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CHANGING CONSUMER BEHAVIOUR- A CHALLENGE FOR SUSTAINABLE BUSINESS GROWTH

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ABSTRACT

In any business organization, changing consumer behavior is a big challenge in sustainable growth of the business. In developing country like India, there is need to formulate and successfully implement strategies related to consumer behavior because there are fewer resources to meet the basic requirements of the business. Changing consumer behavior is an obstacle in the growth of business because it leads to heavy losses due to obsolete stock of the organization. Consumer behavior is complex and very often not considered rational. A further challenge is that consumer personalities differ across borders and also between and within regions. Taste, behavior and preference of consumers cannot be ignored because consumers are the 'Kings' of market. Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior. Therefore, marketing strategies related to consumer behavior are made to beat cut throat competition in global context. In modern times, prediction of consumer behavior is much essential for prosperity of the business. Its prediction and strategy formulation is a challenge for the management of any business organization. Only those organizations which formulate and implement consumer oriented marketing strategies, can survive in global competitive era.

KEYWORDS: Consumer behavior, Business growth, Global competition, marketing strategy.

INTRODUCTION

In present scenario, the study of consumer behavior has become essential. Consumers are the kings of markets. Without consumers no business organization can run. All the activities of the business concerns end with consumers and consumer satisfaction. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field. The study of Consumer Behavior is quite complex, because of many variables involved and their tendency to interact with & influence each other. These variables are divided into three major sections that have been identified as the most important general influences on Consumer Behavior. Consumer behavior is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, and

economics. It attempts to understand the buyer decision making process, both individually and in groups. According to Edward, "It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general".

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship with management, and personalization. Social functions can be categorized into social choice and welfare functions.

The article discusses the factors influencing pro environmental consumer behaviors and the policy implications of knowledge about these influences. It presents a conceptual framework that emphasizes the determining roles of both personal and contextual factors and especially of their interactions. The practical usefulness of the framework is illustrated by evidence of the interactive effects of information and material incentives – typical interventions in the personal and contextual domains, respectively.

OBJECTIVES OF THE STUDY

The main objectives of the present study are:

1. To discuss the various methods of measuring consumer behavior
2. To discuss the factors of the growth of business
3. To analyze the impact of changing consumer behavior on growth of business

FACTORS RESPOSIBLE FOR SUSTAINABE BUSINESS GROWYH

- Capital
- Raw material according to the demand of customers
- Machinery of new technology
- New innovative methods
- Trained and perfect Human Resource

CAPITAL

Capital is most important resource of the business. It can be considered as lifeblood of the business. No business can run without capital. Not only its existence is essential but its adequacy

should be ensured also. Besides the supplies and materials that go into the manufacturing process, other "hard" assets are needed, such as equipment, buildings and trucks. These assets require capital. It varies according to the type of business. In a manufacturing setting, it includes the machinery used to build the products, warehouses and the building that houses the operation. In a service business, it could include computers, desks and telephone equipment.

HUMAN RESOURCE

No business is completely automated; humans are involved in producing any business' product or service. Labor is often one of the largest expenses of a business and managing human capital appropriately and efficiently is one of the hallmarks of a successful business. In the words of Bansal, it can be stated as Human capital does not directly affect the business but it works indirectly which is very important for business. Customers and clients see the employees in a business as a reflection of that company. The way that the human resources of a company interact with the customer base has a large impact on customer longevity and loyalty.

HELPFUL RESOURCES

The building and equipment required to run a business need to be located somewhere. Resource capital encompasses the physical space a company occupies, as well as other non-man-made resources such as water and air. Manufacturing operations often use more resource capital than service businesses because the manufacturing process requires more space for production, warehousing and trading.

INTELLECTUAL CAPITAL (HUMAN RESOURCE)

A business is far more than the sum of its physical parts. It takes entrepreneurial spirit, experience, creativity and know-how to make a business successful. These components are collectively called intellectual capital. Also included are rights, patents and trademarks; everything that you can't touch or see but is often the reason a business grows and succeeds. Sometimes, these "assets" of a business are not captured on a traditional financial statement as their value is indeterminable. It is almost impossible for competitors to duplicate intellectual capital, making it one of the most coveted and useful assets a business can own.

COMMON FEATURES OF CONSUMER BEHAVIOR

a) Other people's behavior matters

b) Habits are important

c) People are motivated to 'do the right thing'

d) People's self-expectations influence how they behave

e) People are loss-averse

f) People are bad at computation

g) People need to feel involved and effective to make a change

PARAMETERS WHICH AFFECT THE CONSUMER BEHAVIOR

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

CULTURAL FACTORS

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

- Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

- Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

- Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

SOCIAL FACTORS

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

REFERENCE GROUPS

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also

include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

FAMILY

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

ROLES AND STATUS

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

PERSONAL FACTORS

Sontakki has clearly defined the importance of personal factors. Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

- Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

- The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

- Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

- Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

- Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has

different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

- There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

MOTIVATION

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

PERCEPTION

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

BELIEFS AND ATTITUDES

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

OTHER RELATED FACTORS

- New technology
- New trend or fashion
- New innovations used by competitors
- Cost effect
- State of mind of consumers
- Global effect
- Quality of goods

SHAPING CONSUMER BEHAVIOR

It is important to differentiate between identifying the drivers of behavior and finding the tools to change the behavior of consumers.

Previously Kapoor Sangham and Rosy Joshy (2009) has explained that the skill comes with being able to choose the right theory for the right situation and then finding the most effective tool that will actually lead to the required behavioral change. Qualitative methods are used to explore specific aspects of consumer behavior and for probing below the surface for effective drivers and subconscious motivations. They are a starting point for explaining consumer behavior. They can help define the problem, generate hypotheses/ideas, identify determinants, and develop quantitative research designs. Due to the low number of respondents involved, these exploratory methods cannot usually be used to gather representative findings**.**

THE QUALITATIVE METHODS ARE

- In-depth interviews
- Semi-structured interviews
- Focus groups
- Case studies
- Projective techniques

QUANTITATIVE METHODS

Quantitative methods are based on data that can be obtained through large-scale surveys and other quantitative methods used to obtain a wide range of specific information from participants. They are:

- Cross-sectional surveys
- Longitudinal surveys
- Opinion polls
- Experimentation and behavioral economics research
- Data mining

CHANGE IN CONSUMER BEHAVIOR AFFECT THE SUSTAINALE GROWTH OF THE BUSINESS

Consumer taste is also changing as fast as the technology changes. In today's world technology changes are taking place rapidly. The change in technology changes the taste of consumers. To

cater to the need of a rapidly changing consumer trends, a firm has to constantly understand the latest consumer trends and tastes. Consumer behavior provides invaluable clues and guidelines to marketers on new technological frontiers which they should explore. With the change of technology and design customer move their demand to 'new' product. 'Old' one is refused by them. For example, change in technology in mobile phones has shifted the demand of customer from simple mobile phone to mobile phone of new technology.

Customer behavior can affect the sustainable growth of business in following manners:

a) If the behavior of the consumers changes time to time, the new production or services would be needed to meet the demands of the consumers. If a businessman or manufacturer changes its business product, it would lead to high cost of production.

b) If the cost of production is the major focus of the business, none of the other activities would more attention. Ultimately, quality of the work, design, packaging and distribution, would get suffered.

c) Business organization will not compete with competitors. Because if the organization considers only cost, other parameters are suffered and predetermined goals of the business cannot be achieved.

d) Business organization gets success only when all the business activities (internal environment) go smoothly. If there is unrest in the internal environment of the organization regarding the 'change', business cannot get success.

e) Need to acquire heavy capital funds to cope with change in consumer behavior.

f) Requirement of new machinery and recent technology.

g) Trained Human Resource capital is needed to face cut throat competitors.

All these requirements demand an outstanding performance which is a great challenge in reality.

SUGESTIONS

- The business organization must be associated with high degree research work for finding the taste, behavior, preferences in uncertain situations

- Total Quality Management (TQM) should be applied by business concern to improve the quality of production and services so that changing environment can not affect the demand of customers and consumers can sticky with the particular business brand.

- Regular innovations should be the integral part of the business. Top level management should give attention to innovations and new techniques and new methods of the production and encourage subordinates for discover 'new' things. With the help of innovation cost of production might be reduced and quality improved.

- ‘Old rule of thumb’ must be replaced with new ideas and discoveries.

SUMMERY

Consumer behavior is complex and very often not considered rational. A further challenge is that consumer personalities differ across borders and also between and within regions. The vulnerable consumer, who does not always have access to the same number of choices as the average consumer, also needs to be taken into account. Influencing consumer behavior is in fact about targeting the right people with the right message. In any business organization, changing consumer behavior is a big challenge in sustainable growth of the business. In developing country like India, there is need to formulate and successfully implement strategies related to consumer behavior because there are fewer resources to meet the basic requirements of the business. Changing consumer behavior is an obstacle in the growth of business because it leads to heavy losses due to obsolete stock of the organization. Taste, behavior and preference of consumers cannot be ignored because consumers are the ‘Kings’ of market. Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior. Therefore, marketing strategies related to consumer behavior are made to beat cut throat competition in global context. In modern times, prediction of consumer behavior is much essential for prosperity of the business. Its prediction and strategy formulation is a challenge for the management of any business organization. Only those organizations which formulate and implement consumer oriented marketing strategies, can survive in global competitive era.

We live in a digital age and thus need to keep up with new trends in the social media. The Internet has become the first medium in history to allow for complex interaction between networks of people. In a constantly changing society where citizens are more proactive and have better access to information, and where new norms are created over time, many challenges evolve that we need to keep up with in order to truly understanding our citizens. Best practice could be learned as to how success can be built around a brand. The challenge of changing consumer behavior can be met through high degree of research efforts, serious hard work related to knowing the behavior of consumers, making sensitive analysis of change of consumer behavior and action of competitors.

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