Types Of Risk Related To Consumer Buying Behavior

Perceived Risk

In layman language, when a customer has that state of mind which is not fully clear before buying any kind of product or service. Its types are as follows: -

- Functional Risk: - It is related to the features or working of an item. For example, “Will the two-seater car is suitable for the family”
- Physical Risk: - It is the uncertainty of the buyer related to the safe usage of the product.
- Financial Risk: - This risk arises when a consumer has a belief about the return on investment, whether the benefits overweigh the investment.
- Social/Psychological Risk: - It is a general thing that those customers who are brand-conscious have deep effect on them when they make purchase. So, they feel hesitate to go with new brand which is a big risk to the seller.

Time Risk

- When a customer gets worry about the consumption or wastage of time while making purchase.

Factors Affecting Consumer Buying Behaviour

An individual is influenced by various factors and characteristics while his consumer decision making process, purchasing behavior, shopping habits, the most usual brand he buys and the retailer he goes to. An individual is directed by his culture, his social class, his family, psychological factors, etc.

We have four main factors that affect consumer behavior, they are:

1. Cultural Factors:

Cultural factors play a vital role in determining the needs and behavior of an individual. The Impact of culture on consumers buying behavior varies from country to country even region to region. Due to this, marketers carefully analyze different culture of countries, groups as well as regions. Some of important cultural factors are:

CULTURE: Culture refers to set of beliefs, rituals, customs followed by group to people. For a seller, its crucial to understand and emphasize on the cultural factors inherent to each market in order to adapt its product and its marketing strategy.**SUBCULTURE**: Subculture refers to a group of people who share similar values, beliefs and lifestyle generally. Each group contain different subcultures such as religions, regions, racial group. Marketers take these small subcultural groups into consideration while segmenting the market.**SOCIAL CLASS**: Social class refers to division of society based on social and economic status. In social classes usually people with similar values, lifestyle, interests and behaviors are found. A consumer from lower

class will be more concerned over price whereas the upper class will be more focused on quality, brand, features.

2. Social Factors

Social factors include those factors which affect lifestyle, wealth, religion, or family. It is important for a marketer to be aware of these factors as they play crucial role in proper marketing. They fall in three main categories:

REFERENCE GROUPS: Reference group of an individual are social groups to which he belongs, and which can influence him while making buying decision. These groups provide an individual some points of comparison direct about his behavior, lifestyle or consumer habits.**FAMILY**: The family is the most influencing factor that influence an individual while making buying decision because it is an earning, consuming and decision-making unit. Example: if a consumer is influenced by his wife in buying a particular product then marketing team of a product will try to target the women in their advertisement.**SOCIAL STATUS**: Social status is the position of an individual within his family, work, friends etc. Example: a person at a supreme position in an organization is expected to purchase those products which shows his status.

3. Personal Factors

Personal factors influence lot in the buying behavior of consumer. Number of personal factors which influence the consumer behavior are mentioned below:

AGE: Age of an individual play crucial role. People buy different products in their different stages of life. The preferences and taste changes with changes in life.**INCOME**: Income of a buyer is another factor which can influence the decision. Income is important source of purchasing power. The person with high income level can afford things easily as compared with low income level.**OCCUPATION**: Nature of occupation widely effect the lifestyle and buying behavior. The preferences of lawyer as comparison to doctor would be different. Therefore, the marketing manager must study the market and make different marketing strategies that can suit the buying motives of different occupational groups.**LIFESTYLE**: In lifestyle the opinions, interests and way of living is expressed. Every individual has their own choices and preferences. The Marketing manager design different marketing strategies according to the lifestyle of consumer**PERSONALITY**: Personality differs from person to person, time to time, place to place. Therefore, it can greatly influence the buying behavior of customer. Actual, personality is not what person wears; rather it is total of behavior in different circumstances.

4. Psychological Factors

Psychological factors effect consumer behavior strongly. A consumer is a person who has different needs. These can be biological or psychological which arise from the need of social recognition or belonging.

PERCEPTION: Perception is selecting, organizing and interpreting information to generate meaningful experience of the world. That is why business spend so much money marketing their products and doing whatever they can to influence the perception of consumer which is

targeted.**MOTIVATION**: Motivation is driving consumer to develop a purchasing behavior. It is the expression of need which presses the consumer to satisfy it. Every consumer has different needs such as psychological, biological and social. Few needs are least pressing while others are most pressing.**LEARNING**: Learning is basically through action. When we act, we learn lot of things. Sometimes learning change the behavior as person acquires experience and information. Bad experience can lead to change in the behavior of consumer.**BELIEFS**: Beliefs are conviction that a person have on something. The experience he acquires, leaning and external influences such as (family, friends). These will build a belief which in turn influence buying behavior.**ATTITUDE**: Attitude can be defined as a feeling of likes and dislikes that a person has towards an object. Marketers can change the attitude of consumer by introducing special deals and offers.

Conclusion

The all above stated in depth knowledge does not only associate the consumer with all the mediums, patterns and actions required by a consumer to be undertaken to get a best product from the market but also let his/her know about the after-sale outcomes one have. It gives the consumer clear, precise and best knowledge to attain the desired goals. Also, the type of product associates a factor of risk that also needs to be understand by the consumer and it will be fulfilled through this project.

Not only the consumers but also the retailers, wholesalers and sellers get enough information about the product type, the availability of the type of the product as per the consumer differences on the basis of age, gender, functionality, need and occasion.