FACTORS INFLUENCING CONSUMER BUYING BEHAVIOR WITH SPECIAL REFERENCE TO DAIRY PRODUCTS IN PONDICHERRY STATE

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ABSTRACT

Consumer behavior analysis is based on consumer’s buying behavior. It aims at improving business performance through an understanding of the customer’s preferences and desires. In today’s world of growing competition where there are numerous brands selling the same products, consumers have an abundant number of choices and many diverse factors influence their buying behavior. This study is based on Descriptive study and the statistical tools used are Percentage & Weighted Average Method. This study made an attempt to find the factors affecting consumer’s buying behavior, with the focus on dairy products in Pondicherry state. These factors are based on certain variables used in the survey. The variables include packaging, cost, availability, ingredients, product popularity, product quality, product taste, etc., that influence the choice of a brand from among those in the consideration list, but may not be the most important and primary determinants for short listing brands. The study is useful to the marketers as they can create various marketing programs that they believe will be of interest to the consumers. It can also boost their marketing strategy.

Keywords: Dairy Products; Consumers; Consumer Buying Behavior

INTRODUCTION

Consumer is a person who buys or uses things (goods) or services. Marketers are the persons who provide these services. The most challenging questions for marketers are why buyers do what they do (or don’t do). Such knowledge is critical for marketers, since having a strong understanding of buyer’s behavior will shed light on what is important for the consumer and also suggest the important influences on consumer decision-making. Factors affecting consumers’ buying decisions are extremely complex. It is deeply rooted in psychology with dashes of sociology thrown in just to make things more interesting. It explains the influences on the consumer from groups such as family, friends and society in general. Consumers’ buying behavior result from deeply held values and attitudes, their perception of the world, their place in it, from common sense, from impulse or just plain take.
Consumers’ behaviour, preferences and attitudes towards consumption of dairy products differs substantially across countries (Bus & Worsley, 2003; Francesconi, Heerink & DHaese, 2010; Grunert, TionBeck-Larsen & Bredahl, 2000; Hatirli, Ozkan, & Aktas, 2004; Hsu & Lin, 2006; Richardson-Harman, 2000; Robb & Abdel-Ghany, 2007; Yee & Chin, 2007). Grunert et al. (2000) discuss that consumers’ perceptions of dairy product quality are complex and involve much more than sensory attributes. They contend that consumers consider four dimensions when forming perceptions about dairy product quality: (1) hedonic (e.g. sensory attributes such as taste or smell), (2) health-related, (3) convenience-related and (4) process-related (e.g. production processes such as organic, animal welfare or genetic modification). Thus, manufacturers/processors and marketers must understand the role each of these dimensions plays in driving consumer demand for dairy products and realize consumers may be heterogeneous in their preferences or perceptions of what constitutes dairy product quality.

In the fast growing world of consumerism, it is necessary for every organization to study their customer preference for dairy products to identify the underlying factors for preference of dairy brands as well as make suggestions for the company to take the right market to be a leader in the market to the dairy products.

**Table 1. Black Box Model**

<table>
<thead>
<tr>
<th>Environmental Factors</th>
<th>Buyer’s Black Box</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing Stimuli</strong></td>
<td><strong>Buyer Characteristics</strong></td>
</tr>
<tr>
<td>Product</td>
<td>Economic</td>
</tr>
<tr>
<td>Price</td>
<td>Technological</td>
</tr>
<tr>
<td>Place</td>
<td>Political</td>
</tr>
<tr>
<td>Promotion</td>
<td>Cultural</td>
</tr>
<tr>
<td></td>
<td>Demographic</td>
</tr>
<tr>
<td></td>
<td>Natural</td>
</tr>
</tbody>
</table>

The black box model shows the interaction of stimuli, consumer characteristics, decision process and consumer responses. It can be distinguished between interpersonal stimuli (between people) or intrapersonal stimuli (within people). The black box model is related to the black box theory of behaviorism, where the focus is not set on the processes inside a consumer, but the relation between the stimuli and the response of the consumer. The marketing stimuli are planned and processed by the companies, whereas the environmental stimulus is given by social factors, based on the economical, political and cultural circumstances of a society. The buyer’s black box contains the buyer characteristics and the decision process, which determines the buyer’s response.

The black box model considers the buyer’s response as a result of a conscious, rational decision process, in which it is assumed that the buyer has recognized the problem. However, in reality many decisions are not made in awareness of a determined problem by the consumer.

**OBJECTIVES OF THE STUDY**

- To study the Brand Preference on dairy products in the study area.
- To understand Customer Satisfaction level on dairy products in Pondicherry state.
- To analyse the factors influencing on dairy products.
REVIEW OF LITERATURE

The consumer decision-making process is important in determining purchase behavior. In order to offer an effective service, it is important to identify consumer segments, taking into account the benefits which the consumer seeks. Consumers seek benefits or solutions, not products (Rowley, 1997). When they buy a product, whether it is a good or a service, they buy a cluster of product features, but may want only one or two of these features. The main reason behind consumer’s search is uncertainty. Consumer information search has been the focus of many articles studying consumer behavior during the last 30 years (Bettman, 1979). Various studies have provided information about the measures of compulsivity, which helps in analyzing compulsive buying tendencies of consumers. Faber and O’Guinn T C (1992) reported a seven-items scale and assessed its reliability and validity. An earlier version 58 The IUP Journal of Marketing Management, Vol. IX, Nos. 1 & 2, 2010 of this scale used a subset of three items (Faber and O’Guinn, 1989b) while, Faber and O’Guinn (1989a) used a superset of 15 items to operational compulsivity.

The second approach (Youn and Faber, 2000) mainly used a nine-item scale, earlier developed by Rook and Fisher (1995). Thus compulsive buying is a very important aspect in consumer’s behavior research. It has been defined as “chronic, repetitive purchasing, that becomes a primary response to negative events or feeling” (Faber and O’Guinn, 1992).

Previous studies in this area have highlighted the fact that compulsive buyers tend to have a lower self-esteem, a higher level of tendency to fantasize, and a higher level of depression anxiety, and obsession, as compared to other consumers (Faber and O’Guinn, 1989b). Furst et al. (1996) reported human food choice as one of the basic and common components among consumers but is also one of the most complex function having multitude of influences. Consumers appear to have much more pragmatic considerations in mind when making their food choice decisions. These considerations include sensory aspects of food (e.g., taste and quality) (Powell et al., 2003) along with the influence of non-food effects (e.g., cognitive information, the physical environment, social factors) (Rozin and Tuorila, 1993; and Bell and Meiselman, 1995). Quality and safety are thus two very important elements in consumer’s food perception and decision-making associated with food choice (Grunert, 2005). Consumers’ purchasing decisions are normally based on their own perception and representations of quality and safety.

However, quality and safety are the concepts that cannot be easily defined, because they are classified as credence attributes (i.e., product attributes that cannot be verified by the consumer). Consumers are most likely to derive quality or safety perceptions from other product cues, either intrinsic (e.g., appearance of the product) or extrinsic cues (e.g., a quality label) (Nelson, 1970). Hence, it is quite difficult to analyze and discuss all the potential determinants of food choice, because food choice is a very complex issue in which many factors play a role, including biological, psychological and cultural (Frewer and van Trijp, 2007; and Rozin, 2007).

In fact, perceptions of food quality and safety are likely to be influenced by such psychological and cultural factors rather than physiological product experiences alone. Many quantitative and qualitative researches have addressed issues associated with cultural determinants of food choice (Shepherd and Raats, 2007). It is quite evident from such studies that while analyzing factors that influence food choice, it is important to consider consumer’s cultural background (Overby et al., 2004; and Hoogland et al., 2005).
It is believed that people from different cultural backgrounds have different perceptions and experiences related to food (Lennernas et al., 1997). Hence it can be noticed that some consumers are more oriented towards food quality, whereas for others food safety is a primary concern. Consumer behavior is also affected by the socioeconomic conditions of the markets namely, income, mobility, media access (Tse et al., 1989). It has been observed that per capita income and disposable income indicates the amount of resources consumers allocate to consumer goods (Johansson and Identification of Secondary Factors that Influence Consumer’s Buying Behavior 59for Soaps and Chocolates Moinpour, 1977).

As more resources become available, consumers may desire more emotional image attributes in products or brand (Kim et al., 2002). Personal values have been found to be the underlying determinants of various aspects of consumer attitude and behavior (Homer and Kahle, 1988). Thus, values are one of the most important influential factors that affect the type of needs consumer tries to satisfy through purchase and consumption behaviors (Tse et al., 1989). Brand of a particular product plays a fundamental function in consumer’s perception of a product.

It helps in developing a market position, prestige and image of the product and for these reasons the brand constitutes a mechanism of risk reduction (Aaker, 1996). Hence, selection of brand is another major constituent of consumer behavior. In the complex brand selection environment, which exists today, there has been a widely reported research work which discusses and reports that consumers defer product/ brand selection on a variety of factors (Tversky and Shafir, 1992; and Dhar, 1997). In situations when consumers are unable to defer the product choice decision, consumers may experience overload and anxiety at worst or develop simplifying decision heuristics to help them make product choices (Swait and Adamowicz, 2001) at best.

Observing the purchase behavior of unknown or known consumers (Park and Lessig, 1977) is one such readily apparent heuristic. This helps in simplifying consumer’s decision-making process by providing information that provides a source for consumer’s “evaluations, aspirations, and behavior” (Park and Lessig, 1977). They have explained that consumers are influenced by “others” mainly because of three reasons— informational, utilitarian and value expressiveness. The source of information is accepted by the consumer if it enhances his/her knowledge of the environment or ability to cope up with some aspects of this environment e.g., purchasing of product (Park and Lessig, 1977). This tendency, of consumers to observe the purchase behavior of other consumers and to incorporate these observations while making their own purchase decisions, is called as the consumer’s propensity to observe. It consists of the direct observation of other consumers, the indirect observation of other consumers or both.

Direct observation occurs by watching the actual purchase behavior of other consumers (Price et al., 1989; and McGrath and Otnes, 1995) and indirect observation involves the analysis of trace evidence of shopping behavior. An organization which embraces the marketing concept tries to provide products that satisfy consumer needs through co-ordinated sets of activities that also allow the organization to achieve its goals.

### Table 2. Most Recalled Dairy Brands in Town of Pondicherry

<table>
<thead>
<tr>
<th>Brands</th>
<th>No. of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ponlait</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Hatsun</td>
<td>08</td>
<td>08</td>
</tr>
<tr>
<td>Ruchi</td>
<td>06</td>
<td>06</td>
</tr>
</tbody>
</table>
Table 2. Most Recalled Dairy Brands in Town of Pondicherry (Contd.…)

<table>
<thead>
<tr>
<th>Brands</th>
<th>No. of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cavins</td>
<td>02</td>
<td>02</td>
</tr>
<tr>
<td>Amul</td>
<td>02</td>
<td>02</td>
</tr>
<tr>
<td>Others</td>
<td>07</td>
<td>07</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Based on the survey of 100 consumers of dairy products in the Pondicherry state, 75% of the respondents were preferred the Ponlait followed by Hatsun, Ruchi, Cavins etc.

Table 3. Analysis of Ranking of Attributes by Respondents

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Rank (Number of Respondents)</th>
<th>Total Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Product Quality</td>
<td>72</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>Product Availability</td>
<td>21</td>
<td>35</td>
<td>10</td>
</tr>
<tr>
<td>Product Pricing</td>
<td>19</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>Product Variety</td>
<td>11</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Brand Image</td>
<td>7</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Advertisement</td>
<td>4</td>
<td>5</td>
<td>8</td>
</tr>
</tbody>
</table>

Analysis of Ranking Given By Respondents Regarding Various Attributes
Which Influenced You to Buy the Dairy Products (Brand Preference)
(Using Weighted Average Method)

Table 4

<table>
<thead>
<tr>
<th>Rank</th>
<th>Weight</th>
<th>Product Quality</th>
<th>Product Availability</th>
<th>Product Pricing</th>
<th>Product Variety</th>
<th>Brand Image</th>
<th>Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>W</td>
<td>X1</td>
<td>WX1</td>
<td>X2</td>
<td>WX2</td>
<td>X3</td>
<td>WX3</td>
</tr>
<tr>
<td>1</td>
<td>6</td>
<td>72</td>
<td>432</td>
<td>21</td>
<td>126</td>
<td>19</td>
<td>114</td>
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<tr>
<td>2</td>
<td>5</td>
<td>20</td>
<td>105</td>
<td>35</td>
<td>175</td>
<td>14</td>
<td>70</td>
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<td>3</td>
<td>4</td>
<td>4</td>
<td>16</td>
<td>10</td>
<td>40</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>2</td>
<td>6</td>
<td>16</td>
<td>48</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>13</td>
<td>26</td>
<td>26</td>
<td>52</td>
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<tr>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>562</td>
<td>100</td>
<td>420</td>
<td>100</td>
<td>370</td>
<td>100</td>
</tr>
<tr>
<td>Cw</td>
<td>5.62</td>
<td>4.2</td>
<td>3.7</td>
<td>3.45</td>
<td>2.98</td>
<td>2.08</td>
<td></td>
</tr>
<tr>
<td>Rank</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

Product Mix and Marketing Mix factors are some of the factors which influence Consumers choose a Brand. The above Table 3 shows Ranking of the major reasons for choosing Dairy Brands and it is observed that Rank 1 is assigned to Product Quality Rank 2 is assigned to
Product Availability Rank 3 is assigned to Product Pricing Rank 4 is assigned to Product Variety Rank 5 is assigned to Brand Image Rank 6 is assigned to the Advertisement. Thus we see that Quality, Availability and Pricing are among the top 3 reasons while advertising is only ranked 6.

Consumers while purchase dairy products look for freshness, quality, taste and texture, variety and convenience. Products like Dahi and sweets like Kheer, Basundi, Rabri are perishable products with a shelf life of less than a day. These products are, therefore, manufactured and sold by local milk and sweet shops. There are several such small shops within the vicinity of residential areas. Consumer loyalty is built by consistent quality, taste and freshness. There are several milk-based sweetmeat shops, which have built a strong brand franchise and have several branches located in various parts of a city.

SUGGESTIONS AND RECOMMENDATIONS OF THE STUDY

From the study it reveals that,

- Many customers are using the Ponlait since it gives more usage with less cost
- Even though Amul is very branded, the cost is very high
- The customers prefer branded products based only on quality, availability, price, variety, image then advertising

CONCLUSION

On the study of the “Factors influencing Consumer buying behavior with special reference to Dairy Products in Pondicherry State” it was overall observed that Ponlait is the market leader of dairy products in the town of Puducherry. Ponlait is not only the most highly recalled brand but also a top rated among the other competitive brands like Hatsun, Ruchi, Cavins Milk, Amul, etc. We observe that Product Quality, Availability and Pricing have been regarded as major reasons (top 3 reasons) for preference of dairy brands.

In the scenario of the various dairy brands available in the market we can conclude that in the town of Puducherry Ponlait is ranked 1 in Price, Taste, Quality, Availability and Packaging. The next closest Competition is from Hatsun, Ruchi and other private brands. However the data shows that Competition for Ponlait dairy products is very insignificant while the competition in the other dairy segment like Ice-Cream, Ponlait is being pushed down to Position 2 while Arun Ice Cream is the market leader in this product segment.

Further frequency and place choice for the purchase of dairy products will help the company (Ponlait) to identify the right channels of distribution for its various dairy products. For example: in the case of ice-cream Consumers Preference of place is Ice Parlors providing the right ambience to enjoy their Ice-Creams. Further a Considerable amount of Brand Switching behaviour is observed among the respondents in case of non-availability of their favourite brands in their stores and also a Retailer role in influencing brand choice is Considerable at this level.

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