

# Introduction to Consumer Behaviour

**Level:  
Beginner**



**Course Designer/Co-Ordinator:**

Dr. Samrat Bharadwaj

**Course Instructor:**

Dr. Samrat Bharadwaj

**Title of the Course: Introduction to Consumer Behaviour**

**Level: Beginner**

**Course Outcomes**

**The students shall be able to:**

- **Understand the concept of Consumer Behaviour, its relevance and role in business.**
- **Understand the concept of Involvement, Buying Decisions and Decision-Making Process.**
- **Understand the relevance of Information Search Process and Decision Rules**
- **Decipher the factors influencing consumer behaviour.**
- **Understand the various concepts and theories like Buyer's Black Box, Maslow's Need Hierarchy Theory and Freud's Theory of Motivation.**
- **Implement the behavioural theories and concepts in real life scenarios to implement rational purchase decisions.**

# Module 1

## Introduction

### Introduction:

Consumer behaviour is a field of study that examines the decision-making processes and activities undertaken by individuals, groups, or organisations in relation to the acquisition, utilisation, and disposal of products, services, experiences, or ideas within the marketplace. The process entails comprehending the diverse elements that impact consumers' decision-making and actions, encompassing psychological drivers as well as external aspects such as cultural and social standards.

It refers to the study and analysis of individuals, groups, or organisations and the processes they undergo when selecting, purchasing, using, and disposing of products, services, ideas, or experiences to satisfy their needs. Consumer behaviour refers to the systematic examination, analysis, and projection of the decision-making process undertaken by individuals or collectives when selecting products and services, with the various elements that impact their decision-making process.

In this context, several examples of consumer behaviour may be identified. These examples include:

- 1. Psychological Factors:** Consider a consumer who exhibits a preference for purchasing organic food goods based on the belief that such items offer enhanced health benefits and contribute to environmental sustainability. The psychological aspect that influences individuals' conduct is their motivation to make choices that accord with their beliefs regarding health and sustainability.
- 2. Social Factors:** Within specific cultural contexts, there may exist a pronounced emphasis on the act of gift-giving during periods of celebration. This cultural convention has an impact on consumers, compelling them to purchase gifts for their acquaintances and relatives, even in cases when such purchases may not have been contemplated otherwise.
- 3. Situational Factors:** In the context of a flash sale, a consumer may encounter a promotional message highlighting a time-limited reduction in price for a product that has previously captured their interest. The sense of urgency generated by the sales situation may potentially drive individuals to expedite their purchasing decisions beyond their typical pace.
- 4. Personal Factors:** Individuals with a higher wealth may want to purchase luxury brands as a means of signalling their social position and achievements. One personal component that motivates individuals' actions is their desire to conform to their self-perception and lifestyle.
- 5. Reference groups:** Reference Groups have a significant role in influencing consumer behaviour. For instance, adolescents may opt to don a particular brand of trainers due to the endorsement of their beloved star. The consumer's choice is influenced by the reference group, specifically the celebrity.
- 6. Online Shopping Behaviour:** The utilisation of customer behaviour data by e-commerce platforms is a common practise in order to offer personalised suggestions. For instance, in the context of online book purchasing, the platform might potentially offer recommendations pertaining to related genres or authors, drawing upon the consumer's previous purchase records and browsing activities.
- 7. Brand Loyalty and Switching:** Brand loyalty and switching behaviour is a phenomenon when a consumer who has consistently purchased a specific brand of shampoo over an extended period of time decides to transition to a different brand. This shift in consumer

behaviour may be attributed to various factors such as receiving a recommendation from a friend or being enticed by a compelling promotional offer.

**8. Product Perception on Consumer Decision-Making:** Consumers' evaluation of a brand of smartphones as reliable and high-quality can be shaped by good reviews and anecdotal experiences shared by others. The perception has a significant impact on their purchasing behaviour towards the brand in question.

**9. Post-Purchase Behaviour:** Following the acquisition of a smartphone, consumers may engage in activities such as sharing their experience on social media platforms or composing a review. Positive experiences have the potential to foster brand support, whilst negative encounters can result in discontent and the propagation of negative word-of-mouth.

## **Factors influencing consumer behaviour:**

### **1. Cultural Factors:**

- Culture: The influence of cultural norms, values, beliefs, and rituals on consumer behaviour is substantial. Diverse cultural groups exhibit distinct perspectives regarding items, consumption behaviours, and preferences.
- Subculture: Subcultures, which emerge within broader cultural contexts, are shaped by several elements such as race, religion, nationality, and regional identity, and have the potential to impact consumer preferences and behaviours.
- Social Class: The purchasing behaviour, retail preferences, and brand perceptions of consumers can be influenced by their social class.

### **2. Social Factors:**

- Reference Groups: Family, friends, coworkers, and opinion leaders exert influence on consumer behaviour through the provision of advice, opinions, and approval.
- Social Roles: The purchasing decisions of consumers are influenced by their social roles, such as being a parent, student, or professional. For example, the consumer preferences of a parent may differ from those of a college student.
- Social Norms: Social norms encompass the societal expectations and conventions that govern and determine acceptable behaviour and spending patterns. Consumers frequently conform to these conventions when making their selections.

### **3. Personal Factors:**

- Age and Life Stage: Various life stages, including childhood, adolescence, maturity, and retirement, give rise to evolving wants and spending patterns.
- Occupation and Income: The occupation and income of individuals have a significant influence on their purchasing power and decision-making. There may be a divergence in product preferences between professionals and blue-collar workers.
- Personality and Self-Concept: Consumers exhibiting distinct personality traits may have a preference for particular products that are congruent with their self-concept and image.

### **4. Psychological Factors:**

- Motivation and Needs: Psychological factors play a significant role in consumer behaviour, particularly in relation to motivation and requirements. The behaviour of consumers is driven by their individual needs and motivations. One example of a theoretical framework that elucidates the prioritisation of consumer needs is Maslow's hierarchy of needs. This framework posits that individuals prioritise various needs such as safety, belongingness, and self-esteem.

- Perception: The manner in which consumers see and understand information has a significant impact on their decision-making processes. The process of perception is subject to the effects of selective attention, interpretation, and retention of information.
- Attitudes and Beliefs: Consumer attitudes and beliefs have a significant role in shaping their choices and purchase intentions towards items, brands, and advertising.

### **5. Situational Factors:**

- One important aspect to consider while analysing a particular situation is the influence of situational factors. These factors refer to the external circumstances and conditions that can impact individuals' behaviour and
- Purchasing Context: The rationale behind a purchase, such as whether it is intended as a gift or for personal use, can have an impact on the decision-making process.
- Time and Place: The temporal and spatial dimensions can have influence on consumer decision-making processes. The convenience and geographical accessibility of products and services are significant factors to consider.
- Urgency: The presence of urgency might elicit expedited decision-making among consumers, whereas situations with lower levels of urgency afford more opportunity for thoughtful deliberation.

The interplay and mutual influence of these factors contribute to the intricate nature of consumer behaviour. Businesses and marketers engage in the analysis of these aspects in order to get a deeper understanding of consumer motivations and preferences. This understanding aids in the development of focused marketing strategies that effectively resonate with the intended target audience, ultimately leading to favourable outcomes within the market.

## **Importance of consumer behaviour:**

### **1. Understanding Consumer Behaviour Helps Businesses:**

- Market Understanding: Market understanding is crucial for businesses to effectively cater to client preferences, requirements, and wishes. Consumer behaviour insights play a significant role in providing businesses with a comprehensive grasp of these factors, enabling them to match their offers with the prevailing market demand.
- Competitive Advantage: Competitive advantage can be achieved by businesses that possess a comprehensive understanding of customer behaviour, enabling them to create distinctive products and services that differentiate themselves in the market and effectively target certain consumer categories.
- Innovation: The utilisation of insights into customer behaviour has the potential to foster innovation through the identification of unfulfilled demands and opportunities for enhancement within current product offerings.
- Risk Mitigation: Risk mitigation involves the reduction of possible losses for businesses through the comprehension of customer preferences. By gaining an understanding of the preferences of the target audience, businesses can minimise the risk associated with the launch of products that fail to resonate with consumers.

### **2. Creating Products That People Want:**

Consumer behaviour analysis plays a crucial role in identifying market gaps and revealing areas where demand exists but remains unfulfilled.

- **Feature Alignment:** Enterprises have the ability to create products that are in line with the preferences, features, and benefits that are highly valued by the specific target demographic.
- **Tailored Offerings:** The comprehension of customer behaviour empowers firms to provide personalised and customised products, thereby responding to the unique demands and preferences of consumers.

### **3. Develop Effective Marketing Strategies:**

In order to enhance marketing efforts, it is imperative to develop strategies that are effective and yield positive results.

- **Segmentation and Targeting:** Segmentation and targeting strategies are employed by organisations to effectively divide the market into distinct segments based on several factors such as demographics, psychographics, and behavioural patterns, which are derived from consumer behaviour insights. This practise facilitates the customization of marketing messaging to effectively reach and engage certain demographic segments.
- **Message Resonance:** Marketers possess the ability to construct messages that align with the motivations, needs, and values of consumers, hence enhancing the efficacy of communication.
- **Channel Selection:** The process of channel selection is crucial in comprehending how customers get information, as it directly impacts the strategic decisions about advertising and promotion of items. For example, online advertising has the potential to be more efficacious when targeting specific audiences.

### **4. Aiding Towards Building Better Relationships with Customers:**

- **Adopting a Customer-Centric Approach:** By comprehending consumer behaviour, organisations may cultivate a customer-centric approach that prioritises providing value and resolving customers' challenges.
- **Improved Customer happiness:** By strategically addressing consumer preferences, organisations have the ability to offer products and experiences that result in elevated levels of customer happiness and foster long-term loyalty.
- **The Utilisation of Feedback:** The utilisation of feedback derived from consumer behaviour analysis enables firms to enhance their products, enhance their services, and adjust their strategy in order to more effectively cater to client wants.
- **Long-Term Loyalty:** Long-term client loyalty may be fostered through generating great experiences that are informed by consumer insights. This, in turn, can result in repeat purchases and favourable word-of-mouth recommendations.

In conclusion, a comprehensive comprehension of customer behaviour is necessary for firms to flourish in a highly competitive market. This enables firms to generate goods that are pertinent and appealing, formulate tactics that efficiently convey value, and establish robust customer relationships. Consumer behaviour insights provide organisations with the necessary information to make well-informed decisions that are in line with customer preferences, ultimately resulting in heightened levels of customer happiness, enhanced brand loyalty, and overall business success.

## **Consumer Behaviour as a Marketing Discipline**

Businesses and marketers use insights from consumer behaviour research to design marketing strategies that align with consumer preferences, motivations, and behaviours, ultimately driving successful outcomes in the marketplace. Consumer behaviour is a crucial

field within the broader discipline of marketing. It focuses on understanding how individuals, groups, and organizations make decisions about purchasing, using, and disposing of products, services, ideas, or experiences. This understanding is essential for businesses to develop effective marketing strategies and tailor their offerings to meet customer needs and preferences.

**Key aspects of consumer behaviour as a marketing discipline include:**

**1. Understanding Decision-Making Processes:**

Consumer behaviour delves into the cognitive, emotional, and behavioural processes that influence purchasing decisions. Marketers strive to comprehend how consumers gather information, evaluate alternatives, and ultimately choose products or services.

**2. Factors Influencing Consumer Behaviour:**

- **Psychological Factors:** These include perceptions, attitudes, motivations, and beliefs that shape consumer choices. For instance, understanding how consumers perceive a product's quality can affect marketing messaging and product design.
- **Social Factors:** Family, friends, culture, and social norms play a significant role in shaping consumer behaviour. Marketers analyze how these external influences impact purchasing decisions and tailor their campaigns accordingly.
- **Situational Factors:** The context in which a purchase occurs, such as time constraints or the physical environment, can influence consumer choices. Marketing strategies need to account for these situational factors.

**3. Segmentation and Targeting:**

Effective marketing involves identifying specific segments of the population that are likely to be interested in a product or service. Consumer behaviour research helps marketers create segments based on demographic, psychographic, and behavioural characteristics, allowing them to tailor their marketing efforts to resonate with each segment.

**4. Consumer Research Methods:**

Marketers use various research methods to gather insights into consumer behaviour. These methods include surveys, interviews, observational studies, focus groups, and data analysis. By analyzing consumer preferences, behaviours, and trends, businesses can refine their marketing strategies.

**5. Brand Loyalty and Relationship Building:**

Understanding consumer behaviour enables businesses to build strong relationships with customers. By identifying what drives brand loyalty and repeat purchases, marketers can develop loyalty programs and personalized marketing campaigns that cater to consumers' preferences.

**6. Product Design and Innovation:**

Consumer behaviour insights can guide product development and innovation. Businesses can identify unmet needs and design products that address them, leading to a competitive advantage in the market.

**7. Marketing Communication and Messaging:**

Knowing how consumers perceive and process information helps marketers craft effective advertising and messaging strategies. By understanding consumer attitudes and preferences, marketers can create messages that resonate and drive action.

**8. Ethical Considerations:**

Consumer behaviour research also involves studying the ethical implications of marketing practices. Understanding how consumers respond to ethical considerations can guide businesses to develop responsible and transparent marketing strategies.

## **Consumer Involvement**

Consumer involvement refers to the level of interest, attention, and engagement that an individual has when making a purchasing decision. It reflects how much effort, thought, and consideration a consumer invests in the decision-making process for a particular product or service. In other words, consumer involvement measures how important a purchase is to an individual and how much they care about making the right choice.

### **Role of Consumer Involvement in Purchase Decisions:**

Consumer involvement plays a significant role in the purchase decision-making process and has implications for how consumers approach various products and brands. Here's how it affects purchase decisions:

- **Differentiating Between Products:** When consumers are highly involved in a purchase, they are likely to engage in thorough research and comparison of different options. This is particularly true for high involvement products like cars or electronics. They carefully evaluate features, benefits, and prices to make an informed choice.
- **Evaluation of Alternatives:** Involvement affects how consumers weigh the pros and cons of different alternatives. Highly involved consumers are more likely to consider multiple factors before making a decision. They may read reviews, seek recommendations, and even test products before buying.
- **Brand Loyalty:** Involvement can influence brand loyalty. Highly involved consumers may feel more attached to a brand if it aligns with their values and needs. On the other hand, low involvement purchases might lead to less brand loyalty since consumers may be less invested in the decision.
- **Impulse vs. Deliberate Buying:** In low involvement situations, consumers might make quick decisions without much thought. For example, grabbing a snack at the checkout counter. High involvement purchases, on the other hand, involve more contemplation due to the higher stakes or significance of the purchase.
- **Word-of-Mouth Influence:** Consumers who are highly involved in a purchase may seek advice from friends, family, or online communities. This can be because they want to ensure they're making the best choice, especially for important or expensive items.
- **Risk Perception:** Involvement can influence how consumers perceive risks associated with a purchase. High involvement purchases may be seen as riskier because of the potential negative consequences of making the wrong choice.
- **Emotional Engagement:** Highly involved purchases often have an emotional component. Consumers might feel excited or anxious about the decision, depending on the significance of the purchase. Emotional engagement can impact the overall satisfaction with the chosen product.

In summary, consumer involvement shapes how individuals approach purchasing decisions. It ranges from highly informed and researched choices to quick, habitual decisions. Recognizing the level of consumer involvement is crucial for marketers to tailor their strategies to match the consumer's mindset and expectations.



## **Types of Consumer Involvement**

### **High vs. Low Involvement**

High involvement and low involvement are two distinct levels of consumer involvement in the decision-making process when it comes to purchasing products or services. Let's explore both terms in more detail:

#### **High Involvement:**

High involvement refers to situations where consumers are deeply engaged, committed, and invested in the decision-making process for a particular product or service. These decisions are usually more complex, have a higher perceived risk, and involve a significant amount of time and effort. High involvement purchases are typically more expensive, have a long-term impact, or are related to the consumer's self-identity.

Here are some characteristics of high involvement purchases:

- **Extensive Research:** Consumers invest time in researching and gathering information about different options. They may read reviews, compare features, and seek recommendations from friends and experts.
- **Multiple Alternatives:** Consumers consider a variety of alternatives before making a decision. They evaluate different brands, models, and options to ensure they make the best choice.
- **High Stakes:** These purchases involve a substantial financial investment, making the decision more critical. Examples include buying a car, a house, or choosing a university.
- **Personal Relevance:** The product is closely related to the consumer's self-identity, lifestyle, or aspirations. This can include products like luxury items or high-end electronics.
- **Emotional Engagement:** High involvement purchases often evoke strong emotions. Consumers may feel excited, anxious, or even stressed about making the right choice.
- **Significant Post-Purchase Evaluation:** After the purchase, consumers continue to evaluate their decision to ensure it meets their expectations and needs.

#### **Low Involvement:**

Low involvement refers to situations where consumers make decisions with minimal effort, time, and consideration. These decisions are often routine, mundane, and require less cognitive engagement. Low involvement purchases are usually low-cost items that have a lower perceived risk.

Here are some characteristics of low involvement purchases:

- **Limited Research:** Consumers don't invest much time in researching or evaluating alternatives. They might rely on familiarity, brand recognition, or convenience.
- **Habitual Buying:** Consumers often buy out of habit or routine. They may choose a product they've bought before without actively seeking out new options.
- **Low Financial Risk:** The purchase involves a small financial commitment, so the consequences of making a wrong choice are minimal. Examples include everyday items like snacks or toiletries.
- **Minimal Emotional Engagement:** Low involvement purchases are less likely to evoke strong emotions. Consumers might make these decisions without feeling a significant emotional attachment.
- **Quick Decision:** These purchases are made rapidly, and consumers may not spend much time evaluating different options.
- **Limited Post-Purchase Evaluation:** After the purchase, there might be little to no evaluation of the decision, as the stakes are relatively low.

## **Factors Influencing Involvement**

Consumer involvement is influenced by a variety of factors that shape how much time, effort, and consideration individuals put into their purchasing decisions. These factors can vary based on the product, the individual's characteristics, and the context of the decision.

Here are some key factors that influence consumer involvement:

### **1. Product Characteristics:**

- **Risk Perception:** The perceived risk associated with a product can influence involvement. High-risk products, such as medical treatments, may lead to higher involvement due to potential negative consequences.
- **Cost:** More expensive products generally lead to higher involvement as consumers want to ensure they're making a wise investment.
- **Complexity:** Complex products, like electronics with numerous features, may require more research and evaluation, leading to increased involvement.
- **Personal Relevance:**
- **Personal Interest:** Consumers are more likely to be highly involved when a product aligns with their personal interests, hobbies, or passions.
- **Self-Image:** Products that reflect or enhance a consumer's self-identity and image can lead to higher involvement. For example, fashion choices or luxury items.

### **2. Consumer Characteristics:**

- **Knowledge and Expertise:** Consumers with more knowledge about a product category may feel more confident in making informed decisions, leading to higher involvement.
- **Involvement Level:** Previous involvement in a particular product category can influence future involvement. If someone has a hobby of photography, they may be more involved in choosing a camera.
- **Situational Factors:**
- **Time Constraints:** Limited time availability may lead to lower involvement, causing consumers to make quick decisions.
- **Urgency:** Urgent needs or unexpected situations may reduce involvement, leading to impulsive buying.
- **Social Influence:** If others are involved in the decision-making process (e.g., a family choosing a vacation destination), it may increase involvement.

### **3. Perceived Benefits:**

- **Personal Benefits:** If consumers perceive that a product can provide significant personal benefits, they may be more involved in evaluating those benefits.
- **Functional vs. Emotional Benefits:** Products offering emotional benefits (e.g., status, pleasure) might lead to higher involvement compared to those offering functional benefits only.
- **Marketing and Communication:**
- **Marketing Tactics:** Well-designed marketing campaigns, such as interactive advertisements or personalized promotions, can increase consumer involvement.
- **Information Availability:** Providing clear and easily accessible information about a product can encourage consumers to engage more in the decision-making process.

### **4. Cultural and Social Factors:**

- **Cultural Values:** Cultural norms and values can influence how important a purchase is to an individual and, consequently, their involvement level.
- **Social Class:** Individuals from different social classes may approach purchases differently, impacting their involvement.
- **Perceived Control:** If consumers believe they have control over the decision and its outcome, they may be more involved in making the choice.

## Consumer decision-making process:

The consumer decision making process can be divided into five stages:

1. **Problem Recognition: Identifying a Need or Want:** At this stage, consumers become aware of a discrepancy between their current state and their desired state. This can arise from various factors such as an unmet need, a desire for improvement, or exposure to external stimuli like advertising. Problem recognition triggers the consumer's journey through the decision-making process.
2. **Information Search: Looking for Options:** After recognizing a need or want, consumers seek information to find possible solutions. This involves internal search (retrieving information from memory) and external search (gathering information from external sources like friends, family, reviews, advertisements, and online research). The extent of the search depends on factors like the complexity of the decision and the consumer's motivation.
3. **Evaluation of Alternatives: Comparing Choices:** During this stage, consumers evaluate the various options they've identified through their information search. They consider factors such as price, features, benefits, quality, and brand reputation. This evaluation helps them narrow down the alternatives and identify the one that best meets their needs and preferences.
4. **Purchase Decision: Making the Buy:** After evaluating the alternatives, consumers make a purchase decision. This is the point where they choose the product or service that they believe offers the best value and aligns with their criteria. The purchase decision can be influenced by factors like personal preferences, budget constraints, and external influences.
5. **Post-Purchase Behaviour: Reflecting on the Purchase:** After making the purchase, consumers reflect on their decision and experience. If their expectations are met or exceeded, they are likely to feel satisfied. However, if the product or service falls short of their expectations, they might experience buyer's remorse or dissatisfaction. Positive post-purchase experiences can lead to brand loyalty and advocacy, while negative experiences can result in complaints or product returns.

This consumer decision-making process is not always linear; consumers might skip or repeat stages based on the complexity of the purchase and their level of involvement. Moreover, marketers play a critical role in each stage by providing relevant information, building brand awareness, influencing perceptions, and ensuring positive post-purchase interactions. Understanding this process helps businesses design effective marketing strategies that guide consumers through their decision-making journey and enhance their overall experience.

## Consumer Buying Behaviour

Consumer buying behaviour can be categorized into several types based on the complexity of the decision-making process and the level of involvement. The four types you mentioned are common classifications:

- a. **Habitual Buying Behaviour:** In this type of behaviour, consumers make routine, low-involvement purchases without much thought or consideration. These purchases usually involve products that are inexpensive and frequently used. Consumers are often loyal to a particular brand and tend to stick to their habitual buying patterns. For example, buying everyday items like toothpaste, soap, or packaged snacks often falls under habitual buying behaviour.

**Example:** Buying Bottled Water Consumers often have a preferred brand of bottled water that they purchase regularly without much thought. They might choose the same brand because it's convenient, familiar, and meets their basic hydration needs. The decision-making process is quick and automatic, and consumers don't invest significant time in researching or evaluating different brand.

- b. **Complex Buying Behaviour:** Complex buying behaviour is associated with high-involvement purchases that require significant research, evaluation, and decision-making. Consumers invest time and effort in gathering information, comparing alternatives, and considering various factors before making a purchase. This type of behaviour is common for expensive and infrequently purchased items such as cars, homes, and high-end electronics.

**Example:** Purchasing a New Car When buying a new car, consumers engage in complex buying behaviour. They research different car models, compare features, read reviews, visit dealerships, and consider factors such as price, performance, fuel efficiency, safety features, and brand reputation. This process involves substantial time and effort due to the high cost and infrequency of the purchase.

- c. **Variety-Seeking Buying Behaviour:** Consumers with variety-seeking behaviour are open to trying different brands or products within a category. They enjoy novelty and change and are willing to switch brands to experience new options. This behaviour is often seen with products that are low-cost and frequently consumed, like snacks or beverages. Marketing strategies for variety-seeking behaviour often focus on product differentiation and unique features.

**Example:** Snack Foods Consumers often exhibit variety-seeking behaviour when buying snack foods. They might choose different brands or flavours of chips, cookies, or candy bars to satisfy their craving for variety and novelty. Marketers can capitalize on this behaviour by introducing new flavours or limited-edition versions of products to attract consumers seeking something different.

- d. **Dissonance-Reducing Buying Behaviour:** Dissonance refers to the feeling of post-purchase anxiety or doubt that can arise after making a significant purchase decision. Consumers with dissonance-reducing behaviour seek to minimize this feeling by seeking reassurance and affirmations that they made the right choice. They may actively seek positive information about their chosen product to alleviate their doubts. High-involvement purchases with multiple comparable alternatives, such as expensive appliances or electronics, often lead to dissonance-reducing behaviour.

**Example:** High-End Smartphone After purchasing a high-end smartphone, a consumer might experience dissonance due to the significant cost and the abundance of available features. To reduce this dissonance, they might seek out positive reviews, user testimonials, or technical specifications that reinforce their choice. Seeking reassurance that their decision was correct helps alleviate any doubts they may have.

These types of buying behaviours provide valuable insights for marketers to tailor their strategies based on the consumer's decision-making process and level of involvement. Effective marketing involves understanding the specific type of behaviour a consumer might exhibit for a particular product or service and crafting campaigns that resonate with their preferences and motivations.

## **Module 2**

### **Information Search Process and Decision Rules**

#### **Understanding the Information Search Process:**

In the realm of consumer behavior, the information search process is a pivotal stage that significantly influences how individuals make purchasing decisions. This process involves seeking, gathering, and evaluating information about various products, services, or alternatives to arrive at an informed choice. Let's explore the key aspects of the information search process and its role in consumer behavior.

The Information Search Process consists of five stages:

- **Problem Recognition:** The information search process typically begins with the recognition of a problem or need. This could be triggered by an external stimulus like advertising, personal experiences, or internal cues such as a desire for a new product or solution.
- **Internal and External Search:** Once a need is identified, consumers engage in both internal and external searches for information. The internal search involves recalling information from memory about past experiences and knowledge. External search entails seeking information from external sources such as friends, family, advertisements, reviews, online research, and expert opinions.
- **Evaluation of Alternatives:** Consumers compare and evaluate the various options they've gathered during the information search. They consider attributes, features, benefits, and other factors that matter to them. The goal is to identify the option that best fulfills their requirements.
- **Purchase Decision:** Based on the evaluation, consumers make their purchase decision. This involves selecting a product, service, or alternative that aligns with their preferences and meets their needs.
- **Post-Purchase Evaluation:** After making the purchase, consumers reflect on their decision. If the chosen option meets or exceeds their expectations, they experience satisfaction. Conversely, if it falls short, they might feel dissonance or dissatisfaction.

In conclusion, the information search process is a fundamental element of consumer behavior. It empowers individuals to make well-considered decisions, manage perceived risks, and ultimately attain satisfaction with their chosen products or services. By understanding the intricacies of this process, marketers can design strategies that provide consumers with relevant and credible information, enhancing their overall buying experience.

#### **Decision Rules in Consumer Behaviour**

In the dynamic landscape of consumer behaviour, decision rules play a pivotal role in guiding individuals through the complex process of making choices. Decision rules are frameworks or strategies that consumers employ to simplify their decision-making by focusing on specific criteria. These rules help consumers navigate through the multitude of options available and arrive at a choice that aligns with their preferences, needs, and constraints.

##### **Types of Decision Rules:**

1. **Compensatory Decision Rule:** The compensatory decision rule involves weighing the pros and cons of each option across various attributes. Consumers consider both the strengths and weaknesses of each option and make trade-offs based on their relative importance.

**Example:** Imagine a consumer looking to buy a new laptop. They prioritize attributes like performance, battery life, and price. Option A has exceptional performance but a higher price, while option B is more affordable but has slightly lower performance. The consumer, using the compensatory rule, might opt for option A due to its stronger performance even though it's pricier.

2. **Non-Compensatory Decision Rules:** Non-compensatory decision rules involve setting specific criteria that must be met. Options failing to meet these criteria are eliminated, regardless of their performance in other areas. There are different types of non-compensatory rules:

- **Lexicographic Rule:** Consumers rank criteria by importance, and the option that performs best on the most important criterion is selected. Example: Consider a consumer choosing a restaurant. They rank criteria as follows: food quality, service, ambiance. If Restaurant A has the best food quality, it would be the preferred choice for the consumer based on the lexicographic rule, even if other restaurants have better service or ambiance.
- **Elimination-by-Aspects Rule:** Consumers start with the most important criterion, eliminating options that fall below a threshold. The process continues with other criteria. Example: A consumer is buying a smartphone. They prioritize battery life, camera quality, and storage. If a smartphone doesn't meet the desired battery life threshold, it's eliminated, regardless of its camera quality or storage capacity.
- **Conjunctive Rule:** Consumers set minimum acceptable levels for each criterion, and an option must meet all criteria to be chosen. Example: When purchasing a car, a consumer sets minimum requirements for safety, fuel efficiency, and cargo space. If a car doesn't meet any of these minimum criteria, it's not considered, regardless of its performance in other areas.

### **Factors Influencing Decision Rule Selection:**

- **Product Complexity:** For complex products like computers, consumers might employ non-compensatory rules to simplify their choices.
- **Time Constraints:** In urgent situations, consumers might use non-compensatory rules for quick decisions.
- **Consumer Expertise:** Experienced consumers may apply compensatory rules effectively based on their knowledge of the product.
- **Risk Tolerance:** Consumers with a higher risk tolerance might be more flexible in using compensatory rules.

Understanding these decision rules is crucial for marketers aiming to tailor their strategies to consumers' decision-making processes, thereby enhancing customer satisfaction and fostering stronger relationships between consumers and brands.

## **Module 3**

### **Decoding Consumer Decision Making**

#### **PERSONALITY & SELF-CONCEPT: INFLUENCES ON CONSUMER BEHAVIOR**

- **PERSONALITY AND BUYING DECISIONS:**

Our personality traits are like the unique ingredients that make up who we are. They impact our behavior, preferences, and choices – including how we shop.

**1. Extroversion:**

- Extroverted individuals are outgoing and social. They enjoy being around people and often seek excitement.

- Shopping Preferences: Extroverts might be drawn to shopping malls, where they can interact with others and explore new products. They might also prefer products that help them stand out or enhance social interactions, like trendy clothing, accessories, or gadgets for group activities.

**2. Conscientiousness:**

- Conscientious individuals are organized, detail-oriented, and value efficiency and practicality.

- Shopping Preferences: Conscientious consumers are likely to research their purchases thoroughly, looking for items that offer value, durability, and functionality. They might gravitate towards planners, efficient home appliances, and products that align with their organized lifestyle.

**3. Openness to Experience:**

- People high in openness to experience are curious, creative, and open-minded. They're willing to try new things and explore innovative ideas.

- Shopping Preferences: Open individuals might be early adopters of new technologies, seeking out unique and innovative products. They could be drawn to niche fashion brands, unconventional gadgets, and products that reflect their distinctive tastes.

- **SELF-CONCEPT AND BUYING DECISIONS:**

Our self-concept is the collection of beliefs, attitudes, and perceptions we hold about ourselves. It strongly influences our choices, as we tend to select products that reflect who we are or who we want to become.

**1. Actual Self:**

- This is how you currently perceive yourself. Your buying decisions often align with your actual self to maintain a consistent self-image.

- Example: If you see yourself as someone who values health and fitness, you're more likely to buy activewear, gym memberships, and health-conscious products to reinforce your self-perception.

**2. Ideal Self:**

- Your ideal self is the person you aspire to be, reflecting your goals, aspirations, and values.

- Example: If you aspire to be more environmentally conscious, your ideal self-concept might lead you to choose products that are eco-friendly, such as reusable items, sustainable fashion, and green energy solutions.

### **Why It Matters:**

Understanding the deep connection between personality traits and self-concept is crucial for both consumers and businesses:

- **For Consumers:** Recognizing how your personality traits and self-concept influence your choices empowers you to make decisions that align with your values and aspirations. It leads to more satisfying and fulfilling purchases.

- **For Businesses:** Companies leverage this knowledge to create targeted marketing campaigns and design products that resonate with specific personality types and self-concepts. They craft messages that appeal to consumers' desires, bridging the gap between their actual and ideal selves.

In summary, personality and self-concept serve as powerful factors guiding our consumer behavior. As you make purchasing decisions, consider how your personality traits and self-perception shape your choices. It's a fascinating interplay between who you are, who you want to be, and the products that bridge that gap.

## **BUYER'S BLACK BOX**

The Buyer's Black Box is a pivotal concept in understanding consumer behavior, shedding light on the intricate processes that occur within the mind of a consumer before they make a purchasing decision. This metaphorical "black box" represents the psychological and cognitive steps that individuals go through, often subconsciously, as they move from recognizing a need to finalizing a purchase.

### **Components of the Buyer's Black Box:**

#### **1. Psychological Processes:**

- Perception: Consumers interpret external stimuli through their senses, shaping how they perceive products and brands.
- Learning: Consumers acquire information and knowledge over time, influencing their preferences and attitudes.
- Motivation: Internal drives and external factors push consumers to fulfill their needs and desires.
- Attitudes: Consumer attitudes are shaped by beliefs, emotions, and experiences, impacting their evaluations of products.

#### **2. Decision-Making Variables:**

- Problem Recognition: Consumers identify a discrepancy between their current state and a desired state, initiating the decision-making process.
- Information Search: Consumers actively seek information about possible solutions, relying on various sources to gather insights.
- Alternative Evaluation: Consumers compare available options based on attributes such as quality, price, and benefits.
- Purchase Decision: After evaluating alternatives, consumers decide whether to make a purchase, considering factors like perceived value.
- Post-Purchase Behavior: Consumers' feelings of satisfaction or dissatisfaction after a purchase influence future behaviors and decisions.

### **Implications for Marketers:**

Understanding the intricacies of the Buyer's Black Box offers marketers valuable insights into crafting effective strategies:



- Tailoring marketing messages to align with consumers' perceptions, motivations, and attitudes.
- Providing clear and accessible information during the information search phase.
- Highlighting unique features and benefits during the alternative evaluation stage.
- Addressing potential cognitive dissonance and ensuring post-purchase satisfaction.

### **Real-World Application:**

Companies often leverage the Buyer's Black Box to create impactful marketing campaigns:

- Nike's use of motivational messages taps into consumers' motivations and aspirations.
- Amazon's customer reviews provide information for the information search and evaluation stages.

In essence, the Buyer's Black Box underscores the complexity of consumer decision-making, emphasizing the dynamic interplay between psychology, perception, motivation, and evaluation. By delving into this black box, marketers can better tailor their strategies to engage consumers effectively and drive successful outcomes.

## **MASLOW'S HIERARCHY OF NEEDS THEORY**

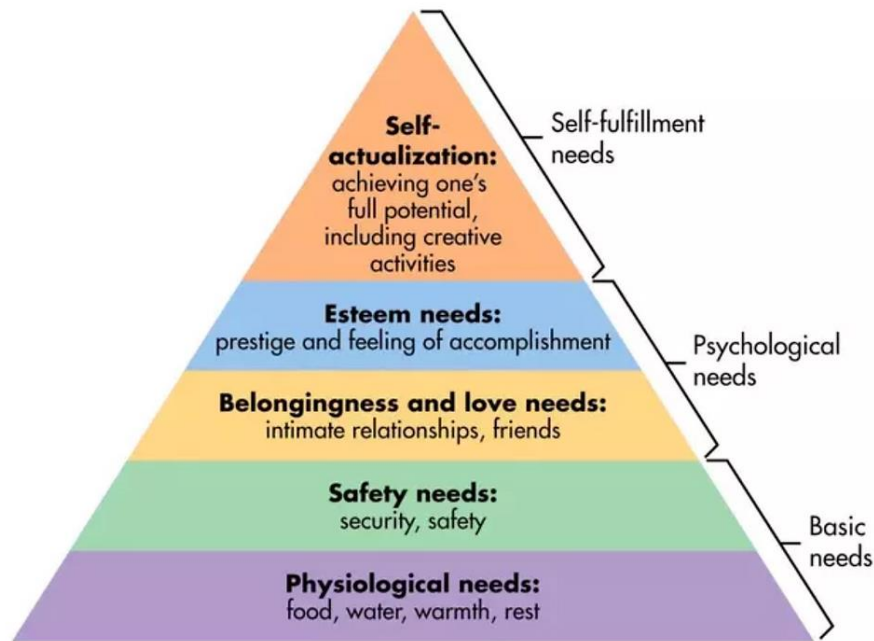
Abraham Maslow, a prominent American psychologist, introduced the Hierarchy of Needs theory in the field of psychology. This theory, often referred to as Maslow's Pyramid or Maslow's Hierarchy of Needs, suggests that human beings have a set of fundamental needs that must be fulfilled in a specific order to achieve personal growth, self-actualization, and overall well-being. The theory is often depicted as a pyramid with five levels, each representing a different category of needs. These needs range from basic physiological requirements to higher-order psychological needs.

- **Physiological Needs:** At the base of the pyramid are the physiological needs, which include the fundamental requirements for survival such as air, water, food, shelter, sleep, and other bodily necessities. These needs are of the highest priority, and until they are met, an individual's focus remains primarily on obtaining these essentials. Only when these needs are satisfied can a person move on to higher levels of the hierarchy.
- **Safety Needs:** Once physiological needs are met, individuals are concerned with safety and security. This includes physical safety, emotional security, financial stability, health, and protection from harm. People seek stability, predictability, and a sense of control over their environment. Fulfilment of safety needs creates a foundation for individuals to progress further.
- **Social Needs:** The third level involves social and interpersonal needs, including the desire for companionship, affection, love, friendship, and a sense of belonging to a group or community. Humans are inherently social beings, and these connections contribute to their emotional well-being. Failure to meet these needs can lead to feelings of loneliness and isolation.
- **Esteem Needs:** Esteem needs are divided into two subcategories: a) Self-esteem - which encompasses self-respect, self-confidence, and a sense of achievement, and b) Esteem from Others - which includes recognition, respect, and approval from others. Fulfilment of these needs leads to a healthy level of self-worth and confidence.
- **Self-Actualization Needs:** The pinnacle of Maslow's hierarchy is self-actualization. This refers to the realization of an individual's full potential and the pursuit of personal growth, creativity, and fulfilling one's unique talents and abilities. Achieving self-actualization implies a deep understanding of oneself, an alignment between personal values and actions,

and a sense of inner fulfilment. It's important to note that self-actualization is an ongoing process and not a fixed destination.

Nonetheless, Maslow's theory has influenced various fields, including education, business management, and self-help literature. It has provided a valuable framework for understanding human motivation and behavior, emphasizing the importance of addressing basic needs before pursuing higher-level aspirations.

In conclusion, Maslow's Hierarchy of Needs theory remains a foundational concept in psychology, offering insights into the complex interplay between human needs, motivations, and personal development. It continues to shape our understanding of human behavior and the factors that contribute to human well-being.



## FREUD'S THEORY OF MOTIVATION

Sigmund Freud, a pioneering figure in the field of psychology, developed a comprehensive theory of motivation that delved into the complex interplay between conscious and unconscious desires. His theory, known as psychoanalysis, revolutionized the way we understand human behavior and motivation. Here's a detailed overview of Freud's Theory of Motivation:

- 1. The Structure of the Mind:** Freud proposed that the human mind consists of three main components: the conscious mind, the preconscious mind, and the unconscious mind. The conscious mind holds thoughts, feelings, and perceptions we are currently aware of. The preconscious mind contains thoughts and memories that can be brought into consciousness with effort. The unconscious mind, however, contains repressed memories, desires, and emotions that greatly influence our behavior but remain hidden from our awareness.
- 2. The Tripartite Personality:** Freud introduced a model of personality composed of three parts: the id, the ego, and the superego. These elements constantly interact and influence our motivations.
  - **Id:** The id operates on the pleasure principle, seeking instant gratification for basic biological and psychological needs. It is impulsive and unconstrained by societal norms or morality.

- **Ego:** The ego is the rational part of the personality, operating on the reality principle. It seeks to balance the desires of the id with the constraints of the external world, making decisions that satisfy both.
- **Superego:** The superego represents our internalized moral and societal values. It develops as we internalize the norms and values of our caregivers and society. It often acts as a conscience, guiding us toward morally acceptable behaviors.

**3. Motivational Conflict:** According to Freud, conflicts arise within the individual due to the competing demands of the id, ego, and superego. This inner conflict can lead to anxiety, and the mind employs defense mechanisms to protect itself from the discomfort these conflicts bring. Defense mechanisms include denial, repression, projection, and more.

**4. Psychosexual Stages of Development:** Freud proposed that human development is characterized by a series of psychosexual stages, each associated with a particular erogenous zone and a central psychological conflict. Successful resolution of these conflicts leads to healthy personality development, while unresolved conflicts can result in fixations and issues later in life.

**5. Motivation and Unconscious Desires:** At the core of Freud's theory of motivation is the idea that unconscious desires and unresolved conflicts heavily influence our thoughts, feelings, and behaviors. These hidden motivations can lead us to engage in seemingly inexplicable actions or reactions.

**6. Dreams and the Unconscious:** Freud believed that dreams provided a window into the unconscious mind. He introduced the concept of dream analysis, suggesting that the symbolism and imagery in dreams could reveal repressed desires and conflicts. Through interpretation, individuals could gain insights into their motivations and unresolved issues.

**7. Application and Critique:** Freud's theory has had a profound impact on psychology and has influenced various therapeutic approaches. However, it has also faced criticism for its lack of empirical evidence and its heavy focus on sexuality. Contemporary psychology has evolved to incorporate and refine Freud's ideas while integrating newer research and perspectives.

In summary, Freud's Theory of Motivation highlights the intricate interplay between conscious and unconscious motivations, exploring how our desires, conflicts, and personality components influence our thoughts and actions. While it has its limitations, Freud's ideas have undeniably shaped the landscape of psychology and continue to be relevant in understanding human behavior.

## Freud's motivation theory

Freud believed that the operation of the brain is controlled by three elements:

**EGO:** The conscious part of the mind, the part that we are aware of, the part where decisions are made

**ID:** The unconscious part of the mind that seeks to bring pleasure to us

**SUPEREGO:** This is the moral aspect of the mind- our conscience- it tells us what we should and should not do

**Link for Final Examination:**

**Full Marks: 100**

**No. of Questions: 50**

**Pass Marks: 30**

<https://forms.gle/FeEy6wspE7LhCJCp8>



### **Profile of the Tutor:**

**Dr. Samrat Bharadwaj**

**M. Com, M. Phil, PhD, PGDCA, Dip. Neuromarketing, Dip. Journalism and Mass Communication, Dip. Acting and Film Making, Cert. Digital Marketing (Google)**

**Assistant Professor, Department of Commerce, Digboi College, India**

**Email Id: samratbharadwaj8@gmail.com**

**Website: [www.tinyurl.com/samratbharadwaj](http://www.tinyurl.com/samratbharadwaj)**

**Dr. Samrat Bharadwaj** is an assistant professor at Digboi College, India, in the Department of Commerce. His areas of interest include marketing, consumer behaviour, research methodology, spiritual management and tourism. He holds an M. Phil in Marketing Warfare and a Ph.D. in Consumer Behavior and Promotional Marketing from India. Bharadwaj has published numerous research papers in prestigious national and international publications that are indexed in Scopus, Web of Science, ABDC, UGC-Care List, and so on. In addition to being the author and editor for five books published by international publishers, Bharadwaj has contributed numerous research chapters to a plethora of edited volumes. In addition, he serves as a member of the editorial board for two prestigious international journals and as an expert reviewer for journals published by Routledge (Taylor & Francis Group) and Elsevier. With a research experience of over six years, he happens to be a life member of organisations like Indian Commerce Association (ICA) and Northeast India Commerce and Management Association (NEICMA). He also has two patents to his credit.