
Consumer Behavior: The Single Road for Effective Policy-Making

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Abstract

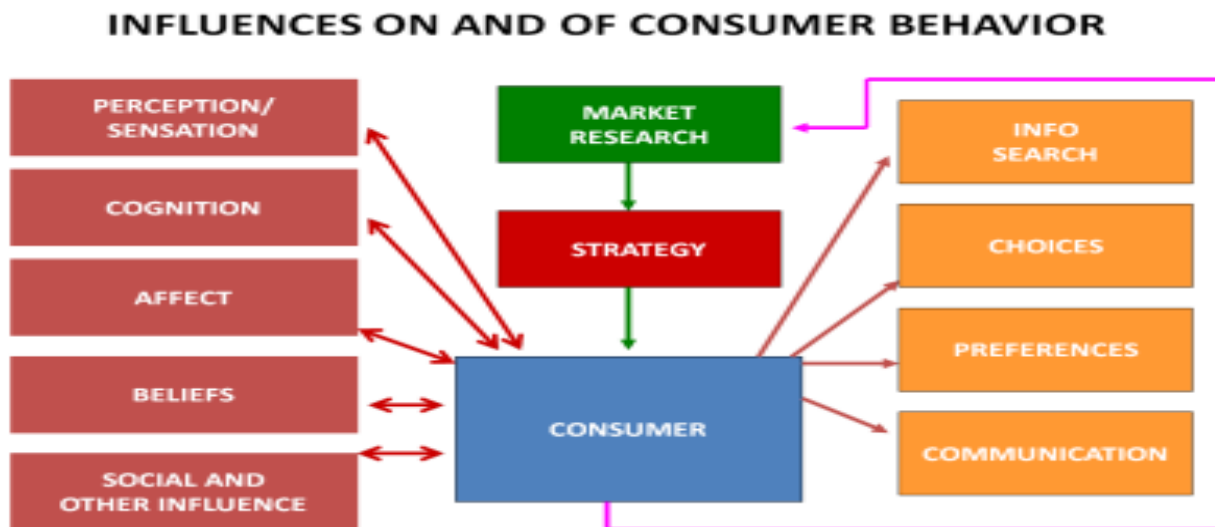
The observation of the decision making, purchasing patterns and habits of the general public” is known as consumer behavior. Despite of the fact that individuals behave differently, a number of common features can be observed in one's decision-making process. How can we influence it, is centreof large part of the work we do and will only continue to gain importance in the coming years. This was reinforced by the Future Challengesexercise. Understanding motivations and health related behavior is essential for policy-making because it allows us to better define the most effective tools for influencing behaviors and implementing the most effective policies. In terms of policy-making, there are many initiatives or behavioral interventions claiming to be able to shape consumer behavior. However, they often only enhance knowledge or raise awareness. The key challenge for effective health and consumer policies lies in bridging the gap between change in attitudes and actual changes in behavior – which is often referred to as the 'Attitude-Intention-Behavior Gap.'

Key Words :- *Observation, different behavior, challenging exercise, motivations, gap.*

1.0 Introduction

Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product).

Sources of influence on the consumer. The consumer faces numerous sources of influence.



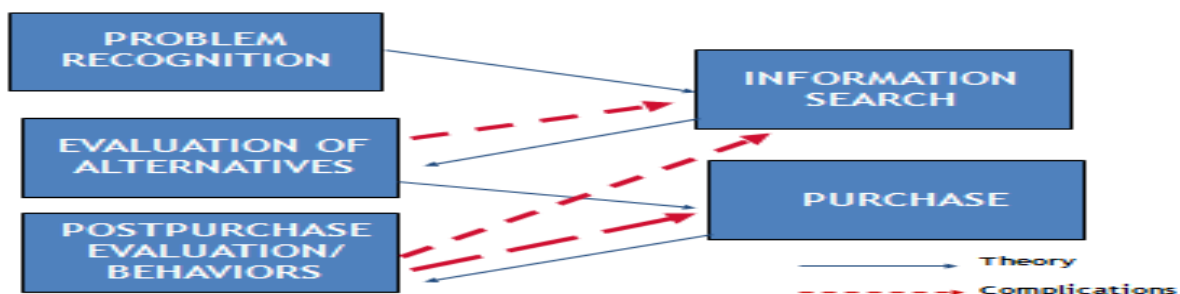
Often, we take *cultural* influences for granted, but they are significant. An American will usually not bargain with a store owner. This, however, is a common practice in much of the World. *Physical* factors also influence our behavior. We are more likely to buy a soft drink when we are thirsty, for example, and food manufacturers have found that it is more effective to advertise their products on the radio in the late afternoon when people are getting hungry. A person's *self-image* will also tend to influence what he or she will buy—an upwardly mobile manager may buy a flashy car to project an image of success. *Social* factors also influence what the consumers buy—often, consumers seek to imitate others whom they admire, and may buy the same brands. The social environment can include both the mainstream culture (e.g., Americans are more likely to have corn flakes or ham and eggs for breakfast than to have rice, which is preferred in many Asian countries) and a subculture (e.g., rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population). Thus, sneaker manufacturers are eager to have their products worn by admired athletes. Finally, consumer behavior is influenced by *learning*—you try a hamburger and learn that it satisfies your hunger and tastes good, and the next time you are hungry, you may consider another hamburger.

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,

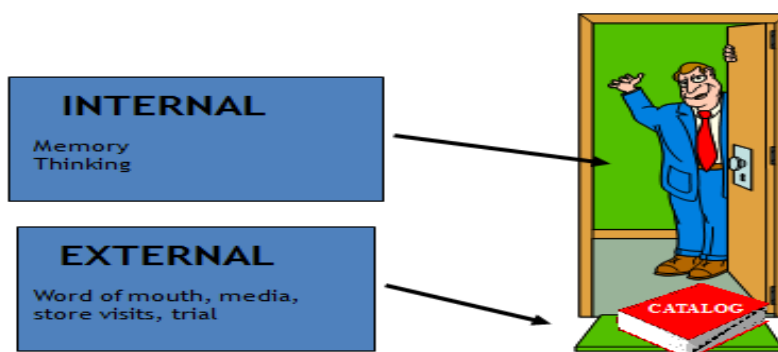
a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne medication).

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.

Consumer Choice 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.



Information search and decision making. Consumers engage in both *internal* and *external* information search. *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.

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). We will consider the issue of lifestyle under segmentation.

- Whether to buy;
- Which product to buy (pick-up or passenger car?);
- 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).

Perception. Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed. This works well, for example, when we “see” a friend three hundred feet away at his or her correct height; however, our perception is sometimes “off”—for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume.

Subliminal stimuli. Back in the 1960s, it was reported that on selected evenings, movie goers in a theater had been exposed to isolated frames with the words “Drink Coca Cola” and “Eat Popcorn” imbedded into the movie. These frames went by so fast that people did not consciously notice them, but it was reported that on nights with frames present, Coke and popcorn sales were significantly higher than on days they were left off. This led Congress to ban the use of subliminal advertising. First of all, there is a question as to whether this experiment ever took place or whether this information was simply made up. Secondly, no one has been able to replicate these findings. There is research to show that people will start to giggle with embarrassment when they are briefly exposed to “dirty” words in an experimental machine. Here, again, the exposure is so brief that the subjects are not aware of the actual words they saw, but it is evident that something has been recognized by the embarrassment displayed.

Organizational buyers. A large portion of the market for goods and services is attributable to *organizational*, as opposed to individual, buyers. In general, organizational buyers, who make buying decisions for their companies for a living, tend to be somewhat more sophisticated than

ordinary consumers. However, these organizational buyers are also often more risk averse. There is a risk in going with a new, possibly better (lower price or higher quality) supplier whose product is unproven and may turn out to be problematic. Often the fear of running this risk is greater than the potential rewards for getting a better deal. In the old days, it used to be said that “You can’t get fired for buying IBM.” This attitude is beginning to soften a bit today as firms face increasing pressures to cut costs.

Organizational buyers come in several forms. *Resellers* involve either wholesalers or retailers that buy from one organization and resell to some other entity. For example, large grocery chains sometimes buy products directly from the manufacturer and resell them to end-consumers. Wholesalers may sell to retailers who in turn sell to consumers. *Producers* also buy products from sub-manufacturers to create a finished product. For example, rather than manufacturing the parts themselves, computer manufacturers often buy hard drives, motherboards, cases, monitors, keyboards, and other components from manufacturers and put them together to create a finished product. *Governments* buy a great deal of things. For example, the military needs an incredible amount of supplies to feed and equip troops. Finally, large *institutions* buy products in huge quantities. For example, UCR probably buys thousands of reams of paper every month.

2.0 Problem Formulation

The formulation of research problem in the present study involves selection of most effective study methods, mode & response factors. Now a day consumers are showing very neutral response towards the feedback of the product.

3.0 Hypothesis

Hypothesis are generally considered as the principle instrument in research and it’s main function is to suggest new experiments and observations. In the recent contest a hypothesis serves several important functions. Perhaps the most important is that it guides the direction to the study of factor responsible for advertisement response in cosmetic sector.

H_0 = Middleman are not passing the customer view about the product to the companies.

4.0 Research Methodology

Objectives of the Study

Objectives are the route map of any research. Without setting objectives any research would be meaningless and all the efforts of the researcher will go in vain.

The key objectives are as

1. Finding major factors that influence the purchase decision of consumers and helpful to the companies in policy making.
2. Company perception towards the consumer behavior.
3. Whether companies are influenced and inspired by the ideas of consumers.

Sources of Data

The study undertaken is mainly based on the primary data i.e. structured questionnaire (the questions is close ended with multiple choices).The study also contains secondary data i.e. data from authenticated websites and journals for the latest updates just to gain an insight for the views of various experts.

Methodology & Presentation of Data

The data collected is then coded in the tables to make the things presentable and more effective. The results are shown by tables which will help me out in easy and effective presentation and hence results are being obtained.

Sample Size & Design

A sample of 25 companies was taken on the basis of convenience. The actual companies were contacted on the basis of random sampling.

Sample Design

A sample design in a definite plan for obtains a sample from a given population. It refers to the techniques the researcher would adopt in selecting item for the sample. Sample design is determined before data are collected. Sample design may lay down the numbers of items to be included in the sample. The location for sample is selected from entire Rajasthan state’s students and persons who are doing their job.

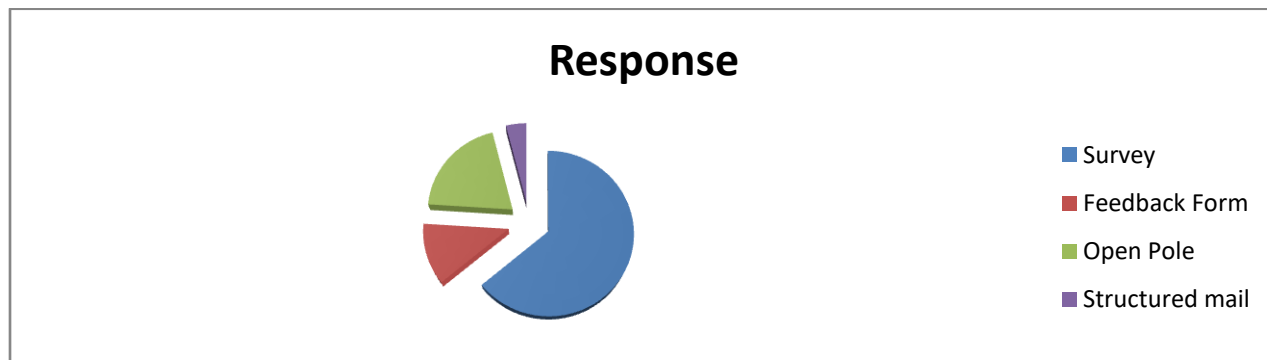
The research is based on convenience method as well as random method of sampling. Every possible effort was made to take selection of sample.

5.0 Analysis Plan

Q1 To know consumer’s taste and preference, what method you adopt?

- (a) Survey (b) Feedback form (c) Open pole (d) Structured mail

Option	Response
Survey	16
Feedback Form	03
Open Pole	05
Structured mail	01

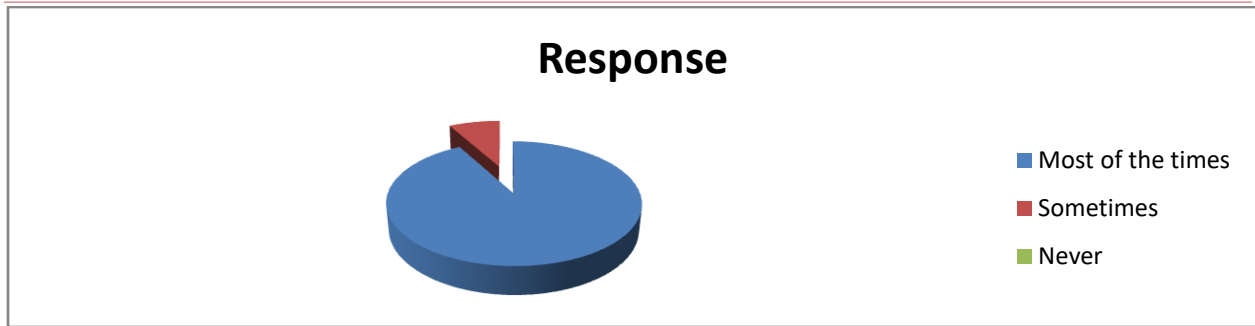


Analysis – About 64% companies are using survey method to know customer taste and preference keeping the open pole in second position (20%).

Q2 How many times you have found good ideas from customers

- (a) Most of the times (b) Sometimes (c) Never

Option	Response
Most of the times	23
Sometimes	02
Never	00

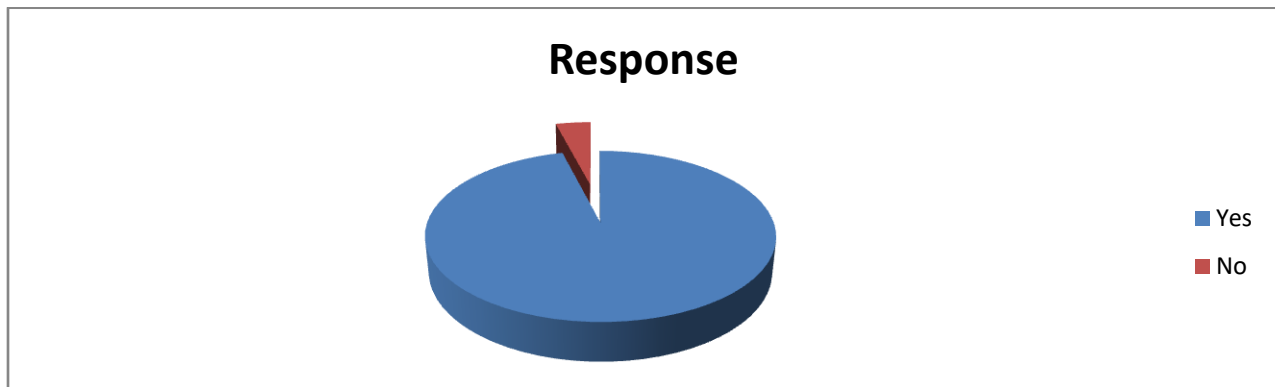


Analysis – 96% of company personnel have accepted that they are getting good ideas from customer.

Q3 Do you think considering the customer is the best way to get good idea?

- (a) Yes (b) No

Option	Response
Yes	24
No	01

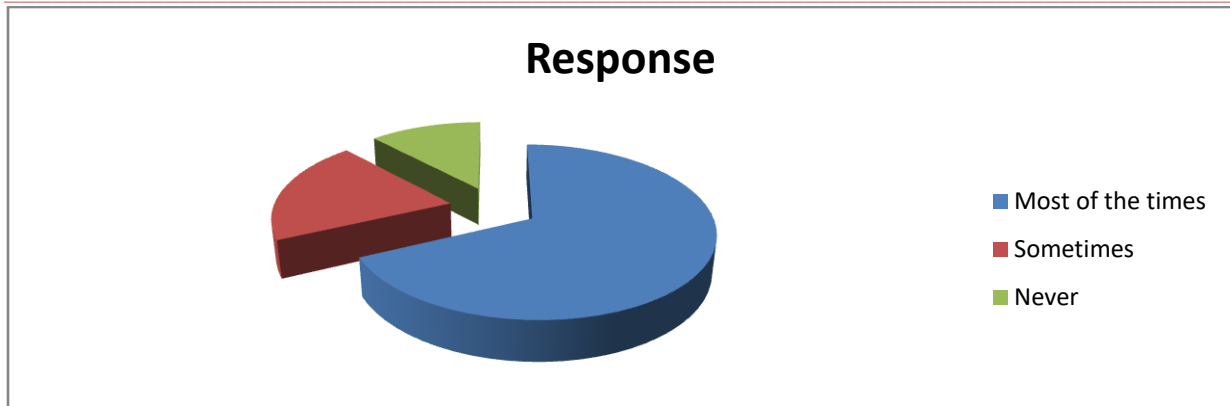


Analysis - About 96% of company personnel have considered that considering the customer to get good idea.

Q4 How many times you have consulted with your existing consumers about new product?

- (a) Most of times (b) Sometimes (c) Never

Option	Response
Most of the times	17
Sometimes	05
Never	03

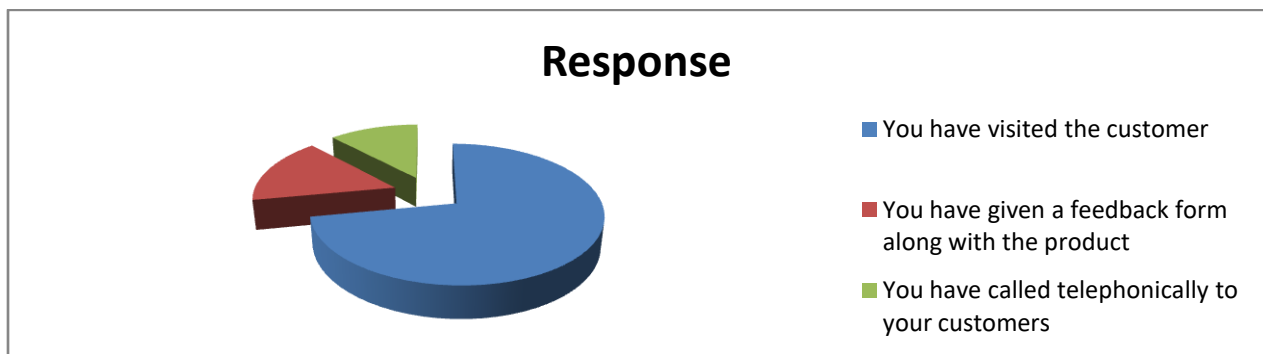


Analysis – 68% company personnel have accepted that they are consulting with their existing customer about the concept of new product.

Q5 To know the feedback about your product-

- (a) You have visited the customer
- (b) You have given a feedback form along with the product
- (c) You have called telephonically to your customers

Option	Response
You have visited the customer	18
You have given a feedback form along with the product	04
You have called telephonically to your customers	03



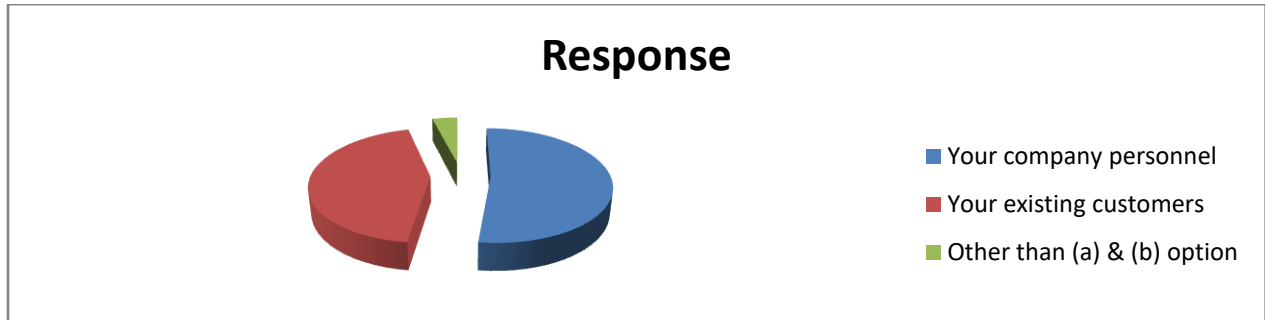
Analysis – 72% of company personnel have accepted that they have visited the customer to know feedback about the product.

Q6 For test marketing/view about new product you have given/supplied the product to

- (a) Your company personnel
- (b) Your existing customers

(c) Other than (a) & (b) option

Option	Response
Your company personnel	13
Your existing customers	11
Other than (a) & (b) option	01

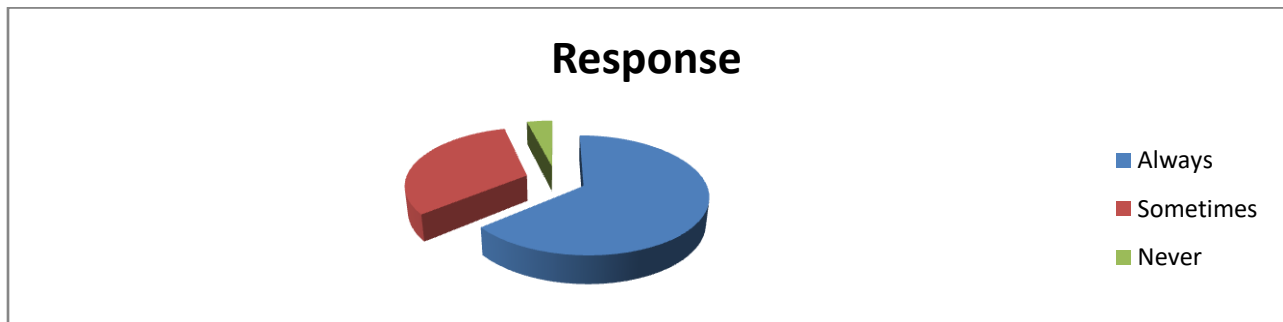


Analysis – 52% of company personnel have accepted that for test marketing view they have given the products to their existing customers.

Q7 How many times your retailer/ distributor have passed you information about the customer expectation of the product.

(a) Always (b) Sometimes (c) Never

Option	Response
Always	16
Sometimes	08
Never	01



Analysis – About 60% of middlemen are transferring the information of consumer to the company.

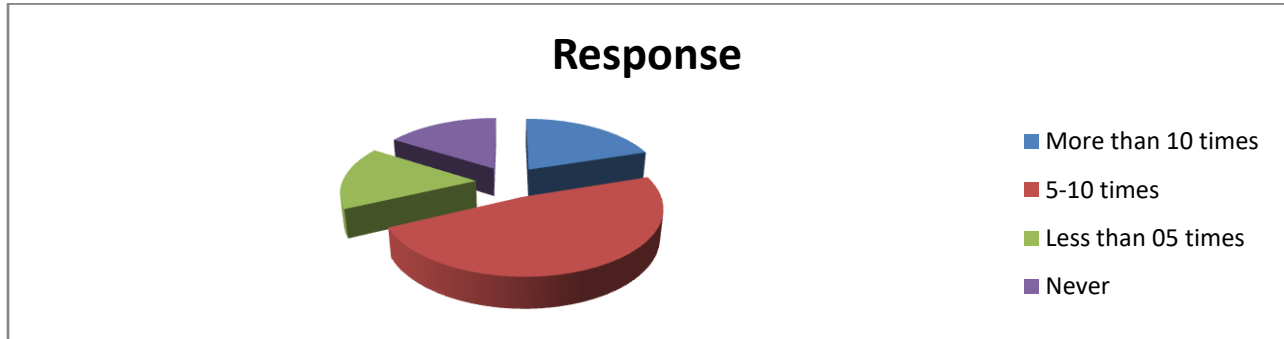
Q8 How many times your customers have filed complaint against your product

(a) More than 10 times (b) 5- 10 times

(c) Less than 05 times

(d) Never

Option	Response
More than 10 times	05
5-10 times	12
Less than 05 times	04
Never	04

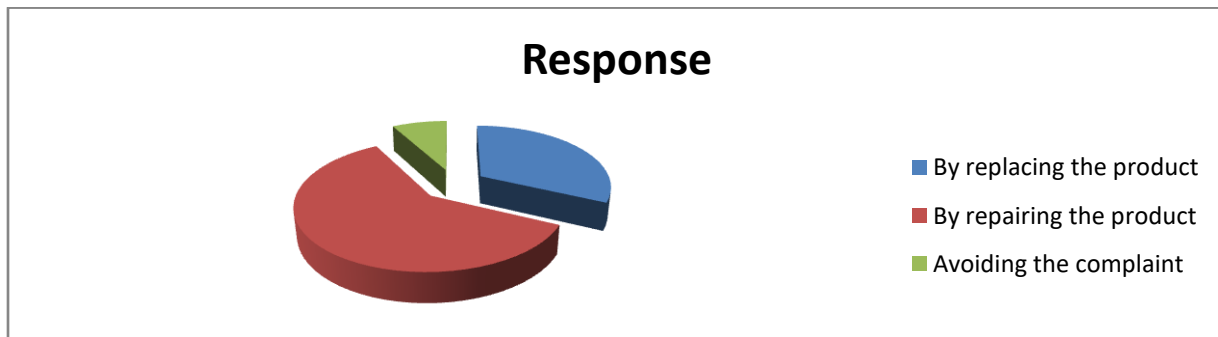


Analysis – 48% companies have encountered the complains from customer about their product.

Q9 How you have reacted against the complaint of customer?

(a) By replacing the product (b) By repairing the product (c) Avoided the complaint

Option	Response
By replacing the product	08
By repairing the product	15
Avoiding the complaint	02



Analysis – 60% of company personnel have accepted that they have repaired the customer product as soon as possible complaints registered by the customers.

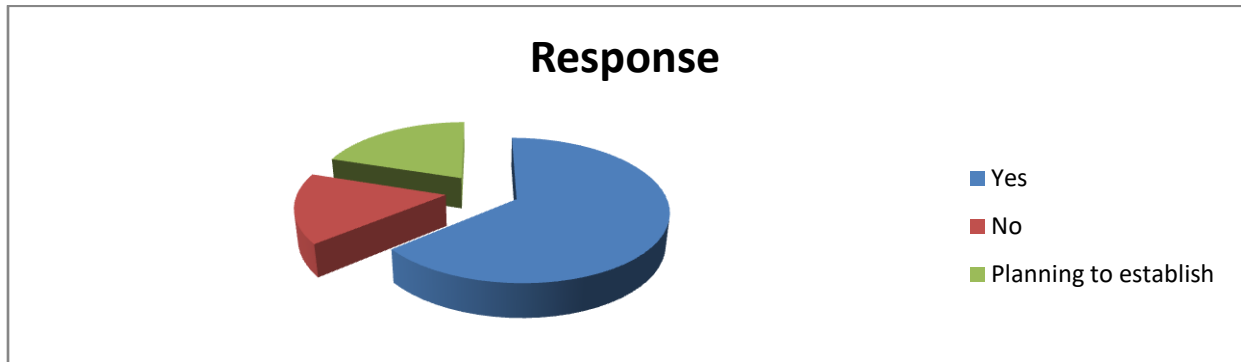
Q10 To take care about customer complains, whether you have started the customer care shell

(a) Yes

(b) No

(c) Planning to establish

Option	Response
Yes	16
No	04
Planning to establish	05



Analysis – About 64% of companies have established the customer help centre in telephonic way to help or solve out the customer problems.

6.0 Hypothesis Testing

H_a = Middleman are not passing the customer view about the product to the companies.

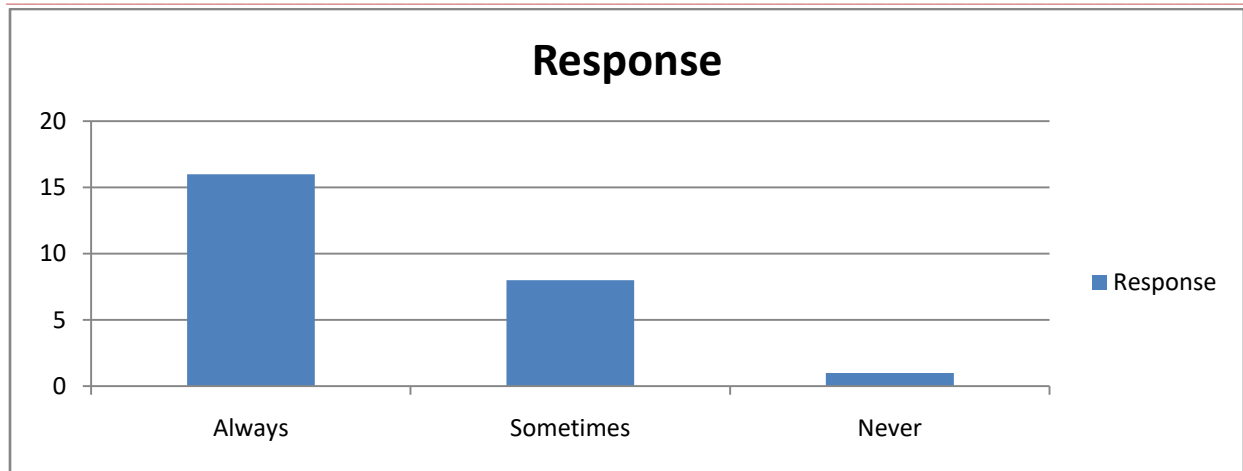
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(c) Never

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Never	01



Chi-Square Test

Let us take the hypothesis that the respondents are unbiased. If that is so, the probability of obtaining any of the three factors is 1/3 and as such the expected frequency of any one factor is $25 \times \frac{1}{3} = 8$. Now we can write the observed frequencies along with expected frequencies and work out the value of χ^2 as follows:

Factor	Observed frequency (O _i)	Expected Frequency (E _i)	(O _i - E _i)	(O _i - E _i) ²	(O _i - E _i) ² / E _i
Always	16	9	7	49	5.444
Sometimes	08	8	0	0	0
Never	01	8	-7	49	5.444

$$\chi^2 = \sum [(O_i - E_i)^2 / E_i] = 10.88$$

$$\chi^2 = \frac{\sum (O_{ij} - E_{ij})^2}{E_{ij}} = 10.88$$

Hence, The calculated value of $\chi^2 = 10.88$

Because, degree of freedom for the above value is $(n-1) = (3-1) = 2$

The table value of Chi square for 2 degrees of freedom at 5 per cent level of significance is 5.991. Comparing calculated and table value of χ^2 , we found that the calculated value is more than the table value and hence the result of the experiment doesn't support the hypothesis.

The table value of Chi square for 2 degrees of freedom at 2 per cent level of significance is 7.824. Comparing calculated and table value of χ^2 , we found that the calculated value is more than the table value and hence the result of the experiment doesn't support the hypothesis. We can, thus, conclude that middlemen are passing the customer view about the product to the companies.

7.0 Conclusion-

After consideration of company personnel feedback with the help of questionnaire we can conclude that in 96% of cases customers are providing good ideas to the company personnel and your existing customer are also helpful in finalizing the new product. At a certain level they can minimize the risk of failure in the market.

8.0 Suggestions

1. Customer involvement in decision making good to minimize the risk of failure, so stay tuned with your customers.
2. Motivate the middlemen, retailers to convey customers expectation to the company.

9.0 Bibliography

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10.0 Annexure

Name of organization – _____ Location _____

Owner’s name _____ Contact no _____

Please mark the appropriate tick to answer the question

Q1 To know consumer’s taste and preference, what method you adopt?

- (a) Survey (b) Feedback Form (c) Open pole (d) Structured mail

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- (a) Most of the times (b) Sometimes (c) Never

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- Q10 To take care about customer complains, whether you have started the customer care shell
- (a) Yes (b) No (c) Planning to establish