
MEASURING & MAPPING THE CHANGING INDIAN CONSUMER BEHAVIOR: DRIVERS OF CHANGE FOR THE MARKETERS

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ABSTRACT

In any business organization, changing consumer behavior is a big challenge in sustainable growth of the business. In developing country like India, there is need to formulate and successfully implement strategies related to consumer behavior because there are fewer resources to meet the basic requirements of the business. Indian economy has transformed from an extensive controlled economy to a liberal market driven economy. High-income opportunities, changing attitude towards saving, international exposure and necessities of lifestyle are the key drivers for fast evolving Indian consumer behavior. Indian retail industry is witnessing a paradigm shift as the sector is getting organized and consumers are seeking a one-stop shopping place with convenience and entertainment. Changing consumer behavior is an obstacle in the growth of business because it leads to heavy losses due to obsolete stock of the organization. Consumer behavior is complex and very often not considered rational. A further challenge is that consumer personalities differ across borders and also between and within regions. Taste, behavior and preference of consumers cannot be ignored because consumers are the „Kings“ of market. Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior. Therefore, marketing strategies related to consumer behavior are made to beat cut throat competition in global context. In modern times, prediction of consumer behavior is much essential for prosperity of the business. Its prediction and strategy formulation is a challenge for the management of any business organization. Only those organizations which

Formulate and implement consumer oriented marketing strategies, can survive in global competitive era

KEY WORDS: Consumer Behavior, Market, Challenges, Consumers, Growth Trends.

INTRODUCTION

The consumer is a complex individual. His purchase behavior varies greatly depending on stimuli, personal, social or psychological factors as well as the situation. The purchase is only the visible part of a more complex decision process created by the consumer for each buying decision he makes. For brands, understand this behavior is a major challenge. In order to meet the expectations and needs of consumers, improve the shopping experience; build a more effective and targeted marketing strategy and increase sales and revenues. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field.

Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship with management, and personalization. Social functions can be categorized into social choice and welfare functions.

THE DEFINITION & SCOPE OF CONSUMER BEHAVIOUR

The term consumer behavior is defined as the behavior that consumer display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs.

Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items that includes what they buy, why they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it.

TWO DIFFERENT KINDS OF CONSUMING ENTITIES

A. The Personal Consumer and

B. The Organizational Consumer

PERSONAL CONSUMER

Personal consumer buys goods and services for his or her own use, for the use of the household or as a gift for a friend. The products are bought for final use by individuals, who are referred to as end users or ultimate consumers.

ORGANIZATIONAL CONSUMER

Organizational consumer includes profit and non-profit businesses, government agencies (local, state, national) and institutional (e.g. schools, hospitals, and prisons), all of which buy products, equipment, and services in order to run their organizations.

A SIMPLIFIED MODEL OF CONSUMER DECISION MAKING

The process of consumer decision making can be viewed as three distinct but interlocking stages

(A.) The Input Stage

(B.) The Process Stage

(C.) The Output Stage.

THE INPUT STAGE

The input stage influences the consumer's recognition of a product need and consists of two major sources of information, the firm's marketing efforts (the product itself, its price, its promotion and where it is sold) and the external sociological influences on the consumers.

THE PROCESS STAGE

The process stage model focuses on how consumers make decisions. The psychological factors inherent in each individual.

THE OUTPUT STAGE

It is the consumer decision making model consists of two closely related post decision activities.

PARAMETERS WHICH AFFECT THE CONSUMER BEHAVIOR

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing

the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below:

CULTURAL FACTORS

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

1. Basically, culture is the part of every society and is the important cause of person want and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.
2. Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.
3. Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

SOCIAL FACTORS

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

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).

FAMILY

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

ROLES AND STATUS

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

PERSONAL FACTORS

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

1. Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time.
2. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

3. The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.
4. 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.
5. Lifestyle of customers is another important 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.
6. Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.
7. There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

OTHER RELATED FACTORS

- New technology
- New trend or fashion
- New innovations used by competitors
- Cost effect
- State of mind of consumers
- Global effect
- Quality of goods

DIFFERENT SEGMENTS OF INDIAN MARKET

THE SOCIALITES

Socialites belong to the upper class. They prefer to shop in specialty stores, go to clubs on weekends, and spend a good amount on luxury goods. They are always looking for something different. They go for high value, exclusive products. Socialites are also very branding conscious and would go only for the best known in the market.

THE CONSERVATIVES

The Conservatives belong to the middle class. The conservative segment is the reflection of the true Indian culture. They are traditional in their outlook, cautious in their approach towards purchase; spend more time with family than in partying and focus more on savings than spending. Slow in decision making, they seek a lot of information before making any purchase. They look for durability and functionality but at the same time is also image conscious.

THE WORKING WOMEN

The working woman segment is the one, which has seen a tremendous growth in the late nineties. This segment has opened the floodgates for the Indian retailers. The working woman today has grown out of her long-standing image of being the homemaker. Today, she is rubbing shoulders with men, proving herself to

be equally good, if not better. Working women have their own mind in decision to purchase the products that appeal to them.

YOUTH SEGMENTS

The rise of generation next has been written about with unbridled optimism and enthusiasm, based on the coming of age of liberalization children. They are global in their worldwide view and have been exposed to enormous information unlike their parents, raised amidst a consumption-friendly and consumption encouraging social discourse. They are expected to be at the forefront of creating a new, modern, west-embracing consumer society, as well as yield the demographic dividend that will drive economic growth.

THE NEW INDIAN CONSUMER MARKET STRUCTURE

There are five types of consumer groups based on what they consume and created a framework:

THE RICH

The rich who have most of the luxury goods like cars, PCs, air conditioners and are generally the consumers of premium products.

THE CONSUMING CLASS

Consumers which have 70 percent of the utility durables like two wheeler, refrigerators, washing machines and the bulk of regular FMCGs.

THE CLIMBERS

Consumers which have at least one major durable in their homes – either a mixer or a sewing machine or perhaps a television set. They are main consumer of population segment consumer goods.

THE ASPIRANTS

Consumers who are just entering consumption and have the very basics goods like a watch, a bicycle, a radio, or a table fan.

THE DESTITUTE

Consumers who own and consume practically nothing, living as they do from hand to mouth.

MACRO-BEHAVORIAL TRENDS EMERGING IN CURRENT CONSUMER MARKETS

The four macro-behavioral trends emerging in consumer markets today.

CONSUMERS JUMP STEPS AS THEY ENTER:

In the past, consumers entering a new category especially consumer durables tended to enter quite gingerly. This created a market for "price-conscious" brands. However, today the line between entry-level and upgraded products is disappearing. The newer generation is willing to pay more if she is convinced she is getting better value for the higher price. This is perhaps due to many younger consumers, even though being first-time buyers, are not necessarily first time experiences -- and prices of many durables are no longer defined by list price but by EMI installments! So a Maruti 800 is not necessarily an entry-level car, the Ford Ikon too is an entry-level vehicle. Similarly, a consumer is willing to pay for a premium emulsion once he decides to go into the branded category.

UPGRADE IS PART OF LIFE

In the past many products especially durables were bought as lifelong possessions. Once in, consumers stayed at one place for long. This is no longer true. Change is part and parcel of life. Today the average life

of a mobile is 12 months, that of a TV three years; cars four to five years and soon even homes will be changed more frequently. Clearly durability is no longer the most desirable value.

ONE HOUSEHOLD, MULTIPLE PRODUCTS

With growing individualism, Indian society has learnt to accept the need for individuals to have their own independent spaces within the framework of the family. So, two cars is no longer a luxury but a practical necessity for working couples; two TVs in the house is recognition of the fact that different family members have different interests and so each can have his own private "tube-to-view". This provides marketers -- whether FMCGs or durables or services -- to start looking for opportunities to market products to individual members of the family -- even in categories that conventionally were seen to be for a household.

MINDLESS BEHAVIOR BY CONSUMER CHOICE RATHER THAN PHYSICAL HABIT

Shopping behavior is changing from shopping lists the women brought from home to a list evolving as she walks through the aisles of a supermarket. And with the commoditization of brands in many categories, what catches the eye or the fancy of the shopper at that point of time is more likely to be picked rather than be driven by any deep loyalty to a particular brand. This clearly says that the "habit-driven" consumer, who was the bedrock of many "iconic, heritage" brands, will soon be an extinct segment. She will flirt at will and so brand loyalty will be low. This will also create an interesting paradox in some categories like durables e.g. mobiles, televisions, cars the first sale will not ensure the

UPGRADE THE SAME BRAND

The last purchase could strongly influence the next purchase too especially when the consumer doesn't want to take the trouble of re-evaluating her choice every time she makes a purchase.

RECENT TRENDS IN MARKETING STRATEGIES APPLICABLE AMONG INDIAN CONSUMER

ONLINE SHOPPING

Currently, the most suitable marketing strategies applicable is internet marketing because it has been seen that the Indian consumers are buying products through online for example; greeting cards, clothes, CDs/VCDs/DVDs, cassettes, books, magazines, medicine and educational material.

CELEBRITY INFLUENCE

This is an important tool which is able to influence Indian consumer buying behavior. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. It is not surprising therefore that using celebrities in advertisements has become common practice. In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When people see their favored reference group members or celebrities in the advertisements, they pay more attention to them. Celebrities may also help reposition products.

QUALITY ORIENTED OUTLET

Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well known brands in selected product range, consumers are likely to take cues from well established retail outlets hoping that these outlets carry quality products.

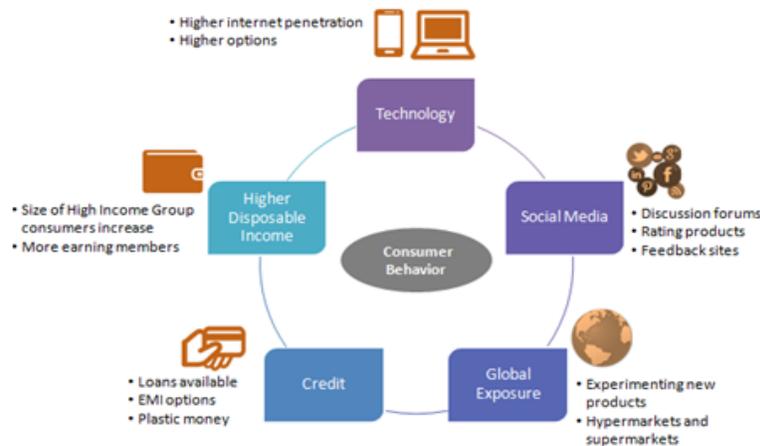
FREEBIES

Indian consumer buying behavior is influenced by freebies. Freebies are consumer products given free as gifts for purchasing selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers.

ECOFRIENDLY PRODUCTS

The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.

CHANGING PATTERN OF CONSUMER BEHAVIOUR IN INDIA



The tide is changing in the consumer behavior in India, riding on the back of higher disposable income, changing lifestyle, urbanization of semi-urban and rural communities, shifting demography, increasing consumer awareness, growing Internet penetration and innovative promotional campaigns. With the changing pattern of consumer behavior and consumer spending expected to increase by 2.5 times by the year 2025, companies in India are also tweaking their strategies to retain their loyal consumer base, while attracting the emerging young consumers. In the past decade, consumers in India have become more conscious buyers, looking at options, engaging over Internet and understanding the usefulness of the products. Consumers are now more informed and buy products after doing their own research, rather than just relying on marketers or company promotions. Further, with social media making inroads even in the hinterland through smart phones, consumers are seen exchanging notes on product reviews before making a buying decision.

Here are some of the changes in the consumer behavior we noted during the last decade

PRICE-VALUE EQUATION

Consumers in India have now become more value conscious. They are demanding higher services and value for their money. Be it electronics, automobile, merchandises or any other items, they are now looking at high value for product that is able to meet their expectations. With the ever increasing purchasing power, Indian consumers are now driven by rationale mindset. They are becoming less emotional and more logical in their approach for buying a product. While promoting a brand or product, companies are more cognizant about selling the USP, focusing on the pegs and listing out what differentiates them from their nearest competitors.

This is leading to a battle of sorts between various consumer companies, engaging in providing information deluge to consumers, competitive pricing and quality services.

WOMEN PLAYING AN ACTIVE ROLE

Women are a vital part of the retail sector in the present market scenario. With change in power equations in urban households, emergence of working women both in urban and rural India, and greater empowerment of women, they have been influencing the change in the buying behavior too. The traditional approach of being loyal to a brand or buying the same product over the years has also been broken, with women being able to take quick decisions, giving rise to trying out new products or products that are competitively priced. Further, financially independent single women and single mothers are also making a significant part of the pie, which are constantly making buying decisions not restricted by their requirements but as per their lifestyle, preferences and interest areas. In fact, as per a report by private equity fund ever stone Capital, women are expected to make a significant impact as consumers, and will make India 12% richer by 2015 and 25% richer by 2025

Experts believe that with increasing women making buying decisions, the overall consumer sentiments towards purchasing is also expected to become more prudent in nature. Further, companies, in order to woo women buyers, are coming out with gender neutral products or products that are catering to women buyers, even in segments that were traditionally seen as male-dominated such as automobile and finance. The recent advertisements by consumer brands such as Tata Tea during the general elections targeted to the ‘power of 49% women voters’, clearly indicated a shift in promotion pattern in the country.

EXPERIMENTING WITH NEW PRODUCTS

The impulsive buying in consumers in India can be linked with the options available both on the online and offline medium. With consumers given the option of buying something at a click of a button using a Smartphone or tablet, impulsive buying pattern has been on a rise. The time taken to buy a product is far too less and decisions are taken more rapidly, thanks to numerous e-commerce sites. Consumer companies are also seen cashing in on the trend by offering attractive offers and discounts – EMI options, add-on products, free services – leading to consumers often making instantaneous purchasing decisions, both offline and online. On the hindsight, e-commerce companies, especially, also face refusals and cancellation of orders, mostly in case of consumers opting for cash-on-delivery option, with consumers sighting impulsive buying as the reason

SOCIAL MEDIA

The rapid growth of social media over the years, especially among the youth of the country, is also changing the way consumers are shopping these days. Consumers are relying more on the reviews of their peers and friends, engaging in active decisions about products and services over social media sites, before making any buying decisions. Even watching a movie in a theatre is often determined based on the ‘social media buzz’ rather than critics ratings. As per Marketer, India is expected to have 17.2% social networking penetration rate by 2017, taking its user base to 212 million. Gauging the expectation of the consumers by tabbing on the social media conversations, using social media as the first point of contact for resolving consumer queries and effectively making social sites to contain rivaling of negative comments could be the way forward for companies in India.

INTERNET BUYING

Increased Internet penetration in the country has changed the buying pattern of people. The urban community, as well as consumers from Tier II cities, is using e-commerce as a preferred mode of buying products. In fact, e-commerce would be able to contribute more than 4% to the economy of the country, which is below 1% currently. Further, consumers are using Internet as a research tool to make informed

decisions. It has been found that most of the people researching the products online have changed their mind about the brand/model they wanted to buy/purchase, as per a survey conducted by Google. Promoting products, managing consumer expectations and providing them with the right information over the Internet are some of the key areas companies are focusing on. Further, marketers are increasingly using digital marketing to attract consumers, a trend largely fuelled by growth of mobile technology – low-cost smart phones, tablets in India. Digital advertising spend in India is expected to grow by 35%, reaching Rs 3,400 crore in 2014, as per FICCI.

EASY AVAILABILITY OF CREDITS

The availability of credit has also enhanced the consumption pattern for younger generation in the country. With increasing number of credit options available, the time gap between aspiration and fulfillment has been narrowed. The younger generation in the country who has been given the purchasing power through credit card, personal loans and EMI options are more eager to acquire inspirational products. The luxury market in the country, in fact, is likely to touch USD 15 billion as per by 2015, ASSOCHAM. Over the last decade, starting from big showrooms in the malls to even small shops in up-market areas, providing the consumers the option to pay through credit and debit cards have earned them higher revenues. Credit card spends (in value terms) have more than doubled to Rs 1.23 lakh crore between 2007-08 and 2012-13, while debit card spends (in value) have risen six times to Rs 74,400 crore during the period. Since the Indian economy opened in 1991, the buyers in India have embraced to consumerism and the hunger for branded products has increased massively. Over the years, the growth in the sector has been fuelled by higher Internet penetration and usage of diverse forms of promotion. Further, with majority of the consumers being youth, buying pattern is now witnessing a revolution of sorts. Experts believe that companies planning to tap the Indian consumer market – which is projected to grow 2.5 times by 2025–, need to focus on quality, variety, transparency, information availability and strong feedback mechanism, among other factors.

CONCLUSION

The way Indian consumers are spending their money on various items has changed in recent years. With the ever-increasing penetration of internet and social media, the purchasing behavior of Indian consumers has changed dramatically. Urbanization is taking place in India at a dramatic pace and is influencing the life style and buying behavior of the consumers. The present study is based on the perceptions, buying behavior and satisfaction of the consumers in Indian market. The Indian consumers are noted for the high degree of value orientation. India is a lucrative market even though the per capita income in India is low and it remains a huge market, even for costly products. Consumer behavior is complex and very often not considered rational. The recent trends which are found in the Indian market are celebrity influence, online shopping, freebies and popularity of eco-friendly products.

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