



Karpagam Academy of Higher Education
(Deemed University Established Under Section 3 of UGC Act, 1956)
Coimbatore - 641 021.

DEPARTMENT OF COMMERCE

Subject Code : 15CCU504B

Academic Year: 2017- 2018

Class : III B.Com (CA)

Semester: V

CORE – ELECTIVE - I

L T P C

CONSUMER BEHAVIOUR

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UNIT I

Introduction: Definition, Scope, and Application of Consumer Behaviour – Evolution of Consumer Behaviour as a Field of Study and its Relationship with Marketing; Behavioural Dimension – Interdisciplinary Nature of Consumer Behaviour Studies.

UNIT II

The Consumer Decision Making Process: Buying Motives – Buying Roles, Consumer Decision Making Process, Levels of Consumer Decision Making, Perspectives – Models.

UNIT III

Psychological Influences on Consumer Decision Making – Consumer Needs and Motivation, Emotions and Mood, Consumer Involvement; Consumer Learning, Personality, Self – Concept and Self – Image; Consumer Perception, Risk and Imagery; Consumer Attitude: Belief, Attitude and Intention, Formation – Change – Consumer Communication.

UNIT IV

Sociological Influences : Consumer Groups – Consumer Reference Groups, Family and Life Cycle, Social Class and Mobility, Lifestyle Analysis – Culture; Sub-Culture – Interpersonal Communication and Influence, Opinion Leadership.

UNIT V

Diffusion of Innovation : Consumer Orientation – Diffusion Process, Adoption Process, Consumer Innovators, Multiplicative Innovation Adoption (MIA) Model.



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LESSON PLAN

UNIT-1

S.No	Lecture Duration (Hrs)	Topics to be covered	Support Material
Introduction: Definition, Scope, and Application of Consumer Behaviour			
1	1	Consumer Behaviour - Introduction, Definition	T1:2-3
2	1	Nature of Consumer Behaviour	T1:3-4
3	1	Scope of Consumer Behaviour	T1:4-5
4	1	The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors	W1
5	1	Applications of consumer behavior: Analysing Market Opportunity, Selecting Target Market	W1
6	1	Marketing Mix	W1
7	1	Use in social and non-profits marketing	W1
8	1	The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the	W1

		following factors	
9	1	Evolution of Consumer Behaviour	T1:6-7
10	1	Consumer Behaviour as a Field of Study	W1
11	1	Consumer Behaviour Relationship with Marketing	R1:28-31
12	1	Behavioural Dimention	W1
13	1	Evolution of Consumer Behavior As A Field Of Study And Its Relationship With Marketing	R1:7-12
14	1	Interdisciplinary Nature of Consumer Behaviour Studies.	W1
15	1	Recapitulation and discussion of important questions	
Total No of Hours planned for Unit- I			15 hours

UNIT-II

S.No	Lecture Duration (Hrs)	Topics to be covered	Support Material
The Consumer Decision Making Process			
1	1	Introduction -Consumer Decision Making Process	W1
2	1	Buying Motives-Product Buying Motives	R1:45-60
3	1	Buying Motives-Patronage Buying Motives	R1: 45-60
4	2	Buying Roles	R1: 53-60
5	2	Consumer Decision Making Process	W1
6	2	Levels of Consumer Decision Making	W1
7	2	Consumer Behaviour Perspectives	W2
8	2	Consumer Behaviour Models	W2
9	1	Recapitulation and discussion of important questions	
10	1	Recapitulation and discussion of important questions	
Total No of Hours planned for Unit- II			15 hours

UNIT III

S.No	Lecture Duration (Hrs)	Topics to be covered	Support Material
Psychological Influences on Consumer Decision Making			
1	2	Psychological Influences on Consumer Decision Making	W1
2	1	Consumer Needs	R2:20-22
3	2	Consumer Motivation, Emotions and Mood	R2:24-27
4	1	Consumer Involvement	R2:148-150
5	2	Consumer Learning, Personality	T1:198-201 T1:114-135
6	1	Consumer Self – Concept and Self – Image	T1:137-141
7	1	Consumer Perception - Risk and Imagery	T1:150-167 T1:170-188
8	2	Consumer Attitude: Belief, Attitude and Intention	T2:227-247
9	1	Formation – Change.	T1:274-303
10	1	Consumer Communication	T1:274-303
11	1	Recapitulation and discussion of important questions	
Total No of Hours planned for Unit- III			15 hours

UNIT IV

S.No	Lecture Duration (Hrs)	Topics to be covered	Support Material
Sociological Influences			
1	2	Sociological Influences	T2:321-325
2	1	Consumer Groups	T2:325-330
3	2	Consumer Reference Groups	T2:331-338
4	1	Family and Life Cycle	T1:343-349
5	1	Social Class and Mobility	T1:358-372
6	1	Lifestyle Analysis	T2:175-185
7	1	Culture; Sub-Culture, Cross-Culture	R1:411-431
8	2	Interpersonal Communication	W2
9	1	Interpersonal Influence	W2
10	1	Opinion Leadership.	T2:339-343
11	1	Recapitulation and discussion of important questions	
12	1	Recapitulation and discussion of important questions	
Total No of Hours planned for Unit- IV			15 hours

UNIT V

S.No	Lecture Duration (Hrs)	Topics to be covered	Support Material
Diffusion of Innovation			
1	2	Diffusion of Innovation	R1:488-505
2	2	Consumer Orientation	W2
3	2	Diffusion Process	R2:97-120
4	1	Adoption Process	W1
5	2	Consumer Innovators	W1
6	2	Multiplicative Innovation Adoption (MIA) Model.	W1
7	1	Recapitulation and discussion of important questions	
8	1	Discussion of Previous Year ESE Question Paper	
9	1	Discussion of Previous Year ESE Question Paper	
10	1	Discussion of Previous Year ESE Question Paper	
Total No of Hours planned for Unit- V			15 hours

TEXTBOOKS

T1 – Schiffman, Leon G., Kanuk Leslie Lazar, and Kumar Ramesh. S., “Consumer Behaviour”, Pearson Education, 10th Edition, 2012

T2 – Gupta S.L & Pal Sumitra, “Consumer Behaviour: An Indian Perspective Text and cases”, 2nd edition, 2011.

REFERENCE BOOKS

R1 - Peter Paul J., and Olson Jerry C., “Consumer Behaviour and Marketing Strategy”, Irwin/McGraw Hill Higher Education, 2009

R2 - Solomon. M.R., “Consumer Behaviour: Buying, Having and Being”, PHI Learning, 9th Edition, 2011.

WEBSITE:

W1 <http://www.NPTL.com>

W2 <http://www.MBANotes.edu.in>



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Unit – I

Definition, Scope, and Application of Consumer Behavior-Evolution of Consumer Behavior as a field of study and its relationship with Marketing; Behavioral Dimension-Interdisciplinary Nature of Consumer Behavior studies

Introduction

Consumer behaviour is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities. Consumer behaviour emerged in the 1940s and 50s as a distinct sub-discipline in the marketing area. Consumer behaviour is an inter-disciplinary social science that blends elements from psychology, sociology, social anthropology, ethnography, marketing and economics, especially behavioural economics. It examines how emotions, attitudes and preferences affect buying behaviour. Characteristics of individual consumers such as demographics, personality lifestyles and behavioural variables such as usage rates, usage occasion, loyalty, brand advocacy, willingness to provide referrals, in an attempt to understand people's wants and consumption are all investigated in formal studies of consumer behaviour. The study of consumer behaviour also investigates the influences, on the consumer, from groups such as family, friends, sports, reference groups, and society in general.

Meaning

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behaviour assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

Definition:

According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.

According to Louden and Bitta, 'consumer behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

Nature of Consumer Behaviour:

1. Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

- a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
- b. Personal factors such as age, gender, education and income level.
- c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.
- d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
- e. Social factors such as social status, reference groups and family.
- f. Cultural factors, such as religion, social class—caste and sub-castes.

2. Undergoes a constant change:

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

3. Varies from consumer to consumer:

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

4. Varies from region to region and country to county:

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.

The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

5. Information on consumer behaviour is important to the marketers:

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers.

The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:

- a. Product design/model
- b. Pricing of the product
- c. Promotion of the product
- d. Packaging
- e. Positioning
- f. Place of distribution

6. Leads to purchase decision:

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

7. Varies from product to product:

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on

clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

8. Improves standard of living:

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprive themselves of higher standard of living.

9. Reflects status:

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

Applications of consumer behavior:

1. Analysing Market Opportunity :

Consumer behaviour study helps in identifying the unfulfilled needs and wants of consumers.

This requires examining the trends and conditions operating in the marketplace, consumers' lifestyles, income levels and emerging influences.

The trend towards increasing number of dual income households and greater emphasis on convenience and leisure have led to emerging needs for household gadgets such as washing machine, mixer grinder, vacuum cleaner and childcare centres etc.

Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

2. Selecting Target Market :

A review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and need.

Identifying these groups, learning how they behave and how they make purchase decisions enables the marketer to design and market products or services particularly suited to their wants and needs.

For example, consumer studies revealed that many existing and potential shampoo users did not want to buy shampoo packs priced at Rs. 60 or more and would rather prefer a low priced sachet containing enough quantity for one

or two washes. The finding led companies to introduce the shampoo sachet which became a good seller.

3. Marketing Mix :

Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Here too, consumer behaviour study is very helpful in finding answers to many perplexing questions.

4. Use in social and non-profits marketing :

Consumer behaviour studies are useful to design marketing strategies by social, governmental and not-for-profit organisations to make their programmes such as family planning, awareness about AIDS, crime against women, safe driving, environmental concerns and other more effective.

UNICEF (greeting cards), Red Cross and CRY etc. make use of consumer behaviour understanding to sell their services and products and also try to motivate people to support these institutions.

Scope of the consumer behaviour

The study of consumer behavior deals with understanding consumption patterns and behavior. It includes within its ambit the answers to the following:

- 'What' the consumers buy: goods and services
- 'Why' they buy it: need and want
- 'When' do they buy it: time: day, week, month, year, occasions etc.
- 'Where' they buy it: place
- 'How often they buy' it: time interval
- 'How often they use' it: frequency of use

The scope of consumer behavior includes not only the actual buyer but also the various roles played by him/ different individuals.

Basic Components:

Decision making (Cognitive and Affect): -this includes the stages of decision making: Need recognition, Information search, Evaluation of alternatives, Purchase activity, Post purchase behavior.

Actual purchase (Behavior):

This includes the visible physical activity of buying of goods and/or service. It is the result of the interplay of many individual and environmental determinants which are invisible.

Individual determinants and environmental influences:

The environmental factors affect the decision process indirectly, through way of affecting individual determinants.

Buying roles:

Actual Buyer vis a vis other users.

There are five buying roles, viz., Initiator, Influencer, Decider, User, Buyer.

- The initiator is the person who identifies that there exists a need or want;
- the influencer is the one who influences the purchase decision, the actual purchase activity and/or the use of the product or service;
- the decider is the one who decides whether to buy, what to buy, Behavior to buy, from where to buy, and how to buy; the buyer is the one who makes the actual purchase; and,
- The user is the person (s) who uses the product or service. These five roles may be played by one person or by different persons. A person may assume one or more of these roles. This would depend on the product or service in question.

Evolution of Consumer Behavior As A Field Of Study And Its Relationship With Marketing

The discipline finds its roots in the “marketing concept” and has been essentially interdisciplinary in nature. As a subject it emerged as a separate field of study in the 1960s. Initially the focus lay in the marketers’ attempts to study the causes of consumer behavior; the assumption was that if they could identify the reasons behind consumption behavior, they would be able to predict it; and if they could predict consumer behavior, they could influence it. So the emphasis was to predict consumer behavior; the approach came to be known as ‘positivism’. Gradually, the focus of the study changed; the marketers wanted to understand the customer better, and this approach came to be known as ‘interpretivism’.

THE INTERDISCIPLINARY NATURE OF CONSUMER BEHAVIOR:

An interdisciplinary area of study, the subject borrows heavily from psychology, sociology; social psychology; anthropology and, economics.

Psychology:

This includes the study of the individual as well as the individual determinants in buying behavior, viz., consumer perception, learning and

memory, attitude, self-concept and personality, motivation and involvement, attitudes and attitudinal change and, decision making.

Sociology:

This includes the study of groups as well as the group dynamics in buying behavior, viz., family influences, lifestyles and values, and social group influences.

Social psychology:

This includes the study of how an individual operates in group/groups and its effects on buying behavior viz, reference groups and social class influences.

Anthropology:

This is the influence of society on the individual viz., cultural and cross-cultural issues in buying behavior, national and regional cultures etc.

Economics:

This is the study of income and purchasing power, and its impact on consumer behavior. The underlying premise is that consumers make rational choices while making purchase decisions. While resources are limited and needs and want many, consumers collect information, and evaluate the various alternatives to finally make a rational decision.



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UNIT I

POSSIBLE QUESTIONS (8 MARKS)

1. Define consumer behavior. How the principles of consumer behaviour are applied for Profit making?
2. Why consumer behaviour is interdisciplinary science?
3. Explain the scope and applications of consumer behavior.
4. Explain the behavioural dimensions of consumer behavior.
5. What are the applications of consumer behavior? Describe.
6. Explain consumer behavior and its relationship with marketing.



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Unit – II

Consumer Decision Making Process - Buying Motives - Buying Roles,
Consumer Decision Making Process, Levels of Consumer Decision Making,
Perspectives-Models

Introduction

Marketers need to understand the dynamics of the consumer decision making process. While the process and the internal and external factors affecting decision making would vary from person to person and within the same person from situation to situation, the study of consumer behavior attempts to draw certain generalizations. The major decisions taken by a consumer relate to what he buys (products and services as also the brands), how much he buys (quantity), where he buys (place), when he buys (time) and how he buys (payment terms).

Decision Making

A decision is defined as choosing an option of the few/many available. Decision making is the process of choosing between two or more alternatives; It is the selection of an alternative out of the few/many choices that are available.

Decision making is:

- a) a goal oriented process.
- b) it is a problem solving process: helps take advantage of opportunities and fight threats.

Decisions Making can be of two types,

- a) Programmed decision making, and,**
- b) Non-programmed decision making.**

a) Programmed decision making: This is applied for problems that are routine and regular. Such problems are simple to deal with and guidelines to sort out such problems exist. Such decisions are made without much thought. With respect to marketing, these are decisions related to day to day purchases or convenience and shopping goods; these are generally low involvement purchases. They may also be habitual in nature, and brand loyalty could easily develop. Examples: Purchases made for staples, toiletries etc.

b) Non-programmed decision making: This is applied for problems that arise suddenly and are unique or novel. As the problem is sudden and novel, it is complex and requires a lot of information gathering, deliberation and thought. With respect to marketing, these are decisions related to infrequent purchases or specialty goods and emergency goods; these are high involvement purchases.

Examples: Purchases made for laptops, real estate etc.

Consumer Decision Making

A consumer purchase is actually a response to a problem. Consumer Decision Making pertains to making decisions regarding product and service offerings. It may be defined as a process of gathering and processing information, evaluating it and selecting the best possible option so as to solve a problem or make a buying choice.

Consumer Decision Making pertains to the following decisions:

- a) What to buy: Products and Services (and the Brands?)
- b) How much to buy: Quantity
- c) Where to buy: Place
- d) When to buy: Time
- e) How to buy: Payment terms.

All purchase decisions are not similar. The effort put into each decision making is different.

LEVELS OF DECISION MAKING:

While decision making is defined as the selection of an alternative to solve a problem, the time and effort required to complete the process varies across buying situations. We may define three kinds problem solving spread over a continuum; these are referred to as the levels of consumer decision making;

- (i) Extensive problem solving (EPS)
- (ii) Limited problem solving (LPS)
- (iii) Routinized problem solving (RPS) or routinized response behavior.

These are explained as follows:

a) Extensive problem solving (EPS): In EPS, the consumer is unfamiliar with the product/service category; he is not informed of the product or service offering, and thus, the situation requires extensive information search and evaluation.

The consumer is not aware about the various decision criteria used to evaluate the product or service offering. The consumer is not aware of the various brands that are available and from which to evaluate.

The result is that the purchase process involves significant effort on part of the consumer. He has to gather knowledge about (i) the decision criteria; (ii) the brands available; and (iii) make a choice amongst the brands.

The types of products and / situations where we generally have EPS:

1. These goods are ones of high involvement; they are expensive; they are infrequently bought; there is considerable amount of risk involved.
2. These are generally first time purchases

Examples: Jewellery, electronic goods, Real estate and property etc.

b) Limited problem solving (LPS): The consumer is familiar of the product or service offering; but he is unaware of the various brands. The case is one where the buyer is familiar with the product category but unfamiliar with the brands.

The consumer is aware of some brands and also of the various criteria used to evaluate the product or service offering.

The consumer is unaware of the new brands that have been introduced.

The consumer has not evaluated the brands amongst the awareness set and has not established preferences amongst the group of brands.

The result is that the purchase process is more of a recurring purchase and it involves only a moderate effort on part of the consumer. He has to gather knowledge to add/modify the existing knowledge that he has in his memory. Thereafter he has to make a decision.

The types of products and / situations where we generally have LPS:

1. These goods are ones of low involvement; they are generally moderately priced; they are frequently bought; there is lesser amount of risk involved.
2. These are generally recurring purchases.

Exceptions:

They may also be cases where an expensive product is being repurchased.

Examples: A laptop replacing a desktop, a second TV for the home.

c) Routinized problem solving (RPS) or routinized response behavior:

The consumer is well informed and experienced with the product or service offering. The consumer is aware of both the decision criteria as well as the various brands available.

The goods are ones of low involvement; they are inexpensive; they are frequently bought; there is no risk involved. These are routine purchases and are a direct repetition, where the consumer may be brand loyal.

The result is that the purchase process involves no effort on part of the consumer. It is simple and the process is completed quickly; purchases are routine and made out of habit.

The types of products and / situations where we generally have RPS:

1. These goods are ones of low involvement; they are inexpensive; they are frequently bought; there is no risk involved.
2. These are routine purchases and the consumer is brand loyal.

Examples: Staples, Cold drinks, Stationery etc.

CONSUMER DECISION MAKING PROCESS:

Marketers are interested in consumers' purchase behaviors, i.e., the decision making process. The consumers' decision making is a choice amongst various alternatives that address problematic issues like:

- what to buy; - where to buy; - when to buy; - how to buy; - how much to buy.

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

Stages in Consumer Decision Making Process:

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

1. Need recognition/Problem recognition
2. Pre-purchase information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase outcome and reactions

Each of these stages are explained as follows:

1. Need recognition/Problem recognition:

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

person having a frosted, chilled cola, and he too desires to have the same, the need is said to have been stimulated by an external stimuli. A need or problem recognition could be Simple or Complex.

a) Simple:

Simple problem recognition is similar to Structured Problems; They occur frequently as a routine and can be dealt with automatically without much effort.

b) Complex:

A Complex problem recognition is similar to Unstructured Problems; They occur infrequently as unique and non-routine and need considerable effort to be solved.

A need or problem recognition could result when:

a) the Actual State changes (AS type):

- the product is failing, or the consumer is running short of it;
- there is a problem that exists.
- consumers who react in such situations are called AS Types.

Example: A product stops functioning and the customer needs a replacement; eg. A refrigerator; Samsung One door: Standard;

b) the Desired State changing (DS type):

- there is an imbalance between the actual state and the desired state
- another product seems better and superior to the one that is being currently used;
- consumers who react in such situations are called DS Types.

Example:

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

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

Whether a problem is an AS or DS Type also gets affected by an individual and his personality. Some consumers are AS Types, who realize that there is a problem after it has arisen, and so they go in for a purchase; They

are reactive by nature; Eg. The consumer reacts after the refrigerator breaks down.

Other consumers are the DS Types, who want to upgrade to better/newer products; They are proactive; Eg. Want to purchase a newer model of the refrigerator.

A need is recognized in any of the following situations:

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

2. Pre-purchase information search:

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

- (i) product category and the variations
- (ii) various alternatives
- (iii) various brands.

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

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

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

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

(ii) Ongoing: Here the search activity is a gradual process that could span over time. Example: the same student, has been thinking of purchasing the laptop since the past five years, and over these past 5-6 years, he has been gathering

information specific to the laptop as a product category and also about the various brands available.

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

Information Sources:

The information sources are of two types:

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

- it is a routine purchase
- the product is of low involvement

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

-Interpersonal communication (family, friends, work peers, opinion leaders etc.)

-Marketing communication or commercial information (advertisements, salespeople, company websites, magazines etc.)

Gupta School of Management -Other public sources (editorials, trade magazines and reports, consumer awareness programmes on TV, Internet etc.)

External sources are resorted to in cases where:

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

3. Evaluation of alternatives:

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

- i)** Generation of choice alternatives;

- ii)** Identification of evaluative criteria: Attributes and Benefits; **iii)** Application of Decision Rules.

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

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

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

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

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

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

i) the marketer should make sure that he has satisfied the customer at the first time.

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

5. Post-purchase outcome and reactions: - The marketer can play an important role in reducing the dissonance that the consumer faces and reassuring him that the choice he made was the right one.

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

ii) He can follow up with the customer and address queries and concerns if any (eg. follow up calls).

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

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

MODELS OF CONSUMERS:

Consumers approach the marketplaces differently; they go through the buying decision process differently as it gets impacted by internal and external forces. Researchers have attempted to understand the dynamics of consumer decision making and they have classified four varying views and perspectives, the underlying forces operating within consumers that could be employed to approach the marketplace. These are i) Economic ii) Cognitive iii) Passive iv) Emotional.

i) Economic view: According to the economic perspective of studying consumers, the consumer is regarded as being rational. The model assumes that there exists in the market a state of perfect competition; the consumer is aware of the various alternatives; he has the knowledge and ability to rank all of these; and he finally takes a rational decision. He takes a decision and makes a choice as after taking into account the cost and benefit, and the overall value in economic terms.

ii) Cognitive view: The consumer is regarded as being a problem solver, who searches for products to fulfill his needs/wants. Consumer decisions are based on information gathering and processing. The consumer is believed to take decisions after a lot of thought and deliberation, so as to get maximum benefit and value.

iii) Passive view: Here, the consumer is regarded as irrational and impulsive, who easily succumbs to the selling and promotional efforts of the marketer. It is assumed that the consumers are submissive to the self-serving interests of the marketer and the salespersons are powerful.

iv) Emotional view: The consumer is regarded as being emotional and impulsive. who takes decisions based on moods and emotions. Marketers must put in efforts and create positive mood and emotions.

MODELS OF CONSUMER BEHAVIOR:

General Models:

The consumer models refer to varying orientations and perspectives with which consumers approach the marketplace and how/why they behave as they

do. They refer to how the varying orientations impact the buying decision process and overall buyer behavior. Various models have been proposed by researchers; these models can be classified as (a) General models (b) Specific models. This session deals with the General Models. The Specific Models are dealt with in the next session.

GENERAL MODELS:

There are four models that fall under this category, viz. Economic model, Psychological model, Psychoanalytic model and Sociological model

i) The Economic model: The economic model explains buying behavior from an economic perspective; The assumption is that resources are scarce viz. a viz unlimited needs; a consumer seeks value: he wants maximum benefit at minimum cost. The economic models showed concern as to how scarce resources were allotted to satisfy the unlimited needs and wants.

Economic models can be further classified into Micro economic models and Macroeconomic models.

Micro economic models:

The micro economic models focus on the act of purchasing; they focus on what an average consumer would purchase and in what quantity; they also ignore why and how the needs/wants get prioritized, and how the behavior is underpinned.

According to the micro economic view, consumers are rational in nature and value utility. With resources being scarce, they would allocate money on their purchases in a way that satisfies them maximally. The consumer decisions are thus based on benefit to cost ratio; the consumer would settle on an alternative that provides the highest ratio in terms of marginal utility.

The limitations of studying consumer behavior with this orientation is that consumers are not always rational, and they seek average /adequate satisfaction and not total satisfaction. Also, consumers assess the benefit to cost ratio differently; they define the two variables “cost” and “benefit” variedly; the issue is subjective. The view is also silent about other forces that operate during the buying process.

Macro economic models:

The macro economic models focus on the overall trend in the economy that has an impact and is also impacted upon by buying patterns. They focus on the aggregate flows in the economy. Conclusion about consumer behavior

are made after analyzing such flows. This approach could also be studied with two orientations:

a) Relative income hypothesis: A person's expenses are influenced by his social surrounding and group. With his income being constant, the relative expenses and the resultant savings will not change, until and unless, there is a big change in the total income. The hypothesis holds that what and how much a consumer spends is not solely dependent on income, but is influenced by peers.

b) Permanent income hypothesis: Even if the total income increases, people initially exhibit inertia towards spending as they want to accumulate wealth; so purchasing pattern does not change immediately.

The limitations of studying consumer behavior with this orientation is that the view is silent about other forces that operate during the buying process.

ii) The Psychological model: The psychological model, also called the Learning Model or the Pavlovian Learning Model, was proposed by classical psychologists led by Pavlov. According to this model, consumption behavior and decision making is a function of interactions between human needs and drives, stimuli and cues, responses and reinforcements.

People have needs and wants; They are driven towards products and services (stimuli and cues), which they purchase (response), and they expect a satisfying experience (rewards and reinforcements); Repeat behavior would depend on reinforcement received.

The model believes that behavior is deeply affected by the learning experiences of the buyers; and learning is a product of information search, information processing, reasoning and perception. Reinforcement leads to a habit formation and the decision process for an individual becomes routinized, leading to brand loyalty. Consumers also learn through trial and error and resultant experiences that get stored in our memory.

The limitations of studying consumer behavior with this approach is that the model seems incomplete. Learning is not the only determinant in the buying process and the decision making. The model totally ignores the role played by (a) other individual determinants like perception, personality (the sub-conscious), attitudes; as well as (b) interpersonal and group influences.

iii) Psychoanalytic model: The psychoanalytic model was proposed by Sigmund Freud. The model tries to explain consumer behavior as a resultant of

forces that operate at subconscious level. The individual consumer has a set of deep seated motives which drive him towards certain buying decisions

According to the model, buyers needs and desires operate at several levels of consciousness. Not all of the behavior is understandable and explainable by the person. Also not all of human behavior is overtly visible and explainable. Sometimes, the behavior may not be realized and understood by the person himself. Such causes can be understood by drawing inferences from observation and casual probing.

There have been two more contributions that have been made to the psychoanalytic approach, these are a) Gestalt model b) Cognitive theory

Gestalt model: The model based on Gestalt principles (meaning “patterns and configuration”) lays emphasis on the perceptual processes that impact buying behavior. According to this model, consumption behavior and decision making is based on how a consumer perceives a stimuli (the product and the service offering and the 4 Ps) viz a viz. the external environment and his own prior experiences.

Cognitive theory: The model proposed by Leon Festinger, views the consumer as one who faces a feeling of anxiety (dissonance), while he is making a purchase; this is because he is faced with many alternatives, all of which seem desirable. Post-purchase, this dissonance increases even further. There is an imbalance in the cognitive structure; and the consumer tries to get out of this state as soon as he can. So a buyer gathers information that supports his choice and avoids information that goes against it.

iv) Sociological model: The model is based on findings of Thorstien Veblen, and focuses on the role played by social groups and social forces. A person’s consumption pattern and buying behavior is affected by social factors; his family, friends, peers, social groups, reference group and culture have a major role to play. According to the model, man is perceived as a “social animal”, and thus he conforms to norms of its culture, sub culture and groups amongst which he operates. Emulative factors and social influences have a big role to play in consumer decision making.

BUYING ROLES:

Consumer decision making is a complex process. It is an interplay of reactions amongst a consumer and his cognition, affect and behavior on the one hand, as well as the environmental forces on the other hand.

The actual transaction/ exchange is preceded by considerable amount of thought processes and influences. This could be explained in terms of the five

“Buying Roles” viz., Initiator, Influencer, Decider, Buyer and, User. The marketer needs to understand these roles so as to be able to frame suitable strategies to target them.

a) Initiator: The person who identifies a need and first suggests the idea of buying a particular product or service.

b) Influencer: The person(s) who influences the buyer in making his final choice of the product.

c) Decider: The person who decides on the final choice: what is to be bought, when, from where and how.

d) Buyer: The person who enters into the final transaction and exchange process or is involved in the physical activity of making a purchase.

e) User: The person(s) who actually consumes the product or service offering.

The various buying roles can be illustrated through examples:

Example: 1

A kindergarten girl needs to buy color crayons to use in class.

- i) Initiator:** The girl
- ii) Influencer:** Her teacher or her classmates
- iii) Decider:** Either of the parents
- iv) Buyer:** Either of the parents or a sibling.
- v) User:** The girl herself.

Example 2

The mother of the house is a housewife; she loves watching TV when her husband and children go for work. She has been complaining that the present TV set at home has been giving problem. She also says that the model is now an old one and that that the family should own a new model.

- i) Initiator:** The lady
- ii) Influencer:** Her neighbors and friends.
- iii) Decider:** Joint: Her husband, she herself and the children.
- iv) Buyer:** Husband or son or daughter or she herself.
- v) User:** The family.

Example 3:

A boy enters college and needs a laptop for doing assignments.

i) Initiator: The boy himself

ii) Influencer: His friends and classmates.

iii) Decider: The boy himself.

iv) Buyer: The boy himself.

v) User: The boy himself.

Meaning Of Buying Motives Of Consumers

There are different kinds of consumers. So, their wants and needs are also different. They buy goods or services to satisfy their needs. The causes and factors which stimulate consumer to buy certain goods or services is called buying motives. In fact, the motivating factor to direct consumer behavior is buying motives.

Identifying buying motive of consumer is a difficult task for business entrepreneurs. There are various factors to induce consumers to buy any product. Profit, fear, dignity, pride, fashion, entertainment, love, health, facility, curiosity, habit, security, utility etc. lead persons to buy products. Among them profit, fear and pride are the three major motivating factors. Such motives may be different from person to person. However, all the factors are important.

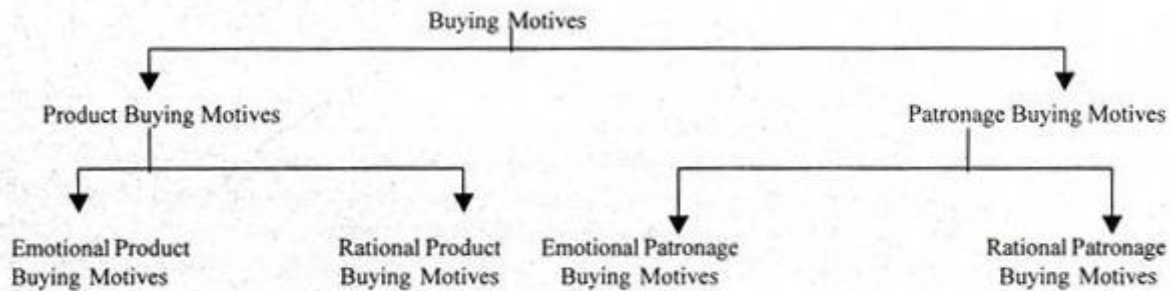
Classification of Buying Motives: Product Buying and Patronage Buying

Buying motive is the urge or motive to satisfy a desire or need that makes people buy goods or services. Behind every purchase there is a buying motive.

It refers to the thoughts, feelings, emotions and instincts, which arouse in the buyers a desire to buy an article. A buyer does not buy because s/he has been persuaded by the salesman, but s/he buys for the aroused desire in him or her. Motives should be distinguished from instincts.

A motive is simply a reason for carrying out a particular behaviour and not an automatic response to a stimulus, whereas instincts are pre-programmed responses, which are inborn in the individual and involuntary. Thus hunger is an instinct whereas desire to purchase pizza is a buying motive. According to Prof. D. J. Duncan, "Buying Motives are those influences or considerations which provide the impulse to buy, induce action and determine choice in the purchase of goods and services." Buying motives are can be divided by the following way:

FIGURE 2.5: THE CLASSIFICATION OF BUYING MOTIVES



Product Buying Motives:

Product buying motives refer to those influences and reasons, which prompt (i.e. induce) a buyer to choose a particular product in preference to other products. They include the physical attraction of the product (i.e. the design, shape, dimension, size, colour, package, performance, price etc. of the product) or the psychological attraction of the product (i.e. the enhancement of the social prestige or status of the purchaser through its possession), desire to remove or reduce the danger or damage to life or body of the possessor, etc. In short, they refer to all those characteristics of a product, which induce a buyer to buy it in preference to other products.

Product buying motives may be sub-divided into two groups, viz., (1) emotional product buying motives and (2) rational product buying motives.

A. Promotional Product Buying Motives:

When a buyer decides to purchase a product without thinking over the matter logically and carefully (i.e., without much reasoning), she is said to have been influenced by emotional product buying motives. Emotional product buying motives include the following:

1. Pride or Prestige:

Pride is the most common and strongest emotional buying motive. Many buyers are proud of possessing some product (i.e., they feel that the possession of the product increases their social prestige or status). In fact, many products are sold by the sellers by appealing to the pride prestige of the buyers. For instance, diamond merchants sell their products by suggesting to the buyers that the possession of diamonds increases their prestige or social status.

2. Emulation or Imitation:

Emulation, i.e., the desire to imitate others, is one of the important emotional buying motives. For instance, a housewife may like to have a silk saree for the simple reason that all the neighbouring housewives have silk sarees.

3. Affection:

Affection or love for others is one of the stronger emotional buying motives influencing the purchasing decisions of the buyers. Many goods are purchased by the buyers because of their affection or love for others. For instance, a husband may buy a costly silk saree for his wife or a father buy a costly watch for his son or daughter out of his affection and love.

4. Comfort or desire for comfort:

Desire for comfort (i.e., comfortable living) is one of the important emotional buying motives. In fact, many products are bought for comfort. For instance, fans, refrigerators, washing machines, cushion beds, etc. are bought by people because of their desire for comfort.

5. Sex appeal or sexual attractions:

Sex appeal is one of the important emotional buying motives of the buyers. Buyers buy and use certain things, as they want to be attractive to the members of the opposite sex. Men and women buy cosmetics, costly dresses, etc., because of this emotional motive, i.e., sex appeal.

6. Ambition:

Ambition is one of the emotional buying motives. Ambition refers to the desire to achieve a definite goal. It is because of this buying motive that, sometimes, customers buy certain things. For instance, it is the ambition that makes many people, who do not have the facilities to pursue their college education through regular colleges, pursue their education through correspondence courses.

7. Desire for distinctiveness or individuality:

Desire for distinctiveness, i.e., desire to be distinct from others, is one of the important emotional buying motives. Sometimes, customers buy certain things, because they want to be in possession of things, which are not possessed by others. Purchasing and wearing a particular type of dress by some people is because of their desire for distinctiveness or individuality.

8. Desire for recreation or pleasure:

Desire for recreation or pleasure is also one of the emotional buying motives. For instance, radios, musical instruments, etc. are bought by people because of their desire for recreation or pleasure.

9. Hunger and thirst:

Hunger and thirst are also one of the important emotional buying motives. Foodstuffs, drinks, etc. are bought by the people because of this motive.

10. Habit:

Habit is one of the emotional considerations influencing the purchasing decision of the customers. Many customers buy a particular thing because of habit, (i.e. because they are used to the consumption of the product). For instance, many people purchase cigarettes, liquors, etc. because of sheer habit.

B. Rational Product Buying Motives:

When a buyer decides to buy a certain thing after careful consideration (i.e. after thinking over the matter consciously and logically), s/he is said to have been influenced by rational product buying motives. Rational product buying motives include the following:

1. Safety or Security:

Desire for safety or security is an important rational buying motive influencing many purchases. For instance, iron safes or safety lockers are bought by the people because they want to safeguard their cash, jewels etc., against theft. Similarly, vitamin tablets, tonics, medicines, etc., are bought by the people because of this motive, i.e. they want to safeguard their health and protect themselves against diseases.

2. Economy:

Economy, i.e. saving in operating costs, is one of the important rational buying motives. For instance, Hero Honda bikes are preferred by the people because of the economy or saving in the operating cost, i.e. petrol costs.

3. Relatively low price:

Relatively low price is one of the rational buying motives. Most of the buyers compare the prices of competing products and buy things, which are relatively cheaper.

4. Suitability:

Suitability of the products for the needs is one of the rational buying motives. Intelligent buyers consider the suitability of the products before buying them. For instance, a buyer, who has a small dining room, naturally, goes in for a small dining table that is suitable, i.e. that fits in well in the small dining room.

5. Utility or versatility:

Versatility or the utility of a product refers to that quality of the product, which makes it suitable for a variety of uses. Utility of the product is one of the important rational buying motives. People, often, purchase things that have utility, i.e. that can be put to varied uses.

6. Durability of the product:

Durability of the product is one of the most important rational buying motives. Many products are bought by the people only on the basis of their durability. For instance, buyers of wooden furniture go in for teak or rosewood table, though they are costlier, as they are more durable than ordinary wooden furniture.

7. Convenience of the product:

The convenience of the product (i.e. the convenience the product offers to the buyers) is one of the important rational product buying motives. Many products are bought by the people because they are more convenient to them. For instance, automatic watches, gas stoves, etc., are bought by the people because of the convenience provided by them.

Patronage Buying Motives:

Patronage buying motives refer to those considerations or reasons, which prompt a buyer to buy the product wanted by him from a particular shop in preference to other shops. In other words, they are those considerations or reasons, which make a buyer, patronise a particular shop in preference to other shops while buying a product.

Patronage buying motives also may be sub-divided into two groups viz. a) Emotional patronage buying motives and b) Rational patronage buying motives.

A. Emotional Patronage Buying Motives:

When a buyer patronises a shop (i.e. purchases the things required by him from a particular shop) without applying his mind or without reasoning, he

is said to have been influenced by emotional patronage buying motives. Emotional patronage buying motives include the following:

1. Appearance of the shop:

Appearance of the shop is one of the important emotional patronage buying motives. Some people make their purchases from a particular shop because of good or attractive appearance of the shop,

2. Display of goods in the shop:

Attractive display of goods in the shop also makes the buyers patronise a particular shop.

3. Recommendation of others:

Recommendation of others also constitutes one of the important emotional patronage buying motives. Some people purchase their requirements from a particular shop because that shop has been recommended to them by others, i.e., by their friends and relatives.

4. Imitation:

Imitation also is one of the emotional patronage buying motives influencing the purchases of buyers. Some people make their purchases from a particular shop just because other people make their purchases from that shop.

5. Prestige:

Prestige is one of the emotional patronage buying motives of the buyers. For instance, some people consider it a prestige to take coffee from a five-star hotel.

6. Habit:

Habit is also one of the important emotional patronage buying motives. Some people make their purchases from a particular shop for the simple reason that they have been habitually making their purchases from that shop.

B. Rational Patronage Buying Motives:

When a buyer patronises a shop after careful consideration (i.e. after much logical reasoning and careful thinking) he is said to have been influenced by rational patronage buying motives. Rational patronage buying motives include the following:

1. Convenience:

Convenient location proximity of a shop is one of the considerations influencing the purchases of many buyers from a particular shop. Many buyers, usually, buy their requirements from a near-by shop, as it is convenient to them to make their purchases.

Similarly, convenient working hours of the shop also influence the purchases of good many buyers. For instance, if a shop works for a longer period of time every day and even on Sundays, it will be very convenient to the buyers. As such, many buyers may make their purchases from such a shop.

2. Low price charged by the shop:

Price charged by the shop also influences the buyers to patronise a particular shop. If the price charged by a shop for a particular product is relatively cheaper, naturally, many people will make their purchases from that shop.

3. Credit facilities offered:

The credit facilities offered by a store also influence the buying of some people from a particular shop. People who do not have enough money to make cash purchases every time prefer to make their purchases from a shop which offers credit facilities.

4. Services offered:

The various sales and after-sale services, such as acceptance of orders through phone, home delivery of goods, repair service, etc., offered by a shop also induce the buyers to buy their requirements from that shop. Rational buyers are, often, influenced by the various services or facilities offered by the shop.

5. Efficiency of salesmen:

The efficiency of the salesmen employed by a shop also influences the people in patronising a particular shop. If the employees are efficient and are capable of helping the buyers in making their purchases, people naturally would flock to such a shop.

6. Wide choice:

Wide choice of goods offered by a shop is one of the rational considerations making the buyers patronise a particular shop. People generally prefer to make their purchases from a shop, which offers wide choice (i.e. wide varieties of goods).

7. Treatment:

The treatment meted out by a shop to the customers is one of the rational considerations influencing the buyers to patronise a particular shop. Usually, people would like to purchase their requirements from a shop where they get courteous treatment.

8. Reputation of the shop:

Reputation of the shop for honest dealings is also one of the rational patronage buying motives. Usually, people would like to make their purchases from a store having reputation for fair dealings.



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III B.COM(CA) CORE – ELECTIVE - I

CONSUMER BEHAVIOUR – 15CCU504B

UNIT II

POSSIBLE QUESTIONS (8 MARKS)

1. What are the classifications of buying motives? Explain it.
2. Explain the various levels of consumer decision making.
3. Explain in detail Howard Sheth Model of consumer behavior.
4. Explain the perspectives of consumer decision making.
5. Discuss the consumer decision making process.
6. Differentiate EPS, LPS and RPS



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Unit – III

Psychological Influence on Consumer Decision Making – Consumers Needs & Motivation, Emotions and Mood, Consumer Involvement; Consumer Learning, Personality, Self-concept and Self-image; Consumer Perception, Risk and Imagery; Consumer Attitude: Belief, Attitude and Intention, Formation-Change-Consumer Communication.

Introduction:

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

DEFINITION AND MEANING OF CONSUMER NEEDS AND MOTIVATION:

At the heart of marketing, lies what is referred to as a consumer need. Consumer needs are the quintessence of the marketing concept. Psychologists and consumer researchers agree that human beings have the same needs; however, these needs gets translated differently into different wants, resulting in varied motives. With consumers being different and unique to each other, it is important that the marketers understand the various needs, and provide relevant product and service offerings that blend with the consumer(s) segment(s) and their wants. An understanding of human needs and motives would also help marketers understand and to predict consumption behavior.

The two terms “need” and “want” often used interchangeably hold two different meanings. A need is a state of felt deprivation while a want is a desire for a specific satisfier.

Example: A person is hungry.

Need: Hunger

Want: The person may desire Chapaati Sabji or a Dosa or a Sandwich. The various options are the wants.

A want may further get translated into a brand too, eg., the person desires a Dosa but from Sagar Ratna Restaurant or a Udipi.

While needs lie at the core of marketing, marketers can never create needs. Needs pre-exist a marketer. They are already known and experienced by

consumers. At times, however consumers fail to identify needs as the needs lie at the sub conscious level and remain unfelt. In such cases, a marketer can just help a consumer identify such needs.

Example: People have always sweated, perspired and smelt of body odour. People did not become conscious of the social embarrassment till companies introduced deo sprays and sticks, eg. Rexona, Ponds etc, and began to play advertisements that depicted social appeals like embarrassment amongst friends and relatives at parties and social gatherings.

Also most of the times, human needs are dormant and lie at a latent state. They get aroused suddenly by (i) stimuli internal to the individual and his physiology; Example: a person feels hungry and moves towards a restaurant to buy some food (ii) stimuli in the external environment; Example: a person smells the aroma of freshly baked cakes and enters the bakery to buy some cakes. The marketer could also formulate strategies that help trigger such needs. Example: A banner or a hoarding informing people of a food festival at attractive prices can trigger off a desire amongst people to try out newer dishes and cuisine, Or the display of a newly launched car, can encourage customer trail and subsequent purchase.

As consumers begin to identify and feel that a need exists, there occurs an inner urge or a drive towards taking an action so as fulfill the need. This inner urge and the impelling action to put in efforts to attain a goal and fulfill the need and thereby attempt at satisfaction is referred to as motivation. The term “motivation” has been derived from the Latin word “movere” which means “to move”. In terms of consumer behavior, when a consumer realizes that there exists a state of felt deficiency (need), it gets translated into a variety of options (wants) from which a consumer may chose. The need/want lead to a state of tension in the mind of the consumer and an urge/drive to act (buy/consume), so as to fulfill the need or want. This manifests itself into a goal, which is actually the behavior (act to purchase or consume), which puts an end to the urge to act. The entire action may ultimately lead to feelings of satisfaction, neutrality or dissatisfaction. Thus, the study of consumption behavior begins with when an individual recognizes a need and begins to take action to satisfy it. What he desires is an ultimate goal i.e. satisfaction of a need/want.

Consumer motivation is the urge or drive to satisfy needs through product purchase and its consumption. “The needs, wants, drives, and desires of an individual that lead him or her toward the purchase of products or ideas. The motivations may be physiologically, psychologically, or environmentally driven.” (Source: American Marketing Association).

The entire need, want, goal, action and satisfaction chain comprises the cognition, affect and behavior components within an individual; however, the process gets started with cognition, and therefore marketers need to inform and educate the consumers about their product/service offerings and the marketing mix.

NATURE AND DIVERSITY OF CONSUMER NEEDS, GOALS AND MOTIVATION:

Needs are primarily of two types, viz., physiological needs and psychological needs. People possess and experience a variety of such needs simultaneously.

a) Physiological needs: As the name suggests, these needs arise out of our physiology and are also called as primary or biological or biogenic needs; eg. Need for food, water, sleep, air, shelter etc. We are born with such needs and these are innate in nature. In order to survive, these needs must be fulfilled. As human beings are all similar, thus, we are also similar in so far as these needs are concerned.

b) Psychological needs: These needs arise out of our sociology and psychology and as such they are also called secondary or psychogenic needs; eg. Need for affiliation, power, recognition, esteem and status, etc. During the period of socialization, we acquire such needs; and human beings differ amongst each other in so far as these needs are concerned.

Goals: The goal is manifested after the need and want are identified. In fact our actions to purchase/ consume are all goal directed. A goal is the ideal state that a person desires as he thinks that it would help him satisfy a need. A product/service offering and the value proposition is a means to provide such benefits that the consumer utilizes to achieve his goals.

Goals are of two types, generic goals and product-specific goals.

a) Generic goals: Generic goals can be defined as the general category of goals that consumers see as a means to satisfy their needs and wants. For example, a consumer may want to buy a cell phone.

b) Product-specific goals: These are specifically branded products or services that the consumers select to fulfill the generic goal. For example, the consumer would want to buy a Nokia or a Samsung.

a) Multiplicity and Selection of Goals: A need/want may be fulfilled through attainment of various goals. For example, thirst may be quenched with water, a

fruit juice, a cola; and even within fruit juice, the choice could vary amongst many like orange juice, lime juice, or mixed fruit juice.

A consumer is thus exposed to a multiplicity of goals that could all be equally appropriate and attractive. However, the awareness about such multiple goals would vary from person to person based on learning and experience. Even the selection of a goal out of the many would vary across people as it would depend on factors like his purchasing power, personal preferences and choices, experience of self as well as social influences, lifestyle and values, and socio-cultural norms and practices.

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The nature of goals can be explained as follows:

a) Multiplicity and Selection of Goals: A need/want may be fulfilled through attainment of various goals. For example, thirst may be quenched with water, a fruit juice, a cola; and even within fruit juice, the choice could vary amongst many like orange juice, lime juice, or mixed fruit juice.

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preferences and choices, experience of self as well as social influences, lifestyle and values, and socio-cultural norms and practices.

b) Conflicting needs and goals: A consumer may often find himself amidst conflicting needs and goals at the same time or at various times, and this leads to what is referred to as an intra individual conflict, something that the person feels within himself. Conflicting goals could lead to three types of intra individual conflict:

i) Approach-approach conflict: In the approach-approach conflict, the consumer finds himself in a situation where he has to make a choice between two desirable alternatives each of which are equally attractive. However, due to constraints, he cannot choose both the options. Example: A person wants to buy fulfill his esteem need. He can either buy a Merc or a BMW, but cannot buy both because of his limited resources. Another example could be that a person is hungry and is tempted to have both a pizza and a burger.

ii) Approach-avoidance conflict: Here the consumer is faced with an option that has both a positive and a negative to it, i.e., the goal presents something attractive, yet something unattractive to it. Thus the person is both attracted towards a goal as well as repelled by it. For example, a person wants to buy a new television set with the best of features and quality sound. He is presented with various alternative brands. He is tempted to buy a Sony Bravia but he also knows that it would cost a premium and would be more expensive than other brands. While Sony as a brand depicts high quality, it also costs more. The situation would further get complicated if the dealer informs him of a scheme that if he leaves Sony and buys a Samsung TV, he gets a free DVD player. This is called a double approach-avoidance conflict. Another example is that a lady wants to have an ice-cream but is also concerned about the fact that it would mean adding to calories and weight.

iii) Avoidance-avoidance conflict: The avoidance-avoidance conflict involves choosing between two equally unattractive and undesirable alternatives; it is a situation where you choose between the devil and the deep sea. The consumer is faced with two options, each of which he wants to discard. For example, the doctor prescribes to a patient of a long drawn treatment based on medicines with lower rate of success as against another option of a surgical procedure with high risk of post operative complications.

Motives and Motivation:

Motives can be rational as well as emotional.

a) Rational: When consumer motives are objective, and when selection of goals is made on the basis of objective criteria, they are referred to as rational motives. These criteria could be price, size, weight etc.

b) Emotional: When consumer motives are subjective, and when selection of goals is made on the basis of personal and subjective criteria, like appearance and looks, colour, aesthetics etc., they are referred to as emotional motives when selection of goals is made on the basis of personal and subjective criteria, like appearance and looks, colour, aesthetics etc., they are referred to as emotional motives

Motivation can take a positive as well as a negative form and correspondingly a positive and negative direction respectively.

a) Positive motivation: The person is driven towards an object/condition/situation. Example: A person goes to the gym three times a week to build up his body and muscles so that he can look good. The object in question (gym, work out, good body) is referred to as an approach object. His behavior is directed towards achievement of a positive goal, which is fitness, body building and great looks.

b) Negative motivation: Here, the person is driven away from an object/condition/situation, and the corresponding effects of non usage. For example, a person decides to buy Pepsodent toothpaste for his child as it helps fight germs and tooth decay whole day long. His behavior is directed towards the object (Pepsodent) to avoid a negative goal, which is tooth decay.state of tension in the mind of the consumer and an urge/drive to act (buy/consume), so as to fulfill the need or want. This manifests itself into a goal, which is actually the behavior (act to purchase or consume), which puts an end to the urge to act. The entire action may ultimately lead to feelings of satisfaction, neutrality or dissatisfaction. Thus, the study of consumption behavior begins with when an individual recognizes a need and begins to take action to satisfy it. What he desires is an ultimate goal i.e. satisfaction of a need/want.

Consumer motivation is the urge or drive to satisfy needs through product purchase and its consumption. “The needs, wants, drives, and desires of an individual that lead him or her toward the purchase of products or ideas. The motivations may be physiologically, psychologically, or environmentally driven.” (Source: American Marketing Association).

The entire need, want, goal, action and satisfaction chain comprises the cognition, affect and behavior components within an individual; however, the process gets started with cognition, and therefore marketers need to inform and educate the consumers about their product/service offerings and the marketing mix.

DEFINITION AND MEANING OF CONSUMER EMOTIONS AND MOODS:

Emotion and moods affect and are affected by human motives. It's a two way relationship. Motives have an impact on emotions and moods; and, emotions and moods also impact human motives. Just as human motives have relevance for marketers, similarly emotions and moods also have relevance for marketers. An understanding of the deep seated emotions and moods is necessary for an understanding of consumer motives.

Emotions:

Emotions are changes in the body state that impact psychological processes thereby resulting in expression of feelings and observable behavioral reactions. While emotions are varied, psychologists have tried to categorize them. According to the nineteenth century psychologist, Wundt, emotions comprise pairs of opposite states, and there are three of such pairs, viz. pleasantness/unpleasantness, tension/release and excitement/relaxation. According to another psychologist, Plutchik, there are eight kinds of emotions that can be grouped in four pairs of opposites, viz., joy/sadness, acceptance/disgust, anger/fear and surprise/anticipation. Thus emotions can be positive or negative; they can give happiness and pleasure or unhappiness and discomfort.

The term "emotion" has been defined variedly and lacks a consensus on definition primarily because of its very nature. Emotions are personal states, private and subjective. A bodily state that could change differently in response to the environment, it varies within a person and across persons, and gets reflected as a psychological arousal. While some emotions are conscious and clear, others remain at the sub conscious level and are abstract. Also, emotions can be slight or intense and remain for short or long periods of time. They bear a two way relationship with (i) motivational states; and (ii) cognitive processing capabilities and capacities. Because they exist in pairs as opposites, emotions tend to replace one another.

Moods:

Moods are defined as emotional states that are less intense, transient and short term. They are also described on a continuum as good or bad, and thus have a positive and negative valence. Like emotions, they are also triggered by noticeable and unnoticeable stimuli, be it persons, objects, situations and are specific. However, we as human beings are more aware and conscious of emotions, than we are of moods. What may put on or put off the

moods may be not always be clear. Similar to emotions, moods can be inferred through our body language, gestures and behaviors.

Emotions and Moods and Consumer Behavior:

When emotions pertain to a company, its brands, its marketing strategy and/or the component(s) of its marketing mix, it is referred to as consumer emotion. Consumer emotions towards product/service offerings and the 4 Ps can be positive or negative; they can bring pleasure or discomfort; they can last for short or a long period of time. When they are specific to a marketing stimuli and last for a short period of time, they are referred to as moods.

EMOTIONS AND MOODS AND IMPLICATIONS FOR MARKETERS:

Emotions are feelings that arise from deep rooted and value laden beliefs; As consumers, for example, we experience pleasantness or unpleasantness (positive or negative feelings) towards product/service offerings; these reactions are based on our beliefs which are in turn a result of our motives, learning and cognition, experiences, socialization processes etc. We also experience feelings of joy or sadness, with respect to certain brands, or other marketing stimuli, and the changes made therein. These emotions have a bearing on the moods that are emotional states specific to a stimulus, and like emotions, they are good or bad, positive or negative. Consumer moods can be induced through marketing communication, point-of-purchase stimuli and service encounters.

Consumer emotions and moods have implications for a marketer. A good understanding of these psychological states can help a marketer design a stimulus that leads to positives states; the assumption being that when a consumer is on a positive state as far as emotions and moods are concerned, he would be more receptive to the product/service and the brand offering. The study of emotions/moods can be useful for a marketer in the following ways:

1. An understanding of the subject can help the marketer in triggering positive emotional states and pleasant receptive moods amongst consumers.

a) a positioning strategy or an appeal that dove tails perfectly with the need/motive can make a consumer more receptive to a product/service.

b) the design of the 4Ps can also induce positives states; for example:

- Aesthetics, attractive design, good looks, colour etc., arouse positive emotions and moods states.
- Discounts, special allowances and price reductions, also lead to curiosity, excitement and delight.

- The store layout, the display of products, service encounters, the attitude of the salesmen in the store, and other point-of-purchase stimuli also lead to good/bad mood states.
- The promotion strategy also leads to emotional/mood states, eg. the advertisement, the message content, the context, music, jingle and spokesperson/celebrity etc. In fact, the communication cue, whether print or audio visual, can lead to emotional responses; this emotional response affects the consumers' attitude towards the advertisement, which in turn affects the attitude towards the brand, i.e., attitude towards the advertisement, affects attitude towards the brand. If the communication cue leads to feelings of pleasure and happiness, the consumer would be inclined towards the purchase of the brand offering. Advertisements must thus be designed in a manner that evokes positive emotion and mood states.

Consumer Behavior Models based on Involvement

Consumer involvement affects the ways in which consumers seek, process, and transmit information, make purchase decisions and make post-purchase evaluation. As the level of consumer involvement increases, the consumer has greater motivation to gather, comprehend, elaborate and assimilate on information. A marketer needs to design his marketing mix in a manner that he can activate the involvement process to his favor, and marketing communication has a key role to play. A few models have been proposed that are based on consumer involvement;

The Low-Involvement Learning Model:

As explained in the previous section, low involvement products are those products that are inexpensive or maybe moderately priced; they are low in value and risk; and, are frequently purchased. Often, they are purchased as a matter of routine. Example, toothpaste, soap, bread etc. For such products, the consumer gives little thought, and feelings may not be formed for the product until after the purchase has been made. So the tri-component, cognition, attitude and behavior are arranged in a manner such that cognition leads to behavior that finally leads finally to attitude. Cognition → Behavior → Attitude. (Hierarchies of effects for low and high involvement decisions, Assael, 1992).

Marketing communication through audio visual media, i.e. TV and radio follows this principle. Through the advertisement, the marketer educates the consumers about his product offering and the brand; this may be a new

product or a modified version of an existing product; he tries to create awareness and form beliefs about the brand. At this stage he does not aim at forming/changing attitudes; he just aims at developing cognition through the message content. Thus, the marketer tries to replace the old beliefs with new ones, without first changing the attitude. Further through special effects and picturization of the product/service offering, message context, jingle and music, as well as the celebrity/spokesperson, the marketer tries to elicit a behavior on part of the consumer to buy his product. If the consumer is satisfied with the purchase, he feels that he has received a positive reinforcement, and he learns to buy the same brand again. On the other hand, if he is dissatisfied, he receives a negative reinforcement and the likelihood of repetition of that behavior (i.e. of buying the same brand) is reduced.

a) High Involvement/High Thinking: This quadrant of the matrix consists of high involvement and thinking, typically signifying higher level of rationality. Products that fall into this quadrant are high involvement products, where decision making involves a lot of thinking. Because of the nature of product/service offerings that fall in this category, consumers have a high need for information. Also, consumer decision making is driven by economic motives. Examples of products that would fall into this quadrant include cars, laptops, real estate etc as well as innovative products. The strategy model is learn → feel → do.

b) High Involvement/High Feeling: This quadrant is representative of situations which are high involvement and high feeling; while there is a level of involvement, information and thinking is less important than the feeling factor; this is because such purchases are related to the persons self-esteem. The affect component is stronger than the information factor. The person is drawn by the feeling, emotional and psychological motives; and, they become a "feeler" about the product. Examples include sports cars and motorcycles, fashion apparel and jewellery, perfumes etc. The strategy model is feel → learn → do.

c) Low Involvement/Low Thinking: The third cell requires minimal effort on the part of the consumer, both in terms of involvement and thinking. It actually results from habit forming within the consumer (or the doer), as a result of habitual buying and purchase. He becomes a reactor in the sense that whenever he has a need, he reacts and immediately purchases whatever brand he has been purchasing. Over a period of time, almost all products would fall into this quadrant. Examples of products that would involve the low involvement/thinking dimensions include staples, bread, stationery, soap etc. The strategy model is feel → learn → do.

d) Low Involvement/Low Feeling: The products that fall in this quadrant signify low involvement and low feeling; yet, they promote self satisfaction. Consumers buy such products to satisfy personal tastes, many a times influenced by peer influence and social pressures. Examples include cigarettes, liquor, movies etc. The strategy model is do → feel → learn.

CONSUMER INVOLVEMENT AND IMPLICATIONS FOR MARKETERS

Consumer involvement has implications for a marketer. Consumer involvement affects how consumers gather, comprehend and transmit information, make purchase decisions and make post-purchase evaluation. Thus a marketer needs to understand the process and design his marketing mix in a manner that can activate the involvement process to his favor. The study of consumer involvement can be useful for a marketer in the following ways:

1. The study of consumer involvement helps a marketer assess how the majority of your target market relates to the purchase of the particular product/service category, in terms of high/low involvement. If the majority of the target segment views it as a high involvement, the decision making becomes rational, although there may be an emotional and egoistic element too. For example, while buying an automobile, a rational mind would look to mileage, engine etc.; an emotional mind would think of color, aesthetics, style; and an egoistic mind would relate it to pride and prestige. On the other hand, if the majority of the segment treats it as of low involvement, the decision making becomes emotional.

2. The marketer could gain insights into high involvement and low involvement purchase situations, and accordingly bring about changes in his marketing strategy. For high-involvement purchases, the consumer searches for information extensively; thus a marketer the marketer needs to provide information about the product category as well as the brand. Marketing communication should focus on product features, attributes, benefits etc. Information on brand differences also needs to be emphasized upon. Longer format media need to be used like (i) print in newspapers, magazines, journals and brochures; (ii) videos.

As far as low-involvement purchases are concerned, these are generally routine in nature; the marketer needs to use emotional appeals. Attempts should be made to create and maintain brand loyalty. Point-of-purchase stimuli, store display and attractive merchandise can also help boost sales. Advertising should focus on audio visual media through emotional appeals.

3. If a marketer is confronted with both high involvement and low involvement segments, he can deal with both the segments separately by bringing about changes in the marketing mix. However he needs to take such a decision after understanding the size and potential of each of such segments; if only a small segment operates on a low-involvement or on high involvement, may not be feasible to cater to both.

DEFINITION AND MEANING OF CONSUMER LEARNING:

Learning is defined as a relatively permanent change in the behavior that occurs as a result of experience of self or others. There occurs an enhancement of knowledge, skills and expertise which are relatively permanent. Consumer learning is defined as a process by which people gather and interpret information about products and services and use this information/knowledge in buying patterns and consumption behavior. As Schiffman has put it “consumer learning can be thought of as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior”. Consumer learning may be intentional, where learning is an outcome of a careful search for information; learning can also be incidental, where learning occurs as a matter of chance, by accident or without much effort.

BASIC ELEMENTS, NATURE AND CHARACTERISTICS OF CONSUMER LEARNING:

Elements of Learning:

The learning process comprises certain elements/ components, viz., motivation, cues, response and reinforcement. Each of these is explained below with the help of two examples

Table 1: Example: Basic element of Learning Example 1 An MBA student requires a business suit for his interview	Example 2 A man is shopping in a mall and feels hungry	
Motivation - Relevance of need and goal - A need that motivates action	Requirement of a business suit for interview.	Hunger need triggered off.

<p>Cues</p> <ul style="list-style-type: none"> - A stimulus or symbol to drive action - It directs a drive when they are match consumer expectations 	<p>Discounts/Sales; Or, Good deals; Or, Good designs.</p>	<p>Smell of cakes and pastries; Or, Good, well-lit confectionary store with good display of goodies to eat; Or, Billboards and banners publicizing brand etc.</p>
<p>Response</p> <ul style="list-style-type: none"> - Action to satisfy need. - The reaction or behaviour relative to a drive or a cue 	<p>The student sees a discount in a store and goes and buys from the shop; Or, He is unable to find a color of his choice but he likes the brand/dealer and so decides to come back after a week when the fresh stock arrives and he can get the color of his choice.</p>	<p>The man goes and buys the pastry.</p>
<p>Reinforcement</p> <ul style="list-style-type: none"> - The feedback a consumer receives. - The reward or action. 	<p>If he buys the suit and finds it comfortable and long lasting, he would buy the same brand or buy from the same shop again. In case he doesn't he would change his brand.</p>	<p>He likes the pastry and asks for more. He does not find it good and eats something else somewhere.</p>

a) Motivation: As has been explained in the earlier session, consumer motives lie at the very heart of consumer behavior. When a consumer is faced with a need/want situation, there occurs an urge within him to act towards fulfillment of the need/want through the problem solving/decision making process. So he is motivated to search for information, either internally from his memory or externally through commercial, non commercial and public sources or through experience of self and others. This desire to search for knowledge and information about the product/service gets intensified with the degree of relevance or involvement.

The marketer can play an important role by (i) identifying or helping the consumer identify the sub-conscious and hidden motives; (ii) triggering off motives and desires; In both these ways, the consumer would be motivated to search for information, in so far as that product/service would help satisfy the need/want.

b) Cues: A cue may be defined as a weak stimulus that gives strength and direction to the motives; All the 4Ps could act as cues and give direction to motives; eg. the packaging of the product (colorful design; easy to carry; reusable containers), price (discounts, sales), place (store display, store layout, window dressing) and promotion (advertisement).

c) Response: The behavior of a person constitutes the response; i.e. how a person reacts to a drive or a stimulus, reflects a response. This response could take various forms:

- It may be overt and lead to an action; the consumer may decide to purchase the product/brand. Or,
- The response may just be learning for the future, i.e. the purchase is postponed for future; he decides to buy at a later date. Or,
- A favorable image about the product and the brand may get created; the consumer develops an intention to buy; as and when the consumer decides to make the purchase, he would consider that brand.

d) Reinforcement: An action always has a reaction; based on the reaction, the behavior gets reinforced. In other words, if the action (behavior) is followed by a reaction that is positive or pleasant or rewarding, the action (behavior) gets positively reinforced; the likelihood of repetition of that action (behavior) increases.

The same holds true *vive versa*. If the action (behavior) is followed by a reaction that is negative or unpleasant or unrewarding, the action (behavior) gets negatively reinforced; and the likelihood of repetition of that action (behavior) decreases.

In terms of consumer learning, if a person buys a particular product/brand, and the purchase leads to satisfaction and delight, and lives up to expectations, the consumer would feel that he has got value for money. Through a positive reinforcement, learning would take place, and the consumer would prefer to buy the same product/brand in future. On the other hand, if he feels dissatisfied, again learning would take place and he would learn not to buy the same product/brand in future. In fact, positive reinforcement could develop brand loyalty.

Nature and Characteristics of Learning:

Consumer learning can be better explained by understanding the nature and characteristics of learning:

a) Learning involves a change in behavior; in terms of consumer learning, it implies that a consumer who is exposed to the marketing stimuli, may react to it through its purchase and consumption; if his experience is satisfying, he would repeat the purchase behavior in favor of the brand. In case he is not satisfied, he would switch over to another brand. Thus learning involves a change in behavior. This change in behavior is relatively permanent. Learning also leads to development of attitudes. Until and unless an attempt is made to change this behavior, it continues. For example, a person learns that Pepsodent toothpaste fights tooth decay 24 hours, and is better than Colgate. Now because of this learning, he develops a predisposition that Pepsodent is better than Colgate. He would continue to purchase brand, Pepsodent. It is only when another brand say, Colgate or Close up begin to claim and prove with data that they fight tooth decay better than Pepsodent, would the consumer change his preference from Pepsodent to another.

b) The change in behavior occurs because of experience, there has to be some kind of an experience for learning to occur. This experience could be direct (self-experience) or indirect (experiences of others, and word of mouth). A consumer learns about a product/service category and the varying brands either on his own or from others. His pleasant experiences with the product/service category, lead to a positive opinion about the brand, and would eventually develop into brand loyalty. On the contrary, his unpleasant experience, leads to a negative word of mouth and switchover to other brands.

This leads us to another characteristic of the learning process that has been explained above as an element of learning. Learning must be reinforced to have an impact; if learning as a process is not reinforced, the behavior would disappear. This reinforcement could be positive or negative. Through a positive reinforcement {where a purchase (action) is followed by a satisfaction (reaction)}, learning would take place, and the consumer would prefer to buy the same product/brand in future. In case of a negative reinforcement {where an purchase (action) is followed by a dissatisfaction (reaction)}, learning would take place, and the consumer would learn not to buy the same product/brand in future. Learning also leads to development of attitudes.

c) Apart from experiences, consumer learning also reflects the impact of (i) marketing (commercial) and non-marketing communication (interpersonal/non-commercial), as well as (ii) background characteristics.

Marketing communication (advertisements, publicity, personal selling, sales force etc.) as well as interpersonal communication have a big role to play in consumer learning. The marketer educates the consumer about the product/service category, attributes, benefits, features, price etc. The consumer also learns about the brand from the dealer or even from the packaging/labeling. Interpersonal communication with family, friends, peers (word-of-mouth), opinion leaders etc. also impacts consumer learning.

Consumer learning also reflects personal, demographic and psychographic characteristics. Age, education, income, occupation, lifestyle, values, attitudes, personality, perception, social class, culture and sub-culture, all of these impact the knowledge base of a person and impact his purchase and consumption patterns.

d) Learning is a cognitive process and can only be inferred through our actions and behavior. Learning includes exposure to information, its processing and storage; this entire process cannot be observed directly, and is only reflected in our behavior. In terms of consumer behavior, we could explain consumer learning by observing the behavior of consumers in a store. For example, majority of the people who buy health tonic for their children purchase the Complian brand. This would give an input to the dealer that Complian is a popular brand and is favoured over Boost and Bournvita. Heinz India Pvt. Ltd. would be able to interpret this behavior on the part of the consumers as customer satisfaction and popularity with its brand Complian. On the other hand, GlaxoSmithKline and Cadbury would infer that they need to improve upon Boost and Bournvita respectively.

e) Learning is a continuous process. A person is exposed to information/knowledge and/experiences all the time; he interprets these, learns from them and stores these in his memory for retrieval. This addition of knowledge to the memory bank may alter/modify existing information (this entire bank is called the Associative Network). The upgraded information provides a basis for future behavior.

Consumer learning as a continual process where knowledge is ever evolving as a result of (i) marketing stimuli (watching or reading about newer products/services and brands, their features, prices etc. and thinking about them); or, (ii) discussion with family, friends, peers, colleagues, blogs and public forums; or, (iii) direct experiences (self) and indirect experiences (Word-of-Mouth). This knowledge gets integrated into the memory with the other information stored earlier; infact, this newly acquired information would alter/modify existing information, and acts as a basis for future purchase. For example, if Samsung launches a new model of a microwave which is an improvement over the previous model, the new inputs provided through the advertisement add up to the existing information about the Samsung and its microwave models. When a person wants to buy a microwave, he would also include this brand and the model in his evoked/consideration set.

f) Learning may be specific/intentional, ongoing and incidental.

- Consumer learning is specific/intentional when it is directed to a specific need and problem solving; it is deliberate in nature and specific to the situation, where the person intends making an immediate purchase. Example: student enters college and needs to buy a laptop so that he can work on his assignments. So he searches for information, talks to dealers, friends etc. and obtain knowledge.
- Ongoing learning is long drawn; the consumer intends making the purchase sometime in the future, and is searching for information and adding up to his associated network. Example: the same student, has been thinking of purchasing the laptop since the past five years, and over these past 5-6 years, he has been gathering information specific to the laptop as a product category and also about the various brands available.
- In incidental learning, learning occurs incidentally as a byproduct of something else; It is not deliberately sought and is totally unintentional; it is acquired by accident or without much effort. Example: the student goes to a mall; he has gone there to help his mother buy a microwave oven; there in the store, he attends a demonstration of a new laptop that is being launched.

- There are two approaches to the study of learning, viz., the behavioral theories of learning, and the cognitive theories of learning. While the theories underlying these two approaches are dealt within the next session, they are briefly explained here.

a) Behavioral theories of learning: According to this approach, learning within an individual takes place in response to events/happenings/stimuli in a person's external environment. They explain learning in terms of observable responses to external stimuli or as a relationship between stimulus and response. The main proponents of this approach were:

- Ivan Pavlov, who conducted the famous experiments on the dog; His theory came to be known as the Theory of Classical Conditioning.
- Burrhus Frederic Skinner, who conducted his experiments with rats and pigeons; His theory came to be known as the Theory of Operant Conditioning or Instrumental Conditioning.

In order to illustrate the two approaches in terms of consumer behavior, let us take an example. A new detergent + starch combination gel is launched by Hindustan Uniliver Ltd. It is specially developed for cotton clothes, and the USP of the product is that it does not only clean them but also applies starch on them, making them clean and crisp after application.

Classical Conditioning: A person who is loyal to HUL and buys many of their brands as he finds them to be of quality, would also buy this new product (stimulus generalization).

Operant Conditioning: HUL decides to give free samples in small 25 gm pouches, with products like Lux, Pepsodent etc. The person who buys a Lux or a Pepsodent, would get a sachet of this new product free; he would try it and if he finds it satisfying, he would desire buying a larger quantity pack to be used regularly (positive reinforcement).

b) Cognitive theories of learning: Theorists of this approach believe that learning takes place as a result of a person's conscious and deliberate information processing and storage activity, often in response to problem solving. Thus, learning is a function of mental processing. One of the main proponents of this theory is Edward Tolman, who experimented on rats. In terms of consumer learning, any kind of extensive problem solving, on the part of the consumer, is cognitive and would be included under this approach. This would include gathering, processing and

interpreting information; storing it in memory; and final retrieval when required.

PERSONALITY

DEFINITION AND MEANING OF CONSUMER PERSONALITY

The sum total of an individual defines his personality. Just as an individual has a personality, similarly products also have a personality of their own. A study of personality as a subject area in consumer behavior assumes importance as consumers generally decide on product/brand choices on the basis of their personality. A person's decision with regard to the brand as well as the timing and place of purchase, the amount purchased, its usage and disposal, are all based on his personality. Consumers generally buy those products/brands, whose personality matches their own, or they buy such products/brands that help them fight their inferiority. Thus, the study of consumer personality, personality traits and types as well as general and consumption specific personality traits is important, and holds relevance for a marketer in the design, development and implementation of his marketing strategies.

Personality is defined as a sum total of outer physiological as well as the inner psychological characteristics that determine and reflect how a person reacts to his environment. It exhibits itself through a unique psychological makeup that activates behavior on the part of an individual in response to forces in his or her environment. However, the emphasis is on the inner characteristics, i.e., the qualities, attributes, traits, and mannerisms that differentiate one individual from another individual, and make him unique in his own way. It is noteworthy that as individuals we possess such traits, and people who share a particular trait(s) are said to belong to a personality type. Specific to environment here, is the social environment, which posits the social dimension of a person's psychological makeup. A person's personal make up is to a large extent influenced by his social environment, viz., the family, friends, social class, sub culture, culture, nationality and the environment in which he grows up. As Schiffman has put it consumer personality refers to the "unique dynamic organization of characteristics of a particular person, physical and psychological, which influence behavior and responses to the social and physical environment." It is a consistent repeated pattern of behavior.

The term personality has been defined variedly, so has been the evolution; while some researchers have stressed the influence that heredity has on the make-up of personality, others have also included experiences in early childhood; still others have laid emphasis on as well as environmental

influences across different periods in a person's life cycle, and illustrated how personality continues to develop over lifetime. The approach towards the study has also been debatable. While some look at personality as a unified whole, others focus on specific personality traits.

Consumer personality is defined as the characteristics that determine and reflect how consumers make choices with regard to buying patterns and consumption behavior. Consumer purchase patterns are always influenced by their personality traits. Just as we consumers, have different personality make ups, the decision choices with regard to purchase of products/brands also differs, especially with the assumption that consumer prefer such product/brand choices that match their personality traits. Such personality traits could be general as well as consumption specific.

CONSUMER PERSONALITY AND ITS NATURE:

Consumer personality can be better explained by understanding the nature and characteristics of personality:

1. Researchers offer varied opinions as to the evolution of personality; while some argue it is inborn and based on heredity, others illustrate the role of childhood experiences as well as experiences over life span, environmental influences as well as sudden events that mould and change one's personality.

2. Every person is unique in oneself, and thus personality reflects individual differences. All individuals have internal characteristics or traits. There also exist consistent and measurable differences between individuals. The inner characteristics that constitute the personality make up are unique in themselves, having arisen from heredity, childhood experiences, events and incidents across lifetime and as well as impact by the environment; thus, no two people are alike and each one of us exhibits a unique personal make-up. Yet, while we are different, we may be similar to each other on a trait (s), and could constitute a personality type (s). This could have implications for a marketer who could treat each personality type as a separate segment, position his offering accordingly and design the 4Ps.

3. An individual's personality remains consistent over time and is enduring in nature. As such it cannot be changed easily, quickly and frequently. This consistency and stability manifest itself even in buying and consumption patterns and marketers need to learn how to overcome them. For example, i) the marketer needs to match his product/brand personality with the consumer's personality; it can never work the other way round; ii) the marketer would have to design his 4Ps keeping in mind the target segment's

personality type, be it pricing or promotion or even selling. However, while people exhibit consistency and stability in their patterns of behavior, it could vary because of psychological, socio cultural and environmental factors; same hold true for consumer behavior and consumption pattern may vary because of such pressures. For example, a person may agree to buy a brand that does not match his persona because of social pressures.

4. Personality can change under certain circumstances and over life span, like for example in reaction to abrupt events/incidents/situations as also due to gradual maturing with age.

PERSONALITY TRAITS AND PERSONALITY TYPES:

We need to differentiate between a “personality trait” and a “personality type”. As mentioned in the above section, as individuals, each one of us is unique with a wide array of qualities, attributes, traits and characteristics. However, each one of us shares with each other a quality or a few trait (s). When we share a trait (s) with another (others), we are said to be similar on that trait and thus we together with the other person (s), is said to fall in a personality type.

In other words, a personality trait is a person's inclination to behave in a particular way while interacting with the external environment to achieve goals; this would be specific to an area of a person's life. Many personality traits put together, comprise the personal make-up of a person and culminate into his personality.

On the other hand, a group of people who share personality traits are said to fall into a personality class; they are expected to react to the environment in a similar manner as they are similar to each other on the basis of certain trait (s).

For example, stubbornness may be a trait; dogmatism would become a personality type.

MEANING OF SELF CONCEPT AND SELF IMAGE:

The two issues, self-concept and self-image, have been widely researched and dealt upon in studies on consumer behavior. Every individual makes a self-assessment of himself/herself, and forms opinions of himself/herself. He sees himself as an “actual”, and as an “ideal”. Based on such an image, he acts out his behavior, both general and specific to consumption behavior. The study on self-concept and self-image lay emphasis on such aspects of personality that are expressive of an individual's image of him or herself. They hold relevance for a marketer in the sense that consumers hold opinions of their

own personalities, and such individual opinions have an impact on their decision making as well as usage and consumption patterns. Many a times this assessment of self-concept and self-image have a greater impact than even the personality traits; as such while we could make broader generic conclusions with personality traits, the self-concept and self-image help us make specific conclusions.

Theories related to self-concept indicate relationships between a person and his/her social system, and conclude how this relationship affects a person's personality make up. In other words, an individual's interaction with others around him affect his personality development, through self-concept. While earlier theories like the Freudian theory and the Trait theory also recognize the role played by social forces in the development of an individual's personality, there is a difference. The former theories recognize the role social forces could play in grooming one's personality in the past, self-concept theories focus on the influence that such forces have on one's current personality pattern.

Self-Concept:

The self-concept comprises two components, viz., the "actual self", and the "ideal self". The first, i.e., "actual-self", refers to an individual's perception of what/who he or she is; the second, i.e., "ideal-self", refers to an individual's perception of what/who he or she wants to be. Both of these concepts are related to each other. An individual can express his personality in two ways; depending upon the priority that is assigned, the resultant behavior would differ. For example, the person can either act out his "actual self" and behave as he is, consistent with his existing personal make-up. The other alternative would be to act out in a manner that is close to or similar to the "ideal-self", something that he wants to be, thereby increasing his self-esteem. An individual faces a conflict when there is a big difference between the "actual" and "ideal" self, and the choice to behave as "actual" or "ideal" depends on the situational context. Thus, individual's are not a "single self"; they are "multiple-selves", and would act differently in different situations.

As a consumer, also the two, "actual" and "ideal" selves come into play in the marketplace. While a consumer tries to relate his personality with the personality of the product/service offering, and the brand, the "actual-self", comes into play; on the other hand, when he tries to match the product /service and the brand personality with his aspirational group, and aspires to buy the same, the "ideal-self" comes into play. This confirms the assumption

that self-concept is closely related with personality, and individuals would buy such products/services, which match their concept and personalities.

Further, consumer's also exhibit "multiple-selves", and the same consumer could act differently at different times with different people; for example, he could buy prefer a blue colour today, and a black tomorrow. Again, whether the "actual-self" or the "ideal-self", comes into play would be determined by situational factors, which would include social visibility of purchase and usage, and the importance/relevance of the purchase for the person's self-image. This could have implications for a marketer in terms of market segmentation (use-benefit, and use-situation segmentation).

Self-Image:

Traits, characteristics, qualities and mannerisms of behavior, all put together create the self-image of a person. This self-image arises out of the person's background, values, lifestyles, experiences, etc. as well as interactions with parents, family, friends, peers etc.

In terms of marketing also, we as consumers possess a self-image. Similar to relationship between self-concept and brand personality, there also exists a relationship between self-image and the brand personality. Consumers match the product and/or brand personalities, with their self-image, and buy those where they find a close or perfect match. In this manner they attempt to reaffirm and preserve their self-image.

Based on findings from research undertaken in consumer behavior, various kinds of self-images have been identified, viz., actual self-image (how a consumer perceive himself), ideal self-image (how he would like to perceive himself), social self-image (how a consumer feels others perceive him, or how they think of him), ideal social self-image (how the consumer would like others to perceive him), and expected self-image (how the consumer expects to see himself in future). The expected self-image refers to something that lies between the actual and the ideal self-image, in other words, it is something what the consumer would like to be. It needs to be mentioned here that very often consumers' seek to "alter their self", and try and go for a personality change, for example they could go in for fashion apparel, grooming and cosmetic surgery, etc., and try and reach an ideal self.

As a consumer, which of the self-images comes into play would depend upon the i) product/service offering and, ii) the situational factors, which would include social visibility of purchase and usage, and the importance/relevance of the purchase for the

person's self-image. For example for convenience goods or day-to-day household goods, the consumer would base his purchase on his actual self-image. On the other hand, for shopping goods or specialty goods, he would be guided by the social self-image or the ideal self-image. This could have implications for a marketer in terms of market segmentation and positioning. Self-image can be used as a basis to segment the market, and the marketer can then position his product/service offering as a symbol of such self-images.

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

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

DEFINITION AND MEANING OF CONSUMER PERCEPTION:

The term "perception" can be defined as the ability to derive meaning. Derived from the word "perceive", it refers to the ability of giving meaning to whatever is sensed by our sense organs. It is the process through which an individual interprets ones' sensory impressions to give meaning to them. Schiffman defines it as "the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world."

NATURE OF PERCEPTION:

Perception can be better explained by understanding the nature and characteristics of perception:

1. Perception is a complex process. After a stimulus is detected by the sense organs, the perception process comes into play and involves the interplay of three processes, viz., selection, organization and interpretation. It is a dynamic process.

2. It is also an intellectual process; it involves a lot of cognitive effort. Once sensation takes place, the perception process involves the selection, organization and interpretation of data.

3. Perception is broad in nature; it includes a physiological component (through sensation), as well as sociological and psychological components.

4. Perception is a subjective process as two people may perceive the same stimuli differently. While two persons may be exposed to the same stimuli, the manner in which they select them, organize and interpret them is different. This is because the two are impacted by their background, learning and experiences, motivation, personality, cultures, values and lifestyles, social class effects etc which may be different from each other.

THE PERCEPTUAL PROCESS AND THE MECHANISM:

The perceptual process starts when a person is exposed to a stimulus and the sensory receptors report the same to the human body. While the senses may be exposed to various stimuli, the human senses select only some of these at a point of time. This is because the sense organs have a limited capacity at a particular point of time. After the sense organs, report a few stimuli, the perceptual process takes over. Of the stimuli that have been detected, few are selected, organized and interpreted for meaning. This is known as perception.

During this process of selection, organization and interpretation, the human being is assisted by the memory bank or the information that is stored in his long term memory. This is known as the schema. The scheme acts as a filtering mechanism and helps select some of the stimuli, and then interpret and organize them. The selection, organization and interpretation by the human mind is done on the basis of i) characteristics of the perceiver, and ii) characteristics of the situation. The characteristics of the perceiver include learning and experiences, knowledge and beliefs, motivation, need and involvement, attitude, personality, social class, culture etc. All these constructs act as the bases of the schema, and put together affect the perceptual process. The characteristics of the situation include the time and location.

People perceive things differently because of their characteristics and backgrounds, and because of the different perceptual mechanisms that take

place. Although we may differ in such processes, universally speaking, the perceptual process comprises four components, viz., input, perceptual mechanism, output and behavior. Let us have a discussion on these.

i. Input: The input to the perceptual process refers to the various stimuli that surround an individual and exist in his environment. It could assume various forms, for example, it could be another person, object, thing, or situation. The perceptual process begins when the sensory receptors detect a stimulus in the environment, which acts as an input to the perceptual mechanism.

ii Perceptual mechanism: The perceptual mechanism consists of three sub-processes, viz., selection, organization and interpretation. Once the sense organs detect a stimulus in the environment, a person selects, organizes and interprets it through perceptual selectivity, perceptual organization and perceptual interpretation. Put together, these are known as perceptual mechanisms.

- Perceptual selection or perceptual selectivity refers to a tendency within a person to select one or a few out of the many stimuli present in the environment; this selectivity is based on one's demographic, socio-cultural and psychographic factors. A person would tend to select those stimuli that appear relevant and attractive to him.
- Perceptual organization refers to the process of organizing the various stimuli with other cues around so that a whole picture can be created. In other words, the various stimuli are organized and given a form. It is the process of organizing inputs into a definite, coherent and interpretable structure.
- Perceptual interpretation refers to the process of drawing in inferences out of the organized whole (of stimuli), and giving meaning to it.

iii Output: Once the input has been interpreted, it results in an output. This output towards the stimuli assumes various forms, for example, in the formation of emotions and moods, feelings and opinions, as well as attitudes and beliefs.

iv Behavior: The resultant behavior is an outcome of the output. Based on his emotions and moods, feelings and opinions, as well as attitudes and beliefs, a person would enact out a behavior. This behavior is a function of and will be reflective of such emotions and moods, feelings and opinions, as well as attitudes and belief.

CONSUMER IMAGERY:

Consumers formulate images of the marketing stimuli that they are faced with; this is referred to as imagery. The perceived images that get formed may relate to the product/service offerings and the marketing mix.

1. Product and service offering and Imagery:

The product and its image has an important bearing in today's era, when the market is competitive and not much differences exist within brands. While making purchase decisions, consumers are faced with numerous alternatives, and purchase decisions is often made on the basis of the image that the product/service offering or the brand holds.

Through positioning, the marketer creates an image of the product/service offering and/or the brand in the mind of a consumer. This positioning may be on points of parity, stressing how he is better than the competitor or it may be on points of difference, stressing upon the USP or the unique selling proposition. It is noteworthy that a marketer can position the same product or service offering differently or different segments, especially if it is targeted to more than one segment. The product/service offering may require a repositioning with change in the market like, entry of competitor brands, changing customer preferences etc. which is an expensive exercise both in terms of time and money.

The marketer also creates an image and personality of the product/brand in congruence with the self image and the personality of the target segment. The consumer tries and relates the product/brand to himself, his need and motivation, his self-concept and personality. He assesses the offering on the basis of the image and desires, for or against the purchase of such an offering. Those product offerings that match the personality are selected and bought; the rest are ignored. In other words, consumers buy such product that they believe are in congruence with their self image and their personality. The purchase of such offerings helps them preserve or enhance their self-images.

2. Perceived price and Imagery:

The manner in which a marketer prices a product and creates an image also has an impact on consumer decision making. The manner in which a consumer perceives a product to be i) fair/unfair; or ii) high priced, medium priced (fairly priced) or low priced, has an influence on his purchase intention, action as well as satisfaction/dissatisfaction. Price and the related issues are detailed as follows:

a) Fairness of price:

Consumers consciously or sub-consciously, give a lot of importance to fairness of price. A consumer always compares the price that he pays for an offering to that which is paid by other. Differential pricing strategies used by marketers (in case of economically poor people, or senior citizens etc) are looked upon by other customers as unfair practices. Perceived fairness of price leads to customer contentment and subsequent satisfaction. Any kind of unfairness leads to discontinuation of the brand usage and a switch over to other brands.

b) Reference price: Perception of price as high, medium (fair priced) or low:

The reference price is defined as a base price that a consumer uses to compare against another price. Reference prices may be internal and external. Internal reference prices are prices that are internal to the consumer, stored in his memory and retrieved from the memory bank, when required. For example, a lady bought sugar in July at the rate of Rs. 30 per kg. When she goes to buy sugar again after two months in the month of September, the shopkeeper asks her for Rs. 36 per kg. Her immediate reaction would be to comment that sugar has become expensive; this comment that she makes would be based on information retrieved from her memory bank and would be referred to as the internal reference price. External reference prices are used by the advertiser who communicates with the customer by mentioning that the product is sold elsewhere at a much higher price, than what it is being by this product brand or by this store brand. In other words, it is denoted as being sold at a higher rate in other places (like for example, “sold at other places as.....,we sell much lower at 20% discount). This communication is persuasive in nature to influence the consumer that the offer is a good buy and that the deal is a good one.

Prices are also perceived as high, medium or low. When studied in terms of internal and external, as well as high, medium or low, price is defined as plausible low, plausible high, and implausible high. When prices fall well within the range of market prices, they are referred to as plausibly low; when prices are such that are near the outer limits of the range, but within reasonable limits, within believability, they are referred to as plausibly high; and when, prices are such that they lie much above the realm of reasonableness, and the consumer's perceived range of acceptability, they are referred to as implausibly high. As long as the marketer's advertised price falls within a consumer's acceptable range, i.e. it is plausibly low or plausibly high,

it would be assimilated; else, it would be contrasted and negated and would not qualify as a reference point.

PERCEIVED RISK:

While making a purchase decision and immediately after having made a purchase, consumers experience a state of uneasiness and tension. The purchase process results in a state of anxiety and tension with respect to the negative consequences that could result from product usage. This state known as “perceived risk”; it refers to a feeling of uncertainty that arises within an individual when he fails to predict the consequences of product choice, usage and resultant experience. This feeling arises because the consumer cannot judge with certainty the consequences of their purchase decision. The circumstance that led to such a state is lack of information, newness of the product/service offering, complexity of the offering, high price, etc.

Types of Perceived Risk:

Perceived risk is of various types. Given below are the various types of risks with marketing examples:

1. Functional Risk: this refers to the risk which a consumer perceives when he is uncertain about the product’s attributes, features and overall benefit; His doubt is whether the product will perform as it is expected to perform?

Example: Will the microwave oven function well once I take it home?

2. Physical Risk: this kind of a risk is perceived when a consumer doubts about his and his family’s safety with respect to the usage of a product? It refers to the dangers that the product usage could bring with itself.

Example: Will cooking in the microwave oven emit harmful radiation and kill food nutrients, or will consumption of food cooked in a microwave lead to cancer?

Or. Will it lead to shocks and short circuit in times of voltage fluctuation?

3. Financial Risk: this kind of a risk is perceived when a consumer doubts as to whether the product is worth its cost? In other words, the consumer assesses the benefit versus cost of the product?

Example: Is the microwave at Rs. 20000, worth its cost (keeping in mind the benefits)? Will it serve me for 5 years?

4. Social Risk: this is the kind of risk that a consumer faces when he doubts the product purchase and usage to sanctions and approval by the social group or class to which he belongs.

Example: Will my old mother approve of such a product and at this high price (would she consider it worthy)?

5. Psychological Risk: this kind of a risk is perceived when a consumer fears social embarrassment.

Example: Is the microwave aesthetically appealing enough not to cause ridicule?

6. Time Risk: the consumer is uncertain and doubts whether his time has been wasted by making a wrong choice or that he would have to spend time again if the product does not perform as expected.

Example: Will the microwave oven function well or would I have to replace it soon?

Perception of Risk Varies:

Perceived risk is subjective in nature and it varies across people, product and situation. In other words, the degree and intensity of perceived risk would be different for different people, it would be different for different products; and, it would also change with situation. It is noteworthy that consumers' perception of risk is affected by personal characteristics. Also, risk per se is irrelevant for a marketer as it does not affect consumer behavior. What is of importance is the risk that the consumer perceives, in the form of what we know as "perceived risk".

Risk varies across people:

Consumers perceive high degrees of risk while others perceive low levels of risk. The former, i.e. high-risk perceivers are referred to as narrow categorizers of risk. They are conservative in their approach, and approach the old and familiar brands rather than the new and unfamiliar. They restrict their product choices to a few alternatives, and prefer excluding the new and unfamiliar alternatives to the old and familiar ones (as they fear making a wrong decision). The latter on the other hand, i.e. low-risk perceivers are referred to as broad categorizers of risk. They are risk takers and approach the new and unfamiliar with ease. They make choices out of a wider range of alternatives (lest they make a wrong decision).

Risk varies across products:

Perception of risk also varies across product categories. For high involvement products, like premium products or specialty products, the perceived risk is much higher than low involvement products like convenience

goods or shopping goods. Also the cumulative effect of the types of risk (physical, functional, social etc) would vary across product categories.

Risk varies across situation:

Risk also varies across situation. It varies across the channels of selling (i.e. direct or indirect marketing); it also varies with time available for shopping.

How can Perceived Risk be handled:

Perceive risk can be lessened or even ignored, thereby ending the state of tension and anxiety. Some risk-reduction measures that can be taken by the consumer and by the marketer are as follows:

1. Information: Consumers can reduce the degree of perceived risk by acquiring more information. They can communicate informally with his family, friends and peers, or an opinion leader, or with experienced users; this word-of-mouth communication helps to reduce the level of risk considerably. The marketer can also play an important role by providing formal communication, through his salespeople, his channel members (dealers) as well as through print and audio visual media. Information should be provided by the marketer so as to reassure the buyers that they have made the right choice with respect to the product or service offering. The more information that a consumer has about a product offering, the more confident he would about the offering, and lower would be the perceived risk.

2. Brand loyalty: Consumers often decide to be brand loyal so as to escape feelings of uncertainty. They are well informed about the brand and so have tried and tested it before. Purchasing the same brand reduces or even eliminates any kind of negative consequences. So such consumers decide to restrict themselves to well-tested brand(s) rather than to venture out into buying the new.

3. Store loyalty: Similar to brand loyalty, some consumers try to be loyal to the store. They believe in going to stores where they have been before and have built successful relationships with the dealers or the retailers and the salespeople. Buying from such stores reduces their cognitive dissonance and related fears, as they can rely on after sales service, return privileges, warranty as well as other adjustments in cases of any dissatisfaction.

4. Brand image: Consumers may also decide to go by the brand image and make choices based on product reputation of quality, credibility and dependability. They may decide to go in for a trusted and well-known brand, rather than going in for lesser known or unknown brands.

5. Store image: Consumers often decide to go by the store image and make choices based on store reputation of credibility and dependability. This is particularly seen when consumers have no information or less information about the product or service offering. They go by the store image and adhere to the product or service choice recommended by the salesperson from the reputable store. A reputed store also provides the customer with a reassurance that any complaints that arise would be addressed to and adjustments made if the purchase results in any dissatisfaction.

6. Price: Sometimes consumer use price as a cue and decide to buy the most expensive model or variant as they feel that the most expensive offering would probably be the best in quality. A high price is seen as an indicator of good quality.

CONSUMER ATTITUDE

MEANING

An individual with a positive attitude towards a product/service offering is more likely to make a purchase; this makes the study of consumer attitudes highly important for a marketer. An attitude may be defined as a feeling of favorableness or unfavorableness that an individual has towards an object (be it a person, thing or situation). It is a learned predisposition to exhibit and act based on evaluation resulting in a feeling of like or dislike towards and object. In terms of consumer behavior, consumer attitudes may be defined as an inner feeling of favorableness or unfavorableness towards a product or service offering and the 4Ps.

DEFINITION

As Schiffman has defined, "Attitudes are an expression of inner feelings that reflect whether a person is favorably or unfavorably predisposed to some "object" (e.g., a brand, a service, or a retail establishment)," and "Attitude formation, in turn, is the process by which individuals form feelings or opinions toward other people, products, ideas, activities, and other objects in their environment".

In terms of consumer behavior, an attitude is reflective of a consistent favorable or unfavorable feeling that a consumer or a prospect forms as a result of an evaluation about an object; the object being, a product/service offering, brand, price, store and dealer, salesperson, advertisement, promotion etc. As Schiffman puts it, it is "a learned predisposition to behave in a consistently favorable or unfavorable way based on feelings and opinions that result from an evaluation of knowledge about the object". It is noteworthy that

attitudes cannot be directly observed, the reason being that they are impacted by psychographics like motivation, perception, and learning. Attitudes can only be inferred from what people say or what they do and how they behave.

NATURE OF ATTITUDES:

Consumer attitude can be better explained by understanding the nature and characteristics of attitude. Attitudes are composed of three components, viz, a knowledge or cognitive component, a feeling and affect component and a behavioral and conative component. In terms of consumer learning, the attitude would express a consumer's feeling of like or dislike about a product or service offering and the marketing mix. The knowledge component is reflected in the learned knowledge that a consumer obtains from his interaction with others as well as his own experiences. The feeling component is reflected in his evaluation, and the resultant feeling of favorableness and unfavorableness. The behavioral component is reflected in the predisposition to act (purchase) based on the evaluation. Based on this explanation, the nature of attitudes can be elaborated as follows:

1. Attitudes are directed towards an object (product/service offering, price, store, dealer, promotion, advertisement etc.) about which a consumer has feelings and beliefs.

2. Attitudes have a direction; they could be positive or negative. A consumer could possess feelings of like/dislike, favorableness and unfavorableness towards a product or service as well as the mix. They vary in degrees and intensity, and can fall anywhere along a continuum from very favorable to very unfavorable.

3. Attitudes are consistent in nature, particularly with respect to the third component, i.e. behavior. Consumers are consistent with respect to their behavior. However, they are not entirely permanent and may change if the cognitive or the component is changed. This implies that if the consumer witnesses new experience or is exposed to new information about product/service offering and the mix (cognition), and) feelings are changed from dislike to like (affect), attitudes towards the offering and the mix can undergo change. In other words, while attitudes are stable and do not change frequently, they can be changed if something is done to change them.

4. Attitudes are a learned predisposition. Attitudes are learned; they are formed as a result of i) self experiences with the product/service offering and the mix; ii) interaction with other people, be it family, friends, peers and colleagues; iii) information obtained from the marketer through promotion

particularly advertisements as well as dealers and salespeople. Attitude formation as a process is impacted by needs and motivation, perception as well as learning.

5. Attitudes cannot be observed directly. While attitudes are comprised of three components, behavior is just one of them. It is only this component that can be seen; the cognitive and affect components cannot be seen. Thus it is said that attitudes cannot be seen; they can only be inferred from the manner in which an individual behaves. Thus, we can infer that a person who buys Colgate Total toothpaste and disregards Pepsodent has a positive attitude towards Colgate.

6. While attitudes can be inferred from our behavior, it is not synonymous to behavior. It has two other components, and reflects a learned predisposition to act favorable or unfavorably towards a product and service offering and the mix.

7. Attitudes are situation specific; they occur within a situation. Sometimes depending upon the situation, a consumer may exhibit a behavior that may be inconsistent with his/her attitude. He may prefer to buy Pepsodent over Colgate because the former is on a sales promotion and gets him a free toothbrush.

ATTITUDE FORMATION AND CHANGE:

Attitude formation is of prime importance to a marketer. This is because he needs to develop positive attitudes for his product and service offering, as also his brand. Attitudes comprises three components, knowledge, feeling and behavior; while we can just observe behavior, the knowledge and feeling component remain hidden. Thus, we can infer that an attitude, (whether positive or negative) is formed based on the observation of one's behavior. That is why learning is defined as a change in behavior that occurs as a result of experience. Once attitudes are formed (as a result of learning), it is very difficult to change them. This section deals with the formation and change of attitudes.

a) Attitude Formation:

Attitudes are formed as a result of the **learning process**. The formation of attitudes can be explained through behavioral theories (classical conditioning, operant conditioning), cognitive learning and social learning.

i) Classical Conditioning: The principles of stimulus generalization, stimulus discrimination and repetition help formation of attitudes.

People prefer buying products that are associated with familiar brand names. Line extensions and brand extensions lead to favorable attitude formation. The favorable attitude is the result of repeated satisfaction with successful brands owned by a company; consumers associate the image and favorable attitude associated with the parent brand to the newly introduced brands from the same source. Also, by using successful celebrities as brand endorsers, companies try to form a positive association between the celebrity, and the "neutral" new product.

Consumers also have a positive attitude towards successful brands. The successful brand name is the unconditioned stimulus that, through repetition and positive reinforcement, results in an favorable attitude (the unconditioned response).

ii) Instrumental Conditioning: Generally, while making purchases, a consumer passes through cognition, attitude and behavior, in that order. However, in certain kinds of purchases, like low-involvement purchases, impulse goods, trials or situational factors, the sequence lies as cognition, behavior and attitude. Thus, attitudes develop following the act of purchase and consumption of the product.

In such cases, consumers tend to form attitudes based on the reinforcement that they receive. If the acts of purchase and consumption are followed by a rewarding experience in terms of consumer satisfaction, they develop a positive attitude towards the product or service offering and/or the brand. Else they are indifferent or may even develop a negative attitude towards the brand.

iii) Cognitive Learning Theory: Attitudes are also formed on the basis of information that a person collects about a product or service offering and/or a brand, from his environment. Such information could be specific to the product or service, or may be incidental, that gets stored in his memory. The consumer forms positive or negative attitudes based on information gathering, storage and retention, and on the basis of knowledge and beliefs. Marketers should be careful in providing knowledge about their product and service offerings, either in print, audio-visual media or even through their salespersons and dealers. However, they should focus on a few relevant features rather than providing excessive information; too much of cluttering leads to perceptual blocking.

Impact of sources in attitude formation:

While attitudes are formed as a result of learning, they are influenced by various sources. Such sources include self-experiences, as well as direct and

indirect influences; direct influences are influences from family and friends, salespersons (direct marketers) as well as dealers; indirect influences include influences via mass media, either print or audio-visual.

Self experiences have a major role to play in the formation of attitudes. Consumers form favorable and unfavorable attitudes towards product and service offerings based on self experiences. They try out product and service offerings and also evaluate them. Thus, marketers attempt at eliciting trial by offering sales discounts or even free samples.

Direct influences through interactions with members of family as also with friends and relatives, and primary reference groups impact the formation of attitudes. Salespersons as well as dealers also have a role to play in the formation of attitudes. These marketing representatives provide information to the consumers and attempt to favorably influence the potential customer's towards their product and service offerings and/or brands.

Indirect influences via mass media, either print or audio-visual provide information to the consumers and this helps in formation of attitudes. Consumers are kept informed by the marketer on various product and service offerings, features, attributes, prices as well as their availability. Marketers publish brochures and pamphlets. They distribute pieces of information via mass media, through newspapers, magazines and trade journals, as well as through advertisements on TV. Such information about the product and service offering and the 4Ps influences consumers' attitudes, whether favorable or unfavorable. Companies also have their websites where consumers often blog about their experiences. They publish consumer experiences and expert opinions, which affect attitude formation.

It would be noteworthy to mention here that both the split brain theory, route to persuasion and elaboration likelihood model could have implications; In cases of high involvement, the consumer would look for factual appeals, while in case of low involvement, he would be receptive to social and/or emotional appeals.

b) Attitude Change:

Once formed, attitudes are enduring and consistent. However, this does not imply that they cannot be changed. Attitudes can be changed in the same manner as they are formed, i.e. through learning. They can be changed by bringing about a change or alteration in any one or all of the components that make up the attitude, i.e. knowledge, feeling and behavior. Bringing about, changes in any or all of the tricomponents, requires immense effort on the part

of the marketer, who need to provide information via media as well as use reference group appeals and opinion leaders so as to influence modification of attitudes.

- **Attitude change via cognition:** Attitudes can be changed by providing information about the brand, and changing consumer beliefs about the attributes about a brand. It can also be brought about by changing the importance that consumers' attach to the attributes of a product.
- **Attitude change via affect:** Attitudes can also be changed by generating positive feelings and emotions towards a brand. Ambience of the store, reward schemes, well designed ads with celebrities etc., also create positive mood states that impact attitudes.
- **Attitude change via behavior:** Consumer attitude can also be changed by eliciting trial on the part of the consumer and encouraging him to use the product.

Newer information about product attributes, benefits, features etc is provided so as to bring about change in consumer beliefs and attitudes, consumers tend to experience some level of attitudinal inconsistency. Such feelings of inconsistency lead to uneasiness and tension in the minds of consumers and as a natural consequence, they attempt to seek consistency in thoughts, feelings, and actions. In fact, they desire a match between the tricomponents, and more so, want their attitudes to be in consistency with their knowledge.

Researchers have proposed two theories that address the issue of consistency among behavioral processes, viz., the cognitive dissonance theory and the attribution theory. As per the cognitive dissonance theory, a consumer would face a feeling of discomfort and dissonance, when the tricomponents, fail to match with one another, and the person's knowledge, feelings and behavior conflict with one another. In such a situation, the person would face cognitive dissonance and in order to reduce this dissonance, he would attempt to change the inconsistent cognitive elements. According to the attribution theory, it is a tendency on the part of human beings to attribute the reasons of their behavior on to their self (internal attribution) or to others (external attribution). Consumers also make attributions that match their existing beliefs, evaluations, and actions. They could also attribute the reasons for their belief on to others. Both the theories, i.e. the cognitive dissonance theory and the attribution theory result in subsequent attitude changes.

Attitudes can be changed/ modified through various means. The marketer could take measures that can influence consumer attitudes, by bringing about a change in the consumers' opinions, beliefs or evaluation of the product.

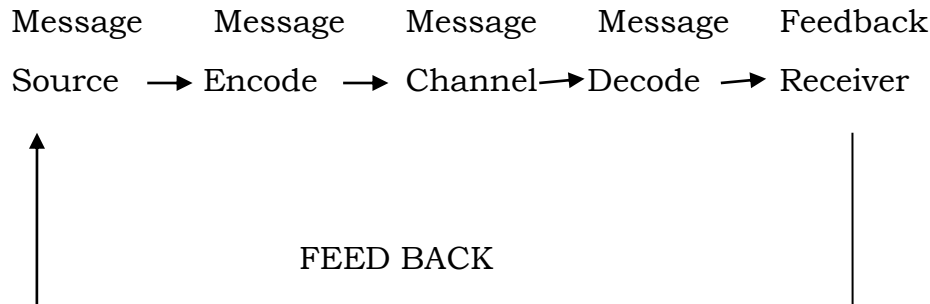
DEFINITION AND MEANING OF CONSUMER COMMUNICATION:

Communication is defined as the flow of information from a sender to a receiver with the latter having a proper understanding of it. Marketing communication or consumer communication may be defined as the flow of information about a product/service offering from a marketer to the consumer. This could assume two forms, i) it could be personal via interpersonal communication between the marketer and the salesperson or the dealer; or ii) it could be impersonal via a channel or a media (print, audio-visual etc.). Marketers make use of his promotion or communication mix, which comprises advertising, personal selling, sales promotion, publicity and direct marketing to communicate with their consumers. They inform the consumers, both current and potential about their product/service offering, as well as any changes brought about in the marketing mix. They try to keep the consumers well informed about the product/service offering, and the changes that are brought about. The consumers also on the other hand, keep themselves informed both through the marketer's efforts as well as through the informal interpersonal communication that they have with their family, friends, peers etc through word-of-mouth. Both the sources, formal (from the marketer), as well as the informal (through word-of-mouth) have an important role to play in communication.

COMPONENTS OF THE COMMUNICATION PROCESS:

There are three major components of the communication process, viz., sender, receiver and the media. Apart from these, there are two sub-components, viz., feedback and noise. The

Message is encoded by the sender, transmitted via a media, decoded by the receiver, who then provides a feedback. At every stage, the communication process could get impacted by a disturbance, which is referred to as "noise"; this noise isn't essentially a loud sound, but these are disturbances that could occur within the sender or the media or the receiver. These components can be elaborated as follows:

Figure: Elements of the Communication Process**Figure: Elements of the Communication Process**

i) Sender: The purpose of communication, expressed as a message emanates from the sender. He encodes the message by using words, pictures and gestures, and sends it via a media or a channel. Thus, the message consists of the subject matter that the sender intends to transmit to the receiver, and may take oral, written or gestural form.

ii) Media/channel: The media is the channel through which the information is transmitted. Communication could be interpersonal as well as impersonal; it is interpersonal, when two people interact with each other face to face by talking and listening, and the air and the sound waves constitute the media; it is impersonal when the communication takes place via print (newspapers, magazines, brochures etc) or broadcast audio-visual means (TV, radio, websites etc).

iii) Receiver: Once the message is transmitted through a media, it reaches the receiver, who decodes the message, to extract meaning out of it. There could be two kinds of errors that may take place here, i) amplification; ii) leveling. Amplification occurs, when a person adds up to the message, and exaggerates it. Levelling is the opposite of amplification, and occurs when the receiver deletes or erases part or whole of the message. After having decoded and comprehended a message, the receiver reacts with a feedback.

iv) Feedback: While the message moves forward from the sender to the receiver, feedback moves backwards, from the receiver to the sender, and thereby constitutes a loop. Feedback reflects as to whether the message has been appropriately understood by the receiver. It is also a means by which the sender gets to know of the receivers' reaction to his message.

v) Noise: Noise can affect every stage in the communication process. It is anything that disturbs and interferes with the communication process, and acts as a barrier to effective communication. It could be internal as well as external. It is internal, when it concerns the sender or the receiver, who are not able to pay much attention or are preoccupied with something else while encoding or decoding, leading to erroneous communication. Noise could also be external, when there is a disturbance in the environment (loud sound), or when there is a problem with the media (sound waves, air, poor reception of signal etc.)

Marketing communication

Marketing communication is defined as transmission of information from the marketer to the consumer through a media. The basic objective behind marketing communication is to inform a consumer (or a prospect) and to make him aware about the product/service offering, and the mix, build a favorable attitude towards the offering, and to encourage a purchase. Let us elaborate on the communication process, and more specifically on marketing or consumer communication.

i) Sender: The communication process is initiated by the sender, who is also referred to as the message initiator or the source. In the context of marketing management and consumer behavior, the sender may be formal or informal.

The formal source would include the company (marketer), viz, both public and private organizations, those working not-for profit, as well as those working for-profit. It could include commercial organizations, government organizations as well as non-governmental organizations. On the other hand, the informal source would include family, friends, peers, colleagues and people in our reference group, who provide us with information and advice about a product/service, (word-of-mouth communication). Research has shown that consumers rely more on informal sources of communication, i.e. family, friends, peers, colleagues and people in our reference group; this is because it is believed that informal sources do not have a hidden agenda or an ulterior motive of making sales. In other words, unlike the marketer, who comprises the formal source, the informal sources have nothing to gain.

The sender needs to decide what to say, whom to say, when and where. In any case, the objective of the sender is to provide information about the product/service offering as well as any changes made in terms of price, distribution and promotion.

Message and Encoding: Once the sender has decided what he wants to communicate, he encodes the information into a message to be transmitted to the receiver. The sender needs to think of his message strategy, i.e., what to say, how to say it logically and symbolically, and when to say. Thus, the message is illustrative not only of the information content, but also includes a physical format through words (verbal communication), symbols, pictures and images (visual communication) and gestures (non-verbal communication). While the information content would provide details on product/service offering, the price, the attributes, features, benefit etc, the physical form would be designed in a manner, so as to elicit emotions and moods, attitudes and imagery. So the marketer has to think of the message content as well as the message context; the former is factual and rational, the latter is emotional. The marketer needs to encode the message in a manner that is easily and accurately understood by the audience, both current consumers and prospects.

Once the marketer has decided what he wants to say and how, he encodes his message through words, pictures and images, and gestures. The message can be verbal, non-verbal, or a mix of two. The verbal message is best suited for factual/informational appeal, i.e. for providing product/service information. It is combined with an audio-visual demonstration/presentation and/or with symbolic, non-verbal means for creating a greater impact through generation of emotions and imagery within the customer. The two, verbal and non-verbal go together to create a long-lasting impact, both rational and emotional.

The marketer also has to decide on a channel and on the message spokesperson. He can have the message published (or broadcast) in the print media or the audio visual. He could make use of celebrities, experts, etc., and this leads to a discussion on the credibility of the source.

ii) Media: The medium is the channel that exists between the sender (marketer) and the receiver (consumer). It is through this communication channel that the message is transmitted from the marketer to the consumer. This channel could be i) interpersonal; ii) impersonal.

The interpersonal channel includes communication that takes place between a salesperson/dealer and a customer, either face-to-face or on telephone or on email/online. It could also be communication that takes place between friends (customer and prospect) as word-of-mouth. Impersonal media includes communication that takes place via print (newspapers, magazines,

brochures etc) or via broadcast audio-visual means (TV, radio, websites etc). The message could be verbal, non-verbal, or a mix of two.

iii) Receiver: The message is received by the receiver or the target audience, who decodes the message. In our context, the consumers comprise the receiver. While the message is actually meant for the current and prospective consumers (the target audience), there are other elements who also get exposed to the message, although the message is not meant for them. Such people are comprise the “intermediary”, and the “unintended” audiences.

Examples of intermediary audiences include channel members (wholesalers, retailers etc.) and professionals (architects, doctors, professors, etc.). While the former are sent trade advertising and persuaded to carry stocks of merchandise, the latter are provided with professional advertising and asked to recommend their products/services to their customers. Examples of unintended audiences are shareholders, bankers, suppliers, employees, and the public.

Message and Decoding: The message is received by the receiver, who decodes the message and responds accordingly. His reaction constitutes a feedback.

iv) Feedback:

Feedback is an important component in the communication process. It is the receiver’s response to the sender, i.e. the consumer’s response to the marketer’s message. It is important that the marketer obtains feedback as quickly as possible. It is the acid test to determine whether the communication has been effective or not, as it is through this feedback, that the marketer gets to know whether the message has been correctly interpreted by the consumer. It helps the marketer to add/delete/modify his message so that the message is better understood. The customer can address issues of concern and seek clarifications from the marketer.

Feedback is crucial in both interpersonal and impersonal communication. It is easier to read customer reaction and obtain feedback in interpersonal communication, than it is in impersonal communication. This is because in face-to-face interpersonal communication, the marketer gets input from verbal and non-verbal cues, which is not the case in impersonal communication. However, the marketer cannot afford to avoid customer feedback in impersonal communication. Market researchers try to infer customer reactions to impersonal communication by their action/inaction (whether they purchase or do not purchase).



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CONSUMER BEHAVIOUR – 15CCU504B

UNIT III
POSSIBLE QUESTIONS (8 MARKS)

1. Discuss – Brand Personality.
2. Explain the various levels of risk on consumer behavior.
3. Explain the basic element of consumer attitude.
4. Explain the basic element of consumer learning.
5. Why is the study of Consumer Involvement important for a marketer?
6. Discuss the consumer needs and motivation.



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Unit – IV

Sociological Influences – Consumer Groups - Consumer Reference Groups, Family and Life cycle, Social Class and Mobility, Lifestyle Analysis - Culture; Sub-Culture, Cross Culture - Interpersonal Communication and influence, Opinion Leadership.

SOCIOLOGICAL INFLUENCES ON CONSUMER DECISION MAKING

Introduction:

As has been mentioned in the previous module, consumer decision making process is impacted by (i) individual determinants that are specific to an individual and his self; and that take the form of psychological influences; and, (ii) group influences that are general across a class(es) of customers and take the form of sociological influences. The previous module dealt with the psychological influences on consumer decision making. This module deals with the sociological influences that impact consumer decision making; these include i) Consumer groups; ii) Consumer reference groups; iii) Family and Life cycle; iv) Social class and mobility, lifestyle analysis; v) Culture; Sub-Culture and Cross Culture. Apart from these the module also discusses the role played by Interpersonal Communication and Opinion Leadership.

MEANING OF CONSUMER GROUPS:

The term “group”, may be defined as two or more people who interact with each in order to achieve mutually agreed upon goals; such goals may relate to an individual or to the many who get together for the achievement of such goals. When we speak of consumer groups, we refer to individuals or group of individuals or the family who have a need and desire purchasing a good or service so as to fulfill the need and derive satisfaction. While speaking of groups, it becomes necessary to understand the various kinds of groups. Groups may be i) small or large; ii) formal or informal (based on purpose of formation, legitimacy and structure of reporting relationships). So far as consumer behavior is concerned, the focus lies on small informal groups. This is because small groups are more cohesive in nature, there is more of interaction and the members can influence the purchase patterns and consumption behavior of each other.

TYPES OF CONSUMER GROUPS:

Groups may be classified on various bases like i) number and size; ii) regularity of contact; and iii) structure and hierarchy. The various types of consumer groups are as follows:

i) *Primary and Secondary Groups:* The distinction between primary and secondary groups is based on the significance/relevance of the group to an individual, and the frequency of interaction between group members. Based on the regularity of contact and the importance given to subsequent interaction, groups may be classified as primary and secondary. When people interact with each other on a regular basis, and regard each others' opinions as valuable and

significant, they are said to constitute a primary group; an individual who interacts with others regularly, is said to be a member of that primary group. For example, family, neighbours, work peers, co-workers and colleagues. Secondary groups, on the other hand, are those, where the level of interaction is infrequent, irregular and occasional, and not much of value is given to other's judgments and beliefs. When a person interacts with others on an occasional basis, he is said to be a constituent of a secondary group. So far as consumer behavior is concerned, the focus lies on primary groups.

ii) Formal and Informal Groups: Based on the group structure and membership, roles and norms, as well as purpose of formation, groups may be classified as formal and informal groups. When the group structure and membership (membership roll list), roles (various positions, like president, secretary etc), group norms (do's and don'ts) and the reason for existence (goals of the group) are clearly defined, the group is said to be a formal group. On the other hand, when the group structure, roles and norms as even the purpose of the group are ill defined, or not defined at all, they are said to constitute an informal group. So far as consumer behavior is concerned, informal groups are of greater relevance to a marketer because with ill defined structures, and lesser of rules and regulations, there is greater opportunity for interaction between the members, better exchange of information and greater influence of each other on consumption patterns and behavior.

iii) Membership and Symbolic Groups: Groups can also be classified on the basis of membership as membership groups and symbolic groups. When a person belongs to a group by virtue of membership or even if he merely qualifies for a membership to that group, it is called a membership group. On the other hand, when a person does not form a part of a group and/or does not qualify to be a member of the group, but nonetheless adopts the values, norms and patterns of behavior similar to members of the group, he is said to be a member of a symbolic group. In consumer behavior, the focus lies on membership groups. To sum up, the focus in consumer behavior lies on small, informal, primary membership groups because such groups have the maximum influential impact on consumption patterns and consumption behavior. Speaking of such groups that are of maximum impact to consumer researchers, a discussion on consumer relevant groups becomes essential. The various consumer relevant groups with examples are illustrated in the table (See Table 1).

MEANING OF CONSUMER REFERENCE GROUPS:

It is a natural tendency on the part of an individual to look up to another as with comparison; each one of us looks towards another individual or a

group as a point of comparison. This group to which a person looks up as a point of comparison is known as a reference group. A reference group may be a person or a group to which an individual looks up as a frame of reference for his general and specific acts of behavior, values, opinions, attitudes etc. The reference person or the reference group exercises tremendous influence on an individual. This is true for consumer behavior as well. A consumer always has with him in his conscious and sub-conscious state, a person or a group that he looks up to as a reference point.

Consumer actually look up to reference groups because: a) He desires information before he actually decides to go in for the purchase of a product and service offering. As reference groups are regarded as impartial and have no hidden agenda like salespersons, consumers trust the former more than the latter. b) He wants social approval for the product/services purchased or the brands bought, and he feels that once he has this approval from the reference group, he would not face any kind of social embarrassment . c) He feels that he would be much at ease if he does something that others approve of. The reference group exercises impact on the manner in which a consumer selects, purchases and uses a product or service offerings and/or brands. He influences the purchase decision making process as also the purchase decisions, consumption patterns and resultant behavior. It is noteworthy that consumers have different reference groups; he may look towards one for guidance and advice of one product, and he may look towards another for purchase of another product. Gradually, the consumer begins to adopt the standards and norms used by the reference group(s) and behaves like them. Thus, marketers make effective use of reference groups in bringing about changes in a consumer's thinking and purchasing pattern.

TYPES OF REFERENCE GROUPS:

Broadly speaking, based on the kind of contact (regularity, frequency, direct/indirect), reference groups could be of two kinds, viz.

Primary reference groups and secondary reference groups. Such group(s) with which a person has a direct (face-to-face) contact and where a direct influence occurs, is known as a primary reference group(s). For example, family, friends, neighbours, superiors, peers, colleagues etc. At the time of its origin, reference groups were narrowly defined so as to include only such groups. Gradually the concept broadened to include both direct and indirect influences. So such group(s) with which a person has an indirect contact and where an indirect influence occurs, is known as a secondary reference group.

For example, movie stars and celebrities, sportsmen, successful business men, political leaders, religious leaders etc.

Based on the kind of influence that they have, reference groups can also be classified as normative reference groups and comparative reference groups. Those groups that influence general or broadly defined values, attitudes and/or behavior are known as normative reference groups. For example, for a child the family acts as a normative reference group; the parents (as family of orientation) have a big role to play in making us understand our value system as well as our acts of good and bad behavior. The parents teach the child his mannerisms, as well as what he should eat, how he should dress, and how he should behave. On the other hand, those groups that influence and serve as standards for specific or narrowly defined values, attitudes and/or behavior are known as comparative reference groups. For example, for the same child, his friend's family or a neighbor may constitute a comparative reference group. The child desires emulating their lifestyles, customs, traditions etc, which he finds exciting, admirable and praiseworthy (and something which may be very different from his own).

In terms of consumer behavior, the normative reference group may exert influence on the kinds of products that should be bought e.g. hygienic food, clean clothes, fresh fruits and vegetables etc. The comparative reference group may exert influence in terms of the things like junk food versus traditional food, fashion and fad as also the latest styles etc. Both normative and comparative reference groups have relevance for a marketer. While the former set the basic norms of behavior in terms of products to purchase, the latter is more specific in terms of brands to buy; in fact the latter depends on the former; i.e. the specific acts of behavior are governed by the general. Based on i) membership and level of involvement; as well as ii) the kind of influence (positive or negative) they have on values, attitudes, and behavior, reference groups may be classified into four categories (See Table 2), viz., contactual groups, aspirational groups, disclaimant groups, and avoidance groups. Table 2: Types of Reference Groups based on Cross-Classification Membership Non-membership Positive Influence Contactual group Aspirational group Negative Influence Disclaimant group Avoidance group

a) Contactual Group: A contactual group is defined as a group where people hold membership, meet face-to-face and have interaction, and where people abide by the values, norms, opinions and judgments that the group entails. This kind of a primary group has the maximum influence on a person, and his behavior. This has implications for a marketer in the sense that such groups impact purchase patterns and consumption behavior.

b) Aspirational Group: An aspirational group is one in which a person does not have a membership, and does not interact face-to-face, but he aspires to become a member. The group values and norms have a positive impact on the person, who desires membership to such a group. In terms of consumer behavior, these are secondary groups and impact a consumer's ideal self or desired self-concept.

c) Disclaimant Group: Here, a person holds membership with the group, but does not believe in the values, norms, attitudes and behavior of the group and its members. So the person acts as a deviant and behaves in a manner that is in opposition to how others in the group behave. In terms of consumer behavior, such people are referred to as inner-directed (and also detached), who want to set their own norms and patterns of behavior. These people could also act as innovators.

d) Avoidance Group: As the term denotes, this group is one where a person does not have membership, and he also disapproves of the values, norms, attitudes and behavior. He adopts such values and behavior that are in opposition to those that the group believes in.

FACTORS AFFECTING IMPACT OF REFERENCE GROUPS:

The impact of reference groups on the behavior of a person is subjective in nature; it varies across a) people; b) product and service offerings; as also c) situational factors. Nevertheless there are certain factors that affect the impact that a reference group generates on people. The factors that impact reference group influence on consumption behavior is explained as follows:

- i) Information and Experience:** The amount of knowledge and experience an individual possesses or has the capacity to possess determines the impact that the reference group can generate. A person who has information about a product and service offering, the brand, and the 4 Ps, and also possess some experience, would not look for advice from his reference groups, and it is unlikely that he would be carried away by advice from others. On the other hand, a person who is little or no knowledge and also lacks experience, would look towards primary and secondary reference groups for help and advice.
- ii) Power, credibility, and trustworthiness:** The impact that a reference group can generate also depends upon how powerful, credible and trustworthy the reference group is. When a reference group is powerful, and regarded as credible and trustworthy, there is greater probability of it being able to influence people. A person who looks towards reference groups for information and advice about product and service offerings as

also brands, always examines the credibility and trustworthiness of the group. He may also be fearful of the power of the reference group and would go by group-say out of fear or to avoid any undesirable consequences. He may also be looking for social approval and acceptance of others in his reference group. The probability of he being persuaded by such reference groups is high.

- iii) **Conformance with group and social approval:** When a consumer is other- directed or socially directed, and looks towards others for social approval, he generally conforms to the advice given by members of his reference groups. This is because he wants to be identified with people whom he likes or whom he wants to be associated with. Thus he would conform to the product and service and/or brand suggested by members of their reference group.
- iv) **Visibility and Conspicuousness of the Product:** The impact of reference groups also depends on the visibility and conspicuousness of a product. When a product offering is visible and conspicuous, such that it relates to esteem and is status revealing (fashion apparel, carpets and upholstery, jewellery and other luxurious items), the consumer tends to be conscious while purchasing it especially because of reaction of others (fear of social disapproval, social embarrassment). Thus he would buy such keeping in mind the advice, likes and dislikes of reference group. When the product is low on public visibility and conspicuousness, one is less likely to be influenced by the reference group.

REFERENCE GROUP AND IMPLICATIONS FOR MARKETERS:

Reference groups have relevance for the marketer in the sense that reference groups help impact consumer values, attitudes and behavior; reference groups inform and educate the consumers (potential) about a product/service offering. By acting as a standard and as a frame of reference, they also influence potential consumers towards adoption and usage of such product and service offerings. Marketers often use them in advertisements to communicate with the masses, for example, celebrities, sportsperson and leaders are often used in advertisements to influence the masses. They are admired by the consumers who desire to identify with them and even aspire to become or behave like members of such secondary reference groups. Further they not only provide information and increase consumer awareness but they also reduce perceived risk amongst consumers with respect a product and service and/or brand.

Meaning of Family and its relevant for a Marketer

The term “family” refers to the basic sociological unit. The term has been used to denote two or more people staying together and related to each other by blood or marriage. The composition, size and structure (in terms of roles and statuses) has undergone a change across time and culture. There have been large families including grandparents, parents, children, uncles, aunts and cousins (all staying together as a joint family); and small families which comprise just parents with their children (nuclear family). Roles and statuses have also changed, with both men and women taking active part in making purchase decisions, and women playing roles which were earlier reserved for men and vice versa.

Thus, the family as a social unit has varied in composition and structure, as well as the roles played by family members. Today, what we see around us are three kinds of families, viz., the married couple, the nuclear family and the extended family. The married couple family comprises the husband and the wife, generally representative of couples who have recently got married and are yet to start a family. The nuclear family comprises husband, wife and their children. The extended family includes the nuclear family with grandparents or uncles and aunts. The family as a social unit is of tremendous importance for a marketer. This is because of three reasons, viz., a monetary source for dependents, an indication of values and lifestyles, and the root for socialization.

a) Monetary source: The family may comprise a single earner or a dual earner; the rest of the members acts as dependents; It is father and/or mother who are the bread earners, and earn for the rest of the members (children) who act as dependents. While this role was restricted earlier to the man in the family, there is a transition, and today even the woman in the family is playing this role. As is seen the children and the teenagers comprise a major portion of the market as buyers of goods and services. While they desire product and service offerings, the money comes from the parents. Thus providing financial resources to the dependents and looking into their economic well being is a basic family function that the head of the family plays.

b) Values and lifestyles: The parents in the family are also a source of values and lifestyles for the family. The grandparents and the parents in the family, inculcate among the children basic values and norms, and also tell them about suitable lifestyles. This has an impact on the children when it comes their day to day living, on their education, career, recreational activities, etc. With both parents earning and having occupations, and the family experiencing a dual-

income set up, a transition has been witnessed in lifestyles of children and dependents. Children are becoming independent day by day and becoming clearer about “what” they want; the brands they seek. People are also time-constrained and so seeking easy ways out. This has led to the emergence of products and services that are easily available, convenient to use and free of hassles. For example, there is the fast food industry, ready-to-eat packaged meals etc.

c) Socialization: The socialization of members’ right from childhood to adulthood is the primary function that a family plays. Socialization takes place at two stages, one during childhood, as family of orientation, and two after marriage as family of procreation. This reflects itself in the values, lifestyles and overall modes of behavior of individuals; eg. the kind of food to eat, dresses to wear, customs and practices to follow etc. are all a result of the socialization process. Such socialization can be discussed at three levels: socialization at childhood, socialization at adulthood, and intergenerational socialization. –

- **Socialization at childhood:** Socialization during childhood takes place when children observe and later on replicate the behavior of the elders (grandparents, parents and older siblings) at home. The children are taught about the values and modes of behavior, directly through instruction and communication, and indirectly through observation of behavior by elders at home. As they replicate behavior, they are rewarded and the behavior gets reinforced. Thus, the family of orientation has an important role to play. However as they grow up, their consumption behavior also gets influenced by friends, as well as reference groups (both direct and indirect). The process of socialization helps adopt shopping and buying skills of products and services, as also brands at dealer’s outlets and stores.
- **Socialization at adulthood:** Socialization does not get restricted to childhood. It extends throughout the life of an individual, as an ongoing process. As a person grows up into adulthood, he interacts with his friend, colleague and work peers and is influenced by them. After he gets married, he starts a household once again and his consumption pattern and behavior is impacted by his spouse. As the newly married couple begins to settle down as a household, they make adjustments with each other with respect to values, lifestyles and modes of behavior. They also make adjustments and adapt themselves with respect to the likes and dislikes of each other, including preferences for product and service offerings as also brands. Once they have children, they begin to impact

and are also impacted by them. Thus, just like the family of orientation, the family of procreation also has an important role to play.

- **Intergenerational socialization:** Values, lifestyles and behavior get transferred from one generation to another. So do preferences for product and services as also brands. We often see that people prefer certain brands, just because their parents preferred it over others. Product and brand loyalty as also preferences get transferred from one generation to another. This is referred to as intergenerational socialization.

The Family Life Cycle, Buying Preferences and Consumption Patterns Change through Various Stages of the FLC

The family life cycle has been defined as a series of stages through which most families' progress, with varying characteristics across various stages; these characteristics relate to marital status, size of the family, the age profile of the family members (focusing on the age of the oldest and/or youngest child), the employment status of the head of household, the income level and the disposable income at hand. The amount of disposable income is usually inferred from the stage in the family life cycle. While the traditional FLC has undergone change and newer forms have appeared, the concept still draws attention from consumer researchers and practitioners. Researchers have studied the consumption behavior across the various stages of the family life cycle. They have attempted to study the various peculiarities, tried to relate these to the stages in the FLC, and drawn generalizations.

Traditional Family Life Cycle:

Traditionally the life cycle, illustrated a progression of stages through which families passed; it comprised stages, starting from bachelorhood (single), to married (couple), to family growth (parenthood: birth of children), to family contraction (grown up children leaving home for studies or employment) to post parenthood (all children leaving home) to dissolution (single survivor: death of one of the spouses). Based on these, the traditional FLC can be synthesized into five basic stages, which may be mentioned as follows: -

Stage I: Bachelorhood: Young single adult (male/female) living apart from parents and into a livelihood. –

Stage II: Honeymooners: Young married couple. –

Stage III: Parenthood: Married couple with at least one child living with them at home.

Stage IV: Postparenthood: An older married couple with no children living at home. Children have left home for studies or for employment. –

Stage V: Dissolution: One surviving spouse.

These stages, consumption patterns and the product preferences are explained below:

1. Stage I: Bachelorhood: The stage comprises a young single adult (male/female) living apart from parents and into a livelihood. While incomes are low as they have just started a career, financial burdens and responsibilities are also low. As such bachelors have a high level of disposable income. Priorities and Preferences of Purchase: They tend to spend their money on house rent, basic furniture and kitchen equipment. They are recreation oriented and like to spend on purchase of automobiles (particularly motor bikes), travel (trekking and holidays), adventure sports (motor racing, bungee jumping etc.), health clubs, clothes and fashion accessories). Implications for Marketers: Marketers realize that bachelors possess large disposable income; they find in them an attractive segment for sports, travel, entertainment and fun.

2. Stage II: Honeymooners: The stage comprises a newly married couple and continues till the first child is born. One of the spouses may be working or both may be working. They are financially better off than they would be in the next stages. If both are working, income is higher. If both are working, the couple has discretionary income at hand that permits a good lifestyle, and provides for purchases or savings. Priorities and Preferences of Purchase: They tend to spend on creating a home for themselves. They spend on cars, furniture, curtains and upholstery, electronics, kitchen appliances and utensils, and vacations. Implications for Marketers: They form an attractive segment for the marketer as they form the highest purchase rate amongst segments. The highest average purchase of durables takes place in this stage.

3. Stage III: Parenthood: The stage comprises married couple with children. This stage extends for about a long 20-25 year period; and could be further broken up into three stages, viz., Full Nest I, Full Nest II and Full Nest III. Throughout these stages, the size and structure of the family gradually changes, so does income and expenses with varying priorities. The financial expenses increase rapidly with children being born in Full Nest I and gradually decrease as children become independent and self-supporting as one reaches Full Nest III. - Full Nest I: The youngest child in the family is six or below. Priorities and Preferences of Purchase: While liquidity of cash is low, expenses are high. The family spends on baby food, diapers, medicines for cough and cold, doctor visits, child toys and games, school admissions and fees and insurance policies. There are increased expenses on child care.

Implications for Marketers: At this stage, purchasing is at the peak, and so this is an attractive segment for the marketer. The children in the family begin to impact family purchases, and are a huge potential for future. - Full Nest II: The youngest child in the family is six or above. Generally the stage comprises children aged 6-12 years. Priorities and Preferences of Purchase: Financial position gets better as one begins to rise up the ladder. If the wife is also working, children are “latchkey kids.” The family spends on food, clothes for children, education of children, insurance policies and investments. They also pay for medical expenses and particularly, dental treatment. They go in for deals; buy larger-size packages, and economy packs. Junk food, fashion clothing and accessories, video games etc. are prime demands.

Implications for Marketers: At this stage, purchasing is still at the peak, and so this is also an attractive segment for the marketer. The children, as also teenagers continue to impact family purchases. The latchkey kids are a potential for home delivered junk food like pizzas and burgers. -Full nest III: They are older married couples with dependent and/or independent children but staying together at home. Children reach the higher educational level; one of them may start earning too. Priorities and Preferences of Purchase: The family income continues to increase and so do expenses. The family continues to spend on food, clothes for teenagers, higher education of children, and also repeat purchase of durables that were bought in honeymooning stage or Full Nest I. The family buys new furniture, electronic goods and appliances and cars. Thus there is high average purchase of durables. The family also invests in real estate and property and/or flats. They continue to spend on medical expenses, particularly dentists and visit general physicians for regular check ups. Implications for Marketers: At this stage, income begins to increase as one of the children begins to earn. As expenses see a rise, the stage offers a potential for marketers.

4. Stage IV: Postparenthood: This is a stage that occurs once children have left home. They leave home first for education, and then for employment. As they complete their education, and find employment, they gradually leave home one by one, thus, leaving the nest. Thus, this stage has also been broken into two stages, viz., Empty Nest I and Empty Nest II. As one moves across Empty Nest I and II, the size and structure of the family changes (quite similar to the Parenthood stage and the Full Nest I, II and III). -Empty Nest I: This is a stage that occurs when at least one of the children has left home. He/she has completed education, taken up a job and has left home to start his/her home. He/she is independent and can manage on own. While children are managing to start up on their own, parents are still working. Priorities and Preferences of

Purchase: The family size gradually begins to shrink. Parents are still earning; expenses gradually reduce, and so there is highest level of savings and disposable income at hand. The family spends on food, installments for real estate/house, higher education of the dependent children, and, medical expenses on dentist, physiotherapy and heart. They have leisure time in hand, and watch television, movies, and may even go on a vacation. **Implications for Marketers:** At this stage, the couple begins to again have disposable income in hand. Financial responsibilities towards children begin to decrease. This stage offers potential for marketers who are involved in providing services like leisure, travel and holiday. **-Empty Nest II:** In this stage, all the children have left home, and the couple has retired from occupation. They live on pension and other social security investments. If health permits, they take up part-time jobs. **Priorities and Preferences of Purchase:** The couple has higher disposable incomes because of savings and investments, and they have fewer expenses. They decide to spend on all that they had been thinking to spend on but had not been able to because of familial responsibilities. They spend money on food, travel and holidays, watch TV and form hobby clubs. They refurnish their home or may even move to newer homes after retirement. Medical expenses also see a rise. However, for those older retired couples who do not have much income from adequate savings and investments, the situation is much different. There is a sharp drop in their income. **Implications for Marketers:** The stage is lucrative for those involved in the entertainment industry. Many industries provide special discounts in travel and stay as "Senior Citizen benefits, for example, hotels, airlines and railways. Banks and financial institutions also have special facilities for those above 60, especially higher rates of interest on deposits. 5.

Stage V: Dissolution: This stage in the FLC occurs when one of the couple dies, and leaves behind the other surviving spouse. **Priorities and Preferences of Purchase:** When one of the spouses is still earning, or earns money from savings and investments, things are little easier. However, if he/she is not earning, he/she follows a lifestyle that is economical. The primary expenditure is on medicines, checkups with doctors and restrictive diet. **Implications for Marketers:** The stage is characteristic of a widow/widower with lower income and least shopping and expenses. **Modifications to the FLC:** With changes in our society, we witness a change in the traditional Family Life Cycle and the various stages through which it progressed earlier. There are various forms like single; late marriages; divorced (with/without children); dual income, no kids (DINKS); live-ins etc. Consumer researchers have thus brought about changes in the traditional FLC, so as to reflect changes in the family and lifestyle

arrangements. Broadly speaking households may be classified as family households and non-family households (single individual or live-ins). Each of these family types has varying features and characteristics, which also get exhibited in their buying patterns and consumption expenditure.

MEANING OF A SOCIAL CLASS

People may be placed on different positions on a continuum or a range; the continuum, in fact is divided into specific social classes, or *strata*. Thus, people in a society may be placed in different strata based on their status; each of these strata may be referred to as social class.

Definition

Schiffman defines social class as “the division of /members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status”.

SOCIAL CLASS AND SOCIAL STATUS:

Social class is measured in terms of status; a person belonging to a particular class is said to hold status similar to members of that class. So social class is defined in terms of the amount of status the members of a particular class relatively have, in comparison with members of other social classes. Broadly speaking, the stratification into varied social classes, is done on the bases on three factors, viz., wealth (economic assets) power (ability to exert influence over others) and prestige (recognition received). However, marketing academicians and researchers, as well as consumer researchers, define status in terms of demographical variables like income, occupation and education; in fact, the three are interrelated and thus, used in conjunction to each other. While understanding buying patterns and consumption behavior, it is necessary to understand the dynamics of social class. These are discussed as follows:

i) Hierarchical structure: Social class is hierarchical in nature. The social-class categories are ranked in a hierarchy that ranges from low to high. Based on education, occupation and income, the society is divided into various ranks, such that people in a particular rank are similar to others in the same rank and different across various ranks. So members of a particular social class view themselves as a) having a status similar to others in their own class; and b) having a status high or low than members of the higher or lower class. Based on the social class, they view themselves equal to other (in the same social class), inferior to others (from higher social class), and superior to others

(from lower social class). The hierarchical structure holds relevance for a marketer.

- First, marketers can use this as a basis to segment the market; the various strata provide a basis for market segmentation.
- Two, when people are “other-directed” or susceptible to social influence, they would buy such products and services and/or brands that people from their respective social classes purchase.
- This is because they look for social approval. So they would purchase certain products and service offerings and/or brands because they are used and favored by members of their own class.
- Third, people are class conscious and relate brands to their social class; thus, they would buy brands which they feel relate to their “class”, and would avoid brands that they relate to “lowerclass” products. There are social-class influences on the actual consumption of products.
- Fourth, the higher social class or the upper social class also acts as reference groups, for people in the lower class. The latter aspire to emulate the former and desire buying products and brands which the former buy.

ii) Similarity of people within a social class: People within a social class are similar to each other. This similarity is not only witnessed in terms of their education, occupation and income, but also their thinking, values, norms, attitudes, lifestyle and behavioral patterns. There is similarity among members within each social class and dissimilarity with between social classes.

SOCIAL CLASS CATEGORIES AND LIFESTYLE PROFILES:

Various classifications of social class have been proposed. Sociologists have divided the society into distinct class divisions that number two, three, four, five, six and even nine class social structures. Which of the classifications is most useful, depends upon the purpose of the researcher, and also on the amount of detail that the research/study requires? Consumer researchers are interested in the social-class structures primarily for the purpose of viewing them as potential markets for their products and service offerings. For reasons of uniformity, researchers prefer to adopt a three class structure, and thereby divide social classes into upper, middle and lower classes.

Each social class is characterized by certain lifestyle factors, in terms of shared beliefs, norms, attitudes, activities, interests and behavior. These are similar within people of each class and different across social classes. In fact, they tend to distinguish the members of a social class from the members of other social classes. However, it may be noted here that people from the middle

class may serve as aspirational groups or have a reference group appeal for the lower; similarly people of the upper class may serve the same for people in the middle class. With this impact, people in a class may possess beliefs, norms, attitudes, activities, interests and behavior that are a hybrid of two or more classes.

SOCIAL CLASS MOBILITY

People in community can move from one strata to another. They can move either up or down the social class; this mobility gets exhibited in two forms. One, individuals can move either up or down in social-class standing across generations, i.e. while their parents may have belonged to one strata, they begin to belong to another, either upper or lower. Two, such a transition may also be seen through one's life, i.e. as a person becomes independent and starts earning, he may belong to one class and as he progresses in life, he may begin to belong to another. Upward mobility is more common and is generally the trend these days.

The higher social classes often become aspirational and reference groups for people of lower social status. Marketers realize this and use symbols of higher-class status into their products, as also the advertisement, both in terms of content and context. It has also been seen that that products and services that were traditionally within the realm of one social class, are now getting into the realm of lower social classes. The influence of upper classes on lower, has also benefited the “me-too” marketers, who come up with counterfeiters⁴. and cloners, to satisfy the lower classes; thus we have “me-too” products for various products and/or brands.

LIFESTYLE ANALYSIS:

Consumer behaviorists and researchers have studied lifestyles of the community and made generalizations. Lifestyles have been assessed in terms of activities, interests and opinions (AIOs). They have been measured as a general measure as well as a specific measure. In terms of marketing, the general measure relates to the use of product and service offerings by people belonging to a social class. As a specific measure they relate to brands, whether economy, middle-range or premium. Thus, lifestyle analysis may be used as a general measure or as a specific measure.

Marketers make use of general lifestyles while making product decisions, whether related to the product itself, or price, place and promotion. This would include assessment of new product opportunities, the segmentation, targeting and positioning and all other decisions related to the marketing strategy. On

the other hand, marketers make use of specific lifestyles while making decisions related to a brand, be it its positioning, pricing and any other decision related to brand management.

1. VALS (Values and Lifestyle):

The VALS framework was developed over the 1970s by the California based consulting firm, SRI International. It was in the year 1978 that it was finally proposed by Arnold Mitchell. Derived from the theoretical base in the works of Maslow, the framework has been modified and reworked for greater reliability and validity of findings. While the original psychographic inventory was known as VALS, the modified version of the 1990s was called VALS 2. While VALS spoke of the various types of consumer segments, the VALS 2 was specific to measurement of consumer buying patterns.

According to the proponents, consumers could be of three kinds, viz., need-directed (these are consumers who make purchases based solely on their needs and wants), outer-directed (these are consumers who make purchases based on their perceptions of the manner in which others view them), and inner-directed (these are consumers who make purchases out of an inner need or inner beliefs). The framework provides valuable inputs to marketers especially in areas of promotion strategy, viz., message content and context, as well as choice of media. The VALS framework illustrates a system for grouping of US adult consumers into various categories according to psychological and sociological criterion so as to understand and predict their behavior in the purchase decision making process. Based on the responses of the population to a questionnaire that has been referred to as the VALS questionnaire (comprising 42 statements of agreement), the framework classifies consumers into eight distinct types or segments or mindsets, using a specific set of psychological traits and key demographics that drive consumer behavior. The framework essentially provides for psychographic segmentation, and is illustrative of distinct consumer profiles or personas. It also helps design distinctive communication styles for each of the targets.

The VALS classifies individuals using two dimensions. There are two main dimensions and based on these dimensions, the groups of people are arranged in a rectangle. The two dimensions are primary motivation (the horizontal dimension) and resources (the vertical dimension). The combination of these dimensions determines how a person will express himself or herself in the marketplace as a consumer.

i) The horizontal dimension is symbolic of the primary motivation in terms of self-orientation; it explains consumer attitudes and anticipates behavior. It

includes three primary motivations, and accordingly classifies the consumer population into three distinct types.

- Consumers are motivated by ideals; such people are actually driven by knowledge, beliefs and principles, rather than by feelings, emotions or desire to conform or seek approval of others. The principle oriented includes groups that are called Thinkers and Believers.
- Consumers are also motivated by achievement; such people are driven by demonstrating success to others, and include groups that are called Achievers and Strivers.
- There are consumers that are driven by self-expression; such people have a desire for social or physical activity, variety, and risk taking, and include groups known as Experiences and Makers.

There are two other types of groups, one at the top of the rectangle, and another at the bottom of the rectangle. At the top of the rectangle exist what we refer to as Innovators, who have such high resources that they can have any of the three primary motivations. At the bottom of the rectangle are those who are referred to as the Survivors, who live self-satisfied and contented, well within their means without a strong primary motivation of the three types listed above.

The vertical dimension classifies the population on the basis of the extent or degree to which they are innovative and have resources like income, education, self-confidence, intelligence, leadership skills, and energy. Apart from demographics like age, income, and education, consumer behavior is also impacted by psychological traits. Psychological traits like energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership, and vanity also play an important role in consumption behavior. Thus, demographic traits as well as psychological traits determine an individual's resources. The various levels of resources would enhance or constrain a person's expression of his or her primary motivation.

Thus, the vertical dimension reflects the ability of individuals to pursue their dominant selforientation. Individuals are placed in any one of eight psychographic segments, viz., innovators, thinkers, believers, achievers, strivers, experiencers, makers and survivors. The VALS Framework may be elaborated upon to explain each of the eight groups.

a) Innovators: Innovators are those consumers that are highest on resources and innovation. Because of this they can exhibit all three primary motivations in varying degrees. Located at the top of the rectangle, the innovators have the highest incomes, as also high self-esteem and creativity and can thus choose

out of any one or all of the self-orientations. They are successful and sophisticated. Image is important to them as reflection of their taste, independence, personality and character. They are active consumers, who often form a niche as their choices are aimed towards the tastes for upscale "finer things in life."

b) Thinkers: Thinkers are those consumer groups that constitute a high-resource group that is motivated by ideals. They are principle oriented, mature and responsible, well informed professionals who are open to new ideas and change. They value order, knowledge, and responsibility, and actively seek out information in the decision-making process. They are consumers who have high incomes, and are practical and rational when it comes to purchase and consumption decision making. They look for functionality and value in the products that they buy.

c) Believers: Believers comprise those consumers who are also motivated by ideals but are low on resources. They are traditional, conservative and conventional people, who prefer not to experiment with anything. They have modest incomes and so prefer not to experiment with their money and consumption patterns. As consumers they are generally brand loyal and go in for purchases of established brands.

d) Achievers: Achievers are those consumers who are a high resource group that is driven by achievement. They are successful work oriented people, with goal oriented lifestyles, who also like to exhibit and show-off their achievement to others. They remain commitment to both work and home. Achievers are conservative by nature; yet they are active in the marketplace. Image is important to them and they prefer established prestige brands, and/or products and services. They much purchases and also show-off their purchases of prestige brands to people around them.

e) Strivers: Strivers are also driven by achievement but they are a low-resource group. While they have values similar to achievers, they have fewer resources in terms of economic, social, and psychological resources. While they have less money, they give a lot of emphasis to it. Style is very important to them, and they prefer stylish products. They try to emulate the purchases of people with greater resources and material wealth as they strive to emulate people whom they admire. They are also concerned about the opinions and approvals of others. They are active consumers, and view shopping as an opportunity to show to others their ability to buy. Strivers are also fun loving and lack skills and focus on moving ahead in job and career.

f) Experiencers: Experiencers are a high resource consumer group who are motivated by self expression. Age-wise, they are regarded as the youngest of all the consumer segments, who are energetic, enthusiastic and impulsive, something that rightly gets reflected in their activities, which range from physical exercise to social activities. Being high on resources they spend heavily on shopping of clothes, fast-foods, entertainment and hobbies. They like taking risks and quickly become excited about the purchase of new products and services.

g) Makers: These are consumer groups that are driven by self expression, but are low on resources. They remain confined to work and family, and have little interest outside. They value self-sufficiency and possess the skill and energy to work successfully. As consumers they are not impressed by articles of material possession. They are practical by nature and appreciate products that have practical or functional purpose. They are also skeptical of new products and services.

h) Survivors: Located at the bottom of the rectangle, survivors are consumer groups that fall lowest in terms of resources. They have too few resources to be included in any of the consumer self-orientations and they are thus located below the rectangle. Age-wise they are oldest of all the segments. They believe that the world would change too rapidly, and thus they are highly conservative and narrow in focus. As they are low on resources, they are very cautious as consumers; they are comfortable with the familiar and prefer to remain brand-loyal.

MEANING OF CULTURE:

Culture delineates precisely, the do's and don'ts of a society, and specifies all that is acceptable and all that is not. It is reflective of values and beliefs that are widely accepted by members of a society. The members of a society subscribe to the various values, beliefs and norms, and this gives strength to a society's culture. This does not imply that cultures are truly rigid; in fact, they evolve and adapt to changing situations and times. Culture is a society's personality, unique in itself and differentiated from others; it is further divided into various sub-cultures. Culture is also trans-generational, and is passed on from one generation to another. A study on our culture requires an elaborate and detailed inquiry into the very character and personality of the society that we live in. The culture of a society also has a bearing on buying patterns and consumption behavior. In terms of consumer behavior, Schiffman defines culture as "the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society". The

kinds of products and services and/or brands that consumers' buy and use, are all based on their cultures and sub-cultures. For example, the food they eat and the kinds of clothes they buy and wear, are all impacted by their culture, their customs, traditions, norms and values.

CHARACTERISTICS OF CULTURE

Culture and its impact on consumption behavior can be better explained by understanding the nature and characteristics of culture:

a) Culture is natural and permeates naturally into the social system. Its inbreeds into the members of a social system and is all-pervasive. It influences the manner in which a person behaves, as consciously or sub-consciously, we are all governed by culture. Not only do people use their values and beliefs to govern their behavior, but they also expect that others' behavior would also be similar and consistent (as culture is shared). Culture unites the members of a social system. In terms of consumer behavior, the kinds of food we buy and eat or the clothes that we purchase and wear, are all governed by the socialization process. Similar is with respect to other purchases that we make. Culture encompasses the general and specific patterns of consumption behavior.

b) Culture helps in satisfaction of needs. In fact, it exists as it helps satisfy the needs of people. Beliefs, values, customs and tradition, help govern the social system, and specify the manner in which people in a social system should behave; they delineate the do's and don't's, and thereby create boundaries of acceptable behavior in the social system. However, such values, beliefs, customs and traditions continue to exist as long as they meet the needs of the people in the society. That is why culture evolves with passage of time. As the needs of the people evolve, beliefs, values, customs and tradition also undergo change so as to meet and match with newer needs and wants.

For example, in earlier times, people preferred eating their whole meals at home. In fact, eating out was considered unhealthy and undesirable. With a change in society, and the emergence of dual income households, people have begun eating out of home; the fast food culture is in. This has given a boost to the fast food and restaurant industry. Thus, we see that when a value system fails to satisfy the members of a social system, it is adapted, changed and/or modified to suit newer social patterns and trends.

Marketers must be conscious of newly developed and embraced values, customs and traditions, so as to be able to take advantage of the situation. For example, lately developed consciousness of people towards i) fashion, has given boost to the apparel and accessories business; ii) fitness, has given boost to the

gymnasium and sports business; iii) health, has given a boost to natural products like fruit juices, honey, aloe vera, etc.

C) Culture is not inborn; it is learnt as a result of the socialization process.

There occurs a socialization process right from one's childhood, a process that continues throughout life. Culture is imparted by this socialization process. This learning of culture could be of two kinds; viz., enculturation and acculturation. The process of learning one's native culture is known as enculturation, while the process of learning a new or a foreign culture is known as acculturation. We are impacted by our family (family of orientation and family of procreation), as well as our friends throughout our life. People learn from family and friends about what are acceptable and what is not in terms of our values and beliefs. Cultural learning could take place in three forms, viz., formal learning, informal learning and technical learning.

- formal learning: when a child is taught how to behave by family, viz., grandparents, parents and siblings; they tell him about the right's and wrong's in behavior.
- informal learning: when the child learns by imitating the behavior of others, be it members in the family, or friends, or celebrities, or characters.
- technical learning: when the child is taught how to behave in a formal educational environment by a teacher.

As consumers, it is through our culture learning that we are taught what is regarded as a desirable purchase and what is not. Similar is with respect to brands. Our perception about brands is influenced

- i) informally by views and opinions from family, friends, and colleagues, and
- ii) formally by the marketer, the dealer and the sales people. Thus, both general and specific consumption behavior is indicative of the culture that we live in. The kind of products/services consumers buy are ultimately determined by culture as well. For example, in certain cultures, eating pork and beef is a taboo; thus, when McDonalds came to India, they had to introduce the chicken burger, instead of the normal beef burger sold in the US. They could not disregard the vegetarian population of the country and so introduced the veg-tikki burger.

MNC's who desire to enter foreign markets, and wish to introduce their products and services there, should carefully study and understand the cultures of such countries. They need to go through an elaborate process of acculturation so that they can understand the inhabitants of such cultures and their needs, so as to assess whether such potential markets could be profitable target segments. They should design the product and service offerings (including the 4Ps), in line with the culture so as to be able to gain quicker acceptance. The colors, language and symbols, should all be kept in mind. The marketer could use all the three forms of cultural learning through designing appropriate promotional messages and using an appropriate channel.

d) Culture is shared. It is accepted and imbibed by all the members of the social system. In fact, it ties together the people that form a social system. Social institutions (family), educational institutions (schools, colleges and universities), political institutions (law, public policy, leaders and government), and religious institutions (like places of worship, artifacts, and religious leaders) etc., all help in transmitting this culture to the members of the society.

The mass media, print and audio-visual, also has a role to play in the transmitting of culture. Also today, cultures and sub-cultures are shared by people within, and outside. Needless to say, the mass media has a big role to play. With the various satellite channels vying for viewer ship across India, and higher TRP ratings, the various soaps and serials reflect cultures of all kinds; they portray all kinds of families, all types of cultures and sub-cultures. We get to see stories on families from Gujarati, Bengali, Punjabi and Tamilian cultures; the dressing patterns, the favorite dishes, the customs and rituals etc. With the various national and vernacular channels that we have in India, we have begun to share sub-cultures too. Subcultures are no longer restricted to geographical boundaries today.

As consumers, we are also impacted most by such institutions, and primarily by mass media. As discussed in the above paragraph, with the advent of satellite channels, there is growing awareness of other cultures and sub-cultures. An important role on spread of culture is also through advertisements. Today there is demand for dhokla and khakra (Gujarati food) in North India, or mishti doi and hilsa fish (Bengali food) in South India. This trend is also increasing because people are crossing borders of their states and moving elsewhere for jobs and assignments.

d) Culture is dynamic in nature, and evolves constantly with time. It adapts itself to the changing environment. As said above, values, beliefs,

customs and traditions continue to exist as long as they satisfy the needs and wants of the people. Once they cease to satisfy people's needs, they change. Thus, culture changes and adapts to the environment. Marketers need to continually assess the environment so as to identify changing need patterns, and change/modify/adapt existing products and services, and even come up with new ones. One such example, i.e. dual income households and the need for eating out, resulting in demand for fast food and restaurants, has already been discussed above. With changes in culture, we can also witness its impact on the buying roles. The marketers have to identify the initiators, influencers, deciders, buyers and users, and approach them accordingly, either personally or impersonally via media. Marketers who continually assess the environment can identify opportunities and exploit them to their advantage.

COMPONENTS OF CULTURE:

Culture is reflected through the various components that it comprises, viz., values, language, myths, customs, rituals and laws. These are briefly explained as follows:

Values: Values are the beliefs and ideals shared by the people of a society, for which they have great respect and regard. They could assume both positive (do's) and negative (don't's) connotations, and are indicative of appropriate thoughts, feelings and acts of behavior.

Language: Man is a social animal and needs to communicate with others. Language is used as a means to communicate with people in a social set up. It is the common language that binds together the people in a social structure.

Myths: Myths are legendary folktales and stories that describe events and occurrences, and teach values to society. They are imaginary and fictitious, and comprise characters that are gods, heroes and common men, ultimately aimed at giving lessons to the people, with respect to the causes and effects, good and bad, right and wrong, etc. Myths describe the values that members of a social structure should share.

Customs: Customs are habitual practices that formulate the established way of doing things and reflect culturally accepted patterns of behavior. They reflect practices that have permanent continuance and are so long established that they have the force of law; in other words they are conventions. People in a social system follow such practices collectively, and the habitual activity gets transmitted from one generation to another.

Rituals: Rituals are prescribed processes and procedures for conduct of religious or social rites. They are established rites, ceremonies and proceedings

that are symbolic in nature. Rituals are collective in nature, comprising many patterns of behavior that are interdependent to each other.

Laws: Laws are principles, rules and regulations that are formulated/sanctioned by an authority (ruler, government, constitution etc.), and supported/protected by judicial authority. Their basis can actually be found in the society's values, customs, and rituals. Laws are universally applicable across people in a society/country. They are written collection of rules and regulations to be adhered to by the people, and non-adherence to which would lead to legal action from the judiciary.

MEANING OF SUB-CULTURE

While culture is defined as the “personality of a society”, (inclusive of language, customs and traditions, norms and laws, religion, art and music, etc), it is not entirely homogenous in nature. Not all people within a social system, share the same language, religion, customs and traditions. Every society is composed of smaller sub-units, homogenous within, and heterogeneous outside, all of which when put together make a complex society. Such sub-units or sub-groups are known as sub-cultures; people within sub-cultures possess distinctive sets of values, beliefs, customs and traditions etc. The members of a subculture possess such values and beliefs, as also customs and traditions that set them apart from people belonging to other sub-cultures.

For example, while we are all Indians, and our culture is Indian (with a common national language, Hindi, and common festivals like Diwali), North Indians are different from South Indians. While North Indians, celebrate Lohri, as a harvest festival in January, the South Indians celebrate Pongal as their harvest festival at the same time. In other words, people within smaller units share the same language, religion, customs and traditions; and, this would be different in smaller or larger magnitude to people in other sub-units.

A single culture can be broken up into various consumer subcultures. A subculture can be defined as a culture that is not dominant in its society. As consumers from various subcultures, we are different to each other. We have varying values and beliefs, customs and traditions, etc. These get reflected in our perspectives and orientations that influence our purchase patterns and consumption behavior. That is why a study of sub-culture becomes important for a marketer.

TYPES OF SUB-CULTURE:

Based on the varying criteria, there can be different types of sub-cultures. The important subcultural categories are nationality, geographical

location, religion, race and caste, gender and age. From a marketing perspective, these could also be discussed as market segments, which need to be studied and assessed carefully before deciding on a product/service offering and formulating a marketing mix for a particular segment(s).

Nationality: Sub-cultures could be based on nationality. While we are all Asians, we are distinct with respect to culture, and are different in terms of language, customs and traditions etc. Thus, we are classified as Indians, Burmese, Nepalese, Pakistani etc.

Geographical location: Within a country, we could be different across geography, climatic conditions, regions and terrains, and density of population. This is more so in cases where the country is large and borders spread across a huge population occupying a vast territory. People tend to develop regional affinity and identification, and this gets reflected in the food they eat, clothes they wear, interests they pursue, etc. They constitute as distinct sub-cultures and people across such sub-cultures are different to each other. For example, we can be classified as North Indians and South Indians. As consumers, our needs are different and would translate into various wants, for example, i) differences in food habits, and demand for poori-sabji, paratha, idli-vada etc.; or ii) differences in clothing, and demand for cottons, woollens and silk.

Religion: People also exhibit differences when it comes to the religions that they belong to. Hindus, Muslims, Christians, Sikhs, Parsis etc. are all different from one another and have different values and beliefs, customs and traditions etc. As consumers, they make purchase choices and purchase decisions that are influenced by the dictates of their religious leaders, scriptures, and holy books. In fact, many products/services are symbolically and ritualistically associated with religion. For example, as per Islam, non-vegetarian food must be “Halal”, and this itself comprises a huge segment that marketers across national boundaries are catering to.

Race and caste: Culture and its components also vary across race and caste. Jats, Jaats, Rajputs, Pathans and Yadavs are all different from one another. Such racial sub-cultures also impact buying behavior and consumption patterns.

Gender: Because gender roles have an impact on acts of behavior, gender constitutes an important cultural sub-group. Males and females across all cultures are assigned different traits and characteristics that make them masculine and feminine. They also perform different roles in society and are two distinct sub-groups. It is true that gender roles have got blurred, and both men and women are performing such roles that they did not perform earlier.

Product usage is common to both man and woman; for example, a man shown as using a LG washing machine or making Act II popcorn. Similarly products like shavers and razors exclusive to usage by men, are also being used by women (Gillette thus introduced a razor for women). All this has brought about a big socio-economic change and led to cultural transformation. The values espoused by the generation of today is much different to the one espoused by the previous generation.

The pace of change has been further accelerated with households no longer being single income households, but turned to dual-income households. The role of women is no longer restricted to bearing children and managing the home. Women have started working outside, and are contributing to household income. This has impacted consumer needs and wants as also the priorities. The impact is evinced on consumption behavior, where the 'decider' role is no longer confined to a single person, i.e. the man of the family. Today buying decisions are jointly taken by husband and wife.

Age: Infants, kids, teenagers and adolescents, adults and the aged, may all be looked up as distinct sub-groups. They have different values and beliefs, and all this impacts upon their priorities in life. Daily lifestyles, activities and interests, fashion and accessories, food and diet, etc. receive varying priorities across the various sub-groups. For example, an aged person would prioritize health and go in for nutritious home food as opposed to young man who would prioritize work and go in for fast food. Today we see a rising trend amongst kids, adolescents and the young towards junk food, and they constitute a lucrative segment for restaurants providing fast food.

CROSS-CULTURAL

Schiffman defines cross cultural consumer analysis as "the effort to determine to what extent the consumers of two or more nations are similar or different". The marketer must understand how consumers in targeted countries are similar and dissimilar from each other. It is important for a marketer to have this understanding as it helps him assess the social and cultural similarities and dissimilarities so that he can design appropriate marketing programs and strategies for such segment(s).

A cross-cultural consumer analysis helps the marketer assess the market potential and customer reaction for his product and service offering. People's values and beliefs, customs and traditions, as also perspectives and orientations have a bearing on customer's needs, wants and priorities, finally translating into their desire for product and service offerings. These would vary

across nations and cultures, and marketers must thus go through an acculturation process. As has been defined earlier, acculturation is defined as the process of learning a new or a foreign culture.

It is essential that they learn about the culture of foreign countries, what their needs and wants are, how they prioritize them, how they form attitudes and opinions, etc. Thus, before taking decisions with respect to entering foreign cultures, and the manner in which they should be served, a marketer should conduct a cross-cultural consumer analysis. Such an analysis provides a marketer with inputs as to how he should be modifying his 4Ps so as to elicit quick adoption and diffusion of his product and service offering.

APPLICATION OF CROSS CULTURE CONSUMER ANALYSIS

Every component of culture should be carefully studied and a marketing program designed accordingly.

- Product names or brands should not have double meanings; they should not be insensitive in any manner, and they should not hurt the sentiments of people in the country where the marketer is planning to enter.
- They should be easy to remember, recall and pronounce. Else marketers should make sure that they help consumers remember and pronounce such names. For example, when Perfetti Van Melle India launched their candy Alpenliebe, they designed an advertisement that had a jingle that helped consumers pronounce the name.
- They should be distinct and not duplicate names already existing in the foreign country.
- The marketer must make sure that the product or service offering appeals to the needs and wants of people from foreign cultures.
- He must make sure that he keeps in mind local customs and traditions while formulating the strategy.
- While taking decisions on packaging and labeling as also design of advertisements, he must make sure of colors and symbols. Colors and symbols have varied meanings and connotations.

The marketer should be careful that he should not be insensitive to people of foreign cultures.

- Marketers must make sure that they employ local (foreign) people for sales and marketing in foreign cultures. They should avoid sending their own people as the latter would take time to be acculturated. It would be better if local

people are hired who would know the language, customs, tradition etc, and with whom the customers would be more comfortable. They would also be in a position to make localized decisions. Through a cross-cultural analysis, a marketer would get inputs into how the foreign culture is different to his native culture. When customers across two or more countries are similar, the marketer can afford to have a similar marketing program; in case they are different, he would have to adapt his 4Ps and design a separate individualized marketing strategy for the foreign country.

The relevance of a cross cultural analysis for a marketer is summarized as follows:

- A cross-cultural consumer analysis helps predict customer reaction to a product and service offering; the marketer would get to assess the market potential and assess the viability of a segment(s).
- The marketer would get inputs into how the foreign culture is different to his native culture.
- This would help him decide whether to have a marketing program similar to the one that is present in the native country or to have a program that is 'individualized' to the foreign country.
- It would help him to position his product/service offering appropriately, keeping in mind the values and beliefs, customs and traditions, attitudes, opinions and lifestyles.
- It provides a marketer with inputs as to how he should be modifying his 4Ps so as to elicit quick adoption and diffusion of his product and service offering. This is particularly relevant for products that would be new to a foreign culture, and where the consumers would have to be taught about their importance and usage. The marketer would have to educate the consumers about such a product/service offering (cognition), create a favorable opinion and positive feelings (affect), and convince adoption and purchase (behavior).

INTERPERSONAL COMMUNICATION:

- There is another kind of communication that takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. This is referred to as informal interpersonal communication. This is also called word-of-mouth (WOM) communication.

- Consumers are exposed to two kinds of communication, viz., marketing communication and informal interpersonal (Word-of-Mouth) communication. Marketing communication is initiated by the marketer who through a communication program informs the public about his product/service offering, creates a favorable attitude and elicits action on the part of the consumers. Interpersonal communication takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. While marketers tend to give greater importance to marketing communication, the relevance of word-of-mouth communication cannot be underestimated.
- In fact, research has proved that while marketing communication can succeed in informing the public about a product/service offering, and creating a favorable attitude, the final push to act (purchase behavior) comes from informal interpersonal communication. People are more likely to be influenced by people in their social groups or in their reference groups than by the marketer alone. Thus the study of informal interpersonal communication holds relevance for a marketer, and it is discussed as follows:
 - While people gain information through product news (cognition) and advice (cognition and affect), they often supplement their purchase decisions and purchase action (behavior) with personal experience of others.
 - Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives.

- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.
- Word-of-mouth communication also reduces the level of uncertainty associated with a purchase. People turn to informal sources for information so as to be able to be certain with respect to the purchase decision. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.
- People often turn to experts and opinion leaders for advice; They also look up to reference groups; While experts provide product knowledge and make consumers feel more certain about a product alternative, reference groups lead to an increase in consumer's confidence about making a product choice that is socially approved and acceptable.
- Just as in the case of formal marketing communication, the credibility of the source is equally important in word-of-mouth communication. A source is regarded as credible when he/she provides precise, accurate, correct and unbiased information about a product/service and/or brand. Credibility of the source is based on knowledge, expertise and objectivity. Apart from friends and colleagues, people turn to opinion leaders with whom they attach a high level of credibility. People who are approached for information or who voluntarily provide information, should make sure that they maintain their credibility in the eyes of the receiver. For this they should be careful that they provide correct information, advice and personal opinion.
- Informal interpersonal communication is affected by the type of product or service that a person desires to purchase. Keeping this factor in mind, consumers are more likely to seek information and advice when i) the product is expensive, technically complex, risky and not purchased frequently, i.e. it is of a high-involvement type; ii) the product/service category is new to them and they want to reduce the level of perceived

risk; iii) when the -When a person is satisfied with the purchase of a product and/or brand, he would speak in favor of it. On the other hand, when he is dissatisfied with the purchase and the usage, or is aggrieved as his complaints with the retailer have not been addressed properly, he would get a vent to his dissatisfaction, and would speak unfavorably about it to others.

- Word-of-mouth communication can be both positive and negative, with the latter having a more profound and deeper effect.

Advantages

Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives.

The other advantages of word-of-mouth communication are:

- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.
- It helps an individual seek advice from the right person who has interest, knowledge and experience with a product and service category; especially in cases of high involvement products, a person may be less knowledgeable and less involved and can take advice from someone who is more experienced and knowledgeable for that product category.
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RELEVANCE OF INTERPERSONAL COMMUNICATION AND INFLUENCE FOR MARKETER:

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frequently, i.e. it is of a high-involvement type; ii) the product/service category is new to them and they want to reduce the level of perceived risk; iii) when the product and service offerings are related to lifestyle, image and social class and they seek social approval and want to avoid social embarrassment of any sort.

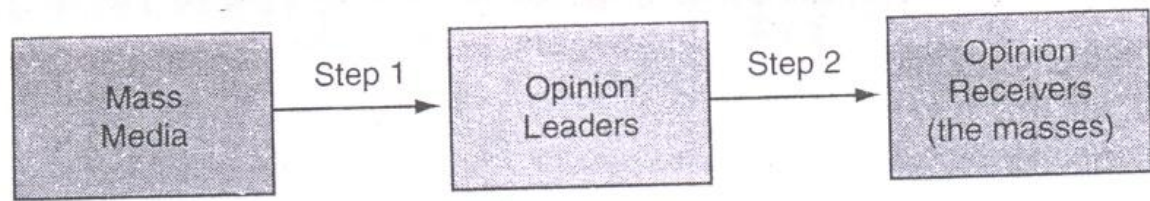
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- Word-of-mouth communication can be both positive and negative, with the latter having a more profound and deeper effect.

INTERPERSONAL FLOW OF COMMUNICATION:

Communication amongst consumers has been extensively studied and widely researched. Theories have been proposed that attempt at combining the effects of both marketing communication and informal interpersonal (word-of-mouth) communication. The Opinion Leader acts as a vital link in the entire communication process, and that he has an important role to play in transmission of information.

Two-Step Flow of Communication Theory: According to the Two-Step Flow of Communication Theory, the message (information content from the marketer) flows from the mass media (both print and/or electronic audio-visual) to the Opinion Leaders and from there it is transmitted to the masses or the Opinion Receivers. The theory is two-stepped in the sense that it presents Opinion Leaders as direct recipients of information from the Mass Media, and it is they (opinion leaders) who in turn interpret and transmit this information to the general public or the masses (consumers, actual and potential). The Opinion Leaders thus act as middlemen in the entire process of communication.



Two-Step Flow of Communication Theory

Source: Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 9th Edition, Pearson, Prentice Hall.

The Figure illustrates the Two-Step Flow of Communication Theory. In Step 1, Information flows in a single direction (one way) from the impersonal mass media to Opinion Leaders. In Step 2, it flows from the Opinion Leaders (who interpret, verify, assimilate and transmit the information) to the Opinion Receivers (the masses or the public, viz., friends, neighbors, and others).

While laying emphasis on the vital role that Opinion Leaders play, the theory rejects the belief that mass media left alone can influence the masses, and enable a sale. As a major contribution, the theory supports the premise that social interaction between people serves as major means for spread of information, development of attitudes (favorable and unfavorable), and acts of behavior. As such, the opinion receiver is more likely to be influenced by the opinion leader than by the media. Thus the theory lays emphasis on the role played by the Opinion Leaders in information transmission, advice and opinion.

However, with passage of time, the Two-Step Theory came to be regarded as inadequate and inaccurate on account of the following reasons:

- Opinion leaders are not generic in nature. They are specific to a product category and vary from product to product. An expert in one product category would not be an expert for another product category.
- Opinion leaders are also not a permanent elite.
- Different social groups have their own opinion leaders.

- As per the theory, information flow is one-way from the opinion leader to opinion receivers (or the masses). In reality, information does not flow one way; both parties exchange information. Also, communication need not always be forward one-way, initiated by the opinion leader. It could also be initiated by the masses (someone from the “opinion receiver”) who ask (seek) the “leader” for information and advice.
- Opinion leaders are not the only source of information for a consumer. The mass media influences both the opinion leaders as well as the consumers.
- Lastly, but importantly, marketers do not only and/or always communicate with consumers via an opinion leader. Marketers also communicate directly with consumers through the various tools of the promotion mix. In fact the integrated marketing communication programme calls for a perfect blend of the various tools. Consumers are always exposed to other means of communication and do not solely rely on opinion leaders.

Thus, gradually it was realized that the Two-Step Flow of Communication Theory did not provide a very apt and accurate explanation about the manner in which consumers acquire information and use it in their decision making. Following this the Multistep Theory of Communication was proposed.



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CONSUMER BEHAVIOUR – 15CCU504B

UNIT IV

POSSIBLE QUESTIONS (8 MARKS)

1. Describe the nature and characteristics of perception.
2. Write short notes on:
 - i. The Low-Involvement Learning Model.
 - ii. The Level of Message Processing Model.
3. Explain various types of reference groups in detail.
4. Describe the culture and cross culture.
5. Discuss the influence communication on consumer behavior.
6. Discuss the interpersonal communication.



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Unit – V

Diffusion of Motivation - Consumer Orientation - Diffusion Process, Adoption Process, Consumer Innovators, Multiplicative Innovation Adoption (MIA) Model.

DIFFUSION

Meaning

“Diffusion” is defined as a macro process that deals with the spread of a new product or service offering amongst the potential market; it relates to the acceptance/rejection of an innovation by the segment(s). “Diffusion of Innovation” is defined as a process by which an innovation spreads amongst and gets the absorbed/accepted or assimilated by the market.

Definition

Schiffman defines “diffusion”, as “the process by which the acceptance of an innovation (a new product, new service, new idea, or new practice) is spread by communication (mass media, salespeople, or informal conversations) to members of a social system (a target market) over a period of time”. The definition comprises four basic elements of the diffusion process:

DIFFUSION PROCESS:

- **innovation:** the term “innovation” refers to the newness of the product/service offering.

- **channels of communication:** this includes

- i) Marketing communication that takes place between the marketer and the potential market, or the target segment; it could be personal (salesperson and consumer) or impersonal (via print or audio visual media).

- ii) Interpersonal communication that takes place between the consumers themselves or within members of the target segment(s); it could be word of mouth communication within consumers or through an opinion leader.

- **social system:** this refers to the social setting in which the diffusion takes place; it actually refers to the market segment(s) or the target market(s). The definition and scope of the social system depends on the product and service in question, its usefulness and its very basis for existence. In a way, it reflects the target market(s) for whom the product and service is designed, and within what segment(s), it would be diffused. For example, for a new herbal anti-wrinkle cream, the social system would be confined to ladies who are in their late 40s. The social system has wide repercussions on the diffusion of a product/service:

- i) First, the new product and service is discussed and or evaluated within members of the social system through interpersonal communication, opinion leadership and word-of-mouth.

ii) Second, the philosophy and the resultant orientation, with respect to culture, traditions, values and norms also impacts the diffusion process. Thus, the social system impacts the ultimate adoption and assimilation of the innovative offering; in order to be accepted quickly and penetrate successfully, the marketer needs to keep this social system in mind and design his product and the marketing mix accordingly.

- **time:** time is an important factor in the diffusion of innovation, as it determines the pace of adoption and resultant assimilation of the innovative offering; researchers have studied the impact of time in the following ways:

i) The amount of purchase time: the amount of purchase time refers to the average time that a consumer would take to adopt a new product and service offering; this would include the total time between the consumers' initial awareness to the final acceptance/rejection of the new product or service. Time as a factor has relevance for the diffusion process in the sense that it helps assess the total time that it would take for a new product or service offering to get totally diffused and adopted by the market at large; when the average purchase time is less, it can be assumed that the rate of diffusion would be faster.

ii) The rate of adoption and the identification of adopter categories:

Rate of adoption: The rate of adoption refers to the period that it is taken for a new product or service to be accepted by the target market(s). It is a measure of how long it takes a new product or service offering to be adopted by the members of the target market. With global advances in all respects, be it socio-economic, political, cultural and technological, the rate of adoption is getting faster. The marketer also aims at a rapid acceptance of his innovative offering, so that he can gain maximum advantage as a first-mover; thus he designs his marketing mix as per the needs of the segment(s), across international cultures and communities.

Adopter categories: This refers to a classification scheme amongst members' of the target segment(s), which illustrates where one consumer stands in relation to another consumer with respect to time, that has lapsed between the introduction of the new product and service and the adoption by a consumer(s). Researchers have classified consumers into adopter and non-adopter categories, which range from two or three or five category classifications. It is noteworthy that the consumers would be classified based on the nature of the good or service.

Roger's has proposed a classification of adopters, according to which consumers can be divided into five categories based on the time taken by them to adopt a product. These five adopter categories are innovators, early adopters, early majority, late majority, and laggards. Based on research, it has been observed that the five categories when plotted on a graph, lead to a bell-shaped normal distribution curve

The five categories are explained as follows:

a) Innovators: Innovators comprise 2.5 percent of the target market(s) adopters; they are those consumers' who are the first to go and purchase a new product or service offering. They purchase the new product and service offering not because they possess a need, but because they desire new ideas and concepts, and seek product and service innovations. They are high on self-confidence, and are always eager to try out new products/services. They have access to information about such new offerings, and are quick to purchase; one, because they have the interest and inclination to buy the "new"; and two, because they have the purchasing power and the access. It is important to mention here, that innovators are not "generic"; they are in most cases "specific" to a product and service type.

b) Early adopters: The next 13.5 percent of the target market(s) adopters are called early adopters. These are those consumers' who purchase the new product and service offering not because they are fascinated towards the "new", but because they possess a need. They generally tend to have some idea on the product/service category, and after gathering some more information about the product and or brand, they go in for purchase. Early adopters rely on group norms and also turn out to be good opinion leaders, and could be easy targets for the marketer.

c) Early majority: The early majority is similar to the early adopter in the sense that they buy the product/service offering because they possess a need and want to fulfill it; however, they are not as quick as the early adopters and take longer to enter into purchase. This is because unlike the earlier two categories, the early majority does not have much interest in the product/service category. Thus, the consumers that fall into this category have to collect information, evaluate it, deliberate carefully and then take a decision; thus, the process takes longer. The early majority make up the next 34 percent of the adopters.

d) Late majority: The next 34 percent of the adopters are referred to as the late majority. They are referred to as "late," because

- i) members of their social class, reference group and peer group have already made the purchase; and the social influence is strong, and
- ii) they themselves have evaluated the new product and or service and are ready to buy it. They have a need, and after careful thought and deliberation as well as with social influence and pressure, the “late majority” makes the purchase. By nature they are skeptical and confirm to social pressure. Interpersonal communication has a major role to play.

e) Laggards: The laggards are the last to adopt a new product or service offering, and as such make up the last 16 percent of the target market. They are slow in buying the innovative offering because, i) they are uninvolved with the product and service; ii) they do not possess much information; iii) they remain uninfluenced by social pressure, and social ties are not very strong; iv) they believe in making routine purchases and prefer to buy the “familiar”, than the “unfamiliar”.

Roger’s classification only includes the adopters; there also exist in the market a group of people who do not venture out into seeking a particular product or service, as it may not confirm to their culture, socio-economic class or they may not have the need for such a product/service. Such people fall into a class referred to as the non-adopters; a class that never adopts the new product/service, and in general comprises a very small portion of the entire population. Non-adopters may be classified into five categories, viz., the unaware group, symbolic rejectors, symbolic adopters, trail adopters and trial rejectors. The inclusion and study of the non-adopter category is crucial as it is reflective of reality, as not all consumers adopt all new product and service offerings.

- **unaware group:** the non-adopters who are unaware about the new product or service offering.
- **symbolic rejectors:** those among the non-adopters who are aware of the product but feel that it is not meant for them because it does not meet a need or does not conform to socio-economic cultural norms.
- **symbolic adopters:** the symbolic adopters are aware of the innovative offering, and believe that the product or service may be of relevance for them, but they are yet to try the innovative offering.
- **trail adopters:** such non-adopters have tried the innovative offering, but have not yet made a purchase; if they have made a trial purchase, they have yet not made a repurchase to confirm liking or habit formation.

- **trial rejectors:** trial rejectors are those non-adopters who have tried the new product or service, but have not found it suitable; they have no intention in further purchase or repurchase.

8.2.4 ADOPTION PROCESS:

The second major process in Diffusion of Innovation is “Adoption”. Adoption is a micro concept that lays emphasis on the various phases or stages through an individual consumer passes while accepting/rejecting a new product or service offering. The study of adoption is important for a marketer in the sense that it helps him understand the various stages through which a consumer passes right from his initial awareness to the final acceptance/rejection. It may so happen that the innovative offering may be existing for long in the market, but the consumer is unaware of it; or, it may have existed in the market for long, but is regarded as “new” because the consumer has heard of it for the first time. This implies that consumers could differ in the manner they complete their purchase activity, right from initial awareness to the final act of purchase. This could mean that the marketer needs to design his selling strategy accordingly. Schiffman defines adoption as “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 new product”.

Consumer researchers have proposed a number of models to describe the steps in the adoption process, viz., Heirarchy of Effects’ Model, Robertson’s model, and Roger’s model .The models explain the stages through which a prospect passes to end up being a consumer, right from the stage of initial awareness to final adoption.

Generally speaking, the consumer passes through five stages of adoption, viz., awareness, interest, evaluation, trial, and adoption (or rejection). The assumption underlying this general model of adoption is that when a new product/service is introduced, prospects go through an information search which could range between limited to extensive; of course, for some products this search is highly limited (routine purchases). The five stages are explained below:

i) Awareness: This is the first stage in the adoption process, where the consumer is exposed to the new product/service offering, and gets to know of the product. The marketers’ objective here is to provide some awareness about the innovation, the features and benefits as also the brand. The consumer is generally passive and acts as a mere recipient of information. He becomes aware but lacks sufficient knowledge about the new offering.

ii) Interest: In this next stage, the consumer begins to develop some interest in the innovative offering, and thereby puts in some effort to know more about it. The consumer becomes active in his search for information and tries to elaborate on the information received at the awareness stage. He actively searches for information about the new product /service and tries to assess how it can benefit him.

iii) Evaluation: The consumer who has acquired knowledge about the innovation, now begins to evaluate; he evaluates whether, i) more information search is necessary with respect to the innovation as well as to the brand; ii) he is sufficient with the product/service information that he possesses. The consumer also evaluates the innovative offering in terms of the attributes, features, and overall benefits, as compared to existing alternatives; he assess the “value” of the product/service offering and the brand. If he feels that the offering provides “value”, he goes in for the next stage which is trial; else the process is aborted, and the innovation rejected.

iv) Trial: The consumer goes and tries out the innovative offering, but there is not yet any further purchase (repurchase) commitment. The product/service is experienced on a small scale and used on a limited basis only, to determine the worth or usefulness.

v) Adoption (Rejection): Based on the trial stage, and the resultant experience, the consumer would decide to decision to use/reuse/patronize the offering. If the experience is satisfying, and the evaluation favorable, the innovative offering would be accepted, else it would be rejected.

While this five staged procedure constitutes a general model of adoption of innovation, it has been criticized to be very general that lacks the complexities of real life buying and consumption.

Researchers argue that:

- The model does not indicate a need recognition stage or a problem solving scenario; critics argue that when faced with a problem, the prospect’s approach towards an innovative offering would be much different, than when he is not faced with one.
- Evaluation takes place both before and during trial; in fact it takes place throughout the process.
- Trial is no guarantee for future purchase or repurchase; although experience may be satisfactory, a consumer may never use the product/service offering again.

- The model makes no mention of post purchase behavior; it does not speak of cognitive dissonance, neither does it speak of post purchase evaluation leading to a commitment to use/reuse/patronize the offering in future.

Thus, keeping in view these realities, the model has been modified, and consumer researchers have incorporated two more stages between trial and adoption, viz., *direct product experience*(consequences), and *product evaluation* (confirmation). *Direct product experience* refers to experience with the product/service offering on a longer duration; so as to experience its consequences and to assess it better. *Product evaluation* refers to assessing the consequences of the experience so as to accept the innovation or reject it After modification, the stages of the model stand as Awareness, Interest, Evaluation, Trial, Direct product experience, Product evaluation, and Adoption.

The Adoption Process and the Facilitators:

Information sources act as a strong facilitator in the adoption process; right from the stage of awareness to that of final adoption, information remains a strong determinant. Marketing communication and in particular, impersonal sources like print and audio-visual media have a major role to play in creating awareness about a new product/service offering. Thereafter, their impact goes to on decline relatively, and that of interpersonal sources (family, friends, peers and colleagues, as well as salespeople) goes on to increase. In fact interpersonal influence that gets reflected in social influence and/or social approval acts as a major determinant in adoption of innovative products and services, primarily in stages of trial and final adoption.

CONSUMER INNOVATOR

People vary in degree with respect to their receptivity towards new product/service offerings. This has been dealt with in the section above, where we have also discussed the categories of innovators. The marketer needs to have an understanding on what constitutes an “innovator”, and what differentiates him from late adopters or non-innovators, so that he can design his marketing mix, and more specifically the promotion mix accordingly. The traits/qualities/ characteristics that differentiate an innovator from a non-innovator, indicate that separate media and message strategy need to be formulated for the two of them. For innovators, the marketer should focus on the print media with informative and rational appeal. On the other hand, for the late adopters and the rest of them, the marketer should focus on the audio-visual media with social and emotional appeals. As mentioned above, innovators are those consumers’ who are the first to go and purchase a new

product or service offering; they comprise 2.5 percent of the target market(s) adopters, and they purchase the new product and service offering not because they possess a need, but because they desire new ideas and concepts, and seek product and service innovations. They have the interest and inclination to buy the “new”; and also have the purchasing power and the access to do so. They possess the following traits/qualities/ characteristics:

8.2.6 THE PROFILE OF A CONSUMER INNOVATOR:

a) Innovators are not “generic”; they are “specific” to a product and service type. Consumers who are innovators of one product are more likely to be innovators of other new product/service offerings in the same general product category. Hence, they possess *interest in the product category*; those who innovate *within* a specific product category will innovate again within the same product category. Innovators are desirous of new products/services in a particular category, and so they seek formal information from marketers, and informal information from their peers/friends/colleagues. Because of their interest in the product/service category, their search for information is active and ongoing, followed by deliberation, evaluation and assimilation of information.

b) Consumer innovators are generally younger than late adopters or non-innovators; they have more formal education, occupational status, and higher income and purchasing power. While education facilitates greater awareness, income facilitates a risk bearing ability (as they feel that they can afford to make a mistake).

c) After a while, innovators tend to become *opinion leaders*. Innovators possess a level of interest in the product/service category; they gather information on an ongoing basis, they are the first to purchase the innovative offering, and are a powerful source of information for other consumers. Other consumers like early majority and early adopters and early majority look up to innovators for advice and guidance about the new products/services. The advice given by innovators acts as a major influence, and impacts acceptance/rejection of the innovative offering. The marketer should keep in mind that his offering leads to satisfaction for the innovator; if the innovator is satisfied with the innovation, the product would generate a favorable response from him as an opinion leader, and lead to quicker acceptance by the public.

d) Innovators also possess certain *personality traits*.

- They are *low on dogmatism*, and as such open and willing to try out new products/services and/or brands. They are receptive towards the “new”

and “unfamiliar.” Non-innovators, on the other hand are closed, and approach the “new” with considerable anxiety and discomfort.

- They are high on the *need for cognition*. They are *verbalizers*.
- They are *inner-directed*, and decide to take risk with the “new”, relying on their attitudes, perception, values etc. They take independent decisions rather than relying on others, and are self governed. Non-innovators, are other-directed or socially-directed, whose decisions/judgments depend on others; they wait and watch and they decide to go for the “new”.
- While on one hand, innovators tend to inner-directed, they are *socially more accepted and more involved* than noninnovators. They are accepted by others as “experts”, and thus assume roles as *opinion leaders*.
- They are also *variety novelty seekers*. They are always eager to try out new offerings.
- Innovators happen to be *high on optimum stimulation levels*. They are willing to seek adventure, seek novelty and they enjoy unusual experiences. As a corollary, they enjoy taking risks.
- Innovators are *risk takers*, and are ever willing to take risks. This is because they are low risk perceivers. Perceived risk is a measure of *uncertainty or fear* that a consumer feels with respect to the consequences of a purchase and or usage of a new product. Consumer innovators score low on perceived risk, and they experience little or no fear in trying out the “new”. This is primarily because they are well informed, and possess enough purchasing power. So the likelihood to try new product/service offerings and/or brands is high.
- Innovators also display the quality of *venture*, which implies their willingness to accept the risk of purchasing new product/service offerings.
- They also exhibit the need for *novelty and uniqueness*. They want to be the first to try out the “unique”, and also possess it. Thus, they go out and purchase the innovative offering.

e) Innovators also possess certain *purchase, usage and consumption characteristics*, which differentiate them from non-innovators.

- Innovators are *low on brand loyalty*; in fact they are *switchers*. This is quite natural, for if they were brand loyal, they would not have been variety novelty seekers, or venturesome, and would not have been ever willing to try out new products/service offerings.

- They are *deal hunters*; they are always on the look out for good deals, and like to take advantage of promotional offers, like free samples, discounts or small trial packs.
- They are *heavy users of the product/service category*. If a person has an inclination for electronic products, and is the first to go and buy a mobile or the I-pod, it is more than likely that he would also be the first to go and buy the I-pad. This implies that they act as innovators for all products in that particular category.
- As innovators possess special interest in a product category, and want to keep them aware and abreast with the latest, *special-interest magazines and journals* have a big role to play in educating them. Marketers need to provide information in such magazines as innovators prefer the *print media* over the audio visual. They gather and process information via central route to persuasion.



Karpagam Academy of Higher Education

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Coimbatore - 641 021.

III B.COM(CA) CORE – ELECTIVE - I

CONSUMER BEHAVIOUR – 15CCU504B

UNIT V

POSSIBLE QUESTIONS (8 MARKS)

1. Explain Multiplicative Innovation Adoption Model in consumer behavior.
2. What is innovation?. Explain its various types.
3. Explain the factors affecting diffusion process. Describe
4. What are the different relative advantages of different product concept.
5. How do you research about attributes of a new product?
6. Explain the adoption process in consumer behavior.

Reg No.
15CCU504 B1

KARPAGAM UNIVERSITY

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Coimbatore - 641021

(For the candidates admitted from 2015 onwards)

III B. Com. CA

Fifth Semester

Second Internal Test, October - 2017

CONSUMER BEHAVIOUR

Maximum: 50 marks

Time: 2 hours

Date: _____

PART - A (20*1=20 Marks)

Multiple choice Questions

1. General Motors buys steel because consumers buy cars. If consumer demand for cars drops, so will General Motors' demand for steel. This is an example of the relationships found in:
a. kinked demand b. inelastic demand c. cyclical demand d. derived demand
2. That business markets have more buyers involved in the purchase decision is evidence of which of the following characteristic differences between business and consumer markets?
a. market structure and demand b. the nature of the buying unit
c. types of decisions made d. type of decision process itself
3. The place in the business buying behavior model where interpersonal and individual influences might interact is called the:
a. environment b. response c. stimuli d. buying center.
4. In a _____, the buyer reorders something without any modifications.
a. habitual rebuy b. straight rebuy c. modified rebuy d. new task buy
5. The "in" suppliers are most likely to get nervous and feel pressure to put their best foot forward in which of the following types of buying situations?
a. modified rebuy b. new task buying c. straight rebuy d. indirect rebuy
6. The decision-making unit of a buying organization is called its _____. all the individuals and units that participate in the business decision-making process.
a. buying center b. purchasing center c. bidding center d. demand-supply center
7. Considering the major influences on business buyer behavior, as shown in a model in the text, under which influence stage would you expect to find the influences of authority, status, empathy, and persuasiveness?
8. E-purchasing by businesses has its drawbacks and problems. More than 80 percent of companies say that _____ is the leading barrier to expanding electronic links with customers and partners.
a. Environmental b. organizational c. interpersonal d. individual
9. The _____ needs to identify distinct customer groups.
a. Security b. privacy c. cost d. lack of correct technology
10. A person's self-concept is also called the
a. self-image. b. image. c. self-picture. d. attitude
11. The transmission of a message from a sender to a receiver via a medium of transmission is known as _____.
a. feedback b. stimulation c. communication d. transfer
12. Which of the following is an example of a formal communications source?
a. a parent b. a friend c. a hospital d. a doctor
13. The _____ is the dominant institution in providing for the welfare of its members and is the major consuming unit.
a. friendship group b. celebrity group c. work group d. family
14. A husband and wife and one or more children, together with at least one grandparent living within the household, constitutes a(n) _____.
a. empty nest b. married couple c. extended family d. single-parent family
15. Which of the following is NOT part of group influence?
a. Family b. Social class c. Personality d. All the above
16. A set of shared values, attitudes, beliefs, artifacts and other symbols is called:
a. Reference group b. Culture c. Group influence d. Cognitive
17. A group one wants to join is called:
a. Aspirant group. b. Membership group. c. Reference group. d. Culture.
18. Which of the following is NOT part of the family decision-making unit?
a. Solitary survivor. b. Initiator. c. Purchaser. d. Culture.
19. A group which one does not want to join is called:
a. An aspirational group. b. A membership group. c. A dissociative group. d. Purchaser.

20. Disappointment because the purchase did not match up to expectations is called:

- a. Consumerism.
- b. Post-purchase evaluation
- c. Cognitive dissonance
- d. Purchaser.

PART -B (3*10=30 Marks)

Answer All the Questions

21. a. Describe the nature and characteristics of perception.

Or

b. Explain the basic element of consumer attitude.

22. a. Describe consumer emotion and mood.

Or

b. Explain the basic element of consumer learning.

23. a. Discuss - consumer perception.

Or

b. What is innovation? Explain its various types.

Reg No.....
[15CCU504 B]

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Coimbatore - 641021
(For the candidates admitted from 2015 onwards)

III B. Com. CA
Fifth Semester
First Internal Test, September - 2017
CONSUMER BEHAVIOUR

Time: 2 hours
Date:

Maximum: 50 marks

PART - A (20*1=20 Marks)
Multiple choice Questions

1. The _____ needs to identify distinct customer groups with needs and wants
a. marketer b. requirement c. satisfaction d. expectation
2. The _____ has his needs and wants as well as product preferences
a. Consumer b. producer c. customer d. buyer
3. The term _____ includes both tangible products and intangible services
a. Product b. price c. place d. promotion
4. _____ includes the pricing of the product offering
a. Product b. price c. place d. promotion
5. _____ includes the marketing channel, and comprises decisions
a. Product b. price c. place d. promotion
6. _____ includes marketing communication, and the major issues comprise decisions on communication/promotion mix,
a. Product b. price c. place d. promotion
7. The emphasis was to predict consumer behavior, the approach came to be known as
a. Product b. price c. place d. promotion
8. The marketers wanted to understand the customer better, and this approach came to be known as
a. Product b. price c. place d. promotion
9. The study of the individual as well as the individual determinants in buying behavior,
a. Psychology b. sociology c. social Psychology d. anthropology

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10. The study of groups as well as the group dynamics in buying behavior,
a. Psychology b. sociology c. social Psychology d. anthropology
11. The study of how an individual operates in group/groups and its effects on buying behavior
a. Psychology b. sociology c. social Psychology d. anthropology
12. The influence of society on the individual
a. Psychology b. sociology c. social Psychology d. anthropology
13. The study of income and purchasing power, and its impact on consumer behavior.
a. Psychology b. sociology c. social Psychology d. anthropology
14. _____ is individual determinants in buying behavior
a. consumer perception b. family influences
c. reference groups d. cultural and cross-cultural
15. _____ is group dynamics in buying behavior,
a. consumer perception b. family influences
c. reference groups d. cultural and cross-cultural
16. _____ individual operates in group/groups and its effects on buying behavior
a. consumer perception b. family influences
c. reference groups d. cultural and cross-cultural
17. _____ study of income and purchasing power, and its impact on consumer behavior
a. consumer perception b. family influences
c. reference groups d. cultural and cross-cultural
18. _____ applied for problems that are routine and regular.
a. Programmed decision making b. non Programmed decision making
c. Consumer decision making d. customer decision making
19. _____ applied for problems that arise suddenly and are unique or novel.
a. Programmed decision making b. nonProgrammed decision making
c. Consumer decision making d. customer decision making
20. The consumer is unfamiliar with the product/service category
a. EPS b. LPS c. RPS d. Customer

PART –B (3*10=30 Marks)
Answer All the Questions

21. a. Explain the scope of consumer behavior.
Or
b. What are the interdisciplinary natures of consumer behavior? Explain.
22. a. Describe the buying roles of consumer.
Or
b. What are the classifications of buying motives? Explain it.
23. a. Explain the decision making levels.
Or
b. What are the applications of consumer behavior?

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KARAPAGAM ACADEMY OF HIGHER EDUCATION
(Established under section 3 of UGC Act, 1956)
(For the candidates admitted from 2015 onwards)
B.Com CA Degree Examination, September-2017

Fifth Semester
Model Exam Question Paper
CONSUMER BEHAVIOUR

Time: 3 Hours
Date: 14/9/2017

Maximum: 60 Marks

PART - A (20*1=20 Marks)
Multiple choice Questions

1. _____ describes changes in an individual's behavior arising from experience.
 - a. modeling
 - b. motivation
 - c. perception
 - d. learning
2. _____ 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
3. Unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment refers to which one of the following?
 - a. Belief
 - b. Culture
 - c. Personality
 - d. Self-awareness
4. _____ is one of the most basic influences on an individual's needs, wants, and behavior.
 - a. brand
 - b. culture
 - c. product
 - d. price
5. A good synonym for motive is a _____.
 - a. omen
 - b. need
 - c. drive
 - d. cue
6. Programmed decision making applied for problems that are.
 - a. routine and regular
 - b. cultural and cross-cultural
 - c. Consumer decision making
 - d. customer decision making
7. If performance meets consumer expectations, the consumer is _____.
 - a. delighted
 - b. satisfied
 - c. disappointed
 - d. surprised
8. Consumer perception is _____ determinants in buying behavior
 - a. individual
 - b. group dynamics
 - c. reference groups
 - d. cultural and cross-cultural
9. Which of the following is not a component of personality?
 - a. Family.
 - b. Behaviours.
 - c. Traits.
 - d. All of those
10. 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
11. _____ are factors that have been shown to affect consumer behavior.
 - a. brand name, quality, newness, and complexity
 - b. advertising, marketing, product, and price
 - c. outlets, strategies, concept, and brand name
 - d. quality, advertising, product positioning, and strategy
12. Innovators are _____ on brand loyalty; in fact they are switchers.
 - a. low
 - b. high
 - c. moderate
 - d. higher
13. All of the following make up a person's lifestyle except _____.
 - a. work
 - b. AIO dimensions
 - c. dissonance-reducing buying behavior
 - d. opinions
14. A _____ consists of the activities people are expected to perform according to the persons around them.
 - a. lifestyle
 - b. role
 - c. life-cycle
 - d. tradition
15. _____ are based on such things as geographic areas, religions, nationalities, ethnic groups, and age.
 - a. multilingual needs
 - b. cultures
 - c. subcultures
 - d. product adaptation requirements

16. _____ are the groups that individuals look to when forming attitudes and opinions.
- reference groups
 - teenage groups
 - religious groups
 - adult groups
17. In terms of consumer behavior, culture, social class, and reference group influences have been related to purchase and _____.
- economic situations
 - situational influences
 - consumption decisions
 - physiological influences
18. The _____ the degree of trialability, the greater would be the rate of diffusion.
- Higher
 - Side
 - Lower
 - middle
19. Blanket contracts are typically part of which of the following stages in the business buying process?
- general need description
 - product specification
 - supplier selection
 - order-routine specification
20. A _____ is a person's pattern of living as expressed in his or her activities, interests, and opinions.
- Role
 - status/ position
 - lifestyle
 -

PART B (5*8=40) MARKS.

ANSWER ALL THE QUESTION

21. a. Discuss the applications of consumer behavior
(or)
b. Define consumer behavior. How the principles of consumer behaviour are applied for Profit making?
22. a. Discuss the decision making levels.
(or)
b. Explain consumer buying roles.
23. a. What are the basic element of consumer attitude.
(or)
b. Discuss the consumer needs and motivation.
24. a. Discuss the Interpersonal communication.
(or)
b. Explain various types of reference groups in detail.
25. a. Explain in detail about adoption process.
(or)
b. What is consumer innovation ? discuss.



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**DEPARTMENT OF COMMERCE
III-B.COM (CA) A
CONSUMER BEHAVIOUR – 15CCU504B**

**ANSWER KEY
I INTERNAL TEST
SECTION A
MULTIPLE CHOICE QUESTIONS**

1. Needs and Wants
2. Consumer
3. Product
4. Price
5. Promotion
6. Product
7. Product
8. Price
9. Psychology
10. Sociology
11. Social Psychology
12. Anthropology
13. Psychology
14. Consumer Perception
15. Family Influences
16. Reference Groups
17. Consumer Perception
18. Programmed Decision Making
19. Non-Programmed Decision Making
20. EPS

SECTION B

21. A. Scope of Consumer Behaviour

The study of consumer behavior deals with understanding consumption patterns and behavior. It includes within its ambit the answers to the following:

‘What’ the consumers buy: goods and services –

‘Why’ they buy it: need and want –

‘When’ do they buy it: time: day, week, month, year, occasions etc. –

‘Where’ they buy it: place –

‘How often they buy’ it: time interval –

‘How often they use’ it: frequency of use

The scope of consumer behavior includes not only the actual buyer but also the various roles played by him/ different individuals.

21.b. The interdisciplinary nature of consumer behavior

An interdisciplinary area of study, the subject borrows heavily from psychology, sociology; social psychology; anthropology and, economics.

22.a. Consumer Decision Making

Consumer Decision Making pertains to the following decisions: a) What to buy: Products and Services (and the Brands?) b) How much to buy: Quantity c) Where to buy: Place d) When to buy: Time e) How to buy: Payment terms. All purchase decisions are not similar. The effort put into each decision making is different.

22.b. Applications of consumer behavior:

1. Analysing Market Opportunity
2. Selecting Target Market
3. Marketing Mix
4. Use in social and non-profits marketing

23.a. Evolution of Consumer Behaviour

The discipline finds its roots in the “marketing concept” and has been essentially interdisciplinary in nature. As a subject it emerged as a separate field of study in the 1960s. Initially the focus lay in the marketers’ attempts to study the causes of consumer behavior; the assumption was that if they could identify the reasons behind consumption behavior, they would be able to predict it; and if they could predict consumer behavior, they could influence it. So the emphasis was to predict consumer behavior; the approach came to be known as ‘positivism’. Gradually, the focus of the study changed; the marketers wanted to understand the customer better, and this approach came to be known as ‘interpretivism’.

23.b. Buying roles:

There are five buying roles, viz., Initiator, Influencer, Decider, User and Buyer.



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**DEPARTMENT OF COMMERCE
III-B.COM (CA) A
CONSUMER BEHAVIOUR – 15CCU504B**

**ANSWER KEY
II INTERNAL TEST
SECTION A
MULTIPLE CHOICE QUESTIONS**

1. Derived Demand
2. The nature of the buying unit
3. Buying Center.
4. Straight Rebuy
5. Modified Rebuy
6. Buying Center
7. Interpersonal
8. Security
9. Marketer
10. Self-image
11. Communication
12. A hospital
13. Work Group
14. Extended family
15. Personality
16. Culture
17. Aspirant Group
18. Solitary Survivor
19. A Dissociative Group
20. Cognitive Dissonance

SECTION B

21.a. Nature and Characteristics Of Perception

Perception can be better explained by understanding the nature and characteristics of perception:

1. Perception is a complex process.
2. It is also an intellectual process
3. Perception is broad in nature; it includes a physiological component (through sensation), as well as sociological and psychological components.

4. Perception is a subjective process as two people may perceive the same stimuli differently.

21.b Consumer Attitude

1. Attitudes are directed towards an object (product/service offering, price, store, dealer, promotion, advertisement etc.) about which a consumer has feelings and beliefs.

2. Attitudes have a direction; they could be positive or negative

3. Attitudes are consistent in nature, particularly with respect to the third component, i.e. behavior.

4. Attitudes are a learned predisposition.

5. Attitudes cannot be observed directly. While attitudes are comprised of three components, behavior is just one of them.

6. While attitudes can be inferred from our behavior, it is not synonymous to behavior. It has two other components, and reflects a learned predisposition to act favorable or unfavorably towards a product and service offering and the mix.

7. Attitudes are situation specific; they occur within a situation.

22.a. Consumer Emotions And Moods:

Emotion and moods affect and are affected by human motives. It's a two way relationship. Motives have an impact on emotions and moods; and, emotions and moods also impact human motives. Just as human motives have relevance for marketers, similarly emotions and moods also have relevance for marketers. An understanding of the deep seated emotions and moods is necessary for an understanding of consumer motives.

22.b. Basic Element of Consumer Learning

a) Motivation:

b) Cues:

c) Response:

d) Reinforcement

23.a. consumer perception:

Schiffman defines it as “the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world.”

The perceptual process and the mechanism:

i Input: The input to the perceptual process refers to the various stimuli that surround an individual and exist in his environment.

ii Perceptual mechanism: The perceptual mechanism consists of three sub-processes, viz., selection, organization and interpretation.

iii Output: Once the input has been interpreted, it results in an output.

iv Behavior: The resultant behavior is an outcome of the output. Based on his emotions and moods, feelings and opinions, as well as attitudes and beliefs, a person would enact out a behavior.

23.b. Innovation: the term “innovation” refers to the newness of the product/service offering.

The five stages

i) Awareness:

ii) Interest:

iii) Evaluation:

iv) Trial:

v) Adoption (Rejection):



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DEPARTMENT OF COMMERCE
III-B.COM (CA) A
CONSUMER BEHAVIOUR – 15CCU504B

ANSWER KEY
MODEL EXAM
SECTION A
MULTIPLE CHOICE QUESTIONS

1. Learning
2. The Consumer Market
3. Belief
4. Culture
5. Drive
6. Routine and Regular
7. Satisfied
8. Individual
9. Family
10. Motive
11. Brand name, quality, newness and complexity
12. Low
13. Opinions
14. Lifestyle
15. Subcultures
16. Reference Groups
17. Consumption decisions
18. Higher
19. Order-routine Specification
20. Lifestyle.

SECTION B

21.a. Applications of consumer behavior:

1. Analysing Market Opportunity
2. Selecting Target Market
3. Marketing Mix
4. Use in social and non-profits marketing

21.b. Definition:

According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.

Applications of consumer behavior are applied for Profit making

Consumer behaviour study helps in identifying the unfulfilled needs and wants of consumers.

This requires examining the trends and conditions operating in the marketplace, consumers' lifestyles, income levels and emerging influences.

A review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and need.

Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Here too, consumer behaviour study is very helpful in finding answers to many perplexing questions.

22.a. Levels of decision making:

While decision making is defined as the selection of an alternative to solve a problem, the time and effort required to complete the process varies across buying situations. We may define three kinds problem solving spread over a continuum; these are referred to as the levels of consumer decision making;

- (i) Extensive problem solving (EPS)
- (ii) Limited problem solving (LPS)
- (iii) Routinized problem solving (RPS) or routinized response behavior.

22.b. Buying Roles:

The actual transaction/ exchange is preceded by considerable amount of thought processes and influences. This could be explained in terms of the five “Buying Roles” viz., Initiator, Influencer, Decider, Buyer and, User. The marketer needs to understand these roles so as to be able to frame suitable strategies to target them.

a) Initiator:The person who identifies a need and first suggests the idea of buying a particular product or service.

b) Influencer:The person(s) who influences the buyer in making his final choice of the product.

c) Decider:The person who decides on the final choice: what is to be bought, when, from where and how.

d) Buyer:The person who enters into the final transaction and exchange process or is involved in the physical activity of making a purchase.

e) User:The person(s) who actually consumes the product or service offering.

23.a. Consumer Attitude

1. Attitudes are directed towards an object (product/service offering, price, store, dealer, promotion, advertisement etc.) about which a consumer has feelings and beliefs.

2. Attitudes have a direction; they could be positive or negative

3. Attitudes are consistent in nature, particularly with respect to the third component, i.e. behavior.

4. Attitudes are a learned predisposition.

5. Attitudes cannot be observed directly. While attitudes are comprised of three components, behavior is just one of them.

6. While attitudes can be inferred from our behavior, it is not synonymous to behavior. It has two other components, and reflects a learned predisposition to act favorable or unfavorably towards a product and service offering and the mix.

7. Attitudes are situation specific; they occur within a situation.

23.b. Consumer Needs and Motivation

At the heart of marketing, lies what is referred to as a consumer need. Consumer needs are the quintessence of the marketing concept. Psychologists and consumer researchers agree that human beings have the same needs; however, these needs gets translated differently into different wants, resulting in varied motives. With consumers being different and unique to each other, it is important that the marketers understand the various needs, and provide relevant product and service offerings that blend with the consumer(s) segment(s) and their wants. An understanding of human needs and motives would also help marketers understand and to predict consumption behavior.

24. a. Interpersonal Communication:

- There is another kind of communication that takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. This is referred to as informal interpersonal communication. This is also called word-of-mouth (WOM) communication.

Advantages

Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives.

24.b. TYPES OF REFERENCE GROUPS:

Broadly speaking, based on the kind of contact (regularity, frequency, direct/indirect), reference groups could be of two kinds, viz.

Primary reference groups and secondary reference groups. Such group(s) with which a person has a direct (face-to-face) contact and where a direct influence occurs, is known as a primary reference group(s). So such group(s) with which a person has an indirect contact and where an indirect influence occurs, is known as a secondary reference group.

a) Contactual Group

b) Aspirational Group

c) Disclaimant Group

d) Avoidance Group

25.a. ADOPTION PROCESS:

Schiffman defines adoption as “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 new product”.

The five stages are explained below:

i) Awareness

ii) Interest

iii) Evaluation

iv) Trial

v) Adoption (Rejection)

25.b. Innovation: the term “innovation” refers to the newness of the product/service offering.

a) Innovators are not “generic”; they are “specific” to a product and service type. Consumers who are innovators of one product are more likely to be innovators of other new product/service offerings in the same general product category.

b) Consumer innovators are generally younger than late adopters or non-innovators; they have more formal education, occupational status, and higher income and purchasing power

c) After a while, innovators tend to become *opinion leaders*. Innovators possess a level of interest in the product/service category; they gather information on an ongoing basis, they are the first to purchase the innovative offering, and are a powerful source of information for other consumers. Other consumers like early majority and early adopters and early majority look up to innovators for advice and guidance about the new products/services.