

**NEW SYLLABUS  
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**S.Y. B.B.A.  
SEMESTER - III**

# **CONSUMER BEHAVIOUR AND SALES MANAGEMENT**

**Dr. SHAILA BOOTWALA  
Ms. UZMA IRFAN SHAIKH**



**SPPU New Syllabus**

*A Book Of*  
**Consumer Behaviour And  
Sales Management**

**For BBA : Semester - III**

[Course Code - A 305 MM : Credits - 04]

**CBCS Pattern**

**As Per New Syllabus, Effective from June 2019**

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**DEDICATION**

I would like to dedicate this first effort of mine:

To my parents, Farhin and Irfan, for always loving and supporting me.

And my many wonderful teachers for instilling in me the love of learning.

**Uzma Irfan Shaikh**  
Author



## Preface ...

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This book is intended to serve as a text book for the second year BBA students of marketing of Savitribai Phule Pune University. This book is prepared as per the New Syllabus of Savitribai Phule Pune University, applicable from the academic year 2020-2021.

Consumer Behaviour and Sales Management is an environment specific subject and as the current Business Environment is full of volatility and change, the study of this subject has gained an increased importance. The radically changing times, the increased competition and changing patterns of Consumer Behaviour make the study challenging and important.

The endeavor in writing this book has been to put forward the basic concepts of Consumer Behavior and Sales Management and present them to the students in such a way that it delivers to them a capacity to understand the subject in today's uncertain environment.

Nirali Prakahsan with its energetic and enthusiastic team comprising of Mr. Amol Mahabal, Akbar Shaikh, Prasad Chintakindi, Anjali Mule and Sachin Shinde have lent finishing touches to the book.

I humbly acknowledge the contribution of all those authors, writers and economists whose readings have played a significant role in the writing of this book.

Suggestions and feedback from readers are most welcome at [niralipune@pragationline.com](mailto:niralipune@pragationline.com).

**Authors**



# Syllabus ...

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## 1. Introduction and Determinants of Consumer Behaviour

- **Basics:** Meaning of Customers and Consumers, Consumer Roles, Consumerism and De-marketing.
- **Culture and Sub-culture:** Meaning, Characteristics and Relevance to Marketing Decisions.
- **Social Class:** Meaning, Measurement, Effect of Lifestyles.
- **Social Groups:** Meaning and Group Properties and Reference Groups.
- **Family:** Family Life Cycle and Purchasing Decisions.
- **Marketing Mix:** Influence of Marketing Mix Variables.
- **Personality and Self Concept:** Meaning of Personality, Influence on Purchase Decisions.
- **Motivation and Investment:** Types of Buying Motives, Motive Hierarchy, Dimensions of Involvement.
- **Learning and Memory:** Meaning and Principal Elements of Learning, Characteristics of Memory Systems, Recall.
- **Attitudes:** Meaning and Characteristics, Strategies for Changing Attitudes, Intensions Behaviours.

## 2. Consumer Decision Making Process

- **Problem Recognition:** Types of Consumer Decisions, Types of Problem Recognition, Utilizing Problem Recognition Information.
- **Search Evaluation:** Types of Informations, Sources of Information Search, Search Experience and Credence Aspects, Marketing Implications.
- **Situational Influences on Purchase Decisions.**
- **Purchasing Process:** Why do people Shop and Store and Non-store Purchasing Processes, Purchasing Patterns.
- **Post-purchase Evaluation and Behaviour:** Consumer Satisfaction, Dissatisfaction Customer Delight, Consumer Complaint Behaviour, Post-Purchase Dissonance.

## 3. Basics to Sales Management and its Organization

- **Sales Management:** Definition and Meaning, Objectives, Sales Research, Sales Forecasting Methods.
- **Sales Planning and Control:** Goal Setting, Performance Measurement, Diagnosis and Corrective Actions.
- **Sales Organization:** Need for Sales Organizations, their Structure, Sales Managers Functions and Responsibilities, Planning for Major Customers and Sales Budget, Specific Characteristics of a Successful Salesman.

#### **4. Training, Managing and Motivating the Sales Force**

##### **(A) Recruiting Selection and Training of Sales Force:**

- Procedures and Criteria extensively used as selection Tools for Recruiting and Testing Sales Ability, Sales Force Job Analysis and Description.

##### **(B) Areas of Sales Training:**

- Company Specific Knowledge, Product Knowledge Industry and Market Trend Knowledge, Customers and Technology - Relationship Selling Process and Customer Education. Value added Selling.

##### **(C) Motivating the Sales Team:**

- Motivation Programs - Sales Meetings, Sales Contests, Sales Compensating (Monetary Compensation), Incentive Programs as Motivators, Non-Monetary Compensation - Fine Turning of Compensation Package, Supervising.

##### **(D) Evaluating Sales Force Performance and Controlling Sales Activities:**

- Sales Records and Reporting Systems, Improving Sales Productivity, Ethical and Legal Issues in Sales Management.



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# 1...

## Introduction and Determinants of Consumer Behavior

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## 1.1 BASICS

### 1.1.1 Meaning of Customers and Consumers

A customer is the individual/business/organization which buys the offering from the seller via a financial transaction or monetary exchange. In simple terms – Customer is the buyer of the offering. Customers are important because they drive revenues; without them, businesses have nothing to offer.

**Example:** A person buying a gift for someone from a gift shop – the person is a **customer** of the gift shop.

In general, businesses tend to focus on getting more customers as they help them grow and gain more profits.

A consumer is an individual who is the end-user of the product/service offered by a business.

In simple terms – **Consumer is the end-user who consumes the offering.**

**Example:** Take a kid who recently got candy from his dad. Even though his dad was the customer who bought the candy, this child is the consumer who ends up consuming the product.

### 1.1.2 Consumer Roles

Consumers play an important role in society from the methods they use to research and review products to their decisions on which brands to use and where to make purchases.

- (a) **Initiator:** Consumers determine the products and services they need, whether they are shopping for themselves, friends, family members or business clients. The media help to persuade, inform and remind them about products and services that are available for consumption. Once a consumer becomes interested in a product or service, regardless of the brand name associated with it, he begins to gather information to determine if making the purchase is a reasonable, wise-buying decision.
- (b) **Influencer:** Consumers undoubtedly look to family, friends and colleagues for opinions when they're making a purchase. A referral for a business or a personal experience with a product holds more weight with a consumer than a well-orchestra print advertisement or commercial. In fact, Business Wire reports that women often look to blogs and social networks to research products before they make a decision to buy. Companies offer customers an opportunity to review their services and products online, and consumers use this information to gauge quality, service, features, benefits and pricing.
- (c) **Decider:** Children, for example, may initiate the idea of a purchase by mentioning a new cereal to a parent. The parent decides whether or not to make the purchase

after researching the cereal to determine its price, its availability and how healthy it is. Consumers who assume the role of a decider have the financial authority to decide whether a good or service can be purchased.

(d) **Buyer:** Consumers purchase products and services with their money, a spouse's money, or by using a company credit card. Whether they visit a store in person, make a purchase online or place an order over the phone, the buyer gives a payment and receives a good or service in exchange.

(e) **User:** Consumers typically use the products they buy, unless they make the purchase for a family member, friend or colleague. Regardless of who makes the purchase, the user is the person who ultimately consumes the good or service that's purchased by the buyer.

### **1.1.3 Consumerism**

Consumerism is the organized form of efforts from different individuals, groups, governments and various related organizations which helps to protect the consumer from unfair practices and to safeguard their rights. In a market economy, the concept of consumer is given the highest priority, and every effort is made to encourage consumer satisfaction. However, there might be instances where consumers are generally ignored and sometimes they are being exploited as well. Therefore, consumers come together for protecting their individual interests. It is a peaceful and democratic movement for self-protection against their exploitation. Consumer movement is also referred as **consumerism**.

#### **Definition:**

Consumerism is concerned with protecting consumers from all organizations with which there is exchanged relationship. It encompasses the set of activities of government, business, independent organizations and concerned consumers that are designed to protect the rights of consumers". McMillan Dictionary (1985)

#### **Importance of Consumerism:**

1. Stop unfair trade practices
2. Provide complete and latest information
3. Discourage anti-social activities
4. Implementation of consumer protection laws
5. Protect against exploitation

### **1.1.4 Demarketing**

Kotler and Levy define demarketing as "discouraging customers in general or a certain class of customers in particular on either a temporary or a permanent basis".

#### **Meaning:**

Demarketing basically refers to when a company discourage its customers to buy the product produced by them. It's because of shortage of supply want to promote their other products and the company is not having so much profit with the sale of that product.

**Example:**

1. This happened in case of Tata Nano, when the demand for Tata Nano increased from its supply level then Tata started promoting their other products and completely stopped the promotion of Tata Nano.
2. When Maruti A-star was launched, for the promotion of A-star Maruti started discouraging its customers to buy Maruti Xtilo.

Demarketing may be adopted because of multiple reasons, some of which are listed below:

- The supply cannot meet the demand.
- Resources, especially natural resources, must be conserved.
- Cost of advertising for the product is extremely high.
- Inadequate or absent distribution channel.
- Price of selling in a particular locality is extremely high.
- Save the consumer from potential harm, such as from alcohol or tobacco.

## **1.2 CULTURE AND SUB-CULTURE**

### **1.2.1 Meaning, Characteristics a Relevance to Marketing Decisions**

CULTURE is the distinct way of life of a group of people and their complete design for living.” Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by individuals. It has certain characteristics and is transmitted from one generation to another. It is a comprehensive concept and includes all those things that influence an individual in his thinking and behavior.

**Characteristics of Culture:**

- (a) Culture is invented by 3 inter-dependent systems:
  - (i) Ideological system—mental system consisting of ideas, beliefs, values and ways of reasoning (good or bad).
  - (ii) Technological system consists of skills, techniques to produce.
  - (iii) Organizational system (family and social class) coordinates behavior.
- (b) Culture is socially shared by human beings living in societies.
- (c) Culture as similar yet different. Athletics, sports language music rituals are observed by all but are different.
- (d) Culture is acquired. It can be acquired from the family, from the region or from all that has been around us while we were growing up and learning the ways of the world.
- (e) Culture forms a boundary within which an individual thinks and acts. When one thinks and acts beyond these boundaries, he is adopting a cross-cultural behavior and there are cross-cultural influences as well.

**Sub-Culture:**

While culture is defined as the “personality of a society”, (inclusive of language, customs and traditions, norms and laws, religion, art and music, etc), it is not entirely homogenous in nature. Not all people within a social system, share the same language, religion, customs and traditions. Every society is composed of smaller sub-units, homogenous within, and heterogeneous outside, all of which when put together make a complex society. Such sub-units or sub-groups are known as sub-cultures; people within sub-cultures possess distinctive sets of values, beliefs, customs and traditions etc.

For example, while we are all Indians, and our culture is Indian (with a common national language, Hindi, and common festivals like Diwali), North Indians are different from South Indians. While North Indians, celebrate Lohri, as a harvest festival in January, the South Indians celebrate Pongal as their harvest festival at the same time. In other words, people within smaller units share the same language, religion, customs and traditions; and, this would be different in smaller or larger magnitude to people in other sub-units.

**Types of sub-culture:**

Based on the varying criteria, there can be different types of sub-cultures. The important sub-cultural categories are nationality, geographical location, religion, race and caste, gender and age.

**Nationality:** Sub-cultures could be based on nationality. While we are all Asians, we are distinct with respect to culture, and are different in terms of language, customs and traditions etc.

Thus, we are classified as Indians, Burmese, Nepalese, Pakistani etc.

**Geographical location:** Within a country, we could be different across geography, climatic conditions, regions and terrains, and density of population. This is more so in cases where the country is large and borders spread across a huge population occupying a vast territory. People tend to develop regional affinity and identification, and this gets reflected in the food they eat, clothes they wear, interests they pursue, etc. As consumers, our needs are different and would translate into various wants, for example, (i) differences in food habits (ii) differences in clothing, and demand for cottons, woollens and silk.

**Religion:** People also exhibit differences when it comes to the religions that they belong to. Hindus, Muslims, Christians, Sikhs, Parsis etc. are all different from one another and have different values and beliefs, customs and traditions etc. As consumers, they make purchase choices and purchase decisions that are influenced by the dictates of their religious leaders, scriptures, and holy books. In fact, many products/services are symbolically and ritualistically associated with religion. For example, as per Islam, non-vegetarian food must be “Halal”, and this itself comprises a huge segment that marketers across national boundaries are catering to.

**Gender:** Because gender roles have an impact on acts of behavior, gender constitutes an important cultural sub-group. Males and females across all cultures are assigned different traits and characteristics that make them masculine and feminine. They also perform different roles in society and are two distinct sub-groups.

**Age:** Infants, kids, teenagers and adolescents, adults and the aged, may all be looked up as distinct sub-groups. They have different values and beliefs, and all this impacts upon their priorities in life. Daily lifestyles, activities and interests, fashion and accessories, food and diet, etc. receive varying priorities across the various sub-groups. For example, an aged person would prioritize health and go in for nutritious home food as opposed to young man who would prioritize work and go in for fast food.

### 1.3 SOCIAL CLASS

A social class is an open group of individuals with similar social rank. Social class influences people's spending, saving, and credit practice. Perhaps the simplest model to define social class is a three-tiered approach that includes the rich, the middle class, and the poor. Other models have as many as a dozen levels. People in the same social class tend to have similar attitudes, live in similar neighborhoods, dress alike, and shop at the same type of stores

**Measurement of social class:** The measurement of social class as also the techniques to be used, have been a subject of debate. Researchers have not been able to agree on the methodology that needs to be used for measuring social class. A wide variety of tools and techniques have been used to measure social class. Broadly speaking, the various techniques that are used are subjective measures, reputational measures, and objective measures of social class.

**Subjective Measures:** The subjective approach to measure social class requires a self-assessment on the part of the individual who is asked to specify the class to which he belongs. In other words, the individual self-perceives his social class in response to a question like, "Which one of the following best describes your social class: the lower class, the middle class, or the upper class? People are often conscious or shy or may even refrain from giving the true response and have a safe say by opting for the middle class, when they should have been correctly classified as belonging to either the lower or upper class. However, the problem with this approach is that it leads to a lot of responses that fall in the mid-range (or the middle class).

**Reputational Measures:** The reputational measure to measure social class, requires independent informants from the society, to identify and make comments related to the social class membership of people in the community. Assigning people in the community to the various class categories based on his knowledge, expertise and experience. The methods lack reliability and has proved to be impractical, primarily in studies related to marketing and consumer behavior.

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