

# Consumer behaviour studies for Entrepreneurship Development: An Economic Perspective

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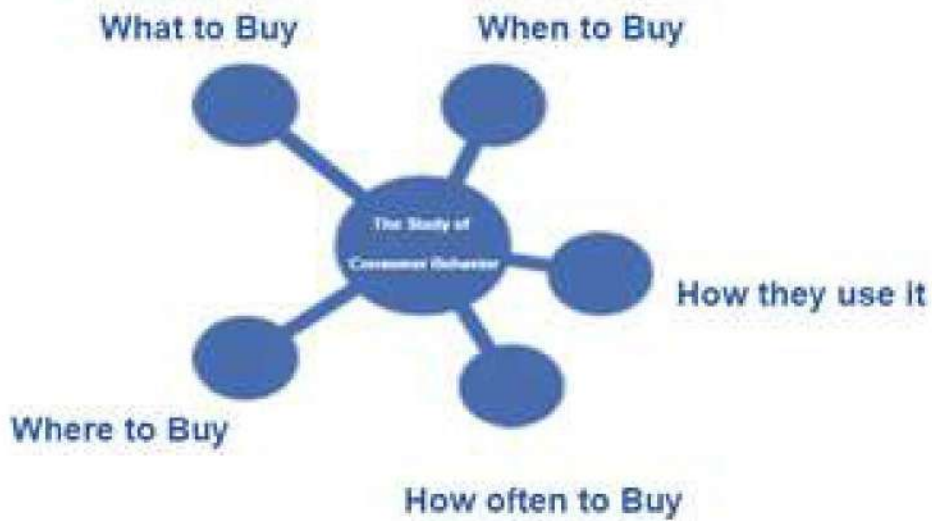
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Consumer behaviour is the basis for the product development and their purchasing behaviour decides and determines the product demand. The knowledge of consumers on the product conditions, factor/ determinants and their behaviour ensure the competitiveness of entrepreneurship. Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. This is useful to understand the consumers expectation on particular products/ services. It helps in understanding that what factors makes the consumer to buy a particular product.

Consumers can be categorized into personal or organizational. Personal consumers purchase for their personal or household purpose, while organizational consumers purchase products to run the organization/ business of whether profitable or non-profitable nature (Schiffman and Kanuk., 1997). It is essential to assess the kind of products liked by the consumers and this should be carried out before the product reaches the market. Consumer behavior is a complex and multi-dimensional process that reflects the totality of consumer decisions with respect to acquisition, consumption, and disposal of goods and services. Systematic analysis of the knowledge development status of consumer behavior field is critical in ensuring its future growth (Williams & Plouffe, 2007).

Consumer behavior has always been an area of major interest for social science researchers. The main focus of the consumer behaviour study was on solving the economic questions on what to buy, why to buy, when to buy, where to buy from, how often to buy, and how they use it. Studies on consumer behaviour is very popular among social scientist researchers. This is very significance due to its complex, systematic and dynamic process that is combined with regional and product differences. These are vital for the entrepreneurs to upgrade their product quality and expand their enterprises in an extended way. The consumer behavior studies had been evolved during 1950s when there was predominant focus on classical era followed by cognitive revolution (during 1070s to 1990s) and contemporary era (1990s to till date).

Fig. 1. Economic questions of consumer



### Factors influencing the consumer behaviour

The factors influencing the consumer behaviour are categorized into psychological, social, cultural, personal and economic factors (Fig. 2). The review of previous studies revealed that the consumer behaviour studies mainly highlighted certain determinants varied between demographic, economic and non-economic factors. It was found that age, education, occupation, cost of fish, availability, quality, convenience, price, nearness to locality were the major determinants explaining the consumer behaviour towards particular fish products (Jimoh *et al.*, 2013; Pankaj Kumar *et al.*, 2011). Generally, consumer preferences towards certain enterprise are influenced by psychological, personal and socio-cultural characteristics (Rotuauli *et al.*, 2020) (Fig. 3)



Fig. 2 Factors influencing the consumer behaviour

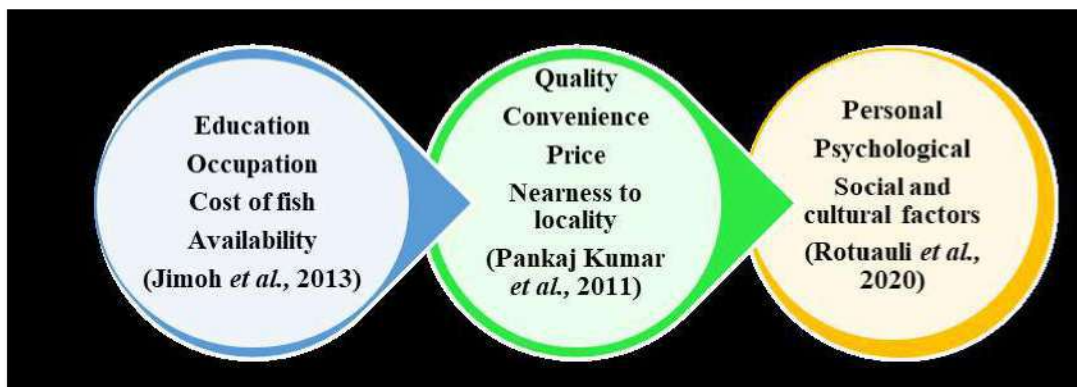


Fig. 3. Determinants of consumer behaviour

A consumer's decision to purchase a particular product or service is the result of complex interplay of a number of variables. The starting point for the decision process is provided by the company's marketing stimuli in terms of product, promotion, price and distribution strategy. In the

economic perspective, the basic 4P's are most important factors for the success of fish-entrepreneurship viz., product, price, people and profit.

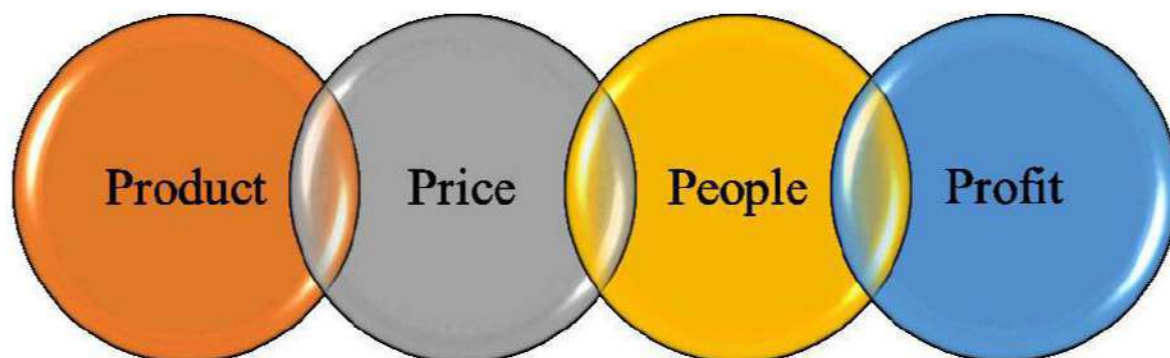


Fig. 4. 4P's of the Marketing

- **Product** is the prime factor of the enterprise and product development on which all the entrepreneurs should ensure the availability of product through out time without breaking the supply chain.
- **Price** is the second important factor but in consumer point of view, it is a crucial factor in deciding the purchase behaviour of consumers.
- **People** are the vital determining factor of the products developed by the entrepreneurs, hence it is prime important to incorporate the likes and dislikes of the customers for the development of the enterprises.
- **Profit** is the viable factor of the enterprise and ultimately determines the success of the products. When the above three factors viz., product, price and people are considered properly, the enterprise will earn profit in long run.

Consumer behaviour is mainly concentrated on product-specific, person-specific and situation.

- **Product specific:** Consumer behaviour depends on the nature of the product.
- **Person specific (individual):** Consumers behave differently due to needs, personalities and values.
- **Situation:** Buying behaviour is dependent on the given situation.

## Consumer Behaviour Analysis

A customer behavior analysis is a qualitative and quantitative observation of how customers interact with the fish-entrepreneur and the products. The consumer behaviour analysis can be done at two broad levels viz., macro level and micro level. The macro level studies include consumption function and marginal utility theory. The micro level includes utility theory, law of decreasing demand, hierarchy of needs theory and new consumer behaviour theory.

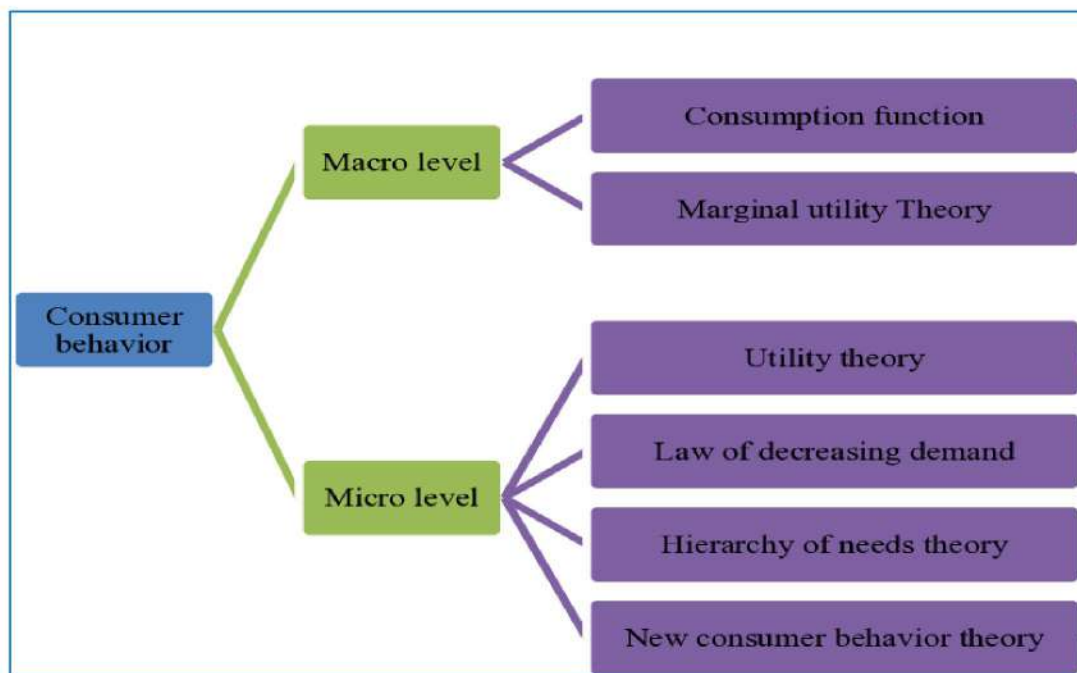


Fig. 5 Consumer Behaviour Analysis

### Theoretical approaches to the study of consumer behaviour

Theories of consumer behaviour are a natural extension of human behaviour theories. There are five approaches/ theories used to study the consumer behaviour. There are,

- Economic Man theory
- Psychodynamic theory
- Behaviourist theory
- Cognitive theory
- Humanistic theory

### Economic Man Theory

In the economic man theory, consumer behaviour assumes consumer as a highly rational and adequately involved in the economic transactions in a beneficial way. This is the one of the oldest models of consumer behaviour. The economic model of consumer behaviour studies mainly dealt with maximum satisfaction of consumer with minimum cost. The model is based on law of diminishing utility. The economic model is based on three effects viz., income effect, substitution effect and price effect.

### **Psychodynamic theory**

Psychodynamic theory is mainly focussed on psychology of the consumers in which the drivers and forces of the consumer behaviour is revolved around the drivers and forces within the person, particularly unconscious. Even though, this theory has closely related to the behavioural theory, the former explicit greater scope compared to behavioural theory.

### **Behaviourist theory**

Behaviourist theory of consumer behaviour is the study of how people make decisions when they purchase products or services based on their behaviour. Consumer behaviour is influenced by the external events. In this approach, the consumer behaviour is highly influenced by various motivational factors.

### **Cognitive theory**

Consumer behaviour is mainly focussed on the information processing capabilities of consumers. It is the study of the processes involved when the individuals or groups select, purchase, use or dispose of products, services to satisfy needs and desires. The cognitive consumer behaviour models can be classified into analytic and prescriptive which have been further classed into consumer decision model, theory of buyer behaviour, theory of reasoned action and theory of planned behaviour. This approach had been developed with the introduction of Stimulus-Organism-Response model by Hebb (1950).

**Humanistic theory** Humanistic theory emphasis on the reaction of human to the external stimuli in terms of consumer behaviour on buying. This theory focussed on the will of the consumer towards their purchase behaviour.

## Conceptual framework used in CBA

### 1. Theory of planned Behaviour (TPB)

Theory of Planned Behaviour is widely used to predict the intention of consumer behaviour on fish consumption or preference on particular fish products. The planned behaviour is influenced by three independent determinants viz., attitude, subjective norms and perceived behavioural control.

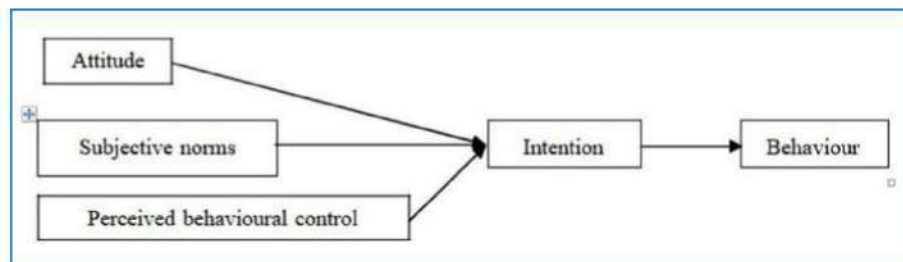


Fig. 6 Theory of Planned Behaviour

This TPB theory does not explained about the past experience and habits, consumers' knowledge, attitudes and fish-eating behavior.

### 2. Alphabet theory

Alphabet theory was built using two theoretical frameworks namely: The Value Belief-Norm (VBN) theory and Attitude-Behavioural-Context (ABC) theory. The theory was affected by attitude and context.

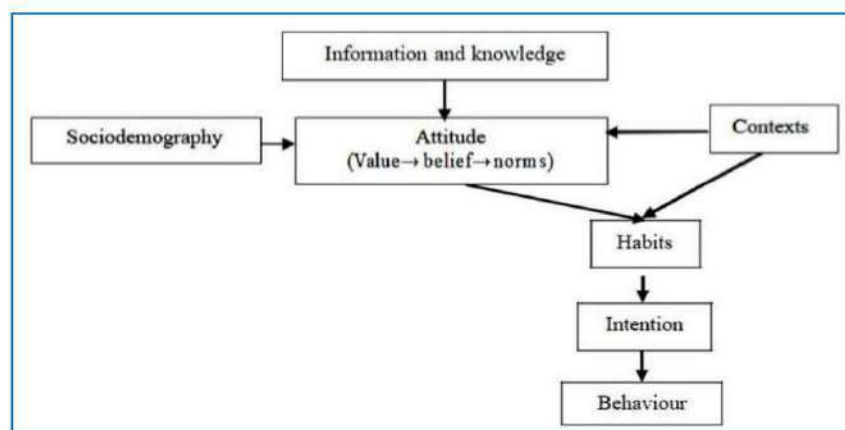


Fig.7 Alphabet theory

### 3. Integrated model of consumer behavior

The integrated model combines the two models viz., the planned behavior theory and Alphabet theory that includes the past experience and habit as a mediator between attitude and behavioral intention.

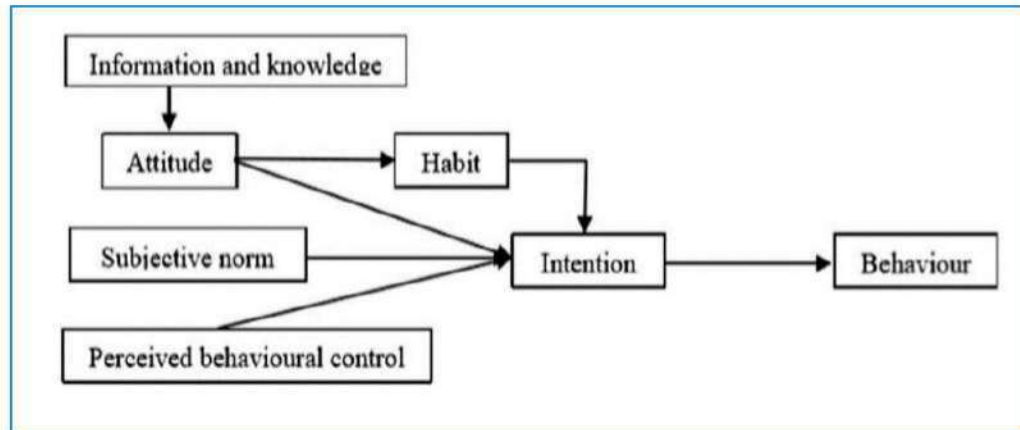


Fig. 8 Integrated model of CBA

Consumer behaviour is a multi-dimensional and dynamic concept which requires much attention while concentrating on the fish-preneurship development process. Consumer behaviour is determined by various factors viz., economic and non-economic factors (psychological, personal, social and cultural). There are inter-regional and inter-temporal variation in adapting the models on consumer behaviour to solve regional level problems which need integrated view towards achieving the consumer satisfaction. Even though, the choice of selection of models and determinants are purely under the discretion of the researcher/ entrepreneur, it requires integrated and sustainable approach towards achieving the success of entrepreneurship development.

#### References

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