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FACTORS INFLUENCING CONSUMER BEHAVIOR: A REVIEW

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ABSTRACT
As success of business lies on the satisfactory customers, it is imperative for the business to understand customers completely and also the different factors that influence their buying decisions. Marketing is the activity the start and end of which completely depends on consumers, so consumer's decision to buy or not to buy the product of the shows how well the marketing strategy has been formulated by the marketer and how well these suits to consumers. This paper is exclusively focusing on different factors that influences the behavior of consumers and their buying decisions. Consumer buying decisions involve psychological state of mind of consumers which impacts consumer's understanding of their requirements, discovering pattern to satisfy their needs, taking decision to buy or not any product or service, and if so, which brand, color, size etc. to buy. These decisions may also include to decide on where to buy from like, online or in store, malls or retail store etc.

KEYWORDS: *Consumer behavior, culture, family, perception, personality, social.*

INTRODUCTION

Success of any enterprise totally depends on their success to understand the consumer behavior. Relation between marketing strategy and consumer behavior is most emphasized these days, because success of marketers is the outcome of perfect understanding of consumer behavior and then formulation of policies according to the needs and expectation of the consumers. Understanding how the consumer behave is significantly more important during economic depression condition of the country (Kotler and Caslione, 2009). Analyzing the consumer behavior it can be stated that consumer generally plays three roles in the market: User, payer and purchaser. Many studies have undergone and concluded that anticipating consumer behavior is very tough even for experts (Armstrong & Scott, 1991). Marketing is the activity the start and end of which completely depends on consumers, so consumer's decision to buy or not to buy the product of the shows how well the marketing strategy has been formulated by the marketer and how well these suits to consumers. Consumer buying decisions involve psychological state of mind of consumers which impacts consumer's understanding of their requirements, discovering pattern to satisfy their needs, taking decision to buy or not any product or service, and if so, which brand, color, size etc. to buy. These decisions may also include to decide on where to buy from like, online or in store, malls or retail store etc. Marketing staff tries to know all these factors well before the formulation of strategies so they do a deep analysis of all the factors effecting behavior of consumer. Consumer behavior if analyzed well, it would help in understanding that who would be the consumers, what would they like and how they would use and reach to the services and products. For achieving this purpose many surveys can be conducted by marketing staff (Furaiji, et al, 2012). Consumer behavior is impacted by the thinking and psychology of family and friends as well, making it difficult for marketers to analyse the consumer behavior.

OBJECTIVE OF THE STUDY

The main objective of this study is to understand what is consumer behavior and factors affecting the consumer behavior. The supportive objective of the study is to focus on to understand the importance of understanding consumer behavior to marketer.

RESEARCH METHODOLOGY

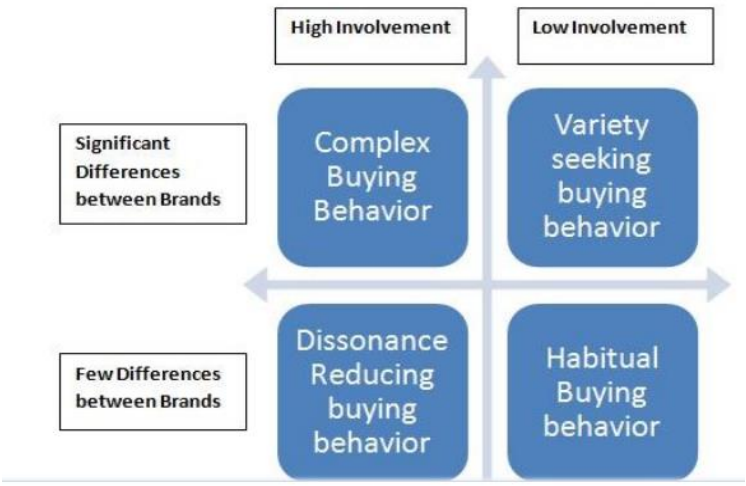
For this study, focus is only on secondary data which is already published and available on different sources of information. The research work is only descriptive in nature as focus is only different element of digital marketing and comparison between traditional and digital marketing.

1. Types of Consumer Behavior

Consumer's decision to buy a product depends on what type of product or service it wants to buy. Consumer will behave differently when buying a car than buying coffee. Depending on the complexity of product and prices consumers considers different factors at the time of buying. More expensive the product is more factors would be involved in buying decision. On the basis of involvement level of consumer and variety of brands available consumer behavior can be of four types:

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1. Complex buying behavior
2. Dissonance-reducing buying behavior
3. Habitual buying behavior
4. Variety seeking behavior



1.1 Complex Buying Behavior

When consumer is buying very expensive product then his level of involvement increases. Also frequency to buy expensive products is also very less which also makes the consumer to research thoroughly about the product before he makes the investment. When the risk of buying a product is high consumer always take friends and family members' point of view in consideration and also many other factors. All these things make the consumer behavior more complex. For consumers who show complex buying behavior, marketers are expected to have extra understanding of products and, also they need to help the consumer to understand the product. They need to be convinced by the marketer for buying the product. It is important that advertisement conveys the message that could influence customers' beliefs and attitudes. Few examples of products where consumer shows complex buying behavior could be, like car, house etc.

1.2 Dissonance-Reducing Buying Behavior

Due to high cost of the product and less frequently purchase of the services or product, consumer involvement is expected to be high. This behavior is known as dissonance reducing behavior. Additionally, different brands are not available and if available they have least significant differences. In such cases customer want to buy the product which are readily available. Considering products availability, budget of the consumer or time limitation consumer prefer to buy product without much exploring. For such type of consumers, marketers should have effective after sales service campaigns aiming to support consumers and convincing them to buy the same brand next time also. Few examples of products where consumer shows complex buying behavior could be, like collapsible furniture which is very new concept with less no. of brands in market.

1.3 Habitual Buying Behavior

This type of behavior is been shown by the consumer when he is to buy a product which are not very expensive or frequency to buy is very high. Additionally, presence of different brands is also very low leaving customer with few options. Such type of behavior is seen when consumer is buying some daily routine products, that do not require much efforts and involvement of the consumer. Consumer go either for their favorite brand or which they regularly buy. Consumer just go and buy these products. Marketer should keep the customer reminded of their brand by continuous advertisement of brands. As consumers are buying products on basis of brand familiarity, so familiarity of the brands need to be increased for such products. Price drop promotions and sales promotions can be great tactics for such type of products. Few examples of products where consumer shows complex buying behavior could be, like soaps, household items, cleaners etc.

1.4 Variety Seeking Buying Behavior

When product is being bought very rarely and availability of different choices increases the involvement of the consumer. They pay more time to select the brand. Due to low switching cost, consumer keep on switching different brands to try new brands. So, to keep the customer loyal to the brand, it is necessary to keep them satisfied with product quality and other services. Marketers should avoid out of stock situations, sponsor frequent advertising, should offer discounts, deals, coupons and should increase shelf space. Few examples of products where consumer shows complex buying behavior could be, like cookies.

2. Consumer Buying Decision Process

Consumer buying decision process involves different steps where consumer recognizes his need and search for different alternatives and after evaluating all the alternatives finally reaches to buying a final product or services which can satisfy his need along with fitting in his criterions. There are 5 stages a customer passes through to reach his final decision to buy the product.

2.1 Need Recognition

Consumer buying decision process gets started as the consumer recognized some of his needs which he needs to satisfy. This realization can take place due to any of the reasons

2.1.1 Internal stimuli
2.1.2 External stimuli

Maximum purchases are driven by real, perceived physiological or emotional need.

2.2 Search for information (Research)

As soon as consumer realizes his need and start searching for the options. Now it is the challenge for the marketer that as the customer start searching for the option, marketer's brand should get in knowledge of the customer. Customer's search for information depends on how much he already knows about the different options, as well as of complexities of the choices. While searching for information customer can use internal sources (past knowledge of product or brand) or external sources (information of product or brand from friends, family, advertisements, reviews etc.)

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2.3 Evaluation of alternatives (Consideration)

Now once the consumer is done with his research, he is having a list of alternatives that could be promising or not of satisfying his need. At this stage consumer has knowledge of the brand and need to decide whether to buy from a particular brand or from its competitor. Consumer evaluate all the alternatives and reaches to a short list of alternatives. This evaluation can be impacted by majorly two factors:

2.3.1 Objective: features, functionality, ease of use, price, after sales services

2.3.2 Subjective: Feelings about a brand (based on previous purchase or review from friends or family)

If marketer cannot present its product better than its competitors, then decision would depend on other customers' reviews.

2.4 Purchasing decision (Conversion)

This is the stage where customer has selected the one alternative which fit best to all the criteria he has set and now he is ready to pay for buying the product. But it doesn't mean that marketer has been successful in selling his product. It can lose his customer even at this stage, it all depends on his purchasing experience. If customer find, for example, sales man to be rude or payment process as not convenient, customer can change his mind and marketer will lose him to the competitor.

2.5 Post-purchase evaluation (Re-Purchase)

Post purchase behavior refers to how does a consumer thinks, use and feels after purchasing the product. Marketers' task does not end with sale of the product. It needs to make sure repeat purchase from side of consumer. Good post purchase behavior can result in happy consumer that in turns make consumer loyal towards the marketer and here marketer achieves his target. Good post purchase behavior leads to brand image, lower costs, competitive advantage, better insights, increased sales, consumer retention etc.

3. Factors influencing consumer behavior

Consumer behavior is being affected by no. of components and marketer needs to understand all these factors so that it can make all its strategies and plan accordingly to convert prospects into consumers. These components may be like cultural factors, psychological factors, and civil factors. Therefore, these factors are used for segmenting the market and targeting the selected segment (Hasslinger, et al, 2007).

3.1 Psychological Factors: Psychological factors delve deep into how a consumer's mind works, influencing their buying decisions. These are divided in to four concepts:

3.1.1 Motivation: This involves the inner drive of the consumer which forces him to fulfil his needs. For example, some may want to buy luxury car not for transportation but to satisfy his status need.

3.1.2 Learning: This refers to gaining knowledge through experience and outside world. For instance, some may want to buy a watch because his best friend has same brand watch.

3.1.3 Attitudes & Beliefs: These are shaped over time from various sources , including experience and external influences.

3.1.4 Perception: This refers the way someone interprets and make use of available information. For instance, same advertisement can be considered as informative by one person while other may consider it as manipulative.

3.2 Social Factors: These factors explain the influence of society on individual customer. These include following four concepts:

3.2.1 Family: Family plays a pivotal role, with members having a say in decision. For instance, father may buy a car considering his kids safety.

3.2.2 Reference Groups: These could vary from close friend to celebrities, who set a benchmark, while taking buying decision. If a celebrity, seen as a reference, endorses a product, their fans might be more inclined to buy it.

3.2.3 Role & Status: Individual's role, father or mother or manager, and status in the society may also affects the decision in selection of product.

3.3 Cultural Factors: Personal factors are individual centric and vary person to person but cultural factors affect a large group of people almost in the same way. These are most influencing factors and are divided in following three concepts:

3.3.1 Culture: Culture is the first thing that impacts any consumer needs and wants. The value, personality and beliefs nurtured in a person by the society impacts the decision of the consumer. For instance, in some culture gold jewelry is bought in high quantity as it is status symbol for them. Therefore, marketing staff are fascinated by these factors to define the consumer behavior(Kotler, et al, 2007).

3.3.2 Subculture: There are small groups within cultural wide group which share same values and beliefs. If properly recognized and targeted these can be very fruitful to start with (Hasslinger, et al, 2007).

3.3.3 Social class: different classes have different tastes and preferences. For instance, upper class always go for luxurious brand while middle or lower class people always go for discount stores (Kotler, et al, 2007).

3.4 Personal Factors: These have more influence on consumer decision and also vary person to person. Following are the concepts of personal factors.

3.4.1 Age: Everyone faces different phases as he grows and his taste and preferences also undergo change with the age. Hence

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marketers form their strategies according to the age of the targeted group (Kotler, et al, 2007).

3.4.2 Occupation: Consumer's decision is deeply impacted by the profession he is serving for. For instance, choice of clothe depends on which area of profession are you in (Hasslinger, et al, 2007).

3.4.3 Lifestyle: choice of brand and product is greatly being affected by the way of consumer lives his life. Activities being performed by any one, interest area or thinking towards any product may well define the lifestyle of a person. (Hasslinger, et al, 2007).

3.4.4 Personality: Choice of brands may also be affected by the personality of a person. An extrovert person may go for fleshy items, whereas an introvert would choose subtly (Hasslinger, et al, 2007).

3.4.5 Oneself Concept: This is the visionary concept that to whom they relate their personality to or they look like. This approach leads to conflict because someone may want to buy something which fits to their personality but does not fit to the personality of with whom he desires to be (Hasslinger, et al, 2007).

3.5 Economic Factors: Financial aspects that affects the decision to buy or not products and services are referred as economic factors. It includes following concepts:

3.5.1 Personal Income: Purchasing power and decision to buy or not any particular product is directly impacted by the personal income of any one. A person with high income might not think twice before taking buying decision but a person with low income thinks many times before reaching to any decision.

3.5.2 Country Economic Situation: Recession situation of a country can make it difficult to afford the products for low income people while people with stable income can afford even luxury products.

3.5.3 Liquid Assets: A person with liquid assets can easily buy things.

4. Results & Discussion

Marketing begins with consumers and finish with consumer. Satisfaction of the consumer is ultimate goal of the business. Consumer can be fully satisfied by completely understanding his likes and dislikes, expectations from business and all many different factors affecting consumer's purchase decision. Consumer's final decision to buy or not to buy depends on no. of factors, hence understanding all the factors before formulation of marketing strategy is the key to success. Understanding of factors affecting consumer behavior helps the marketer to clearly understand that how consumer takes decision. Consumer behavior does not stay identical for all consumers and does not remain consistent in all the situation. That means, marketer need to have their research continue all the time to take appropriate decision about their marketing strategies. Consumer buying decision process includes five stages, but all decisions do not include all stages. On the basis of complexity of decisions, involvement of the consumer changes.

CONCLUSION

Consumer behavior is related to the way a consumer selects and buy the products and services to meet his needs or wants. Different steps are involved in buying decision process like recognition of need, exploring the options, selection of best alternative and finally buying the product. But it does not end here, post purchase behavior also carry high importance as it decides on consumer's loyalty to the brand. Though all the stages are not always be the part of buying decision always, as it depends on complexity of product and involvement of customer in buying decision. There is no. of factors that affect the consumer decision to buy the product. All these factors are not consistent to the customer as importance of these factors keeps on changing with time and need of the product. Also, these factors are not common for all the consumers, and this feature make it very difficult for the marketer to decide upon the strategies in this competitive era.

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