BEHAVIOUR AND RELEVANCE TO INDIAN ECONOMY

STRUCTURE

1.0 Objectives
1.1 Introduction
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1.6 Answer to Self Check Exercise
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1.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of consumer behaviour

- obtain a broad overview of micro and macro perspective of consumer

behavior

1.1   INTRODUCTION

Marketers must exercise care in analyzing consumer behaviour. Consumers often turn down what appears to be a winning offer. As soon as managers believe that they understand their consumers, buyer decisions are made that appear to be irrational. But what looks like irrational behaviour to a manager is completely rational to the consumer. Buying behaviour is never simple. It is affected by many different factors. Yet understanding of it is the essential task of marketing management.

Chambers, Chacko, and Lewis have summarized the basic beliefs about consumer behaviour into five assumptions. These assumptions provide a good basis on which to start a discussion of consumer behaviour.

Assumption 1 : Consumer behaviour is purposeful and goal oriented. As we mentioned in the introduction, what looks like irrational behaviour to a manager is completely rational to a consumer.

Assumption 2 : The consumer has free choice. Consumers do not have to pay attention to your marketing communications. Messages are processed selectively. In most cases the consumer has several products from which to choose.

Marketing Concept/Consumer Primacy

Market Segmentation, Targeting and

Positioning (S-TP)

Influencing

Product/Service Choices

(Macro) Societal

Implications

Understanding Popular Culture—e.g., Jackie Chan, Nike

Understanding Consumer Culture around the World—e.g., Christmas as a Global

Holiday How does Marketing Affect Consumers—e.g., Happiness, Envy,

Materialism The study of the soul or mind.

This meaning has been altered over the years until today; this is not what the word means at all. The subject of psychology, as studied in colleges and universities, currently has very little to do with the mind, and absolutely nothing to do with the soul or spirit.

It is important to understand that words and ideas are supposed to refer to something. "The large tree in the front yard" refers to an actual thing that can be seen, touched and experienced. "The man walking his little dog last night at sunset" refers to an actual event that can be seen, observed and experienced. The realm of mind is an actual realm that can be at

one time there were words that accurately referred to this realm.

Let's see what a few dictionaries have to say and how a word could alter and lose its true and actual meaning.

"Psyche" is defined as:
- The spirit or soul.
- The human mind,
- In psychoanalysis, the mind functioning as the center of thought, emotion, and behavior.

And defining "soul", we have:

- The spiritual or immortal elements in a person.
- A person's mental or moral or emotional nature.

1.2 NATURE OP PSYCHOLOGY

**Psychologists study:**

Behavior:

Behavior includes being kind, angry, breathing, walking, aggressive, getting old, becoming a grandparent and so on.

Experience: If we study behavior, we need to understand what the experience of that behavior is like for the individual. I.e. if we study someone being angry, we need to know what that feels like for the person.

Human and animal behavior: often psychologists can not perform experiments on humans for ethical reasons and may use animals to try to gain understanding of human behavior. For example, by trying to teach monkeys to talk, researchers have gained insight into how humans may develop their language skills.

As psychology is a science: it is vital that it can be studied scientifically and objectively. We can study, experiment with and objectively talk about manifest behaviour. However, the experience of that behavior is a subjective experience, where we rely on the individual to tell how it feels

Therefore, a generally accepted definition of psychology is "the study of human behavior. Behavior can provide us with valuable windows into a person's emotional and cognitive states, and if we can understand the psychological influences on behavior, we can try to better understand a person's inner experience.
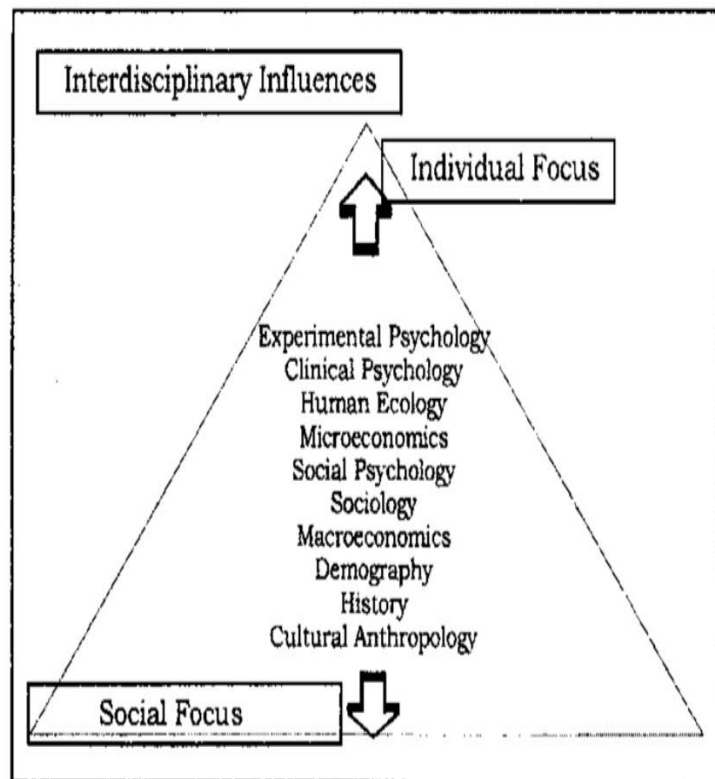
1.2.1 SELF CHECK EXERCISE

1. Where the words "psychology" does come from?

   a. Italian

   b. Greek

c. Latin

d. None of the above

2. Psychology is a _____

a. Biological science

b. Physical Science

c. Social Science

d. Natural Science

1.3 ECONOMIC MODEL OP CONSUMER BEHAVIOUR

The economic theory basically explains economic behaviour on the basis of allocation of limited sources of individuals as well as economy.

Micro Economic Perspective

Micro economic theory studies the behaviour of individual. Individual is considered a rational man and he allocates his limited resources in best manner to get maximum satisfaction from products and services. Though, the interplay of needs and motivation, the priortisation of these preferences was not considered in these models. The micro economic theory has following assumptions:

- Consumer has limited resources. Therefore, he can not get all desired products.
- As consumer has limited resources, he would allocate the available resources in best manner to satisfy his needs.
- As more units of same item are bought, the marginal utility or satisfaction provided by the next unit of the item will keep on decreasing, according to the law of diminishing marginal utility.
- Price is used as measure of sacrifice in obtaining the goods and/or services.
- The overall objective of the consumer, is to, maximize his satisfaction out of the act of purchase.

Many marketers believe that the greater the rational nature of the consumer, the closer will be the application of the micro economic model to the act of purchase.

Macro Economic Perspective

Macro Economics perspective focuses on aggregate flows in the economy, their direction and change over time, tries to draw generalizations about the behaviour of consumers, who basically influence these flows. Macro economic behaviour can be more understandable with the understanding of relative income hypothesis and the permanent income hypothesis.

The relative income hypothesis believes that higher income families spend a lower portion of their disposable income as compared to the lower income families. The relative income hypothesis believes that as peoples consumption standards are more influenced by their social groups and peers, the proportion of the families income relative to others is likely to change only when the rise in income is significant in a different social setting.

The permanent income hypothesis on the other hand explains that individuals are slow to change their consumption mixes even if there are rapid changes in their income. According to the hypothesis, consumers are influenced by their own perception of some

amount that can be consumed without disturbing their accumulated wealth rather than using the estimate of actual income in a given period to determine the level of their consumption pattern.

1.4 IMPORTANCE FOR INDIAN ECONOMY

Understanding of consumer behaviour helps every economy to boost their manufacturing sector. Economy can not grow without the growth in manufacturing sector. Understanding of Micro and Macro perspective helps marketer to develop strategies in different economic cycles.

1.5 SUMMARY

Consumer behaviour is purposeful and goal oriented. As we mentioned in the introduction, what looks like irrational behaviour to a manager is completely rational to a consumer. It is very important to understand consumer behaviour of consumer from micro as well as macro perspective point of view because the economic theory basically explains economic behaviour on the basis of allocation of limited sources of individuals as well as economy.

1.6 ANSWER TO SELF CHECK EXERCISE

1. (b)
2. (c)

1.7 SHORT QUESTIONS

1. Define in few words the term "Psychology" ?
2. Write Short note on " Consumer Behaviour" ?

1.8 LONG QUESTIONS

1. What is Economic model of consumer behaviour.
2. Explain Micro and Macro perspective of consumer behaviour.

1.9 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008
- David L. Laudon and Albert J, Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and Cases.

CROSS CULTURAL VARIATIONS IN CONSUMER BEHAVIOUR

STRUCTURE

2.0 OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of culture and subculture
- obtain a broad overview of its influence on consumer behaviour

2.1 INTRODUCTION

One of the most important influences on the life of consumers is that of culture. It provides effect on family life, living patterns, social interactions etc. In this chapter we shall investigate the role and usefulness of cultural analysis in the development of marketing strategies.

2.2 MEANING OF CULTURE

Culture is very broad term. It means "a complex set of values, ideas, beliefs, attitudes and other meaningful symbols, created by human beings to shape human behavior and the artifacts of that behavior as they are transmitted from generation to another. Culture regulates people's lives on a day to day basis like our clothing, diet, methods of food preparation etc. Culture includes both abstract and material elements, which allow us to describe, evaluate, and differentiate cultures. Abstract elements include

values, attitudes, ideas, personality types, and summary constructs, such as religion or politics. Material components, sometimes referred to as cultural artifacts, include such things as books, computers, tools, buildings, and specific products.

Culture results from interactions between people. The task of culture is basically establishing codes of conduct, standards of performance, and ways of dealing with people in interpersonal relations. This understanding of culture reduces uncertainties with people and increases predictability. Within a given culture, sub- cultures therefore arise due to geographic, religious, nationality and ethnic differences.

2.3 CHARACTERISTICS OF CULTURE

1. **Culture is set of learned responses:**Culture is not one which is inherited rather it is learned and acquired. Culture is basically a process of socialization in which person learns value and culture of that society. Cultural learning takes in two forms. One is patterned instruction and the other is imitative learning. While imitative learning is informal, patterned instruction may occur at either formal or informal level.

2. **Culture is invented:**It means culture is invented and it is not a set of instinctive responses. It is a way of thinking, feeling and acting which is a result of accumulated experiences and is passed from next generation to other. Culture does not simply exist somewhere waiting to be discovered. People invent their own culture.

3. **Culture is Socially shared:**The great strength of culture is that it is handed down from one generation to other. It is a group phenomenon. It links together the members of society like family, educational institutions, religious organizations make the sharing of culture possible.

4. **Cultures are similar but different:**All cultures exhibit certain similarities but still these are different. We have observed that generally elements like social institutions of family, marriage, rituals, schools, government, housing, religious rituals, calendars, language and law in every society generally same but still remains unique which may result in important consumer- behaviour differences around the world.

5. **Culture is gratifying and persistent:**Culture in society gives direction and guidance to the members, to satisfy physiological and personal needs. People remain comfortable doing things in customary way.

6. **Culture is prescriptive:**Culture involves desired level of standards of living and common way of feeling and thinking and acting. Culture also suggests items appropriate for consumption in the pursuance of norms, moves, values and beliefs that prevails in given society.

7. **Culture is dynamic and adapts:**In spite of resistance by people in societies, cultures are continuously changing. Cultural changes occurs because of changes in technology, fast communication flow, media invasion etc. Marketers are required to continuously monitor changes to find customers' changing demands and new opportunities.

2.4 CULTURAL VALUES

Cultural values can be defined as "a widely held belief or sentiment that some activities, relationships, feelings, or goals are important to the community's identity or well being." Cultural values are important to the organized and integrated nature of

culture. It serves as criteria or standards for behavior. It is very important for marketer to understand society's basic values to develop strategies to harmonize with culture, Each culture has some dominant core values and requires more understanding. Some of them are cited below:

- **Individualism:**

  This value is related with someone's belief in freedom, democracy, nationalism and patriotism. It can be seen in peoples thinking on dignity, worth and goodness of the individual. Societies with such kinds of culture believe in protectionism in their trade activities.

- **Equality:**

  Equality means equal rights in right to life, property, education. All members of society like men, women, and old have freedom to live in their own style. That is why, these days advertisement and products are developed keeping all segments of the market. Automobile companies are adding features in their cars to attract women customers.

- **Activity:**

  There are societies which gives importance to active life especially work. There are some societies which consider idleness is basically an evil. Thus in such societies work is considered as religious discipline.

- **Efficiency and Practicality:**

  Some societies appreciate efficiencies and continuous improvement in their practical tasks. For example, Americans believe in efficiency in their technical tasks and also search for better ways of doing things.

  Commonly held cultural values shape consumption choices. Marketers therefore try to appeal to consumers through advertising.

2.4.1 SELF CHECK EXERCISE

1. ----------- is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

a. consumer behaviour

b. consumer interest

c. consumer attitude

d. consumer perception

2. "----------- is the action and decisions process or people who purchase goods and services for personal consumption."

a. consumer behaviour

b. consumer interest

c. consumer attitude

d. consumer interpretation

2.5 CULTURAL VALUES AND CHANGE

The core values discussed do not represent a static concept rather these are of dynamic nature. Depending upon the rate of change a society is going through cultural change may evolve slowly.

Because of globalization and fast changing information technology bring the people of world more closer with each other. Johan Nasibilt in his book Megatrends 2000 has predicted the ten most important trends that will mark the future times. These are:

- A renaissance in girts and literature and spirituality.
- The end of welfare state and decline of socialism.
- Emergence of English as worldwide language.
- Emergence of age of biology and genetic engineering.
- Shift from dominance of Atlantic culture to pacific culture.
- Decline of cities and growth of electronic heartland.
- Worldwide free trade.
- No limits to growth.
- Era of globalization.
- Human resources as the cutting edge of competitiveness.

2.6 IMPLICATIONS FOR CULTURAL CHANGE FOR THE MARKETER

Societies values keep on changing continuously though values are relatively permanent. Marketers give special attention to values in transition. Changes in values may alter marketing strategies. Following given detail can throw more light on how values get affected by the cultural transfusive triad (families, religious organizations, and schools) and early lifetime experiences.

- **Changing Family Influences:**

    Family is the dominant transfusive agent of values in most cultures. Many changes are occurring in the family like less time for in home. Also with many women working, children are learning values and cultures outside the family and from media. The single parent learning also influenced the cultural transformation. Nuclear families are also contributing in cultural changes.

- **Changing Religious influences:**

    There is change in individuals' belief in religious institutions. People have started experimenting spirituality or stress free programmes. Art of living, or yoga followers are such examples. Women express their religious belief and spirituality more than man. People have started believing more in astrology, tarot cards etc. Lot of businesses are mushrooming in related activities.

- **Changes In Educational Institutes:**

  There is great change in providing formal education. More usage of information technology, internet, Laptops have totally changed the education. People are preferring early carriers and also shifting from regular to correspondence education.

  As cultural changes are bringing new customers, there are significant implications for many aspects of marketing strategies like product planning, promotion, marketing segments, distribution channels etc.

2.7   SUB CULTURES AND THEIR VALUES

Subcultures are distinct cultural group that exists within a layer, complex society as an identifiable segment in terms of its beliefs customs and values. Not all societies behave in similar fashion. This is because of distinctive values and customs followed by members of its various subcultures. These subcultures have values, customs, traditions and other ways of behaving that are peculiar to a particular group within a culture.

2.8   TYPES OF SUBCULTURES

Marketers give consideration to different segments in terms of differential mores of these subgroups results in consumption patterns and behavioural patterns. Marketers have to understand these behavior patterns on the basis of different subcultures.

Racial or Nationality Subcultures:

Societies where people of different racial are residing is good example of such subcultures. For example America is a country of multiracial society. While they value American cultures but still shop depending upon the requirements of subcultures. The different subcultures vary in terms of their values, food habits, religious festivals etc.

Religious Subcultures:

Cultures may be further categorized into different subcultures on the basis of different religions. Indian society is big example of a multi religion country where people believe in different religious ideologies. People use different products for consumption. Thus it becomes important for marketers to understand consumers on the basis of religion.

Geographical and regional Subcultures:

Some nations are geographically very large. Because of large geographical areas, these countries have different regional geographical diversity. For example in India we have different subcultures like Punjabi, Bengali, Gujrati, Bengali etc.

Age Subcultures (Youth and Elderly Market):

Marketers also use age as a basis for identifying different subcultures as the youth market and the elderly market. The youth market differs from elderly market in terms of purchase preferences, information sources, media habits and preferences, consumables, apparels, accessory and entertainment, education and training, fast food and hospitality industry.

Gender Subcultures:

Marketers are also divided using gender as the basis for dividing market into different subcultures. Understanding of role of men and women in buying process also helps markets while developing strategies regarding feminine or masculine products.

2.9 SUMMARY

One of the most important influences on the life of consumers is that of culture. It provides effect on family life, living patterns, social interactions etc. Understanding of culture reduces uncertainties with people and increases predictability. Within a given culture, sub-cultures therefore arise due to geographic, religious, nationality and ethnic differences. Marketers have to understand these behavior patterns on the basis of different subcultures.

2.10 ANSWER TO SELF CHECK EXERCISE

1. (b)
2. (a)

2.11 SHORT QUESTIONS

1. Name any three products that are totally developed according to Indian culture.

2.12 LONG QUESTIONS

1. How an understanding of culture mould marketing strategy of Marketer?
2. Distinguish between values, custom and belief.

2.13 KEYWORDS

- **Culture** : Culture, in the context of consumer behavior, refers to the shared beliefs, values, norms, customs, and practices that characterize a particular group of people. It encompasses everything from language, religion, and social structure to food preferences, fashion, and leisure activities.

2.14 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008.
- David L. Laudon and Albert J, Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
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SOCIAL CLASS AND CONSUMER BEHAVIOUR

STRUCTURE

3.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of social class

- obtain a broad overview of its influence on consumer behaviour

3.1 INTRODUCTION

There are number of factors that influence the consumer buying behaviuor. In the previous chapters we have studied the importance of studying consumer behaviour, how cultures and subcultures are significant for their effect on consumer behaviour. In this unit, the discussion is further extended to social class that influences decision of consumers while purchasing.

Social Classes have several characteristics. First, Person with in each social class tends to behave more alike than persons from two different social classes. Second, persons are perceived as occupying inferior or superior positions according to their social

class. Third, a person's social class is indicated by a number of variables, such as occupation, income, wealth, education , and value orientation, rather than by any single variable , fourth, individuals are able to move from one social class to another up or down during their lifetime. The Extent of this mobility varies according to the rigidity of social stratification in a given society,

3.2 MEANING

Social class is basically- a range of social positions-on which society can be placed. It is considered as a group of a number of people who share more or less same positions in society. Within social class members of that class share same values, beliefs and generally exhibit similar kind of buying behavior. They keep similar kind of status. The word status here basically refers to aggregate effect of affluence, power, recognition and prestige enjoyed by member of that class. Social class differs from society to society. Generally, these are ranked as higher and lower. The involvement of social class basically influences decisions like type of homes, holiday tours, ways of spending leisure time etc.

3.3 DETERMINANTS OF SOCIAL CLASS

For consumer analyses, following given variables are useful for developing an understanding of Social Class.

Occupation:

Occupation is the best single indicator of social class. The kind of occupation the consumer occupies aggressively affects their life style. Importance of occupation as a social class can be well judged by the frequency with which people ask others when they meet for the first time and raises a question * what do you do? " The answer to this question is enough to form opinion about others.

Marketers generally decide various strategies depending upon occupation of consumers and define target market accordingly. For example, factory workers spend their maximum income on food. On the other hand top executives in corporate spend their income on eating out, clothing and savings.

Education:

Education plays a prominent role in exhibiting person's Social Class. It is common, the more education person has, and the more likely it is that the person is well paid. Marketers in order to have clear target market, clearly differentiates consumers on the basis of their education level.

Income:

The income of an individual or family is also an indicator of consumer's behavior. The individuals with different levels of income will vary in requirements of different products. So, income is very important criteria for social classification. While computing income marketers are interested in family income rather than individual's income. Thus, while calculating income family income from all sources should be taken together.

Personal values and attitudes may have a larger influence to buyers' behavior than the amount of income they possess. This means that members of different social classes

that have similar incomes, can, depending on their values and preferences, spend it on different contents and activities. However, in their desire to buy only the best, they buy less often and not as much, but they buy quality goods. Finally, families in each social class can, depending on their income level, be divided into three subgroups: over-privileged, average and underprivileged. Note that the over-privileged and underprivileged families, despite the considerable difference in their purchasing power, retain the buying habits and the behavior of the segment they belong to. Despite everything that is said above, it would be irrational and wrong to deny the influence that income has over buying behavior, both on type and prices of products purchased.

3.3.1 SELF CHECK EXERCISE

1. In consumer behavior CDM stands for _____
   (a) Consumer Decision Making
   (b) Customer Decision Mix
   (c) Customer Development Model
   (d) Consumer Decision Mapping

2. A customer is _____ when the performance of the product matches his expectations.

   (a) Happy

   (b) Delighted

   (c) Dissatisfied

   (d) Satisfied

3.4 FIVE CLASSES

For the purpose of convenience social classes can be divided into following categories generally. It is one of the common bases for categorization among consumer researchers.

- Upper class
- Upper middle class
- Middle class
- Lower middle class, and
- Lower class

3.5 LIFESTYLE PROFILES OF SOCIAL CLASS

Consumer research has found that within each of the social classes, members of that class follows specific lifestyle factors (shared beliefs , attitudes, activities and behviours) that differentiates one class to other class. For example Upper class keeps membership of Elite Clubs or they serve as trusties of Educational institutes. Upper middle class people are more career oriented and very child oriented. Similarly Middle class generally do not own their homes and go for housing loans, buys small cars etc. Members of Lower class are uneducated and belong to labour class. They generally do not own house and white goods.

3.6 THE MEASUREMENT OF SOCIAL CLASS

There are following given measures that are used by the researchers to measure social class.

- Subjective measure
- Reputational measure
- Objective measure
- Subjective Measures

Researchers have found out the best method is to start with a self assessment or a subjective measurement .Later the researcher with an objective correction can moderate it. During a survey therefore, and as starter, the respondent consumer wilt be asked the following questions.

If all the persons in the consuming society are to be classified into the following five categories in which category do you consider yourself to be?

Upper ( ) Upper middle [ ] Middle ( ] Lower middle ( ) Lower [}

In this type of survey there will a tendency for the respondents to place themselves into middle categories, avoiding top and bottom altogether. This feeling of social group membership is often referred to as 'Class Consciousness'.

Reputational Measures:

In this approach researcher follows his expert opinion to distinguish social class among members of society.

Researchers have used this method to have better understanding of specific class structures under study. Consumer researchers however are concerned with the measurement of social class to understand target markets and consumption behaviour.

Objective Measures:

Objective measures basically consider various socioeconomic demographic variables to arrive at the class of the customers. Social class is divided based on the variables such as occupation, education, income, quality, religion etc. Objective measures of social class falls into two basic categories mainly Single Variable Index and composite-variable index.

3.7 SINGLE VARIABLE INDEX

A Single variable index uses only single variable for measurement. Some of the important variables are occupation, education, income, quality, religion etc.

3.8 COMPOSITE-VARIABLE INDEX

In composite index various factors together in different combinations are taken into consideration to measure social class. One common measure of such type is SEC (socioeconomic classification) which combines occupation an education and classify the respondent Al, A2, Bl, B2, C, C2 and D classes. Researchers also find out relationship between composite scores and other variables.

3.9 SUMMARY

Social class is basically- a range of social positions-on which society can be placed. It is considered as a group of a number of people who share more or less same positions in society. Within social class members of that class share same values, beliefs and generally exhibit similar kind of buying behavior. Consumer research has found that within each of the social classes, members of that class follows specific lifestyle factors (shared beliefs , attitudes, activities and behviours) that differentiates one class to other class.

3.10 ANSWER TO SELF CHECK EXERCISE

1. (a)
2. (b)

3.11 SHORT QUESTIONS

1. Define social class.

3.12 LONG QUESTIONS

1. Give various types of social class.
2. Discuss the various approaches to measure Social Class.

3.13 KEYWORDS

1. **Social class** : refers to a hierarchical division of society based on economic, social, and cultural factors. It encompasses various aspects, such as income, wealth, occupation, education, and lifestyle. The social class provides a framework for understanding individuals' positions within society and their associated behaviors and preferences.

3.14 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008.
- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and Cases.

GROUP DYNAMICS AND CONSUMER REFERENCE GROUPS

STRUCTURE

4.0 Objectives
4.1 Introduction
4.2 Meaning
4.3 Types of Groups
      4.3.1   Self Check Exercise
4.4 Consumers-Relevant Groups
4.5 Factors That Affect Reference Group Influence
4.6 Applications of reference groups
4.7 Transmission of Influence through Dyadic Exchanges
4.8 Summary
4.9 Answer to Self Check Exercise
4.10 Short Questions
4.11 Long Questions
4.12 Keywords
4.13 Suggested Readings

4.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of consumer reference groups
- Explain the motivations and personalities of those who influence the consumer, i.e. the opinion leaders, and also of those who are influenced.

4.1   INTRODUCTION

There are a number of factors that give increase to consumer wishes and wants. In the previous unit you have studied how culture and subculture are significant in consumer behavior. In this unit the group dynamics and reference groups will be studied for better understanding of consumer buying behavior.

4.2   MEANING OF GROUP

A group may be defined as two or more people who interact to accomplish either individual or mutual goals. The best example is two intimate friends go together for shopping most of the times. Colony association, whose members concerned with park, community hall, roads and type of businesses in their neighborhood can also be included in the definition of group because members of this group are largely influenced from each other in their buying.

4.3 TYPES OF GROUPS

There are many ways to classify groups, such as by regularity of contact, by structure and hierarchy, by membership, even by size. For example we can differentiate groups on the basis of size and complexity also. But in consumer behavior we are interested in small groups because these have special influence on the behavior of group members. Generally, there are following categories considered while studying in this area.

- **Primary Versus Secondary Groups:**

  If an individual interacts with some people regularly like family members, co- workers who have influence or whose opinion matters then that group is called primaiy group for that person. On the other side if interaction is occasionally then it is considered as secondary group for that member.

- **Formal Versus Informal Groups:**

  Another useful way to classify groups is according to relationship on the basis of formal or informal behaviour. For example if group has highly defined structure like members in trust and have defined roles and objectives then that group is called formal group. The group is informal when it has not defined structure for example group of three friends which came into contact while doing MBA programme. Marketer is interested in informal groups because members of this group have more influence of its members at the time of purchasing.

- **Membership Versus Symbolic Groups:**

  Groups can be classified on the basis of membership status also. For example if a girl attends exercise session with some women celebrity like big actress then she will be considered for membership group. Another example of a membership group is alumni association. But if formal membership is not obtained from particular group but one acquires group's values, attitudes and behavior, is considered a symbolic group. For example if young cricketer who has less potential but imitates very successful cricketer and buy specific brands of bat like successful cricketer then he will be considered as part of symbolic group.

4.3.1 SELF CHECK EXERCISE

1. Generalisation about a group of people is
   (a) Self perception
   (b) Contrasting
   (c) Projection
   (d) Stereotyping

2. Sociometric analysis designed and developed by Jacob Marino is primarly associated with

   (a) Motivation

   (b) Perception

   (c) Group Dynamics

   (d) Attitude

4.4   CONSUMERS-RELEVANT GROUPS

To have more understanding, let us discuss various consumer-relevant groups in detail.

- **Family:**

  An individual's family often is in the best position to influence the buying decisions. The extent of influence depends upon the intimacy of family members. Influence of family depends upon a wide range of values, attitudes, and behavior.

- **Friendship Groups:**

  Friendship groups are basically unstructured and informal groups and lack specific authority levels. After an individual family, it is his friends who are most influential on him. Friends provide support, companionship, security. That is why individual feel secured while discussing their individual problems. The advice and preferences of friends are an important influence in determining the brands a consumer ultimately selects.

  Reference groups that are benchmarks for defined behaviour or attitude is called comparative reference group. For example a neighboring family whose lifestyle appears to be very admirable and he wants to imitate same is comparative reference group. On the other hand reference group that influence general is called normative group. For example, child's normative reference group is immediately family which is likely to play an important role in molding the child's general consumer values.

- **Dissociative Reference Groups:**

  These are negative reference groups. These have so negative influence that consumer does not want to identify with them. Such disassociation from a group may occur when individuals are striving to move into the higher social class. They avoid purchasing goods and services used by Dissociative group.

- **Status Reference Group:**

  These are groups in which an individual seeks acceptance. An individual need not be a member of such a group in order to be influenced by it. In fact, when a person is not a member of the group, it is referred to, in such cases as an aspiration group.

4.5 FACTORS THAT AFFECT REFERENCE GROUP INFLUENCE

It becomes important that a reference group exerts on an individual's behavior is not consistent. It varies individual to individual factors, product related factors and reference group related factors.

- **Information and Experience:**

  Consumer who has used product means has first hand experience about the product or service, will be less influenced by opinion of others. On the other hand, a person who has less information about product may be carried away with the information and go for purchasing that product. For example if person is new to city and wants to host party in some restaurant would seek information from others.

- **Credibility, attractiveness, and power of the reference group:**

  A reference group which is considered as powerful,-attractive can induce the attitude of buyers. For example, when product is of high like skin cream to cure infection then consumer will believe words of a person with high credit credibility like doctor.

  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 behviourial characteristics.

- **Product related factors:**

  In some cases, reference group influence depends on type of product. Reference group is impacted by the "conspicuousness "of a product. Conspicuousness may be of two forms, first the product must be exclusive in some way, and second products must be seen or identified by others. It means how visually or verbally conspicuous the product is to others. A visually conspicuous product is one that will stand out and be noticed. For example, highly expensive artifact unique in its type or a verbally conspicuous product may be highly interesting, or it may be described to others. Products that are especially conspicuous and status revealing are most likely to be purchased with an eye to the reactions of relevant others.

4.6 APPLICATIONS OF REFERENCE GROUP

Individual often buy particular brands because they observe others buying them that is why the reference group concept is used by advertisers to persuade consumers to purchase products and brands by portraying products being consumed in socially pleasant

situations or else, using prominent and attractive people to endorse products and, often , by using stereotype group members as spokespersons in advertising.

There are generally following broad applications of reference group influence on buyer behviour, as expressed through the medium of advertising:

- **Use of Celebrities:**

  Celebrities, particularly film stars or cricketers in India, provide a very common type of reference group appeal. Advertisers spend a huge amount of money on celebrities because audiences react positively to a celebrity's association with their product.

- **Use of Experts:**

  A second type of reference group appeal used in advertising is to use persons who are experts in their field. Experts help perspective consumers to evaluate an advertised product. For example, an advertisement for toothpaste may feature the endorsement of dental doctor.

- **The "Common Man":**

  A reference group appeal that uses the testimonials of satisfied customers is known as the common man approach. Advertisements based on the appeal are called as slice of life commercials. A reference group appeal that uses the testimonials of satisfied customers who is not celebrity rather a common man resembling socio economically like target consumer is known as the common man approach. The common man appeal is especially effective in public health announcements.

- **The Executive and Employee Spokesperson:**

  There is increasing trend of firms using their top executives and employees as spokespersons in consumer advertisements. This is quite effective way of vibrant advertisement especially in high quality and technical products. For example, for automobile and mobile, this type of advertisement can be used.

- **Trade or Spokes- Characteristics:**

  Trade or spokes characters as well as familiar cartoon characters serve as quasicelebrity endorsers. They act as exclusive spokesperson for particular product. These trade spokes- characters present an idealized image and dispense information that can be very important for the product or service that they work for.

4.7 TRANSMISSION OF INFLUENCE THROUGH DYADIC EXCHANGES

Group influences are transmitted to individuals in many ways. People often observe others and try to behave in similar fashion what they see. Television, movies are valuable source of getting information. But the most influential source is one to one communication. These exchanges of resource between two individuals are called Dyadic exchanges. These are given below in detail:

- **Word-of Mouth Communication:**

   When individual see or experience something new about product then they share their experiences with people. This is Word-of Mouth (WOM) Communication-the informal way of transmitting information.

- **Opinion Leadership:**

   Every group has a leader, or more specifically, an opinion leader. Opinion leadership has been defined as the process by which one person, the opinion leader, informally influences the actions or attitudes of others who may be opinion seekers or opinion recipients. But opinion leaders also change roles and seek from others when they do not have experience with or expertise in a specific area.

   Opinion leadership is not rare. At least fifty to seventy percent people are opinion leaders and also opinion receivers. Because of the effect that opinion leaders are known to have on the behavior of other individuals, it is believed that directive persuasive communications to this segment is more fruitful.

4.8 SUMMARY

A group may be defined as two or more people who interact to accomplish either individual or mutual goals. There are many ways to classify groups, such as by regularity of contact, by structure and hierarchy, by membership, even by size. Individual often buy particular brands because they observe others buying them that is why the reference group concept is used by advertisers to persuade consumers to purchase products and brands.

4.9 ANSWER TO SELF CHECK EXERCISE

1. (a)
2. (c)

4.10 SHORT QUESTIONS

1. Define word of mouth communication.

2. Write short note on Group.

4.11 LONG QUESTIONS

1. Give in detail various types of reference groups.

2. Write in detail factors affecting reference group.

4.12 KEYWORDS

- **Group Dynamics :** The social process by which people interact and behave in a group environment is called group dynamics.

4.13 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008.

- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and Cases.

HOUSEHOLD LIFE CYCLE

STRUCTURE

5.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of Household Life Cycle
- To obtain a broad overview of its influence on Consumer Behaviour

5.1   INTRODUCTION

It is understandable to all consumer behavior students that individuals and product types go through a life cycle; similarly families also pass through different life cycle stages. The term life cycle refers to the series of life stages through which individuals proceed over time. The family life cycle concept attempts to explain consumer behaviour patterns of individuals as they age, marry, have children and retire.

5.2   MEANING OF FAMILY LIFE CYCLE

Sociologists and consumer researchers have been long attracted to the concept of Family Life Cycle (FLC) as a means of depicting what once a rather steady and predictable series of stages that most families progressed through. FLC is basically a composite variable created by systematically combining such commonly used demographic variables as marital status, size of family, age of family members and employment status of the head of household. The ages of the parents and relative amount of disposable income usually are inferred from the stage in the family life cycle.

5.3 IMPORTANCE OF UNDERSTANDING LIFE CYCLE

- At each stage members have new needs for goods and services, i.e consumption patterns change. Thus marketer needs to understand how different stages change their consumption patterns.
- Life cycle stage determines which product categories are bought but not how much is spent on each category. So, Understanding of stages helps marketers to develop strategy to decide various segments.
- As interests change because of Life cycle so too does the ability to reach these customers. So, advertisement media is also decided accordingly.
- Purchasing decision process changes with the stages in Life Cycle.

5.4 TRADITIONAL FAMILY LIFE CYCLE

The traditional FLC is progression of stages through which families pass. The Concept of family or household life cycle has proven very valuable for the marketer, especially for segmentation activities. Let us discuss in detail various stages of Family Life Cycle.

- **Single Advanced Stage/ The Bachelor Stage:**

  These are older single people. Some are single because they have not yet found the 'right' mate, while others are single by choice. In either case, as they progress through their late 20s, their 30s, and perhaps beyond, they are in a position to begin earning fairly high incomes. Without family responsibilities (except perhaps a mortgage, etc.) they are likely to have high disposable incomes.They tend to spend substantial amounts on personal consumption items, food, clothing, transportation, certain luxury goods entertainment, vacations, and possibly even a car. This group is generally recreation-oriented and high on fashion opinion leadership. As a result, purchase patterns consist of vacations, cars, clothing and various other products and services needed for youth like sports items, exercise equipments etc.

  Thus following Eire main characteristics of Bachelor Stage. (Young single people not living at home):
  - Few financial burdens
  - Fashion/opinion leader led
  - Recreation orientated
  - Experiment with personal financial management
  - Men and women differ in consumer behavior (women more housing-related items and furniture, men more on restaurants and cars)
  - Buy basic kitchen equipments, basic furniture, cars, holidays,

- **Two-Person Household : No Children Stage/The Newly Married Couple**

  Individuals in this stage can range from young through middle age to mature. If the household has just been established, and children are expected in the next few years, then they will not be good candidates for planned gifts.

  If, however, there are no plans for children (just a couple), or if the children have grown up and moved out (empty nesters), then these groups with their high

incomes and asset acquisition are excellent targets for planned giving. If they are younger, now is the time to start to cultivate them. This group is generally better off financially them when they were single because both spouses are likely to be working. They are also healthier financially than they will be in the next stage, which brings added demands on their resources. But for now this family has the highest purchase rate and the highest average purchase of durable goods, especially furniture and appliances. They also spend heavily on cars, clothing, and vacations.

The following are main characteristics of this stage.

- Better off financially than they will be in the near future,
- High levels of purchase of homes and consumer durable goods,
- Establish patterns of personal financial management and
- Control.
- Buy cars, cookers, life assurance, durable furniture, holidays

- **Fullnest 1 / Young, Married with Child:**

  The next stage is Full Nest I when first child in the family takes birth. The new birth in family automatically change the role of birth and decide if one parent will leave the job to take care child or they will keep baby care taker to look after the kid. In both case family income reduces and expenditure on baby items increases. In this stage, families are likely to move into their first homes, purchase furniture and furnishings for the child, buy a washer and dryer and home maintenance items and purchase vitamins, toys etc. These items take priority over other purchases.

- **Full Nest II/ Older, Married, with Children:**

  The family's financial position starts to improve because of career progress and also because many wives return to work. This is the stage where family finds itself consuming more and in larger quantities. Consumption patterns continue to be heavily influenced by children, since the family tends to buy large -sized packages of food and cleaning supplies, bicycles, music lessons, books for kids, sports equipment, computer.

  The following are main characteristics of this stage.
  - Financial position better,
  - Some wives return to work,
  - Child dominated household,
  - Buy necessities - foods, cleaning material, clothes, bicycles,
  - sports gear, music lessons, pianos, junk foods, holidays

- **Full Nest III/ Older, Married, with Dependentchildren:**

  As the family grows older and parents enter their mid-40s, their financial position usually continues to improve because the primary wage earners income rises, the second wage earner is receiving a high salary and children earn spending and education money from occasional and part time employment. The family typically replaces some worn pieces of furniture, purchases another automobile, buys some luxury appliances and spends money on education. In India, family spends a big proportion on wedding of their kids.

The following are main characteristics of this stage.
- Financial position still better
- More wives work
- School and examination dominated household
- Some children get first jobs; other in further/higher education
- Expenditure to support children's further/higher education,
- Buy new, more tasteful furniture, non-necessary appliances,
- boats, holidays, etc.

- **Empty Nest (Older, Married with no Children Living with them):**

  With no children living with parents, the financial position stabilizes. Savings accumulate. They may be a resurgence in self education. Hobbies also become an important source of satisfaction. More is spent on luxury appliances, magazines and health products. Major expenditures are on home ownership, home improvements and also on medical care.
  - Keep home,
  - Concern with level of savings and pension
  - Assist children
  - Buy medical appliances or medical care, products which aide health, sleep and digestion, hobbies and pastimes

- **Solitary Survivor / (Older, Single, Retired People):**

  At this stage a single from old couple survives. Generally at this stage if individuals are still in job then higher income and less expense. In case of retired single comparatively less income and maximum expenditure is on vacations, recreation, medicines, and retirement benefits. At this stage they have special requirement of caring.

  Income still adequate but likely to sell family home and purchase smaller accommodation,
  - Worries about security and dependence;
  - Concern with level of savings and pension,
  - Buy hobbies and pastimes

5.5 SUMMARY

There is no doubt that stages of families do affect nature of goods and services required, their **wants and** consumption **patterns** as well as the volume of consumption on specific products. At each stage **there are** unique needs, different objects for purchasing and different demands that are placed on **the** family. Research done using the family life cycle model has revealed many consumption differences across household-life cycle stages. The relevant question for the marketer is **the extent to which** this **family** influence carries over into our consumer behavior patterns **between parents and children.**

5.7 SHORT QUESTIONS

1. Define Family Life Cycle in few words.

5.8 LONG QUESTIONS

1. Give in detail types of family life cycle.

5.9 KEYWORDS

- **The family life cycle** in consumer behaviour emphasises every stage, such as Young single spending a lot of money and not saving it for the future. At the same time, married couples need to spend by sharing expenses with their partner**.**

5.10 SUGGESTED READINGS

- Schiflman. **L.G** and Kanuk. **L.L.** Consumer behavior, Prentice Hall of India, New Delhi, **2008**
- **David L. Laudon** and Albert J. Della **Bitta,** Consumer Behaviour, Mcgraw- Hill, New **York, 2007.**
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- Rayu **M** S Xardel M.S. Consumer Behvaiour, Concepts, Applications and cases

FAMILY DECISION MAKING

STRUCTURE

6.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of Family Decision Making

obtain a broad overview of its influence on consumer behaviour

6.1   INTRODUCTION

Consumer behavior is influenced not only by consumers' social class, reference groups, motivations and attitudes but also by the relationships with families. The family is a major influence on the consumer behaviour of its members. There are many examples of how the family influences the consumption behaviour of its members. As a major consumption unit, the family is also a main target for the marketing of many goods and services.

6.2   MEANING OF FAMILY AND TYPES

As a consuming unit to consider, the marketer is interested in various types of family compositions in order to understand family buying behaviours. There are several types of families and their buying requirements. Let us discuss in detail.

A family is a set of two or more persons related by blood, marriage, or adoption who reside together. 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.

The nuclear family is the immediate group of father, mother, and kids 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 bom 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.

6.3 FAMILY BUYING INFLUENCES: NATURE AND TYPES OF INFLUENCES

The family's influence comes from the fact that the bonds within the family are likely to be much more powerful and intimate than those in other small groups. Because of these bonds, the family has deep social, cultural, psychological and economic influence on consumers within thefamily, working as the unit of analysis, a reciprocal influence operates on all decisions. There are three main sources of influence in the family decision process. These are the father, the mother and other family members.

Though a family may have several persons affecting decision making process. Each member of family has his own motives, evaluations and beliefs which make decision process a complex. Further every member of family becomes the part of environment and influences the decision of others. Cognitions, behavior and environments of several persons become an important consideration for the marketer, as do the interactions of the members among themselves. The marketers need to analyze possible interaction pattern between each of the family members.

6.4 STRUCTURAL VARIABLES AFFECTING FAMILIES AND HOUSEHOLDS

Structural variables include the age of the head of household or family, marital status, presence of children, and employment status. For example, consumer analysts have vast interest in whether families have children and how many they have. Children increase family demand for clothing, food, furniture, homes, medical care, and education, while they decrease demand for many discretionary items, including travel, higher-priced restaurants, and adult clothing.

Sociological Variables Affecting Families and Households

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

Cohesion: is the emotional bonding among 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 fulfill their consumption needs.

6.5   FUNCTIONS OF THE FAMILY

There are four basic functions provided which are particularly relevant for understanding of consumer behaviour. These are (1) Economic well-being, (2) Emotional support, (3) Suitable family lifestyles, and (4) Family-member socialization.

- **Economic Well-Being:**

    Dependence of financial resources is definitely gives platform for understanding a basic family functions. How the family divides its responsibilities for providing economic wellbeing has changed considerably these days. The traditional roles of husband as economic provider and wife as homemaker and child dependence are still valid. Though the economic role of children has changed. To some extent but they hardly support family financially. Their parents are still expected to provide for their needs. But some of them get enough financial resources from parents or their own to decide their consumption of certain items.

- **Emotional Support:**

    The 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 emotional support and back-up to its members and assists its members in coping with personal or social problems. For showing their encouragement and love, parents gift greeting-cards to their kids. Greeting cards companies have been marketing cards especially for parent to match various occasions for their kids. For instance, in most communities, many educational and

psychological centers are available that are designed to assist parents who want to help their children improve their learning and communication skills, or generally, better adjust to their environments.

- **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 household chores, and has created a market for convenience products and fast-food restaurants. Also, with both parents working, an increased emphasis is placed on the notion of "quality time", rather than the "quantity of time" spent with children and other family members. Realizing the scarcity of quality family time, hotels feature a variety of weekend packages targeted to couples and their children.

- **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. Socialization skills (manners, goals, values, and other qualities) are imparted to a child directly through instruction and indirectly through observation of the behaviour of parents and older siblings. Marketers often target parents looking for assistance in the task of socializing preadolescent children.

6.5.1 SELF CHECK EXERCISE

1. In terms of consumer behaviour; culture, social class, and reference group influences have been related to purchase and _____.
    (a) Economic situations
    (b) Situational influences
    (c) Consumption decisions
    (d) Physiological influences

2. _____ **develop on the basis of wealth, skills and power.**
    (a) Economic classes
    (b) Purchasing communities
    (c) Competetors
    (d) Social Classes

6.6   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 or roles and actors. This section analyzes the nature of decision making process within the family and its implications for consumer behavior. Family decisions can be evaluated on following parameters.

Role Structure:

Society and family both are structure of roles that are performed by various members. Family has its own structure, with each member playing his or her role. Gender roles like dominance of wife or husband, mother or father also determine the buying behavior. There are generally following given roles are performed by different family members.

Instrumental roles also known as functional or economic roles, involve financial, performance, and other functions performed by group members.

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 or Purchase Process Roles:

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. These roles can be identified and they determine how families make decisions.

The important buying roles include:

- **The Instigator (Initiator):** This is the person who first suggests the idea of a product or service and initiates the purchase process, to begin with. The Initiator can even be a stranger. For example, you may see someone wearing stylish jeans and you also decide to have similar one. Or, you see a new LCD at your friend's place and discuss same with your family members and you decide whether brand suits your requirements.

- **The Influencer:** This is someone whose opinion is valued in the decision-making process. An influencer may be a friend, brother, sister, spouse, doctor or other influential person. All these persons have a direct or indirect influence on the final purchase decision.

- **The Purchaser (Buyer):** This is the individual who actually purchases the product, pays for it, takes it home or arranges for delivery. Very often, the purchaser and the decider are the same person, particularly for big value items.

- **The Consumer:** He is the user of goods or services.

Although these five buying roles are performed whenever any purchase is made, the individual performing each role may vary from purchase to purchase, and from family to family. The number and identity of the family members who fill these roles thus varies. In any given situation, the same member may take on several roles. Thus, in some cases, a single family member may independently assume a number of roles,

in which case, it is really an individual decision within a family context. In other cases, a single role will be performed jointly by two or more family members.

6.7 FAMILY DECISION STAGES

We have discussed that there are different roles and one has to take number of decisions to buy a product or service. And the amount of influence exerted by family member depends on the stage of decision process. There are generally following five stages decision making models:

- Problem recognition
- Search for information
- Evaluation of alternatives
- Final decision
- Purchase

The role of husband, wife and children will differ across the stages. There can thus be shifts in husband-wife decision-making from stage one of problem recognition, to stage two of search for information and finally, to the decision.

6.8 SUMMARY

A family is a set of two or more persons related by blood, marriage, or adoption who reside together. 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. We have discussed that there are different roles and one has to take number of decisions to buy a product or service. And the amount of influence exerted by family member depends on the stage of decision process.

6.9 ANSWER TO SELF CHECK EXERCISE

1. (c)
2. (d)

6.10 SHORT QUESTIONS

1. Write Short Note on family decision making.

6.11 LONG QUESTIONS

1. How different roles of individuals in family affect buying behaviour.
2. Write in detail family influences on consumer buying.

6.12 KEYWORDS

- **Family decision making** is a concept in marketing & consumer behavior where an individual decides to buy a certain product or service after deciding it along with his or her family.

6.13 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008
- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and cases

CONSUMER NEEDS AND MOTIVES

STRUCTURE

7.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of consumer needs and motives

- obtain a broad overview various types of motives.

7.1   INTRODUCTION

It is important to judge the interests and needs of consumers to know the forces behind their buying behavior. Human needs are the basis for all modem marketing. The success of companies depends upon their ability to understand and meet consumer needs. Marketers do not create needs but they remain aware of consumer needs. Marketers who base their offerings on recognition of consumer needs find a ready market for their products.

7.2   MEANING OF MOTIVATION

Motivation is an inner state that mobilizes bodily energy and directs it in selective fashion toward goals usually located in the external environment. It can be described as the driving force within individuals that impels them to action. This driving force can be introduced by external agents and by creating a state of tension or dissatisfaction about an

unfulfilled need. The courses of action of consumers and their specific goals are effect of thinking processes of consumers which is known as cognition and the previous learning of consumers. Following Model lof Motivation process makes it clearer.
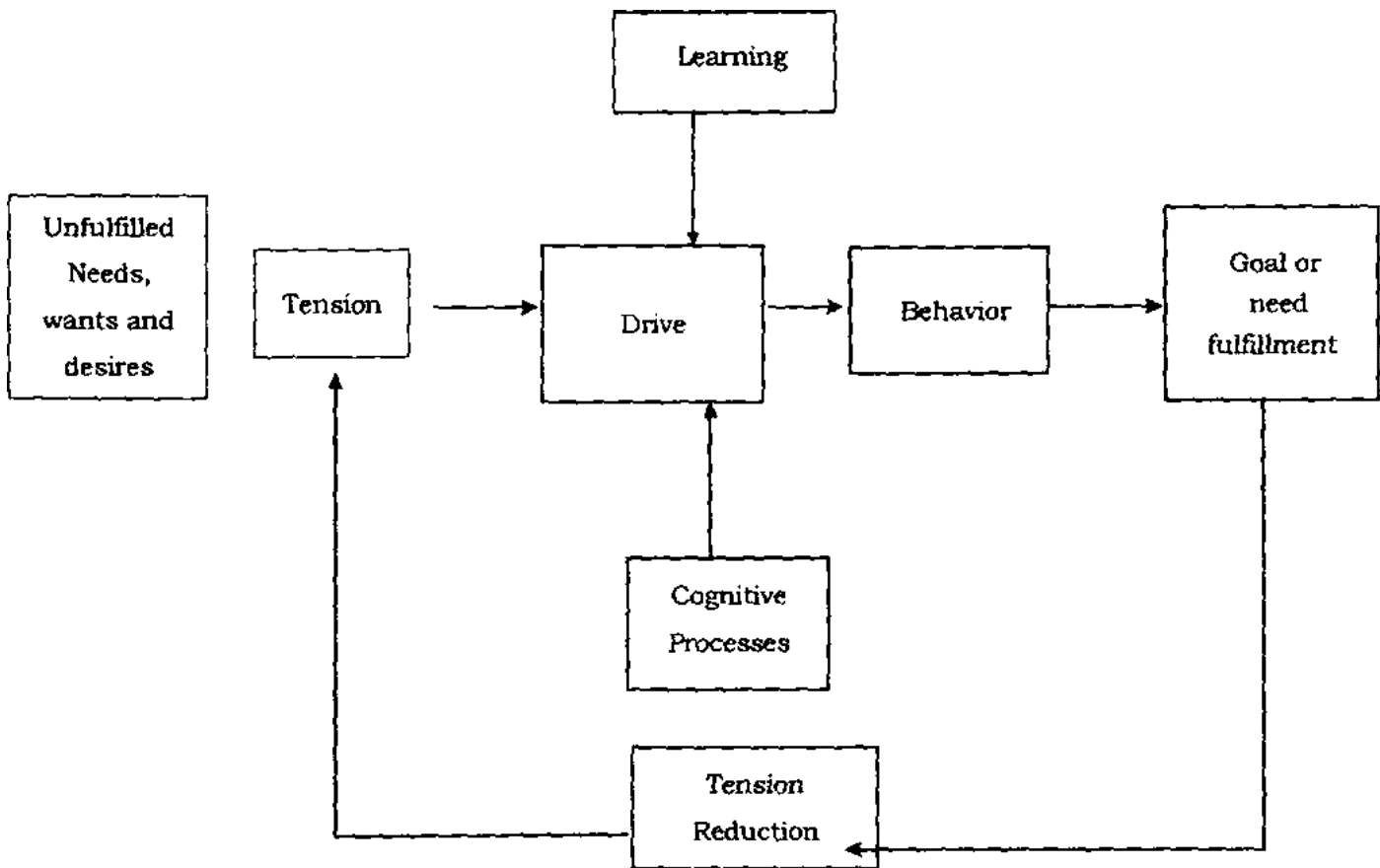
Model-1 : Motivation Process

7.2.1   SELF CHECK EXERCISE

1. Changes in consumer values have been recognized by many business firms that have expanded their emphasis on _____ products.
   (a) Latest Technology
   (b) Time saving
   (c)   Health related
   (d) Communication

2. Different social classes tend to have different attitudinal configurations and _____ that influence the behaviour of individual members
   (a) Personalities
   (b) Values
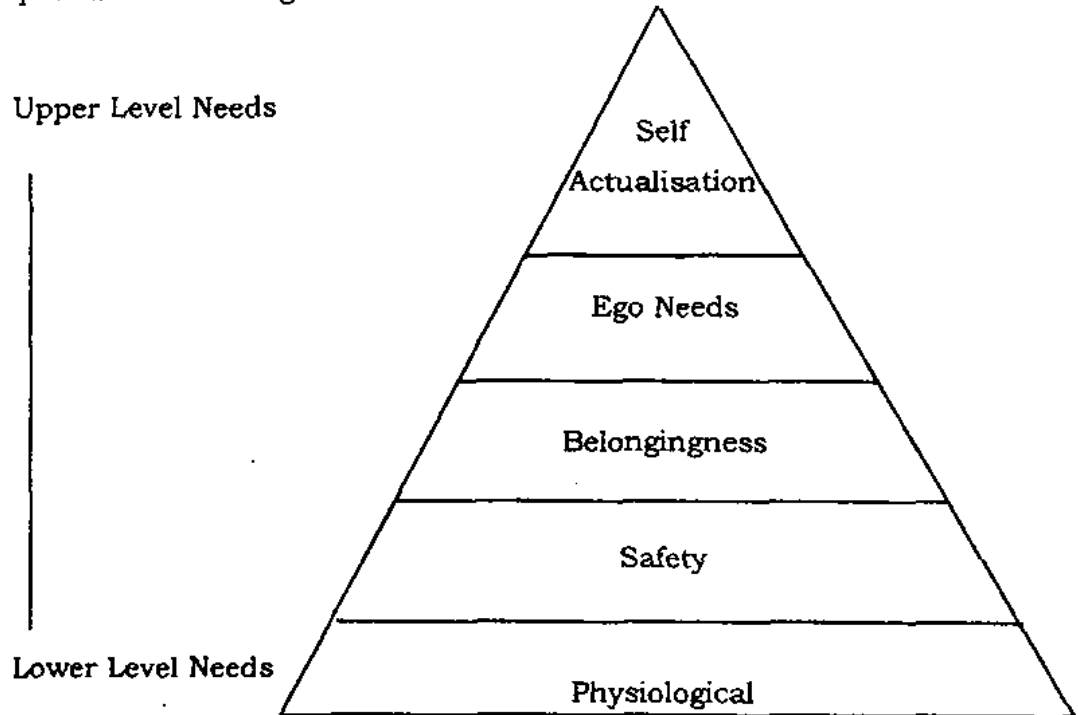   (c)   Finances
   (d) Decision makers

7.3 NEEDS

Much of motivation is based on working on the dormant needs of a person, which are essentially in bom. A person has to feel the necessity and only then can it become a need. Several times terms like need, want, and demand are used in the similar context. Thus, the particular form of consumption used to satisfy a need is termed want. People are bom with different needs like, food, water, air and shelter. These are called biological needs. Psychological needs are acquired needs which persons develop in response to culture; environment and relationships. There are generally following types of needs:

- Need for affiliation: These needs are fulfilled basically to alleviate loneliness, such as team sports, bars, and shopping and social needs.
- Need for power: There is long list of such needs like, mobile phones, big cars, elite drawing room etc.
- Need for uniqueness: There are no. of products those meet the need of consumer for having distinctive qualities and uniqueness.
- Combined needs: In actual practice, persons combine these different needs and set a goal. For example, a person setting a goal for a fine house after retirement combines several needs shelter, prestige, security, ego-satisfaction and social needs.

7.4 HIERARCHY OF NEEDS

Several researches have been done on classifying human needs so far. On the one hand, some psychologists have tried to define some defined set of needs to explain consumer behavior. Different theories have been developed on motivation and human needs. The theory designed by Dr. Abraham Maslow, the famous clinical psychologist, is widely accepted theory. Maslow formulated a hierarchy of needs, in which levels of motives are specified. A hierarchical approach implies that order of development is fixed-that is certain level must be attained before the next, higher one is active. This approach is used by marketers to understand the benefits, consumer might be looking

from different products. Given figure below shows levels of needs in the Maslow Hierarchy.

Upper Level Needs

Self Actualisation

Ego Needs

Belongingness

Safety

Lower Level Needs

Physiological

The implications of Maslow's hierarchy are that one must first satisfy basic needs before progressing up the ladder. Marketer should understand that starving person can not demand for status or power. Once he is able to fight with hunger, he goes upward on the ladder of need hierarchy. This need hierarchy is valued by marketers because it gives understanding that consumers may have different need priorities at different time.

Motive as an inner state that mobilizes bodily energy and directs it in selective fashion toward goals usually located in external environment. As shown in Model of process of motivation the arousal element activates tension or restlessness but does not provide direction for release of this energy. The directive aspect of motives focuses such aroused energy toward some goal in the individual's environment. That is, when our hunger is aroused, we are usually directed toward particular foods.

Positive and Negative Motivations:

Positive motivation means when advertisement or a message creates a driving force towards acquiring some solution like thirsty person being motivated towards soft drink. On the other hand negative motivation means when the advertisement or message creates a driving force by emphasizing an undesirable condition and propels the consumer away from the condition. Goals, too, can be positive or negative. A positive goal is one toward which behavior is directed and thus often referred to as an approach project.

Rational Versus Emotional Motives:

Some consumer behaviorists distinguish between rational motives and emotioned motives. They use the term rationality in the traditional economic sense, which assumes that consumers behave rationally when they carefully consider all alternatives and choose

those that give them the greatest utility. For example while giving advertisement of insurance plans rational aspect of consumers is shown. Emotional motives imply the selection of goals according to personal or subjective criteria. .

7.5 THE NATURE OF MOTIVATION

- **Needs Are Never Fully Satisfied:**

    Needs never get fully satisfied. For example, hunger needs have to fulfill again and again to get it fully satisfied. Most people regularly seek companionship and approval from others to satisfy their social needs.

- **New needs emerge as old needs are satisfied:**

    Some motivational theorists believe that a hierarchy of needs exists and new, higher-order needs emerge as lower needs are fulfilled. For example, a man who has got his psychological needs met may turn his efforts to achieving acceptance among his new neighbors by joining any kitty club or social club.

- **Success And Failure Influence Goals:**

    Consumers those are successful in achieving their goals raise their levels of aspiration. This is probably due to the fact that success makes them more confident of their ability to reach higher goals. The effects of success and failure on goal selection have strategy implications for marketers. Advertisers should promise of what they can deliver. Advertisers who create unrealistic expectations for their products are likely to cause dissatisfaction among consumers.

- **Substitute Goals:**

    Substitute goal means a defensive action to overcome frustration developed because of some unsatisfied need. For example if a consumer is interested in buying a villa in posh colony but gets himself convinced for big house in some other colony which he feels matches the image with villa in posh colony,

7.6 FRUSTRATION

It is often observed that in case of non attainment of goals, individuals often feel frustrated. Every human has limited resources, and generally unlimited desires. In case of limited resources or environmental obstacles, consumers gets deprived of their wants, which is the main cause of frustration. But adaptive people overcome frustration by selecting substitute goals.

- **Defensive Mechanism:**

    People those are unable to copeup with frustration, redefine their frustrating situations to protect their self images and defend their self esteem. For example, a young woman can yearn for a European vacation she can not afford. The adaptive person may find other destination which is less expensive.

- **Aggression:**

    Individuals who experience frustration sometimes adopt aggressive behavior. For example consumers sometimes boycott producers' products in an effort to have prices lowered.

- **Rationalization:**

    Sometimes individuals make themselves understand by redefining situation and finds plausible reasons for being unable to attain their goals. Or, they satisfy themselves that the goal is not worth pursuing.

- **Regression:**

    Sometimes consumers behave immaturely or kiddish to frustrating situations. For example shopkeeper gets frustrated on bargain sale and resort to tearing a garment that another shopper will not own it.

- **Withdrawal;**

    Frustration sometimes is settled by withdrawing from a situation. For example, if consumer gets upset with some technical problem at the time of testing of some product, he may withdraw from his decision of buying.

- **Projection:**

    An individual sometimes lets out his frustration by blaming other persons or objects for his failures.

- **Autism:**

    Through day dreaming, some individuals do day dreaming to attain imaginary satisfaction for their unfulfilled dreams.

- **Identification:**

    Sometimes individuals identify themselves through frustrating situation shown and further solution shown in advertisement commercials.

- **Repression:**

    Repression means suppressing the frustration aroused from unsatisfied needs. For example a couple does not have kid suppress their parenting need through plants and pets.

7.7 MOTIVE AROUSAL

Physiological Conditions:

Physiological needs means biological needs like food, sugar, salt, water etc. Without the fulfillment of such needs individuals face uncomfortable situation. After the arousal of requirement, individuals go for buying and commercials also generate physiological needs of consumers.

Emotional Arousal:

In daydreaming people tend to fulfill their unfulfilled desires. For example women who wanted to be business leader may enroll for business management course.

Cognitive Arousal:

Random thoughts and personal needs lead to cognitive awareness of needs. Advertisement showing affection between mother and son may trigger a instant need to call parents. That is why telephone companies stress low cost for distance calls.

Environmental Arousal:

Sometimes individuals get aroused by environmental factors like aroma of food, fast food on commercials. In complex and highly interactive environment, people experience many opportunities for need arousal. For example, a woman who sees a luxurious sofa at her neighborhood may would like to have for her own.

7.8 SUMMARY

It is important to judge the interests and needs of consumers to know the forces behind their buying behavior. Human needs are the basis for all modem marketing. The success of companies depends upon their ability to understand and meet consumer needs. Marketers do not create needs but they remain aware of consumer needs. . The directive aspect of motives focuses such aroused energy toward some goal in the individual's environment. Marketers who base their offerings on recognition of consumer needs find a ready market for their products.

7.9 ANSWER TO SELF CHECK EXERCISE

1. (b)
2. (b)

7.10 SHORT QUESTIONS

1. Write Short Note on the nature of motivation.

7.11 LONG QUESTIONS

1. What is difference between motivation and need? Give in detail various motives.

2. Give various features and types of motivation.

7.12 KEYWORDS

- **Consumer motivation** is an internal state that drives people to identify and buy products or services that fulfill conscious and unconscious needs or desires.

7.13 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008
- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and cases

PERSONALITY AND CONSUMER BEHAVIOUR

STRUCTURE

8.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of concept of Culture and subculture
- To obtain a broad overview of its influence on consumer behaviour

8.1   INTRODUCTION

All individuals describe their friends, colleagues, relatives and even family members in terms of their personalities. We describe personality as friendly, warm, aggressive etc. Therefore, term personality is used to describe individuals. The understanding of personality is used to study consumer behavior to know the consumer's makeup.

8.2   MEANING OF PERSONALITY

Personality is basically a composite sum of an individual's psychological traits, characteristics, motives, habits, attitudes, beliefs and outlooks. According to Allport personality is defined as an 'internal system' which includes 'all those aspects of a person that are inherited as well as those that are learned. Personality is basically a complex

interaction of genetic and environmental inputs then every person is in certain respects, like all other persons, like some other persons, like no other persons. In simple words each person has some unique attribute in common with all other human beings and other, totally, unique qualities.

8.3 CHARACTERISTICS OF PERSONALITY

There are mainly following given characteristics:

- **Personality is unique:**
  People differ in their behavior because of differences between personalities of individuals. Every individual is unique and distinct in his personality. The type personality can be result of inheritance or social and environmental interactions of individuals.

- **Personality is consistent:**

  Personality is basically remains consistent and endure over time. Consumer depicts some personality in any situation and responds similarly and consistently to environment. Consistency is essential if marketers are to predict consumer behavior in terms of personalities.

- **Personality undergo change:**
  Personality is however, subject to change over time because of experience, maturity, or situations and events in life.
  Therefore, individual's behavior can be measured on the basis of type of personality to know about liking or disliking of individuals on the basis of personality.

8.4 THEORIES OF PERSONALITY

There are many theories of personality. Some of them are discussed in detail below:

- **The Psychoanalytic Theory of Freud:**
  Sigmond Freud has done a great research work in the field of psychology. He developed a psychoanalytic theory of personality. He proposed that every individual's personality is the product of a struggle among three interacting forces: the id, the ego and the superego. According to Freud the id is the source of strong inborn drives and urges such as aggression and sex. The id seeks immediate release from any kind of tension raised from certain unfulfilled drives. Therefore, the function of id is to discharge tension and it frequently does it by demanding instant gratification even at the cost of violating the norms of a society. The id therefore operates on what is called the pleasure principle. Marketers use these in their advertisements showing products which satisfy the need of thirst, hunger etc. The ego comes when id is unable to deal v-lth real world. Ego gives understanding to individuals to dead with real life situations in environment. It operates on what is called the reality principle, which is capable of postponing the release of tension until that time when it will be effectively directed and coping with the external environment. The superego is the third component of personality. The superego is, therefore, the individual's moral code and helps in striving for perfection. Its

primary purpose is, accordingly, to restrain aggressive impulses of the id rather than seek to postpone them, as does the ego.

- **Social-Psychological or Neo- Freudian Theory:**

  According to this theory social relationships are fundamental to the formations and development of personality. On .the basis of their orientations in relating to others, individual consumers tend to develop methods to cope with their anxieties. Homey identified ten major needs which are acquired as consequence of individuals attempting to find solutions to their problems in developing a personality and dealing with others in social environment. These ten needs were then classified into three major orientations which describe general strategies for relating to others:

- **Compliant orientation:**

  These individuals have a need for' IOve, affection, approval and the desire to be appreciated. These individuals tend to move toward others.

- **Aggressive individuals:**

  They tend to move against others. Such individuals also have a need to achieve success, to excel and gain admiration from others.

- **Detached individuals:**

  These types of individuals don't get closer to others rather they move from others. Their emphasis remains on self- reliance, independence, and freedom.

- **Trait Theory of Personality:**

  The trait theory is one of the practical theories which describe the different personalities on the basis of traits of individuals. The approach focuses on quantitative measurement of traits, or identifiable characteristics that define a person. All the internal traits and behaviors that make person unique, uniqueness arrives from a person's heredity and personal experience. Examples include:
  - Workholism
  - Compulsiveness
  - Self confidence
  - Friendliness
  - Adaptability
  - Ambitiousness
  - Dogmatism
  - Authoritarianism
  - Introversion
  - Extroversion
  - Aggressiveness
  - Competitiveness.

  Traits affect the way people behave. Marketers try to match the store image to the perceived image of their customers. Researchers use these trait inventories to investigate the personality profiles of groups of consumers of competing brands.

8.4.1 SELF CHECK EXERCISE

1. _____ is the single factor that best indicates social class
   - (a) Time
   - (b) Money
   - (c) Occupation
   - (d) Fashion

2. _____ refers to the buying behavior of final consumers.
   - (a) Consumer buyer behavior
   - (b) Target market buying
   - (c) Market segment buying
   - (d) Business buying behavior

8.5   PERSONALITY AND UNDERSTANDING CONSUMER DIVERSITY

Personality traits that have proved useful in differentiating between consumer innovators and non innovators include consumer innovativeness, dogmatism, social character, optimum stimulation level, and variety -novelty seeking.

- **Consumer Innovativeness:**

  There are some consumers those are very innovative and welcome new products and ideas. Various researchers have developed various measurement instruments to know the level of consumer innovativeness

- **Dogmatism:**

  Dogmatism is a personality trait that measures the degree of rigidity individuals play toward any unfamiliar and any information that is contrary to their beliefs. Consumers who are low in dogmatism will be more adaptable to new ideas,

- **Social Character:**

  There sire some inner- directed consumers and others are outer directed consumers. Research shows that inner directed consumers rely on their own inner values. On the other hand outer directed consumers depend upon directions of others. Thus inner-directed consumers are more innovative.

- **Optimum Stimulation Level:**

  Some people are simple and remain calm and prefer cool environment. On the other hand some people prefer complex and unusual experiences. Consumer research has examined how such variations in need for stimulation may be influenced by selected personality traits and how, in turn, specific stimulation levels may be related to consumer behavior.

8.6   COGNITIVE PERSONALITY FACTORS

There are two cognitive personality traits like visualisers versus verbalizers. Visualisers basically prefer visual information though verbalisers spend upon written and

verbal information. Marketers use different advertisement medias to meet the requirements of individuals belonging to both traits.

8.7 PERSONALITY MEASUREMENT

There are various tests used by researchers to measure the personality of others. Some methods of measurement are given below:

Rating Method*:

In rating method evaluators do assessment of personalities with a help of various standard rating scales. The basis of evaluation is generally informal interview with a person. The assessment is highly influenced from the type of personality of object and skills of assessor.

Situational Teats:

In this method a real life like situation is presented before a person to be assessed. A topic or situation is presented for observation and measurement. A special form of situation technique is the stress test which places an individual in a pressure- type situation. In a stress situation ones personality is revealed through his response to situation.

Projective Techniques:

Under this method an individual is shown an ambiguous visual image to give meaning to it. The assumption is that the individual's personality is judged from the interpretation of the ambiguous stimulus. The individual reveals its personality in the process of interpreting the stimulus.

Inventory Schemes:

In case of situational tests and projective techniques evaluator skills are used for analyzing the personality because of subjective interpretation. In inventory schemes, the personality inventory is designed to minimize these potential problems by exposing subjects to a large number of standardized questions with prespecified answer options from which they can select. A number of inventories have been developed to identify differences between normal and abnorrmal personalities.

8.8 SUMMARY

Personality is basically a composite sum of an individual's psychological traits, characteristics, motives, habits, attitudes, beliefs and outlooks. Every individual is unique and distinct in his personality. The understanding of personality is used to study consumer behavior to know the consumer's makeup.

8.9 ANSWER TO SELF CHECK EXERCISE

1. (c)
2. (a)

8.10 SHORT QUESTIONS

    1. Write Short Note on personality measurement.

8.11 LONG QUESTIONS

    1.   How an understanding of personality help marketer to judge the behaviour of consumer.

    2.   Give in detail various theories of personality.

8.12 KEYWORDS

- **Personality**, in the context of consumer behavior, refers to an individual's unique set of characteristics, traits, and patterns of thought, emotion, and behavior that influence their interactions with the marketplace.

8.13 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008
- David *L.* Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
- Kumar Rajeev, Consumer Behaviour, Himalaya Publishing House, 2007.
- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and cases

CONSUMER PERCEPTION

STRUCTURE

9.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of concept of consumer perception

- obtain a broad overview of its influence on consumer behaviour

9.1   INTRODUCTION

Perception means the viewpoint of people or how they see world around them. It is basically a process by which an individual interprets various stimuli received and forms a picture of the world.

The stimulus is received through eyes, ears, mind and then take the form of some happening in storage memory. After recording in the memory, individuals interpret these events using their logic and previous memory.

9.2 MEANING OF PERCEPTION

Perception is defined as the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. The process of developing a viewpoint is known as perception. Individuals receive inputs like computers,

process the same and then produce output. Perceptual process is made understand with following diagram.
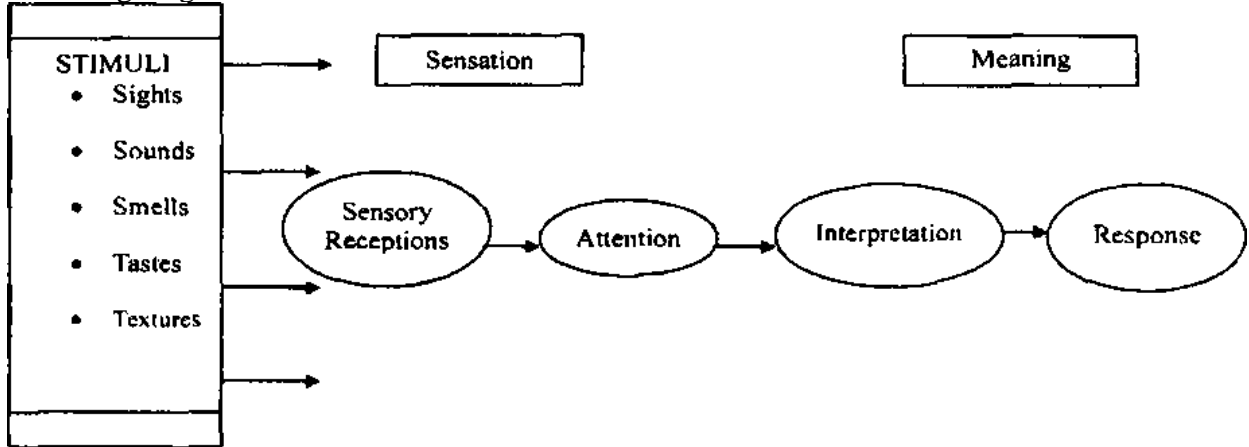
9.3 MEANING OF SENSATION

In order to appreciate the formation of perception, let us understand the meaning of sensation. Sensation is the immediate and direct response of sensory organs to simple stimuli may be an advertisement, a package, a brand name).Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyesight or hearing) and the amount or intensity of the stimuli to which he or she is exposed.

- **The Absolute Threshold:**
  The lowest level at which an individual can experience a sensation is called the absolute threshold.
- **The Differential Threshold:**
  The minimal difference that can be detected between two similar stimuli is called the differential threshold or the J. n.d (for just noticeable difference)

9.4 SENSORY PERCEPTION

Sensory perception comprises of two factors namely, marketing stimuli and individual receptors .Generally following given are the channels through which an individual receives sensory data.

- **Vision:**
  Marketers believe thoroughly in visuals in their advertisements. The characteristics of products are conveyed through styles, models, colours etc. These days most of the television's advertisement is done through visuals only.
- **Smell:**
  Aroma, fragrance or particular smell invokes memories. Deodorants, perfumes use fragrance sensory organs to hype their demand of products.
- **Sound:**

Music and sound plays a very important for attracting consumers toward an advertisement of product. There is lot of research done in the area of effect of music and sound on consumers' minds.

- **Touch:**

  Touch is the sense that creates feelings among human beings. Skin or body has own neurons or body odor that gives the sensation of touch. These days touch therapies are known for its marvelous heeling effects.

9.5 STAGES IN THE PERCEPTUAL PROCESS

Following are the different stages in the process of perception.

- **Primitive Categorization:**

  In the primitive categorization, the basic characteristics of individuals are isolated by the person to form his perception. Thus, anything of different and occurred shape, may be seen with a suspicion. Any misunderstanding on the part of the marketer can fail marketing strategy.

- **Cue Check:**

  Here, the cue characteristics are analyzed by the person in preparation for the selection of a schema.

- **Confirmation check:**

  Under this stage, the selected schema is confirmed by the person to check the validity of the schema chosen.

- **Confirmation completion:**

  Under this stage, the last and the final stage is confirmed where perception perception is formed by the consumer and decision is made.

9.5.1 SELF CHECK EXERCISE

1. _____ is individuals and households who buy goods and services for personal consumption
   (a) The target market
   (b) A market segment
   (c) The consumer market
   (d) The ethnographic market

2. Consumer purchases are influenced strongly by cultural, social, personal, and _____
   (a) Psychographic characteristics
   (b) Psychological characteristics
   (c) Psychometric characteristics.
   (d) Supply and demand characteristics

9.6 SUBLIMINAL PERCEPTION

When consumer unconsciously means without knowing the perceived stimuli and behaves accordingly is known as subliminal perception. It is the process of being exposed to and becoming aware of stimuli of which one did not pay a consciously effort. It is generally done by marketers in following ways:

- Showing visuals for very short time. In this process duration is kept so small that one could not judge that mind has actually processed it.

- Sending sound messages sometime do wonders. For example, self help audios are rapidly growing industry build on the assumption of subliminal perception that they can leave bad habit, learn new, decided decisively etc.

9.7 DYNAMICS OF PERCEPTION

Human beings in their daily life come across various stimulus. The sensory world is made up of an almost endless number of discrete sensations that are constantly and subtly changing. According to principles of sensation humans in such a complex environment only respond to selected stimulus and for rest they block their minds. Individuals are vey selective in recognizing and organizing the stimuli. Let us examine in some detail different aspects of perception. These are basically perceptual selection, organization and interpretation.

- **Perceptual Selection:**

  In the information world, consumers are bombarded with number of stimuli in a day. Consumers select only stimuli of their interest and rest they block. In actually, people receive -or perceive-only a small fraction of the stimuli to which they are exposed. When an individual shops, he sees different products of different sizes, colours, listen thousand sounds but buy only product which he actually needs. This is because he exercises selectivity in perception. Consumers gets involved to stimuli because based on three things like, its characteristics, consumers and situation.
  - Stimuli characteristics
  - Consumers
  - Situation.

- **Perceptual Organization:**

  An individual organize stimuli according to his personal personal needs, wishes, interests and so on. Thus, the perceived characteristics of even the simplest stimulus are viewed as a function of the whole to which the stimulus appears to belong. This method of perceptual organization simplifies life considerably for the individual. The principles underlying perceptual organization are figure and ground, grouping and closure.

- **Figure and Ground:**

  It is obvious that stimuli that contrast with their environment will be more noticed. The figure is usually perceived clearly because, in contrast to its ground, it

appears to be well defined, solid, and in forefront. The common line that separates the figure, rather than to the ground which helps the figure greater definition.

- **Grouping:**

  Individuals generally organize various stimuli into groups to make a meaningful message. For example: An advertisement showing celebrations of wedding displays brand of chocolate. Here, consumer will automatically gives meaning that distributing chocolate makes sense in wedding celebrations or tea advertisement in beautifully appointed room and young couple sipping a cup of tea will associate drinking of tea with romance and warmth.

- **Closure:**

  Individuals expect full information. In case of missing information, they themselves complete the picture. If the pattern of stimuli to which they are exposed is incomplete, they tend to perceive it, they themselves complete that.

9.8 PERCEPTUAL INTEREPRETATION

Individuals give interpretation to stimuli on the basis of their past experience or their motives and interests that time. How accurate is one's interpretation to reality, depends on the clarity of stimulus and experience of individual.

There is possibility of number of distortions in perceptual interpretation like first impressions, jumping to early conclusions, halo effect.

9.9 CONSUMER IMAGERY

Consumers have number of enduring perceptions, or images, that are particularly relevant to the study of consumer behavior. Some of them discussed below:

- **Product and Service Images:**

  The marketing strategy cam be successful only if organizations keep image of product on top because the image that a product or service has in the mind of the consumer is very important. That is why companies emphasize on positioning of their products. Positioning basically conveys the concept, or meaning, of the product or service in terms of how it fulfills a consumer need. Different images are assigned to products depending on the perceived image of the consumer.

- **Perceptual Mapping:**

  In perceptual mapping marketers decide about appearance of their products or services in comparison to their competitors.

- **Positioning of Services:**

  To position their services with the help of visual images and tangible reminders. Because of unique characteristics of services, marketers develop different strategies

- **Repositioning Strategies:**

  Marketers have to reposition their brands time to time in order to fight the competitive moves of competitors.

9.10 SUMMARY

Perception means the viewpoint of people or how they see world around them. It is basically a process by which an individual interprets various stimuli received and forms a picture of the world. Human beings in their daily life come across various stimulus. The sensory world is made up of an almost endless number of discrete sensations that are constantly and subtly changing. Consumers have number of enduring perceptions, or images, that are particularly relevant to the study of consumer behavior.

9.11 ANSWER TO SELF CHECK EXERCISE

1. (c)
2. (b)

9.12 SHORT QUESTIONS

1. Write Short Note on the Perception.

9.13 LONG QUESTIONS

1. What are different stages in the perceptual process?
2. Write in detail various dynamics of perception.

9.14 KEYWORDS

- **Customer perception** is the opinions, feelings, and beliefs customers have about your brand. It plays an important role in building customer loyalty and retention as well as brand reputation and awareness.

9.15 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall of India, New Delhi, 2008
- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.
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- Raju M S Xardel M.S. Consumer Behvaiour, Concepts, Applications and cases

LEARNING, MEMORY AND PRODUCT POSITIONING

STRUCTURE

10.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of Culture and subculture
- obtain a broad overview of its influence on consumer behaviour

10.1 INTRODUCTION

Learning involves "a change in the content or organization of long term memory and/or behavior." The definition focuses on what we know (and can thus put to use) while the second focuses on concrete behavior. For example, many, people will avoid foods which created health problem in recent past. It is not necessary that learning is always knowledge based. For example, we may experience the sales people in one store being nicer to us than those in the other.

10.2 MEANING OF LEARNING

Learning can be understand as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour. Therefore learning refers to a relatively permanent change in behaviour that is caused by experience. Learning is not act, it is not the behaviour but the capability to behave and the permanency of the change through experience.

10.3 ELEMENTS OF LEARNING

The term learning includes the total range of learning, from simple, almost reflexive responses to the learning of abstract concepts and complex problem solving. Different theorists have their own viewpoint about learning but they agree on elements of learning. There are following elements of learning:

- **Motivation:**

  Motivation is big force for individuals. If force is strong, individuals try their best to learn. For example, an unemployed youth will try his best to learn machine handling quickly because of his motivation to get job. To market successfully, purchase motives have to be directed toward products. Further, the drive should be strong that consumer would feel attracted towards that product. For example lifebuoy soap positions their soap for cleanliness and hygiene.

- **Cues:**

  Motives help in creating desire for learning but on the other hand cues give, direction to these motives. Cues help in suggesting various ways to satisfy motives. The advertisement serves as cue that directs consumers to know why they should buy that product. Price, packaging and window displays all serve as cues to help consumers fulfill heir needs in product specific ways.

  Response:

  Response means action of consumer in response to cues. Learning can occur even when responses are not overt. Not every advertisement is able to get response even if individuals are motivated to buy. However, if the manufacturer succeeds in forming a favourable image of particular model in the consumer's mind, when the consumer is ready to buy, it is likely he or she will consider that model.

- **Reinforcement:**

  Reinforcement increases the likelihood that a specific response will occur in the future as a result of particular cues or stimuli. For example, if an add of Torex cough syrup serves as cue for an individual suffering from cough and in case of relief, he will purchase syrup again in future if he suffers from cough.

10.3.1 SELF CHECK EXERCISE

1. _____ is the most basic cause of a person's wants and behaviors
   (a) Culture
   (b) Social class
   (c) Personality
   (d) Lifestyle

2. The cultural shift toward _____ has resulted in more demand for casual clothing and simpler home furnishings
   (a) liberal political causes
   (b) conservative political causes
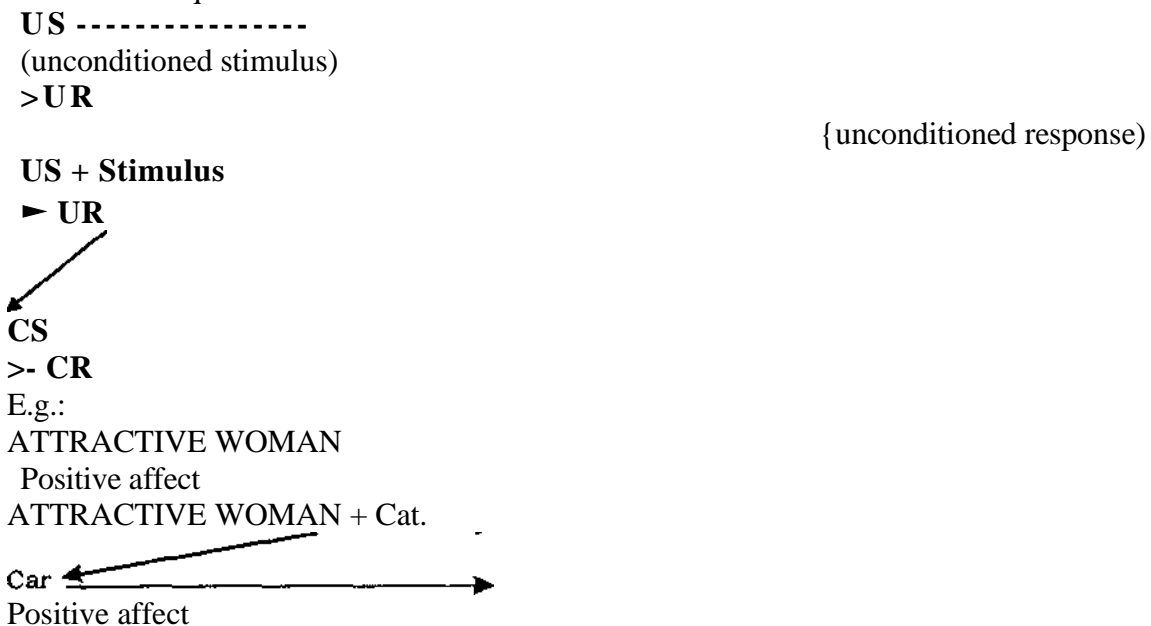   (c) informality   (d) downsizing

10.4 LEARNING THEORIES

Various psychologists have developed learning theories also known as stimulus-response theories. Understanding of learning theories helps marketers to know the behaviour of consumers. Behviourial theory does not look to the mind or brain to understand the causes of consumer behaviour. Following are the major learning theories.

- **CLASSICAL CONDITIONING:** Pavlov's early work on dogs was known as classical conditioning. Pavlov discovered that when dogs were fed meat powder they salivated. Pavlov then discovered that if a bell were rung before the dogs were fed, the dogs would begin salivating in anticipation of being fed (this was efficient, since they could then begin digesting the meat powder immediately). Pavlov then found that after the meat had been "paired* with the meat powder enough times, Pavlov could ring the bell without feeding the dogs and they would still salivate.

    In the jargon of classical conditioning, the meat powder was an unconditioned stimulus (US) and the salivation was, when preceded by the meat powder, an unconditioned response (UR). That is, it is a biologically "hard-wjred" response to salivate when you are fed. By pairing the bell with the unconditioned stimulus, the bell became a conditioned stimulus (CS) and salivation in response to the bell (with no meat powder) became a conditioned response (CR).

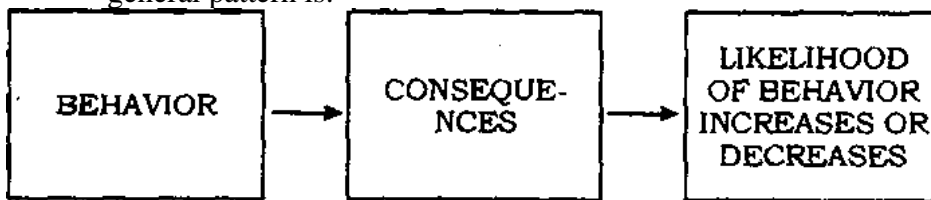   Many modem day advertisers use classical conditioning in some way. Consider this sequence:

U S - - - - - - - - - - - - - - -
(unconditioned stimulus)
>U R

{unconditioned response)

US + Stimulus
► UR

CS
>- CR
E.g.:
ATTRACTIVE WOMAN
 Positive affect
ATTRACTIVE WOMAN + Cat.

Car
Positive affect

The following are some important principles of classical conditioning

- **Repetition:** It means conditioning effects are more likely to occur after conditioned stimuli

had been paired number of times.

- **Stimulus Generalization:** It means people react to other, stimuli in much the same way they responded to original stimulus. Marketers use this concept to crate and sell same type of products in similar way.

- **Stimulus Discrimination:** Stimulus discrimination occurs when a stimulus similar to CS is not followed by a UCS. When this happens, reactions are weakened and will soon disappear. Part of learning process involves making a response to some stimuli but not to other, stimuli.

- **OPERANT CONDITIONING:** Instrumental, or operant, conditioning, involves a different series of events, and this what we usually think of as learning. The general pattern is:

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┌──────────┐     ┌──────────┐     ┌──────────────┐
│          │     │          │     │  LIKELIHOOD  │
│ BEHAVIOR │ ──► │ CONSEQUE-│ ──► │ OF BEHAVIOR  │
│          │     │   NCES   │     │ INCREASES OR │
│          │     │          │     │   DECREASES  │
└──────────┘     └──────────┘     └──────────────┘
```

There are three major forms of operant learning. In positive reinforcement, an individual does something and is rewarded. He or she is then more likely to repeat the behavior. For example, you eat a candy bar (behavior), it tastes good (consequence), and you are thus more likely to eat a similar candy bar in the future (behavioral change).

Punishment is the opposite. You eat what looks like a piece of candy (behavior), only to discover that it is a piece of soap with a foul taste (consequences), and subsequently you are less likely to eat anything that looks remotely like that thing ever again (changed behavior).

It should be noted that negative reinforcement is very different from punishment. An example of negative reinforcement is an obnoxious sales person who calls you up on the phone, pressuring you into buying something you don't want to do (aversive stimulus). You eventually agree to buy it (changed behavior), and the sales person leaves you alone (the aversive stimulus is terminated as a result of consequences of your behavior).

In general, marketers usually have relatively little power to use punishment or negative reinforcement. However, parking meters are often used to discourage consumers from taking up valuable parking space, and manufacturers may void warranties if the consumers take their product to non-authorized repair facilities.

Several factors influence the effectiveness of operant learning. In general, the closer in time the consequences are to the behavior, the more effective the learning. That is, electric utilities would be more likely to influence consumers to use less electricity at peak hours if the consumers actually had to pay when they used electricity (e.g., through a coin-slot) rather than at the end of the month. Learning is also more likely to occur when the individual can understand a relationship between behavior and consequences (but learning may occur even if this relationship is not understood consciously).

Another issue is schedules of reinforcement and extinction. **Extinction** occurs when behavior stops having consequences and the behavior then eventually stops, occurring.

For example, if a passenger learns that yelling at check-in personnel no longer gets her upgraded to first class, she will probably stop that behavior. Sometimes, an individual is rewarded every time a behavior is performed (e.g., a consumer gets a soft drink every time coins are put into a vending machine). However, it is not necessary to reward a behavior every time for learning to occur. Even if a behavior is only rewarded some of the time, the behavior may be learned. Several different schedules of reinforcement are possible:

- **Fixed Interval:** The consumer is given a free dessert on every Tuesday when he or she eats in a particular restaurant.

- **Fixed ratio:** Behavior is rewarded (or punished) on every tenth occasion that it is performed. (E.g., every tenth time a frequent shopper card is presented, a free product is provided).

- **Variable ratio:** Every time an action is performed, there is a certain percentage chance that a reward will be given. For example, every time the consumer enters the store, he or she is given a lottery ticket. With each ticket, there is a 20% chance of getting a free hamburger. The consumer may get a free hamburger twice in a row, or he or she may go ten times without getting a hamburger even once.

  Sometimes, shaping may be necessary to teach the consumer the desired behavior. That is, it may be impossible to teach the consumer to directly perform the desired behavior. For example, a consumer may first get a good product for free (the product itself, if good, is a reward), then buy it with a large cents off coupon, and finally buy it at full price. Thus, we reinforce approximations of the desired behavior. Rather than introducing Coca Cola directly in Indonesia, fruit flavored soft drinks were first introduced, since these were more similar to beverages already consumed.

- **VICARIOUS LEARNING.** The consumer does not always need to go through the learning process himself or herself—sometimes it is possible to learn from observing the consequences of others. For example, stores may make a big deal out of prosecuting shop lifters not so much because they want to stop that behavior in the those caught, but rather to deter the behavior in others. Similarly, viewers may empathize with characters in advertisements who experience (usually positive) results from using a product. The Head 'n' Shoulders advertisement, where a poor man is rejected by women until he treats his dandruff with an effective cure, is a good example of vicarious learning.

10.5 COGNITIVE LEARNING THEORY

Learning based on mental activity is known as coginitive learning.

Memory ranges in duration on a continuum from extremely short to very long term. Sensory memory includes storage of stimuli that one might not actually notice (e.g., the color of an advertisement some distance away). For slightly longer duration, when you see an ad on TV for a mail order product you might like to buy, you only keep the phone number in memory until you have dialed it. This is known as short term memory. In order for something to enter into long term memory, which is more permanent, you must usually "rehearse" it several times. For example, when you move and get a new phone number, you will probably repeat it to yourself many times. Alternatively, you get to learn

your driver's license or social security numbers with time, not because you deliberately memorize them, but instead because you encounter them numerous times as you look them up.

Memories are not always easily retrievable. This could be because the information was given lower priority than something else—e.g., we have .done a lot of things since last buying a replacement furnace filter and cannot remember where this was bought last. Other times, the information can be retrieved but is not readily "available"—e.g., we will be able to remember the location of a restaurant we tried last time we were in Paris, but it may take some thinking before the information emerges.

"Spreading activation' involves the idea of one memory "triggering" another one. For example, one might think of Coke every time one remembers a favorite (and veiy wise) professor who frequently brought one to class. Coke might also be tied a particular supermarket that always stacked a lot of these beverages by the entrance, and to baseball where this beverage was consumed after the game. It is useful for firms to have their product be activated by as many other stimuli as possible.

There are numerous reasons why retrieval can fail or, in less fancy terms, how we come to forget. One is decay. Here, information that is not accessed frequently essentially "rusts" away. For example, we may not remember the phone number of a friend to whom we have not spoken for several months and may forget what brand of bullets an aunt prefers if we have not gone ammunition shopping with her lately. Other times, the problem may rest in interference. Proactive interference involves something we have learned interfering with what we will late later. Thus, if we remember that everyone in our family always used Tide, we may have more difficulty later remembering what other brands are available. You may be unable to remember what a new, and less important, friend's last name is if that person shares a first name with an old friend. For example, if your best friend for many years has been Jennifer Smith, you may have difficulty remembering that your new friend Jennifer's last name is Silverman. In retroactive interference, the problem is the reverse—learning something new blocks out something old. For example, if you once used WordPerfect than then switched to Microsoft Word, you may have trouble remembering how to use WordPerfect at a friend's house—more so than if you had merely not used any word processing program for some time.

10.6   SUMMARY

Learning can be understand as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour. Various psychologists have developed learning theories also known as stimulus-response theories. Understanding of learning theories helps marketers to know the behaviour of consumers.

10.7   ANSWER TO SELF CHECK EXERCISE

1. (a)
2. (c)

10.8 SHORT QUESTIONS

1. Write Short Note on cognitive learning theory.

10.9 LONG QUESTIONS

1. What are various learning theories?
2. What is coginitive learning?

10.10 KEYWORDS

- **Cognitive learning theory** refers to the way consumers learn about the product through analysis and evaluation.
- **Behavioral learning theory** refers to the way consumers learn about the product through behavior repetition.

10.11 SUGGESTED READINGS

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CONSUMER ATTITUDE : FORMATION AND CHANGE
STRUCTURE

11.0 ATTITUDE

An attitude is a hypothetical construct that represents an individual's degree of like or dislike for an item. Attitudes are generally positive or negative views of a person, place, thing or event— this is often referred to as the attitude object. People can also be conflicted or ambivalent toward an object, meaning that they simultaneously possess both positive and negative attitudes toward the item in question.

Attitudes are judgments. They develop on the ABC model (affect, behavior, and cognition). The affective response is an emotional response that expresses an individual's degree of preference for an entity. The behavioral intention is a verbal indication or typical behavioral tendency of an individual. The cognitive response is a cognitive evaluation of the entity that constitutes an individual's beliefs about the object. Most attitudes are the result of either direct experience or observational learning from the environment.

Katz defines attitude as "the predisposition of an individual to evaluate some symbol or object or aspect of his world in a favourable or unfavourable manner."

Social Psychology attitudes:

In Social Psychology attitudes are defined as positive or negative evaluations of objects of thought. Attitudes typically have three components.

- The cognitive component is made up of the thoughts and beliefs people hold about the object of the attitude.
- The affective component consists of the emotional feelings stimulated by the object of the attitude.
- The behavioral component consists of predispositions to act in certain ways toward an attitude object.

The object of an attitude can be anything people have opinions about. Therefore, individual people, groups of people, institutions, products, social trends, consumer products, etc. all can be attitudinal objects.

- Attitudes involve social judgments. They are either for, or against, pro, or con, positive, or negative; however, it is possible to be ambivalent about the attitudinai object and have a mix of positive and negative feelings and thoughts about it.
- Attitudes involve a readiness (or predisposition) to respond; however, for a variety of reasons we don't always act on our attitudes.
- Attitudes vary along dimensions of strength and accessibility. Strong attitudes are very important to the individual and tend to be durable and have a powerful impact on behavior, whereas weak attitudes are not very important and have little impact. Accessible attitudes come to mind quickly, whereas other attitudes may rarely be noticed.
- Attitudes tend to be stable over time, but a number of factors can cause attitudes to change.
- Stereotypes are widely held beliefs that people have certain characteristics because of their membership in a particular group.
- A prejudice is an arbitrary belief, or feeling, directed toward a group of people or its individual members. Prejudices can be either positive or negative; however, the term is usually used to refer to a negative attitude held toward members of a group. Prejudice may lead to discrimination, which involves behaving differently, usually unfairly, toward the members of a group.

11.1 STRUCTURAL MODELS OF CONSUMER S ATTITUDE

There are two different types of models that have been found to explain consumers' attitudes :

- **Tricomponent Model:**
  The first one is the tricomponent attitude model. It comprised of three categories: Cognitive component, Affective Component, and Cognitive Component. The Cognitive component is made up of knowledge and perceptions that are acquired through direct experience with an object and related information from other sources. The Affective component is one's emotions or feelings about a particular

product or brand. The Conative component is the likelihood that the consumer will take an action or behave in a certain way.

- **Multiattribute Model:**

    There are also multiattribute attitude models. The first one is the attitude toward an object model. This is when one's attitude toward a product or brand is a function of the presence, or absence, and evaluation of certain product-specific beliefs and/or attitudes. The second is the attitude toward behavior model. This is when the individual's attitude toward behaving or acting with respect to an object rather than the attitude toward the object itself seem to correspond more closely to actual behavior than does the attitude toward object model. The theory of reasoned action model is a comprehensive integration of attitude components designed to lead to both better explanation and better predictions of behavior. It incorporates subjective norms that influence intention. This assesses normative beliefs attributed to others and motivation to comply with others.

11.2 HOW ATTITUDES ARE LEARNED

Attitudes are learned. This learning process is the shift from having no attitude about a product to having an attitude. For example, new technology is always coming out, and until something is invented we have no attitudes toward it. An attitude can follow the purchase or consumption of a product or it can come before the purchase, perhaps from something as simple as viewing an advertisement for that product. Things that may influence one's attitude are personal experience, influence of family and friends, direct marketing, mass media, and the Internet. Attitudes that have been formed from direct experiences are more confidently held, and therefore stronger, than attitudes formed from an indirect experience. As we discussed in class, a consumer's personality will have an effect on how they perceive an advertisement. People with a high need for cognition enjoy lots of product information, whereas those low in need for cognition respond better to celebrities or attractive models.

Classical conditioning: is simple form of learning. It involves involuntary responses and is acquired through the pairing of two stimuli. Two events that repeatedly occur close together in time become fused and before long the person responds in the same way to both events. Originally studied by Pavlov, the process requires an unconditioned stimulus (UCS) that produces an involuntary (reflexive) response (UCR). If a neutral stimulus (NS) is paired, either very dramatically on one occasion, or repeatedly for several acquisition trials, the neutral stimulus will lead to the same response elicited by the unconditioned stimulus. At this point the stimulus is no longer neutral and so is referred to as a conditioned stimulus (CS) and the response has now become a learned response and so is referred to as a conditioned response (CR). In Pavlov's research the UCS was meat powder which led to an UCR of salivation. The NS was a bell. At first the bell elicited no response from the dog, but eventually the bell alone caused the dog to salivate. Advertisers create positive attitudes towards their products by presenting attractive models in their ads. In this case the model is the UCS and our reaction to him, or her, is an automatic positive response. The product is the original NS which through pairing comes to elicit a positive conditioned response. In a similar

fashion, pleasant or unpleasant experiences with members of a particular group could lead to positive or negative attitudes toward that group. Classical conditioning is especially involved with the emotional, or affective, component of attitudes.

Instrumental Conditioning: Under Instrumental Conditioning, the response is learned by trial and error amoung several behaviours. The consumer tries a number of stimuli and which yields the most rewarding response is an attitude which is learned. On the basis of theory, the consumers can purchase new brand without having an attitude towards it. They may buy a brand because it is only available brand in the shelf of the retailers or they may make a trial purchase of a new brand from a product category, which they feel does not require any more information. If they find the product brand satisfactorily, they may eventually, develop a favourable attitude toward the brand. If they find the brands unsatisfactory, a negative attitude will be formed.

Cognitive Learning Theory: In situations where consumers seek information about a product in order to solve a problem or satisfying a need, they are likely to form attitudes (positive or negative) about the products on the basis of information alredy sought and their own cognition (knowledge and belief). For example, if a consumer is interested in purchasing a new video camera must possess two most important attributes—automatic focusing and low light level capability. If he finds that a particular brand of Panasonic Video Camera possesses both these attributes, then the consumer will form a positive attitude for that brand of Panasonic Video Camera. In general, the more information an individual has about a product or service, the more likely he or she is to have an attitude towards it (positive or negative).

11.2.1 SELF CHECK EXERCISE

1. The _____ is a person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts influence on others.

   (a) facilitator

   (b) referent actor

   (c) opinion leader

   (d) social role player

11.3 ATTITUDE FORMATION

Unlike prsonality, attitudes are expected to change as a function of experience. Tesser (1993) has argued that hereditary variables may affect attitudes - but believes that they may do so indirectly. For example, if one inherits the disposition to become an extrovert, this may affect one's attitude to certain styles of music.

11.4 SOURCE OF INFLUENCE ON

ATTITUDE FORMATION

Direct Experience:

" The primary means by which attitudes towards goods and services are formed is through the consumer's direct experience in trying and evaluating them. Recognizing the importance of direct experience, marketers frequently attempt to stimulate trial of new products by offering cent-off coupons or even free samples. For example, the ad for Clairol's Natural Instincts includes a coupon for a full refund to encourage trial. To further create a positive attitude and to promote trail, Clairol also includes a toll-free 800 number that provides potential consumers with an opportunity to get their questions answered. In such cases, the marketer's objective is to get consumers to try the new product and then to evaluate it. If a product proves satisfaction, then it is likely that consumers will form positive attitudes and repurchase the product.

Influence of Family and Friends:

As we come into contact with others, especially family, close friends, and admired individuals (e.g., a respected teacher), we form attitudes that influence our lives. The family is an extremely important source of influence on the formation of attitudes, for it is the family that provides us with many of our basic values and a wide range of less central beliefs. For instance, young children who are "rewarded" for good behaviour with sweet foods and candy often retain a taste for (and positive attitude toward) sweet as adults.

Direct Marketing:

Marketers are increasingly using highly focused direct marketing programs to target small consumer niches with products and services that fit their interests and lifestyles. (Niche marketing is sometimes called micromarketing). Marketers very carefully target customers on the basis of their demographic, psychographic, or geodemographic profiles with highly personalized product offerings (e.g., golf clubs for left-handed people) and messages that show they understand their special needs and desires. Direct marketing efforts have an excellent chance of favorably influencing target consumers; attitudes, because the products and services offered, and the promotional messages conveyed, are very carefully designed to address the individual segment's needs and concerns and, thus, are able to achieve a higher "hit rate" than mass marketing.

Exposure to Mass Media:

In countries where people have easy access to newspapers and a variety of general and special interest magazines and television channels, consumers are constantly exposed to new ideas, products, opinions and advertisements. These mass media communications provide an important source of information that influences the formation of consumer attitudes.

11.5 PERSONALITY FACTORS

Personality also plays a critical role in attitude formation. For Example, individuals with a high need for cognition (i.e. those who crave information and enjoy

thinking) are likely to form positive attitudes in response to ads or direct mail that are rich in product-related information. On the other hand, consumers who are relatively low in need for cognition are more likely to formpositive attitudes in response to ads that feature an attractive model or well-known celebrity. In a similar fashion, attitudes toward new products and new consumption situations are strongly influenced by specific personality characteristics of consumers.

11.6 ATTITUDE CHANGE

It is important to recognize that much has been said about attitude formation is also basically true of attitude change. That is, attitude changes are learned; they are influenced by personal experience and other sources of information, and personality affects both the receptivity and the speed with which attitudes are likely to be altered.

11.7 STRATEGIES OF ATTITUDE CHANGE

Changing the basic Motivation Function:

The functional approach to changing attitudes says that there are four classifications of attitudes. They are the utilitarian function, the ego defensive function, the value-expressive function, and the knowledge function. The utilitarian function is when an attitude is held due to the brand's utility. A way to change this attitude is to show the utility or purpose of the brand that they might not have considered. The next is the ego-defensive function which expresses people's desire to protect their self-image. Showing how a product can boost people's self esteem and feelings of self doubt is one way of changing their attitude in this situation.

- **The Utilitarian Function:**

This category embraces those attitudes which are utilitarian in origin and intent. Very often the object is some tangible benefit. Often, too, these attitudes are affective associations based upon previous experience. A favourable attitude towards a certain food is based on pleasant memories of the food. This function of attitudes has relevance in the realm of behavioral theory and social group work. Take, for instance, the matter of 'shaping' behavior. It follows from the nature of the adjustive function of attitudes that the clarity, consistency and nearness of rewards and punishments as they relate to the individual's attitudes and goals are important factors in the acquiring of new utilitarian attitudes. This must be taken into account in shaping new habits.

A further implication for social group work is that if the group worker is in a situation where utilitarian, adjustive attitudes predominate among individuals, the group goals must be such that they will help in the satisfaction of utilitarian needs or in the avoidance of punishments. But punishment can be dysfunctional in promoting attitude change where there is no apparent course of action available to the individual to save him from undesirable consequences. Fear appeals must be linked to delineated courses of action if attitude change is desired. Furthermore, as the research of Janis and Terwilliger indicates, when a relatively high level of fear is induced by warnings presented in a persuasive communication, the recipients will become motivated to develop psychological resistances to the communication's arguments, conclusions and recommendations.

- **The Ego Defensive Function:**

    This is where attitudes proceed from within the person, and the objects and situation to which they are attached are merely convenient outlets for their expression. Katz gives the example of an individual who projects hostility to a minority in order to protect himself from feelings of inferiority. One common type of ego-defensive function is transference attitude towards a person is not based on the reality of the situation. These ego defensive attitudes stem basically from internal conflicts. One of the difficulties of ego-defensive attitudes is that the usual procedures for changing attitudes and behavior may not cause the individual to modify but may force him to reinforce his defenses, causing him to cling tenaciously to his emotionally held belief. Among the procedures for attempting to change attitudes, Katz includes invoking punishments. This has relevance in the application of behavioral theory to social group work. However, it should be noted that those who advocate the application of behavioral theory most frequently favour a system of rewards rather than punishments.

- **Value Expressive Function:**

    The value-expressive function says that consumers' attitudes are a product of their lifestyle, beliefs, and outlook on life. Knowing the attitudes of a specific segment can help better reflect these characteristics in ads. The knowledge function says that people have a desire to know information and details about products they encounter. Comparing one's products to other products and explaining its benefits and advantages could be one way of appealing to this side of people.

    There is also the idea of combining several of the above functions to appeal to different groups of people who may use the same product but for different reasons. Another way to change attitudes is to associate a product with an admired group or event, such as a charity cause. One example of this is Gap's Red campaign. Half the profit made from the Red clothing goes to the Global Fund, which helps women and children in Africa who are affected by AIDS/HIV.

- **Knowledge Function:**

    The knowledge function of attitudes has already been discussed briefly when treating of functional and causal analysis of attitudes. According to Katz, an individual seeks knowledge to give meaning to what would otherwise be a chaotic and unorganized universe. As an example of the knowledge function of attitudes Katz cites the findings of Herzog who studied the gratifications which housewives gain by listening to daytime serials on the radio. Herzog found that one of the important reasons why serials were popular was the fact that they were daily sources of information and advice. Discussing patterns of social influence, Cohen draws attention to the role of "opinion leaders". The attitude of others towards "opinion leaders" is functionally determined by the need of knowledge. Even more pertinent to social group work is Cohen's discussion of the group's informational function. Members seek co validation for their ideas within the group, and they look to the group for knowledge. The group has therefore an effectiveness for influencing the attitudes of its members.

- **Combining Several Functions:**

  Because different consumers may like or dislike the same product or service for different reasons, a functional framework for examining attitudes can be veiy useful. For instance, three consumers may all have positive attitude toward Suave hair care products. However, one may be responding solely to the fact that the products work well (the utilitarian function); the second may have the inner confidence to agree with the point "When you know beautiful hair doesn't have to cost a fortune" (an ego-defensive function). The third consumer's vorable attitudes might reflect the realization that Suave has for many years stressed
  "value" (equal or better products for less) - the knowledge function.

Associating the product with a special group, event or Cause:

Attitudes are related, at least in part, to certain groups or social events. It is possible to alter attitudes towards products services and brands by pointing out their relationships to particular events or groups. For example, AT & T advertisement describes the company's long standing commitment to education and encouragement of positive social change through the support of a wide range of public spirited activities.

Resolving Two Conflicting Attitude:

Attitude change strategies can also be designed to take advantage of actual or potential conflict between attitudes. Specifically, if consumers can be made to see that their attitude toward a brand is in conflict with another more basic attitude, they may be forced to change their attitude toward a particular brand. This can be explained with the help of 'Balance Theory". The theory assumes that individuals attempt to avoid inconsistency and like consistency, balance or harmony. In general terms, theory can be thought of as a triangular relationship between an individual and two attitudes that are initially in conflict.

Altering Components of the Multiattribute Model:

Showing consumers that their negative attitude toward a product, brand, etc. is not in conflict with another attitude, may make them inclined to change their negative opinion of the brand. This is just one more way of changing consumers' attitudes. Another solution is altering components of the multiattribute model. One way of altering this model is changing the relative evaluation of attributes. It is easier to persuade customers to cross over to another product when the two are similar. They can be encouraged to shift their favorable attitude toward another version of the product. Another way of altering the model is by changing brand beliefs, which is changing perceptions or beliefs about the brand itself. Suggesting information about your brand, however, must be compelling and repeated enough to overcome a consumer's natural tendency to stick with their previously held attitude. Adding an attribute can be another option for changing attitudes. Adding a previously un-thought of attribute or one that shows improvement or technological innovation will also shift attitudes. An example would be advertising that yogurt has more potassium than a banana. Another possibility is eliminating a characteristic or feature, such as making un scented products. One last route is to change the overall brand rating. This is an attempt to alter a consumer's overall assessment of a brand, such as mentioning that it is the "most popular brand".

Changing Beliefs about Competitors Brand:

The final way of changing an attitude is by changing beliefs about competitor's brands. Many brands do this, but an example would be a Ziploc bag commercial showing a store-brand or competitors brand bag leaking as it is turned upside down. This gives the viewer a negative connotation of the competitor's bag, thereby improving their attitude toward Ziploc. Now that we have discussed how attitudes are formed and how they can be altered, we will go into how attitudes affect the actions that consumers take, or vice versa. Consumers' behavior can either precede or follow their attitude formation. Two explanations as to why behavior may precede attitude formation are the cognitive dissonance theory and the attribution theory. The cognitive dissonancetheory is the discomfort or dissonance that occurs when a consumer holds conflicting thoughts about a belief or an attitude object. An example would be a post-purchase dissonance, where the consumer thinks about the unique, positive qualities of the brands that they did not select. An ad may help to assure the consumer that they made the right decision and ease this dissonance. The attribution theory explains how people assign blame or credit to events on the basis of either their behavior or the behavior of others. They may ask themselves why they made a decision. The process of making inferences is a major part of attitude formation and change.

There are different perspectives on the attribution theory, which include self-perception theory, attributions toward others, attributions toward things, and how we test our attributions.

The Elaboration Likelihood Model:

Cognitive processing is the central route and affective/emotion processing is often associated with the peripheral route. The central route pertains to an elaborate cognitive processing of information while the peripheral route relies on cues or feelings. The ELM suggests that true attitude change only happens through the central processing route that incorporates both cognitive and affective components as opposed to the more heuristics-based peripheral route. This suggests that motivation through emotion alone will not result in an attitude change.

11.8 PSYCHOLOGICAL FACTORS INVOLVED IN ATTITUDE FORMATION AND ATTITUDE CHANGE

- **Direct Instruction:** Involves being told what attitudes to have by parents, schools, community organizations, religious doctrine, friends, etc.

- **Operant Conditioning:** Is a simple form of learning. It is based on the "Law of Effect*' and involves voluntary responses. Behaviors (including verbal behaviors and maybe even thoughts) tend to be repeated if they are reinforced (i.e., followed by a positive experience). Conversely, behaviors tend to be stopped when they are punished (i.e., followed by an unpleasant experience). Thus, if one expresses, or acts out an attitude toward some group, and this is reinforced by one's peers, the attitude is strengthened and is likely to be expressed again. The reinforcement can be as subtle as a smile or as obvious as a raise in salary. Operant conditioning is especially involved with the behavioral component of attitudes.

- **Classical conditioning:** Is another simple form of learning. It involves involuntary responses and is acquired through the pairing of two stimuli. Two events that repeatedly occur close together in time become fused and before long the person responds in the same way to both events. Originally studied by Pavlov, the process requires an unconditioned stimulus (UCS) that produces an involuntary (reflexive) response (UCR). If a neutral stimulus (NS) is paired, either very dramatically on one occasion, or repeatedly for several acquisition trials, the neutral stimulus will lead to the same response elicited by the unconditioned stimulus. At this point the stimulus is no longer neutral and so is referred to as a conditioned stimulus (CS) and the response has now become a learned response and so is referred to as a conditioned response (CR). In Pavlov's research the UCS was meat powder which led to an UCR of salivation. The NS was a bell. At first the bell elicited no response from the dog, but eventually the bell alone caused the dog to salivate. Advertisers create positive attitudes towards their products by presenting attractive models in their ads. In this case the model is the UCS and our reaction to him, or her, is an automatic positive response. The product is the original NS which through pairing comes to elicit a positive conditioned response.In a similar fashion, pleasant or unpleasant experiences with members of a particular group could lead to positive or negative attitudes toward that group. Classical conditioning is especially involved with the emotional, or affective, component of attitudes.
- **Social (Observational) Learning:** Is based on modeling. We observe others. If they are getting reinforced for certain behaviors or the expression of certain attitudes, this serves as vicarious reinforcement and makes it more likely that we, too, will behave in this manner or express this attitude. Classical conditioning can also occur vicariously through observation of others.

- **Cognitive Dissonance:** Exists when related cognitions, feelings or behaviors are inconsistent or contradictory. Cognitive dissonance creates an unpleasant state of tension that motivates people to reduce their dissonance by changing their cognitions, feeling, or behaviors. For example, a person who starts out with a negative attitude toward marijuana will experience cognitive dissonance if they start smoking marijuana and find themselves enjoying the experience. The dissonance they experience is thus likely to motivate them to either change their attitude toward marijuana, or to stop using marijuana. This process can be conscious, but often occurs without conscious awareness.

- **Unconscious Motivation:** Some attitudes are held because they serve some unconscious function for an individual. For example, a person who is threatened by his homosexual feelings may employ the defense mechanism of reaction formation and become a crusader against homosexuals. Or, someone who feels inferior may feel somewhat better by putting down a group other than her own. Because it is unconscious, the person will not be aware of the unconscious motivation at the time it is operative, but may become aware of it as some later point in time.

- **Rational Analysis:** Involves the careful weighing of evidence for, and against, a particular attitude. For example, a person may carefully listen to the presidential

debates and read opinions of political experts in order to decide which candidate to vote for in an election.

11.9   BEHAVIOUR CAN PERCEDE OR FOLLOW ATTITUDE FORMATION

Cognitive Dissonance Theory:

Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. The "ideas" or "cognitions" in question may include attitudes and beliefs, the awareness of one's behavior, and facts. The theory of cognitive dissonance proposes that people have a motivational drive to reduce dissonance by changing their attitudes, beliefs, and behaviors, or by justifying or rationalizing their attitudes, beliefs, and behaviors.}lj Cognitive dissonance theory is one of the most influential and extensively studied theories in social psychology.

Dissonance normally occurs when a person perceives a logical inconsistency among his or her cognitions. This happens when one idea implies the opposite of another. For example, a belief in animal rights could be interpreted as inconsistent with eating meat or wearing fur. Noticing the contradiction would lead to dissonance, which could be experienced as anxiety, guilt, shame, anger, embarrassment, stress, and other negative emotional states. When people's ideas are consistent with each other, they are in a state of harmony, or consonance. If cognitions are unrelated, they are categorized as irrelevant to each other and do not lead to dissonance.

A powerful cause of dissonance is an idea in conflict with a fundamental element of the self-concept, such as "I am a good person* or "I made the right decision." The anxiety that comeswith the possibility of having made a bad decision can lead to rationalization, the tendency to create additional reasons or justifications to support one's choices. A person who just spent too much money on a new car might decide that the new vehicle is much less likely to break down than his or her old car. This belief may or may not be true, but it would likely reduce dissonance and make the person feel better. Dissonance can also lead to confirmation bias, the denial of disconfirming evidence, and other ego defense mechanisms.

For example, the classical version of this idea is expressed in the Aesop fable, The Fox and the Grapes, in which a fox sees some high-hanging grapes and wishes to eat them. However, unable to think of a way to reach them, he surmises that the grapes are probably not worth eating anyway (that they are not yet ripe or that they are too sour). In the story, the dissonance of the desire for something unattainable (the desire versus the unfulfillment) is reduced by sentience (of irrationally thinking) which is desired must be flawed (Sour Grapes).

The most famous case in the early study of Cognitive Dissonance was described by Leon Festinger and others in the book When Prophecy Fails. The authors infiltrated a group that was expecting the imminent end of the world on a certain date. When that prediction failed, the movement did not disintegrate, but grew instead, as members vied to prove their orthodoxy by recruiting converts.

Smoking is often postulated as an example of cognitive dissonance because it is widely accepted that cigarettes cause lung cancer, yet virtually everyone wants to live a long and healthy life. In terms of the theory, the desire to live a long life is dissonant with

the activity of doing something that will most likely shorten one's life. The tension produced by these contradictory ideas can be reduced by quitting smoking, denying the evidence of lung cancer, or justifying one's smoking. For example, smokers could rationalize their behavior by concluding that only a few smokers become ill, that it only happens to very heavy smokers, or that if smoking does not kill them, something else will. This and other forms of chemical addiction are not so clear-cut, but this analysis may be valid for those wanting to start smoking.

This case of dissonance could also be interpreted in terms of a threat to the self-concept. The thought, "I am increasing my risk of lung cancer* is dissonant with the self-related belief, "I am a smart, reasonable person who makes good decisions." Because it is often easier to make excuses them it is to change behavior, dissonance theory leads to the conclusion that humans are rationalizing and not always rational beings.

Attribution Theory:

- **Self-Perception Theory:**

  Self-perception theory is individuals' inferences or judgments as to the causes of their own behavior. Attitudes develop as consumers look at and make judgments about their own behavior. Included in this are internal attributions, giving credit to oneself for the outcome or results of using a product, external attributions, which is attributing positive results to factors beyond one's control and defensive attribution, which says consumers will often accept personal credit success and credit failure to others or outside causes. Self-perception theorists have explored situations in which consumer's compliance with a minor request affects subsequent compliance with a more substantial request. This strategy is also known as Foot-In-The-Door Technique.

- **Attributions are Opinions:**

  Attributions towards others and attributions towards things are the opinions people have of things which they come into contact with. For example, when talking to a salesperson at a store, a consumer will try to determine if the salesperson is knowledge, trustworthy, and reliable. The same can be said of attributions towards things. Consumers will judge a product's performance and form attributes in an attempt to find out why the product meets or fails to meet their expectations.

  Testing Attributions is an important step for consumers. They want to test firsthand whether the attributions they have made towards a certain product, service, or person is correct. People want conviction about a particular observation and will go about collecting additional information in order to do this. They may use the following criteria: Distinctiveness, consistency over time, consistency over modality, and consensus.

- **How We Test Our Attribution:**
  - Distinctiveness is attributing an action to a particular product or person if the action occurs only when that product/person is present and not in its absence.
  - In order to have consistency over time, each time the person/product is present the consumer's inference must be the same.
  - In measuring consistency over modality, the inference/reaction must be the same, even when the situation varies,
  - Finally, a consensus is when the action is perceived in the same way by other consumers.

11.10 SUMMARY

From above we conclude that how consumer attitude are formed and how they are changed two closely related issues of considerable concern to marketing practitioners.

When it comes to attitude formation, it is useful to remember that attitudes are learned and that different learning theories provide unique insights as to how attitudes initially may be formed. Attitude formation is facilitated by direct personal experience and influenced by the ideas and experience of friends and family member and exposure to mass media. In addition, it is likely that an individual's personality plays a major role in attitude formation.

These same factors also have an impact on attitude change; i.e. attitudes changes are learned, and they are influenced by personal experience and the information gained from various personal and impersonal sources. The consumer's own personality affects both the acceptance and the speed with which attitudes are likely to be altered.

Strategies of attitude change can be classified into six distinct categories. (1) Changing the basic Motivation Function, (2) Associating the product with a special group, event or Cause, (3) relating the attitude object to Conflict Attitude, (4) Altering Components of the Multiattribute Model, (5) Changing Beliefs about Competitors Brand, (6) The Elaboration Likelihood Model. Each of these strategies provides the marketer with alternative ways of changing consumers existing attitudes.

Most discussions of attitude formation and attitude change stress the traditional view that consumers develop attitudes before they act. However, this may not always, or even usually, be true. Both cognitive dissonance theory and attribution theory provide alternative explanations of attitude formation and change that behaviour might precede attitudes. Cognitive dissonance theory suggests that the conflicting thoughts, or dissonant information, that follows a purchase decision might propel consumers to change their attitudes to make them consonant with their actions. Attribution theory focuses on how people assign causality to events and how they formed or alter attitudes as an outcome of accessing their own behaviour, or the behaviour of other people or things.

11.11 ANSWER TO SELF CHECK EXERCISE

1. (c)

11.12 SHORT QUESTIONS

1. What are the two routes to persuasion according to the Elaboration Likelihood Model? Under what conditions should a marketer select one route rather than another in trying to change consumer attitudes?

2. Should the marketer of a popular computer graphic program prefer consumer to make internal or external attributions? Explain your answer.

11.13 LONG QUESTIONS

1. Explain an attitude you recently formed toward a product or service in terms of both instrumental conditioning and cognitive learning theory.
2. Explain how the product manager of a breakfast cereal might change consumer attitude toward the company's brand by: (a) Changing Beliefs about Brand, (b) Changing Beliefs about Competitors Brand, (c) Changing the relative evaluation of attributes, and (d) adding an attribute.

11.14 KEYWORDS

- **Consumer attitude** refers to a set of emotions, behavioral intentions, and beliefs that a consumer has toward behavior or product. It can be changed by influencing one or more of its three compartments; behavioral, affective, and cognitive.

11.15 SUGGESTED READINGS

- Schiffman. L.G and Kanuk. L.L. Consumer behavior, Prentice Hall oflndia, New Delhi, 2008
- David L. Laudon and Albert J. Della Bitta, Consumer Behaviour, Mcgraw-Hill, New York, 2007.

COMMUNICATION AND CONSUMER BEHAVIOUR

STRUCTURE

12.0   OBJECTIVES

After studying this course, you should be able to understand the following:

- The key terms, definitions, and concepts used in the study of consumer behaviour.
- The Factors effecting consumer behaviour.

- The use of your knowledge of consumer behaviour concepts to develop better communication programs and strategies to influence those behaviours.
- The stages in purchase process decision making by the customers.
- The role of the communications plan within the context of the organization's strategy and culture.

12.1 INTRODUCTION

Consumers do not make their decisions in a vacuum. Their purchases are highly influenced by cultural social, personal, and psychological factors. For the most part, they are "non controllable" by the marketer but must be taken in to account. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer.

12.2 CONSUMER BEHAVIOUR- DEFINITION

Consumer behaviour referred to as the study of when, why, how, where and what people do or do not buy products. It blends elements from psychology, sociology, anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer.

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

Further, Consumer Behavior can be defined as :
- The set of actions that make up an individual's consideration, purchase and use of products and services.
- Includes the purchase as well as consumption of the products and services.
  The seller must be able to determine that what motivates the customer to buy? This enables the seller to convert the features into benefits for that particular individual customer

12.3 BLACK BOX MODEL

ENVIRONMENTAL FACTORS	BUYER'S BLACK BOX	BUYER'S RESPONSE
Marketing Environmental Stimuli Stimuli	Buyer Decision Characteristics Process	

Product Economic Price Technical Place Political Promotion Cultural	Product recognition Attitudes Information Motivation search Perceptions Alternative Personality evaluation Lifestyle Purchase decision Post-purchase behaviour	Product choice Brand choice Dealer choice Purchase timing Purchase amount

12.4   THE PURCHASE DECISION PROCESS (FIG-1):

12.4.1   Problem Recognition:

- May occur when the consumer receives information from advertising or from conversation with friends that causes awareness of a need.
- In consultative selling sometimes hinges on the seller's ability to uncover need
- May occur when the consumer reevaluates the current situation and perceives an area of void or dissatisfaction.
- No matter what kind of need exists some prospects do not consciously recognize it until the seller brings it out into the open.

12.4.2   Search for Alternatives-Limited by:

- Time and cost.
- Experience and urgency.
- Value of purchase.
- Risk involved in the purchase

12.4.3   Evaluation of Alternatives:

- Evoked Set is the list of alternatives.
- Salient attributes are used to evaluate products.
- Determinate attributes are motives used to make a decision.

12.4.4   Purchase Decision:

- Several alternatives may seem equally acceptable;
- Can be made easier by a professional seller
- Involves a set of related decisions.

12.4.5   Decision Criteria:

- Tangible features of the product.
- Financial considerations such as price, discounts, credit policies, etc.

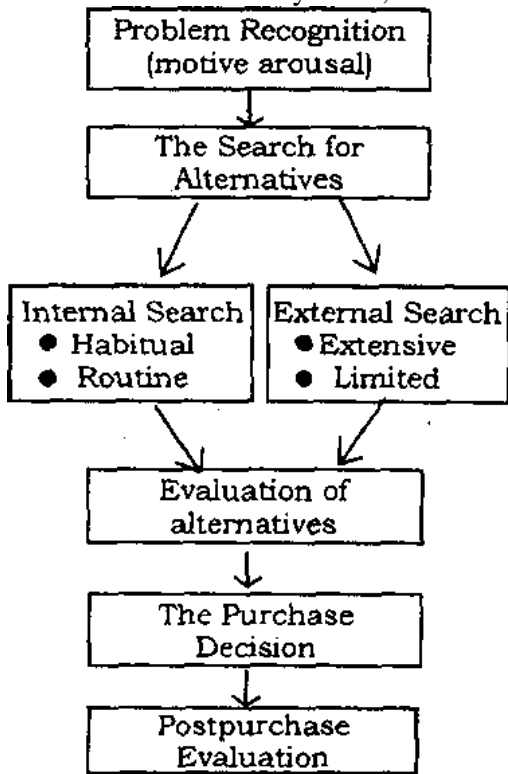- Intangible factors; reputation, past performance of the seller, possible delivery dates, etc.

Fig-1 The Purchase Decision-Process

12.5   COMMUNICATION AND CONSUMER BEHAVIOUR

Business Communication is known simply as "Communications." It encompasses a variety of elements including Marketing, Branding, Customer relations, Consumer behaviour, Advertising, Public relations, Corporate communication, Community engagement, Research & Measurement, Reputation management, Interpersonal communication, Employee engagement, Online communication, and Event management. It is closely related to the fields of professional communication and technical communication.

12.5.1   The Elements of Communication:

Elements of communication

Sender —> Message —> Channel —> Receiver —>
(Source)   (Medium)   (Consumer)

t   —>■ Feedback   ->

12.5.2   The Verbal Communication:

The basis of communication is the interaction between people. Verbal communication is one way for people to communicate face-to-face. Some of the key components of verbal communication sire sound, words, speaking, and language

.

12.5.3 The Non Verbal Communication

• Nonverbal communication is usually understood as the process of communicationthrough sending and receiving wordless messages. Non Verbal Communication can be communicated through gesture and touch, by body language or posture, by facial expression and eye contact. NVC can be communicated through object communication such as clothing, hairstyles or even architecture, symbols and info-graphics.messages.

12.5.4   TYPES OF NON VERBAL COMMUNICATION
  • Artifacts
  • Haptics—touch
  • Kinesics—body language
  • Proxemics—personal space

• **Artifacts:**

Artifacts are often used to communicate information about oneself. Artifacts are objects, often clothes, jewelry, and pictures, trinkets, which express one's interests, hobbies, status, or lifestyle. Often noted in democratic societies, where all are thought to be equal, artifacts are used to announce inequalities that for reasons of taste and conformity cannot be expressed in words.

• **Haptics:**

Research has found that touching can create both positive and negative feelings. Your feelings are positive when the touch is perceived to be natural. A person gets the opposite feeling when the touch is perceived to be manipulative or insincere. Touch is experienced in many ways. Handshakes, pats, and kisses are just a few of the ways one can communicate by touching.

• **Kinesics:**

Kinesics, or body language, is one of the most powerful ways that humans can communicate nonverbally. It is used to portray moods and emotions and to emphasize or contradict what is being said. Body language is very important when in an interview. "To effectively communicate it's hot always what you say, but what your body says, that makes the difference," according toPatricia Ball. There are various different types of body movement one can do to come across as being too strong or too weak.

• **Proxemics:**

One of the terms used in non-verbal language is Proxemics. Edward Hall defined proxemics in the 1950's and 1960's when he investigated man's use of personal space in contrast with fixed and semi-fixed feature space. Fixed feature is what it is fixed has in unmovable boundaries. Semifixed is fixed boundaries that can be moved like furniture.

Proxemics can be divided in two other ways, physical and personal territory. Physical territory is like desks that are in front of the room of a classroom instead of center.

12.6   THE COMMUNICATION MODEL

The Communication Model for Verbal and Nonverbal Messages
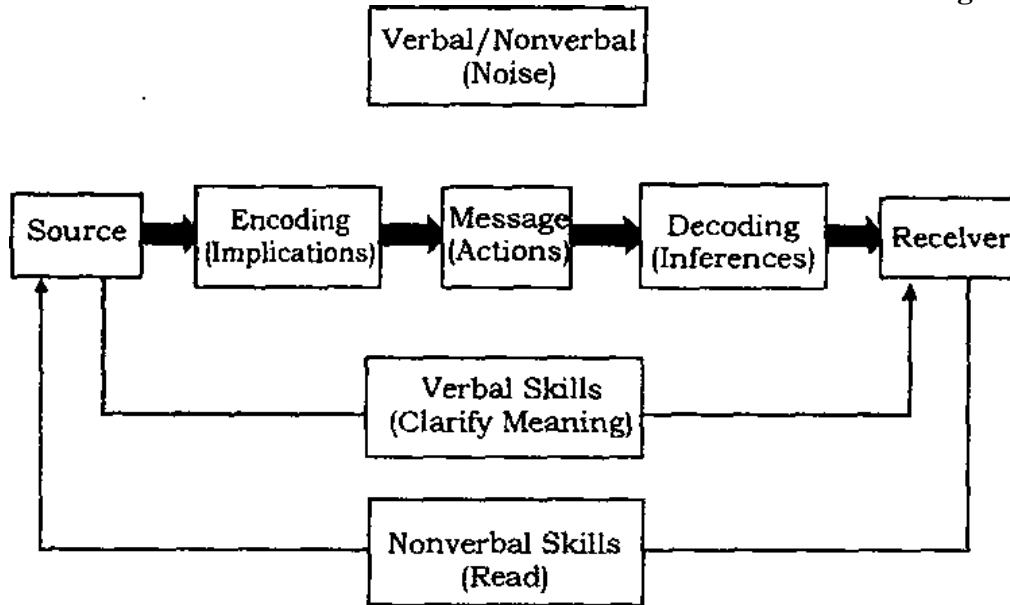
The Communication Model

12.6.1 SELF CHECK EXERCISE

1. A _____ is a need that is sufficiently pressing to direct the person to seek satisfaction of the need.

    (a) Motive

    (b) Want

    (c) Demand

    (d) Requirement

12.7   CHANNELS OF COMMUNICATION:

12.7.1   Print

The print media include all newspapers, newsletters, booklets, pamphlets, magazines, and other printed publications, especially those that sell advertising space as a means of raising revenue. Print media is distinguished from broadcast or electronically transmitted communications.

In the United States, at present, there are 1745 daily and 76012 weekly newspapers, and

- magazines. Most print media, with the exception of magazines, are local, although there are some national newspapers and trade publications that have become quite successful. Magazines, on the other hand, have always been national, although there is a trend today toward localization and specialization.

12.7.2 Broadcast

Electronic instrumentation of radio and television, including local radio and televisionstations, radio and television networks and cable television systems. Because of their ability to reach vast numbers of people, broadcast media play a very important role in any advertising campaign that needs to reach a broad market base. The broadcast media wield a very pervasive influence in most Americans' lives.

12.7.3 Electronic

Electronic media are that utilize electronics or electromechanical energy for the end user (audience) to access the content. This is in contrast to static media (mainly print media), which are most often created electronically, but don't require electronics to be accessed by the end user in the printed form. The primary electronic media sources familiar to the general public are better known as video recordings, audio recordings, multimedia presentations, slide presentations, CD-ROM and Online Content. Most new media are in the form of digital media. However, electronic media may be in either analog or digital format.

12.8 SUMMARY

Consumer Behaviour provides the skills and knowledge necessary in managing communications and brand support activities within organizations. The organization establishes the strong relationship between communications & marketing and seeks the knowledge of fundamental theories of consumer behaviour, and their application to communications medium for better end effective results.

In a diversified country like India consumer behaviour has largely been prejudiced by communication media and therefore it exerts the broadest and deepest influence on consumer behavior. A consumer's behavior is also influenced by social factors, such as the consumer's reference group, family, and social roles and statuses. The need is to look at the role played by the buyer's culture, subculture, and social class over consumer buying behaviour and more significant will be to study the post purchase behaviour.

Companies like Nokia, Reebok, Coke, PepsiCo and major automobile giants like Toyota, Suzuki, Ford, Chevrolet, Mercedes etc. has made a market for themselves in India.

How did they establish their own individual market in a country like India which is prone to diverse cultures?

Let's take the example of Ford. Before establishing their base in India, they engaged in a lot of researches. Their researches were made on the Indian people's social life, personal tastes and preferences, way of life, how they identify an effective product

and what makes them get attracted towards a product. The social and economic conditions were analyzed.

The general economy of India was also researched on. They had modified their product to suit the Indian conditions. Their technology had to be adjusted and suited to such an extent that their car is adaptable to Indian conditions. Indians are generally prone to be rough and tough customers and especially taking into account the road conditions and other social factors they designed the product in such a way that it's best suited to the conditions and it's received by the target customers. Today Ford is enjoying a huge market in India. If an automobile company from a different country can make wonders why cannot our own manufacturers adapt to these techniques.

A customer's want has to be identified and his expectations must be matched with the other economic and social factors so that their product is receptive. This can be related to anyproduct. Reebok today is enjoying a huge market in India even though they have hired a company

which is phoenix to manufacture shoes and operate under Reebok. How did they achieve this?

Adapting to social conditions play the most important role in establishing your brand in the market.

12.9 ANSWER TO SELF CHECK EXERCISE

1. (a)

12.10 SHORT QUESTIONS

1. What is meant by consumer behaviour?
2. How do the different communication channels influence the consumer behaviour?

12.11 LONG QUESTIONS

1. What are the different types of Non Verbal communication?

2. What are different models of communication and how can these influence the buying behaviour of consumer?

3. Elaborate the process of purchase decision making process with different stages?

12.12 KEYWORDS

- Verbal Communication: When communication is verbally with others, either in a conversation or in a presentation.
- Non Verbal communication: It is usually understood as the process of communication through sending and receiving wordless messages.
- Elements of communication: The components of communication which makes the process complete.
- Channels of communication: Medium through which a message is transmitted to its intended audience, such as prints media or broadcast (electronic) media.

- Kinesics: The study of nonlinguistic bodily movements, such as gestures and facial expressions, as a systematic mode of communication.

12.13 SUGGESTED READINGS

- Loudon, D.L. (1988), Consumer Behavior: Concepts and Applications, McGraw Hill, London.
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- Solomon, M.R. (1994), Consumer Behavior, Allyn 8s Bacon, London.
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SELF CONCEPT AND APPLICATION

STRUCTURE

13.0   Objectives
13.1   Introduction
13.2   Nature of the Self-Concept
13.3   Personality Development - Self-Concept
         13.3.1   Self check exercise
13.4   Self concepts and their implications
13.5   Methods of self-concept assessment
         13.5.1   Rating scales
         13.5.2   Checklists
         13.5.3   Q-sorts
         13.5.4   Rree Response
13.6   Summary
13.7   Answer to Self Check Exercise
13.8   Short Questions
13.9   Long Questions
13.10   Keywords
13.11 Suggested Readings

13.0 OBJECTIVES

After studying this lesson; you will be able to:
- Understand the concept of Self Concept in Consumer behaviour
- Understand the concept of self concept assessment.
- Understand the concept of Personality Development.

13.1 INTRODUCTION

        The self-concept is the accumulation of knowledge about the self, such as beliefs regarding personality traits, physical characteristics, abilities, values, goals, and roles. Beginning in infancy, children acquire and organize information about themselves as a way to enable them to understand the relation between the self and their social world. This developmental process is a direct consequence of children's emerging cognitive skills and their social relationships with both family and peers. During early childhood, children's self-concepts are less differentiated and are centered on concrete characteristics, such as physical attributes, possessions, and skills. During middle childhood, the self-concept becomes more integrated and differentiated as the child engages in social comparison and more clearly perceives the self as consisting of internal,

psychological characteristics. Throughout later childhood and adolescence, the self-concept becomes more abstract, complex, and hierarchically organized into cognitive mental representations or selfschemas, which direct the processing of self-relevant information.

Self-concept or self-identity is the mental and conceptual awareness and persistent regard that sentient beings hold with regard their own being.

Self-concept or **self identity** refers to the global understanding a sentient being has of him or her self. It presupposes but can be distinguished from self-consciousness, which is simply an awareness of one's self. It is also more general than self-esteem, which is the purely evaluative element of the self-concept.

The self-concept is composed of relatively permanent self-assessments, such as personality attributes, knowledge of one's skills and abilities, one's occupation and hobbies, and awareness of one's physical attributes. For example, the statement, "I am lazy* is a self-assessment thatcontributes to the self-concept. In contrast, the statement "I am tired* would not normally be considered part of someone's self-concept, since being tired is a temporary state. Nevertheless, a person's self-concept may change with time, possibly going through turbulent periods of identity crisis and reassessment.

The self-concept is not restricted to the present. It includes past selves and future selves. Future selves or "possible selves" represent individuals' ideas of what they might become, what they would like to become, and what they are afraid of becoming. They correspond to hopes, fears, standards, goals, and threats. Possible selves may function as incentives for future behavior and they also provide an evaluative and interpretive context for the current view of self.

13.2   NATURE OF THE SELF-CONCEPT

On the present account, an individual's self-concept is conceived as that individual's summary formulation of his or her status. (Ossorio, 1978; 1998). This conception differs significantly from traditional ones in which the self-concept is universally considered to be a kind of organized informational summary of perceived facts about oneself, including such things as one's traits, values, social roles, interests, physical characteristics, and personal history (James, 1890; Snygg & Combs, 1949; Rogers, 1959; Wylie, 1968; Kihlstrom & Klein, 1994; Baumeister, 1995). For this reason, and because the notion of "status" will be unfamiliar to most readers, this section will be devoted to explaining the present conception.

A helpful means for making the transition from thinking in informational summary terms to thinking in status terms is to consider what we might naturally say to a child if we were teaching her the game of chess. Suppose that we have a board set up, the pieces arrayed in a midgame situation, and we are explaining what a "knight" is. In doing so, it is highly unlikely that we would use an informational summary approach, which would include telling her such, things as that our knights were made of onyx, weighed 2 ounces, were forty years old, and were made in Mexico. Rather, we would provide her with information that has to do with the knight's place or position in the total scheme of things. Thus, we would describe what a knight is by informing her of its relationships to

the other pieces in the game (e.g., its ability to capture them, to block their movements, to move vis-a-vis them only in a certain distinctive fashion, etc.). Further, looking at any given knight's position relative to other pieces in the game situation displayed, we would help her to understand its current strategic importance. The crucial point here is that our thinking about the knight, indeed our thinking about what it is to be a knight, is quintessentially relational or positional in nature. When we have completed our description, what we have given our child is a summary formulation of the knight's status—its overall place in the scheme of things—not an informational summary of many different kinds of facts about knights.

Returning from chess pieces to persons, the status dynamic view maintains that the self- concept is most usefully identified, not with an organized summary of myriad perceived facts about oneself, but with one's summary formulation of one's status. That is to say, it is one's overall conception of one's place or position in relation to all of the elements in one's world, including oneself. In a simple and humorous, yet illuminating, illustration of this notion, cartoon character Charlie Brown once lamented that he was unable to initiate a relationship with a little girl on the playground because "I'm a nothing and she's a something." He then went on to relate that, if he were a "something," or she a "nothing," he could pursue her, but that, since "nothings" cannot hope to succeed with "somethings," he could not act. In this example, Charlie provides us with a simplified illustration of the self-concept as a summary formulation of one's status ("nothing"existing in a world comprised of "somethings" and "nothings"); and illustrates how what is fundamental about self-concepts is not that they are informational summaries of myriad facts about oneself, but that they place one somewhere in the scheme of things.

13.3 PERSONALITY DEVELOPMENT - SELF-CONCEPT

Related to adolescent friendships and personality development is an aspect of personality known as self-concept. Some personality theorists and researchers contend that the developing and changing view a person holds of herself is an important aspect of individual differences and is often neglected under the temperament or trait conceptions of personality. From this perspective, a person's self-concept (which incorporates such features as the individual's history, sense of competency, and goals for the future) is an important behavioral determinant that is more dynamic, malleable, and encompassing than temperament or personality traits.

A critical component in the development of one's self-concept is referencing, including temporal referencing, a self-comparison from an earlier time to a later time, and social referencing, a comparison of one's self to others. Temporal and social referencing yield the type of self- examination that serves to increase the stability of individual differences through an individual making behavioral and/or environmental changes to maintain a self-concept. The particular style of referencing most commonly adopted changes across the lifespan. Temporal referencing is most common in childhood and in old age when relatively rapid physical and cognitive changes are most apparent. Conversely, social referencing is most common in adolescence and adulthood when individual change is less appreciable.

For adolescents, it is their emphasis on social referencing that makes having successful friendships especially important in the development of self-concept. Having successful friendships in adolescence leads to more interactive and positive comparisons between self and others. Without successful friendships, an adolescent is more isolated and is more likely to make negative comparisons. These negative comparisons during adolescence set a developmental trajectory toward low self-esteem and further social withdrawal in adulthood, making it difficult for such individuals to learn the social skills necessary to meet social support needs.

In regard to why some children and adolescents have more trouble making friends than others, evidence suggests that in some instances early individual differences in attachment and temperament predict later friendship problems or successes. For example, research has shown that children classified as insecure-avoidant are more likely than securely attached children to exhibit aggression, anger, and hostility in peer-group settings. Also, insecure-ambivalent children in such settings are more likely to exhibit social inhibition and a low threshold for frustration. These patterns of social behavior are predictive of peer rejection and lack of friendship. Similarly, research in infant and childhood temperament has revealed a predictive relation between friendship success and both overall emotionality and the ability of an infant or child to self-regulate emotional expression. Infants and children who are the most temperamentally emotional and the least capable of regulating their expression of emotion are on average less successful in developing and maintaining friendships.

Research suggests that some early individual differences in attachment and temperament may lead to behavioral styles that ultimately undermine an individual's ability to successfully make and maintain friendships. The long-term effects of these individual differences could be harmful for the individual. With greater understanding and awareness of the elements anddynamics involved, however, interventions may be developed that help deflect the individual's development to more successful and healthy outcomes.

13.3.1 SELF CHECK EXERCISE

1. The stage in the buyer decision process in which the consumer is aroused to search for more information is called_____
   - (a) Information search
   - (b) Evaluation of alternatives
   - (c) Search for needs
   - (d) Perceptual search.

13.4 SELF CONCEPTS AND THEIR IMPLICATIONS

In almost any category in consumer products, symbolism makes use of self-concept. Self- concept is the image an individual holds about himself. There are a variety of self-concepts which could be useful to marketing communication.

They are:

- **Actual self-concept:** How the individual perceives himself. A group of consumers may perceive themselves as rebellious, non-conformists who seek individuality and freedom in their lifestyles. Charms brand of cigarettes, during the early eighties, was perhaps one of the early brands in the Indian context to create a brand personality using the power of self- concept. The Spirit of Freedom and Charms is the way you are were some of the punch lines in the advertisement of the brand, which featured young models. In order to add to the claims about freedom they had packaged the brand in the pack which carried denim type of design. This was the time when denim, which has its origin in the US, was getting accepted in the Indian context for its functional and symbolic appeals. The lifestyle type of advertising and the association (normally associated in the West with casualness and freedom) made the brand an inherent part of the youth culture during its time. The brand had used either actual self-concept or others actual self-concept (how an individual likes others to perceive him).

- **Ideal self-concept:** This is concerned with how an individual would like to ideally perceive himself. There is a thin line of difference in that ideal self concept has an overtone of futuristic aspiration in it (more deeper than an active self-image) - the individual perceives the ideal image of himself/herself based on his aspirational needs and this would depend on the individuals status - financial and educational, childhood upbringing, environmental exposure and personality traits. An upcoming businessman may buy the Lacoste brand of apparel which is associated with the profile of a globetrotter, club membership, some kind of exclusivity and perhaps certain upmarket sports. There could also be a variant of this kind of self-concept in the form of others ideal self-concept(how others should ideally perceive the individual).

  The individual may use status symbol to impress others (others ideal self-concept) but may resist from using them whenever there is a situation where the individual feels others do not matter (personal discretionary time/leisure etc. vis-'-vis professional work).

  Marketers could use such psychographic information with timestyles (how individuals spend their time) to come out with appropriate appeals for products and services (vacation and week-end cars are examples of categories where these kinds of orientation are likely to be useful).

- **Expected self-image:** This kind of image is between actual and ideal self-images. It is likely to be useful to marketers because changing the self image radically towards the ideal image would be difficult and expected self-image is one which consumers could identify with. A typical example is the advertisements of computer education institutes which attempt to draw prospective consumers for their courses generally ranging from a few weeks to two years.

  Though there is an element of aspiration, consumers feel it leads to a situation which is a tepping stone (completion of the course to get a job) rather than the realization of theirdreams (the ultimate ideal self- image).

  For a given target segment, the short term aspirations may reflect actual self-concepts and the long term ones the ideal self-concepts.

Individual differences as reflected through self-perception, sensitivity to others perception and rational and irrational needs form the basis on which brands carry their psychological warfare in the minds of consumers.

Lot of studies has examined the relationship between consumer purchase decisions as a function of the match between the consumer's self-image and perceived product image. This phenomenon has been termed 'image congruence'. Based on the self-consistency motivation theory, consumers prefer products that are similar to themselves. Under conditions of low discrepancy between product image and self-image, positive self-congruity results in an approach motivation which should lead to a positive consumer decision in relation to that product. Alternatively, when high discrepancy between product image and self-image exists, it results in low-self-congruity which should lead to an avoidance motivation.

13.5   METHODS OF SELF CONCEPT ASSESSMENT

Self-concept is inherently phenomenological, that is, it refers to the person's own view of him- or herself. In fact, one leading scholar in the field (Wylie, 1974) has argued that comparisons to external events are not particularly relevant in the assessment of self-concept. Accordingly, self-concept is almost always assessed through self-report. Four commonly used self-report methods are described below (Bums, 1979).

13.5.1 Rating Scales

Are the most frequently used type of instrument. Most of the currently published instruments are of this type. Rating scales typically are composed of a set of statements to which the respondent expresses a degree of agreement or disagreement. Five- and seven-point Likert scales are common. Typical items might be "I am good at math" or "On the whole, I am satisfied with myself." Responses are then summed to form a score for a specific scale (e.g., math self-concept) or a measure of global self-concept.

13.5.2 Checklists

Involve having respondents check all of the adjectives that they believe apply to themselves. Because the adjectives have been assigned to a category, such as "self-favorability," based on either rational or empirical criteria, the person's choices can be tabulated to form a self-concept measure. Checklists provide interesting qualitative information, but have two shortcomings. First, responses are dichotomous (yes/no); there is no way for the respondent to indicate degree of agreement. Second, the categorization of the adjectives is done by an external party, without knowing what exact meaning the adjective has for the individual.

13.5.3   Q-sorts:

Have been used extensively in self-concept research but are seldom used by practicing counselors because they are time-consuming and require considerable commitment from the client. In brief, the Q-sort technique involves having the person sort cards that contain selfdescriptors (e.g., *1 am strong*) into a pre-defined number of piles ranging from "most like me* to "least like me." Typically, 100 or more cards would be used and each pile can contain only a predetermined number of cards. Both quantitative and qualitative methods can be used to evaluate the results of the sorting task.

13.5.4   Pree-Response:

Methods respondents typically complete partied statements (e.g., I feel best when...). Although some sets of these sentence-completion tasks have been published formally, complete with quantitative scoring schemes, responses more frequently are evaluated qualitatively. Free-response methods are seldom used in self-concept research but have favor with many counselors because the open-ended, qualitative nature of the task lends itself to facilitating discussion with the client. The rather low reliability of such methods, however, argues against interpreting the results as a "measure* of self-concept.

Although most of the self-concept measures compare the person's response against some set of norms, one researcher (Brahm, 1981) successfully used a "criterion-referenced approach* in which the child's self-efficacy beliefs were assessed repeatedly in reference to an external criterion of accuracy. Brahm argues that this assessment approach integrates self-concept with mastery learning more effectively than does the traditional norm-referenced self-concept scale. Although this is a promising idea, it remains undeveloped.

There are a number of theories regarding self-concept, ranging from the single to the multiple self-concept perspectives. The single self-concept theory suggests that individuals have one self- image which is consistent with all aspects of life, as opposed to the multiple self-concepts which postulate that consumers see themselves differently according to the situational factors. For example a marketing lecturer who has a multiple self-concept as a result of being an educator, a marketing/business consultant, a parent for his/her young family, a sporting person, a political activist and an eclectic consumer of contemporaiy arts. The idea of a single self-concept is hard to support given the multiple environmental conditions and relatively sophisticated world that many consumers live. The multidimensional nature of self-concept is considered to be a more appropriate way to understand and interpret consumer's behaviour for different marketing and consumption patterns. Sirgy and Su (2000) attempted to map out comprehensively the different aspects of congruence between the multidimensional characteristics of tourism consumer's self- concept (actual self-image, ideal personal self- image, actual social self-image and ideal social self-image) and the product images (tourism destinations). The brand/product symbolic cues (personality traits) and characteristics are likely to match with the corresponding consumer's personal and social self-image attributes. For example, if consumers see themselves as knowledgeable (personal self-image) being sophisticated and high status (social self-mage), they are likely to prefer and purchase products that project the same characteristics and benefits (self- produ ct- congruence).

13.6   SUMMARY

Self-concept or self-identity is the mental and conceptual awareness and persistent regard that sentient beings hold with regard their own being. There are a number of theories regarding self-concept, ranging from the single to the multiple self-concept perspectives. Self-concept is inherently phenomenological, that is, it refers to the person's own view of him- or herself. In fact, one leading scholar in the field has argued that comparisons to external events are not particularly relevant in the assessment of self-concept.

13.7 ANSWER TO SELF CHECK EXERCISE

1. (a)

13.8 SHORT QUESTIONS

1. Write a note on Self Concept

13.9 LONG QUESTIONS

1. What are the different techniques for self concept assessment?
2. What are the implications of Self Concept?

13.10 KEYWORDS

- Elements of communication: The components of communication which makes the process complete.
- Channels of communication: Medium through which a message is transmitted to its intended audience, such as prints media or broadcast (electronic) media.
- Kinesics: The study of nonlinguistic bodily movements, such as gestures and facial expressions, as a systematic mode of communication.

13.11 SUGGESTED READINGS

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PSYCHOGRAPHICS AND LIFE STYLE

STRUCTURE

14.0   Objectives
14.1   Introduction
14.2   Pros 8s Cons of Using Psychographics
14.3   What Types of Psychographic Groups are There?
14.4   Lifestyle:
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14.10 Summary
14.11   Answer to Self Check Exercise
14.12   Short Questions
14.13 Long Questions
14.14   Keywords
14.15 Suggested Readings

14.0   OBJECTIVES

After studying this lesson; you will be able to:

- Understand the concept of Psychographic in Consumer behaviour
- Understand the concept of Life style Marketing.
- Understand the concept of Life Market Segmentation.

14.1   INTRODUCTION

Several types of market segmentation exist, with demographic and geographic segmentation being the most commonly used. As marketing knowledge has advanced and competition has increased, however, the need for a more precise segmentation tool has grown. Psychographics, often referred to as lifestyle, is just the tool.

Psychographics has been around for more than 30 years, but is still one of the least understood concepts in marketing research. It seems that every scholar has his or her own definition of exactly what constitutes psychographics. Some define it simply as values or lifestyles while others have more elaborate definitions. The most clear and complete definition 1 found was in the book Consumer Profiles: An Introduction to

Psychographics, by Barrie Gunter and Adrian Fumham. Their definition claims that psychographics "seeks to describe the human characteristics of consumers that may have bearing on their response to products, packaging, advertising and public relations efforts. Such variables may span a spectrum from self-concept and lifestyle to attitudes, interests and opinions, as well as perceptions of product attributes

Psychographics are used to determine lifestyle characteristics and traits that can be correlated into targeted marketing programs. Psychographics and lifestyle are often used interchangeably, but psychographics is actually the way that lifestyle is made operationally useful to marketing managers. Psychographics appraises a consumer's activities, interests, opinions, and values and correlates them with a consumer's demographics. Psychographics allow for a more complete picture of an individual, making it easier to understand how to market products to them.

Understanding and assessing various aspects of consumer behavior is one of the key factorsto effective marketing, sales and customer satisfaction. To address the increased interest in understanding various aspects of consumer behavior.

Using the knowledge of typological traits of an individual in the context of marketing, sales, customer service and financial services makes it possible to tailor marketing messaging for consumer's personality and make sure the consumer is receptive to it, and on the other hand, increases customer satisfaction.

Psychographics is quantitative investigation of consumers' life-styles and personality characteristics, a way of describing the psychological makeup or lifestyle of consumers by assessing such dimensions as:

- attitudes
- values
- activities and interests
- demographics
- media patterns
- usage rates

14.2   PROS & CONS OF USING PSYCHOGRAPHICS

Psychographic research has several positive and negative aspects associated with it. Psychographic information can be extremely valuable to a marketer when used correctly. Psychographics allows marketers to better define and explain a market. It provides a more complete profile of the target market.

Psychographics helps marketers understand consumer behavior. Consumers behave unpredictably. "They demonstrate loyalties to brands (or not), blindly follow trends (or not), and buy according to their convictions and aspirations (or not). Individuals are innovators in some product categories, but not in others. What they say they do and what they really do are seldom the same". Psychographics is one way to clarify the behaviors consumers' exhibit.

Psychographics, like all other segmentation tools, also helps minimize risks . On the other hand, psychographics also has several limitations associated with it. Psychographic research is complex and often confusing. It can also be very costly. Completing psychographic research usually costs upwards of $50,000. Critics also claim

that the categories psychographic research places consumers in overlaps so much that it does not differentiate among consumers. Psychographic research can also be lengthy and narrow, or unable to be projected onto an entire population. Even with these limitations, however, psychographics have been used successfully innumerable times.

Psychographics marketing may be a concept that you are not fully aware of, but it is an essential part of marketing. Psychographics marketing involves dividing potential customers into groups, according to their psychological characteristics. This sounds incredibly complicated, but it is actually a relatively simple concept once you understand it.

Most marketing involves certain demographics, which refers to factors such as the age, location, marital status, ethnicity and religion of the person in question. Psychographics goes beyond this to ask questions of the lifestyles, behavior and attitude of the person in question to build up a more detailed picture of who they are. These tend to be directly related to consumerism, and the type of products that people prefer to buy based on their lifestyle choices.

14.3   WHAT TYPES OP PSYCHOGRAPHIC GROUPS ARE THERE?

Marketing experts have suggested that there are certain types of psychographic profiles in the United States - the Belonger, the achiever, the wannabe, the socially conscious (type A and B), the balanced/integrated, and the needs driven. These profiles are mostly stereotypical views.

The Belonger accounts for around forty per cent of the US population. Generally speaking, the people who fit this psychographic profile tend to live in a small town in the Midwest, although is not necessarily the case. This psychographic profile is very family-orientated, and likes the feeling of belonging to a community. Much of their time is spent with friends and family, and they often have a sense of pride for all things that are truly American. Advertisers who want to reach the Belongers should focus on items that are family-orientated or community-orientated. Advertisers may also need to spend some time gaining the trust of this group, as they can be loyal customers once a rapport has been built up.

The Achiever accounts for between five and seven per cent of the population. As the name suggests, people who fit this psychographic profile are mostly businesspeople (such as investment bankers or fund managers), who work long hours, but are constantly looking for more success. Unlike the Belongers, they feel little or no need to belong to a community, as they are very independent. Advertisers looking to reach the Achievers should make their message as short as possible, before the Achiever rushes off to complete another task. They respond well to individuality, power, money and profit.

The Wannabe accounts for around fifteen per cent of the population. People who fit this psychographic profile would love to be an Achiever, but have yet to get into this profile. Most of the products that they buy are often a poor imitation of those owned by the Achiever (for example, fake Rolodexes because the real thing is too expensive). In some cases, it is a particular celebrity that they are trying to emulate, rather than an

Achiever. As you might expect, the Wannabe tends to be relatively insecure with only a modest amount of disposable income.

The Socially Conscious Type An accounts for around twenty-five per cent of the population, and the Socially Conscious Type B accounts for around seven per cent of the population. In both cases, their concerns are related to the environment, and the effect that their spending has on it. Typically, they recycle frequently, walk or cycle as much as possible, and buy environmentally friendly products. To effectively reach the Socially Conscious, the product being sold needs to be environmentally friendly. As they tend to be well educated, they are often cynical about whether a product really is going to help the environment.

The Balanced accounts for around one to two per cent of the population, and is often a mixture of the Achiever and the Socially Conscious. Thus, the Balanced want to use their money and power to do something positive for the environment. Often, their labor forces and materials do not come from the Third World (or other poor countries).

The Needs Driven accounts for around fifteen per cent of the population. People who fit into this psychographic profile tend to be impulse buyers, who base their purchases on rash decisions. The way to reach this group is to appeal to their fear of being inadequate, especially when compared to the people around them. The type of adverts that you see on late night shopping channels ("don't miss this once in a lifetime opportunity*) epitomize the way that this psychographic profile works.

These days, marketing has become much more sophisticated, and advertisers are required to understand their potential customers much more than in the past. Although this may take more effort on the part of the advertisers (in terms of the market research that they have to carry out), they can often count on having more customers as a result of the extra time spent, which ultimately boosts profits.

14.4 LIFESTYLE

Lifestyle is a concept of much current interest in several quarters. In marketing, it has been used for decades and several commercial applications, which will be discussed in this article, are available. In risk regulation and risk communication, it seems that the concept also is quite attractive to many practitioners. There could be many reasons for this popularity. Four are particularly salient:
- Lifestyle is a powerful concept in the explanation of public perception of risk and reactions to risk, as well as in consumer behavior more generally.
- Lifestyle is a concept which is well in line with common-sense notions as to the explanation of behavior. It is a priori highly credible. The typological approach is congenial with folk psychology. People tend to believe in such phenomena as the effectiveness of subliminal advertising (Rogers & Smith, 1993), in spite of lack of support in research on the topic.
- Lifestyles make for good reading in the media and therefore can be assured of extensive media coverage*/largely uncritical.
- Lifestyles profit from habits of 'hypothesis testing' (Shaver, 1993; Schmidt, 1996; Thompson, 1999). Researchers tend to ignore the

explanatory power of their concepts and equate high power with non-randomness of effects. Since few concepts yield genuinely random effects research can easily be rigged to produce 'statistically significant' results which are then marketed as substantially important. As an example, Shim and Bickle reported that their data on psychographics differentiated among segments in the female apparel market, but they gave only results of significance testing.

14.5   LIFESTYLE INFLUENCED WITH

Lifestyle how one lives. Lifestyle is a function of inherent individual characteristics that have been shaped through social interaction as one move through the lifecycle. It is influenced by:

- values
- demographics
- social class
- reference groups
- family
- individual
  characteristic
  s o motives

  o emotions

- **Personality:**

Terms such as attitudes and lifestyles have technical meanings in social psychology, butthey are also used in everyday language. We therefore begin with giving some explicitdefinitions and comment on the difficulties of communication that can arise in discussionsabout lifestyles.

Lifestyle is a term which can have at least three different meanings:

- The values that a person expresses with reference to a limited number of basic dimensions (freedom, justice, equality, etc.).

- A group or cluster of attitudes, opinions, interests and activities. In this case the investigator usually includes a theoretical mixture of very different concepts which Eire supposed to serve as a basis for classifying or segmenting a population. The segmentation should in its turn be possible to use in marketing products or influencing habits. As an example, see a recent review of how the tobacco industry uses consumer segmentation in order to increase sales.

- Actual 'patterns of behavior', e.g., lifestyles characterized by substance abuse or an active leisure time involving sports, work in political organizations, etc.

14.6   LIFESTYLE MARKETING

In the 21st century, "Lifestyle Marketing" has become the magic buzzword and the latest merchandising strategy to enthrall customers after the 80s "Niche Marketing" and the 90s "Branding" craze. Simply put, lifestyle marketing is having a promotional

approach centered on the interests, values, attitudes and way of life of consumers/target group. The key words here are *WAY OF LIFE' of prospects and customers.

In lifestyle marketing one categorizes customers based on their interests, activities and opinions. A classic example of lifestyle marketing is the HARLEY-DAV1DSON bike that has morphed in to cult marketing. Similarly Shahnaz Hussain and her array of beauty products are a way-of- life!

Lifestyle marketing attempts to group customers according to some amalgamation of three categories of variables Activities, Interests, and Opinions (AIO) and identifies the potency of a customer's chosen lifestyle for determining the sort of products to be purchased and the specific brands that are further likely to appeal to the chosen lifestyle segment. Lifestyle marketing has assumed a new paradigm in today's competitive business world.

Lifestyle Marketing necessitates and works best when companies are able to connect with the lifestyle of their existing and potential customers by developing effective marketing strategies that seamlessly fit their way of living. It provides tremendous opportunities to the companies to directly target a specific type of consumer who will most likely be an enthusiast of the company's specific products and thus, provide a competitive business advantage to the company and generate more business.

14.7   LIFESTYLE MARKET SEGMENTATION

Modem lifestyle marketing depends on psychographic segmentation, and you need to be a marketer who values mind over matter. Market segmentation breaks the total market into sectors based upon differences and similarities in product or service needs. Charting these segments allows you to create products and/or services that meet the needs of a targeted segment and focus your marketing strategies. Efficient market segmentation leads to the recognition of niche markets with enough consumers to justify investment whose needs can be satisfied with whatever budget you have available.
Segmentation is usually not limited to single variables but considers multiple dimensions. One type of segmentation is based on behavior patterns, focusing on how consumers perceive brands. Benefit segmentation, or behavioral segmentation, derives its analytic data from patterns of product use, degree of brand loyalty, and purchase frequency.

On the other hand, you may solely focus on psychological segmentation, which derives its analytic data from variables such as consumer personality, motivation, and lifestyle. You may also consider other variables like demographic measures or geographic markets. Market segmentation can even be event based; for example, Valentine's Day can drive time-based product preferences.

Market segmentation based on lifestyle analysis usually approaches the problem by gauging lifestyle according to data that fall into three categories—activities, interests, and opinions. Activities are divided into four parts: work, entertainment, sports, and hobbies. Interests are divided into career, home, family, fashion, and food. Opinions are broken into social issues, education, business, politics, and the future.

Along with these variables, demographic factors such as occupation, income, age, education, geography, and the consumer's stage in the family life cycle are also taken into

account. Depending on the product, variables like gender, sexual orientation, and race or ethnicity may also count as factors for defining market segmentation.

The net result of combining all these variables is that you'll come up with a realistic psychological profile that marks a market segment. This allows you to find populations that share certain common or similar views, feelings, beliefs, and values towards common objects. Once you know what your demographic wants, you 11 be one step closer to creating a competitive marketing strategy.

To strategically position yourself in the market, your focus will be on lifestyle market segmentation, targeting, and positioning as key marketing activities that serve as the tools to gain favorable customer orientation.

As businesses become more and more aware that their success depends upon their knowledge of consumer behavior, lifestyle segmentation of the market based upon psychographic analysis will gain popularity. Changing lifestyles of the consumer population influence all aspects of modern marketing; lifestyle segmentation makes possible the identification of those new niche markets.

Psychographic (or lifestyle) segmentation, based upon multivariate analyses of consumer attitudes, values, behaviors, emotions, perceptions, beliefs, and interests. Psychographic segmentation is a legitimate way to segment a market, if we can identify the proper segmentation variables (or lifestyle statements, words, pictures, etc.). Qualitative research techniques (focus groups, depth interviews, ethnography) become invaluable at this stage. Qualitative research provides the insight, the conceptual knowledge, and the consumer's exact language necessary to design the segmentation questionnaire. Typically, verbatim comments from consumers are used to build batteries of psychographic or lifestyle statements (these two terms are used interchangeably). A large representative sample of consumers (generally, 1,000 or more) are then asked about the degree to which they agree or disagree with each statement. For example, if you were designing a market segmentation questionnaire for an airline, you might conduct a series of depth interviews to help design the questionnaire. You probably would include a behavioral section (frequency flying, how purchased tickets, who traveled with, cities flown to, where sat, airlines flown, money spent on airline tickets, etc.). You would include a major section on attitudes toward air travel (motivations for air travel, fears related to air travel, positive emotions of flying, attitudes about airline employees, checking luggage, buying tickets, and so forth). You would also want to include a section on perceptions of the different airlines; that is, their "brand images." You could go further and add a section on media consumption, or personal values, as well. It is at this point that you realize the questionnaire is too long, and you have to make some hard decisions about what questions or statements to include.

The method of data collection is very important, because the questionnaire is so long (often 45 to 90 minutes in length). The telephone is not recommended for segmentation studies because of questionnaire length. Moreover, the various rating scales and attitudinal statements are difficult to communicate by phone, and the resulting phone data tends to be "insensitive* and rife with "noise." In-person interviews or Internet-based interviews, or even mail surveys, are much better. Rating scales and attitudinal statements can be seen and fully comprehended by respondents. Seeing is much better than hearing,

and it produces more accurate answers. The Internet is especially valuable for segmentation studies, since respondents can take the survey at a time of their own choosing, when they can give it their full, undivided attention. A mail survey offers some of the same advantages, but without the questionnaire controls, checks, and safeguards built into an Internet survey.

14.7.1 SELF CHECK EXERCISE

1. The family in a buyers life consisting of parents and siblings is the _____.

   A) family of procreation

   B) family of influence

   C) family of efficiency

   D) family of orientation

14.8 LIFESTYLE AND SOCIAL STATUS

The following Table shows the different factors for different Lifestyles, at each grade persons will have different lifestyle depending upon the social status and occupation.

8oclaI Grade Social Status Occupation:

- upper middle class higher managerial, administrative or professional

- middle class intermediate managerial, administrative or professional

- lower middle class supervisory or clerical, junior managerial, administrativeor

professional

- skilled working class skilled manual workers

- working class semi and unskilled manual workers
- those at lowest level of subsistence state pensioners or widows (no other earner), casual or lowest grade workers

14.9 SOCIAL CLASS CAN AFFECT LIFESTYLE

People's social class will affect the way that they live their lives. Working class people and professional people may have very different leisure activities.

Take one aspect of people's lives such as leisure and see how their social class can affect how they spend their time.

Money and earnings
Education
Norms
Values
Traditions

Time available to them

14.10 SUMMARY

Psychographics are used to determine lifestyle characteristics and traits that can be correlated into targeted marketing programs. Psychographics and lifestyle are often used interchangeably, but psychographics is actually the way that lifestyle is made operationally useful to marketing managers. Lifestyle Marketing necessitates and works best when companies are able to connect with the lifestyle of their existing and potential customers by developing effective marketing strategies that seamlessly fit their way of living.

14.11 ANSWER TO SELF CHECK EXERCISE

1. (D)

14.12 SHORT QUESTIONS

1. Writ a note on Life style Marketing.
2. Write a note on life style market segmentation

14.13 LONG QUESTIONS

1. Write a note on psychographic variables and life style.
2. What are the Advantages and Disadvantages of Psychographic?

14.14 KEYWORDS

- **Psychographics** is the qualitative methodology of studying consumers based on psychological characteristics and traits such as values, desires, goals, interests, and lifestyle choices.

14.15 SUGGESTED READINGS

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PERSONAL INFLUENCE AND OPINION LEADERSHIP

STRUCTURE

15.0   OBJECTIVES

After studying this chapter, you should be able to

- The nature and dynamics of the influence that friends, neighbors and acquaintances have on our consumer-related decisions.
- The personality and motivations of those who influence (opinion leaders) and those who are influenced (opinion receivers).

15.1 OPINION LEADERSHIP

The power and importance of personal leadership are captured in the following comment by an ad agency executive: "Perhaps the most important thing for marketers to understand about word of mouth is its huge potential impact."

Opinion leadership is the process by which one person (the opinion leader) informallyinfluences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients the key characteristics of the influence is that it is interpersonal and informal and takes place between two or more people, none of whom represents a commercial selling source that would gain directly from the sale of something. Word of mouth implies personal, or face-to- face, communication, although it may also tale place in a telephone conversation or within the context of e-mail or a chat group on the Internet. This communication process is likely, at times, to also be reinforced by nonverbal observations of the appearance and behavior of others.

One of the parties in a word-of-mouth encounter usually offers advice or information about a product or service, such as which of several brands is best or how a particular product may be used. This person, the opinion leader, may become an opinion receiver when another product or service is brought up as part of overall discussion.

Individuals who actively seek information and advice about products sometimes are called opinion seekers. For purposes of simplicity, the terms opinion receivers and opinion recipient will be used interchangeably in the following discussion to identify both those who actively seek product information from others and those who seek unsolicited information. Simple example of opinion leadership at work includes

- During a coffee break, a coworker talks about the movie he saw last night and recommends seeing it.
- A family decides that they would like a swimming pool for their backyard and they ask neighbors who have pools which pool construction company they should call.

15.2 WORD OP MOUTH IN TODAY'S ALWAYS IN CONTACT WORLD

Over the past decade, with the proliferation of cell phone usage and e-mail many people find themselves, by choice, to be always available to friends, family and business associates. Although Americans have been somewhat slower than consumers of other countries, most notably Japan, to embrace the notion of receiving e-mail via our cellular telephones, this may be due, in part, to the great number of PCs in use in the United States.

Along with the explosion of Web-capable cellular telephones is the creation of the thumb generation which is known in Japan as oya yubi sedai. Young people in Japan leam to send e- mail messages from the cell phones by using their thumbs and some Japanese TV stations have even held thumbing speed contests.

15.2.1 Viral Marketing:

Also known as Buzz marketing, wildfire marketing, avalanche marketing or any one of a dozen other names, viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence, Viral marketing is the marriage of e-mail and word of mouth. It is also named viral because it allows a message to spread like a virus. Consider Hotmail, the first free Web e-mail service. By giving away free e-mail addresses and services, and by attaching a tag to the bottom of every message that read "Get your private, free e-mail at http://www.hotmail.com," every time a Hotmail user sent an e-mail, there was a good chance that the receiver of the e-mail would consider signing up for a free HotMail account.

Proctar &Gamble is using viral marketing in a big way. The company has developed kiosks for shopping malls that present and sell new P&G products-all in the hope that shoppers will tell their friends what they have seen. And if the shoppers purchses a product at the kiosk, he or she isinvited to join an "Innovator's club" that offers discounts, a Website, and puts the shopper into the P&G database for future new product introductions.

15.2.2 Dynamics of the Opinion Leadership Process:

The Opinion leadership process is a very dynamic and powerful consumer force. As informal communication sources, opinion leaders are remarkably effective at influencing consumers in their product-related decisions. Some of the reasons for the effectiveness of opinion leaders are discussed next.

15.2.3 Credibility:

Opinion leaders are highly credible sources of information because they usually are perceived as objective concerning the product or service information or advice they dispense. Their intentions are perceived as being in the best interests of the opinion recipients because they receive no compensation for the advice and apparently have no ax to grind. Because opinion leaders often base their product comments on firsthand experience, their advice reduces for opinion receivers the perceived risk or anxiety inherent in buying new products.

15.2.4 Positive and Negative Product Information:

Information provided by marketers is invariably favorable to the product and brand. Thus, the very fact that opinion leasers provide both favorable and unfavorable information adds to their credibility. An example of an unfavorable or negative product comment is, "The problem with those inexpensive digital cameras is that the images they produce sire not nearly as sharp as those from a small point-and-shoot-35mm camera." Compared with product or even neutral comments, negative comments are relatively uncommon. For this reason, consumers are especially likely to note such information and to avoid products or brands that receive negative evaluations.

15.2.5   Information and Advice:

Opinion leaders are the source of both information and advice. They may simply talk about their experience with a product; relate what they know about a product, or more aggressively, advice others to buy or to avoid a specific product. The kind of product or service information that opinion leaders are likely to transmit during a conversation include the following:

- Which of several brands is best: "In my opinion, when you consider cost, RCA offers the best value in TV."
- How to best use a specific product: "I find that my photos look best when I use genuine Kodak processing."
- Where to shop: "When Macy's has a sale, the values are terrific."
- Who provides the best service: "Over the last 10 years, I've had my car serviced and repaired at Goodyear, and I think its service can't be beat."

Many of the messages being sent and received these days deal with movies, restaurants, shopping, computer games, and other areas of interest to young adults-word-of-mouth communication in the form of telephone or e-mail.

15.2.6   Opinion Leadership is Category specific:

Opinion leadership tends to be category specific; that is opinion leaders often "specialize" in certain product categories about which they offer information and advice. When other product categories are discussed, however, they are just as likely to reverse their roles and become opinionreceivers. A person who is considerable particularly knowledgeable about boats may be an opinion leader in terms of this subject, yet when it comes to purchasing a VCR, the same person may seek advice from someone else-perhaps even from someone who has sought his advice on boats.

15.2.7   Opinion Leadership is a two-way street:

As the preceding example suggests, consumers who are opinion leaders in one product- relates situation may become opinion receivers in another situation, even for the same product. Consider the following example. Bradley, a new homeowner contemplating the purchase of a lawnmower, may seek information and advice from other people to reduce his indecision about which brand to select. Once the lawnmower has been brought, however, he may experience post purchase dissonance and have a compelling need to talk favorably about the purchase to other people to confirm the correctness of his own choice. In the first instance, he is an opinion receiver; in the second, he assumes the role of opinion leader.

15.3   THE MOTIVATION BEHIND OPINION LEADERSHIP

To understand the phenomenon of opinion leadership, it is useful to examine the motivation of those who provide and those who receive product-related information.

15.3.1 The needs of Opinion Leaders:

What motivates a person to talk about a product or service? Motivation Theory suggests that people may provide information or advice to others to satisfy some basic need of their own. However, opinion leaders may be unaware of their own underlying motives. Opinion leaders may simply be trying to reduce their own postpurchase dissonance by confirming their own buying decisions. For instance, if Noah subscribes to DSL broadband service and then is uncertain that he made the right choice, he may try to reassure himself by talking up the service's advantages to others. In this way, he relieves his own psychological discomfort. Furthermore, when he can influence a friend or neighbor to also get DSL, he confirms his own good judgment in selecting the service first. Thus the opinion leader's true motivation may really be self-confirmation or self-involvement. Furthermore, the information or advice that an opinion leader dispenses may provide all types of tangible personal benefits: it may confer attention, imply some type of status, grant superiority, demonstrate awareness and expertise, and give the feeling of possessing inside information and the satisfaction of "converting" less adventurous souls.

In addition to self-involvement, the opinion leader may also be motivated by product involvement, social involvement, and message involvement. Opinion leaders who are motivated by product involvement may find themselves so pleased or so disappointed with a product that they simply must tell others about it. Those who are motivated by social involvement need to share product-related experiences. In this type of situation, opinion leaders use their product-related conversation as expression of friendship, neighborliness, and love.

15.3.2 The needs Of Opinion Receivers:

Opinion receivers satisfy a variety of needs by engaging in product-related conversations. First, they obtain new-product or new-usage information. Second, they reduce their perceived risk by receiving firsthand knowledge from a user about a specific product or brand. Third, they reduce the search time entailed in the identification of a needed product or service. Moreover, opinion receivers can be certain of receiving the approval of the opinion leader if they follow that person's product endorsement or advice and purchase the product.

15.3.3 Purchase pals:

Researchers have also examined the influence of purchase pais as information sources how actually accompany consumers on shopping trips. When a weak tie exists between the purchase pals and the shopper, the purchase pal's main contribution tends to be functional-the source's specific product experiences and general marketplace knowledge are being relied on. In contrast, when strong ties exist what is relied on is the purchase pal's familiarity and understanding of the buyer's individual characteristics and needs.

15.3.4 Surrogate buyers versus opinion leaders:

Although the traditional model of new product adoption shows opinion leaders influencing the purchase of many new products and services, there are instances in

which surrogate buyers replace opinion leaders in the role. For example, working women are increasingly turning to wardrobe consultants for help in purchasing business attire, most new drugs start our requiring a doctor's prescription, and many service providers make decisions for their clients.

15.4 MEASUREMENT OP OPINION LEADERSHIP

Consumer researchers are interested in identifying and measuring the impact of the opinion leadership process on consumption behavior. In measuring opinion leadership, the researcher has a choice of four basic measurement techniques: (1) the self designating method, (2) the sociometric method, (3) the key informant method, and (4) the objective method.

Table below presents an overview of each of the four methods of measuring opinion leadership, together with advantages and limitations.

Table: Methods of measuring opinion leadership: Advantages and limitations

Opinion Leadership Measurement Methods	Description of methods	Sample questions asked	Advantages	limitations
Self-designating methods	Each respondent is asked a series of questions to determine the degree to which he or she percieves himself or herself to be an opinion leader	"Do you influence other people intheir selection of products?[1]*"	Measures the individual's own perceptions of his' or her opinion ledership.	Depends on the objectivity with which respondents can identify and report their personal influence.
Sociometric meth	Members of a social system are asked to identify to whom they give . advice and information about a product category.	"Whom do you ask?" "who asks you for information about that product category?"	Sociometric questions have the greatest degree of validity and are easy to administer.	It is very costly and analysis often is very complex. Requires a large number of respondents. Not suitable for sample design where only a portion of the social system is interviewed.

Carefully selected key informants in a social system are asked to designate opinion leaders.

Artificially places individuals in a position to act as opinion leaders and measure results of their efforts.

"Who are the most influential people in the group?"

"Have you tried the product?"

Relatively inexpensive and less time consuming than the socio- metic method.Measures individual's ability to influence others under controlled circumstances.intormants who are not thoroughly familiar with the social system are likely to provide invalid information.Requires the establishment of an experimental design and the tracking of the resulting impact on the participants.

15.4.1   SELF CHECK EXERCISE

1.   Identify an economic circumstance that can greatly affect any product or brand choice.
   A)retirement
   B)values
   C)lifestyle
   D)borrowing power

15.5   A PROFILE OF THE OPINION LEADER

Marketers have long sought answers to these questions, for if they are able to identify the relevant opinion leaders for their products, they can design marketing messages that encourage them to communicate with and influence the consumption behavior of others. As was pointed out earlier opinion leadership tends to be category specific, that is, an individual who is an opinion leader in one product category may be an opinion receiver in another product category. Thus, the generalized profile of opinion leaders is likely to be influenced by the context of specific product categories.

Opinion leaders across all product categories generally exhibit a variety of defining characteristics. First, they reveal a keen sense of knowledge and interest in the particular product or service area, and they are more outgoing and gregarious. Furthermore, within the context of a specific subject area, opinion leaders receiver more information via nonpersonal sources and are considered by members of their groups to have expertise in their area of influence. When it comes to their mass-media exposure or habits, opinion leaders are likely to read special-interest publications devoted to the specific topic or product category in which they "specialize". Thus, the opinion leader tends to have greater exposure to media specifically relevant to his or her area of interest than the nonleader.

15.6   FREQUENCY AND OVERLAP OF OPINION LEADERSHIP

Opinion leadership tends to overlap across certain combinations of interest areas. Overlap is likely to be highest among product categories that involve similar interest. Thus, opinion leaders in one product are opinion leaders in related areas in which they are also interested. However, research does suggest the existence of a special category of opinion leader, the market maven. These consumers possess a wide range of information about many different types of products, retail outlets, and other dimensions of markets. They both initiate discussions with other consumers and respond to requests for market information. Market mavens like to shop, and they also like to share their shopping expertise with others. However, although they appear to fit the profile of opinion leaders

in that they have high levels of brand awareness and tend to tiy more brands, unlikeopinion leaders their influence extends beyond the realms of high-involvement products. For example, market mavens may help diffuse information on such low-involvement products as razor blades and laundry detergents.

15.7 THE INTERPERSONAL FLOW OF COMMUNICATION

A classic study of voting behavior concluded that ideas often flow from radio and print media to opinion leaders and from them to the general public. This so-called two step flow of communication theory portrays opinion leaders as direct receivers of information from interpersonal mass-media sources, who in turn transmit this information to the masses. This theory views the opinion leaders as an intermediary between the interpersonal mass media and the majority of society. Figure presents a model of the two-step flow of communication theory. Information is depicted as flowing in a single direction from the mass media to opinion leaders and then from the opinion leaders to friends, neighbors and acquaintances who constitute the "masses".
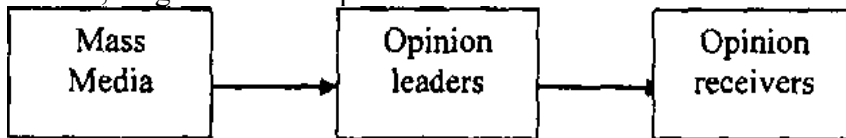
Figure: Two-step flow of Communication theory

15.7.1 Multistep flow of Communication theory:

A more comprehensive model of the interpersonal flow of communication depicts the transmission of information from the media as a multistep flow. The revised model takes into account the fact that information and influence often are two-way processes in which opinion leaders both influence and are influenced by opinion receivers. Figure below presents a model of the multistep flow of communication theory.
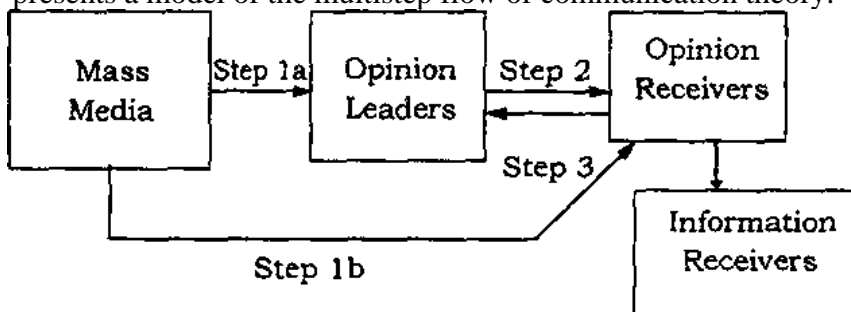

Figure: Multistep flow of Communication Theory

Steps la and lb depict the flow of information from the mass media simultaneously to opinion leaders, opinion receivers and information receivers. Step 2 shows the transmission of information and influence from opinion leaders to opinion receivers. Step 3 reflects the transfer of information and influence from opinion receivers to opinion leaders.

15.8   OPINION LEADERSHIP AND THE FIRM'S MARKETING STRATEGY

Marketers have long been aware of the power that opinion leadership exerts on consumers' preferences and actual purchase behavior. For this reason many marketers look for an opportunity to encourage word-of-mouth communications and other favorable informal conversations concerning their products because they recognize that consumers place more credibility in informal communications sources than in paid advertising or a company's salespeople. New productdesigners take advantage of the effectiveness of word-of-mouth communication by deliberately designing products to have word-of-mouth potential. A new product should give consumers something to talk about. Small marketers with limited resources are unable to spend millions of dollars promoting their products. So in today's world, they try to create a buzz about their product. For instance in which informal word of mouth does not spontaneously emerge from the uniqueness of the product or its marketing strategy, some marketers have deliberately attempted to stimulate or to simulate opinion leadership.

15.8.1   Programs designed to stimulate opinion leadership:

Advertising and promotional programs designed to persuade consumers to tell your friends how much you like our product are one way in which marketers encourage consumer discussions of their products or services. The objective of a promotional strategy of stimulation is to run advertisements or a direct-marketing program that is sufficiently interesting and informative to provoke consumers into discussing the benefits of the products with others.

15.8.2   Advertisements simulating opinion leadership:

A firm's advertisements can also be designed to stimulate product discussions by portraying people in the act of informal communication. This promotional tactic suggests that it is appropriate to discuss a particular subject or product.

15.8.3   Word of mouth may be uncontrollable:

Although most marketing managers believe that word-of mouth communication is extremely effective, one problem that they sometimes overlook is the fact that informal communication is difficult to control. Negative comments, frequently in the form of rumors that are untrue, can sweep through the marketplace to the detriment of a product. Some common rumor themes that have plagued marketers in recent years and unfavorably influenced sales include the following:
the product was produced under unsanitary conditions, (2) the product contained an unwholesome or culturally unacceptable ingredients, (3) the product functioned as an undesirable depressant or stimulant, (4) the product included a cancer-causing element or agent, and (5) the firm was owned or influenced by an unfriendly or misguided foreign country, governmental agency or religious cult.

15.8.4   Creation of opinion leaders:

Marketing strategists agree that promotional efforts would be significantly improved if they could segment their markets into opinion leaders and opinion receivers. Then they could direct their promotional messages directly to the people mostly likely to

carry the word to the masses. Because of the difficulties inherent in identifying appropriate opinion leaders, however, some researchers have suggested that it might be more fruitful to create product specific opinion leaders.

Product specific opinion leaders can be created by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category. Consumers who got their information from online discussions reported greater interest in the product category. It is felt that chat rooms and other forums provide consumers with personal experiences and may offer greater credibility, trustworthiness, relevance. And empathy than marketer-generated Internet websites.

15.9 SUMMARY

Opinion leadership is the process by which one person (the opinion leader) informallyinfluences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. Opinion receivers perceive the opinion leader as a highly credible, objective source of product information who can help reduce their search time and perceived risk.

Marketers recognize the strategic value of segmenting their audience into opinion leaders and opinion receivers for their product categories. When marketers can direct their promotional efforts to the more influential segments of their segments of their markets, these individuals will transmit this information to those who seek product advice. Marketers try to both simulate and stimulate opinion leadership. They have also found that they can create opinion leaders for their products by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

15.10 ANSWER TO SELF CHECK EXERCISE

1. D)

15.11 SHORT QUESTIONS

1. Who are opinion leaders.

15.12 LONG QUESTIONS

1. What is opinion leadership? Also give reasons for the effectiveness of opinion leaders.
2. What are the various methods of measuring opinion leadership? Also discuss their advantages and limitations

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15.13 KEYWORDS

- **Opinion leaders** act as an intermediary between marketers and their target audiences. They obtain information about a certain product, summarize its pros and cons, and convey it to consumers in a simple way.

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15.14 SUGGESTED READINGS

- **P**Schiffman, LG., Consumer Behavior, Eighth edition, Pearson Education Pvt Ltd, New Delhi, 2004

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DIFFUSION OF INNOVATION

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STRUCTURE

16.0   OBJECTIVES

After studying this chapter, you should be able to

- Understand why organizations are motivated to accept the risks of product innovations.
- Understand the major factors which tend to influence the level and rate of adoption of new products.

16.1   DIFFUSION OF INNOVATIONS

The framework for exploring consumer acceptance of new products is drawn from the area of research known as the diffusion of innovations. Consumer researchers who specialize in the diffusion of innovations are primarily interested in understanding two closely related processes: the diffusion process and the adoption process. In the broadest sense, diffusion is a macro process concerned with the spread of a new product from its source to the consuming public. In contrast, adoption is a macro process that

focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

16.2 THE DIFFUSION PROCE8S

The diffusion process is concerned with how innovation spreads, that is how they areassimilated within a market. More precisely, diffusion is the process by which the acceptance of an individual is spread by communication to members of a social system over a period of time. This definition includes the four basic elements of the diffusion process: (1) the innovation, (2) the channels of communication, (3) the social system, and (4) time.

16.2.1 The Innovation:

An innovation is an idea, practice, or product perceived to be new by the relevant individual or group. Whether or not a given product is an innovation is determined by the perceptions of the potential market, not by an objective measure of technological change. The manner by which a new product is accepted or spreads through a market is basically a group phenomenon.

- **Categories of innovations:**

Try to recall new products that you have encountered in the past two or three years. As you reflect on these, it may occur to you that there are degrees of innovation. For example, the Internet is more of an innovation than a new fat-free snack. The changes required in one's behavior, including attitudes or beliefs, or lifestyle if a person adopts the new product or service determine the degree of innovation, not the technical or functional changes in the product.

We can place any product somewhere on a continuum ranging from no change to radical, depending on the target market's perception of the item. This continuum is often divided into three categories or types of innovations.

Continuous innovation: Adoption of this type of innovation requires relatively minor changes in behavior or changes in behaviors that are unimportant to the consumers. Examples include Crest Dual Action Whitening toothpaste, Wheaties Energy Crunch cereal and DVD players. Note that several of these products are complex technological breakthroughs. However, their use requires little change in the owner's behavior or attitude.

Dynamically Continuous Innovation: Adoption of this type of innovation requires a moderate change in an important behavior or a major change in a behavior of low or moderate importance to the individual. Examples include digital cameras, personal navigators etc.

Discontinuous Innovation: Adoption of this type of innovation requires major changes in behavior of significant importance to the individual or group. Examples would include airplanes, radios, TVs, becoming vegetarian etc.

- **Factors Affecting the Spread of Innovations:**

The rate at which an innovation is diffused is a function of the following 10 factors.

- Type of group. Some groups are more accepting of change than others. In general, young, affluent, and highly educated groups accept change, including new products, readily. Thus, the target market for the innovation is an important determinant of the rate of diffusion.
- Type of decision. The type of decision refers to an individual versus a group decision. The fewer individuals involved in the purchase decision, the more rapidly an innovation will spread.
- Marketing effort. The rate of diffusion is heavily influenced by the extent of marketing effort involved. Thus, the rate of diffusion is not completely beyond the control of the firm.
- Fulfillment of felt need. The more manifest or obvious the need that the innovation satisfies, the faster the diffusion. Rogaine, a cure for some types of hair loss, gained rapid trial among those uncomfortable with thin hair or baldness.
- Compatibility. The more the purchase and use of the innovation is consistent with the individual's and group's values or beliefs, the more rapid the diffusion.
- Relative advantage. The better the innovation is perceived to meet the relevant need compared to existing methods, the more rapid the diffusion. Both the performance and the cost of the product are included in relative advantage. To succeed, an innovation must have either a performance advantage or a cost advantage.
- Complexity. The more difficult the innovation is to understand and use, the slower the diffusion. The key to this dimension is ease of use, not complexity of product. For example, Panasonic's portable videodisc player, while a very complex product, is very simple for most consumers to use.
- Observability. The more easily consumers can observe the positive effects of adopting an innovation, the more rapid its diffusion will be. Cellular telephones are relatively visible. Laser eye surgery, while less visible, may be frequent topic of conservation. On the other hand, new headache remedies, such as naproxen sodium (Aleve), are less obvious and generally less likely to be discussed.
- Trialabilty. The easier it is to have a low-cost or low-risk trial of the innovation, the more rapid its diffusion. The diffusion of products like laser eye surgery has been hampered by the difficulty of trying out the product in a realistic manner. This is much less of a problem with low-cost items such as headache remedies, or such items as videodisc players that can be rented, borrowed, or tried at a retail outlet.
- Perceived risk. The more risk associated with trying an innovation, the slower the diffusion. Risk can be financial, physical or social. Perceived risk is a function of three dimensions: (1) the probability that the innovation will not perform as desired;
  - the consequences of its not performing as desired; and (3) the ability to reverse, and the cost of reversing, any negative consequences. Thus, many

consumers feel a need for the benefits offered by laser eye surgery and view the probability of its working successfully as being quite high.

- **Resistance to Innovation:**

What makes some new products almost instant success, while others must struggle to achieve consumer acceptance? To help answer such a question, marketers look at the product characteristics of an innovation. Such characteristics offer clues to help determine the extent of consumer resistance, which increases when perceived relative advantage, perceived compatibility, trialability and communicability are low, and perceived complexity is high. The term innovation overload is used to describe the situation in which the increase in information and options available to the consumer is so great that it seriously impairs decision making. As a result, the consumer finds it difficult to make comparisons among choices. In a world in which consumers often find themselves with too little time and too much stress, increased complexity of products wastes time and may delay the acceptance of the product. Consider the fate of Sony's MiniDisc. Although a huge success in Japan, the product flopped in the United States a few years ago because people in US are satisfied with their CDs and cassettes and MDs cannot be easily played in a car,

16.2.2 The Channels of Communication:

How quickly an innovation spreads through a market depends to a great extent on communications between the marketer and consumers, as well as communication among consumers. Of central concern is the uncovering of the relative influence of impersonal sources and interpersonal sources.

In recent years, a variety of new channels of communication have been developed to inform consumers of innovative products and services. Consider the growth of interactive marketing messages, in which the consumer becomes an important part of the communication rather than just a passive message receipt. For example, for the past several years, an increasing number of companies, such as the Ford Motor Company, General Motors, and other major automobile manufactures, have used floppy disks or CD-ROMs to promote their products, Stiil further, many web sites currently ask the Internet user if he or she would like to be informed about new products, discount offers, and so on.

16.2.3 The Social System:

The diffusion of a new product usually takes place in a social setting frequently referred to as a social system. In the context of consumer behavior, the terms market segment and target market may be more relevant than the term social system used in diffusion research. A social system is a physical, social or cultural environment to which people belong and within which they function. For a new drug, the social system might consist of all physicians within a specific medical specialty.

The orientation of a social system, with its own special values or norms, is likely to influence the acceptance or rejection of new products. When a social system is modern in orientation, the acceptance of innovation is likely to be high. According to one authority, the following characteristics typify a modem social system:

- A positive attitude towards change

- An advanced technology and skilled labor force.
- A general respect for education and science.
- An emphasis on rational and ordered social relationships rather than on emotional ones.

16.2.4   Time:

Time is the backbone of the diffusion process. It pervades the study of diffusion in three distinct but interrelated ways: (1) the amount of purchase time, (2) the identification of adopter categories, and (3) the rate of adoption.

- **Purchase Time:**

Purchase time refers to the amount of time that elapses between consumers' initial awareness of a new product or service and the point at which they purchase or reject it. Purchase time is an important concept because the average time a consumer takes to adopt a new product to achieve widespread adoption. For example, when the individual purchase time is short, a marketer can expect that the overall rate of diffusion will be faster than when the individual purchase time is long.

- **Adopter Categories:**

The concept of adopter categories involves a classification scheme that indicates where a consumer stands in relation to other consumers in terms of time. Five adopter categories are frequently cited in the diffusion literature: innovators, early adopters, early majority, late majority and laggards.

Innovators:

Innovators are the first individuals to adopt an innovation. Innovators are willing to take risks, youngest in age, have the highest social class, have great financial lucidity, very social and have closest contact to scientific sources and interaction with other innovators.

Early Adopters:

This is second fastest category of individuals who adopt an innovation. These individuals have the highest degree of opinion leadership among the other adopter categories. Ear y adopters are typically younger in age, have a higher social status, have more financial lucidity advanced education, and are more socially forward than late adopters (Rogers, 1964, p. 185).

Early Majority:

Individuals in this category adopt an innovation after a varying degree of time. This time of adoption is significantly longer than the innovators and early adopters. Early Majority tend to be slower in the adoption process, have above average social status, contact with early adopters, and show some opinion leadership.
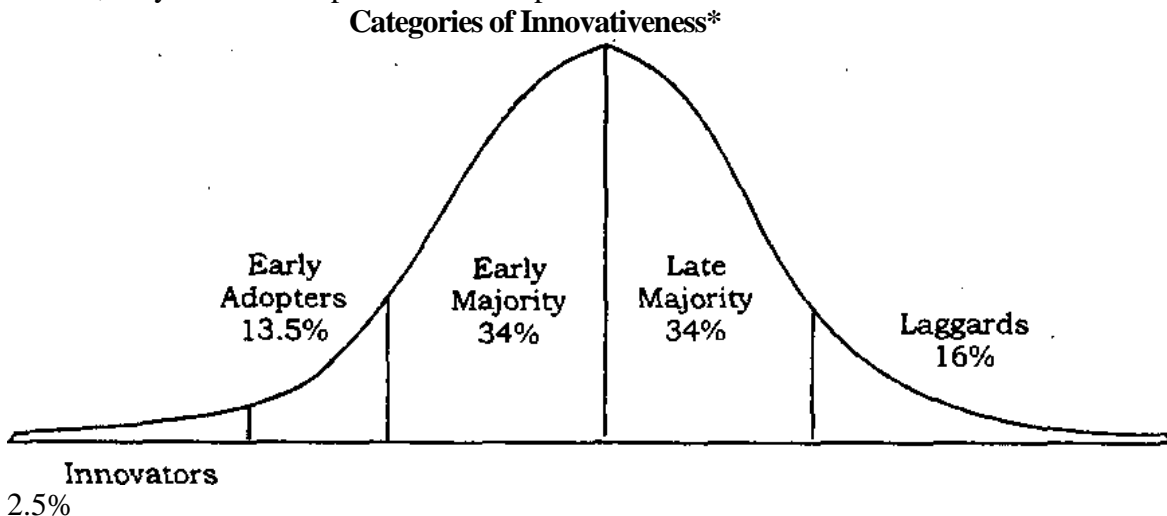
Late Majority:

Individuals in this category will adopt an innovation after the average member of the society. These individuals approach an innovation with a high degree of skepticism and after the majority of society has adopted the innovation. Late Majority are typically

skeptical about an innovation, have below average social status, very little financial lucidity, in contact with others in late majority and early majority, very little opinion leadership.

Laggards:

Individuals in this category are the last to adopt an innovation. Unlike some of the previous categories, individuals in this category show little to no opinion leadership. These individuals typically have an aversion to change-agents and tend to be advanced in age. Laggards typically tend to be focused on "traditions", have lowest social status, lowest financial fluidity, oldest of all other adopters, in contact with only family and close friends, very little to no opinion leadership.

Categories of Innovativeness*

Early Adopters 13.5%   Early Majority 34%   Late Majority 34%   Laggards 16%

Innovators 2.5%

*From E.M. Rogers, Diffusion of Innovations, 4th edition (New York: The Free Press, 1995)

- **Rate of Adoption:**

The rate of adoption is defined as: the relative speed with which members of a social system adopt an innovation. It is usually measured by the length of time required for a certain percentage of the members of a social system to adopt an innovation. The rates of adoption for innovations are determined by an individual's adopter category. In general individuals who first adopt an innovation require a shorter adoption period than late adopters. Within the rate of .adoption there is a point at which an innovation reaches critical mass. This is a point in time within the adoption curve that enough individuals have adopted an innovation in order that the continued adoption of the innovation is self-sustaining. In describing how an innovation reaches critical mass, Rogers outlines several strategies in order to help a innovation reach this stage. These strategies are: have an innovation adopted by a highly respected individual within a social network, creating an instinctive desire for a specific innovation. Inject an innovation into a group of individuals who would readily use an innovation, and provide positive reactions and benefits for early adopters of an innovation.

16.3 THE ADOPTION PROCESS

The second major process in the diffusion of innovations is adoption. The focus of this process is the stages through which an individual consumer passes while arriving at a decision to try or not to try or to continue using or to discontinue using a product.

It is often assumed that the consumer moves through five stages in arriving at a decision to purchase or reject a new product: (1) awareness, (2) interest, (3) evaluation, (4) trail, and (5) adoption (or rejection). The assumption underlying the adoption process is that consumers engage in extensive information search. The five stages in the adoption process are described in the Figure 1.
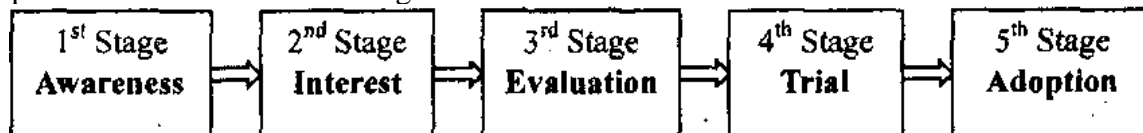
Figure 1: Stages of the adopting new products

- **Awareness Stage:**

  In this stage an individual comes to know about a new innovation or new idea or new product/service. He becomes aware of the innovation from any sources of innovation like friends, neighbors, co-workers etc. the individuals only learns about the new innovation from either of the sources of information mentioned above. This means his knowledge about the new innovation is only limited to the extend of his information generated by the source of information from where he first learns about the new innovation,

- **Interest Stage:**

  After being aware of the new product or innovation, in this stage, the consumer is stimulated and is interested in the innovation, he goes about seeking more information about the new product. He is interested in gathering more detailed information related to the innovation in terms of its utility aspects, its performance, durability and so on. The in-depth information sought by him will try to be obtained from all the sources he finds reliable.

- **Evaluation Stage:**

  Based on all the information gathered by the individual, he will evaluate and make adecision whether it is worthwhile or whether it will make sense and do him good to try out the innovation. In other words, from all the information collected by him related to the innovation, he will mentally try to evaluate the worthiness of the innovation to him. He will assign weights to the product attributed and work out to what extend the new products will be useful to him and then decide whether or not to tiy the products.

- **Trial Stage:**

  After evaluating the worthiness of the new product to him, the consumer may decide to try out the innovation on a small scale basis initially to make an actual assessment of the value of the new product. This stage also indicates that now the consumer is mentally prepared to try out the innovation, though initially on a small scale.

- **Adoption Stage:**

    On being satisfied with the use of the new product purchased by him on a trial basis, the consumer now decides to make full and regular use of the innovation. This is the last stage in the adoption process. The consumer takes the decision to go for a full fledged and continuous use of the new product or innovation.

    Although the above mentioned traditional adoption process model is very simple to understand, it has got certain limitations.

    - This process has not taken into consideration the fact that there is no need or problem recognition stage confronting a consumer before being aware of the various options or solutions.
    - The model does not consider that there is a possibility of the consumer rejecting the product after trail or may not use the product on a continuous basis.
    - Another fact which is not adequately recognized is that usually the evaluation takes place through out the decision making process and not necessarily at the evaluation stage only.
    - The model does not include the post purchase evaluation behavior, which may either lead to firm commitment or a decision to discontinue usage of the product.

    In view of the above cited limitations, consumer researchers have suggested including two more stages between the trial and adoption stages direct product experience and product evaluation stages. The proposed modification of the adoption process is given here under.

1^{sl} Stage Awareness	2nd Stage Interest	3rd Stage Evaluation	4^{fh} Stage Trial

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Rejection

 Purchase
Rejection
 7^{,h} Stage Adoption

5th Stage Direct Product Experience

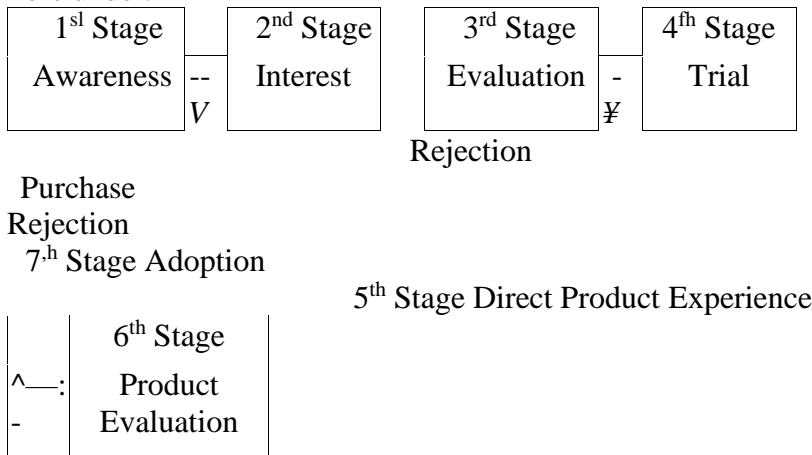| 6th Stage Product Evaluation |
|---|

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Figure 2: A proposed modification to the trial adoption process

Examples of adopting innovations which is directly visible in the changes in behavioral pattern and life style are automobiles, air conditioners, microwave ovens and PC.

16.3.1   SELF CHECK EXERCISE

1. The _____ is the mental process through which an individual passes from first hearing about an innovation to final adoption.
   (a) adoption process
   (b) consumption process

    (c) innovation process

    (d) new product development process

2. With respect to adopter categories, the _____ are guided by respect, are the opinion leaders in their communities, and adopt new ideas early but carefully.

    (a) Seekers

    (b) Innovators

    (c) Early adopters

    (d) Early majority

16.4 THE REVISED ADOPTION PROCESS MODEL

To take care of the above limitations, Everett M. Rogers has suggested a better and updated decision making model (innovation decision process). The five stages of the newer version of the adoption process are:

16.4.1 Knowledge:

In this stage the individual is first exposed to an innovation but lacks information about the innovation. It should be noted that during this stage of the process the individual has not been inspired to find more information about the innovation.

16.4.2 Persuasion:

In this stage the individual is interested in the innovation and actively seeks information/ detail about the innovation.

16.4.3 Decision:

In this stage the individual takes the concept of the innovation and weighs the advantages/ disadvantages of using the innovation and decides whether to adopt or reject the innovation. Due to the individualistic nature of this stage Rogers notes that it is the most difficult stage to acquire empirical evidence (Rogers, 1964, p. 83).

16.4.4 Implementation:

In this stage the individual employs the innovation to a varying degree depending on the situation. During this stage the individual determines the usefulness of the innovation and may search for further information about it.

16.4.5 Confirmation:

Although the name of this stage may be misleading, in this stage the individual finalizes their decision to continue using the innovation and may use the innovation to its fullest potential.

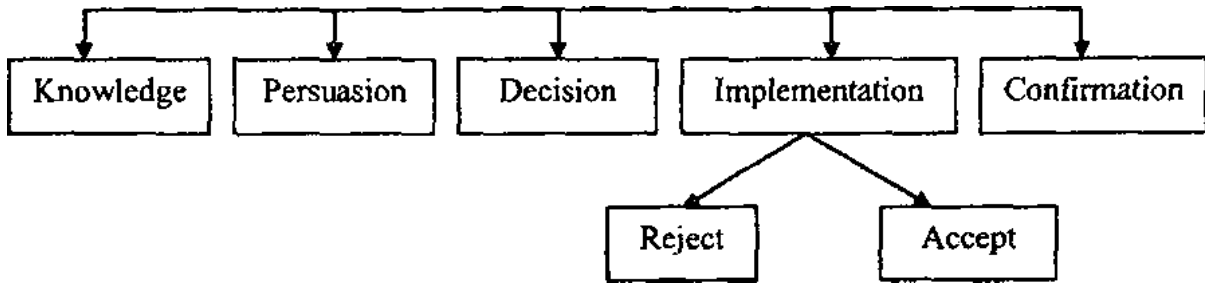**Five Stages in the Decision Innovation Process**

Figure 3: The revised innovation decision process The above revised adoption process model is more realistic as compared to the traditional adoption process, or situations or conditions faced by the marketers.

16.5 SUMMARY

The diffusion process and the adoption process are two closely related concepts concernedwith the acceptance of new products by consumers. The diffusion process is a macro process that focuses on the spread of innovation (a new product, service, or idea) from its source to the consuming public. The adoption process is a micro process that examines the stages through which an individual consumer passes when making a decision to accept or reject a new product.

New product marketers are vitally concerned with identifying the consumer innovator so that they may differ their promotional campaigns to the people who are most likely to try new products, adopt them, and influence others.

16.6 ANSWER TO SELF CHECK EXERCISE

1. (a)
2. (c)

16.7 SHORT QUESTIONS

1. What is resistance to innovation.

16.8 LONG QUESTIONS

1. What are the various categories of innovations? How do they differ?

2. What are adopter categories? Describe each of the adopter categories.

16.9 KEYWORDS

- An innovation is an idea, practice, or product, perceived to be new by an individual or a group . A product is said to be an innovation when it is perceived by the potential market as a change, and not by a technological change brought in it.

16.10 SUGGESTED READINGS

- Schiffman, LG., Consumer Behavior, Eighth edition, Pearson Education Pvt Ltd, New Delhi, 2004
- Hawkins D. I, Best R.J, Coney K.A, Mookeijee A., Consumer Behavior, Ninth Edition, Tata McGraw-Hill Publishing Company Ltd, New Delhi, 2007

CONSUMER
DECISION MAKING STRUCTURE

17.0   OBJECTIVES

     After studying this chapter, you should be able to
- Explain why marketing managers should understand consumer behavior.
- analyze the components of the consumer decision making process.
- Identify the types of consumer buying decisions and discuss the significance of customer involvement.

17.1   WHAT IS A DECISION MAKING?

     Decision making can be regarded as an outcome of mental processes (cognitive process) leading to the selection of a course of action among several alternatives. Every decision making process produces a final choice. The output can be an action or an opinion of choice.

17.1.1 SELF CHECK EXERCISE

1. The business marketer normally deals with _____ than the consumer marketer does

   a) far greater but smaller buyers

   b) far greater and larger buyers

   c) far fewer but far larger buyers

   d) far fewer and smaller buyers

17.2 LEVELS OF CONSUMER DECISION MAKING

Not all consumer decision-making situations receive the same degree of information search. If all purchase decisions required extensive effort, then consumer decision making would be an exhausting process that left little for anything else. On the other hand, if all purchases were routine, then they would tend to be monotonous and would provide little pleasure or novelty. On a continuum of efforts ranging from very high to low, we can distinguish three specific levels of consumer decision making: extensive problem solving, limited problem solving and routinized response behavior.

17.2.1 Extensive problem solving:

When consumers have no established criteria for evaluating a product category or specific brands in that category or have not narrowed the number of brands they will consider to a small, manageable subset, their decision-making efforts can be classified as extensive problem solving.

At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered.

17.2.2 Limited problem solving:

at this level of problem solving, consumers already have established the basic criteria for evaluating the product category and the various brands in the category. However, they have not fully established preferences concerning a select group of brands. Their search for additional information is more like fine tuning; they must gather additional brand information to discriminate among the various brands.

17.2.3 Routinized response behavior:

At this level, consumers have experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering. In some situations, they may search for a small amount of additional information; in others, they simply review what they already know.

17.3 MODELS OF CONSUMERS

Before presenting an overview model of how consumers make decisions, we will consider several schools of thought that depict consumer decision making in distinctly different ways. The term models of consumers refers to a general view or perspective as

to how individuals behave as they do. Specifically, we will examine models of consumers in terms of the following four views: (1) an economic view, (2) a passive view, (3) a cognitive view, (4) an emotional view.

17.3.1 An economic view:

In the field of theoretical economics, which portrays a world of perfect competition, the consumer has often been characterized as making rational decisions. This model, called the economic man theory, has been criticized by consumer researchers for a number of reasons. To behave rationally in the economic sense, a consumer would have to (1) be aware of all available product alternatives, (2) be capable of correctly ranking each alternative in terms of its benefits and disadvantages, and (3) be able to identify the one best alternative. Realistically, however, consumers rarely have all of the information or sufficiently accurate information or even an adequate degree of involvement or motivation to make the so-called "perfect decision".

It has been argued that the classical economic model of an all-rational consumer is unrealistic for the following reasons a) People are limited by their existing skills, habits, and reflexes; (b) people are limited by their existing values and goals; and (c) people are limited by the extent of their knowledge. Consumers operate in an imperfect world in which they do not maximize their decisions in terms of economic considerations, such as price-quantity relationships, marginal utility or indifference curves. Indeed, the consumer generally is unwilling to engage in extensive decision-making activities and will settle, instead, for a satisfactory decision, one that is good enough. For this reason, the economic model is often rejected as too idealistic or simplistic. As an example, recent research has found that consumers' primary motivation for price haggling, which was long thought to be the desire to obtain a better price may instead be related to the need for achievement, affiliation, and dominance.

17.3.2 A passive view:

Quite opposite to the rational economic view of consumers is the passive view that depicts the consumer as basically submissive to the self-serving interests and promotional efforts of marketers. In the passive view, consumers are perceived as impulsive and irrational purchasersready to yield to the aims and into the arms of marketers. At least to some degree, the passive model of the consumer was subscribed to by the hard-driving super salespeople of old, who were trained to regard the consumer as an object to be manipulated.

The principal limitation of the passive model is that it fails to recognize that the consumer plays an equal, if not dominant, role in many buying situations- sometimes by seeking information about product alternatives and selecting the product that appears to offer the greatest satisfaction and at other times by impulsively selecting a product that satisfies the moods or emotion of the moment.

17.3.3 A Cognitive view:

The third model portrays.the consumer as a thinking problem solver. Within this framework, consumers frequently are pictured as either receptive to or actively searching for products and services that fulfill their needs and enrich their lives. The cognitive model focuses on the processes by which consumers seek and evaluate information about selected brands and retail outlets.

Within the context of the cognitive model, consumers are viewed as information processors. Information processing leads to the formation of preferences, and, ultimately, to purchase intentions. The cognitive view also recognizes that the consumer is unlikely to even attempt to obtain all available information about every choice. Instead, consumers are likely to cease their information seeking efforts when they perceive that they have sufficient information about some of the alternatives to make a satisfactory decision.

The cognitive or problem solving view describes a consumer who falls somewhere between the extremes of the economic and passive vies, who does not have total knowledge about available product alternatives and therefore attempts to make satisfactory decisions.

17.3.4   An Emotional view:

Although long aware of the emotional or impulsive model of consumer decision making marketer frequently prefer to think of consumers in terms of either economic or passive models. In reality, however, each of us is likely to associate deep feelings, such as joy, fear, and love with certain purchases. These feelings or emotions are likely to be highly involving. For example, a person who misplaces a favorite fountain pen might go to great lengths to look for it, despite the fact the he or she has six others at hand.

When consumer makes what is basically an emotional purchase decision, less emphasis is placed on the search for pre purchase information. Instead, more emphasis is placed on current mood or feelings. This is not to say that emotional decisions are not rational. Buying products that afford emotional satisfaction is a perfectly rational consumer decision. Consumer moods are also important to decision making. Moods appears to be important to consumer decision making, because it impacts on when consumers shop, where they shop, and whether they shop alone or with others. It is also likely to influence how the consumer responds to actual shopping environment.

17.4   A MODEL OF CONSUMER DECI8ION MAKING

An overview model of consumer decision making reflects the cognitive consumer and, to some degree, the emotional consumer. The model is designed to tie together many of the ideas on consumer decision making a consumption behavior. The model, presented in figure 1 has three major components: input, process, and output.

17.4.1   Input:

The input component of our consumer decision making model draws on external influences that serve as sources of information about a particular product and influence a consumer's productrelated values, attitudes and behavior. Chief among these input factors are the marketing mix activities of organizations that attempt to communicate the benefits of their products and services to potential consumers and the nonmarketing sociocultural influences, which, when internalized, affect the consumer's purchase decisions.

Marketing Inputs:

The firm's marketing activities are a direct attempt to reach, inform, and persuade consumers to buy and use its products. These inputs to the consumer's decision making process take the form of specific marketing mix strategies that consist of the product itself; mass media advertising, direct marketing, personal selling, and other promotional

efforts; pricing policy; and the selection of distribution channels to move the products from the manufacturer to the consumer.
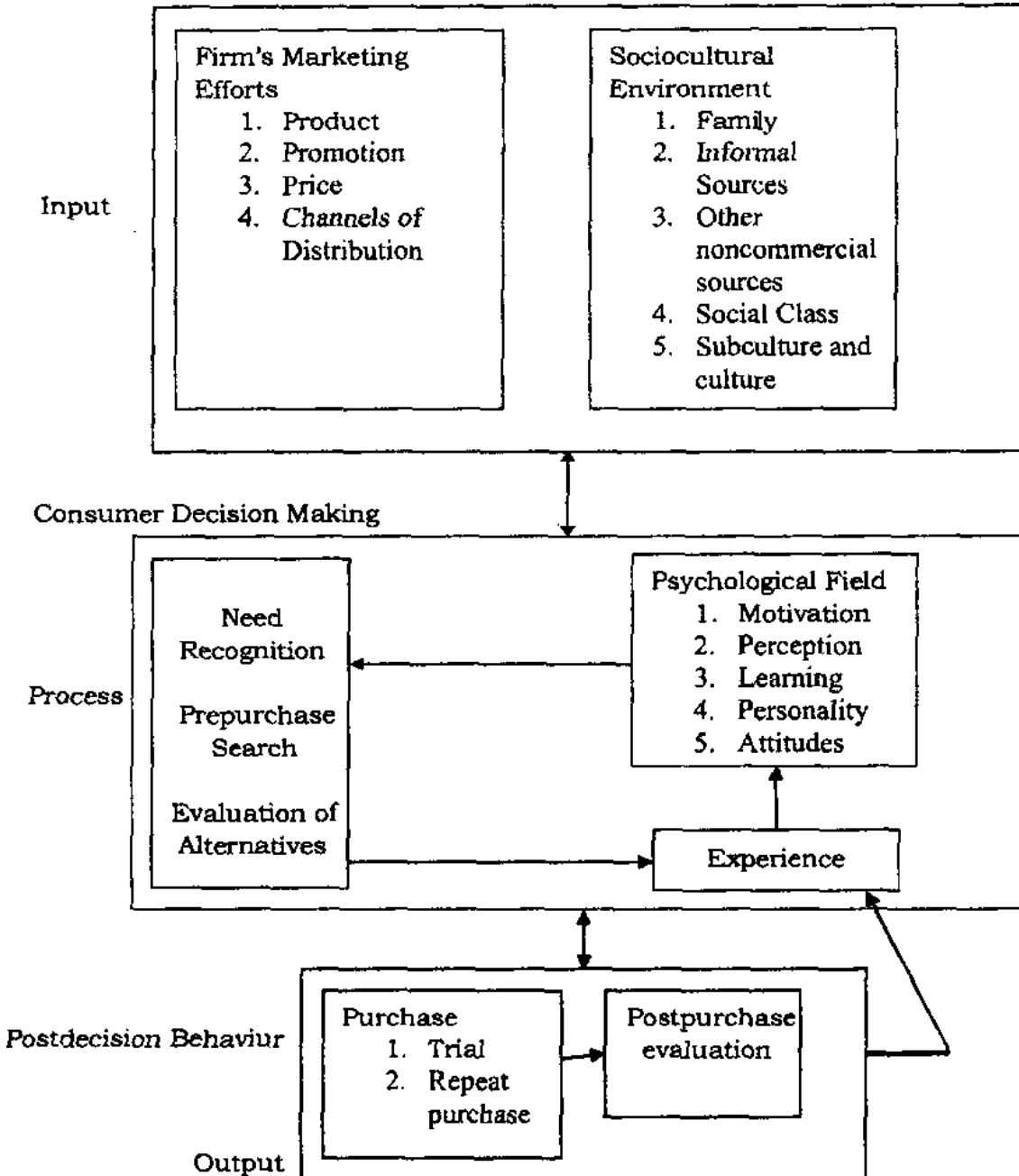
External Influences

Figure 1. Consumer Decision Making Model

Sociocultural Inputs:

The second type of input, the sociocultural environment, also exerts a major influence on the consumer. Sociocultural inputs consist of a wide range of noncommercial influences. For example, the comments of a friend, an editorial in the newspaper, usage by a family member, an article in consumer reports, or the views of

experienced consumers participating in a special- interest discussion group on the Internet are all noncommercial sources of information. The influences of social class, culture, and subculture, although less tangible, are important input factors that sire internalized and affect how consumers evaluate and ultimately adopt products. These influences may be directed to the individual or actively sought by the individuals, a two- headed arrow is used to link the input and process segments of the model.

17.4.2 Process:

The process component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influences of the psychological concepts. The psychological field represents the internal influences that affects consumers' decision-making process. The act of making a consumer decision consists of three stages: (1) need recognition, (2) prepurchase search, (3) evaluation of alternatives.

Need Recognition:

The buying process starts with need recognition—the buyer recognizes a problem or need. The buyer senses a difference between his or her actual state and some desired state. The need can be triggered by internal stimuli when one of the person's normal needs—hunger, thirst, sex— rises to a level high enough to become a drive. A need can also be triggered by external stimuli. Lucy might have felt the need for a new hobby when her busy season at work slowed down, and she thought of cameras after talking to a friend about photography or seeing a camera ad. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product.

By gathering such information, the marketer can identify the factors that most often trigger interest in the product and can develop marketing programs that involve these factors. Among consumers, there seem to be different need or problem recognition styles. Some consumers are actual state types, who perceive that they have a problem when a product fails to perform satisfactorily. In contrast, other consumers are desired state types, for whom the desire for something new may trigger the decision process.

Prepurchase search:

Prepurchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. The recollection of past experiences might provide the consumer with adequate information to make the present choice. On the other hand, when the consumer has had no prior experience, he or she may have to engage in an extensive search of the outside environment for useful information on which to base a choice.The consumer usually searches his or her memory before seeking external sources of information regarding a given con sumption-related need. Past experiences are considered an internal source of information. The greater the relevant past

experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of past experience and marketing and noncommercial information. The degree of perceived risk can also influence this stage of the decision process. In high-risk situations, consumers are likely to engage in complex and extensive information search and evaluation, in low-risk situations, they are likely to use very simple or limited search and evaluation tactics.

Evaluation of Alternatives:

When evaluating potential alternatives, consumers tend to use two types of information: (1) a "list* of brands from which they plan to make their selection and (2) the criteria they will use to evaluate each brand. Making a selection from a sample of all possible brands is a human characteristic that helps simplify the decision-making process.

Evoked Set:

Within the context of consumer decision-making, the evoked set refers to the specific brands a consumer considers in making a purchase. A consumer's evoked set is distinguished from his or her inept set, which consists of brands the consumer excludes from purchase consideration because they are felt to be unacceptable and from the inert set which consists of brands the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands. However, research indicates that a consumer's consideration set increases in size as experience with a product category grows.

The evoked set consists of the small number of brands the consumer is familiar with, remembers and finds acceptable.
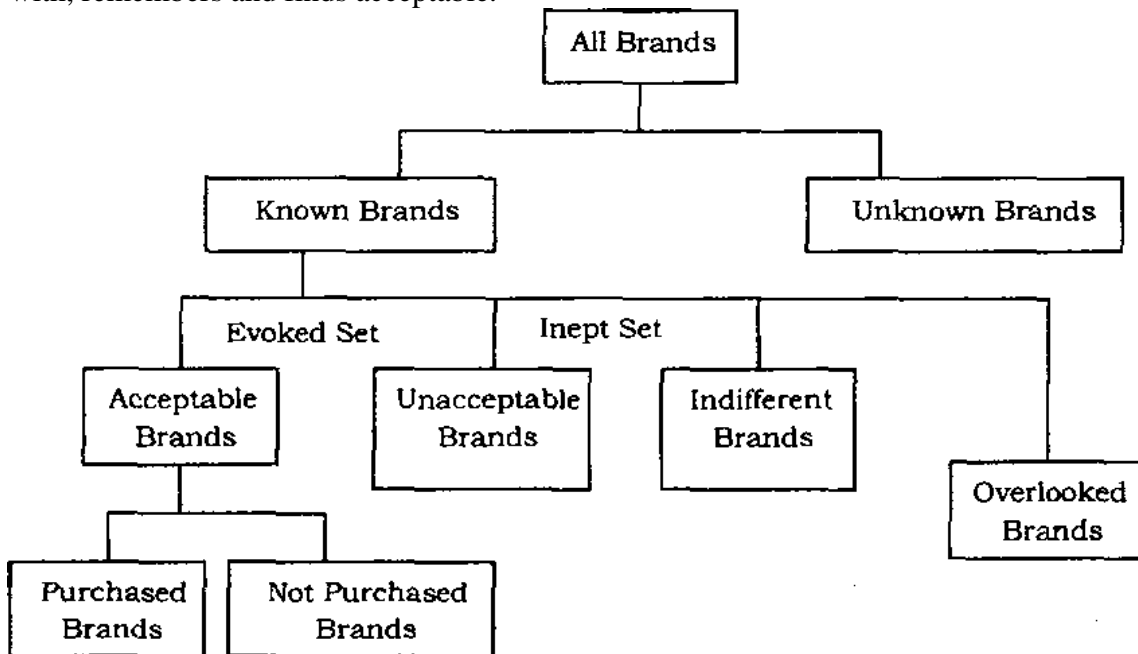

Figure 2: The Evoked set as a Subset of all brands in a product class

The five terminal positions in the model that do not end in purchase would appear to have perceptual problems. For example, (1) brands may be unknown because of the consumer's selective exposure to advertising media and selective perception of advertising stimuli; (2) brands may be unacceptable to because of poor qualities or attributes or inappropriate positioning in either advertising or product characteristics; (3) brands may be perceived as not having any special benefits and are regarded indifferently by the consumer; (4) brands may be overlooked because they have not been clearly positioned or shapely targeted at the consumer market segment under study; and (5) brands may not be selected because they are perceived by consumers as unable to satisfy perceived needs as fully as the brand that is chosen.

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable, perhaps more relevant product image to the target consumer.

Criteria used for Evaluating Brands:

The criteria consumers use to evaluate the alternative products that constitute their evoked sets usually are expressed in terms of important product attributes. When a company knows that consumer will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria that consumers should use in assessing product or service options. Research reveals, if evaluations are made online, information acquired later is given more weight than information that had been acquired earlier. In another study, the mere possession of a rebate coupon for a product purchase enhances consumers' preferences for that object.

Consumer Decision Rules:

Consumer decision rules, often referred to as heuristics, decision strategies, and information processing strategies, are procedures used by consumers to facilitate brands choices. These rules reduce the burdfen of making complex decisions by providing guidelines or routines that make the process less taxing.

Consumer decision rules have been broadly classified into two major categories: compensatory and noncompensatory decision rules. In following a compensatory decision rule, a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores the highest among the alternatives evaluated.

A unique feature of a compensatory decision rule is that it allows a positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute. In contrast, noncompensatory decision rules do not allow consumers to balance positive evaluation of & brand on one attribute against a negative evaluation on some other attribute.

There are three types of noncompensatory decision rules: the conjunctive rule, the disjunctive rule, and the lexicographic rule.

In following a conjunctive decision rule, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or model falls below the cutoff point on any one attribute, the option is eliminated from

further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection, for example, to accept the first satisfactory brand. The conjunctive rule is particularly useful in quickly reducingthe number of alternatives to be considered. The consumer can then apply another more refined decision rule to arrive at a final choice.

The disjunctive rule is the mirror image of the conjunctive rule. In applying this decision rule, the consumer establishes a separate, minimally acceptable cutoff level for each attribute. In this case, if an option meets or exceeds the cutoff established for any one attribute, it is accepted.

In following a lexicographic decision rule, the consumer first ranks the attributes in terms of perceived relevance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top- ranked attribute it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated with the second highest ranked attribute, until reaching the point that one of the options is selected because it exceeds the others on a particular attribute.

It is likely that for making purchase decisions, consumers maintain in long term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, the consumer would simply select the brand with the highest perceived overall rating. This type of synthesized decision rule is known as the affect referral decisions rule and may represent the simplest of all rules.

17.4.3   Output:

The output portion of the consumer decision making model concerns two closely associated kinds of post decision activity: purchase behavior and postpurchase evaluation. The objective of both activities is to increase the consumer's satisfaction with his purchase.

Purchase Behavior:

Consumers make three types of purchases: trial purchases, repeat purchases, and long term commitment purchases. When a consumer purchases a product for the first time and buys a smaller quantity than usual, this purchase would be considered a trial. Thus, a trial is the exploratory phases of purchase behavior in which consumers attempt to evaluate a product though direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase smaller trial quantities than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and sale prices.

When a new brand in an established product category is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior is closely related to the concept of brand loyalty, which most firms try to encourage because it contributes to greater stability in the marketplace.

Unlike trial, in a repeat purchase usually signifies that the product meets with the consumer's approval and that he is willing to use is again and in larger quantities.

Trial, of course, is not always feasible. For example, with most durable goods a consumer usually moves directly from evaluation to a long term commitment without the opportunity for an actual trial.

Postpurchase Evaluation:

As consumers use a product, particularly during a trial purchase, they evaluate its performance in light of their own expectations. There are three possible outcomes of theseevaluations: (1) actual performance matched the expectations, leading to a neutral feeling; (2) performance exceeds expectations, causing what is known as positive disconfirmation of expectations; and (3) performance is below expectations, causing negative disconfirmation of expectations and dissatisfaction. For each of these three outcomes, consumer's expectations and satisfaction is closely linked; that is, consumers tend to judge their experience against their expectations when performing a postpurchase evaluation.

An important component of postpurchase evaluation is the reduction of any uncertainty or doubt that the consumer might have had about the selection. As part of their postpurchase analyses, consumers try to reassure themselves that their choices was a wise one; that is, they attempt to reduce postpurchase cognitive dissonance. They do this by adopting one of the following strategies: they rationalize the decision as being wise; they may seek advertisements that support their choice and avoid those of competitive brands; they may attempt to persuade friends or neighbors to buy the same brand or they may turn to other satisfied owners to reassurance.

The degree of postpurchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, they probably will buy it gain. When the product's performance is disappointing they will search for more suitable alternatives. Thus, the consumer's postpurchase evaluation feedback as experience to the consumer's psychological field and serves to influence future related decisions.

17.5 SUMMARY

The consumer's decision to purchase or not to purchase a product or service is an important moment for most marketers. It can signify whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned and missed the mark. Thus, marketers are particularly interested in the consumer's decision making process. For a consumer to make a decision, more than one alternative must be available.

Theories of consumer decision-making vary, depending on the researcher's assumption about the nature of humankind. The various models of consumers depict consumers and their decision-making processes in distinctly different ways.

An overview consumer decision making model ties together the psychological, social and cultural concepts into an easily understood framework.

17.6 ANSWER TO SELF CHECK EXERCISE

1. (c)

17.7 SHORT QUESTIONS

1. What are the different levels of consumer decision making.

17.8 LONG QUESTIONS

1 Compare and contrast the economic, passive, cognitive and emotional models of consumer decision making.

2 Explain consumer's decision making model.

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17.9 KEYWORDS

- **The consumer decision making** process is the process by which consumers become aware of and identify their needs; collect information on how to best solve these needs; evaluate alternative available options; make a purchasing decision; and evaluate their purchase.

17.10 SUGGESTED READINGS

- Schiffman, LG., Consumer Behavior, Eighth edition, Pearson Education Pvt Ltd, New Delhi, 2004
- Hawkins D. I, Best R.J, Coney K.A, Mookerjee A., Consumer Behavior, Ninth Edition, Tata McGraw-Hill Publishing Company Ltd, New Delhi, 2007

INFORMATION SEARCH AND EVALUATION CRITERIA

18.0   OBJECTIVES

After studying this lesson; you will be able to :
- Understand the information search and Consumer behaviour
- Understand the consumer decision making process.
- Understand the family decision making process.

18.1   INTRODUCTION

Consumer behaviour refers to how a consumer behaves or acts or reacts in making purchase of goods and services of his choice in different situations. The term consumer behave can be defined "as the behaviour, that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas which they expect will satisfy their need". Thus, consumer behaviour means the behaviour of an individual in making purchases keeping in view his available resources (money, time and efforts) or in other words, it shows how individuals make decisions to spend their limited available resources.

Information may be defined as:

- a message received and understood
- knowledge acquired through study or experience or instruction
- formal accusation of a crime
- data: a collection of facts from which conclusions may be drawn; "statistical data"
- (communication theory) a numerical measure of the uncertainty of an outcome; "the signal contained thousands of bits of information"

Search may be defined as:

- To make a thorough examination of; look over carefully in order to find something; explore.
- To make a careful examination or investigation of; probe: search one's conscience for the right solution to the problem.
- Law. To make a thorough check of (a legal document); scrutinize: search a title.

Understanding consumer behavior can help the advertisers develop advertisement campaigns effectively. Consumers will pass through a series of steps before making a purchase. These steps include problem recognition, information search, alternative evaluation, purchase decision and post purchase evaluation. Problem recognition occurs when there is considerable difference between the actual state of affairs and desired state of affairs of the consumer.

The desired state of affairs refers to the way consumer desires to satisfy his needs. The actual state of affairs refers to the way the needs are actually met by the consumer. Problem recognition occurs either due to change in desired state, change in actual state or due to change in both the states. Change in desired state can occur due to reference groups and novelty seeking behavior of the consumers. Change in actual state of affairs can occur due to stock out situations, arousal of needs, and post purchase evaluation. Change in both states can be occurred due to change in financial position of the customers, changes in family, and changes in customer's physical development. Thus the focus of advertisers at this stage is to create a category need so that the consumers perceive a problem. The objective of communication campaigns is also to make the customers relate the problem with the company's products. The next step in the consumer buying process is information search.

A consumer will search for information regarding solutions for the problem recognized in the previous step. There are two types of searches that are performed by the consumer- internal search and external search. In internal search, a consumer will recall the brands that he knows while external search involves gathering information about solutions from various external sources.

These sources include personal sources, market controlled sources, public sources and self experience sources. The intensity of external search depends on the motivation of the consumer to search, product knowledge and education levels of the consumer and the consumer's perceived cost-benefits of the search. Another important psychological element that influences the consumer information search process is perception.

Perception can be defined as a three-step process that involves selection, organization and interpretation of the information received in a meaningful way. Perception influences the way consumers receive information. At the information search stage the communication campaigns should be informative in nature, so an advertiser should provide information about the product and its attributes to consumers.

This helps in creating brand awareness and dispelling doubts regarding the product among consumers. The next step in the consumer buying process is evaluation of alternatives on which the information is gathered. For evaluation, a consumer will not consider all brands available in the market. He will shortlist a set of choices on which evaluation is done. This is known as the evoked set. Evoked set can be defined as set of brands that a consumer will remember while making the purchase decision.

It is more likely that consumer will choose a brand from the evoked set. Thus the focus of advertisers at this stage is to place the brand in the consumer's evoked set, thereby increasing the probability of the consumer selecting the brand. Another key element that influences the evaluation process is the attitude of the consumer towards the product. A positive attitude towards a particular brand will make a consumer consider that brand and a negative attitude towards it will result in rejection of the brand.

Thus, advertisers try to create a favorable attitude among consumers towards their brand. Multi-attribute models and decision rules will help the company in understanding the consumer attitudes. Purchasing decision is the next step in the consumer buying process. At this stage consumer will make a final decision regarding the brand to be purchased. A consumer will also decide about issues like where to buy, when to buy and how much quantity to buy.

The final step in the consumer buying process is the post purchase evaluation. At this stage, the consumer will evaluate performance in terms of his expectations. If the product does not meet his expectations then he will experience cognitive dissonance. This can be reduced by running communication campaigns that reassure the consumer that his decision is right and creating positive image about the brand.

Apart from understanding the consumer buying process, advertisers need to study the consumer learning process which has an influence on buying behavior. The consumer learning is defined as "the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behavior.[0] Consumer learning can be explained using two theories — behavioral learning theory and the cognitive learning theory.

Thus, understanding the consumer buying process will help the advertiser in understanding consumers 'needs, perception and attitudes. Thereby, they can develop effective advertising strategies that can influence consumer buying behavior.

The following generic model of consumer decision making appears to hold:
- Need recognition
- Information search
- Evaluation of alternatives
- Purchase decision
- Postpurchase behavior

Now consider the purchase of a quart of orange juice. You purchase this product when you do your grocery shopping once per week. You have a favorite brand of orange juice and usually do your grocery shopping at the same store. When you buy orange juice, you always go to the same place in the store to pick it up, and never notice what other brands are on the shelf or what are the prices of other brands. How is it that the generic model above works differently in this second scenario? Why does it work differently? Why would we generally need the ministrations of a sales person in the sale of a car, but we generally do not need the help of a salesperson in the purchase of orange juice?

How can the marketer of orange juice get a consumer like you to exert more effort into information search or to consider alternative products? How is it that the marketer of your brand got you to ignore alternative competing brands? What is the involvement of salespeople in sales promotions that might be associated with products such as orange juice?

Consumer behavior researchers are not so interested in studying the validity of the above generic model, but are more interested in various factors that influence how such a model might work.

18.2 INF0RMATION SEARCH

Use of Personal Sources Consumers obtain information about products and services from personal sources (e.g., friends or experts) and from no personal sources (e.g., mass or selective media). When purchasing goods, consumers make generous use of both personal and non personal sources because both effectively - convey information about search qualities. When purchasing services, on the other hand, consumers seek and rely to a greater extent on personal sources for several reasons. First, mass and selective media can convey information about search qualities but can communicate little about experience qualities. By asking friends or experts about services, however, the consumers can obtain information vicariously about experience qualities. Second, non personal sources of information may not be available because (d) many service providers arelocal, independent merchants with neither the experience nor the funds for advertising;' (b) "cooperative" advertising, or advertising funded jointly by the retailer and the manufacturer, is used in frequently with services because most local providers are both producer and retailer of the service and (c) professional associations bginned advertising for so many years that both professionals and consumers tend to resist its use even though it is now permitted. Third, because consumers can discover few attributes before purchase of a service, they may feel greater risk in selecting a little-known alternative.

Personal influence becomes pivotal as product complexity increases and when objective standards by which to evaluate a product decrease (i.e., when experience qualities are high). Most managers in service industries recognize the strong influence of word of mouth in services

Next, consumers may find post purchase information seeking more essential with services than with goods because services possess experience qualities that cannot be adequately assessed before purchase. One model of audience response to communication describes the situation that occurs -frequently when consumers select services:

- The consumer selects from among virtually indistinguishable alternatives.

- Through experience the consumer develops an attitude toward the service.
- After the development of an attitude, the consumer learns more about the service by paying attention to messages supporting his or her choice. In contrast to the conventional view of audience response to communication, where consumers seek information and evaluate products before purchase, with services most evaluation follows purchase.

18.3   INFORMATION SEARCH AND DECISION MAKING

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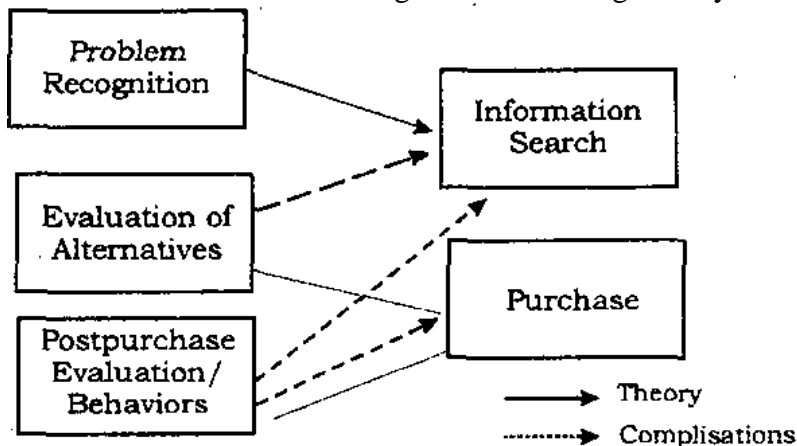

Consumer involvement will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne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

It is important to consider the consumer's motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of performance, leading to a feeling of power, which ultimately improves the consumer's self-esteem, A handgun may aim bullets with precision, which enables the user to kill an intruder, which means that the intruder will not be able to harm the consumer's family, which achieves the desired end-state of security. In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.

18.4 INFORMATION SEARCH AND DECISION MAKING

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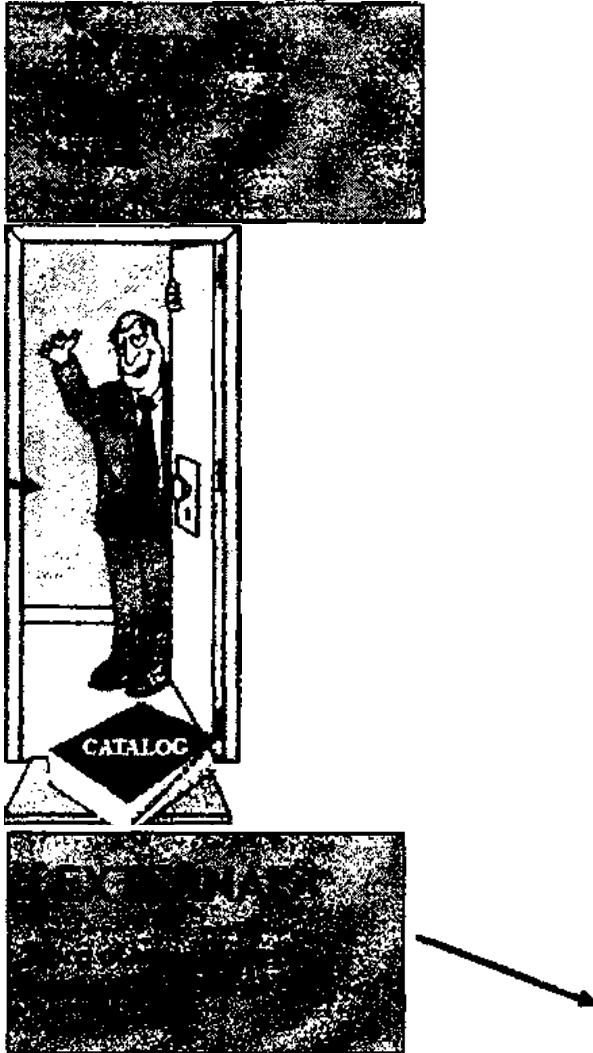
Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve "top of mind" awareness. For example, few people will search the Yellow Pages for fast food restaurants; thus, the consumer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

A compensatory decision involves the consumer "trading off" good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. If the price is sufficiently inexpensive and gas efficient, the consumer may then select it over a car

with better acceleration that costs more and uses more gas. Occasionally, a decision will involve a non-compensatory strategy. For example, a parent may reject all soft drinks that contain artificial sweeteners. Here, other good features such as taste and low calories cannot overcome this one "non-negotiable" attribute.

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

Two interesting issues in decisions are:
- **Variety seeking** (where consumers seek to try new brands not because these brands are expected to be "better" in any way, but rather because the consumer wants a "change of pace," and
- **"Impulse" purchases**—unplanned buys. This represents a somewhat "fuzzy" group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and com. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

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

What influences consumers to purchase products or services? The consumer buying process is a complex matter as many internal and external factors have an impact on the buying decisions of the consumer.

When purchasing a product there several processes, which consumers go through. These will be discussed below.

- **Problem/Need Recognition:**

How do you decide you want to buy a particular product or service? It could be that your

DVD player stops working and you now have to look for a new one, all those DVD films you

purchased you can no longer play! So you have a problem or a new need. For high valueitems like a DVD player or a car or other low frequency purchased products this is the process we would take. However, for impulse low frequency purchases e.g. confectionery the process is different.

- **Information search:**

So we have a problem, our DVD player no longer works and we need to buy a new one. What's the solution? Yes go out and purchase a new one, but which brand? Shall we buy the same brand as the one that blew up? Or stay clear of that? Consumers often go on some form of information search to help them through their purchase decision. Sources of information could be family, friends, neighbors who may have the product you have in mind, and alternatively you may ask the sales people, or dealers, or read specialist magazines like What DVD? to help with their purchase decision. You may even actually examine the product before you decide to purchase it.

- **Evaluation of different purchase options:**

So what DVD player do we purchase? Shall it be Sony, Toshiba or Bush? Consumers allocate attribute factors to certain products, almost like a point scoring system which they work out in their mind over which brand to purchase. This means that consumers know what features from the rivals will benefit them and they attach different degrees of importance to each attribute. For example sound maybe better on the Sony product and picture on the Toshiba , but picture clarity is more important to you then sound. Consumers usually have some sort of brand preference with companies as they may have had a good history with a particular brand or their friends may have had a reliable history with one, but if the decision falls between the Sony DVD or Toshiba then which one shall it be? It could be that the a review the consumer reads on the particular Toshiba product may have tipped the balance and that they will purchase that brand.

- **Purchase decision:**

Through the evaluation process discussed above consumers will reach their final purchase decision and they reach the final process of going through the purchase action e.g. The process of going to the shop to buy the product, which for some consumers can be as just as rewarding as actually purchasing the product. Purchase of the product can either be through the store, the web, or over the phone.

18.5   FAMILIES AND FAMILY DECISION MAKING

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

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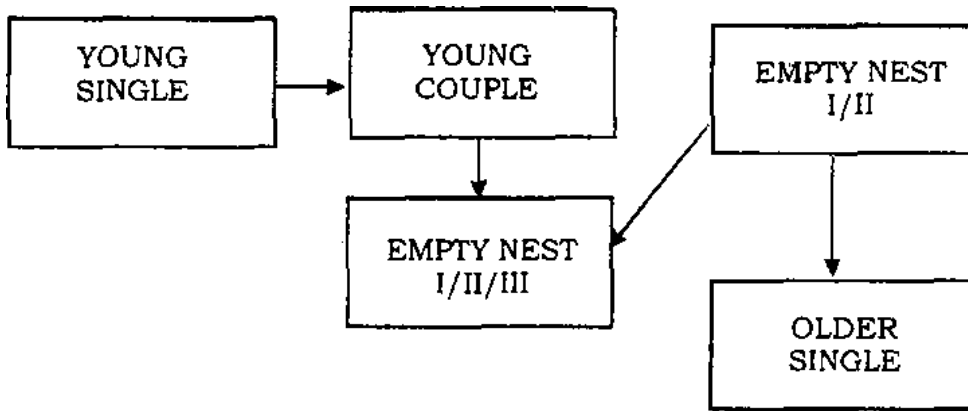
For purposes of this discussion, a "couple" may either be married or merely involve living together. The breakup of a non-marital relationship involving cohabitation is similarly considered equivalent to a divorce.

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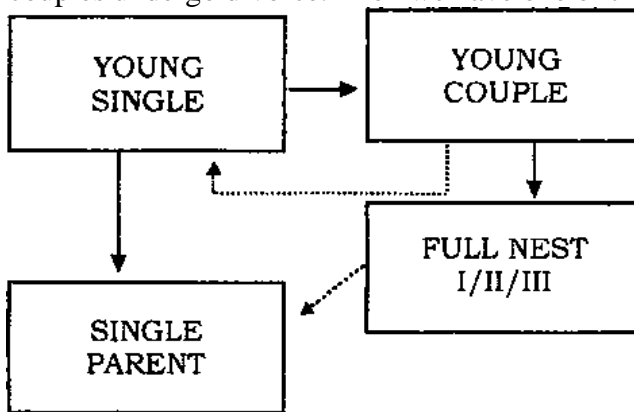

Single parenthood can result either from divorce or from the death of one parent. Divorce usually entails a significant change in the relative wealth of spouses. In some cases, the noncustodial parent (usually the father) will not pay the required child support, and even if he or she does, that still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

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

Divorced parents frequently remarry, or become involved in other non-marital relationships; thus, we may see
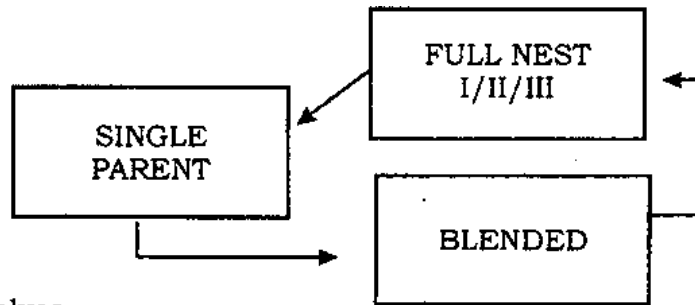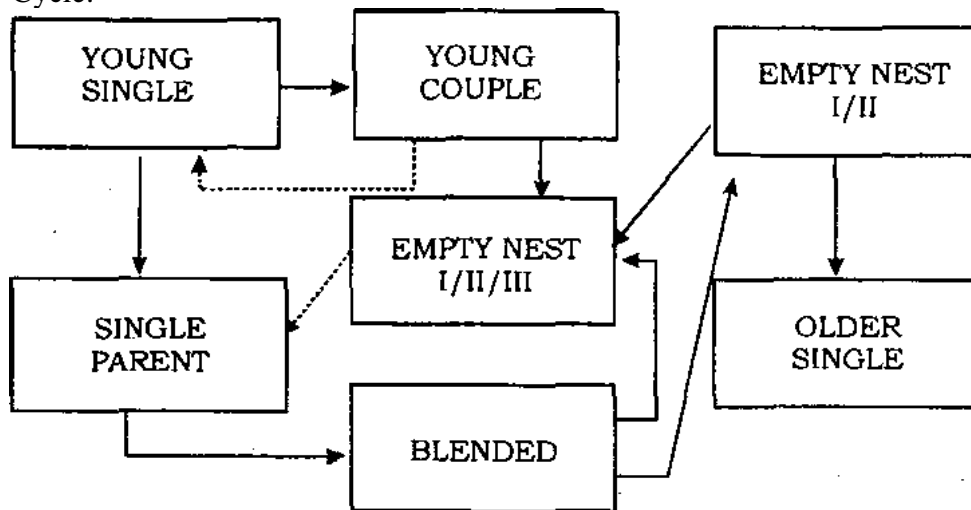
Another variation involves
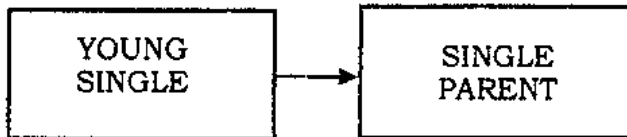
Here, the single parent who assumes responsibility for one or more children may not form a relationship with the other parent of the child.

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

Life

Cycle:

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

- . As a person gets older, he or she tends to advance in his or her career and tends to get greater income (exceptions: maternity leave, divorce, retirement).
- Unfortunately, obligations also tend to increase with time (at least until one's mortgage has been paid off). Children and paying for one's house are two of the greatest expenses.
  Note that although a single person may have a lower income than a married couple, the single may be able to buy more discretionary items.

Family Decision Making: Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance.

These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. Influencers do not ultimately have the power decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met. The decision maker(s) have the power to determine issues such as:

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

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

- The decision maker may specify what kind of product to buy, but not which brand;
- The purchaser may have to make a substitution if the desired brand is not in stock;
- The purchaser may disregard instructions (by error or deliberately).

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

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

involves making an emotional display to get one's way (e.g., a man cries if his wife will not let him buy a new rap album).

18.6 SUMMARY

Understanding consumer behavior can help the advertisers develop advertisement campaigns effectively. Consumers will pass through a series of steps before making a purchase. The amount of effort a consumer puts into searching depends on a number of factors such as the market, product characteristics, and consumer characteristics and situational factors. Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance, These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives.

18.7 SHORT QUESTIONS

1. Write a note on Family decision making.

18.8 LONG QUESTIONS

1. Write a note on Information system and decision making.
2. What is consumer decision making process?

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18.9 KEYWORDS

- **Information search** is a stage of the decision making process in which consumers actively collect and utilize information from internal and/or external sources to make better purchase decisions.

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POST PURCHASE BEHAVIOR, CUSTOMER SATISFACTION & EXPECTATION AND MANAGING DISSONANCE

STRUCTURE

19.0   POST PURCHASE BEHAVIOUR

19.0.1   INTRODUCTION

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. There are different types of decision taken by consumer in order to purchase the product. There are different factors which effects the consumer decision making. Decision is a selection of an option from two alternative choices, so marketers job does not comes to end at this particular time, but they have to analyze Post purchase behavior also to maintain repeated buying by consumers.

19.1   MEANING

After the purchase, the consumer engages in an evaluation of the purchase decision. As the consumer feels uncertain of the wisdom of his decision, he rethinks about his/her decision in post purchase stage. Several functions are served by his stage.

Firstly, it serves to broden the consumers set of experiences stored in the memory. Secondly, it provides a check on how well he is doing as a consumer in selecting goods and services. Thirdly, the feedback that consumer receives from this stage helps to make adjustment in future purchasing strategies.

Thus Marketers job therefore does not end with the purchase. Marketers must monitor followings;

- **Post purchase satisfaction: Satisfaction:** is a function of the closeness between expectations and products perceived performance. If performances fall short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds the expectations, the consumer is delighted. These feelings make a difference in weather the customer buys the product again and talks favorably or unfavorably it to others. However, the consumer is dissatisfied he is likely to exhibit less favorable post purchase attitudes, lower or non existent purchase intentions, brand switching, complaining behavior and bad word-of - mouth. Consumer formt heir expectations on the basis of messages received from sellers, friends & other information sources.

The importance of postpurchase satisfaction suggests that product claims must truth fully represent the product's likely performance. Some sellers might even understate performance levels so that consumers experience higher-than-expected satisfaction with the product.

- **Post purchase Actions:** When the consumer experiences dissatisfaction several negative outcomes are possible. By telling others about their problem & dissatisfaction, they spread unfavorable word-of-mouth communication. The consumer will avoid repurchasing of brand and likely to complain. The following generalizations are the outcomes of research on coming is more likely when there is amore positive perception of the retailer responsiveness to customer complaints:
  - Complainers tend to be member of more upscale socio-economic groups than non- complainers.
  - The severity of the dissatisfaction or problem is positively related to complaint behavior.
  - Complaining is more likely when there is more positive perception of the retailer responsiveness to customer complaints.
- **Post purchase Use/disposal: Marketers should also monitor:** How buyer's use and dispose of the products. A key driver of sales frequency is product consumption rate -the more quickly buyer consume a product, sooner they may be back in market to repurchase it. How the buyers use and dispose of the product is an important factor from a public policy perspective as well as from a marketing management orientation. There are various factors which influence the disposition choice made by the consumer. Some of the categories of factors are:
  - Psychological characteristics of the decision maker.
  - Factor intrinsic to the product.
  - Situational factors extrinsic to the product.

There are various alternatives for disposing a product as explained
by figure, **figure:** Purchase Evaluation Process

19.2   CUSTOMER SATISFACTION & EXPECTATION

19.2.1 Intoduction:

Satisfaction is a persons feeling of pleasure or dis-appointment resulting from comparing a products perceived performance in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If performance exceeds expectations, the customer is highly satisfied or delighted.

19.2.2   Customer Expectation

Customers form service expectations from many sources, such as past experiences, word- of-mouth, and advertising. In general, consumers compare the perceived service with the expected service, if the perceived service falls below the expected service, customer are disappointed. If the perceived service meets or exceeds their expectations, they are readyto use the provider again. Successful companies add benefits to their offering that not only satisfy customer but surprise and delight them. Delighting customer is a matter of exceeding expectations.

Berry, Parasuraman, & Zithaml formulated a service-quality model that highlights the main requirements for delivering high quality service. The model identifies 5 gaps that cause unsuccessful delivery:

- **Gap between consumer expectation and management perception:** Management does not always correctly perceive what customer wants. Hotel administrators may think that patients want better food quality, but guests may be more concern with waiter's responsiveness.

- **Gap between management perception and service -quality specification:** Management might perceive customers wants but not set a performance standard. Hotel administrator may tell the waiter to give "fast* service without specifying it in minutes.

- **Gap between service-quality specifications and service delivery:** personnel might be poorly trained, or incapable of or unwilling to meet the standard; or they may be held to conflict standards, such as taking time to listen to customers and serving them fast.

- **Gap between service delivery and external communications:** consumer expectations are effected by the statement made by company representatives & ads. If hotel brochure shows a beautiful room, but the guest arrives 7 find the room to be cheap and tacky looking, external communication have distorted the customer's expectations.

- **Gap between perceived service & expected service:** this gap occurs when the consumers misperceives the service quality. The physician may keep visiting the patient to shoe care, but the patient may interpret this as an indication that something really is wrong.

19.2.3   Customer Satisfaction:

Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy Customer- centered firm seeks to create high customer satisfaction that is not its ultimate goal. If the company increases customer satisfaction by lowering its price or increasing its services, the result may be lower profits. The company might be able to increase its profitability by means other than increases satisfaction (for example, by improving manufacturing process or investing more in R&d). Also the company has many stakeholders, including employees, dealers, suppliers, and stockholders. Spending more to increase customer satisfaction might divert funds from increasing the satisfaction of other partners." Ultimately, the company must operate on the philosophy that it is trying to deliver a high level of customer satisfaction to the other stakeholders.

19.2.4   Measuring Customer Satisfaction:

Organizations are increasingly interested 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 marketplace.

Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products.

Because satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed. Work done by Berry (Bart Allen) and Brodeur between 1990 and 1998 defined ten 'Quality Values' which influence satisfaction behavior, further expanded by Berry in 2002 and known as the ten domains of satisfaction. These ten domains of satisfaction include: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Inter-departmental Teamwork, Front line Service Behaviors, Commitment to the Customer and Innovation. These factors are emphasized for continuous improvement and organizational change measurement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model. Work done by Parasuraman, Zeithaml and Berry (Leonard L) between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the

"confirmation/disconfirmation" theory of combining the "gap" described by Parasuraman, Zeithaml and Berry as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation. According to Garbrand, customer satisfaction equals perception of performance divided by expectation of performance.

The usual measures of customer satisfaction involve a survey with a set of statements using a Likert Technique or scale. The customer is asked to evaluate each statement and in term of their perception and expectation *of* performance of the organization being measured.

19.2.5 Improving customer satisfaction:

The International Customer Service Institute (TICSI) has released The International

Customer Service Standard (TICSS). These are:

TICSS Service Quality Model
uses the 5 P's - Policy
Processes,
People,
Premises,
Product/Services,

The implementation of a customer service standard should lead to higher levels of customer satisfaction, which in turn influences customer retention and customer loyalty.

19.3 MANAGING DISSONANCE

19.3.1 INTRODUCTION:

Each person has many cognition (beliefs or opinions) about himself or herself, other people,
and the decision he or she makes. Any two cognitions can be either related or unrelated. Ifthey are related, their relationship can be described as either consonant or dissonant. That is, elements are consonant cognitions if one follows logically from the other, whereas they are dissonant cognitions if there is a logical inconsistency between them. For any consumer decision, we are likely to have many cognitions. The thrust of cognitive dissonance theory is that dissonance is likely to occur after a choice has been made, and will reflect a natural occurrence because the choice has been made. In terms of post purchase processes, it is the total amount of dissonance that we experience that is important. The more dissonant cognitions we have about the decision, and the more important these are to us, the higher our dissonance will be; and since dissonance produces unpleasant feelings, we will be motivated to act to reduce the amount of dissonance we are experiencing.

19.3.2 OVERCOMING DISSONANCE:

Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. So to overcome this state of thing in customers mind marketers have various tools as follows:

- **Total Quality Management:** Total quality management's objective is to maximize customer satisfaction, by continuously improving the quality of all the organization's processes, products, and services. Product & service quality, customer satisfaction, and company profitability are highly connected. Higher level of quality results in higher levels of customer satisfaction, which supports higher prices & often lower costs. Studies have shown a high correlation between relative product quality & company profitability.

- **Customer Relationship Management:** Developing strong bonds with customers are known as customer relationship management. This is a process of managing detailed information about individual customers and carefully managing all customer "touch points" to maximize customer loyalty. A customer's touch point is any occasion on which a customer encounters the brand and product-from actual experience to personal or mass communication to casual observation. For a hotel, the touch point includes reservation, check-in & out, frequent stay programs, room service, laundry service, restaurants & bars.

Customer relationship management enables companies to provide excellent real-time customer service through the effective use of individual account information. Based on the customers profile companies can customize market offerings, services, programs, and messages for avoiding dissonance in the customers mind.

19.3.3 SELF CHECK EXERCISE

1. If performance meets consumer expectations, the consumer is _____.
   a) Satisfied
   b) Dissatisfied
   c) Delighted
   d) Happy

19.4 SUMMARY

Marketing is the art of attracting & keeping profitable customers. Issues like post purchase behavior, customer expectation & satisfaction & managing dissonance are very much prevalent in these days, marketers by making use of these tools trying to retain customer for the organizations by analyzing above mentioned.

19.5 ANSWER TO SELF CHECK EXERCISE

1. a)

19.6 SHORT QUESTIONS

1. Write a note on Purchasing behaviour.

19.7 LONG QUESTIONS

1. Explain in detail customer relationship management.

19.8   KEYWORDS

- **Post purchase Behavior:** It reflects all those issues/problems good or bad experience faced by the consumer after making the final purchase.
- **Satisfaction& Expectation:** Satisfaction is a persons feeling of pleasure or disappointment resulting from comparing a products perceived performance in relation to his or her expectations.
- **Dissonance:** It is an uncomfortable feeling caused by holding two contradictory ideas simultaneously.

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