

Consumer Behavior in Changing Business Scenario in Globalization

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Abstract-In this era of competition, understanding the consumer is a necessity for marketers. Consumer needs and preferences are continuously changing, given the changes in factors like demographics and lifestyles. These changes can become great business opportunities for alert marketers and threats for marketers who fail to adapt. Consumers acquire, consume, and dispose off the products and services created by organizations. They go through several cognitive and behavioral processes while making their purchase and consumption decisions. The knowledge of how they decide on one brand instead of another and what factors influence their decision-making is crucial for marketers, not only to cater to the existing needs of their consumers but also to prepare for their future needs. This knowledge is also essential to make various business decisions related to product development, packaging, pricing, distribution, promotions, communication, etc. This work paper focuses on consumer behaviour in changing business scenario in the era of globalization.

Key words:

Introduction:-

Consumer behaviour referred to as the study of when, why, how, where and what people do or do not buy products. It blends elements from psychology, sociology, social, anthropology and

economics. It attempts to understand the buyer decision making process, both individually and in groups.

It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer.

A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions. Each method for vote counting is assumed as a social function but if Arrow's possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonicity, unanimity, homogeneity and weak and strong Pareto optimality. No social choice function meets these requirements in an ordinal scale simultaneously.

The most important characteristic of a social function is identification of the interactive effect

of alternatives and creating a logical relation with the ranks. Marketing provides services in order to satisfy customers. With that in mind, the productive system is considered from its beginning at the production level, to the end of the cycle, the consumer **Belch** define consumer behaviour as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires'.

Consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

- i. Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).
- ii. Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.
- iii. Consumer behavior involves services and ideas as well as tangible products.
- iv. The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

There are some main applications of consumer behavior:

- i. The most obvious is for **marketing strategy**—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.
- ii. A second application is **public policy**. In the 1980s, Accutane, a near miracle cure for acne, was introduced. Unfortunately, Accutane resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers' attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.
- iii. A **Social marketing** involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug

culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.

- iv. As a final benefit, **Studying consumer behavior** should make us better consumers. Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a size premium by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are really getting a bargain.

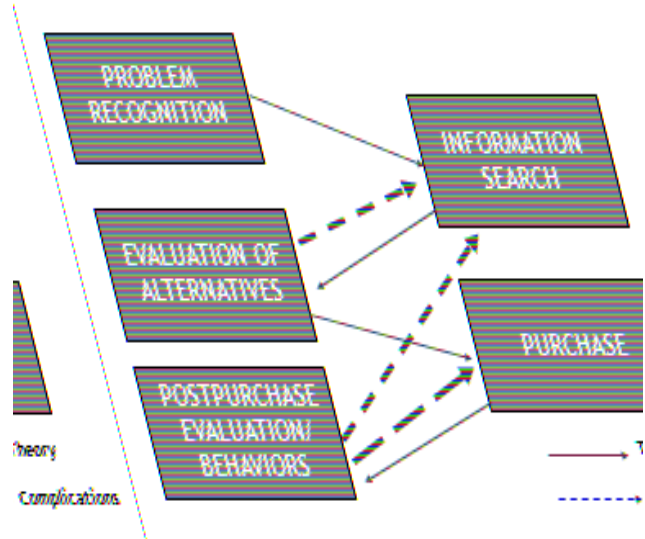
There are several units in the market that can be analyzed. Our main thrust in this course is the consumer. However, we will also need to analyze our own firm's strengths and weaknesses and those of competing firms. Suppose, for example, that we make a product aimed at older consumers, a growing segment. A competing firm that targets babies, a shrinking market, is likely to consider repositioning toward our market. To assess a competing firm's potential threat, we need to examine its assets (e.g., technology, patents, market knowledge, and awareness of its brands) against pressures it faces from the market. Finally, we need to assess conditions (the marketing environment). For example, although we may have developed a product that offers great appeal for consumers, a recession may cut demand dramatically.

Information Search and Decision Making

Problem Recognition. One model of consumer decision making involves several steps. The first one is problem recognition—you realize that something is not as it should be. Perhaps, for example, your car is getting more difficult to start and is not accelerating well. The second step is information search—what are some alternative ways of solving the problem? You might buy a new car, buy a used car, take your

car in for repair, ride the bus, ride a taxi, or ride a skateboard to work.

The third step involves evaluation of alternatives. A skateboard is inexpensive, but may be ill-suited for long distances and for rainy days. Finally, we have the purchase stage, and sometimes a post-purchase stage (e.g., you return a product to the store because you did not find it satisfactory). In reality, people may go back and forth between the stages. For example, a person may resume alternative identification during while evaluating already known alternatives.



Consumer involvement will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne medication).

It is important to consider the consumer's motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of performance, leading to a feeling of power, which ultimately improves the consumer's self-esteem. A handgun may aim bullets with precision, which enables the user to kill an

intruder, which means that the intruder will not be able to harm the consumer's family, which achieves the desired end-state of security. In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.

Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve "top of mind" awareness. For example, few people will search the Yellow Pages for fast food restaurants; thus, the consumer must be able to retrieve one's restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an external search. Before buying a car, for example, the consumer may ask friends' opinions, read reviews in Consumer Reports, consult several web sites, and visit several dealerships. Thus, firms that make products that are selected predominantly through external search must invest in having information available to the consumer in need—e.g., through brochures, web sites, or news coverage.

A compensatory decision involves the consumer "trading off" good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. If the price is sufficiently inexpensive and gas efficient, the consumer may then select it over a car with better acceleration that costs more and uses more gas. Occasionally, a decision will involve a non-compensatory strategy. For example, a parent may reject all soft drinks that contain artificial sweeteners. Here, other good features such as taste and low calories cannot overcome this one "non-negotiable" attribute.

The amount of effort a consumer puts into searching depends on a number of factors such as the market (how many competitors are there, and how great are differences between brands expected to be?), product characteristics (how important is this product? How complex is the product? How obvious are indications of quality?), consumer characteristics (how

interested is a consumer, generally, in analyzing product characteristics and making the best possible deal?), and situational characteristics (as previously discussed).

Two interesting issues in decisions are:

- Variety seeking (where consumers seek to try new brands not because these brands are expected to be "better" in any way, but rather because the consumer wants a "change of pace," and
- "Impulse" purchases—unplanned buys. This represents a somewhat "fuzzy" group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

Factors influencing consumer choices

A number of factors involve consumer choices. In some cases, consumers will be more motivated. For example, one may be more careful choosing a gift for an in-law than when buying the same thing for one self. Some consumers are also more motivated to comparison shop for the best prices, while others are more convenience oriented. Personality impacts decisions. Some like variety more than others, and some are more receptive to stimulation and excitement in trying new stores. Perception influences decisions. Some people, for example, can taste the difference between generic and name brand foods while many cannot.

Selective perception occurs when a person is paying attention only to information of interest. For example, when looking for a new car, the consumer may pay more attention to car ads than when this is not in the horizon. Some consumers are put off by perceived risk. Thus, many marketers offer a money back guarantee. Consumers will tend to change their behavior through learning—e.g., they will avoid restaurants they have found to be crowded and will settle on brands that best meet their tastes. Consumers differ in the values they hold (e.g., some people are more committed to recycling

than others who will not want to go through the hassle).

Generally, there are two main themes in the Family Life Cycle, subject to significant exceptions:

- As a person gets older, he or she tends to advance in his or her career and tends to get greater income (exceptions: maternity leave, divorce, retirement).
- Unfortunately, obligations also tend to increase with time (at least until one's mortgage has been paid off). Children and paying for one's house are two of the greatest expenses.

Note that although a single person may have a lower income than a married couple, the single may be able to buy more discretionary items.

Family Decision Making. Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives.

Influencers do not ultimately have the power to decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met. The decision maker(s) have the power to determine issues such as:

- Whether to buy;
- Which product to buy
- Which brand to buy;
- Where to buy it; and
- When to buy.

Note, however, that the role of the decision maker is separate from that of the purchaser. From the point of view of the marketer, this introduces some problems since the purchaser can be targeted by point-of-purchase (POP) marketing efforts that cannot be aimed at the decision maker. Also note that the distinction between the purchaser and decision maker may be somewhat blurred:

- The decision maker may specify what kind of product to buy, but not which brand;
- The purchaser may have to make a substitution if the desired brand is not in stock;
- The purchaser may disregard instructions (by error or deliberately).

It should be noted that family decisions are often subject to a great deal of conflict. The reality is that few families are wealthy enough to avoid a strong tension between demands on the family's resources. Conflicting pressures are especially likely in families with children and/or when only one spouse works outside the home. Note that many decisions inherently come down to values, and that there is frequently no "objective" way to arbitrate differences. One spouse may believe that it is important to save for the children's future; the other may value spending now (on private schools and computer equipment) to help prepare the children for the future. Who is right? There is no clear answer here. The situation becomes even more complex when more parties—such as children or other relatives—are involved.

Some family members may resort to various strategies to get their way. One is bargaining—one member will give up something in return for someone else. For example, the wife says that her husband can take an expensive course in gourmet cooking if she can buy a new pickup truck. Alternatively, a child may promise to walk it every day if he or she can have a hippopotamus. Another strategy is reasoning—trying to get the other person(s) to accept one's view through logical argumentation. Note that even when this is done with a sincere intent, its potential is limited by legitimate differences in values illustrated above. Also note that individuals may simply try to "wear down" the other party by endless talking in the guise of reasoning (this is a case of negative reinforcement as we will see subsequently).

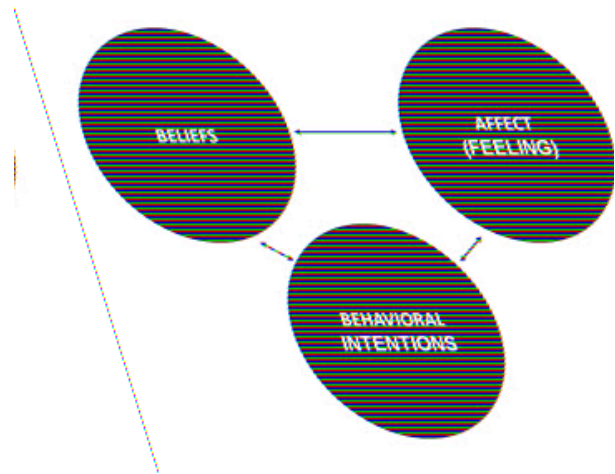
Group Influences

- Humans are inherently social animals, and individuals greatly influence each other. A useful framework of analysis of group influence on the individual is the so called reference group—the term comes about because an individual uses a relevant group as a standard of reference against which oneself is compared.

Reference groups come with various degrees of influence. Primary reference groups come with a great deal of influence—e.g., members of a fraternity/sorority. Secondary reference groups tend to have somewhat less influence—e.g., members of a boating club that one encounter only during week-ends are likely to have their influence limited to consumption during that time period.

Another typology divides reference groups into the informational kind (influence is based almost entirely on members' knowledge), normative (members influence what is perceived to be "right," "proper," "responsible," or "cool"), or identification. The difference between the latter two categories involves the individual's motivation for compliance. In case of the normative reference group, the individual tends to comply largely for utilitarian reasons—dressing according to company standards is likely to help your career, but there is no real motivation to dress that way outside the job. In contrast, people comply with identification groups' standards for the sake of belonging—for example, a member of a religious group may wear a symbol even outside the house of worship because the religion is a part of the person's identity.

Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some object--within the context of marketing, usually a brand or retail store. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.



Changing affect in Consumer Behaviour

One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs. One strategy uses the approach of classical conditioning try to “pair” the product with a liked stimulus. For example, we “pair” a car with a beautiful woman. Alternatively, we can try to get people to like the advertisement and hope that this liking will “spill over” into the purchase of a product. For example, the Pillsbury Doughboy does not really emphasize the conveyance of much information to the consumer; instead, it attempts to create a warm, fuzzy image. Although Energizer Bunny ads try to get people to believe that their batteries last longer, the main emphasis is on the likeable bunny. Finally, products which are better known, through the mere exposure effect, tend to be better liked--that is, the more a product is advertised and seen in stores, the more it will generally be liked, even if consumers do not develop any specific beliefs about the product.

Changing behaviour

People like to believe that their behavior is rational; thus, once they use our products, chances are that they will continue unless someone is able to get them to switch. One way to get people to switch to our brand is to use temporary price discounts and coupons; however, when consumers buy a product on deal, they may justify the purchase based on that deal (i.e., the low price) and may then switch to other brands on deal later. A better way to get

people to switch to our brand is to at least temporarily obtain better shelf space so that the product is more convenient. Consumers are less likely to use this availability as a rationale for their purchase and may continue to buy the product even when the product is less conveniently located. (Notice, by the way, that this represents a case of shaping).

Changing beliefs

Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavorable or inaccurate ones, this is often difficult to achieve because consumers tend to resist. Several approaches to belief change exist:

1. Change currently held beliefs. It is generally very difficult to attempt to change beliefs that people hold, particularly those that are strongly held, even if they are inaccurate. For example, the petroleum industry advertised for a long time that its profits were lower than were commonly believed, and provided extensive factual evidence in its advertising to support this reality. Consumers were suspicious and rejected this information, however.
2. Change the importance of beliefs. Although the sugar manufacturers would undoubtedly like to decrease the importance of healthy teeth, it is usually not feasible to make beliefs less important--consumers are likely to reason, why, then, would you bother bringing them up in the first place? However, it may be possible to strengthen beliefs that favor us--e.g., a vitamin supplement manufacturer may advertise that it is extremely important for women to replace iron lost through menstruation. Most consumers already agree with this, but the belief can be made stronger.
3. Add beliefs. Consumers are less likely to resist the addition of beliefs so long as they do not conflict with existing beliefs. Thus, the beef industry has added beliefs that beef (1) is convenient

and (2) can be used to make a number of creative dishes. Vitamin manufacturers attempt to add the belief that stress causes vitamin depletion, which sounds quite plausible to most people.

4. Change ideal. It usually difficult, and very risky, to attempt to change ideals, and only few firms succeed. For example, Hard Candy may have attempted to change the ideal away from traditional beauty toward more unique self expression.

One-sided vs. two-sided appeals

Attitude research has shown that consumers often tend to react more favorably to advertisements which either (1) admit something negative about the sponsoring brand (e.g., the Volvo is a clumsy car, but very safe) or (2) admits something positive about a competing brand (e.g., a competing supermarket has slightly lower prices, but offers less service and selection). Two-sided appeals must, contain overriding arguments why the sponsoring brand is ultimately superior--that is, in the above examples, the "but" part must be emphasized.

Appeal Approaches.

The use of affect to induce empathy with advertising characters may increase attraction to a product, but may backfire if consumers believe that people's feelings are being exploited. Fear appeals appear to work only if (1) an optimal level of fear is evoked--not so much that people tune it out, but enough to scare people into action and (2) a way to avoid the feared stimulus is explicitly indicated--e.g., gingivitis and tooth loss can be avoided by using this mouth wash. Humor appears to be effective in gaining attention, but does not appear to increase persuasion in practice. In addition, a more favorable attitude toward the advertisement may be created by humorous advertising, which may in turn result in increased sales. Comparative advertising, which is illegal in many countries, often increases sales for the sponsoring brand, but may backfire in certain cultures.

Conclusion

One of the best ways to influence consumer behavior is to give buyers an acceptable motive.

This is somewhat related to the idea of asking what type of person would buy a certain product in evaluating consumer behavior. Consumers want to feel they're doing something good, being a good person, eating healthy, making contacts, keeping up appearances, or that they just deserve to be spoiled a little bit. If marketers can convince consumers that they need a product or service for some "legitimate" reason, customers will be more likely to make a purchase.

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