

What are the factors influencing consumer behavior?

In a general scenario, we've got five main factors that determine consumer behavior, i.e these factors regulate if a target a [customer](#) purchases a product or not. These factors are namely Psychological, Social, Cultural, Personal, and Economic factors.

1. Psychological Factors

Interestingly, human psychology is actually an integral factor that influences consumer behavior although these factors aren't exactly easy to measure. A few integral psychological factors driving the behavior of consumers are:

- **Motivation**

Motivation actually becomes a considerable defining factor influencing a person's buying behavior. A popular motivation theory is Maslow's theory of hierarchy of needs in which he developed a model that lays the foundation for 5 different levels of human needs where he lays the base with psychological needs and moves on to safety needs, social needs, esteem needs and finally heading to self-actualization needs. Amongst these requirements, our basic requirements and security needs are generally put above all needs.

Books & Literature

For instance, The U.S. Army's famous "Be All You Can Be" slogan and advertising campaigns encouraged young adults to join the army (self-actualization).

- **Perception**

Our perception is shaped when we gather information regarding a product and examine it to generate a relevant image regarding a certain product.

Whenever we see an advertisement, review, feedback or promotion regarding a product, we form an image of that item. As a result, our perception plays an integral role in shaping our purchasing decisions.

Manufacturing

Being in the times where we are gathering constant information by simultaneously surfing through the Internet, watching TV, and exploring through our cell phones, the perception we gain through all these resources plays a definite role in regulating our consumer behavior.

- **Learning**

Every time we purchase a product we get a deeper knowledge about it through experience. This learning mainly depends on our experience, knowledge, and skills.

This learning can either be cognitive or conditional. While in cognitive learning, we use our knowledge for finding satisfaction and fulfilling his needs with the item we purchase, conditional learning is where we get constantly exposed to a situation, enabling us to respond towards it.

Marketing

For instance, we all seek resources through nonexperiential learning as we read reviews for books and products on platforms like [Amazon](#), learn about film reviews through platforms like Rotten Tomatoes, and explore restaurants through Yelp.

- **Attitudes and Beliefs**

We've all got certain attitudes or beliefs that consciously or subconsciously prompt our purchasing decisions. For instance, while your friend who believes caffeine is adverse for one's health may prefer tea, you who believe that caffeine energizes us, may prefer coffee. Our attitude and what we believe influence our behavior towards a product and also play a key role in shaping the product's brand image. So understanding a consumer's attitude and belief becomes useful for marketers to design their marketing campaigns.



Factors influencing consumer behavior

2. Social Factors

We are all social animals so of course our purchasing decisions are impacted to some extent by the people around. We are constantly working on imitating other human beings, longing to fit in our surroundings. As a result social factors influence our buying behavior regarding items. Some of these factors include:

- **Family**

Our families actually have a considerable role to play in impacting our purchasing behavior. We form an inclination or aversion towards certain products from our childhood by observing our families use that product and persist in using those products as we grow up.

For instance, if our family members are fond of Papa Jones, we would subconsciously end up choosing Papa Jones over say, Pizza Hut or Domino's.

- **Reference Groups**

Reference groups are basically groups of people with whom we associate ourselves. These include clubs, schools, professional or playgroups, churches, and even acquaintances or a group of friends, etc. The people in the reference groups normally have a common pattern of purchasing and an opinion leader who influences them in terms of their buying behavior.

- **Roles and status**

We are all of course influenced by the role that we hold in society. The higher position we hold, the more our status affects what and how much we purchase. For instance, the CEO of a company and a normal employee would have a varied buying pattern.

3. Cultural factors

We all have our values and ideologies that are shaped by the values and ideologies of the society we exist in and the community we belong to. Our behavior is consciously or subconsciously driven by the culture followed by that particular community.

For instance, let's take the example of McDonald's India

India has a massive [consumer](#) base with McDonald's has adjusted its menu to match the tastes and preferences of the local community in whose vicinity it resides. For instance, on account of cows being sacred and widely worshipped in India, chicken has been put in place of beef. The fast-food corporation introduced McCurry Pan in India, a baked menu item consisting of curried vegetables.

A few significant cultural factors include :

- **Culture**

Our cultural factors are basically basic requirements, values, wants behaviors, and preferences that are observed and absorbed by us from our close family members as well as other significant people around us.

- **Subculture**

Amongst a cultural group, we have several subcultures. These groups share a common set of values and beliefs. They can consist of people from varied nationalities, religions, caste, and geographies. An entire [customer](#) segment is formed by this customer segment.

We've taken an easy example of Burger King here. In their [advertising](#) strategy, the platform wished its "Ramadan Kareem" implying to have a generous Ramadan.

Burger King has adapted to the Muslim culture and created its advertisement in Ramadan style by showing a mostly eaten burger, presented in the shape of a crescent moon.



Source – islamicity

- **Social Class**

Each society all over the globe is defined and known by some form of social class. This social class is determined collectively by our family backgrounds, occupation, education, and residence location. Our social class is another component holding the reins for consumer behavior.

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4. Personal Factors

Alongside social, psychological, and cultural factors, we all have factors that are personal to us that influence our choices. These factors vary from person to person, introducing varied perceptions and behavior.

Some of these personal factors include:

- **Age**

Age is one of the primary factors that impact our preferences. The vibrant and flashy purchasing choices of a teenager would obviously differ from what an elderly person purchases. Meanwhile, we have middle-aged people who are naturally more focused on purchasing properties, houses, or vehicles.

For instance, as Baby Boomers proceed for retirement they are targeted by marketers with messages regarding prescription drugs as well as other health care items such as home, financial security, or insurance, all of which are relevant issues with regard to their age.

- **Income**

Our income definitely impacts our purchasing behavior. The higher our income, the more purchasing power we hold and vice versa. Higher disposable income compels us to spend more on luxurious items while a lower or mediocre income makes us spend more on our basic needs like education, groceries, and clothing.

- **Occupation**

Our occupation largely steers our purchasing [decision making](#). We all tend to purchase the items that are relevant or suitable for our profession. For instance, a businessman would have a different clothes purchasing pattern in comparison to an artist.

- **Lifestyle**

Our way of life is one of the most powerful influencers that controls our choices. Our lifestyle dominates our buying behavior quite significantly. Suppose we are on a diet then the products we purchase will also complement our diet, from food, weighing scale to using protein.

For instance, Oprah Winfrey's brand has been developed to charm women that are socially conscious seekers, readers, idealists, self-helpers, working women, who work towards achieving balance and self-fulfillment.

5. Economic Factors

The purchasing quirks and decisions of the consumer largely rely upon the market or nation's economic circumstances. The more that a nation is prosperous and its economy stable, the larger will be the money supply of the market and the consumer's purchasing power.

A strong, healthy economy brings purchasing confidence while a weak economy reveals a strained market, marked by a weakened purchasing power and unemployment.

Some significant economic factors include:

- **Personal Income:**

Our personal income is the criteria that dictate the level of money we will spend on buying goods or services. There are primarily two kinds of personal incomes that a [consumer](#) has namely disposable income and discretionary income.

Our **disposable income** is mainly the income that remains in hand after removing all necessary payments such as taxes. The greater the disposable personal income the greater would be the expenditure on several products, and the same would be the case when it is the other way round.

Meanwhile, our **discretionary personal income** would be the income that remains after managing all the basic life necessities. This income is also used when it comes to purchasing shopping goods, durables, luxury items, etc. An escalation in this income leads to an improvement in the standard of living which in turn leads to greater expenditure on shopping goods.

- **Family Income:**

Our family income is actually an aggregate of the sum total of the income of all our family members. This income also plays a considerable role in driving consumer behavior. The income that remains after meeting all the basic life necessities is what is then used for buying various goods, branded items, luxuries, durables, etc.

- **Income Expectations:**

It's not just our personal and family income that impacts our buying behavior, our future income expectations also have a role to play. For instance, if we expect our income to rise in the future, we would naturally spend a greater amount of money in purchasing items. And of course, in case we expect our income to take a plunge in the near future, it would have a negative influence on our expenditure.

- **Consumer Credit:**

The credit facilities at our behest also impact our purchasing behavior. This credit is normally provided by sellers, either directly or indirectly via banks or financial institutions. If we have flexible credit terms as well as accessible EMI schemes, our expenditure on items is likely to increase and in less flexible credit terms would result in the opposite.

- **Liquid Assets:**

Even the liquid assets we've maintained influence our purchasing behavior. In case you are wondering, these are the assets that get promptly converted into cash such as stocks, [mutual funds](#), our savings or current accounts. If we have more liquid assets, there is a greater likelihood of us spending more on luxuries and shopping items. Lesser liquid assets meanwhile result in lesser expenditure on these items.

- **Savings:**

The savings generated from our personal income are also regulating our buying behavior. For instance, if we take the decision of saving more from our income for a certain period of time, our expenditure on goods and services would be lesser and for that period and if we wish to save less, our expenditure on such items would increase.