Know Your Customers

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Abstract:

Today’s, consumer factor receives the highest priority and has become the formula of success for the Marketers. Consumer satisfaction has become the important factor for any business to succeed. In the 21st century consumer behavior concept has gained momentum and has evolved as a separate area for research by various academicians, research scholars, marketers, business men and other parties involved for customer satisfaction. Consumer behavior is everything and everything is consumer behavior. Economic liberalization of India paved the way for the entry of multinationals to India and sellers market turned buyer market as supply exceeds demand. The success or failure of marketing organizations depends upon how effectively the marketers are able to attract the consumers and develop a relationship with them. The crux of the success is to understand how and why consumers make specific decisions and behave in certain ways. What motivates them to buy? is million dollar question. The solution for this question is understanding the psychology of the consumers can give a great opening for many businesses. This involves understanding the demographics, lifestyles, personalities, values culture and family influences on the consumer. In this light, understanding the behavior of a consumer has become a panacea of success for the marketers. According to my opinion utilizing the knowledge of the consumer behavior in the development of marketing strategy is an art.

This paper tries to highlight the classification of customers into different types. It would also give an insight into how to deal with different types of customers and what are the factors influencing the customer in his decision making process with reference to white goods.(Consumer Durables).

Key Words: Consumer types, Motives of customer, Factors influencing customer.

Introduction:

Understanding a customer’s needs is the mantra for a successful business. The whole world of business revolves around a focal point called the customer. The rise and fall of any business depends on how much they have understood the needs and demands of their customers. What size of customers are been converted as consumers and what percentage of consumers are transformed into brand loyal consumers.

Consumer is the most important person for every business. He is said to be the king or the boss for a business. The underlining principle for any business is win the heart and confidence of marketer customer (if marketer want to survive in the market). As it is a fact that every business revolves around a common focal point called the consumer. Consumer becomes the asset for a business.

All of us are consumers. We consume things for daily use; we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, specialty goods or, industrial goods. What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self concept, social and cultural background and our age and family cycle, our attitudes, beliefs, values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and, from which source or seller to buy. In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can barely meet his barest needs. The marketers therefore try to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior. Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost-benefit analysis must be undertaken. There can be many benefits of a product, for example, for owning a motor bike one can be looking for ease of transportation, status, pleasure, comfort and feeling of ownership. The cost is the amount of money paid for the bike, the cost of maintenance, gasoline, parking, risk of injury in case of an accident, pollution and frustration such as traffic jams. The difference between this total benefit and total cost constitutes the customer value. The idea is to provide superior customer value and this requires the formulation of a marketing strategy. The entire process consists of market analysis, which leads to target market selection, and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product (a set of entire characteristics) is offered. The total product creates an image in the mind of the consumer, who undergoes a decision process.

Theoretical Background

Consumer behavior has been an important research topic for decades. A review of existing theoretical efforts indicates a clear shift from rational to psychological and social decision factors. However, even the recent models have not managed to embrace all the knowledge in the field.
of consumer behavior: subconscious processes, the role of needs, goals and emotions (Bargh 2002). Apart from leaving out these important findings the existing literature also lacks studies of decisions that consumers are most concerned about, termed ‘big’ or ‘strategic decisions’ (Bazerman 2001, 500; Gronhaug, Kleppe, and Haukedal 1987, 242). Specifically, Bazerman (2001) urges researchers to further explore the most important and challenging consumer decisions, which include house and car purchases, dealing with a building contractor etc. As mentioned in the introduction, strategic decision making refers to the process of decision making when buying strategically important goods. The following characteristics define the strategic importance of a purchase: high involvement in the process; long-term commitment of resources; truncated budget available for other goods and services. Strategic purchases imply several important categories of decisions, including:

- decisions with regard to allocation of the household budget, namely, how the household’s economic resources are influenced, e. g. for travelling, visits to restaurants etc.;
- categorization of alternatives means choosing either from various product groups (e. g. apartments or houses) or defining amore narrow product category (e. g. houses of a given size);
- decision making within the defined product category takes place once the product group is specified.

The concept or the study of consumer behavior is not a new concept but has evolved as a separated area in the recent past. The area of consumer behavior is the sub system of the total marketing system. Journey of marketing concept started from initial production concept (emphasis on production and distribution) to product concerned (emphasis on product varieties and attributes) to selling concept (emphasis on production, product distribution and promotion) to marketing concept ( emphasis on consumer needs and wants and other elements emphasized in previous concept).

When so much is spoken about consumer it is very important to know who this customer. “A consumer is a person who actually uses your services or uses your product or goods”. He is the important element for a successful business. Consumer in the 21st century is the king and all attention is paid to the customers. Every marketing activity starts with the consumer and ends with the consumer. It is very much important to know who are the people who play a role in buying decision and why they do so?. Consumers are seen as having goals, wants and beliefs that dispose them to buy. But how these factors influence and lead the customer in selection or buying process depends on the type of product they plan to buy.

To understand the customer we should first try to identify what are the different types of needs which motivate the customer to buy. Some of these motives overlap to a certain extent. Of these the first three, viz. fear, profit and vanity are the motive which are used frequently by salesman and are therefore referred to as the “Big Three” in motives. These motives may be listed as below:

- **Fear**: Fear of life or security motivate many customers to buy few products. These factor called fear is a source to instigate a customer to buy a particular type of product. A salesman selling life assurance may utilize the motive of love for the family and loyalty, but the chief motive would be fear. An insurance salesman should not hide this motive from the prospect but should so parade it by emphasizing on the uncertainty of human life and the absolute necessity of protecting one’s loved ones.

- **Profit or Cupidity**: This motive is very closely related to the desire for personal adequacy as a person wants money in order to satisfy his other desires. Money by itself is of little value as it only becomes important when it is spent. The salesman must therefore show the customer as to what can be done with the money to be made or saved by purchasing the salesman’s goods or ideas. This motive has two phases, viz. (1) to make money or (2) to save money. To make profit or to save money is a universal desire. It induces persons to go around shops so that they may make their money go further. The first phase of the motive, viz. to make money, is positive, whereas the latter, viz. to save money in order to get more money. They are not of the miser variety. To them making money is a competitive sport. They are also more willing to take a chance than the latter type who wants to save money. The outlook of the latter is narrower and more cautious. Business to them is not a sport but is a means by which more money could be collected. Profit as a buying motive is therefore to be found in the largest types of sales. The important of this motive being recognized is clearly evidenced by the prevalence of price advertising and bargaining.

- **Vanity**: Vanity is a motive which plays very important part in the life of all human beings. The parent who strives to make his child like himself is actuated by vanity. A dealer in automobiles placed in front of the mirror always sold the quickest. The dealer on giving this observation sufficient consideration realized that the reasons were pride. The prospect who sat at the wheel saw him in the mirror and was so pleased with the improved effect the car had on him that he bought the car.

- **Pride**: Pride in personal appearance is equaled by pride in accomplishment or attainment of high business or social position. Every individual has a desire to feel important, be appreciated or complimented. This is a powerful motive which sells all style merchant disc. This desire to feel important and receive recognition of their importance leads persons to do things because society has laid down certain behavior as correct.

Several surveys have disclosed that old customers were lost because of the indifference of salesmen. Another way of putting this would be that the customer was lost because the salesman did not make the customer feel important and thus wounded his ego. This happens on the slightest provocation of the salesman, such as lack of promptness in coming to greet the customer. Certain persons wish to make their own decisions and salesman should be tactful with such customers and should suggest rather than dictate. The customer should be made feel that he himself has
done the purchasing and that he has made an intelligent and wise decision.

- **Fashion:** Closely related to the motive of pride is that of fashion. Fashion is at times described as the tax imposed by the clothing trade on vanity or as the fantastic becoming universal. This desire to copy others and do the right thing according to their imagination or to gain admiration of others by so doing is a motive which sells good clothes, expensive cars and numerous articles from tooth brushes to shoe-laces. Fashion is based on crowd psychology. This motive is sometimes also described as the limitation motive and is closely linked up with pride or desire for importance. The young man purchases the latest style of sports clothes, the young girl has hair done like motive stars and the businessman installs a well-known cooling system or the latest filing system in his office in their attempt to show superiority over the common crowd.

- **Sex or Romance:** Sex is a very important motive in the case of sale of articles such a fancy clothes, cosmetics, ministrations in beauty parlors’ and tickets to dances. In the absence of sex little interest would remain in style for men or women. It cannot be denied that women spend money on clothes, hairsto’s and cosmetics in order to appeal to men. Neither can it be concealed that men dress their best so that they may appeal to women. The motive sex can thus sell almost anything – lipsticks, corsets, hats or motorcars. A person may constantly struggle to retain his hair on his head or his figure in the hope that romance will come to him.

- **Love or Affection for Others:** This appeal is in contrast to the one just discussed. It is an unselfish motive. Many men can be motivated into immediate action by an appeal to their sense of duty or love for the family or their desire to be of service to humanity. The motive affection plays an important part when the parent purchase for his child or member of his family various articles such as children’s food, toys dresses and life assurance. The insurance salesman utilizes this motive and induces the prospect to protect his loved ones by purchasing a policy of insurance.

- **Physical Well-being or Health:** The sale of articles such as health food, vitamin pills, patent medicines, weight lifting set and reducing belts are due to this motive.

- **Comfort and Convenience:** Although money cannot buy happiness, with money one can be unhappy in comfort. Comfort and convenience is a very important motive in connection with the sale of luxury articles such as automobiles, furniture, vacuum cleaners, washing machines and various other articles. It is an undisputed fact that the human being is lazy. A person would rather sit in a lounge chair than walk. He would prefer a soft mattress to a hard one. He would rather go to his office in an automobile than by bus. He would rather use a washing machine than do it with bare hands. In warm countries he wants a cooling system and in cold countries a heating system.

- **Curiosity:** A woman’s curiosity is almost as great as man’s. Her curiosity is described by psychologists as a desire for new experience. Persons go to new places, do new things and travel in order to obtain from life new thrills. “New” satisfies curiosity and the salesman utilizes this motive by saying to that effect that the article is the “latest thing on the market”. The article must however not be emphasized as being too new as the human mind can adapt itself to changes very slowly. This motive of curiosity is very useful to a salesman at the initial stage as it enables him to claim the attention of his prospect.

- **Habit:** Habit is a very important motive for the salesman as about three-fourths of the purchases are due to habit. Out of habit, a person smokes a certain brand of cigarettes or drinks a certain make of liquor or has his clothes tailored in a certain shop. This does not mean that if the salesman is selling goods of a brand which the particular customers is not habituated to purchase, the salesman cannot make him change his brand with tactful and persuasive salesmanship. A salesman should seek to change the habit of the particular customer and if the customers are satisfied with the change he will form the habit of buying this particular new brand of cigarettes sold by him.

- **Rational vs. Emotional Motives:** Motives are sometimes divided for convenience into (1) rational and (2) emotional. Rational motives are based on reasoning or on judgment. Emotional motives on the other hand, are based on feelings or passions. For example, when a customer buys because he thinks the price is reasonable or the product is durable, he is basing his buying decision on rational buying motives. The salesman has, therefore, to select appropriate appeals or selling points if he wishes to appeal to rational buying motive. For example, businessmen and industrial purchasers (or purchasers of industrial products) are more concerned with rational buying motive and purchase on the basis of savings in costs possible by purchasing, say a machine, or the quality of the raw materials as that would affect the businessman’s production. They also purchase because of emotional buying motives for example when they purchase a computer more because of status and fashion, than utility. In case of consumer products, emotional buying motives are more important, such as pride, sex, vanity and fashion.

- **Combination of Motives:** It is not necessary to use only one buying motive in a sales talk. Appeals should be combined to lower the customer’s resistance. For example, when a salesman speaks to the effect that he is losing his money on his present set up and that there is a new scheme which will not only increase his profits but his importance, he is really using the buying motive-profit, curiosity and pride.

- **Selling Points and Buying Motives:** A product has certain selling points or advantages. However, all selling points cannot be used on all the customers. For example ‘rational’ motives such as ‘profit’ influence men more whilst women often buy on the basis of ‘emotional’ appeals, such as a ‘bargain’. The important buying motive of a particular customer thus determines what selling points should be used or avoided. For example a status conscious customer may not buy if the selling point low price is emphasized by the salesman. The talking point of the product...
should be sharpened and driven into the prospect’s mind by appealing to the buying motives involved. Of course a talking point can be made to appeal to more than one buying motive. In case of an air conditioner the talking point, namely that “the air is filtered as it enters the room,” can be so presented as to appeal to various buying motives. For example, it keeps the room cleaner and obviates the necessity of dusting. It enables the curtains and wallpaper to last longer. It relieves people who suffer from constant cold and so on. An analysis of the points made will show that more than one buying motive was used to drive home the same talking point. To appeal to the buying motive “pride”; the salesman selling a car can stress the talking points, beautiful appearance of the car and the names of well-known persons who own it. Under “cupidity” or saving of money he can list the lost cost, long life, easy on tyres and good secondhand value.

Consumer behavior can be said to be the study of how individuals make decision on how to acquire their resources (time, money, and effort) various consumption related items. Consumer behavior tells marketers to resolve their problems of how customers are of different criteria and the motives which motivate them are different for different customers. Not only the customer has a different set of choice for different motives and different situations. Therefore understanding the customer is an important issue for any business to be successful.

**Conclusion:** So from this it should be understood that the set of customers are of different criteria and the motives which motivate them are different for different customers. Not only the customer has a different set of choice for different motives and different situations. Therefore understanding the customer is an important issue for any business to be successful.

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