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## Changing dynamics of consumer buying behaviour of Indian customers: A review

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### Abstract

In present scenario, the study of consumer buying behaviour has pivotal role from marketer point of view. This article reviewed the literatures with regard to the changing pattern of consumer buying behaviour at two points of times. Significant changes have been taking place in Indian market during Pre and post liberation period. The delivery of goods and services has been extensively increased during post liberalization period due to the entrance of many foreign companies in India. The concept of consumer buying behaviour have been strongly associated with their society, economic status, psychological and social set up during pre-liberalization period i.e. the period from 1970-1993. But the concept of consumer buying behaviour has drastically changed and more efforts were made to identify the desires, wants and satisfaction of the customers after liberalization period i.e. 1993 onwards. Marketers were interested to find out the answer of questions like why consumer opposed to buy the product, why the consumer shown attitude while purchasing etc. The researcher has developed more rational models of consumer behaviour and recent developed model composed of all important components by taking into account the consumer's attitudes, preferences, intentions, and decisions of consumers in the market place when purchasing a product or service, etc. Early models of consumer buying behaviour was based on the decision making aspects of the consumer in the context of their social, economic, psychological condition, while the recent model was more comprehensive and includes market aspects of the product also. The role and implications of these models have been highly recognised by different organizations, marketers, traders etc. for setting up new avenues for economic and social growth of economy in the context of Indian perspectives. The present study aims to integrate the different paradigms of thoughts with regard to consumer buying behaviour.

**Keywords:** consumer buying behaviour, decision process, pre and post liberalization period, perception, purchasing power

### Introduction

The Indian consumer market has higher disposable income the development of modern urban lifestyles. Increase in consumer awareness has affected buyer's behavior in cities, towns and even rural areas. According to a 2010 report by McKinsey & Co., India is set to grow into the fifth largest consumer market in the world by 2025.

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 has given rise to new consumer segments and a rising acceptability of debt, whether it is mobile phones, credit cards, apparel or organized retail, people clearly seem to be spending more, particularly on discretionary items. The credit facility from business houses has been increasing at a rapid rate. This shows the terrific cut-throat competition in the ever-changing market.

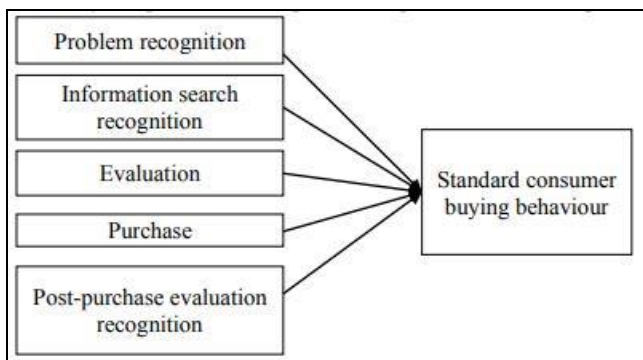
With the passage of time, the concept of consumer buying behaviour has drastically changed and more attention has been paid towards the desires, wants and satisfaction of the customers. After liberalization i.e. the period 1993 onwards, the competition in the market has increased due to the entry of many foreign companies in Indian market and more work was done to expand marketing services to the consumer. Now the marketers were interested to find out the answer of questions like why consumer opposed to buy the product, why the consumer shown attitude while purchasing. More efforts were made to understand the environment around consumer while buying. Now, the consumer behaviour were based on three roles namely buyer, payer and user. Consumer behaviour is attributed by the physical activity and decision of an individual in acquiring and using of goods and services. The consumer has certain goals and purpose of purchasing something and therefore, buying behaviour is goal oriented and ends with buying transactions.

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Consumer behaviour is an act of obtaining and using goods that were determined by him during the process of buying. The intervention of information and communication technology (ICT) in the market has brought out abundance changes in marketing services. Mobile phone one of most important invention of ICT and this device is extensively being utilized by the marketing agency to promote their products. The pattern of consumer purchasing behaviour has innovatively changed due to mass utilization of mobile phones in Indian market. This technology has changed the lifestyle of the people and now the people have been making use of mobile phones for online purchasing.

**Consumer Buying Process**

Consumer buying behaviour broadly composed of five important components which are represented in following flow charts:



Problem recognition is the first stage of the consumer behaviour. At this stage, the consumer do fix demand to buy a good or service. At the second stage, he acquires the relevant knowledge about the product he needs. At the third stage, he evaluates the acquired information regarding the product and ensures the available funds and resources for its purchase. Untimely, the consumer decides to purchase good by taking into consideration the price and availability of good. At the last stage, the consumer decides whether the purchased good satisfies his wants or not.

**Consumer Buying Behavior**

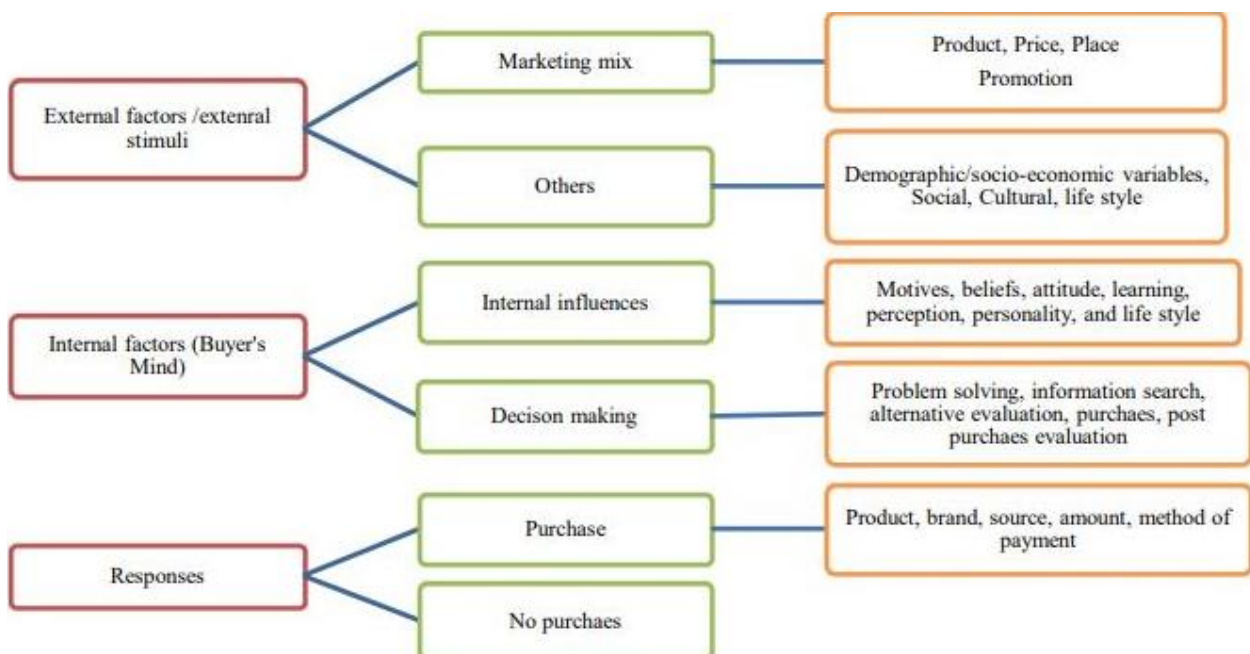
**A. Model of consumer behavior**

Consumers make many buying decisions every day. Most large companies research consume buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the whys of consumer buying behavior is not so easy--the answers are often locked deep within the consumer's head. The central question for marketers is: How do consumers respond to various marketing efforts the company might use?

The company that really understands how consumers will respond todifferent product features, prices, and advertising appeals has a great advantage over its competitors. The starting point is the stimulus-response model of buyer behavior

**B-Model of consumer behavior**

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 behavior. This chapter looks first at buyer characteristics as they affect buying behavior, and then discusses the buyer decision process. Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics, as shown in Figure For the most part, marketers cannot control such factors, but they must take them into account access.



**Fig 1:** Integrated model of influencing consumer buying behaviour

### **Factors that influence Consumer Buying Behaviour**

Markets have to be understood before marketing strategies can be developed. People using consumer Markets buy goods and services for personal consumption. Consumers vary tremendously in age, income, education, tastes, and other factors. Consumer behavior is influenced by the buyer's characteristics and by the buyer's decision process. Buyer characteristics include four major factors: cultural, social, personal, and psychological. We can say that following factors can influence the Buying decision of the buyer:

In generally a lot of factors affecting consumer behavior like cultural trends, values, perceptions, social, education level, wealth, region of consumer either they belong from African American or asian American or other regions, economic conditions. Different people take things in different manner, ideas from different point of view and have different opinions, different views about it.

#### **Psychological Factor**

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

#### **Motivation**

Motivation is a willing to achieve a certain goal, motivation could be affected because of consumer financial circumstances. 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.

#### **Perception**

What perception consumer have about a certain product Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

#### **Beliefs and Attitudes**

Customer possesses specific belief and attitude 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.

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#### **Knowledge & Education Level**

Every consumer takes decision according to their knowledge and education level so consumer behavior can change if they feel new information about a product. So,

knowledge and education is an important factor for consumer to buy a product or hiring service

Attitude - consumer attitude suggest how they are motivated towards a product-

Life Style – How consumer give value of their life and what way life they spending. 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.

**1. Group Membership** – another external influence factor, often consumer belong to many other groups which may affect consumer decision making Reference Groups

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc. then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

**2. Economic Factor** - Economic factor is a significant factor in consumer behavior, a lot of consumer can suffer because of poor economic conditions. Consumer 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

**3. Cultural Factors** – culture is an external influence, how we live and what we consume. Cultural factors exert the broadest and deepest influence on consumer behavior. The marketer needs to understand the role played by the buyer's culture, subculture, and social class.

#### **I. Culture**

Culture is the most basic cause of a person's wants and behavior. Human behavior is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from the family and other important institutions. A person normally learns or is exposed to the following values: achievement and success, activity and involvement, efficiency and practicality, progress, material comfort, individualism, freedom, humanitarianism, youthfulness, and fitness and health. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country. Failure to adjust to these differences can result in ineffective marketing or embarrassing mistakes. For example, business representatives of a U.S. community trying to market itself in Taiwan found this out the hard way. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. It turned out that the trip was scheduled a month before Taiwan elections, and that green was the color of the political opposition party. Worse yet, the visitors learned after the fact that according to Taiwan culture, a man wears green to signify that his wife has been unfaithful. The head of the community delegation later noted, "I don't know whatever happened to those green hats, but the trip gave us an understanding of the extreme differences in our

cultures." International marketers must understand the culture in each international market and adapt their marketing strategies accordingly.

## II. Subculture

Each culture contains smaller subcultures or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Here are examples of four such important subculture groups.

## III. Social Class

Almost every society has some form of social class structure. Social Classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions. Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles.

**4. Sociological factor** - A lot of sociological factor could effect consumer behavior like Family life, age, education level, good and bad sociological influences. A consumer's behavior also is influenced by social factors, such as the consumer's small groups, family, and social roles and status.

## I. Groups

Many small groups influence a person's behavior. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behavior. Reference groups to which they do not belong often influence people. Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviors and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Manufacturers of products and brands subjected to strong group influence must figure out how to reach opinion leaders—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others. Many marketers try to identify opinion leaders for their products and direct marketing efforts toward them. In other cases, advertisements can simulate opinion leadership, thereby reducing the need for consumers to seek advice from others. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Purchases of products that are bought and used privately are not much

affected by group influences because neither the product nor the brand will be noticed by others.

## II. Family

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services. Husband-wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles. Such changes suggest that marketers who've typically sold their products to only women or only men are now courting the opposite sex. For example, with research revealing that women now account for nearly half of all hardware store purchases, home improvement retailers such as Home

## The Sustainable Growth of the Business

Consumer taste is also changing as fast as the technology changes. In today's world technology changes are taking place rapidly. The change in technology changes the taste of consumers. To cater to the need of a rapidly changing consumer trends, a firm has to constantly understand the latest consumer trends and tastes. Consumer behaviour provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore. With the change of technology and design customer moves their demand to new product, Old one is refused by them. For example, change in technology in mobile phones has shifted the demand of customer from simple mobile phone to mobile phone of new technology.

## Conclusion

Indian society is made up of many religion and languages. Different religion in India is characterized by their own, culture, customs and beliefs. Due to this religion diversity, the Indian society is differentiated into many strata or groups which significantly are significantly vary among each other. Despite societal differences, the people across the different parts of India would like to celebrate all customs, festivals and occasions by purchasing new clothes, ornamentals etc. But, the pattern of purchasing and consuming goods and services are different among these groups due to cultural differences. The concept of consumer buying behaviour have been strongly associated with their society, economic status, psychological and social set up during pre-liberalization period i.e. the period from 1970-1993. But the concept of consumer buying behaviour has drastically changed and more efforts were made to identify the desires, wants and satisfaction of the customers after liberalization period i.e. 1993 onwards. The pattern of consumer purchasing behaviour has innovatively changed due to mass utilization of mobile phones in Indian market. Thus, the scenario of buying behaviour of the consumer is largely influenced by the mobile phones. The role and implications of these models have been highly recognised by different organizations, marketers, traders etc. for setting up new avenues for economic and social growth of the economy in the context of Indian perspectives. It can be concluded that the most of the factors influences consumer buying behaviour was based on the external and internal environment of the consumer. Among external factors, the demographic, socio-economic and life style have been the

important variables and draw more attention by the researchers, while belief, attitude, intension and mental set up of the purchaser emerged as most important determinants of consumer behaviour as an internal factor. Before pre-liberalization period, that demographic and socio-economic variables like age, income, occupation, family size, area of location, social class etc. were the most widely used variables in the market research. But, after the period of post-liberalization more conducive and apprehensive type of models were developed to understand the dynamics of consumer behaviour. Technological advancement in the field information technology has made radical changes in the consumer buying behaviour. The consumer can view and purchase goods and services by accessing internet services while sitting in home. The mode of selling their products and services though online has been gaining popularity among companies. As a result, the big customer base using internet for shopping has been developed in the developing countries like India, which could be the good signal for growth of business in India. Internet based services has good scope in the future as significant amount of marketing cost can be reduced by this mode. Under the influence of technological advancement, the occurrence of significant changes taking place in consumer buying behaviour is common phenomenon in decision making process. Hence, the internet has become important component of marketing strategies in the era of modernization.

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