

## **CHAPTER- ONE**

### **INTRODUCTION**

#### **1.1 General Background**

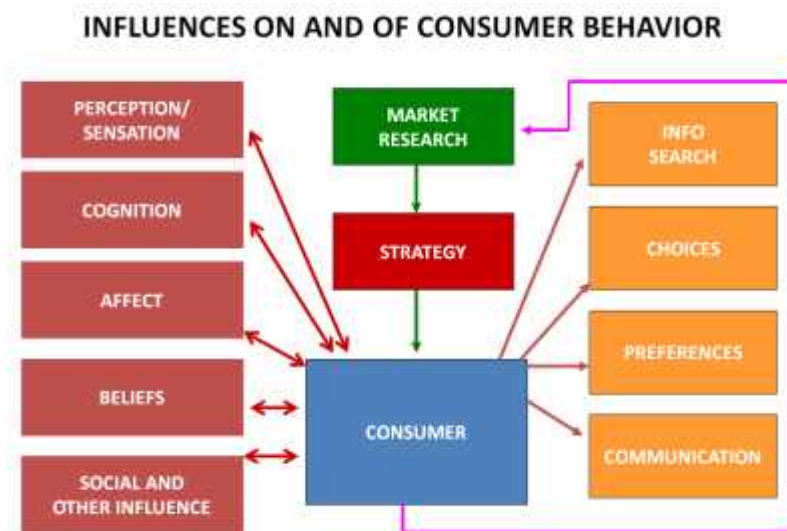
Consumer is the main artist of the marketing activities. Consumer starts and ends with marketing process. Marketing starts with the identification of a specific name on the part of the consumer and ends with the satisfaction of that needs. Thus, the consumer is found both at the beginning and the end 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.

Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which

brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product).

Sources of influence on the consumer. The consumer faces numerous sources of influence.



Often, we take *cultural* influences for granted, but they are significant. An American will usually not bargain with a store owner. This, however, is a common practice in much of the World. *Physical* factors also influence our behavior. We are more likely to buy a soft drink when we are thirsty, for example, and food manufacturers have found that it is more effective to advertise their products on the radio in the late afternoon when people are getting hungry. A person's *self-image* will also tend to influence what he or she will buy—an upwardly mobile manager may buy a flashy car to project an image of success. *Social* factors also influence what the consumers buy—often, consumers seek to imitate others whom they admire, and may buy the same brands. The social environment can include both the mainstream culture (e.g., Americans are more likely to have corn flakes or ham and eggs for breakfast than to have rice, which is preferred in many Asian countries) and a subculture (e.g., rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population). Thus, sneaker

manufacturers are eager to have their products worn by admired athletes. Finally, consumer behavior is influenced by *learning*—you try a hamburger and learn that it satisfies your hunger and tastes good, and the next time you are hungry, you may consider another hamburger.

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:

- J Bottlers Nepal. (Pvt, Ltd) MDF; Bharatpur, Terai, (Coca-Cola, Fanta, Sprite) and Balaju, Kathmandu, Nepal. (Collaboration- USA)
- J Varun Beverages. (Pvt, Ltd) MDF; Sina Mangal, Koteswor, (Pepsi-Cola, Mirinda, 7-UP)
- J Dabur Nepal (Pvt, Ltd) Rampur, Tokani, Bara Valley, Birjung, Nepal (Real-Juice) etc.

By The preliminary survey, the market of colddrinks in Kathmandu valley is found maximum. According to Mr. Subash Piya in his master level dissertation “The marketing of colddrink, A case study of Kathmandu valley”, the sales of colddrink (i.e.Coca-Cola, Pepsi-Cola and Real) report of 2012 is Rs.61.380 Million, Rs. 20.367 million and Rs 60,23,750 respectively. So, we think Kathmandu valley is a appropriate study area.

Kathmandu valley 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 Kathmandu. Therefore Kathmandu valley is a main place for cold drink market.

Another important aspect is that, Kathmandu valley 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 Focus of the Study**

Today's business world is running with cut throat competition. Trade and business is almost leading the entire society of the world. High performing business houses are not only able to expand their monetary reach but also to uplift the economic status of their host community.

Now 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-maximizers, within the bounds of search costs and limited knowledge and income, they form an expectation of value and act accordingly.

Kathmandu, being the capital city of Nepal 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 Kathmandu Valley' has relative marketing importance, which helps to identify the consumer's actual perception on the existing cold drinks available in the market of Kathmandu 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.

### **1.3 Statement of the Problem**

Many established organizations are disappeared due to their negligence of consumer's feelings. Some are still in the pipeline to be dissolved, where as there are some other organizations that are expanding their business magnificently. Because these organizations always focus on consumers' expectation. They not only merely fulfill consumer expectations but also satisfy their needs and even delight them. So, they are running their business very well. It becomes only possible when they first start understanding the very need of the consumers.

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).

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 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.

The present study has tried to make an important attempt to study the consumer behaviour on cold drinks of Kathmandu valley. 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 Kathmandu valley?
- iv. Is the consumer sensitive towards price, quality, and taste of the cold drinks?
- v. What is the popular brand of cold drink in Kathmandu valley?

#### **1.4 Objectives of Study**

The general objective of the research is to analyze the consumer's attitude on cold drinks of Kathmandu valleys. 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.
- v. To find out the popular cold drink brand in Kathmandu valley 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 research is going to be conducted in Children valley valley. 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 Kathmandu valley.
- 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 present study has been categorized into five chapters as:

Chapter I: 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.

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

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

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

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

At the end of the chapters bibliography and appendices have been incorporated.

## **CHAPTER-TWO**

### **REVIEW OF LITERATURE**

In this chapter the researcher has presented the conceptual framework of consumer behaviour. In this connection, the researcher has reviewed various literatures in the form of books written by various prominent authors, published newspapers, journals, browsing materials from the concerned websites and encyclopedia, previous dissemination in the relevant subject matters etc. For the study purpose, literature has been reviewed in terms of two different levels.

- i. Conceptual Review
- ii. Review of Previous Studies

#### **2.1 Conceptual Review**

##### **2.1.1 Consumer**

After consumers obtain and use a product or service, they will tend to develop feelings of satisfaction or dissatisfaction toward it. Consumer satisfaction has traditionally been defined as "the evaluation rendered that the experience was at least as good as it was supposed to be." This definition was developed around the predominant model used to explain post purchase satisfaction in the 1970s- the expectation disconfirmation model. However, a variety of additional theoretical approaches have been used to explain the formation of consumer satisfaction/dissatisfaction. These include equity theory, attribution theory, and experientially based affective feelings. In addition, the actual performance of a product has been suggested as a possibility.

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 are '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

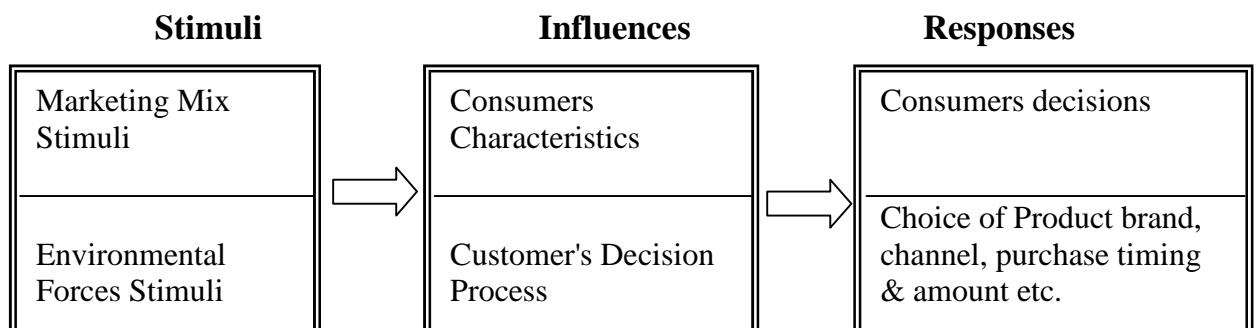
In simple terms, Consumer behaviour means the behaviour which consumer shows before or after purchase as well as the process of purchasing.

L.G. Schiffman and L.L. Kanuk, defines The terms consumer behaviour can be defined as the bahaviour 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: 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: 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.

**Table No. 2.2**

**Consumer Behaviour influencing Factors**

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

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. 2.3**

**Changing Consumer Expenditure in Nepal**

<b>Particulars</b>	<b>1984 (%)</b>	<b>1996(%)</b>
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: 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).

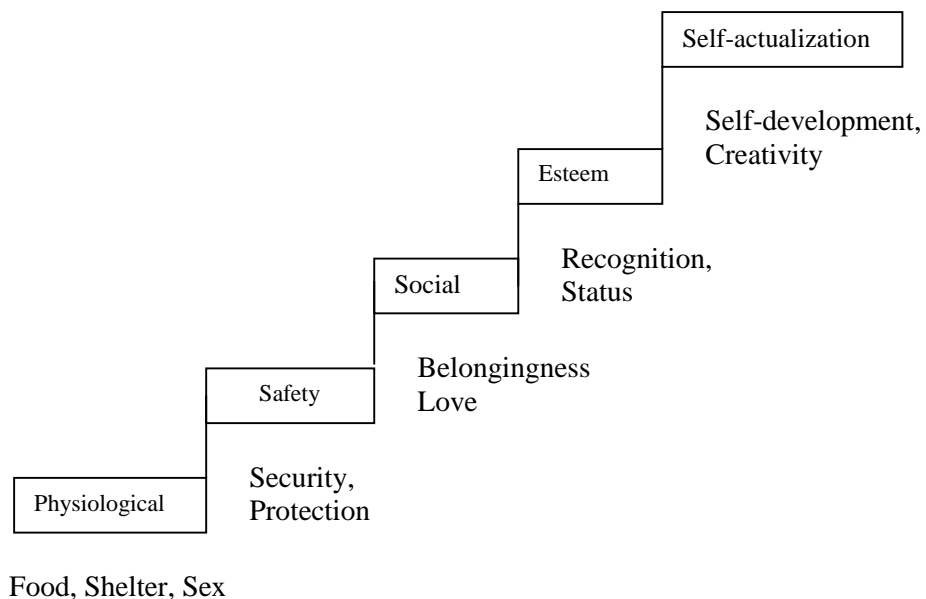
**b. Maslow's theory of Motivation (Abraham Maslow):** This theory states that:

\* 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. 2.2**

**Maslow's Hierarchy of Needs**



Sources: Agrawal, 2001, P.173

) 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.

) 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.

- ) 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.
- ) 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.”
- ) 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

- ) **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.
- ) **Satisfiers** or motivating factors. They motivate and provide satisfaction. They consist of higher level needs for esteem and self-actualization.

**Table No. 2.4**

**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: 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 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.

- i) 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.

ii) 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.

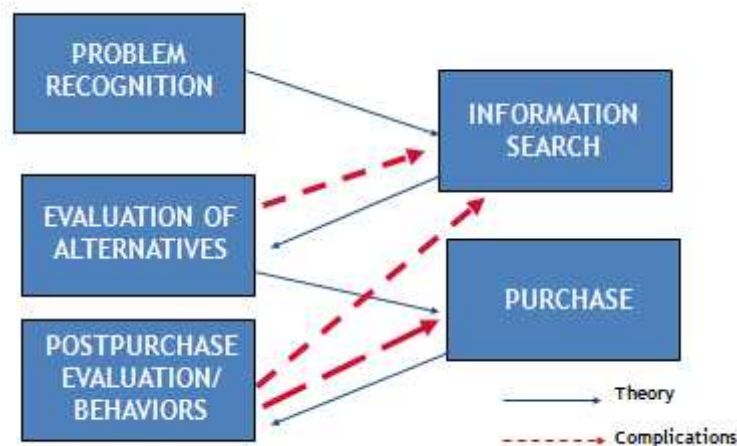
### **Consumer Choice and Decision Making**

One model of consumer decision making involves several steps. The first one is *problem recognition*—you realize that something is not as it should be. Perhaps, for example, your car is getting more difficult to start and is not accelerating well. The second step is *information search*—what are some alternative ways of solving the problem? You might buy a new car, buy a used car, take your car in for repair, ride the bus, ride a taxi, or ride a skateboard to work. The third step involves *evaluation of alternatives*. A skateboard is inexpensive, but may be ill-suited for long distances and for rainy days. Finally, we have the *purchase* stage, and sometimes a post-purchase stage (e.g., you return a product to the store because you did not find it satisfactory). In reality, people may go back and forth between the stages. For example, a person may resume alternative identification during while evaluating already known alternatives.

Consumer *involvement* will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne medication).

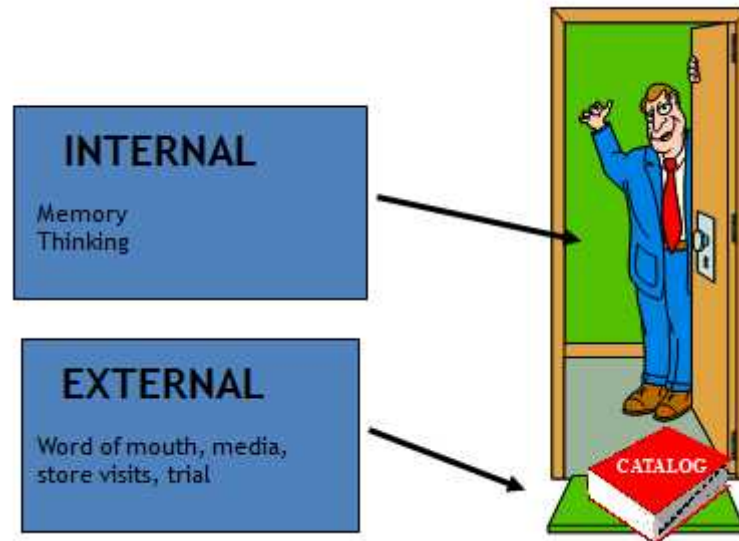
It is important to consider the consumer's motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of

performance, leading to a feeling of power, which ultimately improves the consumer's self-esteem. A handgun may aim bullets with precision, which enables the user to kill an intruder, which means that the intruder will not be able to harm the consumer's family, which achieves the desired end-state of security. In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.



### Information search and decision making

Consumers engage in both *internal* and *external* information search. *Internal* search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve “top of mind” awareness. For example, few people will search the *Yellow Pages* for fast food restaurants; thus, the consumer must be able to retrieve one’s restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an *external* search. Before buying a car, for example, the consumer may ask friends’ opinions, read reviews in *Consumer Reports*, consult several web sites, and visit several dealerships. Thus, firms that make products that are selected predominantly through external search must invest in having information available to the consumer in need—e.g., through brochures, web sites, or news coverage.



A *compensatory* decision involves the consumer “trading off” good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. If the price is sufficiently inexpensive and gas efficient, the consumer may then select it over a car with better acceleration that costs more and uses more gas. Occasionally, a decision will involve a *non-compensatory* strategy. For example, a parent may reject all soft drinks that contain artificial sweeteners. Here, other good features such as taste and low calories *cannot* overcome this one “non-negotiable” attribute.

The amount of effort a consumer puts into searching depends on a number of factors such as the *market* (how many competitors are there, and how great are differences between brands expected to be?), *product characteristics* (how important is this product? How complex is the product? How obvious are indications of quality?), *consumer characteristics* (how interested is a consumer, generally, in analyzing product characteristics and making the best possible deal?), and *situational* characteristics (as previously discussed).

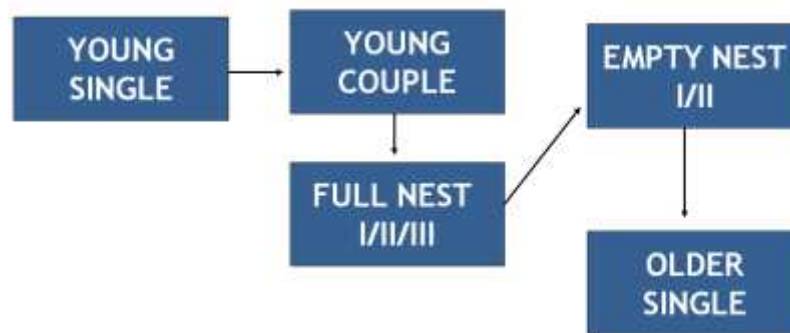
Two interesting issues in decisions are:

- ) *Variety seeking* (where consumers seek to try new brands not because these brands are expected to be “better” in any way, but rather because the consumer wants a “change of pace,” and

- J) “*Impulse*” purchases—unplanned buys. This represents a somewhat “fuzzy” group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

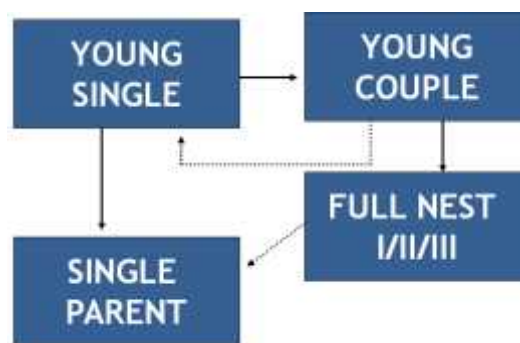
A number of factors involve consumer choices. In some cases, consumers will be more *motivated*. For example, one may be more careful choosing a gift for an in-law than when buying the same thing for one self. Some consumers are also more motivated to *comparison shop* for the best prices, while others are more *convenience* oriented. *Personality* impacts decisions. Some like variety more than others, and some are more receptive to stimulation and excitement in trying new stores. *Perception* influences decisions. Some people, for example, can taste the difference between generic and name brand foods while many cannot. *Selective* perception occurs when a person is paying attention only to information of interest. For example, when looking for a new car, the consumer may pay more attention to car ads than when this is not in the horizon. Some consumers are put off by perceived *risk*. Thus, many marketers offer a money back guarantee. Consumers will tend to change their behavior through *learning*—e.g., they will avoid restaurants they have found to be crowded and will settle on brands that best meet their tastes. Consumers differ in the *values* they hold (e.g., some people are more committed to recycling than others who will not want to go through the hassle). We will consider the issue of lifestyle under segmentation.

**The Family Life Cycle:** Individuals and families tend to go through a "life cycle." The simple life cycle goes from



For purposes of this discussion, a "couple" may either be married or merely involve living together. The breakup of a non-marital relationship involving cohabitation is similarly considered equivalent to a divorce.

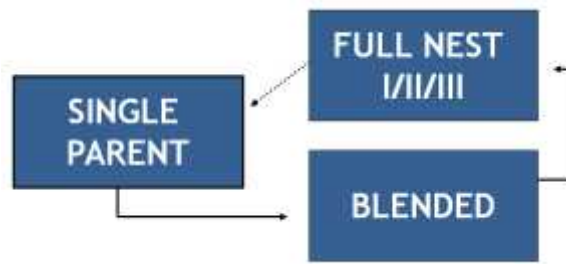
In real life, this situation is, of course, a bit more complicated. For example, many couples undergo divorce. Then we have one of the scenarios:



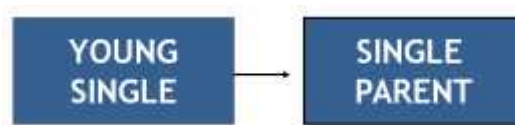
Single parenthood can result either from divorce or from the death of one parent. Divorce usually entails a significant change in the relative wealth of spouses. In some cases, the non-custodial parent (usually the father) will not pay the required child support, and even if he or she does, that still may not leave the custodial parent and children as well off as they were during the marriage. On the other hand, in some cases, some non-custodial parents will be called on to pay a large part of their income in child support. This is particularly a problem when the non-custodial parent remarries and has additional children in the second (or subsequent marriages). In any event, divorce often results in a large demand for:

- ) Low cost furniture and household items
- ) Time-saving goods and services

Divorced parents frequently remarry, or become involved in other non-marital relationships; thus, we may see

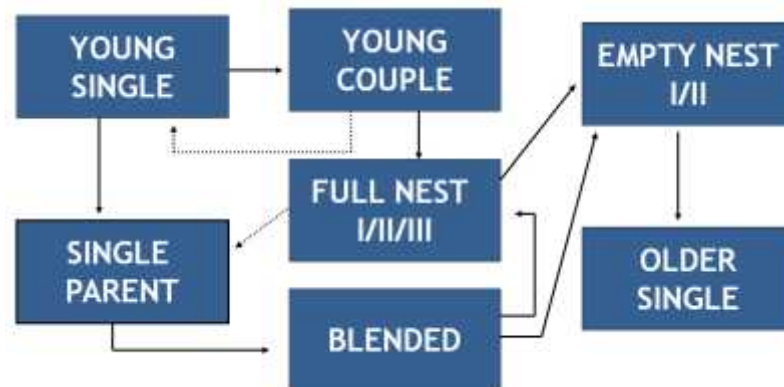


Another variation involves



Here, the single parent who assumes responsibility for one or more children may not form a relationship with the other parent of the child.

Integrating all the possibilities discussed, we get the following depiction of the Family Life Cycle:



Generally, there are two main themes in the Family Life Cycle, subject to significant exceptions:

- ) As a person gets older, he or she tends to advance in his or her career and tends to get greater income (exceptions: maternity leave, divorce, retirement).

- J Unfortunately, obligations also tend to increase with time (at least until one's mortgage has been paid off). Children and paying for one's house are two of the greatest expenses.

Note that although a single person may have a lower income than a married couple, the single may be able to buy more discretionary items.

Note that although a single person may have a lower income than a married couple, the single may be able to buy more discretionary items.

**Family Decision Making:** Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are *information gatherers/holders*, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. *Influencers* do not ultimately have the power to decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met. The *decision maker(s)* have the power to determine issues such as:

- J Whether to buy;
- J Which product to buy (pick-up or passenger car?);
- J Which brand to buy;
- J Where to buy it; and
- J When to buy.

Note, however, that the role of the decision maker is separate from that of the *purchaser*. From the point of view of the marketer, this introduces some problems since the purchaser can be targeted by point-of-purchase (POP) marketing efforts that cannot be aimed at the decision maker. Also note that the distinction between the purchaser and decision maker may be somewhat blurred:

- J The decision maker may specify what kind of product to buy, but not which brand;

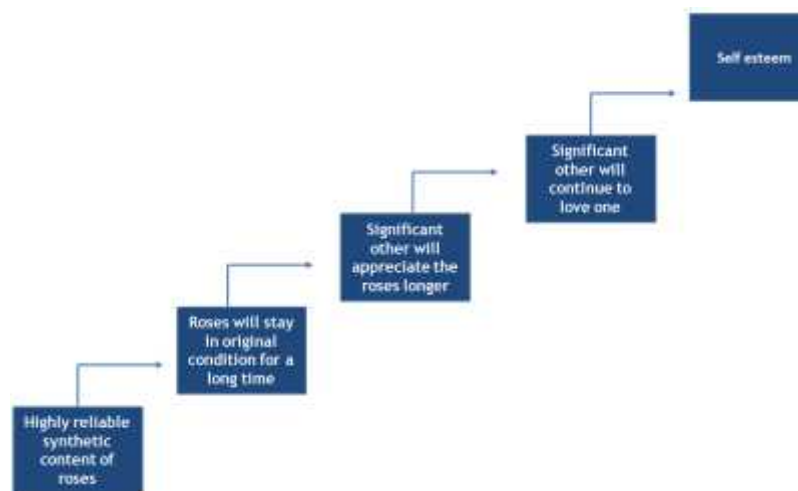
- ) The purchaser may have to make a substitution if the desired brand is not in stock;
- ) The purchaser may disregard instructions (by error or deliberately).

It should be noted that family decisions are often subject to a great deal of conflict. The reality is that few families are wealthy enough to avoid a strong tension between demands on the family's resources. Conflicting pressures are especially likely in families with children and/or when only one spouse works outside the home. Note that many decisions inherently come down to values, and that there is frequently no "objective" way to arbitrate differences. One spouse may believe that it is important to save for the children's future; the other may value spending now (on private schools and computer equipment) to help prepare the children for the future. Who is right? There is no clear answer here. The situation becomes even more complex when more parties—such as children or other relatives—are involved.

Some family members may resort to various strategies to get their way. One is *bargaining*—one member will give up something in return for someone else. For example, the wife says that her husband can take an expensive course in gourmet cooking if she can buy a new pickup truck. Alternatively, a child may promise to walk it every day if he or she can have a hippopotamus. Another strategy is *reasoning*—trying to get the other person(s) to accept one's view through logical argumentation. Note that even when this is done with a sincere intent, its potential is limited by legitimate differences in values illustrated above. Also note that individuals may simply try to "wear down" the other party by endless talking in the guise of reasoning (this is a case of *negative reinforcement* as we will see subsequently). Various manipulative strategies may also be used. One is *impression management*, where one tries to make one's side look good (e.g., argue that a new TV will help the children see educational TV when it is really mostly wanted to see sports programming, or argue that all "decent families make a contribution to the church"). *Authority* involves asserting one's "right" to make a decision (as the "man of the house,"

the mother of the children, or the one who makes the most money). *Emotion* involves making an emotional display to get one's way (e.g., a man cries if his wife will not let him buy a new rap album).

**The Means-End Chain:** Consumers often buy products not because of their attributes *per se* but rather because of the ultimate benefits that these attributes provide, in turn leading to the satisfaction of ultimate values. For example, a consumer may not be particularly interested in the chemistry of plastic roses, but might reason as follows:



The important thing in a means-end chain is to start with an *attribute*, a concrete characteristic of the product, and then logically progress to a series of consequences (which tend to become progressively more abstract) that end with a *value* being satisfied. Thus, each chain *must start with an attribute and end with a value*. An important implication of means-end chains is that it is usually most effective in advertising to *focus on higher level items*. For example, in the flower example above, an individual giving the flowers to the significant other might better be portrayed than the flowers alone.

**Attitudes:** Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some "object"—within the context of marketing, usually a brand, product category, or retail store. These components are viewed together since they are highly

interdependent and together represent forces that influence how the consumer will react to the object.

**Beliefs:** The first component is *beliefs*. A consumer may hold both positive beliefs toward an object (e.g., coffee tastes good) as well as negative beliefs (e.g., coffee is easily spilled and stains papers). In addition, some beliefs may be neutral (coffee is black), and some may differ in valence depending on the person or the situation (e.g., coffee is hot and stimulates--good on a cold morning, but not good on a hot summer evening when one wants to sleep). Note also that the beliefs that consumers hold need not be accurate (e.g., that pork contains little fat), and some beliefs may, upon closer examination, be contradictory.

**Affect:** Consumers also hold certain feelings toward brands or other objects. Sometimes these feelings are based on the beliefs (e.g., a person feels nauseated when thinking about a hamburger because of the tremendous amount of fat it contains), but there may also be feelings which are relatively independent of beliefs. For example, an extreme environmentalist may believe that cutting down trees is morally wrong, but may have positive affect toward Christmas trees because he or she unconsciously associates these trees with the experience that he or she had at Christmas as a child.

**Behavioral intention:** The behavioral intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances--e.g., although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends.

Changing attitudes is generally *very difficult*, particularly when consumers suspect that the marketer has a self-serving "agenda" in bringing about this change (e.g., to get the consumer to buy more or to switch brands). Here are some possible methods:

- ) *Changing affect:* One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs. One strategy uses the approach of *classical conditioning* try to “pair” the product with a liked stimulus. For example, we “pair” a car with a beautiful woman. Alternatively, we can try to get people to like the advertisement and hope that this liking will “spill over” into the purchase of a product. For example, the Pillsbury Doughboy does not really emphasize the conveyance of much information to the consumer; instead, it attempts to create a warm, “fuzzy” image. Although Energizer Bunny ads try to get people to believe that their batteries last longer, the main emphasis is on the likeable bunny. Finally, products which are better known, through the *mere exposure* effect, tend to be better liked—that is, the more a product is advertised and seen in stores, the more it will generally be liked, *even if consumers do not develop any specific beliefs about the product.*
- ) *Changing behavior:* People like to believe that their behavior is rational; thus, once they use our products, chances are that they will continue unless someone is able to get them to switch. One way to get people to switch to our brand is to use temporary price discounts and coupons; however, when consumers buy a product on deal, they may justify the purchase based on that deal (i.e., the low price) and may then switch to other brands on deal later. A better way to get people to switch to our brand is to at least temporarily obtain better shelf space so that the product is more convenient. Consumers are less likely to use this availability as a rationale for their purchase and may continue to buy the product even when the product is less conveniently located.
- ) *Changing beliefs:* Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavorable or inaccurate ones, this is often difficult to achieve because consumers tend to resist. Several approaches to belief change exist:

- J) *Change currently held beliefs:* It is generally very difficult to attempt to change beliefs that people hold, particularly those that are strongly held, *even if they are inaccurate*. For example, the petroleum industry advertised for a long time that its profits were lower than were commonly believed, and provided extensive factual evidence in its advertising to support this reality. Consumers were suspicious and rejected this information, however.
- J) *Change the importance of beliefs:* Although the sugar manufacturers would undoubtedly like to decrease the importance of healthy teeth, it is usually not feasible to make beliefs less important--consumers are likely to reason, why, then, would you bother bringing them up in the first place? However, it may be possible to strengthen beliefs that favor us--e.g., a vitamin supplement manufacturer may advertise that it is extremely important for women to replace iron lost through menstruation. Most consumers already agree with this, but the belief can be made stronger.
- J) *Add beliefs:* Consumers are less likely to resist the addition of beliefs *so long as they do not conflict with existing beliefs*. Thus, the beef industry has added beliefs that beef (1) is convenient and (2) can be used to make a number of creative dishes. Vitamin manufacturers attempt to add the belief that stress causes vitamin depletion, which sounds quite plausible to most people.
- J) *Change ideal:* It usually difficult, and very risky, to attempt to change ideals, and only few firms succeed. For example, Hard Candy may have attempted to change the ideal away from traditional beauty toward more unique self expression.

***One-sided vs. two-sided appeals:*** Attitude research has shown that consumers often tend to react more favorably to advertisements which either (1) admit something negative about the sponsoring brand (e.g., the Volvo is a clumsy car, but very safe) or (2) admits something positive about a competing brand (e.g., a

competing supermarket has slightly lower prices, but offers less service and selection). Two-sided appeals must, contain overriding arguments why the sponsoring brand is ultimately superior—that is, in the above examples, the “but” part must be emphasized.

**Perception:** Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed. This works well, for example, when we “see” a friend three hundred feet away at his or her correct height; however, our perception is sometimes “off”—for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume.

**Subliminal stimuli:** Back in the 1960s, it was reported that on selected evenings, movie goers in a theater had been exposed to isolated frames with the words “Drink Coca Cola” and “Eat Popcorn” imbedded into the movie. These frames went by so fast that people did not consciously notice them, but it was reported that on nights with frames present, Coke and popcorn sales were significantly higher than on days they were left off. This led Congress to ban the use of subliminal advertising. First of all, there is a question as to whether this experiment ever took place or whether this information was simply made up. Secondly, no one has been able to replicate these findings. There is research to show that people will start to giggle with embarrassment when they are briefly exposed to “dirty” words in an experimental machine. Here, again, the exposure is so brief that the subjects are not aware of the actual words they saw, but it is evident that something has been recognized by the embarrassment displayed.

**Organizational buyers:** A large portion of the market for goods and services is attributable to *organizational*, as opposed to individual, buyers. In general, organizational buyers, who make buying decisions for their companies for a living, tend to be somewhat more sophisticated than ordinary consumers. However, these organizational buyers are also often more risk averse. There is a risk in going with a new, possibly better (lower price or higher quality)

supplier whose product is unproven and may turn out to be problematic. Often the fear of running this risk is greater than the potential rewards for getting a better deal. In the old days, it used to be said that “You can’t get fired for buying IBM.” This attitude is beginning to soften a bit today as firms face increasing pressures to cut costs.

Organizational buyers come in several forms. *Resellers* involve either wholesalers or retailers that buy from one organization and resell to some other entity. For example, large grocery chains sometimes buy products directly from the manufacturer and resell them to end-consumers. Wholesalers may sell to retailers who in turn sell to consumers. *Producers* also buy products from sub-manufacturers to create a finished product. For example, rather than manufacturing the parts themselves, computer manufacturers often buy hard drives, motherboards, cases, monitors, keyboards, and other components from manufacturers and put them together to create a finished product. *Governments* buy a great deal of things. For example, the military needs an incredible amount of supplies to feed and equip troops. Finally, large *institutions* buy products in huge quantities. For example, UCR probably buys thousands of reams of paper every month.

Organizational buying usually involves more people than individual buying. Often, many people are involved in making decisions as to (a) whether to buy, (b) what to buy, (c) at what quantity, and (d) from whom. An engineer may make a specification as to what is needed, which may be approved by a manager, with the final purchase being made by a purchase specialist who spends all his or her time finding the best deal on the goods that the organization needs. Often, such long purchase processes can cause long delays. In the government, rules are often especially stringent—e.g., vendors of fruit cake have to meet fourteen pages of specifications put out by the General Services Administration. In many cases, government buyers are also heavily bound to go with the lowest price. Even if it is obvious that a higher

priced vendor will offer a superior product, it may be difficult to accept that bid ([www.consumerpsychologist.com](http://www.consumerpsychologist.com))

#### **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 post 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 founder, Jann Wenner, 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 NTV, 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 consumer 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 consumer, 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**

Pradhan (2009) 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 Kathmandu valley.
- ) To examine the effectiveness of product, place, price & promotion for marketing of beer.

The Findings of the study were:

- ) 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 3<sup>rd</sup> 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.

Piya (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 Kathmandu.
- ) To find out relationship between brand preference and advertising.
- ) To ascertain the market leader of soft drinks in Kathmandu valley consumer's point of view.

The findings of the study were.

- ) Market of soft drinks in Kathmandu valley 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 Kathmandu.

- ) 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 Kathmandu.

Neupane (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.

Bhatta (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.

Sapkota (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 conducive step for the market.

### **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 Kathmandu valley 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 Kathmandu Valley.
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 methodology is the process of arriving at the solution of problems through a planned and systematic dealing with the collection, analysis and interpretation of the facts and figure. In simple words, research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem, with certain objectives in view. It may be understood as a science of studying new research is done significantly. It is necessary for the researcher to know not only the research methods/techniques but also the methodology. Researchers not only need to know how to develop certain indices on tests, how to calculated the mean, the mode, the research techniques, but they also need to know which of these methods or techniques are relevant and which are not, and what would they mean and indicate and why.

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:

#### **3.1 Research Design**

The study mainly aims to find out the consumer behaviour. 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 in Kathmandu District.

The sample consists of the respondents from the different sectors such as students, service holder, lecturer and business man. From the total population of Kathmandu district i.e. 975453 (Population census 2010) for the study purpose 100 consumers were surveyed, out of them 50 from Gongabu area, 25 from Swoyambhu and remaining 25 from Kalanki of Kathmandu district.

**Table No. 3.1**

**Respondent's Profile**

S.N.	Sample size	Sample Size	Sample size in percentage
1	Gongabu area	50	50%
2	Swoyambhu area	25	25%
3	Kalanki area	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 Central Library and Shanker Dev Campus Library, 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 Kathmandu Valley'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:** 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.

$$\text{Mean} = \frac{x}{n}$$

**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:

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

Where,      O = Observed frequency

                  E = Expected frequency

## CHAPTER-FOUR

### PRESENTATION AND ANALYSIS OF DATA

Data presentation and analysis, the main part of study, is presented in this chapter. The data and information collected from the consumers are presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. What is found after the analysis and interpretation is given at the end of this chapter.

#### 4.1 Profile of Respondents

##### 4.1.1 Sex Groups

Profile of respondents according to sex groups has been presented in below table:

**Table No. 4.1.1: Sex Groups of Consumer**

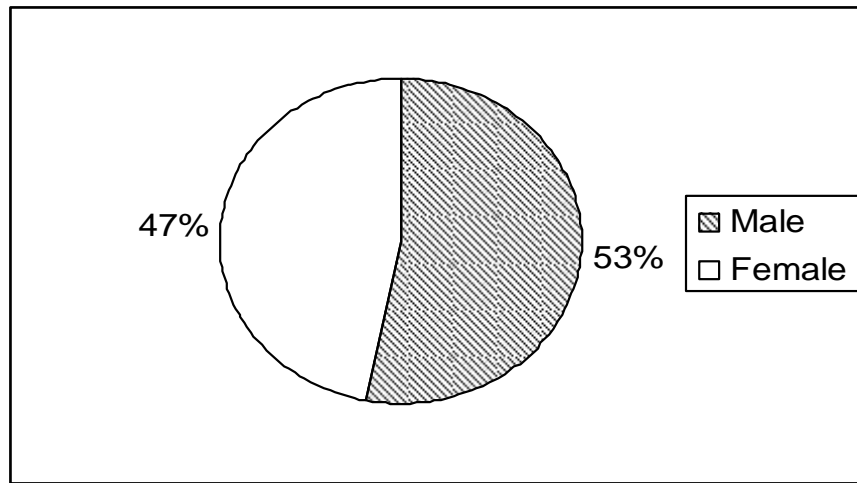
S.N.	Sex	Frequency	Percentage
1	Male	53	53.0
2	Female	47	47.0
Total		100	100.0

Source: Consumer Survey 2070.

Table No. 4.1.1 deals with the sex groups of consumer. Among 100 respondents 53 are male and 47 are female. It seems that male consumers are slightly more in no. than female.

This task can also be explained by simple pie chart.

**Figure No. 4.1.1: Sex Groups of Consumer**



Source: Table No.4.2.1

#### **4.1.2 Occupation**

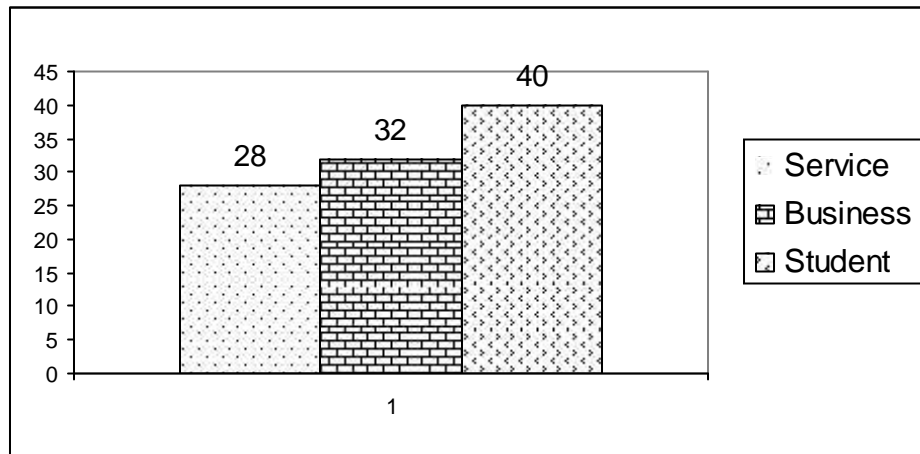
**Table No.4.1.2: Occupation of Consumer**

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

Source: Opinion survey, 2070.

Table No. 4.1.2 shows that most of the consumers of cold drinks in Kathmandu are students. Among 100 respondents 28% service holder, 32% Businessman and 40% are students. We can explain above task by figure below:

**Figure No. 4.1.2: Occupation of Consumer**



Source: Table No.4.1.2

### 4.1.3 Age of Consumers

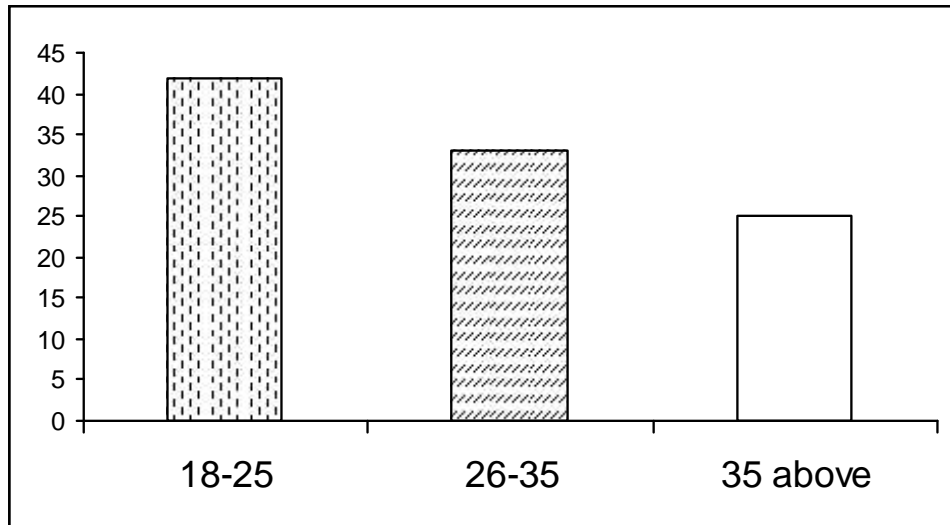
**Table No.4.1.3: Age of Consumer**

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: Opinion survey, 2070.

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

**Figure No. 4.1.3: Age of Consumer**



Source: Table No. 4.1.3

#### 4.1.4 Marital Status

**Table No.4.1.4: Marital Status of Consumer**

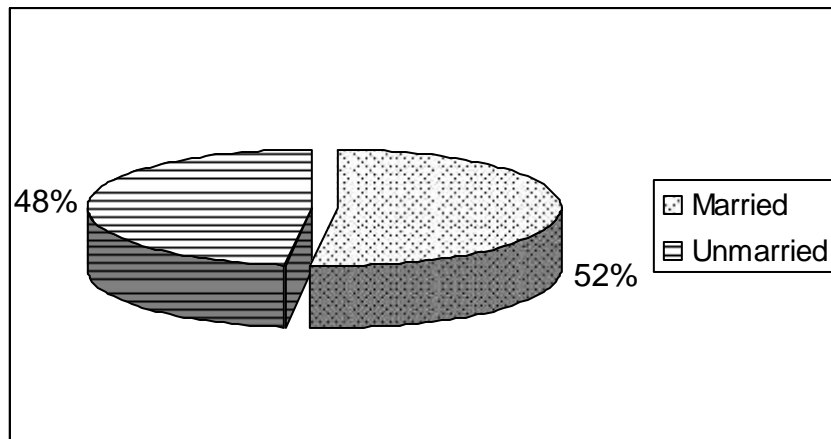
S.N.	Age	Frequency	Percentage
1	Married	52	52.0
2	Unmarried	48	48.0
Total		100	100.0

Source: Opinion survey, 2070.

Table No. 4.1.4 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. 4.1.4: Marital Status of Consumer**



Source: Table No. 4.1.4

## 4.2 Description of Variable

### 4.2.1 Brand Preference

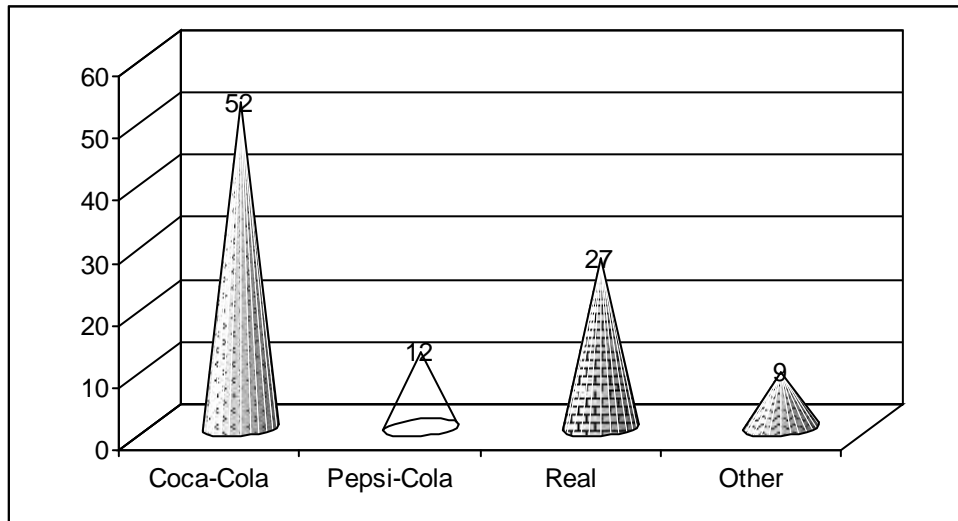
**Table No.4.2.1: Brand Preference of Consumer**

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
Total		100	100.0

Source: Opinion survey, 2070.

The analysis of the responses of consumer's brand preference out of 100 respondent's table no.4.2.1: 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. 4.2.1: Brand Preference of Consumer**



Source : Table No. 4.2.1

#### 4.2.2 Influencing Factors

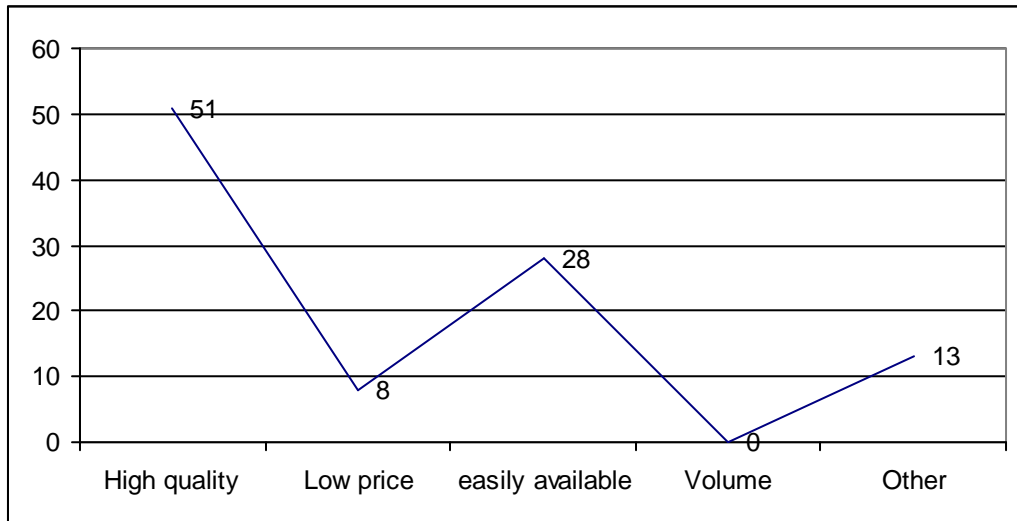
**Table No.4.2.2: Influencing factors of Cold drinks**

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
Total		100	100.0

Source: Opinion survey, 2070.

Table No.4.2.2 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. 4.2.2: Influencing Factors of Cold Drinks**



Source: Table No. 4.2.3

### 4.2.3 Factors to Prefer Selected Brand

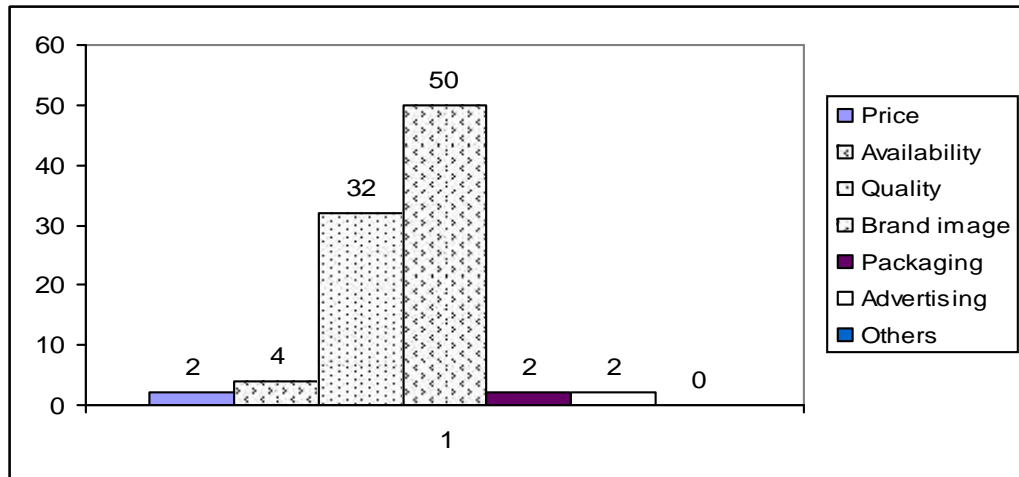
**Table No. 4.2.3: Factors to Prefer Selected Brand of Cold Drinks**

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
Total		100	100.0

Source: Opinion survey, 2070.

Table No. 4.2.3. 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. 4.2.3: Factors to Prefer Selected Brand of Cold Drinks**



Source: Table No. 4.2.3

### 4.3 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. 4.3: 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: Opinion survey, 2070.

As calculated in Annex No.2)

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.

#### 4.4 Consumption Pattern of Cold Drinks

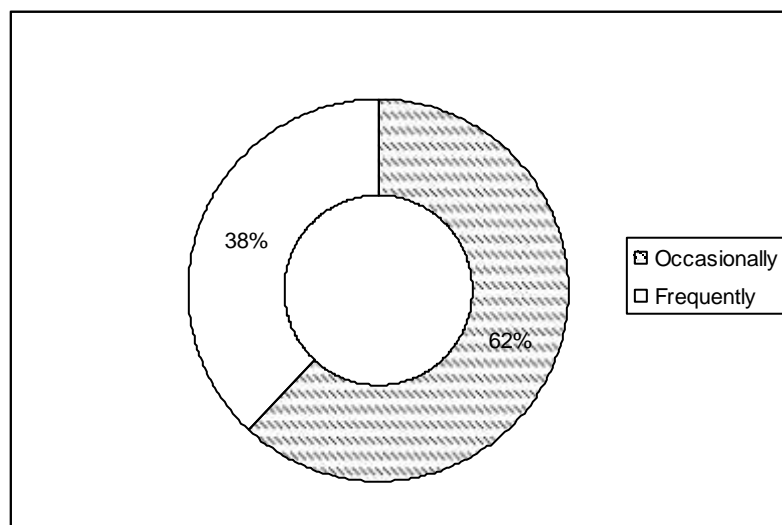
**Table No: 4.4: Consumption Pattern**

Period	Frequency	Percentage
Occasionally	62	62.0
Frequently	38	38.0
Total	100	100.0

Source: Opinion survey, 2070.

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. 4.4: Consumption Pattern**



Sources: Table No. 4.4

#### 4.5 Consumption Quality of Cold Drinks

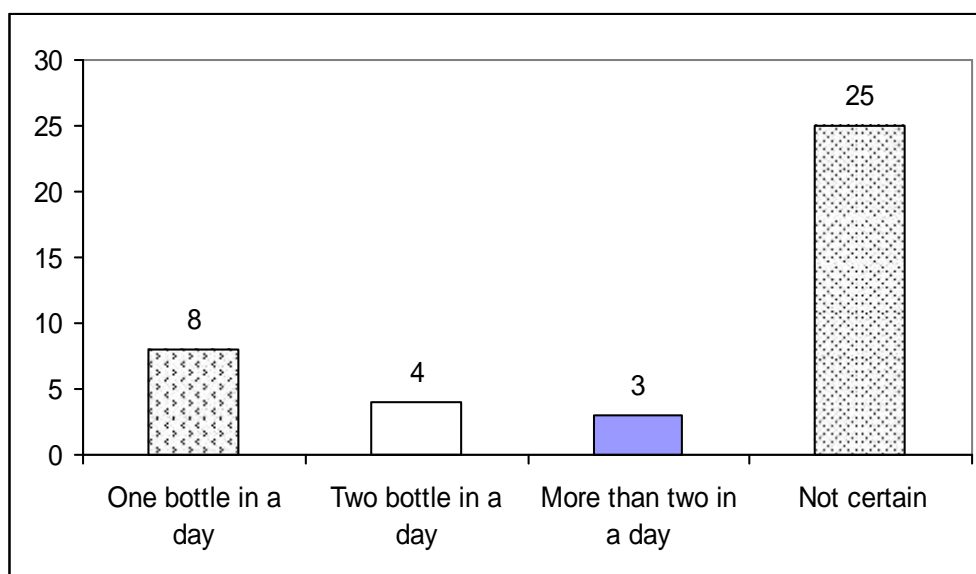
**Table No. 4.5: Consumption Quality of Cold Drinks**

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
Total	100	100.0

Source: Opinion survey, 2070.

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. 4.5), 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. 4.5: Consumption Quantity of Cold Drinks**



Source: Table No. 4.5

#### 4.6 Most Preferable Place to Buy the Product

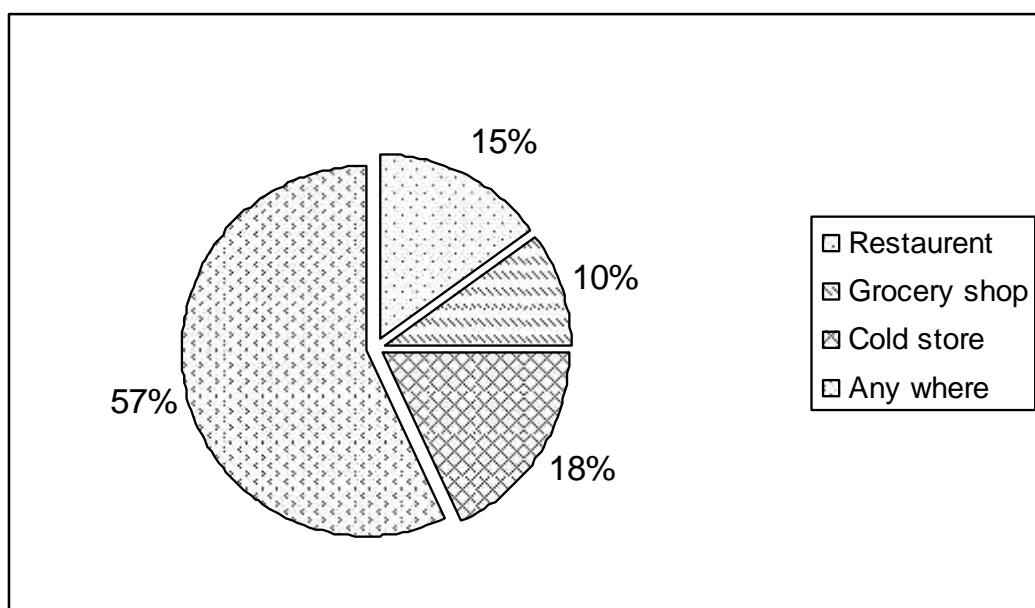
**Table No. 4.6: Place to Buy Product**

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

Source: Opinion survey, 2070.

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. 4.6: Place to Buy Product**



Source: Table No. 4.6

#### 4.7 Single Word to Preferred Brand

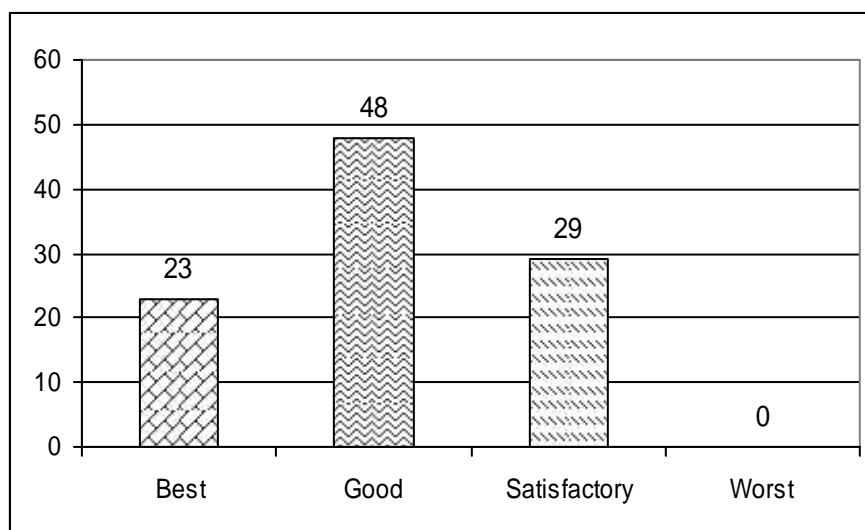
**Table No.4.7: Single Words to Preferred Brand**

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

Source: Opinion survey, 2070.

Table No. 4.7 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. 4.7: Single Word to Preferred Brand**



Source: Table No. 4.7

#### 4.8 Selected Brand According to Quality, Price Taste

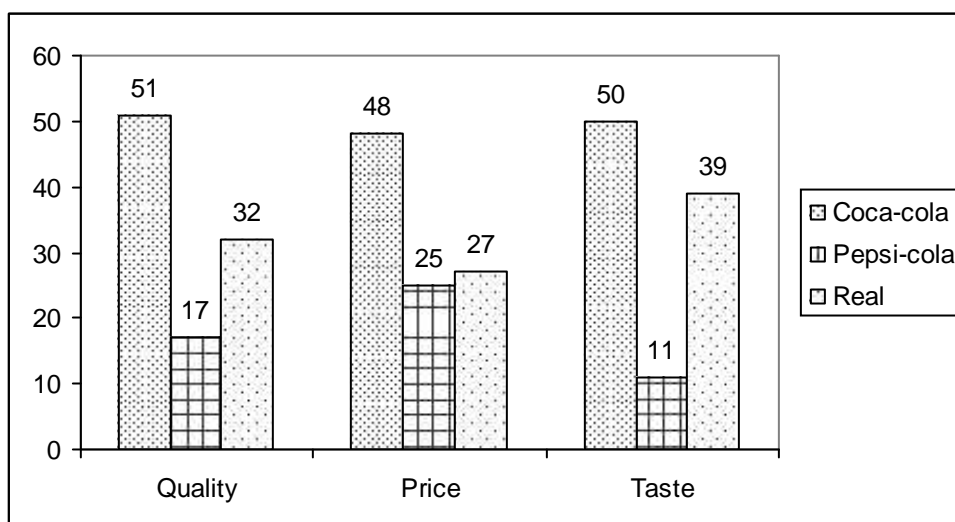
**Table No. 4.8: Selected Brand According to Quality, Price and Taste**

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

Source: Opinion survey, 2070.

Table No. 4.8 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. 4.8: Selected Brand According to Quality Price and Taste**



Source: Table No 4.8

#### 4.9 Chi-Square Test for Independence of Age Group and Quality Consumed

**Table No. 4.9: Chi Square Test for Independence of Age Group and Quality Consumed**

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

Source: Opinion survey, 2070.

**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:**  $\chi^2$  calculated = 3.47 (Annex:III)

**3. Level of significance :** = 0.05 OR 5%

Degree of freedom (df) =2

**4. Critical value  $\chi^2$  tabulated** = 5.991476

**5. Decision:** Since  $\chi^2$  calculated <  $\chi^2$  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.

#### **4.10 Major Findings**

From the analysis and interpretation of data regarding consumer behaviour in Kathmandu Valley, following major findings have been drawn:

- ) The consumption of Coca-Cola cold drink is very high in the Kathmandu valley in comparison to others.
- ) Most of the consumers take cold drinks occasionally.
- ) 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.
- ) 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.
- ) Consumers give more preference to Coca-Cola brands with its quality, price and taste.
- ) Most of the respondents have selected high quality towards the product.
- ) More than 50% consumers have found to take cold drinks brand anywhere.
- ) Among 100 respondents 50% consumers of Coca-Cola have selected the factors 'Taste' of cold drinks.
- ) On the basis of ranking, Coca-Cola is found as best than the other cold drinks brand.
- ) Price and quality of Coca-Cola also lead the better than other brands.
- ) Real Juice is found as second brand preferred by consumers in Kathmandu Valley.
- ) In terms of single word towards preferred brand, 48% consumers have chosen 'good' to the selected brand.

- ) In terms of single word towards preferred brand, 64.1% consumers selected not certain in terms of quality they consumed.
- ) 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 Kathmandu Valley". 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 Kathmandu valley 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 Kathmandu valley. 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 Kathmandu valley, 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**

For the improvement of weaknesses find out in the study, following recommendations can be given:

- ) In changing situation regular market survey is needed to know the changing habit in consumer. So Coca-Cola company should study the consumer behaviour continuously and regularly and prepare the strategies accordingly.
- ) Coca-Cola brand should maintain its Quality/price/taste.
- ) 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.
- ) In order to be successful in the competition and to create good influence on society it should participate in social activities.
- ) Being alert with the other brands, it should adopt defensive strategy.
- ) 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.
- ) 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.
- ) The Companies should undertake marketing research on a regular basis to monitor the performance of cold drinks.
- ) The other cold drinks companies should introduce some promotional schemes to the consumers for better marketing approach.

## BIBLIOGRAPHY

### Books

- Agrawal, G.R. (2065). *Principles of Management*. Kathmandu: M.K. Publishers.
- Agrawal, G.R. (2001). *Marketing Management in Nepal*. Kathmandu: M K Publisher.
- Dahal, P. & Khatiwada, S.P. (2058). *Research Methodology*. First Ed. Kathmandu: M.K. publisher and Distributors.
- Howard, K. W. & Panta, P.R. (1999). *A hand book for Social Science Research and Thesis Writing*. Kathmandu: Second Ed. Buddha Academic Enterprises Pvt. Ltd.
- Joshi, P.R. (2002). *Research Methodology*. Second Ed. Kathmandu: Buddha Academic Enterprises Pvt. Ltd.
- Koirala, K.D. (2005). *Fundamental of Marketing decision*. First Ed. M.K. Publisher & distributor.
- Koirala, Kundan Datta (2057). *Marketing Management*. Kathmandu: M.K. Publishers and Distributors.
- Kotler, P. (1977). *Marketing Management*. Ninth Ed., Prentice Hall.
- Kottler, P (1999). *Marketing Mangement*. Millennium edition, Prentice Hall.
- Mowen, J.C. *Consumer Behaviour*. Second Ed. Maxwell MacMillan.
- Ramaswamy, V.S. & Namakumari, S. *Marketing Management-planning, Implementation and Control*. - The Indian Context- Second Ed.
- Schiffman, L. G. & Knuk, L. L. *Consumer Behaviour*. Sixth Ed.
- Sharma, G. R. (2001). *Marketing Management*. Kathmandu: First Ed. Bhunipuran Prakashan.
- Shrestha, S. & Silwal, D.P. (2057). *Statistical Methods in Management*. Kathmandu: First Ed. Taleju Prakashman.

Shrestha, S. K. (2008). *Marketing Research*. Kathmandu: Dhaulagiri Books and Stationary.

Stanton, W. J. & Etzel, M. J. & Walker, B. J. *Fundamentals of Marketing*. Tenth Ed.

Sthapit, A. (2004). *Statistical Methods*. Second Ed. Buddha Academic Publishers and distributors Pvt. Ltd. Kathmandu.

### **Dissertations**

Bhatta, Deepa (2003), *Consumers Analysis of Cold Drinkers*, An Unpublished Master Thesis Submitted to CDM, T.U., Kirtipur.

Neupane Surendra (2003), *Cold Drink Consumer Behaviour in Kathmandu Valley*, An Unpublished Master Thesis Submitted to SDC, Putalisadak, Kathmandu.

Pradhan, Ranjana (2009), *Consumer Buying Behaviour on Beer*, An Unpublished Thesis Submitted to CDM, T.U., Kirtipur.

Piya, Subash (2006), *The Marketing of Cold Drinks*, An Unpublished Master Thesis Submitted to CDM, T.U., Kirtipur.

Sapkota, Narayan Prasad (2001), *Consumers Attitude Towards Wai-Wai Instant Noodles*, An Unpublished Master Thesis Submitted to CDM, T.U., Kirtipur.

### **Websites:**

[http://en.wikipedia.org/wiki/Kathmandu\\_Valley](http://en.wikipedia.org/wiki/Kathmandu_Valley)

[http://en.wikipedia.org/wiki/Consumer\\_behaviour](http://en.wikipedia.org/wiki/Consumer_behaviour)

[http://en.wikipedia.org/wiki/Consumer\\_behaviour](http://en.wikipedia.org/wiki/Consumer_behaviour)

[http://en.wikipedia.org/wiki/Cold\\_drink#\\_note-0](http://en.wikipedia.org/wiki/Cold_drink#_note-0)

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

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

**APPENDIX -I**  
**QUESTIONNAIRE**

Dear sir, madam

I am student of Central Department of Management, and going to conduct a research entitled “Consumer Behaviour Towards Cold Drinks in Kathmandu Valley”. 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)

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

8. Suggestion to the cold drink manufacturer

.....

.....

.....

.....

.....

Thank You!

## ANNEX-II

### 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: Opinion survey, 2070.

### 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	$\phi fx=167$

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

## 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	$\phi fx=361$

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

### ANNEX-III

#### 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

$$(df) = (r-1) (c-1)$$

$$= (3-1) (2-1)$$

$$= 2 \times 1$$

$$= 2$$

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 :

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

Occasionally

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

$$= \frac{(26 - 30.38)^2}{30.38}$$

$$= 0.63$$

Where,

O = Observed Frequency

E = Expected Frequency

Frequently

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

$$= \frac{(23 - 18.62)^2}{18.62}$$

$$= 1.03$$