

CHAPTER- ONE

INTRODUCTION

1.1 General Background

To a layman the term market may mean a public place for the purpose of buying and selling. But in modern marketing concept this worded 'market' has a broader significance. So a market means a group of people with needs and wants or may be both. Needs and wants alone may not induce an individual to buy. For this he would need money to buying power. Even with money sometimes people may not want to spend it. Therefore willingness to spend is also equally important.

Similarly, marketing means we know only buying selling activity but in actual marketing means before production and after sales services of all activities are included. Therefore marketing is a system of business activities designed to plan price, promote and distribute something's of value want and satisfying goods and services to the benefit of the market present and potential household consumers or individual user.

Generally, Consumer is the main artist of the marketing activities. Consumer starts and ends with marketing process. Marketing starts with the identification of a specific name on the part of the consumer and ends with the satisfaction of that needs. Thus, the consumer is found both at the beginning and the end of marketing process. Therefore the Consumer is the sovereign power in the modern business world. The success and failure of business depends upon the consumer reaction towards company's marketing action of marketing mix.

So, Consumer behaviour is an integral part of marketing. The basic philosophy of marketing is to achieve organizational success through consumer satisfaction in the dynamic competitive environment. Not only this but even

consumers satisfaction depends upon the degree of satisfying various categories of needs such as stated needs, unstated needs, real needs, secret needs, delighted needs. Consumer satisfaction can be referred as the difference between consumers spent for what he or she gets. What he or she gets is the utility derived from the product or service he or she uses. Similarly, what he or she spent is the costs that he or she bears in course of deriving expected utility or value. Marketers, therefore, must have to study and analyze consumer behaviour so that, they will be able to exploits the prevailing opportunities and shoulder the threats and challenges. In course of that, they have to find out behavioural conduct of consumers that they show during pre-buying phase, buying phase, post-buying phase. Keeping all these into consideration, consumer behaviour can be understood as acquiring, using and disposing of products and services.

The term cold drink (more commonly known as pop, soda pop in parts of the United States and Canada or simply coke in the south, or fizzy drinks in the U.K.; sometimes called minerals in Ireland) refers to drinks, often carbonated, that do not contain alcohol. The name "cold drink" specifies a lack of alcohol by way contrast to the term "hard drink" and the term "drink", the latter of which is nominally neutral but often carries connotations of alcoholic content. Beverages like colas, sparkling water, iced tea, lemonade, squash and fruit punch are among the most common types of cold drinks, while hot chocolate, hot tea, coffee, milk, tap water, alcohol, and milkshakes do not fall into this classification. Many carbonated cold drinks are optionally available in versions sweetened with sugar or with non-caloric sweeteners.

In Nepal there are limited cold drinks product company, among them the major, which are using by consumers such as:

- Bottlers Nepal. (Pvt, Ltd) MDF; Bharatpur, Terai, (Coca-Cola, Fanta, Sprite) and Balaju, Kathmandu, Nepal. (Collaboration- USA)

- Varun Beverages. (Pvt, Ltd) MDF; Sina Mangal, Koteswor, (Pepsi-Cola, Mirinda, 7-UP)
- Dabur Nepal (Pvt, Ltd) Rampur, Tokani, Bara District, Birjung, Nepal (Real-Juice) etc.

By The preliminary survey, the market of cold drinks in Chitwan district is found maximum. According to Mr. Subash Piya in his master level dissertation “The marketing of cold drink, A case study of Chitwan district”, the sales of cold drink (i.e. Coca-Cola, Pepsi-Cola and Real) report of 2005 is Rs.61.380 Million, Rs. 20.367 million and Rs 60,23,750 respectively. So, we think Chitwan district is a appropriate study area.

Chitwan district is one of the major tourist areas of Nepal too. Most of the tourists have used cold drinks because it is easy to carry and ready to take. So, every shops, hotels, restaurants are keeping the cold drinks in Chitwan. Therefore Chitwan district is a main place for cold drink market.

Another important aspect is that, Chitwan district is the most populated city, where the density of population is very high and different level and castes are lived and we came to conclude that such type of consumer’s survey will be more effective.

Similarly, It is also found that every grocery shop, cold stores, hotels and restaurants have kept more quantity of cold drinks (Specially i.e. Coca-Cola, Pepsi-Cola and Real) in comparison of other brands. So that we have chosen this place for field survey as a study.

1.2 Statement of the Problem

The study of the consumer behaviour is the study of how individual make decision to spend their available resources (time, money, effort) on consumption-

related items. It includes the study of what they buy, why they buy it, when buy it, where they buy it how they buy it and how often they use it. Take the simple product toothpaste. Consumer researchers want to know what type of toothpaste consumer buy (gel, regular, stripped, in tube, with a pump); what brand (national brand, private brand, generic brand); why they buy it (to prevent cavities, to remove stains, to brighter or white teeth to use it as a mouth wash, to attract romance); where they buy it (Super market, drug store, convenience store); how often they use it (when they wake up, after each meal, when they got to bed, or any combination there of); and how often they buy it (weekly, monthly).

J.C Mowen defines consumer behaviour as the study of the decision making units and processes involved in acquiring, consuming and disposing of goods, services, experiences and ideas.

Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, sociopsychology, anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups and society in general.

Belch and Belch define consumer behaviour as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desire'.

This study is trying to make an important attempt to study the consumer behaviour on cold drinks of Chitwan district. The problems primarily focused have been presented as follows:

- i. What are the factors that affect on variability in perceiving cold drinks by Consumers?
- ii. What are the consumption patterns of cold drink?
- iii. Which is the best selling brand of cold drinks in Chitwan district?
- iv. Is the consumer sensitive towards price, quality, and taste of the cold drinks?
- v. What is the popular brand of cold drink in Chitwan district?

1.3 Rational of Study

Today's consumers are becoming much conscious about the product. They are being smarter, more price conscious, less forgiving and frequent testing the availability of the products in the market. Consumers are value-maximizes, within the bounds of search costs and limited knowledge and income, they form an expectation of value and act accordingly.

Chitwan, being the heart of Narayani Zone which is likely famous for better marketing centre in relation to cold drinks. Many companies have established it the best centre for marketing cold drinks. The products (i.e. cold drinks) like: Coca-Cola, Pepsi and Real are found highly competitive on making customers satisfaction.

Customers are the prime judge of the product's quality. Customer's perceived value towards the product is different in different nature. Their income, status, age, advertisement motive, brand name play vital role on viewing the product.

A study on '**Consumer Behaviour Towards cold Drinks in Chitwan District**' has relative marketing importance, which helps to identify the consumer's actual perception on the existing cold drinks available in the market of Chitwan areas.

Different sorts of age groups, their views and the people of different natures, their behaviour towards the cold drinks are taken as the most important aspect of the study.

The study is primarily focused on analyzing the factors that help on viewing the differentiation of consumer's behaviour on soft drinks or perceptual difference, satisfactory level and creation of brand loyal value in relation to cold drinks.

1.4 Objectives of Study

The main objective of the study is to analyze the consumer's attitude on cold drinks of Chitwan districts. The specific objectives are:

- i. To study the factors that affect on perception cold drinks by Consumers.
- ii. To examine the consumption patterns of cold drinks.
- iii. To determine the store from where Consumers want to buy the cold drinks comfortably.
- iv. To evaluate the Consumer preference towards price/quality/taste of cold drinks.

To find out the popular cold drink brand in Chitwan district from the consumers point of view.

1.5 Significance of the study:

The study about consumer behaviour on cold drinks has special significance. To the Marketing Manager, the study of consumer behaviour towards cold drinks helps the concerned marketing manager to strengthen marketing activities in a proper way. To the producer, the study on Consumer behaviour towards cold drinks obviously helps the producer to produce cold drinks as per the customer's preference. To the

academic institution Educational institution will get new test of knowledge on the concerned topic.

1.6 Limitation of the study:

This study will be broken out with some precise limitations and mainly they are:

- i. This study is only based on consumer behaviour towards cold drinks of Chitwan district
- ii. Limited area for collecting primary data with limited persons.
- iii. The study is limited in the partial fulfillment of the requirements for the degree of Masters of Business Studies.

1.7 Organization of the study:

The study has been divided into main five chapters, they are as follows: The first chapter contains general background, statement of the problems, objectives of the study, hypothesis of the study, significance of the study, limitations and organizations of the study.

The second chapter presents the analysis of review of literature including conceptual review, review of unpublished thesis.

The third chapter deals with the research methodology, which includes: research design, sample selection, methods of data collection and method of analysis.

The fourth chapter explains about the presentation and analysis of data including primary data and analysis with the findings of the study.

Finally, the fifth chapter deals with summary, recommendation and conclusion.

Bibliography and other appendices used in statistical results will be attached ant the end of the study.

CHAPTER-TWO

REVIEW OF LITERATURE

The previous chapter highlighted the concept, problems, objectives and focus of the study. This chapter, review of literature is the theoretical framework that provides the bases and inputs for this study purpose.

This thesis is mainly based on the field of consumer behaviour. Consumer behaviour being one of the vital parts of marketing is no doubt of great importance for a manufacturing company to make excellent sales plan. Realizing the importance of study of consumer behaviour in Chitwan district this thesis has been started. So to demonstrate how the overall marketing & sales management is affected by study of consumer behaviour, all the possible means has been used

This thesis is based on effect of study of consumer behaviour on market share of product. So, related articles, different books, encyclopedia, internet search, as well as previous studies relating to same subject have been consulted to make it more reliable. Besides, books related to marketing and current market situation too has been analyzed.

Though, consumer behaviour is not the common field. Still people are writing on since last decades. So, earlier reports too have been reviewed & new horizon of study consumer behaviour has been made clearer. But this study towards soft drink is the first time done in Chitwan; Chitwan being the central part of Nepal, the survey will more beneficial.

While reviewing different books & literature, some of the basic things & knowledge about consumer behaviour seemed to be mentionable in the thesis context.

Similarly, all related previous studies has been collected and analyzed so as to find out how consumer behaviour is making its field broader & broader & how it is

working more. So a related previous study too has been highlighted here for everyone's expediency.

For the study purpose, literature has been reviewed in terms of two different levels.

- i) **Conceptual Review:** This portion includes relation to the subject matter of reviewing the book and internet publication.
- ii) **Review of Previous Studies:** In this part, previous thesis, research article and project article and project work are reviewed.

2.1 CONCEPTUAL REVIEW:

2.1.1 Consumer:

The term consumer is often used to describe two different kinds of consuming entities. The personal consumer and the organizational consumer. The personal consumer buys goods and services for his/her own use, for the use of the household or as a gift for the friend. In each of these contexts. The goods are bought for final use by individuals, who are referred to as end- users or ultimate consumers.

The second category of consumer - the organizational consumer, includes profit and non-profit business, government agencies and institutions. All of which must buy products, equipment and services in order to run their organization. Manufacturing company must buy the raw materials and other components needed to manufacture and sell their own products, services. Companies must buy the equipment necessary to render the services they sell, government agencies must buy the office products needed to operate their agencies and institutions must buy the materials they need to maintain themselves and their populations.

2.1.2 Consumer Behaviour:

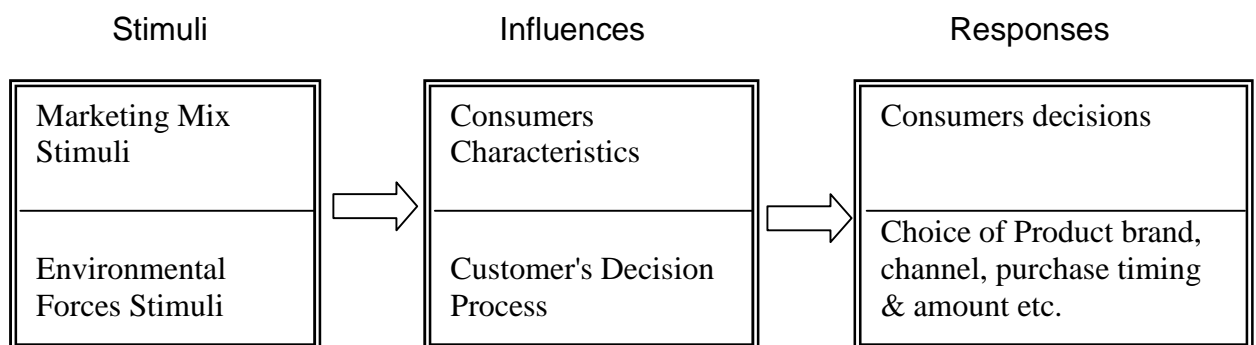
In simple terms, Consumer behaviour means the behaviour which consumer shows before or after purchase as well as the process of purchasing.

L.G. Schiffman and L.L. Kanuk, defines The terms consumer behaviour can be defined as the behaviour that the consumer display in searching for, purchasing, using evaluating and disposing of products, services and ideas which they expect will satisfy their needs.

2.1.3 Model of Consumer Behaviour

Figure : 2.1

Model of Consumer Behaviour



Sources: Dr. G.R. Agrawal, 2001 P.164

1. Stimuli:

Consumers are stimulated by:

- a. Marketing mix consist of Product, Price, Place and promotion variables.
- b. Environmental forces consisting of Political, economic, technological & socio-cultural variables.

2. Influences:

a. Consumer characteristics: They consist of

Culture: It determines a person's wants & behaviour. Each culture consists subcultures-nationalities, religions, racial groups. Social class is also important for consumer behaviour

Social : They are reference groups, family, social roles and status.

Personal: They are: Age & stage in life cycle, occupation, income, lifestyle, personality.

Psychological: They are: Motivation, Perception, Learning, beliefs and attitudes.

b. Consumer Decision Process: It consists of :

- ❖ Problem recognition
- ❖ Information search
- ❖ Evaluation of alternatives
- ❖ Purchase decision
- ❖ Post purchase behaviour

3 Responses:

They are consumer decision about:

- ❖ Product choice
- ❖ Brand choice
- ❖ Channel choice
- ❖ Purchase timing
- ❖ Purchase amount

Marketers can influence consumer behaviour. They cannot control it.

Buying Decisions:

Consumers are faced by decision to buy or not to buy several times a day. It is important to understand how they actually make their buying decision. Consumer buying process influences consumer behaviour for making buying decisions.

Consumer behaviour varies with the type of buying decision.

Buying decisions can be classified into:

- a. Low involvement purchase
- b. High involvement purchase

a. Low involvement purchase (Habitual behaviour)

It involves routine decision making, Products are repeatedly purchased a habit. Many brands, low risk, small amount of money, short purchase time, passive interest in product information, Positive attitude toward the product, short term product benefits & limited interest in the product characterize low involvement purchase. Example are a cup of tea, tube of toothpaste.

b. High involvement purchase : (Dissonance reducing behaviour)

It involves extensive decision making. The buying behaviour is complex. Few brands, high risk, large amount of money. long purchase time, active interest in product information, uncertain attitude toward the product, long term product benefits and high interest in the product characterize high involvement purchase.

Examples are : car, motorcycle, house, computer etc.

Table No. 2.1

Characteristics of Buying Decisions

Characteristics	Low involvement purchase	High involvement Purchase
1. brand of the product	Many	Few
2. Level buying risk	Low	High
3. Amount of money involved	Small	Large
4. Purchase time needed	Short	Long
5. Interest in product information	Passive	Active
6. Attitude toward the product	Positive	Uncertain
7. Product benefits	Short term	Long term
8. Interest in the product	Limited	High

Source : Dr. G.R. Agrawal, 2001 P. 166

❖ Buying Roles :

Roles that people in buying decision can be:

- a. Initiator : First to suggest the idea of buying the product.
- b. Influencer: Gives advice to influence decision.
- c. Decider: Decides about buying
- d. Buyer: Makes the actual purchase
- e. User : Use the product

Basic model of consumer decision making

Stage	Brief description	Relevant internal psychological process
Problem recognition	The consumer perceives a need and becomes motivated to solve a problem	Motivation
Information search	The consumer searches for information required make a purchase decision	Perception
Alternative evaluation	The consumer compares various brands and products	Attitude formation
Purchase decision	The consumer decides which brand to purchase	Integration
Post - Purchase evaluation	The consumer evaluates their purchase decision.	Learning

Problem Recognition

Problem recognition results when there is a difference between one's desired state and one's actual state. Consumers are motivated to address this discrepancy and therefore they commence the buying process.

Source of problem recognition include:

- ❖ An item taken out of stock
- ❖ Dissatisfaction with a current product or service
- ❖ Consumer needs and wants
- ❖ Related products/purchases
- ❖ Marketer-induces
- ❖ New products

The relevant internal psychological process that is associated with problem recognition is motivation. A motive is a factor that compels action. Belch and Belch (2007) provide an explanation of motivation based on Malsow's hierarchy of needs and Freud's psychoanalytical theory.

Information Search

Once the consumer has recognized a problem, they search for information on products and services that can solve that problem. Belch and Belch (2007) explain that consumers undertake both an internal (memory) and an external search.

Sources of information include:

- ❖ Personal sources
- ❖ Commercial sources
- ❖ Public sources
- ❖ Personal experience

The relevant internal psychological process that is associated with information search is perception. Perception is defined as 'the process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world'.

The selective perception process Stage Description Selective exposure consumers select which promotional message they will expose themselves to. Selective attention consumer's select which promotional messages they will pay attention to Selective comprehension consumer interpret messages in line with their beliefs, attitudes, motives and experience Selective retention consumers remember messages that are more meaningful or important to them.

You should consider the implications of this process on the development of an effective promotional strategy. First, which sources of information are more effective for the brand and second, what type of message and media strategy will increase the likelihood that consumers are exposed to our message, that they will pay attention to the message that will understand the message and remember our message.

Alternative evaluation

At this time the consumer compares the brands and products that are in their evoked set. How can the marketing organization increase the likelihood that their brand is part of the consumer's evoked (consideration) set? Consumers evaluate alternatives in terms of the functional and psychological benefits that they offer. The marketing organization needs to understand what benefits consumers are seeking and therefore which attributes are most important in terms of making a decision.

The relevant internal psychological process that is associated with the alternative evaluation stage is attitude formation. Belch and Belch (2007, p.117) note that attitude are 'learned predispositions' towards an object. Attitudes comprise both cognitive and affective elements - that is both what you think and how you feel about something. The multi-attribute attitude model explains how consumers evaluate alternatives on range of attributes. Belch and Belch (2007) identify a number of

strategies that can be used to influence the process (attitude change strategies). Finally, there are ranges of ways that consumers apply criteria to make decisions. Belch and Belch (2007) explain how information is integrated and how decision rules are made including the use of heuristics. The marketing organization should know how consumers evaluate alternatives on salient or important attributes and make their buying decision.

Purchase decision

Once the alternatives have been evaluated, the consumer is ready to make a purchase decision. Sometimes purchase intention does not result in an actual purchase. The marketing organization must facilitate the consumer to act on their purchase intention. The provision of credit or payment terms may encourage purchase or a sales promotion such as the opportunity to receive a premium or enter a competition may provide an incentive to buy now. The relevant internal psychological process that is associated with purchase decision is integration.

Post purchase evaluation

Once the consumer has purchased and used the product, they will evaluate their purchasing decision. They compare the product's performance with their expectations. If the product does not perform as expected they will experience post purchase dissatisfaction. When consumers purchase product with high involvement, that are more expensive products for which they exert a greater purchasing effort in terms of time and search, they usually experience some level of discomfort after the purchase. That is, they experience some doubt that they make the right choice. This situation is called 'cognitive dissonance' (thinking disharmony). You should consider the implications of post purchase behaviour for the marketing organization. How can the marketing organization minimize the likelihood of post purchase dissatisfaction and/or cognitive dissonance?

The relevant internal psychological process that is associated with post purchase evaluation is learning. According to Belch and Belch (2007) discuss two basic approaches to learning theory behavioural and cognitive learning theory. Behavioural learning theory propose that stimuli from the environment influence behaviour.

Factors Affecting Consumer Buying Decision:

Consumer behaviour is influenced by economic, personal, psychological and socio-culture factors.

Figure No. 2.2

Consumer Behaviour influencing Factors

<p>Economic Factors</p> <ul style="list-style-type: none">) Level of income) Liquid assets) Saving, debt, credit availability) Attitude toward spending 	<p>Personal Factors</p> <ul style="list-style-type: none">) Age) Sex) Family size and Family life cycle) Occupation
<p>Psychological Factors</p> <ul style="list-style-type: none">) Motivation) Perception) Learning) Attitude, belief) Personality) Life style 	<p>Socio-cultural Factors</p> <ul style="list-style-type: none">) Reference groups) Family) Role & status) Social class) Cultural) Cultural and subculture

Sources: Dr. G.R. Agrawal, 2001 p. 169

Economic Factors:

Economic factors greatly affect buying decisions. They consist of:

- i. Level of income :

The ability to spend is determined by the level of income-sensitive products is very much dependent on income level. Nepal has a joint

family system where the income of the various members of the family augments the level of income.

ii. Liquid Assets:

Consumers who do not have regular income may possess liquid assets like gold and shares. They provide spending power to the consumers.

iii. Saving, Debt and Credit Availability :

They all affect consumer expenditure levels. High savings result in lower interest rates. Credit availability by bank becomes cheaper through lower interest rates. This increases the level of consumer spending.

Table No. 2.2

Changing Consumer Expenditure in Nepal

Particulars	1984 (%)	1996(%)
Food and Drinks	62.6	53.2
Others	37.4	46.8
Total Expenditure	100	100
House Rent	12.7	14.9
Education	4.0	7.0
Health	4.6	8.0
Cigarettes	2.0	1.7
Rice	24.0	14.0
Restaurant	5.0	7.0

Sources: Dr. G.R. Agrawal, 2001 P.170

iv. Attitude towards Spending:

Negative attitude towards spending adversely affects the willingness of the consumers to spend. They influence product choice.

Personal Factors: (Demographic Factor)

Personal factors consist of :

- i. Age : Consumers buy different products according to age group. Their taste in food clothes, recreation is age-related. Young consumers like to experiment new products and wear jeans. Older consumers prefer brand loyalty and dress conservatively.
- ii. Sex : Male and female exhibit many differences in their buying decisions in larger families favour brand loyalty.
- iii. Family size and family life cycle: Family size determines the level of expenditure and product choice. Buying decisions in larger families favour brand loyalty.

The family life cycle influences spending patterns. Product interest differ according to the stage in family life cycle: single, bachelors, married, married with children and old aged people.
- iv. Occupation: Occupation influences the consumption pattern. Factory workers buy working clothes. Bank managers buy expensive suits. Professional people generally dress properly.

Psychological Factors:

Psychological factors consist of motivation, perception, learning, attitude, personality and life style.

- i. Motivation: A motive is a pressing need that drives consumers to seek satisfaction. It directs them to act towards goal-oriented behaviour to reduce tension. Motives motivate consumers. Motivation is an activated state within the consumer that leads to goal oriented behaviour. A motivated consumer is ready to act. Various theories of motivation are:

a Freud's theory of Motivation (Sigmund Freud): This theory stated that unconscious motives influence consumer behaviour. Consumers repress many

urges in the process of growing up and socialization. These urges are never eliminated and unconsciously motivate consumer behaviour.

In-Depth interviews with a few dozen consumers are conducted to uncover unconscious motives triggered by a product. Freud's theory is based on the "hedonistic principle". It advocates that most human behaviour originates from sex drive (libido).

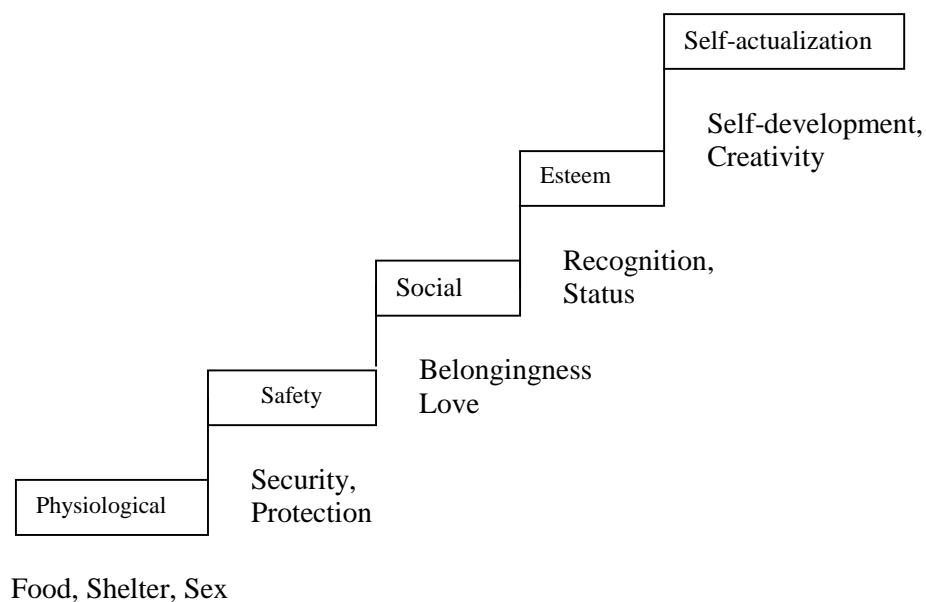
b. Maslow's theory of Motivation (Abraham Maslow): This theory states that:

* There is a hierarchy of consumer needs. they range from the most pressing to the least pressing. Consumers take a step-by-step approach and satisfy most pressing needs first.

* Satisfied needs do not motivate. Unfulfilled need influence consumer behaviour. The strength of the need depends on hungry person is not much concerned about his social prestige. Creative persons like poets and artists are more concerned about self-development. The needs have been classified in a hierarchy as follows:

Figure No.2.3

Maslow's Hierarchy of Needs



Sources: Dr. G.R. Agrawal, 2001 P.173

- J Physiological needs: They are the lowest level needs and assume top priority. They include basic survival needs such as food, water, clothing, shelter, sex etc.
- J Safety needs :They consist of needs for protection from physical harm, ill-health and economic deprivation. When consumer feel threatened, safety becomes an important need. For example, government employees in Nepal feel economic safety through provident fund. National health insurance provides health security in England and Scandinavian countries.
- J Social needs: They consist of needs for sense of belongingness, love, affiliation and friendship. Nepalese consumers tend to be highly influenced by social needs. Newars belong to various: "satisfy their social needs.
- J Esteem needs : They consist of needs for recognition, respect, status and self-esteem. This is a higher level need. A "Boss" in Nepal respects "Nameste" from his subordinates. Consumers act of "keep up with the Jones" to satisfy such needs. In Nepal, parents send their children to private boarding schools to "keep up with their neighbors."
- J Self-Actualization needs: These are highest level needs. They consist of needs for self development, creativity, talent utilization and self-fulfillment. A teacher's need to write an effective textbook or a student's need to secure first division in exams are examples of such needs.

Maslow's theory is useful guide for understanding which types of needs motivate consumers.

C. Fredric Herzberg's Theory of Motivation: This Theory is based on two factors

i)

- J **Dissatisfiers** or hygiene factors. They do not motivate but cause dissatisfaction when not present. They consist of lower level needs for survival, safety and belongingness.
- J **Satisfiers** or motivating factors. They motivate and provide satisfaction. They consist of higher level needs for esteem and self-actualization.

Table No.2.3
Herzberg's Theory of Motivation

Dissatisfiers (Hygiene Factors)	Satisfiers (Motivating Factors)
) Company policy and administration) Achievement
) Technical supervision) Recognition
) Interpersonal relations) Advancement
) Salary) The work itself
) job Security) Possibility of personal growth
) Personal life) Responsibility
) Work Conditions	
) Status	

Source: Dr. G.R. Agrawal, 2001 P.174

Marketers should identify dissatisfiers and avoid them. They should identify and supply them to influence product choices.

This theory needs to be carefully applied in the Nepalese market where lower level needs, are important for motivating consumers.

- ii) Perception: Perception influences how the motivated consumer actually acts. Perception is the process of selecting, organizing and interpreting information inputs by an individual to produce meaning. Consumers receive information through the five senses: see, hear, taste, smell and touch. Perception gives meaning to information.

Consumers perceive the same situation differently because of:

-) Selective attention: Consumers are notice selective information. They are more likely to notice stimuli that relate to their current needs.
-) Selective distortion: Consumers distort information to suit their preconceptions. They hear what they want to hear.

iv. Attitude and Belief:

- a. Attitudes: Attitudes reflect likes and dislikes of consumers. An attitude is a person's learned predisposition to respond toward some object in a consistently favorable or unfavorable way. Personal experiences, environment and situations mould the attitude. They are learned, have consistency and are either favorable or unfavorable about objects.

Attitude influence consumer behaviour. Generally, it is easy to change products than it is to change consumer's attitudes, Marketers should fit products into existing attitudes.

- b. Belief: A belief is "a descriptive thought that a consumer holds about something. It may be based on knowledge, opinion or faith. Beliefs make up product and brand images.

v. Personality: Personality is an individual's psychological traits that lead to enduring behavioural responses. Personality traits can be:

-) Dominance or autonomy
-) Self-confidence or dependency
-) Extrovert or introvert (Sociability)
-) Adaptability or dogmatism
-) Aggressive or friendly

Consumer personalities are reflected in the clothes they wear, vehicles they use, restaurants they eat and jewellery they wear.

Personality traits do influence consumer behaviour. But not much is known about how they influence behaviour.

vi. Life style: Life style is a person's pattern of living reflected in his activities, interests and opinions.

Activities: Work, hobbies, vacation, shopping, sports, etc.

Interest: Family, home, job, fashion, food, etc.

Opinions: Self, society, politics, business, products, etc.

Life style is an important variable for understanding how consumers spend their time, what their interests are and what are their opinions about self and broad issues. It influences product needs and brand choices.

) Psychographics is the science of measuring and categorizing consumer life styles.

Socio-Cultural Factors:

Social factors are influences that other people exert on consumer behaviour. They consist of reference groups, family and social class.

i. Reference Group: Reference groups consist of groups that have a direct or indirect influence on the consumer's attitudes or behaviour. They serve as points or reference for consumer's judgment.

Reference groups influence consumer behaviour in three ways.

- a. They expose consumer to new behaviour and lifestyles by providing information.
- b. They influence consumer's values and attitudes.
- c. They provide norms for consumer behaviour. They create pressure for conformity to norms.

Reference groups can be of three types.

- a. Membership groups: A person holds membership of group and regular face-to-face contact. For example, family, co-workers, religious, professional, trade union groups.
- b. Aspiration groups : A person aspires to join the group but is not a member of the institute of Chartered Accountants of Nepal.

- c. Dissociative groups : A person rejects the values, attitudes or behaviour of the group. For example, a student may want to avoid relationship with “Hare ram group.”

Reference groups influence product and brand choices. Marketers should identify the reference groups of their target consumers to develop marketing mixes. Advertisers use well known athletes, musicians, actors and professionally successful people to influence consumers who admire them and view them as opinion leaders.

- ii. Family:

Two or more persons related by blood, marriage or adoption who reside together constitute a family.

The role (activities) performed by each member influences family purchase decision. The various roles are:

- a) Initiator: Suggest the idea for the product
- b) Influencer : Provides information and advice about the product.
- c) Decider: Makes the buying decision.
- d) Buyer: Makes the actual purchase product.
- e) Users : Uses or consumes the product.

The roles change with changes in household responsibilities, social values and employment patterns. In USA, Children make decision about breakfast cereal. In Joints families of Nepal, the head of the household makes most of the purchase decisions.

Marketers should design marketing mix to target members who make key buying decisions.

- iii) Social Class: Ranking within a society determined by its members constitutes social class. It can be upper, middle and lower. It indicates preferences and life style. Member share similar values, interests and behaviour, social class reflects income, occupation. education and are of residence.

There is substantial difference in the buying behaviour among classes. Marketing mixes need to be tailored to the specific social classes. Buying behaviour of consumers is strongly influenced by the class to which they belong or to which they aspire. Nepal has a rigid social stratification. Yet, many lower class consumers aspire to move up to middle class and middle class consumers to upper class.

iv) Roles and status:

a. Role : It consists of activities that person is expected to perform in many groups. Consumers perform many roles.

b. Status: It is provided by the role.

Products provide status symbol.

Culture :

Culture factors that influence consumer behaviour consist of culture and subcultures:

i) Culture : Culture is represented by symbols and artifacts created by a society and handed down from generation to generation. The symbols may be values, attitudes, beliefs, language and religion.

They can also be tools, products, work of arts, houses, etc.

Culture reflects the ways people choose to live together.

Culture is learned behaviour. It changes over time. Cross cultural influences and new challenges in the society influence consumer behaviour. Food habits are very much influenced by cultural norms.

Marketers should offer marketing mixes to fit cultural norms. Cultural changes should be carefully taken into account for modifying marketing mixes.

ii) Subculture: Each culture consist of smaller subcultures. Subculture is subdivision of culture based on homogeneous characteristics such as religion, language, race, cast ethnicity etc.

Subcultures provide more specific identification and socialization for its members. They serve as important market segments. Marketers should design marketing mixes tailored to the needs of specific subcultures.

2.1.4 Evolution/ History of Consumer Behaviour:

Consumer behaviour was relatively new field of study in the mid-to-late 1960s. With no history or body of research of its own, the new discipline borrowed heavily from concepts developed in other scientific discipline, such as psychology (the study of the individual operates in groups), anthropology (the influence of society on the individual) and economics. Many early theories concerning Consumers Behaviour were based on economic theory, on the notion that individual act rationally to maximize their benefits (satisfactions) in the purchase of goods & service. The initial thrust of consumer research was from a managerial perspective: marketing managers wanted to know the specific causes of consumer behaviour. They also wanted to know the specific causes of consumer behaviour. They also wanted to know the how the people receive, store and use consumption-related information. So that they could design marketing strategies to influence consumption decisions. They regarded the consumer behaviour, they could influence it. The approach has come to be known as positivism and consumer researchers primarily concerned with predicting consumer behaviour are known as positivists.

Given the interdisciplinary background in which the consumer behaviour discipline is rooted, it is not surprising that academicians from a variety to contributing disciplines, including marketing itself, have become interested in the study of consumer behaviour, not necessarily from a managerial or applied perspective, but simply to understand the consumer better. The study of consumer behaviour from the point of view of understanding consumption behaviour from the point of view of understanding consumption behaviour & the meanings behind such behaviour is called interpretive, (sometimes referred to as past modernism). Interpretivists have

expanded the boundaries of study to include many subjective aspects of consumer behaviour, such as the effects of moods, emotions and types of situations on consumer behaviour; the roles of fantasy, of play, of rituals, even of the sensory pleasures that certain products & services provide. Many interpretivists consider each purchase expensive unique because of the diverse set of variables at play at the one particular moment in time. Because of its focus on the consumption experience, the interpretive approach is also known as “experimentalism.”

2.1.5 Consumer Behavior as a separate field.

There is no. of reasons why the study of consumer behaviour developed as a separate marketing discipline. Marketers had long noted that consumers did not always act or react as marketing theory suggested they would. The size of dollars were being spent on goods & services by tens of millions of people. Consumer preference were changing and becoming highly diversified. Even in industrial markets, where needs for goods and services were always more homogeneous than in consumer markets, buyers were exhibiting diversified preferences and less predictable purchase behaviour.

As marketing researchers begin to study the buying behaviour of consumers. They soon realized that, despite a sometimes “me too” approach to fads and fashions, many consumers rebelled at using the identical products everyone else used. Instead, they preferred differentiated products that felt reflected their own special needs personalities and lifestyles.

To better meet the needs of specific groups of consumers, most marketers adopted a policy of market segmentation, which called for the division of their total potential markets to smaller, homogeneous segments for which they could design specific products and or promotional campaigns. They also used promotional techniques to vary the image of their products so that they would be perceived as better fulfilling the specific needs of certain target segments-a process now known as

positioning. Other reasons for the developing interest in consumer behaviour included the rate of new product development, growth of the consumer movement, public policy concerns, environmental concerns and the growth of both nonprofit marketing and international marketing.

There is a case study about the consumer buying behaviour regarding 'rolling stone'.

On November 9, 1967 the first issue of rolling stone hit the newsstands. It was 24 pages, printed in black and white and sold for quarter. Its funder, Jann wanner, described *Rolling Stone* as "Sort of a magazine and sort of a newspaper" about music and the things and attitudes that music embraces. Only 6,000 copies of the first issue were sold.

From that humble beginning a major publication was born. Now, after appearing every 2 weeks for over 25 years and with a circulation of over 14.2 million, questions are being raised about *Rolling Stone's* future.

Rolling stone began a chronicler of rock music in the rebellious 1960s. It quickly became the bible of the focus of the magazine expanded to include investigative reporting and interviews with youth-oriented celebrities, personality profiles, fiction and reports on rock-related films, books and music videos. In 1982, Rolling stone was compared to Atlantic, Esquire and Harper's for the quality and boldness of it's coverage of domestic and foreign affairs. It was distinguished from news week lies by the depth of it's reporting and from more traditional political magazines such as the New Republic by the breath of topics covered.

Despite annual revenues over \$30 million by the mid-1980s there was a concern that the primary market for Rolling Stone was disappearing. Though the demographics of the target audiences of readers had not changed (male, aged 18-34 with some college education), its self-image had. The original reader was depicted in blue jeans, with long hair that he didn't wash very often and as very politicized against the establishment. The reader of the 1980s was characterized as having short hair,

being interested in his career, with money to spend and seeking opportunities to express his individuality.

Reader's interests were shifting from music and politics to making a living and career goals.

The magazine changed too. It began as double folded black-and-white newsprint, a form consistent with its counterculture image. Now it has the look of a traditional magazine with glossy cover, four colors and a trimmed and stapled format. The mix of advertisers in the magazine also reflected the shift. In the use beginning it was mainly records and related music businesses. By mid-1980s there were ads for cars, tobacco, alcoholic beverages, clothing and personal care products.

Despite its sales of over a million copies per issue, advertisers were not particularly enthusiastic about magazine. They viewed the reader as more likely to be a social dropout than mainstream consumer. To overcome advertiser's perceptions that the readers hadn't changed their lifestyles since the 1960s, Rolling Stone came up with an ad campaign directed toward advertisers. The campaign contrasted photo images of the 1960s reader labeled "perceptions" with those of the 1980s labeled "reality". For example, one shows "perception" as an aging hippie driving a VW bus decorated with psychedelic peace symbols, while "reality" depicts a yuppie behind the wheel of a Ford Mustang GT. The ads apparently caused advertisers to look at the magazine in a new light, since they were followed by six consecutive years of ad sales growth.

What are the concerns today? The number of ad pages declined in 1991 and while the total number of copies sold remained constant, newsstand sales went down nearly 20 percent. Why? First, music makers have shifted their advertising budgets from print to MTV, drastically reducing major source revenue. Second the competition has intensified. New magazine, such as Spin and Details that focus on the hardcore music segment appeared and some mainstream publications such as People and Entertainment Weekly have expanded their music coverage. Third, in the view of

many, the editorial policy has softened to be less daring and more conformist than in the past. Rolling Stone's reputation was built on rock music criticism and scorching cultural critiques, but its coverage has become more moderate and less controversial. Finally, the preference of Jann Wenner for the rock era over more contemporary music and recent cover stories on Jimi Hendrix, Jim Morrison and Rod Stewart have led to suggestions that magazine is dated. According to a former editor, Rolling Stone has become more of a "taste tracker" than the tastemaker it once was.

By the late 1960s Rolling Stone was a hit, but despite a successful formula it has experienced many changes over the years. What made the change necessary?

Rolling Stone continues to roll along. With sales of 1.2 million copies per issue, the magazine ranks among the top 60 in U.S. in circulation, but today's version is a far cry from the product that first appeared in 1967. Each time a change was detected in its editorial content, appearance, or mix of advertisers, Critics were quick to point out that the magazine had lost its direction. However, much of Rolling Stone's continued success can be attributed to understanding and adapting to its audience.

The magazine has held a large group of its core readers while also attracting a younger segment. In fact, 45 percent of the readers are 18-to-24-year old men. Editor and publisher Jan Wenner has an explanation Rolling Stone's for ability to reach a broad audience. He says there was a much bigger "generation gap" between college students and their parents in the 1960s. One magazine could not be popular with both groups. Today the situation has changed. The interests, values and beliefs of parents and young adults are more similar. So the magazine can appeal to both groups by becoming less daring and more conformist, but still dealing with timely topics (for example, it was the first major magazine to take a serious look at the AIDS crisis) and music news.

The editorial transition from the 1960s to the 1990s has been accompanied by a number of changes. As the audience broadened, so did the mix of advertisers. By 1986, the number one category was automotive, followed by fashion, sporting goods

and food. In the past the instincts of the editors were relied on for cover stories. However, keeping in touch with the interests and tastes of a more diverse audience requires a greater use of research. As a result, editorial instincts are now supplemented by the opinions of focus groups.

Selling the magazine has also changed. As subscriptions became a more important part of circulation, it was necessary to find ways to reach the target audience. Direct mail is not effective for young men. Because they are away at college or move frequently, mailing lists are inaccurate. They are also less attentive to mail than are other segments. To solve the problem of reaching this market, Rolling Stone runs direct response television advertising. Young men watch a lot of TV and tend to be spontaneous in their behaviour. Ads between midnight and five in the morning featuring an appealing spokesperson (they've used Paul Schaeffer, David Letterman's sidekick) have been very productive and cost effective.

What does the future hold? Given the popularity of American music, the international market offers additional opportunities for Rolling Stone. The magazine is currently published in Australia and other markets are being explored.

1. How has the role of social and group forces changed with regards to the purchase Rolling Stone?
2. What trends and developments in consumer buying behavior are likely to influence the future of Rolling Stone?

2.1.6 Modern History of Consumer Behaviour:

In recent years, some efforts have been made by marketing scholars to build buyer behaviour models totally from the marketing man's standpoint. The Nicosia model and the Howard and Sheth model are two important models in this category. Both of them belong to the category called the systems mode, where the human going is analyzed as a system with stimuli as the input to the system and behaviour as the

output of the system with stimuli as the input to the system and behaviour as the output of the system.

Francesco Nicosia, an expert in consumer motivation and behaviour put forward his model of buyer behaviour in 1966. The model tries to establish the linkages between a firm and its consumer-how the activities of the firm influence the consumer and result in his decision to buy. The messages from the firm first influence the predisposition of the consumer towards the product. It may lead to a search for the product or an evaluation of the product. If these steps have a positive impact on him, it may result in a decision to buy. This is the sum and substance of the activity explanations in the Nicosia model. The Nicosia model groups these activities into four basic fields.

Field one has two sub-fields the firm's attributes and the consumer's attributes. An advertising message from the firm reaches the consumer's attributes. Depending on this becomes the input for field two. Field two is the area of search and evaluation of the advertised product and other alternatives. If this process results in a motivation to buy, it becomes the input for Field Three. Field three consists of the act of purchase. And field four consists of the use of the purchased item. There is an output from Field Four- feedback of sales results to the firm.

John Howard and Jadish Sheth put forward the Howard and Sheth model in 1969, in their publication entitled "The Theory of Buyer Behaviour". The logic of the model runs like this: there are inputs in the form of stimuli. There are outputs beginning with attention to a given stimulus and ending with purchase. In between the inputs and the outputs there are variables affecting perception and learning. These variables are termed "hypothetical" since they cannot be directly measured at the time of occurrence.

Over the years, several other models have also been put forward, with the intention of explaining buyer behaviour. All these models have certain merits as well as limitations. They do not fully explain the complex subject of buyer behaviour. Nor

do they establish a straight input-output equation on buyer behaviour. And, none of them provides a precise answer to the why's or how's of buyer behaviour. They merely explain the undercurrents of human behaviour from different angles and premises. But these models will certainly be helpful in gaining at least a partial insight into buyer behaviour.

2.1.7 Consumer Behaviour history in Nepal

Consumer behaviour has generally remained a dark area of marketing in Nepal. Marketers have given very little attention to who, what, why, where, and how of consumer behaviour. Very little marketing research has been done on this aspect. The following factors characterize buyer behaviour in Nepal's marketing.

1. Consumer behaviour has not been properly taken into account while creating and offering marketing mixes.
2. Indian and foreign competitors have been actors in taking the advantage of new market opportunities in Nepal because Nepalese marketers lack knowledge of consumer behaviour.
3. Product positioning has remained largely neglected because of the lack of knowledge about the behaviour of niches.
4. Marketers know very little about consumer behaviour at every stage of the consumer buying process. The post-purchase stage is hardly considered to build life long customers. The disposal aspect is utterly neglected which has created serious environment problems due to the rising levels of pollution. It has adversely affected the tourism market as well.
5. Marketers have not given proper attention to the psychological and social factors that influence consumer behaviour. Economic, demographic and cultural factors have been dominant in the design of the marketing mixes.
6. The marketing resources have not been efficiently utilized.

7. In recent years, the advent of global enterprises and cable television in Nepal has brought some consciousness about the need for better understanding of buyer behaviour. They have been using personality, life style, motivation and reference group factors in designing their advertising message. The growth of marketing research organizations is also likely to promote marketing research about buyer behaviour on Nepalese consumers in the years to come.

2.1.8 Importance of consumer behaviour of a separate study.

Just as consumers and marketers are diverse, the reasons why people study consumer behaviour are also diverse. The field of consumer behaviour holds great interest for us as consumers, as marketers and as students of human behaviour.

As consumers, we benefit from insights into our own consumption-related decisions. What we buy, why we buy, how we buy and the promotional influences that persuade us to buy. The study of consumer behaviour enables us to become better that is wiser consumers.

As marketers & future marketers, it is important for us to recognize why and how individuals make their consumption decisions, so that we can make better strategic marketing decisions.

If marketers understand consumer behaviour, they are able to predict how consumers are likely to react to various informational & environmental cues and are able to shape their marketing strategies accordingly. Without doubt, marketers who understand consumer behaviour have great competitive advantage in the market place.

As students of human behaviour, we are concerned with understanding consumer behaviour, with gaining insights into why individuals act in certain consumption-related ways and with learning what internal & external influences impel them to act as they do. Indeed, the desire for understanding consumption related human behaviour has led to a diversity of theoretical approaches to its study.

2.2 Review of Previous Studies:

2.2.1 Pradhan Ranjana (2006) has conducted a study on “Consumer buying behaviour on beer”.

The specific objectives of the study were:

-) To find out the target group of beer
-) To examine the perception of consumers regarding different attributes of beer.
-) To identify the suitable sources of information about beer.
-) To ascertain the ranking (according to perception of consumer) of different brands available at beer market of Chitwan district.
-) To examine the effectiveness of product, place, price & promotion for marketing of beer.

The Findings of the study were:

-) According to occupation, most of the respondents are student i.e.42%. Although they are student they are doing part time job. Second highest no. of respondents is Businessman i.e. 34%. Service holders are 22% and others are 2%.
-) According to income, no. of respondents are most having salary above Rs.9,000 i.e. 42.9%, salary having 7 to 9 thousand are 20%, 6 to 7 thousand are 14.3%, 3 to 5 thousand are 11.4% and 2 to 3 thousands are 11.4%
-) According to Brand Preference, highest no. of respondents prefers Tuborg i.e. 80%. Second highest preferred brand is Carlsberg i.e. 10%, Everest and Sammiguel comes under 3rd preferred brand i.e.4% each. Other brands come under 2%.
-) Among 100 respondents 36% consumes beer once in a fortnight. 28% consumes once in a week. 16% consumes twice in a week. 10% consumes

thrice in a week and another 10% consumes everyday. Most of the respondents consume beer once in a fortnight.

-) Among 1000 respondents 80% consumes less than 5 bottles in a week, 12% consumes 5 to 10 bottles, 8% consumes 10 to 15 bottles per week. Most of the respondents consume less than 5 bottles in a week.
-) According to the place of drinking beer, most of the respondent's consumer's beer at restaurant i.e. 52%, 16% consumes at home, another 16% consumes at party and 12% consumes at hotel.
-) Most of the respondents select the particular brand due to taste i.e. 78%, 20% select their brand due to Brand Image. Only 2% select their brand due to price and no one is interested to packaging.
-) Most of consumer consuming Tuborg prefers Sanmiguel as second brands them Carlsberg, Iceberg, Everest and Gorkha respectively.
-) Brand satisfaction is high in Tuborg although very satisfied are low in no respondent who stands at neutral is very low in no. compared to total respondent. It seems respondents are satisfied with their brand.
-) The most effective media for advertisement of beer is Hoarding/ Neon and second effective media is print media.
-) The brand mostly selling by retailer is Tuborg and the Everest.
-) The reason of not selling other brands by retailer is due to low demand and unavailability.
-) The brand of beer given by retailer when customer first asks for beer is Tuborg.
-) The reason of selling particular brand is due to high demand.
-) The brand providing more profit margins is Everest.
-) The most appropriate size of bottle the retailers preferred is 650 ml.

2.2.2 Piya Subash (2006) has conducted a study on "The marketing of soft drinks".

The main objectives of the study were:

-) To examine the potential consumer is purchasing soft drink.
-) To estimate demand of soft drink in Chitwan.
-) To find out relationship between brand preference and advertising.
-) To ascertain the market leader of soft drinks in Chitwan district consumer's point of view.

The findings of the study were.

-) Market of soft drinks in Chitwan district is so good, but consumers are very conscious about soft drinks brand and enthusiastic.
-) Coca-cola brands are sales higher than Pepsi-cola in the Chitwan.
-) The advertising of Coca-cola of the NTV is much more attractive than that of the Pepsi-cola.
-) There are competitions in sales but less competition in preference in brand.
-) The market share of soft drinks is less than cold drinks in Chitwan.

2.2.3 Neupane Surendra (2003) has conducted the study on "Cold drink consumer behaviour in Kathmandu Vally."

The main objectives of the study were:

-) To find brand preferences of consumers and the factors that develops such preferences.
-) To evaluate the role of advertising in product positioning from the consumer perspective.
-) To examine consumption pattern of cold drinks.
-) To determine the store where from consumer want to buy the cold drinks conveniently.

The Findings of the study were:

-) The entire sampled consumers have drinking habit of cold drinks.
-) Coca Cola brand has domination over Pepsi cola and other brands.

-) All of the respondents have frequent drinking habit and there is no difference between the drinking habit of married and unmarried consumers.
-) Coca Cola brand is the most preferred brand of cold drinks in Kathmandu Valley.
-) Most of the consumer's government service holder, teacher, businessman and students prefer Coca cola brand and Pespsi Cola is more popular among private service holders.
-) Most of consumers drink once a day, they buy only one unit of cold drinks at time and they take decision during buying.

2.2.4 Bhatta Deepa (2003) had conducted a study on "Consumer Analysis of soft drinkers".

The Main objectives of the study were:

-) To find out the brand preference and consumption frequency of the fruit juice "RIO".
-) To find out the place of purchase of soft drinks.
-) To evaluate the effectiveness advertising media to make consumer aware about brand.
-) To evaluate important influencing variables as consumer analysis over soft drinkers.
-) To find out the group of buyers for his brand.

The Findings of the study were:

-) A large number of consumers would prefer to have "RIO" in some other flavors.
-) Most of the consumers would prefer to have "Rio" in orange, apple and apricot flavor.

-) Most of the consumers preferred television advertisement than the other forms of advertisement.
-) Majority of consumers prefer to drink Real, Frooti and Rio. They found that taste of Real was superior to both.

2.2.5 Sapkota Narayan Prasad (2001) has conducted the study on “Consumer attitude towards Wai-Wai instant noodles”.

The specific objectives of the study were:

-) To taste the two types of consumers market (end-use and institutional market) of Wai-Wai noodles in the Bhaktapur Municipality.
-) To obtain the consumers opinion about various aspect.
-) To compare the consumers attitude of wai-wai with other brands.
-) To improve consumers attitude towards wai-wai noodles.

The Findings of the study were:

-) The consumption of wai-wai noodles in the Bhaktapur Municipality is very high.
-) Most of the consumers use noodles as snack, where as very few take it as main meal.
-) In the market competition, wai-wai is in the top position and behind it is Mayos.
-) The consumer’s attitude is negative to the price of wai-wai noodles but it is positive to its quality and packaging.
-) In the course of life cycle, wai-wai is now in the phase of growth or maturity, which is sensitive and conductive step for the market.

2.3 Concluding remarks

The following conclusions have been derived from the analysis and interpretation of the review of literature.

1. Most of the researchers tried to study consumer behaviour on different products.
2. The researcher found that, they are not fully concerned with the consumer behaviour towards the products.
3. Mainly they are collecting the attitudes of the consumer not only the behavioural issues with regards to the consumer point of view.
4. The researcher has not yet found any research conducted in Chitwan district regarding this topic therefore, the researcher tried to conduct this research.
5. In this dissertation, Researcher tries to study more to find out the consumer behaviour towards cold drinks in Chitwan District.
6. In this dissertation researcher has used chi-square test as statistical tool to find the independency and dependency of age group for the quantity of cold drink consumed.

CHAPTER-THREE

RESEARCH METHODOLOGY

Research is a process of investigation. An examination of a subject from different points of view. It is not just a trip to the library to pick up a stack of material, or picking the first five hits from a computer search. Research is a hunt for the truth. It is getting to know a subject by reading up on it, reflecting, playing with the ideas, choosing the areas that interest you and following up on them. Research is the way you educate yourself.

Research is the creation of new knowledge. It can be categorized into three distinct types: basic, strategic and applied. Basic or blue-sky research is the pursuit of new knowledge without any assumptions about what it might lead to-essentially knowledge for its own sake. Strategic research is the pursuit of new knowledge which might, in principle, have a practical application but without a precise view of the timescale or nature of the application. Applied research is knowledge which is developed with a specific objective in mind, particularly the conversion of existing knowledge into products, processes and technologies.

Often people think of research in terms of science and technology, but research takes place in every area of academic study. Research into our culture, our business practices or our economy can be as important as business and scientific research.

Similarly, a research methodology is the plan of action that is carried out in systematic manner. Research methodology refers to the various sequential steps to be adopted by researcher in studying with certain objective/ objectives in view. Therefore, this chapter deals with the following aspects of methodology.

- ❖ Research design
- ❖ Population and sampling
- ❖ Source of data
- ❖ Data Collection procedures

- ❖ Data processing and tabulation
- ❖ Method of analysis

3.1 Research Design

General objective of this research study is to examine and evaluate the consumer behaviour towards cold drinks i.e. Coca Cola, Pepsi Cola and Real mainly of Chitwan district. In order to achieve the objective, both explorative and descriptive research design has been followed. The study focuses on the examination of relation between consumer behaviour, product and other influential factors.

3.2 Population and Sample

The population of this study consists of all the buyers and consumers above 18 years age group of cold drinks.

The sample consists of the respondents from the different sectors such as students, service holder, lecturer and business man. From the total population of Chitwan district i.e. 4,72,048 (Population census 2058) for the study purpose 100 consumers have been surveyed, out of them 50 from Bharatpur Municipality, 25 from eastern part and remaining 25 from western part of Chitwan district.

Table No.3.1

Respondent's Profile

S.N.	Sample size	Sample Size	Sample size in percentage
1	Bharatpur Municipality	50	50%
2	Eastern part of Chitwan	25	25%
3	Western part of Chitwan	25	25%

3.3 Source of Data

The present study is basically conducted on primary data and there is less use of secondary data. Depending on the nature of data and information following sources have been utilized

❖ Primary Sources

Primary data has been collected through questionnaire for different levels of consumers. i.e. higher secondary level consumers, graduate education holder and masters level consumers, who were selected from different professional groups.

❖ Secondary Sources

As a regard supporting literature, relevant books, journals, bulletins, magazines, newspapers etc., have been studied.

3.4 Data collection procedures

The problem of the study lies on the issues to the behaviour of consumer. Hence, various data are required. With a view of obtaining data, a questionnaire was designed. The different levels or types of consumers have filled up the questionnaires. For collection, in the first the researcher visited the market and the questionnaires were distributed to the consumers. In the second step, the questionnaire were got filled.

For the supportive materials, the researcher visited Saptagandaki Multiple College library and Central department of management, Kirtipur, various sections of central library; TU led the researcher to be successful in conducting this study.

3.5 Data Processing and Tabulation

Data have been collected through different level of respondent. A table has been prepared for a set of questionnaires. For each separate question frequency has

been counted. Various tables are constructed and responses are presented on percentage.

3.6 Method of Analysis:

This study mainly aims to find out the consumer Buying Behaviour of Chitwan District's. Collected data is analyzed by both descriptive & analytical tools. They are used in the research in order to draw out the reliable conclusion.

- ❖ Percentage analysis
- ❖ Average (Mean) analysis
- ❖ Chi-square test
- ❖ Bar diagram & pie chart
- ❖ **Percentage:** Sampling statistics are used to test whether the observed difference between the two numbers is large enough to be considered statistically significant. It represents the proportion of any variable in terms of its totality. In the present study, percentage has been used to obtain the actual number of customer preference.
- ❖ **Average (Mean) :**It is statistical tool, which is called average or mean. Mean is the ratio of the sum of all observation to the number of observations. It is calculated from ungrouped data & frequency distribution.

$$\text{Mean} = \frac{\text{sum of Observation}}{\text{nos. of observations}} = \frac{\sum X}{n}$$

- ❖ **Bar diagram and Pie chart**

There are particular tools, which help to know the true picture of the different variables in the absence of complicated formula and equations. The result of analysis has been properly tabulated, compared and analyzed in presentation and analysis chapter.

❖ **Chi-square test**

Chi-square test is used here to determine the independency of the two attributes. The following are the hypothesis set up for chi-square test is used.

Null Hypothesis: H_0 Quantity of Coca-Cola consumed is independent upon age group.

Alternative Hypothesis: H_1 Quantity of Coca-Cola consumed is dependent upon age group.

Following formula is used to determine the value of chi square:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Observed frequency O is calculated as $E = \frac{\text{Row total} \times \text{Column total}}{\text{Grand Total}}$

here, O = Observed frequency

E = Expected frequency

CHAPTER-FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

The previous chapter provided the concept bases and format of this study. This chapter is the main heart of the study. This chapter presents and analyzes the collected primary data in Chitwan District, with the help of field survey. For this purpose we use both descriptive and statistical tools and techniques. The data are presented and analysis is done from final consumer. Bar diagrams, pie charts have been presented to clarify the actual data. Specially, the chapter includes analysis and interpretation of the data obtained from respondents.

In course of conducting this research, the researcher selected 100 consumers or respondents and tried to find-out views of consumers. It was found that all of the respondents have the drinking habit of cold drinks. Obtaining responses, various tables are prepared. Homogeneous natures of data have been put into the same table. The data are presented and analyzed here under.

4.2 Profile of respondents

4.2.1 Sex groups

Table No.4.2.1: Sex Groups of Consumer

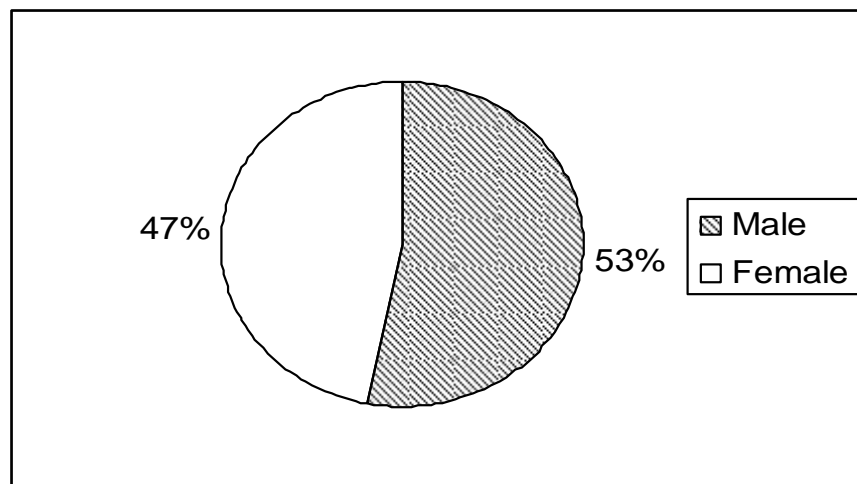
S.N.	Sex	Frequency	Percentage
1	Male	53	53.0
2	Female	47	47.0
		100	100.0

Source: Consumer Survey 2064

Table No. 4.2.1 deals with the sex groups of consumer. Among 100 respondents 53 age male and 47 are female. It seems that male consumers are slightly more in no. that female.

This task can also be explained by simple pie chart.

Figure No. 4.2.1: Sex groups of consumer



Source: Table No.4.2.1

4.2.2 Occupation

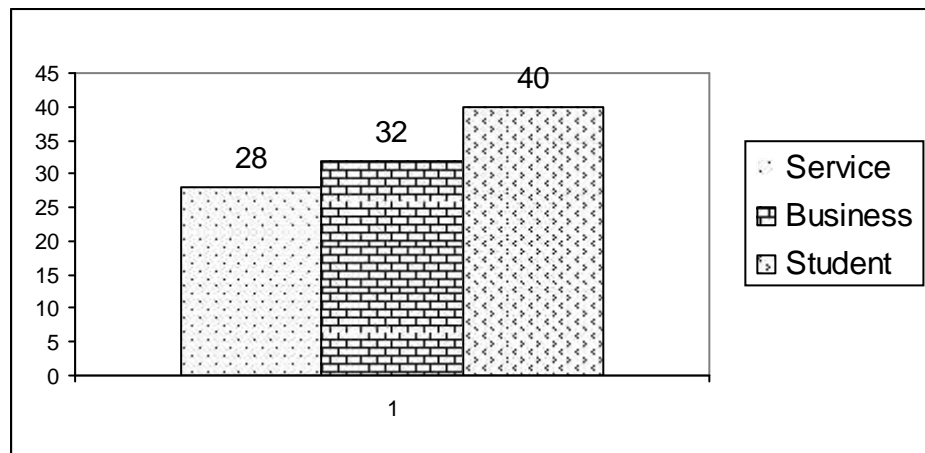
Table No.4.2.2: Occupation of Consumer

S.N.	Occupation	Frequency	Percentage
1	Service	28	28.0
2	Business	32	32.0
3	Student	40	40.0
		100	100.0

Source: Consumer Survey 2065

Table No. 4.2.2 shows that most of the consumers of cold drinks in chitwan are students. Among 100 respondents 28% service holder, 32% Businessman and 40% are students. We can explain above task by figure below:

Figure No. 4.2.2: Occupation of Consumer



Source: Table No.4.2.2

4.2.3 Age of Consumers

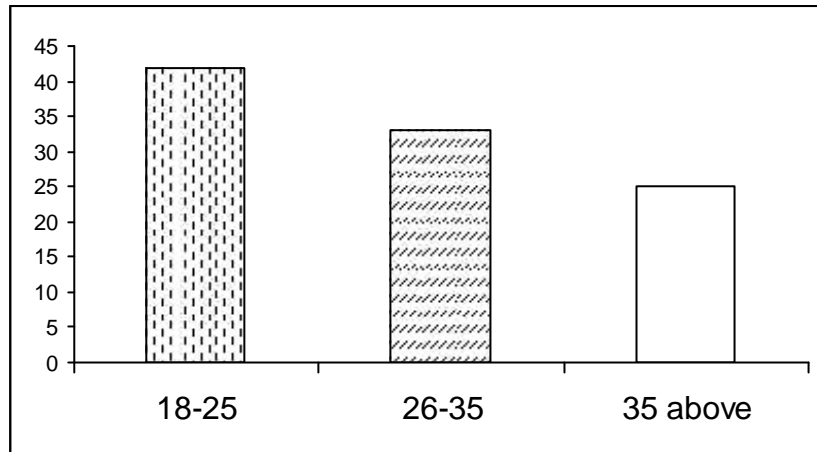
Table No.4.2.3: Age of Consumer

S.N.	Age	Frequency	Percentage
1	18-25	42	42.0
2	26-35	33	33.0
3	35 above	25	25.0
		100	100.0

Source: Consumer Survey 2065

The above table shows that there is a majority of consumer of the age between 18-25, which is 42%, 26-35 ages ore 33% and 35 above are 25%. It can be explained by diagram also

Figure No.4.2.3 Age of Consumer



Source: Table No. 4.2.3

4.2.4 Marital Status

Table No.4.2.4: Marital status of consumer

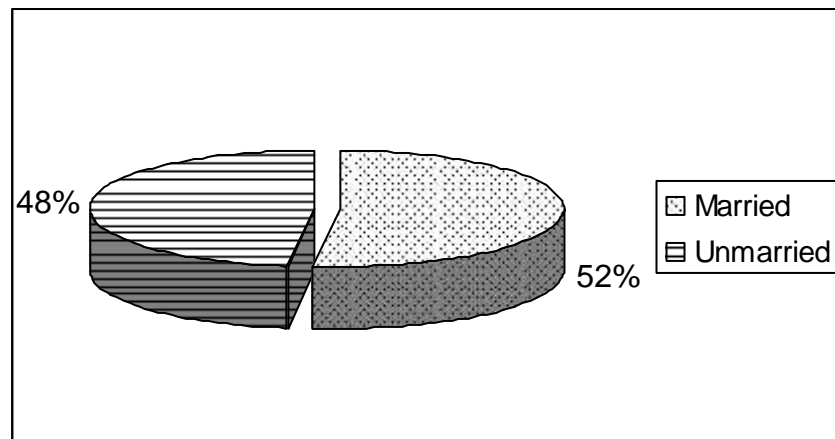
S.N.	Age	Frequency	Percentage
1	Married	52	52.0
2	Unmarried	48	48.0
		100	100.0

Source: Consumer Survey 2065

Table No. 4.2.4 Deals with the marital status consumer. Here most of the consumers who seen likely to have cold drinks have been taken as sample to get more responding answers regarding the questions asked for in research questionnaire

Among 100 respondents 52 are married and 48 are unmarried. It seems that unmarried consumers are more in no. than married.

Figure No. 4.2.4: Marital status of consumer



Source : Table No. 4.2.4

4.3 Description of variable

4.3.1 Brand Preference

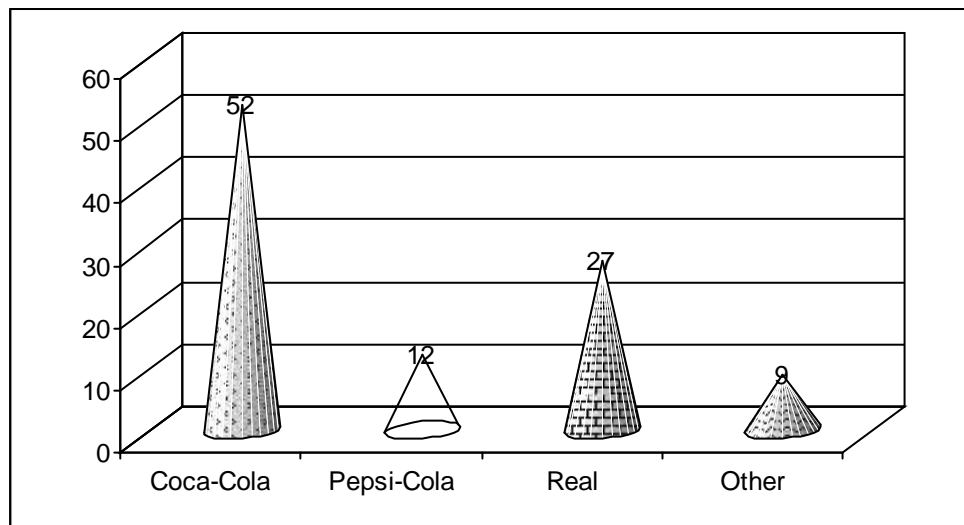
Table No.4.3.1: Brand preference of consumer

S.N.	Brand Preference	Frequency	Percentage
1	Coca-Cola	52	52.0
2	Pepsi-Cola	12	12.0
3	Real	27	27.0
4	Other	9	9.0
		100	100.0

Source: Consumer Survey 2065

The analysis of the responses of consumer's brand preference out of 100 respondent's table no.4.3.1: has made for interpretation. Among 100 respondents have found preferred Coca-Cola brand, 12% Pepsi Cola brand, 27% Real brand and taste of consumers i.e. 9% have found preferred other brands. It can be explained by diagram also.

Figure No. 4.3.1: Brand Preference of consumer



Source : Table No. 4.3.1

4.3.2 Influencing factors

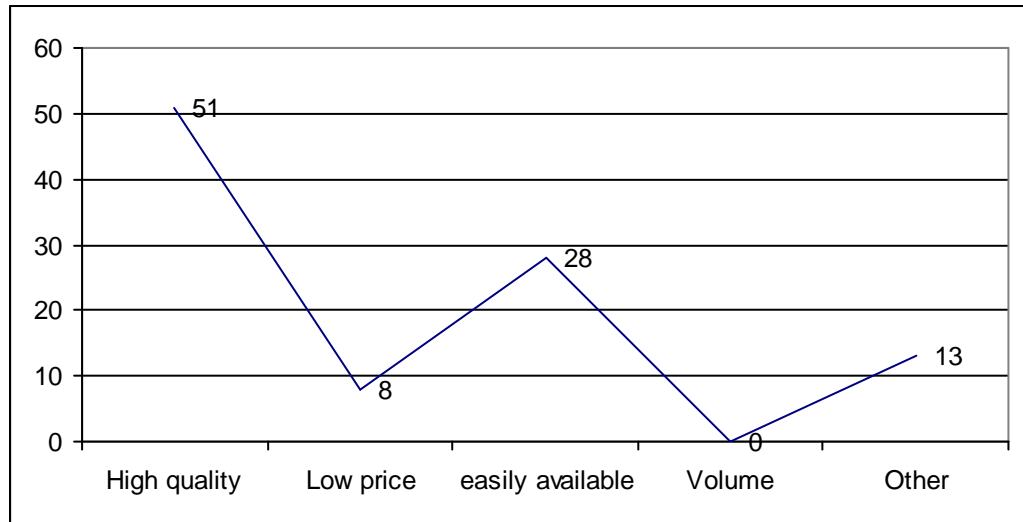
Table No.4.3.2: Influencing factors of Cold drinks

S.N.	Influencing factor	Frequency	Percentage
1	High quality	51	51.0
2	Low price	8	8.0
3	easily available	28	28.0
4	Volume	0	0.0
5	Other	13	13.0
		100	100.0

Source: Consumer Survey 2065

Table No.4.3.2 deals with the influencing factor of consumers to prefer different brands of Cold drinks among 100 respondents 51 % motivated to the high quality, 7% to the low price, 24% to the easily available, 0% to the volume and rest of 15% to the other factors. We can explain above table by figure below.

Figure No. 4.3.3: Influencing factors of cold drinks



Source: Table No. 4.3.3

4.3.4. Factors to prefer selected brand.

Table No. 4.3.4: factors to prefer selected brand of cold drinks.

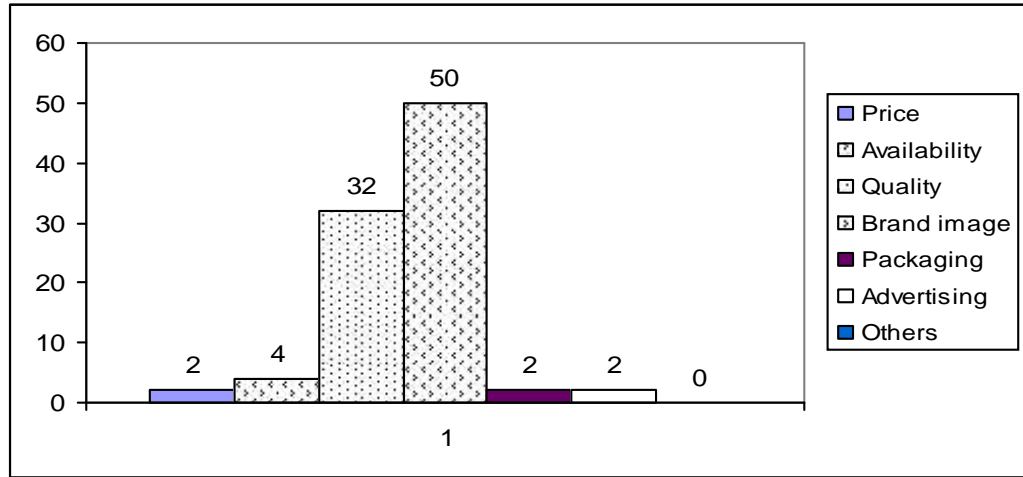
S.N.	factor	Frequency	Percentage
1	Price	2	2.0
2	Availability	4	4.0
3	Quality	32	32.0
4	taste	50	50.0
5	Brand image	8	8.0
6	Packaging	2	2.0
7	Advertising	2	2.0
8	Others	0	0.0
		100	100.0

Source: Consumers Survey 2065

Table No. 4.3.4. Deal with the major factors to prefer selected brand of cold drinks. Among 100 respondents 50% consumers selected the taste and rest of 50% consumers has selected the other factors only 0% consumers is in

other factors than above mentioned. This table can also be explained by simple bar diagram

Figure No. 4.3.4: Factors to prefer selected brand of cold drinks.



Source: Table No. 4.3.4

4.4 Ranking of different brand of cold drinks.

In the table below the consumers priority to different brands have been presented note that the highest priority given cold drinks is denoted by 1 and the lowest priority given cold drinks is denoted cold drinks has lowest mean value and the number 4 denoted cold drinks has got highest mean value.

Table No. 4.4: Ranking of different brand of cold drinks.

S.N.	Cold drinks	Ranking	Mean
1.	Coca-cola	1	1.67
2.	Real	2	2.28
3.	Pepsi-cola	3	2.44
4.	Others	4	2.61

Source: Consumer Survey 2064
(As calculated in Annex No.1)

By the overall average (means) ranking of various brands of cold drinks, Coca cola is seen that the best with mean value of 1.67, the lowest one. It is followed by real with 2.28 mean values. The other brands having the highest mean value is a least population brand.

4.5. Consumption pattern of cold drinks.

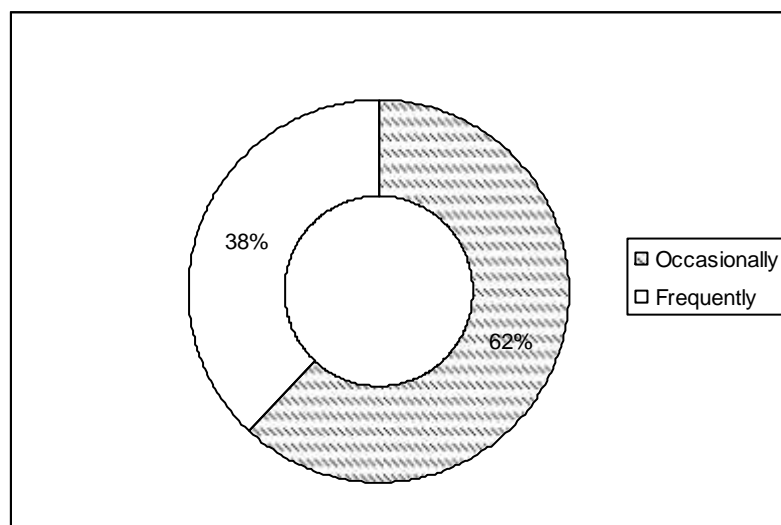
Table No: 4.5: consumption Pattern

Period	frequency	Percentage
Occasionally	62	62.0
Frequently	38	38.0
	100	100.0

Source: Consumer Survey 2065

The above table shows the frequency of consumption pattern of cold drinks. Most of the consumer takes cold drink brand occasionally. 62% consumers have chosen occasionally in the question how often do you use cold drinks. Remaining 38% consumer have chose frequently. We can better explain by bar diagram.

Figure No. 4.5 Consumption Pattern



Sources: Table No. 4.5

4.6 Consumption quality of cold drinks

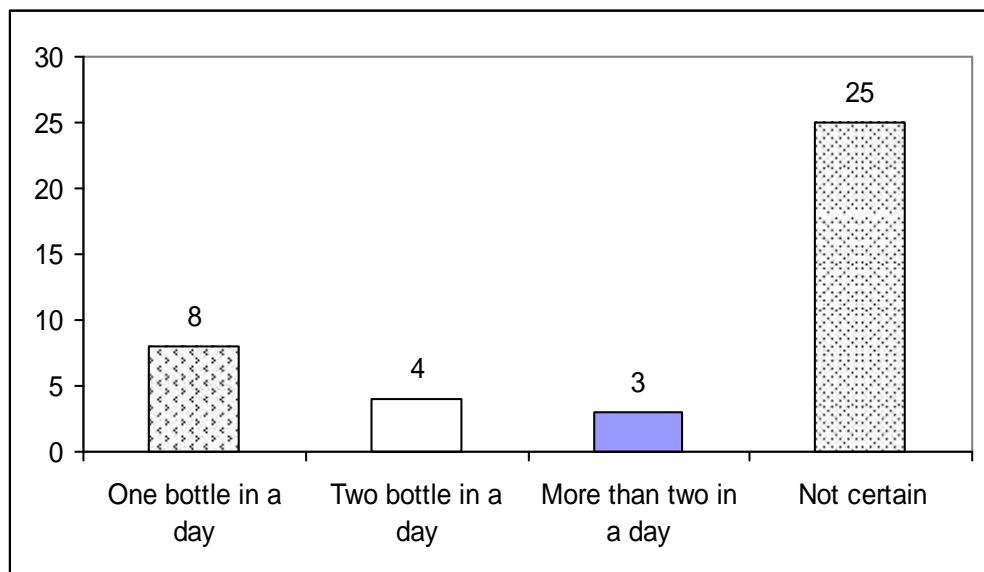
Table No. 4.6

Consumption times	frequency	Percentage
One bottle in a day	8	20.52
Two bottle in a day	4	10.25
More than two in a day	3	5.13
Not certain	25	64.1
	100	100.0

Source: Consumer Survey 2065

The above table illustrates how many bottles of cold drinks do the consumer consumes in a day. Among 39 respondents, who have chose frequently (shown in table No. 4.6), 20.52% consumes one bottle in a day, 10.25% consumes two bottle in a day, 5.13% consumes more than two bottle in a day and remaining 64.1% consumers have select not certain. It can be better explained by figure below.

Figure No.4.6 Consumption quantity of cold drinks



Source: Table No. 4.6

4.7 Most preferable place to buy the product

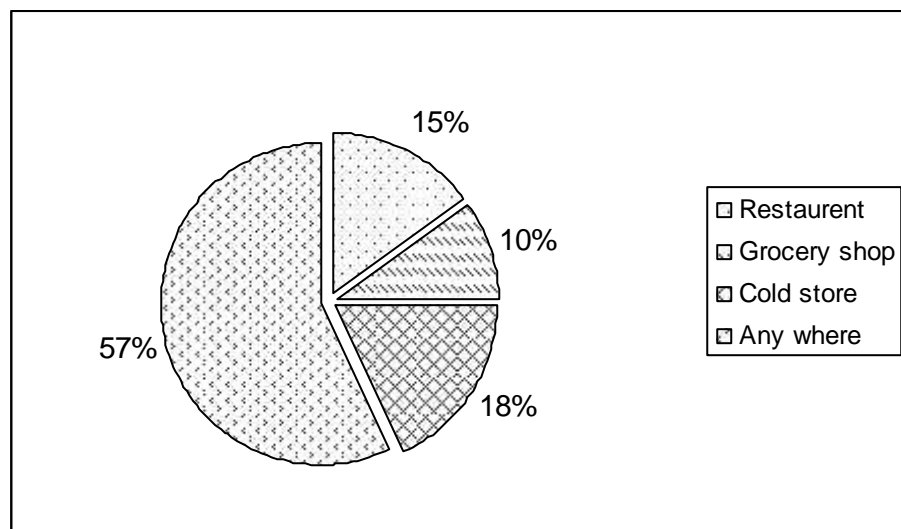
Table No. 4.7 Place to buy product

Place	frequency	Percentage
Restaurant	15	15.0
Grocery shop	10	10.0
Cold store	18	18.0
Any where	57	57.0
	100	100.0

Source: Consumer survey 2065

From the above table, most of the consumer i.e.57% wants to buy cold drinks from different places 18% from cold store, 15% from restaurant and 10% from Grocery shop. It can be better explain by figure below.

Figure No. 4.7 Place to buy product



Source: Table No. 4.7

4.8 Single word to preferred brand

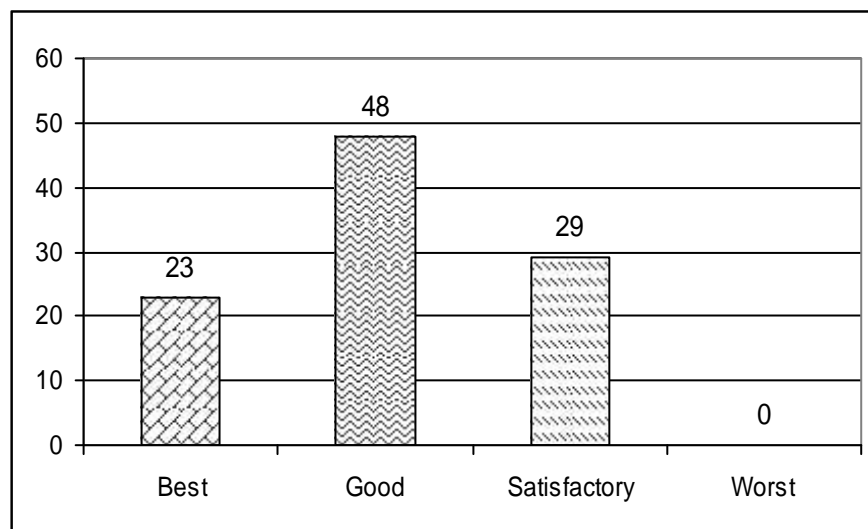
Table No.4.8 Single words to preferred brand

Word	frequency	Percentage
Best	23	23.0
Good	48	48.0
Satisfactory	29	29.0
Worst	0	0.0
	100	100.0

Source: Consumer Survey 2065

Table No. 4.8 deals with the single word to preferred brand. Among 100 respondents, 23% consumers have chosen best to their selected brand. 48% consumer have chosen good, 29% consumers have chosen satisfactory and 0% consumer have chosen worst to their brand. We can better explain below by bar diagram.

Figure No. 4.8 Single word to preferred brand



Source : Table No. 4.8

4.9 Selected Brand according to quality, price taste

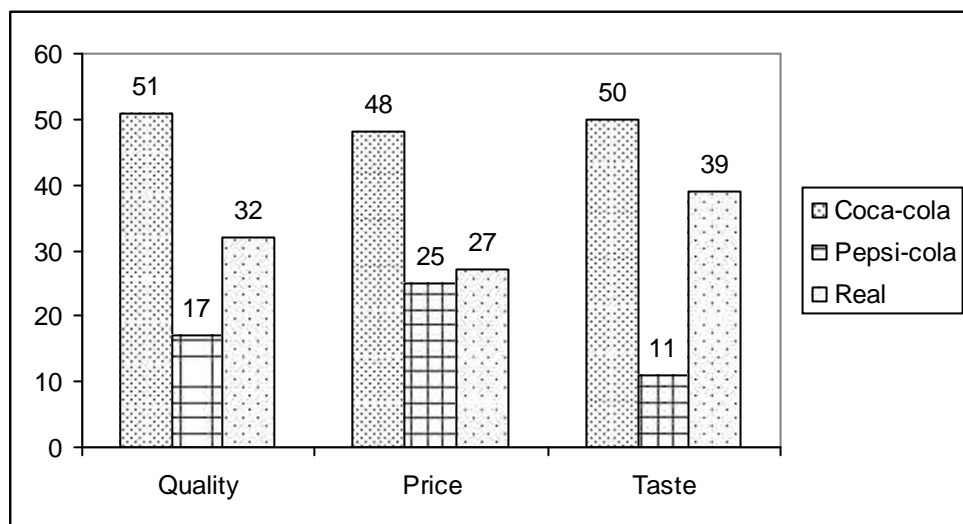
Table No. 4.9, Selected brand according to quality, price and taste

According to	Coca-Cola	Pepsi-cola	Real	Total
Quality	51	17	32	100
Price	48	25	27	100
Taste	50	11	39	100

Source: Consumer Survey 2065

Table No. 4.9 Show the selected brand according to quality price and taste. Among 100 Respondents, 51% of consumers have suggested the coca cola as high quality product and remaining two products Pepsi-cola is 15% and Real is 32% respectively. Similarly, 48% respondents have given view better price of Coca-cola and the other two products Pepsi-cola is 25% and Real is 27%. At last, on the terms of taste. 50% of respondents have suggested good taste and the left two products Pepsi-cola is 11% and Real is 39%.

Figure No.4.9 : Selected brand according to quality price and taste



Source: Table No 4.9

4.10 Chi Squash test for independence of age group and quality consumed.

Table No. 4.10

Age	Occasionally	Frequency	Total
18-25	16	23	49
26-35	19	9	28
36 above	17	6	23
	62	38	100

Source: Consumer Survey 2065

1. Setup hypothesis

Null hypothesis: H_0 : Quantity of cold drink consumer is independent upon age group.

Alternative hypothesis: H_1 : Quantity of cold drink consumer is dependent upon age group

2. Test statistics: χ^2 calculated = 3.47 (Annex:2)

3. Level of significance : = 0.05 OR 5%

Degree of freedom (df) =2

4. Critical value χ^2 tabulated = 5.991476

5. Decision: Since χ^2 calculated < χ^2 tabulated therefore H_0 is accepted at 5% level of significance.

Here, calculated value is smaller than table value therefore null hypothesis is accepted i.e. age group is independent to the quality of cold drink consumed.

4.11 Major Findings:

From the field survey and analysis of the behaviour of the consumers in the Chitwan district, the following things are found.

1. The consumption of Coca-Cola cold drink is very high in the Chitwan district in comparison to others.
2. Most of the consumers take cold drinks occasionally. (Table No. 4.6)
3. Most of the respondents have suggested for reasonable price and increasing quality of cold drinks to the manufacturer. They also mentioned about the term healthy product should produce.
4. In the market competition, Coca-Cola is in the top position and behind it is Real. The presence of other cold drinks is not remarkable. (Table 4.3.1)
5. Consumers give more preference to Coca-Cola brands with its quality, price and taste.
6. Most of the respondents have selected high quality towards the product.
7. More than 50% consumers have found to take cold drinks brand anywhere.
8. Among 100 respondents 50% consumers of Coca-Cola have selected the factors 'Taste' of cold drinks.
9. On the basis of ranking, Coca-Cola is found as best than the other cold drinks brand.
10. Price and quality of Coca-Cola also lead the better than other brands.
11. Real Juice is found as second brand preferred by consumers in Chitwan District.
12. In terms of single word towards preferred brand, 48% consumers have chosen 'good' to the selected brand.
13. In terms of single word towards preferred brand, 64.1% consumers selected not certain in terms of quality they consumed. (Table No. 4.6)
14. Quantity of cold drink consumed is dependent upon age group. Age factors could not affect for the consumption of cold drinks.

CHAPTER-FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, socio-psychology, anthropology and economics. It attempts to understand the buyer's decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups and society in general.

This research objective is studying behaviour of consumers. Consumer behaviour is important to all the marketers, who are producing consumer goods. It deals with consumer satisfaction. The topic of this study is "Consumer Behaviour Towards Cold Drinks in Chitwan District". An attempt is made to find out brand preferences of consumers and the factors that develop such preferences, examination of consumption pattern of cold drinks, market leaders of cold drinks in Chitwan district in consumers' point of view and provide suitable suggestions. For the purpose of the study null hypothesis were developed. To avoid the chances of duplication in the study and to confirm whether the study is in accordance with the principles and doctrines, supportive texts and the previous dissertation have been reviewed.

The samples for the study comprised 100 consumers are taken from Chitwan district. A questionnaire consisting 8 questions were administered to the respondents. The data obtained from them were analyzed using percentage, chi-square test and charts

The percentage analysis reveals that among 100 respondents 52.0 preferred Coca-Cola brand, 27.0% preferred Real brand, 12.0% preferred Pepsi-Cola brand and

rest of 9.0% preferred other brands. Consumer consume cold drinks into two ways, 62.0% consumers consume cold drinks occasionally and 38.0% consumers consume cold drink frequently. Among 38.0% consumers, who consume cold drinks frequently, 20.52% consume one bottle in a day, 10.25 consume 2 bottles in a day. 5.13% consume more than two in a day and rest of 64.10% are not certain for the consumption, consumers chose cold drinks according to brand image are not ignored. Similarly, among 100 respondents, 47.0% consumer gives the answer good to their preferred brand and remaining 29%, 23% consumers give satisfactory and best respectively, consumers buy cold drinks from different places. Most of them 57.0% consumers want to purchase cold drinks from anywhere 18.0% from cold store, 15.0% from restaurant and 10.0% from grocery shop.

To conclude, the test of hypothesis shows one of the most important facts, i.e. quality of cold drink consumed is independent upon age group. Age factors do not affect for the consumption of cold drinks.

5.2 Conclusions

The following conclusions have been derived from the analysis and interpretation of the data.

The entire sampled consumers have drinking habit of cold drinks. According to Brand preference most of the respondents prefer Coca-Cola, then Real, Pepsi-Cola and others respectively. Most of the respondents purchase cold drinks from any where then cold store. Most of the respondents take cold drinks occasionally and there is not difference between the drinking habit of married and unmarried consumers. Most of the frequent consumers drinking quantity are not certain. Consumers choose cold drinks according to brand name but product quality, taste, availability, price, brand image are not ignored. Most of the respondents select their brand due to the high quality and then easily available. None is interested in volume. Very few respondents have consumed other brands except Coca-Cola, Pepsi-Cola and Real. Coca-Cola

brand is the most popular brand of cold drinks in Chitwan district, It has greater share than Real, Pepsi-Cola and other brands. A hypothesis test reveals that, quantity of cold drink consumed is independent upon age group.

5.3 Recommendations

The following are the suggestions and recommendations for the overall development of situations discussed above.

1. The Coca-Cola brand should study the consumer behaviour continuously and regularly and prepare the strategies accordingly.
2. The consumers having positive behaviour should be encouraged more and should include negative behaviour and should improve its different aspects.
3. Coca-Cola brand should maintain its Quality/price/taste.
4. It is perceived that the Coca-Cola brand should make the consumers believe that the price of cold drinks is justifiable. Because most of the respondents have expressed their suggestions that the price of the cold drinks is high which is the common expression of the consumers.
5. In order to be successful in the competition and to create good influence on society it should participate in social activities.
6. Being alert with the other brands, it should adopt defensive strategy.
7. As greater number of consumers has intention to buy product at any where, the producers of cold drink should try to motivate the retailers for increasing sales as well as market share.
8. As consumer's behaviour is highly affected by products manufactured with the help of better technology, the sampled organizations should produce in accordance with consumer demand for which they may adopt effective opinion survey.
9. The Companies should undertake marketing research on a regular basis to monitor the performance of cold drinks.

10. The other cold drinks companies should introduce some promotional schemes to the consumers for better marketing approach.

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INTERNET SEARCH

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<http://en.mapsofworld.com/nepal/about.html>

<http://www.mapsofworld.com/nepal/nepal-district-map.html>

Questionnaire

Hello! Namaste!!!

Now I am planning to do a research investigation on '**CONSUMER BEHAVIOUR TOWARDS COLD DRINKS IN CHITWAN DISTRICT**'. So in this regard I want to take some help from your side.

Name: _____ Contact No: _____
Address: _____ Age: (18-25) [], (26-35) [], (above 36) []
Occupation: Service [], Business [] Student []
Sex: Male [] Female []
Marital Status: Married [] Unmarried []

1. Do you take cold drink?

- a) Yes | b) No |

If yes, which brand mostly prefers you ?

Why,

- a) High quality | b) Low Price | c) Easily Available |
d) Volume | e) Others |

2. In your opinion, which factor mostly influence primarily to prefer brand?

- a) Price | b) Availability | c) Quality | d) Taste |
e) Brand Image | f) Packaging | g) Advertising | h) Others |

3. Rank the following brand according to your preference ? (Rank best as 1 and worst as 4 accordingly)

- a) Coca-cola | b) Pepsi-Cola | c) Real | d) Others |

4. How often do you drink the preferred brand?

- a) Occasionally | b) Frequently |

If, frequently how many times do you take cold drinks?

- a) One Bottle in a day ⊗
- b) Two Bottle in a day ⊗
- c) More than two in a day ⊗
- d) Not Certain ⊗

5. Which place do you like to buy the cold drink specially?

- a) Restaurant ⊗
- b) Grocery Shop ⊗
- c) Cold Store ⊗
- d) Any Where ⊗

6. If you are suppose to define your preferring brand in a single word then what will be your opinion?

- a) Best ⊗ b) Good ⊗ c) Satisfactory ⊗ d) Worst ⊗

7. Select the best brand name according to: (Please Tick One)

	Brand Names		
Best Brand according to	Coca-Cola	Pepsi Cola	Real
Quality			
Price			
Taste			

8. Suggestion to the cold drink manufacturer

.....

.....

.....

.....

.....

Thank You!

ANNEX-1

Mean Calculation for Ranking of different brand of Cold drinks

Rank	1	2	3	4	Total
Coca-cola	56	24	17	3	100
Pepsi-Cola	13	39	39	9	100
Real	28	32	24	16	100
Other	3	5	20	72	100
Total	100	100	100	100	

Source: Consumer Survey 2065

Calculation of Mean

Coca-Cola

Ranking (X)	No. of Consumer (F)	FX
1	56	56
2	24	48
3	17	51
4	3	12
	N=100	$\phi fx=167$

$$\bar{\text{Mean}} (x) = \phi fx / N = 167/100 = 1.67$$

Calculation of Mean

Pepsi-Cola

Ranking (X)	No. of Consumer (F)	FX
1	13	13
2	39	78
3	39	117
4	9	36
	N=100	$\phi fx=244$

$$\text{Mean } (\bar{x}) = \phi fx / N = 244/100 = 2.44$$

Calculation of Mean

Real

Ranking (X)	No. of Consumer (F)	FX
1	28	28
2	32	64
3	24	72
4	16	64
	N=100	$\phi fx=228$

$$\text{Mean } (\bar{x}) = \phi fx / N = 228/100 = 2.28$$

Calculation of Mean

Others

Ranking (X)	No. of Consumer (F)	FX
1	3	3
2	5	10
3	20	60
4	72	288
	N=100	$\phi fx=361$

$$\text{Mean } (\bar{X}) = \phi fx / N = 361/100 = 3.61$$

ANNEX-2

Chi square test for independence of age group and quantity consumed:

Age	Occasionally	Frequently	Total
18-25	26	23	49
26-35	19	9	28
36-Above	17	6	23
	62	38	100

Setup Hypothesis

Null Hypothesis: H_0 : Quantity of cold drink consumed is independent upon age group.

Alternative Hypothesis: H_1 : Quantity of cold drink consumed is dependent upon age group.

Chi-square Contingency Table Test for Independence					
			Occasionally	Frequently	Total
18-25	Observed		26	23	49
	Excepted		30.38	18.62	49.00
	$(O - E)^2 / E$		0.63	1.03	1.66
26-35	Observed		19	9	28
	Excepted		17.36	10.64	28.00
	$(O - E)^2 / E$		0.16	0.26	0.42
36 above	Observed		17	6	23
	Excepted		14.26	8.74	23.00
	$(O - E)^2 / E$		0.53	0.86	1.39
Total	observed		62	38	100
	Expected		62	48	100
	$(O-E)^2/E$		1.32	2.15	3.47
			3.47	chi-square	
			2	df	

Chi-Square = $\sum (O-E)^2/E = 3.47$ (where, some of the value of three types of age group)

Degree of freedom (df) = 2

$$\begin{aligned}
 (df) &= (r-1) (c-1) \\
 &= (3-1) (2-1) \\
 &= 2 \times 1 \\
 &= 2
 \end{aligned}$$

Table value 5.991476

Here, calculated value is smaller than table value therefore null hypothesis is accepted i.e. quantity of cold drink consumed is independent upon age group.

Note : Expected frequency cell

$$E = \frac{\text{Row total} \times \text{column total}}{\text{Grand total (N)}} = \frac{38 \times 49}{100} = 18.62$$

$$= \frac{62 \times 49}{100} = 30.38$$

Value of Chi-Square :

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Occasionally

$$\begin{aligned} &= \frac{(O - E)^2}{E} \\ &= \frac{(26 - 30.38)^2}{30.38} \\ &= 0.63 \end{aligned}$$

Where,

O = Observed Frequency

E = Expected Frequency

Frequently

$$\begin{aligned} &= \frac{(O - E)^2}{E} \\ &= \frac{(23 - 18.62)^2}{18.62} \\ &= 1.03 \end{aligned}$$