It believes that the western and non-western societies are on the same evolutionary continuum of industrialization. Therefore, after some time, the non-western world will become like what the West is today. The sociological and psychological theories of the West are not only applicable to non-western cultures, but also in some way show the future state of these cultures!



## Cultural Perspective

This perspective believes that consumer behaviour is strongly influenced by cultural factors. Culture affects not only values and beliefs, but also consumer behaviour patterns. Therefore, the motivation to consume a particular product or brand is driven not only by the features of the products, but also on how meaningful those features are. These meanings are dependent on the culture as a whole. Consumption, like every other behaviour, is influenced by some aspects of culture and not by other aspects. Culture is a complex systematic whole where every element is interrelated with other elements. Therefore, a good understanding of consumer behaviour is impossible unless and until it is seen in the cultural context.

This book discusses two of the above-mentioned perspectives. The module on sociology of consumption is based on the perspective of cultural meaning, whereas the module on the psychology of consumption is based on the perspective of imported theories. In the sociology of consumption, the focus is on Indian culture and how different aspects of Indian culture help in deriving meaning from products. We have utilized different elements of Indian culture and social structure to understand the different contours of consumer behaviour. Some of these elements are Indian joint family system, village communities, caste structure, etc.

In the module on the psychology of consumption, the concepts are based on imported theories assuming that the basic mechanism of psychological perception is similar across cultures. The basic elements of consumer psychological structures, such as memory and personality are also universal. Therefore, like many other psychologists, we have imported western theories and concepts to interpret and understand the Indian psychological reality. Indian examples and case studies are used to understand the Indian reality. The chapter starts with the explanation of the concepts and theories and then utilizes these theories to explain, understand, and resolve Indian problems.

Before concluding this chapter, we must take note of the fact that the suitability of these perspectives may vary with the product category.

## SUMMARY

Consumers are at the core of marketing, because all the efforts of marketers are directed towards them. To succeed in the marketing efforts, understanding the consumers and what drives them in general, and their consumption behaviour in particular becomes critically important. The discipline of consumer behaviour explains different factors that lie beneath the behaviour of the consumers. To be exact, consumer behaviour can be defined as a discipline that encompasses all processes involved in acquiring, using, and disposing of products, services, and ideas. As

a discipline it is also concerned with the results of such acquisition, use, and disposal.

The discipline of consumer behaviour is concerned with the process of acquisition of products and the process of decision-making that underlies such an acquisition process. In addition, consumer behaviour is also concerned with the usage and disposal of products, services, and ideas. Consumer behaviour emerged as a subject in 1965 and since then it has become the glamour subject in the discipline of marketing. It has become a glamour subject

because it provides an understanding of why some brands, their marketing efforts and their sales promotions, have succeeded while others have failed.

In an effort to understand the behaviour of consumers and the impact of such behaviour on the four Ps of marketing, the discipline of consumer behaviour seeks knowledge from the realms of sociology, anthropology, and psychology. As a discipline, the roots of consumer behaviour are to be found not in one social science, but in multiple social sciences. Its multi-disciplinary nature provides consumer behaviour a modular structure. It can be thought of as consisting of three modules, namely

sociology of consumption, psychology of consumption, and knowledge of addressing the consumers.

In the sociology of consumption, we gained knowledge of how social factors such as social and reference groups, community, family, social class, and culture impact consumer behaviour. In psychology of consumption, we examined the impact of psychological factors such as need, motivation, learning, memory, attitude, and personality on consumption behaviour. The knowledge of consumer behaviour is definitely useful in marketing, but it is also useful in social marketing, policy formulation, and consumer protection.

## KEY TERMS

**Consumer** A broad-based term that denotes the end-user of a product.

**Customer** The purchaser of a product. If the same person is using the product, then he is the customer as well as the consumer. If he is buying the product for somebody else, then the customer and consumer are different.

**Consumer behaviour** A discipline that encompasses all processes involved in acquiring, using, and disposing of products, services, and ideas. As a discipline it is also concerned with the results of such acquisition, use, and disposal.

**Unit of consumption** May consist of one or more individuals who go through the process of consumption jointly.

**Consumption roles** Different roles that consumers play during the process of consumption, such as information searcher, decision-maker, purchaser, user, and disposer.

**Sociology** The systematic study of human interactions and all the institutions and organizations that are the products of such interactions.

**Psychology** The study of all forms of human and animal mental processes and behaviour.

**Sociology of consumption** The study of all the socio-cultural factors and processes that impact consumption behaviour and the socio-cultural products that result from such consumption.

**Psychology of consumption** The study of all the mental and behavioural processes and factors that impact consumption behaviour and the psyche and behaviour that result from such consumption.

## EXERCISES

### Concept Review Questions

1. Define the term consumer. How is a consumer different from a customer? Give suitable examples of customers and consumers.
2. Define consumer behaviour. What is the scope of consumer behaviour? How is the understanding of consumer behaviour important for marketers?
3. Write a short note on the relationship between sociology, psychology, and consumer behaviour.

### Critical Thinking Questions

1. 'Marketing without consumer understanding is sales'. Do you agree? Why?



2. Study the different marketing communications launched by Asian Paints. From the study, prepare a short note on the consumer understanding on which these communications are based.
3. Do you think that psychology has contributed more to the development of the discipline of consumer behaviour than sociology? Why?
4. In the light of the globalization of the Indian economy and market, do you think that the global perspective in understanding the consumer is more suitable than the perspective of cultural meaning? Justify your answer.

## Project Assignments

1. Meet and interview any four advertising managers that you know. On the basis of your discussion with them, prepare a report on the role that the understanding of consumer behaviour plays in the creation of an advertisement.
2. On the basis of secondary research, collect tag lines of any 10 favourite brands. Analyse how these taglines try to connect with the targeted consumers.
3. Interview a sociologist and a psychologist and discuss the subject matter of their respective disciplines. Prepare a report on how these disciplines are relevant to understanding consumer behaviour.

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## CASE STUDY

### The Case of Tractor Owners

A. Ghosh, General Manager (Marketing, Northern Region), N&M Tractors Pvt. Ltd, is going through last year's sales figures. He has to prepare a marketing strategy plan for this year. Though he has reasons to be satisfied with N&M's performance last year, he is not perfectly happy with it. There are some areas of concern. These weaknesses may cost the company dearly in the coming year, especially in the light of the planned entry of various multinational tractor manufacturing companies into India.

On the basis of sale figures, he can see that his brand is not doing well in two sub-regions, namely Doab area

of Punjab and Terai region (especially surrounding Rudrapur) in Uttar Pradesh (now Uttarakhand). He finds out that these areas are dominated by large-size tractors, namely tractors that have more than 48 HP. He knows that there are historical reasons for this trend. Till recently, N&M was in the market for the small tractor (>25 HP) and middle-size (25 to 50 HP) segments only. The upper end of the market was dominated by a competing brand called Farm Track. However, N&M has recently introduced tractors in the upper end of the market, that is, in more than 50 HP segment. It seems that sales of the new tractor

brand has been picking up in the market in all the regions other than these two. Moreover, these areas are dominated by Jat Sikh farmers and have a large proportion of NRIs.

Ghosh was not very sure of the reasons; so he commissioned an exploratory qualitative consumer research in the two concerned areas. The research agency has come out with very interesting findings through some focus group discussions (FGD). The following is a summary of these findings:

- Tractor ownership in these two areas has become synonymous with being a good farmer. It brings recognition to the farmers. In a culture that places emphasis on success and on conspicuous consumption as an indicator of success, ownership of tractors, preferably large tractors, becomes necessary for the farmers. Some of the comments made by the farmers in the FGD were:
  - ‘Tractor ownership is necessary; who will give his daughter to a farmer not earning enough money to maintain a tractor?’
  - ‘What a car is to you people (indicating moderator) a tractor is to farmers.’
  - ‘If you do not own a tractor, you will have to either rent or borrow a tractor from your neighbour. One gets a tractor only when it is available by which time the prime time for sowing or harvesting may be over. Therefore, one ends up losing profit.’

- Even a small farmer in these areas wants to purchase a large tractor, although he may not functionally need it. Large tractors were traditionally owned and utilized by big farmers called *zamindars*, as they had a huge area of land to till in a short period of time. Slowly, the large sized tractors got associated with *zamindars*. This association gave the feeling of becoming a part of the big farmer group.
- It was found that in the large tractor segment Farm Track is the most preferred brand, but in the medium and small tractor segments N&M is still the preferred brand. The reasons as put forward by the farmers are:
  - ‘N&M is the king of farms but Farm Track is the king of roads.’
  - ‘You know that quite often I overtake Marutis with my tractor.’

Ghosh is looking for some answers before he can move on to the formulation of a marketing strategy. On the basis of the understanding gained by reading the case, answer the following questions.

### Questions

1. The small farmers do not have the resources to maintain the large-size tractors. From where do they find the resources to go for costly, fuel-consuming tractors that require more maintenance?
2. Even when they are purchasing a large-size tractor, why do they not purchase N&M tractors?
3. How should N&M market its large-size tractors so that they become a success in these two markets?