

UNIT 1

UNDERSTANDING CONSUMER BEHAVIOUR

Customer? Consumer?

Customers refers to individual that **purchases** and goods and services.

Consumers refers to individual or group that **purchase and uses repeatedly**



Very often the people using your product and people paying for it even don't know each other.

CONSUMER BEHAVIOR

Meaning

Consumer behavior is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services. Consumer behavior consists of how the consumer's emotions, attitudes, and preferences affect buying behavior

Introduction:

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 behavior 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. The roles also vary in different consumption situations; for example, a **mother plays the role of an influencer in a child's purchase process**, whereas she plays the role of a disposer for the products consumed by the family.

Some selected definitions of consumer behavior are as follows:

According to Engel, Blackwell, and Mansard, 'consumer behavior is the actions and decision processes of people who purchase goods and services for personal consumption'.

According to Louden and Bitta, 'consumer behavior is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

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

- Consumer behavior is a study of how individuals make decision to spend their available resources (time, money and effort) or consumption related aspects **(What they buy? When they buy? How they buy? etc.)**.
- People makes understanding consumer behavior a challenging task to marketers.
- Hence marketers felt the need to obtain an in-depth knowledge of consumers buying behavior.

- Finally this knowledge acted as an imperative tool in the hands of marketers to forecast the future buying behavior of customers.
- For example, consumer buying behavior is studied by consumer researchers and their aim is to know **why women buy moisturizers** (to reduce skin problems), the most preferred brand (Olay, L'Oréal), **how often do they apply** it (twice a day, thrice a day), **where do the women prefer** to buy it (supermarkets, online) and **how many times do they buy** it (weekly, monthly).

Need for Study of Consumer Behavior

- The study of consumer behavior helps everybody as all are consumers.
- It is essential for marketers to understand consumers to survive and succeed in this competitive marketing environment.
- The following reasons highlight the importance of studying consumer behavior as a discipline.

Nature of Consumer Behavior:

1. Influenced by various factors:

- 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 behavior is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful 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 behavior 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 behavior 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 behavior varies across states, regions and countries. For example, the behavior of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviors. 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 behavior 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 behavior is important to the marketers:

Marketers need to have a good knowledge of the consumer behavior. They need to study the various factors that influence the consumer behavior of their target customers. The knowledge of consumer behavior 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 behavior 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 behavior to increase their purchases.

7. **Varies from product to product:** Consumer behavior 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 behavior 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 deprives themselves of higher standard of living.

9. **Reflects status:** The consumer behavior 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.

Why it is important to understand consumer Behavior?

Importance of consumer behavior to Marketers. It is important for marketers to study consumer behavior. It is important for them to know consumers as individual or groups opt for, purchase, consumer or dispose products and services and how they share their experience to satisfy their wants or needs Importance of Studying Consumer Behavior: Role or importance of study of consumer behavior can be explained with reference to the points stated as under:

1. **Modern Philosophy:** It concerns with modern marketing philosophy – identify consumers' needs and satisfy them more effectively than competitors. It makes marketing consumer-oriented. It is the key to succeed.

2. **Achievement of Goals:** The key to a company's survival, profitability, and growth in a highly competitive marketing environment is its ability to identify and satisfy unfulfilled consumer needs better and sooner than the competitors. Thus, consumer behavior helps in achieving marketing goals.

3. **Useful for Dealers and Salesmen:** The study of consumer behavior is not useful for the company alone. Knowledge of consumer behavior is equally useful for middlemen and salesmen to perform their tasks effectively in meeting consumers needs and wants successfully. Consumer behavior, thus, improves performance of the entire distribution system.

4. **More Relevant Marketing Programme:** Marketing programme, consisting of product, price, promotion, and distribution decisions, can be prepared more objectively. The programme can be more relevant if it is based on the study of consumer behavior. Meaningful marketing programme is instrumental in realizing marketing goals.

5. **Adjusting Marketing Programme over Time:** Consumer behavior studies the consumer response pattern on a continuous basis. So, a marketer can easily come to know the changes taking place in the market. Based on the current market trend, the marketer can make necessary changes in marketing programme to adjust with the market.

6. Predicting Market Trend: Consumer behavior can also aid in projecting the future market trends. Marketer finds enough time to prepare for exploiting the emerging opportunities, and/or facing challenges and threats.

7. Consumer Differentiation: Market exhibits considerable differentiations. Each segment needs and wants different products. For every segment, a separate marketing programme is needed. Knowledge of consumer differentiation is a key to fit marketing offers with different groups of buyers. Consumer behavior study supplies the details about consumer differentiations. **8. Creation and Retention of Consumers:** Marketers who base their offerings on a recognition of consumer needs find a ready market for their products. Company finds it easy to sell its products. In the same way, the company, due to continuous study of consumer behavior and attempts to meet changing expectations of the buyers, can retain its consumers for a long period.

9. Competition: Consumer behavior study assists in facing competition, too. Based on consumers' expectations, more competitive advantages can be offered. It is useful in improving competitive strengths of the company.

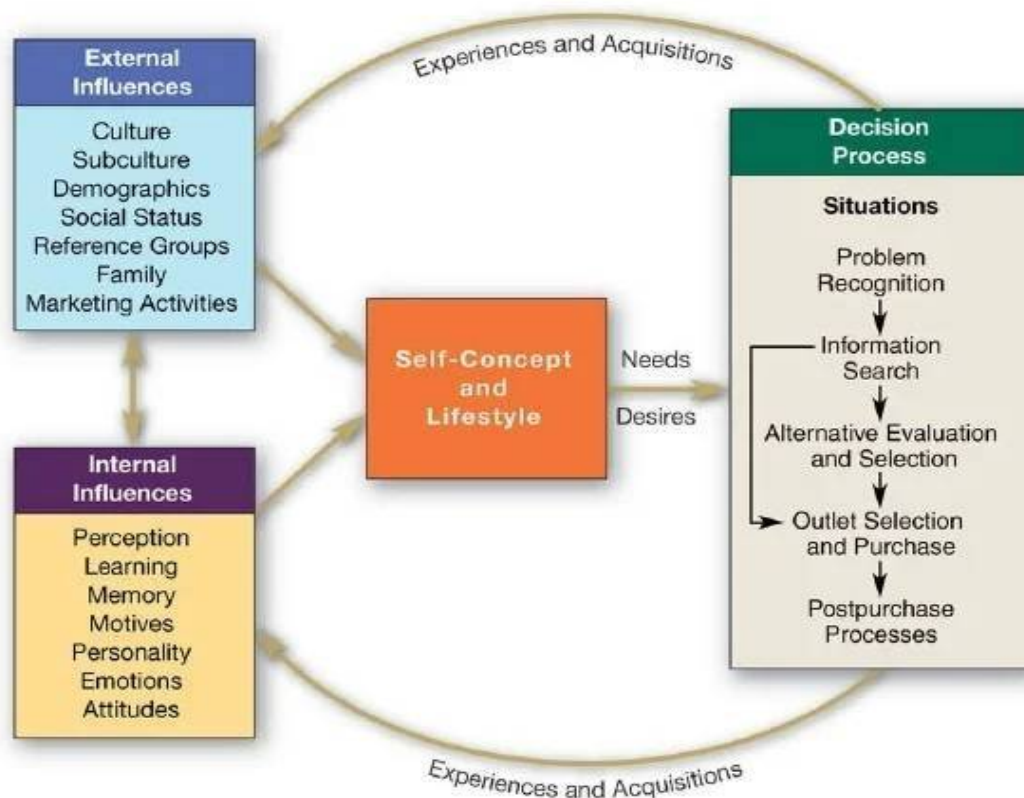
10. Developing New Products: New product is developed in respect of needs and wants of the target market. In order to develop the best-fit product, a marketer must know adequately about the market. Thus, the study of consumer behavior is the base for developing a new product successfully.

11. Dynamic Nature of Market: Consumer behavior focuses on dynamic nature of the market. It helps the manager to be dynamic, alert, and active in satisfying consumers better and sooner than competitors. Consumer behavior is indispensable to watch movements of the markets.

12. Effective Use of Productive Resources: The study of consumer behavior assists the manager to make the organisational efforts consumer-oriented. It ensures an exact use of resources for achieving maximum efficiency. Each unit of resources can contribute maximum to objectives. It is to be mentioned that the study of consumer behavior is not only important for the current sales, but also

helps in capturing the future market. Consumer behavior assumes: Take care of consumer needs, the consumers, in return, will take care of your needs. Most of problems can be reasonably solved by the study of consumer behavior. Modern marketing practice is almost impossible without the study of consumer behavior.

Overall Model Of Consumer Behavior




CONSUMPTION

What is consumption in consumer behavior?

- What is a consumption in marketing?
- “Consumption is **the value of goods and services bought by people**”. Since the first production surplus, marketing has been based on the principle of exchange – interested parties exchanging something of value
- Consumption Behavior or Buying Behavior is **people's buying attitudes and intentions**. If a group of people is exposed to some form of advertising of a product or a service they will then response to the advertised message with certain definable behaviors.

- Positive or negative things you feel when using a product
- Consumers often dont feel any-thing during experience
- Firms can position products based on Positive feelings resulting from consumption
- Elimination of negative feelings resulting from consumption


What is Consumption?



Consumption is the process of buying/using goods & services

An elephant's consumption of food is phenomenal.



Adults eat between 200-600 pounds of food a day.



Fuel Consumption 40 mpg

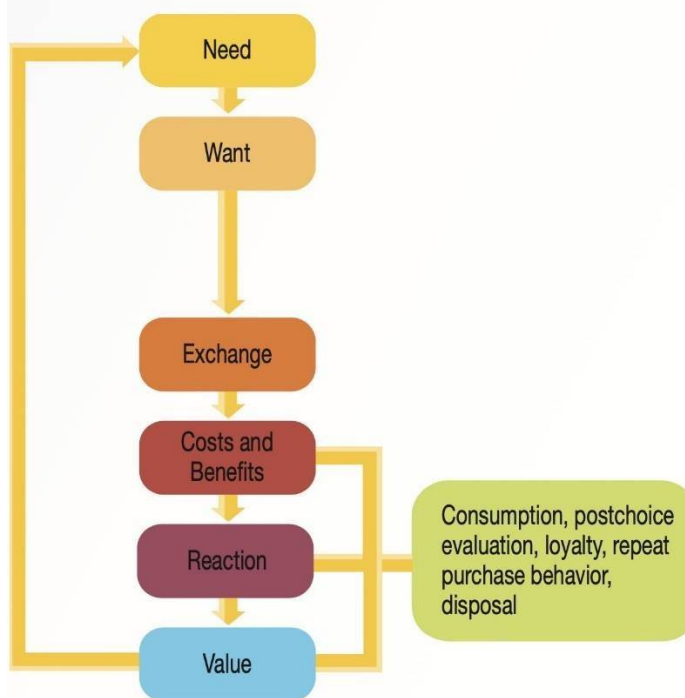
We Live in a Consumer Society

These bananas are for export, not domestic consumption.

Consumption process by which goods, services, or ideas are used and transformed into value

Basic Consumption Process



Theories of Consumption & Consumer Behaviour: Social, Economic, and Cultural Perspectives

We live in a consumer society where the ownership of goods and consumption of services pervades every aspect of our existence. Ever since the global economy began to be integrated and tightly interconnected, consumption of goods and services has been taken to new heights with an accent on owning goods from economic, symbolic and consumer culture viewpoints.

In recent years, there has been a lot of research on these dimensions and hence there is a review of the available research pertaining to the three theories (selected portions) here. **The focus of this article is on understanding how the different perspectives of consumption interact with each other and the effect that they have on the marketing strategies employed by the marketers.**

Economic, Symbolic and Consumer Culture Perspectives

It would be worthwhile to introduce a baseline understanding of what is sought to be discussed in this article and then proceed to a broader discussion of the different perspectives as well as the implications for marketers and the impact on marketing strategies.

Consumption of goods and services is a basic act that is performed by all of us whenever we purchase goods and services for personal and professional use. The economic aspect of consumption is the dimension which is concerned with consumption from a purely economic benefit point of view.

In this dimension, the acts of consumption are motivated by a desire to accrue benefits in the form of material gains for satiating the human need for food, clothing, shelter and other aspects concerned with these dimensions.

On the other hand, the symbolic perspective of consumption is concerned with the dimension of seeking to consume goods and services from the perspective of acquiring social status and for what can be described as “cool capitalism” where

the tendency to belong to a certain group of consumers with the overriding benefit being the value attached to the symbolism of belonging to that group.

Finally, the consumer cultural perspective of consumption is one where the consumer acquires goods and services to satiate ones needs not merely for basic consumption but more towards consumption as an ingrained phenomenon that seeks sensory gratification as an end.

To take examples of the three perspectives of consumption, the act of buying food or other basic necessities can be termed as economic consumption where there are clearly defined and tangible benefits that accrue to the consumer from making the purchase.

Real World Examples

On the other hand, the act of buying a pair of sneakers that is priced more than what the economic theory says should be the price and when the consumer is willing to pay a premium for acquiring that particular good or service, it can be said to be the symbolic aspect of consumption where the desire to acquire goods for the status that one perceives is associated with that good is the motivating factor.

Finally, goods acquired as part of the need to consume for the sake of consumption which is associated with mores of the specific population group or the market segment can be said to be the consumer culture aspect of consumption.

As opposed to the economic aspect of consumption which is largely concerned with satiating the basic needs of the consumer along with certain higher level needs, the symbolic and cultural aspects of consumption are largely to satisfy the consumers craving for social status and class consciousness.

Of course, this does not mean that both symbolic and consumer culture aspects fall into this category as the cultural aspects can manifest across the board and start with economic aspects and then go on to symbolic aspects.

However, the point remains that both these aspects of consumption are to do with needs above and over the basic ones like need for food and clothing and

shelter. This is the reason that symbolic aspects of consumption that form part of the marketers strategies are often referred to as “populist capitalism” because of the fact that targeting these needs forms the basis for marketing strategies aimed at satisfying popular notions of class and status.

Conclusion

Before concluding this discussion, it would be in the order of things if some of the key points discussed so far can be analyzed in the overall perspective of the consumer society and the consumer culture that is characteristic of the times that we live in. As noted at several places, the rise of the consumer society has had both positive and negative effects and hence it is indeed the duty of the marketers to minimize the latter while maximizing the former.

For instance, the term CSR or Corporate Social Responsibility is used to denote the responsibility of corporates and marketers towards society at large and hence the implication is that marketers would not be driven by profit alone when devising their strategies.

The recent global economic crisis has shown that unfettered consumption can have serious consequences for the economic health of nations which when combined with the ecological costs that such consumption fosters on the world make for a deadly combination which should serve to alert us to the dangers inherent in the consumer society.

In conclusion, **consumption as a fact of existence is not going to go away and hence it is up to us individually and collectively to ensure that we make conscious choices instead of succumbing to the latest fad or fashion without thinking about the effects of that behavior.** Expecting the marketers alone to be responsible is missing the point since the consumer society and the production society interact to produce these phenomena of consumption patterns and consumer behavior.

CONSUMER ORIENTATION

- Customer orientation is **a business approach that puts the needs of the customer over the needs of the business.**
- Customer-oriented companies understand that the business won't thrive unless it consistently improves customer focus.
- It's a way of thinking that aligns your business goals with your customers' goals.

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Customer orientation is a business philosophy that puts the needs of the customer over the needs of the business.

Consumer Orientation: Definition and Benefits

Consumer (or customer) orientation is the focal issue (or central theme) in today's marketing practices. There are four pillars of the modern marketing concept – consumer orientation (may be said as consumer satisfaction), target market, integrated marketing, and profitability. Consumer orientation is a key to achieve business goals. A firm can achieve marketing goals by concentrating on customer satisfaction. Those companies who actualize consumer orientation can achieve better marketing performance.

We can define the term as:

The consumer orientation is modern marketing philosophy and approach that guide the marketing managers to formulate marketing programme (4Ps) in such a way that the firm can offer maximum possible satisfaction to target consumers.

More clearly, the term can be explained as:

The consumer orientation is modern marketing philosophy that guides the practicing managers to carry out marketing efforts in a manner that result into maximum consumer satisfaction. The consumer orientation emphasizes on understanding consumers' real needs, and satisfying them

better than any competitor. It requires the company to define the consumer needs from consumer's point of view. Company must do everything possible to meet expectations of the target consumers.

Mahatma Gandhi's Famous Passage:

More than a half century back, Mahatma Gandhi, the Father of Nation, has expressed his views on customer orientation. A famous passage of Mahatma Gandhi emphasizes on the critical place of customers in business.

"A customer is the most important visitor in our premises.

He is not dependent on us. We are dependent on him.

He is not an interruption in our work. He is the purpose of it.

He is not an outsider to our business. He is part of it.

We are not doing him a favour by serving him.

He is doing us a favour by giving us an opportunity to do so.

A customer is not someone to argue with.

Nobody ever won an argument with the customer.

A customer is the person who brings us his wants.

It is our job to handle profitably to him and to ourselves."

– Mahatma Gandhi

Consumer orientation assumes the consumer satisfaction as a guiding philosophy.

It is similar to devotion, dedication, and commitment toward consumer satisfaction.

It makes the marketers think:

- i. "Customers are king in our business."
- ii. "Satisfy customer needs to satisfy company's needs."
- iii. "Customers are the best judges of our offers (goods and services)."
- iv. "Customer is the most important person in our business."
- v. "He never complains... but suggests. He complains for company's benefits. He complains on behalf of product."
- vi. "Customer is not dependent on us...we are dependent on him."
- vii. "He is our business partner, he is our well-wisher. He is doing favour by giving us opportunity to serve him."

Managerial Actions:

Consumer orientation is not just a concept. It carries many important managerial implications. Maximum consumer satisfaction requires systematic marketing efforts. Consumer orientation involves designing entire marketing programme (4 P's) in such a way that maximum consumer satisfaction can be achieved.

Marketing efforts are directed to satisfy consumers. Every decision is aimed at satisfying needs and wants of the target consumers. Due to competition, the

marketer tries to satisfy customers more effectively and efficiently than the competitors.

Consumer orientation calls for following actions:

1. Define the target market carefully and collect relevant information.
2. Find out customers' needs and wants.
3. Produce products as per their expectations.
4. Ensure fair deal with customers and ensure commitment toward them.
5. Establish and maintain long-term relations with consumers.
6. Provide them correct information when demanded.
7. Safeguard their long-term interest/welfare.
8. Treat them as business partners.
9. Take care of consumers' suggestions and tackle their complaints.
10. Find out the best way to entertain them, and meet their expectations.

Benefits of Consumer Orientation:

Note that consumer orientation is not a marketing philosophy only, but it is a dominant business philosophy and it deserves many practical implications for better managing. Company can achieve its goals effectively by practicing consumer orientation philosophy. Consumer orientation leads to consumer satisfaction. Consumer satisfaction offers several benefits to company.

The basic question is: Why is company interested to satisfy consumers?

Company can have following benefits if it satisfies its consumers:

1. Satisfied consumer buys more quantity of company's products.
2. Satisfied consumer buys the company's products more frequently.
3. Satisfied consumer talks favorably about the company and its products.
4. Satisfied consumer is not easily impressed or attracted by competitors.
5. Satisfied consumer tries and buys new products as and when the company introduces them.
6. Satisfied consumer extends necessary support during bad (adverse) time. He compromises with the company's offer and continues buying the product even at a little loss.
7. Satisfied consumer remains loyal to the company, gives valuable suggestions, and protects company's interest in all possible ways.
8. Satisfied consumer extends all possible support to the company to carry out its operations effectively.

Impact of Technology on Consumer Behaviour

CONSUMER BEHAVIOUR

Consumer behavior is the decision making of people in spending their available resources like time, money and effort on consumption related items. Consumer behavior is affected by many factors like cultural factors, economic factors, psychological factors, personal factors, and technological factors. In this article the influence of technological factors on consumer behavior is emphasized.

ROLE OF TECHNOLOGY

The journey of change from conventional devices to modern devices with super speed data helped the marketer to reach consumers of all ages and satisfy their needs. With the help of technology marketer can be connected with the consumer whether the consumers are online or offline. Technology makes the whole world a one community and that helped the company to reach all consumers easily and quickly.

In olden times, if a consumer wants to buy a product, he needs to reach shop within the working hours of that shop. Otherwise he won't be able to buy that product. But with the emergence of e-commerce, customers can buy products at any time. If they want to buy a product or get any information about the product, he can get it at another time. Now, every consumer knows that he is the king of the market and that have much more power than the marketer. Consumers level of expectation is also changed a lot when these is smart devices got a place in our life. So all business should be careful in updating with the changes, or they will be thrown out of market.

The attitude of marketer is greatly influenced by social media. Customer services were provided by companies through emails and phone calls. But with the popularity of social medias and live chats, if an enquiry from a customer is not answered within seconds, the brand reputation of the company will be affected and there is no place for the company in the minds of whole world.

In short, with technology consumers are more connected, their expectations become high and more sophisticated tools are being used for getting the needs satisfied.

TECHNOLOGY-STAGES OF TRANSITION

About a century ago, no one could even imagine shopping from home through internet or virtual stores. But, now it became a reality.

PRE-1800s: TRADITIONAL SHOPS

Barter system was common in this era. Goods produced at one place is sold locally and transported to far away places. Most of the retail business is done in small scale as a family owned establishment.

1800s: THE BIRTH OF DEPARTMENT STORES

During this era, the transportation system became more popular and effective. As it is less costly, people began to use this mode for transporting goods to distant places. Then the retail sector began to grow. The largest retail store “Marble Palace” was built by Alexander Stewart in 1846. It became the first department store and later it influenced others to develop stores in this design. The introduction of small paper roll recording each transaction resulted in first “sales receipts”.

Later, this became inevitable for doing any business. Then department stores began to flourish in our country.

LATE 1800s-MID 1900s: MAIL ORDER AND CATELOGUES

This is a period of boom for mail order business. During this period, Catalogues became popular. Mail order catalogues specifying name of product and price helped to keep a record for sending goods to long distance.

1900s: BABY BOOM

After the Second World War, a population explosion known as “baby-boom” increased the consumer demand. As a result, new highways, shopping centers etc. were emerged. Then the first credit card program is launched in America 1958. In 1960 the debit card is invented. In 1962, discount stores like Walmart, Target etc. were opened.

LATE 1900s: THE ERA OF BIG BOX STORES

With the emergence of large bulk item stores, department store faces a decline in their business. Big box store chains got a place in the minds of consumers as they can purchase all items at one location. Walmart became largest retail store. Amazon.com became very active, selling goods online through internet.

2000s-NOW: THE INTERNET AGE

During the internet age, many retail shops and department stores came to an end. They close the doors as the consumer turned to online shopping from their homes. Amazon became the largest online retailer. In

2006 Face book debuted, and companies could promote themselves on social network. In 2008, Apple

and iTunes, became the largest music retailer in the world. The technology paved way to calculate myriad transactions in seconds.

TRENDS OF INNOVATION

In order to survive, a business needs to customize its products. Consumers are voting again and again

(through their purchases) for devices they offer peace of mind and anticipate their needs.

They offer convenience and peace of mind to consumers”. Following are some of the innovative trends shown impact on consumer behavior:

SMART PHONES

Out of 5 billion people who are using mobile phones, 1.08 billion people are smart phone users. People prefer smart phones than normal mobile phone because of the multi-function utilities of smart phones. They can be used for the purpose of gaming, apps, mobile advertising and social networking.

There is a direct impact between increasing demand of smart phone and purchase pattern of consumers. Smartphone increases the convenience of users as it helps for e-mail, chat, shopping etc. Smart phones work as a useful shopping aid, for instance, getting instant shopping, scanning product bar code etc.

SOCIAL MEDIA

Social media is a platform for communication both for consumers and sellers. Consumers seek advice on making purchase whether consumer durable or service through social networking sites like Face book and Google. Similarly many companies are using them to influence consumer opinions and buying patterns.

ONLINE EDUCATION

Many students are moving from traditional method of learning to E-learning. Online segment is categorized into different sub-segments such as K-12 learning, Higher Ed learning and Corporate E learning. Online education helps the students to get access of highly qualified professors across different geographical regions.

MOBILE PAYMENTS

Now days, consumers are making payment online. Mobile payment facilitates transfer of money through mobile phone. It can be made through premium SMS, Direct mobile billing, Mobile web payments, and contactless NFC (Near Field Communications).

MOBILE APPS

Mobile apps can greatly influence the consumer behavior. Now a days, mobile apps are widely use in every industry like banking, consumer goods, manufacturing, media & entertainment, pharmaceuticals, travel and hospitality.

CONCLUSION

Technology is a powerful tool in influencing and changing consumer behavior. Unless, companies go along with technology, they will be thrown out of market. It is expected that consumer behavior, over a period of time may be completely influenced by an information that is primarily processed through the internet. In a world where new technologies are emerging all the time, those companies who satisfy consumer needs first will survive and win.

EFFECT OF DEMOGRAPHIC FACTORS ON CONSUMER BEHAVIOR: AGE, SEX, INCOME AND EDUCATION

Effect of Demographic Factors on Consumer Behavior

Several factors affect consumer behavior. It differs from person to person based on his age, income, sex, education and marital status.

You can easily notice the difference between the buying decisions [and consumer behavior](#) of two different people from different economic groups. A person with high income level makes big purchases whereas one from the lower economic strata makes smaller purchases.

These factors are evident at the surface. However, there are several factors affecting buying decisions and consumer behavior.

Some of these differences are easily noticeable whereas the others might be a little difficult to observe.

This article focuses on four important demographic factors and the effect they have on consumer behavior.

These factors are **age, sex, education and income**. As these factors change, they affect consumer behavior. You can observe that an increase in wealth or education also affects consumer behavior and choice of products and brands.

Age:

Age is an important demographic factor that affects consumer behavior. As people grow, their needs change. Similar changes appear in their buying decision making patterns. With age, our health related needs change and so do our other needs. Age brings changes to people's lifestyle and affects their needs and personal values. When people are young, they spend more on their lifestyle needs like fun,

movies and fashion. As they grow older, their expenses on these things grow lower. Elderly people mostly remain indoors, however, their health related expenses can grow since an aging body is more prone to diseases. In this way, age becomes one of the fundamental demographic factors that affect consumer behavior and buying decisions. Age does not just affect buying behavior, it is also an important factor in terms of [market segmentation](#) and [marketing strategy](#). Marketers segment their target market on the basis of age. There are several products that are targeted mainly [at the millennials](#). Similarly, there are products meant for the elderly and which target the needs of people past their middle ages. Lifestyle gadgets and magazines are mostly marketed to the youth or the millennial generation. Since, the taste of this generation is different and they are more digitally inclined, this affects not just the choice of marketing strategy but also the marketing channels used to reach them. People's choice of brands and products start changing as they grow older. A young man's choices can be vastly different from the elderly since age brings changes that affect our flavor. An older person may have more serious choices and will be less fun loving than a young man. From the type of movies to the type of food and the type of clothes that they wear, things are a lot different between the young and the old. Chocolates are meant for kids and young people. Their consumption among the elderly is much lower. Age determines several things and when we retire, our consumption patterns change according to the changing income level. Elderly people are less digitally inclined and therefore their consumption of digital services is lower.

Sex:

Several things differ between the male and female consumers and these differences like different needs and attitudes affect their buying choices.

The two sexes have different needs in terms of fashion and lifestyle. So, their consumer behavior in these two areas can be vastly different. It is mainly the difference in needs that lead to differing choices. However, there are several areas

where consumption patterns can be similar too like in terms of food and fun. The same movies and same fast food brands may appeal to both the sexes. The same is true about technology and hardware too. However, there are still several products in the market which are meant for either of the sexes not each. [Decision making](#) patterns may also vary between the two sexes. The homemakers are less likely to be involved in impulse buying. Several advertisements that you daily come across are directed at both or either of the two sexes. From fashion ads to grooming products, the same ads do not appeal to both the sexes. In most of families, it is the women that influence most of the household choices.

Income:

Income is a very important factor that affects the buying decisions and consumer behavior of people. Across different income levels, the difference in product choices and buying patterns can easily be marked. A person in the middle class makes his buying decisions based on utility. However, someone from the upper class would want style, design and special features while making a purchase. The channels for the marketing of luxury items are different from those for the ordinary ones. Luxury items are mostly marketed through luxury magazines. The level of income determines what kind of products someone regularly purchases. A buyer with higher disposable income will spend more on luxury or lifestyle items. People with higher disposable income also spend more on vacations and tours. Customer service and after sales support also become important factors when it comes to big ticket purchases.

Education:

Education affects how people view things around them. It affects the level of discretion they employ while making purchases. In this era, education has also become the determinant of social class and the easiest method to climb up in the society. The more educated a person is, the higher the level of discretion he will employ in making purchases. People's preferences can change with

education. Every customer is well informed in this era. However, the more educated ones take more time before deciding a purchase. Education affects a number of things including the fashion you wear and the programs you watch. It affects even your choice of stationary and the magazines you are reading. It is why some ads do not work with all customers. Highly educated customers look for information and do not rely on ads alone. They research products and their attributes and verify each piece of information available before making a choice. If observed carefully, education's effect can easily be seen on consumer behavior. An educated customer would weigh his options carefully before going for a purchase. Sometimes it might be easy for businesses to attract the less educated customers compared to the highly educated ones. As people become more educated, they exercise more caution in terms of purchasing.

Conclusion:

Consumer behavior is affected by several factors, mainly age, sex, income and education. While our preferences change with age and level of education, sex and income also affect our product choices and decision making patterns. The economic crisis has passed. However, during the crisis, people's disposable incomes had declined and this had affected their purchasing behavior.

In this way, in a period of economic turbulence people grow more careful with their expenses, which is also a proof that income affects consumer behavior.

The [Covid-19 pandemic](#) also caused a temporary recession.

Millions of people became unemployed in a very short span of time as thousands of businesses shut down due to the crisis.

As people lost their jobs, they also stopped spending on non essential items.

In this way, economic factors like employment, earnings and savings have a direct impact on consumption and consumer behavior.

However, apart from these demographic factors, [psychographic](#) and geographic factors too have an effect on consumer behavior.

These factors too can have a deep impact on how people buy and spend and how marketing must be done to achieve higher sales.

