

**CHAPTER ONE**

**INTRODUCTION**

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The single most striking feature of contemporary civilization is the continuous search for a better quality of life. This innate and natural quest of societies induces a process of continuous social transformation and unleashes forces of change and turbulence, political, social, economical and at the micro level psychological. There can be no doubt that the industrial revolution caused a radical shift in the way people perceive and live life. More profound perhaps is the effect of the communication and information revolution on the human society. While these are examples of technological breakthroughs catapulting societies into a new era, the revolutionary fervor in favor of a socialistic system of governance that marked late nineteenth/ early twentieth century Europe and quickly spread across the world, exemplifies the upheaval of established social systems caused by changes in the fancied political ideology of the day. Now, in the late twentieth century, we are witness to the opposite in political ideology taking effect as testified by the wave of market friendliness that has the world in its grip today.

#### A. Trends in Changes

At the micro level, observing the individual and his/her family through these periods of rapid change, it is possible to discern a pattern that is slowly emerging, that of all-round urbanization, improvement of income, educational and health levels, increase in population density, increasing life expectancy, increasing level of specialization leading to fragmentation of jobs at the workplace, improving access to each other, nuclearisation of the family, etc. In whichever way the winds of changes blow at the macro level, the direction of the above mentioned facets at the individual level remains inexorable.

The above perhaps underscores the fact that humankind prefers, almost universally, a lifestyle driven by material consumption. A number of third world countries including most of the second world ones are adopting policies which claim to create an atmosphere that allows enterprises to operate and flourish in a competitive marketplace. The last five years have witnessed a radical shift towards the laissez faire system in these countries, and there apparently is a consensus amongst these nations that increased consumption is necessary and desirable. The primary object of opening up these economies is to raise the income levels of its populace on a sustained basis.

Considering that societal institutions are interdependent,<sup>1</sup> when changes occur in the economic organizations of societies, it is only to be expected that other social institutions too would undergo changes, reactive as well as proactive. As, almost all the countries of the second and the third world are adapting the economic paradigm of Western societies, a brief review of the transformation of the western society since the industrial revolution would assist in understanding the course of social evolution that could occur in these countries.

Technological progress in the initial stages of the industrial revolution was evident in the industrialization of the manufacturing activities.<sup>2</sup> The immediate social impact, due to this technological progress and innovation on the shop floor was three fold: the beginning of the process of urbanization, the occupational changes among those sections of the population who were employed at the factories, and the relative rise in the income levels of those employed at the factories. Technological progress was subsequently evident not only through a mechanization of agrarian activities, but also changed the lifestyles, initially though, of the urban peoples.

Urbanization as a consequence of industrialization was prompted by a large number of people earlier living in the countryside shifting their residence to join the work force in the factories. The consequence of this shift, and the consequent changes in lifestyles and consumption patterns are well known, and therefore not detailed here. But, with continued technological improvement in the field of manufacturing, there were more changes that were occurring among those employed in the factories, which could be viewed as the beginning of a set of reactions<sup>3</sup> which would ultimately lead the communities into industrialized modern societies. These reactions could be traced for its origin in the area of the peoples occupation. Skills required to be employed at the factories varied from what was earlier needed to work in the countryside. This led to segregation of the manufacturing jobs according to the skills a person had or had acquired. Increased specialization of occupation skills led to the rise in the need for formal training in such activities as would be needed in the factories. Thus the improvement in the field of education was initiated. This imperative need for specialized skills among those employed in the factories, ensured that the education of such communities as a whole showed marked improvements. Urbanization as a process was initiated, as mentioned, by settlements around the factories, but it soon expanded over a large area because of the fanning out of the population residing around the factories. Expansion and growth of urban areas were also facilitated by the improved and innovative methods of communication. Populations that were relatively better educated and at higher income levels were the trend setters in shifting their residences to the outlying areas of the urban regions.

The impact of industrialization though, was by no means restricted to the manufacturing area. The first changes in the countryside due to industrialization were the mechanization of agrarian activities. This was followed by the increased proximity to the urban areas, which in turn was a result of the continued growth and expansion of these urban areas. Moreover, with the linkages that were established in the rural areas due to the economic dependencies of both the regions, and due to the impact of the improved communication facilities between these regions, it was not long before the same transformation such as improved income, education levels and occupation in the rural community were also initiated.

Urban communities which had in the initial stages retained much of its countryside flavor with regard to its lifestyle and the system of interaction with other members of the community, were now the subject of tremendous changes. The facilitator in this process could be the formalization of the society in terms of the income levels, the occupation levels and the education of its members. Which is to say that, the community was gradually transforming into various levels in the social system dictated not only by the control of property or assets.<sup>4</sup> Lifestyle changes as a result of this was manifest in the interactions community members were cultivating. Interactions were more evident between members at the same social levels. The primary implication of such devastating changes overtaking the communities was that social level was not any birthright but could be acquired through either raised income levels, or education or through occupation, or a combination of any of it. The ease with which the individuals could now move in the social system imbibed the need to find ways and means to raise themselves and also equally importantly to portray themselves as belonging to a particular level in the social system. Social mobility, as evident today, therefore could be considered to have its root in the industrialization of the community.

**The consequence of this revolution in the social life of the individual was the clamor of the individual to join the ranks of the people in the higher social order.** Members now concentrated their efforts to achieving this end. In fact, it would be more appropriate to term it as a process than an end, since their constant endeavor was to reach the next higher stratum, on having attained a stratum level that they had aimed for at a previous time period.<sup>5</sup> Such efforts of the individual within the framework of a society implied that individual actions within a social class and without, would be directed to the ownership and acquisition of goods and services.<sup>6</sup> This was a consequence of an evaluation criterion that the society imposed upon its members for measuring success and progress. This came about gradually, by evaluating the accumulation of economic wealth; which in its turn was measured by not only the income levels but also the dispensation of this income.

Such changes as described have been continuously occurring in the communities of the world at large, and they can by no means be said to be over. Societies largely, are at varying stages of evolving themselves as a consequence of these changes. Changes in the post-industrialized,<sup>7</sup> Western societies have paved the way for an informational revolution<sup>8</sup> from an industrial revolution. The gradual emphasis on not only the service or the tertiary sector, but specifically in the knowledge-based industries<sup>9</sup> would not only transform the manufacturing process but would also be the precursor for these societies to adapt itself in consonance with this revolution.<sup>10</sup> While on the other hand, for the developing countries the changes brought about by the technological progress in the fields of manufacturing and agriculture are yet to culminate into modern, industrialized societies. What

therefore is imperative to understand, is not only the kind and the nature of the changes that are taking place in a society but also what it portends.

### B. Whither Consumer

The implication is that, individual's actions and behavior is, in a major part, a cause as well as a consequence of this social system. Individuals as consumers might therefore be driven to acquire and consume goods and services which in her/his perception are a reflection of what s/he perceives to be her/his image in the society.

**If the evolution of the society has resulted in such changes occurring at the individual level then it implies that purchase of a product may not only be actuated due to the actual service provided by it, but could be triggered by other considerations such as the value a product provides in stating the level to which the consumer belongs in the social system.** For, if purchase decisions were dictated only by the serviceability of the product, it indicates that any product which provides comparable service at a lower cost should have greater demand- this, however may not be the case. Substitute products may be so, only in the pure economic sense but consumption may not be motivated by economics alone. Products may be used as surrogates to describe one's level in the social system or one's achievements. It is probable that the needs of the consumers in the various social levels differ. Moreover, it may also be probable that the same product may not be addressing or serving similar needs of the various levels of this system.

But, as products proliferate, all jostle for the attention of the consumer. At such times, there could be substitute products as well as substitute brands, which is to say that, be it a different product or a different brand in a particular category, it may not only be serving the same function but may also be providing other services which match the needs and perceptions of the consumers of a particular level. Brands gain visibility and then the object is to enhance the value of the brand as well as of the product for the various levels.

The underlying reasons for product and brand purchases cannot be overemphasized. Manifestation of myriad of motivations for purchases was evident since very early times as explained above. Thorstein Veblen had recorded this at the end of the last century too, when he said. "No class of society, not even the most abjectly poor, forgoes all customary conspicuous consumption. The last items of this category of consumption are not given up except under stress of the direct necessity. Very much of squalor and discomfort will be endured before the last trinket or the last pretense of pecuniary decency is put away. There is no class and no country that has yielded so abjectly before the pressure of physical want as to deny themselves all gratification of this higher or spiritual need."<sup>11</sup>

**This study seeks to answer, in broad terms, the question of how these, all important social paradigm shifts are affecting the way consumers behave during the purchase process of a product, in however a limited manner it is possible.**

An insight into the behavior of the consumers would be beneficial to the general well being of the society, through the adoption of appropriate strategies by the manufacturer as well as the government policy makers.

The government policy makers have on their part an all important role to perform with regard to its citizens. The first important role that the government performs is to ensure that its citizens are free from misery and destitution. This problem presently though, is faced mainly by the third world countries.

The developing countries are faced with the dilemma of allocating scarce resources into production needs- the focus being on production and how to increase output, not on customer needs and wants. Were the consumer's needs and wants taken into cognizance while laying down the policy framework, it could lead not only to a better and more effective utilization of these resources, but could also lead to a greater satisfaction among the citizens, since they are now able to meet their expectations. Comments Peter Drucker on the advantages of putting the people first before drawing out a course for the development of a nation, "Indeed, without marketing as the hinge on which to turn, economic development will almost have to take the totalitarian form. A totalitarian system can be defined economically as one in which economic development is being attempted without marketing, indeed as one in which marketing is suppressed-precisely because it first looks at the value and wants of the individual, and because it then develops people to act purposefully and responsibly that is, because of its effectiveness in developing a free economy- marketing is suppressed in a totalitarian system. If we want economic development in freedom and responsibility, we have to build it on the development of marketing."<sup>12</sup>

### C. Firms Need to be Consumer-Oriented

Firms on their part, should ideally be viewing themselves as a customer creating and customer satisfying entity, and not as engaged in producing and selling any product. Ideally, therefore, firms would be engaged in providing value-satisfactions to its consumers. Staying in tune with changing customer values, tastes and needs have to be an integral function of the firms not only in order for them to survive but also to remain competitive. The unending search for differential advantage keeps competition dynamic.<sup>13</sup> Differential advantage could be achieved either through providing customer value comparable to competition though by performing activities efficiently, or by creating greater customer value through innovations. These innovations could either be technological or could be innovations in the marketing

practices of the firm albeit at cost comparable to competition.<sup>14</sup> Therefore, it would be incumbent upon competing firms to strive continually for ways and means of upgrading its products in the minds of the consumers. The search for differential advantage for competing firms, though unending, could therefore be achieved through a careful assessment of the market in which they are operating.

Central to the existence and profitability of a firm lie the consumers, who are heterogeneous in their needs and attitudes. Creating greater buyer value is a continuous process and firms committed to profitability endeavor to constantly match products to the needs of the market. Analyzing the needs, wants and attitudes of the customer hence, becomes the axis of the firm. Therefore, understanding the consumer becomes increasingly important not only for firms aiming to stay ahead of competition but even for their survival.

**In the final analysis, what a marketer needs to know and attempt to understand is the reasons, the kind and the nature of the changes that are taking place in the society, and how these changes in turn are reflected in the behavior of the individual consumer.** The success of the firm might lie in making certain fundamental strategic decisions like, whether the object of the firm is to match a product for a particular level or for all levels in the social system. Matching a product to one or more levels would imply a market segmentation strategy whereby the system is segregated into various levels and a product is matched to serve one or more of these levels. On the other hand, a product differentiation strategy implies that the firm decides to market its product to many or all levels of the system although by adapting it to meet the needs and desires of the consumers of each level.

Most importantly, what has to be understood is that while consumers cannot be knowingly induced to engage in a behavior contradictory to their goals or purposes, motivation and behavior could probably be influenced by outside forces. This influence might not be successful unless motivational factors are understood through research and thereby adapted not only to the product that is offered, but is also reflected in its price, the distribution network employed to reach the product to its consumers, and the accompanying promotional campaigns. In other words, the total marketing offer must be so designed that the consumer perceives all its features as providing an answer to a perceived need.

Finally it can be concluded that, continued new product introduction and innovations are a necessity if firms are to survive. And the success of the firm lies in its ability to detect and to respond to unmet needs of the consumer and evaluate whether or not an economically viable opportunity exists or not. Moreover, were product innovations unlikely the strategy of the firm would have to rest on attempting to shift the consumers from one brand to another or else in market segmentation. And since competition in a market economy is tremendous, effective strategies could be those that are improved continually in tune with the characteristics of the market. An

analysis of consumer behavior is an essential input in order to achieve all these ends. Consumer research therefore, can be considered to be an indispensable input to marketing management decisions.

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