

Topic –An Introduction, Meaning of Consumer Behaviour & Marketing Orientation or Concept.

CONSUMER BEHAVIOUR - AN INTRODUCTION

Although the marketing concept has been in vogue since the past many decades, today, when the market is flooded with so many me-too products, it is all the more necessary that marketers to understand the uniqueness and diversity of consumer behaviour and make product or service offerings accordingly. The success of organizations will be reflected when consumers accept such offerings and continue to patronise it for a long period of time.

Today we are living in e-technology age. The revolution in this e-technology age facilitates marketers to go for more customisation of products, services and media usage. This is possible because marketers take the help of technology to collect and analyse all the complex information available on consumer's characteristic features and buying pattern. In this chapter we start by trying to understand the meaning and definition of consumer behaviour.

MEANING AND RELEVANCE OF CONSUMER BEHAVIOUR

Marketers have noticed that there have been key changes occurring in consumer attitudes, especially in the recent past. Not too long ago, debt was viewed as a detested thing by Indian families. But now, Indian consumers have developed a huge change in the attitudes towards debt. Today, it is considered to be perfectly legitimate and an easy way to create assets and aspire for a better lifestyle. This change in consumer attitudes has led to the emergence of a number of very easy credit options. There has also been a shift in the mindset towards rising aspirations and changing attitudes to words lifestyle, recreation and entertainment expenditures. As a result, today a basic product such as a soap or detergent is competing with a credit card, cell phone or digital camera - all of which are bought with the same money.

Successful marketers have realised that the formula for success will be based on how effectively they have identified their customers' expectations from products and brands and provide the same with a very high value satisfaction level. These marketers are engaged in gauging the behaviour of consumers (or customers), identifying the sources, timing and direction of the changes in their behaviour, emerging new competencies of perspectives all of which will enable them to respond to the changes in the most effective manner.

DEFINITION OF CONSUMER BEHAVIOUR

Consumer behaviour can be said to be the study of how individuals make decisions on how to spend their available resources (time, money, effort) on various consumption-related items. This simple definition of consumer behaviour tells marketers to revolve every activity around the ultimate consumer and gauge their behaviour by specifically focusing on Who buys products or services?

How do they buy products or services?

Where do they buy them?

How often do they buy them?

When do they buy them and

How often do they use them?

These questions will help in understanding better, what factors influence the decision making involved in this process and ascribes a role to them-like the user, decider, influencer and buyer.

process of the consumers. The decision-making process identifies the number of people who are

It is believed that consumers or customers make purchase decisions on the basis of receipt of a small number of selectively chosen pieces of information. Thus, it will be very important to understand what and how much information is required by the customer to help him evaluate the goods and services offerings.

Thus, the term consumer behaviour is defined as the behaviour displayed by consumers in searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

Consumer Behaviour is the study of how people make decisions about what they buy, want, need, or act in regards to a product, service, or company. It is critical to understand consumer behavior to know how potential customers will respond to a new product or service. It also helps companies identify opportunities that are not currently met.

SCOPE AND APPLICATION OF CONSUMER BEHAVIOUR

Consumer behaviour as a separate field of study has only gained attention from the 1960. In the absence of a history or a separate research of its own then this new discipline drew/or borrowed concepts from other scientific disciplines such as

- Psychology (the study of individuals)
- Sociology (the study of groups)
- Social-psychology (the study of how person are influenced by groups)
- Cultural anthropology (the influence of the culture and society on the individual)
- Economics (relationship between demand and supply in the flow of marketing activity)

Initially, the study of consumer research was emphasizing a managerial perspective. In that, if the marketing manager could obtain consumption related behaviour i.e., if they are able to predict consumer behaviour, then they could influence it. This type of consumer behaviour approach came to be known as positivism

But there are a group of academicians, who are interested in the study of consumer behaviour, so as to understand it better. This approach is of interest to the academicians because they are more interested in knowing consumption behaviour going by the influence of the various disciplines on the consumer behaviour. This approach of studying the consumer behaviour with a view of understanding consumption behaviour and the interpretations of such behaviour is known as 'interpretivism or post modernism'. These interpretivists have included many subjective aspects of consumer behaviour such as the effect of moods, emotions, type of situations etc. These interpretivists have also treated each purchase experience as unique because of the many variables which influence the behaviour at that particular moment of time. On account of its focus on the consumption experience, the interpretive approach is also referred to as experimentalism. (Consumer Behavior, LG Schiffman, L Kanuk, 1997)

While conducting consumer research, it was realised that in spite of easy acceptance of fashion and fads, consumers also had a preference for differentiated products matching their special needs, personalities and lifestyles. Thus, came into existence the importance of market segmentation. Thus, the Field of consumer behaviour will be helpful for adopting the process of market segmentation. This is a process of dividing the total potential market into smaller, homogeneous segments, based on similar needs of the target market and producing a product that will meet those needs at a profit

Marketing Orientation or Concepts

The marketing function or activities are conducted by various companies based on six alternative concepts or orientations. They are:

1. The Production Concept

2. The Product Concept

3. The Selling Concept

4. The Marketing Concept

5. The Customer Concept

6. The Societal Marketing Concept

1. The Production Concept-The production concept believes that consumers will favour products that are readily available at reasonable prices. Improvement in production and distribution efficiency will be the focus for managements under this concept. When the demand for a product exceeds the supply, manufacturers have to increase production. When the products cost is too high, the management has to bring it down to affordable levels. In the example of Ford car model T. Henry Ford believed that if cost is reduced, more people would buy it. Ford did not have any concern about customers' preferences and joked that the customer can have any colour for the car, provided it was black. The production concept, though useful in some situations, could result in marketing myopia', according to Theodore Levit. Companies following this concept focus too narrowly on their own activities and lose sight of the real objective of customer need satisfaction.

In India, for example, the Indian Telephone Industry (ITI) earlier had a monopoly, and was producing only black coloured telephone instruments. At present, due to competitors entering the market, we can have any colour for our instruments. Similarly, household electrical appliances like fridge, washing machine, geysor, microwave oven, etc, were available only in white colour (and were, therefore, called white goods). Now we have a choice of different colours

2. The Product Concept The product concept believes that consumers will favour products that offer the most in quality, performance, and innovative features. Continuous improvements in product and quality are essential for companies that follow this concept. They believe that if they build a better mouse trap, the world will beat a path to their door. Actually, the consumers may be wanting a better solution to the mouse problem and not a better mousetrap. So, product concept may also lead to marketing myopia.

3. The Selling Concept

The selling concept believes that consumers will not buy enough of the company's products unless it undertakes pressure selling tactics and heavy promotion efforts. Buyers are believed to have a buying habit. This concept is especially used for unsought goods which buyers normally do not think of buying, like life insurance, cemetery plots, etc. When companies face excess production, they follow this concept to sell what they make, without caring for customer's needs or satisfaction

4. The Marketing Concept

The marketing concept believes that achieving the company's objectives depends on understanding the needs and wants of target markets and delivering the desired satisfaction in a better way than what the competitors are doing. Focus on customer and value is considered the path to successful sales and company profits in this concept. The customer is considered THE KING and the company produces and markets what the customer wants.

5. The Customer Concept Many companies are today moving beyond the marketing concept to the customer concept. These companies shape separate offers, services, and messages to individual customers, based on their

individual preferences. They hope to achieve profitable growth through capturing a large share of each customer's expenditures by building high customer loyalty and focusing on customer lifetime value. One-to-one marketing has become possible through advances in factory customization, computers, the Internet and database marketing software. Examples: Barbie Dolls, Levi Strauss, Dell Computers.

6. The Societal Marketing Concept

This concept believes that organizations should determine the needs, wants and interests of target markets should then deliver superior value to the customers in a way that maintains or improves the consumer's and the society well-being. The societal marketing concept calls on marketers to balance three considerations in setting their marketing policies: company profits, consumer wants, and society's interests or human welfare.