

**Retail Management**  
**Prof. Swagato Chatterjee**  
**Vinod Gupta School of Management**  
**Indian Institute of Technology - Kharagpur**

**Lecture – 18**  
**Identifying and Understanding the Customers**

Hello everybody, welcome to this NPTEL Swayam course on retail management. This is professor, Swagato Chatterjee from VGSOM, IIT Kharagpur who is taking this course for you. We are in week 4. This is lecture 18 and we will be discussing, identifying and understanding the customers. So, customer behaviour, consumer behaviour is one of the important topics in retail. However, retail consumer behaviour is not a topic which can be discussed in let us say 1 hour or 2 hours. It itself should be a separate course and that is there as well.

So, retail behaviour which is two or multiple behaviours that are there in terms of the retailing when we are talking about customer behaviour. One will be like the choosing of the retail store, which will store I will go and whether I will be loyal to that retail store. Second is the brand loyalty, whether I will be loyal towards a particular brand inside the retail store, whether I will be representing or I will be focusing on the private brands of the retail store.

Whether I will react to the price schemes that you are giving or the pricing sales promotion that you are doing in the retail store. So, these are some retail behaviours that consumers do, but this is not a small topic. So, here we will just give basic details about the consumer behaviour under retailing, but I would suggest that you should do a separate consumer behaviour kind of a course to understand what kind of behaviour consumers do in a retail setup before going to the retail setup and inside the retail setup as well.

So, that is something that becomes important as we go ahead and discuss about various other aspects of retailing like branding in retail or let us say pricing in retail, we will also talk about the consumer behaviour much more. But here we are only focusing on identifying a customer and understanding the customer. So, what drives a customer when they are doing any kind of behaviour.

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# Consumer Demographics and Lifestyles

## Consumer Demographics

- objective, quantifiable, easily identifiable, and measurable population data



## Consumer Lifestyles

- ways in which individual consumers and families (households) live and spend time and money

Retail Marketing: Prof Swagato Chatterjee

So, majorly customer behaviour is driven by two things. One is their demographics and another is their psychographics and lifestyle. So, what are demographics? Demographics is objective, quantifiable, easily identifiable and measurable population data basically the age, the gender, income, location of the consumers. Why that is important because based on that oftentimes consumer behaviour matters.

Age is something which impacts consumer's preference of a particular product or preference of going for online versus offline. You will see that the newer customers, the new age customers who are probably younger than the previous customers will be more prone towards online because they need variety, they need lots of online search, online information before they purchase. But on the other hand, you will see that the older customers will be more loyal towards a retail store.

Even they will probably will be more loyal to a brick-and-mortar retail store and also an unorganized retail store what they know the vendor, who know the shopkeeper who does the sales. So, age is an important factor. So why do not you do one thing you also write down why income, just write down these four points like I told age is one factor, then comes is income, then come gender and then comes location.

So pause this video for a minute because this is something that comes from your basic understanding about marketing management, forget about retail. So, write down these four things and then write down why these four aspects will impact the consumer behaviour and

how in the retail context. In terms of the three behaviours you can take make a table like this. So, you can make something like this. So you can try to make a table like this.

So what there will be consumer behaviour which is pre purchase, during purchase, and post purchase and you will see how the age impacts there, how gender impacts there, how income impacts there, and how the location of the customers impact. So, if you can do this small exercise, you will have an idea about how the consumer demographics impacts that people behaviour and even put that in our discussion forum and we can discuss about that.

So, please pause this video for 2-3 minutes or 5 minutes and do this exercise before we go ahead in this particular video. Now, if you have done that, if you by chance have done that, by chance you have stopped the video did this exercise and then we are going ahead then you will know as I told that age impacts in the searching behaviour, age impacts during the purchase, whether he will go for online purchase or offline purchase.

Showrooming and web rooming is something that will be very common for younger ages, might not be that common for older age. And in the post purchase behaviour as well these people are very vocal. Young costumers are very vocal, they will crib a lot, anything which does not go in their line they will talk about that and their level of loyalty will be very low, which is not so much in our older generation. Gender wise male female, again you will see female are more loyal, on the other hand female are more variety seeking.

Male are not so much variety seeking. So, before purchase and after purchase there is a small difference. For example, females are variety seeking in terms of the product, in terms of the brands, but not in terms of the retailer choice. On the other hand, males are variety seeking in terms of the retailer choice, but not in terms of the products. So, these are some of the differences that you can see in the male and female behaviour when they are doing the purchase.

Similar pattern can be seen in income and location as well. So, these are some of the factors which drive consumer behaviour. What else will drive consumer behaviour? Consumer behaviour will be also driven by the lifestyle of the consumers. So, lifestyle means the way you live your life, ways in which individual consumers and families live and spend time and

money that is called lifestyle. It is a very broad term and there are various factors that comes under the overall term of lifestyle.

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## Understanding Consumer Lifestyles: Social Factors

- **Lifestyle**
  - Culture
  - Reference Groups
  - Social Class
  - Time Utilization
  - Household Life Cycle
  - Family Life Cycle



One of them is culture. And if you remember culture, I told you to discuss about the Hofstede scale of culture. Hofstede is a researcher who has given different dimensions of culture. So, just go to Google search and do a simple Google search on Hofstede dimensions of culture, you will probably see there are 6 dimensions. One is whether you are indulgence oriented or restraint oriented. So, if culturally you are indulgence oriented or culturally you are restraint oriented, your choice of products will be different.

Whether you are long term oriented or short term oriented, the person who is long term oriented will buy products of quality, will focus on extended warranty which will focus on probably green products sometimes because they want the overall atmosphere to be green and more sustainable. A person who is short term oriented culturally, he personally might be different, his culture the culture is something that comes from the outside.

So, if the culturally you are short term oriented, the product choices will be different. For example, Asian countries are known as to be long term oriented like India, Japan or China; they are not doing long term oriented. On the other hand, indulgence wise India is less low in indulgence only, Japan will be a little bit higher in indulgence. So, culturally they are different, every country has their own culture, you have to define that, you have to talk about that.

What are the other aspects like let us say goal orientation? So, whether you are a masculine society or feminine society. A masculine society is very much goal oriented, the things that matter as a job role as a certain in job role and the overall society is focused on masculinity that means overall society is focused on that goal is something, care is less important, but goal, achieving something is more important. Like Japan is known to be a masculine society than India.

It is not about whether we are talking about there is I would say patriarchy or not, it is not that kind of a society that we are talking about, masculine society means where achieving something matters more than taking care of people. Similarly, there is collectivism and individualism. So whether the persons in this particular society think about many people, whether the public goal is more important or public benefit, public well-being is more important than your personal well-being; so like that there are 6 factors.

Now, again under the culture there are subcultures that also come out. For example, in India when I say that India is patriarchy or India is masculine and feminine in terms of this cultural dimensions or Indian is a collectivist society, these things will vary depending on various things. Within the society it can vary depending on the religion that you are belonging from, depending on the state that you are belonging from, depending on the geographical location from where you are coming.

So, there are different things that impact our culture which impacts our consumer behaviour as well. So, these are some of the social factors. What are reference groups? So, there is something called reference group, there is something called aspiration group, there is something called dissociation group basically. So, aspiration group is what you want to be, reference group is whom you compare with, who are at par at your level.

For example, my reference will be probably the other professors or people who have studied in the same school with me or people who earn the similar kind of money with me. So, these people are your reference group. Your aspiration group is whom you want to be that can be professionally, that can be socially, that can be physically whom you want to be. And dissociation group is whom you do not want to be.

So, these three groups are there in every customer's mind and that is different for every consumer. And when you set up these three groups, you will know that I have to behave like this, I should try to be like my aspiration and I should not like to behave like my disassociation groups, and if that is the case then you as a consumer is affected by what these people are doing. Now, if I can show you as a marketer, let us see your reference group are also.

For example, somebody recently had come to our institute and they were trying to sell software, which can be used for training our students on analytics topics. Now, they were showing me that see VGSOM is contemplating on whether to purchase the software or not, but XYZ other B School which are in reference group of VGSOM is also purchasing this particular software.

So they are not focusing on the utility of the product, they are saying that others have also purchased you should purchase because they are not focusing on the utility because they are not in our shoe. They do not probably understand exactly that what it is I am looking for in the software, but they understand this much that something if XYZ have purchased it, then there is something which will be required by this particular customer also.

I do not know what that is, so that is why I cannot tell see I have this utility in my product that is why you should buy, you cannot say that, but you can at least show the examples that other people have bought it. So, that is how we use reference groups, market us in reference groups to purchase something. Social class, in which class you belong? So, there are socio economic class that has been defined by marketers.

Section A, section B or these kinds of classes which is related to basically your income, sometimes social caste in India is also related to the caste that you are belonging from. And different castes historically have different kinds of behaviour as well because of various reasons. So, sometimes that also impacts what kinds of movies that we will watch, what kind of probably religious activities which I will react to.

What kind of promotions where I will play where my customers will react or my customers will engage, similar kind of social class is there in other societies as well in different formats. For example, let us say in America, there will be blacks and whites and there will be products

which will be black oriented products, there will be products which will be white oriented products very subtly. So, because you know that there is an emotion playing in these two groups.

Whether that should be there or not should be there is a different question, but you know that there is an emotion that is there and you have to cater to this emotion. You have to make sure that people who have this emotion finds a place where they can express themselves. For example, black people by any chance if they face discrimination, if they face certain kind of I would say operation in a particular society or in a particular context at least, then they have to have a place to express themselves.

So, that is why you are creating your retail stores or you are creating your brands which are more inclusive, which are more appreciating these kinds of emotions that is existing and you are giving them that security or giving them that confidence, so that helps a lot and that probably sells a lot as well. Then comes time utilization, so how? As I told that there are certain cultures which are goal oriented, for them time is very important like Japan as I told.

So, Japan is a very busy place, they know that every 5 minutes is important which is not so much in India, which is much relaxed, culturally we are much relaxed. Even in India that kind of difference you will see that in southern part is more relaxed than certain other parts. Sometimes it comes from abundance of resources as well. In certain parts let us say day to day resources is so abundant that you do not have to work so much hard to live a simple life.

So, to live a simple life over thousands of years you did not have to work a lot in comparison to other places. For example, let us say if I basically compare let us say people in the plane lands and people in hills or people in river basins and people in deserts. The amount of effort somebody has to put to live a simple life is different. And if that is the case, then over many years, for thousands of years, you have been culturally embedded to be either relaxed or very time focused and that impacts your behaviour as well.

Household life cycle, family life cycle. So, these are two different things, household and family life cycle is. Life cycle means it is like you get born, you then grow up, you study, you marry, you have your carrier, you probably retire. So, this is a life cycle. Household and a

family are two different things. A household is only let us say you and your spouse, those who are staying in a particular house.

A family can be a little bit bigger than that and these things can have different life cycles. The purchase patterns will differ depending on who is present in the family or who is present in that particular household and what is his role. To give an example I stay in IIT Kharagpur campus. My mom and dad stay in my native place which is let us say around 100 kilometres away from IIT Kharagpur campus. I have two households in that case.

So my household in this particular place in IIT Kharagpur campus is me, my wife, my kid and in my ancestor's place or in my place, it is not ancestor's place where my parents are staying there my family is these three people along with my mom and dad, my parents. Now that is my family, this is my household. So, the life cycle are two different things because when I am in the household, I am the person who is the purchaser.

Major purchaser and my wife is the person who actually says what to purchase, what not to purchase for the household and together we take a decision and make the purchases. All the retail decisions are focused on these two persons and our kid. When I go to there, my dad is the person who is the purchaser and my mother is the person who is the decision maker. So that is a different household, I have a different role in that household.

I may do some help financially. But even if I give the money, I am not the purchaser. So different households or different families depending on the role of the people or the life cycle of the people in what stage of the life you are the decisions makers change, the influences in the retailing activity changes and that is how consumer behaviour also changes. So that is called the social factors.

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# Understanding Consumer Lifestyles: Psychological Factors

- **Lifestyle**
  - Personality
  - Attitudes
  - Perceived Risk
  - Class Consciousness
  - Purchase Importance

Now, if I come to the psychological factors, which is insight, inside my mind these factors are existing and that impacts my lifestyle. One of them for example personality. There are big five personality traits. Again, go to Google and search this term big five personality traits. There are five important personality traits like openness or closeness, whether you are open psychologically or close, whether you are open to ideas or whatever you think is right is right.

Whether you are egocentric or not egocentric. Whether in your personality you are the important person or somebody else is the important person. It is not individualistic and collectivist, individualistic and collectivist is cultural which comes from outside, whether the other people thinks that one individual's choice is more important than all the peoples will be that comes from the cultural factors, that is a social factor.

But whether you personally think that you are the centre of the world, if the whole world is moving around you, and all your activities or thought processes only and only for your benefit at every point of time. If that is the case which is sometimes very narcissist in terms of thought process, if you are that kind of a person, you might not know many times we are like that, so that is called egocentrism.

So, if I am egocentric, then I will do every activity which is focused on me, for example I will not go for green purchase because green purchase does not matter to me, I will only go for green purchase only when it improves my image for the people who are there who are surrounding. So, if that is the case, I will go for green purchase behaviour and etc. So that

kind of behaviour is called egocentrism. Similarly, there are other three, just go and do search about these five personality traits.

Think about how these personality traits will impact your lifestyle, read about them. If you have any interesting suggestions that you can bring in, put that in the discussion forum. And I will also ask other people who are participants also read somebody else's discussion forum and try to reply on that, try to think about that. Marketing cannot be learnt alone, the more you discuss the more is the advantage.

I and my TAs we also participate in the discussion, but the discussion has to start by the participants of this particular course. Then comes the attitudes like whether you like something or dislike something. Perceived risk, whether you are risk prone person or risk taking kind of person, whether you feel risk in certain purchases or not. We will discuss about different kinds of risks that are available.

Class consciousness, one is the existence of social class. For example, in a hierarchical society, there are social classes very much existing, but in a not so hierarchical society that social class might not be there. So, a socialist country might not have lots of social classes. But if that is there, are you conscious about your class or do know that whether you are belonging lower class or higher class.

If that is very prominent right, that is very salient in your mind that impacts your behaviour as well. On the purchase importance, how much motivation, so we call it how much involvement you have to this product. So, whether it is a high involvement product or low involvement product that is personnel. So, whether you have a high involvement in a purchase context or you have low involvement in a purchase context makes the product high involvement or lower involvement.

So, how much importance you are providing, how much involvement you are showing while purchasing a product. For example, let us say a laptop, oftentimes it is a high involvement product. People think a lot before they buy a laptop. But if you are gifting the laptop to somebody else let us say or if you are purchasing the laptop for your company, you might not be high involvement because then the pinch is not on your pocket or let the usage performance is not something that will impact you.

So in that case, it will be low involvement product. But the moment you are purchasing for your own usage, then the purchase money is your pinch on the later if the computer does not perform well that is also your pinch. So, you focus on that purchase a lot. On the other hand, there are other kinds of purchases like let us say you have gone to buy detergent. So, you have some 2-3 top brands in your mind Ariel or Surf Excel, I will go and buy that.

You will not think a lot or do a lot of research to find out that whether Ariel is better than Surf Excel or Surf Excel this one is better than Ariel that one, blah, blah blah, you will not focus on that. So, generally it is a low involvement product. Now it varies. Let us say you are a person who is a dry cleaner or who is some kind of laundry services provider, then what quality of detergent you buy is something that will focus on.

You will research on and then you will buy. So, a low involvement product in different purchase contexts can become high involvement, and a high involvement product in some other contexts can become low involvement. That is why whether the purchase context is important to you matters a lot and that is how the psychological factors impact consumer behaviour. So, till now we talked about two things.

The consumer demographics and consumer life cycles which impact consumer behaviour in the retail context. So that is all from me in this particular video, we will talk about more in consumer behaviour in the retail context as I go ahead. See you in the next video. Thank you very much.