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## **CONSUMER BEHAVIOUR MODELS: AN OVERVIEW**

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### **ABSTRACT**

*Any person engaged in the consumption process is a consumer. Consumers are the individuals who buy for personal consumption or to meet the collective needs of the family and households needs. Consumer behavior means how individuals make decisions to spend their available resources like time, money, effort on consumption of different products and services. It includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it. This paper presents a review of theory of consumer behavior models. Besides this factors influencing consumer behavior and are discussed in this paper.*

**Keywords:** Consumer Behaviour; Consumer Behavior Model; Buying Decision Behavior

### **INTRODUCTION**

Any person engaged in the consumption process is a consumer. Consumers are the individuals who buy for personal consumption or to meet the collective needs of the family and households needs. Consumer behavior means how individuals make decisions to spend their available resources like time, money, effort on consumption of different products and services. It includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it. Consumer behavior is the actions a person takes in purchasing and using products and services, including the mental and social processes that precede and follow these actions.

Leon G.Schiffman and Leslie Lazar Kanuk defined consumer behavior “as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas which they expect will satisfy their needs”. Consumer behavior is the way an individual acts while obtaining and using goods and services. This act involves a decision process and the individual, in turn, is influenced by his personal characteristics and environmental factors.

Consumer behaviour is a vast and complex subject. Understanding consumer behaviour and “knowing consumers’ are not that simple. It is almost impossible to predict with accuracy, how consumers will behave in a given situation. The efforts of all marketers are to influence the behaviour of consumers in a desired manner. The success or failure in this pursuit determines the difference between success and failure of marketing efforts or even the business itself.

### **Need of studying Consumer Behaviour**

Marketers must have access to data concerning consumers, buying habits and which kinds of media they favour, in order to develop convincing communication programs.

- Who makes the buying decision?
- Who influences the buying decision?
- What motivates the buyers and people to take action?

### Factors Influencing Consumer Behaviour

Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristics.

#### I. Cultural factors

**Culture:** Culture is the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions. Basically, culture is the part of every society and is the important cause of individual wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

**Subculture:** Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. Marketers can design products according to the needs of a particular geographic group.

**Social class:** Social class refers to the hierarchical arrangement of the society into various divisions, each of which signifies social status or standing. Social class is an important determinant of consumer behavior as it affects consumption patterns, lifestyle, media patterns, activities and interests of consumers.

#### II. Social factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

**Reference Groups:** persons reference group are those groups that have a direct or indirect influence on the person's attitudes or behavior. Individuals use these groups as reference points for learning attitudes, beliefs and behavior, and adapt these in their life. Family and close friends are considered to be primary reference groups in an individual's life due to their frequency of interaction with the individual and primacy of these significant others in an individual's life. Schoolmates, neighborhood, colleagues, other acquaintances are a part of the secondary reference groups of an individual.

**Family:** Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

**Roles and Status:** Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. The social role and status profoundly influences the consumer behavior and his purchasing decisions.

#### III. Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

**Age:** Age and life-cycle have potential impact on the consumer buying behavior. Consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such as childhood, bachelorhood, newly married couple, parenthood etc. which help marketers to develop appropriate products for each stage.

**Occupation:** The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

**Economic Situation:** Consumer's economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

**Lifestyle:** Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

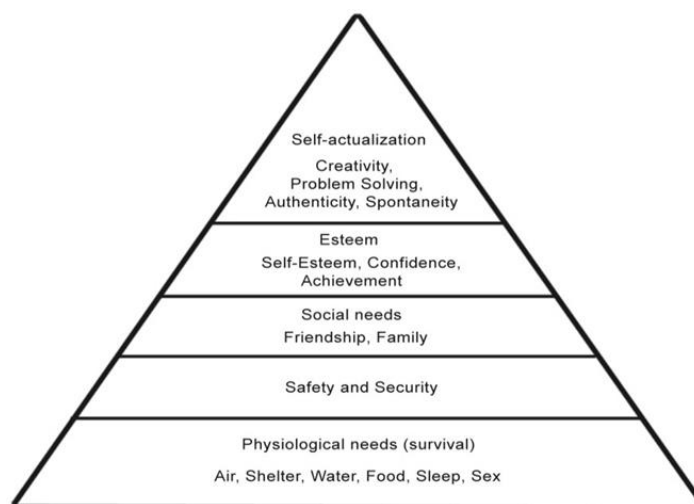
**Personality:** Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

#### IV. Psychological factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

**Motivation:** The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

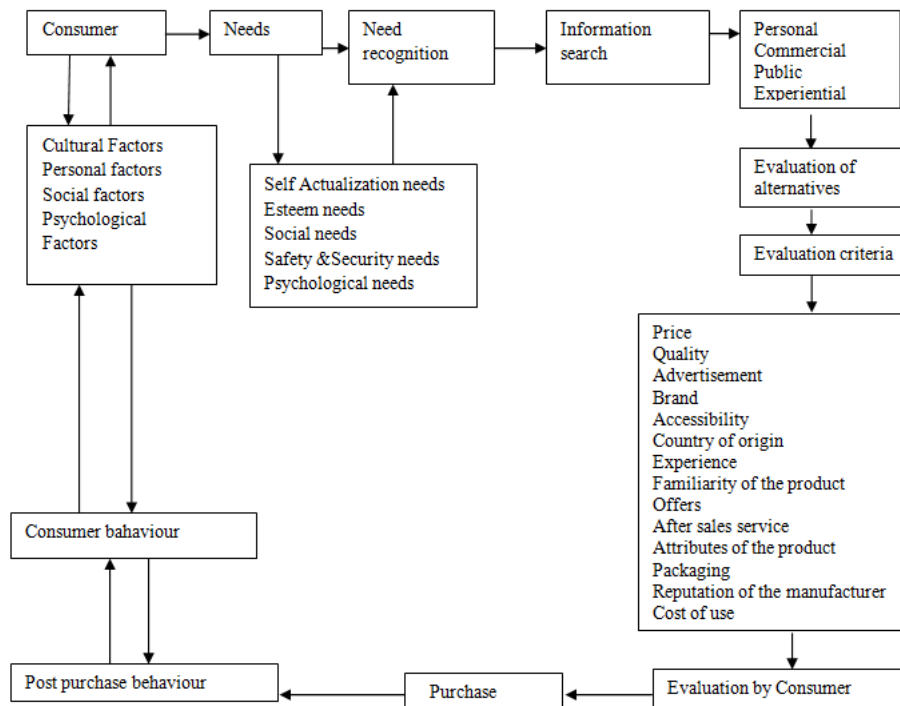
Maslow's Theory of Motivation explains why people are driven by particular needs at particular times. Maslow arranged human needs in a hierarchy according to their importance. They are physiological needs, safety needs, social needs, esteem needs and self-actualization needs. A person tries to satisfy the most important need first. When that need is satisfied, it will stop being a motivator and the person will then try to satisfy the next important need.



**Perception:** Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. What an individual thinks about a particular product or service is his/her perception towards the same. Individuals with the same needs might not purchase similar products due to difference in perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, individuals pay attention to information that is of use to them or their immediate family members. Whereas, in case of selective distortion, consumers tend to perceive information in a way which would be in line to their existing thoughts and beliefs. Similarly, in case of selective retention, consumers remember information which would be useful to them, rest all they forget in due course of time.

**Beliefs and Attitudes:** Customer possesses specific beliefs and attitudes towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior, therefore, marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

### A Conceptual Model for Consumer Buying Decision Process & Consumer Behaviour



This model explains consumers buying decision process and consumer behavior. The first step is to identify an unsatisfied need. After that information can be searched from different sources like personal, commercial, public and experiential sources. After completing the search process consumer will get a lot of alternative choices and from that he will select the best one. Consumer evaluates the available choices by using certain evaluation criteria. They are price, quality, advertisement, brand etc. After evaluation the actual purchase will take place. At last the important stage is post purchase decision i.e. if the consumer is satisfied with the product he will continue purchasing it otherwise he will shift to another product. Consumer buying decision process is a continuous process.

### Models of Consumer Buying Behaviour

#### I. Traditional models

- Economic model:** The economic model of consumer behavior focuses on the idea that a consumer's buying pattern is based on the idea of getting the most benefits while minimizing costs. Thus, one can predict consumer behavior based on economic indicators such as the consumer's purchasing power and the price of competitive products. For instance, a consumer will buy a similar product that is being offered at a lower price to maximize the benefits; an increase in a consumer's purchasing power will allow him to increase the quantity of the products he is purchasing.
- Learning model:** This model is based on the idea that consumer behavior is governed by the need to satisfy basic and learned needs. Basic needs include food, clothing and shelter, while learned needs include fear and guilt. Thus, a consumer will have a tendency to buy things that will satisfy their needs and provide satisfaction. A hungry customer may pass up on buying a

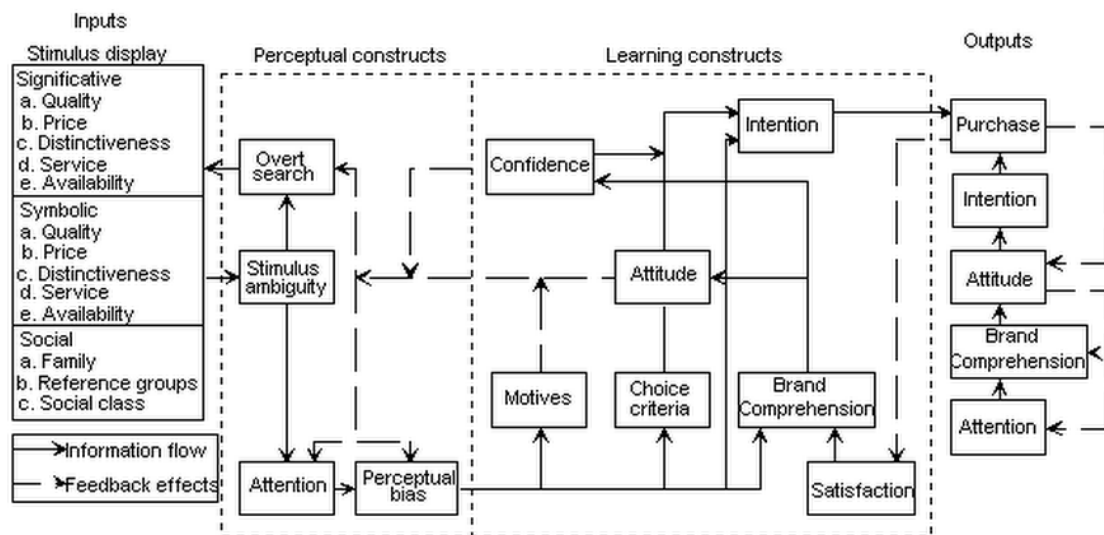
nice piece of jewelry to buy some food, but will later go back to purchase the jewelry once her hunger is satisfied.

- **Psychoanalytic model:** The psychoanalytical model takes into consideration the fact that consumer behavior is influenced by both the conscious and the subconscious mind. The three levels of consciousness discussed by Sigmund Freud (id, ego and superego) all work to influence one's buying decisions and behaviors. A hidden symbol in a company's name or logo may have an effect on a person's subconscious mind and may influence him to buy that product instead of a similar product from another company.
- **Sociological model:** The sociological model primarily considers the idea that a consumer's buying pattern is based on his role and influence in the society. A consumer's behavior may also be influenced by the people she associates with and the culture that her society exhibits. For instance, a manager and an employee may have different buying behaviors given their respective roles in the company they work for, but if they live in the same community or attend the same church, they may buy products from the same company or brand.

## II. Contemporary models

- Howard-Sheth Model
- Engel-Kollat-Blackwell Model
- Nicosia Model
- Stimulus-Response Model
- **Howard-Sheth model (1969)**

It is one of the most comprehensive models of consumer buying behavior and it uses the concept of stimulus-response in order to explain buyer's brand choice behavior over a period of time.



**Source:** S Jayachandran, Marketing management, Excel Books, 2004

The four major components of the model are

- Input variables
- Output variables
- Hypothetical constructs-Perceptual constructs and Learning constructs

- Exogenous variables

**Input variables:** The input variables are the stimuli come from the environment. The input variables consist of informational cues about the attributes of a product or brand (i.e. quality, price, distinctiveness, service and availability). Significant Stimulies are the actual elements constituting a brand that the buyer confronts. EG. price, quality, service, availability. They influence the consumer directly through the brand's attributes. Symbolic Stimulies are created by manufacturer representation of their products in symbolic form. ge. advertisemnet, publicity. They derive from the same factors as they are portrayed in the mass media and by salespeople, influencing the consumer in an indirect way. Social stimulies are created by the social environment. eg. reference group, social classes. These are influences that are internalized by the consumer before they can affect the decision process.

**Output variables:** The five output variables in the right hand portion of the model are buyer's observable responses to stimulus inputs. They are arranged in order from Attention to Actual Purchase. The purchase is the actual, overt act of buying and is the sequential result of the attention (buyers total response to information intake), the brand comprehension, brand attitude (referring to the evaluation of satisfying potential of the brand) and the buyer intention (a verbal statement made in the light of the above externalizing factors that the preferred brand will be bought the next time the buying is necessitated).

**Hypothetical constructs:** Hypothetical constructs have been classified in two groups - perceptual constructs and learning constructs. The first deals with the way the individual perceives and responds to the information from the input variables, accounting for stimulus ambiguity and perceptual bias. The second deals with the stages from the buyer motives to his satisfaction in a buying situation. The purchase intention is an outcome of the interplay of buyer

motives, choice criteria, brand comprehension, resultant brand attitude and the confidence associated with the purchase decision. The motives are general or specific goals impelling to action, impinging upon the buyer intention are also the attitudes about the existing brand alternatives in the buyer's evoked set, which result in an arrangement of an order of preference regarding brands. Brand comprehension and the degree of confidence that the buyer has about it, choice criteria and buying intentions, converge upon the intention to buy

**Exogenous variables:** The model also includes some exogenous variables which are not defined but are taken as constant. They can significantly affect buyer decisions. Some major exogenous variables included in the model are importance of purchase, personalty variables, culture, social class, financial status.

- **Engel-Kollat-Blackwell model (1978)**

The Engel-Kollat-Blackwell model is essentially a conscious problem solving and learning model of consumer behaviour. This model has a good description of active information seeking and evaluation processes of consumer. This model shows components of decision making and the relationship and interaction among them. In their model of consumer behaviour, they view consumer behavior as a decision process and identify five activities occurring in this decision process over a period of time. They are

- Problem recognition/Need recognition
- Information search
- Evaluation of alternatives
- Choice

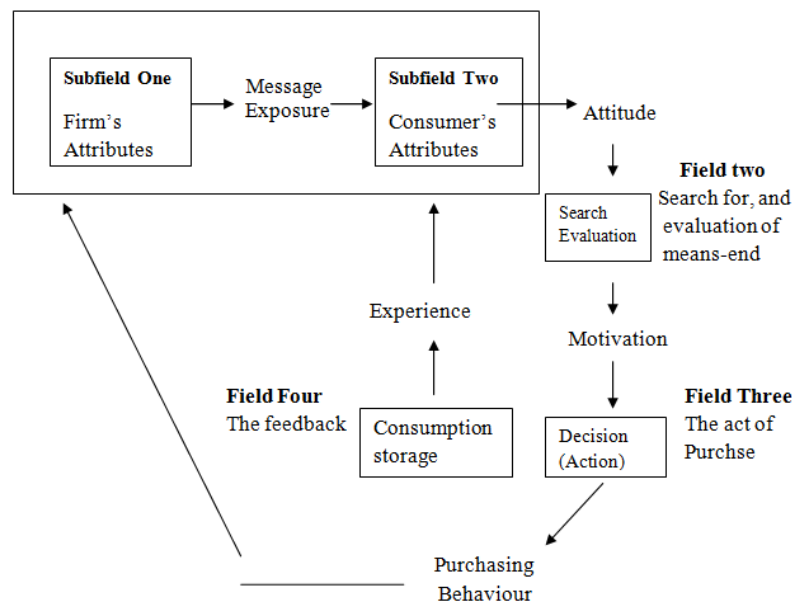




- **Nicosia model**

This model was developed in 1966, by Francesco Nicosia, an expert in consumer motivation and behavior. The Nicosia model tries to explain buyer behavior by establishing a link between the organization and its (prospective) consumer. The model suggests that messages from the firm first influences the predisposition of the consumer towards the product or service. Based on the situation, the consumer will have a certain attitude towards the product. This may result in a search for the product or an evaluation of the product attributes by the consumer. If the above step satisfies the consumer, it may result in a positive response, with a decision to buy the product otherwise the reverse may occur.

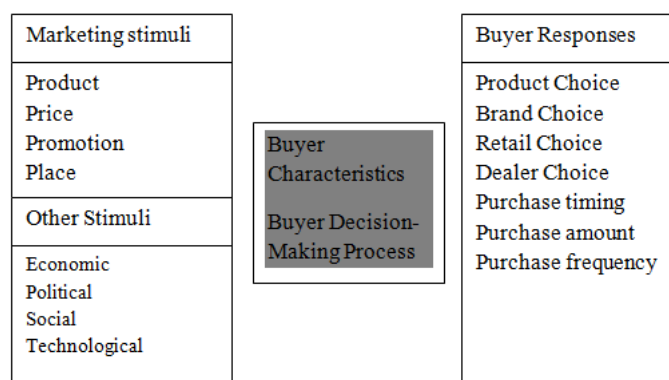
The Nicosia model groups the above activity explanation into four basic areas-fields one has two sub areas—the consumers attribute and firms attributes. Depending on the way, the message is received by the consumer, a certain attribute may develop. This newly developed attribute becomes the input for area two. The second area or area two is related to the search and evaluation, undertaken by the consumer, of the advertised product and also to verify if other alternatives are available. In case the above step results in a motivation to buy the product /service, it becomes the input for third area. The third area explains how the consumer actually buys the product. And area four is related to the uses of the purchased items. This fourth area can also be used as an output to receive feedback on sales results to the firm.



- **Stimulus-Response model**

Marketing and other stimuli enter the buyer's "black box" and produce certain choice/purchase responses. Marketers must figure out what is inside of the buyer's "black box" and how stimuli are changed to responses. Marketing stimuli consist of the four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses: product choice, brand choice, dealer choice, purchase timing, and purchase amount. The marketer wants to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts. First, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. Second, the buyer's decision process itself affects the buyer's behaviour.





### Managerial Implications

Marketers must have access to data concerning consumers, buying habits and which kinds of media they favour, in order to develop convincing communication programs. By deeply analyzing different consumer behaviour models marketers can understand that consumer behaviour concepts influence the development of marketing communication strategies. By using these models they can assess the information needed to identify and select target markets. These models also help different marketing strategies like positioning and market segmentation.

### CONCLUSION

Consumer is the king in the market. All marketing decisions are based on the assumptions about consumer behaviour. In order to create value for consumers and profits for organizations, marketers need to understand why consumers behave in certain ways to a variety of products and services offered. The consumer behaviour refers to those actions and related activities of persons involved specifically in buying and using economic goods and services. An understanding of the consumer behaviour will help us in understanding different market segments and evolve strategies to effect penetration with these markets.

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