

INFLUENCE OF THE DETERMINANTS RESPONSIBLE FOR CONSUMER BUYING BEHAVIOR IN COMPETITIVE MARKET

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Abstract— Consumer behavior is helpful in understanding the purchase behavior and preference of different customers. For a firm or industry to survive in the competitive market they have to be constantly innovating and understand the latest consumer trends and tastes. The aim of the paper is to see how the determinants of consumer behavior influence. From the literature study it is found that cultural, social, personal and psychological are the main determinants in consumer behavior. All the factors are taken into account with the objective to examine which of the factors are more important in determining of fast moving consumer goods. To test the proposed analysis a sample 345 consumers that had carried out their purchase has been analyzed. The results found in the study have shown that personal and psychological have a significant effect. The result provides useful decision making for understanding the consumer behavior.

Index Terms— Consumer behavior, Competitive market, Determinants, Fast Moving Consumer Goods.

I. INTRODUCTION

Everyone in day to day life are buying and consuming an incredible variety of goods and services. However everyone have different likes and dislikes and it depends upon the condition and different factors. Each and every consumer is unique and its uniqueness is reflected in consumption behavior and process of purchase. The importance of understanding consumer buying behavior and the ways how the customers choose their products and services can be extremely important for manufacturers as well as service providers as they provide competitive advantage over its competitors in several aspects (Kotler & Keller, 2011). To successfully market in different market segments, the marketing manager needs appropriate marketing strategies which can be design only when he understands the factors which account in consumer behavior and tastes.

Solomon (1995) describes consumer buying behavior as a process of choosing purchasing, using and disposing of products or services by the individuals and groups in order to satisfy their needs and wants. Similarly definition of consumer buying behavior is offered by Schiffman and Kanuk (2000) in which they describe it as behavior that consumers

express when they select and purchase the products or services using their available resources in order to satisfy their needs and desires.

Buyer behavior has been defined as a “process, which through inputs and their use through process and actions lead to satisfaction of needs and wants” (Enis, 1974). Consumer buying behavior has numerous factors as a part of it which are believed to have some level of effect on the purchasing decisions of the customers. Consumer buying behavior is defined as a set of activities which involves the purchase and use of goods and services which resulted from the customers’ emotional and mental needs and behavioral responses. It is further stated by Gabbott and Hogg (1998) that the process may contain different activities and stages.

According to Egan (2007), better awareness of consumer buying behavior is a positive contribution to the country’s economic state. The author further argues that the quality of goods and products are exceptionally good in countries where buying behavior of consumers is well understood. This in turn increased the competitiveness of the products and services in international market increasing the export potential of the country. Meanwhile high quality of domestic products and services lead to sophisticated domestic customers’ base (Blackwell et al, 2006).

It has become very essential to know the factors that create the desire of consumers to purchase a product. Hence the present study contributes to the field by investing and exploring the extent of the impact of consumers buying behavior. Here the product chosen for survey is fast moving consumer goods (FMCG).

A. Fast Moving Consumer Goods (FMCG)

Fast moving consumer goods are products that are sold quickly and at relatively low cost. Examples include non durable goods such as soft drinks, toiletries, over the counter drugs, toys processed foods and many other consumables (Majumdar, 2004). FMCGs have a short shelf life, either as a result of high consumable demand or because the product deteriorates rapidly.

B. Determinants of Consumer Behavior

The determinants responsible for consumer behavior are (Khan, 2006)

- A. Social
- B. Cultural
- C. Personal
- D. Psychological

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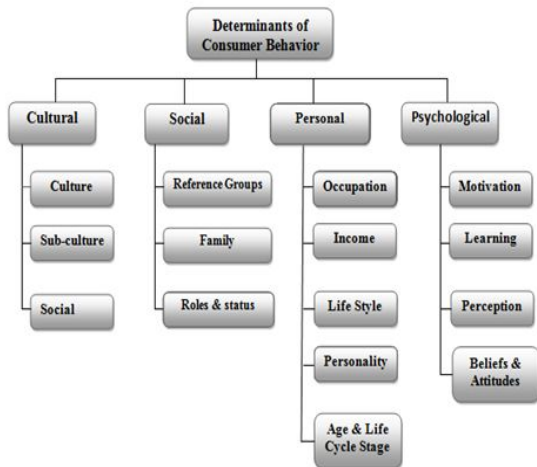
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II. OBJECTIVES OF THE STUDY

- Identify the main factors responsible for consumer buying behavior.
- Determining the relationship between each factor.

Figure 1: Determinants Influencing Consumer Behaviour



III. VARIABLES IDENTIFIED

The variables identified from the literature survey are as:

(a) Independent Variables

- Social
- Cultural
- Personal
- Psychological

(b) Dependent Variables

- Consumer Behavior

IV. RESEARCH METHODOLOGY

In the study quantitative method was employed. A questionnaire with a five point Likert scale was developed for the survey. The questionnaire reliability was tested using Cronbach Alpha. After the data collection and reliability test of questionnaire statistical test were performed to test the various hypotheses.

A. Survey Design

The survey design consists of literature survey from previous studies for identifying the variables, constructing the survey instrument and validating the instrument. In this study, a field based survey questionnaire was prepared and responses were gathered from employees. A five point Likert scale was used for the resource variables. Respondents were asked to assess each variable for the relative impact on the firm's success. According to Spanos and Lioukas (2001), the use of a seven point Likert scale provides a wider description of performance responses, which would better represent a wide variety of performance levels in the marketplace. Fahy (2002) argues that, in a sample survey questionnaire, using Likert scales to collect data (on resources and performance) is valid in order to measure the various performance and resource variables.

B. Instrumentation

An important consideration of a field survey is the ability to develop valid and reliable measures of the unobservable variables (Spanos and Lioukas, 2001). The data was collected using a questionnaire which has three parts. The first part was about demographic profiling of the respondent, second was about their importance of the variables and third part was overall consumer behavior.

The survey instrument comprises qualitative question based on 5 point Likert scale. The score ranges from 1-5 as follows (Jacoby & Matell, 1971):

- 1-Strongly Disagree
- 2- Disagree
- 3-Neutral
- 4- Agree
- 5-Strongly Agree

V. DATA COLLECTION AND HYPOTHESIS DEVELOPED

The data were collected from 4 August to 12 September, 2014. The questionnaire was administered individually by personal interview across north eastern states of India. The sampling was non probabilistic. The number of respondents was 345. Table 1 summarizes the specification of questionnaire.

Unit Sample	Consumers above 18 years
Geographic Scope	North east India
Method of information collection	Personal Interview
Sample size	345 questionnaire
Level of confidence	95% Z=1.96, p=q=0.5
Sample procedure	Non probabilistic
Date of field work	4 August to 12 September, 2014

Table 1: Specification of Questionnaire.

With the aim to analyze the influence of the factors, we propose the following hypotheses.

- H1: Social factor plays a positive and significant role in influencing consumer behavior.
- H2: Cultural factor plays a positive and significant role in influencing consumer behavior.
- H3: Personal factor plays a positive and significant role in influencing consumer behavior.
- H4: Psychological factor plays a positive and significant role in influencing consumer behavior.

VI. RELIABILITY ANALYSIS

Cronbach's alpha was used to test the internal consistency (reliability) of the study's various constructs. Cronbach's alpha is the most commonly used measure of a scale's internal consistency reliability. The higher the value of Cronbach's alpha, the greater is the internal consistency of the measure. A

widely acceptable minimum level of Cronbach’s alpha is 0.70 (Nunnally, 1978). In this study, all constructs reported a Cronbach’s alpha level within and above the acceptable range of 0.70 to 0.80. Table 2 shows each variable and its associated Cronbach’s alpha coefficient.

Table 2: Cronbach alpha scores

Constructs	Cronbach alpha
Social factor (4 items)	0.812
Cultural factor (5 items)	0.823
Personal factor (4 items)	0.832
Psychological factor (3 items)	0.786
For overall construct(5 items)	0.798

VII. CORRELATION ANALYSIS

Correlation refers to the strength of a relationship between two variables. A strong, or high, correlation means that two or more variables have a strong relationship with each other while a weak, or low, correlation means that the variables are hardly related (Cohen et al., 2002). Correlation coefficients can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of ‘0’ means that there is no relationship between the variables that are being tested. Table 3 presents the correlation for the studied variables.

	Consumer Behavior	Cultural	Social	Personal	Psychological
Consumer Behavior	1	.179**	.582**	.694**	.605**
Cultural	.179**	1	.195**	.210**	.174**
Social	.582**	.195**	1	.653**	.701**
Personal	.694**	.210**	.653**	1	.691**
Psychological	.605**	.174**	.701**	.691**	1

Table 3: Correlation Coefficients for the Measured Variables
*p < 0.01; **p < 0.001

From the correlation matrix the correlation value of cultural factor is 0.179 which is means there is a low correlation, while the value of social, personal and psychological factor lies within 0.582 to 0.605 which shows that there is a significant correlation with consumer behavior.

VIII. HYPOTHESIS TESTING

Multiple linear regression analysis was used to test the relationships. In this study, the correlation results (Table 3) revealed that variables namely social, cultural, psychological and personal are correlated with consumer behavior. In addition, the existence of a highly significant inter-correlation between variables required further investigation to evaluate the relationship between these inter-correlated variables. Therefore, to address the study question and hypothesis significantly a series of multiple regression analyses was conducted. Multiple regression analysis provides a measure of the degree of the relationship (0 = no relationship, 1 = perfect relationship) between the dependent variable and the weighted combination of the predictor variables, as highlighted in a regression equation (R) (Hair et al., 1995). Results are more easily interpreted in a regression analysis by examining the “R squared adjusted” value. The R square value explains the percentage of variance in the dependent variable that is attributed to the weighted combination of independent variables (Galbreath and Galvin, 2006). A number of assumptions use of regression were examined

8.1 Hypothesis One

H1: Social factor plays a positive and significant role in influencing consumer behavior. Table 4 summarizes the statistics for the social factor

Variable	R	R square	Adjusted R square	F	P Model	B	T	P variables
Regression				1.725	0.167			
R	0.442							
R square		0.195						
Adjusted R square			0.056					
Constant							3.461	0.006
Social (Variable)						0.298	3.133	0.042

Table 4: Statistics for Social Factor

Hypothesis H1 is significant as indicated by the p value (0.042 < 0.05). Therefore it can be said social factor plays a positive and significant role in influencing consumer behavior.

8.2 Hypothesis Two

H2: Cultural factor plays a positive and significant role in influencing consumer behavior. Table 5 summarizes the statistics for the cultural factor

Variable	R	R square	Adjusted R square	F	P Model	B	t	P variables
Regression				1.82	0.168			

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				5				
R	0.368							
R square		0.135						
Adjusted R square			0.046					
Constant							3.295	0.005
Cultural (Variable)						0.278	3.033	0.059

Table 5: Statistics for Cultural Factor

Hypothesis H2 is insignificant as indicated by the p value ($0.059 > 0.05$). Therefore it can be said cultural factor does not play a positive and significant role in influencing consumer behavior.

8.3 Hypothesis Three

H3: Personal factor plays a positive and significant role in influencing consumer behavior. Table 6 summarizes the statistics for the personal factor.

Variable	R	R square	Adjusted R square	F	P Model	B	T	P variables
Regression				1.825	0.178			
R	0.398							
R square		0.158						
Adjusted R square			0.048					
Constant							3.451	0.005
Personal (Variable)						0.318	3.233	0.038

Table 6: Statistics for Personal Factor

Hypothesis H3 is significant as indicated by the p value ($0.038 < 0.05$). Therefore it can be said personal factor plays a positive and significant role in influencing consumer behavior.

8.4 Hypothesis Four

H4: Psychological factor plays a positive and significant role in influencing consumer behavior. Table 7 summarizes the statistics for the psychological factor

Variable	R	R square	Adjusted R square	F	P Model	B	T	P variables
Regression				1.655	0.142			
R	0.421							
R square		0.177						
Adjusted R square			0.053					
Constant							2.961	0.005
Psychological (Variable)						0.280	2.133	0.041

Table 7: Statistics for Psychological Factor

Hypothesis H4 is significant as indicated by the p value ($0.041 < 0.05$). Therefore it can be said psychological factor plays a positive and significant role in influencing consumer behavior.

Based on the survey results and hypotheses tested it can be concluded that social factor, psychological factor and personal factor have a significant effect in consumer behavior in buying fast moving consumable goods (FMCG). While the

CONCLUSION

effect of cultural factors in consumer behavior in buying FMCG is insignificant. The table below shows summary of hypotheses.

Hypotheses	Results
H1	Significant
H2	Insignificant
H3	Significant
H4	Significant

Table 8: Results Summary

The study will be helpful to the marketer in understanding the needs of his different consumer segments and developing appropriate marketing strategies for each. It will be also useful for the marketer in developing an understanding of how consumers respond to various marketing activity. It will also provide an insight into how customer arrives at the purchase decision and how the determinants influence their decisions.

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