

# Changing Behavior of Consumer: A Study of Indian Market

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## ABSTRACT

Consumer behavior is a study of how individuals make decisions to spend their available resources (time, money and effort) on consumption related items (What they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service). The understanding of consumer behavior has become the most challenging concept in marketing in India. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. The Indian consumer no longer feels shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to a tremendous increase in expenditure and use of FMCG's products. The reason behind this is that the purchasing power of people of India is rising. The Indian consumer today is highly aware about the product, price, quality and the options available with him. The present study analysed the behavior of consumer while buying FMCG's. The study showed that consumer buying behavior influenced by the culture and subculture. Habits, likes and dislikes of the people belonging to a particular culture or subculture can affect the decision of consumer while buying. The social class to which the individual belongs tells about the types of products that individual prefers. The study also examined other factors that influence the buying behavior are social factors like reference group and family, personal factors like the age, life cycle and occupation, and psychological factors like motivation, perception and attitudes of the customers.

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## I. INTRODUCTION

Consumer behavior is a study of how individuals make decisions to spend their available resources (time, money and effort) on consumption related items (What they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service) The understanding of consumer behavior has become the most challenging concept in marketing in India. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. He wants to live in present and does not believe in savings for the future. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods. The Indian middle class has provided a big boost to consumer culture during the recent past and it is hoped that their buying behavior will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also increasing. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to services and industry sector where growth prospects are reasonably high as compared to the agriculture sector which is showing slow growth. The consumption pattern of a country depends on liberalization of economic policies, buying habits of the younger generation, financial independence at a young age, increase in number of nuclear families and increase in media exposure of the people. The tastes and preferences of the current generation are changing rapidly. The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The Indian consumer no longer feels shy to purchase products on credit and pay tomorrow for what they use of buy today. This tendency has led to a tremendous increase in expenditure levels and purchase of FMCGs

The Fast Moving Consumer Goods (FMCG) sector is one of the important sectors of the Indian economy. This sector touches every aspect of human life. Its principal constituents are Household Care, Personal Care and Food & Beverages. The total FMCG market is in excess of Rs.85, 000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate. FMCG industry is characterized by well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments. The consumer's identity, his beliefs, specific needs, attitudes and the kind of product and brands

available in that product category influence his buying behavior for Fast Moving Consumer Goods (FMCG). The success or failure of Fast Moving Consumer Goods (FMCG) is directly related to the buying behavior of the customer. Hence, an understanding of the buying behavior of customers helps marketers come up with innovative product mixes. Finally, buyer behavior acts as an imperative tool in the hands of marketers to forecast the future buying behavior of customers and device marketing strategies accordingly in order to create long term customer relationship. Thus, the present paper is an attempt to study the various factors that influence the consumer's buying behavior for FMCG's.

## II. FACTORS INFLUENCING CONSUMER BUYING BEHAVIOR

Consumer buying behavior is affected by various factors that determine the product and brand preferences of consumers. It is essential for marketers to study the impact of these factors on consumer buying behavior because it helps them in designing marketing strategies to appeal to consumer preferences. The factors that influence the consumer buying behavior include cultural, social, personal and psychological factors.

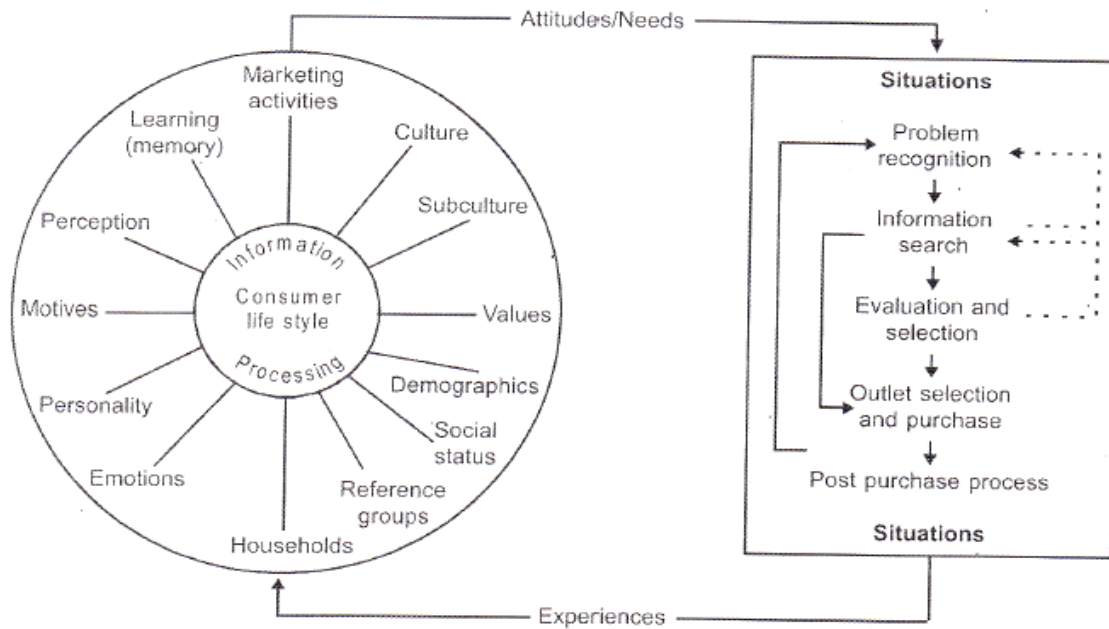


Fig. 1.1 A simplified framework for studying consumer behaviour.

Figure 1 gives in detail the shaping of consumer behavior, which leads a consumer to react in certain ways and he makes a decision, keeping the situations in mind. The process of decision-making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the product/service. The figure shows that consumer life style is in the centre of the circle. The consumer and his life style is influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumers' emotions, personality motives buying, perception and marketer. All these factors lead to the information of attitudes and needs of the consumer.

**1. Cultural factors:** - The cultural factors that influence consumer buying behavior include the culture subculture and social class of the buyer.

**(i) Culture:** - Culture is considered as a set of rules, values, beliefs, behavior and concepts that is common to and binds together the members of a society. It is usually passed on from one generation to the other. During our lives, there is constant-conscious and unconscious-pressure on us to display certain types of behavior. Perceptions, wants, and behavior learnt by an individual, influence his buying behavior. Our culture reflects what we eat, what we wear, the code of conduct, our buying habits, consumption pattern and the way we use the dispose products. Culture also determines that is acceptable about product advertising. Thus, an individual's buying pattern for Fast Moving Consumer Goods (FMCG) is largely influenced by the culture.

**(ii) Subculture:** - Every culture has its own set of subcultures. A subculture is a culture followed by a group of people within a culture that is distinctly identified within a larger society. These groups have similar habits, behavior patterns,

shared value system, buying behavior on the basis of their age, religion, common experiences or even geographic location. To tackle the problems created by sub cultural differences marketers need to understand the requirements of the sub cultural groups and adopt strategies like altering the product, promotion, packaging or price suitable to these groups. Thus subculture effects the consumer preferences in buying the Fast Moving Consumer Goods (FMCG).

**(iii) Social class:** - Social class refers to the classification of members of the society into a hierarchy of distinct classes so that every individual in a class has approximately same position in the society. Most societies in the world have different social class structure. Members of each social class are free to move in an upward or downward direction within the social class, on the basis of their social status. Social class can be subdivided into four categories viz. upper class, upper middle class, middle class and the lower class.

**(a) Upper class:** This class consists of people who are rich and possess considerable wealth, for example, people with large businesses and wealthy corporate executives. These people live in large bungalows in posh localities and tend to buy expensive products and patronize branded exclusive shops for snob and luxury goods.

**(b) Upper middle class:** - This class consists of well-educated people holding top class positions in middle size firms, or professionals who are successful. They have a strong drive for success and indulge in shopping for goods that speak of their social status.

**(c) Middle class:** This class consists of white collar workers like middle level and junior executives, sales people, academicians, small business owners, etc. These people lead a conservative lifestyle and spend moderately. They live in apartments or reasonably smaller houses and seek to buy products, which give more value for money.

**(d) Lower class:** - This class consists of blue collar workers like factory laborers, semi skilled and unskilled laborers in the unorganized sector. These people are more family oriented and depend on their family for economic and emotional support. Their families are usually male dominated. These people are less or poorly educated, live in smaller houses in less desirable neighborhoods. Due to their low income levels, these people tend to live in the present and have no concept of savings. Every social class prefers to buy distinct products and exhibits brand preferences in categories like clothes, home appliances, furnishings, leisure activity, food, automobiles, etc. To an extent, social class determines the type, quality

## 2. SOCIAL FACTORS

Family, friends, formal social groups, colleagues at work and consumer action groups influence the consumer's buying behavior significantly. An individual's family greatly influences the buying patterns of the individual. However, this depends on the amount of interaction he has with his other family members. They help in sharpening the decision of choices for the mothers. Subsequently, friends are the next important social group that influences the buying behavior of the individual. A friendship group is an informal and unstructured group. The influence of this group is significant on individual buying process, because things that are not normally discussed with the family members are discussed with friends. Suggestions offered by friends on such aspects influence an individual's buying behavior. Formal social groups like Lion's Club, Rotary Club and Jaycee's Club do influence the individual buying behavior. The members in such groups influence other members during informal discussions or by becoming a role model to other members. The average amount of time an individual spends at his workplace is around 40 hours per week (five working days). During the working hours, an individual normally has formal and informal discussions with other employees and therefore, there exists an ample opportunity for influencing the buying behavior of the individual. These social groups influence buyers to refrain from buying those goods and services that exploit customer vulnerabilities.

**Reference groups:** An individual's attitude, value and behavior are influenced by different (small) groups. These groups are called reference groups and they have a direct or indirect influence on the individual. Buying behavior of consumers is largely influenced by the reference group to which they belong or aspire to belong.

**Family:** A family is defined as two or more persons related by blood, marriage or adoption and reside together. A family is a small reference group but it is prominent in influencing consumer behavior. Families go through various stages of life cycle, each stage creates different demands for different products and the buying behavior of the members is greatly influenced by the stage of the family life cycle. For example, the consumer demands of a bachelor are different from those of a newly married couple, or a family with children/no children, older couples with dependent children, older couples with no dependent children and solitary survivors. Members of a family exert a strong influence on the buying decision. The husband, the wife and the children play different roles while purchasing different products and services and these roles vary from country to country. For example, in India, the major buying decisions for the children are taken by the parents. Joint

decisions are taken by both the husband and the wife for purchasing expensive products and services. It has also been observed that wives are the major decision makers regarding buying of FMCGs products. Further, Children also play an important role in this process. The decision of the children is generally influenced by the various offers made with the products like attached gifts etc. Therefore, marketers are keenly interested in the roles played by the members and the relative influence each member exerts on the buying decisions. With the increase in number of women working away from home and many people, including men, working from home, the traditional husband-wife buying roles are changing. The challenge for a marketer lies in understanding how this might affect demand for products and services. For example, the new commercial aired by Ariel washing powder shows the ease with which a man can use its product.

### 3. PERSONAL FACTORS

There are different personal factors, which affect the buying decision process. These factors, such as the age, sex, lifecycle stage, occupation, economic conditions, personality, etc, are unique to every individual.

**(i) Age and life cycle stage:** Changes in the society have led to the creation of different categories like couples marrying late in life, childless couples, single parents, etc., besides the traditional lifecycle stages which included young singles, married couples and lone survivors. Over the lifecycle stages, people use different products and their demand for goods and services keep changing. People at different ages will have different tastes in food, clothes, furniture and recreation. Even families pass through different stages of the life cycle over time. Therefore, marketers should determine the needs of their target markets and introduce different products and marketing efforts targeted at different stages.

**(ii) Occupation and financial status:** Occupation and income level of a person have a major impact on his savings and buying behavior. For example, a blue collar worker will indulge more in purchasing clothes, shoes, etc. which he can wear to work. Similarly, a company's chairman may buy clothes, accessories and other products and services that suit his lifestyle. The financial conditions of an individual such as his disposable income, savings, his ability to buy costly products and services on installments and bear the interest rates, etc. will have a significant influence on his buying behavior.

**(iii) Lifestyle:** An individual's way of leading his life will determine his lifestyle. Factors such as work life, interests, social groups, etc. influence the life style of an individual.

### 4. PSYCHOLOGICAL FACTORS

Psychological factors that influence consumer buyer behavior are motivation, perception, attitude, and learning.

**(i) Motivation:** A motive is a strong urge that drives a person's activities towards unfulfilled needs and wants. Customers are influenced by a motive or a set of motives when they have unfulfilled needs. In other words, needs are the motivational elements behind the purchasing decision of customers. One of the most widely known motivational theory, the hierarchy of needs, was proposed by Abraham Maslow and explains why people are driven by particular needs at particular times. According to Maslow, needs can be classified as (a) physiological needs, (b) security needs, (c) social needs, (d) Esteem needs and (e) self actualization needs. Customers tend to satisfy their needs on the basis of the intensity or requirement of the needs. For example, physiological need is the most basic need and hence, an individual would justify it first. Satisfaction of one need leads to emergence of higher level unfulfilled needs. Needs are general in nature but wants arise out other desire to fulfill the needs in a specific way. For example, food can be classified as a need, but eating a particular dish or at a particular food joint is a want. Wants that are conditioned by certain motives are known as buying motives. Marketers must work to create these wants in the customers and target/position their product in such a way as to invoke desire in the customer to fulfill these wants.

**(ii) Perceptions:** Perception is defined as the process by which an individual selects, organize and interprets stimuli into meaningful thoughts and pictures. Customers base their perception; on their needs, wants, past experiences and something that they consider to be true. For example, a subscriber/reader who reads a particular newspaper or journal might perceive it to give the true picture of the happenings around him. Perceptions of a person are affected by many factors like reality, sense, risk etc.

- Customers perceive their environment through the sense of touch, smell, taste, hearing, etc.
- Customer's buying decisions are also influenced by the risk factor involved. For example, does the customer perceive the product to be safe, does he find it worth spending the time on shopping, does he think that the price is worth the amount paid for? Marketers can address these problems through appropriate marketing communication strategies.

- Understanding the customer's perception helps the marketers position their product better than that of the competitors. It helps them develop the right store image, product quality, price, distribution channel etc. Therefore, marketers must make an effort to understand the perceptions of the customers and adjust their marketing mix accordingly'

**(iii) Beliefs and Attitude:** A belief is a descriptive image or thought that an individual holds about something. People acquire beliefs and attitudes through experience as well as learning. The beliefs and attitudes held by people, in turn, influence their buying behavior. A person's attitude is a set of his feelings and the way in which he reacts to a given idea or thought. Attitudes can be positive, negative or neutral. Customer attitudes and beliefs influence his perception and buying behavior. Customer attitudes are based on their past experiences with the products and through their interaction and relationship with their respective reference groups. Customer attitudes can have a major impact on a firm's marketing efforts. For example, a customer with a negative attitude towards a company or its product, does not only stop purchasing the product but is also likely to influence, by appealing, his reference group to refrain from buying the same. Therefore, marketers must try to adjust their marketing mix to counter neutral and negative attitudes of the customers. Marketers can use several methods like observation, personal interviews and direct questionnaires to study the attitudes of the customers. The simplest method would be to phrase a set of direct, close-ended questions on a continuous five point scale (Likert's Summated Rating Scale) to study the degree of agreement or disagreement of the customers towards their marketing efforts.

## CONCLUSION

The Indian consumer has caught the attention of the rest of the world. Rising incomes in the hands of a young population, a growing economy, expansion in the availability of products and services and easy availability of credit, all of this has given rise to consumerism. The attitude of Indian consumers has undergone a major transformation over the last few years. The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The Indian consumer no longer feels shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to increase in expenditure and use of varied FMCG's products. The reason behind this is that the purchasing power of people of India is rising. The Indian consumer today is highly aware about the product, price, quality and the options available with him. The present study analysed the behavior of consumer whole buying FMCG's. The study showed that consumer buying behavior influenced by the culture and subculture. Habits, likes and dislikes of the people belonging to a particular culture or subculture can affect the decision of consumer while buying. The social class to which the individual belongs tells about the types of products that individual prefers. The study also examined that other factors that influence the buying behavior are social factors like reference group and family, personal factors like the age, life cycle and occupation, and psychological factors like motivation, perception and attitudes of the customers.

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