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CONSUMER BEHAVIOUR

EXAM REVISION NOTES

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MODULE I

AN OVERVIEW OF CONSUMER BEHAVIOUR

Definition, Objectives, and Scope of Consumer Behaviour: Consumer behaviour is a multidisciplinary field of applied social science dedicated to understanding how individuals, groups, and organizations select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs, alongside the profound impacts these processes exert on the consumer and society at large.

- **Leon G. Schiffman and Leslie Lazar Kanuk:** " This definition highlights the lifecycle of consumption activities, emphasizing search heuristics and post-consumption evaluation.
- **Philip Kotler and Kevin Lane Keller:** " This perspective broadens the scope from physical goods to intangible experiences and ideological constructs, integrating societal well-being.
- **David L. Loudon and Albert J. Della Bitta:** "

Initiator

Buyer / Purchaser

Interdisciplinary Foundations of Consumer Behaviour: Consumer behaviour is not an isolated academic discipline; it represents a synthesis of behavioral and social sciences, each illuminating a distinct facet of the consumer's internal psyche and external social environment:

- **Psychology:** The study of the individual mind.
- **Sociology:** The study of social structures, institutions, and collective behavior.
- **Social Psychology:** The nexus of individual psychology and sociological systems.
- **Cultural Anthropology:** The study of human cultures, values, artifacts, and rituals.
- **Economics:** The foundational baseline of market exchange.

Objects (What does the market buy?)

Operations (How does the market buy?)

Operationalizing the Marketing Concept and Customer Orientation: The evolution of commercial philosophy has witnessed a decisive migration from internal manufacturing efficiency toward external consumer centricity:

- **Production Orientation (Late 19th Century):** Premised on Say's Law ("supply creates its own demand").
- **Product Orientation:** Assumed consumers favored products offering superior quality, performance, or innovative features, often leading to "marketing myopia" (blind faith in the physical product rather than customer problem-solving).
- **Selling Orientation (1930s–1950s):** Focused on aggressive hard-selling, salesmanship, and promotional coercion to push surplus inventory.
- **The Marketing Concept (1950s–Present):** Posits that the key to achieving organizational objectives consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.
- **Societal / Holistic Marketing Orientation:** , circular economy, ethical sourcing).

Target Market Selection

Consumer Decision-Making Process

Stage 1: Problem / Need Recognition: The decision process initiates when a consumer perceives a meaningful discrepancy between their Actual State (their current condition of deprivation, wear-and-tear, or performance) and their Desired State (a preferred, ideal condition of physical comfort, social status, or operational capability):

- **Actual State Depletion (Need Recognition):** , automobile fuel tank empty, smartphone battery fails completely).
- , witnessing an ultra-high-definition 4K OLED display transforms an acceptable 1080p television into an outdated deficit).
- **Internal Triggers:** Physiological drives (hunger, thirst, sleep deprivation) and psychological tensions emerging from internal homeostasis disruptions.
- **External Triggers:** Stimuli originating from the environment: visual advertisements, peer conversations, sensory aromas from a bakery, or seasonal festivals.
- **Generic vs. Selective Problem Recognition:** , "Colgate Total guarantees 12-hour antibacterial defense").

Total / Universal Set

Non-Compensatory Decision Rules: In non-compensatory models, a brand's deficiency on a key attribute immediately eliminates it from consideration, regardless of how superior it is on other attributes.

- **Conjunctive Rule:** The consumer establishes strict minimum acceptable cutoff standards across all relevant attributes.
- **Disjunctive Rule:** The consumer establishes exceptionally high cutoff thresholds on one or two dominant attributes.
- **Lexicographic Rule:** , Attribute 1 > Attribute 2 > Attribute 3).
- **Elimination-by-Aspects (EBA) Rule:** Formulated by Amos Tversky.

Attitudes of Others

Typology of Purchase Behaviors: Planned vs. Impulse Buying: Not all purchases follow deliberate, staged problem-solving. Hawkins Stern established the classical classification of Impulse Buying (unplanned, spur-of-the-moment purchases driven by sudden sensory stimuli):

- **Pure Impulse Buying:** A novelty or escape purchase breaking standard shopping habits, sparked by emotional arousal.
- **Reminder Impulse Buying:** , spotting batteries at a checkout counter reminds a buyer that their home remote control is dead).
- **Suggestion Impulse Buying:** Occurs when a consumer encounters a new product for the first time and visualizes its utility without prior knowledge.
- **Planned Impulse Buying:** Occurs when a shopper enters a retail store with deliberate intent to make purchases based on price specials, coupons, or bundled offers, without pre-selecting specific items.

Conditions Intensifying Post-Purchase Cognitive Dissonance

- **Financial Magnitude:** , luxury automobiles, apartments) generate significantly higher dissonance than low-cost consumer goods.
- **Irreversibility of Commitment:** Transactions governed by strict "no return, no refund" policies heighten anxiety because mistakes cannot be easily corrected.
- **Similarity of Alternatives:** When competing alternatives in the evoked set possess closely matched total utility scores, the consumer feels uncertain about whether the optimal choice was made.
- **Psychological amp; Social Significance:** , designer apparel, bridal jewelry) induce intense fear of peer disapproval.

Product Disposal and Circular Economy Dynamics: Traditional consumer behaviour concluded at purchase or consumption. Modern marketing theory integrates Product Disposal Behaviour—how consumers handle products once their primary utility is exhausted:

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MODULE II

ELEMENTS OF CONSUMER BEHAVIOUR

Holistic Framework of Factors Influencing Consumer Behaviour: Consumer choices are the synthesized output of a complex web of interacting forces operating simultaneously at microscopic neuro-cognitive levels and macroscopic socio-cultural levels.

- **Psychological Factors:** ; Drives internal need recognition, filters promotional stimuli, determines brand appraisal, and establishes mental brand associations.
- **Personal Factors:** ; Dictates disposable purchasing power, product category relevance, aesthetic preferences, and personal brand alignment.
- **Social Factors:** ; Creates normative peer conformity, establishes expected consumption standards, and distributes purchase buying roles.
- **Cultural Factors:** ; Forms deep-seated values, consumption rituals, taboos, linguistic semiotics, and baseline definitions of acceptable material success.

Motivation: Dynamics of Human Drive and Need Hierarchies: Motivation represents the internal energizing force that impels an individual toward purposeful action. It emerges when an aroused need creates a state of psychological tension within the consumer's physiological or cognitive system, driving the consumer to behave in a manner calculated to reduce or eliminate that tension (Drive Reduction Theory).

Consumer Perception and Sensory Dynamics: Perception is the psychological process by which an individual selects, organizes, and interprets sensory stimuli (inputs through sight, sound, smell, touch, and taste) into a meaningful, coherent representation of reality.

Gestalt Principles of Perceptual Organization: Originating from German Gestalt psychology, consumers do not perceive stimuli as fragmented bits; they organize sensations into unified totalities:

Principle of Closure

Consumer Learning Theories: Consumer learning is the process by which individuals acquire purchase and consumption knowledge and experience that they apply to future related behavior.

Cognitive Learning Theory and Observational Learning (Modeling): Advanced by Albert Bandura. Posits that learning is not merely mechanical conditioning, but an active mental process of information processing, problem solving, and social modeling:

Sensory Memory

Consumer Attitudes: Structure, Formation, and Modification: An attitude is a learned predisposition to behave in a consistently favorable or unfavorable manner with respect to a given object, brand, or service.

Personality Theories and Brand Personality: Personality comprises those inner psychological characteristics that both determine and reflect how a person responds to their environment.

- **Freudian Psychoanalytic Theory:** Consumption is driven by unconscious sexual and aggressive biological drives mediated between the Id (primitive impulsive desires), Superego (moral societal conscience), and Ego (rational mediator).
- **Neo-Freudian CAD Model (Karen Horney):** Classifies individuals into: (1) Compliant (move toward others; desire love, favor mainstream brand names), (2) Aggressive (move against others; desire power, prestige brands like Rolex), and (3) Detached (move away from others; desire independence, unique artisan products).
- **Trait Theory (The Big Five - OCEAN):** Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism.
- , Amul, Tata Tea, Hallmark).
- **Excitement:** , Red Bull, MTV, Apple).

The Family as a Primary Consuming Unit: The family constitutes the most enduring and impactful primary reference group. It operates simultaneously as a purchasing collective, an economic resource-pooling entity, and the primary socialization environment for future consumers.

7: Reference Groups, Social Class, Culture The VALS Framework

Non-Membership Groups

- **Aspirational Groups:** , aspiring athletes wearing Nike).
- **Dissociative / Avoidance Groups:** Groups whose values or behavior the consumer rejects, avoiding associated products.

Cultural and Subcultural Values in Marketing: Culture is the Sum of total of learned beliefs, values, and customs that serve to regulate the consumer behavior of members of a particular society.

- **Core Indian Cultural Values:** Collectivism (placing family and community welfare above individual autonomy), respect for elders, spiritual tradition, celebration of festivals (Diwali, Onam, Pongal, Eid, Christmas), hospitality (Atithi Devo Bhava), and financial thriftiness combined with ceremonial indulgence.
- **Subcultures:** Distinct cultural segments within a larger society that share distinguishing patterns of behavior: Regional Subcultures: Kerala consumers demonstrate distinct dietary, architectural, and FMCG preferences compared to consumers in Punjab or West Bengal.
- **Linguistic Subcultures:** Language shapes cognitive processing and advertising resonance, necessitating vernacular marketing campaigns.
- **Religious Subcultures:** Dietary regulations (Halal certification, pure vegetarian food products) and auspicious buying periods (Akshaya Tritiya for gold purchases).

Case Study: Cultural Repositioning of Cadbury Dairy Milk Celebrations

Enculturation (Native Cultural Learning)

MODULE III

MODELS OF CONSUMER BEHAVIOUR

Classical Disciplinary Approaches to Consumer Behaviour: Before the development of modern integrated frameworks, the study of consumer choice was examined through distinct, specialized academic disciplines.

The Psychological / Freudian Learning Approaches

- **Pavlovian / Behavioral Learning Model:** Grounded in stimulus-response conditioning.

Synthesis Matrix of Disciplinary Approaches

- **Economic Model:** ; Price, disposable income, marginal utility, product substitute costs.
- **Psychological Model:** ; Subconscious symbolism, ego defenses, conditioned brand cues, sensory rewards.
- **Sociological Model:** ; Social class emulation, status symbols, reference group norms, cultural rituals.
- **Holistic Cognitive Model:** ; Complex multi-stage synthesis of internal perceptions, attitudes, and environmental stimuli.

The Myth of Pure Rationality Dual-Process Theory: For decades, traditional business forecasting relied on the assumption that consumers logically weigh options to make optimal economic choices.

Cognitive Biases and Decision Heuristics: Because human cognitive processing capacity is finite (Herbert Simon's Bounded Rationality), consumers rely on heuristic rules of thumb that frequently lead to systematic cognitive errors:

- **Anchoring and Adjustment Heuristic:** The tendency to disproportionately anchor decisions on the first piece of information encountered.

- **Availability Heuristic:** Consumers judge the likelihood or frequency of an event based on how easily vivid instances come to mind.
- **Representativeness Heuristic:** Evaluating a new brand or product based on how closely it resembles an established mental prototype.
- **Mental Accounting:** Formulated by Richard Thaler.
- **Hyperbolic Discounting:** The tendency to prefer smaller, immediate rewards over substantially larger, deferred rewards (explaining why consumers struggle to maintain long-term retirement savings while splurging on credit card installment plans).

4: Specialized Structural Models: Nicosia Sheth Models

The Sheth Family Decision-Making Model: Formulated in 1974 by Jagdish N. Sheth.

Household-Specific Factors

- **Expressive vs. Instrumental Role Orientation:** Modern egalitarian households exhibit high joint decision-making, whereas traditional patriarchal or matriarchal structures maintain rigid role separation.
- **Social Class:** Joint decision-making is highest in middle-class households; lower-class and upper-class families often exhibit greater autonomous separation.
- **Family Life Cycle Stage:** Young married couples engage in frequent joint decisions; older couples develop settled, specialized autonomous purchasing domains.

The Engel-Kollat-Blackwell (EKB / EBM) Model The Black Box Model

Section 1: Information Input

- **Marketer-Controlled Sources:** Mass television ads, digital banners, retail displays, personal selling pitches, packaging graphics, and pricing promotions.
- **Non-Marketer Sources:** Word-of-mouth conversations with friends, online social media forums, independent testing agencies, and neutral news coverage.

Section 4: Decision Influencing Variables

- **Individual Differences:** Consumer motives, core personal values, lifestyle profiles (VALS), personality traits, financial resources, and preexisting knowledge.
- **Environmental Influences:** Culture, subcultures, social class hierarchies, reference groups, and household dynamics.
- **Situational Factors:** Physical store environment, mood, and time constraints.

Comprehensive Comparative Synthesis: Major Models of Consumer Behaviour

- **Marshallian Economic Model:** ; Price sensitivity, discount modeling, commodity markets.
- **Nicosia Circular Model:** Francesco M.
- **Sheth Family Model:** Jagdish N.
- **EKB / EBM Model:** ; Extensive problem solving, high-involvement durable goods.

The Howard-Sheth Theory of Buyer Behaviour (1969): Formulated by John A. Howard and Jagdish N.

- **Extensive Problem Solving (EPS):** The consumer possesses no prior brand comprehension and has not formulated specific evaluative choice criteria.
- **Limited Problem Solving (LPS):** The consumer possesses well-defined choice criteria for the product category, but remains undecided about specific new or competing brands.
- **Routinized Response Behavior (RRB):** The consumer has well-defined criteria and strong brand preferences, executing repeat purchases automatically with minimal cognitive effort.

Perceptual Constructs

- **Stimulus Ambiguity:** Uncertainty regarding incoming information.
- **Perceptual Bias:** Distorting information to align with prior beliefs.
- **Overt Search:** Active seeking of supplementary data.
- **Attention:** Selective allocation of mental capacity.

Output Exogenous Variables

- **Output Hierarchy:** Attention rarr; Brand Comprehension rarr; Attitude rarr; Intention rarr; Actual Purchase Behavior.
- **Exogenous Moderating Variables:** External influences not directly modeled inside the cognitive system: consumer personality traits, time pressure, financial status, culture, and importance of purchase.

Real-World Applied Case Studies on Consumer Behaviour Models

MODULE IV
CONSUMER PROTECTION

Consumer Rights and Responsibilities

The Six Codified Consumer Rights under Indian Law: In India, the Consumer Protection Act explicitly codifies six cardinal rights designed to empower consumers and enforce corporate accountability:

Limitations of the Consumer Protection Act, 1986: Enacted on December 24, 1986 (celebrated as National Consumer Day in India), the Consumer Protection Act, 1986 was celebrated as the "Magna Carta" of Indian consumers.

- The 1986 Act lacked provisions for modern digital e-commerce, algorithmic seller manipulation, and cross-border online fraud.
- It possessed no administrative regulatory watchdog with independent investigation and search/seizure powers to proactively prevent consumer detriment.
- Jurisdiction required filing complaints where the defendant resided or transacted business, forcing consumers who bought goods online to travel to distant corporate headquarters.
- It contained no formal legal framework for Product Liability, leaving victims of defective machinery or toxic medicines dependent on cumbersome common law tort suits.
- No statutory penalties existed to discipline deceptive celebrity brand ambassadors promoting dangerous or spurious products.

Comprehensive E-Commerce Rules

Statutory Consumer Mediation Cells

Unfair Trade Practices (UTP) - Section 2(47) of CPA 2019: An Unfair Trade Practice refers to any trade practice that adopts unfair methods or deceptive practices for the purpose of promoting the sale, use, or supply of any goods or services.

- False Representation amp; Misleading Statements: Falsely representing that goods are of a particular standard, quality, quantity, grade, composition, style, or model; or falsely representing old/reconditioned goods as brand new.
- **Misleading Affiliations amp; Sponsorship:** Falsely claiming that a business possesses government approvals, sponsorships, performance characteristics, accessories, or certifications that it does not hold.
- **Deceptive Warranties amp; Price Cuts:** Making false or misleading representations concerning the existence, performance, or duration of a warranty; or advertising price reductions based on inflated, fictitious regular prices.
- **Bait Advertising amp; Phony Contests:** Advertising goods at a deeply discounted price with no intention of stocking sufficient quantities to meet expected demand; or offering prizes, gifts, or lotteries where winners are predetermined or never awarded.

- **Sale of Spurious amp; Substandard Goods:** Manufacturing or marketing spurious goods, selling adulterated food items, or goods not complying with statutory safety standards.

Predatory Pricing Price Cartelization

Three-Tier Quasi-Judicial Redressal Mechanism: The Consumer Protection Act establishes a hierarchical, three-tier quasi-judicial infrastructure designed to adjudicate consumer disputes outside the formal civil court system.

National Consumer Disputes Redressal Commission (NCDRC)

- **Composition:** Located in New Delhi.
- **Pecuniary Jurisdiction:** Entertains original complaints where the consideration paid exceeds ₹2 Crores.
- **Appellate Jurisdiction:** Entertains appeals against orders passed by any State Commission, filed within 30 days.
- **Supreme Court Appeal:** Any party aggrieved by an order passed by the National Commission in its original jurisdiction may appeal to the Supreme Court of India within 30 days.

Statutory Reliefs and Remedies Granted by Consumer Commissions: Upon establishing deficiency of service, defect in goods, or unfair trade practice, the Commission may issue one or more of the following binding orders:

- Remove the defect pointed out by the appropriate testing laboratory.
- Replace the defective goods with new goods of similar description which shall be free from any defect.
- Return to the complainant the price or consideration paid, along with reasonable interest.
- Award fair compensation to the consumer for any loss or injury suffered due to negligence of the opposite party.
- Award punitive damages in appropriate circumstances.

State Protection Council

- **Chairperson:** State Minister in-charge of Consumer Affairs.
- **Members:** Up to specified official and non-official members appointed by the State Government.
- **Mandate:** Meets at least twice every year to monitor state consumer issues, public distribution systems, and enforcement.

Statutory Definition of "Complainant" - Section 2(5) of CPA 2019: Under the Consumer Protection Act, legal standing (locus standi) to initiate proceedings is broad. A Complainant is statutorily defined as:

- A Consumer (as defined under Section 2(7) who buys goods or hires services for consideration, excluding commercial resale).
- , Societies Registration Act or Companies Act).
- The Central Government or any State Government.
- The Central Consumer Protection Authority (CCPA).
- One or more consumers, where numerous consumers share the same common interest, filing a collective Class Action suit with the permission of the Commission.

Landmark Judicial Decisions Consumer Jurisprudence in India

Digital Commerce Regulation The CCPA Dark Patterns Guidelines

Basket Sneaking

Drip Pricing

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