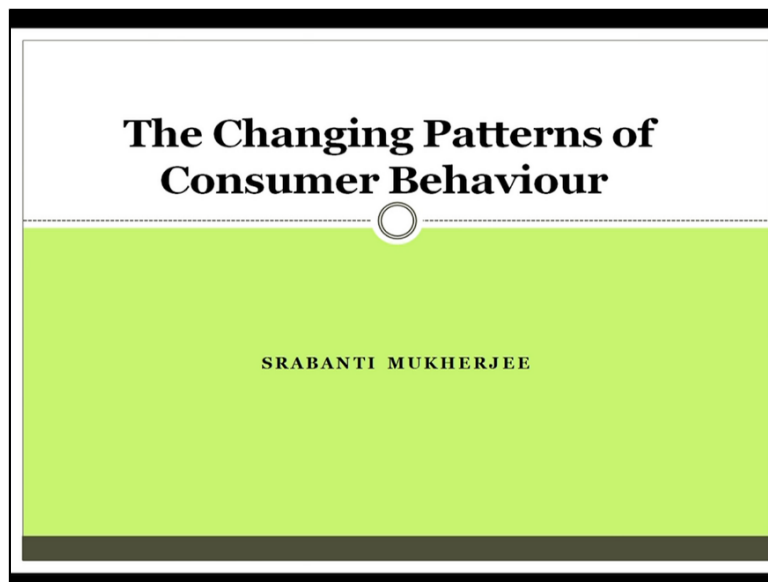


Consumer Behaviour
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Module No. #01
Lecture No. #02
The Changing Patterns of Consumer Behaviour

Good Afternoon. Welcome to the, Second Module of, Consumer Behaviour. And, I, Dr Srabanti Mukherjee, is once again back, to talk to you about, the changing patterns of Consumer Behaviour.

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And, of course their implication, in marketing.

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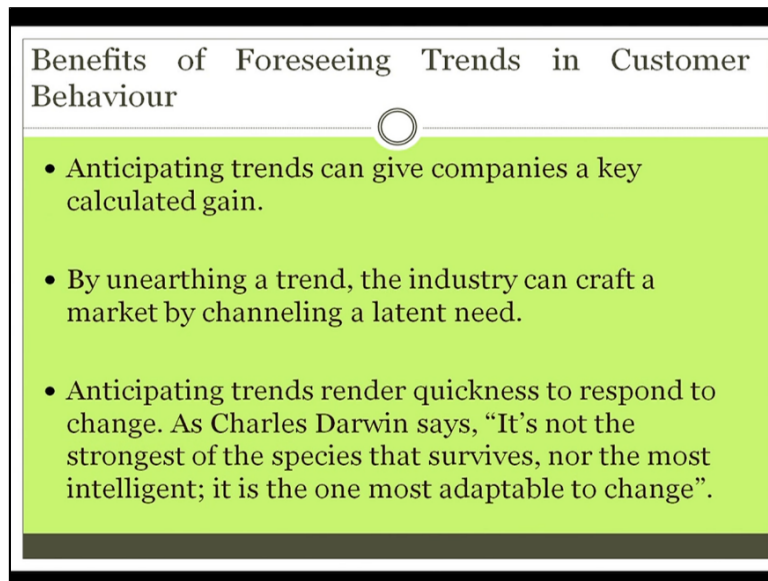
Learning Objectives

- **The benefits of anticipating trends in customer behaviour**
- **Worldwide trends consumer dynamics**
- **Implications for the trends for the three consumer roles**

So, the learning objectives, of this module, are the benefits of, anticipating the trends of Customer Behaviour. Secondly, the worldwide trends in Customer Dynamics. What kind of changes, are happening, all over the world? And finally, implication of the trends of, the three Consumer roles, mainly. Though, we have talked about, in the previous session about, five different Customer roles, in the purchase process. But, in this particular session, we will mostly focus on, three most important roles of Consumer Behaviour, The Buyer, The Payer, and The User.

In this case, the Buyer will mean to say, those who will go to the shop, and buy the product. The Payer means, who is actually writing the cheque. So, there could be, again a demarcation, between the term Buyer, which we last time, we have said, that those who are buying the product, or writing the cheque. So, that also can be demarcated, between the Payer, that ultimately, who is going to write the cheque, and the Buyer, who is going to the shop physically, and purchasing it. And obviously, the User, that is the final Consumer.

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So, first of all, we see the benefits of forcing the trends, in Customer Behaviour. First of all, if we anticipate the trends of the Customer Behaviour, prior in hand, that may help the company, to get a calculated gain. For example, Godrej Chotookool, they have understood, that there is a latent need of Refrigerator, or a Cooler, or a Preservator, in the rural India. But, they do not have the buying capacity, to buy a Refrigerator. So, if you understand this trend, then we can devise the product, which can bridge this gap, between the affordability and the need.

Similarly, several products have come up, in that way. Like Jaipur Food, when it was amended, C K Prahalad, Phenomenal Strategist, who has talked about the product called Jaipur Food, and he had made a case out of it. And, he has shown, that how, this very simple way of prosthesis, has actually solved the problem of the Customer's need for the prosthesis, as well as, they do not want to lose the man days of work, because that will partly put them in the poverty.

So, these kind of things, you can actually devise several products, you can devise different kind of distribution channel itself, you can devise several kind of promotional mode, if you really understand, the trend of the Consumer Behaviour. To be, a little more specific, when we talk about the Swas Chaturmath campaign of Lifebuoy, when Lifebuoy in 1990, was not doing so well, Lifebuoy soap.

So, they came up with a Swas Chaturmath campaign, in which they have clubbed with several international organisations, for promoting a product against anti-diarrhoea. They actually

visited, several schools. And there, they only carried a Microscope, a Towel, and some Talcum Powder. So, they have shown the children, that without using any soap, or washing their hands, how much of germs, they are having in their hands. And, when they have used the Lifebuoy, and they washed their hands.

And then, their hands are put under the Microscope. So, that time, they can see, how much the germs or so. So, this way, they have promoted this particular philosophy of anti-diarrhoeal campaign, to the children. And, these children, later became the ambassadors for Lifebuoy, for their father, or future rural campaigning. So, anticipating the trend, anticipating the latent needs, anticipating the problems of the Customers, may give a mileage to the marketers, in future.

Second, unearthing the trend, the industry can craft a market, by channelling a latent need. This is what exactly, I have told you, right now. And, if you anticipate the trend in the very beginning, or if you anticipate the trends quite early, then actually, you can respond to those changes, very quickly. For identify the Rural India, has an aspiration for a brand. So, that time, as a brand of detergent, if you identify that, Nirma entered in the Rural India, as the First National Brand.

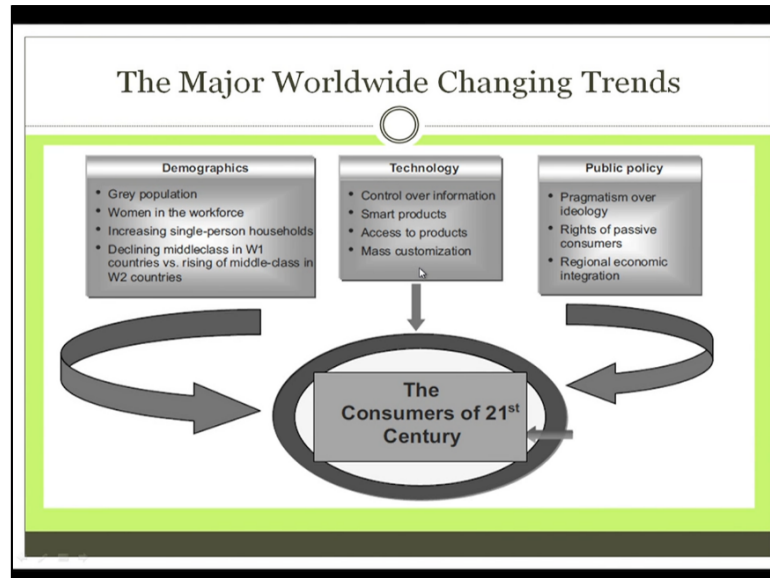
Seeing this, Hindustan Lever, they have also understood that, there is an inter land in the rural India. So, their answer to Nirma, was their Wheel. So, which otherwise, Hindustan Lever was selling their surf, and those kind of variations, probably to the urban market, mostly. Now, when they have identified that, you know, Nirma is doing a good business, in the rural India, they have a plan to launch, Wheel there. So, this is how, you need to respond, very quickly, to the changes.

Because, Indian market, just after the globalisation also, it is going to get saturated very fast, and you have to respond. You have to find out new avenues. You have to go for encirclement attacks, to your competitors. You have to take different plans, attacks, strategies, to your competitors, even if you want to do, defence to. If you are a market leader, then also, you may adopt some kind of flung defence strategies, to protect your company.

To know that, to do that, actually, you should know, the Customer's varied hand. And, the changes, which are going on, in the Customer side, Customers mind set, Customer's lifestyle,

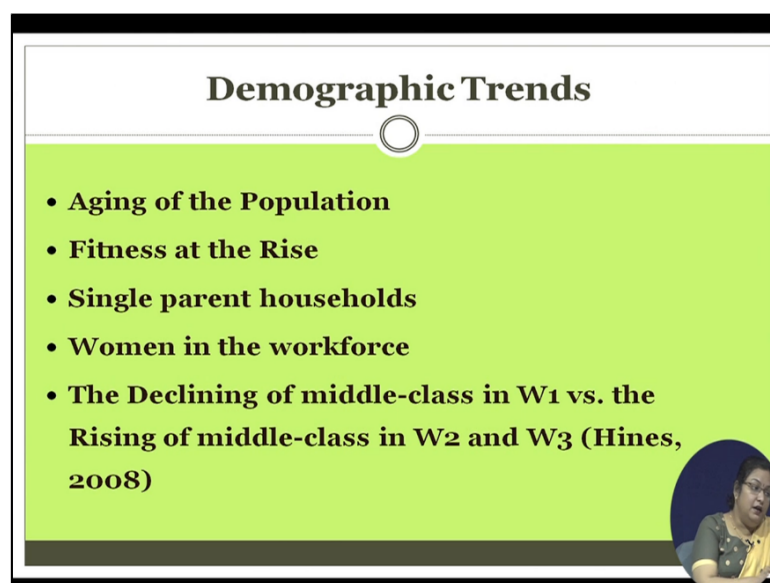
we should know, prior in hand. So, as Charles Darwin has quoted, it is not the strongest of the species, that survives, nor the most intelligent, it is the more one, who is most adaptable to change.

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So, the major changes worldwide, are mainly, the changes in three fronts. One, is the Demographic Front. Second, is the Technology Front. And Third, is the Public Policy Front. There are many other fronts also. But precisely, these three fronts, are very prominent. So, in the Demographic Front, the changes are like this.

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Mainly, the ageing of the population, the rise of the fitness, the urge for fitness. Then, single-parent households, Women in the workforce, and the declining middle-class in W1, versus the rising middle class in W2, and W3 countries. Now, first coming to ageing of the population.

Because of an advancement in the medical science, we can see that, population is ageing. And, the number of senior citizens, are growing up, in several developed countries like, UK, US, and several other countries like, even Japan, and all.

Japan is probably having, the highest ageing population, in Asia, that is 20%. India is also very close, because in 2010 around, it was found that, it is around 12% in India. So, ageing up population shows that, there could be something, some strategies, some marketing, having some things, which has to, some products which could be thought specifically, for this kind of market. The Travel Tourism companies of the country, they are planning for some Pilgrim tours for them.

They are planning for some, even for the post. Now, post retirement does not mean that, people are just, you know, retired from the life, as such. So, now after retirement also, people are going for their World tours, Europe tours, those who are affluent, and those who are really in good health condition. So, this kind of things, along with the Medical Care facilities, Super Specialty hospitals, Spectacles, Walking Sticks, many things are actually coming up. And, there are ample scope of business, because of this ageing population.

And, special care like Old Age Homes, are also, are some very good Old Age Homes, with the special facilities, are coming up. Secondly, we have seen, that the fitness consideration is also, on the rise. People are becoming, because of people are becoming Obese, particularly in UK, US, people are becoming very Obese. And, I mean, they are becoming, the Obesity is one of the concern there. And, they move for a Fitness Club. They go for Multi Gyms, and all this. They are restricting their Calorie Free foods, and all this, so that, they can manage their health, well.

Then, is the single-parent household. Particularly, nation, nation also, US, Africa, Asia, and every kind of atmosphere, we are seeing that, the number of divorces are going up. So, there are a lot of single-parent households. And, their consumption pattern, is either little impulsive. Sometimes, they are very rational. Sometimes, they are very impulsive. So, ((09:37)) later also, some kind of implications, in the changes.

Then comes, the Women in the workforce. The woman in the workforce like, particularly with the rise of IT sector, and Civil Service sector, we have seen Women, in the Aviation, in

the IT sector, in the others are Hotel sector, and many other service sector, is growing up, day by day. This has really created, rather a crunch in the household time, for the Ladies. So, they are going for mostly these days, the online purchases.

They are going for, buying several time-saving gadgets, like Dishwashers. They are buying, Washing Machines. Then, they are also thinking of Crèche for the Children, and many other things are coming up, accordingly. Then, another implication, is related to the decline of the middle class, in W1, versus the rising middle class, in W2, and W3 countries. Andy Hines, in one of his study, has identified, has mentioned, W1 countries, as the developed nations, like UK, Europe, and all this.

And, W2 is the developing countries, which is coming up like India, and China. And, W3 countries are mostly, the underdeveloped countries like, Bangladesh, Haiti, or some African nations. So, it has been identified that, in the developed countries, the population is either moving towards the upper Income segment, or to the lower Income segment. But, whereas the Pyramidal structure of the society, is actually getting converted, into a Diamond structure, in case of this, W2, and W3 countries.

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And, the implications, if you see, as I told you, for ageing population, different kind of Old Age Homes, and old age services, are coming up. Innovative Senior Care services, and In-House Therapy Division of Brookdale Senior Living, this is slowly changing, the lives of US Senior Residents. Their Care3 Wellness programs, helps to minimise the effects of ageing, by providing treatments, promoting the functional independence, improving the overall health

and techniques, for preventing pains and disability. This is a very good initiative.

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In our country also, like India, several Old Age Homes are coming up, with very good facilities, with their own Refrigerator, Television, Temples, in the Old Age Homes, Doctor, Medical facilities, and many other things, together. Just, because of the need is there, accordingly, the things are coming up. We can see, the second option, that is, when we see that, there are more and more Women in the workforce, products are specifically designed, for the working woman.

If we see that, Tanishq, which is one of the leading jewellery brand of our country, they are specifically coming with brand of jewellery, which is known as Mia, that is targeted towards the working Lady segment. They have recently launched, My Expression contest, which is a campaign like, the Customers, they can actually share, different kind of designs.

They first need to login, in the Tanishq website. And then, they can share different kind of Designs of Jewellery. And, the Top Ten Best Designers, will be called for, around 1 Lakh Rupees Prize money. And, they will be accordingly recognised. So, that is induced, that has been popularised, this desire, at this particular contest of, My Expression. And, it was really a quite a successful campaign.

So, this kind of specific attempts, or specific strategies, the marketer can take, if they know the trends, which are happening, in terms of Demography. We have spoken off, if we go back, little bit like here, we have also talked about, the declining middle class, and the rising middle

class, in the developed countries, or developing countries. The rising middleclass, like when Tata Nano, came in our country.

It was the first target of the Tata Nano, was actually, to serve the scooter, of the 4-Wheeler population, in which, we can see in a 2-Wheeler, where 3,4, Family members, are travelling in one 2-Wheeler. So, to cater this kind of segment initially, the use of Tata Nano, was thought of. So, there are several products, which are actually coming up, particularly to cater to the aspiration of the Middle-Class segment.

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Implications on Demographic Trends on Consumer Behaviour			
Change in demographics	User	Payer	Buyer
Increasing aging population	Augmented health and security needs. Need for pilgrim tours, religious books, spectacles, walking sticks, old age homes, etc.	Cost containment for health-care is an anxiety. Renewal of Medici claim. Getting advantage of senior citizenship in railways, airlines tickets, and in many other projects	Home delivery and handiness in purchase becomes crucial. Keeping this into consideration, many old age projects are coming up to provide comfort and ease of purchase to the older populace
Increasing working women	Emphasis on timesaving cooking, cleaning gadgets, crèche for childcare, fast food for children	Affordability fairly improved. Many families are DINKS (double-income-no-kids). Their affordability is quite high	Male-female role specialization no longer exists. Females now take part in those buying decisions which were till a decade ago strictly male's domain. Especially in case of investing in several financial schemes female participation is quite remarkable now
Single-person households	Products of social and emotional values attain importance. Emphasis on timesaving cooking, cleaning gadgets, crèche for childcare, fast food for children	High affordability	Tendency for more impulse buying and pragmatic decisions
Increasing middle class	Demand for medium priced goods	Ready to pay premium price for luxury goods but price sensitive in case of routine goods	Very cautious customers and first time buyers for many products

So now, we can see the implication of the Demographic Trends on Consumer Behaviour. The first one as we said, is the increasing ageing population. As a User, as a Consumer, we have augmented Health and Security needs, and the need for Pilgrim tours, Religious Books, Spectacles, Walking Sticks, Old Age Homes, etcetera. As a Payer, basically, they want cost containment, in terms of Healthcare, there. That is one of the place of anxiety.

Renewal of Medici claim, getting advantage of Senior Citizenship in Railways, Airline tickets, are some of the advantages, which the Government is thinking about them. And, also the private sectors, are thinking about them. As a Buyer, they want home deliveries. The handiness of purchases. And, increasing working woman, if you see as a User, they want time-saving gadgets, like Cleaning Gadgets, Crèche, First Food, and all this.

As a Payer, their affordability has increased. So, they do not mind paying as such, as long as that product is providing, value for money. We can see here, many double Incomes, no Kids,

Families, where the Income is considerably high. So, as a Payer as such, they have not reported, any kind of restrictions. Then, we see as a Buyer, the Male Female role specialisation, for this particular group, where the Families have, both Husband and Wife, are working.

Both of them take decision, in financial areas. Which, I ideally was thought, that the Male member of the Family earlier, used to take the financial decisions of the Family. But now, both the Husband and Wife are participating in that. In terms of house hold works, in a Male and Female, are joining hands together. Because, both of them are working, and may be coming back home, and at the same time.

So, single person households. So, for products of emotional values. Again, the time-saving cooking's, and all these things, are coming up. Their affordability is also quite high. Because, most of them are working. They have a tendency, simultaneously for impulse buying, as well as, they are very Pragmatic. Because, they also have to save their money, for their children. Increasing middle-class. The demand for medium pricing, and low priced products, as well as branded products, and good quality products, is also in the upsurge.

They are ready to pay, they are basically Value Vaulters, which I have discussed, in the first module, that they want to pay premium price, but they also buy luxury products. But, they look for value for money. They also look for discounts. And, many times, they are for the regular use products, they may be a little bit of price sensitive. And, they are very cautious Customers. Because, for Cars, Houses, for many this kind of things, they are the first time Buyers.

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But, the most important parameter, or most important domain of change, probably is the Technological change. In technological change means, now the world has become connected, at 365 x 24/7. Every time, we can just log in, and we can find information, through internet, about different products. We can buy the product, at any point, anytime. We can access to call centres, at 24 hours, and search information, file our complaints, about the product.

So therefore, that Customers are also becoming, very, very, Tech-Savvy. They are particularly, accordingly, the companies are also coming up, with such kind of offers, for example, Ola cab. They have only created, an app based platform, to order for the cabs. That is depending, on the mobile apps only. So, many mobile handsets are sold, only online. Because, these products are targeting, mostly the new generation Customers, or the Tech-Savvy Customers.

So, their mode of delivery, has also been restricted to the, new channel of distribution, that is the e-Selling. A lot of smart products, including Mobiles and Laptops, and many other Smart products are there, which is again, a change, which we are seeing. And, more and more access to information, arise in the electronic word of mouth, both positive and negative, is actually again playing a crucial role, in Consumer Decision-Making. And, that accordingly, has an implication for the Marketers, for moving their Products, from their Warehouses.

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Implications on Technological Trends on Consumer Behaviour			
Changes in technology	User	Payer	Buyer
Access to information	More tailored products	More information about the competing brands' prices	Shopping on the Web/virtual shopping malls. More product information on demand through emails
Smart products	A smart product with memory for user's likings	Updated methods of customers' and marketers' identity verification guarantee protection against deceptions	Automated purchase from virtual malls or buying direct from the factory by electronic data interchange system
Tech savvy buyers	Uses of hi-tech electronic gadgets are increasing	Customers are becoming more and more technology-savvy. In many cases payments are made online for example, railway booking, airlines booking, etc.	Buyers can purchase from virtual shopping centres like www.amazon.com, www.ebay.com, etc.

So therefore, if you look at the implication of changing Technological Trends on Customer Behaviour, we can say that, one is the access to information. So, since the Customer knows, more about the product, more and more tailor-made product, is what they are looking for. So, more variations in the models, sometimes helps. BMW Roadster, they have allowed the Customers, to make some customisation, in the website their itself, for designing the interior of the car. So, these are coming up.

As a Payer, more information about competing brands, are available in Trivago.com, about different hotels. Make My Trip compares, different airlines prices. Insurance Advisor.com, they show, how different premium structure, of different insurance policies, where and what kind of benefits are given. So, this kind of comparisons are there. So, the marketers have to be extremely competitive. They have to be very, very careful, about identifying the latent needs.

And, they also need to know, how many variants of the products, how many models, what extent they should go, for the customisation. As a Buyer, people are buying from virtual, and shopping malls. And, their demands also, they are placing through emails, and some online platforms. Smart products. We can see, the smart product with memory, for User likings, are there. Then, Payers updated methods of Customers. And, marketers identify, verification guarantee protection, against deceptions.

This is one of the, as a Payer, we look for this. So, most of the payment sites, now they are looking for, even if you pay for online banking, then they look for, high security password.

And, they are also adopting, several kind of passwords, different restrictions of, you know, during online purchases, though, the security system is getting better, day by day. As a Buyer, we want automated purchase, of course. We do not want to go out. And, Tech-Savvy Buyers, they want more and more, Electronic Gadgets.

So, that is why, new and new versions are coming, very quickly. There is a hardly, two years' gap, for Apple iPhone 4, and iPhone 6, to be launched. So, new variations are coming up, very fast. So, the particularly those, the companies, those who are producing High-Tech products, Software's, they should be very fast and innovating. And, they should actually spend a lot, in R&D. Because, unless they do this, they will actually loose out, in the competition.

So, Customers, as we said, they are actually becoming, more Tech-Savvy, and they purchase from, different Online Platform.

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Trends in Public Policy

- **Economic Pragmatism over Ideology**
 - ❖ Pragmatism over Political Ideology
 - ❖ Pragmatism over Religious Ideology
- **Increase in Rights of Passive Consumers**
- **Regional Economic Integration**
 - ❖ NAFTA (United States, Canada, Mexico)
 - ❖ SAFTA (India, Pakistan, Bangladesh, Bhutan, Maldives, Sri Lanka)
 - ❖ ASEAN (Indonesia, Malaysia, The Phillipines, Singa Thailand, Brunei Darussalam, Vietnam etc.)

And, the final domain, another trend, which we talk about, is the trends in the, Public Policy. We find a significant change, here also. First one is, the economic Pragmatism is ruling over the political or religious ideology. The China, and Russia's political ideology, of closed economy, is getting changed. China is also opening up the marketplace. So, the open market purchase in China, Russia, it has already changed, from the Central Planning, to the Marketplace Economy.

So, this is one change. Another one change, we can see is, in case of religious ideology like, for Israeli, Airlines, we used to see that earlier, it was closed for Jewish Shabbat. And,

shopping malls and everything, used to be closed hour earlier, in Jewish Shabbat, that is, the Saturday, in Israel. But now, even the need of the Customer, several kind of Customers, are coming and staying in the country. The need of Business Customers, particularly moving from one place to another.

The Israel Airlines, is also opened on Saturday, that is, in the day of Shabbat. And even, the American style shopping malls, and all the eateries, are also opened in Jewish Shabbat. So, religious ideology is also, we can say that, you know, Pragmatism is overriding the religious ideology, also. Then, increasing the right of passive Customers, like Anti-smoking. Gudka, has already been banned, in several states, which we can see, because it is a Chewable Tobacco.

So, and that is what, the direct Customers. But of course, anti-smoking, different kind of like Smoking is banned in the public media, these days, in India. Even, in the movies, and in the serials shows, wherever the smoking incidences are there, it comes with a statutory warning. So, that is how, the rights of the passive Consumers, somehow is being protected. And, the other one is the regional economic integration, which is actually made an easy flow of products, from one country to another country, in a same trading block.

So, to name a few, NAFTA, that is North American Free Trade Association, which comprises of United States, Canada, and Mexico. Products can move in. They do not need to pay duty, while moving, within these countries. And, so th, is, I mean, in case of SAFTA, we have India, Pakistan, Bangladesh, Bhutan, Maldives, Srilanka. We have ASEAN, for Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, and some more. So within, these are the trading blocks. And, this is made actually, the products available throughout the year, in all the countries, as such.

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Implications of Public Policy Trends on Consumer Behaviour			
Public policy	User	Payer	Buyer
Economic pragmatism	Superior products due to open-market economy	Reduced prices due to tough competition amongst the multinational corporates	Easy and fast movement of the global across the globe
Rights of passive consumers	Consumer's rights for information, the consumer forum, and the consumer court legally ensured protection against passive consumption.	A financial penalty for consumption disturbing other's health or property.	Difficult to use societal harmful products/services in public places.
Regional economic integration	Seasonal products available for year-round consumption everywhere across the globe. World has become a global village.	More cost-effectively created and more cheaply priced products and services.	Easier to obtain products and services from varied consumption cultures.
	Exposure to diverse consumption cultures resulting in cross-cultural consumers.		Local accessibility of international products.

So, the geographical difference, has been omitted. Similarly, the seasonality of the product, has also been omitted. But, from the marketer's side, of course, the competition has become very intense. Because, products from different brands, from different countries, are coming. And, may be some brands, are have giving a good value for money. So, the competition has become very intense. The marketers, they have to actually come back with the competition.

They should know, the latent need, and how much customisation, again I am repeating this, they can do for the products. So, regarding the Public Policy, we say that, how it impacts the User, Payer, and Buyer. Economic Pragmatism. As a User, is the superior products, due to open market economy, as appear. Reduced prices, due to tough competition, amongst the multinational corporates.


Buyer, easy and fast movement of the global products, across the globe. Then, we have rights of passive Consumers. Consumers rights to the information. The Consumer forum, and the Consumer court, legally ensure protection, against passive consumption. We see, the Payer financial penalty, and Buyer difficult to use societal harmful products, in the public places.

Regional Economic integration. As, I have said, as a User, you get all kinds of products, across all seasons. And of course, foods from different cultures, different subcultures, are available. Different kind of dresses are available. So, that way, they get better choices. As a Payer, they get, better value for money. As a Buyer, it is easier to obtain products, from various economies, from a single market.

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Overall Implications of Changing Trends of Consumer Behaviour for the Marketers

- Significant move in marketing strategies will take place in the forthcoming years.
- A sway will occur from product oriented strategies to the service oriented ones.
- Most of the organizations will propose for more security, excellence, and enhanced capability.
- Marketers will need to tailor their products more and more in consultation with the customers.
- Smart and timesaving methods of productions and distribution will emerge.
- Apart from just rampant promotion, more emphasis has to be laid on boosting up the emotive, cultural, and social values and ethos as a part of their marketing strategy in the 21st century.



So therefore, we just say, the overall implication of the changing trends of Consumer Behaviour, are basically that, there is a significant move in the Marketing Strategies, which is going to take in the Future Years, particularly for the changes in the Public Policy, the Technological Trends, and the Demographic Movements. Then, from Product Oriented Strategy, we can see the movement is towards the Service Oriented Strategy, these days. The organisation will propose, more security on Online Purchase.

Better excellence, and enhanced capability of delivering the goods, and producing the goods. Better customisation. And, they need to tailor their products, more and more, as i already mentioned. More and more time-saving and smart gadgets, are going to evolve. And, of course, last but not the least, we will just conclude that, apart from just rampant promotion, more emphasis has to be laid, on boosting up the emotional, cultural, social values, and ethos as a part of the marketing strategy, of 21st century. Then and only then, you can cater multiple cultures, by a single go. Thank you.