

## COMMON FACTORS INFLUENCING CONSUMER BEHAVIOR

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Consumer behaviour is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities. Consumer behaviour emerged in the 1940s and 50s as a distinct sub-discipline in the marketing area. Consumer behaviour is an inter-disciplinary social science that blends elements

from psychology, sociology, social anthropology, ethnography, marketing and economics,

specially behavioural economics. It examines how emotions, attitudes and preferences affect buying behaviour. Characteristics of individual consumers such as demographics, personality lifestyles and behavioural variables such as usage rates, usage occasion, loyalty, brand advocacy, willingness to provide referrals, in an attempt to understand people's wants and consumption are all investigated in formal studies of consumer behaviour. The study of consumer behaviour also investigates the influences, on the consumer, from groups such as family, friends, sports, reference groups, and society in general.

The study of consumer behaviour is concerned with all aspects of purchasing behaviour - from pre-purchase activities through to post-purchase consumption, evaluation and disposal activities. It is also concerned with all persons involved, either directly or indirectly, in purchasing decisions and consumption activities including brand-influencers and opinion leaders. Research has shown that consumer behaviour is difficult to predict, even for experts

in the field.[3] However, new research methods such as ethnography and consumer neuroscience are shedding new light on how consumers make decisions.

### **Common Factors Influencing Consumer Behavior**

Consumer behavior can be broadly classified as the decisions and actions that influence the purchasing behavior of a consumer. What drives consumers to choose a particular product with respect to others is a question which is often analyzed and studied by marketers. Most of the selection process involved in purchasing is based on emotions and reasoning.

The study of consumer behavior not only helps to understand the past but even predict the future. The below underlined factors pertaining to the tendencies, attitude and priorities of people must be given due importance to have a fairly good understanding of the purchasing patterns of consumers

### **Marketing Campaigns**

Advertisement plays a greater role in influencing the purchasing decisions made by consumers. They are even known to bring about a great shift in market shares of competitive industries by influencing the purchasing decisions of consumers. The Marketing campaigns done on regular basis can influence the consumer purchasing decision to such an extent that they may opt for one brand over another or indulge in indulgent or frivolous shopping. Marketing campaigns if undertaken at regular intervals even help to remind consumers to shop for not so exciting products such as health products or insurance policies.

### **Economic Conditions**

Consumer spending decisions are known to be greatly influenced by the economic situation prevailing in the market. This holds true especially for purchases made of vehicles, houses and other household appliances. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their personal financial liabilities.

### **Personal Preferences**

At the personal level, consumer behavior is influenced by various shades of likes, dislikes, priorities, morals and values. In certain dynamic industries such as fashion, food and personal care, the personal view and opinion of the consumer pertaining to style and fun can become the dominant influencing factor. Though advertisement can help in influencing these factors to some extent, the personal consumer likes and dislikes exert greater influence on the end purchase made by a consumer.

### **Group Influence**

Group influence is also seen to affect the decisions made by a consumer. The primary influential group consisting of family members, classmates, immediate relatives and the secondary influential group consisting of neighbors and acquaintances are seen have greater influence on the purchasing decisions of a consumer. Say for instance, the mass liking for fast food over home cooked food or the craze for the SUV's against small utility vehicle are glaring examples of the same.

### **Purchasing Power**

Purchasing power of a consumer plays an important role in influencing the consumer behavior. The consumers generally analyze their purchasing capacity before making a decision to buy and products or services. The product may be excellent, but if it fails to meet the buyers purchasing ability, it will have high impact on its sales. Segmenting consumers based on their buying capacity would help in determining eligible consumers to achieve better results.

We know you don't like to generalize with people. **They all deserve the respect of being treated as individuals, with their own ideas and feelings.** But sometimes, for example, when you're thinking about the focus of your business or the needs of your potential customers, you'll have no choice but to generalize a little. In this article we will know, in abstract, some factors that influence consumer behaviour. Let's see some of them.

#### **– Age.**

It is undoubtedly an essential factor. The reaction, as a consumer, of an 18-year-old teenager has nothing to do with that of a 68-year-old veteran. The needs are also different. With regard to the latter, there is a **curious phenomenon**. At the moment we are born, our

requirements are usually very basic (food, care, etc.). As we reach adulthood and enter into it, our life becomes more complex and with it our needs become more complex. In recent years, however, old age brings us back to more fundamental demands, such as those of our childhood.

– **Culture.**

This is another essential factor. **Culture** (and **education** as part of it) **largely determines the individual's way of being and the decisions they make.** The purchasing attitude of a person educated in the Caucasus mountains has little to do with that of a person trained in technological Tokyo. Their needs will also be different. It will be something you have to bear in mind, especially if you want your products to reach a large number of people living in different parts of the world.

– **The socio-economic level.**

Some entrepreneurs, for example in the luxury goods sector, know well what we are talking about. Nothing has anything to do with how a wealthy person buys with someone who has difficulty making ends meet. Both the products and how to approach one group or another will differ greatly. Some will be reached through factors such as **aesthetics and exclusivity**, and for others conditions such as **durability or price** will be more important. But don't forget, everyone deserves the same respect.

– **Perception.**

**We humans are sensory beings.** We have a series of receptors (commonly known as senses: sight, hearing, smell, taste and touch) that serve us to move around the world, and of course to make decisions.

Marketing and advertising are well aware of the importance of perception as one of the factors influencing consumer behaviour. Concepts such as **sensory marketing**, or even emotional marketing have been developing over the last few decades on the knowledge of the influence of perceptions in making the purchase decision. However, it is worth remembering that there are many factors that influence people's perception of a product or service, such as **brand image, customer experience**, etc.

– **Attitude.**

**There are needs and needs**, and to each their own. It has nothing to do with buying paper towels or having a cup of coffee with buying an anniversary present or a home. Some

purchases are routinary, almost thoughtless, as a habit, but people can spend days or even weeks trying to decide about others. The attitude with which your potential customers approach your products or services will depend on what they are. Think about this when planning what you want to offer and how you want to do it.

– **Trends.**

**Either we like them or not, trends exist.** Some people get off – to a greater or lesser extent – their influence, while others are so convinced of their importance that they get to call themselves “fashion-victims”. Trends are an expression of market trends, that powerful force that every businessman would want to be able to foresee. Whatever your sector, **you’ll have to take them into account** if you want to survive.

– **Personality.**

It is undoubtedly the most difficult factor to differentiate. The personality of a human being is influenced by factors such as those we have already seen (age, culture, socio-economic level, etc.), but also by many others. Education, or life experience are crucial. But also genetic and biological conditioning factors. **It is very difficult to know in depth the personality of human beings.** Even self-knowledge is not an easy task. But there is no doubt that personality is a determining factor when deciding on the purchasing process. That’s why it’s so important to know your customers as well as possible.

– **Experience.**

It is undoubtedly a determining factor. **People have memory, and they also use it when they are shopping.** That’s why customer experience is so important in the purchasing process. Getting the customer to have a good memory of your products or services is as meticulous a task as it is important. If you don’t succeed, it will be difficult for your company to survive for a long time. If you do, they’ll be more likely to come back to you and speak well of your business to friends, family and acquaintances.

These are some of the factors that influence consumer behaviour. Remember that they are free and their will is sovereign. What can you do to make them decide to buy your products or services? A good start is to offer **excellent customer service.**

There are many ways to do this, and tools that can help you, such as **Integria IMS.** Integria IMS is a software that, among other functionalities, includes an **incident management system** that can help you improve customer service in your company.



### **Evaluation of alternatives**

Consumers shopping at London's Burlington Arcade engage in a variety of recreational and functional purchasing activities - from window shopping through to transporting their purchases homewards

Consumer evaluation can be viewed as a distinct stage. Alternatively, evaluation may occur continuously throughout the entire decision process. Consumers evaluate alternatives in terms of the functional (also called utilitarian) and psycho-social (also called the value-expressive or the symbolic) benefits offered.

Functional benefits are the tangible outcomes that can be experienced by the consumer such as taste or physical appearance.

Psycho-social benefits are the more abstract outcomes or the personality-related attributes of a brand, such as the social currency that might accrue from wearing an expensive suit, designer label or driving a 'hot' car.

Brand image (or brand personality) is an important psycho-social attribute. Consumers can have both positive and negative beliefs about a given brand. A considerable body of research suggests that consumers are predisposed towards brands with a personality that matches their own and that a good match can have an impact on brand preference, brand choice, satisfaction with a brand, brand commitment and loyalty and the consumer's propensity to give positive word-of-mouth referrals. The branch of consumer behaviour that investigates the matching of a brand's personality and the consumer's personality is known as self-congruity research. Consumer beliefs about a brand or product category may vary depending on a range of factors including the consumer's prior experience and the effects of selective perception, distortion and retention. Consumers who are less knowledgeable about a category tend to evaluate a brand based on its functional characteristics. However, when consumers become more knowledgeable, functional attributes diminish and consumers process more abstract information about the brand, notably the self-related aspects.

The marketing organization needs a deep understanding of the benefits most valued by consumers and therefore which attributes are most important in terms of the consumer's purchase decision. It also needs to monitor other brands in the customer's consideration set to optimise planning for its own brand. During the evaluation of alternatives, the consumer ranks or assesses the relative merits of different options available. No universal evaluation process is used by consumers across all-buying situations. Instead, consumers generate different evaluation criteria depending on each unique buying situation. Thus the relevant evaluation attributes vary according to across different types of consumers and purchase contexts. For example, attributes important for evaluating a restaurant would include food quality, price, location, atmosphere, quality of service and menu selection. Consumers, depending on their geographic, demographic, psychographic and behavioural characteristics, will decide which attributes are important to them. Potential patrons seeking a hedonic dining experience may be willing to travel further distances to patronise a fine-dining venue compared to those wanting a quick meal at a more utilitarian eatery. After evaluating the different product attributes, the consumer ranks each attribute or benefit from highly important to least important. These priorities are directly related to the consumer's needs and wants. Thus, the consumer arrives at a weighted score for each product or brand - representing the consumer's subjective assessment of individual attribute scores weighted in terms of their importance, to arrive at a total mental score or rank for each product/brand under consideration.

### **Purchase decision**

Once the alternatives have been evaluated, the consumer firms up their resolve to proceed through to the actual purchase. For example, the consumer might say to his/herself, "Yes, I will buy Brand X one day." This self instruction to make a purchase is known as purchase intent. Purchase intentions are a strong, yet imperfect predictor of sales. Sometimes purchase intentions simply do not translate into an actual purchase and this can signal a marketing problem. For instance, a consumer may wish to buy a new product, but may be unaware of the retail outlets that stock it, so that purchasing cannot proceed. The extent to which purchase intentions result in actual sales is known as the sales conversion rate.

Happy hour, where two drinks can be purchased for the price of one, is a strong call-to-action because it encourages consumers to buy now rather than defer purchasing to a later time

Organizations use a variety of techniques to improve conversion rates. The provision of easy credit or payment terms may encourage purchase. Sales promotions such as the opportunity to receive a premium or enter a competition may provide an incentive to buy now rather than defer purchases for a later date. Advertising messages with a strong call-to-action are yet another device used to convert customers. A call-to-action is any device designed to encourage immediate sale. Typically, a call-to-action includes specific wording in an advertisement or selling pitch that employs imperative verbs such as "Buy now!" or "Don't wait!". Other types of calls-to-action might provide consumers with strong reasons for purchasing immediately such an offer that is only available for a limited time (e.g. 'Offer must expire soon'; 'Limited stocks available') or a special deal usually accompanied by a time constraint (e.g. 'Order before midnight to receive a free gift with your order'; 'Two for the price of one for first 50 callers only'). The key to a powerful call-to-action is to provide consumers with compelling reasons to purchase promptly rather than defer purchase decisions.

As consumers approach the actual purchase decision, they are more likely to rely on personal sources of information. For this reason, personal sales representatives must be well versed in giving sales pitches and in tactics used to close the sale. Methods used might include: 'social evidence', where the salesperson refers to previous success and satisfaction from other customers buying the product. 'Scarcity attraction' is another technique, where the salesperson mentions that the offer is limited, as it forces the consumer to make a quicker decision, and therefore less time evaluating alternatives.

### **Post-purchase evaluation**

Following purchase and after experiencing the product or service, the consumer enters the final stage, namely post-purchase evaluation. The consumer's purchase and post-purchase activities have the potential to provide important feedback to marketers. Foxall suggested



that post-purchase evaluation provides key feedback because it influences future purchase patterns and consumption activities.

The post purchase stage is where the consumer examines and compares product features, such as price, functionality, and quality with their expectations. Post purchase evaluation can be viewed as the steps taken by consumers to correlate their expectations with perceived value, and thus influences the consumer's next purchase decision for that good or service. For example, if a consumer buys a new phone and his or her post-purchase evaluation is positive, he/she will be encouraged to purchase the same brand or from the same company in the future. This is also known as "post-purchase intention". On the contrary, if a consumer is dissatisfied with the new phone, he or she may take actions to resolve the dissatisfaction. Consumer actions, in this instance, could involve requesting a refund, making a complaint, deciding not to purchase the same brand or from the same company in the future or even spreading negative product reviews to friends or acquaintances, possibly via social media.

After acquisition, consumption or disposition, consumers may feel some uncertainty in regards to the decision made, generating in some cases regret. Post-decision dissonance (also known as cognitive dissonance) is the term used to describe feelings of anxiety that occur in the post purchase stage; and refers to the consumer's uneasy feelings or concerns as to whether or not the correct decision was made at purchase. Some consumers, for instance, may regret that they did not purchase one of the other brands they were considering. This type of anxiety can affect consumers' subsequent behaviour and may have implications for repeat patronage and customer loyalty.

Consumers use a number of strategies to reduce post purchase dissonance. A typical strategy is to look to peers or significant others for validation of the purchase choice. Marketing communications can also be used to remind consumers that they made a wise choice by purchasing Brand X.

When consumers make unfavorable comparisons between the chosen option and the options forgone, they may feel post-decision regret or buyer's remorse. Consumers can also feel short-term regret when they avoid making a purchase decision, however this regret can dissipate over time. Through their experiences consumers can learn and also engage in a

process that's called hypothesis testing. This refers to the formation of hypotheses about the products or a service through prior experience or word of mouth communications. There are four stages that consumers go through in the hypothesis testing: Hypothesis generation, exposure of evidence, encoding of evidence and integration of evidence.

Internal influences refer to both personal and interpersonal factors. Social theory suggests that individuals have both a personal identity and a social identity. Personal identity consists of unique personal characteristics such as skills and capabilities, interests and hobbies. Social identity consists of the individual's perception of the central groups to which an individual belongs and may refer to an age group, a lifestyle group, religious group, educational group or some other reference group. Social psychologists have established that the need to belong is one of the fundamental human needs. Purchasing behaviour is therefore influenced by a broad range of internal factors such as psychological, demographic and personality factors. Demographic factors include income level, psychographics (lifestyle), age, occupation and socio-economic status. Personality factors include knowledge, attitudes, personal values, beliefs, emotions and feelings. Psychological factors include an individual's motivation, attitudes, personal values and beliefs. Other factors that may affect the purchase decision include the environment and the consumer's prior experience with the category or brand. Social identity factors include culture, sub-culture and reference groups. Other factors that may affect the purchase decision include the environment and the consumer's prior experience with the category or brand.

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