CHANGING PURCHASE BEHAVIOUR OF INDIAN CUSTOMERS

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ABSTRACT

The way Indian consumers are spending their money on various items has changed in recent years. With the ever-increasing penetration of internet and social media, the purchasing behavior of Indian consumers has changed dramatically. Urbanization is taking place in India at a dramatic pace and is influencing the life style and buying behavior of the consumers. The present study is based on the perceptions, buying behavior and satisfaction of the consumers in Indian market. The Indian consumers are noted for the high degree of value orientation. India is a lucrative market even though the per capita income in India is low and it remains a huge market, even for costly products. Consumer behavior is complex and very often not considered rational. The recent trends which are found in the Indian market are celebrity influence, online shopping, freebies and popularity of eco-friendly products.

KEYWORDS: Consumer behavior, Urbanization, perceptions, eco-friendly.

INTRODUCTION

With the ever-increasing penetration of internet and social media, the purchasing behavior of Indian consumers has changed dramatically. The Indian consumer market has higher disposable income the development of modern urban lifestyles and an increase in consumer awareness have affected buyer behavior in cities, towns and even rural areas. According to a 2007 report by McKinsey & Co., India is set to grow into the fifth largest consumer market in the world by 2025. In this scenario, creating consumer loyalty is now a whole new challenge. These demographic shifts have also created the need for leaders who can keep pace with change and identify with and predict future demand. The Indian consumer story is one that has caught the attention of the rest of the world. Rising incomes in the hands of a young population, a growing economy, expansion in the availability of products and services and easy availability of credit all of this has given rise to new consumer segments and a rising acceptability of debt, whether it is mobile phones, credit cards, apparel or organized retail, people clearly seem to be spending more, particularly on discretionary items. And the consumer seems to be everywhere, whether it is the large metros, the emerging new cities, the small towns and even rural India. What has emerged in this consumer story is the fact that there is much more homogeneity in the market than ever before; for the first time some patterns have begun to emerge in consumer behavior. The Indian consumer is also maturing fast and is upgrading within product segments at a pace that consumer companies are struggling to keep up with. The mobile phone category is a classic example, where individuals across segments are constantly moving to the next price level as
soon as they master the technology of their current phone. There is a growing realization today that it is easier to compete in the smaller towns because many of the big brands and their marketing managers and sales teams don’t make the effort to travel there. Another shift has been the changing dynamics of rural migration to urban centers.

**OBJECTIVES**

1. To recognize the different consumer types & communicate accordingly
2. To know the factors that affect their buying behavior
3. Understand buying behavior & consumer decision making process
4. To know what strategies the marketer can adopt to influence the consumer purchasing behavior

**METHODOLOGY**

The present study is based on the perceptions, buying behavior and satisfaction of the consumers in Indian market. Sources of the primary and the secondary data are discussed. The Interview schedule is used for the purpose of collecting primary data. As the universe of the study is large to select sample, simple random sampling technique is adopted. The secondary data have been collected from the companies’ bulletins, annual reports and websites. Further, national and international journals is used related to the field of management, as well as marketing, business magazines, business dailies, text books and academic studies conducted in the related areas is used for the purpose of building a strong conceptual background. The present study involves the use of “Survey Method”. For quantitative data collection both the personal and electronic survey methods is used and also internet is used as a medium to conduct the survey. The questionnaire was structured as follows, the first part contained 8 dichotomous questions with Yes and No as two possible responses. These questions measured general consumers' knowledge about different brands, awareness of eco-friendly products, trust in performance of products they purchase and their willingness to pay more for such products. The second part of the questionnaire consisted of a 5-point scale, used to explore and assess factors influencing buying behavior and buying decision process. The survey scale consisted of 11 items. Scores on the scale items varied from a low of 1 (strongly disagree) to a high of 5 (strongly agree), with disagree, neutral, and agree as interval points. The questionnaire also included general demographic questions such as age, gender, education. Sample size was 80, questionnaires were distributed to a conveniently generated sample and 69 total questionnaires were returned with a response rate of 87.25 per cent. The nationality of Sample was Indians, mainly residents of Bhubaneswar. The Age group of sample from 15 years to 60 years.

**LIMITATIONS**

The study focuses and emphasizes on a sample size of 80 in and around Bhubaneswar due to the time and cost constraint. Since the area of study has only been Bhubaneswar and also on a select sample of 80 the results may or may not be applicable to the other cities in India.
RECENT TRENDS IN MARKETING STRATEGIES APPLICABLE AMONG INDIAN CONSUMER

ONLINE SHOPPING: Currently, the most suitable marketing strategies applicable is internet marketing because it has been seen that the Indian consumers are buying products through online for example; greeting cards, clothes, CDs/VCDs/DVDs, cassettes, books, magazines, medicine and educational material. The popular online shops in India include: www.ebay.in, www.shopping.rediff.com, www.reliablegreetings.com, www.shopping.expomarkets.com

CELEBRITY INFLUENCE: This is an important tool which is able to influence Indian consumer buying behavior. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. It is not surprising therefore that using celebrities in advertisements has become common practice. In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When people see their favored reference group members or celebrities in the advertisements, they pay more attention to them. Celebrities may also help reposition products.

QUALITY ORIENTED OUTLET: Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well known brands in selected product range, consumers are likely to take cues from well established retail outlets hoping that these outlets carry quality products.

FREEBIES: Indian consumer buying behavior is influenced by freebies. Freebies are consumer products given free as gifts for purchasing selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers.

ECOFRIENDLY PRODUCTS: The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.

CHANGING TRENDS IN INDIAN CONSUMER BEHAVIOUR

BULK PURCHASING

Urbanization is taking place in India at a dramatic pace and is influencing the life style and buying behavior of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning. Bulk purchases from hyper stores seem to be the trend these days, rather than frequent visits to the neighborhood market/store/vendor.
TRENDY LIFE STYLE

The current urban middle and upper class Indian consumer buying behavior to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is now an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad. Foreign brands have gained wide consumer acceptance in India, they include items such as; Beverages, Packed food, Ready to eat food, Pre-cooked food, Canned food, Personal care products, Audio/video products, Garment and apparel, Footwear, Sportswear, Toys and Gift items.

BUYER MARKET IN THE MAKING

The seller’s market is slowly moving towards becoming the buyers’ market. Since, India’s economic liberalization policies were initiated in 1991, many new product offerings have entered the Indian market and product variety has also increased manifold. Import licensing restrictions are being eliminated and tariffs significantly reduced and this has led to large range of consumer goods made available in India. Indian consumers have always preferred foreign goods and with the liberalization, they now have a choice of foreign products.

CONSUMER SPENDING BEHAVIOUR

The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) are falling. Other items have increased in importance, for example, medical and healthcare spending has increased from total expenditure over the same period. Similarly spending on transport and communication has increased. For urban India, per capita 30 days' consumer expenditure was split up into food, and non-food. Food expenditure includes cereals and cereal substitutes, milk, milk products, vegetables, edible oil and others. Non-food expenditure included fuel and light, and rest on clothing, footwear and on other non-food expenditure. In India, the higher income group spends more amount of their income on luxury goods and trendy products than fact moving consumer products. The middle income group spends more on consumer expendables than the rich.

FINDINGS

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labeled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market. Indian consumers have a high degree of family orientation. Brands with identities that support family values tend to be popular and accepted easily in the Indian market. Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant that values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers. Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands. Consumers are highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Thus buyer will have to pass through a learning process, first developing beliefs
about the product, then attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance, and about what the company's brand offers on the important attributes. Marketers need to differentiate their brand's features, perhaps by describing the brand's benefits using print media with long copy. They must motivate store salespeople and the buyer's acquaintances to influence the final brand choice. Dissonance can also reduces the buying behavior which occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands. After the purchase, consumers might experience post purchase dissonance when they notice certain disadvantages of the purchased carpet brand or hear favorable things about brands not purchased. To counter such dissonance, the marketer's after-sale communications should provide evidence and support to help consumers feel good about their brand choices. Habitual buying behavior also occurs among the certain group of the population under conditions of low consumer involvement and little significant brand difference. For example, take salt. In such cases, consumer behavior does not pass through the usual belief-attitude-behavior sequence. Consumers do not search extensively for information about the brands, evaluate brand characteristics, and make weighty decisions about which brands to buy. Instead, they passively receive information as they watch television or read magazines. Thus, the buying process involves brand beliefs formed by passive learning, followed by purchase behavior, which may or may not be followed by evaluation. Visual symbols and imagery are important because they can be remembered easily and associated with the brand. Ad campaigns should include high repetition of short-duration messages. Television is usually more effective than print media because it is a low-involvement medium suitable for passive learning. Marketers can try to convert low-involvement products into higher-involvement ones by linking them to some involving issue. Consumers undertake variety seeking buying behavior in situations characterized by low consumer involvement but significant perceived brand differences. In such cases, consumers often do a lot of brand switching. Brand switching occurs for the sake of variety rather than because of dissatisfaction. Challenger firms will encourage variety seeking by offering lower prices, special deals, coupons, free samples, and advertising that presents reasons for trying something new.

RECOMMENDATION

On the basis of research I would like to suggest that if the customers are making buying decisions they look what exactly business offers as well as the competitors which are already existing. In certain categories friends and family play a big part as influencers in buying decisions. The influence of opinion leaders has been around for a long time. And now opinion leaders from other countries can now have an influence on Indian customers. As more customers’ buy products or services online and people review or talk about products or services, what is written or viewed or heard can influence the customers’ decisions. This can occur on social networking sites, comparison shopping sites and reviews for example. Cultural factors have a significant impact on customer behavior. Culture is the most basic cause of a person’s wants and behavior. Growing up, children learn basic values, perception and wants from the family and other important groups. Marketers are always trying to spot “cultural shifts” which might point to new products that might be wanted by customers or to increased demand. A customer’s buying behavior is also influenced by social factors, such as the groups to which the
customer belongs and social status. Each culture contains “sub-cultures” – groups of people with share values. Sub-cultures can include nationalities, religions, racial groups, or groups of people sharing the same geographical location. Sometimes a sub-culture will create a substantial and distinctive market segment of its own. For example, the “youth culture” or “club culture” has quite distinct values and buying characteristics from the much older “gray generation”. Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behavior is quite unique. Perhaps, only in India, one sees traditional products along side modern products. Nowadays customer shopping is not just a functionality behavior to meet the basic demand, it also a means to beauty, happy and relaxed emotional experience at the same time, therefore the design of franchised stores would be a key aspect to attract customers’ eyes. Best sellers should give extra attention to all the visual image of the store through space, color, material, etc. to convey to consumers the brand's unique personality and design concepts, also to bring a strong sensory and emotional experience.

CONCLUSION

Consumer behavior is complex and very often not considered rational. A further challenge will be consumer personalities which 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. From the market perspective, people of India comprise different segments of consumers, based on class, status, and income. An important and recent development in India’s consumerism is the emergence of the rural market and market for eco-friendly products for several consumer goods. Three-fourths of India’s population lives in rural areas, and contribute one-third of the national income so it should not be avoided. India is a lucrative market even though the per capita income in India is low and it remains a huge market, even for costly products. The retailers should spend on online marketing during recession. They should also indulge in cost cutting, reach their customers, target markets, build long term relationships, available at all hours, low cost for inventory, and increase sales promotion schemes. Lastly, creating value along with delivering delight to the customer is what is most important. 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 via Facebook and YouTube, amongst many more. 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 for understanding our citizens.

REFERENCES


