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INFLUENCE OF MARKET STIMULI ON THE CONSUMER PURCHASE DECISION OF STEEL

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ABSTRACT

There are many factors influence consumers' purchasing decision process on products or services. Consumer purchasing decisions are influenced by marketing stimuli such as product, price, place and promotion strategies (4Ps of marketing mix), plus the external environment stimulus such as economic, political, social and cultural factors. This paper attempts to find out the influence of marketing stimuli on the purchase decision of the customers of steel. The data were collected from customers of steel products of Tamil Nadu. The analysis established the correlation between factors of market stimuli and the Purchase decision of customers of steel of Tamil Nadu.

Key words: Consumers Marketing Stimuli, Purchase decision making

1. INTRODUCTION:

Consumption of steel is one of the major factors that determine the development of the nation. Government of India in its National Steel Policy of 2017 seeks to create a globally competitive *steel* industry in India and targets 300 million metric tonnes of steel-making capacity and 160 kgs per capita steel consumption by 2030. Consumer's buying behaviour is triggered by stimulus, which is mainly combination of consumer's physiological, psychological factors and the external environment. Through the combined effect of all the stimuli, consumers are guided to make the purchasing decision and conduct purchase. Marketing stimuli influence on purchasing decisions and purchasing decisions considerably influence on customer satisfaction. Five important marketing stimuli variables were examined in this study, and they were product attributes, price, availability, sales promotion and marketing communications. Lynn RK, Pierre VF (2012) Consumers' final purchase decision depends on the results of alternative evaluation, environment factors, and the choice of stores. The right combination and formulation of marketing - mix – product, price, place and promotion - strategies. these meets customer expectation and provides customer value. The challenge faced by all marketers today is how to influence the purchase behaviour of

consumers in favour of their products or services and also how the consumer's environment (e.g., culture, family, media) influences him/her, additionally, how consumer motivation and decision strategies distinct between products. That's all lead to understanding – how marketers can improve their marketing campaigns to more effectively reach the consumer.

First of all, every person is playing a role of a consumer and makes a lot of purchase decisions every day. It is important to understand what is influencing personal buying decisions – is it a problem/need or a well-thought professional marketing campaign. This research is valuable to marketer to effectively target customers, improve products and services of a company, and understand how customers view products versus competitors' products. This research attempts to examine the effects of marketing stimuli factors on consumers' steel purchase decision in Chennai

2. LITERATURE REVIEW

Kotler and Caslione (2009) said for companies to attain commercial success, it is important to understand how the customer takes decision of purchasing, the relationship between customer behaviour and marketing strategy is emphasized because the success of companies' marketing strategies depends upon managers' understandings of customer behavior (understanding of consumer behaviour is especially important during a recession

According to **Scott Armstrong , 1991**, Consumer behaviour involves the psychological processes that consumers go through in recognising their needs, finding ways to solve these needs, making purchase decisions (e.g., whether 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 .

Consumer behavior research attempts to understand the buyer decision-making process, both individually and collectively. It studies individual consumer characteristics such as demographics and behavioral variables in an attempt to understand people's wants. Consumer behavior research allows for improved understanding and forecasting concerning not only the subject of purchases but also purchasing motives and purchasing frequency (**Schiffman & Kanuk, 2007**).

MPM Raj, S Roy (2015) stated for any high-involvement product category, the decision-making time is normally long and customers generally evaluate the information available very cautiously. They also involve in active information search process.

Dr.Anderson et.al (2015)For companies to attain commercial success, it is important to

understand how the customer takes decision of purchasing, The relationship between customer behaviour and marketing strategy is emphasized because the success of companies' marketing strategies depends upon managers' understandings of customer behaviour (understanding of consumer behaviour is especially important during a recession (**Kotler and Caslione 2009**)).

Customer buying decisions indicate how we the company's marketing strategy fits market demand. Thus, marketing begins and ends with the consumer.

Solomon et al. (2006) characterized the decision-making process as the amount of effort that goes into the decision each time it must be made. They found it convenient to think concerning a continuum, which is started by habitual decision-making and ends with extended problem-solving (Figure 6). Many decisions are in the middle and characterised by limited problem-solving.

McKinsey & Company (2009) supports traditional decision-making model but showing it as a circular process with four phases: initial consideration; active evaluation, or the process of researching potential purchases; closure, when consumers buy brands; and postpurchase, when consumers experience them.

Kotler and Armstrong (2010) suggest that the consumer can skip a few stages during a routine purchase. However, when a consumer faces a new and complex purchase situation, all of these five stages that are shown in Figure 3, need to be used to complete the buying process.

3.METHODOLGY

This study is based on both primary and secondary data. The primary data is collected from 220 respondents who are the steel customers of various districts of Tamil Nadu. Structured questionnaire was used to collected the data. The sampling technique followed in the research is purposive & judgement sampling. Various statistical tools & techniques are used to draw meaningful conclusions

4. RESULTS & DISCUSSION

consumers can be categorized to individual and organizational consumers. Individual consumers try to satisfy their own needs and wants by purchasing for themselves or satisfy the need of others by buying for them. These individual consumers can come from different backgrounds, ages and life stages. (Kardes et al. 2011). The influence of marketing stimuli

such as product, price, promotion and place on purchase decision of steel are analysed. In case of steel purchase decision whether gender makes any difference with respect to marketing stimuli are examined and rural vs urban differences also analysed with the help of t –test by framing relevant hypothesis

Table 4.1. Mean and Standard deviation of Consumer Decision making

	Consumer Decision Making	Mean	SD
Product	Choosing between product categories, which are available.	4.010	1.125
	Insisting on the product needed by me	4.077	1.059
	Compare the product based on features and utility of product.	4.264	0.949
	Look for the quality of the steel product available.	4.253	0.941
	Purchase the branded steel products only	4.021	0.920
Price	Price is the most important Crucial factor when I go for purchasing	4.137	0.791
	Compare prices of other brands before I choose one.	4.425	0.674
	Careful on getting a good price for even the smallest items	4.411	0.731
	Look for discount from listed price for purchasing steel	4.380	0.747
	Look to enter long term relationship to get better price for steel	4.533	0.680

Place	Purchase mostly from the shop which is closest to me.	4.152	0.848
	Purchase from shop which has good reputation	4.161	0.776
	Buy mostly from the shop which is located where transportation or transiting is easier.	3.824	0.945
	Prefer the shop where I spend less time in my transaction.	4.120	0.854
	Buy mostly from the shop where the needed items can easily be located	4.164	0.861
	Purchase from the shop where the attendants are experts in the area of business.	4.080	0.864
Promotion	Advertising in print media	4.416	0.720
	Television /Radio advertiemenet	4.387	0.718
	Tele marketing	3.961	0.987
	Bill boards & wall paintings	4.005	0.925
	Word of mouth	4.307	0.768

Based on mean score, on the product, consumers feel comparing product based on features and utility is the most important factor with 4.264, followed by quality of the steel products available at 4.253 and insisting on the product needed as 4.077.

In the Price factor, consumers feel that entering long term relationship to get better price is the most important with 4.533 mean score, followed by comparing prices of other brands before choosing one with 4.425 and careful in getting discount even for smallest items.

In the place factor, the consumers buy mostly from the shop where the needed items can be easily located with a mean score of 4.164, followed by consumers purchase from shop which

has good reputation with score of 4.161 and prefer shop which is close to the consumer with score of 4.152

In the promotion factor, print media has more impact with the consumers with a mean score of 4.416, followed by television with 4.387 and word of mouth with 4.307 mean score.

In the social factor, seeking opinion of colleagues and neighbors is most important with mean score of 4.296, followed by status of the consumers with 4.283 mean score.

Steel consumers feel Exhibiting in stalls (4.800) is the most important factor on decision making, followed by consumer looking to enter into long term relationship to get better price for steel purchasing (4.522) Null Hypothesis: There is no significant difference between male and female with respect to factors of decision making of consumers

Table 4.2 t test for significant difference between male and female with respect to decision making of consumers of steel in Tamil Nadu.

Decision making of consumers	Gender				t value	P value
	Male		Female			
	Mean	SD	Mean	SD		
Product	19.83	4.80	21.15	4.32	2.459	0.014*
Price	21.08	3.76	21.70	3.57	1.444	0.149
Place	23.15	6.07	23.96	6.22	1.164	0.245
Promotion	20.51	3.93	21.52	3.72	2.292	0.022*

Note : 1. ** denotes significant at 1% level

. * denotes significant at 5% level

Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to price and overall purchase decision. Hence there is significant difference between male and female consumers on price. Based on mean score, female consumers have better in purchase decision.

Since P value is less than 0.05 the null hypothesis is rejected at 5% level with regard to Product, promotion, overall marketing stimuli and the decision making process. Based on the mean score female consumers are more keen on the price factor for decision making.

Null Hypothesis: There is no significant difference between urban and semi urban localities with respect to factors of decision making of consumers

Table 4.3. t test for significant difference between urban and semi-urban with respect to decision making of consumers of steel in Tamil Nadu

Decision making of consumers of steel in Tamil Nadu	Area of living				t value	P value
	Urban		Semi Urban			
	Mean	SD	Mean	SD		
Product	19.74	4.91	20.40	4.53	1.659	0.098
Price	21.07	3.94	21.31	3.48	0.790	0.430
Place	22.97	6.32	23.66	5.80	1.362	0.174
Promotion	20.33	4.06	21.07	3.68	2.278	0.023*
Overall Marketing Stimuli	84.11	16.13	86.44	13.59	1.861	0.063

Note : 1. ** denotes significant at 1% level

2. * denotes significant at 5% level

Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to price and overall purchase decision. Hence there is significant difference between male and female consumers on price. Based on mean score, female consumers have better in purchase decision.

Since P value is less than 0.05 the null hypothesis is rejected at 5% level with regard to Product, promotion , overall marketing stimuli and the decision making process. Based on the mean score female consumers are more keen on the price factor for decision making.

Table 4.4 Correlation Coefficient between factors of marketing stimuli

Marketing Stimuli	Product	Price	Place	Promotion
Product	1.000	0.562**	0.519**	0.529**
Price	-	1.000	0.554	0.552
Place	-	-	1.000	0.569**
Promotion	-	-	-	1.000

Note : ** Denotes significant at 1% level

The correlation between Product, and Price is 0.562 which indicate 56.2% of positive relationship between them and is significant at 1% level. The correlation between Product, and Place is 0.519 which indicate 51.9 % of positive relationship between them and is significant at 1% level. The correlation between Product, and Promotion is 0.529 which indicate 52.9% of positive relationship between them and is significant at 1% level. The correlation between Price, and Place is 0.554 which indicate 55.4% of positive relationship between them and is significant at 1% level. The correlation between Price, and Promotion is 0.5 which indicate 55.2% of positive relationship between them and is significant at 1% level. The correlation between Place, and Promotion is 0.569 which indicate 56.9% of positive relationship between them and is significant at 1% level

A decision-making process starts with the recognition of need. There are a few types of classifications of need recognition. One type is where the buyer recognizes a need or problem that can be triggered by internal or external stimuli. Internal stimuli are a human's basic needs

External stimuli can be for example an advertisement that can get you to thinking about buying a new computer. (Kotler&Armstrong 2010, p. 178.)

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