Changing Trends of Indian Consumer Behavior, Consumer Satisfaction and Customer Loyalty

Aneeshkumar G. S.
Assistant Professor, Post Graduate & Research Department of Commerce, Bishop Abraham Memorial College, Thuruthicad, Pathanamthitta (Dist), Kerala

> *Abstract*---All are flux, nothing stands still is a slogan mostly used in marketing. Consumers are a dynamic and progressive and who change themselves according to the signs of time. Product design innovations, responsible sourcing, recycling practices, price setting behavior, ethical standards, responsible advertising, green communication practices, building green product credibility and consumer engagement practices were identified as core green marketing practices adopted by most of the companies. Consumers may use online platforms for various stages of the purchase decision. The internet has become important component of marketing strategies in the era of modernization. The term customer loyalty is the most effective strategy that can be adopted by the retailers to gain customer satisfaction.

> *Keywords*---consumer behavior, consumer satisfaction, customer loyalty.

Introduction

Trends in consumer behavior

The digital revolution is one of the most significant influences on consumer behavior and the impact of the web will continue to expand as more and more people around the world log in. Consumers are web surfers, and it is hard to imagine a time when texting, tweeting, Facebooking, or pinning favorite items become part of daily life. Users upload 72 hours of video to YouTube every minute. In just 30 days on YouTube more video is broadcast than in the past 60 years on the CBS, NBC, and ABC broadcasting networks combined. Social media platforms enable a culture of participation, the ability to freely interact with other people, companies and organizations. Because of the sustainability and related issues such as climate change, pollution and toxic products are so pervasive, green marketing strategies are followed by most of the marketers in India. Product

design innovations, responsible sourcing, recycling practices, price setting behavior, ethical standards, responsible advertising, green communication practices, building green product credibility and consumer engagement practices were identified as core green marketing practices adopted by most of the companies. There is also dark side of consumer behavior like terrorism, addictive consumption, addiction to technology, compulsive consumption, illegal acquisition and product use consumer theft and fraud, anti-consumption etc. So, retaining and maintaining the consumer is a major headache to most of the manufacturers.

India's economy is booming despite the global recession, and affluent consumers prize higher end global brands – even though half of India's population lives on less than 1.25 dollar per day. Our zeal to share and to collect feedback from others before we purchase underscores the key role social media plays in fueling the basic word-of-mouth process. For example, PETCO saw a 500 percent increase in its click through rate when it included consumer's reviews in its online ads. Social game & gamification strategies turn routine behaviors into engaging experience when marketers add gaming elements to the environments where consumers shop or work.

Mobile communication and computing devices are becoming ubiquitous. Online consumer behavior is anew area of study. With growth of e-commerce, the cost of going to market (GTM) for most brands in essentials, FMCG and wellness will reduce dramatically. More players will enter the market, offering stiff competition to established brands. The rate of innovation on products will be like never before. According to a recent McKinsey report:

- Net consumer optimism has declined. Consumers are spending more on essentials and not on discretionary categories.
- Consumers are shifting to online and digital solutions as well as reduced-contact channels to get goods and services.
- Consumers also want to see an ongoing emphasis on cleaning and safety.
- Even though many countries have lifted stay-at-home restrictions, most consumers still feel the pull toward a "homebody economy".

People checkout the internet and companies perceive how consumers experience. If the experience is good, and consumers get some value in terms of variety, low prices or after sales services and they will share it with others. Customer satisfaction and loyalty are the holy grail of all marketing activities. It is a known fact that loyal customer drive volumes and profits. Waterman et al. (2004), found that, "Excellent companies really are really close to their customers. Other companies talk about it, but excellent companies do it". The relationship satisfaction-loyalty is present when evaluating product and brand combined, indicating that there is an intermediate position between product and brand.

As there are different shades of consumer decisions, it is easier to think of the decision types as points on a continuum, ranging from high to low involvement (Table 1).

Table 1
Purchase involvement continuum

	Routine	Limited	Extensive
Involvement	Low	Low to moderate	High
Time	Short	Short to moderate	Long
Cost	Low	Low to moderate	High
Information Search	Internal only	Mostly internal	Internal & external
No. of alternatives	One	Few	Many

- A Bain & Company report compiled in collaboration with the World Economic Forum in 2020 indicated that India's consumer market could reach a monumental sum of $6 trillion by as early as 2030, if current economic trends were to persist. BCG has now offered support for these claims by highlighting an increasing will to spend.

A Bain & Company report compiled in collaboration with the World Economic Forum in 2020 indicated that India's consumer market could reach a monumental sum of $6 trillion by as early as 2030, if current economic trends were to persist. BCG has now offered support for these claims by highlighting an increasing will to spend.

Online consumer behavior

Traditional models of consumer behavior were developed by scholars such as (Sheth, 2021). More recently, Shun and Yunjie have argued that online consumer behavior is different to offline behavior and as a consequence requires new theories or models. Research has identified that two types of consumer value in purchasing, namely product value and shopping value. Product value is likely to be similar for both online and offline shoppers. However, the shopping experience will be substantially different for online shoppers. In an offline shopping environment, consumers derive satisfaction from being within the physical store environment or retail landscape (hedonic motivations).

In the case of online purchasing, shoppers derive satisfaction from their ability to navigate a website and the convenience of online searching which allows them to compare prices and 'shop around' with minimal time commitment. Thus, the online consumer is motivated by more utilitarian factors. Consumer spending across India amounted to nearly 22 trillion rupees by the end of the first quarter of 2021. Consumer spending across the country after pandemic made a sizable recovery rapidly in spite of forecasts predicting this revival to occur during the second half of 2021(Lee & Kacen, 2008; Oyserman, 2009).

Different types of online behavior

Consumers may use online platforms for various stages of the purchase decision. Some consumers use online sources simply to acquire information about planned purchases. Others use online platforms for making the actual purchase. In other situations, consumers may also use online platforms to engage in post-purchase behaviors, such as staying connected with a brand by joining a brand community

(Becker et al., 2006; Laros & Steenkamp, 2005). Or they may become a brand advocate by posting a product review online or providing brand referrals via social media (Solomon et al., 2017; Kumar, 2015). Online marketers have segmented consumer markets into different kinds of online behavior in accordance with their online behavioral characteristics.

- Undirected Information-seekers are newcomers to a product or service. They are more likely to interact with online prompts and click through to web pages linked in advertising.
- Directed Buyers have a predetermined mindset and wish to purchase a specific product or service online.
- Bargain Hunters are price-sensitive users that like to discover products during sales promotions. For these users, discounts are a major attraction to online sales conversion.
- Entertainment Seekersare online consumers that are attracted to marketing delivered as a fun activity.

Table 1
Internet's impact on buying process

Stages in buying process	Unaware	Aware of product need develop specification	supplier search	Evaluate & select	Purchase	Post purchase evaluation and feedback
Communications objective	Generate awareness	Position features, benefits & brand	Lead generation(from range of consumers)	Assist purchase decision	Facilitate purchase	Support use & retain business
Internet marketing techniques	Banner advertising, PR, Links	Website content(plus search support)	Search engines, intermediaries	Website content, intermediaries	Website content	Personalized website content & intermediaries

- E-commerce activity in India has grown phenomenally over the years and the internet penetration numbers have augmented tremendously. Today, India has more than 137 million internet users, which accounts for 10 percent of the country's population. However, according to a recent study by Associated Chambers of Commerce and Industry of India (ASSOCHAM), the market is expected to reach 330 million within a few years, making India the second largest customer base after China. The customer behaviour is changing dramatically. People are not only using the Web to book air tickets and movie tickets but also do not hesitate in placing orders for mobiles, laptops and other consumer electronics and home appliances (Goyal, 2015).
- "An estimated 1.61 billion people worldwide purchased goods online amounting to a staggering 1.9 trillion US dollars in sales". This trend is getting stronger with a projected sales value of 4.06 trillion US dollars by the year 2020.

It is found that 57 percent of customers prefer lowest prices while making purchases. A report by Bain and Flipkart estimates that by 2025, there will be over 350 million online shoppers in the country, and consumer behavior in this segment has been evolving continuously. Here are some areas where consumer behavior in online shopping has evolved due to the pandemic (Summers & Hebert, 2001; Maxham 2001).

FMCG continues to record the highest orders during festive sales with 35%-unit share. Looking at FMCG sales over the last 14 months, FMCG sales are higher during the festive period this year versus the pre-COVID period and matches the same level during Republic Day sale in January this year. New FMCG shoppers have been enticed to shop online for the first time during the festive period in 2020, and with shopper penetration remaining high at almost 20% in the festive period for the year Bloemer & Kasper, 1995). An uptick from 14% in 2019, indicates that more consumers were persuaded to shop online for FMCG.

A demographic study revealed that people over 45 years are most likely to reduce their consumption of single-use plastic. They are also keen to engage in other environmental issues, such as cutting carbon emissions. While those aged 18-34 are most likely to choose brands for their ethical values. People of all ages are adopting more sustainable consumer behaviors (Amin et al., 2012; Bobâlcă et al., 2012). 14 With this in mind, brands are proactively looking to build sustainable practices across their supply chain. (FMCG and retail (e-commerce) REBOOT, October 2020 – Deloitte & FICCI Report).

According to IBEF, 'The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest e-commerce market in the world by 2034. Indian e-commerce sector is poised to reach US 99 billion by 2024 from US 30 billion in 2019, expanding at a 27% CAGR, with grocery and fashion/apparel likely to be the key drivers of incremental growth.

Consumer satisfaction

Customer satisfaction is defined as a measurement that determines how products or services provided by a company meet customer expectations. Customer satisfaction is one of the most important indicators of consumer purchase intentions and loyalty. Consumer satisfaction is a psychological construct that is a mixture of five-fold elements of experience: the product's physical properties, its beneficial properties, its expressive properties, its image properties, and capacity for emotional fulfilment. Oliver defines his own formal definition about customer satisfaction: "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment" (Zeithaml et al, 2009).

Satisfied customers are loyal customers and often provide repeat business, referrals and word-of-mouth advertising. The strategies for satisfaction are to be chalk out by each companies considering the above factors. Customer satisfaction is important for a company for:
- Retaining customers is way cheaper than acquiring new customers

- Reputations are powerful
- It's a crowded marketplace
- Customer satisfaction drives growth
- Customer satisfaction improves employee morale

Factors on the consumer satisfaction

Today's world of intensive competition requires firms to maintain the capability of high-quality service as a sustainable competitive priority (Lee, 2013). Identification of factors responsible for consumer satisfaction is a key concern of marketing scholars and marketers in now a days and it will remain in the future. The major factors on the consumer satisfaction are:

- Core product/service: Those functional attributes which can meet the core requirements of customers.
- Value additions: This can be in the form of tangible and intangible features resulting in additional benefits to customers.
- Price vs perceived benefits: For a given level of perceived benefits the consumer should feel the benefit.
- External factors: Organization should consider those external (or contextual) factors affecting consumer's decision-making process, while determining marketing mix.
- Personal factors: Organization will need to additionally segment their customers into distinct categories of personal factors to enhance consumer satisfaction.

The loyalty ladder

Customer Loyalty Ladder is a systematic way of classifying customers of an organization into five different categories. Customer loyalty ladder helps customers to identify potential customers who can remain engaged with their business for a long time and also become loyal to their brand. The five different categories under Customer Loyalty Ladder are:

- Suspects
  They are the potential customers for an organization. They may be aware of the promotional campaigns of the organization but are currently doing no business with that organization.
- Prospects
  They are the ones who have been impressed with the organization's promotions and are in serious consideration of buying products of the organization. The organization must treat them cordially and solve all of their doubt.
- Customers
  They have bought products of the organization for the first time and are currently using them. The organization must extend them all possible after-sales assistance in order to pacify their concerns. These customers can be engaged with a loyalty program or a loyalty discount.

- Clients
  They are doing business repetitively with the organization and are willing to foster the engagement in future. Clients if well engaged can help boost business with their brand loyalty.
- Advocates
  They are not only doing repetitive business with an organization but are also recommending the organization to their own acquaintances. They are the most valuable players and the organization must treat them royally with the highest priority.

The concept of Customer Loyalty Ladder comes under relationship marketing and brand management which deals with establishing long term relations with customers (Wijaya & Suprapti, 2019; Malarvizhi & Devi, 2018). It is said that the cost of attracting new customers is 4-6 times more than that of doing business with existing customers. Hence it is worth for any organization to keep its existing customers happy and satisfied in order to do a more profitable business. Customer Loyalty Ladder thus helps an organization plan engagement strategy wisely so that the customers would be tempted to move up the ladder. The loyalty ladder typically looks something like this:

Figure 1. The loyalty ladder

Customer satisfaction vs customer loyalty

Customer loyalty or customer retention is about how long the organization can keep a customer or how much share of their business is continuously obtained and retained by the company, whereas, customer satisfaction is expressed in terms of what the customer thinks of the organization by virtue of their product quality, services provided, value and so on.
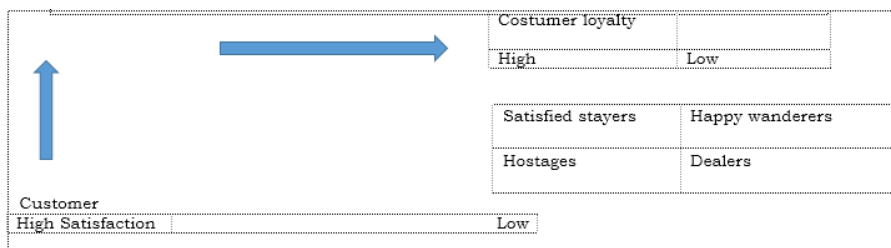

Figure 2. Costumer loyalty
Source: Piercy, (2016)

- Satisfied stayers: When an organization is able to satisfy customers through quality in their product and service offerings, they will remain loyal and stay with them.
- Happy Wanderers: Customers who purchase from elsewhere simply because tempting new products and services attract them or they may want to try out competitor's product (service) offerings.
- Hostages: Some of the loyal customers may be highly dissatisfied but may continue Displaying loyalty due to reasons such as:
  - Product compatibility (only this brand works properly)
  - Get loyalty incentives (accumulate frequent flyer miles by the same airline to get the free ticket)
  - Avoid the costs of switching – economic (not worth switching bank accounts). Such category of customers are not satisfied but can be retained for a particular time of period.
- Dealers: This category of customers are not satisfied and move brands and suppliers frequently.

From the above model it can be seen that satisfaction is to be viewed as an attitude (how the customer feels about an organization's products and services) while loyalty is a behavior (do the customers buy more than once from the organization).

Conclusion

Organizations need to offer services and quality to match customer expectations which can result in consumer satisfaction leading to customer loyalty in the long run. It is necessarily required for an organization to interact and communicate with customers on a regular basis to increase customer satisfaction. In these interactions and communications it is required to learn and determine all individual customer needs and respond accordingly. Even if the products are identical in competing markets, satisfaction provides high retention rates.The more loyal the customer and the longer the customer is retained, the more sales and profits the customer might generate.

Acknowledgments

References
Amin, S. M., Ahmad, U. N. U., & Hui, L. S. (2012). Factors contributing to customer loyalty towards telecommunication service provider. *Procedia-Social and Behavioral Sciences*, *40*, 282-286. https://doi.org/10.1016/j.sbspro.2012.03.192
Becker-Olsen, K. L., Cudmore, B. A., & Hill, R. P. (2006). The impact of perceived corporate social responsibility on consumer behavior. Journal of business research, 59(1), 46-53. https://doi.org/10.1016/j.jbusres.2005.01.001
Bloemer, J. M., & Kasper, H. D. (1995). The complex relationship between consumer satisfaction and brand loyalty. *Journal of economic psychology, 16*(2), 311-329. https://doi.org/10.1016/0167-4870(95)00007-B

Bobâlcă, C., Gătej, C., & Ciobanu, O. (2012). Developing a scale to measure customer loyalty. *Procedia Economics and Finance*, *3*, 623-628. https://doi.org/10.1016/S2212-5671(12)00205-5

Goyal, A. (2015). Rising trends of online shopping in India. *Biz and Bytes*, *6*(2), 125-131.

Kumar, D. (2015). *Consumer Behaviour: Includes online buying trends*. Oxford University Press.

Laros, F. J., & Steenkamp, J. B. E. (2005). Emotions in consumer behavior: a hierarchical approach. *Journal of business Research*, *58*(10), 1437-1445. https://doi.org/10.1016/j.jbusres.2003.09.013

Lee, H. S. (2013). Major moderators influencing the relationships of service quality, customer satisfaction and customer loyalty. *Asian Social Science*, *9*(2), 1.

Lee, J. A., & Kacen, J. J. (2008). Cultural influences on consumer satisfaction with impulse and planned purchase decisions. *Journal of Business Research*, *61*(3), 265-272. https://doi.org/10.1016/j.jbusres.2007.06.006

Malarvizhi, J., & Devi, T. C. (2018). A Study on Customer Satisfaction towards Patanjali Products in Theni District. *International Research Journal of Management, IT and Social Sciences*, *5*(2), 75-79.

Maxham III, J. G. (2001). Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions. *Journal of business research*, *54*(1), 11-24. https://doi.org/10.1016/S0148-2963(00)00114-4

Nair Suja, R. (2001). Consumer Behaviour in Indian Perspective.

Oyserman, D. (2009). Identity-based motivation and consumer behavior. Journal of Consumer Psychology, 19(3), 276-279. https://doi.org/10.1016/j.jcps.2009.06.001

Piercy, N. F. (2016). *Market-led strategic change: Transforming the process of going to market*. Routledge.

Raghunath, C., & Sahay, M. (2015). Consumer Behaviour in Online Retail in India. *IOSR Journal of Business and Management*, 16-19.

Sheth, J. (2021). New areas of research in marketing strategy, consumer behavior, and marketing analytics: the future is bright. *Journal of Marketing Theory and Practice*, *29*(1), 3-12.

Solomon, M. R., White, K., Dahl, D. W., Zaichkowsky, J. L., & Polegato, R. (2017). *Consumer behavior: Buying, having, and being*. Boston, MA: Pearson.

Summers, T. A., & Hebert, P. R. (2001). Shedding some light on store atmospherics: influence of illumination on consumer behavior. *Journal of business research*, *54*(2), 145-150. https://doi.org/10.1016/S0148-2963(99)00082-X

Waterman, T. A., Hagen, J. A., Peters, J. H., DeMeester, S. R., Taylor, C. R., & DeMeester, T. R. (2004). The prognostic importance of immunohistochemically detected node metastases in resected esophageal adenocarcinoma. *The Annals of thoracic surgery, 78*(4), 1161-1169.

Wijaya, I. K. A. D., & Suprapti, N. W. S. (2019). Building Customer Loyalty for Light Steel Products "Kencana Truss" in Bali. *International Research Journal of Management, IT and Social Sciences*, *6*(4), 156-168.

Zeithaml, J., Pižl, V., & Sklenička, P. (2009). Earthworm assemblages in an ecotone between forest and arable field and their relations with soil properties. *Pesquisa Agropecuária Brasileira, 44*, 922-926.