

The Village International School Thodupuzha

Class: XI	Department: Commerce
Worksheet - 1	CONSUMER BEHAVIOUR

I. Fill in the blanks:

1. The knowledge of the consumers' **demographic profile** and **buying habits** is very essential for the marketers to make their marketing plans for achieving sales targets.
2. **Industrial Consumer** is the person who buys goods and services etc. for processing them for the ultimate users including personal/individual consumers.
3. Consumers tend to buy goods and services and come to a decision to make the best use of their resources **time, money** and **effort**.
4. **Culture** is prescriptive, socially shared, facilitator of communication, subjective, cumulative, and dynamic.
5. A sub-culture consisting of psychological, social or geographical source of consumer group indicates their unique demand-pattern in **consumption-behaviour**.
6. People with high incomes have a **high purchasing power** and are **status conscious**.
7. A reference group comprises of two or more persons realizing common goals, group values, attitudes, and behavior.
8. Marketers, sometimes, use the **'reference group-influence'** by suggesting in advertisements that a specific reference group buys this brand of products and is highly satisfied.
9. **Motivation** works at a subconscious level and is often difficult to measure.
10. **Personality** is the collection of inner psychological attributes that characterize the outer behavior an individual in terms of individual differences.
11. Consumers experience some post purchase anxieties, called as **cognitive dissonance**.
12. In the stage of **problem recognition**, the consumer becomes aware of the difference between the actual state and the ideal state.
13. The consumer buying process enables the consumers take **informed decisions**.
14. In the **second stage, information search** the consumer gathers information related to his/her fulfillment of a desired state of affairs.
15. This stage **problem recognition** motivates the individual to achieve the desired state of affairs. Here they may also play a role through creating a new ideal state or by increasing dissatisfaction with the actual state.

CHOOSE THE RIGHT OPTION:

16. Decider is a person who finally determines _____ of the buying decision.

- a. Part
- b. **Part or the Whole**
- c. Whole
- d. Fully

17. Members who service or repair the product so that it will provide continued satisfaction _____.

- a. Preparer
- b. Disposer
- c. **Maintainer**
- d. Member

18. _____ is a person who permits the flow of certain information and restricts flow of some set of information.

- a. Maintainer
- b. Informer
- c. Decider
- d. **Gatekeeper**

19. A child might play the role of _____ in the purchase process of a chocolate.

- a. Influencer
- b. Buyer
- c. Decider
- d. **Initiator**

20. _____ and _____ also influence the buying decision of individuals.

- a. Self Confidence, Self Esteem
- b. Self Esteem, Deciding Factor
- c. Decision Factor, Self Esteem
- d. **Recognition, Self Esteem**

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State whether the given statement is true or false:

21. Culture is a combination of values and beliefs, religions and customs, which influence consumer behaviour directly or indirectly - **TRUE**
22. People with low incomes have a high purchasing power and are status-conscious - **FALSE**
23. Consumer is the person who purchases the product but may not directly consume it - **FALSE**
24. From the consumers behaviour displayed in searching, purchasing, using, evaluating, and disposing of products, marketers get a fair idea to satisfy their needs - **TRUE**
25. The knowledge of the consumers' demographic profile and buying habits is very essential for the marketers to make their marketing plans for achieving sales targets- **TRUE**

Answer the following questions

26. The term "consumer" is used to represent a situation where a product can be consumed. Explain the two types of Consumers.

- a) **Individual consumer** is the person who buys goods and services etc. for personal or household use.
- b) **Organizational/Business/Industrial Consumer** is the person who buys goods and services etc. for processing them for the ultimate users including personal/individual consumers. For example, if the purpose is to use furniture for self and family, one acts as an individual consumer. But if furniture is purchased by the office, it is organizational purchase.

27. The study of consumer behavior is very relevant for effective marketing management. It helps significantly in the formulation of production and marketing strategies. Explain the importance of studying Consumer Behavior.

1. Knowledge of consumer behavior helps to determine the marketing mix- The management keeps on exploring -what type of product consumer purchases in general; what factors persuade him to buy a good; why does he buy a specific brand from a particular shop; why does he shift his preferences from one brand to another or from one store to another or what is his reaction to a new product introduced in the market. These facts give signals to producers about marketing mix to be arranged for their product and to serve consumers in better manner.

2. To assess consumer's actions or reactions- The consumer seeks value for money. He wants to pay fewer prices, but expects superior features in the product. This has led many marketers to introduce quality products at prices which are affordable to the customers.

3. To meet diversified consumer preferences - With globalization customers got more availability of more choices compared to pre-1991 era. For example, the customer now has many brands of cars to choose from like Hyundai, Honda, Mercedes, BMW etc

4. A guide to planning and implementing marketing strategies - Knowledge of consumer behaviour can serve as a great help to formulate and implement marketing strategies to achieve goals of the firm.

5. To address special needs, personalities, and lifestyles of consumers - Consumer prefer differentiated products to reflect their special needs, personalities, and lifestyles. The study of consumer behavior helps to satisfy such special needs. For example, when Onida 21 was introduced, it was advertised on the television 'for the elite classes. 'Similarly, Maggi introduced their ketchups with emphasis on "It's different"

6. To identify market segmentation - This also helps to classify market segments to market the products effectively. For example LIC provides its insurance cover to suit the needs of different types of customers Jeevan Suraksha (Financial security and postretirement benefits), Asha Deep II (Medical covers), Jeevan Shree (to retain key individuals in the organisation), Jeevan Surabhi (Money back with rising insurance cover), Jeevan Mitra (double benefit endowment plan), Money Back (for periodic cash flows), and Bima Kiran (for low-cost, high insurance cover).

7. To remain updated with technological advancement and bring new products to the market at faster pace- Studying consumer behavior is imperative to get to know consumers' expectations and address them quickly. Thus, identification of target market before production is essential to deliver the desired consumer satisfaction and delight by bringing product to the market at faster pace.

28. Social factors like family and reference groups also play significant role in determining consumer behavior in the following manner. Explain

(a) **Family:** Consumer buying decisions are influenced by many social factors like the economic condition of the family, its role and status in society, and the reference group of people. People with high incomes have a high purchasing power and are statusconscious. They generally purchase branded products from malls and expensive markets. On the contrary, the ordinary people, belonging to middle- or lower-income groups purchase products from local markets. Similarly, the urban population's buying

behaviour will be different from the rural-population's buying behaviour, as they have greater exposure and choices.

(b) Reference Groups: A reference group comprises of two or more persons realizing common goals, group values, attitudes and behaviour. Friends or other people with whom one identifies himself constitute a reference group. While making purchases, such reference groups play a vital role as recommendations are made by the groupmembers, who may also become a source of information. Marketers, sometimes, use the 'reference group-influence' by suggesting in advertisements that a specific reference group buys this particular brand of products and is highly satisfied. For example: Amway products, Patanjali products are promoted by organic product users. The group member who provides information about a specific sphere that interests members of a group is called an opinion-leader. The opinion-leader can exert maximum influence when consumers have high-product involvement but low product knowledge.

(c) Roles and Status: An individual has many roles to play in their lives; at their workplace, they have different duties as compared to the duties they are expected to fulfill at home. Roles and status help marketers to prepare their products and market them not only as per the customer's requirements, but keeping in view the status those individuals enjoy, so that the customers are targeted at the right place. For example, fully automatic washing machines are beneficial for a working woman and are advertised accordingly.

(d) Age and life-cycle stage: This is an important determinant of the goods demanded by a consumer. If the consumer is young, he/she will demand more of trendy clothes, recreational facilities like gyms and spas, grooming products such as deodorants, cosmetics, etc. Elderly consumers will demand more of medicines, healthy-foods walking sticks, health-care facilities etc.

(e) Education and Occupation: The level of education and occupation of the consumer also decides his/her consumption behaviour. For example, a business executive may go for expensive business suits, electronics like laptops and smart phones, or memberships of clubs, whereas a clerk will buy simple clothes and ordinary, cheaper goods.

(f) Economic conditions: People in the high-income bracket have higher purchasing power. They buy expensive and trendy goods. On the contrary, people in the low-income groups buy simple and relatively cheaper goods.

(g) **Lifestyle:** Lifestyles are identified by observing activities, interests, opinions, and demographics. The activities of individuals like work, hobbies, vacations, social activities and community service, shopping, sports etc. indicate a lot. People's interests can be observed from their preferences of food, fashion, recreation, media choice etc.

29. To effectively market a product, marketers need to go to a psychological level of a consumer. Explain the different variables of this category.

Under this category, the following variables can be identified:

(a)**Motivation:** A need becomes a motive when it is aroused to a sufficient level of intensity and a motive is a need that is sufficiently pressing to drive the person to act. Thus, motivation drives the consumers to develop a purchasing attitude. It works at a subconscious level and is often difficult to measure. For example, a buyer goes to a nearby restaurant and orders pizza for herself, because hunger was the motivating factor for her to purchase pizza. Recognition and self-esteem also influence the buying decision of individuals. Individuals prefer to spend on premium brands and unique merchandise for others to look up to them. Certain products become their status symbol and people know them by their choice of picking up exclusive products.

(b)**Perception :** What a person thinks about a particular product or service is his/her perception towards it. For someone a Dell Laptop might be the best laptop while for others it could be just one of the best brands available. Thus, we understand that individuals with the same needs might not purchase similar products due to difference in perception. Individuals, even, perceive similar situation differently due to difference in the way they interpret information.

©**Learning :** Learning comes only through experience. An individual comes to know about a product and service only after he/she uses the same. An individual who is satisfied with a particular product/service will show a strong inclination towards buying the same product again.

(d)**Beliefs and Attitudes:** Beliefs and attitude play an essential role in influencing the buying decision of consumers. Individuals create a certain image of every product or service available in the market. Every brand has an image attached to it, also called its brand image. Consumers purchase products/services based on their opinions which they form towards a particular product or service. A product might be really good but if the consumer feels it is useless, he would never buy it.

(e)Personality: Personality is the collection of inner psychological attributes that characterize the outer behavior an individual in terms of individual differences. Personality traits like dominance, self-confidence, sociability or adaptability of a person influence his decision making up to great extent whereas an individual's

personality may change gradually but plays a vital role in his buying and consumption behaviour. Thus, to conclude, we can say that consumer behavior is an outcome of numerous cultural, social and psychological factors.

30.Explain the Post – Purchase Evaluation

Post-Purchase Evaluation - The purchase act might result in one of two:

Satisfaction – The buyer feels satisfied at the reduction of the gap between the actual and the ideal states or might experience dissatisfaction with the purchase. Consumers are generally satisfied if purchases meet with their expectations.

Dissatisfaction – Sometimes, however, consumers experience some post purchase anxieties, called cognitive dissonance. It is a thought that one has not made the right decision. The consumer attempts to reduce this anxiety by searching for additional information that supports his/her choice. The marketer can help by providing supportive information to the buyer and also by positive marketing communications.

31.What is Problem Recognition?

Problem Recognition – During the first stage of the consumer decision making process, the consumer becomes aware of the difference between the actual state (where we are now and the ideal state ('where we want to be')). This stage motivates the individual to achieve the desired state of affairs. Here they may also play a role through creating a new ideal state or by increasing dissatisfaction with the actual state.

32.Explain in detail the consumer decision making process.

CONSUMER DECISION PROCESS STAGES

1. **Problem Recognition** – During the first stage of the consumer decision making process, the consumer becomes aware of the difference between the actual state (where we are now and the ideal state ('where we want to be')). This stage motivates the individual to achieve the desired state of affairs. Here they may also

play a role through creating a new ideal state or by increasing dissatisfaction with the actual state. The factors as mention

2. **Information Search** – In the second stage, the consumer gathers information related to his/her fulfillment of a desired state of affairs. This search identifies alternative means of problem solution. Highinvolvement purchases may invite large information

searches, while low involvement purchases require little search activity. The search may include internal or external sources of information. During the internal search existing information feelings and experiences similar to the problem solving situation are recalled from the consumer's memory. An external search collects information from outside sources, which may include family members, friends, store displays, sales personal, advertisements and product reviews. The external search may be a general ongoing search or a specific pre-purchase search. The search identifies the other existing brands for consideration and possible purchase. The number of brands that a consumer actually considers in making a purchase decision is known as the evoked set. Marketers seek to influence consumer decisions during the process of search by providing persuasive information about their goods or services in a format useful to consumers.

3. **Evaluation of Alternatives**-The third step in the consumer decision making process is to evaluate the evoked set of options identified during the search step. The result of the evaluation stage helps in choosing a brand or product in the evoked set or might also result in a decision to start search for additional alternatives, when all those which were identified during the initial search seem to be unsatisfactory. To complete this analysis, the consumers develop a set of evaluation criteria to guide the selection. These criteria can either be objective facts or subjective impressions. Marketers can attempt to influence the outcome from this stage in numerous ways. Initially, they can try and educate consumers about attributes that they view as important in evaluating a particular class of goods. They can also identify which criteria evaluate are important to an individual and attempt to show why a specific brand fulfills those criteria. They can try to help a customer in expanding his/her evoked set to include the product they are offering.

4. **Purchase Decision and Action** The search and alternative evaluation stages of the decision process result in the final purchase decision and the act of making the purchase. At this stage, the consumer has evaluated each alternative in the evoked set based on his/her personal set of evaluative criteria and lowered the alternatives down to one. Marketers can smooth the purchase decision and action by helping consumers through providing finance, delivery, and installation and so on.

5. **Post-Purchase Evaluation**- The purchase act might result in one of two: **Satisfaction** – The buyer feels satisfied at the reduction of the gap between the actual and the ideal states or might experience dissatisfaction with the purchase. Consumers are generally satisfied if purchases meet with their expectations.

Dissatisfaction – Sometimes, however, consumers experience some post purchase anxieties, called cognitive dissonance. It is a thought that one has not made the right decision. The consumer attempts to

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