

Unit-II: Buying Behaviour and Market Segmentation

Buying behavior-classification-Buying decision making process-Buying motives-consumer protection act 1986and latest amendment. Market Segmentation: Concept and methods-Product differentiation Vs Market Segmentation – Marketing mix.

Buying behavior refers to the **decision-making processes and actions of consumers** when they purchase goods or services. It involves everything from **recognizing a need, searching for information, evaluating options, to making a final purchase and post-purchase evaluation.**

Consumers are influenced by various factors such as **personal preferences, cultural background, social influences, psychological factors, and economic conditions.** Businesses study buying behavior to understand **why customers buy, what they buy, how they buy, and when they buy,** in order to develop effective marketing strategies.

Understanding buying behavior helps marketers **design products, set prices, choose promotional methods, and select appropriate distribution channels.**

Classification or Types of buying behaviour

1. Complex Buying Behaviour

- This type occurs when a buyer faces a high-risk or expensive purchase.
- They spend time collecting information and comparing brands.
- The decision is thoughtful, influenced by personal and social factors.
- **Products like vehicles or homes usually involve this behaviour.**

2. Dissonance-Reducing Buying Behaviour

- Buyers act quickly when choices are limited but important.
- They choose fast to avoid regret but may worry afterward.

- Assurance from advertisements or salespeople becomes important.
- **This happens in purchases like carpet, furniture, or travel tickets.**

3. Habitual Buying Behaviour

- This involves repeat purchases made without much thought.
- The buyer chooses the same product simply out of routine.
- There is no strong brand loyalty, just familiarity.
- **Everyday items like toothpaste or tea often fall here.**

4. Variety-Seeking Buying Behaviour

- The buyer looks for change, not because of dissatisfaction.
- They try different brands just for a new experience.
- Price is not a major concern, only novelty matters.
- **Common in snack foods, perfumes, or clothing.**

5. Impulse Buying Behaviour

- Purchases are made instantly without planning or comparison.
- Attractive packaging or discounts trigger the action.
- Emotions drive the decision more than actual need.
- **Seen in checkout counters or online flash sales.**

6. Brand-Loyal Buying Behaviour

- Buyers repeatedly choose the same brand with confidence.
- Positive past experiences build strong trust over time.
- They ignore other options even if cheaper or new.
- **Often seen in gadgets, cosmetics, or branded shoes.**

7. Price-Sensitive Buying Behaviour

- The focus is fully on low prices rather than features.
- Buyers compare costs and select the cheapest option.
- Brand image or loyalty has little influence here.
- **Common in household goods or groceries during inflation.**

8. Emergency Buying Behaviour

- Buyers act under urgency where quick purchase is essential.
- They pick the first available product without comparing.
- The need is sudden, like illness or weather change.
- **Seen in medicine shops or roadside stores during rain.**

Buying Decision Process

1. Need Recognition

- The process starts when the consumer feels something is missing in their life.
- This need can arise due to internal or external triggers.
- It creates a reason for the consumer to look for a product or service.

Example: A college student's mobile phone stops working, so she realizes she needs a new smart phone.

2. Desire Formation

- The consumer starts forming an idea about the type of product they want.
- Emotional, social, or status needs may influence the desire.
- Sometimes the desire is shaped by advertisements or peer influence.

Example: The student now wants a sleek smart phone with a good camera and long battery life.

3. Searching for Information

- The consumer begins to collect details about possible solutions.
- Sources include online websites, friends, family, and store visits.
- More information helps in making a better decision.

Example: She reads reviews on Flipkart and YouTube to compare brands like Samsung, Redmi, and Realme.

4. Comparison of Alternatives

- The consumer examines features, price, quality, and reviews of different products.
- This step helps narrow down the options.
- Sometimes, offers and discounts influence the choice.

Example: She compares Redmi Note, Realme Narzo, and Samsung M series based on price, camera quality, and warranty.

5. Preference Selection

- The consumer develops a liking for one product over others.
- Factors like brand trust, previous experience, and appearance matter.
- This stage helps prepare for the final decision.

Example: She prefers Redmi Note due to its brand reputation and better battery backup.

6. Final Purchase Decision

- The consumer decides what to buy, when to buy, and from where.
- Offers, EMI options, and delivery time may affect the decision.
- Even after preference, the purchase may be delayed or changed.

Example: She finally buys the Redmi Note from Amazon due to a festive discount and next-day delivery.

7. Payment and Delivery

- The consumer makes the payment either online or in cash.
- Delivery or product receipt takes place as per purchase mode.
- The consumer checks packaging and quality upon arrival.

Example: She pays through UPI and receives the phone the next evening in perfect condition.

8. Usage of Product

- The product is used and tested in daily life.
- The user notices performance and ease of use.

- Satisfaction or dissatisfaction starts to build during usage.

Example: She uses the new phone for classes, social media, and photography and finds it fast and user-friendly.

9. Post-Purchase Experience

- The consumer reflects on whether expectations were met.
- Good experience leads to loyalty; bad experience causes regret.
- This stage affects future buying behavior.

Example: She is very happy with her choice and feels she got good value for her money.

10. Feedback or Recommendation

- Consumers express their satisfaction or complaints.
- They may write reviews or recommend products to others.
- Positive feedback helps the brand; negative feedback warns others.

Example: She gives a 5-star rating on Amazon and tells her cousin to buy the same model.

Buying Motives

1. Emotional Motive

- ❖ Many customers buy luxury items like gold jewelry not because they need it but to feel proud or emotionally fulfilled.
- ❖ A parent might buy a toy for their child even if it's expensive, purely out of love and affection.
- ❖ People often purchase festive clothes during festivals due to the happiness and excitement associated with celebrations.

2. Rational Motive

- ❖ A buyer selects a refrigerator with a 5-star rating after comparing its energy-saving features and long-term cost benefits.

- ❖ Students prefer laptops with higher RAM and storage because they logically assess the need for better performance in studies.
- ❖ A customer chooses a pressure cooker made of stainless steel after comparing it with aluminum, considering durability and health benefits.

3. Fear Motive

- ❖ People buy insurance policies mainly due to the fear of future uncertainties like accidents or health problems.
- ❖ Some households install CCTV cameras at home because they are afraid of theft and want extra security.
- ❖ Parents buy health supplements for their children out of fear that they might fall sick due to poor nutrition.

4. Pride and Prestige Motive

- ❖ A businessman might buy an imported car mainly to show his social status and gain recognition in society.
- ❖ Some people purchase branded watches or costly perfumes just to feel superior in front of others.
- ❖ Many buy iPhones not only for the features but also to gain respect and admiration from peers.

5. Habitual Motive

- ❖ A person always buys the same toothpaste brand because they are used to it and feel uncomfortable trying a new one.
- ❖ Many customers stick to the same tea powder brand even when other options are available, simply out of habit.
- ❖ A commuter regularly chooses the same coffee shop every morning without considering alternatives, as it has become a daily routine.

6. Comfort and Convenience Motive

- ❖ A homemaker prefers an automatic washing machine over a semi-automatic one because it makes life easier.
- ❖ Office workers buy ready-to-eat food products as they find it convenient to prepare meals quickly.
- ❖ Online shopping is increasing because buyers find it more comfortable than going to crowded stores.

7. Affection and Love Motive

- ❖ A person might gift flowers and chocolates to their partner just to express love and deepen their bond.
- ❖ Parents often spend on music or dance classes for their children, driven by the love they feel toward nurturing their child's talents.
- ❖ A pet owner buys soft bedding and toys for their dog purely because of the affection they have for the animal.

8. Health and Safety Motive

- ❖ People buy mineral water bottles while travelling, believing it is safer and healthier than local water.
- ❖ Many families install water purifiers at home to avoid waterborne diseases and ensure better health.
- ❖ Consumers purchase organic vegetables and fruits to avoid chemical pesticides and lead a healthier life.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 was enacted by the Government of India to protect the rights of consumers, ensure fair trade practices, and provide quick and effective grievance redressal.

. Objectives of the Act:

1. Protect consumer rights

- To safeguard consumers from unfair and unethical trade practices.

Example: A customer buys a branded shoe, but it tears within a week. The Act allows the customer to complain and get a refund or replacement.

2. Provide quick redressal of complaints

- To solve consumer disputes efficiently through Consumer Courts.

Example: A person who receives a faulty refrigerator can approach the District Consumer Forum.

3. Promote consumer awareness

- Educate consumers about their rights and duties.

Example: Government runs campaigns like "*Jago Grahak Jago*" to inform people about their consumer rights.

Rights of Consumers under the Act:

1. Right to Safety

- Protection from hazardous goods and services.

Example: A gas cylinder must be safe to use. If it leaks and causes injury, the consumer can file a case.

2. Right to be informed

- Consumers must get correct information about the product.

Example: A medicine should have proper details like expiry date, dosage, etc.

3. Right to choose

- Freedom to select from various products at competitive prices.

Example: A mobile shop cannot force a customer to buy only one brand.

4. Right to Redressal

- Right to seek compensation or refund for unfair practices.

Example: If a person gets a damaged product online, they can claim a refund or replacement.

Consumer Disputes Redressal Agencies:

1. **District Forum** – for claims up to ₹20 lakh
2. **State Commission** – for claims between ₹20 lakh and ₹1 crore
3. **National Commission** – for claims above ₹1 crore

Example: If a consumer suffers a loss of ₹15 lakh due to a defective product, they can approach the District Forum.

Advantages of Consumer Protection Act, 1986

1. Legal Protection to Consumers

Consumers get legal rights to file complaints and seek justice.

Example: If a customer receives a fake product, they can file a case in Consumer Court.

2. Quick and Simple Redressal Mechanism

It provides an easy way to solve complaints through **District, State, and National Consumer Forums**.

Example: No need for expensive lawyers. Even a common person can file a complaint.

3. Creates Consumer Awareness

It encourages consumers to know their rights through campaigns like **“Jago Grahak Jago.”**(“Wake up, consumer, wake up.”)

Example: People learn how to check MRP, expiry dates, product quality, etc.

4. Checks Unfair Trade Practices

It controls cheating, false advertising, and poor services.

Example: A shampoo claiming false benefits can be penalized.

5. Promotes Fair Business Environment

Businesses are forced to maintain product quality and honest dealings.

Example: Companies now focus more on customer satisfaction and after-sales service.

6. Right to Compensation

If the consumer suffers a loss, they can get a refund or compensation.

Example: A person who suffers skin damage from a fake cream can claim medical costs.

7. Cost-Effective Remedy

Filing a complaint is low-cost, and you don't need a lawyer.

Example: A poor farmer can file a complaint for a faulty tractor part.

Limitations of Consumer Protection Act, 1986

1. Lack of Consumer Awareness

Many people, especially in rural areas, don't know their rights.

Example: A villager may not know he can file a complaint for adulterated oil.

2. Delay in Justice

Though meant to be fast, cases often get delayed due to workload.

Example: A consumer's case for refund may take months or even years.

3. Low Penalty for Offenders

Punishments and penalties are often small, so big companies are not afraid.

Example: A company may prefer to pay a small fine rather than change its harmful product.

4. Lack of Enforcement Power

Consumer courts can pass orders but sometimes companies do not follow them.

Example: A seller may not respond even after a court ruling.

5. No Immediate Relief

Even urgent issues like health damage or fraud take time for legal remedy.

Example: Someone suffering from faulty medicine may not get fast help.

6. Corruption and Harassment

In some places, officials or companies may harass consumers or ask for bribes.

Example: Poor and uneducated people face difficulty in fighting large firms.

7. Not Suitable for Small Losses

People often avoid filing cases for small losses due to time and effort.

Example: A ₹100 defective charger may not be worth taking to court.

Latest Amendment: Consumer Protection Act, 2019

The **Consumer Protection Act, 2019** came into force on **20th July 2020**, replacing the old Act of 1986. This amendment was made to strengthen consumer rights and match the digital age.

Key Features of the 2019 Amendment (with examples)

1. Central Consumer Protection Authority (CCPA)

- A new authority was created to take **suo motu action**, (is a Latin term which means “**on its own motion**” or “**on its own initiative.**”) Conduct investigations, and recall unsafe goods/services.
- **Example:** If a company sells defective baby food, **CCPA can directly order a recall** and impose penalties.

2. E-commerce Included

- Online shopping platforms are now **legally responsible** for consumer rights.

- **Example:** If a product is bought on Amazon and it's fake or damaged, the buyer can now file a complaint directly under this Act.

3. Product Liability

- Manufacturers, sellers, and service providers are now accountable for harm caused by defective goods or services.
- **Example:** If a faulty ceiling fan falls and injures someone, the **company must pay compensation.**

4. Misleading Advertisements Punishable

- Celebrities and advertisers can be penalized for promoting **false or misleading ads.**
- **Example:** If a famous actor falsely claims that a cream will make skin fair in 3 days, action can be taken against the actor and the brand.

5. Faster Redressal with E-filing

- Consumers can **file complaints online** and attend hearings through video conferencing.
- **Example:** A person from a village can file a complaint against a mobile company **without visiting a court.**

6. Unfair Trade Practices Defined Clearly

- Practices like **not issuing bills, refusing refunds, price manipulation**, etc., are now clearly listed.
- **Example:** A shopkeeper refusing to give a bill for a high-value item can be **penalized.**

Advantages of Consumer Protection Act, 2019

1. Covers Online Shopping and E-commerce

- Protects buyers using digital platforms.
- **Example:** If a customer receives a fake mobile phone from an online site, they can file a complaint under the Act.

2. Product Liability Ensures Accountability

- Makers and sellers are responsible for defective goods or harm caused.
- **Example:** If a faulty gas stove causes an accident, the manufacturer can be held liable.

3. Penalty for Misleading Advertisements

- Action can be taken against false promotions by brands or celebrities.
- **Example:** If a celebrity promotes a fairness cream with false claims, both the brand and celebrity can face penalties.

4. Quick and Easy Complaint Filing

- Online complaint registration and video hearings reduce consumer effort.
- **Example:** A person can lodge a complaint from home without visiting the court.

5. Creation of CCPA (Central Consumer Protection Authority)

- A special body monitors violations and protects consumer rights.
- **Example:** CCPA can stop the sale of unsafe food products and fine the company.

6. Time-bound Redressal of Cases

- The Act ensures that cases are resolved within a fixed time frame.
- **Example:** A consumer complaint must be resolved within 3 to 5 months depending on the case.

7. Covers Unfair Trade Practices

- Issues like refusing refund, charging more than MRP, or no bill are clearly addressed.
- **Example:** If a shop charges above MRP, the consumer can take legal action.

8. Empowers Consumers with More Rights

- Includes rights like right to be informed, right to choose, right to redress.

- **Example:** A consumer can demand full details of a product before buying and refuse misleading ones.

Limitations of Consumer Protection Act, 2019

1. Low Awareness among Consumers

- Many people are unaware of their rights under the Act.
- **Example:** Rural consumers may not know they can file complaints for online fraud.

2. Implementation Still Weak in Rural Areas

- Legal aid and awareness are mostly focused in urban locations.
- **Example:** A village resident may find it difficult to access consumer forums or legal help.

3. Delays in Case Resolutions

- Though time-bound, many cases still face long delays.
- **Example:** A refund complaint that should be resolved in 3 months may stretch over a year.

4. Enforcement of Orders Is a Challenge

- Even if judgment is passed, getting companies to follow it takes time.
- **Example:** A company may delay paying compensation even after losing the case.

5. Limited Power to Punish Big Corporate

- Some large brands can escape punishment using loopholes or appeals.
- **Example:** A big telecom company may delay action through higher legal channels.

6. Consumers Need Proof

- Legal process requires written evidence or proof of defect/service.
- **Example:** Without a bill or receipt, many consumers cannot prove their case.

7. Legal Cost and Effort Still Exists

- Though simple, filing and following up a complaint may require effort and sometimes legal help.
- **Example:** A poor consumer may not afford to travel or hire a lawyer.

8. Celebrity Accountability is Limited

- Proving a celebrity knowingly endorsed a false ad is difficult.
- **Example:** If a star claims innocence in promoting a product, penalty becomes hard to apply.