

# IMPACT OF INTERNAL AND EXTERNAL FACTORS ON MODERN CONSUMPTION TRENDS: A THEORETICAL PERSPECTIVE

MS. Ghatole Ketaki \*, DR. Aggrawal Artee\*\*

\* Research scholar, Amity Business School, Amity University, Mumbai.

\*\* Associate professor, Amity Business School Amity University, Mumbai

## ABSTRACT

**Purpose** – This study aims to address the behavioral aspects of modern consumers that influence the consumption and/or purchase intentions.


**Design/methodology/approach** – In totality, 63 empirical articles were studied, of which 41 empirical articles were reviewed based on the relevance of the study. The selection criteria for articles were based on the behavioral aspects of consumers with respect to consumption and purchase intentions. In view of modern consumption, empirical articles published during 2000-2017 were selected.

**Findings** – The findings outline the role of various internal and external factors that affect modern consumers' behavior. The major internal factors are personality and self-concept, learning and involvement, motivation, attitude development and the role of cognition. External factors are social and cultural settings, green marketing efforts of marketers influencing ecological consciousness, the role of family and peers.

**Research limitations/implications** – The study limits its ambit to a theoretical perspective on behavioral aspects and its impact on decision making under external and internal influences. The scope of the study is purely qualitative in nature.

**Originality/value** – The findings will be useful for further research to provide a framework for developing projective techniques, considering the qualitative nature of the study

**Keywords:** Behavioral Aspects, Consumption, Purchase Intention, Projective Technique

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## 1. INTRODUCTION

Consumer behavior has substantially changed over past decade. The advent of technology and penetration of internet has helped today's consumers to evolve significantly. Consumers are more informed than ever before and understand their buying motives remarkably well. Various intrinsic and extrinsic buying motives are encouraging customers to avail novel products and services. Consumers seek products that can differentiate themselves from others. Novelty has become a buzzword in modern lifestyle.

On the other hand, artificial intelligence is helping organizations to cater buyers demand precisely. On-demand services and personalization of services are possible with the help of technology embedded data analytics.

This research paper attempts to explore the underlying intrinsic and extrinsic motivating factors of consumerism that are shaping behavioral dimensions of today's modern consumers.

## 2. LITERATURE REVIEW

### 2.1 Personal Consumption: needs and motivation

Consumer needs lies at the heart of marketing. Though basic needs remain the same for all individuals, these are translated into wants, desire and aspirations as a result of varied reasons. Broadly needs are classified as physiological needs and psychological needs.

- Physiological needs: primary or biological or biogenic needs, innate in nature (food, water, shelter). It is important to fulfil these needs for survival.
- Psychological needs: secondary or psychogenic needs. Socialization process helps us to evolve with these needs e.g. Power, status, esteem and Need for affiliation. We feel affiliated to certain social norms by satisfying theses secondary needs.

### 2.2 Role of consumer:

- Revenue dump data of a leading telecom service provider indicates consumers with greater usage of value added services are susceptible to churn ([M. & Jensolin, 2012](#)).
- The feedback form customers help to increase the pace of innovation improve visibility for existing and new set of products, improvement in time-to-market, without duplication of efforts. Consumers learn about innovations by watching product demonstration. ([J., C., &](#)

[S., 1992](#)). Close interaction with customers and working on customer's feedback helps to achieve faster integration. Customer-centric approach of a company helps to achieve higher levels of Integrated Marketing Communication. ([Susanna & Sanna, 2009](#))

- Time spent in analysing data points collected from customer feedback, not only helps to chalk out rational, but prepares oneself with planning. Study of behavioral patterns of consumers helps to plan strategic and tactical moves to tackle competition.
- It's difficult to replace a brand which already owns customer's mind. Consumers' awareness and perceptions of the brand's competitors will also vary across consumers. Product name along with quality scores over product attributes and quality. ([van et al., 2000](#))
- Market analysis allows every industry to understand the underlying motives and psyche of the consumers. Big data analytics utilizes business intelligence into crowd sourced business intelligence, a great potential from a customer service prospective ([Satish & Yusof, 2017](#)). Big Data helps telecommunication giants to understand the nitty-gritties of processes, predicting the factors causing satisfaction and dissatisfaction amongst customers. ([Khade, 2016](#)).

### **3 METHODOLOGY AND APPROACH TO THE LITERATURE**

3.1 Scope: This study presents a review of empirical articles on consumer behavior, consumerism and purchase intentions published in reputed academic journals from 2000 to 2017. An electronic search was conducted to screen Scopus indexed journals and database to ensure inclusion of selection criteria and maintain quality standards of study.

3.2 selection criteria: The study limits its ambit to theoretical perspective on behavioral aspects and its impact on decision making under external and internal influences. The scope of the study is purely qualitative in nature.

3.3 selection process: 63 empirical articles were selected based on the selection criteria, only 41 articles were reviewed based on the relevance of the study. In view of modern consumption, the study was largely limited to empirical articles published during 2000-2017.

3.3. Approach towards the Analysis: - The present study is a literature review of full-text research articles from the Scopus database.

## 4. FINDINGS AND RESULTS

### 4.1 Internal factors:

#### 4.1.1 Attitude Development and Change

Attitude-based processing directs consumers' high involvement/ motivation level to thorough and systematic search of attribute seeking. Need for cognition increases the likelihood of attribute-based processing. The addition of a new attribute, if perceived as positive will increase an attitude and vice-a-versa ([Bettman, Capon, & Lutz, 1975](#)). Persuasive communications is the basis of formation and change in attitude. Attitudes are formed but not changed by the experimental manipulations ([Carnegie-Mellon University Marketing, 1978](#)). Preference formation of consumers is based either on attribute- based processing or attitude-based processing ([Mantel & Kardes, 1999](#)).

#### 4.1.2 Role of Attribution in cognition

Cognition is driven by beliefs, values experiences, attitudes, images and perception. Attributions play role in post-initial outcome decision making ([Weiner, 2000](#)). It states that if an outcome (whether positive or negative) is ascribed to a stable cause (i.e., one that is enduring over time), then the same outcome will be anticipated in the future. On the other hand, attribution to an unstable cause implies that future will differ from the immediate past.

#### 4.1.3 Motivational factors:

Buying Motives can reduce or increase tension in individuals. Psychoanalytic Theory of Motivation is proposed by Sigmund Freud on the basis of three fundamental forces: Id; Superego; and Ego. Gestalt Theory of Motivation proposes action or behavior as the outcome of past or present experience of the individual and surrounding environment. Addition of attractive common features to the choice set strengthens consumers' already established preferences ([Chernev, 2001](#)). This establishes the impact of common features of a brand and consumer's confirmatory reasoning.'

#### 4.1.4 Personality and self-concept

Self-concept is found as a structural product of reflexive activity ([Demo, 1992](#)). Self-concept is also susceptible to change as the individual encounters different life situations, roles and transitions. A multidimensional scaling and cluster analysis uncovers eight distinct forms of purchase behavior based on consumers' personality. The three underlying dimensions of purchase behavior are: thinking versus feelings purchases (functional vs. psychosocial), low versus high purchase involvement and spontaneous versus deliberate purchase behavior. The cluster analysis further contributed eight distinct forms of purchase behavior: extended purchase decision making, symbolic purchase behavior, repetitive purchase behavior, hedonic purchase behavior, promotional purchase behavior, exploratory purchase behavior, casual purchase behavior and impulsive purchase behavior. ([Baumgartner, 2002](#))

#### 4.1.5 Consumer perception

Five senses help individuals to perceive and process different sensory stimuli and help individuals to form opinions. The power of consumer perception cannot be underestimated as it builds brand's reputation. Consumer perceptions about a brand make or break fortune of the firm. Markets try to influence consumer perceptions favorably through effective advertising. Heightened physiological needs affect the perception of psychological connectedness ([Li & Zhang, 2014](#)). Greater perception of similarity is established in benefit-based organizations due to a higher level of construal. Perception of similarity acts as an explanatory variable in connecting organizations ([Lamberton & Diehl, 2013](#)). Perceptions are reduced only when both shopping objective and external organization are attribute-based.

#### 4.1.6 Consumer learning and involvement

Consumer learning is incidental or intentional. Behavioral Theory and Cognitive Theory explains how consumers learn. Consumer learning is the foundation for recall and recognition tests, a behavioral measure of brand loyalty. Learning to predict what someone else will like or dislike is vital to effective agent decision making ([West, 1996](#)). Comparisons based on relational mappings have greater explanatory power than comparisons based on attribute mappings. Consumer learning by analogy enhances understanding of knowledge transfer ([Gregan-Paxton & John, 1997](#)). Formation and/or modification of beliefs, corresponding to the claims/propositions in a given argument defines message acceptance. Usage of the linguistic signals drive the acceptance of key claims in advertising copy ([Areni, 2002](#)).

## 4.2 External Factors

#### 4.2.1 Consumers in their social and cultural settings

Social comparisons influence consumers' willingness to lie and thus motivate deceptive behavior. When the social comparison is upward, consumers misrepresent the price they paid for a product ([Argo, White, & Dahl, 2006](#)). Individuation is positively correlated with self-esteem and need for uniqueness and negatively related to shyness ([Maslach, Stapp, & Santee, 1985](#)). Consumers get attracted to marketing stimuli that enhance self-perceptions of uniqueness and acquire material possessions differentiating themselves from others. The pursuit of differentness is achieved for the purpose of developing and enhancing one's personal and social identity ([Tian, Bearden, & Hunter, 2001](#)).

#### 4.2.2 The family

Family is the primary economic, social and emotional support for older people in India. In twenty-first century, India is witnessing socio-economic development changes and rapid population ageing. During 1992-2006, nuclear households are increased by nine percent contributing to swift changes in living arrangements for older persons. ([Preeti, Laishram, & Gopal, 2016](#)).

Understanding spousal influence in affluent US markets, such as the Asian-Indian market, has important implications for marketers. Relative spousal influence affect the stages of the decision-making process and related purchase of products ([Gopala, 1997](#)). Wife is clearly the more influential across the spectrum of stages of purchase decision making. India is witnessing a shift in gender roles and work and family cultures of collectivism. ([Grishma & Ujvala, 2016](#))

The attitudinal factors of urban Indian parents reveal three discrete parental clusters, namely, time-pressed parents, child-centric parents and socially influenced parents. ([Neena & Rituparna, 2014](#)). The educated and affluent parents empower their children as more active influencers/consumers. Indian children in the age-group 8-12 years use persuasion strategy as the most common influence strategy, followed by emotional and bargaining strategies ([Monica & Aayushi, 2012](#))

#### 4.2.3 Social class and consumer behavior

Desires for differentiation lead people to choose less popular options relative to others in their in-group. People are able to simultaneously satisfy motives by using different choice dimensions, for both identity-signalling and uniqueness within a single choice ([Chan, Berger,](#)

[& Van Boven, 2012](#)). People who attribute their felt pride to personal traits (i.e., hubristic pride) are more likely to prefer unique options in unrelated situations, compared to those who attribute pride to effort (i.e., authentic pride). This effect is driven by a heightened need for uniqueness ([Huang, Dong, & Mukhopadhyay, 2014](#)).

#### 4.2.4 The influence of culture on consumer behavior

Identity, center-periphery and reference to youth cultural consumption styles drive global youth cultural consumption. Global homogenization and local appropriation are the basis for global structural commonalities amongst young consumers in Denmark and Greenland ([Kjeldgaard & Askegaard, 2006](#)). Considering the extent of belief in karma and unique cultural variables in India, advertising messages can be tailored and matched with cultural determinant and customer expectations ([Kopalle, Lehmann, & Farley, 2010](#)).

Cultural movement traverses through culturally constituted world, consumer goods and individual consumer ([McCracken, 1986](#)). Branding activities infuse diverse cultural referents to evoke a multicultural and hyper-urban experience with Asian regional brands. The mix of cultural referents from different places and nations plays an essential part in the construction of a transnational and imagined Asian world ([Cayla & Eckhardt, 2008](#)).

#### 4.2.5 Subcultural aspects of consumer behavior

An ethnographic study of a village in North India explores impact of shift in consumption on status hierarchies and top-down class emulation. Change in consumption patterns is disrupting age old caste-based hierarchies and contributing to social and economic changes in India ([Vikas, Varman, & Belk, 2015](#)). Dominant culture cues activate highly internalized dominant cultural models for members of a dominant culture and subculture, leading to favorable attitudes and self-referencing towards advertisement copy. However, subculture cues in advertising copy limits its interaction with the members of the subculture only ([Brumbaugh, 2002](#)).

#### 4.2.6 Environmental views and concern

Businesses must assess the increasing mindfulness of customers regarding different ecological issues and incorporate the same in green business practices. Companies like WIPRO, Infosys, Tata Metelik Limited, Suzlon Energy, Maruti and Delhi CNG enjoy a competitive advantage with green marketing initiatives as core business values ([Kumar Sharma, 2015](#)). Consumer

green purchase behavior is driven by product's functional attributes and consumer's environmental concern. There is a positive correlation between perceived consumer effectiveness and green purchase intention ([Joshi & Rahman, 2015](#)).

## 5. CONCLUSION

Need is the trigger point of all the buying decisions. Consumers often access to multiple information sources for making purchase decisions. Compulsive buying is positively correlated with extrinsic goals (financial success accentuating self-acceptance) and attractiveness to available competing brands ([Roberts & Pirog, 2004](#)). Customers evaluate different options based upon product quality, attributes, features, benefits, price, and value addition and so on. Other motivational factors like style, personality, taste, income also impact the evaluation process. In repetitive decisions, decision maker generates large set of alternatives and chooses his action from stable set of alternatives. When feedback is processed in repetitive decision-making contexts, it is generally processed for higher-level programs and not for lower-level programs ([Rados, 1972](#)). Feedback is used to establish the list of acceptable alternatives to the decision.

With tremendous growth in e-commerce sector, marketers must anticipate consumers' needs to deliver efficient shopping experience. Decision making process on digital platform is mediated by time and cost savings of consumers ([Kohli, Devaraj, & Mahmood, 2004](#)). Complimentary effect of specific website for offline information sources and longer search times yield increased price satisfaction ([Jang, Prasad, & Ratchford, 2017](#)). Social data such as tags, reviews, ratings, personal preferences and search time queries can empower information access in recommending and personalizing information ([Orso, Ruotsalo, Leino, Gamberini, & Jacucci, 2017](#)).

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