

Factors That Influencing Consumer Behaviour towards Financial Services – A Descriptive Study

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Abstract- The consumer, The KING of the market is the one that dominates the market and the market trends. Let's us know the King first. A consumer is someone who pays a sum to consume the goods and services sold by an organization. The consumer plays a very important role in the demand and supply chain of every economic system of every nation. The producers of the goods and services would lack the motive of producing as there would be no demand for their products.

IMPORTANT FACTORS THAT INFLUENCE CONSUMER BEHAVIOUR

You for sure might be wondering as to what is it that influences these consumers, how do we analyzes when is their purchase pattern going to change. Of course only the influencing factors will confirm what will change the consumers buying pattern. We have four main factors that affect consumer behaviour they are;

CONSUMER BEHAVIOUR – CULTURAL FACTORS

Culture plays a very vital role in the determining consumer behaviour it is sub divided in

Culture

Culture is a very complex belief of human behaviour it includes the human society, the roles that the society plays, the behaviour of the society, its values customs and traditions. Culture needs to be examined as it is a very important factor that influences consumer behaviour.

Sub-Culture

Sub-culture is the group of people who share the same values, customs and traditions. You can define them as the nation, the religion, racial groups and

also groups of people sharing the same geographic location

Social Class

Society possesses social class; in fact every society possesses one. It is important to know what social class is being targeted as normally the buying behaviour of a social class is quite similar. Remember not just the income but even other factors describe social class of a group of consumers.

CONSUMER BEHAVIOUR – SOCIAL FACTORS

Social factors are also subdivided into the following Reference groups

Under social factors reference groups have a great potential of influencing consumer behaviour. Of course its impact varies across products and brands. This group often includes an opinion leader.

Family

The behaviour of a consumer is not only influenced by their motivations and personalities but also their families and family members who can two or more people living together either because of blood relationship or marriage.

Role and status

People who belong to different organizations, groups or club members, families play roles and have a status to maintain. These roles and status that they have to maintain also influences consumer behaviour as they decide to spend accordingly.

CONSUMER BEHAVIOUR – PERSONAL FACTORS

A number of personal factors also influence the consumer behaviour. In fact this is one major factor

that influences consumer behaviour. The sub factors under personal factor are listed below.

Age and life cycle stage

Age of a consumer and his life cycle are two most important sub factors under personal factors. With the age and the life cycle the consumers purchase options and the motive of purchase changes, with his decisions of buying products change. Hence this stage does affect consumer behaviour.

Occupation

Occupation of a consumer is affects the goods and services a consumer buys. The occupations group has above average interest in buying different products and services offered by organizations. In fact organizations produce separate products for different occupational groups.

Financial or economic situations

Everything can be bought and sold with the help of money. If the economic situation of a consumer is not good or stable it will affect his purchase power, in fact if the consumers or the economy of a nation is suffering a loss it defiantly affects the consumers purchase or spending decisions.

Life style

People originating from different cultures, sub cultures, occupations and even social class have different styles of living. Life style can confirm the interest, opinions and activities of people. Different life styles affect the purchase pattern of consumers.

Self-concept and personality

Every individual is different and have different and distinct personalities. Their distinct personalities and distinct physiology effects their buying decisions. Hence purchase of products and services defers from person to person.

CONSUMER BEHAVIOUR – PSYCHOLOGICAL FACTORS

Four psychological factors affect consumer behaviour very strongly. Let's look at them in detail.

Motivation

Motivation is activating the internal needs and requirements of the consumer. It can also be

described as goals and needs of the consumers. Motivation arouses and directs the consumers towards certain goals. These needs can be psychological needs, needs of security, social needs, esteem needs and also self-actualizing needs.

Perception

Perception is sensing the world and the situations around and then taking a decision accordingly. Every individual look as the world and the situations differently. The judging ability and capacity of every individual is different and hence the look at the world differently. This is what separates the decision taking abilities.

Learning and experience

Learning is the research of products and services before the consumer takes the decision of buying a product. Learning and self-educating these days is done online and also in groups. Experience is taking a lesson from the past experiences of a product and service. Learning and experience both again play an important role in influencing the consumer's behaviour as it influences their purchase decision.

Attitude and beliefs

Attitude is a consumer's favorable and unfavorable emotional condition or emotional feeling, also its tendency of reaction to certain actions and behaviours. Beliefs of people that are the belief that people assume the products to be as make the specifications of the products. Hence attitude and beliefs are also important and need to be taken into consideration while studying human behaviour.

BEHAVIOUR TOWARDS THE FINANCIAL PRODUCTS

The consumer behavior is important for FP because it enables Financial Institution to better focus our efforts where we can get the results we want. By understanding consumer behavior; business will provide the consumer with better goods and services. Better goods and services results in more sales and therefore more profit. Not only is it important to improve goods and services; it is necessary to know what type of products and what type of service to offer.

The Consumer behavior is strongly tied to their phase in the life cycle. Patterns of spending are dictated by what is happening at a given time. Younger couples with no children have different needs than those who have started a family. While teenagers and elderly people have more discretionary income and can spend more freely.

Knowing this will help us decide who our core customer is. By using this information to influence buying decisions; we can increase sales.

It is also important to plan marketing strategies that are focused on this group. These strategies should target our market and focus on niche marketing. Resources should not be spent marketing to consumers outside of our target.

The FI begin to understand our market when we have satisfied certain questions about our customers. Why do they choose one product over the next? What impact does the role of culture, education and advertising has on the decision to choose a product? How and why is the consumer planning to use the product? Why are they loyal to a specific brand? What are the risks involved in using or switching to our brand?

Having the answer to these questions will help us gain consumer confidence. FI may have the best product, but the consumer does not know this. The FI will speak to them through our status in the community, our good-will, our price points and the way our product relates to them. These factors will help to determine who will become our customers and who won't.

Consumers have needs and wants, and our objective is to identify the need and create the want. Our ultimate goal is to influence consumer behavior and convert this into profits for our company. Businesses that can predict consumer behavior have the edge over their competitors. To predict consumer behavior requires knowledge of the consumers' values, goals and lifestyle. Companies with this asset use it to develop better strategies, and are better able to win over consumers.

CONCLUSION

From this theoretical study reveals that the many factors, which is generally influencing consumer behavior and apart from that when we trying to identifying a factors which is influencing consumer

of financial services is more than normal product and services and how the FI can change their strategies according to changes in consumer behavior

ABBREVIATIONS

FI – Financial Institution
FP- Financial Products

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