



Changing Behavior of Consumer in India: Impact of Information Technology

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ABSTRACT

Information technology is quickly altering the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing radically over the last few years. Consumer behavior is a study of how individuals make decisions to spend their available resources (time, money and effort) on consumption related items (What they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service). The understanding of consumer behavior has become the most challenging concept in marketing in India. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. The Indian consumer no longer feels shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to a tremendous increase in expenditure and use of FMCG's products. The reason behind this is that the purchasing power of people of India is rising. The Indian consumer today is highly aware about the product, price, quality and the options available with him. Consumers view IT as multi utility, customer satisfaction, save cost, effective buying decision, reasonable price, easy to use, timely delivery, maintaining records and no intermediaries which open the way of direct marketing. Thus, the value of IT as a prospective source of competitive advantage is clearly realized. Therefore, it is the need of hour for marketers to understand what motivate consumers to purchase online and what discourages them from doing so. The answer of this question will certainly help the corporates to expand their business beyond boundaries.

Introduction

Information technology is quickly altering the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing radically over the last few years. Every year the number of organizations that use internet for marketing purposes increases. In the same way, number of consumers who use the internet not only for gathering information but also for purchasing goods is also increasing. Consumer looks for information in a website or may search for products to buy. According to Andrews et al. (2007) for



organizations Internet is contributing to disseminating information, improving consumer value, enhancing consumer satisfaction, reliability and retention as well as consumer perception which in turn leads towards better profitability and increased market share. As of the consumers' viewpoint, Internet-based services can considerably decrease the costs for searching, extend the selection of vendors, deliver lower priced products/services, and increase easiness, allowing more control over products/services offered. This reduction in cost has inspired organizations to enlarge electronic information services and new competitors to enter existing market. In the era of IT, consumer behavior is the way of interacting with an online market, communicating with the business and approaching towards decisions, which are influenced by the presentation of the marketers.

Consumer behavior is a study of how individuals make decisions to spend their available resources (time, money and effort) on consumption related items (What they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service) The understanding of consumer behavior has become the most challenging concept in marketing in India. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. He wants to live in present and does not believe in savings for the future. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods. The Indian middle class has provided a big boost to consumer culture during the recent past and it is hoped that their buying behavior will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also increasing. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to services and industry sector where growth prospects are reasonably high as compared to the agriculture sector which is showing slow growth. The consumption pattern of a country depends on liberalization of economic policies, buying habits of the younger generation, financial independence at a young age, increase in number of nuclear families and increase in media exposure of the people.

Factors influencing consumer buying behavior

Consumer buying behavior is affected by various factors that determine the product and brand preferences of consumers. It is essential for marketers to study the impact of these factors on consumer buying behavior because it helps them in designing marketing strategies to appeal to consumer preferences. The factors that influence the consumer buying behavior include cultural, social, personal and psychological factors.

The process of decision-making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the



product/service. The figure shows that consumer life style is in the centre of the circle. All these factors lead to the information of attitudes and needs of the consumer.

1. Cultural factors

The cultural factors that influence consumer buying behavior include the culture subculture and social class of the buyer.

(i) Culture: - Culture is considered as a set of rules, values, beliefs, behavior and concepts that is common to and binds together the members of a society. It is usually passed on from one generation to the other. During our lives, there is constant- conscious and unconscious-pressure on us to display certain types of behavior. Perceptions, wants, and behavior learnt by an individual, influence his buying behavior. Our culture reflects what we eat, what we wear, the code of conduct, our buying habits, consumption pattern and the way we use the dispose products. Culture also determines that is acceptable about product advertising. Thus, an individual's buying pattern for Fast Moving Consumer Goods (FMCG) is largely influenced by the culture.

(ii) Subculture: - Every culture has its own set of subcultures. A subculture is a culture followed by a group of people within a culture that is distinctly identified within a larger society. These groups have similar habits, behavior patterns, shared value system, buying behavior on the basis of their age, religion, common experiences or even geographic location.

(iii) Social class: - Social class refers to the classification of members of the society into a hierarchy of distinct classes so that every individual in a class has approximately same position in the society.

(a) Upper class: This class consists of people who are rich and possess considerable wealth, for example, people with large businesses and wealthy corporate executives. These people live in large bungalows in posh localities and tend to buy expensive products and patronize branded exclusive shops for snob and luxury goods.

(b) Upper middle class: - This class consists of well-educated people holding top class positions in middle size firms, or professionals who are successful. They have a strong drive for success and indulge in shopping for goods that speak of their social status.

(c) Middle class: This class consists of white collar workers like middle level and junior executives, sales people, academicians, small business owners, etc. These people lead a conservative lifestyle and spend moderately. They live in apartments or reasonably smaller houses and seek to buy products, which give more value for money.



(d) Lower class: - This class consists of blue collar workers like factory laborers, semi skilled and unskilled laborers in the unorganized sector. These people are more family oriented and depend on their family for economic and emotional support. Their families are usually male dominated. These people are less or poorly educated, live in smaller houses in less desirable neighborhoods. Due to their low income levels, these people tend to live in the present and have no concept of savings.

2. Social Factors

Family, friends, formal social groups, colleagues at work and consumer action groups influence the consumer's buying behavior significantly. An individual's family greatly influences the buying patterns of the individual. However, this depends on the amount of interaction he has with his other family members. Formal social groups like Lion's Club, Rotary Club and Jaycee's Club do influence the individual buying behavior. These social groups influence buyers to refrain from buying those goods and services that exploit customer vulnerabilities.

(i) Reference groups: An individual's attitude, value and behavior are influenced by different (small) groups. These groups are called reference groups and they have a direct or indirect influence on the individual. Buying behavior of consumers is largely influenced by the reference group to which they belong or aspire to belong.

(ii) Family: A family is defined as two or more persons related by blood, marriage or adoption and reside together. A family is a small reference group but it is prominent in influencing consumer behavior. Families go through various stages of life cycle, each stage creates different demands for different products and the buying behavior of the members is greatly influenced by the stage of the family life cycle. For example, the consumer demands of a bachelor are different from those of a newly married couple, or a family with children/no children, older couples with dependent children, older couples with no dependent children and solitary survivors. Members of a family exert a strong influence on the buying decision. The husband, the wife and the children play different roles while purchasing different products and services and these roles vary from country to country.

3. Personal Factors

There are different personal factors, which affect the buying decision process. These factors, such as the age, sex, lifecycle stage, occupation, economic conditions, personality, etc, are unique to every individual.



(i) Age and life cycle stage: Changes in the society have led to the creation of different categories like couples marrying late in life, childless couples, single parents, etc., besides the traditional lifecycle stages which included young singles, married couples and lone survivors. Therefore, marketers should determine the needs of their target markets and introduce different products and marketing efforts targeted at different stages.

(ii) Occupation and financial status: Occupation and income level of a person have a major impact on his savings and buying behavior. For example, a blue collar worker will indulge more in purchasing clothes, shoes, etc. which he can wear to work. Similarly, a company's chairman may buy clothes, accessories and other products and services that suit his lifestyle. **(iii) Lifestyle:** An individual's way of leading his life will determine his lifestyle. Factors such as work life, interests, social groups, etc. influence the life style of an individual.

4. Psychological Factors

Psychological factors that influence consumer buyer behavior are motivation, perception, attitude, and learning.

(i) Motivation: A motive is a strong urge that drives a person's activities towards unfulfilled needs and wants. Customers are influenced by a motive or a set of motives when they have unfulfilled needs. In other words, needs are the motivational elements behind the purchasing decision of customers. One of the most widely known motivational theory, the hierarchy of needs, was proposed by Abraham Maslow and explains why people are driven by particular needs at particular times. According to Maslow, needs can be classified as (a) physiological needs, (b) security needs, (c) social needs, (d) Esteem needs and (e) self actualization needs.

(ii) Perceptions: Perception is defined as the process by which an individual selects, organize and interprets stimuli into meaningful thoughts and pictures. Customers base their perception; on their needs, wants, past experiences and something that they consider to be true. For example, a subscriber/reader who reads a particular newspaper or journal might perceive it to give the true picture of the happenings around him. Perceptions of a person are affected by many factors like reality, sense, risk etc.

(iii) Beliefs and Attitude: A belief is a descriptive image or thought that an individual holds about something. People acquire beliefs and attitudes through experience as well as learning. The beliefs and attitudes held by people, in turn, influence their buying behavior. A person's attitude is a set of his feelings and the way in which he reacts to a given idea or thought. Attitudes can be



positive, negative or neutral. Customer attitudes and beliefs influence his perception and buying behavior.

5. Information Technology

Information Technology factors that influence consumer buyer behavior.

(i) Multi Utility of IT:

Multi utility of IT plays a vital role in consumer purchase behavior. Results of this factor states that consumers perceive that IT have multiple uses as reflected by the nature of variables loaded on this factor. Consumers think that sufficient information about the product is available on internet. It is easy to make payment online as various options are offer to consumers. To make the online purchase attractive various discounts are given by the organizations from time to time. Moreover the orders made by consumers to purchase can be booked easily. Online shopping has made the consumer techno savvy. Thus, consumers are of the view that to purchase by using IT has multi utility.

(ii) Customer Satisfaction:

All the variables loaded on this factor have positive loadings and indicates that most firms are using information technology to satisfy the customers as customer satisfaction is the ultimate motto. Basic structure of this factor suggests that customers are getting satisfaction over the purchase made by them using IT. By doing so they are in direct touch with the companies thereby having direct relationship. It also enables the customers to contact such companies any time and get information about pre purchase, products and post purchase so that they can purchase the product of their choice without cognitive dissonance. Thus, it can also be postulated that firms use IT as medium to maintain the relationship with customers, to satisfy their customers and get periodically feedback about its products/services.

(iii) Save Cost:

Nowadays consumers are of the opinion that information technology help in reducing cost and create awareness about latest products. They perceive that in comparison to traditional shopping online shopping is more beneficial in terms of cost associated with purchasing. Further they get more information and awareness regarding new products easily without any cost of searching elsewhere. Keeping in mind the nature of variables loaded on this factor it is named as save cost.

(iv) Effective Buying Decisions:

The another important factor in the favour of using IT is effective buying decisions in terms of



enhancing the confidence among customers, facilitating customers in their decision making, encouraging customer to purchase new products, etc. Thus, consumers purchase through online mode because of such encouragements, which is good for the companies as well.

(v) Reasonable Price:

Consumer attitudes towards purchasing through online mode are further fueled by reasonable price as they can save cost of transportation to go to market. Consumers can make a comparison of prices of various products offered by companies and can decide to purchase the products having reasonable price. Even it is found that prices are comparatively less than traditional shopping. Thus, it can be inferred that reasonable price is one of the impact of IT due to which customer purchase products/ services frequently.

(vi) Timely Delivery:

Another booster in the support of using IT in purchasing products/ services online is delivery of products well in time to customers. Online companies have strong supply chain enables them to make the product available to consumers well in time. Thus, it can be concluded that customers are highly influenced by IT as they get timely delivery of products/services.

(vii) Maintaining Records:

The variable loaded on this factor have very high positive loading and indicates that for consumers who go for shopping online, it is easy for them to maintain the records of bills and purchases, etc. Consumers give order of purchase online, get bills and all other related information online, thus maintaining records become routine. Moreover, there is no risk of losing the bills as it is not in physical form and data can be handled and stored easily for further use.

(viii) No Intermediaries:

As consumers are in direct touch with online companies therefore, products are directly delivered to consumer. Such direct contact between companies and consumers reduces the length of distribution channel leaving no or least scope for intermediaries. As a result it may save the time and cost for the consumers as well as companies. It also helps the consumers to make effective planning i.e. what to order and when to order so that they can get delivery of products at required time and place.

(ix) The use of IT through online mode make the consumers efficient as they can save too much time. It is also easy for them to get the product of their choice by making comparison among various products. Therefore, it can be said that IT has increased the efficiency of the consumers



by saving time and cost that can be used elsewhere.

Conclusion

The Indian consumer 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 consumerism. The attitude of Indian consumers has undergone a major transformation over the last few years. The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The fast expansion of Internet exercise and programmatic enhancement in the circle of IT has modified the way stock are acquired and marketed, resulting in an exponential expansion in the number of online buyers. Because of the numerous benefits of IT use to purchase products/ services, now more and more people prefer online shopping over conventional shopping. Present investigation reveals that consumers have overall positive image towards use of IT while making purchase. Consumers view IT as multi utility, customer satisfaction, save cost, effective buying decision, reasonable price, easy to use, timely delivery, maintaining records and no intermediaries which open the way of direct marketing. Thus, the value of IT as a prospective source of competitive advantage is clearly realized. Therefore, it is the need of hour for marketers to understand what motivate consumers to purchase online and what discourages them from doing so. The answer of this question will certainly help the corporate to expand their business beyond boundaries.

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International Journal of Business Quantitative Economics and Applied Management Research

ISSN: 2349-5677

Volume 1, Issue 10, March 2015

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