

Module-2

CONSUMER BEHAVIOR

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CONSUMER BEHAVIOR

MODULE - 2

MARKET RESEARCH AND CONSUMER BEHAVIOR

- 2.1 Relevance of Market Research with Consumer Behavior
- 2.2 Approaches to Consumer Behavior Research
- 2.3 Research Perspectives on Consumer Behavior
- 2.4 Research Paradigms in Consumer Behavior
- 2.5 Consumer Research Process

Introduction:

As discussed in the previous module, consumers are unique in themselves. A comprehensive yet meticulous knowledge of consumers and their consumption behavior is essential for a firm to succeed. In order to understand and predict consumption patterns and behaviors within segment (s), market research becomes essential.

LESSON 3

MARKET RESEARCH AND CONSUMER BEHAVIOR I

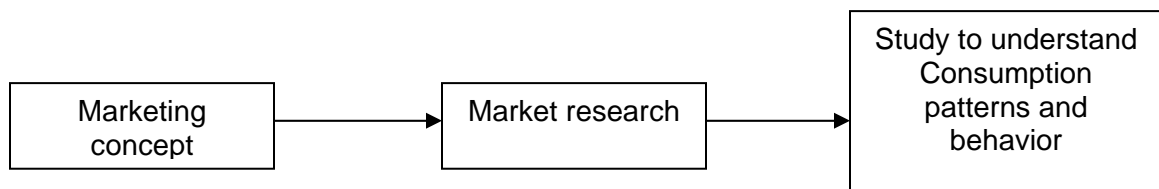
Instructional Objectives

After completion of this lesson, the student shall know about:

- 2.1 The Relevance of Market Research with Consumer Behavior**
- 2.2 The Approaches to Consumer Behavior Research**
- 2.3 Research Perspectives on Consumer Behavior**
- 2.4 The Research Paradigms in Consumer Behavior**

2.1 RELEVANCE OF MARKET RESEARCH WITH CONSUMER BEHAVIOR:

Each individual is unique in himself/herself and, needs and wants vary from person to person; thus, consumers are different and heterogeneous. However, like-minded clusters of customers do exist; they are homogenous within such clusters and heterogeneous outside; these are referred to as segments. Marketers identify segments and target one or few of these segments, and thereby fulfil the qualifications of the marketing concept; first, marketers identify customer needs and wants; and then, deliver product and service offerings so as to satisfy the customers more efficiently and effectively than the competitors. In order to understand and predict consumption patterns and behaviors within segment (s), market research becomes essential.



Market research may be defined as:

- an organized effort to gather information about the market and the customers.
- systematic collection, analysis and interpretation of data related to the market and the surrounding environment.

The environment surrounding a Company may be grouped as the “micro-environment” and the “macro environment”. The micro-environment comprises forces in the environment that are close to the company and affect the company directly; for example, the company’s internal environment, the founder/leader and his vision and mission, the customers, competitors, suppliers, and channel intermediaries. The macro-environment on the other hand, comprises forces in the environment that first affect the micro environment and through that they affect the company; in other words they affect the company indirectly; examples are the demographic factors, socio-economic factors, political factors, technological factors, cultural factors, natural factors etc. The forces in the macro environment affect all the companies operating in a same industry in a similar manner.

The micro-environment is studied in terms of strengths (S) and weaknesses (W), while the macro-environment is studied in terms of opportunities (O) and threats(T). The analysis of both of these put together comprises the SWOT analysis.

Market research helps:

- understand the specific marketing situation facing a company.
- identify the needs and wants of customer segment(s)
- identify viable target segment(s)
- serve them better through formulation of appropriate marketing strategies (the appropriate mix of the 4Ps)

In other words, market research is essential for formulation of appropriate marketing strategies. Starting with segmentation, targeting and positioning the marketing strategy of a firm designs a perfect blend of the marketing mix or the 4 Ps. Market research helps provide an overview of the environment facing a company. Decisions regarding the product and service mix, pricing, distribution and promotion can be taken keeping in mind the marketing environment on one hand, and the resource constraints on the other.

While the goal is to achieve maximum efficiency and effectiveness, the ultimate goal lies in meeting meet customer needs and wants and derive customer satisfaction. This is obtained through a conscious attempt at understanding ‘what’ the customer buys, ‘why’ he buys, ‘when’ he buys, from ‘where’ he buys, ‘how much’ he buys and ‘how often’ he buys. Herein, lies the “Integration of Market Research with Consumer Behavior.”

- a) Marketing Research → understand and predict Consumer Behavior
- b) Consumer Research → process and tools used to study Consumer Behavior
- c) Marketing research → Consumer Research

Table 1: Relationship between Marketing Research and Consumer Research

Marketing research → Consumer Research

(From Market Research, evolved the subset Consumer Research)

Marketing research	Consumer Research
Objective	Objective
To study the marketing environment and the customers who are a part of it.	To study consumers as individuals or as groups
Focus	Focus
To establish trends, and identify opportunities and threats in the environment.- To study the market and forecast potential- To predict buying patterns based on modeling and simulation	To understand consumption behavior and consumption patterns
End result	End result
Customer connect with company -Individual marketing and customization	Customer connect with company Individual marketing and customization

2.2 APPROACHES TO CONSUMER BEHAVIOR RESEARCH:

Broadly speaking there are two approaches towards consumer behavior research. These are (a) **Traditional approach** (b) **Current approach**. These can be further divided into sub approaches.

(a) **Traditional approach:**

This is further divided into two approaches, Positivist and Interpretivist.

Positivist approach: This approach also referred to as “modernism”, is the earliest approach to studying consumer behavior and treats the study as an applied science; the paradigm lays emphasis on science as a means of explaining behavior. It lays emphasis on the causes of consumer behavior and as per its proponents, these causes are directly related to effects. Thus, it treats consumers as “rational” human beings, who make purchase decisions after collecting information and weighing all alternatives. The process of consumer decision making is looked upon as one of “rationality.” “Rational decision making and problem solving” is the key.

The approach is based on certain assumptions viz.,
-consumer actions based on cause and effect relationship can be generalized; they can be objectively measured and empirically tested;

- if a marketer/researcher could identify the reasons behind consumption behavior; he would be able to predict it; and if they could predict consumer behavior, they could influence it.

The focus lies on prediction of consumer behavior. The methodology is essentially quantitative, with techniques including surveys, observations, and, experiments. It aims at drawing conclusions on large samples.

**Interpretivist
approach:**

This approach is also referred to as “post-modernism or experientalist.” Gradually there was a shift in the approach towards the study of consumer behavior and the positivist approach gave way to a new approach that came to be called post-modernism. The approach lays emphasis on understanding the customer better. It treats consumer decision making process as one which is “subjective.” Thus while the approach is essentially subjective, the researchers following this approach try to identify common patterns.

This approach is also based on certain assumptions viz.:

- consumer actions are unique and different both, between two consumers, and/or within the same consumer at different times and situations.
- a cause and effect relationship cannot be generalized; consumption patterns and behaviors are unique; these are unpredictable.
- they cannot be objectively measured, empirically tested and generalized.

The focus lies on the act of consumption rather than the act of purchase. The methodology is essentially qualitative, with techniques including in depth interviews, focus group techniques, projective techniques. It aims at drawing conclusions on small samples.

Table 2:
The Positivist and Interpretivist Approach

POSITIVIST	INTERPRETIVIST
Consumer actions based on cause and effect relationship can be generalized	A cause and effect relationship cannot be generalized; consumption patterns and behaviors are unique; these are unpredictable.
Consumer actions can be objectively measured and empirically tested	Consumer actions are unique and different both, between two consumers, and/or within the same consumer at different times and situations. Cannot be objectively measured, empirically tested and generalized.
Focus: to predict consumer behavior	Focus: the act of understanding the consumption rather than predicting the act of purchase
Methodology: Quantitative	Methodology: Qualitative
Large samples	Small samples

(b) Current approach: 'Dialectical':

The term 'dialectics' considers all forms of human behavior; thus the current approach to the study of consumer behavior research is broader in scope. This is further divided into four approaches, Materialism, Change, Totality and Contradiction.

Materialism

This approach implies that consumer behavior is shaped by the 'material environment' eg. money, possessions etc.

Change

Consumer behavior is 'dynamic' in nature; it is always in a process of continuous motion, transformation and change.

Totality:

Consumption behavior is 'interconnected' with other forms of human behavior, like personal self and the surrounding environment.

Contradiction:

Views changes in consumer behavior as arising from their internal contradictions, like moods, emotions etc.

The approach studies the consumer as a complex total whole and views consumer purchase as well as consumption processes. The current approach to studying Consumer Behavior uses both the quantitative as well as qualitative approaches.

2.3 RESEARCH PERSPECTIVES ON CONSUMER BEHAVIOR:

There are three broad research perspectives in consumer behavior. They are as follows: the Decision-Making perspective, the Experiential perspective, and Behavioral-Influence perspective.

The Decision-Making Perspective:

According to the decision making perspective, the buying process is a sequential in nature, with the consumer perceiving that there exists a problem and then moving across a series of logical and rational steps to solve the problem; stages being problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior. This perspective emphasizes the rational, logical and cognitive approach to consumer decision making and purchase process.

The Experiential Perspective:

The experiential perspective believes that not all buying may be rational and logical; in some cases, buying results from a consumers' desire for fun and fantasy, hedonic pleasures, emotions and moods. The perspective emphasizes that consumers are "feelers" as well as thinkers.

The Behavioral Influence Perspective:

This perspective holds that forces in the environment stimulate a consumer to make purchases without developing beliefs and attitudes about the product.

2.4 RESEARCH PARADIGMS IN CONSUMER BEHAVIOR:

The research paradigm in the study of consumer behavior focuses on **two approaches** viz., **Quantitative research**, used by the positivists and, **Qualitative research**: used by the interpretivists. The positivists and interpretivists as two schools of thought have already been discussed in the previous lesson. The current approach or the ‘dialectic’ approach to studying Consumer Behavior makes use both the approaches.

a) Quantitative Research in Consumer Behavior:

As the name suggests, the approach makes application of quantitative research techniques to the study of Consumer Behavior. It comprises (i) research techniques that are used to gather quantitative data over large samples randomly, and (ii) statistical tools and techniques, inclusive of survey techniques, observation and experiments. This type of research is descriptive and empirical in nature. It is primarily used by the positivists while studying consumer behavior, with a focus on prediction of consumer behavior. The findings can be generalized to marketing situations. As mentioned above, the quantitative techniques are also used by “dialectics”.

b) Qualitative Research in Consumer Behavior:

This approach makes application of qualitative research techniques to the study of Consumer Behavior. It comprises (i) research techniques that are used to gather qualitative data over small samples randomly and, (ii) non-statistical tools and techniques, inclusive of depth interviews, focus group, projective techniques and even observation. The type of study is subjective and non-empirical in nature. It lays emphasis on the holistic “what, where, when, why and how” of human behavior”. The focus is on understanding consumption behavior and consumption patterns. The objective is to gain an understanding of consumer behavior and the underlying causes that govern such behavior. The approach assumes that all marketing situations are unique; and, hence the findings cannot be generalized to marketing situations. This approach is primarily used by the interpretivists while studying consumer behavior. However, as mentioned above, the qualitative techniques are also used by “dialectics”.

Combining the two approaches

Today, the two approaches are used in combination to study consumer behavior. Qualitative research is very often a prelude to quantitative research; the findings from qualitative research are used to prepare scales for surveys and experiments. In some cases quantitative research may also act as a precursor to qualitative research; the findings from quantitative research are corroborated through case studies and other qualitative measures.

REFERENCES FOR FURTHER READING

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FAQS (FREQUENTLY ASKED QUESTIONS)

Ques 1 Establish a relationship between Market research and Consumer Behavior?

Ans. -“Integration of Market Research with Consumer Behavior”

- a) Marketing Research → understand and predict Consumer Behavior
- b) Consumer Research → process and tools used to study Consumer Behavior
- c) Marketing research → Consumer Research

Ques 2 Discuss and differentiate between the traditional approaches to studying Consumer Behavior?

i) Positivist Approach: also known as modernism

- earliest approach to studying consumer behavior.
 - treats the study of Consumer Behavior as an applied science; the paradigm lays emphasis on science as a means of explaining behavior.
 - lays emphasis on the causes of consumer behavior; these causes are directly related to effects.
 - treats consumers as “rational”; and consumer decision making as one of “rationality” or “rational decision making and problem solving”; consumers make purchase decisions after collecting information and weighing all alternatives.
- ii) Interpretivist Approach: also called post-modernism or experientialists
- also called post-modernism.
 - lays emphasis on understanding the customer better.
 - treats consumer decision making process as one which is “subjective.”

POSITIVIST

Consumer actions based on cause and effect relationship can be generalized

Consumer actions can be objectively measured and empirically tested

Focus: to predict consumer behavior

Methodology: Quantitative

Large samples

INTERPRETIVIST

A cause and effect relationship cannot be generalized; consumption patterns and behaviors are unique; these are unpredictable.

Consumer actions are unique and different both, between two consumers, and/or within the same consumer at different times and situations.

Cannot be objectively measured, empirically tested and generalized.

Focus: the act of understanding the consumption rather than predicting the act of purchase

Methodology: Qualitative

Small samples

Ques 3 Write a short note on the current approaches to studying Consumer Behavior?

b) Current approach: 'Dialectical'

'Dialectical': dialectics considers all forms of human behavior, including consumption;

i) Materialism:

- consumer behavior is shaped by the 'material environment' eg. money, possessions etc.

ii) Change:

- consumer behavior is 'dynamic' in nature; it is always in a process of continuous motion, transformation and change.

iii) Totality:

- consumption behavior is 'interconnected' with other forms of human behavior, like personal self and the surrounding environment.

iv) Contradiction:

- views changes in consumer behavior as arising from its internal contradictions, like moods, emotions.

SELF EVALUATION TESTS/QUIZZES

Section A True/false:

1. The positivist approach to studying Consumer Behavior treats consumer decision making process as one which is “subjective.”
2. According to the interpretivist approach, consumer actions cannot be objectively measured, empirically tested and generalized.
3. The positivist approach to studying Consumer Behavior relies on qualitative research methods.

Section B Multiple choice questions:

1. Which of the following is not one of the current approaches to studying consumer behavior?
a) Post modernism b) Change c) Materialism d) Totality
2. Which of the following is true about post modernism:
a) consumer actions cannot be objectively measured, empirically tested and generalized.
b) focus lies in predicting consumer behavior
c) methodology is quantitative
d) none of the above.

Section C Fill up the blanks:

1. _____ is the systematic collection, analysis and interpretation of data related to the market and the surrounding environment
2. _____ treat the study of Consumer Behavior as an applied science.
3. Forces in the environment that affect the company indirectly comprise the _____ environment.
4. The focus of the _____ approach is to predict consumer behavior.

Section D Short answers.

1. What do you understand by “Micro-environment”?
2. Give any two components that make up the “macro environment”?
3. Name the two traditional approaches to studying Consumer Behavior.

KEY

Section A

1. False
2. True
3. False

Section B

1. a) Post modernism
2. a) consumer actions cannot be objectively measured, empirically tested and generalized.

Section C

1. Market research
2. Positivists
3. Macro

Section D

1. Micro-environment:

Forces in the environment that are close to the company and affect the company directly; Examples, company’s internal environment, customers, competitors, suppliers, and channel intermediaries.

2. Examples of macro environment:

Demographic factors, socio-economic factors, political factors, technological factors, cultural factors, natural factors

3. Two traditional approaches to studying Consumer Behavior:

- Positivist
 - Interpretivist
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