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## IMPORTANCE OF CONSUMER BEHAVIOUR - A CRITICAL APPRAISAL

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### Abstract

In Indian market customers are playing key role in business. This would help the company to determine the promotional measures based on the findings. In this type of research is having very high scope for further research. The consumers choices are different dimensions like financial, psychological, sociological and some other factors so there is a wider scope for consumer research and analyzing, identifying the needs and buying behavior. Academic community as well as business firms has undertaken a lot of researches in the field of consumer behavior in different ways. The consumers are from different segments therefore the firms are very much interested in studying their behaviours segments wise. Without analyzing the consumer preference, the firm producing the products for sale is totally waste of time and money. Consumer is the king of any business. Understanding consumer needs and wants is important and foremost task of any marketers. The customer satisfaction is a key area for improving business performance of the company. The company needs to change their plan and strategy for attract the consumer based on the needs, preference and buying pattern. The customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. The challenge of identifying the consumer satisfaction is key elements in their company performance in term of profit and loss. In this research paper explains the Importance of consumer behavior - A Critical Appraisal

**Key Words:** Consumer Behaviour, Buying Behaviour, Consumer Satisfaction Market sustainability, buying pattern, Productivity

### Statement of the Problem

*"As marketers, we need to put our own biases aside and see things through the lens of our customers. We need to steep ourselves in their needs and desires, focusing on key pain points and opportunities to delight."*

**Sean Folan,**

Vice President, Health Industry Leader,

At the heart of your business is your customer, and to grow and scale you're going to need to get to know them really, really well. Businesses get to know their customers better by conducting consumer research, also known as customer research. Here we cover everything you need to know about consumer research and the methods to conduct it, and how it all ties together with customer segmentation and buyer personas. Consumer research is the practice of identifying the preferences, attitudes, motivations, and buying behavior of the targeted customer. Using a variety of customer research methods to gather this information, shared traits among the different customer groups are identified and categorized into customer segments and buyer personas, which are then used to create marketing campaigns targeting a specific segment or persona. Consumer research is the key to improving your product and successfully marketing to customers who want to do business with you. Interviews, surveys, and other customer research methods are some of your best friends when it comes to helping your company consistently increase its revenue year on year.

A customer segment, also called a consumer segment, is a group of individuals who share specific traits relevant to marketing, such as age, location, gender, spending habits, and interests. The purpose of a customer segment is to provide a better understanding of how different groups of customers make purchasing decisions, and to allow marketing efforts to be



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more targeted and better tailored to those distinct groups. Different customer segments may require different messaging, different communication channels, or even different pricing options. Additionally, customer segments can help a startup identify the most profitable customers, establish better customer relationships, and improve customer service. Without identifying customer segments through consumer research, your startup may not fully recognize the specific demands of your customers, resulting in missed opportunities and failing to gain a competitive advantage in your market.

A buyer persona, also called a customer persona, is a research-based profile constructed from the analysis of real customers. A buyer persona is more than just a detailed description of your target customer; it's build from the words of actual customers and provides in depth insight into who they are, what they value, and what their motivations are. If you want to know what prospective customers are actually thinking as they weigh out their options on how to address whatever problem your startup aims to solve, you are going to need to create a buyer persona. Buyer personas allow brands to better understand customer segments, and recognize the key traits within them, ensuring activities involved in acquiring and serving your customers are tailored to the targeted buyer's needs. Unless your target market is extremely limited in scope, it's very common to have a number of buyer personas within each customer segment.

Consumer research can take many forms, from notes your team takes on a daily basis (such as sales and customer support calls) to more planned and structured methods of data collection. Identifying the best consumer research methods for your business may take some trial and error, but the rewards are worth it. Wherever possible, your customers should be grouped into customer segments to help you achieve the goals of your data collection.

### **Consumer Research Methods**

Interviewing customers who are going through different stages of their journey with your product can be time-consuming. Even though interviews may prove to be a significant challenge, they can also be one of the most eye-opening and valuable consumer research methods your startup can undertake. Interviews offer a high level of insight into the mind of the customer with very specific details on their needs, wants, and motivations as they relate to your product. This information is invaluable for any startup, but it isn't always easy to obtain. The data collected from interviews can be used across all aspects of your marketing strategy for a 12-month period. After this time, you should begin the process again to account for changes in your business and changes to your customer base. If you don't have the resources to carry out interviews (or your customers won't oblige), there are other ways to gather some solid data. Surveys might be the most commonly used consumer research method, and for good reason too. Surveys don't necessarily offer the same level of insight as interviews, but they are much easier to get customers to participate in and provide feedback due to their simple nature. They are a quick and easy way for customers to provide feedback and feel their needs are valued by a company. Surveys are conducted in a number of ways with varying degrees of effectiveness, but generally speaking, the response rate for surveys is much higher than interviews. Having a larger sample size makes it easier for a startup to recognize similar characteristics and patterns among consumers.

Review mining is an often overlooked consumer research method, but also one of the most valuable methods, especially in SaaS, when it comes to cost and value. Review mining is the process of researching reviews of competitors to gather qualitative data to improve your own product. Unlike interviews and surveys, review mining doesn't require that you reach out to your customers to get feedback. Instead, all the feedback is already published and readily available for you to analyze, making it extremely easy to acquire valuable data to help your startup gain a competitive advantage. In fact, it might just be the most effective way to not make the same mistakes your direct competitors have made, and identify specific features that make similar products sell.

1. Amazon
2. Review-based websites (e.g. G2 Crowd and Trust Radius)
3. Forums and comments (Reddit, Facebook, LinkedIn, Product Hunt, blogs)



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This is by no means an exhaustive list of the ways you can capture your voice of customer data, but it's a good start if you're not sure where to begin.

### Why is consumer research important?

The voice of your business should mirror the voice of your customer, and your product should satisfy their needs. How better to attract your ideal audience than by using the language they use, reflecting back the pains they feel, and being there to help them find a solution to their woes. And by solution, I mean your product. Capturing the exact words and messages of your customers by speaking directly with them is a goldmine for your marketing strategy.

A recent CoSchedule study revealed that:

1. Successful marketers are 242% more likely to conduct audience research at least once every quarter
2. 56% of the study's most elite marketers conduct research at least once a month

Now that you understand what a buyer persona is (see above), it's important to recognize why they are so valuable and what they actually look like. An example of a buyer persona might look something like this: *Wendy, the 45-year-old single mom with 2 kids who earns a modest income and enjoys tennis.* But what does this actually mean? The reason it is so useful is because it is based on actual research from customer data, rather than being dreamed up in a meeting room by marketers who imagine that this is their target audience. Conducting in-depth research on your prospects and customers will help to give you a clear snapshot of who your customers really are. This can often be an eye-opener. Some companies sink their precious marketing budget into targeting their ideal customers when their actual audience is quite different – so all the money spent on marketing has little effect.

Say, for example, you own a second-hand shop. All your marketing efforts target the 30-40 age group who you imagine is your ideal audience – they are shopping with an eco-friendly, sustainable mindset. You can't understand why your targeted marketing is having very little impact on your sales. But after surveying your actual customers, you find the majority of them are thrifty 50-somethings looking for bargains. A completely different audience from the one you've been trying to attract. When you carry out regular consumer research, you'll have a much more accurate idea of the demographics that matter to your business. Building buyer personas based around this factual data have a far better chance of impacting your growth marketing than using educated guesswork.

Content is one of the reigning champions of marketing for the top of the funnel. But if you're basing your content creation on what you feel like writing, what competitor sites are doing, or what an influencer website said was hot to write about right now – your content marketing might be in need of some help. Your customers are exactly that – yours. They found you and subscribed for a reason, so why not find out what that reason was, and ask them what they'd like to read more of? Simple pop-up Web surveys or a casual email asking readers what they'd like to read more of on your site can provide you with ample content ideas to fill up your quarterly calendar. Every great conversion expert knows that the best performing copy and design is linked directly to the customer experience. Copywriters, designers, and optimizers all look to consumer research data in their process – from beginning to end. Long after the main project has finished, A/B testing still relies on customer data to pinpoint the weak areas and make improvements. Design trends and best practices may change, but the one thing that remains constant is your customer. Audience research is crucial to your business growth. Keeping in touch with your customer base is one of the best ways to find out what you're doing right, and how to pinpoint what customers see as flaws in your product or service. Customer satisfaction can be measured with the Net Promoter Score (NPS) system, which directly correlates with your business growth. In conclusion, don't underestimate the impact that regular consumer research can have on your business, whether you're at start-up or enterprise level. The data you collect can impact the way you build your product, market your services, and message your audience, all of which are directly tied to healthy and sustainable business growth.



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## What Is Consumer Behavior?

Consumer buying behavior refers to the study of customers and how they behave while deciding to buy a product that satisfies their needs. It is a study of the actions of the consumers that drive them to buy and use certain products. Understanding consumer buying behavior is most important for marketers as it helps them to relate better to the expectation of the consumers.

It is important to assess the kind of products liked by consumers so that they can release them to the market. Marketers can understand the likes and dislikes of consumers and design base their marketing efforts based on the findings. Consumer buying behavior studies various situations such as what do consumers buy, why do they buy, when do they buy, how often do consumers buy, for what reason do they buy, and much more.

Understanding consumer behavior is essential for a company to succeed in its current products and new product launches. Consumers have different thought processes and attitudes toward buying a particular product. If a company fails to understand the reaction of a consumer towards a product, there are high chances of product failure. Due to the changing fashion, technology, trends, living style, disposable income, and similar other factors, consumer behavior also changes. A marketer has to understand the factors that are changing so that marketing efforts can be aligned accordingly.

In marketing, consumer differentiation is a way to distinguish a consumer from several other consumers. This helps to make a target group of consumers with the same or similar behavior. Though you have a targeted customer demographic in your business, you can still have variations between individual customers. Each group of consumers is different, and their needs and wants differ from other groups. When a marketer is knowledgeable about the differentiation of each group of consumers, he can design a separate marketing strategy. Consumer differentiation will help to tailor your strategies to the needs of varying customer groups. When consumer differentiation is done, you can expand the width and breadth of your services. You will be able to effectively serve a wider group of people.

## Retention of Consumers

“Consumer behavior is of most importance to marketers in business studies as the main aim is to create and retain customers,” Consumer behavior is not just important to attract new customers, but it is very important to retain existing customers as well. When a customer is happy about a particular product, he/she will repeat the purchase. Therefore, marketing the product should be done in such a way that it will convince customers to buy the product again and again. Thus, it is very evident that creating customers and retaining them is very important. This can be done only by understanding and paying attention to the consumer’s buying behavior.

## Design Relevant Marketing Program

Understanding consumer behavior allows you to create effective marketing strategies. Each campaign can speak specifically to a separate group of consumers based on their behavior. For example, while targeting the kid's market, you may have to look out for venues such as TV ads, school programs, and blogs targeting young mothers. You will need to take different messaging approaches for different consumer groups. A study of consumer behavior enables marketers to understand what motivates consumers to make purchases. Furthermore, the same motive can be utilized in advertising media to stir the desire to make a purchase. Moreover, marketers should make decisions regarding the brand logo, coupons, packing, and gifts based on consumer behavior.



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## Predicting Market Trend

Consumer behavior analysis will be the first to indicate a shift in market trends. For example, the recent trend of consumers is toward convenience and quality food. This changing market trend was observed by many brands during a study conducted using 128K customer reviews. By conducting a consumer behavior study, a company saves a lot of resources that might otherwise be allocated to produce a product that will not be sold in the market. For example, in summer, a brand will not waste its resources producing a product that will not sell in summer. Based on consumer behavior, the company decides on a production strategy that will save on warehouse costs and marketing costs.

### Innovate New Products

We all know some of the big names, such as New Coke, Crystal Pepsi, Colgate Kitchen Entrées, Earring Magic Ken Doll, and Wheaties Dunk-a-Balls Cereal. Can you see the similarities between these products? Yes, they all failed!! The sad truth is that most new products and new ideas end up in failure. There is an estimate of new product failures – *they range from 33% to 90% based on the kind of industry*. Companies consistently strive hard to improve the success rate of their new products or new ideas. One of the most important ways is to conduct a sound and thoughtful consumer behavior study. With the help of consumer behavior analysis, Nike realized that most of its target audience is not professional athletes, but many of them were striving to be more like them. So at the 2012 Olympics in London, Nike introduced a campaign to encourage athletics called 'Find Your Greatness'. It aimed to promote the aspirations of being an athlete, not just with high-performing athletes, but wanted to include all people regardless of their physical capability. The campaign was well planned and was data-driven, of course, carefully analyzed before taking any action. This message inspired many consumers and had enormous appeal to target consumers.

### Stay Relevant in the Market

When the world is changing as rapidly as it is happening today, the biggest challenge we all face is staying relevant to our target market. And do you know what the main reason behind the rapid changes is? It is the ever-changing behavior of our customers. Today's consumers have greater choices and opportunities, which means they can easily switch to a company that offers better products and services. *"The pre-eminent skill required to shift ahead in the twenty-first century is the ability to see and seize."* -Adamson and Steckel, authors of Shift Ahead. Losing relevance will only cost the company its market share. Haven't we seen *Sony Walkman* failing to stay relevant in the digital music era and the taxi industry doom with no preparedness to battle the UBER uprising!!

## Summing Up

Consumers require different levels of customer service, and understanding the differences within your customer base will help you provide the most appropriate service for individual needs. For example, if you own an electronics store, high school or college students who buy a new laptop are more likely to understand the features they're looking for than a person buying his first computer. With the first demographic, your service goal will be to provide information about the latest trends in technology, while with the second demographic, you'll need to spend more time educating the customer, finding out what his specific needs are, and even teaching him how to use the features of his new electronic device. Leading companies, such as The Coca-Cola Company and Barclays, have constantly improved their existing products and focused on developing new products. The Coca-Cola Company aligns its corporate strategy of 'refreshing everyone who is touched by our business, by conducting market research to identify consumer behavior. Similarly, Barclays conducted a consumer behavior study to better understand the needs of this target market. Consumer behavior analysis has emerged as an important tool for understanding your customers. By looking into consumer psychology and the forces behind customer buying behavior, companies can craft new products and marketing campaigns and increase profitability. Companies should talk to consumers, watch out for frustrations, and, most importantly, identify their needs and expectations!



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