ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 10| Issue: 7| July 2024|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2024: 8.402 || ISI Value: 1.188

CONSUMER BEHAVIOUR AND FACTORS INFLUENCING CONSUMER BEHAVIOUR: A CONCEPTUAL STUDY

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ABSTRACT

This conceptual study explores the integral role of consumers in an economy, highlighting their influence on producers through purchasing, usage, and disposal behaviours. Consumer behaviour encompasses a broad spectrum of activities, from decision-making processes to post-consumption actions. The paper delineates the distinctions and interrelations between consumer behaviour and consumption behaviour. It identifies five primary factors influencing consumer buying behaviour: personal, economic, psychological, social, and cultural. Each factor comprises various elements, such as income, occupation, perception, family, and cultural values, which collectively shape consumer decisions. This research provides a comprehensive framework for understanding the influences on consumer behaviour, emphasizing its complexity and significance in economic activities.

INTRODUCTION

Consumers and producers are two integral parts of an economy. They are interrelated and interdependent on each other. However, consumers play a more vital role than producers in an economy. All activities of consumers, such as purchasing goods and services, using them, and disposing of them, are considered consumer behaviour. Essentially, most of the activities of producers are determined by consumer behaviour. According to Solomon, "Consumer Behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires" According to Hoyer and Maclnnis, "consumer behaviour involves understanding why, when, where, how, how much, how often, and for how long consumers will buy, use, or dispose of an offering." Finally, it can be said that consumer behaviour is the study of all actions related to the purchase, use, and disposal of goods by consumers at a given time and with given resources.

The consumer plays three distinct roles as purchase activity, consumption activities and disposable activities:

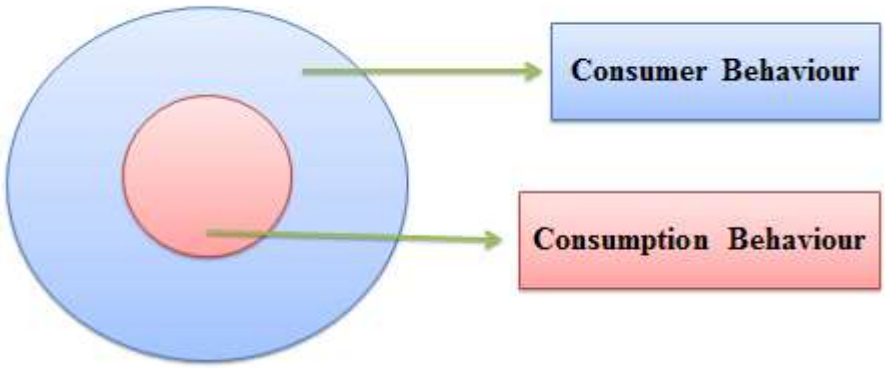
- **Purchase activities:** this activity is related to purchase a gods and services by a consumer. This activity shows how a consumer takes the decision to purchase goods at given resources in market where different brands are available different prices.
- **Consumption activities:** This activity focuses the use of goods and services. This activity depends on the durability, prices, and quantity of that goods and services.
- **Disposable activities:** This activity is related to post-consumption behaviour of consumers, specifically focusing on the waste of goods and the secondary market for goods. For example, it includes the used car market and second-hand market.

Relationship between Consumer Behaviour and Consumption Behaviour

Often, both these terms consumer behaviour and consumption behaviour are used interchangeably, but there are basic differences between them. Consumer behaviour is a broader concept, while consumption behaviour is a narrower concept. In fact, consumption behaviour is an integral part of consumer behaviour. Consumer behaviour relates to the purchase behaviour, use behaviour, and disposal behaviour of a consumer, whereas consumption behaviour relates only to the use behaviour of the consumer. This relationship can be understood with the help of the figure depicted below:

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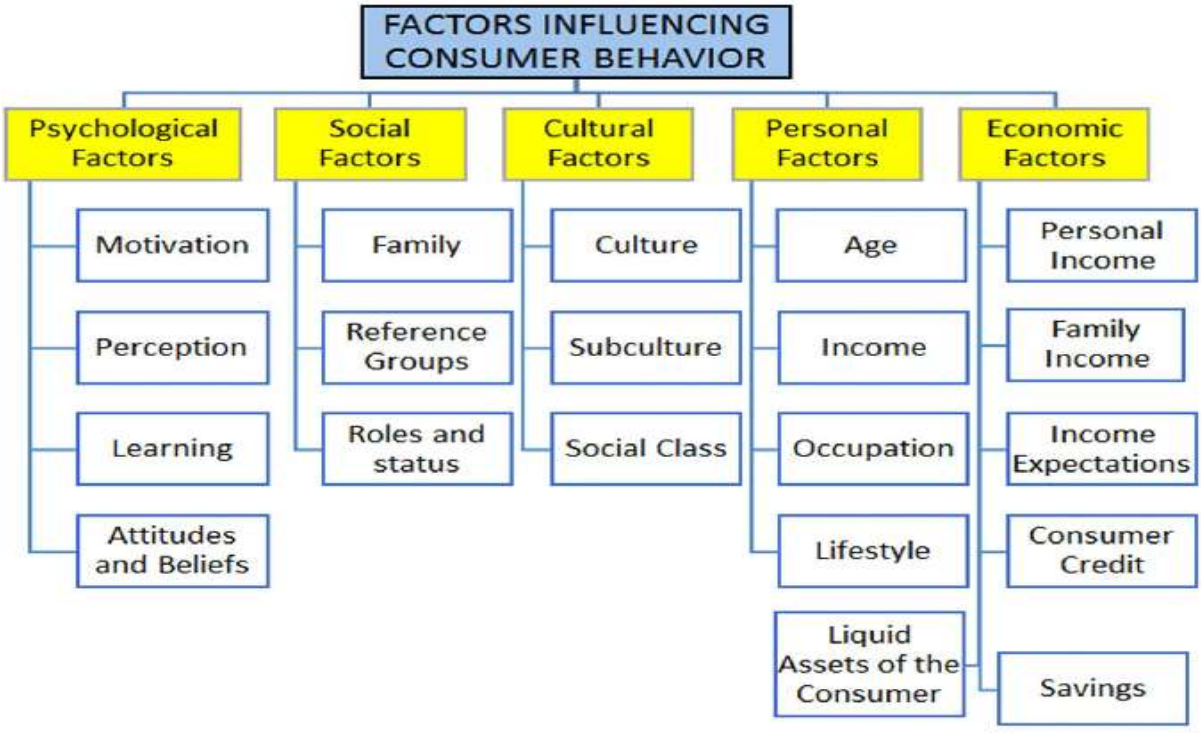
Figure- 1: Relationship between consumer behaviour and consumption behaviour



Factor Affecting Consumer Buying Behaviour

A consumer is a rational human being (Lal & Lal). Consumers make decisions to purchase and use products according to their preferences, tastes, as well as the prices, quality, and quantity of goods. There are many factors that influence consumer behaviour. Broadly, there are five main factors that influence consumer behaviour, and each of these factors has several components.

Figure-2: Factor Affecting Consumer Buying Behaviour



Source: https://www.researchgate.net/figure/Factors-influencing-consumer-behavior_fig1_348868919

1. Personal Factor

Personal factors are very important in influencing consumer behaviour. These factors include several components such as age, income, occupation, lifestyle, and personality.

- **Income:** Out of all the prevailing factors influencing consumer behaviour, income is the most powerful. Income is a prerequisite determinant of consumer behaviour.
- **Occupation:** A person's occupation is directly related to their consumption patterns. Every consumer wants to purchase items like dresses, shoes, and ties according to the requirements of their profession. Different occupations have distinct cultures, and these differences create varying consumption patterns based on occupation..
- **Age:** The age of a consumer is a crucial factor in their buying behaviour. For example, a teenager may require western and trendy clothing, while older individuals might not feel the need to follow current fashion trends. Therefore, their demand and consumption patterns differ significantly.

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- **Life style:** Lifestyle reflects the pattern of living life. Every consumer has a different lifestyle. Due to these differences, consumers also vary in their purchase and consumption patterns.

2. Economic Factor

Economic factor is an external factor. It one the very important factors of influencing consumer behaviour. It includes personal income, family income, income expectation, liquid assets and savings which are followings:

- **Personal income:** Personal income is the income earned by an individual. An individual with higher income tends to have more purchasing activity, while an individual with lower income tends to have less purchasing activity. Consequently, the consumption patterns of individuals with lower personal income and those with higher personal income will differ. Therefore, personal income plays a vital role in influencing consumption behaviour.
- **Family income:** Like personal income, family income is also a fundamental economic factor influencing consumer behaviour. Family income is the sum of all individual personal incomes of family members. Similar to personal income, family income also influences consumer behaviour, varying across different family income groups.
- **Income expectation:** Income expectations also play an important role in influencing consumer behaviour. When consumers anticipate that their income will increase in the near future, their expenditure is likely to increase as well.
- **Liquid assets:** Liquid assets refer to those assets that can be quickly converted into goods or services. More liquid assets provide consumers with greater freedom to spend, while less liquid assets limit their expenditure.
- **Savings:** Savings are also an important economic factor influencing consumer behaviour. When consumers aim to increase their savings, they typically reduce their consumption, and vice versa.

3. Psychological Factors

Psychological factors influencing consumer behaviour reflect the inner state of mind of the consumer. These factors include perception, motivation, learning and attitude.

- **Perception:** It involves choosing, arranging, and interpreting information from both our internal and external surroundings to create a meaningful understanding. Each consumer perceives the same product uniquely based on their own individual perceptions.
- **Motivation:** A motive is an internal drive that compels a person to take action, such as fulfilling a need, achieving a goal, or solving a problem.
- **Learning:** Learning is a transformative process that results in lasting changes in an individual's behaviour. Typically, individuals acquire knowledge through previous experiences, shaping their attitudes and responses towards products or services.
- **Attitude:** Attitude refers to an individual's inclination to react positively or negatively toward a product, service, event, or individuals. It encapsulates their thoughts and feelings about an object. Consumers form favourable or unfavourable attitudes toward products or services influenced by marketing efforts, situational factors, personal experiences, or advertising, which in turn shape their intentions regarding those products or services.

4. Social Factors

Every consumer is a human being. Every human being is a social being who lives in a society. Social factors include family, reference groups, and roles and status. Individuals are influenced by these factors and also influence these factors regarding their purchasing and consumption activities.

- **Family:** Family is a crucial social factor that influences consumer behaviour. Generally, two types of families are found in society: nuclear families and joint families. Nuclear families typically have more freedom to purchase, consume, and dispose of goods compared to joint families.
- **Reference group:** A reference group refers to any individual or group that influences a consumer's decision-making process when purchasing goods and services. Reference groups provide feedback on goods and services purchased in the past and also offer their opinions to consumers, impacting their purchasing decisions.
- **Role and status:** Role and status indicate an individual's power within society. Every consumer purchases goods and services according to their role and status. This type of consumption expenditure is made to maintain their role and status in society.

5. Cultural Factors

Every consumer is an element of society, and each society has its own values and beliefs. Cultural factors have three main components: culture, subculture, and social class.

- **Culture:** Cultural factors strongly influence consumer buying behaviour. These factors encompass the fundamental values, needs, wants, preferences, perceptions, and behaviours that consumers observe and learn from their close family members and other significant individuals in their lives. Personal factor:
- **Sub-culture:** Within a cultural, there are many subcultures are exists. Each subculture sharing a common set of beliefs and values. These subcultures include individuals from various religions, castes, geographies, and nationalities. Differences among these subcultures lead to distinct variations in consumption behaviour.
- **Social class:** Social class also determines consumer behaviour. Social class is a classification of individuals, families, and society based on factors such as power, education, and status. These social classes are generally divided into three categories: upper class, middle class, and lower class. Each of these social classes exhibits distinct consumption patterns.

CONCLUSION

Consumer behaviour is a complex interplay of personal, economic, psychological, social, and cultural factors. Understanding these factors helps businesses predict consumer actions and tailor their strategies. This study underscores the

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importance of analysing these influences to effectively cater to consumer needs and preferences.

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