

# CONSUMER BEHAVIOUR



# MEANING

- Consumer behaviour is a study of why people buy
- It is the process whereby individuals decide **what,when,where,how and from whom** to purchase goods and services
- Consumer Behaviour is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.

**FACTORS INFLUENCING CONSUMER  
BEHAVIOUR/DETERMINANTS OF CONSUMER BEHAVIOUR**

Psychological  
factors

Cultural  
factors

Social factors

Personal  
factors

Economic  
factors

# PSYCHOLOGICAL FACTORS

It operates within the individual

Consumer  
needs and  
motivation

Perception

Learning

Beliefs

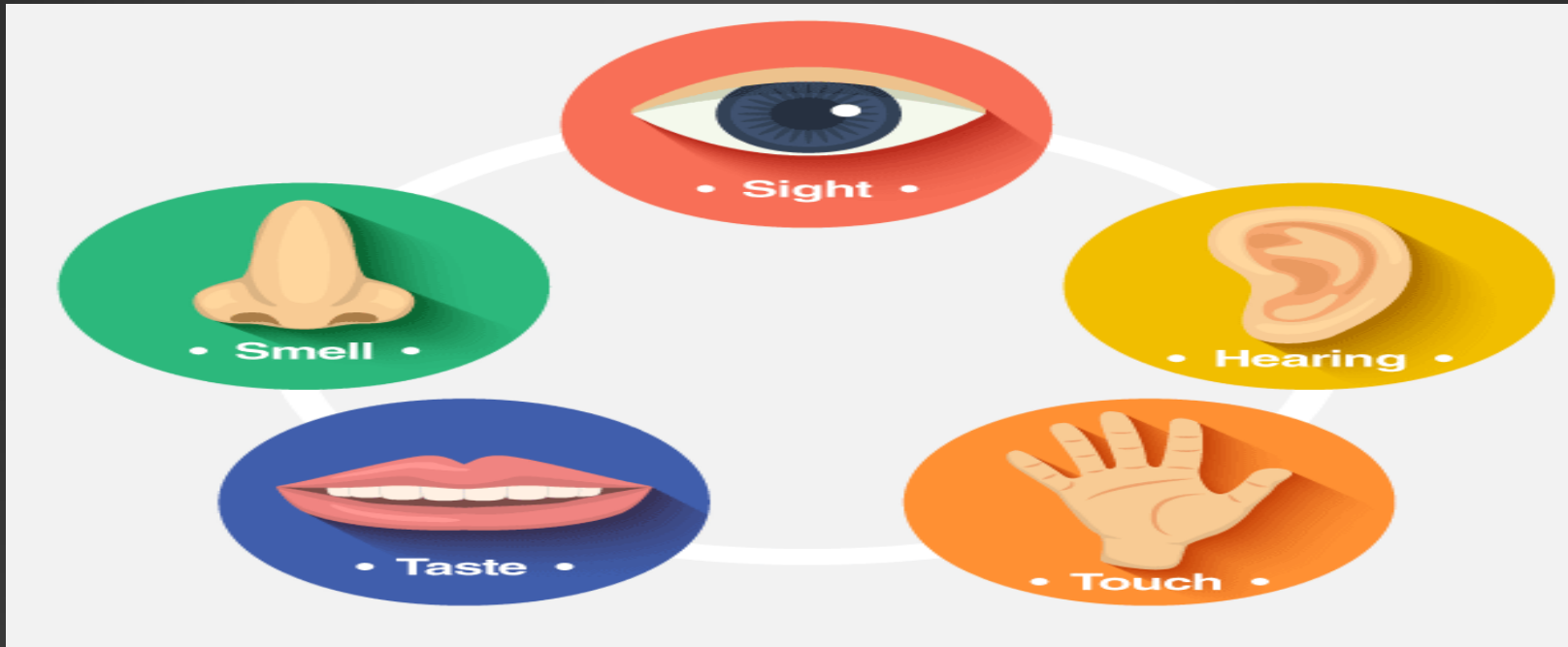
Attitudes



# CONSUMER NEEDS AND MOTIVATION



# PERCEPTION

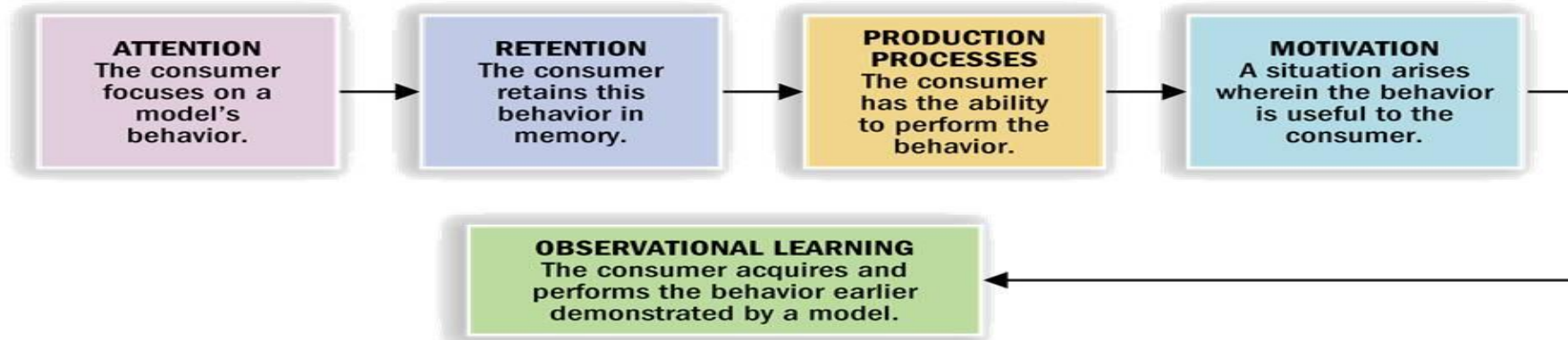






# LEARNING

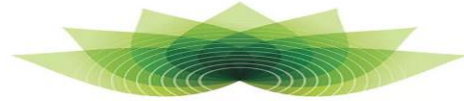
## Components of Observational Learning



When a person buys a product, he/she gets to learn something more about the product. Learning comes over a period of time through experience. A consumer's learning depends on skills and knowledge. While a skill can be gained through practice, knowledge can be acquired only through experience

# BELIEFS

## EXAMPLES OF BELIEFS



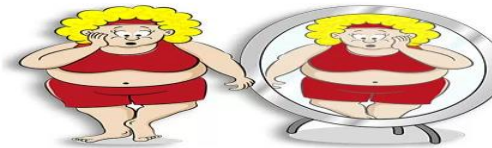
Belief in Organized Religion



Belief that your sports team is the best



Never walk under a ladder



Never break a mirror



Life is hard



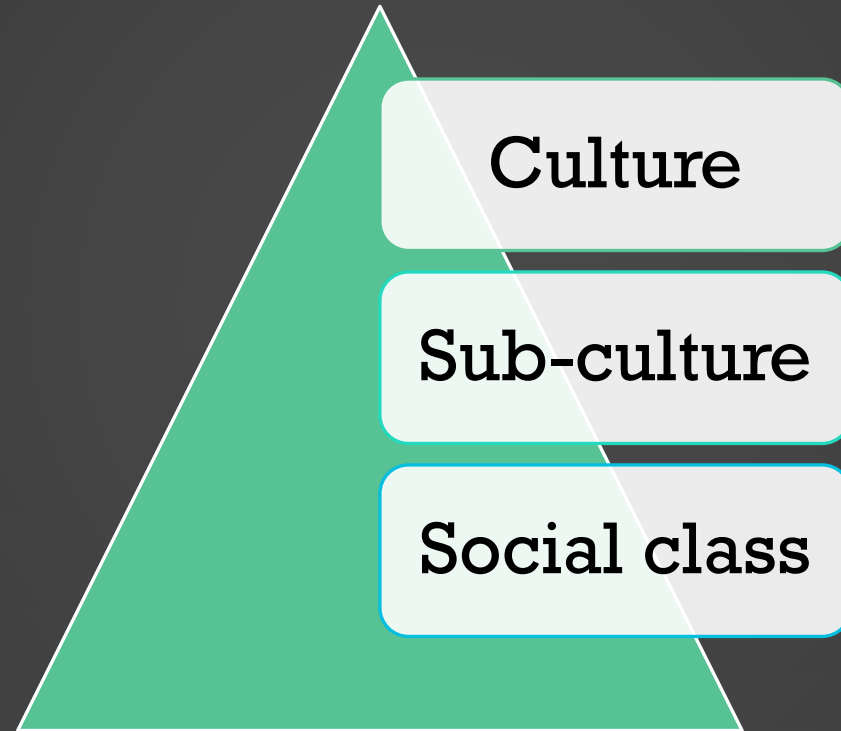
Bad things happen in threes

# ATTITUDE

- Consumer attitude may be defined as a feeling of favorableness or unfavorableness that an individual has towards an object.



# CULTURAL FACTORS



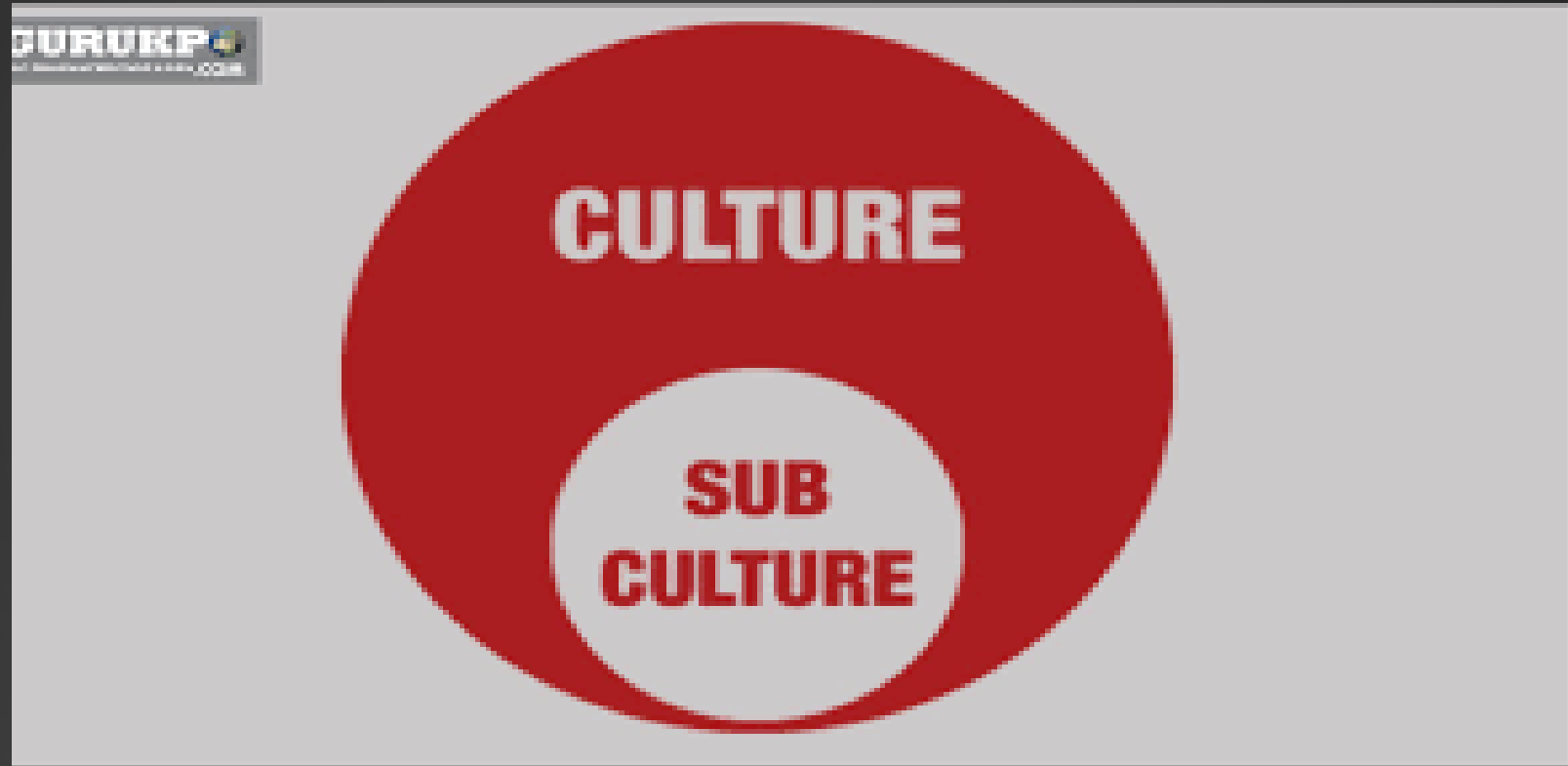
# CULTURE



# Cultural India



# SUB-CULTURE





# SOCIAL CLASS







# SOCIAL FACTORS

Family

Reference group

Role and status

# FAMILY



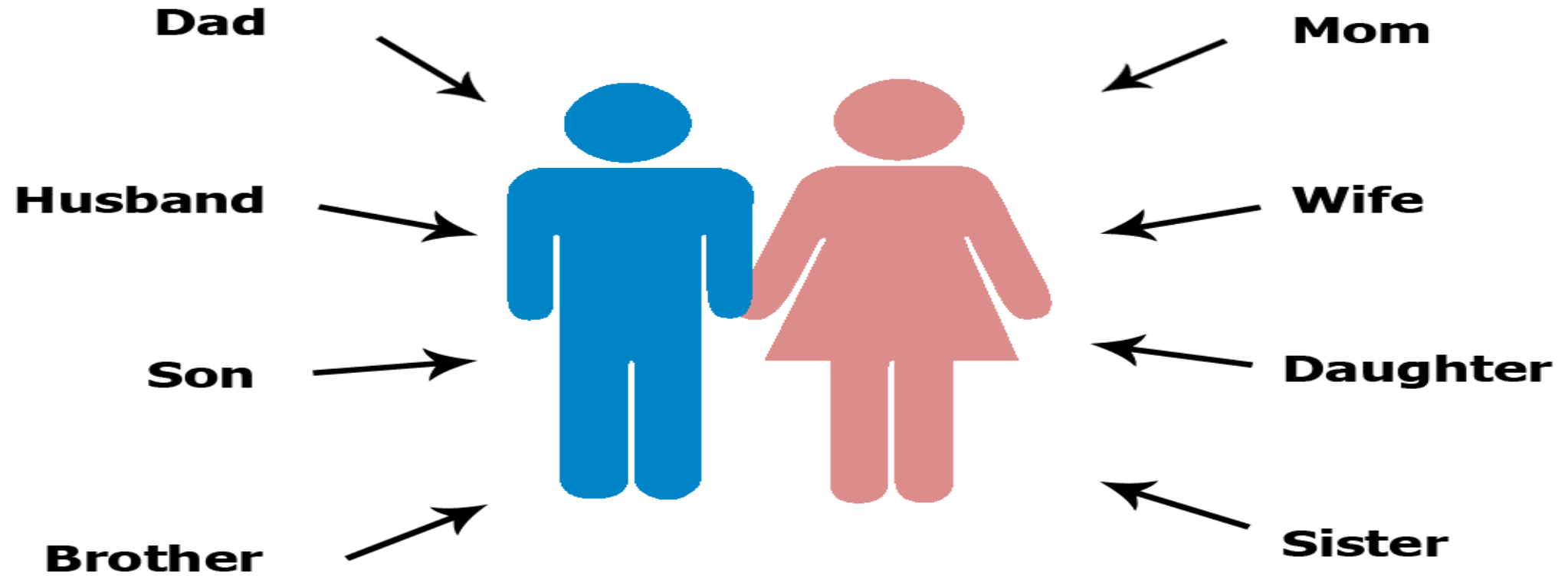


# REFERENCE GROUP





# ROLES AND STATUS



# PERSONAL FACTORS

Age

Gender

Occupation

Self image

Stages in life cycle

Personality

Life style

# AGE





# GENDER(SEX)

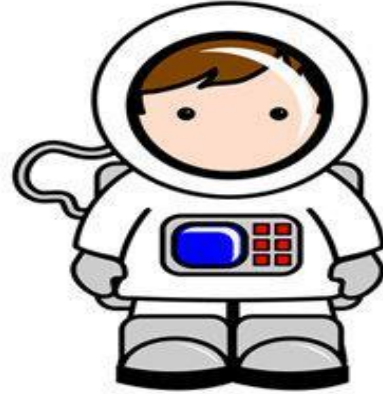




# STAGES IN LIFE CYCLE



# OCCUPATION





# LIFE STYLE



# PERSONALITY





# SELF IMAGE





# ECONOMIC FACTORS

**Personal  
income**

**Family  
income**

**Income  
expectations**

**Savings**

**Liquidity  
position**

**Consumer  
credit**

# BUYING DECISION MAKING PROCESS

Problem recognition

Identification of alternatives

Evaluation of alternatives

Purchase decision

Post purchase behaviour

## 5 steps of the consumer decision making process

- 1. Problem recognition:** Recognizes the need for a service or product
- 2. Identification of alternatives/Information search:** Gathers information
- 3. Alternatives evaluation:** Weighs choices against comparable alternatives
- 4. Purchase decision:** Makes actual purchase
- 5. Post-purchase evaluation:** Reflects on the purchase they made

# Postpurchase Behavior

## Postpurchase Satisfaction

Dissatisfied



Defect

Satisfied



Stay or Go

Delighted



Loyal

Postpurchase Actions





# POST PURCHASE BEHAVIOUR

**Cognitive dissonance-** This is when the customer may experience feelings of post-purchase psychological tension or anxiety. For example, the customer might feel compelled to question whether he has made the right decision. They may also be exposed to advertising for a competitive product or brand which could put into question the product that they have chosen. A customer may also have a change of heart and decide that he no longer has a need for this particular product.



# BUYING MOTIVES

## Inherent and Learned motives

- **INHERENT MOTIVE:**

These are those which come from the physiological or basic needs such as hunger, thirst, sleep, sex etc. these are the motives for the satisfaction of which a consumer makes his best efforts and if these motives are not satisfied he feels mental tension.

- **LEARNED MOTIVES:**

Learned motives are those which are acquired or learned by a consumer from the environment and education. These motives are social status, social acceptance, fear, security etc. while satisfying learned motives, the consumer does not consider even the price of the product.

# PSYCHOLOGICAL AND SOCIAL BUYING MOTIVES

## Social motive

Those motives which are influenced by the society in which consumers live.

## Psychological motive

Those motives which are driven by internal psychological processes like learning, perception and attitude.

# Buying roles/participants in consumer buying process

- Initiator
- Influencer
- Decider
- Buyer
- User



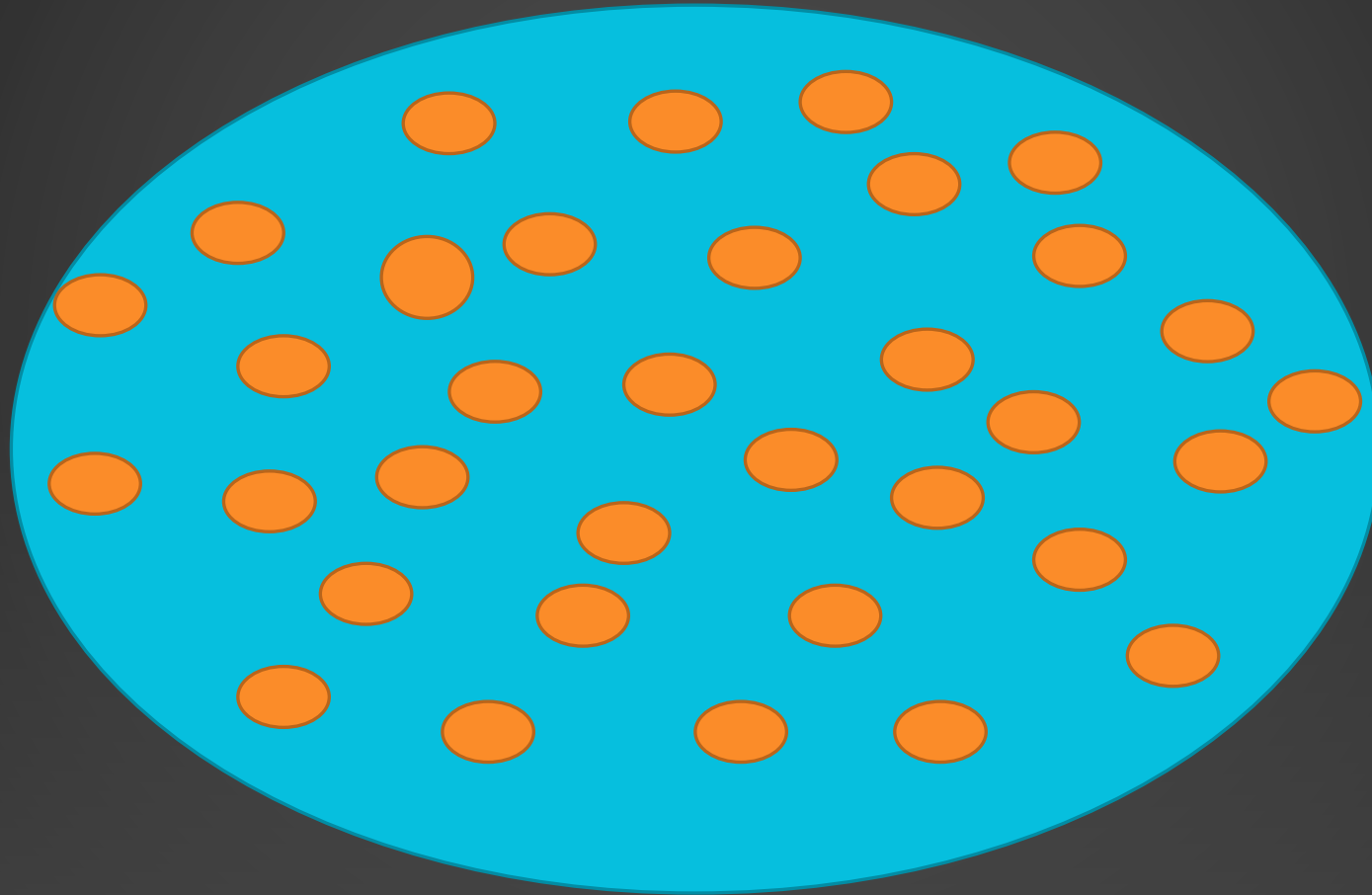
# MARKET SEGMENTATION

# DEFINITION

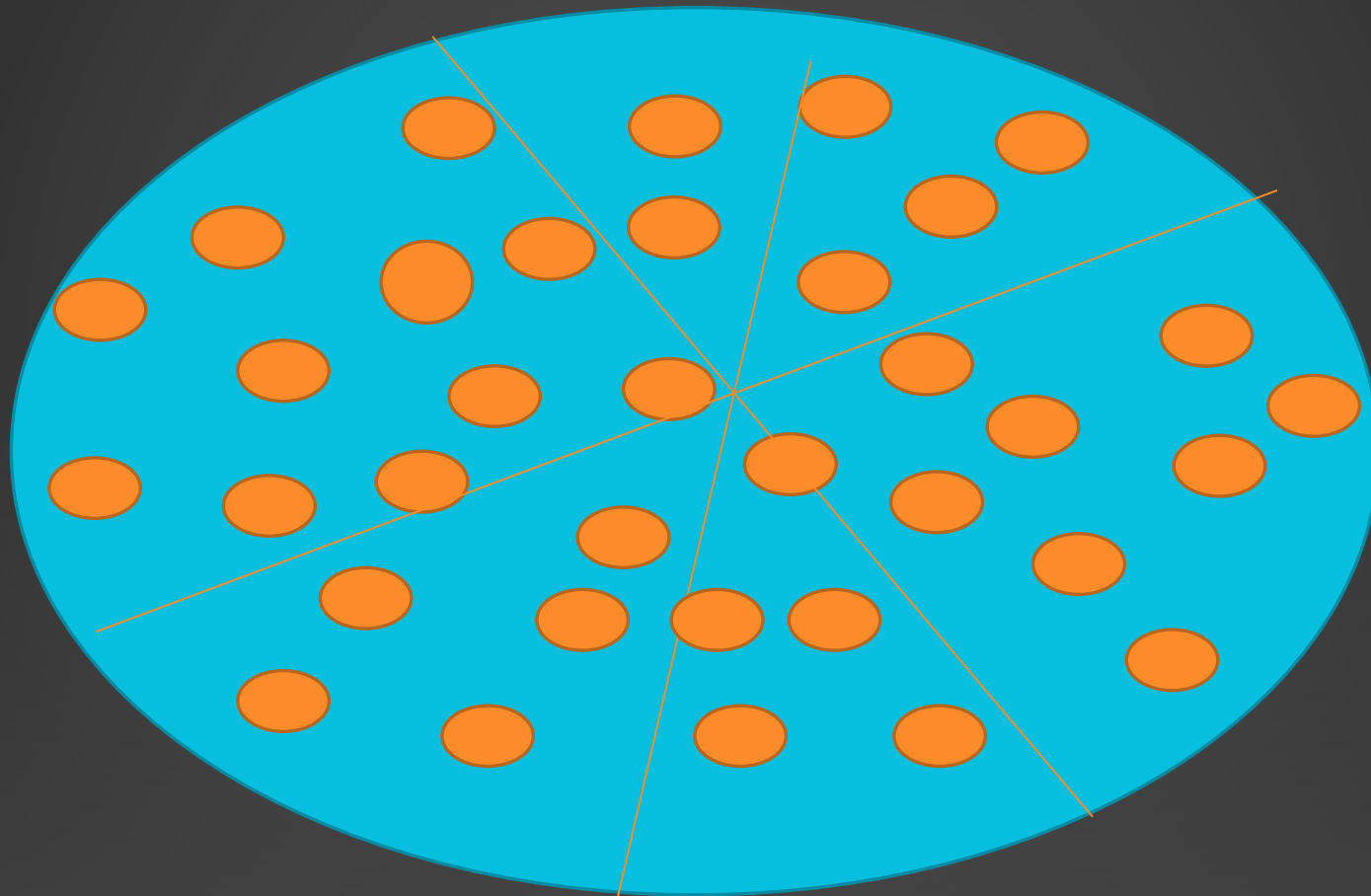
Market segmentation is the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers based on some type of shared characteristics.

**Market segmentation** is a **marketing** strategy in which select groups of consumers are identified so that certain products or product lines can be presented to them in a way that appeals to their interests.

BEFORE SEGMENTATION



AFTER SEGMENTATION







# MARKET SEGMENTATION PROCESS

1. Establish overall strategy/objectives
2. Decide the bases for segmenting the market
3. Select segmentation variables
4. Profile the segments
5. Evaluate segment attractiveness
6. Select segment/target market

# PRINCIPLES OF SEGMENTATION/CRITERIA

Homogeneity

Measurability

Substantiability

Accessibility

Profitability

Responsiveness

Growth  
potential

NEED FOR SEGMENTATION????????





# IMPORTANCE/ADVANTAGES/BENEFITS

## Advantages to firms

- Increases sales volume
- Helps to prepare effective market plan
- Enables to take decisions
- helps to understand the needs of consumers
- Helps to win competition
- Makes best use of resources
- Achieve marketing goals

## Advantages to consumers

- Customer oriented
- Quality product at reasonable price
- Other benefits

# LEVELS OF MARKET SEGMENTATION

Segment marketing

Niche marketing

Local marketing

Individual marketing/customized marketing

# MARKET COVERAGE STRATEGIES

Undifferentiated  
marketing

Differentiated  
marketing

Concentrated  
marketing

Customized  
/personal marketing



# UNDIFFERENTIATED MARKETING



# DIFFERENTIATED MARKETING



# CONCENTRATED MARKETING





# CUSTOMIZED / PERSONAL MARKETING





# BASES OF SEGMENTATION/METHODS OF SEGMENTATION

Demographic segmentation

Psychographic segmentation

Geographic segmentation

Behavioural segmentation

# DEMOGRAPHIC SEGMENTATION

Age

Sex

Family life  
cycle

Income

Occupation

Family size

Education

# GEOGRAPHIC SEGMENTATION

Area

Climate

Population density

# BEHAVIOURAL SEGMENTATION

Attitude

Product  
segmentation

occasion

Benefit  
segmentation

Volume  
segmentation

Loyalty  
segmentation



# PSYCHOGRAPHIC SEGMENTATION

Life style

Personality

Social class

# TARGET MARKETING

“ Target market is a group of existing or potential customers within a particular product market towards which an organisation directs its marketing efforts”

Target marketing is the process of evaluating the attractiveness and worth of segments and selecting the best.

# ADVANTAGES

- **Tailoring of products** to meet the needs of particular groups of consumers. If a product meets the needs of a consumer, sales will increase.
- **Sale of products in the most appropriate places** to reach the chosen target audiences. This can maximise sales.
- **Pricing will be set to reflect what a target market will be willing to pay** for a product or service. This can maximise profits.
- **Tailoring of marketing and promotion techniques** to entice a company's target market. This will prevent money being wasted on ineffective marketing.

# STEPS IN TARGET MARKETING

- 1) **Market segmentation:** Markets are segmented on the basis of certain characteristic such as sex, education, income, age etc.
- 2) **segment evaluation:** It refers to evaluating each market segments attractiveness and selecting one or more of the segments to enter.
- 3) **Designing the marketing mix:** After selecting the segment, the next step is to design a suitable product and other marketing mix elements for each segment selected.
- 4) **Product Positioning:** Market segmentation strategy and market positioning strategy are like two sides of a coin. Target marketing begins with segmentation and ends with positioning.



# PRODUCT POSITIONING

- “Positioning is the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target consumers minds.”
- The process of creating an image for a product in the minds of targeted customers is known as product positioning.
- The term positioning was introduced by Al Ries and Jack Trout in 1972

# STEPS IN PRODUCT POSITIONING

**1) Identifying potential competitive advantages:** Consumers generally choose products and services which give them greatest value. The key to winning and keeping customers is to understand their needs and buying processes far better than the competitors do and deliver more values.

**2) Identifying the competitors position:** When the firm understands how its customers view its brand relative to competitors, it must study how those same competitors position themselves.

**3) Choosing the right competitive advantages:** It refers to an advantage over competitors gained by offering consumers greater value either through lower price or by providing more benefits.

4) **Communicating the competitive advantage**: The company should take specific steps to advertise the competitive advantage it has chosen so that it can impress upon the minds of consumers about the superiority claimed in respect of the product over its competing brands.

5) **Monitoring the positioning strategy**: Markets are not stagnant. They keep on changing. Consumer tastes shift and competitors react to those shifts. After a desired position is developed, the marketer should continue to monitor its position through brand tracking and monitoring.

# ELEMENTS OF POSITIONING

The product

The company

The competitors

The consumer



# TECHNIQUES/STRATEGIES/APPROACHES OF PRODUCT POSITIONING

- ❑ **Positioning by Corporate Identity:** The companies that have become a tried and trusted household name. For example, Tata, Sony etc.
- ❑ **Positioning by Brand Endorsement:** Marketers use the names of company's powerful brands for line extensions or while entering another product category. Lux, Surf, Dettol etc.
- ❑ **Positioning by Product Attributes and Benefits:** It emphasize the special attributes and benefits of the product. Close-up is positioned on fresh breath and cosmetics benefits.
- ❑ **Positioning by use, Occasion and Time:** It is to find an occasion or time of use and sit on it. For example, Vicks vaporub is to be used for child's cold at night.

- ❑ **Positioning by Price and Quality:** Company position its brand by emphasizing its price and quality. Eg. Nirma detergent powder.
- ❑ **Positioning by Product Category:** Brand is perceived to be another product category. Eg. Maruti positioned its van as omni , family car.
- ❑ **Positioning by Product User:** Positioning the product as an exclusive product for a particular class of customers. Eg. Scooty as a two wheeler for teenagers.
- ❑ **Positioning by Competitor:** An offensive positioning strategy and is often seen in cases of comparative advertising. Eg. Tide and Rin
- ❑ **Positioning by Symbols:** Some companies use some symbols for positioning their products. Eg. vodafone symbol.

**DIFFERENCE BETWEEN PRODUCT POSITIONING AND  
MARKET SEGMENTATION??????**

# REPOSITIONING

- Changing the product design, formulation, brand image, or brand name so as to alter the product's competitive position

**eg. Hutch to Vodafone**



- **Airtel**

They have been very active & open in terms of changing its brand position. They have undergone such a transformation more than once. To position themselves as a friendly brand, they came up with a tagline saying “Har Ek Friend Zaroori Hota Hai” which gained a fair share of popularity. Hence, alongside the range of packages to satisfy the smart-phone crazy generation, they also gave due importance to the image of their brand.

- **Cadbury India Ltd,**

**They are the largest chocolate brand in the country that has been loved by consumers of all age groups. They have been pioneered in coco cultivation activity in India. Since their inception in 1948, they have consistently seen progressive curve upward in expanding their business. The company faced extreme opposition during 2006 when they were facing allegations of having worms in their chocolates. Almost immediately, they took preventive & corrective actions & changed their packaging method. Along with the same, they launched a massive marketing campaign with Amitabh Bachchan on board. The campaign was a great success & helped the brand regain its strong market reputation.**

- Maggi

This brand has been successful in sending us back to some sweet nostalgic state of mind. The Food Safety & Standards Authority of India (FSSAI) accused this brand of having the lead & monosodium glutamate above the permissible limits during 2015. To everyone's surprise, rapidly this news was spread in the market like wildfire & Maggi was off the shelves for several months. Despite this massive set back, they kept the cord live with their consumers. A series of videos with hashtags WE MISS YOU TOO were launched by the company to remind its consumers of the good time they had while having their product. Certainly, this campaign was a success & people get its beloved Maggi back on market racks.

