



FACULTY OF JURIDICAL SCIENCES

COURSE: B.B.A.LL.B. IInd Semester

SUBJECT: CONSUMER BEHAVIOUR

SUBJECT CODE: BBL -203

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Lecture-4



Scope and Relevance of Consumer Behavior Studies

Advantages of Study of Consumer Behaviour:

1. Saves from Disaster: The failure rate of new products is surprisingly high not only in highly competitive economies of USA, Europe and Japan etc. but even in India. For instance, Roohafza of Hamdard succeeded well but when other companies tried like Dabur to produce similar products they could not succeed. There are many more such examples. If one tests the market before launching a new product this type of disaster can be avoided or minimized.

2. Helps in Formulating Right Marketing Strategy: If one studies well what factors will influence demand of a product accordingly production and marketing strategies can be framed. In food items it is taste which decides whether consumer will buy it or not. If through the study of consumer behaviour one is able to know correctly the factors which influence buying decisions of the consumer one can promote sales of existing or new product.

3. Segmentation of Market is Helped: The study of consumer behaviour suggested that everyone does not buy on price consideration or utility consideration only. For high income group's high priced cloth, cars, etc have been produced. The producers of such items make heavy profits which would not have been possible without study of consumer behaviour because it is against basic economic theory.

4. Helps in Development of New Products: Before launching a new product proper study of consumer tastes i.e. behaviour avoids later failure and loss. This is particularly true for food items and daily consumption products. It is equally true for fashion goods like garments, cosmetics, cigarettes and new flavors of existing products. In certain cases if a product is reintroduced after a long gap this type of study helps.

5. Helps in Product Orientation: The study of consumer behaviour helps to find-out why consumers are drifting away from a product or why they are not liking it. For instance, some of Indian toothpastes are being produced for long like Neem but it could not capture the market.

There are many other instances when a new product has been developed or reoriented to again capture its old glorious position. Those who do it scientifically succeed and others who do not study consumer behaviour properly or do not orient loose the market, merely by pretty faces or fancy claims he wants to be assured that what is claimed is really true.

6. Helps in Reorientation of Packaging: A great deal of importance is being given to packaging for quite some time by marketing department and market research. But whether a particular packaging is liked by consumers or not is a recent phenomenon. Consumer if likes a packing helps in pushing sales. In certain cases this fact is advertised also. But in many cases this has been done without study of consumer behaviour and his attraction or disliking of a particular packaging. The fact however remains that proper study can help in pushing sales.

7. Helps Consumers to Study their Behaviour: The consumers often are guided by their income, emotions, opinion of others and they do not undertake study of their behaviour whether it is scientific or not. The science, however, can help them to study cost benefit of their buying decisions. The study can reveal them whether buying an expensive item is rational, or not. If there are competitive goods it can help them to make consumer preference chart and then decide what to buy immediately and what to postpone and what should be rejected.