



A RESEARCH STUDY ON CUSTOMER BEHAVIOUR ON THE BASIS OF BEHAVIORAL SEGMENTATION

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ABSTRACT

Behavioral segmentation divides a population based on their behavior, the way the population respond to, use or know about a product. The different pattern in behavioral segmentation in India and all around world has created a tremendous prospects of Consumers. The purpose of this research is to enrich our knowledge of the Indian market and provide insights into how usage rate segmentation can be enhanced by select innovative perspectives of current offerings.

The main objective of this research is to study the possibility, Perceived dissatisfaction, satisfaction, delight, Perceived usefulness and Perceived ease of usage rate on behavioral market segmentation by analyzing high usage, medium usage and low usage. The population of this research consisted of online and outlet shoppers from India. The sample of the study comprised of more than 40 online shoppers. Respondents belonged to different age groups, income groups and occupations. A pre – structured questionnaire was used to measure the factors influencing the respondent's behavior to shop.

Different possibilities and perceived dissatisfaction in terms of **performance <expectations**, satisfaction in terms of **performance=expectations**, delight in terms of **performance> expectations** influence consumers usage rate, brand loyalty, user status and occasion for any product or brand. The recommendations presented in this research may help foster growth of Indian retailing in future.

The research findings revealed that perceived satisfaction and delight positively impact consumer's attitude towards segmentation while perceived dissatisfaction and risk negatively impact consumer attitude towards product and brand and thus usage rate declines or ends.

KEY WORDS

Online Buying, market segmentation, behavioral segmentation, perceived satisfaction, perceived dissatisfaction, perceived delight, brand loyalty, user status, usage rate, occasion and consumer behavior.

INTRODUCTION

Market segmentation is the research that determines how your organization divides its customers or cohort into smaller groups based on characteristics such as, age, income, personality traits or behavior. These segments can later be used to optimize products and advertising to different customers.

The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. become target markets).

Consumer behavior is a subject studied in depth over time in marketing management. In this study four dimensions of market segmentation as perceived by consumers in India are identified and the different behavioral factors are also studied which is one of the basis of market segmentation for retailers and consumers.

Behavioral segmentation is defined as the process of dividing the total market into smaller homogeneous groups based on customer buying behavior. Behavioral segmentation is done by organizations on the basis of buying patterns of customers like usage frequency, brand loyalty, benefits needed, during any occasion etc. It is done keeping in mind the needs and wants of a customer based on the behavior that they show.

A large body of research is available on the behavioral market segmentation in the world. However, there is still a need for closer examination on the bases of segmentation to understand the individual progress and about consumers' attitude towards adopting market segmentation and factors that influence their attitude. The consumers' attitude product usage is known as the main factors that affects behavioral segmentation. Therefore, understanding consumer attitudes towards product usage helps marketing managers to foresee the segmentation bases and assess the future expansion of market segmentation.

LITERATURE REVIEW

It has been an ongoing challenge for researchers to find the segmentation basis best suited to a specific market. A review of the related research work shows that the theory of Market Segmentation is among the most popular theory used to explain consumer attitudes on any certain usage of product. The theoretical basis for market segmentation comes from economic pricing theory, which indicates that profits can be maximized when prices that differentiate segments are set (Frank et, al., 1972). Market segmentation involves the grouping of customers with similar needs and buying behavior into segments, each of which have more or less similar or related characteristics.

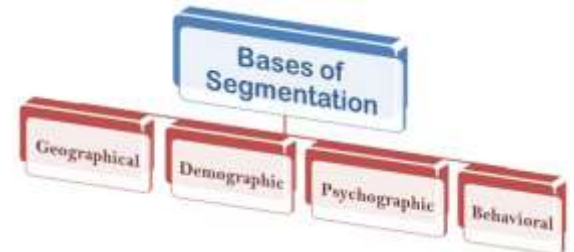
Rationale

The concept attempts to reconcile differing customer needs and allows product and marketing offerings to be adjusted to suit diverse customer bunch who have identical needs and wants. According to Kotler, companies from all industries are increasingly adopting target marketing. The essence of target marketing is that customers are heterogeneous in their buying requirements and behavior, and therefore these companies will be in a stronger position

to serve certain specific customer segments. Companies or Retailers tend to produce products keeping in mind the needs and wants of a customer based on the behavior that they show.

Market Segmentation

Market segmentation is the activity of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments) based on some type of shared characteristics. In dividing or segmenting markets, researchers typically look for common characteristics such as



shared needs, common interests, similar lifestyles or even similar demographic profiles. Market segmentation assumes that different market segments require different marketing programs – that is, different offers, prices, promotion, distribution or some combination of marketing variables. Market segmentation is not only designed to identify the most profitable segments, but also to develop profiles of key segments in order to better understand their needs and purchase motivations.

Behavioral Segmentation

The Behavioral Segmentation variables obtained are of two major types of customer namely: personality profile and loyalty of a particular product and its brand. When geographic and demographic attributes do not supply an adequate view of the customer behaviour, psychological profiles are often used as an extra source of information. While the usual geographical and demographical bases (sex, age, income etc.) provide the marketer with openness to customer segments, the psychological variables provide additional information about these and improve knowledge of the indulgent behavior of present and potential target markets.

Market segmentation comes about as a result of the study that all potential users of a product are not alike. They are different in the consumption behaviors, in their lifestyles, and in patterns of buying and using. As a result, the same general appeal will not interest all prospects and satisfy every customer's needs. Therefore, in order to enhance customers' satisfaction, it is necessary to divide the generic market into segments.

There are various parameters on the basis on which behavioral segmentation is divided:



Customer Usage

This category can be a strong predictive indicator of loyalty i.e. lifetime value. It looks at:

- How customers are using your product or service?
- How often they use it?
- How much time they spend with it?
- What features they use?
- How many users from the same account use it?

Usage-based segments include:

- **Heavy users-** Your most keen and engaged customers that spend the most time using your product or service, and purchase most frequently
- **Medium users-** Customers that semi-regularly, but not very frequently, use or purchase your products.
- **Light users-** Customers that use or purchase much less than other customers, sometimes even only once.

Customer Loyalty

Customer loyalty goes hand-in-hand with some of the other behavioral segments, such as purchasing behavior, usage, and timing. The difference, though, is that habitual customers are continually in need of the product or service you offer, while loyal customers continually purchase your product or service.

It's important to segment by customer loyalty because these people generate the bulk of your revenue, cost less to retain than acquiring new customers, and have the highest lifetime value. Therefore, you must maximize their value and find more customers like them.

Customer loyalty behavioral segmentation may yield valuable answers to important questions such as:

- What are the key behaviors along the customer journey that lead to loyalty?
- Which customers are the best candidates for loyalty/advocate programs?
- How can you keep your most loyal customers happy?
- How can you maximize the value you get from your most loyal customers?

User status

User status is another way to segment customers behaviorally. Some of the most common include:

- **Non-users** — May need to be made aware that they have a problem in the first place
- **Prospects** — Need to learn why your product or service is their best option
- **First-time buyers** — Might need further instruction on how to use your product
- **Regular users** — Should be introduced to supplemental products or services you offer
- **Defectors** — Former customers who have switched to a competitor who might come back to your brand if you've fixed the issue that caused them to leave.

Occasion

Occasion and timing-based behavioral segments typically refer to both universal and personal occasions:

- **Universal occasions**- Purchasing patterns that apply to the majority of your customers or target audience within a certain demographic (holidays, seasonal events, etc.)
- **Recurring-personal occasions**- Purchasing patterns for an individual customer that repeat consistently over a period of time-based On their personal life (birthdays, anniversaries, regular monthly purchases, etc.)
- **Rare-personal occasions**- Purchasing patterns for an individual customer that are more irregular, spontaneous, and difficult to predict (weddings, road trips, etc.)

Benefits rendered

This is also known as benefit segmentation. Consumer segmentation is also done on the basis of the different benefits perceived by different consumers. There are certain benefits that a person is seeking from a product. Many such products are available which have different variety, price etc. which fulfill the needs of a customer. But a customer opts for only those which gives him or her the maximum benefit.

RESEARCH DESIGN & METHODOLOGY

STATEMENT OF PROBLEM

Behavioral segmentation is defined as the process of dividing the total market into smaller homogeneous groups based on customer buying behavior. All markets are heterogeneous. Knowledge of segmentation directly affects marketing strategy. This is because of the marketing concept, i.e., the idea that firms exist to satisfy customer needs. Firms can satisfy those needs only through by segmenting the customers on the basis of demographics, geographical, psychographic and behavioral.

Segmenting decisions are crucial in understanding the market. Behavioral segmentation is performed so that people showing similar buying behavior can be clubbed together in a single group and they can then be targeted. It helps companies to promote and market their product in a very streamlined manner as they can capture the customer based on his / her needs.

Also, as people are becoming more and more conscious about the brands they buy and the amount of competition present, customization of products and services can also be done based on this type of market segmentation.

Hence, there is a genuine need to understand the factors that influence the buying behavior of consumers based on the segmentation. The present study is an attempt in this direction.

RESEARCH OBJECTIVE

- To analyze on what basis markets need to be segmented to attract customers.
- To study how the segmentation influences customer usage for a product.
- To study the rate of loyalty a customer possess for a brand.
- To discover opportunities to optimize the buyer's journey.
- To understand the frequency of purchase made by consumer on behavior parameters.
- To target the cluster of customers at one go based on identical needs.

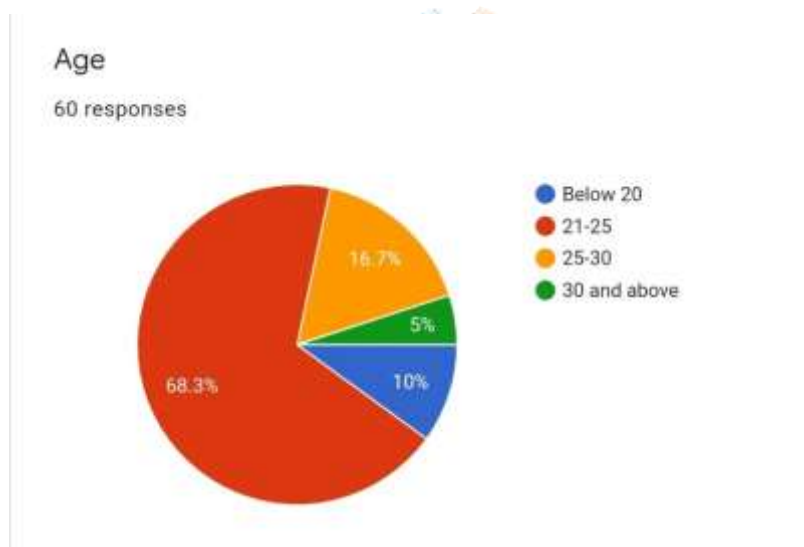
RESEARCH DESIGN

The research has been designed on the following considerations:

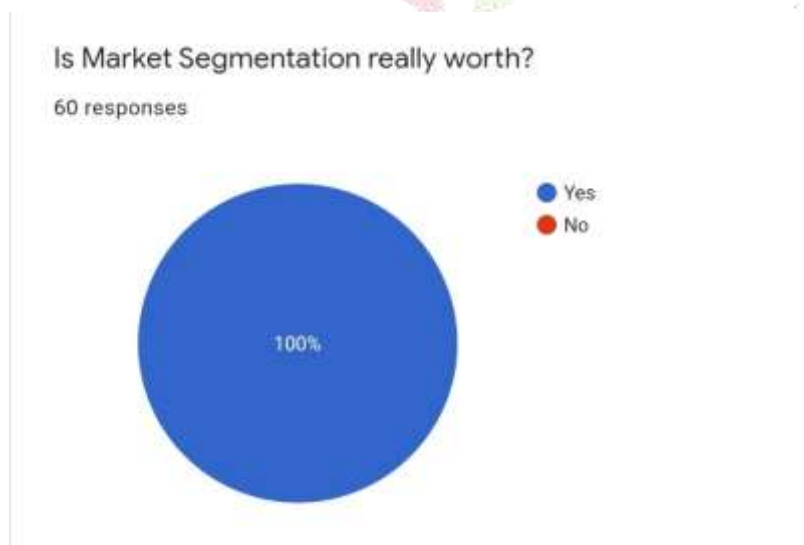
- This study has been chosen due to the need for segmentation of market and the significance of its phenomenon on current market scenario.
- There has been multiple research being conducted on this particular study and have gone through each to analyze the worth.
- The survey is based on the parameters which influences the customer buying behaviors.

RESEARCH FINDINGS

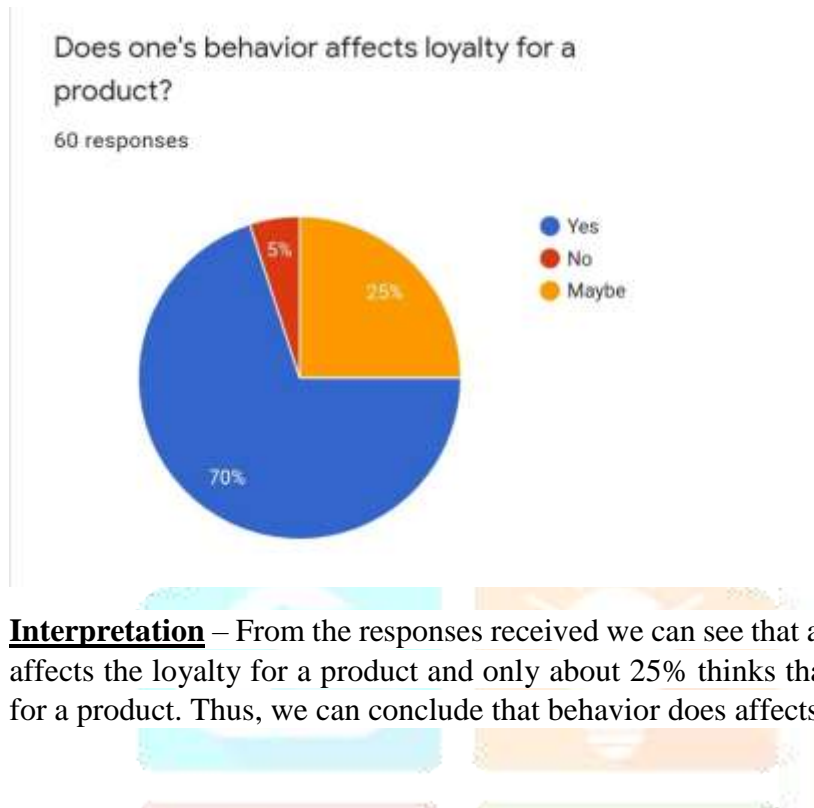
SAMPLING POPULATION- The survey was conducted online from a total 60 respondents across the different cities of the country. Care has been taken to include respondents from the millennial in large number and the retailers as well.



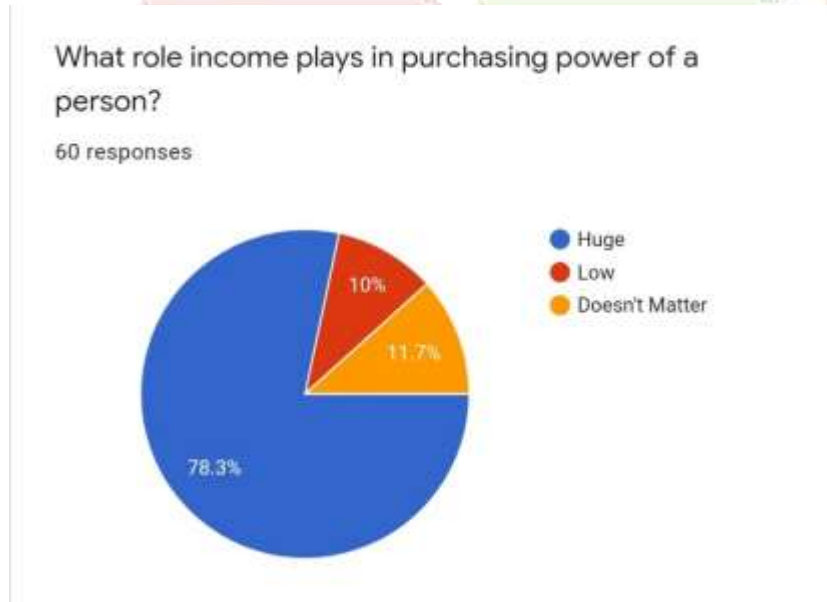
Interpretation – In this we got total of 60 responses. In which a majority of the responses i.e. 68% were from the age group of 21 – 25 years, 16.67% from 25-30, 10% from below the age of 20 and 5% from the age group of 30 and above.



Interpretation – In this, we can see that all the responses were in the favor of the question asked. This means that the Market Segmentation is really worth and is very important for every company to design their strategies according to it.



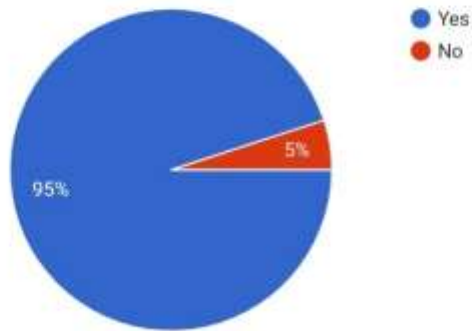
Interpretation – From the responses received we can see that about 70% of the people says that behavior of a person affects the loyalty for a product and only about 25% thinks that behavior of a person may or may affect the loyalty for a product. Thus, we can conclude that behavior does affects the loyalty for a product.



Interpretation – From the total responses received, majority of the responses i.e. 78% thinks that income plays a huge role in purchasing power of a person. Thus we can say that higher the income higher the purchasing power of the person and vice versa.

Does customer satisfaction leads to more usage of a particular brand?

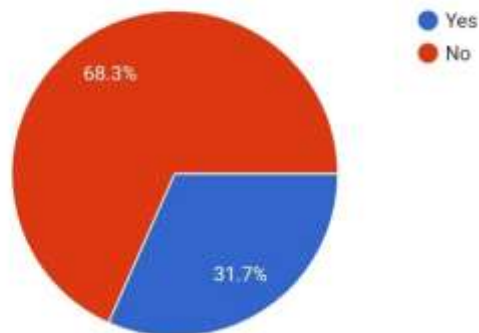
60 responses



Interpretation – In this, we can see that around 95% of the people are in the favor of customer satisfaction leads to more usage of a particular brand. Thus we can say that, when a customer is satisfied with a particular brand, he will use more and more of the same brand and will not try other brands unless there is some more advantage than the brand he/she is using.

Do you shop only from brand?

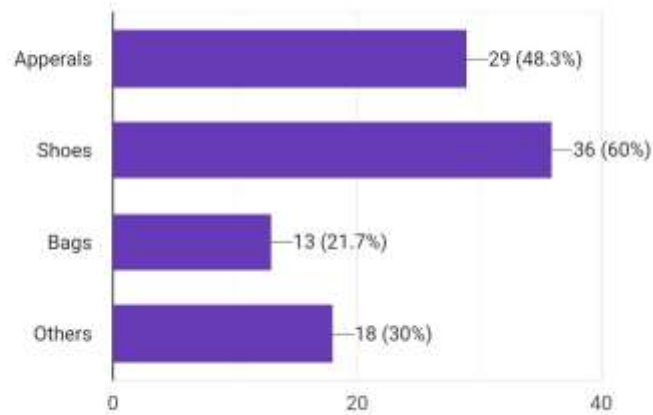
60 responses



Interpretation – From the total of 60 responses, it is concluded that about 68% of the people shop from the brand and only 32% shop from non-branded. It conveys people are more attracted towards brand logo.

What products you shop only with brand tag?

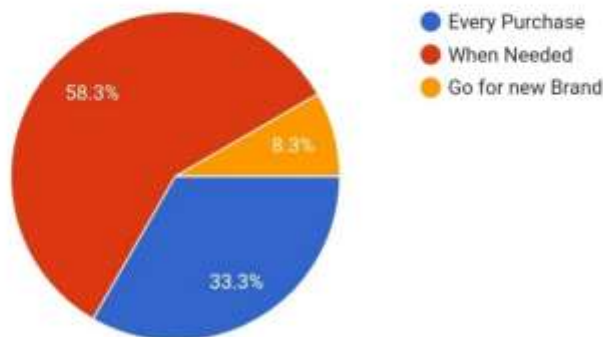
60 responses



Interpretation – In this we can see, majority of the people shop for branded shoes. After shoes people go for apperals, and other not mentioned items. Less people shop bags with brand tag.

If you get satisfied with one brand and its product, how frequent you would use that brand again?

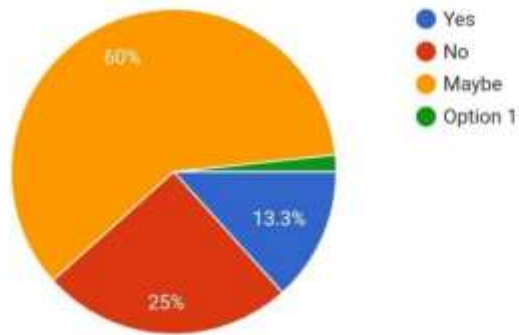
60 responses



Interpretation – When a customer is satisfied with the product of a particular brand majority of the people use that product only if there is a need generated. Only 33% of people will go for that brand in their every purchase.

If competitor brand possess same features, would you switch to the other one?

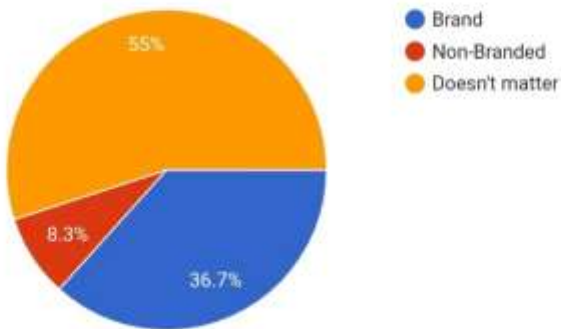
60 responses



Interpretation – If competitor brand possess same features, 60% of the people may or may not switch to other brand. 13% will surely switch and 25% will stay loyal with the current brand. 60% of people will compare price, quality, brand value, etc. And then they will decide whether to switch or no.

What do you prefer Branded or non-branded products?

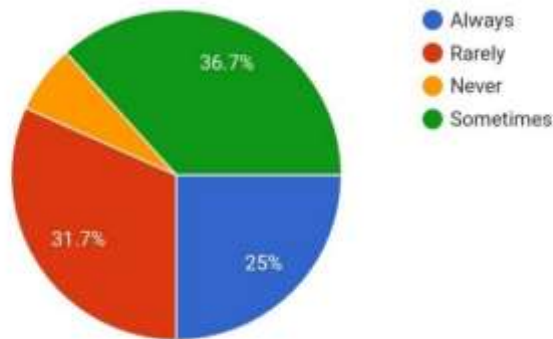
60 responses



Interpretation – From the responses we received, 55% of people thinks that it doesn't matter whether the product is branded or non-branded where 37% of people prefer branded products and rest prefer non-branded products.

How often do you get confused when multiple brands are being offered at the same time?

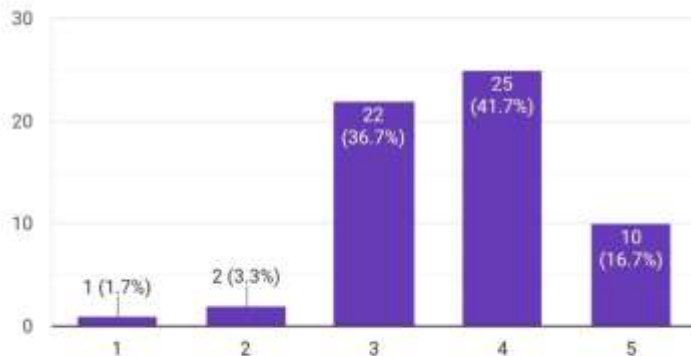
60 responses



Interpretation – From the total responses, 37% of the people sometimes get confused while multiple brands are being offered at same time. 31% of people get rarely confused, and 25% of people always gets confused.

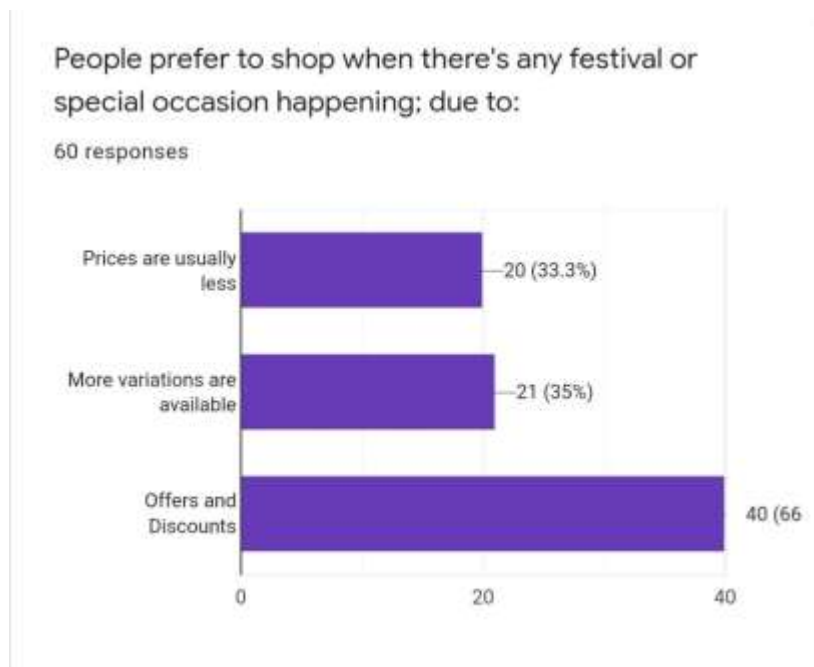
How loyal you are to any brand product if you are regular user?

60 responses



Interpretation – On the scale from 1 to 5, majority of the people responded for 4 which means that they are more likely to remain loyal to the particular brand if they are regular user. After this majority responded for 3 which is likely to remain loyal, and next people responded for 5 which means, they will surely be loyal to that brand.





Interpretation – Majority of the people i.e. 66% shop in festival or special occasion due to offers and discount. After that 35% people shop because there are more variations available. And 33% people shop because the prices are usually less.

RESEARCH LIMITATIONS

- The very first limitation caused during the research was to find out the respondent who are interested in taking the survey.
- The next limitation that occur during limitation was to identify whom to survey and in what numbers will people participate.
- The study is restricted most to students and some working class. Hence it may not be possible to generalize the finding to the entire population of the country.
- There may be some positive and negative biases of the respondents.

PRACTICAL IMPLICATIONS

- The study will be useful for organizations while identifying the target market and thus segmenting the market.
- This research study will help large, medium and small retailers to understand the importance of market segmentation for capturing the customer.
- This study will also be useful for the retailers to study on which parameters the consumers actually goes for purchase.
- This research study will be of use for academicians and students in order to understand how behavioral market segmentation and its parameters influences the buying behavior of consumers.
- This research study will also help the students to pursue more detailed study on the behavioral market segmentation and how other factors and parameters draws these behavioral aspect.

ORIGINALITY/VALUE

The study delivers an exclusive method to understand the consumer perception towards online shopping in general and routine online grocery shopping.

CONCLUSION

This research explains that there is an indispensable requirement of market segmentation. Market Segmentation is the need of current market. There has been also many entities that posed questions and argue about the stability, whether they even exist at all. We discussed fairly strong differences between the perceived satisfaction, perceived dissatisfaction and delight of products usage in the Indian market.

Segmenting by usage helps brands understand why certain types of customers become heavy or light users. It also tell at what scale a consumer is loyal to a brand and how it derives these loyalties. It enables marketer to test different marketing initiatives to increase usage from lower usage customers, and potentially attract new heavy usage customers.

It all describes that occasion/festivals also have a great impact on the purchasing behavior of the customers. Thus, Retailers need to identify all these factors and plan accordingly their blueprint.

As with the other types of marketing segmentation, behavioral segmentation gains a better understanding of who your target customer really is. The better you know and understand a customer, the more personal the value proposition you can offer, and a greater chance your offer will hit them and convince them to purchase.

To conclude, there has been various studies conducted research scholars to study the factors that may influence segmentation. The present study is an attempt to know people's perception towards behavioral segmentation. Hence, A majority of the respondents are in favor of this.

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