

Consumer Behaviour
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Lecture - 1
Introduction to the Study of Consumer Behaviour

I am very proud to be associated with this venture called NPTEL. And, before I shall be taking a course called consumer behavior, before I go into the details of this course, I would like to introduce myself. I am Dr. Sangeetha Sahney. I am associate professor at the Vinod Gupta School of Management at IIT Kharagpur. My areas of specialization are marketing management, behavioural issues and management; to some extent quality management in education and quality management in services.

I shall be teaching this course as a part of the NPTEL venture at IIT Kharagpur. Well, as far as this course is concerned, this is an elective course in marketing management, and it is offered as a post-graduate course at various business schools across the country. This is a course, which is generally available to post-graduate students as an elective in the fourth semester. Some places, it is also offered in the third semester. This particular course shall be covered as a video course in 40 hours and I will be going through this entire course, which I have divided into eight modules. Each of these modules will be broken up into a number of sessions. And before I start, I will just give you a brief outline on the course and the course contents.

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SCHEDULE FOR NPTEL VIDEO			
S.NO.	MODULES	TOPICS	NUMBER OF SESSIONS
1	Module 1	Introduction To The Study of Consumer Behavior	2
2	Module 2	Market Research and Consumer Behavior	2
3	Module 3	Market Segmentation and Positioning	2
4	Module 4	The Consumer Decision Making Process	2
5	Module 5	Models Of Consumers	4
6	Module 6	Psychological Influences on Consumer Decision Making	19
7	Module 7	Sociological Influences on Consumer Decision Making	7
8	Module 8	Diffusion of Innovation	2

This particular course as I said is video course on consumer behavior. And, in many places, this particular course is also called buyer behaviour. So, whether we call it buyer behaviour or whether we call it consumer behavior, it would amount to basically the same thing. The difference lies in the very perspective or the orientation with which you are studying: the buyer or the consumer. This particular course we will be dividing into eight modules as module 1, 2, 3 and so forth. And the topics that we would be covering are as follows. We will start with a session on introduction to the study of consumer behavior; where I shall be speaking about the discipline as such, what is consumer behavior; how it is evolved as a discipline in its own; it is very, very interdisciplinary; So, we will be studying the nature of the subject; we will be speaking about the scope of the study; and, we will speak about the relevance of the subject to marketing and to a marketer per se. This particular session, this particular topic would be covered in two sessions.

Thereafter, we will move to module two, which is market research and consumer behavior. Here we will talk about how market research is related to consumer behaviour and how consumer behaviour relates to market research. In fact, they both work together. Until and unless you go in for market research, you will never be able to understand the consumer and formulate the strategies accordingly. And on the other hand, consumer behaviour itself contributes to the study of marketing research. So, they both go hand in glove and they help each other. So, we will be speaking about this. We will speak about

how, what are the tools; what are the techniques; how do you collect data; and, how do you go in for a research basically to study the consumers, to study the consumer segment, to understand him, so that you can predict his behavior; you can control his behavior; or you can kind of get the best out of understanding consumer. So, we will be studying this in second module. And, of course, we will be covering this module in two sessions.

In the third module, we will move to market segmentation and positioning; which is something again which we will focus upon, because in two sessions, we will be completing this. The focus here will be basically consumer segments – how do we segment the market; how do we identify segments in the market; how do we target some of the segments; how do we position our product in the minds of the consumer; and how the study of consumer behaviour or how the study of buyer behaviour helps us in formulating proper strategies for a market segmentation, targeting and positioning. This shall be completed in two sessions.

Then, we will move on to module four, where we will be studying about consumer decision making process. We will be speaking about the general process, which is followed in consumer decision making. It is an elaborate process in its own, where we find that, although we have a few stages in the decision making process, but the number of situational, environmental, individual and the rest of the variables that affect the process are many; and, they really have a big impact or huge impact on consumer decision making process. This we shall be covering in total of two sessions again.

Then, we will be moving to module five, where we will be speaking about the models of consumers. Here we will be speaking first about the various views or the various orientations with which researchers have studied this discipline. We will speak about the different views, different approaches; we will come to the basic models; we will come to the general models; and, we will come to some specific models, which have been proposed by researchers from time to time, which actually contribute to the discipline of consumer behaviour. We will be analyzing these models and we will be speaking about the implications of these models on the study of consumer behavior. We shall be covering this in a total of four sessions.

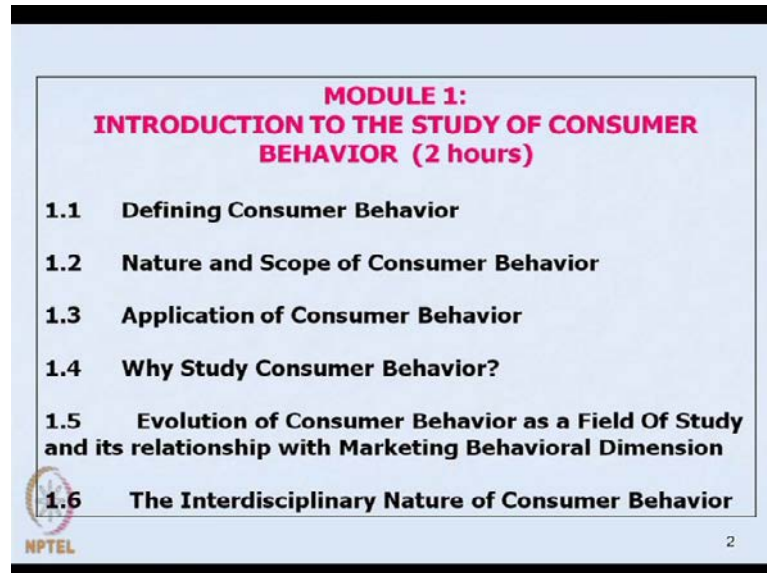
Consumer behaviour as a study, which we will just see is impacted by large number of influences. These influences could be psychological influences, which are more individualistic and they are more dependent from person to person; and, they are also referred to as individual determinants. Apart from other... There are other influences, which come in the form of sociological influences, where a consumption behaviour and consumption patterns are actually affected by friends, peers, colleagues, and social influences and the social environment around you. So, we will be studying the impact of psychological influences and sociological influences on consumer decision making.

Module six will basically speak on the psychological influences on consumer decision making. We will be speaking about consumer motivation, needs, wants, moods, emotions, learning, perception, personality, self image, self concept, consumer perception. And, we will also speak about communication. So, each of these is going to have an impact on the manner in which a consumer approaches the market place and takes decisions with respect to the consumption behaviour and his consumption patterns. So, we will be speaking about these psychological influences. Thereafter, we will move to the sociological influences, which also have a big role to play. The role played by a reference groups – be it family, be it friends, be it our social class or the cultured, the subculture, cross-culture influences, opinion leaders. So, all of these we will be dealing with in module seven. Module six we shall be covering in about nineteen sessions, which will be a major chunk of the course. And, module seven, which deals with the sociological influences, we shall be covering in the total of about seven sessions.

Finally, we will come to the last module, which is diffusion of innovation, which... We will basically speak of how new two products get diffused into the public or into the society or into the market; what happens when new products are introduced into the market; and, how do consumers go in for adoption of such new product. So, we will be speaking about something called diffusion of innovation in terms of diffusion as well as adoption. So, this is something which we will be covering in about two sessions. This in a nut shell is this particular course, which we shall be doing in the next few hours. And, every session will follow some questions for discussion for investigation; it will also follow some frequently asked questions with answers alongside. So, we will begin this course now and we shall be speaking about this particular course. We will start with

module one and we will speak about the introduction to the study of consumer behaviour.

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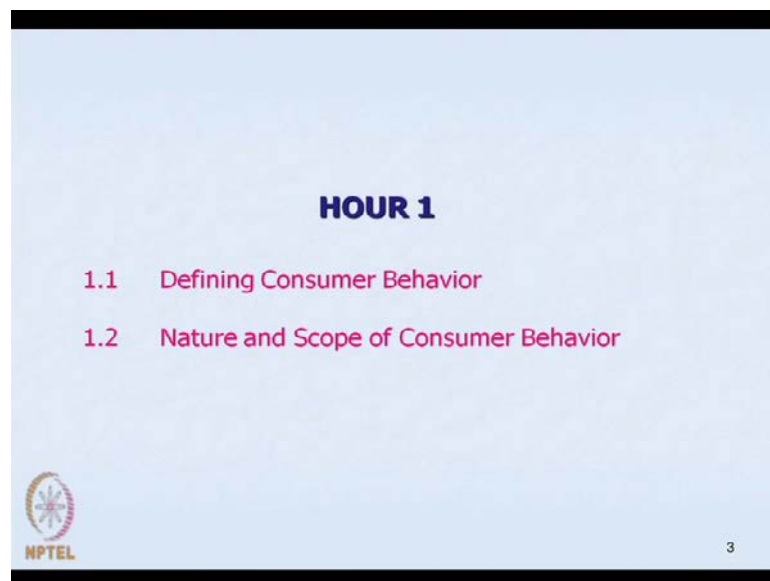


Let us speak about this particular subject here and we will speak about the... As I said, we will talk about... We will start with module one, which is an introduction to the study of consumer behavior. We will be covering this in two hours. And, here we will be speaking about a few topics, which will be as follows. We will start with defining the consumer behavior; what is consumer behavior; we will define consumer behavior. Then, we will come to studying the nature and scope of the discipline – what is that characterizes this particular discipline; why is it relevant; and, how does it affect a marketer; where all does it operate; does it operate only in consumer markets; does it operate in business markets; or, does it operate in government markets and so forth. So, what is the scope of this; and, what is it in the market that we will study. We will speak about how we are going to study the buyer; how we are going to study the seller; how we are going to study the environment as such. So, this is as for as the nature and scope of the subject is concerned.

Then, we will go about discussing the applications of consumer behavior; and, how does it; where all does it apply; where all does the knowledge of this particular discipline lie; why should we study the subject at all when we are actually studying a subject called marketing and marketing includes everything. So, why should we actually have another


paper called consumer behaviour and I should be studying this particular subject? So, we will talk about this. Then, we will see how this particular subject, which is highly interdisciplinary has evolved. We will speak about the nature, the different disciplines which are contributed immensely to this subject called consumer behavior. And, we will be seeing how this particular subject has evolved and what is its relationship with the marketing subject as such. So, we will be speaking about all these topics in this particular module.

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And, to start with, we will start with session one, which will cover the first two components of the entire module; which will be defining consumer behavior; and, secondly, the nature and scope of consumer behaviour. So, let us first start with what is consumer behaviour.

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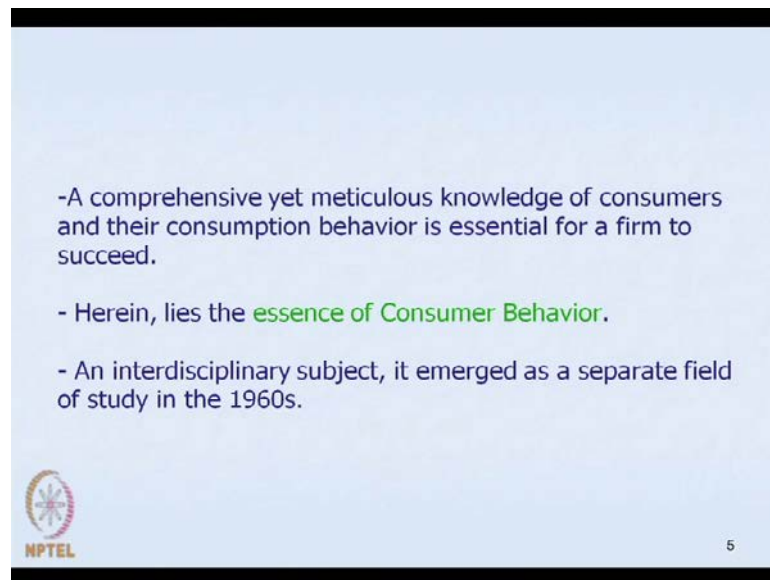
- Every individual has **needs and wants**.
- The marketer helps satisfy these needs and wants through **product and service offerings**.
- Though similar, **consumers are unique in themselves**; they have **different consumption patterns** and consumption behavior.
- For a firm to survive, compete and grow, it is essential that it identifies these needs and wants, and provide product and service offerings more effectively and efficiently than other competitors.

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Now, when I start with the subject, first, I will like to just explain that, every individual has his own needs and wants. Every individual is unique in his own form, in his own self and has his own needs; he has his own wants; he has his own preferences. Now, the marketer's job is to basically satisfy these needs and wants. And, how does a marketer do this? He does it through offering products and services. So, it is through products and services that a marketer will be able to help a consumer, satisfy his needs and wants. But, just as I said, consumers are unique. They are different and they have different consumption patterns; they have different consumption behavior.

And, for a firm to actually survive, for a firm to compete, especially today, in a very highly competitive and dynamic environment that all companies face, it is very essential that, in order to survive, in order to compete, in order to grow, it is very important that companies basically identify such needs and wants. And, that is one part of it. The other part of it is that, you provide the desired satisfaction in a form called a product; in a form called a service; in something which is valuable. And, you provide this value more effectively and more efficiently than the competitors. So, this is very important for a marketer to be able to understand, what is it that my customer requires, because it is only after studying, what is it that the customer requires; will he be able to design a product or service offering, which will be value... Actually, we define as value in the eyes of the customer.


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-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, it emerged as a separate field of study in the 1960s.

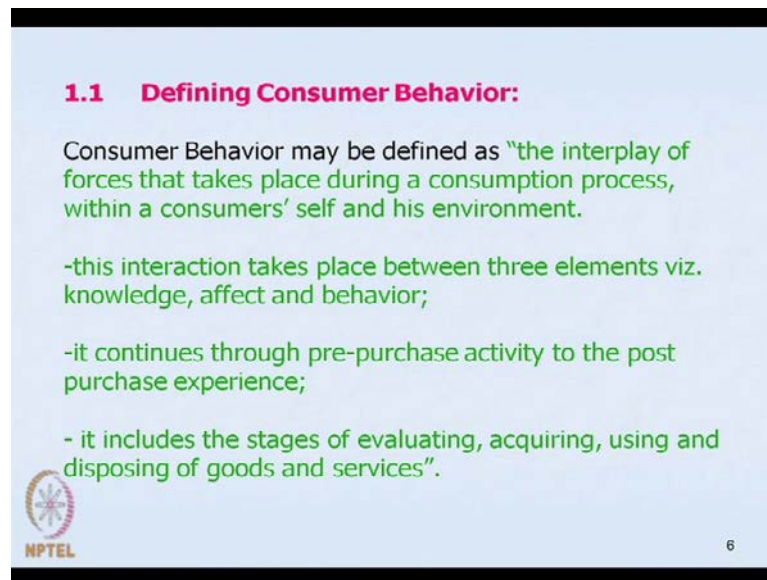
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We have to remember as marketers, as academicians, as researchers that, what is value; is something which is customer dependent. It is... The definition is itself customer dependent; it cannot be defined from a marketer's point of view; it is actually to be framed; it is actually to be proposed from a customer's perspective. While we think of providing value to the customer, it is very important that we understand him better and comprehensive, where a very meticulous knowledge of consumers is very essential for a firm to succeed, for a firm to survive. And, actually, it is through understanding the customer, through understanding what is value to him, that a marketer would be able to design an offering accordingly. And, once he designs an according product or service offering accordingly, he gets an edge over others, other competitors. He satisfies the customer better.

And today, we are moving beyond satisfaction. We would say he delights the customer. And, the customer tends to become loyal to the brand or to the marketer. So, it is very important that we have a very meticulous and very comprehensive knowledge with respect to the customer. And, herein lies the essence of this subject or of this discipline called consumer behaviour. It is an interdisciplinary subject, which emerged in or as a separate field of study in the 1960s. And, since then, it has evolved lot of researchers; lot many researchers, lot many academicians have contributed tremendously to this field and it is grown as a subject on its own.


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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".

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Now, let us define what consumer behaviour is. When we speak about the definition of consumer behaviour we would say that, it is the interplay of forces that take place during a consumption process, within a consumers' self and his environment. So, it is basically the interplay of forces that takes place during a consumption process, within a consumers' self, within his own and the environment that surrounds him. Now, this particular interplay and this particular interaction takes place between three things: one the knowledge or the cognition within a consumer; the affect or the feelings within a consumer; and, the behaviour or the conation or the act – the actual act of purchase or of not to purchase. So, basically, it is the interaction that takes between three elements in the form of knowledge, affect and behavior, which actually constitutes this subject or this discipline.

Consumer behaviour as such also continues through the pre-purchase activity to the post-purchase experience. So, it is through the process begins pre-purchase; much before the purchase activity actually takes place, the process begins and the process starts; and, it continues till much later after the purchase. So, the process is something which starts pre-purchase and moves towards the post-purchase experience. And, it includes within its ambit, the stages of evaluating products and services, acquiring them, using them and also disposing of these goods and services. So, if we define consumer behavior, the scope is vast and interaction between forces within the consumer and its environment. The interaction between within the individual takes place at three levels: the knowledge,

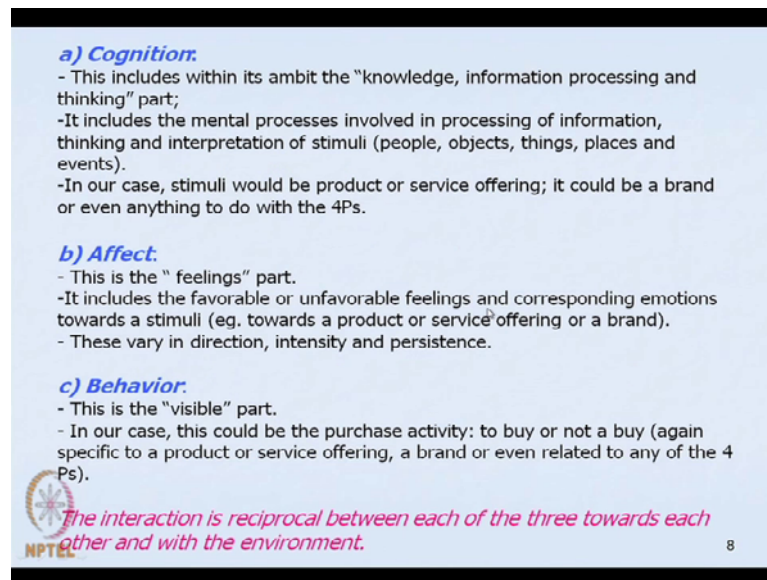
the affect and the behavior. The process starts pre-purchase and ends post-purchase. And, it basically, the entire ambit includes stages of evaluating alternatives, purchasing them, using them and then finally, disposing of these goods and services.

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Now, when we are going to speak of consumer behavior, we are going to include the consumers, who are personal consumers and who are business consumers. Personal consumers here we would mean B to C – the business to consumers or the end consumers. Personal consumers will be end consumers. And, business marketer organize business or industrial consumers or organizational consumers will be B to B, which is business to business organizations. So, we are going to speak about the end consumer; we are also going to include and speak about the organizational consumer. Now, consumer behaviour basically will also include within its purview as I said, the interplay between cognition, affect and behavior, which will go on during a consumption process right from pre-purchase to post purchase; right from selecting, using and disposing of goods and services.

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a) 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.


b) 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.

c) 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.

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Now, let us elaborate a little bit on cognition, affect and behaviour. What is cognition? Cognition basically includes the knowledge, the information processing, the thinking part. So, it basically speaks... It includes the mental processes, which are used by a consumer as and when he is exposed to a stimuli; as and when he is exposed to a marketing stimuli. And, these marketing stimuli could be anything; it could be people; it could be events; it could be places; it could be objects; it could be things; any and all of these act as stimuli. And, when a consumer gets exposed to these stimuli, he obtains some information. So, some mental processes get involved in the whole process of information. And, basically, when we talk of cognition, it is the mental processes involved in processing of information, thinking and the interpretation of the stimuli. So, it is processing information, thinking and interpretation. So, one is process information; two is interpret it.

Here in our case, as I just said, the stimuli will be a marketing stimuli. And, this marketing stimuli will take form in the marketing makes, which is the 4 Ps. So, the marketing stimuli could be the product of service offering, the price, the place, the manner in which it is distributed or sold; or, the manner in which it is promoted, advertised; or, marketing stimuli could also be just the brand. So, the brand here is also a stimuli. So, anything and everything to do with the product or service offering is going to act as a marketing stimuli. And, it is going to be exposed, get attended to by a consumer, who will then begin processing the information cues with respect to the stimuli; and, he

will start processing the information comprehending it, retaining it in a short term and its long term. So, this is what is the cognition as far as cognition (()) concerned.

The second part is the affect. Affect is the feelings part, the mood, the emotion. It could be in the form of favorable and unfavorable attitudes or predispositions; it could be in the form of emotions; it could be in the form of mood states; anything on everything; any kind of emotions; any kind of mood states that actually arise when a person is exposed to a particular stimuli – a particular marketing stimuli. So, what happens when he is exposed to a stimuli apart from the information processing that starts. There are also some other mood states, which come into play, emotions which come into play. These are highly subjective in nature. And, we will actually manifest in the form of favorable and unfavorable feelings towards the stimuli and the corresponding emotions with respect to it. So, this is the affect part.

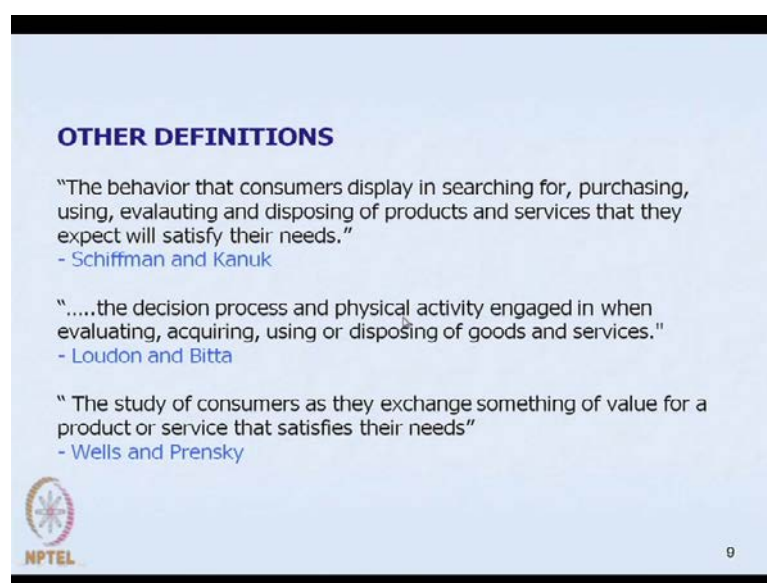
Then, we come to the behavioural part. Now, behavioural part is the only visible part amongst the three components cognition, affect and behavior. The behaviour is the only visible part, because it manifests itself through the act of purchase. You either buy a product or you do not buy a product; it is something which is very overt and you will be able to observe it. So, this is what is behavior? And this is what is the visible part. We will not be able to basically understand or perceive the cognition or you will not be able to see the affect. Yes, in some form, we will be able to see the affect – ones body language; otherwise, we would not be able to measure the affect. But, here in the case of behavior, it is something which is the visible part; we will be able to observe it; we will be able to give it a form.

And, in our case, this behaviour is actually the purchase activity to buy or not to buy and to buy it again probably. So, the interaction here takes place between the three of them. Cognition, which is the mental or the cognitive effect that is taking place with respect to information processing and comprehension retention; emotions, which is... feelings and emotions, which are the mood states, which come along with the stimuli; we expose to a stimuli and there is a corresponding reaction, which is in the form of a emotional state, mood state – favorable or unfavorable; like or dislike. And, the third is as we said, the behavioural part, which is the act of purchase. So, in a nut shell, if I say that, I get exposed to an advertisement of a particular say potato chips and I am hungry also. So, it immediately triggers of a need; I start thinking about which brand to buy and where to

get it from; and, the mental state starts functioning and it immediately (()) kind of a tension that I should run towards a nearest store and buy. But, the kind of emotion that got aroused through the advertisement was something of like. If the advertisement was or if the promotion, which came as a stimuli, was something which was disliked by me or was something which gave me a very negative mood state; in that case, I would not immediately act out in purchase. So, this mood state is going to actually have an impact on the behaviour. So, the three of them: cognition, affect and behaviour work together.

If I am exposed to something which is nice, I like to read more about it; I like to hear more about it. Probably, after reading more about it, after giving more information about it, after hearing more about it, I develop a positive mood state to go and purchase it. I develop a liking or a good feeling to buy. So, the cognition, affect and behaviour work together. In some cases, it may be that, the cognition leads to an affect leads to a behavior; in some cases, we will see as the course proceeds, the sequence may not follow that way. Cognition may lead to a behaviour and then to an affect. So, it is actually the relationship between the three components is something which is very reciprocal and interactive and not necessarily in this order, which is cognition, affect and behavior; it could be cognition, behaviour and affect or it could be cognition, affect and behaviour and so forth. So, these are the three components or constituents on which the entire consumer behaviour study is actually made.

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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

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Now, let us come to a few definitions on consumer behaviour. Schiffman and Kanuk basically defined consumer behaviour as the behaviour that consumers display in the searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Another definition is given by Loudon and Bitta. They say it is the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services. There is another definition, which is given by Wells and Prensky, which I will like to quote here. The study of consumers as they exchange something of value for a product or service that satisfies their needs. So, these are a couple of definitions with respect to this particular subject.

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1.2 Nature and Scope of Consumer Behavior:

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**.

Individual Determinants: Personal motivation and involvement, Perception, Learning and memory, Attitudes, Self-concept and personality, Decision making.

External Environment: Family, Social Group, Reference Group, Social Class, Culture, Sub-culture, Cross-culture, National and regional influences

ii) It can be **micro or macro** depending upon whether it is analyzed at the individual level or at the group level.

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Now, let us come to the nature and scope of consumer behaviour. So, we will speak first about the nature of consumer behavior; then, we will speaking about the scope of the study. Now, as far as the nature of consumer behaviour is concerned, first, number 1 – the issue... subject as I said, deals with issues related to consumption, affect and behaviour in consumer behavior. And, this interaction between cognition, affect and behaviour actually always takes place amidst an environment. And, what is this environment? This environment could be either the external environment or it could be also the individual determinants. So, this interplay between cognition, affect and behaviour is not something which will happen close and watertight; it is going to be impacted by two things: 1 – individual determinants; and, 2 – environmental influences or the external environment. So, let us first come to the individual determinants.

When we speak about the individual determinants, we are basically speaking about motivation, need, involvement, perception, learning, memory, personality, self image, self concept, attitudes and individual decision making. So, these are all influences... They are all factors, which act as influences on the interplay of cognition, affect and behavior. Whatever is happening through the interplay of cognition, affect and behaviour is going to be actually impacted by individual determinants. That is why we say that, no two... Because no two individuals are the same, consumer behaviour can never be same, because people are different in terms of individual determinants.

What motivates me at a particular point of time may not motivate another; I may be going in for a particular color or particular style of clothes, which will be very different to what another person would go through or would want. So, because our needs are different, our wants are different, moods, states, emotions, degree of level of involvement, the manner in which we perceive things, the manner in which we frame our beliefs and attitudes; because all of these is different, they are going to act upon the cognition, affect and behaviour differently and variedly. So, these are individual determinants, which affect consumer behavior. We shall be going and study... We shall be going about this and these individual determinants and studying them when we study the psychological influences on consumer decision making. So, these are actually very individualistic and will vary from person to person. And, that is why we call such influences as – either we call them as psychographic influences or we call them as individual determinants.

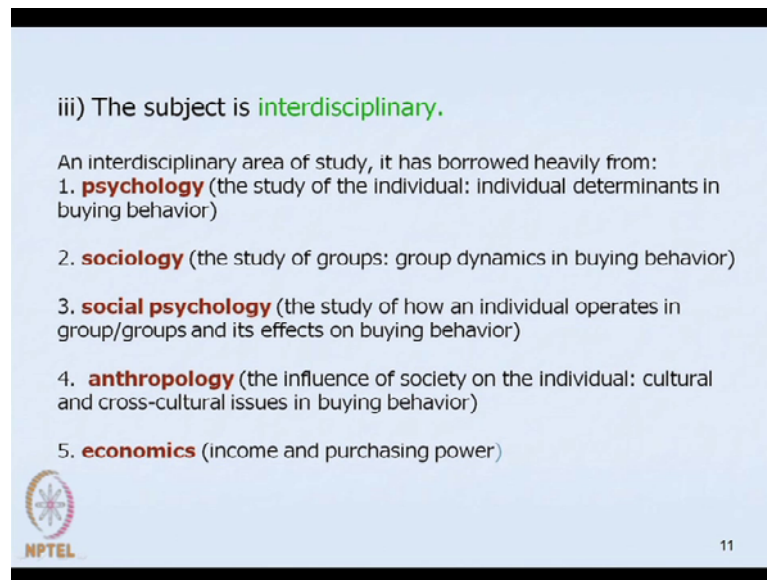
The second kind of environment, which a person faces is in terms of the external environment. And, here the external environment basically speaks about – some part of it is sociographic in nature in terms of influences, which come from the family, from friends, from peers, from colleagues, from social class, from culture, subculture, cross-culture. This is one part, which is an external influence. Another kind of external influence we will see will come from situations or will come from the marketer himself. While my customs or my traditions may expect me to behave in a particular manner and may behave... I may be for example, required to wear a particular dress on a particular occasion; but, just because that particular color, which I am supposed to wear is not available, I may decide on something else. So, here comes in the situation.

Also, I may have learned, I may have been taught that, to be very careful about lot of things; to read labels on the product very carefully; to check out for prices or to check out up for expiry dates, etcetera. But, because I am lack of time, I am short of time, I do not have the time to do it. So, these are all kind of situational influences, which will affect consumer decision making. So, external influences will be socio-graphic in nature; and, some part of external influences, which we will see, will be situational or external in nature. But, here in this particular course, when we study external environment, we will basically focus on the sociographic components; and, how the reference group, social class, culture, subculture – how these affect. So, we will study this discipline through... We will study the impact of two influences: one will be individual determinants and individual influences in the terms of psychographic influences; and, the second will be in terms of sociographic influences or external environment.

The second thing, which characterizes this study is that, this study can be conducted either at a macro level or at a micro level. So, whether it is analyzed at the individual level or at the group level, will determine whether it is being studied from a micro perspective or a macro perspective. When we will focus on a single individual, we are basically talking about a very micro approach to this study; we are trying to understand him; we are trying to assess him; something which goes very helpful in today's age of customization and one-to-one marketing. But, when we study the consumer segment or when we study the market as a whole, there we will be studying this subject from a macro point view. So, this particular study can be conducted both at a micro level and at a macro level.

Third, the subject is highly interdisciplinary. It is borrowed heavily from the field of psychology, sociology, social psychology, anthropology and economics. To start with, we speak about the study of the individual. When we speak about the determinants – individual determinants in consumer behavior, we basically borrowed heavily from the subject of psychology. Most of it in fact, most of consumer behavior we will see, it has borrowed itself from psychology. When we speak about sociology, when we speak about... for example, when we speak about the study of the group, when we speak about study of groups, dynamics, group dynamics – be with family, reference groups, opinion leaders, cultured, subcultured. And, the impact of these on consumer behavior, we are speaking about social group. So, it is basically study of groups.


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iii) The subject is **interdisciplinary**.

An interdisciplinary area of study, it has borrowed 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)

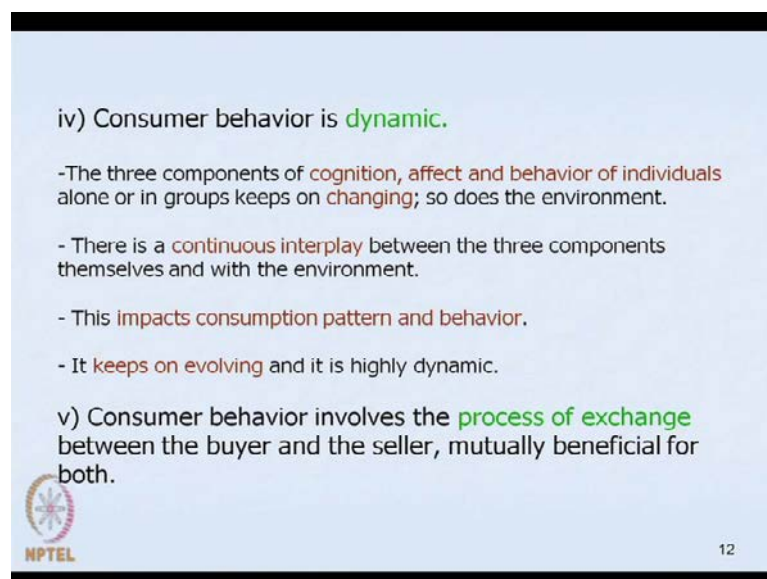
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The subject is interdisciplinary in nature. So, as an interdisciplinary area of study, it has borrowed heavily from a large number of disciplines: be it psychology; be it sociology; be it social psychology, anthropology, economics. When we speak about the study of the individual; when we speak about the individual determinants, which impact consumer behaviour, we have actually borrowed heavily and extensively from psychology. On the other hand, when we speak about the study of groups or group dynamics and the impact of groups, there consumer behaviour borrows from the study of sociology. When we are talking about social psychology; yes, the discipline also borrows extensively from social psychology; that is, how do individuals operate in groups? When we are shopping alone for example, we are very different; but, when we are shopping with others, we are very conscious about what we buy, where we buy from, and we often get influenced by other people who have gone along with us for shopping be it our family, be it our friends. So, the manner in which an individual operates and in the market place, the manner in which he behaves in a market place when he is with people, when he is with other people, groups of people; then, we actually borrow from social psychology.

The society also has an impact on our buying patterns, on our consumption behaviour. It could be in terms of the social influences; it could be in terms of social class influences; it could be in terms of influences that come from culture, subculture, cross-culture. So, here we have actually borrowed from the field of anthropology. And of course, buy anything, you need money. So, the study of how you are going to spend your money;

what you are going to buy; how you are going to prioritize your resources, your wants in terms of the limited resources that you have; what you kind of actually be borrowed from this study of economics. So, economics basically... When we are speaking about income; when we are (()) speaking about savings; we are speaking about how income has an impact or savings have an impact or purchasing power has an impact on consumer behaviour; how consumers decide what to buy and in how much. And, when they decide about how they are going to actually spend the limited money or the limited resources, financial resources on the unlimited needs and wants and how they are going to prioritize those needs and wants – when we are doing that, we are actually borrowing from the field of economics. So, as a study, we will see, as a discipline, this particular subject borrows extensively, very heavily from the social sciences in different social sciences. And, much of the contribution to the field of consumer has in fact come from researchers and academicians, who have been either psychologists or sociologists or social psychologists or anthropologists or economists.


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iv) Consumer behavior is **dynamic**.

- 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** between the three components themselves and with the environment.
- This **impacts consumption pattern and behavior**.
- 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.

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The next thing will basically characterize this particular study. The consumer is highly dynamic; the three components of cognition, of affect, and of behaviour either as individuals, within individuals or when individuals in groups keep on changing. So, does the environment, which surrounds the consumer; or the consumer groups keep on changing. So, the subject is very... Because the environment is very dynamic, the subject has to be very flexible, has to be very, very dynamic. There is an interplay between the

three components which I have (()) of cognition, affect and behaviour. And, this interplay takes place within an environment, which is very complex, very dynamic; quick changes taking place. And so, this particular subject is something which is very evolving; it is highly dynamic in nature. The particular subject is actually also we should say, when we are talking about the nature of the subject, something very important is the process of exchange. What is of most importance to a marketer is that, the consumer enters into a transaction or an exchange with the marketer. How do this exchange or transaction take place? It takes place through the act of purchase.

Until and unless there is a purchase, everything else is worthless for a marketer. What he wants is an exchange or a transaction. And then, he wants his exchange and transaction on a continued basis. So, this particular subject of consumer behaviour involves the process of exchange also. It involves the decision choice and the purchase decision – the act of purchase. So, this act of purchase also has to be beneficial for both the parties: be it the buyer; be it the seller. So, when we are going to study, consumer behaviour also is going to focus on the act of purchase. So, we will be speaking about cognition, affect, behaviour, the environment in terms of individual environment, the external environment. We will be speaking about how things quickly happen in the market place; how complex the environment is; how dynamic the environment is. And, because of this complexity and dynamism, the immediate impact comes on the three components of cognition, affect and behaviour. So, cognition, affect and behaviour continually get impacted by the environment outside. And ultimately, we will be... What is important is the act of purchase. So, we will be speaking on the act of purchase as well.

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vi) As a field of study it is **descriptive** and also **analytical/interpretive**.

Descriptive:

- Explains **consumer decision** making and behavior in the context of individual determinants and environmental influences.

Analytical/ interpretive.

- 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.
- Use of **qualitative and quantitative tools and techniques** for research and analysis.
- The objective is to **understand and predict consumption behavior**




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As a field of study, the study – it is very descriptive, analytical. It is descriptive, because it explains consumer behaviour and decision making in the context of the environment and in the context of external influences. But, it is also analytical and interpretive, because it tries to study and analyze the behaviour of people either in single or in groups. And, it uses a large number of quantitative and qualitative tools to understand consumers, to predict consumption behaviour. So, this particular subject is something which is very very descriptive; it is also very very analytical.

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vii) It is a **science as well as an art**.

- It **uses theories borrowed from social sciences** to understand consumption behavior.
- It **uses quantitative and qualitative tools and techniques** to predict consumer behavior



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As far as the discipline is concerned, it is also a science and an art; subject is both. It borrows heavily from social sciences as we have just discussed. And, it uses quantitative and qualitative tools. So, it kind of blends both the sciences and the arts. So, it is both science and an art. So, if we quickly recapitulate the nature of the study, we will see that, 1 – it could be studied at a micro level and at the macro level; 2 – it is something which is highly... it is basically reflects an interplay between cognition, affect and behaviour amidst an environment; 3 – the subject is highly interdisciplinary; 4 – it is dynamic; 5 – it involves the process of exchange; 6 – it is both descriptive in nature as well as analytical in nature; and, seventh – it is a science as well as an art.


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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:

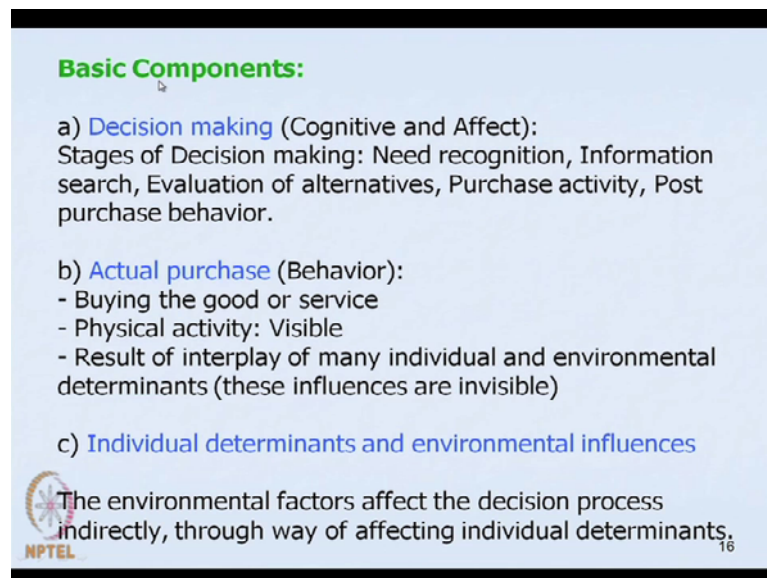
- 'What' the consumers buy: goods and services
- 'Why' they buy it: need and want
- 'When' do they buy it: time: day, week, month, year, occasions etc
- 'Where' they buy it: place
- 'How often' they buy it: time interval
- 'How often' they use it: frequency of use

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Now, let us come to the scope of the study. What is the scope of the study in (()) The study of consumer behaviour basically deals with understanding consumption patterns and behaviour. So, it includes within an ambit, number of questions and queries like which we all have to address; as marketers, as researchers, as academicians, it is very important. Then, you have to understand your consumer, when you have to predict his behaviour and when you want to actually formulate strategies to be able to control that behaviour. It is very important that, you have ready answers for each of these. You should be able to understand, what does the consumer buy; of course, it is going to be goods and services. But, why does he want it? Why does he buy it? Because it is going to help him satisfy a need or a want.


When do they buy it? When do they buy it, do they buy it any day of the week or do they buy daily or do they buy it weekly or is it something which is bought on a monthly basis or in annual basis or it is something which is bought on occasions? So, when does he buy? Where does he buy? Next question, which we should be able to answer is where does he buy. Where does he prefer buying? Does he prefer buying from small shops or large shops? Is it organized retail or is it the unorganized sector? Does he prefer buying from conveniently located stores or is he ready to travel far enough to buy certain specialty goods or specialty items? How often does he buy? What is the time interval between two purchases? And, how often does he use it? What is the frequency of usage? Because all these are the questions with respect to how often they buy it and how often they use it, is also going to have an impact on future purchase decisions. So, these are all basic questions or queries, which lie within the scope of the study.

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Basic Components:

- a) **Decision making** (Cognitive and Affect):
Stages of Decision making: Need recognition, Information search, Evaluation of alternatives, Purchase activity, Post purchase behavior.
- 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**
The environmental factors affect the decision process indirectly, through way of affecting individual determinants.

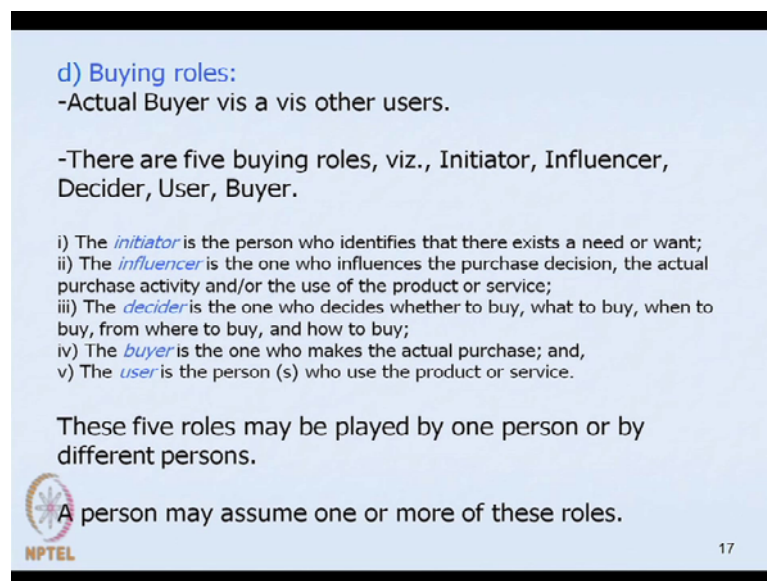
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Now, let us come to the basic components, which are a part of the scope. Then the components... First is decision making. Decision making means the cognition and affect. And, it will include stages of need recognition, information search, evaluation of alternative, purchase activity and post purchase. So, this is with respect to (()) the decision making. There is another, which is the actual purchase. Actual purchase means buying the good or service. So, it is a physical activity very visible. And, it is actually the result of an interplay between individual and environmental variables and their impact on cognition, affect and behaviour. So, basically, the third component, which we will focus

of in this study is individual determinants and environmental factors, which affect consumer decision making. So, if you see, we will be focusing on three basic components: the cognition, affect; 2 – behaviour; 3 – the individual determinants and the external influences.

Cognition and affect is actually the decision making part; that he goes in for a process, the decision making. If you see, I am sure having... If you have done a basic course on marketing, you all know that, the five stage procedure, where we start with the consumer decision making process – starts as a five stage process; need recognition information; search, evaluation of alternatives, purchase activity and post purchase. So, this decision making here is going to be impacting going through all these five stages. And, we will involve cognition and affect. Then, comes the behaviour in the form of the purchase activity or the visible part as such. And then, the third is the individual and the external influences on consumer decision making.

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d) Buying roles:

- Actual Buyer vis a vis other users.
- There are five buying roles, viz., Initiator, Influencer, Decider, User, Buyer.

i) The *initiator* is the person who identifies that there exists a need or want;
ii) The *influencer* is the one who influences the purchase decision, the actual purchase activity and/or the use of the product or service;
iii) The *decider* is the one who decides whether to buy, what to buy, when to buy, from where to buy, and how to buy;
iv) The *buyer* is the one who makes the actual purchase; and,
v) 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.

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There is also another component, which deserves, mentioned here – which we will be speaking of again in a module when we actually study the consumer decision making process. We will be discussing this component again; it is buying roles. So, we are speaking of the buyer and the various roles that the buyer performs. There are different roles, which a buyer performs. And, these roles are in terms of the initiator, influencer, decider, buyer and user. Now, initiator is one who initiates a need or starts the process;

influencer is the one who is going to influence the choice of a product; decider is one who is going to actually decide – yes, I have to buy this; buyer is the person who actually goes to the shop and enters in to the transaction; and, user is the person who is going to be using the product.

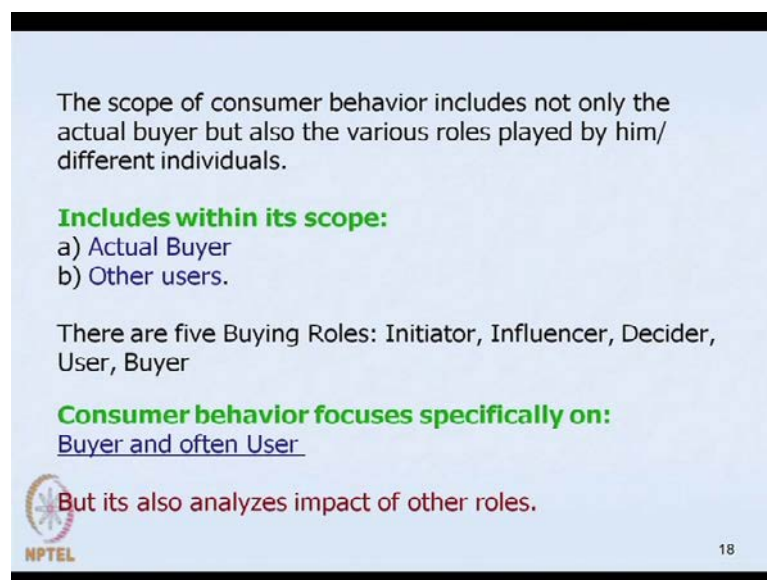
Now, if you start speaking of all these five roles, these five roles will be played by a single person or they may be played by different people. And, it is also going to be such that a person may assume some or all of these roles; which of these roles he is going to perform when and which of them he will perform or he will not perform will actually depend upon the product in question. For certain kinds of products, person x in the family may be the initiator or the influencer or the decider or any of these roles. For another product category, person y in the family maybe; for example, for a product, which pertains to the kitchen, the lady of the house may be an initiator may be a decider. But, for product and probably the user for example, if it is a mixer grinder, which she is going to use to blend things and finally, cook; she is going to be the user. But, for a product like for example, a television set, the different members in the family will assume different roles; and, it is going to be used by everybody in the family. So, there is no clear-cut watertight compartmentalized definition of who will perform which of these roles; it is all going to be based on situation; it is all going to be based on the product in question.

Now, what is our focus? When we are studying consumer behaviour, which is the role, which we should basically focus on? Yes, the answer is the actual buyer; and, if another role to be said, the user. Why the actual buyer? There is a reason to that. It is the decider who basically goes in for the purchase activity. At home, you may have decided that, you want to buy a brand x of a television; the father of the house or the head of the family goes to the store end up buying brand y, because probably he felt that, at the store, his decision changed. So, the decider could have decided something, but the buyer bought something else. And, what did the buyer do? He entered into a transaction with the retailer or with the dealer or, and paid the money. So, he is bought a brand, decided on a brand; the decision on the brand was taken at home; but, the actual activity happened at the store. So, the actual transaction takes place at the store.

Sometimes it may also happen, you may decide and by the time the person reaches the store, he may decide to postpone his purchase. So, decision may have been made, but the

activity at the act of transaction never took place. What is important to a marketer? Is the act of transaction. So, we will basically focus on the buyer. We will also focus on the user, because once the product is purchased, it is used by the users, who may be one; who may be many; and, it is their experience in terms of satisfaction or dissatisfaction, which is actually going to affect future purchase. So, we are going to study the buyer and the user. Buyer why? Because it is a current state; you want to enter into an exchange process; he is the one who enters into the exchange process – the physical act of purchase, the transaction, the exchange process. And, the user why? Because it is the user, who is going to actually provide a feedback and have a say in future purchases. If he is satisfied, he will go in for another purchase of the same brand later on. If he is dissatisfied, he is going to be able to change his brand. So, the marketer has to focus on two people: the buyer and the user. This is not to say that, the other roles are miniscule or they do not have much of relevance; the others are important as well. And, the study of consumer behaviour will give equal importance to them as well. But, if you are asked to choose and pick and choose one or two of those roles, then of course, it is going to be the buyer and the user.

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


Includes within its scope:

- a) Actual Buyer
- b) Other users.

There are five Buying Roles: Initiator, Influencer, Decider, User, Buyer

Consumer behavior focuses specifically on:
Buyer and often User

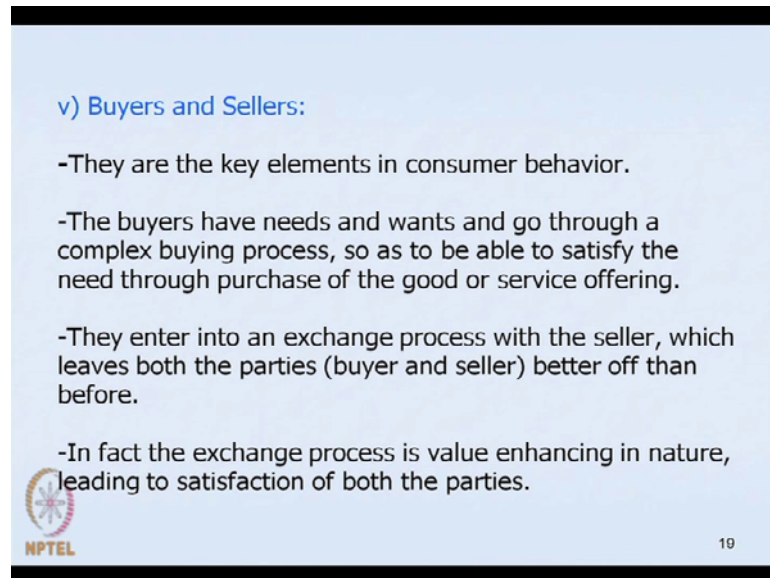
But its also analyzes impact of other roles.

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For consumer behaviour, that is why we say, focus specifically on the buyer and often on the user. But, it also understands the impact of other roles, because until unless he need his initiative, until unless influences come about, until unless the decision is made, things would not move further. Until unless there is a need, how do you start the process at all?

So, the other roles are equal important. But, from the point of view of the study of consumer behaviour and the scope of the study, we will be basically emphasizing more on the buyer and the user.

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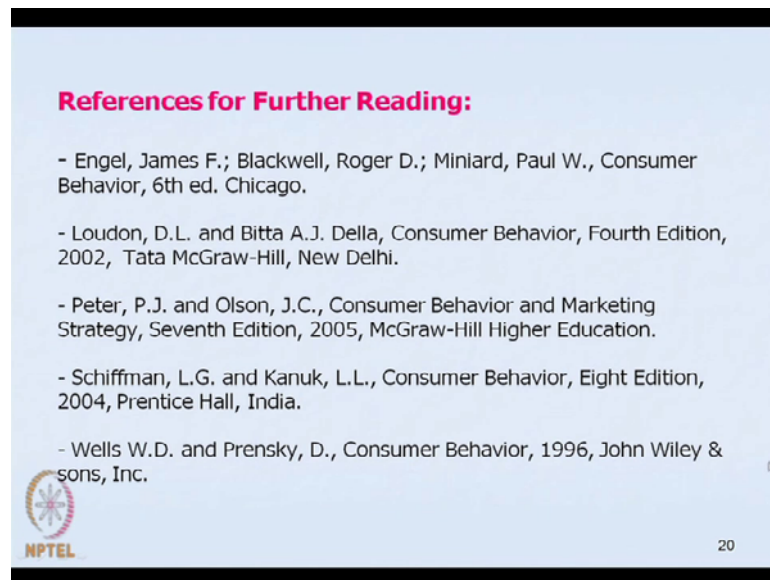
v) Buyers and Sellers:

- They are the key elements in consumer behavior.
- The buyers 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.

NPTEL 19


The other component, which is equally important in the study of consumer behaviour is the buyer and the seller. As I just said, the buyer we have been speaking of, but the seller is equally important; it is he who provides the desired satisfaction in the form of a good or a service offering. They enter into an exchange process and this exchange process leaves both parties better off; its value to both. The customer gets a product or a service, which he actually uses to satisfy his need or a want. And, the seller gets his money in return, which is profit for him. So, it leaves both parties equally better off and it actually results in value creation at both ends. So, as far as the components of the study are concerned, we will be speaking about the decision making, the behaviour, actual purchase, individual determinants, external influences, buying roles, the buyer and the seller. So, each of these we will be speaking of in detail as we go about in this particular course.

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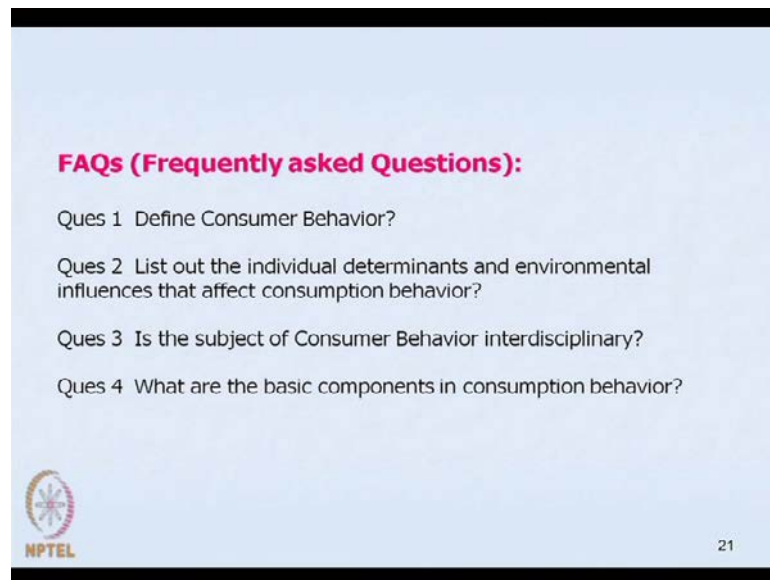
References for Further Reading:

- Engel, James F.; Blackwell, Roger D.; Miniard, Paul W., Consumer Behavior, 6th ed. Chicago.
- Loudon, D.L. and Bitta A.J. Della, Consumer Behavior, Fourth Edition, 2002, Tata McGraw-Hill, New Delhi.
- Peter, P.J. and Olson, J.C., Consumer Behavior and Marketing Strategy, Seventh Edition, 2005, McGraw-Hill Higher Education.
- Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, Eight Edition, 2004, Prentice Hall, India.
- Wells W.D. and Prensky, D., Consumer Behavior, 1996, John Wiley & sons, Inc.

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Now, let us come to some references. I conclude this particular session here and we will be speaking about the other components of module one in the next session. But, before I conclude, I will just come up with a list of references and suggested readings. There is the Engel, Blackwell and Miniard et al. They have written a book called consumer behaviour. Then, Loudon and Della Bitta on consumer behaviour; Peter and Olson and Wells and Prensky; but, the bible remains Schiffman and Kanuk – they have done wonderfully well as a textbook and I would recommend all of you to basically go through this book; it is a good reading. Not to say that the others are not, but equally important are the others; but, more easily available probably in your libraries and in your resources around, you will be easily be able to get a copy of Schiffman and Kanuk.

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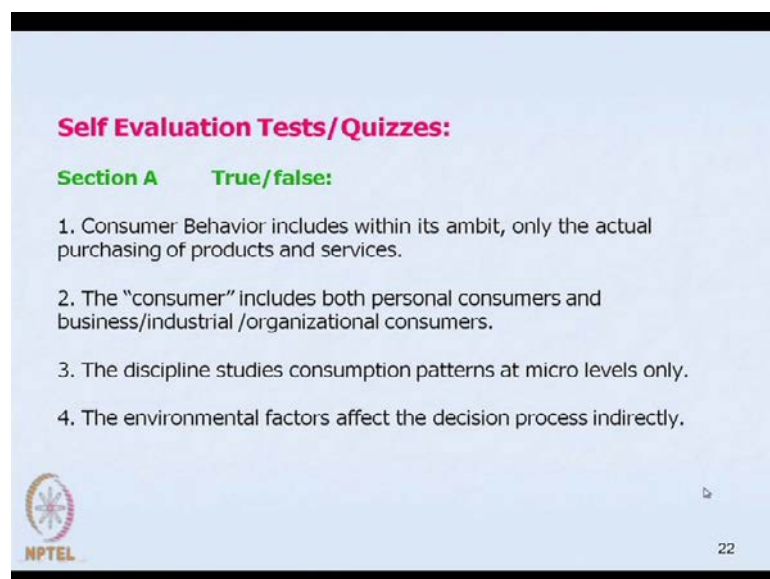
FAQs (Frequently asked Questions):

- Ques 1 Define Consumer Behavior?
- Ques 2 List out the individual determinants and environmental influences that affect consumption behavior?
- Ques 3 Is the subject of Consumer Behavior interdisciplinary?
- Ques 4 What are the basic components in consumption behavior?

 NPTEL 21

With respect to this particular session, what could be frequently asked questions? 1 – how do you define consumer behaviour? 2 – what are the different... List out the individual determinants and environmental influences that affect consumption behaviour. Another question that you may be asked is the subject interdisciplinary; and, what are the basic components in the consumption behaviour. So, these are some questions, which pertain to this particular session. And, having gone through this particular session, you should be able to have answers to these questions.


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Self Evaluation Tests/Quizzes:

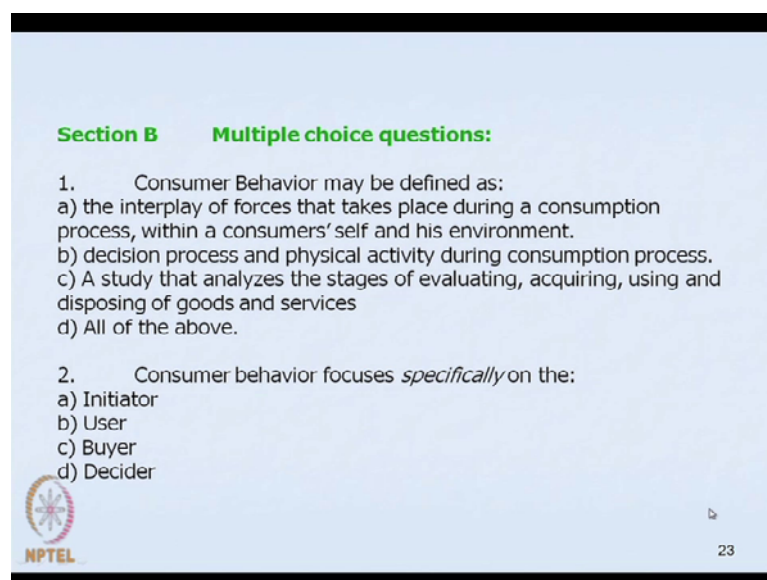
Section A True/false:

- 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.

 NPTEL 22


Just as I conclude, I will also like to offer to you a test or a quiz in the form of some questions; where, we have true/false. And, like for example, consumer behaviour includes within its ambit, only the actual purchasing of products and services. So, is it true or is it false? The answer to this of course, you should be able to give me. It is false. Then, there is another true/false statement – the consumer includes both personal consumers and business industrial or organizational consumers. The answer to this is true. Third – the discipline studies consumption patterns at micro levels only. Yes, the answer is wrong; it is a false; it studies both at the micro level and at the macro levels. Number 4 – the environmental factors affect decision process indirectly. What do you have to say on this? Is it a true or a false? It is true; they affect them indirectly. It is a true statement.

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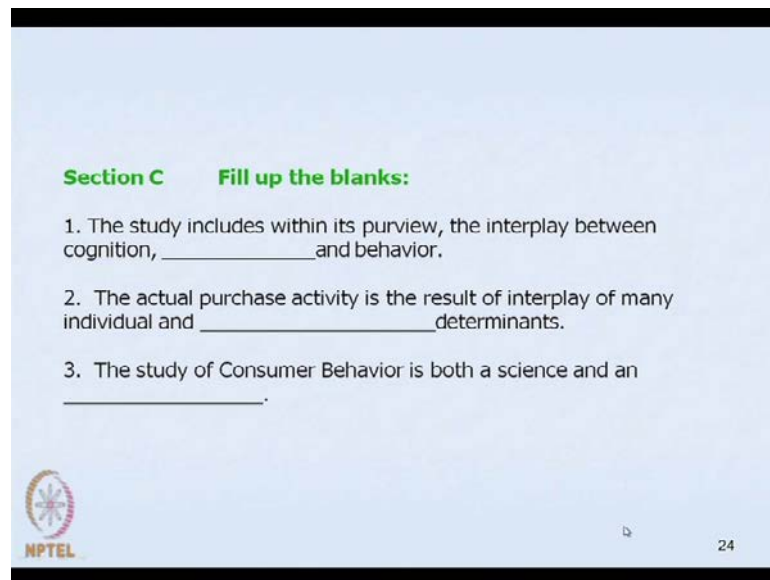
Section B Multiple choice questions:

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

 NPTEL 23

Now, we come to multiple choice questions. Consumer behaviour may be defined as a – the interplay of forces that takes place during a consumption process, within a consumer self and his environment; b – a decision process and a physical activity during consumption process; c – a study of the stages of evaluating, acquiring, using and disposing of goods and services; d – all of the above. Yes, answer is d. Number 2 – consumer behaviour focuses specifically on: initiator; user; buyer; or, decider. The answer is the buyer; it is specifically on the buyer.

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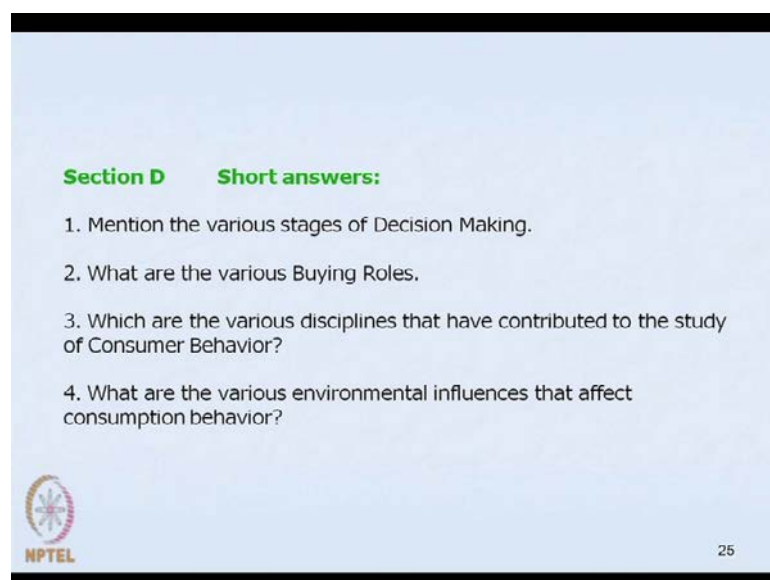
Section C Fill up the blanks:

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 _____.

NPTEL 24

Now, we come to the fill in blanks. Number 1 – the study includes within its purview, the interplay between cognition dash and behaviour. It is cognition, affect and behaviour. 2 – the actual purchase activity is the result of interplay of many individual and blank determinants; so individual and external determinants. See third – the study of consumer behaviour is a both a science and an, is an art. So, these are some fill in the blanks.

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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?

NPTEL 25

And, now, we come to some short answers. The first question, which I would like to ask is, mention the various stages of decision making. The various stages of decision making

are need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour or post-purchase activity. Second question – what are the various buying roles? So, what are the various buying roles? The various buying rules are initiator, influencer, decider, buyer and user. Question 3 – what are the various disciplines, which have contributed to the study of consumer behaviour? You have the answer – psychology, sociology, social psychology, anthropology and economics. And, fourth – what are the various environmental influences that affect consumption behaviour? Environmental influences will be in terms of the sociological influences – family, social group, social class, reference groups, culture, subculture, cross-culture, national influences, regional influences and so forth. With this, I come to the conclusion of session one and we shall be continuing with this module in session two.

Thank you.