

CONSUMER BEHAVIOUR ***(MARKETING)***

(Specialisation: Marketing)

(BBA5 B10)

CORE COURSE

V SEMESTER

B.B.A

(2019 Admission Onwards)



UNIVERSITY OF CALICUT

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UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

STUDY MATERIAL

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CONSUMER BEHAVIOUR (MARKETING)

(Specialisation: Marketing)

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SYLLABUS – Marketing – Elective:

BACHELOR OF BUSINESS ADMINISTRATION

BBA5B10 (Elective 1) CONSUMER BEHAVIOR

Module I: Consumer Behaviour – concepts; nature, scope and applications of consumer behaviour; Types of consumer behaviour ; Consumer behaviour and marketing strategy; profiling consumers and their needs; Market segmentation and consumer research; psychographics and lifestyle; Consumer behaviour audit.
15 Hours

Module II: The Buying Process: Roles in consumer decision making. Levels of consumer decision making; Buyer decision making process: Need recognition, information search behaviour; information processing; alternative evaluation; Purchase process and post purchase behaviour
15 Hours

Module III: Individual Influences on Buying Behaviour; Consumer as an individual; Theories of personality; personality and market segmentation; consumer perception; consumer needs and motivation. Personal influences and attitude formation. Learning and consumer involvement; Communication and consumer behaviour. Reference group influence in buying decisions; opinion leadership. Family life cycle and decision-making; Social class concept and measurement.
20 Hours

Module IV: Consumer Behaviour & Research: Concepts of Consumer expectation and Satisfaction; Working towards enhancing consumer satisfaction; sources of consumer dissatisfaction; Market research in assessing consumer behaviour ; Relevance of marketing information system.
15 Hours

Module V: Culture and Consumer Behaviour: Core culture and sub cultures. Role of culture in consumer buying behaviour. Profile of Indian consumers; Behavioural patterns of Indian consumers; Problems faced by Indian consumers; Reasons for growth of consumerism in India Consumer protection in India.

15 Hours

Reference Books:

1. Hawkins, Best and Coney: Consumer Behaviour, Tata McGraw Hill, New Delhi .
2. Schiffman, L.G. and Kanuk, L.L.: Consumer Behaviour, Prentice Hall of India,
3. Laudon, David L and Bitta Albert J Della: Consumer Behaviour, Tata McGraw Hill, New .
4. Mowen, John C: Consumer Behaviour, Macmillan, New York .
5. Assael, H: Consumer Behaviour and Marketing Action, South Western, Ohio .

Module I

Consumer Behaviour

Consumer behaviour is a rapidly growing discipline of study. It means more than just how a person buys products. It is a complex and multidimensional process and reflects the totality of consumers' decisions with respect to acquisition, consumption and disposal activities. We, as consumers, exhibit very significant differences in our buying behaviour and play an important role in local, national or international economic conditions. One of the very few aspects common to all of us is that we are all consumers and the reason for a business firm to come into being is the presence of consumers who have unfulfilled, or partially fulfilled needs and wants. No matter who we are – urban or rural, male or female, young or old, rich or poor, educated or uneducated, believer or non-believer, or whatever – we are all consumers. We consume or use on a regular basis food, shelter, clothing, education, entertainment, brooms, toothbrushes, vehicles, domestic help, healthcare and other services, necessities, comforts, luxuries and even ideas etc. Organisations realise that their marketing effectiveness in satisfying consumer needs and wants at a profit depends on a deeper understanding of consumer behaviour. Our consumption related behaviour influences the development of technology and introduction of new and improved products and services.

To succeed in a dynamic marketing environment, marketers have an urgent need to learn and anticipate whatever they can about consumers. The better they know and understand consumers, the more advantageous it would prove in accomplishing their

organisational objectives. Marketers want to know what consumers think, what they want, how they work, how they entertain themselves, how they play etc. They also need to comprehend personal and group influences which have a significant impact on consumer decision-making process.

Definition of Consumer Behaviour

“Consumer behaviour refers to the actions and decision processes of people who purchase goods and services for personal consumption.”

James F Engel, Roger D Blackwell and Paul W Miniard,

“Consumer Behaviour” (Dryden Press, 1990) Consumer behaviour refers to “the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants.”

Bearden et al. “Marketing Principles and Perspectives.”

“The behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of, if products and services that they expect will satisfy their needs.”

Leon G Schiffman and Leslie Lazar Kanuk, ‘Consumer Behaviour’, Prentice-Hall of India, 4th ed. 1991

Consumer behaviour has two aspects: the final purchase activity which is visible to us and the decision process which may involve the interplay of a number of complex variables not visible to us. In fact, purchase behaviour is the end result of a long process of consumer decision making. The study involves what consumer’s buy, why they buy it, how they buy it, when they buy it, where

they buy it, how frequently they buy it and how they dispose of the product after use.

Nature of Consumer Behaviour

1. Process: Consumer behaviour is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps;

- ✓ Identification to buy the product.
- ✓ Information search relating to the product.
- ✓ Listing of alternative brands.
- ✓ Evaluating the alternative (cost-benefit analysis)
- ✓ Purchase decision.
- ✓ Post-purchase evaluation by the marketer.

2. Influenced by Various Factors: Consumer behaviour is influenced by a number of factors. The factors that influence consumers include marketing, personal, psychological, situation based, social, cultural etc.,

3. Different for all Customers: All consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behaviour is due to individual factors such as nature of the consumer's life style, culture, etc.,

4. Different for Different Products: Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of some other items.

5. Region Bounded: The consumer behaviour varies across states, regions and countries. For instance, the behaviour of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behaviour.

6. Vital for Marketers: Marketers need to have a good knowledge of consumer behaviour. They need to study the various factors that influence consumer behaviour of their target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.

7. Reflects Status: The consumer buying behaviour is not only influenced by the status of a consumer, but it also reflects it. Those who own luxury cars, watches and other items are considered by others as persons of higher status.

8. Spread-effect: Consumer behaviour has a spread-effect. The buying behaviour of one person may influence the buying behaviour of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items etc. This may influence some of his friends, neighbours, colleagues. This is one of the reasons why marketers use celebrities like Shahrukh Khan, Sachin to endorse their brands.

9. Standard of Living: Consumer buying behaviour may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living.

10. Behaviour Keeps on Changing: The consumer's behaviour undergoes a change over a period of time depending upon changes in age, education and income level. Etc. for instance, kids may prefer colourful dresses, but as they grow up as teenagers and young adults, they may prefer trendy clothes.

Scope of Consumer Behaviour

Consumer behaviour was a relatively new field of study during the second half of 1960s without a history or research of its own. It is in fact a subset of human behaviour and it is often difficult to draw a distinct line between consumer-related behaviour and other aspects of human behaviour. The discipline of consumer behaviour has borrowed heavily from concepts developed in other disciplines of study such as psychology, sociology, social psychology, cultural anthropology and economics.

1. Psychology is the study of the individual which includes motivation, perception, attitudes, personality and learning theories. All these factors are critical to an understanding of consumer behaviour and help us to comprehend consumption related needs of individuals, their actions and responses to different promotional messages and products and the way their experiences and personality characteristics influence product choices.

2. Sociology is the study of groups. When individuals form groups, their actions are sometimes quite different from the actions of those very individuals when they are operating alone. The influences of group memberships, family and social class on consumer behaviour are important for the study of consumer behaviour.

3. Social psychology is a combination of sociology and psychology and studies how an individual operates in a group. It also studies how those whose opinions they respect such as peers, reference groups, their families and opinion leaders influence individuals in their consumption behaviour.

4. Cultural anthropology is the study of human beings in society. It explores the development of core beliefs, values and

customs that individuals inherit from their parents and grandparents, which influence their purchase and consumption behaviour. It also studies subcultures and helps compare consumers of different nationalities and cultures.

5. Economics: An important aspect of the study of economics is the study of how consumers spend their funds, how they evaluate alternatives and how they make decisions to get maximum satisfaction from their purchases.

Despite the fact that consumer behaviour, as a field of study, is relatively of recent origin, it has grown enormously and has become a full-blown discipline of its own and is used in the study of most programmes of marketing study.

Marketing concept was accepted and adopted by a large number of companies in the developed countries, particularly the United States and this provided an impetus to the study of consumer behaviour. Companies had to engage in extensive marketing research to identify unsatisfied consumer needs. In this process, marketers learned that consumers were highly complex as individuals had very different psychological and social needs, quite apart from their survival needs. They also discovered that needs and priorities of different consumer segments differed significantly. They realised that to design products and develop suitable marketing strategies that would satisfy consumer needs, they had to first study consumers and the consumption related behaviour in depth. In this manner, market segmentation and marketing concept paved the way for the application of consumer behaviour principles to marketing strategy.

Applications of Consumer Behaviour

Consumer behaviour principles are applied in many areas of marketing as discussed below:

1. Analysing market opportunity: Consumer behaviour study helps in identifying the unfulfilled needs and wants of consumers. This requires examining the trends and conditions operating in the marketplace, consumers' lifestyles, income levels and emerging influences. This may reveal unsatisfied needs and wants. The trend towards increasing number of dual income households and greater emphasis on convenience and leisure have led to emerging needs for household gadgets such as washing machine, mixer grinder, vacuum cleaner and childcare centres etc. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

2. Selecting target market: A review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and needs. Identifying these groups, learning how they behave and how they make purchase decisions enables the marketer to design and market products or services particularly suited to their wants and needs. For example, consumer studies revealed that many existing and potential shampoo users did not want to buy shampoo packs priced at 60 or more and would rather prefer a low priced sachet containing enough quantity for one or two washes. This finding led companies to introduce the shampoo sachet which became a good seller.

3. Marketing-mix decisions: Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Here too, consumer

behaviour study is very helpful in finding answers to many perplexing questions.

(a) **Product:** The marketer designs the product or service that would satisfy unfulfilled needs or wants. Further decisions regarding the product concern size, shape and features. The marketer has also to decide about packaging, important aspects of service, warranties and accessories etc. Example: Nestle first introduced Maggi noodles in masala and capsicum flavours. Subsequently, keeping in view the consumer preferences in some regions, the company introduced garlic, Sambar and other flavours.

(b) **Price:** The second important component of marketing mix is price. Marketers must decide what price to charge for the product or service. These decisions will influence the flow of revenue to the company. Should the marketer charge the same, higher, or lower price in comparison to competition? Is the consumer price sensitive and would a lower price stimulate sales? Should there be any price discounts? Do consumers perceive lower price as being indicative of poor quality? To answer such questions, the marketer must understand the way the company's product is perceived by consumers, the importance of price as a purchase decision variable and how different price levels would affect sales. It is only through consumer behaviour study in actual buying situations that the marketer can hope to find answers to these important issues.

(c) **Distribution:** The next decision relates to the distribution channel, that is, where and how to offer products and services for sale. Should the products be sold through all the retail outlets or only through selected ones? Should the marketer use only the existing outlets, which also sell competing brands, or should new exclusive outlets selling only the marketer's brands be created? Is

the location of retail outlets important from consumers' point of view? Should the company think of direct marketing? The answers to these questions are furnished by consumer behaviour research.

Example: When Eureka Forbes introduced its vacuum cleaners many years ago, few stores knew anything about this product and most were not willing to buy it. Consumer awareness about the product was also low and no retail shops carried the product. Under these circumstances, the company decided to sell the product only through personal selling, with salespeople calling directly on the consumer at her/his home. These salespeople had enough time to explain and demonstrate the vacuum cleaner and convince prospects about its usefulness. Retail outlets would not have been suitable for this sales approach. This strategy was based on understanding of consumer behaviour and yielded good results.

(d) Promotion: Promotion is concerned with marketing communications to consumers. The more important promotion methods are advertising, personal selling, sales promotion, publicity and direct marketing. The marketer has to decide which method would be most suitable to effectively reach the consumers. Should it be advertising alone or should it be combined with sales promotion? The company has to know the target consumers, their location, what media do they have access to and what are their media preferences, etc. In most cases of industrial products there is very little or no advertising. Brochures containing technical specifications are often posted to clients and the salespeople make follow-up visits. Consumer products get the maximum share of advertising. Pharmaceutical industry exclusively uses personal selling for prescription drugs. Insurance companies use both advertising and personal selling.

4. Use in social and non-profits marketing: Consumer behaviour studies are useful to design marketing strategies by social, governmental and not-for-profit organisations to make their programmes such as family planning, awareness about AIDS, crime against women, safe driving, environmental concerns and others more effective. UNICEF (greeting cards), Red Cross and CRY etc. make use of consumer behaviour understanding to sell their services and products and also try to motivate people to support these institutions.

Types of Consumer Behaviour

There are four main types of consumer behaviour:

1. Complex buying behaviour: This type of behaviour is encountered when consumers are buying an expensive, infrequently bought product. They are highly involved in the purchase process and consumers' research before committing to invest. Imagine buying a house or a car; these are an example of a complex buying behaviour.

2. Dissonance-reducing buying behaviour: The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. 'Dissonance' can occur when the consumer worries that they will regret their choice.

3. Habitual buying behaviour: Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty.

4. Variety seeking behaviour: In this situation, a consumer purchases a different product not because they weren't satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

Consumer Behaviour Model

I. Traditional models

1. Economic model: The economic model of consumer behaviour focuses on the idea that a consumer's buying pattern is based on the idea of getting the most benefits while minimizing costs. Thus, one can predict consumer behaviour based on economic indicators such as the consumer's purchasing power and the price of competitive products. For instance, a consumer will buy a similar product that is being offered at a lower price to maximize the benefits; an increase in a consumer's purchasing power will allow him to increase the quantity of the products he is purchasing.

2. Learning model: This model is based on the idea that consumer behaviour is governed by the need to satisfy basic and learned needs. Basic needs include food, clothing and shelter, while learned needs include fear and guilt. Thus, a consumer will have a tendency to buy things that will satisfy their needs and provide satisfaction. A hungry customer may pass up on buying a nice piece of jewellery to buy some food, but will later go back to purchase the jewellery once her hunger is satisfied.

3. Psychoanalytic model: The psychoanalytical model takes into consideration the fact that consumer behaviour is influenced by both the conscious and the subconscious mind. The three levels of consciousness discussed by Sigmund Freud (id, ego and superego) all work to influence one's buying decisions and behaviours. A hidden symbol in a company's name or logo

may have an effect on a person's subconscious mind and may influence him to buy that product instead of a similar product from another company.

4. Sociological model: The sociological model primarily considers the idea that a consumer's buying pattern is based on his role and influence in the society. A consumer's behaviour may also be influenced by the people she associates with and the culture that her society exhibits. For instance, a manager and an employee may have different buying behaviours given their respective roles in the company they work for, but if they live in the same community or attend the same church, they may buy products from the same company or brand.

II. Contemporary models

- Engel-Kollat-Blackwell Model
- Nicosia Model
- Stimulus-Response Model
- Howard-Sheth model (1969)

Consumer Behaviour and Marketing Strategy

The key in marketing strategy is to provide more value to the targeted customers than is provided by its competitors. Customer value is the difference between all the benefits derived from total product and all the costs of acquiring those benefits. (Hawkins, 2011) The company has to consider value from the customer's viewpoint. Maybe a certain price is not a big deal for the company, but it is a deal breaker for the customer. Pricing is difficult, because companies have to optimize it for the best profits and also the more sales the better. A high price doesn't

mean a bigger profit. A huge number of sales is somewhat better, but only if it keeps the company going and growing. Organizations have to anticipate the reactions and needs of consumers so it can deliver the best value for the best money, therefore achieving the most profits. The basis of marketing strategy formulation is indeed consumer behaviour.

(see also Figure 1.)



Figure 1: Marketing strategy (Hawkins, 2011)

Marketing strategies have to be formulated. Strategies seek to provide the consumer more value than the competition. Marketing strategy involves the marketing mix: products, price, communications, distribution and services. It has to be considered that an entire set of characteristics of a product is determined as the total product. This so called total product is served to customers. The total product engages with the market, giving value to maintain and boost the quality of life in general (Online article - Customer research methods).

The main influential factors represent the perception or sensation of the product and the company. Affects and beliefs of the consumer play a great role in the whole marketing strategy. Also, cognition and social influences have an impact on the consumer. These factors have a so called two-way impact. It means that the consumer determines these factors and at the same time these factors have an impact on the consumer. Consumers define the informational structure around a product, the choices they make and the preferences they have which are all parts of integral entity that is a consumer. Communication allows information flow about the company and the product. It all comes down to market research and developing the marketing strategy and delivering high value products for affordable prices. (see also Figure 2)

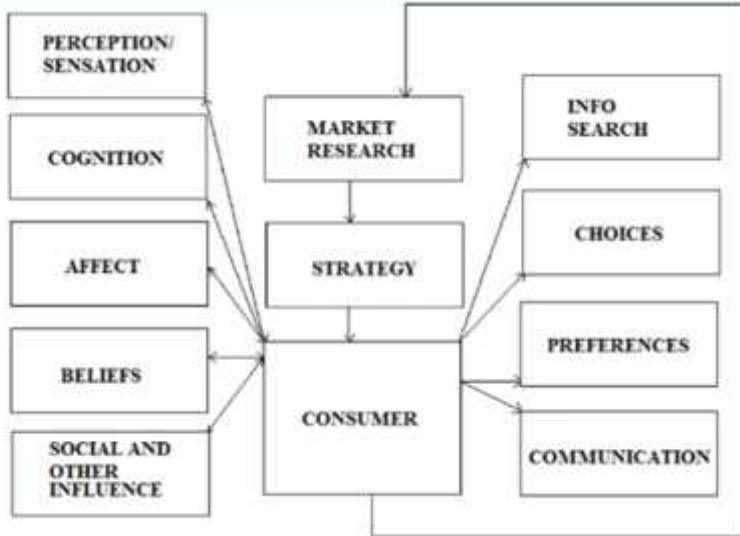


Figure 2: Impact factors on the consumer (Hartline, 2011)

As seen, the above figure clearly shows the integrity of the consumer, company, product and impact factors. They represent a unity which helps to define the marketing strategy. The company must take in consideration every aspect of the market and every influential factor. Only then the company can provide adequate products which will satisfy the needs and wishes of the consumer, automatically ensuring profit and a stable market position. Very often the consumer has a different perception of the product from the perception the company has to that product. This is due to misconception of the purpose, quality or price of the product. There are very high quality low priced products which don't sell as good as highly priced lower quality products. The price is the reason for the different perception. Other situation is when a company develops a new, expensive technological innovation, for example, a mobile device, and the company perceives this innovation as very valuable and asks a

higher price for the mobile device. However, the consumer doesn't consider that particular feature innovative and doesn't want to pay extra for that innovation. The result is: the company loses money on developing and advertising the new innovation, and it loses market position due to lack of interest of the consumers. It is very important to have an objective view on any new product or innovation.

Profiling Consumers and their needs [Customer profiling]

Customer profiling is a way of creating portraits of your customers that are based on factual information, such as their buying behaviours or customer service interactions. These aren't meant to replace traditional demographics, but are used to complement them as you work with customer touch points.

In many businesses, the people behind the products or services offered are rarely the end users. Customer profiling is a tool which allows you to visualize the customer types who will actually interact with what you provide. Instead of deferring to team members when making a decision, you can refer to these customer types to meet the customer's pain points and expectations.

Customer profiling can tailor products or services for more specific groups of people, rather than drawing broadly and hoping to capture more of the market. In recognizing your customer, you can develop an edge over competitors since you can tailor your products to have more impactful features and attract more people who are likely to buy it.

There are three methods of profiling customers based on their decision-making styles:

1) The Psychographic Approach

The psychographic approach takes a look at customers' lifestyles to define market segments. Many components play a role in using the psychographic approach, such as activities, interests, values, and social class.

- **Lifestyle and demographics** are factors that include age, location, and gender. For example, a customer's lifestyle determines how your product will fit into the needs of school-going, college-going, and office-going customers' buying habits respectively.
- **Activities, interests, and opinions** are a subset of lifestyle, focusing on your customers' activities, interests, and opinions. It's not a problem if customer A enjoys romance books while customer B prefers fantasy novels – both of them are readers, and that is how you profile them.
- **Values, attitudes, and social class** pertain to how people were brought up. These affect how they spend their money and what they choose to spend their money on. Social class is especially important, as their income determines their buying power.

2) The Consumer Typology Approach

The customer typology approach segregates consumers based on their motivations, their mindsets, and how to engage them. There are usually four types of consumers: loyal consumers, discount consumers, impulsive consumers, and need-based consumers.

- **Loyal consumers** are rare, but valuable. They tend to remain loyal to a brand and promote these brands through word-of-mouth.
- **Discount consumers**, on the other hand, don't prefer one brand over another. They will only make a purchase if there is a discount or a sale.
- **Impulsive consumers** do not shop with anything specific in mind. Unlike either loyal or discount consumers, they aren't looking for a product, service, or brand, and spend their money capriciously. They are more emotionally driven rather than logically driven when making decisions.
- **Need-based consumers** are the opposite of impulsive ones, as they will only purchase a product or service to fulfill a need. They are the type who would enter a store quickly, make a purchase, then leave.

3) The Consumer Characteristics Approach

The consumer characteristics approach asks what traits influence buying decisions. There are a variety of consumer characteristics, but there are three common ones that define modern consumers.

- **Convenience-driven** is one trait that characterizes a modern consumer. These are the customers who may not have much time on their hands, so they order products or services online so these arrive faster. For them, everything should be fast, simple, and easy to use.
- **Connectivity-driven** consumers want to feel part of a community; they feel connected to someone else if both purchase the same product. Connectivity-driven consumers

also tend to listen to other people for their opinion on products, services, and brands. If one person says the product is good, then these consumers would be more inclined to make the same purchase.

- **Personalization-driven** consumers would prefer a customer experience that is customized for them specifically. These consumers value making the choice of how a product will look, or how a service will be attuned to their needs exactly.

Market Segmentation and Consumer Research

At its core, market segmentation is the practice of **dividing your target market into approachable groups**. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioural criteria used to better understand the target audience.

By understanding your market segments, you can leverage this targeting in **product, sales, and marketing strategies**. Market segments can power your product development cycles by informing how you create product offerings for different segments like men vs. women or high income vs. low income.

Market segmentation is a technique for using market research in order to learn all you can about your customers. The purpose of market segmentation is not just to sell products and services, but to inform research and development. Customers appreciate marketing that is specifically directed at them, designed for them, and that efficiently presents the information they need to make a sound purchase. The more a business knows about a target market, the easier it becomes to persuade the consumer to differentiate a product, service, or brand.

When a market researcher knows what is valued by a consumer (or consumer group), they know how to market the product and how to tailor the advertising in a way that appeals to that group. Market segmentation is most easily established by exploring and analyzing many different characteristics of potential consumers.

Segmentation, targeting and positioning:

The study of consumer behaviour may be applied to segment the market, select the target market and position the product or service offering. Identifying the target segment, understanding their needs, providing the right product and service offering and communicating about the offering – all of these help a marketer succeed in the long term and ensure his survival and success in a changing environment.

a) Segment the market: The marketer needs to identify distinct customer groups with needs and wants, classify them on basis of descriptive characteristics and behavioural dimensions. The descriptive characteristics may take forms of age, gender, income, occupation, education, family size, family life cycle, gender, lifestyle, personality, religion, generation, geography, nationality, and social class. The behavioural dimensions take forms of benefits, uses, use occasion, usage rates, and loyalty status.

b) Select target market: The marketer then selects one or more markets to enter. The segment(s) that should be targeted should be viable; there should be a fit between the market attractiveness and the company's objectives and resources. The marketer would be able to assess the viability of a segment on the basis of the following criteria, viz., measurability, substantial ability, accessibility, differentiability, and actionability.

c) **Position:** the product offering in the mind of the customers: The marketers should be able to communicate the distinct and/or unique product characteristics.

Designing the Marketing Strategy:

There exists an interrelation between the Consumer, the Environment and the Marketing strategy.

(a) **Consumer:** The consumer has his needs and wants as well as product preferences; Thus, there exists an interplay of Cognition (knowledge about products and alternatives), Affect (feelings of favourableness and unfavourableness) and Behaviour (action: buy or not to buy).

(b) **Environment:** This refers to forces in the environment, which make the environment complex and dynamic.

(c) **Marketing strategies:** This implies setting up of goals and then achieving them through the design of an appropriate marketing mix.

The Marketing Strategy should be designed to influence consumers (Cognition, Affect and Behaviour) and be influenced by them. It should be flexible and ever evolving with changes in the customer needs and wants; as well as, changes in the environment in which it operates. The knowledge of consumer behaviour can be applied to develop a “best fit” between consumer needs and wants, the environment in which the firm operates; and, the firms’ goals and objectives.

Designing the Marketing Mix:

4-Ps The study of consumer behaviour may be applied to design the 4 Ps.

(a) Product: The term product includes both tangible products and intangible services. The issues to address consist of name (brand), size, shape, features, labelling, packaging, accessories and supplementary products, terms of sale and services, after sales etc.

(b) Price: This includes the pricing of the product offering. The major components include, form of payment, terms and conditions of payment, discounts, price sensitivity, differential prices and customer reaction, imagery (price increase and customer reaction, price decrease and customer reaction).

(c) Place and Distribution: This includes the marketing channel, and comprises decisions regarding choice of channel (direct or indirect), location, accessibility and availability of product offering, wholesaling, retailing, logistics etc.

(d) Promotion: This includes marketing communication, and the major issues comprise decisions on communication/promotion mix, the message and media strategy (the content, appeal and context).

The Benefits of Market Segmentation

Companies who properly segment their market enjoy significant advantages.

1. Stronger marketing messages: You no longer have to be generic and vague – you can speak directly to a specific group of people in ways they can relate to, because you understand their characteristics, wants, and needs.

2. Targeted digital advertising: Market segmentation helps you understand and define your audience's characteristics, so you

can direct your marketing efforts to specific ages, locations, buying habits, interests etc.

3. Developing effective marketing strategies: Knowing your target audience gives you a head start about what methods, tactics and solutions they will be most responsive to.

4. Better response rates and lower acquisition costs: These will result from creating your marketing communications both in ad messaging and advanced targeting on digital platforms like Facebook and Google using your segmentation.

5. Attracting the right customers: Market segmentation helps you create targeted, clear and direct messaging that attracts the people you want to buy from you.

6. Increasing brand loyalty: when customers feel understood, uniquely well served and trusting, they are more likely to stick with your brand.

7. Differentiating your brand from the competition: More specific, personal messaging makes your brand stand out.

8. Identifying niche markets: segmentation can uncover not only underserved markets, but also new ways of serving existing markets – opportunities which can be used to grow your brand.

9. Staying on message: As segmentation is so linear, it's easy to stay on track with your marketing strategies, and not get distracted into less effective areas.

10. Driving growth: You can encourage customers to buy from you again, or trade up from a lower-priced product or service.

11. Enhanced profits: Different customers have different disposable incomes; prices can be set according to how much they are willing to spend. Knowing this can ensure you don't over (or under) sell yourself.

12. Product development: You'll be able to design with the needs of your customers top of mind, and develop different products that cater to your different customer base areas.

Companies like American Express, Mercedes Benz, and Best Buy have all used segmentation strategies to increase sales, build better products, and engage better with their prospects and customers.

How to get started with segmentation

There are five primary steps to segmentation:

- 1. Define your market:** Is there a need for your products and services? Is the market large or small? Where does your brand sit in the current marketplace?
- 2. Segment your market:** Decide which of the five criteria (demographic/firmographic, psychographic, geographic or behaviour) you want to use to segment your market. You don't need to stick to just one – in fact, most brands use a combination – so experiment with each one and find what works best.
- 3. Understand your market:** You do this by conducting preliminary research surveys, focus groups, polls, etc. Ask questions that relate to the segments you have chosen, and use a combination of quantitative (tickable/selectable boxes) and qualitative (open-ended for open text responses) questions.

4. **Create your customer segments:** Analyse the responses from your research to highlight which customer segments are most relevant to your brand.

5. **Test your marketing strategy:** Once you have interpreted your responses, test your findings on your target market, using conversion tracking to see how effective it is. And keep testing. If uptake is disappointing, relook at your segments or your research methods.

Advantages of Market Segmentation

1. **Customer analysis:** By segmenting, the firm can get to understand its best customers better.

2. **Competitor analysis:** It is much easier to recognise and combat competition when concentrating on one small part of the overall market.

3. **Effective resource allocation:** Companies' scarce resources can be concentrated more effectively on a few consumers, rather than spread thinly across the masses.

4. **Strategic marketing planning:** Planning becomes easier once the firm has a clear picture of its best customers.

5. **Expanding the market:** Good segmentation can increase the overall size of the market by bringing in new customers who fit the profile of the typical customer, but were previously unaware of the product.

Types of market segmentation [Bases of Market Segmentation]

With segmentation and targeting, you want to understand how your market will respond in a given situation, like purchasing

your products. In many cases, a predictive model may be incorporated into the study so that you can group individuals within identified segments based on specific answers to survey questions. There are many bases for segmenting, but the following are the main ones:

II. Market Segmentation: Tier One

Tier One includes the most common and familiar of the attribute groups—demographic, socioeconomic, and product usage.

1. Demographic

This category includes attributes related to age, city or region of residence, gender, race and ethnicity, and composition of the household. While these are all important attributes, the relationship between these characteristics and consumer behaviour may be quite small. Demographic attributes function best as a foundation for more specific segmentation of the research.

2. Socioeconomic

This category includes attributes related to household income, level of education, occupation, the neighbourhood of residence, and membership in various associations. These characteristics tend to be more refined in terms of the relationship to consumer behaviour—particularly as a reflection of a consumer's lifestyle, brand preference, price sensitivity, and the array of services used by the consumer.

3. Brand Affinity/Product Usage

Consumers who exhibit a brand affinity or actual product usage are segmented on the basis of their behaviour. This makes brand

affinity and the product's usage one of the strongest categories to use when developing market segments. This is why inbound marketing works as well as it does—essentially, consumers create their own segments through their inbound marketing activity.

III. Market Segmentation: Tier Two

Tier Two is an extension of the Tier One attribute group. Tier Two attributes are obtained by drilling deeper into the Tier One attributes.

1. Psychographics

This category includes attributes related to specific lifestyles, hobbies, personality, attitudes, opinion, and even voting behavior. The relationship between these psychographic characteristics and consumer behavior is fairly strong and can provide an effective avenue of communication with potential consumers.

2. Generation

This category includes attributes related specifically to an identifiable generation cohort group. Segmentation by generation addresses similarities in people who are born in the same time period. These generation cohorts tend to exhibit an orientation to life that has been (or is) strongly influenced by the economic, technological/scientific, political, educational, and political experiences they have shared.

3. Geography

This category includes attributes that are related to the geographical area in which consumers reside and work. Consumers in this category may be similar along with a number of important dimensions, such as political orientation, religious

affiliation, and options for transportation and shopping. These consumers may share an affinity for regional cooking or show strong preferences for certain kinds of apparel.

4. Geo-demographics

This category includes attributes that combine geography and demographics, which may cluster into identifiable groups. Segmentation based on geo-demographic strategies tends to be implemented through commercial software packages developed for this purpose. This category of attributes is best when combined with other segmentation strategies.

5. Benefits Sought

This category of attributes is related to the benefits that consumers seek when they shop for products and services. The benefits that consumers seek can vary widely depending on what they want to buy. Brand loyalty, brand affinity, and consumer brand attitude cannot be measured collectively. Rather, these attributes may be brand-specific, or maximally, categorically specific. For instance, a consumer may shop thrift stores for clothing or household goods but exclusively shop for food at expensive, organic food markets.

Once Tier One and Tier Two of the market segmentation process are complete, the marketer is ready to create personas or profiles of potential consumers.

Psychographics

Psychographic segmentation is defined as a market segmentation technique where groups are formed according to psychological traits that influence consumption habits drawn from people's lifestyle and preferences. It is mainly conducted on the basis of "how" people think and "what" do they aspire their life to be.

Any organization which intends to understand their consumers' thought process can divide their target market according to this segmentation method. Psychographic market segmentation is one of the most effective segmentation methods other than demographic segmentation, geographic segmentation, and behavioural segmentation.

A product/service based organization has to keep its customers in mind as these products are created for the customers' consumption. Customer demands and expectations play a pivotal role in designing and developing a product. These demands and expectations evolve with time and customer understanding also evolves with an increase in family income or age or any other demographic examples. An organization will be able to perform better if it understands its customers' psychology and it will be able to provide market-driven products.

The power of big data influences most of the decisions made for psychographic segmentation.

- When a customer approves an application to access personal information or a cookie on a website, they start leaving their digital chain that is usually tracked to observe purchasing habits, and they are used to analyze attitudes, personalities, lifestyles, etc.
- Organizations can access psychographic information precisely by tracking a user's activity on social media, online platforms, online product purchases or use of mobile applications.
- A significant amount of detailed information about a user is accessed by social media websites, search engines, and mobile applications.

- Big data not only allows the collection of details about the applications and devices used by a customer but also provides real-time access to personal information such as access control data or personal characteristics along with phone numbers, private messages, social media presence and other data saved on a user's phone.
- User's online behavioural pattern, time spent on each of the sites, reviews posted about restaurants or hotels, visited locations along with any payments done online are tracked using big data.
- Digital platforms access this information to create detailed plans for psychographic targeting and also influence online behaviour. It is safe to say that with big data, they know who their visitor is, what does this visitor does online, and also why they do what they do.
- Organizations can implement big-data methods such as linear or logistic regression to understand and map psychographic traits to customize their website layout, colour theme, and products according to the tracked psychographic qualities.

There are five psychographic segmentation variables on the basis of which homogeneous segments can be prepared for proper research – Personality, Lifestyle, Social Status, AIO (Activities, Interests, Opinions), and Attitudes.

Lifestyle

Various resources have to be invested if multiple products are to be created for multiple markets. But, product resources can be saved if segmentation is done on the basis of lifestyle, product development can be made more credible.

For example, if a shoe manufacturer intends to design shoes for various sections of the market such as athletes, office-goers, students, etc. Dividing groups according to customers whose lifestyle revolves around cycling or running, those individuals who prefer formal shoes, and similar other segmentation. This way, the manufacturer can produce shoes that cater to every lifestyle, i.e. likes or dislikes, and which in turn will help in building a brand that develops shoes for every market segment on the basis of lifestyle.

Consumer Behaviour Audit

The consumer behaviour audit is a fundamental part of the marketing planning process. It is conducted not only at the beginning of the process, but also at a series of points during the implementation of the plan. The consumer behaviour audit considers both internal and external influences on marketing planning, as well as a review of the plan itself.

There are a number of tools and audits that can be used, for example SWOT analysis for the internal environment, as well as the external environment. Other examples include PEST and Five Forces Analyses, which focus solely on the external environment.

In many ways the consumer behaviour audit clarifies opportunities and threats, and allows the marketing manager to make alterations to the plan if necessary. This portion tells you the basics of the consumer behaviour audit, and introduces a consumer behaviour audit checklist. The checklist is designed to answer the question, what is the current marketing situation? Let's consider the consumer behaviour audit under three key headings:

- I) The Internal Marketing Environment.
- II) The External Marketing Environment.

III) A Review of Our Current Marketing Plan

I. The Internal Marketing Environment

In respect of internal marketing environment the following are the important elements of checklist;

- How is our marketing team organised?
- How efficient is our marketing team?
- How effective is our marketing team?
- How does our marketing team interface with other organisations and internal functions?
- How effective are we at Customer Relationship Management (CRM)?
- What is the state of our marketing planning process?
- Is our marketing planning information current and accurate?
- What is the current state of New Product Development? (Product)
- How profitable is our product portfolio? (Product)
- Are we pricing in the right way? (Price)
- How effective and efficient is distribution? (Place)
- Are we getting our marketing communications right? (Promotion)
- Do we have the right people facing our customers? (People)
- How effective are our customer facing processes? (Process)
- What is the state of our business's physical evidence? (Physical Evidence)

II. The External Marketing Environment

As a market orientated organisation, the important areas we must analyse are;

- What is the nature of our 'customer?' Such as: Their needs and how we satisfy them. Their buyer decision process and consumer behaviour. Their perception of our brand, and loyalty to it. The nature of segmentation, targeting and positioning in our markets.
- What customers 'value' and how we provide that 'value?'
- What is the nature of competition in our target markets? Our competitors' level of profitability. Their number/concentration. The relative strengths and weaknesses of competition. The marketing plans and strategies of our competition.
- What is the cultural nature of the environment(s)? Beliefs and religions. The standards and average levels of education. The evolving lifestyles of our target consumers. The nature of consumerism in our target markets.
- What is the demography of our consumers? Such as average age, levels of population, gender make up, and so on.
- How does technology play a part? The level of adoption of mobile and Internet technologies. The way in which goods are manufactured. Information systems. Marketing communications uses of technology and media.
- Is the political and legal landscape changing in any way? Laws, for example, copyright and patents. Levels of regulation such as quotas or tariffs. Labour/labour laws such as minimum wage legislation.

III. Review of Our Current Marketing Plan

Under this heading marketer analysis are sniffed into the following questions:

- What are our current objectives for marketing?
- What are our current marketing strategies?
- How do we apply the marketing mix? (Including factors covered above in (a))
- Is the marketing process being controlled effectively?
- Are we achieving our marketing budget?
- Are we realising our SMART objectives?
- Are our marketing team implementing the marketing plan effectively?
- Levels of staffing. Staff training and development. Experience and learning.

Consumer behaviour audits are useful instruments in assessing all the features of decision making in marketing including positioning, segmentation and other elements of the marketing mix. Fundamentally, a consumer behaviour audit seeks to discover the attitudes of consumers concerning a certain product, any necessary improvements, as well as their usage of the specific products. The outline for auditing consumer behaviour has been simplified and generalized below, but the execution of the process can be invaluable for identifying challenges and opportunities for improving marketing strategy.

Module II

The Buying Process

Consumers go through a set of sequential steps while buying a product. A buying process is the sequence of steps that a consumer takes while making a purchasing decision. Marketers are interested in consumers' purchase behaviours, i.e., the decision making process. The consumers' decision making is a choice amongst various alternatives that address problematic issues like:

- What to buy;
- Where to buy;
- When to buy;
- How to buy;
- How much to buy.

Consumer decision making involves a continuous flow of interactions among environmental factors, cognitive and affective processes and behavioural actions. Consumer's decisions are based on knowledge, affect and behaviour related to the marketing mix.

Stages in Consumer Decision Making Process:

There are five stages in the consumer decision making process. These are

1. Need recognition/Problem recognition
2. Pre-purchase information search

3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase outcome and reactions

Each of these stages is explained as follows:

1. Need recognition/Problem recognition:

This is a stage of perceiving a deficiency/need. A need could be triggered off by an internal stimulus or an external stimulus. For example, a person is thirsty and feels like having a cola drink. The stimulus is internal. On the other hand, while walking across the street, he sees a hoarding which shows a person having a frosted, chilled cola, and he too desires to have the same, the need is said to have been stimulated by an external stimuli.

A need or problem recognition could be simple or Complex.

- a) **Simple:** Simple problem recognition is similar to Structured Problems; they occur frequently as a routine and can be dealt with automatically without much effort.
- b) **Complex:** Complex problem recognition is similar to Unstructured Problems; they occur infrequently as unique and non-routine and need considerable effort to be solved.

A need or problem recognition could result when:

a) **The Actual State changes (AS type):**

- The product is failing, or the consumer is running short of it;

- There is a problem that exists.

Consumers who react in such situations are called AS Types. Example: A product stops functioning and the customer needs a replacement; e.g. A refrigerator; Samsung One door: Standard;

b) The Desired State changing (DS type):

- there is an imbalance between the actual state and the desired state
- another product seems better and superior to the one that is being currently used;

Consumers who react in such situations are called DS Types.

Example: The product is functioning properly; but the consumer wants to buy an upgraded model; e.g., the refrigerator is functioning properly; however, the customer wants to buy another one which has more features and is more modern; Samsung Two doors: Deluxe: Frost free;

Which of the particular styles operates' depends on the product or service in question as well as the situation.

Whether a problem is an AS or DS Type also gets affected by an individual and his personality. Some consumers are AS Types, who realize that there is a problem after it has arisen, and so they go in for a purchase; they are reactive by nature; e.g. The consumer reacts after the refrigerator breaks down. Other consumers are the DS Types, who want to upgrade to better/newer products; they are proactive; e.g. want to purchase a newer model of the refrigerator.

A need is recognized in any of the following situations:

- a) When a current product brand X is not performing well.
- b) When the current product brand X is nearing depletion.
- c) When another brand Y seems superior to the one currently owned, X.

2. Pre-purchase information search:

After a need is recognized, the consumer goes for an information search, so as to be able to make the right purchase decision. He gathers information about the:

- 1) Product category and the variations
- 2) Various alternatives
- 3) Various brands.

The amount of information a consumer will gather depends on the following:

- i) **The consumer:** demographics (age, gender, education), psychographics (learning, attitudes, involvement, personality type).
- ii) **Product category:** differentiation and alternative brands available, risk, price, social visibility and acceptance of the product.
- iii) **Situation:** time available at hand, first time purchase, quantity of information required, availability of information.

Types of Search Activity:

The information search activity may be of various types, viz, specific, ongoing and incidental.

(a) **Specific:** This type of search activity is specific to the problem and/ immediate purchase; it is spurred as the need arises, and the consumer actively seeks information. Example: student enters college and needs to buy a laptop so that he can work on his assignments.

(b) **Ongoing:** Here the search activity is a gradual process that could span over time. Example: the same student has been thinking of purchasing the laptop since the past five years, and over these past 5-6 years, he has been gathering information specific to the laptop as a product category and also about the various brands available.

(c) **Incidental:** This is a by-product of another search activity or experiences. Consumers absorb information from their day to day routine activities and experiences. Example: the student goes to a mall; he has gone there to help his mother buy a microwave oven; there in the store, he attends a demonstration of a new laptop that is being launched.

Information Sources:

The information sources are of two types:

i) **Internal sources:** This includes the consumer and his self. He recalls information that is stored in his memory (comprising information gathered and stored, as well as his experiences, direct and indirect). Internal sources seem sufficient when:

- It is a routine purchase
- The product is of low involvement

ii) External sources: Here the consumer seeks information from the external environment. External sources of information include:

- Interpersonal communication (family, friends, work peers, opinion leaders etc.)
- Marketing communication or commercial information (advertisements, salespeople, company websites, magazines etc.)
- Other public sources (editorials, trade magazines and reports, consumer awareness programmes on TV, Internet etc.)

External sources are resorted to in cases where:

- ✓ Past knowledge and experience is insufficient.
- ✓ The product is of high involvement and the risk of making a wrong decision is high.

3. Evaluation of alternatives:

Once the consumer has gathered information and identified the alternatives, he compares the different alternatives available on certain criteria. This involves:

i) Generation of choice alternatives: While generation of alternatives, a consumer moves from an evoked set towards the choice set.

➤ **Evoked set/Consideration set:** This is the set of alternatives that he actively considers while making a purchase decision; these exist either in his memory or feature prominently in the environment. The consumer perceives them to be acceptable.

➤ **Inept set:** These are those alternatives from the evoked set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable.

➤ **Inert set:** These are those alternatives from the evoked set that the consumer excludes from further consideration, as he is indifferent towards them and perceives them as ones without much advantages or benefits.

➤ **Choice set:** This comprises the final set of one or two brands from which he finally decides.

ii) Identification of Evaluative Criteria: Attributes and Benefits: These are objective and subjective parameters of the brand that the consumer regards as important, and uses as standards to discriminate among the various alternatives. The consumer evaluates the different alternatives on one or few or many of these features and then makes a final choice. They are features that a consumer considers in choosing among alternatives; these could be functional/utilitarian in nature (benefits, attributes, features), or subjective/emotional/hedonic (emotions, prestige etc.). The major evaluative criteria are:

➤ **Economic:** Price, Value (Product Attributes, Brand image, Evaluation of Quality, Price, & Features).

➤ **Behavioural:** Need/motivation, Personality, self-concept and self-image, Lifestyle etc.

➤ **Social influences:** Group influences environmental issues etc.

iii) Application of Decision Rules to make a final choice amongst alternatives: The consumer uses certain decision rules. The decision rules help a consumer simplify the decision process;

the various evaluative criteria are structured and integrated so as to simplify the evaluation process.

There can be two kinds of Decision Rules, viz., Compensatory rules and Non-compensatory rules.

a. Compensatory rules: Under compensatory rules, the various evaluative criteria are listed as attributes. These attributes are scored and rated for the various alternative brands. A lower rating on an attribute may be offset by a higher rating on another; i.e. a higher rating on one attribute would compensate for a lower rating on another. Based on the final scores, the brands are ranked; the one with the highest score, being regarded as the best. The consumer would then select the brand that scores the highest among the various alternatives that have been evaluated. Compensatory rules could assume two forms: simple and weighted.

- **Simple summated:** The attributes are rated for each brand and the scores are totalled.
- **Weighted:** The attributes are first given weights relatively based on the level of importance; thereafter, the attributes are rated and finally scored after multiplication with the weights. The weighted scores are then totalled.

b. Non-Compensatory rules: Here, a negative evaluation of any one attribute eliminates the brand from consideration. A lower rating on an attribute cannot be offset by a higher rating on another; i.e., a higher rating on one attribute would not compensate for a lower rating on another. The consumer would then select the brand that scores the highest among the various alternatives that have been evaluated. Non-compensatory rules could assume three forms: conjunctive, disjunctive and lexicographic.

1) Conjunctive rule: A minimally acceptable cut off point is established for each attribute. The brands are evaluated, and, the brand that falls below the minimally acceptable limit on any of the attributes is eliminated/rejected.

2) Disjunctive rule: a minimally acceptable cut off point is established for each attribute. The brands are evaluated, and, the brand that falls above the cut off point on any of the attributes is selected.

3) Lexicographic rule: The various attributes are ranked in terms of perceived importance. First, the brands are evaluated on the attribute that is considered the most important. If a brand ranks considerably high than the others on this attribute, it is selected. In case the scores are competitive, the process may be repeated with the attribute considered next in importance.

Sometimes the application of one rule may not be enough; and another may also be applied to reach a final decision.

Compensatory rule: The consumer chooses that laptop which he judges as the best when he balances the good and bad ratings with each other.

Non Compensatory rules:

Conjunctive rule - The consumer chooses that laptop that has no bad features.

Disjunctive rule - The consumer chooses that laptop that has at least one good feature.

Lexicographic rule - The consumer chooses that laptop that is the best on the most important of all features.

4. Purchase decision:

After the consumer has evaluated the various alternatives, he selects a particular brand. Consumer purchases may be trials/first purchases or repeat purchases.

Trials/First purchase: Trials could be elicited through market testing, or through promotional tactics such as free samples, coupons, etc.

Repeat purchases: If the consumer is satisfied, he would buy the brand again. Repeat purchases lead to brand loyalty. The consumer may further have to make decisions on:

- a) Where to buy from? (Place: Real/brick and mortar or virtual/online);
- b) Whom to buy from? (Which store: Depends on reputation of seller, past experience, etc.)
- c) When to buy? (Time: Emergency or Routine; during season, off season, sale, rebate etc.)

It is noteworthy that a purchase intention (desire to buy the most preferred brand) may not always result in a purchase decision in favour of the brand; it could get moderated by

- 1) Attitudes of others; and
- 2) Unexpected situational factors.

5. Post-purchase outcome and reactions:

The post purchase outcome and reactions contains two stages; Stage I comprises Post purchase Cognitive Dissonance, and Stage II comprises Product usage and reaction.

Stage I: Post purchase Cognitive Dissonance: This is a feeling of tension and anxiety that a consumer experiences after the purchase of a product. The consumer begins to have a feeling of uncertainty with respect the performance of the product and begins to doubt his purchase decision “whether the decision was the right one? He begins to ask himself the following questions:

- a) Have I made the right choice?
- b) Have I purchased the right brand?
- c) Have I got value for money?

The Fox and the Sour Grapes is a perfect example of Cognitive Dissonance. Cognitive dissonance generally occurs in cases where:

- 1) The decision making and purchase relates to a high involvement product;
- 2) The purchase activity is irrevocable;
- 3) The consumer cannot return the product;
- 4) The various alternatives have desirable features and are all comparable;
- 5) The alternatives are also unique in some way or the other.

Consumers try to reduce this dissonance by:

- i) Gaining more product information;
- ii) Discussing with other satisfied customers who have bought the same product/brand;
- iii) Going back to the dealer and asking for reassurances.

Other methods that consumers employ to reduce cognitive

dissonance are by:

- Rationalizing that the choice that they have made is the right one.
- Refer to data (printed/audio visual) that supports and recommends the chosen product/brand.
- Make others buy the same product/brand to reassure their choice.

Marketers also employ strategies to reduce this dissonance by providing guarantees and warranties, membership to company consumer forums and communication and follow up with the customers.

Stage II: Product usage and reaction: After the purchase, the consumer uses the product and re-evaluates the chosen alternative in light of its performance viz. a viz. the expectations. This phase is significant as it

- (i) acts as an experience and gets stored in the memory;
- (ii) affects future purchase decisions;
- (iii) Acts as a feedback. There could be three situations that can arise:
 - Performance meets expectations: This leads to a neutral feeling; Customer may think of more suitable alternatives next time.
 - Performance exceeds expectations: The customer is satisfied and this leads to a positive feeling. He would tend to repeat purchase and it would lead to brand loyalty. He would also spread positive word of mouth.

- Performance falls short of expectations: Here, the customer is dissatisfied and this leads to a negative feeling. The customer would search for other alternatives, express grievances, spread negative word of mouth and may even resort to legal action.

It is important to note that the five staged decision making process is not so simple; it is complex. The decision making process is an interplay of reactions amongst a consumer and his cognition, affect and behaviour on the one hand, as well as the environmental forces on the other hand. Further, the procedure may not always follow a linear order, and the decision making may not always proceed through all the five stages; it would vary across

- 1) The nature of the product (high and low involvement);
- 2) The purchase situation (emergency or planned or routine);
- 3) The personal characteristics of the consumer; and
- 4) The type of problem solving (EPS, LPS and RPS)

Buying Process and Implication to the Marketer

An understanding of the consumer decision making process can help a marketer formulate appropriate marketing strategies. He can also model his marketing mix accordingly. The implications of understanding the dynamics of consumer behaviour are discussed as follows:

1. Need/Problem recognition

- a) A marketer can create an imbalance between the actual and desired state; it would trigger of the purchase decision process.

- b) He can launch newer models; marketing communication has a big role to play.
- c) He can focus on both functional (utilitarian) and emotional (hedonic) benefits that the product purchases could offer.
- d) He can activate a need through communication

2. Pre purchase information search

- a) Marketing communication has an important role at this stage.
 - b) The marketer can identify the sources of information that the people generally access and use these to present information about his product and service offering.
 - c) The marketer can also identify the functional or hedonic utility and use appeals accordingly.
 - d) This would help create the right kind of cognitive and emotional touch point so as to elicit a favourable behaviour (purchase).
 - e) The marketer should be able to provide the right kind of information at the right place and at the right time.
 - f) The marketer must make sure that his product and service offering forms a part of the evoked/consideration set.
- For high involvement products: the marketer should ensure that information is available.
 - For low involvement products: he should use emotional appeals, POP stimuli etc.,
 -

3. Evaluation of alternatives:

- a) The marketer should be careful that his product is:
 - i) positioned and promoted well;
 - ii) is readily available and displayed well;
 - iii) The product features prominently in the evoked/consideration set; and,
 - iv) The highlights those attributes and benefits that are regarded as most important to the consumers, and which they are most likely to evaluate while selecting an alternative.
- b) The marketer should inform and educate the customer about the various criteria to use for evaluation of alternatives.
- c) While doing so an intelligent marketer should focus on those attributes, where his product is better and/superior.

4. Purchase decision:

- a) The marketer should be careful to stock the product at the right place at the right time so that the consumer who has made a decision in favour of the brand can have access to the product; else the consumer may have to change his decision at the last moment.
- b) As far as trial and first time purchases are concerned, the marketer should encourage trials through market testing, or through promotional tactics such as free samples, coupons, etc.
- c) For repeat purchases:
 - i) The marketer should make sure that he has satisfied the

customer at the first time.

ii) That his offering is a part of the evoked/consideration set. He should aim towards creation of brand loyalty.

5. Post-purchase outcome and reactions:

The marketer can play an important role in reducing the dissonance that the consumer faces and reassuring him that the choice he made was the right one.

a) The marketer can communicate with the customer about the various attributes/features and benefits that the product has to offer in comparison with other alternatives.

b) He can follow up with the customer and address queries and concerns if any (e.g. follow up calls).

c) Marketers' assurances with respect to warranties, guarantees and exchange can also pacify the cognitive dissonance state.

d) Company websites with FAQs (frequently asked questions); satisfied customers' comments and blogs; and customer care information (e.g. toll free numbers etc.,) can also prove to be helpful.

What is Post Purchase Behaviour?

Post Purchase Behaviour defines the overall reaction and response of a customer after buying a product or service. Generally after a product purchase the buyer can either be happy and fine or can regret the purchase altogether. In this case the customer undergoes post purchase dissonance.

The modern customers have lot of options to express their post purchase feelings and reactions. Customers can use social media, reviews and other means to immediately recommend or complain about a product.

Importance of Post Purchase Behaviour

Understanding the customer behaviour after a sale has been made is very important. Many organizations tend to ignore the post purchase behaviour of a customer as the sale has already been made but what is important here is that if the customers are not happy then the probability of repeat business would reduce significantly. Repeat business is one of the parameters on which a business can sustain for a long term. The post purchase dissonance can impact the brand image and the overall sales in the market due to poor word of mouth. If the customer is happy after a purchase, they would not only come back to buy again but also they would recommend the product to others as well helping the brand and sales further.

Aftermarket support is very important these days to counter post purchase behaviour dissonance. There is still some time in which the customer issues can be resolved. If a customer complains about an issue and it is resolved, it would still keep the customer happy and give the brand another chance. This is only possible if it was due to temporary issue or defect. If the customers in general are not happy with the core product quality and features, then the overall customer satisfaction would be very low and the perception and brand image would suffer.

This dissonance can be due to:

- 1) Large number of alternatives
- 2) The other alternatives have better features

- 3) Performance of the product
- 4) High financial commitment towards the product but derived value is less
- 5) Low durability of the product

These factors should be addressed in every possible iteration to make products better and reduce the chances of dissonance.

Steps to improve the post purchase behaviour

Many companies now focus on the customer even after they have bought the product so that the customer can consider the brand again in future. The entire customer relationship management is based on this.

Below are some of the steps which can be taken to improve the behaviour

1. Proper Customer Service and Support Channels

In case the customer needs to understand or talk to someone about the product after buying, the company should provide clear channels like contact center, knowledge, service portals etc. so that customer can contact in case an issue arises. This way customer would have a clear path to take in case there is some issue in the bought product or service. Sometimes the issues can be minor and easily solvable through support

2. User Manual and Knowledge Portal

Proper product documentation, manual should be provided with product especially which require high involvement like vacuum cleaners, cars, appliances so that customer can refer them to

resolve an issue. A help portal can go long way in resolving issues automatically

3. Returns Management

Customers should be assured that in case the product is not working as per their expectations they can always return it. The company should clearly define the processes in case of return so that the experience is good in case the customer chooses to return.

4. Understand the customer feedback

It is very important to understand what the customers are saying about the products and services. A company should try to gather feedback from customers and use it to improve the products so that next time, less number of customers are dissatisfied.

Module III

Individual Influence on Buying Behaviour

Introduction

While making decisions related to purchase activity, consumers vary amongst each other. They also differ within themselves across buying situations. This is because the dynamics that operates while consumer decision making are significantly different. The consumer decision making process is impacted by (i) individual determinants that are specific to an individual and his self; these primarily take the form of psychological influences; and, (ii) group influences that are general across a class (es) of customers and take the form of sociological influences. This module deals with the psychological influences on consumer decision making. Such psychological influences include the forces that impact consumer decision making; these are (i) Consumer's Needs & Motivation, Emotions and Mood, Consumer Involvement; (ii) Consumer Learning; (iii) Personality, Self-concept and Self-image; (iv) Consumer Perception, Risk and Imagery; (v) Consumer Attitude; and (vi) Consumer Communication.

The study of consumer behaviour indicates how individuals, groups, and organisations select, buy, use of dispose goods, services, ideas or experiences to satisfy their needs and desires. The various factors influencing buyer behaviour are as following:

I. Marketing Factors

Each element of the market mix – product, pricing, promotion and place (distribution) – has the potential to affect the buying process at various stages.

(A) Product: The uniqueness of the product, the physical appearance and packaging can influence buying decision of a consumer.

(B) Pricing: Pricing strategy does affect buying behaviour of consumers. Marketers must consider the price sensitivity of the target customers while fixing prices.

(C) Promotion: The various elements of promotion such as advertising, publicity, public relations, personal selling, and sales promotion affect buying behaviour of consumers. Marketers select the promotion mix after considering the nature of customers.

(D) Place: The channels of distribution, and the place of distribution affects buying behaviour of consumers. Marketers make an attempt to select the right channel and distribute the products at the right place.

II. Personal Factors:

The personal factors of a consumer may affect the buying decisions. The personal factors include:

(A) Age Factor: The age factor greatly influences the buying behaviour. For instance, teenagers may prefer trendy clothes, whereas, office- executives may prefer sober and formal clothing.

(B) Gender: The consumer behaviour varies across gender.

For instance, girls may prefer certain feminine colours such as pink, purple, peach, whereas, boys may go for blue, black, brown, and so on.

(C) Education: Highly educated persons may spend on books, personal care products, and so on. But a person with low or no education may spend less on personal grooming products, general reading books, and so on.

(D) Income Level: Normally, higher the income level, higher is the level of spending and vice-versa. But this may not be always the case in developing countries, especially in the rural areas.

(E) Status' in the Society: Persons enjoying higher status in the society do spend a good amount of money on luxury items such as luxury cars, luxury watches, premium brands of clothing, jewellery, perfumes, etc.

(F) Other Personal Factors: The other personal factors such as personality, lifestyle, family size, etc., influence consumer behaviour.

III. Psychological Factors:

A person's buying behaviour is influenced by psychological factors such as follows:

(A) Learning: It refers to changes in individual behaviour that are caused by information and experience. For example, when a customer buys a new brand of perfume, and is satisfied by its use, then he/she is more likely to buy the same brand the next time. Through learning, people acquire beliefs and attitudes, which in turn influence the buying behaviour.

(B) Attitude: It is a tendency to respond in a given manner to a particular situation or object or idea. Consumers may develop a positive, or negative or neutral attitude towards certain product or brands, which in turn would affect his/her buying behaviour.

(C) Motives: A motive is the inner drive that motivates a person to act or behave in a certain manner. The marketer must identify the buying motives of the target customers and influence them to act positively towards the marketed products. Some of the buying motives include:

- Pride and possession
- Love and affection
- Comfort and convenience
- Sex and romance, etc.

(D) Perception: It is the impression, which one forms about a certain situation or object. A motivated person is ready to act. But the way or the manner in which he acts is influenced by his/her perception of the situation. For instance, a student may perceive examinations as an important event, and therefore, he/she would make every possible effort including purchase of new stationery like pens, whereas, another student may be casual about the examinations, and therefore, would not make extra efforts.

(E) Beliefs: A belief is a descriptive thought, which a person holds about certain things. It may be based on knowledge, opinion, faith, trust and confidence. People may hold certain beliefs of certain brands/products. Beliefs develop brand images, which in turn can affect buying behaviour.

IV. Situational Influences:

Major situational influences include the physical surroundings, social surroundings, time, the nature of the task, and monetary moods and conditions.

(A) Physical Surroundings: The physical surroundings at the place of purchase affects buying behaviour. For instance, when a customer is shopping in a store, the features that affects buying behaviour would include the location of the store, the decor, the layout of the store, the noise level, the way merchandise is displayed, and so on.

(B) Social Surroundings: The social surroundings of a situation involve the other people with the customer that can influence buying decision at the point of purchase. For instance, a bargain hunter shopping with an impatient friend may do quick purchases, and may not haggle over the price, so as to please the impatient friend.

(C) Time Factor: Customers may make different decisions based on when they purchase – the hour of the day, the day of the week, or the season of the year. For instance, a consumer who has received a pay cheque on a particular day may shop more items, than at the end of the month when he is short of funds.

(D) Task: A customer may make a different buying decision depending upon the task to be performed by the product. For instance, if the product is meant as a gift rather than for personal use, then the customer may buy a different brand/product depending upon to whom the gift is purchased.

(E) Momentary Conditions: The moods and condition of the customer at the time of purchase may also affect the buying decision. A customer who is very happy would make a different buying decision, as compared to when he is not in a happy mood

V. Social Factors:

The social factors such as reference groups, family, and social and status affect the buying behaviour:

(A) Reference Groups: A reference group is a small group of people such as colleagues at work place, club members, friends circle, neighbours, family members, and so on. Reference groups influence its members as follows:

- They influence members' values and attitudes.
- They expose members to new behaviours and lifestyles.
- They create pressure to choose certain products or brands.

(B) Family: The family is the main reference group that may influence the consumer behaviour. Nowadays, children are well informed about goods and services through media or friend circles, and other sources. Therefore, they influence considerably in buying decisions both FMCG products and durables.

(C) Roles and Status: A person performs certain roles in a particular group such as family, club, organisation, and so on. For instance, a person may perform the role of senior executive in a firm and another person may perform the role of a junior executive. The senior executive may enjoy higher status in the organisation, as compared to junior executive. People may purchase the products that conform to their roles and status, especially in the case of branded clothes, luxury watches, luxury cars, and so on.

VI. Cultural Factors:

Culture includes race and religion, tradition, caste, moral values, etc. Culture also include sub- cultures such sub-caste, religious Sects, language, etc.

(A) Culture: It influences consumer behaviour to a great extent. Cultural values and elements are passed from one generation to another through family, educational institutions, religious bodies, social environment, etc. Cultural diversity influences food habits, clothing, customs and traditions, etc. For instance, consuming alcohol and meat in certain religious communities is not restricted, but in certain communities, consumption of alcohol and meat is prohibited.

(B) Sub-Culture: Each culture consists of smaller sub-cultures that provide specific identity to its members. Subcultures include sub-caste, religious sects (Roman Catholics, Syrian Catholics, Protestant Christians, etc.), geographic regions (South Indians, North Indians), language (Marathi, Malayali, TAMILIAN, Gujarati) etc. The behaviour of people belong to various sub-cultures is different. Therefore, marketers may adopt multicultural marketing approach, i.e., designing and marketing goods and services that cater to the tastes and preferences of consumers belonging to different sub-cultures.

Consumer as an individual

The central focus of marketing is the consumer. To devise good marketing plans, it is necessary to examine consumer behavioural attributes and needs, lifestyles, and purchase processes and then make proper marketing-mix decisions. The study of Consumer behaviour includes the study of what they buy, why they buy, how they buy, when they buy, from where they buy, and how often they buy. An open-minded consumer-oriented approach is imperative in today's diverse global marketplace so a firm can identify and serve its target market, minimize dissatisfaction, and stay ahead of competitors. Final consumers purchase for personal, family, or household use.

Personality

Each individual has inherent personality characteristics that influence his buying behaviour.

According to Kotler, “Personality” is a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environment stimuli. It is often referred to as such traits like: self- confidence, dominance, autonomy, deference, sociability, defensiveness, and adaptability.

According to Schiffman and Kanuk, “Personality” is defined as those inner psychological characters that both determine and reflect how a person responds to his environment. The single most important element in personality is inner characteristics of an individual. These are the specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from another.

Theories of Personality

The study of personality has been a matter of discussion; contributions are varied and debatable. Major contribution to the topic of study was made by the father of psychology, Sigmund Freud. Other contributions came from psychologists like Carl Jung, the Neo-Freudians (like Adler, Sullivan and Homey) and the Trait theorists. Theories on personality can be categorized as i) individual theories; ii) social learning theories. However, we would elaborate upon these without any such classification, as it is rightly believed that it is the combination of both individual characteristics/traits (genetics) as well as social learning (social environment) that impacts personality.

I. Freudian Theory:

Sigmund Freud, the father of psychology, became famous with its psychoanalytic theory of personality. In fact the theory is regarded as the cornerstone of modern psychology. Sigmund based his theory on certain assumptions:

- Unconscious needs or drives lie at the heart of human motivation and personality.
- The socialization process that takes place within people in a social set up has a huge impact on individual behaviour.

This theory was built on the premise that unconscious needs or drives, especially biological and sexual drives, are at the heart of human motivation and personality. According to Freud, much of human behaviour is driven directly from the subconscious mind; and so it is important that the unconscious material needs to be brought into the conscious state so that it can be examined in a rational manner.

Id, Superego, and Ego

The Id is the “warehouse” of primitive and impulsive drives, such as: thirst, hunger, and sex, for which the individual seeks immediate satisfaction without concern for the specific means of that satisfaction. Superego is the individual’s internal expression of society’s moral and ethical codes of conduct.

- (a) The superego’s role is to see that the individual satisfies needs in a socially acceptable fashion.
- (b) The superego is a kind of “brake” that restrains or inhibits the impulsive forces of the id.

Ego is the individual's conscious control which functions as an internal monitor that attempts to balance the impulsive demands of the id and the socio-cultural constraints of the superego. Freud emphasized that an individual's personality is formed as he or she passes through a number of distinct stages of infant and childhood development. These distinct stages of infant and childhood development are: oral, anal, phallic, latent, and genital stages. An adult's personality is determined by how well he or she deals with the crises that are experienced while passing through each of these stages.

Structure of Mind: Freud's Id, Ego, and Superego

As mentioned above Freud came to see personality as having three aspects, which work together to produce all of our complex behaviors: the id, the ego and the superego. As you can see, the Ego and Superego play roles in each of the conscious, subconscious, and unconscious parts of the mind. All 3 components need to be well balanced in order to have good amount of psychic energy available and to have reasonable mental health.

Freudian Theory and Product Personality

Those stressing Freud's theories see that human drives are largely unconscious, and that consumers are primarily unaware of their true reasons for buying what they buy. These researchers focus on consumer purchases and/or consumption situations, treating them as an extension of the consumer's personality.

II. Jungian Theory:

Freud's understanding of personality focused mainly on observations of emotionally disturbed people. A number of Freud's foremost disciples, particularly Carl Jung and Alfred

Adler, disagreed from his view of personality. Carl Jung believed that an individual's culture created an accumulation of shared memories from the past such as caring and nurturing female, heroes and old wise men. He called these shared memories as 'archetypes'. It is not unusual to see such archetypes in advertisements that strive to take advantage of positive shared meanings in a particular culture. For instance, a large number of ads show caring mother, devoted housewife, heroes with macho image, rishis and wise grandmother etc.,

Jung identified a number of personality types, such as sensing-thinking, sensing-feeling, intuiting thinking and intuitive-feeling etc.,

1. Sensing-thinking Personality: Individuals with this personality type make rational, objective decisions. They are logical and empirical in their approach, are inclined to be highly involved, extensive problem solving orientation, weigh economic considerations, are price sensitive and avoid any risks. They identify themselves with material objects or "things" and have short-term perspective in making decisions.

2. Sensing-feeling Personality: They are moved by personal values rather than logic and believe in personal experience. They follow a "subjective" orientation in making decisions, are inclined to consider others when making a decision and share risks. They are status conscious and have short-term perspective in decision-making.

3. Intuiting-thinking Personality: Such individuals take a broad view of their own situation and the world. Though they heavily rely on imagination and consider a wider range of options, yet use logic in making decisions. Such individuals are not averse to taking risks while making decisions and their perspective is

long-term.

4. Intuiting-feeling Personality: Their view of personal situations or world is broad. They use imagination in considering a wide range of options in making a decision, are quite likely to consider others' views and show least sensitivity toward prices. They are also inclined to seek novelty, take risks and time horizon is indefinite in making decisions.

III. Neo-Freudian Theory:

There were a group of psychologists who believed that social interaction and resultant relationships formed the basis for the growth and development of personality. Here, they disagreed with their contemporary, Freud who believed that personality was

- i) biological and rooted in genetics, and
- ii) was groomed as a result of early childhood experiences.

Several of Freud's colleagues disagreed with his contention that personality is primarily instinctual and sexual in nature. They argued that social relations are fundamental to personality development. This group of researchers who laid emphasis on the process of socialization came to be known as the Neo-Freudians. Noteworthy among them are Alfred Adler, Harry Stack Sullivan and Karen Homey.

Alfred Adler viewed human beings as seeking to attain various rational goals, which he called style of life, placing emphasis on the individual's efforts to overcome feelings of inferiority.

Harry Stack Sullivan stressed that people continuously attempt to establish significant and rewarding relationships with others, placing emphasis on efforts to reduce tensions.

Karen Horney focused on the impact of child-parent relationships, especially the individual's desire to conquer feelings of anxiety. She proposed three personality groups: compliant, aggressive, and detached. Compliant individuals are those who move toward others—they desire to be loved, wanted, and appreciated. Aggressive individuals move against others—they desire to excel and win admiration. Detached individuals move away from others—they desire independence, self-sufficiency, and freedom from obligations. A personality test based on the above (the CAD) has been developed and tested. It reveals a number of tentative relationships between scores and product and brand usage patterns. It is likely that many marketers have used some of these neo- Freudian theories intuitively.

An Assessment of the Theory: The Neo-Freudian theories draw themselves from various contributors and are an expanse in content and processes in so far as the subject matter of personality is concerned. However, while the Neo-Freudians speak of human tendencies to strive for perfection, fight anxiety and inadequacies, and of social relationships, they tend to ignore the biological traits and the genetics involved.

Implications for marketers:

The Neo-Freudian theories emphasize the role that socialization has to play. Marketers could draw in heavily in so far as the impact that opinion leaders, as well as interpersonal communication and word of mouth could have on consumer decision processes and consumption processes. This would also include the impact that family, friends, social class, culture and sub-culture. Marketers have also tended to use Neo-Freudian theories while segmenting markets and positioning their products, e.g. Personality types have been used to segment markets and position products as per the segment.

IV. Trait Theory

Trait theory is a significant departure from the earlier qualitative measures that are typical of Freudian and neo-Freudian theory. It is primarily quantitative or empirical, focusing on the measurement of personality in terms of specific psychological characteristics called traits. A trait is defined as any distinguishing, relatively enduring way in which one individual differs from another. Selected single-trait personality tests increasingly are being developed specifically for use in consumer behavior studies. Types of traits measured include:

- Consumer innovativeness — how receptive a person is to new experiences.
- Consumer materialism — the degree of the consumer's attachment to “worldly possessions.”
- Consumer ethnocentrism — the consumer's likelihood to accept or reject foreign-made products.

Researchers have learned to expect personality to be linked to how consumers make their choices, and to the purchase or consumption of a broad product category rather than a specific brand.

Personality & Consumer Diversity

Marketers are interested in understanding how personality influences consumption behavior because such knowledge enables them to better understand consumers and to segment and target those consumers who are likely to respond positively to their product or service communications.

Consumer Innovativeness and Related Personality Traits

Marketing practitioners must learn all they can about consumer innovators—those who are likely to try new products. Those innovators are often crucial to the success of new products. Personality traits have proved useful in differentiating between consumer innovators and non-innovators. Personality traits to be discussed include:

➤ Consumer innovativeness. ➤ Dogmatism. ➤ Social character. ➤ Need for uniqueness. ➤ Optimum stimulation level. ➤ Variety-novelty seeking.

1. Consumer Innovativeness: Recent consumer research indicates a positive relationship between innovative use of the Internet and buying online.

2. Dogmatism: Dogmatism is a personality trait that measures the degree of rigidity an individual displays toward the unfamiliar and toward information that is contrary to their established beliefs. Consumers low in dogmatism are more likely to prefer innovative products to established ones. Consumers high in dogmatism are more accepting of authority-based ads for new products.

3. Social Character: Social character is a personality trait that ranges on a continuum from inner-directed to other-directed. Inner-directed consumers tend to rely on their own “inner” values or standards in evaluating new products and are innovators. They also prefer ads stressing product features and personal benefits. Other-directed consumers tend to look to others for direction and are not innovators. They prefer ads that feature social environment and social acceptance.

4. Need for Uniqueness: These people avoid conformity are the ones who seek to be unique!

5. Optimum Stimulation Level: Some people prefer a simple, uncluttered, and calm existence, although others seem to prefer an environment crammed with novel, complex, and unusual experiences. Persons with optimum stimulation levels (OSL s) are willing to take risks, to try new products, to be innovative, to seek purchase-related information, and to accept new retail facilities. The correspondence between an individual's OSL and their actual circumstances has a direct relationship to the amount of stimulation individual's desire. If the two are equivalent, they tend to be satisfied. If bored, they are under stimulated, and vice versa.

6. Variety-Novelty Seeking: This is similar to OSL. Primary types are variety or novelty seeking. There appear to be many different types of variety seeking: exploratory purchase behavior (e.g., switching brands to experience new and possibly better alternatives), vicarious exploration (e.g., where the consumer secures information about a new or different alternative and then contemplates or even daydreams about the option), and use innovativeness (e.g., where the consumer uses an already adopted product in a new or novel way).

The third form of variety or novelty seeking—use innovativeness— is particularly relevant to technological changes. Consumers with high variety seeking scores might also be attracted to brands that claim to have novel or multiple uses or applications. Marketers, up to a point, benefit from thinking in terms of offering additional options to consumers seeking more product variety. Ultimately, marketers must walk the fine line between offering consumers too little and too much choice. The stream of research examined here indicates that the consumer

innovator differs from the non-innovator in terms of personality orientation.

Cognitive Personality Factors

Market researchers want to understand how cognitive personality influences consumer behavior. Two cognitive personality traits have been useful in understanding selected aspects of consumer behavior. They are:

- a) Need for cognition.
- b) Visualizers versus Verbalizers.

a) Need for Cognition

This is the measurement of a person's craving for or enjoyment of thinking. Consumers who are high in NC (need for cognition) are more likely to be responsive to the part of an advertisement that is rich in product-related information of description. They are also more responsive to cool colors. Consumers who are relatively low in NC are more likely to be attracted to the background or peripheral aspects of an ad. They spend more time on print content and have much stronger brand recall. Need for cognition seems to play a role in an individual's use of the Internet.

b) Visualizers versus Verbalizers

Visualizers are consumers who prefer visual information and products that stress the visual. Verbalizers are consumers who prefer written or verbal information and products that stress the verbal. This distinction helps marketers know whether to stress visual or written elements in their ads. From Consumer Materialism to Compulsive Consumption.

Consumer Materialism

Materialism is a trait of people who feel their possessions are essential to their identity. They value acquiring and showing off possessions, they are self centered and selfish, they seek lifestyles full of possessions, and their possessions do not give them greater happiness.

Fixated Consumption Behavior

Somewhere between being materialistic and being compulsive is being fixated with regard to consuming or possessing. Like materialism, fixated consumption behavior is in the realm of normal and socially acceptable behavior. Fixated consumers' characteristics include –

1. A deep (possibly: “passionate”) interest in a particular object or product category.
2. A willingness to go to considerable lengths to secure additional examples of the object or product category of interest.
3. The dedication of a considerable amount of discretionary time and money to searching out the object or product. This profile of the fixated consumer describes many collectors or hobbyists (e.g., coin, stamp, antique collectors, vintage wristwatch, or fountain pen collectors).

Compulsive Consumption Behavior

Compulsive consumption is in the realm of abnormal behavior. Consumers who are compulsive have an addiction; in some respects, they are out of control, and their actions may have damaging consequences to them and those around them.

Brand Personality

Just as individuals' have a personal make-up with characteristics/traits/qualities, similarly products/services also have personalities. Brand personification refers to a set of characteristics/qualities similar to human beings that become associated with a brand. Based on their understanding, consumers' begin to ascribe certain characteristics or traits to a brand. This association between the characteristic/trait and the brand gets generated out of the manner in which it is positioned by the marketer. Thereafter, consumers match the product and/or brand personalities, with their own personalities, self-image and self concept; and they buy those where they find a close or perfect match. Sometimes they buy such product/brands that help them bolster their weak or inferior self. Some personality traits with examples of brands are mentioned below:

- (a) **Sophistication:** Dove, Titan Raga
- (b) **Ruggedness:** Levi's Jeans, Bajaj Pulsar
- (c) **Power:** Surf, Rin, Hero Honda
- (d) **Achievement:** Boost, Glucon C
- (e) **Competence:** Kingfisher Airlines, IBM
- (f) **Sincerity:** Life Insurance Corporation, Western Union Money Transfer

Self and Self Image (Concept)

Self-images, or “perceptions of self,” are very closely associated with personality in that individuals tend to buy products and services and patronize retailers with images or “personalities”

that closely correspond to their own self-images. Such concepts as one or multiple selves, self-image, and the notion of the extended self is explored by consumer behavior researchers.

Single or Multiple Selves:

Traditionally, individuals are considered to be having a single self-image which they normally exhibit. Such type of consumers is interested in those products and services which match or satisfy these single self. However, as the world became more and more complex, it has become more appropriate to think of consumers as having multiple selves. The explanation to such a phenomenon states that a single individual acts and behaves differently in different situations, like a person behaves differently with his parents, his children, his friends, his colleagues, etc. In fact this display of different personality in different social situations or social roles is considered to be normal and healthy. And conversely, the absence of this is considered to be abnormal or an unhealthy person. This observation is very important for marketers who try to appeal to the different “selves” with a choice of different products.

The Make-up of the Self-Image:

A person has a self-image of him/herself as a certain kind of person. The individual's self-image is unique, the outgrowth of that person's background and experience. Products and brands have symbolic value for individuals, who evaluate them on the basis of their consistency with their personal pictures or images of themselves. Products seem to match one or more of individual's self images; other products seem totally alien. Four aspects of self-image are:

1. Actual self-image—how

2. consumers see themselves.
3. Ideal self-image—how consumers would like to see themselves.
4. Social self-image—how consumers feel others see them.
5. Ideal social self-image—how consumers would like others to see them.

Some marketers have identified a fifth and sixth self-image.

6. Expected self-image—how consumers expect to see themselves at some specified future time. “Ought-to” self—traits or characteristics that an individual believes it is his or her duty or obligation to possess. In different contexts consumers might select different self images to guide behavior. The concept of self-image has strategic implications for marketers.

Marketers can segment their markets on the basis of relevant consumer self-images and then position their products or stores as symbols for such self-images.

The Extended Self

Consumers’ possessions can be seen to “confirm” or “extend” their self-images. The above suggests that much of human emotion can be connected to valued possessions. Possessions can extend the self in a number of ways: Actually, by allowing the person to do things that otherwise would be very difficult or impossible to accomplish (e.g., problem-solving by using a computer). Symbolically, by making people feel better or “bigger” (e.g., receiving an employee award for excellence). By conferring status or rank (e.g., status among collectors of rare

works of art because of the ownership of a particular masterpiece). By bestowing feelings of immortality, by leaving valued possessions to young family members (this also has the potential of extending the recipients' "selves"). By endowing with magical powers (e.g., a cameo pin inherited from one's aunt might be perceived as a magic amulet bestowing luck when it is worn).

Consumer Personality and Market Segmentation

Market segmentation can be defined as the process of dividing a market into different homogeneous groups of consumers. Market consists of buyers and buyers vary from each other in different ways. Variation depends upon different factors like wants, resources, buying attitude, locations, and buying practices. By segmentation, large heterogeneous markets are divided into smaller segments that can be managed more efficiently and effectively with products and services that match to their unique needs. So, market segmentation is beneficial for the companies serving larger markets.

Criteria for selecting Market Segments Measurable

A segment should be measurable. It means you should be able to tell how many potential customers and how many businesses are out there in the segment.

- 1. Accessible:** A segment should be accessible through channels of communication and distribution like: sales force, transportation, distributors, telecom, or internet.
- 2. Durable:** Segment should not have frequent changes attribute in it.
- 3. Substantial:** Make sure that size of your segment is large enough to warrant as a segment and large enough to be profitable.

4. Unique Needs: Segments should be different in their response to different marketing efforts (Marketing Mix).

Consumer and business markets cannot be segmented on the bases of same variables because of their inherent differences.

Bases for Consumer Market Segmentation

There are number of variables involved in consumer market segmentation, alone and in combination. These variables are:

- Geographic variables
- Demographic variables
- Psychographic variables
- Behavioural variables

Geographic Segmentation

In geographical segmentation, market is divided into different geographical units like:

- Regions (by country, nation, state, neighbourhood)
- Population Density (Urban, suburban, rural)
- City size (Size of area, population size and growth rate)
- Climate (Regions having similar climate pattern)

A company, either serving a few or all geographic segments, needs to put attention on variability of geographic needs and wants. After segmenting consumer market on geographic bases, companies localize their marketing efforts (product, advertising, promotion and sales efforts).

Demographic Segmentation

In demographic segmentation, market is divided into small segments based on demographic variables like:

- Age
- Gender
- Income
- Occupation
- Education
- Social Class
- Generation
- Family size
- Family life cycle
- Home Ownership
- Religion
- Ethnic group/Race
- Nationality

Demographic factors are most important factors for segmenting the customers groups. Consumer needs, wants, usage rate these all depend upon demographic variables. So, considering demographic factors, while defining marketing strategy, is crucial.

Psychographic Segmentation

In Psychographic Segmentation, segments are defined on the basis of social class, lifestyle and personality characteristics.

Psychographic variables include:

- Interests
- Opinions
- Personality
- Self Image
- Activities
- Values
- Attitudes

A segment having demographically grouped consumers may have different psychographic characteristics.

Behavioural Segmentation

In this segmentation market is divided into segments based on consumer knowledge, attitude, use or response to product. Behavioural variables include:

- Usage Rate
- Product benefits
- Brand Loyalty
- Price Consciousness
- Occasions (holidays like mother's day, New Year and Eid)
- User Status (First Time, Regular or Potential)

Behavioural segmentation is considered most favourable segmentation tool as it uses those variables that are closely related to the product itself.

Meaning and Definition of Consumer Perception

Perception is the process of selecting, organizing and interpreting

information inputs to produce meaning. The above definition of perception lays emphasis on certain features:

- Perception is a mental process, whereby an individual selects data or information from the environment, organizes it and then draws significance or meaning from it.
- Perception is basically a cognitive or thinking process and individual activities; emotions, feelings etc. are based on his or her perceptions of their surroundings or environment.
- Perception being an intellectual and cognitive process will be subjective in nature.

People can emerge with different perceptions of the same object because of three perceptual processes:

1. Selective Attention

People are exposed to a tremendous amount of daily stimuli: the average person may be exposed to over 1500 ads a day. A person cannot possibly attend to all of these; most stimuli will be screened out. Selective attention means that marketers have to work hard to attract consumers' notice. A stimuli is more likely to be attended to if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

2. Selective Distortion

Stimuli do not always come across in the way the senders intend. Selective distortion is the tendency to twist information into personal meanings and interpret information in a way that will fit our preconceptions. Unfortunately, there is not much that marketers can do about selective distortion. Advertisers that use comparative advertisements (pitching one product against

another), have to be very careful that consumers do not distort the facts and perceive that the advertisement was for the competitor.

3. Selective retention

People will forget much that they learn but will tend to retain information that supports their attitudes and beliefs. Because of selective retention, we are likely to remember good points mentioned about competing products. Selective retention explains why marketers use drama and repetition in sending messages to their target market. We remember inputs that support our beliefs, forgets those that don't.

Elements of Perception

We will examine some of the basic concepts that underlie the perception process.

- 1.** Sensation is the immediate and direct response of the sensory organs to stimuli (an advertisement, a package, and a brand name). A stimulus is any unit of input to any of the senses.
- 2.** Sensory receptors are the human organs (i.e., the eyes, ears, nose, mouth, and skin) that receive sensory inputs, sight, sound, smell, taste, or touch.
- 3.** Human sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors and the amount or intensity of the stimuli to which he/she is exposed.
- 4.** Sensation itself depends on energy change, the difference of input. Thus, a constant environment, whether very busy and noisy or relatively quiet, would provide little sensation because of the lack of change, the consistent level of stimulation.

5. As sensory input decreases, the ability to detect changes increases. This ability of the human organism to accommodate itself to varying levels of sensitivity as external conditions vary not only protects us from damaging, disruptive, or irrelevant bombardment when the input level is high but has important implications for marketers.

6. The Absolute Threshold - The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect the difference between “something” and “nothing” is that person’s absolute threshold for the stimulus. Sensory adaptation is a problem that causes many advertisers to change their advertising campaigns regularly. Marketers try to increase sensory input in order to cut through the daily clutter consumers experience in the consumption of advertising. Some increase sensory input in an effort to cut through the advertising “clutter.” Other advertisers try to attract attention by decreasing sensory input.

7. The Differential Threshold: The minimal difference that can be detected between two stimuli is called the difference threshold or the JND (just noticeable difference). A 19th century German scientist named Ernst Weber discovered that the JND between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. Weber’s law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. Also, an additional level of stimulus, equivalent to the JND must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus. Weber’s law holds for all senses and almost all levels of intensity. Retailers use the principle in reducing prices. Markdowns must amount to at least twenty percent to be noticed by shoppers.

The Nature and Process of Perception

Information processing is a series of activities by which stimuli are perceived, transformed into information and stored. There are four major stages in the information-processing model, viz., exposure, attention, interpretation and memory. It is the first three, which constitute the perception process. Exposure occurs when a stimulus such as an advertisement comes within range of a person's sensory receptor nerves-vision. Attention occurs when the receptor nerves pass the sensation on to the brain for processing. Target customer allocates cognitive processing capacity i.e. pays attention to ad. Interpretation is the assignment of meaning to the received sensations. Target customer interprets the message i.e. message sent = message received.

Memory is the short-term use of the meaning for the immediate decision-making and the longer-term retention of the meaning. – Target customer stores the advertisement and message in memory so can be accessed when needed.

Dynamics of Perception

a. Physical stimuli from the outside environment, and internal stimuli based on expectations, motives, and learning is based on previous experiences. Because each person is a unique individual, with unique experiences, needs, wants, desires, and expectations, it follows that each individual's perceptions are also unique.

There are three aspects to perceptions—selection, organization, and interpretation of stimuli.

b. Individuals are very selective as to which stimuli they “recognize.”

- c. They subconsciously organize the stimuli they recognize according to widely held psychological principles.
- d. And they interpret such stimuli (i.e., they give meaning to them) subjectively in accordance with their needs, expectations, and experiences.

Expectations

People see what they expect to see. What they expect to see is usually based on familiarity, previous experience, or preconditioned set of expectations. Stimuli that conflict sharply with expectations often receive more attention than those that conform to expectations.

Motives

People tend to perceive things they need or want. The stronger the need, the greater the tendency to ignore unrelated stimuli in the environment. An individual's perceptual process attunes itself more closely to those elements of the environment that are important to that person. Marketing managers recognize the efficiency of targeting their products to the perceived needs of consumers.

Perceptual Mapping

Perceptual mapping allows marketers to determine how their products appear to consumers in relation to competitive brands on one or more relevant characteristics. Perceptual mapping enables the marketer to see gaps in the positioning of all brands in the product class and to identify areas in which consumer needs are not being adequately met.

Marketing Application of Perception

1. Positioning of Services

Compared with manufacturing firms, service marketers face several unique problems in positioning and promoting their offerings. Services are intangible; image becomes a key factor in differentiating a service from its competition. The marketing objective is to enable the consumer to link a specific image with a specific brand name. Many service marketers have developed strategies to provide customers with visual images and tangible reminders of their service offerings.

2. Perceived Price

How a consumer perceives a price (perceived price)—as high, as low, as fair—has a strong influence on both purchase intentions and purchase satisfaction.

3. Reference Prices

A reference price is any price that a consumer uses as a basis for comparison in judging another price. Reference prices can be external or internal. An advertiser generally uses a higher external reference price (“sold elsewhere at...”) in an ad in which a lower sales price is being offered, to persuade the consumer that the product advertised is a really good buy.

4. Perceived Quality

Consumers often judge the quality of a product (perceived quality) on the basis of a variety of informational cues.

- a) Intrinsic cues are physical characteristics of the product itself, such as size, color, flavor, or aroma.
- b) Extrinsic cues are such things as price, store image, service environment, brand image, and promotional message.

Perceived Quality of Products

Intrinsic cues are concerned with physical characteristics of the product itself, size, color, flavor, etc.

a) Consumers like to think that they base quality evaluations on intrinsic cues, but in reality, they are often unable to identify that product in a taste test.

b) In the absence of actual experience with a product, consumers often evaluate quality on the basis of extrinsic cues, price, brand image, store image, etc.

Many consumers use country-of-origin stereotypes to evaluate products.

Perceived Quality of Services

It is more difficult for consumers to evaluate the quality of services than the quality of products. Service characteristics include—intangibility, variability, perishability, inseparability, simultaneously produced, and consumed. Consumers are unable to compare services side-by-side as they do products, so consumers rely on surrogate or extrinsic cues when purchasing services. Marketers try to standardize their services in order to provide consistency of quality. Service is consumed as it is being produced. As a result, defective services are difficult to correct. Researchers have concluded that the service quality that a customer perceives is a function of the magnitude and direction of the gap between expected service and the customer's assessment of the service actually delivered.

Price/Quality Relationship

Perceived product value has been described as a trade-off

between the product's perceived benefits (or quality) and perceived sacrifice required to acquire it. A number of research studies support the view that consumers rely on price as an indicator of product quality. Other studies suggest consumers are actually relying on a well-known brand name as a quality indicator. Because price is so often considered to be an indicator of quality, some products deliberately emphasize a high price to underscore their claims of quality. Marketers have used the price/quality relationship to position their products as the top-quality offering in their product category.

- a) There is a positive price/quality relationship.
- b) Consumers use price as a surrogate indicator of quality if they have little information or little confidence in their ability to make a choice.

Retail Store Image

Retail stores have their own images that influence the perception of the quality of the products they carry. Studies show consumers perceive stores with small discounts on a large number of products as having lower priced items than stores that offer large discounts on a small number of products. The width of product assortment also affects retail store image. The type of product the consumer wishes to buy influences his or her selection of retail outlet, conversely, the consumer's evaluation of a product often is influenced by the knowledge of where it was bought.

Manufacturer's Image

Consumer imagery extends beyond perceived price and store image to the producers themselves. Manufacturers who enjoy a favorable image generally find that their new products are accepted more readily than those of manufacturers who have a

less favorable or even a “neutral” image. Today, companies are using advertising, exhibits, and sponsorship of community events to enhance their images.

Perceived Risk

The perceived risk varies depending on the person, the product, the situation and the culture. Some of the customers may perceive high degree of risk depending on the consumption situation.

Types of Perceived Risk:

1. **Functional Risk:** Is the risk that product will not perform as expected. **Physical Risk:** Is the risk to self and others that the product may pose. **Financial Risk:** Is the risk that the product will not be worth its cost.
2. **Social Risk:** Is the risk that a product choice will bruise the consumer’s ego.
3. **Time Risk:** Is the risk that the time spent on in the product such may be wasted if the product does not perform as expected.

Consumer Needs and Motivation

Definition and Meaning

At the heart of marketing, lies what is referred to as a consumer need. Consumer needs are the quintessence of the marketing concept. Psychologists and consumer researchers agree that human beings have the same needs; however, these needs get translated differently into different wants, resulting in varied motives. With consumers being different and unique to each other, it is important that the marketers understand the various

needs, and provide relevant product and service offerings that blend with the consumer(s) segment(s) and their wants. An understanding of human needs and motives would also help marketers understand and to predict consumption behaviour.

Types of Needs

- a. Physiological (or primary) needs:** Those needs, which are innate, or biogenic needs and sustain life. E.g., food and air
- b. Psychological needs:** Personal competence
- c. Learned (secondary or cultural) needs:** Acquired needs

Needs Arousal

Needs are aroused by four distinct stimuli:

➤ Physiological ➤ Cognitive ➤ Environmental ➤ Emotional

What Determines Customer Needs?

1. Personal characteristics of the individual

- Genetics – the branch of science dealing with heredity and chemical/biological characteristics – E.g. food allergies
- Biogenics – characteristics that individuals possess at birth – E.g. gender and race
- Psychogenic - individual states and traits induced by a person's brain functioning – E.g. moods and emotions.
- Physical characteristics of environment - E.g. Climate, including temperature, attitude and rainfall.

What Determines Customer Wants?

1. The individual context

- Personal worth or the financial resources available to the individual – E.g. luxury versus budget cars
- Institutional context – the groups and organizations that a person belongs – E.g. teen clothing styles
- Cultural context – the influence of a customer's culture and cultural values – E.g. ethnic foods

2. The Environmental Context

- Economy
- Technology
- Public Policy

Maslow's Hierarchy of Needs

Abraham Maslow, a clinical psychologist formulated a widely accepted theory of human motivation based on the notion of a universal hierarchy of human needs. This identifies five basic levels of human need which rank in order of importance from lower level needs (biogenic) to higher level needs (psychogenic). Abraham Maslow hypothesized that within every human being there exists a hierarchy of five needs:

1) Physiological needs – food, water, air, clothing, shelter. These are the lowest or the first level needs. They are also called basic, frugal, primary, biological, biogenic, physiological, innate etc.

2) Safety or Security needs – physical safety, protection, stability, security, mental piece. Once the first level needs are satisfied, the individuals go for the next level where they need an uninterrupted fulfilment of the above needs, like regular income, permanent shelter, etc.

3) Social needs – affiliation, friendship, and belonging. Once the second level is more or less satisfied, this level comes. In social needs they need to maintain themselves in a society and try to be accepted in that so that they can interact with other members of the society.

4) Egoistic needs – prestige, status, self-esteem, fame. Then comes the egoistic needs of a person that must be satisfied. He wants to rise above the general level/status of other members so that he gets some mental satisfaction.

5) Self-Actualisation – self fulfilment. This is extreme or highest end of the hierarchy, where the individuals try to excel in any field attaining very high order of achievement. These people are called “self-actualisers”.

Sheth's Five Needs

Professor Jagdish N. Sheth, proposed a classification of needs more pertinent to marketing management. While he primarily researched in the area of travel industry, the findings are equally applicable across most products and services. Sheth classified motives into five dimensions, viz., functional motives, aesthetic/emotional motives, social motives, situational motives and curiosity motives. According to him, each of these is oriented to the achievement of specific goals.

1) Functional needs – Those needs which satisfy a physical/functional purpose, e.g. soap

- 2) **Social needs** – Needs that allow identification with desired group, e.g. logos
- 3) **Emotional needs** – Those needs which, create appropriate emotions, e.g. joy on getting gift
- 4) **Epistemic needs** – The Need for knowledge/information, e.g. newspaper
- 5) **Situational needs** – The needs, which are contingent on time/place, e.g. emergency repairs

McCLELLAND’S Three Needs Theory

As we know, having studied this before McClelland had identified three types of needs: Need for achievement, Need for Power, and Need for affiliation

1. **Need for achievement:** drive to excel: drive to achieve in relation to a set of standards; to strive to succeed.
2. **Need for power:** the need to make others behave in a way that they would not have behaved otherwise.
3. **Need for affiliation:** the desire for friendly and close interpersonal relationships.

Motives and Motivation

Now that we know about needs and wants in details, we need to now move on the motivation. But before going into an in-depth discussion on these, we will first understand the distinct meanings of the three interrelated terms motives, motivating, and motivation.

1. **Motives:** Motives give direction to human behavior. We

can say that a motive is an inner state that energizes, activates, or moves and directs or channels behavior towards the goal.

2. Motivating: This implies an activity engaged into by an individual, by which he or she will channelise the strong motives in a direction that is satisfactory.

3. Motivation: Motivating can be described as the driving force within individuals that impels them into action. For instance, at the basic level, our body has a need (say hunger), which will translate into a drive (here the drive will be to obtain food) and the goal will be to satisfy the need (in this example to feel full in the stomach).

Positive or Negative Motivation

Motivation can be either positive or negative. A positive motivation happens when an individual experiences a driving force towards an object or person or situation. This is also called person motivation. On the other hand, a driving force compelling the person to move away from someone or something will be known as negative motivation.

Consumer Motivation

The study of Consumer Motivation essentially addresses the question: “Why do people shop?” The answer, really, is that people shop for a variety of reasons and it is very difficult to make generalizations. Shopping for food can, on one level, be seen as satisfying some basic survival need. The problem with that, however, is that most of us buy far more food than we would actually need for basic subsistence and many of the items we purchase in a supermarket are “luxuries” (relatively speaking).

Personal Motives

- 1) **Role Playing** – some shopping activities are associated with a particular role in society (housewife, mother, student, etc).
- 2) **Diversión** – shopping can be a form of recreation, or an escape from daily routine.
- 3) **Self-Gratification** – shopping can be mood-related, for instance where people engage in “retail therapy” to cheer them up or alleviate depression.
- 4) **Learning** – shopping is an ideal way to learn about new fashions and trends.
- 5) **Physical Activity** – for some people, a stroll around the mall can be their main form of exercise.
- 6) **Sensory Stimulation** – shoppers often report that they enjoy handling merchandise, the sounds of background music, the scents of perfume counters, etc, and visit stores or malls to indulge in this.

Social Motives

- 1) **Social Interaction** – people enjoy the opportunities for social interaction with friends, strangers, sales staff, etc.
- 2) **Peer Affiliation** – certain shops allow customers mix with key reference groups; e.g. people with shared interests, members of a social category they either belong to or aspire to etc.
- 3) **Status & Authority** – shopping experiences are sometimes seen as ways of commanding respect and attention; e.g. during encounters with sales staff.
- 4) **Pleasure of Bargaining** – some shoppers love to “haggle”, a way of obtaining goods at a better price or of priding

oneself on the ability to make “wise” purchases. The above categories are by no means mutually exclusive. Some 70% of the population visits a shopping mall at least once per week and they are liable to do so for a variety of reasons at any one time. Shopping is certainly far more than merely going to a store to buy a product one needs or wants – people often go to the mall with no intentions of spending any money at all!

Customer Moods

Moods are emotions felt less intensely and are short-lived. Marketing stimuli can induce positive or negative moods:

- Ambience of store or service delivery facility
- Demeanor of salesperson
- Sensory features of the product
- Tone and manner of advertising
- Content of message from salesperson or ad

Hedonic Consumption

Hedonic consumption is use of products/services for intrinsic enjoyment rather than to solve a problem in the physical environment. It creates pleasure through the senses:

- Sensory pleasure from a bubble bath
- Aesthetic pleasure from an original work of art
- Emotional experience from a scary movie
- Fun and enjoyment from playing sport.

Motivation and Consumer Involvement:

Involvement is defined as a person's perceived relevance of the object based on their inherent needs, values and interests. Involvement in marketing parlance is the deep and special interest the consumer has for a particular product or services. When the consumer's "involvement" is high, then he tries to learn, collect all information, updates his knowledge about that product/service. This will give a high leverage & scope to the marketers to help build a brand loyalty in & relationship with the customer.

Marketer should consider the following points;

1. Needs and wants exhibit multiplicity. Various kinds of physiological and psychological needs have been proposed and listed; while physiological needs are few and universal, psychological needs are many and varied.
2. A person may experience many needs and wants simultaneously and one may be sacrificed at the cost of the other.
3. Needs/wants/goals/motives vary from person to person. They also vary within a person across situation to situation.
4. Needs/wants are never fully satisfied. Wants are satisfied temporarily but needs are never satisfied. They keep on emerging. As one need is satisfied, another emerges and so forth, and as they emerge, they trigger off desire and motives.
5. Needs/wants/goals/motives grow, develop and change in response to an individual and his environment.
6. Needs and wants may also lie dormant. They may suddenly trigger owing to physiological factors, social factors, and/or

external environmental factors. Success and failure to fulfil needs and wants also affect the future choice of goals.

Consumer Attitudes

An attitude is an enduring organization of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment. It is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object.

Attitude serves four key functions for individuals:

1. Knowledge function: Some attitudes swerve primarily as a means of organizing beliefs about objects or activities such as brands and shopping. These attitudes may be accurate or inaccurate with respect to objective reality, but the attitude will often determine subsequent behaviours rather than that reality. For example, a consumer's attitude toward cola drinks may be 'they all taste the same.' This consumer would be likely to purchase the least expensive or most convenient brand.

2. Value-expressive function: Other attitudes are formed and serve to express an individual's central values and self-concept. Thus consumers who value nature and the environment are likely to develop attitudes about products and activities that are consistent with that value. These consumers are likely to express support for environment protection initiatives, to recycle, and to purchase and use 'green' products.

3. Utilitarian function: This function is based on operant conditioning. People tend to form favorable attitudes toward objectives and activities that are rewarding and negative attitudes

toward those that are not. Marketers frequently promise rewards in advertising and conduct extensive product testing to be sure the products are indeed rewarding.

4. Ego-defensive function: People form and use attitudes to defend their egos and self-images against threats and shortcomings. Products promoted as very macho may be viewed favourably by men who are insecure in their masculinity. Or individuals who feel threatened in social situations may form favourable attitudes toward products and brands that promise success or at least safety in such situations. These individuals would be likely to have favourable attitudes toward popular brands and styles of clothes and use personal care products such as deodorants, dandruff shampoo, and mouthwash. Attitudes are formed as the result of all the influences we have been describing in the previous chapters, and they represent an important influence on an individual's lifestyle.

5. Combination function – More often individuals develop attitudes towards a product, which are a combined effect of all these functions.

Attitude Components

It is useful to consider attitudes as having three components: cognitive (beliefs), Affective (feelings), and behavioural (response tendencies).

1. Cognitive Component: Cognitive component consists of a consumer's belief about an object. For most attitude objects, people have a number of beliefs. Many beliefs about attributes are evaluative in nature; for example, high gas mileage, attractive styling, and reliable performance are generally viewed as positive beliefs. The more positive beliefs associated with a brand, the more positive each belief is, and the easier it is for the individual

to recall the beliefs, the more favourable the overall cognitive component is presumed to be.

2. Affective Component: Feelings or emotional reactions to an object represent the affective component of an attitude. A consumer who states ‘I like Pepsi’ or ‘Pepsi is a tasty drink’ is expressing the results of an emotional or affective evaluation of the product. The overall evaluation may be simply a vague, general feeling developed without cognitive information or beliefs about the product.

3. Behavioural Component: The behavioural concept of an attitude is one’s tendency to respond in a certain manner toward an object or activity. A series of decisions to purchase or not purchase. Pepsi or to recommend it or other brands to friends would reflect the behavioural component of an attitude. Actual behaviours reflect these intentions as they are modified by the situation in which the behaviour will occur.

Formation of Attitude

People are not born with an attitude. But they develop it over the growing & learning period. There are several ways the attitude can be formed:

1. Classical conditioning – Attitudes about the products are formed over the years by continuous tutoring & exposing the consumers to product’s attributes. Thus slowly the consumer’s attitude is reinforced.

2. Instrumental conditioning – Sometimes this attitude is formed out of an incidence. This is not intentional, but due to some reason if the consumer tries some new product & develops a favourable or unfavourable attitude, which lays the foundation of future strengthening of attitude.

3. Cognitive learning theory – This is similar to classical conditioning, with a difference that it is associated with learning thro’ mental processing & evaluation, experience of using the products over a period of time.

Theories of Attitude Development (Theory of Cognitive Dissonance)

Usually behaviour is the result of attitude. But there are certain theories which suggest that behaviour precedes attitude. They also suggest that on the basis of behaviour & experience, a person modifies his attitude. This is the theory of cognitive dissonance. Dissonance is a state of discord where one experiences between one’s own behaviour & attitude. Even if a person doesn’t like certain things (attitude) he compels himself to do that (behaviour). Thus the attitude is said to be in conflict with the behaviour. The theory further states that in the case of such a conflict, the person changes any of them to match the other. This is very important to the marketer, because, in this process a buying decision is involved which may be favourable or unfavourable to it. This theory is supported by the following:

1) Self-perception theory – According to this theory, the consumer has an opinion about his taste, attitude personality & these are reflected in his buying decision / action, and he justifies his action.

2) Social judgement theory – According to this theory, the consumer will evaluate any new information regarding a product in the light of the opinion already has about the product. In other words, they will accept all info about the product they already like, & it’s difficult to change that attitude.

3) Balance theory – According to this theory, the consumer

tries to balance three things –

- (a) His own perception about the product,
- (b) Other's perception about the product, and
- (c) What the marketer or product itself communicates. After balancing if he finds all three favourable, then he decides buying the product. In case of a conflict between any two of them, the consumer tries to find out another product which balances the three factors favourably.

Attitude change

Attitudes can be formed, and so also they can be changed. Forming & changing both may slow or fast and may be easy or difficult. This phenomenon is very important & a big opportunity for the marketers to try to make the consumers' attitude favourable to them & their product. The following are the best possible ways:

- 1) By changing functional utility** – Here the functional theory of the attitude is utilised and the marketers try to change these functions of the products by adding or improving them. Such a move can bring about change in attitude to a particular product.
- 2) By associating with a famous personality** – Marketers often try to change or influence attitude by associating themselves or their products to a famous personality or an established & reputed firm. This changes the attitude of the consumer who likes to be such associated.
- 3) By changing the features & presenting the product in a new light** – Marketers sometimes break the monotony & present the products in a new light as if they are newly launched by

adding some extra features & outlook. This may change the attitude of consumers who are looking for new/ fresh looks / features.

4) By changing the belief of consumer about a product – Consumers have some belief & notion about a product. Marketers try to change & enhance that belief by giving additional facts & figures about the product's enhanced image.

5) By changing the perception of consumer about a competitor's product – Most consumers have some belief & perception about the competitor's products. Marketers try to change that perception in such a way that their product would look more advantageous. They don't directly say the competitors' products are bad but they do devise certain methods to tell the consumers so that they can compare & test themselves & see the difference.

Structural Models of Attitude

Attitudes play an important role in influencing a person's behaviour. The study of attitudes is the key to understanding consumers' behaviour towards a particular brand or product.

The Attitude Object:

The word object in our consumer oriented definition of attitude should be interpreted broadly to include specific consumption or marketing related concepts such as product, product category, brand, service, possessions, product use, causes, issues, people, advertisements, medium, retailer, price, internet sites, etc. While conducting attitudes research & studies, the marketer has to be object specific.

Attitude models:

In order to study the relationship between attitude & behaviour of an individual, psychologists have developed several models that can better explain or predict the behaviour. The following are the models

Tri-component model:

According to the tri-component model, attitudes consist of three major components – (1) cognitive (knowledge, learning), (2) affective (feelings, emotions), & (3) conative (tendency, intention or inclination)

(1) Cognitive component – The first part of the tri-component attitude model cognitive component consists of a person's cognitions, i.e., the knowledge and perceptions that are acquired by a combination of direct experience with the attitude object and related information from various sources. This knowledge & resulting perceptions commonly take the form of beliefs, i.e., the consumer believes that the attitude object processes various attributes and that specific behaviour will lead to specific outcomes.

(2) Affective component – The second part of the tri-component attitude model affective component consists of a person's emotion or feelings about a particular product or a brand. These emotion & feelings are frequently treated by consumer researchers as primarily evaluative in nature, i.e., they can be rated with degrees of an attribute – good/bad, favourable/unfavourable. Additionally the state of mind (emotionally charged states like happiness, sadness, anger, disgust, distress, shame, guilt, surprise etc.) also affects the attitudes by enhancing positive or negative emotions or feelings.

(3) Conative component - The third part of the tri-component attitude model conative component consists of a person's likelihood or tendency to undertake a specific action or behaviour towards the attitude object. Often this means the actual action or behaviour itself, or the intention to buy a particular product. Buyer intention scales like – “How likely one is to buy” or “The chance that one will buy” are used to assess the likelihood /chances that a person buying a product.

Multi-Attribute Model of Attitudes:

These models portray consumers' attitudes with regard to an attitude object as a function of consumers' perception and assessment of the key attributes or beliefs held with regards to the particular attitude object. There are several variations of this kind of models, a few of which are given below

(1) Attitude towards object model – This model is especially suitable for measuring attitudes towards a product/service category or specific brands. According to this model the consumers' attitude towards a product or specific brands of a product is a function of the presence or absence and evaluation of certain product specific beliefs and/or attributes.

(2) Attitude towards behaviour model – This model is individual's attitude towards “behaving or acting” with respect to an object rather than the attitude towards the object itself.

(3) Theory of reasoned action model – This model is similar to the tri-component model of Reason- Emotion-Intention. In the tri-component model all these components complement & supplement one another and the result is a combined one. But in the theory of reasoned action model we have another component “subjective norms” which additionally influences the intention.

This subjective norm is the perception & belief of others about the intention or behaviour that are very close to the buyer.

Customer Emotions

Needs and emotions are closely related. Emotions are generally triggered by environmental events. Anger, joy, and sadness are most frequently a response to a set of external events. However, we can also initiate emotional reactions by internal processes such as imagery. Athletes frequently use imagery to “psych” themselves into a desired emotional state.

Emotions are accompanied by physiological changes. Some characteristic changes are

- (1) Eye pupil dilation,
- (2) Increased perspiration,
- (3) More rapid breathing,
- (4) Increased heart rate and blood pressure, and
- (5) Enhanced blood sugar level.

Emotions also have associated behaviours. While the behaviours vary across individuals and within individuals across time and situations, there are unique behaviours characteristically associated with different emotions: fear triggers fleeing responses, anger triggers striking out, grief triggers crying, and so forth. Finally, emotions involve subjective feelings. In fact, it is the feeling component we generally refer to when we think of emotions. Grief, joy, anger, jealousy, and fear feel very different to us. These subjectively determined feelings are the essence of emotion.

Nature of Emotions, Types of Emotion

If asked, you could doubtless name numerous emotions and your friends could name others that did not appear on your list. Thus, it is not surprising that researchers have attempted to categorize emotions into manageable clusters. Some researchers have suggested that three basic dimensions – pleasure, arousal, and dominance (PAD) – underlie all emotions. Specific emotions reflect various combinations and levels of these three dimensions. Following table lists the three primary PAD dimensions, a variety of emotions or emotional categories associated with each dimension, and indicators or items that can be used to measure each emotion.

Learning and consumer behaviour Introduction / definition

Different theorists have different views about Learning. But somehow the following are the most generally accepted definitions in the context of Marketing Management.

Kotler's Definition: Learning involves changes in an individual's behaviour arising out of experience. Most of the human behaviour is learned over time out of experience.

Schiff man and Kanuk's Definition: Learning is a process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour.

Loudon and Della Bitta's Definition: Learning can be viewed as a relatively permanent change in behaviour occurring as a result of experience.

The following are the salient features of Learning:

1. Consumer learning is a process, and thus it continuously changes and evolves as a result of newly acquired knowledge
2. This knowledge can be obtained from reading, discussing, observing, thinking, etc. Or from actual experience.
3. Both the newly acquired knowledge and personal experience serve as a feedback.
4. This also serves as a future behaviour in similar situations.
5. Not all learning is deliberate. Learning can be:
 - (a) **Intentional:** acquired as a result of careful search for information with effort.
 - (b) **Incidental:** acquired as a result of accident or by the way, without much effort.
6. The term “Learning” generally covers all ranges of learning from simple reflexive responses to abstract concepts or complex problem solving capability.

Elements of Learning

Consumers learn in various ways. In order for learning to take place, certain elements must be present. The exact nature and strength of these elements or components influence what are learned, how and at what pace. The most important among them are presented below:

1. Motives:

Motives, motivation or drive is very important for learning. People learn by being driven by some motives or motivating factor. Motives arouse individuals in increasing their readiness to

respond to a leaning activity. It also activates the energy needed to do so. The degree of relevance or involvement determines the consumer's level of motivation to search for information about a product / service. Marketers must be aware of this kind of motive so that they are ready to provide product info right at that moment. For example, showing ads for winter goods just before winter and summer products just before summer.

2. Cues:

Motives stimulate learning, whereas “Cues” are the stimuli that give direction to these motives. These are not as strong as motives, but they can influence in the manner consumers respond to a motive. For example, in the market place, price, styling, packaging, store display all serve as cues to help consumer to decide a particular product from a group. But if the consumer doesn't have a motive to buy a particular product group, he may not buy. Marketers must be careful in providing cues so that they don't upset the consumers' expectations driven by motives.

3. Response:

Response is how the consumers react to the motives or a cue, and how they behave. Response can be overt (open, physical or visible) or covert (hidden or mental), but in either case learning can occur. Responses appropriate to a particular situation are learned overtime thro' experience in facing that situation. Often marketers may not succeed in stimulating a purchase. But over a period of time they may succeed in forming a favourable image of a particular product in the consumer's mind. So when the consumer is ready, he is likely to buy that.

4. Reinforcement:

Reinforcement is an important element which increases the probability (tendency or likelihood) of a particular response to occur in future as a result of a given set of motives and cues. Because reinforced behaviour tends to be repeated, consumers can learn to develop successful means of responding to their needs or changing conditions.

Behavioural Learning Theories

Various theories have been developed to explain different aspects of learning. The most acceptable are those based on stimulus-response theory. These theories assume that observable response to specific external stimuli indicate that learning has taken place. When a person acts or responds in a predictable manner to a known stimulus, then he is said to have “learned”.

The “process” of learning is not at all important here. The only important factors are “inputs” or stimulus and the “outcomes” or response of learning. There are two distinct types:

1. Classical (or respondent) conditioning, and
2. Instrumental (or operant) conditioning.

They are discussed below:

I. Classical Conditioning:

This theory says that all living beings learn from or taught by “repetition”. This is referred to as “conditioning” which means a kind of spontaneous response to a particular situation achieved by repeated exposure. Classical conditioning or respondent conditioning pairs or connects one stimulus with another that has already established a given response. Over repeated trials of exposure, the new stimulus will also begin to get the same or similar response.

Early classical conditioning theorists regarded all organisms as passive recipients.

- (a) Conditioning involved building automatic responses to stimuli. Ivan Pavlov was the first to describe conditioning and to propose it as a general model of how learning occurs.
- (b) For Pavlov, conditioned learning results when a stimulus that is paired with another stimulus elicits a known response and serves to produce the same response when used alone.
- (c) He used dogs to demonstrate his theories.
- (d) The dogs were hungry and highly motivated to eat.
- (e) Pavlov sounded a bell and then immediately applied a meat paste to the dogs' tongues, which caused them to salivate.
- (f) After a sufficient number of repetitions of the bell sound, followed almost immediately by the food, the bell alone caused the dogs to salivate.

In a consumer behavior context, an unconditioned stimulus might consist of a well-known brand symbol (e.g., the Microsoft “windows” icon) that implies technological superiority and trouble-free operation (the unconditioned response).

Conditioned stimuli might consist of new products bearing well-known symbols.

Cognitive Associative Learning

Recent conditioning theory views classical conditioning as the learning of associations among events that allows the organism to anticipate and “represent” its environment. The relationship (i.e., contiguity) between the conditioned stimulus and the

unconditioned stimulus (the bell and the meat paste) influenced the dogs' expectations, which in turn influenced their behavior (salivation). Classical conditioning is seen as cognitive associative learning not the acquisition of new reflexes, but the acquisition of new knowledge about the world.

Optimal conditioning—that is, the creation of a strong association between the conditioned stimulus (CS) and the unconditioned stimulus (US)—requires forward conditioning; that is, the CS should precede the US, repeated pairings of the CS and the US, a CS and US that logically belong together, a CS that is novel and unfamiliar, and a US that is biologically or symbolically salient. Under Neo-Pavlovian conditioning, the consumer can be viewed as an information seeker who uses logical and perceptual relations among events, along with his or her own preconceptions, to form a sophisticated representation of the world.

Strategic Applications of Classical Conditioning

Three basic concepts can be derived from classical conditioning: repetition, stimulus generalization, and stimulus discrimination.

- 1.** Repetition works by increasing the strength of the association and by slowing the process of forgetting.
 - a)** After a certain number of repetitions retention declines.
 - b)** This effect is known as advertising wear out and can be decreased by varying the advertising messages.
 - c)** Wear out may be avoided by varying the message through cosmetic variation or substantive variation.

According to classical conditioning theorists, learning depends not only on repetition, but also on the ability of individuals to generalize.

2. Stimulus generalization explains why imitative “me too” products succeed in the marketplace: consumers confuse them with the original product they have seen advertised.

a) It also explains why manufacturers of private label brands try to make their packaging closely resemble the national brand leaders. The principle of stimulus generalization is applied by marketers to product line, form, and category extensions.

b) In product line extensions, the marketer adds related products to an already established brand, knowing that the new product is more likely to be adopted when it is associated with a known and trusted brand name.

c) Marketers offer product form extensions that include different sizes, different colors, and even different flavors.

d) Product category extensions generally target new market segments.

Family branding—the practice of marketing a whole line of company products under the same brand name—is another strategy that capitalizes on the consumer’s ability to generalize favorable brand associations from one product to the next. Retail private branding often achieves the same effect as family branding.

3. Stimulus discrimination is the opposite of stimulus generalization and results in the selection of specific stimulus from among similar stimuli.

- a)** The consumer's ability to discriminate among similar stimuli is the basis of positioning strategy, which seeks to establish a unique image for a brand in the consumer's mind. The key to stimulus discrimination is effective positioning, a major competitive advantage.
- b)** The image, or position, that a product or service has in the mind of the consumer is critical to its success.
- c)** Unlike the imitator who hopes consumers will generalize their perceptions and attribute special characteristics of the market leader's products to their own products, market leaders want the consumer to discriminate among similar stimuli. Most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that is relevant, meaningful, and valuable to consumers. It often is quite difficult to unseat a brand leader once stimulus discrimination has occurred.
- d)** In general, the longer the period of learning—of associating a brand name with a specific product—the more likely the consumer is to discriminate, and the less likely to generalize the stimulus. The principles of classical conditioning provide the theoretical underpinnings for many marketing applications.
- e)** Repetition, stimulus generalization, and stimulus discrimination are all major applied concepts that help explain consumer behavior.

II. Instrumental Conditioning:

Like classical conditioning, instrumental conditioning requires a link between a stimulus and a response.

- (a)** However, in instrumental conditioning, the stimulus that

results in the most satisfactory response is the one that is learned. Instrumental learning theorists believe that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors.

(b) Although classical conditioning is useful in explaining how consumers learn very simple kinds of behaviors, instrumental conditioning is more helpful in explaining complex, goal-directed activities. According to American psychologist B. F. Skinner, most individual learning occurs in a controlled environment in which individuals are “rewarded” for choosing an appropriate behavior.

(c) In consumer behavior terms, instrumental conditioning suggests that consumers learn by means of a trial-and error process in which some purchase behaviors result in more favorable outcomes (i.e., rewards) than other purchase behaviors.

(d) A favorable experience is instrumental in teaching the individual to repeat a specific behavior. Like Pavlov, Skinner developed his model of learning by working with animals.) In a marketing context, the consumer who tries several brands and styles of jeans before finding a style that fits her figure (positive reinforcement) has engaged in instrumental learning.

Cognitive Learning Theory

Not all learning is the result of repeated trials. a) Learning also takes place as the result of consumer thinking and problem solving. Cognitive learning is based on mental activity. Cognitive learning theory holds that the kind of learning most characteristic of human beings is problem solving and it gives some control over their environment.

Communication and Persuasion

Communication with existing and potential consumers, for moulding consumer behaviour, is a must for any company. Persuasion is the subtle part of communication that will encourage continued favourable behaviour of existing consumers and convert potential consumers into Customers. Communication and persuasion is important tool in the hands of the marketers used by them to create a customer base large enough to generate profitability, to keep and expand the base, to keep existing business and develop it for further new business.

Communication can be defined as the transmission of information and message to consumer via the media or personal contact, mail, print tele / electronic means and broadcast. Receiving feedback and learning from it is also a part of communication.

Communication Mix

Today the concept of communication mix is equally important for a company to achieve the most effective communication. The following are the elements from among which choices are to be made by the marketer in arriving at the most appropriate communications mix.

1. Face to face (vis-à-vis) meetings and interactions between sales force and customers.
2. Direct marketing by means of mailing of letter and catalogues, telephone, fax, or e-mail, to convey information, develop dialogue and achieve interaction.
3. Advertising in one or several mass media available like Print/Radio/TV/Internet.
4. Sales promotion, which may include a variety of incentives, to stimulate trial purchases and to establish dialogue with the

consumers.

5. Publicity and Public relations exercises to project a general favourable image of the company or the product to consumers at large.

Some Marketplace Beliefs and Myths Develop Due to Insufficient Communication

Where there is insufficient communication, consumers form their own assumptions and these assumptions solidify into beliefs and myths. Some examples particularly encountered in the developing world are the following:

Price and Quality are directly related and therefore a low-priced product cannot have good quality.

- A big company's products are costlier per se and its consumer is made to pay for the high overheads of the company.
- New products are always costly. If you wait sufficiently the prices will come down.
- Synthetic products are lower in quality than those made of natural materials.
- Large quantities of a same product presented in economy packages are always economical.
- If the seller is losing (clearance sale, closing down sale etc.) it must be a good bargain.

- Advertised goods are costly because customers pay for the advertisements.

Communication and the Consumer Profile

The profile of the consumer exhibits among other things 'exposure to media' and 'values'. Depending on these the marketer can decide on the selection of media for communication and the strategy for appeal in the communication. In fact, the other particulars in the consumer profile like the age, income, and education etc. of the consumer will also help in formulating the message about the benefit of the product.

Strategies

It is worthwhile to examine the actual strategies available to the marketer for making benefit appeals and emotional appeals. In the benefits route the communication focuses on one or more of the following:

- Economy of price
- Guarantees
- Value for money
- Economy in maintenance
- Technical features
- Expert endorsement

Groups and Reference Groups

A group may be defined as two or more people who interact to accomplish some goals. Within the broad scope of this definition

are both an intimate “group” of two neighbours who informally attend a fashion show together and a larger, more formal group, such as a neighbourhood.

Types of Groups

To simplify our discussion, we will consider four different types of group classification:

1. Primary versus Secondary Groups

If a person interacts on a regular basis with other individuals (with members of his or her family, with neighbours, or with co-workers whose opinions are valued), then these individuals can be considered as a primary group for that person. On the other hand, if a person interacts only occasionally with such others, or does not consider their opinions to be important, then these others constitute a secondary group for that person.

2. Formal versus Informal Groups

Another useful way to classify groups is by the extent of their formality; that is, the extent to which the group structure, the members’ roles, and the group’s purpose are clearly defined. If a group has a highly defined structure (e.g., a formal membership list), specific roles and authority levels (a president, treasurer, and secretary), and specific goals (to support a political candidate, improve their children’s education, increase the knowledge or skills of members), then it would be classified as a formal group. On the other hand, if a group is more loosely defined, if it consists, say, of four women who were in the same college sorority and who meet for dinner once a month, or three co-workers who, with their spouses, see each other frequently then it is considered an informal group.

3. Large versus Small Groups

It is often desirable to distinguish between groups in terms of their size or complexity. A large group might be thought of as one in which a single member is not likely to know more than a few of the group's members personally, or be fully aware of the specific roles or activities of more than a limited number of other group members. In contrast, members of a small group are likely to know every member personally and to be aware of every member's specific role or activities in the group.

4. Membership versus Symbolic Groups

Another useful way to classify groups is by membership versus symbolic groups. A membership group is a group to which a person either belongs or would qualify for membership. In contrast, a group in which an individual is not likely to receive membership, despite acting like a member by adopting the group's values, attitudes, and behaviour, is considered a symbolic group.

Consumer Relevant Groups

To more fully comprehend the kind of impact that specific groups have on individuals, we will examine six basic consumer-relevant groups: the Family, Friendship groups, Formal social groups, Shopping groups, Consumer action groups and Work groups.

The Family

An individual's family is the most important group to influence his or her consumer decisions. The family's importance in this regard is due to the frequency of contact that the individual has with other family members and that the family has a greater extent of influence on the establishment of a wide range of values, attitudes, and behaviour.

Friendship Groups

Friendship groups are informal groups because they are, usually unstructured and lack specific authority levels. In terms of relative influence, after an individual's family, it is friends who are most likely to influence the individual's purchase decisions.

Seeking and maintaining friendships is a basic drive of most people. Friends fulfil a wide range of needs: they provide companionship, security, and opportunities to discuss problems that an Individual may be reluctant to discuss with members of his or her own family. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Consumers are more likely to seek information from those friends they feel have values or outlooks similar to their own.

Formal Social Groups

In contrast to the relative intimacy of friendship groups, formal social groups are more remote and serve a different function for the individual. A person joins a formal social group to fulfil such specific goals as making new friends, meeting "important" people (e.g., for career advancement), or promoting a specific cause.

Membership in a formal social group may influence a consumer's behaviour in several ways. For example, members of such groups have frequent opportunity to informally discuss products, services, or stores. Some members may copy the, consumption behaviour of other members whom they admire.

Shopping Groups

Two or more people who shop together-whether for food, for clothing, or simply to pass the time, can be called a shopping

group. Such groups are often offshoots of family or friendship groups. People like to shop with others who they feel have more experience with or knowledge about a desired product or service. Shopping with others also provides an element of social fun to an often boring but necessary task. In addition, it reduces the risk that a purchase decision will be socially unacceptable.

Consumer Action Groups

A particular kind of consumer group-a consumer action group-has emerged in response to the consumerist movement. This type of consumer group has become increasingly visible since the 1960s and has been able to influence product design and marketing practices of both manufacturers and retailers.

Consumer action groups can be divided into two broad categories: those that organize to correct a specific consumer abuse and then disband, and those that organize to address broader, more pervasive, problem areas and operate over an extended or indefinite period of time. A group of tenants who band together to dramatize their dissatisfaction with the quality of service provided by their landlord, or a group of irate community members who unite to block the entrance of a fast-food outlet into their middle-class neighbourhood, are examples of temporary, cause- specific consumer action groups.

Work Groups

The sheer amount of time that people spend at their jobs, frequently more than thirty five hours per week, provides ample opportunity for work groups to serve as a major influence on the consumption behaviour of members.

Both the formal work group and the informal friendship/work group have the potential for influencing consumer behaviour. The formal work group consists of those individuals who work together as a team. Their direct and sustained work relationship offers substantial opportunity for one or more members to influence the consumer-related attitudes and activities of other team members. Members of informal work groups may influence the consumption behaviour of other members during coffee or lunch breaks or after-hours meetings.

Reference Groups

Reference groups are groups that serve as a frame of reference for individuals in their purchase decisions. This basic concept provides a valuable perspective for understanding the impact of other people on an individual's consumption beliefs, attitudes, and behaviour. It also provides some insight into methods that Groups can be used to effect desired changes in consumer behaviour.

A reference group is any person or group that serves as a point of companion (or reference) for an individual in the formation of either general or specific values, attitudes, or behaviour. The usefulness of this concept is enhanced by the fact that it places no restrictions on group size or membership, nor does it require that consumers identify with a tangible group (i.e., the group can be symbolic: prosperous business people, rock stars, and sports heroes). Reference groups that influence general values or behaviour are called normative reference groups. An example of a child's normative reference group is the immediate family, which is likely to play an important role in moulding the child's general consumer values and behaviour (e.g., which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, what constitutes "good"

value).

Types of Reference Groups

Reference groups can be classified in terms of a person's membership or degree of involvement with the group and in terms of the positive or negative influences they have on his or her values, attitudes, and behaviour. Four types of reference groups that emerge from a cross-classification of these factors: contractual groups, aspirational groups, disclaimant groups, and avoidance groups.

- 1. A contractual group** is a group in which a person holds membership or has regular face-to-face contact and of whose values, attitudes, and standards he or she approves. Thus a contractual group has a positive influence on an individual's attitudes or behaviour.
- 2. An aspirational group** is a group in which a person does not hold membership and does not have face-to-face contact, but wants to be a member. Thus it serves as a positive influence on that person's attitudes or behaviour.
- 3. A disclaimant group** is a group in which a person holds membership or has face-to-face contact but disapproves of the group's values, attitudes, and behaviour. Thus the person tends to adopt attitudes and behaviour that are in opposition to the norms of the group.
- 4. An avoidance group** is a group in which a person does not hold membership and does not have face-to-face contact and disapproves of the group's values, attitudes, and behaviour. Thus 'the person tends to adopt attitudes and behaviour that are in opposition to those of the group.

Factors that Affect Reference Group Influence

The degree of influence that a reference group exerts on an individual's behaviour usually depends on the nature of the individual and the product and on specific social factors. This section discusses how and why some of these factors operate to influence consumer behaviour.

1. Information and Experience

An individual who has firsthand experience with a product or service, or can easily obtain full information about it, is less likely to be influenced by the advice or example of others. On the other hand, a person who has little or no firsthand experience with a product or service, and does not expect to have access to objective information about it (e.g., a person who believes that relevant, advertising may be misleading or deceptive), is more likely to seek out the advice or example of others.

For example, if a medical student wants to impress his new girlfriend, he may take her to a restaurant that he knows from experience to be good or to one that has been highly recommended by the local newspaper's Dining-Out Guide. If he has neither personal experience nor information he regards as valid, he may seek the advice of friends or imitate the behaviour of others by taking her to a restaurant he knows is frequented by physicians whom he admires.

2. Credibility, Attractiveness, and Power of the Reference Group

A reference group that is perceived as credible, attractive, or powerful can induce consumer attitude and behaviour change. For

example, when consumers are concerned with obtaining accurate information about the performance or quality of a product or service, they are likely to be persuaded by those they consider to be trustworthy and knowledgeable. That is, they are more likely to be persuaded by sources with high credibility.

When consumers are primarily concerned with the acceptance or approval of others they like, with whom they identify, or who offer them status or other benefits, they are likely to adopt their product, brand, or other behavioural characteristics.

When consumers are primarily concerned with the power that a person or group can exert over them, they might choose products or services that conform to the norms of that person or group in order to avoid ridicule or punishment. However, unlike other reference groups that consumers follow either because they are credible or because they are attractive, power groups are not likely to cause attitude change.

3. Conspicuousness of the Product

The potential influence of a reference group varies according to how visually or verbally conspicuous a product is to others. A visually conspicuous product is one that can be seen and identified by others, and that will stand out and be noticed (e.g., a luxury item or novelty product). Even if a product is not visually conspicuous, it may be verbally conspicuous it may be highly interesting or it may be easily described to others. Products that are especially conspicuous and status-revealing (a new automobile, fashion clothing, home furniture) are most likely to be purchased with an eye to the reactions of relevant others. Products that are less conspicuous (canned fruits, laundry soaps) are less likely to be purchased with a reference group in mind.

Reference Group Impact on Consumer decisions

In some cases, and for some products, reference groups may influence both a person's product category and brand (or type) choices. Such products are called product plus, brand-plus items. In other cases, reference groups influence only the product category decision. Such products are called product-plus, brand minus items. In still other cases, reference groups influence the brand (or type) decision. These products are called product minus, brand-Plus items. Finally, in some cases, reference groups influence neither the product category nor the brand decision; these products are called product-minus, brand minus items. The idea of classifying products and brands into four groups in terms of the suitability of a reference group appeal was first suggested in the mid-1950s, along with an initial classification of a small number of product categories.

Reference Groups and Consumer Conformity

Marketers are particularly interested in the ability of reference groups to change consumer attitudes and behaviour (i.e., to encourage conformity). To be capable of such influence, a reference group must

- 1) Inform or make the individual aware of a specific product or brand;
- 2) Provide the individual with the opportunity to compare his or her own thinking with the attitudes and behaviour of the group;
- 3) Influence the individual to adopt attitudes and behaviour that are consistent with the norms of the group;
- 4) Legitimize an individual's decision to use the same products as the group. The ability of reference groups to influence consumer conformity is demonstrated by the results of a classic

experiment designed to compare the effects.

Benefits of the Reference Group Appeal

Reference group appeals have two principal benefits for the advertiser: they increase brand awareness and they serve to reduce perceived risk.

1. Increased Brand Awareness

Reference group appeals provide the advertiser with the opportunity to gain and retain the attention of prospective consumers with greater ease and effectiveness than is possible with many other types of promotional campaigns. This is particularly true of the celebrity form of reference group appeal, where the personality employed is generally well known to the relevant target segment. Celebrities tend to draw attention to the product through their own popularity. This gives the advertiser a competitive advantage in gaining audience attention, particularly on television where there are so many brief and similar commercial announcements.

2. Reduced Perceived Risk

The use of one or more reference group appeals may also serve to lower the consumer's perceived risk in purchasing a specific product. The example set by the endorser or testimonial-giver may demonstrate to the consumer that uncertainty about the product purchase is unwarranted: Following are examples of how reference group appeals serve to lower the consumer's perceived risk.

- a) **Celebrity:** Consumers who admire a particular celebrity often have the following reactions to the celebrity's endorsement or testimonial. For eg. "She wouldn't do a commercial for that product if she didn't believe it was really good."

b) **Expert:** When consumers are concerned about the technical aspects of a product, they welcome the comments of an acknowledged or apparent expert. For eg. “If he says it works, then it really must work.”

c) **Common Man:** When consumers are worried about how a product will affect them personally, they are likely to be influenced by a common man endorsement or testimonial. For eg. “People just like me are using the product”

The Family and Family Life Cycle

The importance of the family or household unit in consumer behaviour arises for two reasons:

- 1) Many products are purchased by a family unit.
- 2) Individuals’ buying decisions may be heavily influenced by other family members.

How families or households make purchase decisions depends on the roles of the various family members in the purchase, consumption, and influence of products. Household products like food and soaps may be purchased by a person but consumed by many, whereas personal care items, such as cosmetics or shaving cream, might be purchased by an individual family member for his or her own consumption. Homes and cars, on the other hand, are often purchased by both spouses, perhaps with involvement from children or other member of the extended family. Visits to shopping malls often involve multiple family members buying clothing and accessories, something with a heavy dose of influence by family member’s children may buy clothing paid for and approved of by parents, whereas teenagers may influence the

clothing purchase of a parent.

What is a Family?

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. The nuclear family is the immediate group of father, mother, and child (ren) living together. The extended family is the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and parents-in-law. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation. In a more dynamic sense, the individuals who constitute a family might be described as members of the most basic social group who live together and interact to satisfy their personal and mutual needs.

What is a Household?

The term household is used to describe all person, both related and unrelated, who occupy a housing unit. There are significant differences between the terms household and family even though they are sometimes used interchangeably. It is important to distinguish between these terms when examining data.

The term household is becoming a more important unit of analysis for marketers because of the rapid growth in non-traditional families and non-family households. Among non-family households, the great majority consist of people living alone. The remaining non-family households include those consisting of elderly people living with non-family members. For example, persons of Opposite Sex Sharing Living Quarters, friends living together, and same sex couples.

Sociological Variables Affecting Families and

Households

Marketers can understand family and household decisions better by examining the sociological dimensions of how families make consumer decisions. Three sociological variables that help explain how family's function includes cohesion, adaptability, and communication.

- **Cohesion** is the emotional bonding between family members. It measures how close to each other family members feel on an emotional level. Cohesion reflects a sense of connectedness to or separateness from other family members.
- **Adaptability** measures the ability of a family to change its power structure, role relationships, and relationship rules in response to situational and developmental stress. The degree of adaptability shows how well a family can meet the challenges presented by changing situations.
- **Communication** is a facilitating dimension, critical to movement on the other two dimensions. Positive communication skills (such as empathy, reflective listening, and supportive comments) enable family members to share their changing needs as they relate to cohesion and adaptability. Negative communication skills (such as double messages, double binds, criticism) minimize the ability to share feelings, thereby restricting movement in the dimensions of cohesion and adaptability. Understanding whether family members are satisfied with family purchase requires communication within the family.

To determine how the family makes its purchase decisions and how the family affects the future purchase behaviour of its members, it is useful to understand the functions provided and the

roles played by family members to fulfil their consumption needs.

Functions of the Family

Four basic functions provided by the family are particularly relevant to a discussion of consumer behaviour. These include:

[1] Economic Well-Being

Providing financial means to its dependents is unquestionably a basic family function. How the family divides its responsibilities for providing economic well-being has changed considerably during the past 25 years. The traditional roles of husband as economic provider and wife as homemaker and child rearer are still valid. The economic role of children has changed. Today, even if some teenage children work, they rarely assist the family financially. Their parents are still expected to provide for their needs. But some of them get enough pocket money to decide their consumption of discretionary items.

[2] Emotional Support

The provision of emotional nourishment (including love, affection, and intimacy) to its members is an important basic function of the contemporary family. In fulfilling this function, the family provides support and encouragement and assists its members in coping with personal or social problems.

[3] Suitable Family Lifestyles

Another important family function in terms of consumer behaviour is the establishment of a suitable lifestyle for the family. Family lifestyle commitments, including the allocation of time, greatly influence consumption patterns. For example, the increase in the number of married women working outside the home has reduced the time they have available for house, and has

created a market for convenience products and fast-food restaurants.

[4] Socialization of Children and Other Family Members

The socialization of family members, especially young children, is a central family function. In large part, this process consists of imparting to children the basic value and modes of behaviour consistent with the culture. These generally include moral and religious principles, interpersonal skills, dress and grooming standard, appropriate manners and speech, and the selection of suitable educational and occupational or career goals. Marketers often target parents looking for assistance in the task of socializing preadolescent children.

Family Life Cycles

Families pass through a series of stages that change them over time. This process historically has been called the family life cycle (FLC). The concept may need to be changed to household life cycle (HLC) or consumer life cycle (CLC) in the future to reflect changes in society. However, we will use the term FLC to show how the life cycle affects consumer behaviour.

Family Life Cycle Characteristics

The traditional FLC describes family patterns as consumers marry, have children, leave home, lose a spouse, and retire.

1) Young Singles

Young singles may live alone, with their nuclear families, or with friends, or they may cohabitate with partners in this stage. Although earnings tend to be relatively low, these consumers usually don't have many financial obligations and don't feel the

need to save for their futures or retirement. Many of them find themselves spending as much as they make on cars, furnishings for first residences away from home, fashions, recreation, alcoholic beverages, food away from home, vacations, and other products.

2) Newly Married Couples

Newly married couples without children are usually better off financially than they were when they were single, since they often have two incomes available to spend on one household. These families tend to spend a substantial amount of their incomes on cars, clothing, vacations, and other leisure activities. They also have the highest purchase rate and highest average purchases of durable goods (particularly furniture and appliances) and appear to be more susceptible to advertising.

3) Full Nest I

With the arrival of the first child, parents begin to change their roles in the family, and decide if one parent will stay to care for the child or if they will both work and buy day-care services. In this stage, families are likely to move into their first home; purchases furniture and furnishings for the child; and purchase new items such as baby food, toys, sleds, and skates. These requirements reduce families' ability to save, and the husband and wife are often dissatisfied with their financial position.

4) Full Nest II

In this stage, the youngest child has reached school age, the employed spouse's income has improved. Consequently, the family's financial position usually improves, but the family finds itself consuming more and in larger quantities. Consumption patterns continue to be heavily influenced by the children, since

the family tends to buy large-sized packages of food and cleaning suppliers, bicycles, music lessons, clothing, sports equipment, and a computer.

5) Full Nest III

As the family grows older and parents enter their min-40s, their financial position usually continues to improve because the primary wage earners income rises, the second wage earner is receiving a higher salary, and the children earn from occasional and part-time employment. The family typically replaces some worn pieces of furniture, buys some luxury appliances, and spends money on education. Families also spend more on computers in this stage, buying additional PCs for their older children. Depending on where children go to college and how many are seeking higher education, the financial position of the family may be tighter than other instances.

6) Married, No Kids

Couples who marry and do not have children are likely to have more disposable income to spend on charities, travel, and entertainment than others in their age range. Not only do they have fewer expenses, these couples are more likely to be dual-wage earners, making it easier for them to retire earlier if they save appropriately.

7) Older Singles

Single, age 40 or older, may be single again (ending married status because of divorce or death of a spouse), or never married (because they prefer to live independently or because they cohabitate with partners), either group of which may or may not have children living in the household. This group now has more available income to spend on travel and leisure but feels the

pressure to save for the future, since there is no second income on which to rely as they get older.

8) Empty Nest I

At this stage, the family is most satisfied with its financial position. The children have left home and are financially independent allowing the family to save more. In this stage discretionary income is spent on what the couple wants rather than on what the children need. Therefore, they spend on home improvements, luxury items, vacations, sports utility vehicles, food away from home, travel, and product for their grand children.

9) Empty Nest II

But this time, the income earners have retired, usually resulting in a reduction in income and disposable income. Expenditures become health oriented, centering on such items as medical appliances and health, and medicines. But many of these families continue to be active and in good health, allowing them to spend time travelling, exercising, and volunteering. Many continue working part time to supplement their retirement and keep them socially involved.

10) Solitary Survivor

Solitary survivors be either employed or not employed. If the surviving spouse has worked outside the home in the past, he or she usually continues employment or goes back to work to live on earned income (rather than saving) and remain socially active. Expenditures for clothing and food usually decline in this stage, with income spent on health care, sickness care, travel

entertainment, and services.. Those who are not employed are often on fixed incomes and may move in with friends to share housing expenses and companionship, and some may choose to remarry.

11) Retired Solitary Survivor

Retired solitary survivors follow the same general consumption patterns as solitary survivors; however, their income may not be as high. Depending on how much they have been able to save throughout their lifetimes, they can afford to buy a wide range of products. These individuals have special needs for attention, affection, and security based on their lifestyle choices.

Family Decision-Making

Families use products even though individuals usually buy them. Determining what products should be bought, which retail outlet to use, how and when products are used, and who should buy them is a complicated process involving a variety of roles and actors.

Role Behaviour

Families and other groups exhibit what sociologist **Talcott Parsons** called instrumental and expressive role behaviours.

- a. Instrumental roles, also known as functional or economic roles, involve financial, performance, and other functions performed by group members.
- b. Expressive roles involve supporting other family members in the decision making process and expressing the

family's aesthetic or emotional needs, including upholding family norms.

Individual Roles in Family Purchases

Family consumption decisions involve at least five definable roles, which may be assumed by spouses, children, or other members of a household. Both multiple roles and multiple actors are normal. Marketers need to communicate with consumers assuming each of these roles, remembering that different family members will assume different roles depending on the situation and product. Children, for example, are users of cereals, toys, clothing, and many other products but may not be the buyers. One or both of the parents may be the decider and the buyer, although the children may be important as influencers and users.

Family Roles

For a family to function as a cohesive unit, roles or tasks-such as doing the laundry, preparing meals, setting the dinner table, taking out the garbage, walking the dog must be carried out by one or more family members. In our dynamic society, etc. family-related roles are constantly changing.

Key Family Consumption Roles

The roles played by the different family members will vary from product to product. While shopping in the market, a housewife comes across a new variety of juice that she buys for the family. Her decision to purchase does not directly involve the influence of other family members. She is the decider, buyer; but she may or may not be the preparer and is not the only user. In case of products such as television, car, music systems, furniture or any other product which is likely to be used by some or all the family

members, the purchase decision is likely to be joint or group decision.

There are eight distinct roles in the family decision-making process. A look at these roles provides further insight into how family members act in their various consumption related roles:

1. Influencers: Those family members who provide information and advice and thus influence the purchase. The housewife tells her family about the new eatery that has opened in the neighbourhood and her favourable description about it influences her husband and teenaged children.

2. Gatekeepers: Those family members who control the flow of information about a product/service thus influencing the decisions of other family members. The teenaged son who wants a racing bicycle, may withhold from his father much of the relevant information on all brands except the one that he fancies, thereby influencing his father's decision in favour of his preferred brand.

3. Deciders: Family members who have the power to unilaterally or jointly decide whether or not to buy a product or service. The husband and wife may jointly decide about the purchase of a new refrigerator.

4. Buyers: Those family members who actually buy a particular product or service. A housewife may be the person who actually buys all the foodstuffs, rations and toiletries, which are consumed by all the family members.

5. Preparers: Those family members who transform or prepare the product into the form in which it is actually consumed. The housewife may prepare the family meal using raw vegetables, lentils, spices, oil and other ingredients.

6. Users: Those family members who use or consume a particular product or service. All family members may use the car, watch the television, and listen to the stereo music system.

7. Maintainers: Family member(s) who service or repair the product so that it will provide continued satisfaction.

8. Disposers: Family member(s) who initiate or carry out the disposal or discontinuation of a particular product or service.

Social Class and Consumer Behaviour

Social class is more of a continuum, i.e., a range of social positions, on which each member of society can be placed. But, social researchers have divided this continuum into a small number of specific classes. Thus, we go by this framework, social class is used to assign individuals or families to a social-class category.

Social class can be defined as ‘The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and the members of all other classes have either more or less status.’

The main characteristics of Social class

- 1) Persons within a given social class tend to behave more alike
- 2) Social class is hierarchical
- 3) Social class is not measured by a single variable but is measured as a weighted function of one’s occupation, income, wealth, education, status, prestige, etc.
- 4) Social class is continuous rather than concrete, with individuals able to move into a higher social class or drop into a

lower class.

Impact of social class

- Provides a sense of identity
- Imposes a set of 'normative' behaviours
- Classes share values, possessions, customs and activities
- Marketing response to customers of different economic means
- Marketing to the low-income consumer
- Some marketers ambivalent as not perceived as long-term customers constitutes a substantial group
- Target with value-oriented strategies.

Factors showing social class differences

SL No	Status, Value & prestige enjoyed	Social Class	Factors affecting social class
1	Low	Lower class	Lower level occupation with no authority, less income, and no education or minimum education. For example, labour class or clerks etc.

2	Medium	Middle class	Graduates, or postgraduates executives' managers of companies with authority, drawing handsome salary of which certain amount can be saved and invested. For example, executives or middle level managers of companies
3	High	Higher class	Authoritative person, drawing handsome salary, very often professionally qualified, working in a very senior position or a person born into a rich family, with a good background of education.

Opinion Leadership and Consumer Behaviour

Opinion Leadership is the process by which one person (opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. The definition of opinion leadership emphasizes on informal influence. This informal flow of opinion related influence between two or more people is referred to *word -of- mouth communication*.

Benefits of word-of-mouth

There are three situations in which opinion leadership takes place:

- When an individual actively seeks advice from others
- When an individual voluntarily provides information to others
- When information is generated in the course of normal

interaction of a group

Dynamics of Opinion Leadership

1. Credibility

Opinion seekers regard opinion leaders as trustworthy and a credible source of information pertaining to a particular product or brand – the opinion leaders have no hidden commercial motives, like cash rewards, in promoting a brand. Also opinion seekers seek their help in decision- making because they have expertise or usage experience with a product or brand, which considerably reduces the perceived risk of the opinion seeker. The information given by the opinion leader can be either positive or negative, based on personal experience, and this further strengthens their credibility.

2. Information and Advice

Opinion leaders are a source for product or brand specific information as well as advice. They might just share casual information about a certain product that they have used, they might even aggressively advice oOpinion seekers whether to buy it or not. The information passed can be related to which product or brand to purchase and from where.

3. Category-specific

Opinion leaders can have expertise in one product category, but can reverse the role to opinion seekers in case of another product category in which they are not knowledgeable. A person known for his/her cooking talent may be an expert in the ‘what’ and ‘how’ of packed edible food products, spices, food nutrition, etc, but when he or she has to buy a bike, is more likely to seek information from another person whom he/she regards as knowledgeable about bikes. Therefore, an opinion leader in one

product may be an opinion seeker in another product.

4. Two-way communication

Opinion leadership phenomena are face-to-face communication between opinion givers and opinion seekers. Both parties communicate with their respective experience with each other. Some scholars, thus, believe that the difference between opinion giver and opinion seekers is somewhat artificial as the person who is knowledgeable about a certain product and gives related advice to opinion seekers, is also most likely to listen to others' comments regarding the product.

Motivation behind Opinion Leadership

The opinion leadership process happens due to the following underlying motives of both parties the opinion leader and opinion seeker and receiver. There are four main motives behind the role of opinion leader – self involvement product involvement, social involvement and message involvement.

1. Self-involvement:

Giving advice to others provides big gratification to the opinion leaders in terms of the attention they receive. Also, since they can display their expertise and experience in the subject matter, it makes them feel superior to others in terms of knowledge. The role of the opinion leader also involves good feeling of helping others take a decision and increasing the knowledge of opinion seekers and receivers. Sometimes, the motive behind opinion leadership could be to reduce post- purchase dissatisfaction with a product or brand. In such cases, the opinion leader will propagate the advantages of the product, thereby trying to reassure him that his purchase decision was right.

2. Product involvement:

Product involvement opinion leaders may feel the necessity to

talk to others (opinion receivers) about the product if it is either too good or too bad. The information transmitted would be positive if they are satisfied with the product or brand and negative, if they are dissatisfied with it.

3. Social involvement:

Social involvement opinion leaders like to share their product expertise with people in general as an expression of bonding. It is important to note that in this case, the opinion leader does not feel the urge to talk about the product/brand due to positive or negative experience, as in the case of product involvement.

4. Message involvement:

With an increasing number of advertisements being targeted at consumers these advertisements often become the topic of discussion. In case of message-involvement, advertisements and slogans are the basis of group discussions. Such conversations often use popular slogans like Surf's "Dhoondhte reh jaoge" or Maggi Noodles "bus 2 minute."

Opinion Seeker and Receiver

The main motive for an opinion seeker is looking for information is reducing the perceived risk associated with the product purchase. It also reduces the task of searching for information through other sources. Sometimes opinion is sought with the sole purpose of buying a product to win the approval of an opinion leader. For the opinion receiver, the interaction with an opinion leader provides a lot of new and/or existing product knowledge as well as information related to their purchase, use, etc.

Types of Opinion Leaders

Opinion leaders, in general, are people who have expertise in one subject/product. They have the capability of influencing others. They may or may not be the users of the product and/or

brand that they recommend to others. Opinion leaders can be of varying types based on their knowledge, and influence on the purchase decision of the opinion receiver and/or opinion seeker. There are some special types of opinion leaders, like generalised opinion leaders, market mavens, surrogate buyers and purchase pals.

1. Generalised Opinion Leader

Generalised Opinion Leaders are masters of various subjects (say, all kinds of consumer durable products, books, etc.) and are very hard to find. Usually, opinion leaders are knowledgeable about one product category and have high involvement in some related areas.

2. Market Maven

Market mavens belong to a special category of opinion leaders who have market involvement, rather than product involvement of the normal opinion leaders. They are people who actively seek market information which they feel may be useful from friends and relatives and are a great source of information like – which place offers the best deals, where there are discounts at that time of the year, what new products/brands are in the market, which outlets to visit for which product, the new outlet in town, etc.

3. Surrogate buyer

Surrogate buyer is the term used for the professionals hired by actual purchasers to filet the huge amount of store, product and brand information available, evaluate the product options available and make recommendations. Sometimes, they also make transactions on behalf of their employer. Surrogate buyers play a wide variety of roles like tax consultants, wardrobe consultants, interior designers, stock brokers, etc. The reasons for hiring a surrogate buyer can range from personal reasons like high perceived risk, lack of time, lack of expertise or product

knowledge, or low interest in shopping to environmental issue like limited product availability.

4. Purchase pals

Purchase pals are people who accompany an individual on shopping trips. Purchase pals are considered to be quality influential opinion leaders at the point of purchase (in store) in consumer decisions. The major benefit of purchase pals is that they help reduce the stress and anxiety an individual experiences while make a purchase, especially in a high involvement expensive product. The other benefit is information support they provide like better product knowledge, better bargaining skills and better knowledge of outlets, prices and products. Thus the choice of purchase pals depend on the relationship they have with the individual and the type of purchase they make.

Module IV

Consumer Behaviour & Research

Consumers are different and heterogeneous. However, like-minded clusters of customers do exist; they are homogenous within such clusters and heterogeneous outside; these are referred to as segments. Marketers identify segments and target one or few of these segments, and thereby fulfil the qualifications of the marketing concept; first, marketers identify customer needs and wants; and then, deliver product and service offerings so as to satisfy the customers more efficiently and effectively than the competitors. In order to understand and predict consumption patterns and behaviour within segment (s), market research becomes essential.

Consumer research is a part of market research in which inclination, motivation and purchase behaviour of the targeted customers are identified. Consumer research helps businesses or organizations understand customer psychology and create detailed purchasing behaviour profiles. It uses research techniques to provide systematic information about what customers need. Using this information brands can make changes in their products and services, making them more customer-centric thereby increasing customer satisfaction. This will in turn help to boost business.

Market research may be defined as: - *an organized effort to gather information about the market and the customers.*

- *Systematic collection, analysis and interpretation of data related to the market and the surrounding environment.*

The environment surrounding a Company may be grouped as the “micro-environment” and the “macro environment”. The *micro-environment* comprises forces in the environment that is close to the company and affects the company directly; for example, the company’s internal environment, the founder/leader and his vision and mission, the customers, competitors, suppliers, and channel intermediaries. The *macro-environment* on the other hand, comprises forces in the environment that first affect the micro environment and through that they affect the company; in other words they affect the company indirectly; examples are the demographic factors, socio-economic factors, political factors, technological factors, cultural factors, natural factors etc. The forces in the macro environment affect all the companies operating in a same industry in a similar manner.

The micro-environment is studied in terms of strengths (S) and weaknesses (W), while the macro-environment is studied in terms of opportunities (O) and threats (T). The analysis of both of these put together comprises the SWOT analysis.

Relationship between Marketing Research and Consumer Research

Marketing research Consumer Research (From Market Research, evolved the subset Consumer Research)	
Marketing research	Consumer Research
Objective - To study the marketing environment and the customers who are a part of it.	Objective - To study consumers as individuals or as groups

<p style="text-align: center;">Focus</p> <p>- To establish trends, and identify opportunities and threats in the environment. - To study the market and forecast potential - To predict buying patterns based on modeling and simulation</p>	<p style="text-align: center;">Focus</p> <p>- To understand consumption behaviour and consumption patterns</p>
<p style="text-align: center;">End result</p> <p>-Customer connect with company - Individual marketing and customization</p>	<p style="text-align: center;">End result</p> <p>-Customer connect with company - Individual marketing and customization</p>

Approaches to Consumer Behaviour Research:

Broadly speaking there are two approaches towards consumer behaviour research. These are (a) Traditional approach (b) Current approach. These can be further divided into sub approaches.

I. Traditional approach: This is further divided into two approaches, *Positivist* and *Interpretivist*.

i) *Positivist approach:* This approach also referred to as “modernism”, is the earliest approach to studying consumer behaviour and treats the study as an applied science; the paradigm lays emphasis on science as a means of explaining behaviour. It lays emphasis on the causes of consumer behaviour and as per its proponents; these causes are directly related to effects. Thus, it treats consumers as “rational” human beings, who make purchase decisions after collecting information and weighing all alternatives. The process of consumer decision making is looked upon as one of “rationality.” “Rational decision is making and problem solving” is the key.

The *approach* is based on certain assumptions viz.,

- Consumer actions based on cause and effect relationship can be generalized; they can be objectively measured and empirically tested;
- If a marketer/researcher could identify the reasons behind consumption behaviour; he would be able to predict it; and if they could predict consumer behaviour, they could influence it.
- The focus lies on prediction of consumer behaviour. The methodology is essentially quantitative, with techniques including surveys, observations, and, experiments. It aims at drawing conclusions on large samples.

ii) Interpretivist approach: This approach is also referred to as “post-modernism or experientialist.” Gradually there was a shift in the approach towards the study of consumer behaviour and the positivist approach gave way to a new approach that came to be called post-modernism. The approach lays emphasis on understanding the customer better. It treats consumer decision making process as one which is “subjective.” Thus while the approach is essentially subjective, the researchers following this approach try to identify common patterns. This approach is also based on certain assumptions viz.:

- a.** Consumer actions are unique and different both, between two consumers, and/or within the same consumer at different times and situations.
- b.** A cause and effect relationship cannot be generalized; consumption patterns and behaviours are unique; these are unpredictable.
- c.** They cannot be objectively measured, empirically tested and generalized.

d. The focus lies on the act of consumption rather than the act of purchase. The methodology is essentially qualitative, with techniques including in depth interviews, focus group techniques, and projective techniques. It aims at drawing conclusions on small samples.

II. Current approach: 'Dialectical': The term 'dialectics' considers all forms of human behaviour; thus the current approach to the study of consumer behaviour research is broader in scope. This is further divided into four approaches, Materialism, Change, Totality and Contradiction.

a) Materialism: This approach implies that consumer behaviour is shaped by the 'material environment' e.g. money, possessions etc.

b) Change: Consumer behaviour is 'dynamic' in nature; it is always in a process of continuous motion, transformation and change.

c) Totality: Consumption behaviour is 'interconnected' with other forms of human behaviour, like personal self and the surrounding environment.

d) Contradiction: Views changes in consumer behaviour as arising from their internal contradictions, like moods, emotions etc. The approach studies the consumer as a complex total whole and views consumer purchase as well as consumption processes. The current approach to studying Consumer Behaviour uses both the quantitative as well as qualitative approaches.

Research Perspectives on Consumer Behaviour:

There are three broad research perspectives in consumer behaviour. They are as follows: the Decision-Making perspective, the experiential perspective, and Behavioural-Influence perspective.

1) The Decision-Making Perspective: According to the decision making perspective, the buying process is a sequential in nature, with the consumer perceiving that there exists a problem and then moving across a series of logical and rational steps to solve the problem; stages being problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour. This perspective emphasizes the rational, logical and cognitive approach to consumer decision making and purchase process.

2) The Experiential Perspective: The experiential perspective believes that not all buying may be rational and logical; in some cases, buying results from a consumers' desire for fun and fantasy, hedonic pleasures, emotions and moods. The perspective emphasizes that consumers are "feelers" as well as thinkers.

3) The Behavioural Influence Perspective: This perspective holds that forces in the environment stimulate a consumer to make purchases without developing beliefs and attitudes about the product.

Research Paradigms in Consumer Behaviour:

The research paradigm in the study of consumer behaviour focuses on two approaches viz., Quantitative research, used by the positivists and, Qualitative research: used by the interpretivists. The positivists and interpretivists as two schools of thought have already discussed. The current approach or the 'dialectic' approach to studying Consumer Behaviour makes use both the approaches.

(a) Quantitative Research in Consumer Behaviour: As the name suggests, the approach makes application of quantitative

research techniques to the study of Consumer Behaviour. It comprises

- (i) research techniques that are used to gather quantitative data over large samples randomly, and
- (ii) statistical tools and techniques, inclusive of survey techniques, observation and experiments. This type of research is descriptive and empirical in nature. It is primarily used by the positivists while studying consumer behaviour, with a focus on prediction of consumer behaviour. The findings can be generalized to marketing situations. As mentioned above, the quantitative techniques are also used by “dialectics”.

(b) Qualitative Research in Consumer Behaviour: This approach makes application of qualitative research techniques to the study of Consumer Behaviour. It comprises

- (i) research techniques that are used to gather qualitative data over small samples randomly and,
- (ii) non-statistical tools and techniques, inclusive of depth interviews, focus group, projective techniques and even observation. The type of study is subjective and non-empirical in nature. It lays emphasis on the holistic “what, where, when, why and how” of human behaviour”. The focus is on understanding consumption behaviour and consumption patterns. The objective is to gain an understanding of consumer behaviour and the underlying causes that govern such behaviour. The approach assumes that all marketing situations are unique; and, hence the findings cannot be generalized to marketing situations. This approach is primarily used by the interpretivists while studying consumer behaviour. However, as mentioned above, the qualitative techniques are also used by “dialectics”.

(c) Combining the two approaches: Now a day, the two approaches are used in combination to study consumer behaviour. Qualitative research is very often a prelude to quantitative research; the findings from qualitative research are used to prepare scales for surveys and experiments.

Purposes of Market Research to Understand Consumers

In the field of marketing, consumer market research can generally be defined as the systematic collection and evaluation of data regarding customers' preferences for actual and potential products and services. It is also important to note that consumer market research is not the exactly the same as marketing research. Marketing research is actually comprised of both consumer and business-to-business research and examines all aspects of a business environment.

Consumer market research can serve a variety of purposes, including the following:

- Help companies make better business decisions and gain advantages over the competition
- Help marketing managers or executives make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs
- Remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers. In the absence of relevant information, the consumer response to marketing programs cannot be predicted reliably or accurately

- Provide insights that help guide the creation of a business plan, launch a new product or service, optimize existing products and services, and guide expansion into new markets
- Determine which portion of the population will be most likely to purchase a product or service, based on variables such as age, gender, location, and income level
- Reveal characteristics of a target market
- Understand how consumers talk about the products in the market
- Identify which consumer needs are important and whether the needs are being met by current products

For instance, a consumer goods company that wants to develop a new cheese product for the growing Hispanic demographic can use market research. If the consumer market research demonstrates that consumers do in fact have an unsatisfied need for a cheese that could replace the product they are currently consuming in Latin America, the company could go ahead and develop the cheese product.

Concepts of Consumer Expectation and Satisfaction

Before a company or a marketer can delight the customer, it must have an in-depth knowledge of the customer's expectations so that not only are they able to meet but exceed the expectation, to delight the customer. For this, knowledge of the core elements of the products and services are essential. The core elements of a product are its shape, quality, price, packaging, brand name differentiation etc. while the core elements of services are reliability, fulfillers and responsiveness to specific needs assurance and acceptability etc. from the service provided.

In the case of a product (tangible), the customer should be provided with what he expects and the core elements which remain almost the same. However, services being intangible and their characteristics which are intangible, inseparability, perishability etc. must be kept in mind. The core elements given above can be manipulated to exceed the expectations of the customer as the human touch is also involved and this can give unexpected positive elements to delight the customer and have a competitive edge as well.

- A customer expects essential benefits.
- A customer expects performance and not blank promises.
- A customer expects competency.

Services and Products

A customer normally looks for the following services –

- A customer wants consistency, which is the capacity to perform the promised services, reliably and accurately.
- A customer wants tangibility or the form of physical facilities, equipment, workforce and other materials.
- A customer wants reaction – the reaction to an inquiry or to a call.

Working towards Enhancing Customer Satisfaction

To generate delight is not an easy job. Companies are varying with each other for competitive advantage. A customer gets more satisfaction when he least expects it. In predicting the effects on product evaluation and customer satisfaction of disparity between

expectations and actual or objective product performance; at least four psychological theories the company also delivers at the doorstep of the consumer which generates unparalleled value and satisfaction. For this, one must –

- Attempt continuously to provide additional customer value in every transaction.
- Try to provide surprise benefits.
- Constantly express the expectations that the customer has around your product.
- Treat the customer exclusively.
- Look for expectations and performance gaps in order to identify opportunities to delight.

Customer Expectation and Satisfaction

Customer satisfaction may be defined as the product's performance according to buyer's expectations.

- Consumers form expectations about the value of marketing offers and make buying decisions based on three expectations.
- Customer satisfaction depends on the products actual performance relative to a buyer's expectations. But, how do buyers form their expectations and expectations are based on the customer's past buying experience.
- Marketers must be careful to set the right level of expectations. If they set expectations too low they may satisfy those who buy, but fail to attract enough buyers.

- Consumer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass consumer expectation.

Organizations are increasingly concerned in retaining existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the market place.

Consumer Dissatisfaction

Customer dissatisfaction occurs when your product or service fails to meet the expectations of your customers. Organizations keenly monitor customer dissatisfaction because it can negatively impact the business, create a bad reputation, and also lead to loss of customer loyalty.

Understanding customer dissatisfaction is important because customers are more likely to remember negative experiences as opposed to the positive encounters they've had with your business.

Causes of Customer Dissatisfaction

There are different reasons why customers may feel dissatisfied with your organization. For instance, a customer's inability to get information on a product when he needs it can make him dissatisfied with your service. For another customer, it may be that your product fails to meet her needs.

Let's discuss some common causes of customer dissatisfaction:

- 1. Poor Quality:** Customers may have issues with the quality of your product or service which can lead to

dissatisfaction. When the quality of your product or service falls below the expectations of your customers, they will have several reservations about it. Let's say a customer places an order for a \$150 silk dress online but ends up receiving a faded dress made from chiffon; this customer will be dissatisfied with the product quality. Therefore, leaving a bad review on the store's website.

2. Pricing: If customers feel that your product or service is overpriced; especially in comparison with the quality they get, they may give negative feedback about your product. You'd deal with a great amount of customer dissatisfaction if you cannot justify the pricing of your product or service. Pricing and quality are very important factors that affect consumer choices and when customers are paying more for a product, they expect more quality and value. Before fixing the price of your product, you should conduct a pricing survey to sample the opinion of your target market.

3. Product Specifications: Organizations usually list product specifications and descriptions to give customers an idea of what to expect when they make a purchase. If the product fails to conform to this description and specification, it can cause customer dissatisfaction as your customers would see this as a breach of trust. For instance, a Fruit Juice company says that a carton of juice contains 12 juice packs. However, after purchasing the product, a customer finds out that there are only 10 juice packs in the carton. This is a breach of trust and the customer will not like this.

4. Usability: Poor product usability can also cause customer dissatisfaction as customers will not have positive feedback for products that are not user-friendly. For instance, if a customer finds it difficult to navigate your organization's website and find the information he needs, he will get frustrated and abandon the website.

5. Poor Customer Service: If a customer reaches out to your brand for help with an issue and fails to get the response he or expects, the customer will be dissatisfied with your organization. If your customer service representatives are rude, uncouth, and without empathy, they will create a negative impression of your organization.

6. Hidden Product Information: Customers like it when you are real with them and you provide all the information that they need beforehand. For instance, if you want customers to pay delivery fees separately from product costs and you do not inform them beforehand, it can cause customer dissatisfaction.

Effects of Customer Dissatisfaction on Businesses

Customer dissatisfaction has far-reaching effects on your business because customers will not patronize brands that they do not trust. More than affecting your sales and revenue, customer dissatisfaction can also lead to poor brand reputation which has a long-term impact on your brand. Here, we will discuss a few effects of customer dissatisfaction on your business.

1. Bad Reviews: Dissatisfied customers leave a ton of bad reviews which affects your overall brand perception. Customers are more likely to leave a review after a negative experience than a positive one. The same way customers become willing evangelists of your brand when they are pleased with your service delivery is exactly how they spread the word when they are dissatisfied. It is not uncommon for customers to leave negative feedback on a brand's social media pages to communicate their displeasure. Dissatisfied customers can leave poor product ratings on Google or even go on a personal campaign to discourage people from buying from you.

2. Poor Lead Generation and Conversion: If a prospective customer has a negative experience with your product or service at any brand touchpoint, they may not be willing to go ahead with your product or service. This means you'd have lost the chance to convert one more lead into a paying customer. Also, dissatisfied customers are less willing to tell other people about your product or service. This means that you'd miss out on one of the cheapest methods of building brand awareness and growing your customer base. Usually, people are more convinced to patronize a brand when there is social proof of excellent customer service and experience.

3. Loss of Customers: Customer dissatisfaction spreads like wildfire and dissatisfied customers are less likely to become repeat customers. Also, other customers who have not had a bad experience with your brand can stop buying your product or service because someone shared a negative experience he or she had with your brand online.

Relevance of marketing information system

Marketing information system is a set of procedures and methods for regular and planned collection, analysis and presentation of information in making marketing decisions. It is an interacting, continuing, future-oriented structure of persons, machines and procedures designed to generate an orderly flow of information collected from internal and external sources of information.

1. Anticipation of Consumer Demand:

Mass production and mass distribution in ever- expanding markets are based on anticipation of consumer demand. Under customer-oriented marketing approach, every marketer needs up-to-date knowledge about consumer needs and wants. In a

dynamic economy, consumer tastes, fashions and liking are constantly changing.

Without precise information on the nature, character and size of consumer demand, marketers will be simply groping in the dark. Decisions based upon hunches, guess-work, intuition or tradition cannot give desirable results in the modern economy. They must be supported by facts and figures.

2. Complexity of Marketing:

Modern marketing process has become much more complex and elaborate. Ever-expanding markets and multinational marketing activities require adequate market intelligence service and organised information system.

3. Significance of Economic Indicators:

Forces of demand and supply are constantly changing. These determine prices and general market conditions. In a wider and complex economy, fluctuations in demand, supply and prices are tremendous. Marketer must have latest information on the changing trends of supply, demand, and prices.

For this purpose, he relies on the market reports and other market intelligence services. Economic indicators act as barometer indicating trend of prices and general economic conditions. Intelligent forecasting of the future is based on economic indices, such as national income, population, price, money flow, growth-rate, etc.

4. Significance of Competition:

Modern markets are competitive. A marketer cannot make decisions in a competitive vacuum. Modern business is a many-

sided game in which rivals and opponents continuously try to formulate strategies to gain advantage over one another.

Predicting the behaviour of one's competitors and overtaking of the competitor will need the services of marketing intelligence. A marketer cannot survive under keen competition without up-to-date market information, particularly regarding the nature, character, and size of competition to be met.

5. Development of Science and Technology:

Ever-expanding markets create conditions that lead to technological progress. The energy crisis since 1974 gave a great encouragement to discover other alternative sources of energy, i.e., atomic energy, solar energy, wind energy and so on. Modern marketer must be innovative.

'Innovate or perish' is the slogan in the existing marketing environment. Marketer must have latest information regarding technological developments. New products, new markets, new processes, new techniques are based on facts and figures.

6. Consumerism:

In an ever-widening market, we do have a communication gap between consumers, users, and marketers. This gap is responsible for unrealistic marketing plans and programmes. Many marketers are isolated from day-to-day marketing realities. This has led to consumer dissatisfaction.

Consumerism and increasing consumer grievances indicate that products do not match consumer needs and desires and marketers have no up-to-date knowledge of real and precise consumer demand. Many marketers have discovered that marketing agencies in charge of distribution do not offer expected services

to their customers. Up-to-date Marketing Information System alone can establish proper two-way flow of information and understanding between producers and consumers in a wider market.

7. Marketing Planning:

We are living in the age of planning and programming. Our plans and programmes are based upon information supplied by economic research (economic forecasts) and marketing research (marketing forecasts), which provide the requisite information about the future economic and marketing conditions.

For instance, sales forecast is the base of production plan, marketing plan, financial plan, and budgets. Marketing information alone can inter-relate and co-ordinate the product and user/consumer demand so that both supply and demand can travel on the same wavelength.

8. Information Explosion:

We live in the midst of information explosion. Management has literally a flood of information knocking at its door. Computer is the most immediate force behind the information explosion.

The speed with which the computer can absorb, process, and reproduce large quantities of information is simply staggering. When a computer is effectively programmed, it can certainly add tremendously to the quality of information flow. As multinational companies' troop in and competition turns fierce, the winner will be the one who satisfies customer needs most comprehensively through well-organised Marketing Information System.

Module V

Culture and Consumer Behaviour

Culture - Meaning

For the purpose of studying consumer behaviour, culture can be defined as the sum total of learned beliefs, values and customs that serve to guide and direct the consumer behaviour of all members of that society. Howard and Sheth have defined culture as “*A selective, manmade way of responding to experience, a set of behavioural pattern*”. Thus, culture consists of traditional ideas and in particular the values, which are attached to these ideas. It includes knowledge, belief, art, morale, law, customs and all other habits acquired by man as a member of society. An accepted concept about culture is that includes a set of learned beliefs, values, attitudes, habits and forms of behaviour that are shared by a society and are transmitted from generation to generation within that society.

Culture is learned through the following three ways:

1) Formal learning: parents and elders teach children the proper way to behave. For instance, you have been taught that you need to study to be successful and happy in life. This learning may influence your response both as a student and individual towards education.

2) Informal learning: we learn by imitating the behaviour of our parents, friends, or by watching TV and film actors in action.

3) Technical learning: instructions are given about the specific method by which certain things to done such as painting, dancing, singing etc.

Characteristics of Culture

- Culture is learned.
- Culture regulates society –Norms, standards of behaviour, rewards and punishments.
- Culture makes life more efficient
- All members follow same norms.
- Culture is adaptive.
- Culture is environmental.
- Multiple cultures are nested hierarchically.

Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Cultural values in India are good health, education, respect for age and seniority. But in our culture today, time scarcity is a growing problem, which implies a change in meals. Some changes in our culture:

1. Convenience: as more and more women are joining the work force there is an increasing demand for products that help lighten and relieve the daily household chores, and make life more convenient. This is reflected in the soaring sale of Washing machines, microwaves, Pressure cookers, Mixer grinders, food processors, frozen food etc.

2. Education: People in our society today wish to acquire relevant education and skills that would help improve their career prospects. This is evident from the fact that so many professional, career oriented educational centres are coming up, and still they cannot seem to meet the demand. As a specific instance count the number of institutions offering courses and training in computers that has opened in your city.

3. Physical appearance: Today, physical fitness, good health and smart appearance are on premium today. Slimming centres and beauty parlours are mushrooming in all major cities of the country. Cosmetics for both women and men are being sold in increasing numbers. Even exclusive shops are retailing designer clothes.

4. Materialism: There is a very definite shift in the people's cultural value from spiritualism towards materialism. We are spending more money than ever before on acquiring products such as air-conditioners, cars CD players etc., which adds to our physical comfort as well as status.

Types of Culture

- **National culture:** The culture prevalent in a nation, common to everyone
- **Popular culture:** The culture of the masses with norms of mass appeal
- **Subculture:** The culture of a group within the larger society. Group identification based on nationality of origin, race, region, age, religion, gender, etc.
- **Corporate culture:** The company's values, rituals, customs, myths and heroes

Cultural Influences on consumer

Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by individuals. Culture is acquired. It can be acquired from the family, from the region or from all that has been around us while we were growing up and learning the ways of the world. Culture forms a boundary within which an individual thinks and acts. When one thinks and acts beyond these boundaries, he is adopting a cross-cultural behaviour and there are cross cultural influences as well.

The nature of cultural influences is such that we are seldom aware of them. One feels, behaves, and thinks like the other members of the same culture. It is all pervasive and is present everywhere. Material culture influences technology and how it brings cultural changes like use of telephones, mobile phones, clothing styles and fashions, gives the marketers a chance to improve the product, packing, etc. to meet the needs of the customers. Norms are the boundaries that culture sets on the behaviour. Norms are derived from cultural values, which are widely told beliefs that specify what is desirable and what is not. Most individuals obey norms because it is natural to obey them.

Culture outlines many business norms, family norms, behaviour norms, etc. How we greet people, how close one should stand to others while conducting business, the dress we wear and any other patterns of behaviour. Culture keeps changing slowly over time; and is not static. Changes take place due to rapid technologies. In case of emergency, war, or natural calamities, marketers and managers must understand the existing culture as well as the changing culture and culture of the country where the goods are

to be marketed. Major companies have adapted themselves to international culture and are accepted globally. Coca Cola is sold all over the world. Procter & Gamble and other companies give cross-cultural training to their employees.

By making cross-cultural mistakes, many companies have difficulty in pushing their products for example;

- (i) Coca Cola had to withdraw its 2 litres bottle from Spain, because it did not fit in the local refrigerator;
- (ii) Many countries are very traditional and do not like women displayed on the products. This acts as a detriment to business in those countries.

Variation in Cultural Values

There are three broad forms of cultural values as shown in the following figure.

I. Other Oriented Values

This shows the relationship between individuals and the society. The relationship influences marketing practices. If the society values collective activity, decisions will be taken in a group. It gives rise to following questions which affect consumer behaviour.

- a) **Individual/ collective:** Whether individual initiation has more value than collective activity?
- b) **Romantic orientation:** This depicts whether the communication is more effective which Emphasizes courtship or otherwise. In many countries a romantic theme is more successful.

- c) **Adult/ child theme:** Is family life concentrated round children or adults? What role do children play in decision-making?
- d) **Masculine/ Feminine:** Whether the society is male dominant or women dominant or balanced.
- e) **Competitive/ Cooperation:** Whether competition leads to success. This is achieved by forming alliances with others.
- f) **Youth/ age:** Are prestige roles assigned to younger or older members of the society. American society is youth oriented and Korean is age oriented. Decisions are taken by mature people in Korea.

II. Environment Oriented Values

- a) **Cleanliness:** If a culture lays too much stress on cleanliness. There is scope for the sale of beauty creams, soaps, deodorants, insecticides, washing powder, vacuum cleaner, etc. In western countries, a lot of emphasis is placed on this aspect and perfumes and deodorants are widely used.
- b) **Performance/ status:** A status oriented society cares for higher standards of living, and chooses quality goods and established brand names and high prices items. This is true for the United States, Japan, Singapore, Malaysia, Indonesia, Thailand and most Arabic countries. In performance oriented societies, where rewards and prestige is based on an individual's performance, less importance is given to brand names. Products which function equally well and may not be big brand names are used. Germans do not give the same amount of emphasis to brand names. The marketers adopt strategies accordingly.

c) **Tradition/ change:** Traditional oriented societies stick to the old product and resist innovation or new techniques. In traditional societies, there is less scope for new products, and old traditional products are in greater demand. In some societies which are upwardly mobile, consumers are looking for modern methods, new products, new models and new techniques.

d) **Risk taking/ security:** An individual who is in a secure position and takes a risk can be either considered venturesome or foolhardy. This depends on the culture of the society. For developing new entrepreneurs risk taking is a must. It leads to new product development, new advertising themes and new channels of distribution. Security oriented societies have little chances of development and innovation.

e) **Problem solving/fatalist:** A society can be optimistic and have a problem solving attitude or, be inactive and depend on fate. This has marketing implications on the registering of complaints when consumers are dissatisfied with the purchase of the products. Advertising plays an important part and gives guidance to the consumer, and removes these doubts to a great extent.

f) **Nature:** There are differences in attitude over nature and its preservation. Consumers stress on packing materials that are recyclable and environment friendly. Some countries give great importance to stop environmental pollution and to recycling of products.

Companies like P & G, Colgate-Palmolive captured a great extent of the market by offering products which are less harmful to the environment. They also use ingredients in the products which are not harmful in any way.

III. Self-Oriented Values

a) **Active/passive:** Whether a physically active approach to life is valued more highly than a less active orientation. An active approach leads to taking action all the time and not doing anything. In many countries, women are also taking an active part in all activities. This makes the society a highly active one, where everybody is involved in work.

b) **Material/ non-material:** In many societies money is given more importance, and a lot of emphasis is on being material minded. While in many societies things like comfort, leisure and relationships get precedence over being materialistic.

c) **Hard work/leisure:** This has marketing implications on labour saving products and instant foods. Some societies value hard work and consider it as a fuller life. Others adopt labour saving devices and instant foods to have more leisure time at their disposal.

d) **Postponed gratification/ immediate gratification:** Should one save for the rainy day or live for the day? Sacrifice the present for the future, or live only for the day? Some countries like The Netherlands and Germany consider buying against credit cards as living beyond one's means, whereas credit cards are very popular in America and other countries having a different cultural orientation, some prefer cash to debt. Some societies save for tomorrow; others enjoy the present and spend lavishly.

e) **Sexual gratification/Abstinence:** Some traditional societies curb their desires, food, drinks or sex, beyond a certain requirement. Muslim cultures are very conservative, and do not want their women to be seen in public or be exposed, so the Polaroid camera which gives instant photographs can be purchased and pictures can be taken by the family members

without their women being exposed to the developers in a photo lab.

f) Humour/serious: Should we take life lightly and laugh it off on certain issues or, take everything seriously? This is another aspect of culture. Advertising personnel selling techniques and promotion may revolve around these themes and the way the appeal for a product is to be made in various cultures.

Subcultures and Consumer Behaviour

Culture can be divided into subcultures. A subculture is an identifiable distinct, cultural group, which, while following the dominant cultural values of the overall society also has its own belief, values and customs that set them apart from other members of the same society.

Sub-culture categories are:

- a) Nationality: Indian, Srilanka, Pakistan
- b) Religion: Hinduism, Islam
- c) Race: Asian, black, white
- d) Age: young, middle aged, elderly
- e) Sex: Male, Female
- f) Occupation: Farmer, teacher, business
- g) Social class: upper, middle, lower
- h) Geographic regions: South India, North-eastern India

1. Regional, Ethnic, and Religious Influences on Consumer Behaviour

The three major aspects of culture that have important effects on consumer behaviour are regional, ethnic, and religious differences. Firstly, consumption patterns may differ in various regions of India and the world, and marketing strategy can sometimes be tailored specifically to these regions.

Secondly, our country has a number of different ethnic groups, and population trends will dramatically alter the demographic profile of the country in the next 50 years. The very diverse Asian American subculture is described as young and having higher socioeconomic status, placing strong value on the family and the group, and being strongly brand loyal. In spite of its diversity, marketing strategies can be developed for this group.

Finally, religious beliefs and values can influence consumer. Many marketers are now becoming multicultural in their marketing activities by trying to appeal to a variety of cultures at the same time. Although the diversity of the Indian melting pot may be unique, there are many important ethnic groups in other areas of the world.

2. Age, Gender, and Household Influences on Consumer Behaviour

Among the four major age groups, Teens, who need to establish an identity, are the consumers of tomorrow and have an increasing influence on family decisions. The somewhat disillusioned Generation consists of smart and cynical consumers who can easily see through obvious marketing attempts. Baby boomers grew up in a very dynamic and fast-changing world, and this has affected their values for individualism and freedom. The

50 and older segment can be divided into two groups-the young again and the gray market. Neither group likes to be thought of as old. The affect of gender differences on consumer behaviour is examined next.

Sex roles are changing. Women are becoming more professional and independent, and men are becoming more sensitive and caring. Also, men and women can differ in terms of traits, information processing, decision styles, and consumption patterns. Gender is consistent throughout lifetime, influencing customer values and preferences. Gender shows different consumption patterns and perceptions of consumption situations –E.g. the wedding ceremony.

Households play a key role in consumer behaviour. Households also exert an important influence on acquisition and consumption patterns. First, household members can play different roles in the decision process (gatekeeper, influencer, decider, buyer, and user). Second, husbands and wives vary in their influence in the decision process, depending on the situation husband- dominant, wife- dominant, autonomic, or synchronic.

3. Psychographics: Values, Personality, and Lifestyles

The roles of psychographics in affecting consumer behaviour are detailed below.

Values are enduring beliefs about things that are important. They are learned through the processes of socialization and acculturation. Our values exist in an organized value system, with some values being viewed as more important than others. Some are regarded as terminal values and reflect desired end states that guide behaviour across many different situations. Instrumental values are those needed to achieve these desired end states. Domain specific values are those that are relevant within a given

sphere of activity. Western cultures tend to place a relatively high value on material goods, youth, the home, family and children, work and play, health, hedonism, and technology. Marketers use tools like value segmentation to identify consumer groups with common values. Personality consists of the distinctive patterns of behaviours, tendencies, qualities, and personal dispositions that make people different from one another. Approaches to the study of personality include

- 1) The psychoanalytic approach, which sees personality arising from unconscious internal struggles within the mind at key stages of development;
- 2) Trait theories, which attempt to identify a set of personality characteristics that describe and differentiate individuals, such as introversion, extroversion, and stability;
- 3) Phenomenological approaches, which propose that personality is shaped by an individual's interpretation of life events;
- 4) Social-psychological theories, which focus on how individuals act in social situations (e.g., compliant, detached, or aggressive); and
- 5) Behavioural approaches, which view an individual's personality in terms of past rewards and punishments.

Marketers also measure lifestyles, which are patterns of behaviour (or activities, interests, and opinions). These lifestyles can provide some additional insight into consumers' consumption patterns. Finally, some marketing researchers use Psychographic techniques that involve all of these factors to predict consumer behaviour. One of the most well known Psychographic tools is the Values and Lifestyle Survey (VALS). The newer VALS2 identifies eight segments of consumers who are similar in their

resources and self-orientations.

Cross Cultural Consumer Behaviour

Cross cultural marketing: Objectives and Policies

Cross-cultural marketing is defined as “the effort to determine to what extent the consumers of two or more nations are similar or different. This will facilitate marketers to understand the psychological, social and cultural aspects of foreign consumers they wish to target, so as to design effective marketing strategies for each of the specific national markets involved.”

A company can enter a foreign market as a

- Domestic exporter
- Foreign importer
- Foreign government-solicit the firm to sell abroad

The firm's objectives could be:

- To determine how consumers in two or more societies are similar/different and devise suitable, appropriate strategies
- Devise individualized marketing strategy if cultural beliefs, values and customs of a specific country are different

Problems in Cross Cultural marketing

1) Problems related to product selection: The marketer going for cross cultural marketing has to select the customers / market not on the basis of the superficial similarities of age or income, but by using the real motivating factors that prompt them to accept or reject products.

- 2) Problems related to promotion/marketing communication: e.g. Ariel in the Middle East and also Pepsi
- 3) Problems related to pricing: the marketer has to adjust his pricing policies according to the local economic conditions and customs.
- 4) Problems related to selection of distribution channels: in Japan, P & G used this to sell soap

Cross-Cultural Consumer Analysis

To determine whether and how to enter a foreign market, we need to conduct some form of cross- cultural consumer analysis. Cross-cultural consumer analysis can be defined as the effort to determine to what extent the consumers of two or more nations are similar or different. Such analysis can provide marketers with an understanding of the psychological, social, and cultural characteristics of the foreign consumers they wish to target, so that they can design effective marketing strategies for the specific national Markets involved. A major objective of cross-cultural consumer analysis is to determine how consumers in two or more societies are similar and how they are different.

Consumer Behaviour in India and Consumer Protection

India has come to be known as a nation producing value-enhanced, superior, trained human power. Indians have made their mark in the fields of information technology, biotechnology, pure sciences and economics. With the globalisation of the job market, demand and acceptance of Indian skills worldwide has opened up opportunities for new jobs within the country, particularly back office operations of multinational corporations.

Furthermore, the domestic service sector itself is witnessing robust growth. The emerging flat world is bringing about a confluence of cultures and new lifestyles across India. The new lifestyle trends are altering the fabric of Indian society and also modifying its social and financial behaviour.

Shift in Consumer Tastes

The shift in tastes and preferences of Indian consumers from traditional and conservative looking product lines to more varied, modern and liberal assortment of commodities can be attributed to some social and economic trends indicated below:

- Joint households making way for nuclear families.
- Increased mobility, especially for career advancement.
- Increase in the number of working women and a growing awareness among women to carve a career while managing a family.
- Increasing tendency to spend on fashion, health, fitness, education and more importantly 'self', attributed to increased incomes, societal factors and independence from parental pressures.

Gender discrimination

Career opportunities and better education have offered women greater financial and emotional freedom; this is levelling the playing field at home. However, this change in social standing of women is evident more in urban India, especially in upper income groups. Also, gender discrimination persists in major sections of the society, which acts as a major impediment for women acquiring basic education and social skills.

Rural India's needs

Technology has also made a significant impact on the lives of consumers. With television and the Internet extending their reach to rural India, people are better informed and their aspirations have changed. There is a need to understand the consumer behaviour and needs of rural India and develop products, distribution channels and communication media specially to address those needs.

The changing face of Indian society is bringing with it new challenges and opportunities. It will be a new India where women and children will claim more importance, where rural folks will be more demanding and where products and service offerings will be tailored to suit this new set of consumers.

Profile or Characteristics of the Indian Consumer

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labelled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market. Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market. Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant than values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers. Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behaviour is quite unique. Perhaps, only in India, one sees traditional products along side modern products. For example, hair oils and tooth

powder existing with shampoos and toothpaste.

Different Segments of Indian Consumers:

The Socialites

Socialites belong to the upper class. They prefer to shop in specialty stores, go to clubs on weekends, and spend a good amount on luxury goods. They are always looking for something different. They are the darlings of exclusive establishments. They go for high value, exclusive products. Socialites are also very branding conscious and would go only for the best known in the market.

The Conservatives

The Conservatives belong to the middle class. The conservative segment is the reflection of the true Indian culture. They are traditional in their outlook, cautious in their approach towards purchases; spend more time with family than in partying and focus more on savings than spending. Slow in decision making, they seek a lot of information before making any purchase. They look for durability and functionality but at the same time is also image conscious. They prefer high value consumer products, but often have to settle for the more affordable one. These habits in turn affect their purchasing habits where they are trying to go for the middle and upper middle level priced products.

The Working Women

The working woman segment is the one, which has seen a tremendous growth in the late nineties. This segment has opened the floodgates for the Indian retailers. The working woman today has grown out of her long-standing image of being the homemaker. Today, she is rubbing shoulders with men, proving

herself to be equally good, if not better. Working women have their own mind in decision to purchase the products that appeal to them.

India's Rich

India's rich can be categorized into five major categories as follows:

The Rich

These people are upwardly mobile. Some of them in this category are Double Income No Kids (DINK) households. They spend more on leisure and entertainment-activities than on future looking investments. Across the category, backgrounds are distinctly middle class. They aspire, therefore, to attain the super-rich status.

The Super Rich

There are less DINK families here than in the rich category. The Super Rich are mainly professionals and devoted to consumerism. They buy many durables and are status conscious.

The Ultra Rich

There is no typical profile of the ultra-rich. There are some DINK households of middle-level executives. Some single earning households are of first generation entrepreneurs. Some rich farmers, who have been rich for a long time, belong to this category.

The Sheer Rich

They do not have a homogenous profile. There are joint families as well as nuclear families in this category. They consume

services greatly. They own multiple cars and houses. They aspire to social status and power.

The Obscenely Rich

They are first-generation entrepreneurs who have made it big. Some of them are techies. A variety of people belong to this category. They are just equivalent to the rich in the developed countries. They crave for exclusivity in what they buy. Most premium brands are relevant to them.

Rural Consumer

About three quarters of the Indian population are in the rural areas and with the growing middle class, especially in the Indian cities; the spill over effect of the growing urban middle class is also felt in the rural areas. The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of fast-moving consumer goods (FMCG) in India. The market size of the fast moving consumer goods sector is projected to more than double to US\$ 23.25 billion by 2010 from the present US\$ 11.16 billion. As a result, it is becoming an important market place for fast moving consumer goods as well as consumer durables.

Increasing Awareness of Indian Consumers

Over the years, as a result of the increasing literacy in the country, exposure to the west, satellite television, foreign magazines and newspapers, there is a significant increase of consumer awareness among the Indians. Today more and more consumers are selective on the quality of the products/services. This awareness has made the Indian consumers seek more and more reliable sources for purchases such as organized retail chains that have a corporate

background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

Indian consumers are now more aware and discerning, and are knowledgeable about technology, products and the market and are beginning to demand benefits beyond just availability of a range of products that came from 'trusted' manufacturers. The Indian consumers are price sensitive and prefer to buy value for money products.

Marketing Strategies Online Marketing

Currently, the products Indian consumers are buying through online are greeting cards, clothes, smartphones, kitchen articles, home appliances, books, magazines, medicine and educational material. The popular online shops in consumer include:

- www.amazon.in
- www.flipkart.com
- www.meesho.com
- www.myntra.com

Celebrity Influence

This is an important tool which is able to influence Indian consumer buying behaviour. In India, celebrities are being increasingly used in marketing communication by marketers to lend personality to their products. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. What they endorse sell like hot cakes. It is not surprising therefore that using

celebrities in advertisements has become common practice. In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Indians always love their heroes and heroines. Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When a consumer likes the celebrity in the advertisement, he or she is more likely to accept what the celebrity says about the advertised product and therefore will develop more positive feelings toward the advertisement and the brand itself. Famous celebrities are able to attract attention and retain attention by their mere presence in the advertisements.

Quality Oriented Outlets

Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well-known brands in selected product range, consumers are likely to take cues from well-established retail outlets hoping that these outlets carry quality products.

Freebies

Indian consumer buying behaviour is influenced by freebies. Freebies are consumer products given free of charge as gifts to purchases of selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers. Freebies generally comprise tooth paste, soaps, detergent, cooking oil etc.

Eco-Friendly Products

The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally

responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.

Changing Trends in Indian Consumer Behaviour Bulk Purchasing

Urbanisation is taking place in India at a dramatic pace and is influencing the life style and buying behaviour of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning. Bulk purchases from hyper stores seems to be the trend these days with purchasing becoming more of a once-a-week affair, rather than frequent visits to the neighbourhood market/store/vendor. The popular growing shopping trend among urbanities is purchasing from super markets to hyper stores.

Trendy Lifestyles

The current urban middle and upper class Indian consumer buying behaviour to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is now an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad. Foreign brands have gained wide consumer acceptance in India, they include items such as;

- Beverages
- Packed food
- Ready to eat food
- Pre-cooked food
- canned food
- Personal care products
- Audio/video products
- Garment and apparel
- Footwear
- Sportswear
- Toys
- Gift items

Foreign brands vie increasingly with domestic brands for the growing market in India.

Buyers' Market in the Making

The sellers' market is slowly moving towards becoming the buyers' market. Since, India's economic liberalization policies were initiated in 1991, many new product offerings have entered the Indian market and product variety has also increased manifold. Import licensing restrictions are being eliminated and tariffs significantly reduced and this has led to large range of consumer goods made available in India. Indian consumers have

always preferred foreign goods and with the liberalization, they now have a choice of foreign products vis-à-vis the local products.

Consumer Spending Behaviour

The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) are falling. For urban India, averagely 30 days consumer expenditure was split up into food, and for nonfood. Food expenditure includes cereals and cereal substitutes, milk, milk products, vegetables, edible oil and others. Non-food expenditure included fuel and light, and rest on clothing, footwear and on other non-food expenditure.

In India, the higher income group spends more amount of their income on luxury goods and trendy products than fact moving consumer products. The middle income group spends more on consumer expendables than the rich.

Problems Faced by Indian consumer

A consumer is one who buys and uses various products. Children, adults, elderly people all are consumers in one way or the other. Every day we buy different products for our use.

It includes items of daily consumption like milk, vegetables, copy, pencil, etc. Items like cloth, furniture, electrical appliances are purchased occasionally. Some items such as car, house, land, etc. are normally purchased once in a lifetime.

The shop from where we do purchasing they too purchase these items from a wholesaler or the manufacturer. Therefore, the same person can be both a consumer as well as a seller. A consumer utilizes his resources-money, time, energy wisdom, etc. to buy these items.

The following problems are faced by Consumers:

1. Variation in Prices:

The consumer has to pay different prices for the same item at different places. Big shops are often expensive as they spend some money on the maintenance of shop, advertisements, and free home delivery which is hidden at the expense of the consumer. Some shopkeepers charge higher price than the printed ones by putting their own price tags or increase the price by adding local taxes. The consumer does not know whether he is paying the right price or not. To avoid this, the consumer should verify price from various shops or from super bazaar because by this, the consumer cannot be deceived.

2. Non-availability of items in the market:

Sometimes daily consumed items like butter, potatoes, onions, rice, etc. are not available in the market or one may get these by paying higher prices. Normally such scarcities are artificial. The moment when there is possibility of price rise of a commodity, it vanishes from the market. It reappears in the market immediately after the price is increased. In such situation either the consumer has to do without these items or pay a higher price. In some situations like drought or floods, etc., the shopkeepers hoard stock of essential items and sell these items only when consumer agrees to pay a higher price. In such a situation the consumer should take a collective decision not to buy commodities sold in this black market.

3. Adulteration:

Adulteration of goods is one such problem which is faced by the consumer in day-to-day purchases. In the present times the

biggest problem is that the consumer does not get pure commodities like ghee, milk, spices, Maida, basan, cereals, etc. even if he is prepared to pay higher prices. Such items are sold in the market with a guarantee of purity but are found to be adulterated when used. Adulteration of yellow powder in turmeric powder, small pebbles in rice, starch in milk, and cheese and used tea leaves are generally sold in the market.

4. Unfair means of measurement.

Incorrect measurement is another problem in addition to adulteration. Often standard weights and measurements are not used in the market. For example:

- a) Spurious, under weights, or stones, bricks, etc. are used in place of standard weights.
- b) Sometimes the seller weighs pickings along with the goods.
- c) The seller tries to deceive the consumer by using the hand weighing scales in place of standard scales; the hand weighing scales are usually weighs less than the actual weight
- d) Boxes or bottles that are used in packed goods are generally of have a shape that would give lesser quantity to the consumer. For example, a bottle with heavy base and sleek bottle gives an' press ion that the quantity of goods is but in reality it is less. For maser milk, measures with raised bottom used
- e) Magnet: Use of magnet to increase weight, Hollow weight.

The consumer should take the following steps in order to avoid such malpractices:

- (a) The fruit and vegetable vendors should not be allowed to

weigh by stone or brick in place of standard weights.

(b) The bar of the hand weighing scale should be checked beforehand. In case of weighing scale, ensure that the needle is at zero.

(c) Check the weights and ensure that the weights are not hollow or with false bottom.

(d) The shopkeeper should not be allowed to weigh the goods along with packing or boxes.

(e) Before purchasing packed goods, check the weight on the label.

(f) If the consumer feels that the shopkeeper uses malpractices in weights and measures, he should immediately lodge a complaint in Weights and Measure Bureau.

5. Misleading advertisements

These days, a product is produced by a number of manufacturers. Everyday new products are launched. The manufacturer resorts to advertisements for the sale of their products. The advertisement gives details of quality of product and method of use to the consumer. Normally the manufacturer gives an exaggerated account of his products. Such advertisements lure the consumer in buying these products. After the purchase, the consumer realizes that it does not match with what has been claimed in the advertisement. Such misleading advertisements cheat the consumer. The consumer should not purchase a product only on the basis of the advertisement.

6. Misleading and incomplete labels

The labels on products provide information about the products to

the consumer. The consumer can decide judiciously after comparing the quality and price of the product from the label. Often the manufacturers try to cheat the consumer by appending incomplete information on the label.

7. Sale of substandard goods

Sometimes, seller sells sub-standard goods at higher price in place of standard goods. For example, selling furniture made up of inferior quality wood after polishing, using substandard sheets in steel almirahs and furniture, selling substandard cloth by claiming it of a superior quality and inflates its price, etc. The consumer never comes to know whether the product is of a good quality or not? He knows it only after use. In order to avoid such cheating the consumer should purchase goods from reliable shops.

8. Sale of inferior goods

The seller does not hesitate to sell even inferior goods. In order to earn more profit inferior medicines, cosmetics, oil, ghee, etc. are sold in original pickings. To check the sale of such goods, the consumer should not encourage production of such goods. For this:

- (a) The consumer should be vigilant while purchasing goods.
- (b) The consumer should check the label carefully. In case he finds it different, he should not purchase that good.
- (c) The consumer should not sell empty pickings of original goods. Rather crush these pickings to avoid reuse.

9. Malpractices adopted by the manufacturers or sellers.

Manufacturers or sellers lure the consumer to buy their product by adopting malpractices misleading schemes like 'free gifts' or 'heavy discounts' attracts the consumer easily. In reality, the price is inflated in the first place and then discount of 20% to 50% is offered. There is no change in prices in reality. Sometimes the producer imitates the colour, shape, and name of popular brand available in the market. Thus the consumer is cheated and he purchases an inferior good in place of standard one. The manufacturer of 'B' pickle has tried to cheat by using the bottle of same colour, size, and brand name as used by manufacturer of 'A' pickle. In order to avoid such cheating, the consumer should carefully check the name and brand of the product.

10. Shortage of standardized products.

Most of the goods available in the market do not carry standardized markings. When a consumer goes to the market to buy an electric iron, he finds a number of brands without standardized markings. Still these brands are very cheap. In such a situation, the consumer is not able to decide whether he should buy a cheaper and popular brand or less popular standardized expensive brand. The consumer should only buy standardized items because these are durable and safe to use.

Consumer Protection

Consumerism is a recent and universal phenomenon. It is a social movement. Consumerism is all about protection of the interests of the consumers. Consumerism is a movement or policies aimed at regulating the products or services, methods or standards of manufacturers, sellers and advertisers in the interest of buyers, such regulation maybe institutional, statutory or embodied in a

voluntary code occupied by a particular industry or it may result more indirectly from the influence of consumer organizations.

Consumer protection means safeguarding the rights and interests of consumers. It includes all the measures aimed at protecting the rights and interests of consumers. Consumers need protection due to the following reasons:

- i) Illiteracy and ignorance
- ii) Unorganised consumers
- iii) Spurious goods
- iv) Deceptive advertising
- v) Malpractices of businessmen
- vi) Freedom of enterprise
- vii) Legitimacy for existence
- viii) Trusteeship

There are four main methods of protecting the interests of consumers:

- (i) Business self-regulation
- (ii) Consumer self-help
- (iii) Consumers' associations
- (iv) Government Regulations

The State can ensure consumer protection through legislative, executive and judicial actions. The laws enacted by the

Government must be strictly enforced by the executive. Government of India has enacted several laws to protect the interests and rights of consumers. Some of these laws are:

Legal Aspect on Consumer Protection

1. The Code of Criminal Procedure, 1973:- In this criminal law provides provision for protect the consumer. In section 153 of the code provides that a station-house officer of a police station without warrant enter any place within the limits of such station for the virtue of inspecting or searching for any weight so measures or instruments for weighing, used or kept and when there is reason to believe that in such place weights, measures or instruments for weighing or false.

2. Indian Penal Code, 1860 (Section 272 to 276):- In sections 272 to 276 of this act provides prohibited adulteration in food or drink for sale, sale of noxious food or drink, adulteration of drugs, sale of adulterated drugs and sale of drug as a different drug or preparation and provided punishments in order to deter the criminal, dealing with adulteration of food or drinks, sale of adulterated articles, sale of drugs representing by them that are showing different drugs or preparation what they are in fact.

3. The Dangerous Drugs Act, 1930:- This Act was checking the misuse of habit forming drugs like morphine and opium. Morphine and Opium might not become articles of common consumption, and use of those intoxicants was prohibited and restricted and it brought beyond the scope of consumers.

4. The Drugs and Cosmetics Act, 1940:- This Act was passed for regulate the import, manufacture, distribution and sale of drugs. In this Act, license to manufacture or sell any of the

articles mentioned in the Act, was made obligatory, so that common consumers may not be bluffed and be supplied proper drugs and cosmetics. Penalty for manufacture, sale etc. of drugs in contravention of this act which is provided in Sections 27 and 30. The Magistrate can impose enhanced penalties under Section 36.

5. The Drugs Control Act, 1950:- The Act empowered the Government to control sales, supply and distribution of drugs and to fix the maximum price which may be charged for the drugs. The object of this Act is to ensure that certain essential imported drugs and medicines may be sold at reasonable price.

6. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954:- This Act prohibited advertisements of drugs for certain diseases such as blindness, heart disease, paralysis, etc., for saving the common consumers being duped and damaged in their health and life.

7. The Prevention of Food Adulteration Act, 1954:- The Act protects the consumers from food adulteration. It prohibits the manufacturers from selling or storing to sell or distribute any adulterated food, misbranded food, selling food without license. Health authorities are given ample powers to check food adulteration in various fields.

8. The Essential Commodities Act, 1954:- (i) This Act provides for control of production, supply and distribution of essential commodities like coal, petroleum, adulterated food; (ii) any misbranded food; (iii) any article of food for the import of which a license is prescribed, except in accordance with the conditions of the licence and (iv) any article of food in contravention of any other provision of this Act, or any rule made there under. sugar, cement, kerosene oil, food grains, vegetable oils, drugs, soaps,

matches, etc. Under the Act, the State governments have been delegated powers to ensure that the dealers display on their shops or business houses pricelists, stock position and issue cash memos. Also deterrent measures have been provided against economic offenders.

9. The Trade and Merchandise Marks Act, 1958:- This Act provides the registration and better protection of trademarks and for the prevention of the use of fraudulent marks on merchandise. The object of the Act is to protect trade interests and prevents deception of consumers by misuse or abuse of trade marks.

10. The Monopolies and Restrictive Trade Practices Act, 1969:- It protects the interests of the consumers in an indirect way from an adverse market. An institution under the name, the Monopolies and restrictive Trade Practices Commission has been created by the Act. The commission is given wide powers to investigate and make orders for modification or cancellation of restrictive trade agreements, having effect of the increasing of cost of production. The Act sought to confer an important right on an individual consumer and a voluntary consumers Association to file a complaint before the commission and of being heard by it on receipt of a complaint in this required in the Act, to institute regular inquiry into any restrictive or unfair trade practice alleged by individual consumer association behalf of commission.

11. The Standard of Weight and Measures Act, 1976:- The Act prohibits manufacturers any use of non-standard weight and measures. This Act along with standard of weights measures (packaged commodities) Rules, 1977, made it compulsory that the names and addresses of the manufacturer or packer, name of the commodity, net quantity, month and year of manufacture and sale price of the commodity to specified on the package.

12. The Prevention of Black- Marketing and Maintenance of Essential Supplies Act, 1980:- This Act seeks to check black marketing of essential supply of goods by traders. It gives for severe punishments in case of violation of the provisions of the Act. It provides for detention of black marketing and maintenance of supplies of commodities essential to the community.

13. The Consumer Protection Act, 1986:- This Act sought to provide better protection of the interests of consumers and for that purpose, made provisions for the establishment of consumer councils and other authorities for the settlement of consumer disputes and for matters connected therewith.

14. The Competition Act, 2002:- This Act is replaced in the place of the Monopolies and Restrictive Trade Practices Act, 1969 and some other legislation. The aim of this Act is to develop competition between traders for the welfare of the consumers.

15. The Food Safety and Standards Act, 2006:- This Act is enacted by the policy makers to ensure availability of safe and wholesome food for human consumption. The Parliament after holding that it is expedient in the Public Interest that the Union should take under its control the food industry. This Act applies to every undertaking, whether public or private, carrying out any activity, relating to any stage of manufacture, processing, storage, transportation and distribution of food, whether for profit or not. It also applies to any of the food services, catering services and sale of food and food ingredients.

16. The Legal Metrology Act, 2009:- According to this act weighing or measuring the product in course of trade. State has undertaken to regularize the standard of weights and measures used to sell or distribute goods by weights, measure or number. This Act further bolsters the consumer interest by mandating the

sellers to strictly abide by the rules and regulations of metrology.

17. Constitution of India:- The consumer protection Acts which are specifically deals with consumer protection there are some other provisions in the Indian Constitution which assists Consumers to protect their rights. Article 38, 39, 39-B, 42 and 47, 14, 249, 261 of the Constitution may be looked into for the assistance of Consumers. Even though the Indian Government has enacted various legislations for the welfare of the consumers, they are ignorant people and unaware of the rights and privileges provided to them by the various provisions. So they would not be in a position to combat the evil for the eradication of which the law came into existence. Also there are certain other problems in the society which leads to deceive the ignorant consumers. When compared to the Western and European Countries, where the Consumerism had its origin primarily, in India the percentage of utilization of the respective provisions of the Act and various Laws are found to be minimal and Government is spending huge amount for the system built-up of the consumer grievances redressal but due to monitoring lapses of the implementing machinery resulting in clouds in smooth process of awareness built-up and disutilization.

Importance of Consumer Protection:

Consumer protection has a wide agenda. It includes education of consumers about their rights and responsibilities and also helps in getting their grievances redressed. It is for protecting the interest of the consumers but also requires the consumer to get-together and form themselves into consumer associations for protection and promotion of their interest. At the same time, the consumer protection has special importance for the business too.

1. From Consumer Point of View: The importance of consumer protection from the consumer point of view are stated as under :

a. Consumer's ignorance: In the light of widespread ignorance of consumers about their right and reliefs available to them, it becomes necessary to educate them about the same so as to achieve consumer awareness.

b. Unorganized Consumers: Consumers need to be organized in the form of consumer organizations which would take care of their interests. Though in India we do have consumer organizations which are working in this direction, adequate protection is required to be given to consumers till which these organizations become powerful enough to protect and promote the interest of the consumers.

c. Widespread exploitation of consumers: Consumers might be exploited by unscrupulous (dishonest), exploitative and unfair trade practices like defective and unsafe products., adulteration, false and misleading advertising , hoarding, black marketing etc . Consumers need protection against such malpractices of the sellers.

2. From Business point of View: A business must also lay emphasis on protecting the consumers and adequately satisfying them. This is important because of the following reasons:

a. Long term interest of the business: Well based businesses realize that it is in their long term interest to satisfy their customers. Satisfied customers not only lead to repeat sales but also provide good feedback to prospective customers and thus, help in increasing the customer base of business. Thus business firms should aim at long term profit maximization through customer satisfaction.

b. Business uses society's resources: Business organizations use resources which belong to the society. They thus have the responsibility to supply such products and render such services which are in the interest of public and would not impair public confidence in them.

c. Social Responsibility: A business has social responsibilities towards various interest groups. Business organizations make money by selling goods and providing service to consumers. Thus consumers form an important group among the many stakeholders of business and like other stakeholders; their interest has to be well taken care of.

d. Moral Justification: It is the moral duty of any business to take care of consumers' interest and avoid any form of their exploitation. Thus a business must avoid unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding and black-marketing etc.

e. Government Intervention: A business engaging in any form of exploitative trade practices would invite Government intervention or action. This can impair and tarnish the image of the company. Thus it is advisable that business organizations voluntarily resort to such practices where the customers' needs and interest will be taken care of.

In view of the above, the government of India has passed a comprehensive legislation i.e. Consumer Protection Act 1986.

The Consumer Protection Act, 1986

In order to protect the consumers from exploitation and to save them from adulterated and substandard goods and deficient services the Consumer Protection Act came into force on 15th April, 1986 and it applies to the whole of India except the State of Jammu and Kashmir.

The Consumer Protection Act 1986 is a social welfare legislation which was enacted as a result of widespread consumer protection movement. The main object of the legislature in the enactment of this act is to provide for the better protection of the interests of the consumer and to make provisions for establishment of consumer councils and other authorities for settlement of consumer disputes and matter therewith connected.

The act was passed in Lok Sabha on 9th December, 1986 and Rajya Sabha on 10th December, 1986 and assented by the President of India on 24th December, 1986 and was published in the Gazette of India on 26th December, 1986.

The Act provides following remedies to an aggrieved consumer:

- (a) Removal of defects in goods or deficiency in service
- (b) Replacement of defective goods with new goods of similar description which shall be free from any defect
- (c) Return of price paid by the consumer
- (d) Payment of compensation for any loss or injury suffered by the consumer
- (e) Discontinue the restrictive, or unfair trade practice, and not to repeat it
- (f) Withdraw the hazardous goods from being offered for sale and not to offer them for sale
- (g) Provide for adequate cost to the aggrieved party.

The Consumer Protection Act provides for a three tier system of redressal agencies:

One at district level known as District Forum, second at state level known as 'State Commission', and third at national level known as 'National Commission'.

A complaint is to be made to the district forum of the concerned district where the value of goods and services and compensation, if any, is up to Rs. 20 lakhs, to the 'State Commission' between Rs. 20 lakhs and Rs. 100 lakhs, and to the National Commission for more than Rs. 100 lakhs. Interestingly, there is provision for appeals against the orders of a particular redressal forum by the aggrieved party before the next higher echelon and even from the findings of the National Commission before the Supreme Court.

The consumer rights include

- i)** Right to safety
- ii)** Right to information
- iii)** Right to choose
- iv)** Right to be heard
- v)** Right to seek redressal
- vi)** Right to education.

Consumerism

Consumer is the centre of all economic activities. In our Indian culture, Philosophers and thinkers have thought consumer as a God. But unfortunately, the Indian consumer has always been neglected in our economy. Consumerism is a protest of

consumers against unfair practices and business industries. It aims to eliminate those unfair marketing practices i.e. misbranding, spurious (fake) products ,unsafe products, adulteration, fictitious(fabricated) pricing ,deceptive packaging, false and misleading advertisements ,defective warranties, hoarding ,black marketing ,short weights and measures etc.,

Definition and Scope

Consumerism means the organized efforts of consumers seeking redress, restitution and remedy for the dissatisfaction they have accumulated in the acquisition of their standard of living. Kotler defines consumerism as an organized movement of citizens and the Government to strengthen the rights and power of the buyers in relation to sellers. Consumerism is a process through which consumers seek redress for their dissatisfaction and frustration on the basis of organized efforts and activities.

Consumerism now- a-days includes many things within its compass. The most common understanding of consumerism is in reference to production of consumer privileges against clear cut cheating by the seller. This includes cheating and other malpractices at the market place as well as dangers to health and safety of life from various types of products. Consumerism is also considered to include protection of consumers against consumers. For example, smoking is prohibited in auditorium, trains, buses and public places to avoid nuisance to other persons from smokers. Now-a-days, consumerism has become wide enough to include protection against environment pollution and declining quality of physical environment too.

Need for consumer protection:

In a country like India, there is a very great need for consumer protection for a variety of reasons; some of the reasons are stated below:

a) A majority of the population is illiterate, ignorant and ill informed. In a vast country like India, it is very difficult to organize the consumer. The people are not only backward but also having linguistic, cultural and religious differences which makes the problem even more complex.

b) The consumer is economically weak if compared with the producer or the seller. The producer is able to manipulate the price, quality, size, weight etc. of the product. He has to depend upon the trade practices of the seller. If the seller indulges in unfair trade, then the consumer needs protection against such malpractices.

c) The advancement of science and technology has enabled the manufacturers to produce myriad (many) types of goods. There are varieties of same types of goods produced by different manufacturers. Though they provide a choice of selection to the buyer till they have made the goods more complex and complicated making selection difficult. In such a situation the consumer needs guidance which can be provided by consumer organizations.

d) Advertising is a potent (powerful) device for sales promotion. But advertising to-day is very deceptive. A consumer does not know the realities of advanced goods. For example, he would not know how one processed good is better than another processed good.
