INFLUENCE OF ENVIRONMENTAL FACTORS ON CONSUMER BEHAVIOR TOWARDS BUYING DECISION PROCESS OF GOODS AND SERVICES

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ABSTRACT

In this study, writers attempted to the study Purchase decision making of process of goods and services as well as influence of environmental elements on consumer behavior while making purchase decision. The goal of this research was to delve into the evaluations of various literatures on the impact of environmental elements on consumer behavior and the choice mechanism for goods and services. This research has revealed that Customers find it difficult to find information, make a purchasing decision, or simply rate the service experience due to the intangibility of services. This is owing to the fact that services have greater experience and credibility than search qualities. Furthermore, the customer's decision-making process is influenced by external elements such as his family, society, subculture, reference groups, and socioeconomic class.

Keywords: Consumer Behavior (CBR), Goods, Services, Consumer Decision Making (CDM)

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1. INTRODUCTION

Customers' expectations have risen as a result of organizations around the world putting a greater emphasis on services. Today's customer expects personalized services delivered to his door and is actively involved in defining the type of service he wants. In addition, he wants firms to supply tile services swiftly and is willing to pay for it. Customers' purchasing decisions are influenced by ambient elements like tradition, socioeconomic status, and familial, factors, rather than being made in isolation.

The acts lead an individual to acquire and consume a manufactured goods or service are referred to as consumer behavior. Consumer behavior research necessitates input from a variety of disciplines, including sociology, psychology, and economics. CBR is the learning of the elements that impact a customer's judgment to buy a manufactured goods or service and the method that he or she goes through it to assess the service or product before and after acquisition.

The major problem for a service provider is to concretize intangible service features. Additional issue for today's service providers is to provide tailored and high-quality services. In the new century, new technologies have aided service providers in providing personalized services to their clients.

We will analyze the contrasts between the methods that a consumer uses to evaluate items and those that he or she uses to evaluate services in this publication. Each phase in the CDM, as well as the contextual elements that induce CBR, are examined.

2. Research Questions

Humans are curious, and they want to know the answers to the many questions that arise from their observations and interpretations. Research serves as a framework to assist an individual in providing high-quality, dependable responses to those issues, allowing for better decision-making. The majority of research starts with the most basic form of a question. While the development and refining process is

incorporated into the research design and methodology. The goal of this research is to find answers to the below mentioned questions.

- Is there a link between the product and the service?
- Is there a distinction between the consumer purchasing of products and services?
- Does the environment have a major influence on the process of purchasing goods or services?

3. Scope of the study

The proposed research project focuses on the process of making purchasing decisions for goods and services. Furthermore, study work aids marketers and companies in comprehending the numerous aspects of promoting their items or services via various platforms. Shows how consumers decide to buy goods or services and the behaviors that occur before, during, and after the transaction. Organizations may profit from implementing appropriate strategies and selecting the correct model to ensure that customers spend a substantial amount of time shopping for a product. The focus of this research is on the consumer purchasing process and the environmental elements that influence customer purchasing decisions. By putting this theoretical concept into practice, more research can be done.

4. Methodology

The aspiration of this work is to learn more about the way consumers make purchasing decisions. The author of this research attempted to determine the process by which consumers make decisions about items or services. The learning concentrated on the CDM process. The research questions were the starting point for the investigation. There is no primary data in this study, hence it is entirely theoretical. The research takes a qualitative method. Secondary data was used to compile this report . The research was based on pre-existing concepts.

5. Consumer Behavior

CBR is the learning of how people make decisions about how they spend their money on goods and services. It can be defined as "the study of why do they buy, what do they buy, when do they buy, and how the consumers buy a manufactured goods" (Kumar, John, &Senith, 2014)[1]. Because consumer buying behavior is so tightly linked to the human mind, a thorough comprehension of it is still unachievable. On the other hand, thanks to a range of analytical software, understanding customer buying behavior on a digital platform is comparatively feasible. However, a thorough knowledge of consumer purchasing behavior remains elusive.

CBR is difficult to study because each buyer is unique. Different elements, comprising personal, societal, economical, contextual, and cultural aspects, impact their actions.

6. Goods and Services

The magnitudes of investigate, familiarity, and credence attributes vary by product and service. A good or service's search qualities can be anticipated prior to buy. The characteristics that. Credence traits are those that cannot be fully apprised even after the acquisition and consumption of a commodity or service. These three types of characteristics serve as the foundation for distinguishing between customer assessment procedures for goods and services. Parasuraman, Zcithaml and Berry (1985)

➢ Search Qualities

Before purchasing or consuming a product, the quality of a search can be assessed. Goods, as opposed to services, have a greater magnitude of search qualities. A customer can virtually examine color, design, style, pricing, fit, and other search qualities for goods prior to making a purchase. When looking for a dress in a boutique, for example, the consumer would look at the pricing, the style, the color, and the fabric of the apparel.

Price, convenience, service personnel mannerisms, and promptness of service are all factors to consider when looking for services. Consider the case of a restaurant that provides home delivery. When a consumer orders food to be delivered to his home, the key factors that he would consider are the pricing of the meal, the speed of delivery, and the courteousness of the delivery team.

As previously stated, when compared to products, estimating the search qualities of services before using them is typically difficult due to their intangible nature. Services have high experience and credibility qualities. For

example, in services like healthcare, legal, and consulting, the search characteristics cannot be established prior to the service being used.

- **Experience Qualities**

Experience qualities are those aspects of a product or service that can only be assessed by a customer after it has been purchased and used. The taste of home-delivered meals and the wear ability of a boutique outfit are two examples of experiential qualities. The experiential features of services are higher than those of products. A traveler flying by plane would score his trip experience based on factors such as cabin crew politeness, departure and arrival times, food quality, sitting comfort, and so on.

- **Credence Qualities**

Credibility attributes are features of a product or service that are difficult to assess even after purchase and us. This is due to the fact that many buyers lack the essential experience or information to "evaluate the credibility qualities of items or services." Even though the maker of a given type of morning cereal claims that it contains numerous beneficial nutrients, it is quite difficult for the customer to determine whether these ingredients are actually there, even after eating it. As a result, determining the cereal's credibility is challenging.

REVIEW OF LITERATURE

This section presents a comprehensive review of the literature, including the most important theoretical ground of consumer purchasing behavior, factors influencing purchase process and processes for durable goods purchase. Because the number of products available is so large, it's critical to examine a variety of factors while making a buying decision. A review of the many literature works has been attempted.

Das and Reddy (1976) [3] did research on consumer choice for brands and how they use them. The study determines the importance of numerous elements such as age, wealth, profession, and others in determining customer brand loyalty and buying patterns. It was discovered that brand preference and product consumption varied according to aging, wealth, and profession.

According to Punj and Staelin (1983 [4], Information explore, is a significant element of the purchasing selection method for the majority buyer durable products**.**

Gabriel Biehal and Dipankar Chakravarti (1986) [9] When customers conduct internal searches, they frequently recollect some aspects, and the retrieved characteristic data can have a significant impact on overall brand decisions.

Rao and Monroe (1989) [5]conducted an experiment to see how cost, product name, and shop name affect a consumer's awareness of manufactured goods superiority According to the meta analysis, there are positive and significant connections among predicted value and the actual quality for consumer goods. The favorable effect of the store name on perceived quality, on the other hand, was tiny and insignificant.

Garg (1998) looked on the buying habits of scooter buyers. He came to the conclusion that the majority of customers made purchases based on their own preferences. The variables influencing the acquisition were fuel efficiency, riding comfort, maintenance costs, and expedite, with television being the most important promotional medium.

In the study of consumer attitude towards Nokia mobile in Erode district**, Velumani, M. (2014) [8]** found that groups are responsive of Nokia overall performance. The commercial is crucial to the company's growth since it attracts more customers to Nokia phones.

Rani, Pinki. (2014)[7], According to her research, service providers in this period are required to perform as psychologists. In the buyer market, buyer can be kept and delighted by keeping in view the factors that influence their buying habits.

AL-Ghaswyneh et. al.,(2019)[2] The findings show that a strong relationship exists between a borrower's buying intention and societal, economic, personal, and cognitive qualities. Meanwhile, psychological factors appear to be the mainly important in the purchasing CDM, followed by the consumers' location.

7. Process of consumer decision-making

A consumer's purchasing decision is influenced by his individual requirements. The following steps are involved in CDM. These steps are the same for both commodities and services.

a. Need perception
b. Conduct an information search
c. Alternatives evaluation
d. Purchasing and using.
e. Evaluation after the sale

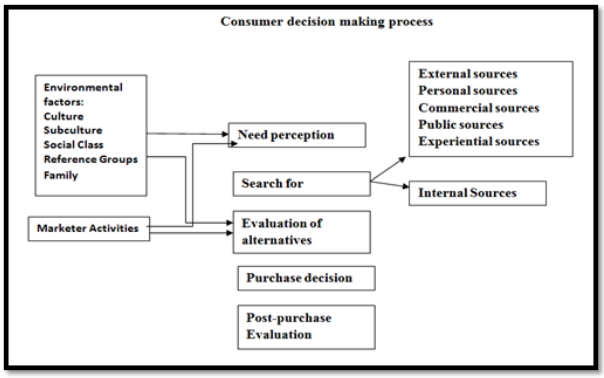

Figure depicts the processes in the CDM process as well as the elements that influence the process.

a. Need Perception

When there is a gap between the actual state and the intended condition, a buyer may sense compelled to buy a product or service. A hungry customer, for example, feels compelled to purchase lunch in order to satisfy his hunger. Furthermore, a specific need may arise as a result of a consumer's perspective or marketer efforts. For example, someone who has never considered purchasing a car may feel compelled to do so.

b. Search for information and Perceived risk

When compared to purchasing a product, purchasing a service does not allow a customer to return the item to the supplier if it does not fulfill his expectations. Brands, attributes, judgments, and experiences were all tested to see how well consumers recalled them. **(Joseph W. Alba and colleagues)[11**]. Internal or external sources of information might be used to gather data.

- **Commercial Sources**: dealers, salespeople, POS displays, retailers, advertising, and so on.
- **Public sources:** such as television, newspapers, consumer organisations, radio, consumer magazines, and so on.
- **Experiential:** product testing, observation, handling, and examination, among other things.

People prefer personal sources of information over external ones for services since personal sources offer information on search as well as service experience attributes.

- **Perceived Risk: All** client buying decisions are influenced by a sense of risk. Consumers experience perceived risk when they are unable to assess the post-purchase repercussions before acquiring a product or service.
- **Financial risk:** When a customer must pay for a product or service with his own money, he is taking a risk. For example, buying a secondhand automobile (cheaper but maybe over-used) and hosting a party in a high-end restaurant (pay for an expensive but possibly not-so-delicious meal) both involve financial risk.
- **Functional Risk:** In the case of products, functional risk refers to the possibility that the product the client has purchased may not carry out as predictable.
- **Physical Risk:** it refers to the danger to the customer's physical protection as a result of using the product or service. When a consumer buys a pressure cooker, for
- **Psychological Risk:** it's the danger of damaging one's self-esteem by selecting a subpar product or service.
- **Social Risk:** This is the danger of having to deal with societal humiliation as a result of a poor product! This is an optional service.
- **Time Risk:** It is possible that the spending time searching for and locating a product/service prior to purchasing it was in vain: if the product/service fails to satisfy the consumer's expectations..

c. Evaluation of Alternatives.

In the next stage of the CDM, buyers evaluate a set of options generated by the search process. Customers assess and evaluate the services provided by multiple service providers using a range of options. There are more experience qualities in services than search qualities. This makes obtaining information about a service before purchasing it difficult for a customer. As a result, the invoked set of choices in services is

less than in products. If there is only one service provider in a given geographic area, a limited set of service options may emerge. Furthermore, because the customer's presence is usually necessary for the delivery of the service, the service provider's geographic reach is limited. Another reason for the reduced number of options in the case of services compared to items is this.

d. Purchase behavior

Customers make a trial buy by purchasing a small amount of a specific product. or by utilizing a specific service for a limited amount of time. During the testing period. Customers try to evaluate a product or service by consuming it directly. Customers are often encouraged to make trial purchases by companies' promotional activities. For example, Club Mahindra provides consumers with complimentary vacation packages in order to entice them to join the club. Customers are welcome to use the facility and sample the club's hospitality before deciding whether or not to become members.

e. Post purchase evaluation

The customer evaluates a product or service after acquiring and using it by comparing its performance to his expectations. A satisfied customer becomes brand loyal, brings in recurring business, and recommends the product or service to others. Getting new clients is far more expensive than keeping old ones. As a result, in addition to gaining new clients, businesses increasingly focus on maintaining existing customers.

After making a tough product/service choice, a customer may experience psychological strain, a phenomenon called in consumer behavior as "cognitive" dissonance. When a customer has contradicting thoughts about his previous beliefs or actions regarding a product or service, this is known as cognitive dissonance. Post-purchase dissonance occurs when a customer encounters cognitive dissonance after making a purchase. It causes a buyer to be unsatisfied with his purchasing selection and to believe that another option would have better met his expectations.

After learning about the process of consumer decision-making, it's crucial to know if customers make purchases in isolation or are influenced by external or environmental factors. As a result, marketers must be aware of the external or environmental elements that influence customers' purchasing decisions.

External Factors Influencing CDM

Consumer behavior is influenced by a variety of factors. The following are some of these factors:

a. **Culture:** A place's culture has a significant impact on the values and attitudes of its residents, as well as their purchasing behavior. As a result, marketers should be familiar with the cultures of the various locations where they seek to advertise services.

b. **Subcultures:** it can be defined by age, lifestyle, region, ethnicity, race, and religion.

c. **Social class:** a group with similar, interests, values, behaviors, and customs.

d. **Reference Groups:** An individual bases his behaviors, judgments, and opinions on the viewpoints of a reference group.

e. Family: buying is rarely attempted by a person alone; rather, a large number of other groups are involved in the decision. Marketers must acknowledge the importance of each of these individuals in the purchasing decision.

Customers in the new millennium expect quality and customization at the same time. This is a barrier for service providers because the standards for both of these aspects are different. Customization necessitates flexibility, but quality necessitates consistency. Marketers, on the other hand, can handle this problem by being inventive. Customers in educational services, for example, demand standard course content delivered on a flexible timetable. Customers might have a better service experience from educational institutions if they provide them with a tailored educational package and value-added services.In India, such services include executive and distant education courses, training, and consultancy.

CONCLUSION

Customers find it difficult to find information, make a purchasing decision, or simply rate the service experience due to the intangibility of services. This is owing to the fact that services have greater experience and credibility than

search qualities. As a result, service providers must give clients with value-added services in order to provide them with a higher service experience. Every purchasing choice, whether it's for a product or a service, involves decision-making. The demand perception, search for information, perceived risk, evaluation of the created alternatives, buy choice, and post-purchase evaluation are all steps in the CDM when purchasing a service.

Furthermore, the customer's decision-making process is influenced by external elements such as his family, society, subculture, reference groups, and socioeconomic class. Marketers are coming up with new methods to make customer service interactions memorable. They're also attempting to maintain existing clients, as this is more profitable than gaining new ones. Marketers can better target customers by observing buyer behavior patterns. Service providers can now devise new ways of providing their services because to technical advancements and the globalization of the market.

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