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SUBJECT - MARKETING MANAGEMENT

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Marketing

Marketing refers to the activities of a company associated with buying and selling a product or a service. It includes Advertising, Selling and Satisfying the customer. It is used to create, keep and satisfy the customers. It is one of the premier Components of Business.

According to Peter F Drucker- "Marketing means to create customer"

According to Philip Kotler-" Marketing is social and Managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others."

Nature/Characteristics of Marketing-

1. Ideas or philosophy
2. Economic activities
3. Transfer of Ownership
4. Consumer Oriented Philosophy
5. Dynamic and Competitive process
6. Social and Managerial Process
7. Improving living standard of society
8. Start before production and continues after consumption
9. Focus on Target Market
10. Managing of Demand

Marketing Functions:

1. Gathering and Analyzing Market Information
2. Marketing Planning
3. Product Designing and Development
4. Standardization and Grading
5. Packaging and Labeling
6. Branding
7. Customer Support Services
8. Pricing of Products
9. Promotion
10. Physical distribution
11. Transportation
12. Storage or Warehousing.

1. Gathering and Analyzing Market Information: Gathering and analyzing market information is an important function of marketing. Under it, an effort is made to understand the consumer thoroughly in the following ways:

(a) What do the consumers want? (b) In what quantity? (c) At what price? (d) When do they want (it)?

(e) What kind of advertisement do they like? (f) Where do they want (it)?

2. Marketing Planning: In order to achieve the objectives of an organization with regard to its marketing, the marketer chalks out his marketing plan. For example, a company has a 25% market share of a particular product. The company wants to raise it to 40%. In order to achieve this objective the marketer has to prepare a plan in respect of the level of production and promotion efforts.

3. Product Designing and Development: Product designing plays an important role in product selling. The company whose product is better and attractively designed sells more than the product of a company whose design happens to be weak and unattractive.

4. Standardization and Grading: Standardization refers to determining of standard regarding size, quality, design, weight, colour, raw material to be used, etc., in respect of a particular product. This way, sale is made possible on the basis of samples.

Grading process is mostly used in case of agricultural products like food grains, cotton, tobacco, apples, mangoes, etc.

5. Packaging and Libeling: Packaging aims at avoiding breakage, damage, destruction, etc., of the goods during transit and storage. Packaging facilitates handling, lifting, conveying of the goods. Many a time, customers demand goods in different quantities. It necessitates special packaging. Packing material includes bottles, canister, plastic bags, tin or wooden boxes, jute bags etc.

Label is a slip which is found on the product itself or on the package providing all the information regarding the product and its producer. This can either be in the form of a cover or a seal.

6. Branding: Every producer/seller wants that his product should have special identity in the market. In order to realize his wish he has to give a name to his product which has to be distinct from other competitors. Giving of distinct name to one’s product is called branding. Thus, the objective of branding is to show that the products of a given company are different from that of the competitors, so that it has its own identity.

7. Customer Support Service:

Customer is the king of market. Therefore, it is one of the chief functions of marketer to offer every possible help to the customers. A marketer offers primarily the following services to the customers:

(i) After-sales-services (ii) Handling customers' complaints (iii) Technical services (iv) Credit facilities (v) Maintenance services.

8. Pricing of Products: It is the most important function of a marketing manager to fix price of a product. The price of a product is affected by its cost, rate of profit, price of competing product, policy of the government, etc. The price of a product should be fixed in a manner that it should not appear to be too high and at the same time it should earn enough profit for the organization.

9. Promotion: Promotion means informing the consumers about the products of the company and encouraging them to buy these products. There are four methods of promotion: (i) Advertising, (ii) Personal selling, (iii) Sales promotion and (iv) Publicity. Every decision taken by the marketer in this respect affects the sales. These decisions are taken keeping in view the budget of the company.

10. Physical Distribution: Under this function of marketing the decision about carrying things from the place of production to the place of consumption is taken into account. To accomplish this task, decision about four factors are taken. They are: (i) Transportation, (ii) Inventory, (iii) Warehousing and (iv) Order Processing. Physical distribution, by taking things, at the right place and at the right time creates time and place utility.

11. Transportation: Production, sale and consumption-all the three activities need not be at one place. Had it been so, transportation of goods for physical distribution would have become irrelevant. But generally it is not possible. Production is carried out at one place, sale at another place and consumption at yet another place.

Transport facility is needed for the produced goods to reach the hands of consumers. So the enterprise must have an easy access to means of transportation.

12. Storage or Warehousing: There is a time-lag between the purchase or production of goods and their sale. It is very essential to store the goods at a safe place during this time-interval. Godowns are used for this purpose. Keeping of goods in godowns till the same are sold is called storage.

For the marketing manager storage is an important function. Any negligence on his part may damage the entire stock. Time utility is thus created by storage activity.

Scope of Marketing

The scope of marketing deals with the question, ‘what is marketed?’ According to Kotler, marketing people are involved with ten types of entities.

1. Goods: Physical goods constitute the major part of a country’s production and marketing effort. Companies market billions of food products, and millions of cars, refrigerators, television and machines.

2. Services: As economies advance, a large proportion of their activities is focused on the production of services. Services include the work of airlines, hotels, car rental firms, beauticians, software programmers, management consultants, and so on. Many market offerings consist of a mix of goods and services. For example, a restaurant offers both goods and services.

3. Events: Marketers promote events. Events can be trade shows, company anniversaries, entertainment award shows, local festivals, health camps, and so on. For example, global sporting events such as the Olympics or Common Wealth Games are promoted aggressively to both companies and fans.

4. Experiences:

Marketers create experiences by offering a mix of both goods and services. A product is promoted not only by communicating features but also by giving unique and interesting experiences to customers. For example, Maruti Sx4 comes with Bluetooth technology to ensure connectivity while driving, similarly residential townships offer landscaped gardens and gaming zones.

5. Persons: Due to a rise in testimonial advertising, celebrity marketing has become a business. All popular personalities such as film stars, TV artists, and sportspersons have agents and personal managers. They also tie up with PR agencies for better marketing of oneself

6. Places: Cities, states, regions, and countries compete to attract tourists. Today, states and countries are also marketing places to factories, companies, new residents, real estate agents, banks and business associations. Place marketers are largely real estate agents and builders. They are using mega events and exhibitions to market places. The tourism ministry is also aggressively promoting tourist spots locally and globally.

7. Properties: Properties can be categorized as real properties or financial properties. Real property is the ownership of real estates, whereas financial property relates to stocks and bonds. Properties are bought and sold through marketing.

Marketing enhances the need of ownership and creates possession utility. With improving income levels in the economy, people are seeking better ways of saving money. Financial and real property marketing need to build trust and confidence at higher levels.

8. Organizations: Organizations actively work to build image in the minds of their target public. The PR department plays an active role in marketing an organization’s image. Marketers of the services need to build the corporate image, as exchange of services does not result in the ownership of anything. The organization’s goodwill promotes trust and reliability. The organization's image also helps the companies in the smooth introduction of new products.

9. Information: Information can be produced and marketed as a product. Educational institutions, encyclopedias, non-fiction books, specialized magazines and newspapers market information. The production, packaging, and distribution of information is a major industry. Media revolution and increased literacy levels have widened the scope of information marketing.

10. Idea: Every market offering includes a basic idea. Products and services are used as platforms for delivering some idea or benefit. Social marketers widely promote ideas. Maruti Udyog Limited promoted safe driving habits, need to wear seat belts, need to prohibit children from sitting near the driver's seat, and so on.

Marketing Management

Marketing Management Meaning:

Marketing management facilitates the activities and functions which are involved in the distribution of goods and services. It is a management of Marketing activities. It concern with Planning, Organizing, Staffing, Directing and Controlling of Marketing Efforts to achieve marketing goals.

According to Philip Kotler, "Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target markets for the purpose of achieving organizational objectives.

It relies heavily on designing the organizations offering in terms of the target markets needs and desires and using effective pricing, communication and distribution to inform, motivate and service the market." Marketing management is concerned with the chalking out of a definite programme, after careful analysis and forecasting of the market situations and the ultimate execution of these plans to achieve the objectives of the organization.

Objectives of Marketing Management as follows:

1. Creation of Demand:

The marketing management's first objective is to create demand through various means. A conscious attempt is made to find out the preferences and tastes of the consumers. Goods and services are produced to satisfy the needs of the customers. Demand is also created by informing the customers the utility of various goods and services.

2. Customer Satisfaction:

The marketing manager must study the demands of customers before offering them any goods or services. Selling the goods or services is not that important as the satisfaction of the customers' needs. Modern marketing is customer- oriented. It begins and ends with the customer.

3. Market Share:

Every business aims at increasing its market share, i.e., the ratio of its sales to the total sales in the economy. For instance, both Pepsi and Coke compete with each other to increase their market share. For this, they have adopted innovative advertising, innovative packaging, sales promotion activities, etc.

4. Generation of Profits:

The marketing department is the only department which generates revenue for the business. Sufficient profits must be earned as a result of sale of want-satisfying products. If the firm is not earning profits, it will not be able to survive in the market. Moreover, profits are also needed for the growth and diversification of the firm.

5. Creation of Goodwill and Public Image:

To build up the public image of a firm over a period is another objective of marketing. The marketing department provides quality products to customers at reasonable prices and thus creates its impact on the customers.

The marketing manager attempts to raise the goodwill of the business by initiating image- building activities such a sales promotion, publicity and advertisement, high quality, reasonable price, convenient distribution outlets, etc..

Market Orientation

Market orientation is usually defined as the organization wide generation, dissemination, and responsiveness to market intelligence. This definition at once changes the dominant paradigm that has defined marketing for decades. Marketing has traditionally been defined within the narrow confines of the 4P framework. Such a conceptualization of marketing has relegated marketing to a tactical discipline to be performed by middle level marketing managers who did not possess the overall holistic view of the organization. But the connected knowledge economy, globalizing, converging and consolidating industries, fragmenting and frictionless markets, empowered customers and adaptive organizations among others are forcing organizations to alter their view of marketing.

The concept of market orientation is built on three pillars of customer focus, coordinated marketing and profitability. An organization's capabilities to develop an orientation towards each of these three pillars depend on the internal structure and culture. The next section further elaborates these three constructs and how they allow companies to create a strong internal culture that can support building brands.

Pillars of market orientation

1. Customer focus: Organizations have traditionally emphasized either profitability or market share (growth) as their guiding orientations. As the fundamental responsibility of any organization is to maximize shareholder value, such an orientation did not seem wrong. Further, with the advent of branded goods, globalization and increasing competition, companies placed a very high emphasis on products. But all these extant orientations have been challenged with the explosion of the Internet and resulting empowerment of customers. These factors are forcing companies to shift their fundamental orientation from that of profitability, growth and products to customers.

2. Coordinated Marketing: For a company to have a market orientation, marketing has to break the narrow confines of the tactical 4P framework. Marketing should be transformed into a company-wide discipline practiced by anyone and everyone. Simply, marketing has to become a coordinated, cross-disciplinary function. This is easier said that done. For any discipline to claim a much broader responsibility and scope beyond its functional domain, the ability to quantitatively measure the outcomes of its activities becomes paramount. This is where marketing has been suffering for a long time. Measuring marketing productivity has indeed become a major challenge for marketers. But further, marketers have refused to acknowledge that customers are not the sole responsibility of the marketing department but of the company as a whole. These factors have together stalled marketing from becoming a coordinated activity that involves other functions such as finance, operations, human resources and strategy within any company.

3. Profitability: In today's global capital economy, the future potential of the company and its potential attractiveness is often controlled by the capital markets. Companies and managers are constantly under immense pressure to demonstrate the financial strength every quarter. The effect of quarterly results on the company's stock price, the signals that such results have come to convey to a wide array of stakeholders and the extent to which financial analysts have managed to unleash havoc and terror for companies have collectively forced companies to adopt a very short-term perspective on profitability. These three pillars of market orientation have proven to allow companies to create a very strong philosophy and in turn contribute to companies' long term strategic competence. But having followed the traditional marketing model for decades, it is indeed a tough call for companies to become market oriented. The following section of the article offers guidelines on how companies can establish a structure that allows management and employees to inculcate new way of thinking about marketing and ultimately channeling the aggregate mentality towards a market orientation.

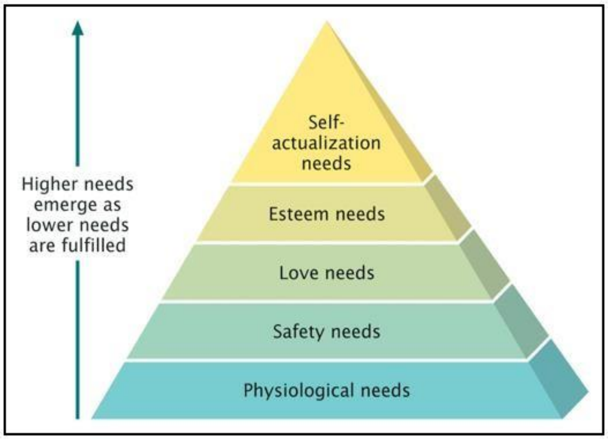
NEED/ WANT/ DEMAND:

As a marketer, you must understand well about the difference of Needs, Wants, and Demands. This article explains detail about Needs, Wants, and Demands with examples. After reading this article, you will understand not only the overall concept of Needs, Wants, and Demands, but also the difference of each. Let's start learning about **Needs, Wants, and Demands in Marketing**.

1. Need: Marketing tries to satisfy needs of customer. Human Needs are the state of felt deprivation of some basic satisfaction. Needs are physiological in nature. Needs are not created. For example.- food, clothing, safety, shelter.

Needs are the essential things to fulfill the states of deprivation for our survival. Needs can be basically divided into Physical Needs, Social Needs, and Individual Needs.

"Maslow's Hierarchy of Needs" or so called **"Five-tier Model of Human Needs"** has specified human Needs into five levels as in the following:



- **The first level**s of needs are the **Physiological needs** which are essential for us to survive. So this can include anything from air for breathing, water, food, sleep, shelter, and clothing.
- **The second level** of needs is the needs for **Safety**. The safety needs can include personal security, safety of resources, safety of employment, safety in property and health. All the safety needs are the basic needs for humans as well.
- **The third level** of Maslow's Hierarchy of Needs is the need for **Love**; the need to belong, the need to have friends and family. So this level of needs is called the social needs.
- **The fourth level** is the needs for **Esteem,** self-esteem. In this level, we like to feel confident and have a sense of achievement in what we do. So this level is also called as the level of respect. We like to gain respect from others in this level.
- **The fifth level** is called **Self-actualization** level. Self-actualization is basically our need for wanting morality, a sense of morality, a need for acceptance and also creativity. In other words, the level of self-actualization can be called as the level of our full potential.

2. Want: Wants are the option to satisfy specific need. They are desire for specific satisfier to meet needs for example- Food is a need that can be satisfied by variety of ways such as sweet , bread, rice etc. Wants are directed by our surrounding towards reaching certain needs. Therefore human's wants can be varied depending on each individual's perception, environment, culture, and society. For example, an American needs food but he may want a hamburger, fried potato and beer; a Chinese needs food but he may want a bowl of noodle and a cup of hot tea.

3. Demand: Demand is the wants for a specific product backed up by ability and willingness to buy. Need – transportation- Consumer may want – Car (say, Mercedes)……but able to buy only Volvo. Therefore, demand is for Volvo.

Needs or Wants turn to be **Demands** when a customer **is willing and having the ability to buy that needs or wants.**

Marketing mix

It is about putting the right product or a combination thereof in the place, at the right time, and at the right price. The difficult part is doing this well, as you need to know every aspect of your business plan. As we noted before, the marketing mix is predominately associated with the 4P's of marketing, the 7P's of service marketing, and the 4 Cs theories developed in the 1990s.

1. **Product mix**- A product is an item that is built or produced to satisfy the needs of a certain group of people. The product can be intangible or tangible as it can be in the form of services or goods. You must ensure to have the right type of product that is in demand for your market. So during the product development phase, the marketer must do an extensive research on the life cycle of the product that they are creating.

2. **Price**- The price of the product is basically the amount that a customer pays for to enjoy it. Price is a very important component of the **marketing mix definition**. It is also a very important component of a marketing plan as it determines your firm's profit and survival. Adjusting the price of the product has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product.

3. **Place**- Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers. This comes with a deep understanding of your target market. Understand them inside out and you will discover the most efficient positioning and distribution channels that directly speak with your market.

4. **Promotion-** Promotion is a very important component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like: Sales Organization, Public Relations, Advertising, Sales Promotion.

5. **People-** Thorough research is important to discover whether there are enough people in your target market that is in demand for certain types of products and services. The company's employees are important in marketing because they are the ones who deliver the service. It is important to hire and train the right people to deliver superior service to the clients, whether they run a support desk, customer service, copywriters, programmers…etc.

6. **Process**- The systems and processes of the organization affect the execution of the service.
   So, you have to make sure that you have a well-tailored process in place to minimize costs. It could be your entire sales funnel, a pay system, distribution system and other systematic procedures and step to ensure a working business that is running effectively.

7. **Physical Evidence-** In the service industries, there should be physical evidence that the service was delivered. Additionally, physical evidence pertains also to how a business and its products are perceived in the market place. It is the physical evidence of a business' presence and establishment. A concept of this is branding When you think of sports, the names Nike and Adidas come to mind. You immediately know exactly what their presence is in the marketplace, as they are generally market leaders and have established a physical evidence as well as psychological evidence in their marketing.

Customer Value

At its simplest, marketers define customer value as how much customers perceive your products or services to be worth. It’s imperative that your customers think your products or services hold greater value than their price—or no one will buy (or use your service).

Believe it or not, people do not buy things because they like or need them. They buy because they need a solution to something. If your product does not provide a good enough solution for its cost, customers will go elsewhere. And we don’t want that.

Customer value is best defined as how much a product or service is worth to a customer. Here’s how companies can enhance their value to improve the customer experience and increase satisfaction.

Today’s consumers don’t care only about price or quality. They also want the product or service they buy to solve a problem or need. With tons of shopping options at their fingertips, buyers are looking for companies that consistently deliver value.

Customers see value in a company that makes their lives easier and improves their overall sense of well-being. In their minds, the benefits of their purchase are worth the cost, and they’ll continue to reward the company with their business.

Value Delivery Process

Value delivery is the manner in which you design your products such that it gives maximum value to the customer using it. The value delivered to customers can be in the form of products, benefits, attributes etc. Anything which creates value for your customer should be involved in your value delivery process.

If you were to ask your parents in India whether they had air conditioners 3 decades back in their childhood, the answer will probably be no. India had just become independent and it was still a developing albeit struggling nation.

The value delivery process has changed in 3 main areas

(1) Choosing which value is most important to customers

Today in the value delivery process, the customer is at the center of attention and the products and services are designed keeping the customer in mind. Thus the value delivery process is correct from the start wherein the product itself is chosen based on its value to the customer. The products which are not valuable are phased out from the start.

(2) Delivering the value

Forming a strong marketing strategy, placing the marketing mix, finding the target markets and other such tactics are ways by which delivering the value to the customer has become easier. Marketing as a career itself has evolved whereby many companies are closely watching the strategies being implemented by their marketing department. Thus delivering the value has become easier.

(3) Communicating the value

Once the value delivery process is designed, it is important that you communicate the value to the customer. Today there is a lot of noise and customers do not pay attention to a message unless it is repeated over and over. Thus forming a promotion mix and ensuring that the customer does not overlook the value being delivered is important.

Consumer Buying Behavior:

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers. The study of consumer behaviour assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

Definitions of Consumer Buying Behavior-

1. According to Louden and Bitta- "Consumer Behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services".

2. According to Walter and Paul- " Consumer Behaviour is the process whereby individuals decide whether, What, When, Where, How and from Whom to purchase goods and services".

Nature/Characteristics of Consumer Behaviour:

1. Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.

b. Personal factors such as age, gender, education and income level.

c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.

d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.

e. Social factors such as social status, reference groups and family.

f. Cultural factors, such as religion, social class—caste and sub-castes.

2. Undergoes a constant change:

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colorful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

3. Varies from consumer to consumer:

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

4. Varies from region to region and country to county:

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

5. Information on consumer behaviour is important to the marketers:

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers. **The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:**

a. Product design/model

b. Pricing of the product

c. Promotion of the product

d. Packaging

e. Positioning

f. Place of distribution

6. **Leads to purchase decision**:

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

7. **Varies from product to product**:

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

8. **Improves standard of living**:

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprive themselves of higher standard of living.

9. **Reflects status**:

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

Buying Motives

The causes and factors which stimulate consumers to buy certain goods or services are called buying motives. There are different kinds of consumers so, their wants and needs are also different. They buy goods and services to satisfy their needs.

According to Prof. DJ Duncan, "Buying motives are those influence or consideration which provides the impulse to buy induced action or determine choice in the purchase of goods or services".

The four importance of buying motives are as follows:

1. **Emotional Motives**
2. **Prestige Motives**
3. **Rational Motives**
4. **Patronage Motive**

1. **Emotional Motives:-** Emotional motive includes:

- **Fear:** People spend on the insurance policy, bank deposit, bank lockers, medicine, weapons etc. to be safe from fear to death, bad health poverty; loss of property etc. fear is a very strong emotion which motivates people to buy goods and services which in turn helps to minimize fear.
- **Love and affection:** The living being or human being they love other members of the family and society and also want to be loved by other. They buy different things such as dolls, dress, things to eat and so on for their children, relatives, neighbors etc.
- **Curiosity:** People are naturally curious. They like to see, use and experience new things. They are attracted towards newly introduced goods or services.
- **Fashion:** People buy goods or services due to new fashion available in the market. They buy clothes, furniture, ornaments, perfumes, different makeup goods, shoes and so on to imitate others fashion.

2. **Prestige Motives:-** Prestige Motive can be divided into following types:

- **Vanity:** Want of praise from others is prestige, pride or vanity. People buy goods and services to show other to be rich, strong, powerful etc. As a result, they can be recognized easily and praised by others.
- **Pride:** Pride is such a desire of consumers which protects and promotes their ego ,self-image. Our society is a class based society that is divided into high class, middle class, and low class.
- **Emulation:** Some motive of buying goods is called Emulation motive. It is important buying motive. According to this motive, buyers purchase better goods or services than his/her competitors.

3. **Rational Motives:-** Rational motives can be divided into following types:

- **Profitability motive:** People wants to buy goods or services if they are available at lower price. Due to this, they visit different shop. And where they find goods at a cheaper rate they buy there. Such buying motive of a customer is called profitability buying motive.
- **Health:** Each person cares for their physical and mental health , every person buys as far as possible, healthy foods, pure drinking water, medicines, materials for physical exercise, shoes for a morning walk, suit etc.People buy goods considering their health .
- **Security:** They buy different goods and services for personal security as well as property security so they purchase life insurance policy and security of the life. All these motives for purchasing goods and services are called buying motives.
- **Utility:** Consumers buy necessary goods and services to get utility and satisfaction from them. They visit many shops seeking to buy comparatively satisfactory goods. So, they become ready to spend money on the kind of goods which can satisfy the need of their own and their own family.

4. **Patronage Motives:-** Patronage motives can be divided into following types:

- **Brand Loyalty:** If any customers buy only certain brand repeatedly this is called brand loyalty of the customers. This indicates that the consumer is fully satisfied with the goods or services.

- **Store loyalty:** If any customers buy from the same shop for a long time, this is called store loyalty of customers .Comfortable place, lower price, quality goods, quality services, reputation of shop and seller etc. develop loyalty in customers to the retail store.

5. Other motives of buyers are:

A. Location Motive:- If the buyer buys the goods and services from the nearest store from their residence or from the place which is suitable for them then that is called location motive.

B. Quality Motive:- If the buyers buy goods and services being affected by its quality then it is called quality motive. For example, we guarantee price back, we guarantee every product we sell.

C. Service Motive:- If the buyers goods are being affected by the services provided by the sellers than it is called service motive. Home delivery service, sales on credit, free installation etc. are the examples of service motive.

Factors Influencing Consumer Behavior

The marketers try to understand the actions of the consumers in the marketplace and the underlying motives for such actions. These motives are the factors that influence the consumer behavior. These are:

1. Psychological Factor:

Definition: The **Psychological Factors** are the factors that talk about the psychology of an individual that drive his actions to seek satisfaction. Some of the important Psychological Factors are:

- **Motivation:** The level of motivation influences the buying behavior of the consumers. It is very well explained by Maslow through his need hierarchy theory comprising of basic needs, security needs, social needs, esteem needs and self-actualization needs. Usually, the basic needs and the security needs are more pressing needs than the other and hence, these needs become a motive that directs the consumer behavior to seek satisfaction.
- **Perception:** The consumer perception towards a particular product and the brand also influences his buying decision. The perception is the process through which the individual selects, organize and interpret the information to draw a meaningful conclusion. Such as, Apple iPhone is perceived as a premium brand and consumers are motivated to buy it to get associated with the elite class of the society.
- **Learning:** The individual's learning depends on the skills, knowledge and intention. The skills are developed through practice while the knowledge and intention are acquired with the experience. There could be a conditional learning or a cognitive learning.In the conditional learning, the consumer derives learning from being conditioned to particular stimuli, i.e. when he is exposed to the similar situation, again and again, he develops a particular response towards it. While in the cognitive learning the

individual applies all his knowledge, skill, attitudes, values and beliefs to find the solution of a problem and derive satisfaction out of it.

- **Attitudes and Beliefs:** The individuals have certain beliefs and attitudes towards products on which their purchase decisions rests. These attitudes and beliefs are the tendency to respond to a given product in a particular way, and these make up the brand image that influences the consumer buying behavior.

2. Social Factor:

Definition: The **Social Factors** are the factors that are prevalent in the society where a consumer lives in. The society is composed of several individuals that have different preferences and behaviors. These varied behaviors influence the personal preferences of the other set of individuals as they tend to perform those activities which are acceptable to the society.

The following are the important social factors that influence the behavior of an individual in one or the other way:

- **Family:** The family members play a crucial role in designing one's preferences and behavior. It offers an environment wherein the individual evolves, develop personality and acquire values. A child develops his buying behavior and preferences by watching his parents and tend to buy the same products or services even when he grows old. The family can influence the buying behavior of an individual in either of the two ways:

  - Influences the personality, attitude, beliefs, characteristics of the individual.
  - Influences the decision making of an individual with respect to the purchase of certain goods and services.

- **Reference Group:** A reference group is a group with which an individual likes to get associated, i.e. want to be called as a member of that group. It is observed, that all the members of the reference group share common buying behavior and have a strong influence over each other.The marketers should try to identify the roles within the reference group that influences the behavior of others.
- **Roles and Status:** An individual's position and role in the society also influences his buying behavior. Such as, a person holding a supreme position in the organization is expected to purchase those items that advocate his status. The marketers should try to understand the individual's position and the role very much before the endorsement of the products.

Thus, The social factors play a crucial role in building the behavior of an individual, and the marketers should understand it properly before designing their marketing campaigns.

3. Cultural Factor:

Definition: The **Cultural Factors** are the factors that an individual learns at a very early stage of life due to socialization within the family and other key institutions, such as the set of values, preferences, behavior patterns, and perceptions are learned as the individual grows.

Some of the important cultural factors are:

- **Culture:** The culture refers to the beliefs, customs, rituals and practice that a particular group of people follows. As a child grows, he inculcates the buying and decision-making patterns through his family and the key institutions.

- **Subculture**: The culture can be further divided into subculture wherein the people are classified more specifically on the basis of their shared customs and beliefs, including religions, geographic regions, nationalities, etc. The different sub-cultures forms several market segments whose needs can be carefully studied by the marketer and the strategic marketing decisions can be taken accordingly. Such as the needs of the people living in metro cities and the ones living in B-grade cities must be identified before the launch of the marketing campaign.

- **Social Class**: The social class to which an individual belongs influences the buying decision. Generally, the people belonging to the same class are said to be sharing the similar interest, value and the behavior. Our society is classified into three social classes upper class, middle class, and the lower class. The consumers belonging to these classes possess different buying behaviors. Such as an individual belonging to the upper class buy those products or services that advocate his status while the lower class people buy those products which satisfy their basic needs.

4. <u>Personal Factor</u>:

Definition: The **Personal Factors** are the individual factors to the consumers that strongly influences their buying behaviors. These factors vary from person to person that results in a different set of perceptions, attitudes and behavior towards certain goods and services.

Some of the important personal factors are:

- **Age:** The consumer buying behavior is greatly influenced by his age, i.e. the life cycle stage in which he falls. The people buy different products in different stages of the life cycle. Such as the purchase of confectionaries, chocolates is more when an individual is a child and as he grows his preferences for the products also changes.
- **Income:** The income of the person influences his buying patterns. The income decides the purchasing power of an individual and thus, the more the personal income, the more will be the expenditure on other items and vice-versa.
- **Occupation:** The occupation of the individual also influences his buying behavior. The people tend to buy those products and services that advocate their profession and role in the society.
- **Lifestyle:** The consumer buying behavior is influenced by his lifestyle. The lifestyle means individual’s interest, values, opinions and activities that reflect the manner in which he lives in the society. Such as, if the person has a healthy lifestyle then he will avoid the junk food and consume more of organic products.

These are some of the personal factors that influence the individual's buying behavior, and the marketer is required to study all these carefully before designing the marketing campaign.

5. Economic Factor:

Definition: The **Economic Factors** are the factors that talk about the level of sales in the market and the financial position of the consumer, i.e. how much an individual spends on the purchase of goods and services that contribute to the overall sales of the company.

The following are the main economic factors that greatly influence the consumer buying behavior-

- **Personal Income:** The personal income of an individual influences his buying behavior as it determines the level to which the amount is spent on the purchase of goods and services.
- **Family Income:** The family income refers to the aggregate of the sum of the income of all the family members. The total family income also influences the buying behaviors of its members. The income remaining after meeting all the basic necessities of life can be used for the purchase of shopping goods, luxury items, durable goods, etc.
- **Income Expectations:** An Individual's expectation with respect to his income level in the future influences his buying behavior today. Such as, if a person expects his income to increase in the future, then he will spend more money on the purchase of the luxury goods, durables and shopping goods. And on the contrary, if he expects his income to fall in the future his expenditure on such items also reduces.
- **Consumer Credit:** The credit facility available to the consumer also influences his buying behavior. If the credit terms are liberal, and EMI scheme is also available, then the customers are likely to spend more on the luxury items, durable goods, and shopping goods. This credit is offered by the seller either directly or indirectly through the banks and other financial institutions.
- **Liquid Assets:** The liquid assets with the consumer also influence his buying behavior. The liquid assets are the assets that are readily convertible into the cash. If the customer has more liquid assets, then he is likely to spend more on the luxury items and the shopping goods. On the other hand, if the liquid assets are few then the expenditure on luxury items also reduces.
- **Savings:** The amount of savings out of the personal income also influences the consumer buying behavior. Such as, if the customer decides to save more for a particular period, then his expenditure on the other items will be less and in case the savings are less the expenditure on other items increases.

Buying Habits

Buying habits are the tendencies customers have when purchasing products and services. These tendencies come from a variety of different factors, many of which seem obvious and unimportant. When examining buying habits, take into account both physical and mental factors that make up your customer or client base. By examining the buying habits of your customers, you'll be better able to build a marketing plan that taps into the buying habits of your target customer and drives more sales.

There are two types of influences that significantly affect the buying habits of customers and are the ultimate factors that will sway customers to purchase your product or service. These two types of influences are internal and external.

1. Internal Influences

Internal influences are the factors that affect customer purchases that come from the customers themselves. Customer wants, needs, desires, and preferences are internal influences that drive purchasing decisions. Hunger, health reasons, boredom, or a desire to travel are all internal influences.

Customers make buying decisions based on their gender, age, location, education level, and family, among many other factors. Less obvious influences that may be affecting your customers can include mood, social status, time of day, and cognitive functioning. What are the internal influences that impact your customers? Identifying these internal influences will enable you to reach customers who are already looking to use a product or service like the one you offer.

2. External Influences

External influences are the things that influence buying habits outside of individual wants and needs. Billboards, Facebook ads, celebrities, customer testimonials, and current trends are all external factors that influence customer buying decisions.

Signage and branding are also external influences that drive buying decisions. Does your business's brand align with your target customer? For example, a cutesy brand with doodles is more fitting for a preschool than a financial services firm. Use external influences to encourage customers to make a purchase—identify what influences your target customers and use these external forces to get more sales.

Stages in Consumer Buying Decision Process

Philip Kotler presents a six-stage model involving consumer buying decision process.

The live-stage model of consumer buying process is stated as follows:

1. Problem/need identification
2. Information search
3. Listing alternative brands
4. Evaluation of alternatives
5. Purchase decision
6. Post-purchase behavior

1. Problem Identification:

The consumer buying decision process begins with the identification of needs. These needs can be triggered by internal and external stimuli. For example, a person may have the desire to wear fashionable clothes from internal stimuli or by getting suggestions from friends, which act as a form of external source. The marketer tries to stimulate the needs and help people in identifying these needs by intelligent use of the marketing mix variables.

2. Information Search:

A consumer may look for information from five general sources:

(i). Internal sources: By recalling from memory, if they have satisfied a similar need in the past.

(ii). Group sources: By consulting other people such as family members, friends and others.

(iii). Marketing sources: Through sales people, advertisement and packaging.

(iv). Public sources: Through media publicity, reports of research firms.

(v). Experiential sources: By experiencing products, that is, by handling them or by consuming or using them. For example, a consumer may taste a particular item of fast food, and if they likes it may make a purchase decision.

3. Listing Alternative Brands:

In this stage, the consumer analyses the information available with them to select the right product or brand. A consumer may list out a few alternative brands that are available in the market. The brands may be listed after collecting necessary information from various sources.

The information of alternative brands may include the following factors:

a. Features b. Price c. Model d. After-sale service e. Warranty

4. <u>Evaluation of Alternatives:</u>

On the basis of the available information, consumers identify and evaluate ways to satisfy their needs. A consumer may identify the products or brands that effectively satisfy their needs or solve their problems, and then evaluate each brand/product against certain criteria such as features, price, reputation of the company, and so on.

5. <u>Purchase Decision</u>:

Once the consumer has narrowed down the possible alternatives to just a few, there may make a decision to purchase. The consumer will decide whether to buy, and if so, then what, where and when to buy. Consumers may also postpone or forgo purchase decision, if none of the shortlisted alternatives meet their needs.

6. <u>Post-purchase Behaviour</u>:

A marketer's job is not complete with the purchase decision by the buyer. After purchasing and consumption, the customer will experience some level of satisfaction. If the product meets the expectations of the consumer, then the consumer will be satisfied. If the performance of the product exceeds customers' expectations, then they will be delighted, and if it falls below the expectations, then they will be dissatisfied.

A satisfied consumer may involve in repeat purchases. A delightful customer propagates a positive image of the brand, whereas a dissatisfied consumer may spread a bad image of the product or the brand. Thus, a study on the post-purchase behaviour gives a learning of the way the product is used and disposed, and helps the marketer to design their marketing mix.

<u>Types of Consumer Buying Decisions</u>

There would be a lot of difference in the buying behaviour of a person when he\she would be purchasing toothpaste or a new car. It has been observed that complex and expensive purchases involve more deliberation and more participants. Keeping this changing buying behaviour in mind today, let's discuss the <u>4 Main Types</u> of Consumer Buying Behaviours.

1. <u>Complex Buying Behaviour</u>:

Consumers go through complex buying behaviour when they are highly involved in a purchase and aware of significant differences among brands. Consumers are highly involved when the product is expensive, bought infrequently, risky and highly self-expressive. Typically the consumer does not know much about the product category and has much to learn. F01 example, a person buying a personal computer may not know what attribute to look for. Many of the product features like "16K.memory" "disc storage", "screen resolution" carry no meaning to him or her.

This buyer will pass through a learning process characterized by first developing beliefs about the product, then attitudes, and then making a thoughtful purchase choice. The marketer of a high-involvement product must understand the information-gathering and evaluation behaviour of high-involvement consumers

2. Dissonance-Reducing Buying Behaviour:

Sometimes the consumer is highly, involved in a purchase but sees little difference in the brands. The high involvement is again based on the fact that the purchase is expensive, infrequent, and risky. In this case, the buyer will shop around to learn what is, available but will buy fairly quickly because brand differences are not pronounced. The buyer may respond primarily to a good price or to purchase convenience.

After the purchase, the consumer might experience dissonance that stems from noticing certain disquieting features of the product or hearing favorable things about other brands. The consumer will be alert to information that might justify his or her decision. The consumer will first act, then acquire new beliefs and end up with a set of attitudes. Here marketing communications should aim to supply beliefs and evaluations that help the consumer feel good about his or her brand choice.

3. Habitual Buying Behaviour:

Many products are bought under conditions of low consumer involvement and the absence of significant brand differences. Consider the purchase of salt. Consumers have little involvement in this product category. They go to the store and reach for the brand. If they keep reaching for the same brand, it is out of habit, not strong brand loyalty.

There is good evidence that consumers have low involvement with most low-cost, frequently purchased products. Consumer behaviour in these cases does not pass through the normal belief/attitude/behaviour sequence. Consumers do not search extensively for information about the brands, evaluate their characteristics, and make a weighty decision on which brand to buy.

The ad campaigns should go for high repetition with short- duration messages. Television is more effective than print media because it is a low-involvement medium that is suitable for passive learning. Advertising planning should be based on classical conditioning theory where the buyer learns to identify a certain product by a symbol that is repeatedly attached to it.

Marketers can try to convert the low-involvement product into one of higher involvement. The ways are:

i. This can be accomplished by linking the product to some involving issue, as when Crest toothpaste is linked to avoiding cavities.

ii. The product can be linked to some involving personal situation, for instance, by advertising a coffee brand early in the morning when the consumer wants to shake oft sleepiness.

iii. The advertising might seek to trigger strong emotions related to personal values or ego defense.

iv. An important product feature might be added to a low-involvement product, such as by fortifying a plain drink with vitamins,

These strategies at best raise consumer involvement from a low to a moderate level, they do not propel the consumer into highly involved buying behaviour.

4. <u>Variety-Seeking Buying Behaviour:</u>

Some buying situations are characterized by low consumer involvement but significant brand differences. Here consumers are often observed to do a lot of brand' switching. An example occurs in purchasing cookies. The consumer has some beliefs, chooses a brand of cookies without much evaluation, and evaluates it during consumption. But next time, the consumer may reach for another brand out of boredom or a wish for a different taste. Brand switching occurs for the sake of variety rather than dissatisfaction.

The marketing strategy is different for the market leader and the minor brands in this product category. The market leader will try to encourage habitual buying behavior by dominating the shelf space, avoiding out-of-stock conditions, and sponsoring frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, deals, coupons, free samples and advertising that presents reasons for trying something new.