

Consumer Behavior as a Synthesis of Different Social Science Approaches

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Abstract

The traditional economic theory of consumer behavior occupies a central place in microeconomic theory and has made an important contribution to understanding of the consumer behavior. However, in modern times, it has been criticized for its assumption of consumer behavior as being only an economic phenomenon, ignoring the contribution that has been made by other social sciences in understanding the consumer behavior.

A modern approach to studying this complex subject is "interdisciplinary", involving concepts from all the social sciences concerned with human behavior. The study of consumer behavior is thus said to be a combination of inputs derived from other disciplines, and not merely an economic theory. From a marketing angle, the importance of the theory of consumer behavior can be gauged from the following observation of Sam Walton, the founder member of Wall Mart.

Ultimately, consumers hold all the power in the business world. There is only one boss, the customer. And he can fire everyone in the company from the chairman on down, simply by spending his money somewhere else.

In the light of these observations, an attempt is made here to acknowledge and accommodate the contributions made by other social sciences to the phenomenon of consumer behavior. Accordingly an effort is made here to explore the possibility of integrating the traditional economic theory with the modern interdisciplinary approach to offer an explanation of consumer behavior in the market.

Keywords: Consumer behavior; Social science; Consumer's income; Anthropological

Introduction

Consumer behavior has been defined by Blackwell as, the activities people undertaken when obtaining, consuming and disposing of products and services [1].

Obtaining in this definition presumably includes all activities which lead up to:

Making a purchase—including:

Searching for information about products and services, and evaluating the alternatives.

Another definition of consumer behavior given by Bennett describes it as:

The dynamic interaction of affect and cognition, behavior and environmental event by which human beings conduct the exchange aspects of their lives. Bennett's definition regards consumer behavior as dynamic, and emphasizes the interaction of many different elements in determining consumer behavior [2].

Consumer behavior studies derive from many different academic disciplines, as well as studies undertaken by marketing academicians. For marketing practitioners, understanding the ways in which people make decisions about purchasing behavior is of crucial importance in planning almost every aspect of managing the exchange process.

A key concept of marketing is customer centrality. Understanding the processes involved in making those decisions is central to establishing policy.

Consumer behavior and industrial buying behavior have however been studied by marketers even before marketing became an academic subject. The academic subjects that preceded marketing include:

- Economics (the study of supply and demand)

- Sociology (the study of group behavior)
- Psychology (the study of thought processes)
- Anthropology (what makes us human)
- Each of these disciplines has looked at the problem from a different angle.

Economic Approach

The economic approach attempts a theoretical analysis of consumer demand based on the familiar concept of rationality of the consumer and is interested in explaining how consumer demand may rise or fall according to fluctuations in objective economic criteria, such as, the relative prices of goods and consumer's income [3]. An important aspect of the study of economics is the study of how consumers spend their funds, how they evaluate alternatives and how they make decisions to get maximum satisfaction from their purchases.

The economic analysis of consumer demand, it is argued, is quantitative rather than qualitative. Objective factors, such as, the prices of goods and the income of the consumer are major components. It thus concentrates only on the objective factors and ignores the subjective factors, such as, personality, attitudes, social class, preferences, cognition, social and cultural environment etc [4].

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Psychological Approach

According to psychologists, economic behavior is not the simple consequence of economic stimuli, but there are mediating variables between stimulus and response, namely, the perceptions of consumers.

Psychology is the study of the individual, which includes motivation, perception, attitudes, and personality and learning theories. All these factors are critical to an understanding of the consumer behavior and help us to comprehend consumption related needs of individuals, their actions and responses to different promotional messages and products. They also help us in understanding the way their experiences and personality characteristics influence product choices [5].

Psychology is the study of mental processes. It studies the way people think, which is basic to understanding how people think about the products they buy. This includes, learning about products, developing an overall perception of products and brands and fitting it into one's overall perception of the world and the basic drives that encourage people to seek solutions to their needs.

Psychologists study drives for consumption behavior under following heads:

- Drive and motivational studies
- Studies of goals and incentives
- Perception studies
- Studies of personality and self-concept
- Learning studies
- Studies of attitude formation and change

In addition, according to psychologists, consumers also have cognitive limitations and are creatures of habit. According to them, rational choice on their part therefore cannot be assumed [6].

Sociological Approach

According to sociologists, consumer's choice has to be looked at in a social context, because, people do not make choices in isolation. Their choices are dependent on the choices of others.

Group behavior is crucial to human beings and is therefore crucial to understand what motivates people to buy specific brands, as buying the wrong brands can be embarrassing [7].

People identify groups they would like to join and also groups they would prefer not to be associated with. Almost all such groups involve some type of consumption, including, clothing to wear, things to use in group activities or shared consumption of group owned items etc. Most of us define ourselves, they contend, at least in part by the groups we belong to, whether it is our work group, our group of friends, our family group, our religious group or our group hobbies [8].

Sociology is the study of groups. When individuals form groups, their actions are sometimes quite different from the actions when they are operating alone. The influences of group memberships, family and social class on consumer behavior are important for the study of consumer behavior.

Anthropological Approach

The importance of cultural values is a central theme of economic anthropology. Cultures differ, not only in their economic organization and complexity, but also in the value attached to money, wealth and

the acquisition of goods. Thus, the goods may be acquired for religious purposes or given away, or in order to increase prestige. Depending upon these, the preferences of the societies and therefore of consumers, may be determined.

Cultural anthropology is the study of human beings in the society. It explores the development of core beliefs, values and customs that individuals inherit from their parents and grandparents. These influence their purchase and consumption behavior. Cultural anthropology also studies the sub-cultures and helps compare consumers of different nationalities and cultures.

In economic science, neo-classical economists do accept the influence of preferences on purchasing decisions of the consumers, but fail to give an account of how preferences are formed or how they change. Sociology and Economic and Cultural anthropology can help in this respect, as there are good grounds for supposing that different social classes have varying preferences, and while consumer demand is dependent on consumer preferences, the consumer preferences in turn can be culturally determined.

An Interdisciplinary Approach to Consumer Behavior from a Marketing Angle

The fundamental basis for marketing thinking is that the customer or consumer should be at the centre of everything the firm does. For marketers, customers are the key concern. As such, an understanding of how and why people make purchasing decisions is crucial to formulating a marketing plan for the firm. Traditional economic theory also considers consumer as a sovereign or king for whom all production activity is undertaken.

Naturally, it is essential to develop a theory of consumer behavior, which is comprehensive, broad based and as nearer to reality as possible [9].

An effort underneath tries to bring together the inputs from various social science disciplines, including marketing, to build an interdisciplinary approach to understand consumer behavior in the market. The approach has the following additional assumptions, besides the assumption of the traditional economic theory, namely, rationality of the consumer. Additional assumptions are as follows:



Figure 1: The traditional demand curve showing the inverse relationship between Price and Quantity demanded i.e. with price rising, quantity demanded falls and vice versa. It is negatively sloping.

1. Goal of the consumer is to maximize satisfaction, goal objective being the product consumed;
2. Mechanism through which satisfaction gained and sought to be maximized is the act of consumption;
3. Maximization of satisfaction is not independent of the subjective factors, such as, preferences (socio-culturally determined) and perceived utility;
4. Consumer is a normal person-a conformist to social and cultural norms;
5. Consumer is a rational human being not in the absolute sense, i.e., rationality is a qualified concept. In other words, he is maximizing satisfaction with due reference to socio-cultural expectations;

With these assumptions, it may then be possible to show how actual purchase decisions are arrived at by the consumers in a competitive market with the help of the following Figures 1-5.

The point of Intersection is the point of Actual Purchase, where:

- The price of the product consumer intends to purchase is within his reach i.e., his income permits him to purchase the product and is in consonance with-

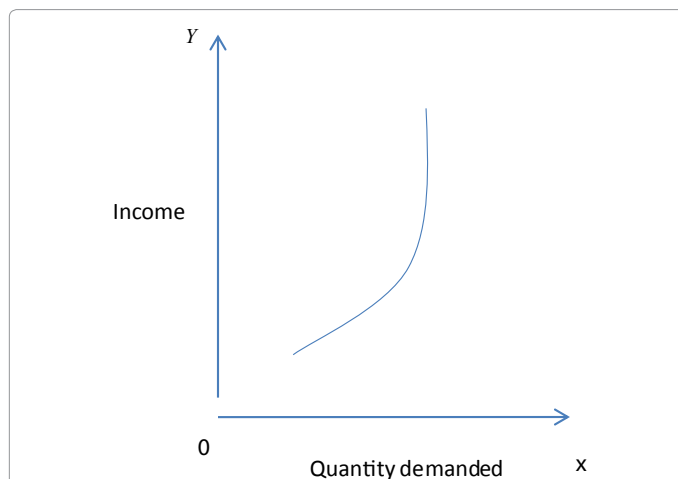


Figure 2: Shows a positive relationship between income and Quantity demanded.

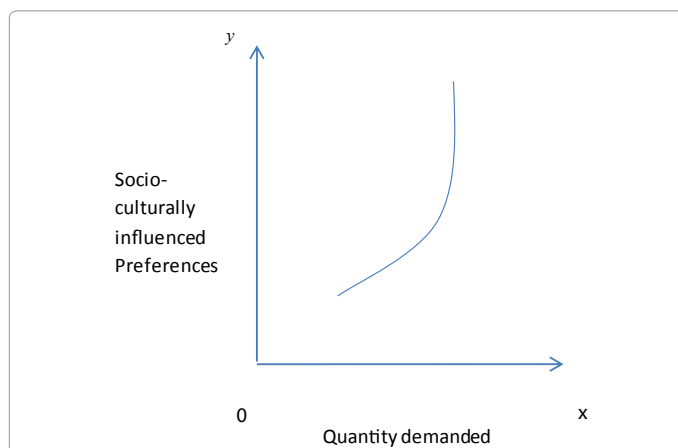


Figure 3: Shows a positive relationship between Socio-culturally influenced preferences and Quantity demanded.

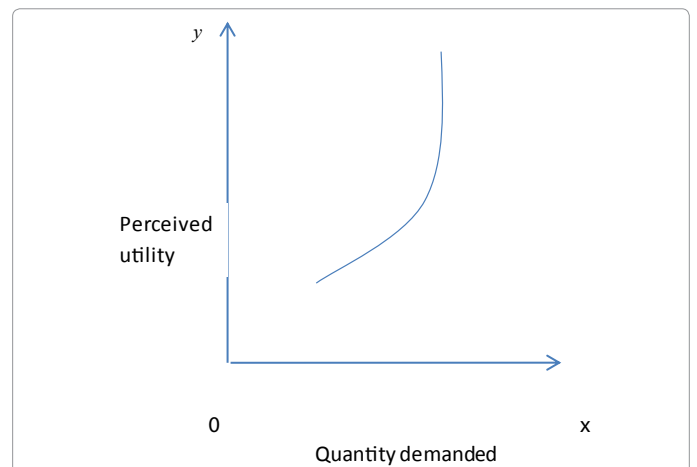


Figure 4: Shows a positive relationship between Perceived utility and Quantity demanded.

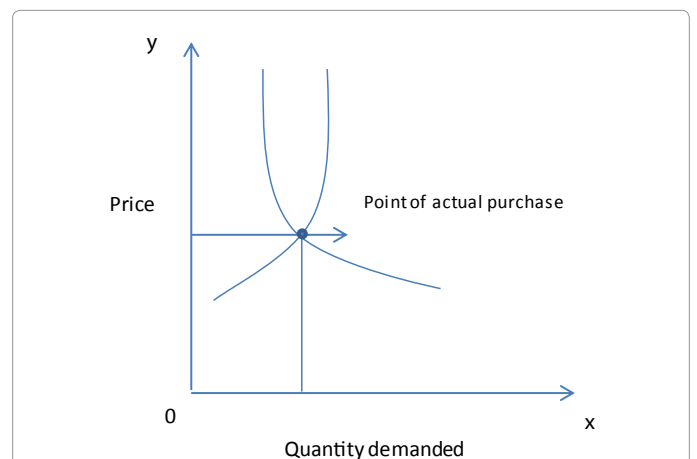


Figure 5: Shows a downwardly sloping traditional Demand Curve intersecting the upward sloping Curve representing Income, Socio-culturally influenced Preferences and Perceived Utility.

- The Utility he perceives he will get from the product, as also-

The Socio-culturally-influenced preferences to which he has to conform

This then results in the purchase of the product by the consumer.

Conclusion

The fundamental basis of marketing is the satisfaction and loyalty of the customer or consumer. The satisfaction of the customer with the product of a firm can ensure increased profits for the firm. As maximization of profit is the predominant objective of a firm in a private sector economy, understanding how and why people make purchasing decisions is crucial to formulating marketing plan. Out of the various factors influencing these decisions, those referred to and used in the article seem to be the most prominent ones and crucial in influencing the customer decision. Marketers therefore need to focus on these to chalk out a successful marketing strategy.

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