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## Consumer Behaviour: A Literature Review

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### ABSTRACT

*The success of every business depends entirely upon the satisfaction of its consumers. In order to get this right, businesses have to know the buying behaviour of their customers. The knowledge of Consumer Behaviour leads to the understanding of reasons why consumers differ from one another in buying or using products and availing services. Consumers receive stimuli from the environment, and responds to the stimuli in terms of either decision on buying or not buying the product. Thus the study of Consumer Behaviour is one of the most important in business management education, because the purpose of a business is to acquire and retain customers. This study attempts to gather understanding on the concept of Consumer Behaviour while reviewing the literature available on the study of consumer behaviour across the Industries. This is a descriptive study attempted through the help of secondary data. The understanding gathered & presented is indicative in nature & not exhaustive. The elements of Consumer Behaviour are essentially required to be studied in order to sustain the competitive business environment.*

**Key words:** Consumer Behaviour, Literature Review, Consumerism

### INTRODUCTION:

**The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself."**

**- Peter F. Drucker, Management Guru**

The world of Marketing is very dynamic and understanding every facet becomes essential. The action adopted by the Consumer becomes a matter of understanding for the Manufacturers / Marketers. Essentially understanding the Consumer behaviour is relatively the root for success for Marketers. The contemporary Organisations are concentrating on productive & fruitful change so as to meet the blistering competition

Consumer behaviour is the most focused area in every field of business as well as services. Nowadays the key determinant factor for any business is to find out the changing needs and preferences of consumers in today's world. Many industries are focussing and analysing the buying behaviour of consumers in their respective markets and targets. The market is a place where buyers and sellers have transaction for any purpose, where in the inevitable role is played by the "Consumers", because the purchase of any product wholly depends on the purchasing behaviour of the consumer or the customer.

**Consumer Behaviour** is the behaviour that consumer display in scanning for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. There are environmental influences to Consumer behaviour like social & personal factors. There are individual determinants to consumer behaviour in the form of *Personality, self-concept, motivation & involvement, learning & memory and attitude of consumers*. There have been social scientists presenting their models for understanding the consumer behaviour aspects. Massively the models talk about the stimuli & action matrix. In this era of **Consumerism & Demarketing** the market has become further stiff. Consumerism is a Social movement of citizens and Government to enhance the rights & powers of buyers in relation to sellers. It encompasses the evolving set of activities of Government, Businesses and Independent Organisations that are designed to protect the rights of consumers. Consumerism is concerned with protecting consumers from all Organisations with which there is an exchange relationship. On the other hand demarketing influences the consumption

pattern among the consumers. There are consumer problems associated with hospitals, libraries, schools, Police forces, and various govt. agencies as well as with Business firms. Amidst all these unrest the businesses need to flourish. The knowledge and investment of time in understanding the evolving behaviour of consumer shall help the businesses to propound.

This piece of literary work demonstrate the review of Consumer Behaviour across various industries, such as; FMCG Industry, Banking Industry, Hospitality Industry etc. A new marketing strategy is seen to be formulated in every other review of consumer behaviour towards various industries considering their respective measures of buying behaviour towards their products or services. A recommendary model pertaining to how the factors influence the consumer behaviour has been formulated in this paper. This model is formulated on the basis of the reviews and taking into consideration the factors influencing consumer behaviour of today's dynamic world.

### OBJECTIVES OF THE STUDY:-

The following objectives have been considered for the literature review on Consumer Behaviour:

- ▶ To understand the concept & essence of Consumer Behaviour
- ▶ To review the existing literature on consumer behaviour experienced across the Industries.

### RESEARCH METHODOLOGY:-

**Consumer Behaviour: A Literature Review** is a **Descriptive Literature Review** study conducted with the help of **Secondary Data**. The study aims at understanding the essence of Consumer Behaviour concept and reviewing the Literature available in the field of Consumer behaviour studies across Industries. The **scope of the study** encapsulates the thoughtful review of the contributions from authors pertaining to Consumer behaviour & attitudes. The study has the scope of determining the essential consumer behaviour aspects. The inferences from the study shall commemorate as best practices across industries pertaining to the understanding of Consumer Behaviour aspects. The Authors have considered the consumer behaviour at large rather segmenting to any specific industry; this may be a major **limitation of the study** as the inferences are more prone to learning approach rather straight execution.

### LITERATURE REVIEW:

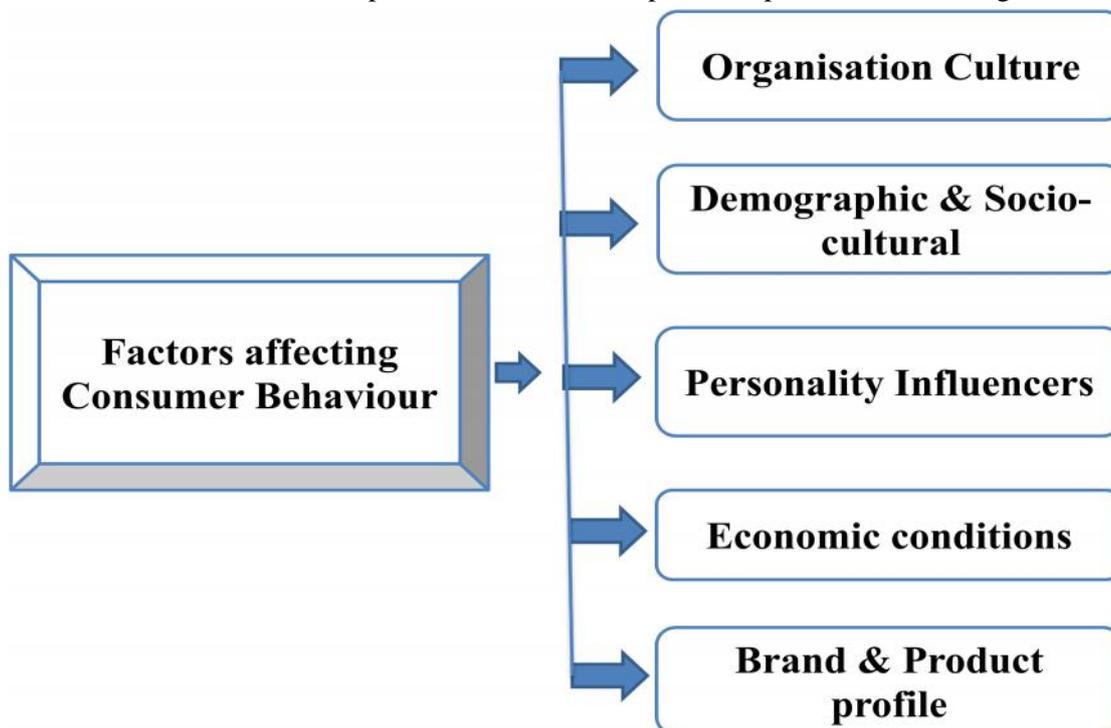
Literature Review is a conscious effort of reviewing the existing literature and gaining fruitful insight from the same. The studies on consumer behaviour have been in abundance and the authors had to ponder on selecting relevant & effective studies conducted across the industries. The inferences of the review have been categorised under following heads to present the learning: *Factors affecting Consumer Behaviour, Factors linked to demography, Consumer Preferences & attitude, Quality & Innovation and existing Models of Consumer Behaviour.*

#### (a) FACTORS AFFECTING CONSUMER BEHAVIOUR

As part of the study of consumer behaviour it is essential to learn the factors affecting Consumer behaviour. **Hawkins, Best, Coney and Mokherjee** in their book on Consumer Behaviour discussed several factors affecting consumer behaviour for buying such as *demographic and social influences (family and household), group influence, impact of advertising and internal influences (learning, perception, attitude etc.)*. The book elucidated the topics such as types of consumer decisions, purchase involvement and product involvement. The book also emphasized on information search process and various ways for providing relevant information to the consumers are recommended in this study. The book has further emphasized on individual judgment and proposed that the ability of an individual to distinguish between similar stimuli which could involve many variables related to individual preferences. In another book with title **Indian Insurance A Profile by Narayanan, H.** the author has highlighted the features of Indian insurance markets, development of insurance sector in India, major players in insurance sector and insurance products offered to Indian policyholders. The book also provided detail of growth of life insurance and general insurance in India with appropriate statistics.

Various phases of growth and development of insurance sector are presented in an efficient manner. In the field of Insurance understanding the state of Consumer's mind is very essential and the factors that constitutes largely to the behaviour is the *socio-cultural and personal factors*.

The book on **Financial Institutions and Markets** authored by **L. M. Bhole and JitendraMahakud** focuses on Financial Institutions and Markets: Structure, Growth and Innovations, the book elucidated IRDA policy reforms, Indian Financial System since 2002 and insurance sector reforms. The aggregate view of Indian insurance is presented is three developmental phases since 1818. Policy development, structure and various types of insurance plans are defined with evaluation process. The growth of financial services, financial sector reforms and role of regulators in financial reforms has been discussed in this book. Again the massive influencing factors are the personal, economic & socio cultural factors. The article on **Consumer Preference towards Smart phones brands, with Special Reference to Android Operating System** presented by **Mithilesh Pandey & NeelamNakra** focuses on the consumer preference towards the smartphone brands. One of the major factors for selecting the smartphone is the Operating System (OS) i.e., the Technical factor. Android, after its introduction, has captured more than half of the market share of the OS market which earlier was held by Symbian, iOS and Blackberry. Therefore, android is being taken as a special reference for knowing the smartphone brand. This article attempts to studies the consumer preference towards various OS and preference towards a smartphone brand with android as its OS. A quantitative study on 300 respondents was carried out in Ludhiana region. The collected data was analysed with descriptive statistics, Chi-Square, Friedman test and Kendall's W-test. The study found that android and iOS are the most preferred OS, while Samsung is the highest preferred brand to be selected for an android platform. The price, screen size and RAM size i.e., attributes of the product are the most important aspects while choosing the smartphone brand.



**Figure No. 1:** Factors affecting Consumer Behaviour

Source: Self developed figure based on literature review

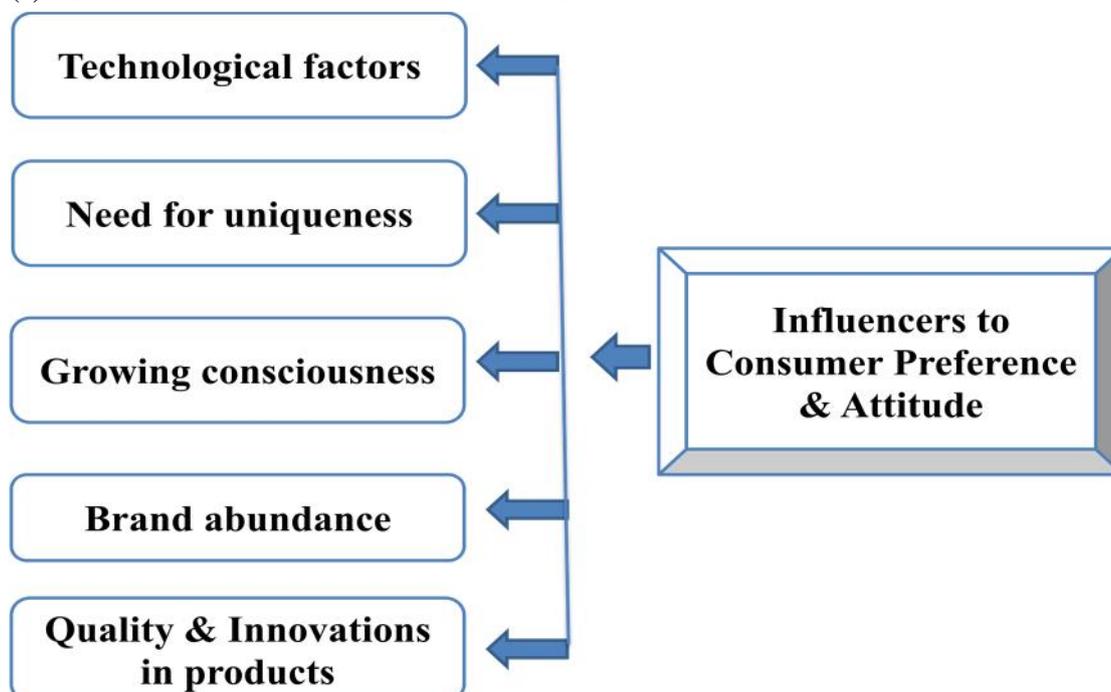
The article on **the Impact of Salesperson's Behaviour on Consumer's Purchase Decision: An Empirical Study** the efforts have been made to examine the impact/influence of salesperson's behavioural traits- *Ethical Behaviour, listening ability, relational skills and emotional intelligence* on the coinciding purchasing behaviour of the customer. The outcome of this study emphasizes the **soft skills of a salesperson**, which is otherwise disregarded as an antecedent variable, accordingly providing insights for salespersons in refining

their selling behaviour. As the result of the study indicates a salesperson should understand importance of the required skills and strive to develop these skills. Further, the findings of the study would also help the retailers in ensuring that the salesperson develops the required skills by consistently keeping a check on them. Retailers may also focus on the skills while recruiting and training salesperson. The article relates the theory to practice that *the behaviour of the customers may get controlled by the action of sellers*.

#### (b) FACTORS LINKED TO DEMOGRAPHY

Demography arrangements also have an impact of the consumer behaviour. The Kids, adolescent, grown up adult, mid age and old age people have different personalities and different set of values. The attractive features of products may have separate impact on different age group of consumer, also it may have separate impact on the area that people dwell. The study by *Deva Prasanna* presents a review of the literature, in the field of consumer behaviour towards FMCG products. There is marvellous complication in consumer behaviour. There may be several aspects both rational and emotional that may act mutually in influencing the purchase decision. The age factor, gender, place / location etc. has huge impact in the response from the consumers. *Shahir Bhatt & Amola Bhatt* through their research paper on *Consumer Behaviour Towards Packaged Food in Rural Areas: An Empirical Study in Ahmedabad District, Gujarat* have attempted to understand different aspects of rural consumer behaviour on buying of packaged food products. The study aims to identify the factors which are important while purchasing packaged food products. The study also examines the relationship between the factors brought out and demographic factors like *age and monthly income*. The study observes that the factors for selecting packaged food include *health, convenience, proximity, mood, price, brand, and sensory appeal*. Additionally it is found that 3 factors, namely *health, convenience and mood*, have significant relationship with *age*, and four factors, namely *health, mood, price and brand*, have significant relationship with *monthly income*. The study reveals that consumers with income less than Rs.5000 give more importance to health, mood and price, whereas brand as a factor is more significant for higher income consumers. These findings reveal the characteristics of the target audience, which can be taken into consideration by the marketers of FMCG products while designing the product, packaged food products in this case.

#### (c) CONSUMER PREFERENCE & ATTITUDE



**Figure No. 2:** Influencers to Consumer Preference & Attitude

Source: Self developed figure based on literature review

The preference, choice, demand, attitude and actions of consumers are interlinked. Also they all have impact on purchase decisions of consumers. **Dr. K. Alagarsamy & S. Wilson** through their literary work on “*A Study on Customer Behavior Towards Banking Services With Special Reference To Public Sector Banks in Sivagangai Dist.*”, state that the banking sector has undergone many changes in the new economic policy based on privatization, globalization and liberalizations adopted by government of India. Customer is the king in the present day banking. Since the banks are providing tailor made services to the changing needs of the ultra modern customer to face their stiff competition from the rival banks. Today the customer services preference keep on changing at a rapid speed and their demands. Today the challenging and tough job for the bankers is retaining their existing customer base and acquiring new customer. The aim of the bankers is to make the customers achieve their financial goals. To achieve the highly challenging task of customers satisfaction bankers are turning to technology for help. Bankers are not only satisfying the customer but must also trigger the attitude of the customers towards the bank. Even though the customer is well educated, still some times due to high technology banking services they hesitate for the transaction.

**Preeti Tak and Ashish Pareek** through their literary work on *Consumer Attitude Towards Luxury Brands: An Empirical Study* have established their thought on the relationship between consumer's need for *uniqueness dimensions, fashion consciousness and consumer's attitude towards luxury brands*. The findings suggest that the three dimensions of consumer's need for uniqueness and fashion consciousness are positively related to consumer's attitude towards luxury brands. Thus, consumers like to express their individuality by adopting new fashion brands and styles. This finding has an important marketing implication, as it suggests that marketers could devise a suitable strategy to communicate the uniqueness of their products. The result also supports the probable link between fashion consciousness and attitude towards luxury brands.

The Research paper by **Mithilesh Pandey & Neelam Nakra** focuses on the consumer preference towards the smartphone brands. Their study leads to understanding that one of the major factors for selecting the smartphone is the Operating System (OS). This paper studies the consumer preference towards various OS and preference towards a smartphone brand with android as its OS. The study found that android and iOS are the most preferred OS, while Samsung is the highest preferred brand to be selected for an android platform. The price, screen size and RAM size are the most important attributes while choosing the smartphone brand.

#### **(d) QUALITY & INNOVATIONS**

Consumer Behaviour demonstrates largely the willingness to be associated with the brand and the usage pattern. The organisations keep working towards their attractive features in order to attract customers. Quality management of products and innovations form important measure so as to retain & acquire customers. **Karunik and Schiffman** in their book on **Consumer Behavior** have highlighted the dynamic business environment and they it be turbulent as never before & the service industry as promising as never before. In this era of intense competition companies understand the customer is the king in the market and success depends a lot on the efficiency of the managers in delivering the promised product or services. The responsibility lies on the organisations to develop a *culture, ethics, responsibility, value and quality services* should be offered to achieve higher level of customer satisfaction. Dynamic consumer behaviour is required to analyse various factors affecting consumer purchase decision directly or indirectly.

**C. Lovelock & J. Writz** authored the book **Services Marketing** while emphasising on services marketing as a broad area and placed marketing issues within a broader general management context while offering a balanced focused on close ties that link marketing, operations and human resource marketing. It also relates the understanding of consumer behaviour function to develop appropriate marketing strategy. Service triangle, feature of services and service marketing strategies are also discussed in this book with detailed explanation of service quality model. The study by **Manaktola & Jauhari** was conducted in NCR Delhi, India which explored consumer attitude and behaviour towards the green practices in lodging industry. They identified the willingness of consumers to pay for green hotels. The findings of the study were that there was the *significant relationship between consumer attitudes and behaviour towards green practices in hotel industry* but only 15% of the consumers were willing to pay for environmental initiatives.

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**Consumer Behaviour Towards Mobile Tele Services: A Case Study At Visakhapatnam City by Dr. M. Ramesh** emphasizes that Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. An attempt is made here to elicit the views of the respondents on the consumer behaviour towards mobile Tele services in Visakhapatnam city under the study. On the basis of results, it is suggested that *product quality* from the marketer's perspective is associated with *communication, price, feature, function, or performance of a product*.

#### **(e) REVIEW OF SELECTED EXISTING MODELS OF CONSUMER BEHAVIOUR**

Behavioural Models for every process & function support the growth of the same. There have been studies conducted and models developed towards understanding consumer behaviour. Massively the models suggest the Input to the process as the stimuli and behaviour as the output of the system. One of the prominent models are Howard Sheth Model and Engel – Blackwell – Miniard Model.

##### **Howard Sheth Model**

The model suggests that the learning, perception and attitudes influence the consumer behaviour. The model emphasizes on three aspects towards the overall Model: **Input, Constructs and Output**. These all are variables at their respective stages. The **Input** considered in the model is the Stimuli in the form of: **Significative stimuli:** Tangible characteristics of the product in the form of Quality, Price, Distinctiveness, services rendered & availability of the product. **Symbolic Stimuli:** The characteristics in the significative stimuli gets influenced by their promotions. The motivation created through this process is termed as symbolic stimuli. **Social Stimuli:** Motivation & influences generated through the family, friends and social groups.

The Construct considered in the model provides the variables that influence the decision making. They may be internal perceptions (Perpetual Constructs) or the motives considered by the buyers (Learning Constructs). At this stage the buyer progresses towards the buying process however has every possibility of holding the decision due to inhibitors or other external influences. The buying decisions that usually require high engagement goes through this extensive process. The decisions for the low engagement process usually travel straight from Input to Output. The Output is massively towards the result of the Purchase decision while undergoing the mental process of creating attention, gathering comprehension, developing attitude and resulting into Purchase or restraining from it.

##### **Implications of Howard Sheth Model:**

- ✓ The Model establishes reach to many variables that influences the consumer's decision. It helps the Marketers to frame strategy considering the various aspects that influences customers at every stage of their behaviour.
- ✓ It highlights that the outcomes of consumers decision may not necessarily be the purchase of the product instead it may be non-purchase. Accordingly it assists the marketers to tackle defection.
- ✓ Although the Model attracts a limitation in terms of its complex arrangement yet the same turns out to be a strength as it is robust and comprehensive.

##### **Engel – Blackwell – Miniard Model**

The Model was originally contributed by Engel – Kollat – Blackwell and with more of contribution in this respect finally the Model was prescribed with the contribution of Miniard & termed as Engel – Blackwell – Miniard. This Model is a multidimensional effort towards coordination among the perceptual pattern of buyers reflected in their decision making process. Just as Howard Sheth Model even this model highlights that the High engagement purchases requires complex decision process. This model reflects the Input in terms of the Stimuli towards purchase leading to Information processing & assisting the Purchase decision process. The Decision process simultaneously also get influenced by the Environmental influencers and Individual differences.

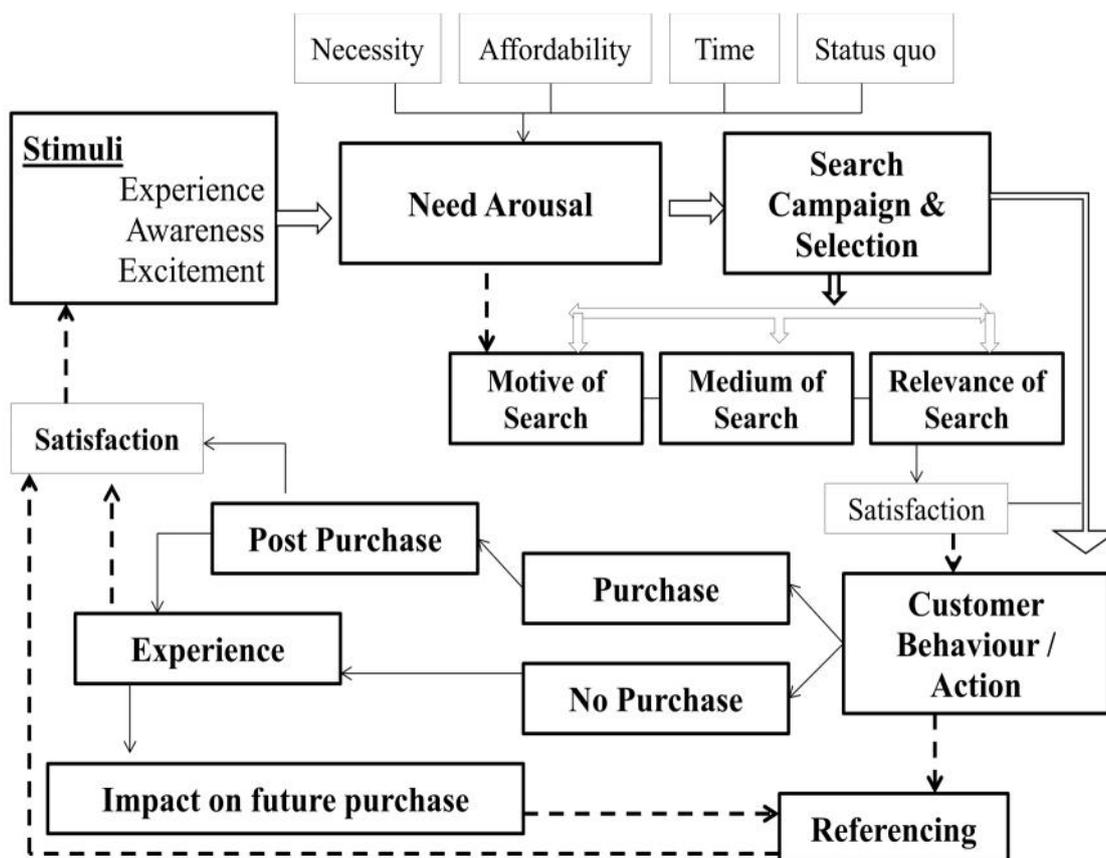
##### **Implications of Engel – Blackwell – Miniard Model**

- ✓ This model is slightly less complex than Howard sheth Model however this model also comprehensively involves various variables as determiners of purchase.

- ✓ This model effectively involves the Consumer decision Making process and marketers have every opportunity to learn the attributes that influences the purchase decision process.

### RECOMMENDARY MODEL BASED ON CONCEPTUAL UNDERSTANDING:

A Model is a representation of a process or relationship that guides the scope of actions. A Model assists in *Development of theories, Simplifies complexities in Industrial processes and Facilitates with a structure for further Research*. The typical Model often has the potential of guiding the processes and reaching to success. The motive of the consumer behaviour models is to focus on consumer decision making, especially on how individual consumers arrive at brand choices. The authors have come up with the following proposed model based on their conceptual understanding and analytical approach:



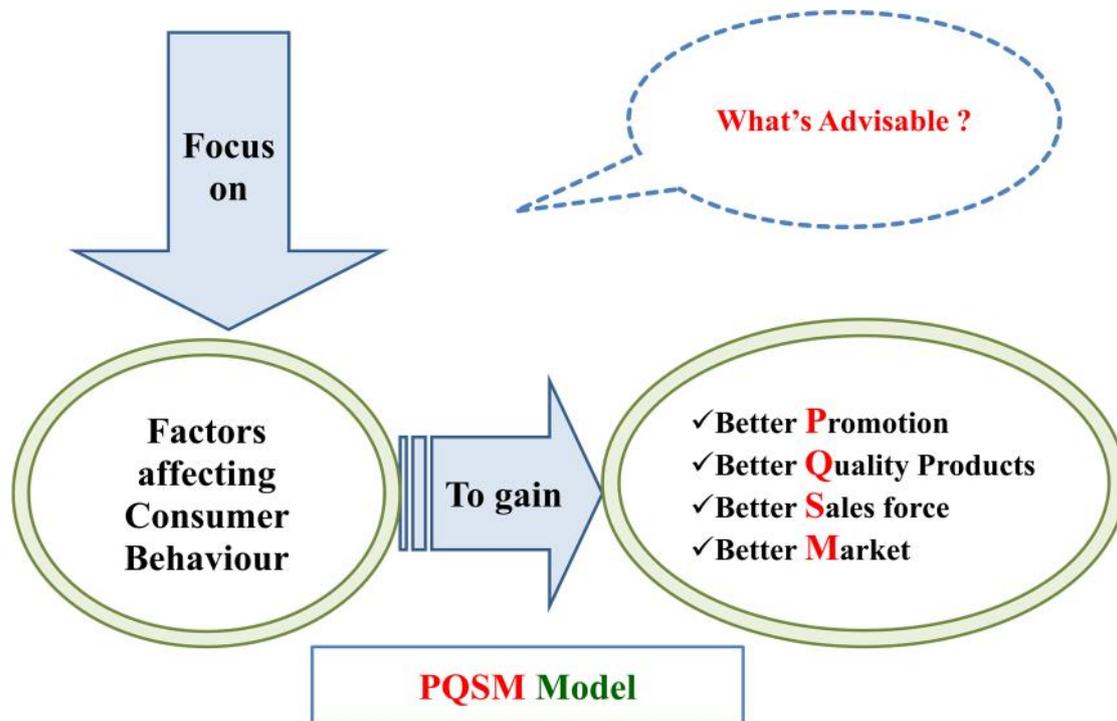
**Figure No. 3:** Consumer Behaviour Model

Source: Self developed Model based on conceptual understanding

### Implications of Recommendary Model:

- ✓ The model is referenced arrangement of previous models, however the complexity is lesser. It straight talks about the Need arousal factors based on the stimuli and influencers to Need arousal.
- ✓ The model considers consumer experience as the key factor for future purchases. While that is already established fact, what makes this model different is the linkage with referencing. Usually the Consumer behaviour models concentrate on actions pertaining to Purchase or No Purchase, however the referencing has emerged as a very influencing factor for consumer purchase decision process and leads to satisfaction for prospective customers.
- ✓ This model emphasises on Stimuli to Need arousal, leading to consumer action & respective results.

The model presented as recommendary substance necessarily indicates the potential of understanding the Consumer behaviour / action. Here is what the advisory notion of the study in a nut shell states to marketers:



**Figure No. 4: PQSM Model**

**Source:** Self developed Model based on study inferences

## CONCLUSION:

Consumer behaviour is a literal study of behavioural pattern of consumer leading their buying preferences & attitude. Consumer Behaviour is a dynamic aspect having the potential to magnetise businesses. The main purpose behind marketing a product is to satisfy demands and wants of the Consumers. Study of consumer behaviour helps to achieve this purpose. This review study was completed broadly under five heads: *Factors affecting Consumer Behaviour, Factors linked to demography, Consumer Preferences & attitude, Quality & Innovation and existing Models of Consumer Behaviour.* This comprehensive study has demonstrated the possible facets of understanding consumer behaviour. Such studies of consumer behaviour help marketers to recognize and forecast the purchase behaviour of the consumers. It further helps the marketers not only to understand what consumer's purchase, but helps to understand why they purchase it. Thus with the help of the recommended model it will be easy to know how the consumer's behaviour is influenced and what are the main factors influencing consumers in today's modern era. The advisory notion further supports the momentum of gaining business prospects.

## FUTURE SCOPE OF THE STUDY:

The present study is a review of literature pertaining to the Consumer Behaviour aspects across industries. This forms as part of limitation for the study as well. Although the learning is enormous yet the potential is massive. Such studies may reflect the existing state of mind, however there is future to this approach. The future scope of this study comprises of field survey on selected segment of products and recording the respective behaviours of the consumers. The study may be conducted for a specific province for desired set of products with a representative sample leading to inferences that creates meaning to businesses.

## Addendum

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<i>Fig. No. 3</i>	<i>Consumer Behaviour Model - Recommendary</i>
<i>Fig. No. 4</i>	<i>PQSM Model</i>

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