

CONSUMER BUYING BEHAVIOUR

WITH REFERENCE TO
INSURANCE BUYING BEHAVIOUR



Mr. AHMED MEHDI ABDULKAREEM - Prof. SURESH VASANI

Assistant Teacher at
AL-Kunooze University College
Basra, Iraq

Assistant Professor
Department of Commerce
Saurashtra University, Rajkot.

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Author:

Prof. Suresh Vasani

vasanisuresh456@gmail.com

M.Com (Gold Medalist), M.Phil, GSET, Ph.D (Pursuing), CA-Inter (I) and Assistant Professor, Department of Commerce, Saurashtra University, Rajkot.

Mr.Ahmed Mahdi Abdulkareem

ahmed.m.abdulkareem@kunoosu.edu.iq

Assistant Teacher at AL-Kunooze University College,Basra,Iraq

INDEX

Sr.No.	PARTICULARS	Pg.No.
1.1	INTRODUCTION	7
1.2	DEFINITION AND MEANING OF CONSUMER BUYING BEHAVIOUR	9
1.3	HISTORY OF CONSUMER BUYING BEHAVIOUR	10
1.4	MODELS OF CONSUMER DECISION MAKING	11
1.5	MODELS OF CONSUMER BEHAVIOUR	16
1.6	FACTORS/DETERMINANTS AFFECTING ON CONSUMER BUYING BEHAVIOUR	25
1.7	SCOPE OF CONSUMER BEHAVIOUR	32
1.8	IMPORTANCE OF CONSUMER BEHAVIOUR	35
1.9	TYPES OF CONSUMER BUYING BEHAVIOUR	38
1.10	STAGES OF CONSUMER BUYING PROCESS	43
1.11	WHY BUY LIFE INSURANCE?	49
1.12	WHY YOU OUGHT TO BUY LIFE INSURANCE?	49
1.13	LIFE INSURANCE IS NEEDED?	49
1.14	WHY BUY INSURANCE?	50
1.15	WHAT INSURANCE TO SHOP FOR?	51
1.16	HOW TO SHOP FOR INSURANCE AND WHOM TO BUY IT FROM?	52
1.17	HOW TO BUY LIFE ASSURANCE AND FROM WHOM?	53
1.18	TIPS ON HANDLING INSURANCE INTERMEDIARIES	54
1.19	CONCLUSION	57
	REFERENCES	58

1.1 INTRODUCTION

The study of consumer behaviour (CB) is helpful to the marketers to understanding and it enables them to know and predict buying behaviour of consumers within the marketplace; it's concerned not only with what consumers buy, but also with why they buy, when and where and the way they buy, and the way often they buy, and also how they consume it & dispose it. According to Professor Theodore Levitt of the Harvard graduate school, the study of Consumer Behaviour is one among the foremost important in business education, because the purpose of a business is to make and keep customers. Customers are created and sustain through marketing strategies. And the quality of selling strategies depends on knowing, serving, and influencing consumers. In other words, the success of a business is to realize organizational objectives, which may be done by the above two methods. This consumer buying behaviour help to give knowledge & information about consumers is critical for developing successful marketing strategies because it's helpful for the every marketer to selling their products and services it challenges the marketers to believe and analyze the connection between the consumers & marketers, and therefore the consumer behaviour & the marketing strategy. Consumer behavior is that the study of people , groups, or organizations and every one the activities related to the acquisition , use and disposal of products and services, including the consumer's emotional, attitudes, personality,

mental and behavioral responses that precede or follow these activities. Consumer behaviour emerged within the 1940s and 50s as a definite sub-discipline within the marketing area. Consumer behaviour is an inter-disciplinary science that blends elements from psychology, sociology, cultural anthropology, anthropology, ethnography, marketing and economics, especially behavioral economics. It examines how emotions, perception, attitudes and preferences affect buying behaviour. Characteristics of individual consumers like demographics, personality lifestyles and behavioral variables like usage rates, usage occasion, loyalty, brand advocacy, willingness to supply referrals, in an effort to know people's wants and consumption are all investigated in formal studies of consumer behaviour. The study of consumer behaviour also investigates the influences, on the buyer; from groups like family, friends, sports, reference groups, and society generally. The study of consumer behaviour cares with all aspects of buying behaviour – from pre-purchase activities through to post-purchase consumption, evaluation and disposal activities. It's also concerned with all persons involved, either directly or indirectly, in purchasing decisions and consumption activities including brand-influencers and opinion leaders. Research has shown that consumer behaviour is difficult to predict, even for experts within the field.

1.2 DEFINITION AND MEANING OF CONSUMER BUYING BEHAVIOUR

Consumer behaviour can be said to be the study of how individual make decision on how to spend their available resources like time, money, efforts on various consumption related items. This simple definition of consumer behaviour tells marketers to revolve every activity around the ultimate consumer and gauge their behaviour by specifically focusing on:

1. Who buys products or services?
2. How do they buy products or services?
3. Where do they buy them?
4. How often do they buy them?
5. When do they buy them? And
6. How often do they use them?

These are the questions help to understanding the definition of consumer buying behaviour.

Consumer buying behaviour defined “The behaviour displayed by consumers in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy the their needs.” (Suja, 2010)

“Consumer buying behaviour is that the results of the attitudes, preferences, intentions and decisions made by the buyer s during a market place before buying a product. The study of consumer buying behaviour is an interdisciplinary

discipline drawing widely from sociology, psychology, anthropology etc.”

“Consumer behaviour includes "all activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities.” (Kardes, 2011)

1.3 HISTORY OF CONSUMER BUYING BEHAVIOR

History of consumer behavior seems to be highly intertwined with the history of selling thought. The purpose of this paper is to trace the historical dependence and allegiance of consumer behavior on the discipline and practice of selling. It then attempts to – forecast/predict emerging trends in consumer behavior research and theory as a consequence of new and emerging schools of marketing thought.

Over the years, marketing has shifted its reliance on other disciplines as well as its focus of understanding of the concept. For example, the classical schools of marketing thought relied on the social sciences such as economics, sociology and anthropology and focused on aggregate market behavior movement. This gave way to the managerial schools of marketing thought in which the focus of attention and understanding shifted to the individual customers while social sciences disciplines continued to dominate marketing thinking. Eventually, marketing kept its focus on individual customers but began to borrow more and more from the

behavioral sciences so, it is difficult task. This resulted in what I will call as the behavioral schools of marketing thought. More recently, marketing has begun to shift its attention away from the individual customers and concentrate on the markets. In this process, it is also relying less on the behavioral sciences and more on the traditional social sciences. We shall call this emerging trend as adaptive schools of marketing thought. (Bastels, 1962) (Sheth, 1985)

1.4 MODELS OF CONSUMER DECISION MAKING

Consumer buying behaviour based on the model of buying behaviour. The consumer buying behaviour based on the three following models.

A. Schiff Man & Kanuk's Model of Consumer Decision Making

B. Assael's Consumer Decision Making Model

C. Simple Stimulus-Response Model

A. Schiff Man & Kanuk's Model of Consumer Decision Making

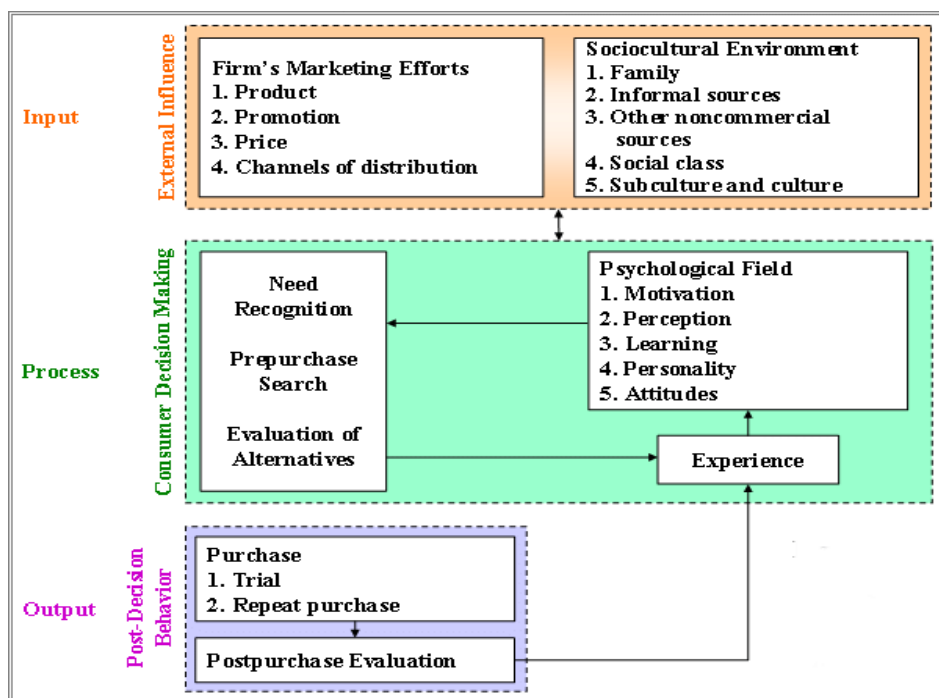
This model speaks of the interaction between the marketers and consumer. This process can be seen in the form of three distinct thought interactive stages.

This input stage in the consumer decision making model consists of external environment influence, or two major sources of information. These sources are the firm's marketing mix elements.

The process stage mentioned in the model informs us on how consumers make decision there are a few psychological

factors existing within each individual which effect how the external input from the input stage influence the consumer decision making process.

FIGURE 1.1: PROCESS OF SCHIFF MAN & KANUK’S MODEL OF CONSUMER DECISION MAKING MODEL



Source: (Leon, 1997)

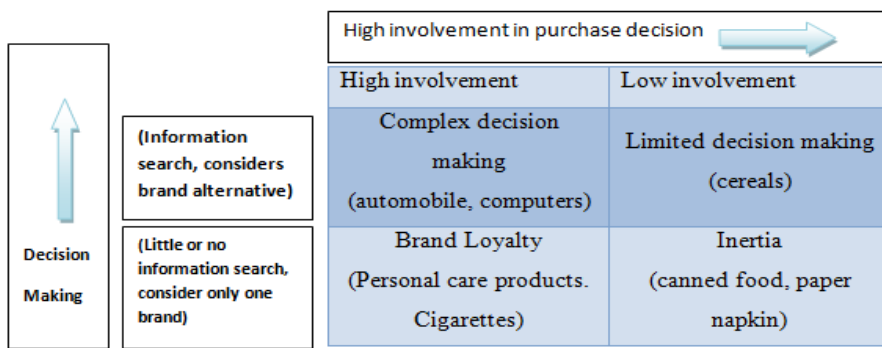
The output stage of the consumer decision making model consist of two closely linked post decision activities namely, purchase behaviour and post purchase behaviour evaluation. The post decision activities is also depends upon the type of decision involved. The post purchase behaviour for a low cost

nondurable product says new toothpaste, could be influenced by free coupon offer may in fact be a trial purchase. (Suja, 2010)

B. Assaell’s Consumer Decision Making Model

Assaell’s model on consumer decision making as seen in this chart that the consumer involvement the decision making will vary depending upon the type of purchase involved. For instance, in case of high involvement purchase the decision making process will involve information search and evaluating brand alternatives. Whereas, in case of low involvement purchase the consumer make seek little or no information and considers only one brand.

FIGURE 1.1: PROCESS OF ASSAELL’S CONSUMER DECISION MAKING MODEL



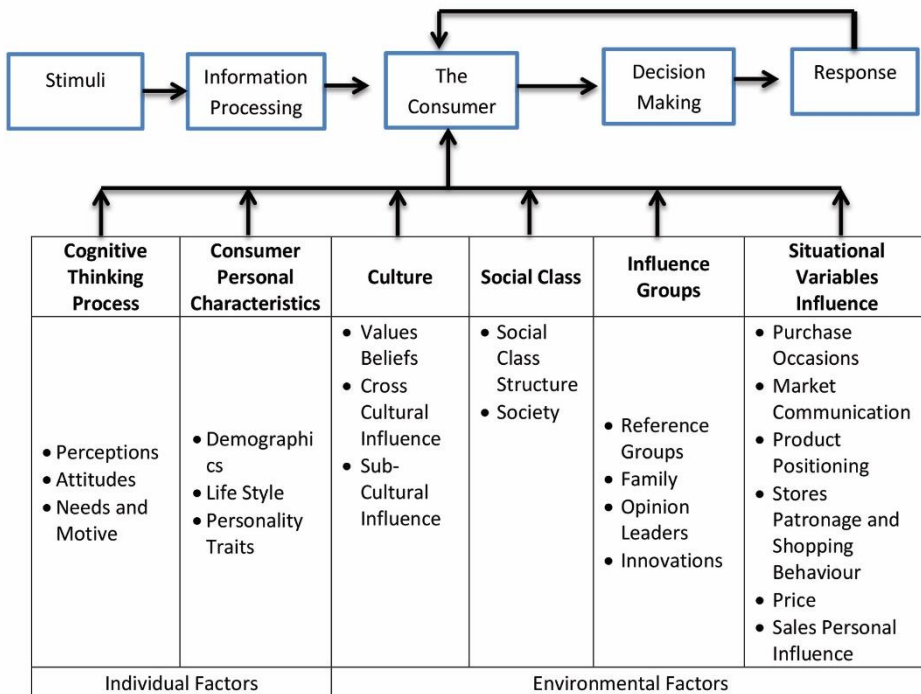
Source: Suja R. Nair (Suja, 2010)

The individual and environment factors influencing purchase decision

Source: Suja R. Nair (Suja, 2010)

C. Simple Stimulus-Response Model

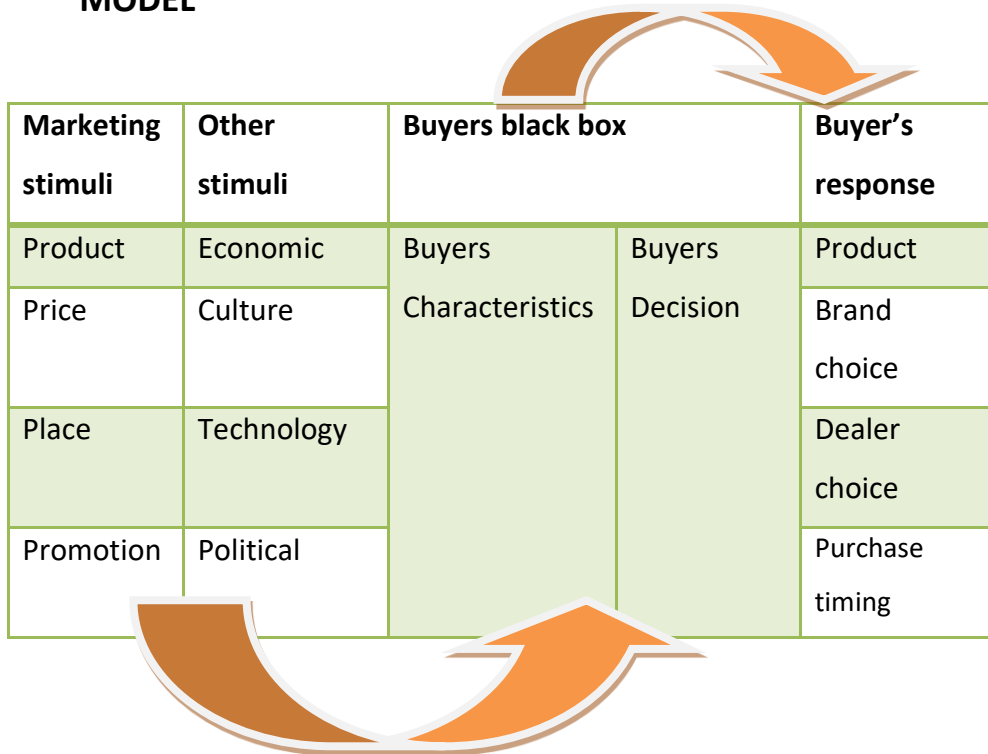
As per the stimulus- response model, there are marketing and other stimuli which enter the ‘consumer’s black-box’ and subsequently product certain buyer response. The marketing



environment comprise of various marketing mix elements/features which act as cues in influencing consumer response. The buyer is exposed to Varsity of information which informed and educates min or her on the products existence, price to match the product features, availability at the various outlets, ably supported by the promotional tools such as advertisement, contain, sweep take publicity etc.

FIGURE 1.3: PROCESS OF SIMPLE STIMULUS-RESPONSE

MODEL



Influence of other Factors on Consumer Behaviour
 Influence of other Factors on Consumer Behaviour at Economic factors namely family income, the disposable personal income, the individual's discretionary income and standard of living can also influence the buyer's behaviour pattern. Each culture, religion and language commands its own unique pattern of social conduct. Every culture has its own set of beliefs, values, customs, which will be seen in the way the consumer responds to the various products available

in the market. Every culture has certain do's and don'ts which will significantly control the individual's lifestyle and buying behaviour. If the technology adopted in the making of the product is something unique or latest, the consumers must be made aware of this. Here the marketer will have to analyse the buying motive of the consumer. Buying motives are often defined as "all the impulses, desires and considerations of that all factor affected on the consumer buying behaviour.

1.5 MODEL OF CONSUMER BEHAVIOUR

1. The Economic Model

According to Economic model of consumer behaviour, consumers attempt to maximize the utility from products on the idea of law of diminishing utility. The desire of consumers to obtain maximum gains by spending a minimum amount acts as the core for the derivation of this model. The economic model assumes that there is close similarity between the behaviour of buyers and that a homogenous buying pattern is exhibited in the market. The model is based on Income effect, Substitution effect and Price effect.

Income Effect substantiates that when a person earns more income, he will have more money to spend and so he will purchase more.

Substitution Effect substantiates the fact that if a substitute product is available at a cheaper cost, then the product in question will be less preferred or less utilized by people.

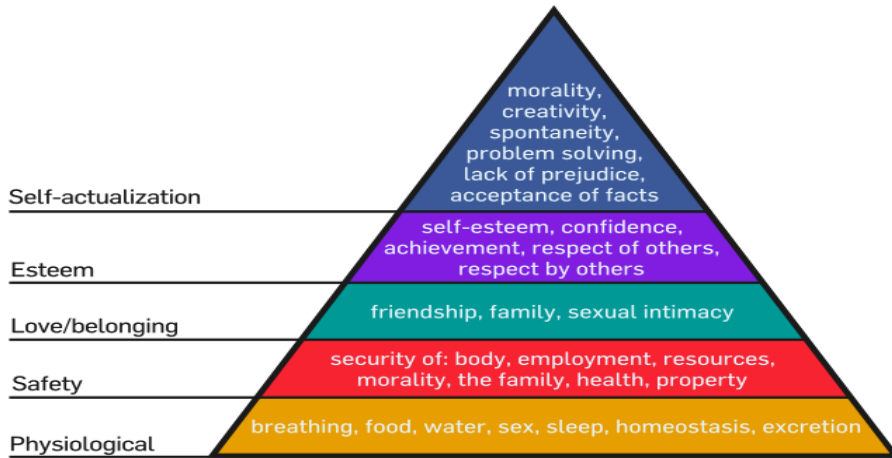
Price Effect suggests that when the price of a product is less, consumers tend to purchase more quantity of that product.

1. Psychoanalytic Model

The Psychological Model is based on the famous psychologist A.H. Maslow's theory of Hierarchy of Needs. The psychological model divides the needs into Psychological Needs, Safety and Security Needs, Social Needs, Ego Needs and Self Actualization Needs. This division of needs is termed as Hierarchy of Needs.

According to this model, the behaviour of consumers gets motivated by their needs. Consumer needs never ceases to exist but arise one after another with passing time. A consumer acts according to the strongest need at a particular time, he strives to satisfy the basic needs first and then moves on to a higher level of needs and tries to satisfy them. This process continues till he reaches the highest level in the hierarchy of needs.

FIGURE 1.4: PROCESS OF PSYCHOANALYTICAL MODEL

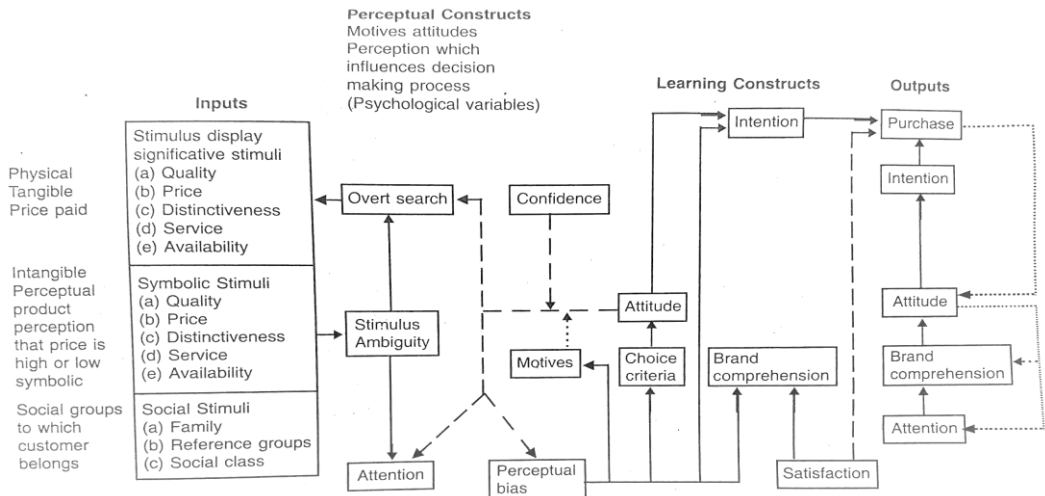


(Source: <https://bbamantra.com/consumer-behaviour-models/>)

3. Learning Model

Constructs or Psychological variables like Motivation, perception, Attitude, Learning and Perception influence the decision making process of a consumer. When a consumer receives stimuli and interprets it, the interpretation is influenced by two factors that are stimulus ambiguity and perceptual bias. A stimulus ambiguity occurs when a consumer cannot fully interpret stimuli while a perceptual bias occurs when an individual manipulates the stimuli according to his needs and experience. These two factors influence a consumer to evaluate a product or brand as good or bad and develop the confidence to purchase it.

FIGURE 1.5 PROCESS OF LEARNING MODEL



Source: Suja R. Nair (Suja, 2010)

Output Parameters

Output in Howarth Sheth Model refers to the final purchase decision and satisfaction or dissatisfaction levels of a consumer after making a purchase. High satisfaction results in elevated brand performance while dissatisfaction leads to lower brand performance.

External or Exogenous variables

External or Exogenous variables refer to the indirect influence exerted on the decision making process of consumers by factors such as financial status, social class, necessity to purchase and personality traits of individuals.

4. The Sociological Model

The Sociological Model of Consumer Behaviour is closely related to the society and the versatile groups involved in the same. These groups can be classified into Primary and secondary ones. Primary groups consist of close acquaintances, friends, relatives, colleagues and family members. Secondary group consists of any member in the society, his personality type and requirements based on the same. Sociological Model focuses mainly on the lifestyle and related product requirements of consumers in the society in a holistic manner.

5. The Howard Sheth Model of Buying Behaviour

Howard and Sheth's approach is broadly similar to those of Nicosia and Engel. In that it again attempts to coalesce, a disparate set of variables.

These are groups under four main headings:

Traditionally, Indian consumers have a high degree of family orientation or preference. As a result, values like nurturing and care have been preferred to ambition and achievement. So, brands with identities that support family values and exhibit strong emotions are more likely to be popular with Indian consumers.

6. The Nicosia Model

The Nicosia model illustrates how a possible consumer responds to news of a replacement brand of products. The model's three-stage sequence begins with the consumer being made aware of the brand's existence and then traces

the decision process through, from pre-purchase to post-purchase evaluation and feedback. This sequence is assumed to begin with advertising, which makes the consumer aware of the brand's existence and of an unfilled want. The perception of the message is influenced by attributes of both the company and the consumer, and may lead to the development of an attitude towards the brand of products. The consumer is then assumed to search for alternative brands which are evaluated by means of other consumers, advertising messages, and previous experiences with each company and so on. This search process leads the consumer to either dismiss or purchase the any product. The experience of purchase and consumption then has the effect of modifying the consumer's psychological state and acts as a feedback loop, leading either to a decision to repeat the purchase or not buy it again.

7. The Engle-Kollat-Blackwell Model

The starting point for the EKB model is the consumer's perception of a want that must be satisfied. This stimulates the search for information internally (memory), externally (neighbours, colleagues, and friends) and from market sources (advertisements, trade literature, magazine reports). This search process identifies the various ways in which the, want can be satisfied and leads to the consumer setting the criteria by which the alternatives can then be compared and evaluated. This leads successively to the emergence of a group of attitudes and beliefs that ultimately determine

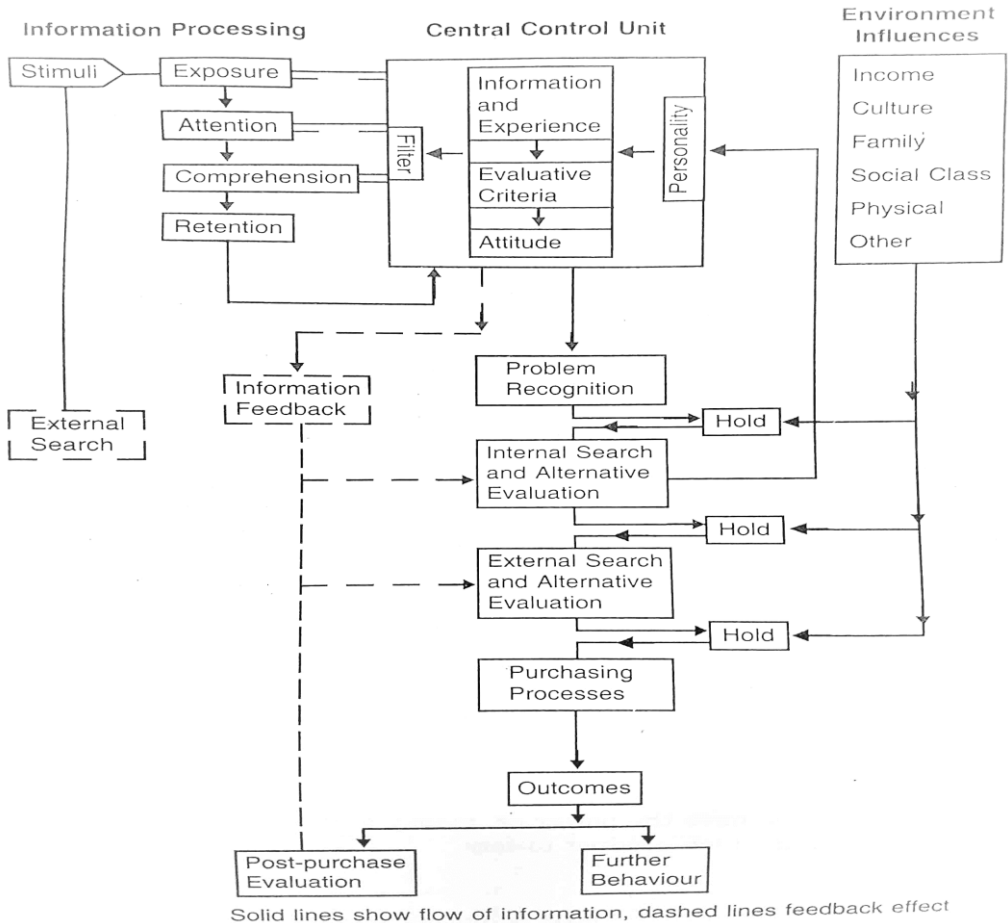
choice. The outcome of this choice then feeds back to influence future behaviour.

8. Engle, Blackwell and Miniard model

Engel-Blackwell-Kollat Model is predicated upon four key components namely information science (IP), Central Control Unit (CCU), deciding process and influences exerted by the environment.

Information Processing (IP) depends on many factors which act as stimuli both from a marketing and non-marketing perspective; it consists of 4 components that are exposure, attention, comprehension and retention. Information science focuses on the message to which the buyer is consistently exposed (exposure). When the message instantly grabs the eye of the buyer (attention), subsequent logical step for him is to grasp about an equivalent within the rational manner (comprehension). When all of the activities happen within the perfect manner the message is retained within the memory of the buyer/Consumers (retention).

FIGURE 1.6: PROCESS OF ENGLE, BLACKWELL AND MINIARD MODEL



Source: Suja R. Nair (Suja, 2010)

Central Control Unit (CCU) is predicated on four factors that are psychological in nature. Previous experience of the consumers and their acquaintances about the merchandise

- ✓ Criteria supported which a consumer evaluates a product
- ✓ Changing mindsets of consumers and

- ✓ Personality of the buyer supported which he or she takes the acquisition decision.
- ✓ A consumer processes and interprets all the knowledge on the idea of the above four factors.

The Decision process consists of recognizing the matter, internal and external information search, evaluating the alternatives available and eventually purchasing the merchandise. This component deals with the post purchase it means satisfaction levels also as dissatisfaction levels which play an important role within the future deciding process of the selling or modification of the products in the mind of consumers.

The Environmental influence consists of all those factors which will favor or disfavor the acquisition decision likes:

- ✓ Income level of consumers
- ✓ Financial status and class within the society
- ✓ Family Influences and other societal factors etc.

1.6 FACTORS/DETERMINANTS AFFECTING ON CONSUMER BUYING BEHAVIOUR

FIGURE 1.7 FACTORS AFFECTING ON CONSUMERS BUYING BEHAVIOUR

Factors Influencing Consumer Behaviour			
Economic Factors	Personal Factors	Psychological Factors	Cultural and Social Factors
Personal Income - Discretionary Income, Disposable Income	Age	Motivation	Culture
Family Income	Occupation	Involvement	Subculture
Expectations regarding future income	Life Cycle Stage	Perception	Social Class
Liquid assest & consumer credit	Lifestyle	Learning	Social Groups
Level of Standard of Living	Personality & Self Concept	Lifestyle	Opinion Leaders
		Attitude	Role & Status

(Source: <https://bbamantra.com/consumer-behaviour-models/>)

1. Economic Factors influencing consumer behaviour:

- A. **Personal Income:** Total Income of the buyer
- B. **Discretionary Income:** Income available to a consumer after deducting taxes and basic cost of living.
- C. **Disposable Income:** Income available with consumer to spend consistent with his wishes
- D. **Family Income:** Income of the family. Lower income families have less demand than reach families.
 - a. Consumer Expectations Regarding Future Income

b. Availability of quick assets with the buyer

E. **Consumer Credit:** Availability of credit line, Credit policies

Level of ordinary of Living

A consumer demands more and spends more with increase in his income or expectations of future profits or availability of liquid cash or availability of credit but saves and demands less in its absence. The character of consumption and buying pattern of a consumer is additionally suffering from the income of the family and therefore the level of ordinary of living.

1. Personal Factors influencing Consumer Behaviour:

A. **Age:** People of various ages have different needs.

B. **Occupation:** Professionals, businessman, salaried-workers have different demands.

C. **Life Cycle Stage:** Newly born, Teenager, Bachelor, Married, Parent, Grand Parent

D. **Lifestyle:** Achievers, Strugglers, Strivers, Makers

E. **Personality:** Aggressive, Shy, Introvert, Extrovert, Conservative, Experimental

F. **Self-Concept:** One`s perceptions towards themselves.

3. Cultural Factors affecting Consumer Behaviour

A. **Culture:** Culture is essentially the way of living and thinking pattern that's followed from generation to generation during a society. It includes knowledge, morals, values,

belief, traditions, customs and other such habits that are acquired by people as members of a society.

Eg. Indian culture is totally different from cultures of other Asian, Arabic and Western countries.

- B. **Sub-culture:** Sub-culture may be a segment of culture which helps a marketer to understand another person's culture either psychologically, socially or through mass identification. Sub-culture consists of a gaggle of individuals within a culture who exhibit similar buying behaviour and have similar beliefs.

E.g. within India, buying behaviour of Muslims of the north India are often differentiated from the Muslims of the south India

- C. **Social class:** class segments the market on the idea income criteria and standard of living. It refers to divisions of members of a society on the idea of education, occupation, income etc. Usually people belonging to an equivalent class have similar preferences just in case of choice of residence, entertainment, luxury products etc.

E.g. buying behaviour of the upper crust are often easily differentiated from the centre and class.

4. Social Factors influencing Consumer Behaviour

- A. **Social Group:** a gaggle is any collection of people with similar interests, opinions and activities. a private draws cues regarding consumption and disposal of products from various social groups he belongs to. The varied social groups a private forms a neighbourhood of are:
- B. **Reference Group:** It refers to all or any those people which directly affect the acquisition pattern and decision of a consumer as they function some extent of reference or comparison for the buyer while making a sale decision.
- C. **Contractual Group:** It includes friends, family, peers who have an immediate and daily face to face interaction with a private. They're the foremost important source of influence on consumer behaviour.
- D. **Avoidance Group:** a gaggle of individuals that have a negative impact on a consumer. A consumer disassociates himself from such a gaggle and avoid using products and services used, recommended or promoted by the avoidance group.
- E. **Inspirational Group:** It includes TV celebrities, Sport stars film stars, etc. whom a consumer aspires to be. A consumer wants to associate himself with people he aspires and uses products and services used, recommended and promoted

by them and it's also helpful for the company to advertisement.

F. **Opinion Leaders:** It refers to a key individual during a group which influences the behaviour of members of the group by providing them relevant information about new trends and products within the market.

G. **Role and Status:** everyone plays many roles within the society i.e. parent to his children, employee to his boss, referrer for young ones, advisor to peers etc. and their buying pattern depends upon the role they play within the society. People also select and buy products consistent with their status within the society. Social station of an individual refers to his/her position within the society depending upon his income, occupation, education etc.

E.g. CEO of a corporation would like to shop for branded products from big stores, while a worker within the same company may prefer value for money products from nearby stores.

6. Psychological Factors affecting on Consumer buying

Behaviour:

Customers behave differently towards an equivalent marketing mix (product) thanks to their respective psychological makeup. The psychological factors that affect consumer behaviour are:

A. **Motivation:** A motive is an indoor force that drives an individual to try to to something i.e. fulfil a requirement, achieve a goal, and solve a drag. Different motives of a consumer are often understood through Maslow Hierarchy of needs. All consumers react differently towards a product depending upon their position within the hierarchy. I.e. a private will first satisfy his basic needs then move upward within the hierarchy with satisfaction of every want.

B. **Involvement:** It refers to the quantity of interest or importance a consumers shows towards a product. A consumer may have high or low involvement during a product.

For e.g. a cricketer will give very high importance and can be highly involved while purchasing a bat while he may have very low involvement and interest when purchasing luggage bags.

C. **Perception:** it's a process of choosing, organizing, and interpreting information from our internal and external environment to make a meaningful picture. All consumers perceive an equivalent product differently consistent with their own perceptions.

For e.g. Wrestling is perceived differently by different people, some perceive it a meaningless fighting while some consider it a sport.

D. **Learning:** it's a process which brings a permanent change within the behaviour of an individual. People generally learn through past experiences and develop a particular behaviour towards a product or service.

E. **Personality:** It refers to the entire of all physical, mental and moral characteristics of an individual. Customers buy products that suit their personality, for instance some people prefer wearing formal clothes some wish to wear casual clothes depending upon what suits their personality.

F. **Lifestyle:** A person's lifestyle is formed from his activities, opinions and interests. Lifestyle of an individual also depends upon his position within the life cycle stage i.e. Teenager, Bachelor, and Married etc.

E.g. while teenagers or children are care free and majorly spend on recreation activities and foyes are extra money conscious and majorly spend on durables.

- G. **Attitude:** Attitude may be a person`s predisposition to act favourably or unfavourably towards a product, service, event, people etc. it's the way an individual thinks or feels about an object. Consumers develop a positive or negative attitude towards a product or service thanks to a marketing stimuli, situational variables, experience or advertising then decide upon an intended action for that product or service. (Suja, 2010)

1.7 SCOPE OF CONSUMER BEHAVIOUR

1. Client behaviour and selling management

Effective business managers understand the importance of commerce to the success of their firm. A sound understanding of client behaviour is very important to the tip of the day success of any selling program. In fact, it's seen as a comer stone of the selling construct, a vital orientation of philosophy of the numerous selling managers. The essence of the selling construct is captured in 3 reticular orientations customers desires and wishes, company integrated strategy.

2. Client behaviour and non profit and social selling

In today's world even the non-profit organizations like government agencies, spiritual sects, universities and charitable establishments got to market their services for concepts to the "target cluster of customers or establishment." At alternative times these teams area unit needed to attractiveness to the public/consumers for support of bound causes or concepts. Additionally they produce their contribution towards wipe-out of the problems of the society. So a clear understanding of the client behaviour and deciding method can assist these efforts.

3. Client behaviour and government deciding

In recent years the relevancy of client behaviour principles to government deciding. A major area unit as of activities are affected:

- a. **Client protection:** several Agencies within the least levels of state area unit concerned control business practices for the aim of protective consumer's welfare.
- b. **Government services:** it's Associate in Nursing more that government provision of public services will

profit considerably from an understanding of the customers, or users, of these services.

4. Client behaviour and demarcating

It has become clear that consumer's area unit getting into an era of inadequacy in terms of some gas and water. These scarcities have crystal rectifier to promotions stressing conservation rather than consumption. In alternative circumstances, customer's area unit inspired to decrease or stop their use of specific product believed to possess harmful effects. Programs designed to cut back misuse, gambling, and similar forms of conception examples. These actions area unit undertaken by government agencies non-commercial organizations, and alternative personal teams. The term "demarcating" refers to all or any or any such efforts to encourage customers to cut back their consumption of a particular product or services.

5. Client behaviour and client education

Consumer additionally stands to profit directly from orderly investigations of their own behaviour. This can occur on a personal basis or as a neighbourhood of a lot of formal instructional programs. as an example , once customers learn that associate oversize proportion of the billions spent

annually on grocery product is used for impulse purchases and not pay in step with pre planned looking list, customers might even be a lot of willing to arrange effort various to avoid wasting} lots of cash. Generally, as marketers which can influence consumers' purchases, customers have the prospect to understand higher however they have an effect on their own behaviour.

1.8 IMPORTANCE OF CONSUMER BEHAVIOUR

1. Production policies:

The study of consumer buying behaviour effects production policies of enterprise/company. Consumer behaviour discovers the habits, tastes and preferences of consumers and such discovery enables and enterprise to plan and develop its products according to these specifications and according to needs of the consumers. It is necessary for an enterprise to be in continuous touch with the changes in consumer behaviour so that necessary changes in products may be made otherwise product is not survive in the market.

2. Price policies:

The buyer behaviour is equally significance in having price policies. The buyers of some products purchase only

because of particular articles are cheaper than the competitive articles available in the market.

3. Decision regarding channels of distribution:

The goods, which are sold simply on the basis of low price must and economical distribution channels. In case of those articles, which week T.V. sets, refrigerators etc. must have different channels of distribution. Thus, decisions regarding channels of distribution are taken on the basis of consumer behaviour.

4. Decision regarding sales promotion:

Study of consumer behaviour is also vital role play in making decisions regarding sales promotion. It enables the producer to know what motive prompt consumer to make purchase and the same are utilized in promotional campaigns to awaken desire/hanker to purchase of products.

5. Exploiting marketing opportunities:

Study of consumer behaviour helps the marketers to understand the consumer's needs aspirations, expectations, problems, wants etc. This knowledge will be useful to the marketers in exploiting marketing opportunities and meeting the challenges of the market to made best products.

6. **Consumer does not always act or react predictably:**

The consumers of the past used to react to price levels as if price and quality had positive relation we know. Today, we value for money, lesser price but with superior features must be in products. The consumers' response indicates that the shift had occurred.

7. **Highly diversified consumer preferences:**

This shift has occurred due to availability of more choice now. Thus study of consumer behaviour is important to understand the changes of any products.

8. **Rapid introduction of new products:**

Rapid introduction of new product with technological advancement has made the job of studying consumer behaviour more imperative to add new feature in the products. For example, the information Technologies are changing very fast in personal computer industry so we have to change time to time.

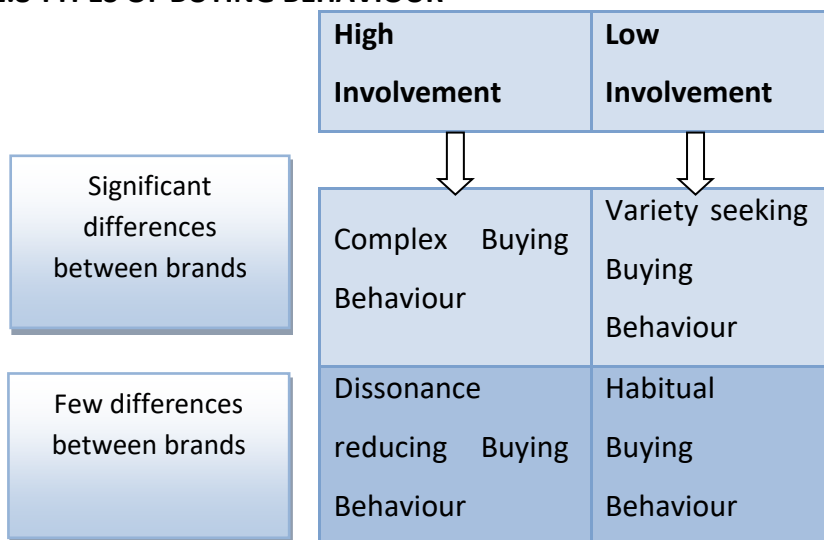
9. **Implementing the "Marketing concept":**

These calls for studying the consumer behaviour, all customers need have to be given priority for marketing. Thus identification of target market before production becomes essential to deliver the desired customer satisfaction and delight.

1.9 TYPES OF CONSUMER BUYING BEHAVIOUR

Consumer decision-making varies with the type of buying decision of the consumers. There are great differences between buying toothpaste, a tennis racket, a personal computer, and a new car etc. Complex and expensive purchases are likely to involve more buyer deliberation and more participants in that. Consumers are becoming smarter day by day; it is not to fool them with any gimmick. Nowadays, consumer does his/her homework very well before making any purchase of products from the market. Even before buying a face wash a consumer go through a stiff process of choosing the best among the many present in the market. Buying a face wash and buying a luxurious car is very different, therefore the perception involved and the information collect by the consumer in purchasing a car is much more than buying a face wash.

FIGURE 1.8 TYPES OF BUYING BEHAVIOUR



(Source: <https://www.mbaknol.com/marketing-management/types-of-consumer-buying-behavior>)

1. Complex Buying Behaviour

Consumers undergo complex buying behaviour once they are highly involved during a purchase and conscious of significant differences among brands. Consumers are highly involved when the merchandise is dear, bought infrequently, risky and highly self-expressive. Typically the buyer doesn't know much about the merchandise category and has much to find out.

Example, an individual buying a private computer might not know what attribute to seem for. Many of the merchandise features like “K.memory” “disc storage”, “screen resolution” carry no aiming to him or her. This buyer will undergo a learning process characterized by first developing beliefs about the merchandise, then attitudes, then making a thoughtful purchase choice. The marketer of a high-involvement product must understand the information-collecting and evaluation behaviour of high-involvement consumers. The marketer must develop strategies that attend the customer in learning about the attributes of the merchandise class, their relative importance, and therefore the high standing of the company’s brand on the more important attributes. The marketer must differentiate the brand’s features, use mainly medium and long copy to elucidate the brand’s benefits, and motivate store sales personnel and thus the buyer’s acquaintances to influence the ultimate brand choice.

1. Dissonance-Reducing Buying Behaviour

Sometimes the buyer is very, involved during a purchase but sees little difference within the brands. The high involvement is again supported the very fact that the acquisition is dear, infrequent, and risky. During this case, the customer will go searching to find out what's, available but will buy fairly quickly because brand differences aren't pronounced. The customer may respond primarily to an honest price or to get convenience. After the acquisition, the customer might experience dissonance that stems from noticing certain disquieting features of the merchandise or hearing favourable things about other brands. The buyer is going to be aware of information which may justify his or her decision. The buyer will first act, then acquire new beliefs and find you with a group of attitudes. Here marketing communications should aim to provide beliefs and evaluations that help the buyer feel good about his or her brand choice.

3. Habitual Buying Behaviour

Many products are bought under conditions of low consumer involvement and therefore the absence of serious brand differences. Consider the acquisition of salt. Consumers have little involvement during this product category. They are going to the shop and reach for the brand. If they keep reaching for an equivalent brand, it's out of habit, not strong brand loyalty. There's good evidence that buyers have low involvement with most low-cost, frequently purchased

products. Consumer behaviour in these cases doesn't undergo the traditional belief/attitude/behaviour sequence. Consumers don't search extensively for information about the brands, evaluate their characteristics, and make a weighty decision on which brand to buy for. Instead, they're passive recipients of data as they watch television or see print ads. Ad repetition creates brand familiarity instead of brand conviction. Consumers don't form a robust attitude towards a brand but select it because it's familiar. After purchase, they'll not even evaluate the selection because they're not highly involved in the merchandise. Therefore the buying process is brand beliefs formed by passive learning, followed by purchase behaviour, which can be followed by evaluation.

Marketers of low-involvement products with few brand differences find it effective to use price and advertisements to stimulate product trial, since buyers aren't highly committed to any brand. In advertising a low-involvement product, variety of things should be observed. The ad copy should stress only a couple of key points. Visual symbols and Imagery are important because they're getting to easily be remembered and related to the brand. The ad campaigns should choose high repetition with short- duration messages. Television is simpler than medium because it's a low-involvement medium that's suitable for passive learning. Advertising planning should be supported by conditioning theory where the customer learns to spot a particular product by a logo that's repeatedly attached thereto.

Marketers can attempt to convert the low-involvement product into one among higher involvement. The ways are:

- i. this will be accomplished by linking the merchandise to some involving issue, as when Crest toothpaste is linked to avoiding cavities.
- ii. the merchandise are often linked to some involving personal situation, as an example , by advertising a coffee brand early within the morning when the buyer wants to shake off sleepiness.
- iii. The advertising might seek to trigger strong emotions associated with personal values or ego defence.
- iv. A crucial product feature could be added to a low-involvement product, like by fortifying a clear drink with vitamins,

These strategies at the best raise consumer involvement from a coffee to a moderate level, they are doing not propel the buyer into highly involved buying behaviour.

4. Variety-Seeking Buying Behaviour:

Some buying situations are characterised by low consumer involvement but significant brand differences. Here consumers are often observed to try to tons of brand' switching. An example occurs in purchasing cookies. The buyer has some beliefs, chooses a brand of cookies without much evaluation, and evaluates it during consumption. But next time, the buyer may reach for an additional brand out of

boredom or a wish for a special taste. Brand switching occurs for the sake of variety instead of dissatisfaction. The marketing strategy is different for the market leader and therefore the minor brands during this product category. The market leader will plan to encourage habitual buying behaviour by dominating the shelf space, avoiding out-of-stock conditions, and sponsoring frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, deals, coupons, free samples and advertising that presents reasons for trying something new. (<http://www.yourarticlelibrary.com/consumers/consumer-buying-behaviours-4-important-types-of-consumer-buying-behaviours/11153>)

1.10 STAGES OF CONSUMER BUYING PROCESS

Marketers should specialise in consumer decision process instead of purchase decision. Consumers undergo all the five stages of shopping for decision process whenever they purchase. But when consume buy products in routine; they skip some stages of shopping for decision process. If a lady buying a selected brand she would recognize the necessity and can skip all the remaining stages like information search, evaluate of alternatives. That certain products appeal to certain customers who a sale either happens or it doesn't. They approach product and repair marketing within the same way, supported trial and error. What if there have been a particular set of steps that the majority consumers went through before deciding whether to form a sale or not? What

if there was a methodology for determining what goes into the buying process that would make marketing to a audience quite an attempt within the dark? The good news? It does exist. The actual purchase is just one step. In fact, there are six stages to the buyer buying process, and as a marketer, you'll market to them effectively. Read more at:

FIGURE 1.9: PROCESS OF BUYING BEHAVIOUR



Sources: (Self Constructed)

1) Need Recognition:

Need recognition is that the initial stage of shopping for call method, customer establish a necessity or establish a drag. The client feels a differentiation between his o her actual state and ideal state. Want the necessity the

requirement are often initiated by internal stimuli once a standard need arises to such tier it become a drive. External information also can trigger a necessity. Mrs. Nicole feel want for a replacement hobby once her business tower terminated. She required a camera and Photoshop computer code once her friend talked her concerning photography. Advertising is additionally being external information. Marketers ought to analysis patrons to seek out what variety of desires arises and the way they drive the shoppers towards the actual product. Gathering such variety of data, they marketers will acknowledge the factors that typically trigger attention within the product and may build up promoting programs that engages these factors.

1) Information Search:

Information search comes second in client call method stage. If the buyer's drive is robust enough and he's almost about a satisfying product, the client is probably going to travel for it. If not, client or customer could store this want and start data search associated to the requirement. In want recognition stage of client call method could move into high level of attention. Mrs. Nicole becomes a lot of approachable to data concerning cameras. She notices camera in ads, utilized by her friends, and discussion concerning camera or Mrs. Nicole could choose data search. Wherever she finds for connected literature, friends, mass media, web search engines like Google or video on YouTube and collects data in such a big amount of ways in which. How Mrs. Nicole

inquisitive about the quantity of knowledge looking rely on the facility of her drive. The buyer or client will get data from several sources. These includes

- Personal sources
- Commercial sources
- Public sources
- Experiential sources the influence of such data sources differs with the client and therefore the product. As a lot of data is got, the buyer's awareness and consciousness will increase concerning brands and their options.

3) Evaluation of Alternatives

Consumers use data to induce at a group of ultimate complete selections. Selecting among the alternatives is often troublesome. The marketers should bear in mind concerning the choice analysis meaning that however patron's method the knowledge they get from completely different sources. Shoppers ne'er use a straightforward a single assessment and analysis method shopping for things. There is few ideas analysis method of shoppers. First, suppose that client perceives a product as a group of product attributes. Camera attributes embody quality of image, form and size, straightforward to use, and conjointly value. Shoppers pay attention to those attributes that are closely associated to desires. Second, the client can attach varied degrees of importance to numerous attributes consistent with distinctive want and desires. Third, the client develops complete beliefs

that advice wherever complete stands on attribute. Set of beliefs a few specific complete called complete images. Fourth, the whole quality satisfaction of expected by client can dissent levels of varied attributes. If level of attribute close and provides Mrs. Nicole the best satisfaction can build it her ideal camera if it's reasonable and obtainable. Fifth, victimisation analysis procedure the buyer reaches at attitudes towards the many brands. Shoppers use several analysis procedures as per the buyer and his shopping for call.

4) Purchase Decision:

Purchase intentions develop within the analysis part when the client ranks the complete. In general, the acquisition call of the client is going to be to travel for the required complete. There are 1 factors that may influence the acquisition intention and call.

- I) Attitude of others, if Mrs. Nicole's supporter Natalia powerfully suggests her friend to shop for a coffee value complete then the possibility of shopping for high priced camera are going to be reduced.
- II) Unexpected situational factors, patrons develop purchase intention looking on customer expected financial gain, value and expected good thing about the merchandise. Sudden situational factors could embody Mrs. Nicole could quit or lose her job; she would possibly choose another purchase.

5) Post purchase Behaviour:

A product is bought however the marketer's job doesn't finish. Once a client purchases a product, he could satisfy or displease with the merchandise and this lead him in post purchase behaviour.

Just because a sale has been made, the method has not ended. In fact, revenues and customer loyalty are often easily lost. After a sale is formed, it's inevitable that the customer must decide whether or not they are satisfied with the choice that was made or not. They evaluate. If a customer feels as if an incorrect decision was made, a return could happen. This will be mitigated by identifying the source of dissonance, and offering an exchange that's simple and easy. However, albeit the customer is satisfied together with his or her decision to form the acquisition, whether a future purchase is formed from your brand remains in question. Due to this, sending follow-up surveys and emails that thank the customer for creating a sale are critical. Take the time to know the six stages of the buyer buying process. Doing this ensures that your marketing strategy addresses each stage and results in higher conversions and long term customer loyalty.

1.11 WHY BUY LIFE INSURANCE?

Life Insurance could also be a financial protects a contingency linked with human life, like death, disability, accident, retirement etc. Human life is subject to risks of death and disability because of natural and accidental causes. When human life is lost or a private is disabled permanently or temporarily, there's loss of income to the household at that time life and health insurance used. Though human life cannot be valued, a monetary sum could be determined supported the loss of income in future years. Hence, in life insurance, the Sum Assured (or the number sure to be paid within the event of a loss) is by way of a 'benefit'. Life assurance products provide a specific amount of money just in case the life insured dies during the term of the policy or becomes disabled on account of an accident.

1.12 WHY YOU OUGHT TO BUY LIFE INSURANCE?

- A. All folks face the subsequent risks:
- B. Dying timely
- C. Living too long

1.13 LIFE INSURANCE IS NEEDED?

To make sure that your immediate family has some support within the event of your demise

1. To finance your children's education and other needs
2. To possess a savings plan for the longer term in order that you've got a continuing source of income after retirement

3. To make sure that you simply have extra income when your earnings are reduced thanks to serious illness or accident and supply for other financial contingencies and life style requirements.

1.14 WHY BUY INSURANCE?

1. Life is filled with uncertainties. We face various risks in our day to day life including risks to our life, health, property then on.
1. We don't know whether something unfortunate will happen to us or when, but it's certainly possible for us to require measures to scale back the financial impact of those risks and protect ourselves financially.
3. Such financial security could accompany savings and investment but these merely refund our own money and a few returns.
4. Insurance may be a financial tool specially created to scale back the financial impact of unforeseen events and make financial security.
5. Insurance works on the law of huge numbers where contributions by many within the sort of premium buy the losses of a couple of. By paying a premium for shielding against a specific kind of loss, you will be protected for a

specific sum of money that you simply will receive if you face that loss.

1.15 WHAT INSURANCE TO SHOP FOR?

1. So, what insurance do you have to buy for protection?

Insurance is out there for unpredictable events like death, accidents, sickness, loss or damage to property. These are simple you need to protect yourself and our family against and what you need to buy are life insurance , accident insurance, insurance and insurance for whatever property we are looking to guard - automobile , house then on.

2. There are more complicated risks take insurance that is like legal liability and various risks that commercial enterprises face. For these too there are various special policies available in the insurance. While life insurance and a couple of kinds of accident and insurance are offered by life insurance companies, property insurance, health and accident insurance (again) are offered by non-life insurance companies (also referred to as general insurance companies).

3. The policy that you simply buy must meet your requirements. This suggests you would like to spot what your needs are first. You want to choose your life insurance policy relying on which life-stage you're in and

your aspirations for the long run. It'll differ supported whether you're on the brink of start a family otherwise you've got growing children with education needs or want to plan for your retirement.

4. You ought to also join insurance scheme while you're young and make sure that you're continuously covered. While third party it means intermediate insurance for your automobile is statutory, that is, it's required under the law, it'd be knowing buy a comprehensive policy that covers your vehicle against own damage also . Protecting your house and contents against the risks of hearth and flood will secure your hard-earned savings.

1.16 HOW TO SHOP FOR INSURANCE AND WHOM TO BUY IT FROM?

You can purchase your policy through a private agent, a company agent or a broker. You also can buy your policy directly from the insurance firm and a few of them are often bought on the web. An agent or a company agent or a broker can also sell insurance through using tale-marketers. Whatever channel you select to shop for insurance through, please make sure that you're handling an authorised channel and ask questions, get information and clear your doubts. An agent or broker must hold an IRDAI licence. Check thereon first. Other relevant information you ought to ask and obtain

includes details of the policy, the advantages, what the policy excludes or doesn't buy, and clarifications regarding documentation and procedures at the purpose of claim.

1.17 HOW TO BUY LIFE ASSURANCE AND FROM WHOM

Insurance Intermediaries

1. Insurance may be a complex product representing a promise to compensate the insured or third party consistent with specified terms and conditions within the event of the occurrence of a covered contingency. In most insurance transactions there's usually an intermediary - an insurance agent (individual or corporate) or an insurance broker.
1. Insurance intermediaries function a bridge between consumers (seeking to shop for insurance policies) and insurance companies (seeking to sell those policies).
3. Insurance brokers are licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 1001. Individual insurance agents and company agents also are licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (licensing of Individual Insurance Agents) Regulations, 1000 and therefore the Insurance Regulatory and Development Authority (Licensing of

Corporate Agents) Regulations, 1001, respectively. These Regulations lay down the Code of Conduct and regulation for the respective intermediaries.

4. An intermediary features a distinct role to play within the entire life cycle of a product, from the purpose of sale through policy servicing, up to say servicing. An intermediary shall provide all material information with reference to a proposed cover to enable the prospect to make a decision on the simplest one. The intermediary is predicted to advise the prospect with complete disclosures and transparency... After the sale is affected, the intermediary must coordinate effectively between the customer and thus the insurer for policy servicing also as claim servicing.
5. IRDAI has prescribed regulations for shielding the interests of policyholders casting obligations not only on Insurers but also Intermediaries. These prescribe obligations at the purpose of sale also as policy servicing and claims servicing.

1.18 TIPS ON HANDLING INSURANCE INTERMEDIARIES

1. While handling Insurance Intermediaries, inspect the following:
2. Ask for and check whether the person holds a legitimate license and is permitted for the actual business. For

instance the Intermediary should be licensed to sell life assurance or general insurance or both (holding a composite license). A referral always helps.

3. Check whether he or she features a good knowledge of varied insurance products/policies
4. He or she should understand your needs and what you're seeking. Always make sure that you think about only products that you simply can afford. Watch out for tall promises and over-selling tactics. Consider only what you'll afford.
5. Ask questions and understand the policy terms and conditions of the policy the Intermediary is trying to elucidate to you.
6. You must be satisfied that you simply understand what your commitments are. What are the payments or amounts that you simply need to bear not only you're taking the policy but once you surrender it or once you make a claim.
7. Ask for brochures and sales literature concerning the merchandise you're considering or the intermediary is trying to sell. Get the intermediary to elucidate the complete facts of the products, scope of canopy and exclusions, as applicable.

8. Insist on quality delivery and timely service. You'll judge this by the turnaround of the intermediary during the amount of pre-sale when he or she is handling you.
9. Fill up the proposal form yourself. Never ever check in a blank proposal form. If you discover terms within the proposal form that you simply don't understand, ask the intermediary to elucidate it to you.
10. When you create premium payments through an Intermediary, check whether heirs authorized to try to so by the insurance firm and demand on a duly signed receipt immediately.
11. After receipt of your policy, undergo it thoroughly and if you are doing not understand certain terms contact your intermediary and obtain them explained.

Remember, for all time's insurance and for insurance policies of a term of three years or more, there's a free-look period within which you'll return the policy if you are doing not accept as true with the terms and conditions therein.

11. Ask the intermediary questions on documents and procedures involved in making claim and understand them completely. Within the event of a claim, there could also be other agencies you'll need to intimate aside from the

insurance firm. Get complete details about what you're expected to try to get service.

1.19 CONCLUSION

It is challenging task for the every organization to know Consumer buying behaviour, because every consumers' expectation is to get bet quality of services. This promotes the psychological, physical and emotional satisfaction of the consumers. All consumers/customers aim at getting value for their money when they purchase a product or services rendered. In this chapter researcher has included history of consumer buying behaviour, models of buying behaviour, factors affecting on consumers buying behaviour, scope of consumers buying behaviour, importance of buying behaviour, types of consumers behaviour, stages/process of consumer buying behaviour and other information are included in this chapter which is directly affect on consumer buying behaviour.

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History of consumer behavior seems to be highly intertwined with the history of selling thought. The purpose of this paper is to trace the historical dependence and allegiance of consumer behavior on the discipline and practice of selling. It then attempts to – forecast /predict emerging trends in consumer behavior research and theory as a consequence of new and emerging schools of marketing thought. Over the years marketing has shifted its reliance on other disciplines as well as its focus of understanding of the concept. For example the classical schools of marketing thought relied on the social sciences such as economics sociology and anthropology and focused on aggregate market behavior movement

Mr. Ahmed Mahdi Abdulkareem
Prof. Suresh Vasani

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