

Consumer Behavior

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Abstract: *Insurance coverage is crucial for the growth and sustainability of Small and Medium Enterprises (SMEs). It helps mitigate risks and uncertainties that SMEs face in their day-to-day operations*

Keywords: Insurance coverage

I. INTRODUCTION

Consumer behavior is comparatively a new field of study which evolved just after the second world war. The seller's market has disappeared and buyers market has come up. This has led to paradigm shift of the manufacturer's attention from product to consumer and specially Focused on the consumer behavior. The evaluation of marketing concepts from Mera selling concepts to consumer original marketing has resulted in buyer behaviour becoming an independent discipline. The growth of consumer and consumer legislation emphasizes the importance that is given to the consumerism. consumer behaviour is a study of how individuals make decisions to spend their available resource time money and effort or consumption related aspect what they buy? When then buy? How they buy? etc. The heterogeneity among people makes understanding consumer behaviour a challenging task to marketers hence marketers felt the need to obtain an in-depth knowledge of consumer buying behaviour. Finally this knowledge actd as an imperative tool in the hands of marketers to forecast the future buying behaviour of customer and devise marketing strategies in order to create long term customer relationship. AS a consumer we are all unique and this uniqueness is reflected in the consumption pattern and the process of purchase. The study of consumer behaviour provides us with reason why consumer differ from one another in buying using products and services. we receive strategies of different products and services and responding to the stimuli in terms of either buying or not buying or not buying product. In between the stage of receiving the stimuli and responding to it the consumer goes through the process of making his decision. The study of consumer behaviour is very important to the marketers because it enables them to understand and predict buying behaviour of customer in the market place it is concerned not only with what consumer in buy but also with why they buy it when and where and how they buy it and how often they buy it and also how they consume it and dispose it. According to professor by Theodor levitt of the Harvaral Business school the study of consumer behaviour is one of the most important in business education because the purpose of a business is to create and keep customer. customer are created and maintained through marketing strategies. And the quality of marketing strategies depends on customer. Consumer behaviour is the study of individuals group or organisation and the process they use to select secure use and dispose of products services experience or ideas to satisfy needs and the impact that these processes have on the consumer and society. A consumer's buying decision is not determined by only one factor but mostly by a number of factors.

Objective

- To understand the concept foundation of consumer buying behaviour.
- To create awareness of the theories of motivation and personality as applicable in consumer behaviour.
- To acquire with the communication and consumer decision making.
- Consumer behaviour and marketing Action an overview consumer involvement decision making process purchase behaviour and marketing implications consumer behaviour models
- Environment influences on consumer behaviour cultural influences social class reference groups and family influence opinion leadership and the diffusion of innovation marketing implications of the influences.
- Consumer buying behaviour making implications consumer perception learning and attitudes motivation and personality psychology value and lifestyle click o graphics.

- Strategic marketing application marketing segmentation strategies positioning structure for existing and new product, Re – positioning , perceptual behaviour – in store stimuli – store image and loyalty consumerism – consumer rights and mark it's responsibility's.

Consumer behaviour is the study of individuals, groups, or organisation and all the activities associated with the purchase, use and disposal of goods and services. Consumer behaviour consists of how the consumer's emotions, attitudes, and preferences affect buying behaviour. Consumer behaviour emerged in the 1940–1950s as a distinct sub-discipline of marketing, but has become an interdisciplinary social science that blends elements from psychology, sociology, social anthropology, anthropology, ethnography, ethnology, marketing, and economics (especially behavioural economics).

The study of consumer behaviour formally investigates individual qualities such as demographics, personality lifestyles, and behavioral variables (such as usage rates, usage occasion, loyalty, brand advocacy, and willingness to provide referrals), in an attempt to understand people's wants and consumption patterns. Consumer behaviour also investigates on the influences on the consumer, from social groups such as family, friends, sports, and reference groups, to society in general (brand-influencers, opinion leaders).

Research has shown that consumer behaviour is difficult to predict, even for experts in the field; however, new research methods, such as ethnography, consumer neuroscience, and machine learning[1] are shedding new light on how consumers make decisions. In addition, customer relationship management (CRM) databases have become an asset for the analysis of customer behaviour. The extensive data produced by these databases enables detailed examination of behavioural factors that contribute to customer re-purchase intentions, consumer retention, loyalty, and other behavioural intentions such as the willingness to provide positive referrals, become brand advocates, or engage in customer citizenship activities. Databases also assist in market segmentation, especially behavioural segmentation such as developing loyalty segments, which can be used to develop tightly targeted customized marketing strategies on a one-to-one basis.

Important

The purpose of studying a discipline is to help oneself to better appreciate its contributions. The reason to study consumer behavior is because of the role it plays in the lives of humans. Most of the free time is spent in the market place, shopping or engaging in other activities. The extra time is usually passed in knowing and thinking about products and services, discussing with friends about them, and watching advertisements related to them. The usage of them significantly reveals our life styles. All these reasons suggest the need for study. However, the purpose may be to attend immediate and tangible reasons. Pertinence to Decision Making consumer behavior is said to be an applied discipline as some decisions are significantly affected by their behavior or expected actions. the two perspectives that seek application of its knowledge are micro and societal perspectives. the micro perspectives involve understanding consumer for the purpose of helping a firm or organization to achieve its objectives. The people involved in this field try to understand consumers in order to be more effective at their tasks. whereas the societal or macro perspective applies knowledge of consumers to aggregate- level faced by mass or society as a whole. The behavior of consumer has significant influence on the quality and level of the standard of living .

Some consumers are characterized as being more involved in products and shopping than others. A consumer who is highly involved with a product would be interested in knowing a lot about it before purchasing. Hence he reads brochures thoroughly, compares brands and models available at different outlets, asks questions, and looks for recommendations. Thus consumer involvement can be defined as heightened state of awareness that motivates consumers to seek out, attend to, and think about product.

Advantages

Whenever a new product came into the market, the consumers create an image of the product even before it launches. Marketing strategy plays an important role here to deal with the consumer emotionally by describing the product as the consumers desire it to be. According to Kenning et al. (2012), the S-O-R (Stimulus Organism-Response) model was designed to help marketers predict

and have a better understanding of consumer black box. The black box refers to the buyer's mind, his decision process, his thoughts of a specific product, and other factors that influence the buyer's mind[2]. For instance, Apple Pad is among the most preferred brand of Tablet PC and many consumers seem to buy this frequently in 6 to 9 months. Giving time to time deals and coupons helps to increase the consumer's preference for the brand. Studying consumer behavior helps you to understand why consumers are switching to another company or brand and also to avoid these types of tragedies. Trend, lifestyle, market value is changing frequently that it has become the need of the market to introduce new product more often which surprisingly increases the failure rate of new products. If the company evaluate consumer behavior and market the right marketing strategy can be framed.

Disadvantage

Inconsistency is sometimes a major risk of studying consumer behavior. People tend to have a different opinion and attitude for different products or services, they rarely have the same behavior for every product. Consumers also get affected by social factors like friends and family suggesting products of some other brand. Consumer behavior involves a complicated personality and attitude and factors affecting them, so the company should often do better market research before launching a new product.

Before studying a deeper analysis of launching a new product, a marketer needs to study the new marketing strategies of a product. According to brand experts, an owner knows the worth of a product by categorizing the type of the product in terms of the corporate associations which undermine the social behaviour and the concepts of using a product. The first focus is the corporate tendency for producing the products. The other technique is called corporate social responsibility where the consumer chooses a company according to the preferences set by the consumer. It may vary negatively or positively while selecting the physical features of a product. However, recent research showed that crowdsourcing is another where a customer keens to show observation in the product development process. It is a subtle process of finding the elements of an existing business sample and a vigorous phenomenon of developing the thinking patterns about marketing skills and an optimum way of establishing the relationship between customers and firms.

In the broader sense, corporate entrepreneurship is the ultimate open tool for designing business strategies in terms of new ideas, authority, competition, passion for achieving goals and ambitions and the drive to face the challenges with respect to the growth of the business. Furthermore, another concept is called cause-related marketing. It is the amalgamation of the various dimensions from several specialized fields which correlates with the promotion of a new business, corporate relations with respect to basic human rights and maintaining customer relations in the form of feedback.

With respect to the notion of the lead user in product development, it is a bonus idea for a company to enhance its development practice. It is the basic skill to produce new advertising concepts for the products. Similarly, the complementors are referred to as the innovator or the thinker whose ideas is flourished through the marketing output of the company. In recent years, firms are taking the advantage of using the internet and social media for promoting the marketing of their product. Therefore, there is a possibility of connecting two large businesses with the flow of the investment, time and energy on the respective companies. In the long run, it is a good step to expand the productivity of businesses in the world through the power of information technology.

In simple words, the customer should be the ultimate success of the product. It is one of the vital elements of the total management approach. Research suggests that there are three approaches to dealing with customer care service. It includes the selection phase which should be confined according to the customer's choice. Secondly, the concept or the ideas with which the customer can form an interaction using the product. The last prototyping concept means that the manufacturer or the producer should be aware of the taste or the preferences set by the consumer. It would help the investors to exert the focus on the packaging of the product and would help them to expand the marketing strategies of the products.

In the quest to learn more about what drives consumers and therefore how to influence their choices, researchers have developed several approaches to their work. According to Professor Lars Parmer of the University of Southern California, a consumer psychologist, consumer behavior perspectives help develop marketing strategies, public policy, social marketing and understanding how to become a better consumer. However, not everyone agrees with this common use of behavior perspectives. There are potential academic and cultural ramifications that concern critics.

The primary approach to consumer behavior studies involves looking at choices of individuals or specific groups of individuals. According to a 1985 paper by Julia Bristol of the University of Michigan, though this advances knowledge extensively from one perspective, it's essentially the only perspective consumer behaviorists research. External social and circumstantial factors are completely neglected in favor of psychological and sociological theories of personal and group choices.

Current consumer behavior research perspectives are formed within context of a Judeo-Christian cultural framework. American and Western countries have developed and driven the majority of consumer behavior research and the associated perspectives, and therefore carry these in their approaches. While the biases are perhaps unintended, they are also impossible to separate out of the work itself. This most common shows in the premise of consumer behavior as a function of individual choice.

One consumer behavior perspective involves the idea that people operate in certain, predictable ways of learning and deciding. Using these principles, theorists feel that they can predict consumer choices as they change their external and situation variables, such as environment, options or even time of day. These perspectives rely on behavioral theories of learning, the family life cycle, role theories, and reference group theory. However, this approach then reduces consumer behavior to hunting for the right variables because it assumes human decisions are made on a very fixed set of principles. Studies do not always confirm the validity of this perspective.

Some consumer behavior researchers approach their work from the perspective that consumer behavior is random and stems from non-sequential thought processes that aren't so easily predicted. In fact, some theorists believe that behaviors can stem from consumer decisions rather than the more mainstream assumption that decisions stem from consumer behavior. However, this theory presents difficulties because it is very difficult to construct scientific research that adequately backs it. As a result, it often isn't pursued by academics and those seeking to derive marketing strategies.

Observational research consists of monitoring ongoing behaviors in appropriate environments. For marketing research, this can include observations in buying environments such as retail outlets, in the home, or in public, depending on whether the research concerns buying or use behaviors. The observation may be conducted passively, without the knowledge of consumers, or actively, with their knowledge. Observational research, by nature, provides qualitative, rather than quantitative data.

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Advertising is a form of communication. Its ultimate mission is to persuade people to buy stuff. Advertising does this by creating brands that people trust. Consumers generally believe that brands deliver on the promise of user satisfaction. This adds value to the shopping experience by obviating the shopper's need to become a fully-informed shopper. To effectively communicate, advertising must employ the words, signs, images, symbols, music and non-verbal expressions of its referenced culture just to be understood with clarity. Advertising is not the creator of the culture's communication subtleties and cues. Advertising merely communicates to audiences using the same tactics that audience members use when talking to each other. Consequently, it is indubitable that advertising reflects the language of its referenced culture.

In a capitalist system, the theory is that everyone has the ability to build a successful business if they work hard enough. Additionally, consumers are free to purchase whichever goods they want, limited only by their economic means. The competition will drive businesses to produce only the goods that are in demand, reducing waste and keeping prices low. This drive toward making the most of what they have will also drive consumers to spend their money on the items they most need and want.

The drive to achieve "the American dream" encourages innovation. Steve Jobs was driven by a passion to start Apple with the Macintosh computer, but like most entrepreneurs, he wanted to oversee a successful business. Once he had a certain measure of success, his ambition to be the best drove him to up his game, inventing products like the iPhone. Overall, this economic setup means that America remains competitive with other countries in creating new products.

Unfortunately, capitalism doesn't work quite the way idealists think it should. Often the income someone earns is based more on the ability to negotiate during a job interview than some "work hard, earn more" formula. Businesses have realized the benefits of importing products from socialist countries, where cheap labor costs drive manufacturing prices down, which means American manufacturers are being bypassed due, in part, to capitalism.

Another issue with the U.S. economic system is the corporate practice of making money from financial activity rather than the product sales themselves. Profits go to shareholders rather than being put back into the business and offering raises or bonuses to workers. This harms the overall economy rather than helping it.

Details explanation

Companies in APAC are spending more on marketing than ever before. To make sure your marketing budget is being used wisely, you need to understand your customers' needs, and you can't do that without a grasp of consumer behavior – for instance, how they act during the purchasing journey, and what factors influence their behavior.

Consumer behavior is the analysis of how consumers make decisions about what to buy, when to buy it, and how to do so. As well as purchasing behavior, it also involves how consumers think about various brands, how they choose between them, how they behave while deciding what to buy and how they are influenced by marketing campaigns, personal preferences, social and economic pressures and the wider culture.

Understanding consumer buying behavior is vital for marketers, as it sheds light on why consumers make the decisions they do. In turn, this will help marketers to understand which of their campaigns are more effective, and to more highly target their marketing spend in the future, increasing return on investment.

There are three types of human needs: basic needs (such as food, water, warmth and security), psychological needs (such as loving relationships) and self-fulfillment needs (reaching one's full potential). When one of these needs isn't being met, the consumer might decide that making a purchase will rectify this.

This refers to buying infrequent, expensive products, like a house or a car. Because of the expense and emotional investment involved, consumers are highly involved in the purchasing process, and do extensive research.

Consider someone looking to purchase their first home. Buying a house is a significant, infrequent expense that involves immense emotional and financial investment. Such consumers typically engage in extensive research, exploring various neighborhoods, considering property types, analyzing financing options, and assessing their long-term needs.

The decision-making process is prolonged and intricate, involving consultations with real estate agents, financial advisors, and often seeking advice from family or friends. The level of involvement and thorough research are characteristic of complex buying behavior due to the high stakes and substantial commitment involved in the purchase.

The consumer is still highly involved, but has difficulty choosing between brands and worries they may regret their choice.

Imagine someone shopping for a new laptop. They are highly involved in the process, researching various brands, specifications, and features extensively. However, despite their thorough investigation, they are still uncertain about which brand or model to choose. They fear they might regret their decision or miss out on a better deal. This uncertainty leads to a feeling of cognitive dissonance—a conflict between the desire for a good purchase and the worry of making the wrong choice.

In an attempt to reduce this dissonance, they may seek reassurance through reviews, comparison websites, or by consulting with tech-savvy friends to gain more confidence in their decision. Ultimately, their high involvement coupled with lingering doubts characterizes dissonance-reducing buying behavior.

With these purchases, the customer has little involvement in the product or brand category. These patterns are established over the long term, and typically involve low-cost items – for example, the type and brand of bread, soda and milk you buy.

Think of someone who regularly purchases a specific brand of soda. They have established a routine where they automatically reach for this particular brand without much thought or consideration. This behavior is ingrained over time; they hardly deliberate or actively compare alternatives when buying soda. It is a low-involvement, habitual purchase where the individual has become accustomed to a specific brand without actively engaging in the

decisionmaking process. Similarly, their choice of bread or milk might also fall into this category—purchases made almost on autopilot due to ingrained habits, without much consideration of alternatives or brands.

Consumers sometimes change their purchasing behavior for no reason other than to try something new. They might be perfectly happy with their brand of coffee, for example, but just want to see what a different make is like.

Suppose, for instance, a person who regularly buys a specific brand of shampoo that works well for their hair. However, every few months, without any dissatisfaction with their current shampoo, they decide to switch to a different brand just to experience something new. They might have no particular issue with their current choice; instead, the desire for novelty and curiosity prompts them to explore other options available in the market.

Similarly, they might occasionally opt for a different type of coffee despite being content with their usual brand, just to sample a new flavor or blend. This behavior is driven by a desire for variety and the experience of trying something different rather than dissatisfaction with the existing product.

Marketing campaigns can prompt customers to switch brands, stay loyal, and even start buying types of products and services that were previously alien to them.

Even beyond brand switching and loyalty, marketing shapes consumer perceptions by associating products with specific values or lifestyles, fostering emotional connections that transcend transactional relationships. Furthermore, in the digital sphere, personalized and targeted marketing via social media and online platforms leverages data-driven insights to tailor messages, influencing purchasing decisions by aligning offerings with individual preferences.

Economic factors have a direct bearing on personal purchasing power. This affects everything from big ticket items like houses and cars right down to everyday buys like groceries.

For instance, during economic downturns or periods of high inflation, consumers might reevaluate their decisions regarding significant investments like houses or cars, opting for more affordable options or delaying purchases. Similarly, in times of economic prosperity or low-interest rates, individuals may feel more confident making substantial investments.

Moreover, fluctuating economic conditions can impact consumers' ability to make everyday purchases like groceries and may prompt consumers to modify their shopping habits, opt for cheaper alternatives, or adjust their spending on non-essential items based on their perception of their financial stability. These economic fluctuations directly influence consumer decisions across the spectrum of purchases, guiding choices and shaping consumption patterns.

II. CONCLUSION

Firm's actual strategies breaks new patterns when applied changes in prices, qualities and product achievements in the market. As a potential competitive firm, it is not easy to attack the market with a new developing company. That's why we check customer behavior with the changes in prices. Starting in a new market, it's a classic to start under other companies competitive prices to call people's attention, as a new brand. We decided to get good reachable prices, not too low nor high, This strategy allow company to extend its ways to the market place, we have been studying this Project and I noticed that doesn't matter if the company is a small one or big one, neither if it is new or it has a 100 years working in the market, the most important thing is the consumer opinion, the success always orbit around what do they need, feel, want, think, also the opposite and so on, a company is a company because of the customer, if they are not agree with your product or service, you are going to lose a lot of material, time and, money. that is why this company uses a method relating to the price and quality to attract and motivate people to try their products and convince them to leave the brand that they used to choose and change it for a new one, is a good method to achieve loyalty from the consumers, but it doesn't mean that in all the cases this method is going to have good results, the company needs to study the different strategies of your competitors and what do they offer to the customers and how you can make it better.

As we mentioned in this project, if we want your customers to buy your products constantly, without thinking, is to make them believe that life does not exist without your service or product, but in real life is not a vital need, at the end they have the final decision.the consumer behavior is something that we use every day, from the time we woke up, until we go to sleep. We use the same brands as our parents or grandparents, or maybe we are influenced by our friends, using the newest iPhone, the expensive brands, the same model or backpack, etc.

We need to study every part of the consumer, and the way they shop. the study of consumer behavior can help us understand the business of marketing and can also result in us being better-informed consumers.

We need to examine the product that we are offering and need to know the process that consumers acquiring it in order to satisfy their needs and desires. Also we need to understand that consumer behavior is not just about tangible products, it also help us to understand how consumers pursue activities, such as attending a gym, travels, services etc. Consumers pursue activities, such as attending a gym, travels, services etc.

Consumer behaviour refers to the process through which consumers select, buy and use goods or products based on their needs and desires. The process through which people buy goods has evolved. Consumers first try to choose, which goods they want to consume and then they choose only those products that guarantee greater efficiency. After selecting a product, the consumer produces value within the constraints of their financial condition, scarcity, and variety of choices. Finally, consumers analyse the dominant pricing and choose, which products to buy (Kuldeep, 2020). There is a change for consumers to buy goods that may be considered depending on aspects that influence their demand behavior. Furthermore, consumers prefer to show their purchasing tendency, which is based on their income and the price of the goods. Consequently, from the standpoint of consumer behaviour, the consumer interest and its link with the utility idea is an opportunity for consumer orientation (Leila et al., 2013). Apart from that, many consumers will not buy other goods if the price is increased. If the perception of quality and price fits their expectations, consumers will be regarded as high-value and satisfied with the product; if they aren't satisfied, consumers will be considered low-value and dissatisfied with the product. Versioning could be derived. The key takeaways include the following:

By adding additional versions, Joan has dramatically increased the present value of her business.

Many large and small businesses, for reasons of simplicity, offer products using a one-price solution in order to have a simplified management agenda.

By adopting a one-price solution, companies overlook the high-end consumers and the premium prices that they will pay for a product.

A one-price solution also ignores the price-sensitive consumers who could be drawn into the market if an affordable option is made available.

If a high-end product is not perceived as being adequately differentiated with higher-end features and additional functionality, the low-end product could cannibalize the demand for the higher-priced product.

Two goods are independent if their consumption or use is not related. For example, cell phones and lawn mowers are independent goods.

Complementary goods are typically used together like toothbrushes and toothpaste.

Substitute goods have an equivalent function and one substitute good can be consumed or used in place of another. Examples are CD players and MP3 players and cable TV carriers versus satellite TV carriers.

Companies have to be very cautious how they use price differentiation to personalize prices lest they incur the wrath of customers.

Information asymmetry occurs when the seller has better information about the value of a product than the buyer and vice versa.

Selling a product at a higher price in a market where consumers are not knowledgeable or privy to the true market price is called arbitrage.