



# MARKETING MANAGEMENT

Theoretical and  
Practical Implications

**Ajit Singh • Des Raj Bajwa • Shagun Ahuja**



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*Editors*

**Ajit Singh**

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## Role of Consumer Behaviour in Marketing

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### ***Abstract***

Marketers need to understand the buying behavior of consumers for marketing of their products. A marketer needs to first identify his target consumers and understand their lifestyles, psychologies, income, spending capabilities, mentalities to offer them the right product. Consumer behavior is a decision process and physical activity where individuals engage in when evaluating, acquiring, using or disposing of goods and services. So it is essential for marketers to understand buying process of consumers that enable marketer to make marketing campaign. Understanding consumer's behavior is urgent needs in marketing. The aim of this paper is to study the need of consumer behavior and importance of consumer behavior in marketing.

***Keywords:*** Consumer Behavior, Buying Decision, Marketing.



## **Introduction**

Marketing is a comprehensive term and it includes all resources and set of activities necessary to direct and facilitate the flow of goods and services from the producers to the consumer. Marketing is a broader concept which includes all human activities in relation to the market. It includes product planning and development, buying and assembling, pricing, distribution, selling, branding, packaging, standardization, grading, transportation, warehousing, promotion, advertising, financing and analysis of market in terms of its present and potential customers. Hence, marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others. So it is essential for marketers to understand buying process of consumers that enable marketer to make marketing campaign. Understanding consumer's behavior is urgent needs in marketing. Consumer behavior refers to the study of buying tendencies of consumers. Marketers need to understand the buying behavior of consumers for marketing of their products. A marketer needs to first identify his target consumers and understand their lifestyles, psychologies, income, spending capabilities, mentalities to offer them the right product. Consumer behavior is a decision process and physical activity where individuals engage in when evaluating, acquiring, using or disposing of goods and services. Consumer behavior is a complicated mental process as well as physical activity.

## **Need and Importance of Understanding Consumer Behaviour**

Consumer behavior reflects the totality of consumers' decisions with respect to the acquisition, consumption and disposition off goods, services, time and ideas by decision making units. Buyer behavior is the study of

decision making units as they can buy for themselves. It means buying behavior particularly involves collective response of buyers for selecting, evaluating, and deciding and post purchase behavior. Buyer behavior is the study of human response to services and the marketing of products and services. The process and activities people engage in when searching for selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. The activities directly involved in obtaining, consuming and disposing of products and services, including the decisions processes that precede and follow these actions. A recent example of a change in consumer behavior is the eating habits of consumers that dramatically increased the demand for gluten-free products. The companies that monitored the change in eating patterns of consumers created gluten-free products to fill an empty space in the market place. However, many companies did not monitor consumer behavior and were left behind in releasing gluten-free products. Understanding consumer behavior allowed the pro-active companies to increase their market share by anticipating the shift in consumer wants.

In other words, consumer behavior involves the understanding that acquisition, use and disposition can occur over a period of time in a dynamic sequence. It means the study of consumer behavior is the study of how individuals make decisions to spend their available resources such as money, time and efforts on consumption-related items.

The American Marketing Association defines consumer behavior as *"The dynamic interaction of cognition, behavior and environmental events by which human beings conduct the exchange aspect of their lives."*

Consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services,

experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Behavior occurs either for the individual, or in the context of a group. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage the consumption of a product in the market. Consumer behavior involves services and ideas as well as tangible products. The impact of consumer behavior on society is also relevant. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit may have serious repercussions for the national health and economy. Services are also marketed mostly in the same manner as goods and commodities. Still there are wide differences between goods and services based on their characteristics and attributes.

### **Objectives of the Study**

1. To understand the needs of consumer behavior.
2. To understand the factors affecting consumer behavior in Marketing.

### **Research Methodology**

The present study relates to the role of consumer behavior in marketing. Descriptive research design was applied for investigation of research study. Information has been collected on the basis of both Primary and secondary data considering the need of the study. The study is based upon the previous studies relating to the subject matter.

### **Data Collection**

Both primary and secondary data have been collected for the purpose of this study.

#### **Primary data**

Information gathered by feedback from friends and customers.

### **Secondary data**

Secondary data means data that is already available and their information has also obtains through:

- Books
- Journals of Marketing
- Internet Resources
- Newspaper
- Tribunals

### **Review of Literature**

<sup>1</sup>**Hooda and Aggarwal (2012)** have examined in their study that people have dubious attitude towards e-marketing of product & services mainly due to security concern related to privacy of personal information. Personal information privacy should be given preferences by the companies involved in online marketing of product & services.

<sup>2</sup>**Hemant, Frankin and Senith (2014)** have examined in their study that understanding consumer behavior is a key to the success of business organizations. Marketing personnel are constantly analyzing the patterns of buying behavior and purchase decisions to predict the future trends.

### **Application of Consumer Behavior**

The study of consumer behavior deals with fundamental questions related to buying such as: what we buy and how we buy. The study of consumer behavior makes us aware of the influences that persuade us to use the services of our choices. For understanding consumer

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<sup>1</sup> Hooda S. and Aggarwal S., "Consumer Behavior towards e-marketing: A study of jaipur consumers" (2012).

<sup>2</sup> Hemant kumar A. H., Frankin S., and Senith S., "A study on factors influencing consumer buying behavior in cosmetic products" (2014).

behavior, implementation of consumer behavior theories and verification of applications of such theories is necessary. Consumer behavior is larger field of human behavior and an extended field of marketing. The most obvious application of consumer behavior is for deriving marketing strategy. New product initially adopted by a few consumers and spread gradually to the rest of the population later. The companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success. It is also important to delight initial customers, since they will in turn influence many subsequent customers' brand choices.

Several models have been propounded for explaining buyer behavior. Some important consumer behavior models as developed by the scholars are described below:

**1. Economic Model:** According to this model buyer is a rational man and his buying decisions are fully governed by the concept of utility. The customer has purchasing power of choosing a set of services to meet his need. He will allocate this amount over the set of services in a very rational manner with the intention of maximizing the utility or benefits. The buyer is usually unwilling and unable to engage in extensive decision-making activities and is satisfied with utility or benefits of a product.

**2. Learning Model:** This model concerned with consumer's ability of learning, forgetting and discriminating. Stimulus response theory on learning model has its beginning with Russian psychologists Pavlov. It is based on experiments made by pavlov on feeding of a dog was preceded by the sound of a bell and found that dogs behavior is conditioned, it is related to behavior producing stimulus and behavior response. The process of learning is based on four fundamental factors such as drives, cues, responses and reinforcement.

**3. Psycho-Analytical Model:** This model drawn mainly from Freudian psychology. Sigmund Freud added a new dimension to consumer behavior theories by introducing psychological elements of the consumer into their decision making. This model considers individual buyer as a complex set of deep seated motives that derive him towards certain buying decisions. The model describes the most superior and innovative implications to the marketer for designing a service message that suits the psychological needs of the consumer.

**4. Anthropological Model:** According to the anthropological model, the individual customer is influenced by society, intimate groups as well as social classes. Buyers buying decisions are not totally governed by utility; consumer has a desire to follow and fit it with his immediate environment.

**5. Social-Psychological Model:** This theory is proposed by Veblen in the context of behavioral aspects related to the economic and personality variables. Consumer behavior of any person can be understood by society and place of living. These social influences exert pressure and mould individual behavior. Man is a social animal conforming to the general forms and norms of the culture surrounding him. The subculture, norms, reference groups, membership, social class, family and surrounding shape his behavior. The challenge to marketers is to determine which of these social levels are most important in influencing the demand for his service.

**6. Nicosia Model:** Nicosia model and Howard and Sheth model belong to a category called systems model where human being is analysed as a system with stimuli as the input and behavior as the output of the system. Francesco Nicosia an expert in the buyer behavior and motivation proposed his model of buying behavior in

1966. The model tries to establish a relationship between a firm and its buyers.

To understand how consumer behavior affects marketing, it is essential to understand the factors which affect consumer behavior:

**Social factors:** A group may be defined as two or more people who interact to accomplish similar goals. Consumers are influenced by their family, friends, consumer action groups, work groups, reference groups etc. Four basic functions provided by the family are relevant to consumer behavior these include; economic wellbeing, emotional support, family lifestyle and family-member socialization.

**Cultural factors:** Cultural factors are the set of basic values, perceptions, wants and behaviors that are learned by consumers from their families and other social institutions. Cultural factors have a significant effect on an individual's buying decision. Every individual has different sets of habits, beliefs and principles which he/she develops from his family status and background. Females staying in Punjab would prefer buying salwar kameez as compared to westerns. A Hindu bride wears red or maroon in her wedding while a Christian bride wears a white gown on her wedding.

**Psychological factors:** Psychological factors may include perception, the person's ability to learn, attitude, will power, motivation etc. Every person used their attitude and perception while taking buying decision. Perception is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful manner. Consumer learning is the process of acquiring the knowledge related to purchase and consumption of information. Thus marketer should consider psychological factors while doing marketing efforts.

**Demographic factors:** Demographics describe a population in terms of its size, distribution and structure. Demographics influence buying behavior by affecting the attributes of individuals such as their personal values and decision styles. Age, education level, income, occupation serve as dimensions of demographics. All these demographics play important role in determining the social status of an individual and influence the behavior of consumer in buying various services.

**Economic factors:** Wealth, home ownership, number of earning members in a family, household income, expenditure, and the rate of interest, inflation, economic conditions and investment pattern are some of the economic factors that influence on buying decision.

### **Findings and Suggestions**

- The study of consumer behavior deals with fundamental questions related to buying such as: what we buy and how we buy.
- The study of consumer behavior makes us aware of the influences that persuade us to use the services of our choices.
- For understanding consumer behavior, implementation of consumer behavior theories and verification of applications of such theories is necessary.
- Consumer behavior is larger field of human behavior and an extended field of marketing.
- The most obvious application of consumer behavior is for deriving marketing strategy.
- Consumers are influenced by their family, friends, consumer action groups, work groups, reference groups etc.
- A marketer needs to first identify his target