Consumer Behavior

DMGT506

Edited by:
Dr.Tanima Dutta

LOVELY PROFESSIONAL UNIVERSITY

CONSUMER BEHAVIOUR

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SYLLABUS

Consumer Behaviour

Objectives: To provide a strong, usable and comprehensive managerial understanding of consumer behaviour.

To understand the factors that influence consumer behaviour and develop sound marketing strategy

S. No.	Description
1.	***Introduction to Consumer Behaviour:*** Origins and Strategic Application.
2.	***Consumer Research:*** Paradigm (qualitative and quantitative research), Consumer Research Process, Ethics.
3.	***Consumer Motivation:*** Dynamics, Types and System of Needs, Measurement of Motives, Ethics.
4.	***Consumer Personality:*** Theories, Personality and Understanding Consumer Diversity, Brand Personality, Self and Self Image.
5.	***Consumer Perception:*** Elements, Dynamics, Consumer Imagery, Perceived Risk.
6.	***Consumer Learning:*** Elements, Behaviour Learning Theories, Cognitive Learning, Measures.
7.	***Consumer Attitude Formation and Chang:*** Structural Models and Theories, Attitude Formation, Strategies of Attitude Change.
8.	***Reference Groups and Family Influences:*** Selected Consumer Related Reference Groups, Celebrity and Reference Group Appeals, Family Decision Making and Consumption Related Roles.
9.	***Culture, Subcultures and Cross Cultural Consumer Behaviour:*** Nature, Types, Measurement of Culture and Cross Cultural Consumer Analysis.
10.	***Consumer Decision making Process:*** Routinised Response, Limited and Extensive Problem Solving Behaviour, Opinion Leadership and Diffusion of Innovation.

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Unit 1: Introduction to Consumer Behaviour

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Objectives

After studying this unit, you will be able to:

- Define consumer behaviour
- Distinguish between consumer & customer and buyer & user
- Know the origin and developments in the field of consumer behaviour
- Discuss strategic applications of consumer behaviour
- Realise the general CB model

Introduction

Consumer behaviour is a rapidly growing discipline of study. It means more than just how a person buys products. It is a complex and multidimensional process and reflects the totality of consumers' decisions with respect to acquisition, consumption and disposal activities. We, as consumers, exhibit very significant differences in our buying behaviour and play an important role in local, national or international economic conditions. One of the very few aspects common to all of us is that we are all consumers and the reason for a business firm to come into being is the presence of consumers who have unfulfilled, or partially fulfilled needs and wants. No

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matter who we are – urban or rural, male or female, young or old, rich or poor, educated or uneducated, believer or non-believer, or whatever – we are all consumers. We consume or use on a regular basis food, shelter, clothing, education, entertainment, brooms, toothbrushes, vehicles, domestic help, healthcare and other services, necessities, comforts, luxuries and even ideas etc. Organisations realise that their marketing effectiveness in satisfying consumer needs and wants at a profit depends on a deeper understanding of consumer behaviour. Our consumption related behaviour influences the development of technology and introduction of new and improved products and services.

To succeed in a dynamic marketing environment, marketers have an urgent need to learn and anticipate whatever they can about consumers. The better they know and understand consumers, the more advantageous it would prove in accomplishing their organisational objectives. Marketers want to know what consumers think, what they want, how they work, how they entertain themselves, how they play etc. They also need to comprehend personal and group influences which have a significant impact on consumer decision-making process.

1.1 Definition of Consumer Behaviour

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

James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)

Consumer behaviour refers to "the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants."

Bearden et al. "Marketing Principles and Perspectives."

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

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

Consumer behaviour refers to "the mental and emotional processes and the observable behaviour of consumers during searching, purchasing and post consumption of a product or service."

Authors

How consumers make decisions to spend their available resources such as money, time and effort on consumption and use related items is the subject of consumer behaviour study. Consumer behaviour has two aspects: the final purchase activity which is visible to us and the decision process which may involve the interplay of a number of complex variables not visible to us. In fact, purchase behaviour is the end result of a long process of consumer decision making. The study involves what consumers buy, why they buy it, how they buy it, when they buy it, where they buy it, how frequently they buy it and how they dispose of the product after use.

1.2 Consumer and Customer

A consumer is anyone who typically engages in any one or all of the activities mentioned in the definition. Traditionally, consumers have been defined very strictly in terms of economic goods and services wherein a monetary exchange is involved. This concept, over a period of time, has been broadened. Some scholars also include goods and services where a monetary transaction is not involved and thus the users of the services of voluntary organisations are also thought of as consumers. This means that organisations such as UNICEF, CRY, or political groups can view their publics as "consumers."

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The term consumer is used for both personal consumers and organisational consumers and represents two different kinds of consuming entities. The personal consumer buys goods and services for her or his personal use (such as cigarettes), or for household consumption (such as sugar, furniture), or for just one member of the family (such as a pair of shoes for the son), or a birthday present for a friend (such as a pen set). In all these instances, the goods are bought for final use, referred as "end users" or "ultimate consumers."

The other category of consumer is the organisational consumer, which includes profit and not-for-profit organisations. Government agencies and institutions (such as local or state government, schools, hospitals etc.) buy products, equipment and services required for running these organisations. Manufacturing firms buy raw materials to produce and sell their own goods. They buy advertising services to communicate with their customers. Similarly, advertising service companies buy equipment to provide services they sell. Government agencies buy office products needed for everyday operations. The focus of this book is on studying behaviours of individual consumers, groups and organisations who buy products, services, ideas, or experiences etc. for personal, household, or organisational use to satisfy their needs.

Anyone who regularly makes purchases from a store or a company is termed as "customer" of that store or the company. Thus a customer is typically defined in terms of specific store or company.

Caselet

The Indian Consumer

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labeled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market.

Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant that values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers.

Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behavior is quite unique. Perhaps, only in India, one sees traditional products along side modern products. For example, hair oils and tooth powder existing with shampoos and toothpaste.

Source: edms.matrade.gov.my/...nsf/.../PMSChennai05-ConsumerBehavior_1.doc

1.3 Buyers and Users

The person who buys a particular product may not necessarily be the user, or the only user of this product. Likewise, it is also true that the person who purchases the product may not be the decision-maker. For example, the father buys a bicycle for his school going son (the son is the user), or he buys a pack of toothpaste (used by the entire family), or the mother is the decision maker when she buys a dress for her three-year-old daughter. The husband and wife together may buy a car (both share the decision). It is clear that in all cases buyers are not necessarily the users of products they buy. They also may not be the persons who make the product selection decisions.

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Whenever consumer behaviour occurs in the context of a multi-person household, several different tasks or roles as mentioned in the table below may be performed in acquiring and consuming a product or service.

Table 1.1: Selected Consumer Behaviour Roles

Role	Description
Initiator	Initiator is the individual who determines that some need or want is not being fulfilled and authorises a purchase to rectify the situation.
Gatekeeper	Influences the family's processing of information. The gatekeeper has the greatest expertise in acquiring and evaluating the information.
Influencer	Influencer is a person who, by some intentional or unintentional word or action, influences the buying decision, actual purchase and/or the use of product or service.
Decider	The person or persons who actually determine which product or service will be chosen.
Buyer	Buyer is an individual who actually makes the purchase transaction.
User(s)	User is a person most directly involved in the use or consumption of the purchased product.

Task Whom should the marketers target – Buyers or Users? Does the decision depend on the type of products?

Different household members can perform each of the roles singly or collectively. For example, in deciding which videocassette to rent for entertainment, parents might decide on the movie but children may play a role directly by making their preferences known, or indirectly when parents keep the children's likes in mind. One parent may actually go to the store to get the video, but the entire family may watch it.

1.4 Origin and Development in the Field of Consumer Behaviour

For a variety of reasons, the study of consumer behaviour has developed as an important and separate branch in marketing discipline. Scholars of marketing had observed that consumers did not always behave as suggested by economic theory. The size of the consumer market in all the developed and rapidly developing economies of the world was extensive. A huge population of consumers was spending large sums of money on goods and services. Besides this, consumer preferences were shifting and becoming highly diversified. Even in case of industrial markets, where the need for goods and services is generally more homogenous, buyers' preferences were becoming diversified and they too were exhibiting less predictable purchase behaviour.

Marketing researchers involved in studying buying behaviour of consumers soon appreciated the fact that though there were many similarities, consumers were not all alike. There were those who used products currently in vogue while many consumers did not like using "me too" types of products and showed a preference for highly differentiated products that they felt met their special needs and reflected their personalities and lifestyles.

These findings led to the development of market segmentation concept, which required dividing the total heterogeneous but potential market into relatively smaller homogenous groups or segments for which they could design a specific marketing mix. They also used positioning techniques and developed promotional programmes to vary the image of their products so that they were perceived as a better means to satisfying the specific needs of certain segments of consumers.

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Other important factors that contributed to the development of consumer behaviour as a marketing discipline include shorter product life cycles, increased environmental concerns, interest in consumer protection, growth of services marketing, opening up of international markets and the development of computers and sophisticated techniques of statistical analysis.

1.4.1 Development of Marketing Concept

Marketing concept evolved in late 1950s and the field of consumer behaviour is deeply rooted in this concept.

After World War II, there was great demand for almost all sorts of products and the marketing philosophy was to produce cheap goods and make them available at as many places as possible. This approach suited the marketers because demand exceeded supply and consumers were more interested in obtaining the product rather than in any specific features.

This approach is called a production orientation and is based on the assumption that consumers will buy what is available and would not wait for what they really want. The marketer does not really care to know what consumer preferences are.

The next stage has been product orientation, which assumes that consumers will buy the product that offers them the highest quality in terms of performance and features. The company makes all efforts to improve product quality. The focus is on the product rather than on what the consumers need or want. Professor Levitt has called this excessive focus on product quality as "marketing myopia." This we see happen in highly competitive markets where some companies keep on adding unnecessary features, passing their cost on to the consumers, in hopes of attracting them.

Selling orientation evolved as a natural consequence of production orientation and product orientation. The marketer is primarily focused on selling the product that it unilaterally decided to produce. The assumption of this approach is that consumers would not buy enough of this product unless they are actively and aggressively persuaded to do so. This approach is known as "hard-sell" and consumers are induced to buy what they do not want or need. The problem with this approach is that it does not take consumer satisfaction into account. This often leads to dissatisfaction and unhappiness in consumers and is likely to be communicated by word-of-mouth to other potential consumers, discouraging them to buy the product.

Soon marketers realised that they could easily sell more goods if they produced only those goods that they had first confirmed consumers would buy. Thus, consumer needs and wants became the marketer's primary focus. This consumer-oriented marketing approach came to be called as the marketing concept. The important assumption underlying marketing concept is that a company must determine the needs and wants of its target markets and deliver the desired satisfactions more efficiently and effectively than the competition. This is the key to successful marketing.

1.4.2 Disciplines involved in the Study of Consumer Behaviour

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

1. ***Psychology*** is the study of the individual which includes motivation, perception, attitudes, personality and learning theories. All these factors are critical to an understanding of consumer behaviour and help us to comprehend consumption related needs of individuals,

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their actions and responses to different promotional messages and products and the way their experiences and personality characteristics influence product choices.

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

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

4. ***Cultural anthropology*** is the study of human beings in society. It explores the development of core beliefs, values and customs that individuals inherit from their parents and grandparents, which influence their purchase and consumption behaviour. It also studies subcultures and helps compare consumers of different nationalities and cultures.

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

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

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

Task Observe how your parents spend their money on purchases? Do you observe any pattern? What does it show about their behaviour?

1.5 Strategic Applications of Consumer Behaviour

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

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

2. ***Selecting target market:*** A review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and needs. Identifying

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these groups, learning how they behave and how they make purchase decisions enables the marketer to design and market products or services particularly suited to their wants and needs. For example, consumer studies revealed that many existing and potential shampoo users did not want to buy shampoo packs priced at ₹ 60 or more and would rather prefer a low priced sachet containing enough quantity for one or two washes. This finding led companies to introduce the shampoo sachet which became a good seller.

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

(a) *Product:* The marketer designs the product or service that would satisfy unfulfilled needs or wants. Further decisions regarding the product concern to size, shape and features. The marketer has also to decide about packaging, important aspects of service, warranties and accessories etc.

Example: Nestle first introduced Maggi noodles in masala and capsicum flavours. Subsequently, keeping in view the consumer preferences in some regions, the company introduced garlic, Sambar and other flavours.

(b) *Price:* The second important component of marketing mix is price. Marketers must decide what price to charge for the product or service. These decisions will influence the flow of revenue to the company. Should the marketer charge the same, higher, or lower price in comparison to competition? Is the consumer price sensitive and would a lower price stimulate sales? Should there be any price discounts? Do consumers perceive lower price as being indicative of poor quality?

To answer such questions, the marketer must understand the way the company's product is perceived by consumers, the importance of price as a purchase decision variable and how different price levels would affect sales. It is only through consumer behaviour study in actual buying situations that the marketer can hope to find answers to these important issues.

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

The answers to these questions are furnished by consumer behaviour research.

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

(d) *Promotion:* Promotion is concerned with marketing communications to consumers. The more important promotion methods are advertising, personal selling, sales promotion, publicity and direct marketing. The marketer has to decide which method would be most suitable to effectively reach the consumers. Should it be advertising alone or should it be combined with sales promotion? The company has to know the

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target consumers, their location, what media do they have access to and what are their media preferences, etc.

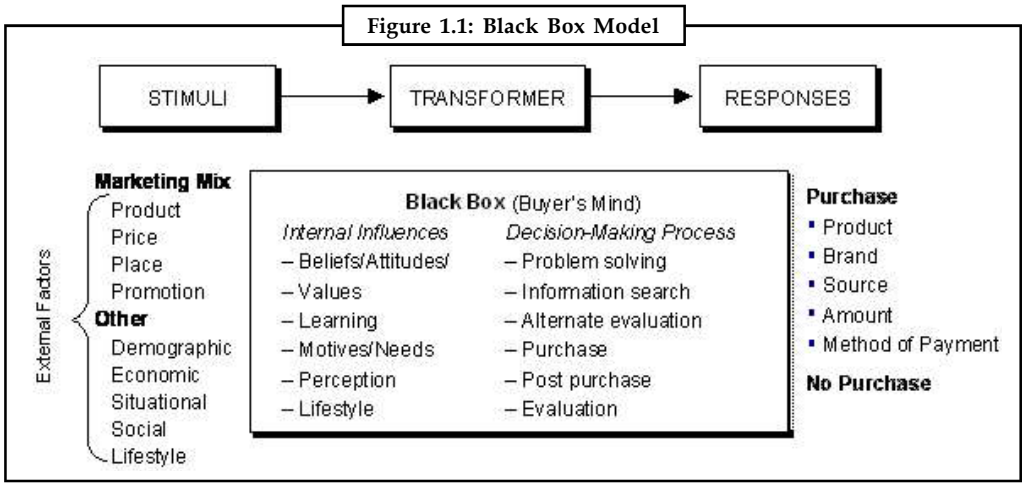
In most cases of industrial products there is very little or no advertising. Brochures containing technical specifications are often posted to clients and the salespeople make follow-up visits. Consumer products get the maximum share of advertising. Pharmaceutical industry exclusively uses personal selling for prescription drugs. Insurance companies use both advertising and personal selling.

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

1.6 General Model of Consumer Behaviour

This model is also known as Input-Processing-Output Model. The consumer decision process is a series of activities and steps of decision-making leading to a purchase function. It represents a problem-solving approach. This is the simplest model to explain the consumer decision-making process. The mechanism is the same as in any processing activity in which there are three factors namely inputs, processing and outputs. The inputs in the form of product, price, place and promotion parts of a marketing program are fed into the consumer information-processing box (called 'black box') and it leads to a set of outputs.

Figure 1.1: Black Box Model



Source: www.marcbowles.com

During the last few decades, numerous models of consumer behaviour depicting the buying process have been developed. All these models treat the consumer as a decision-maker who comes to the market place to solve his consumption problems and to achieve the satisfaction of his needs. The simplest model given is composed of three stages - 'Input, Processing and Output'.

Input is a set of stimulus factors that the consumer receives in the market. It is provided by two sets of stimulus variables, namely, the firm's marketing efforts and the social environment. The firm's marketing efforts are designed to positively expose, inform and influence consumers. These efforts include product/service itself, advertising, price strategies, distribution network and in fact all marketing functions. For example, when a company introduces a new brand of detergent powder or a television set, it may run a series of radio commercials along with supporting press advertisements. The social environment serves as a non-commercial source of

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consumer information and influence, which is not under the direct control of the firm. It includes reference groups and individuals, members of the family, social class and castes, culture, and the like. Both these stimuli variables influence consumers and their buying process.

Consumers receive the input factors and process input information through a deep psychological process of information processing, evaluation of alternative information inputs, comparison of each input's attributes with the expected consumer benefits that leads them to finally take a decision. Decision is a mental rule used in favor of arriving at a solution to a confronting consumption problem. We will discuss the stages in information processing in the subsequent section of the chapter. Consumers also retrieve available information from their memory box and use this information with the collected information from the external sources to process information for arriving at a solution to a consumption problem. Due to the ability of capturing, analyzing, retrieving and using a mental rule to arrive at a decision, consumer's mind is called a black box.

The output factors are the end result of the information processing stage. These can be in the form of creating positive word of mouth among potential consumers, leading to a trial of the brand or final adoption of the brand for every purchase situation. The effectiveness of a marketing program is evaluated by measuring the output results.

Case Study

Consumer Behaviour has Changed

When was the last time you heard someone warning his mobile service provider and threatening him about switching to another brand? Or when was the last time you snubbed a representative from a reputed bank/insurance company who tried selling you one of his loan/investment products? Else, try recalling the last time you heard someone proudly brag about the dressing down he gave his MNC bank/ credit card company about the poor quality of their customer response time?

The chances are that if you are in India you would be experiencing one or more of these things around you very frequently. And if you were an outsider you are most definitely likely to reach a conclusion that you're perhaps seeing the reactions of consumers in market where they don't have good service providers and/or the quality of service is fast deteriorating.

Now consider the reality. About 10 years ago, it used to take 15 days to three months to get a telephone installed at your residence. Today it takes less than 24 hours for an active landline connection and you can have an active mobile phone connection almost instantly. The approval time for a home loan has come down from months and weeks to 5-7 days. You can apply and get a credit card almost instantly. The time required to get cash from the bank has almost come to nil thanks to the technologies like ATMs compared to the half-day it took a while ago.

Now consider the brand choice equation. About 10 years ago there was one telecom service provider, one life insurance company and not more than 4-5 big banks to choose from. Today there are more than five telecom service brands ranging from the international giants such as Vodafone to homegrown biggie Airtel, Tata and Reliance to choose from. There are more than 10-12 insurance brands, almost all of them partnered by the world leaders. There are more than 20 banks to choose from - all of them armed with latest technologies to make your life easy. More than half-a-dozen airlines are ready to fly you through the day between different towns.

Contd...

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In light of this truth the above described aggressive behaviour by consumers clearly defies any logical deduction from reality. An even more intriguing aspect is the consumer behaviour before all this. Ten years ago, when the linesman from the State-owned BSNL came and installed the telephone after a month-and-a-half, most consumers very happily offered him sweets. That time has now been cut down to 12-24 hours but agitated consumers are chiding the hapless new service providers for taking so long. Today our pizzas are getting delivered in 30 minutes, our bills are being collected from our doorsteps and the service brands are treating the consumer as a king. Yet we're becoming more and more aggressive.

Clearly, we are seeing the emergence of an extremely intolerant breed of consumers who are forever threatening and bullying the service brands. While the choices available to the consumers and the service standards have improved in absolute terms the consumer's behaviour towards the service brands has progressively deteriorated.

Question

Do you agree with the point put across in this case? Why? Or, Why not?

Source: www.thehindubusinessline.com

1.7 Summary

- Our consumption related behavior influences new product development and success and failures of business.
- Consumer Behaviour refers to the observable behavior of consumers during searching, purchasing and post consumption of products or services.
- There are two important group of consumers: personal consumer and organizational consumers.
- The study of consumer behavior involves interplay of number of variables that are not visible to an observer. The study of consumer behavior involves what they buy, how they buy it, when they buy it, where they buy it, and what are the post purchase activities.
- The study of consumer behavior is deeply rooted in the marketing concept. Consumer behavior activities can help unearth much information to help marketers to segment markets, selection of the target segments, developing the positioning strategy and develop appropriate marketing mixes for different markets.

1.8 Keywords

Consumer behavior: How consumers make purchasing decisions with available resources.

Consumer: Anyone who is engaged in purchasing process.

Cultural anthropology: Study of humans in a society.

Customer: This is regular purchaser form a specific store or company.

Marketing concept: Consumer oriented marketing approach.

Organizational consumer: Buys goods and services for profit and non-profit organizations.

Personal consumer: Buys goods and services for personal use.

1.9 Self Assessment

Notes

Fill in the blanks:

1. You buy a chair for your office; you may be termed as a …… consumer.
2. Sam likes to buy t-shirts from 'The Tee Point Store' only; he is a ……. of the store.
3. Sara bought an ice cream for Jason. In this case Sara is …… and Jason is …….. .
4. In your family, your mother decides what groceries to buy; she assumes the role of a …….. .
5. MNS Machinery lays a great deal of emphasis on performance and features of their machines. This relates to the …… orientation.
6. ABC motors produce some highest quality cars with little or no customization. This is often called as …….. .
7. CDC Soft Drinks Company ensures that only their drinks are available at every food joint. This relates to the …….. orientation.
8. News Today magazine publishes its magazines in various regional languages. This relates to the …… concept.
9. Victor realizes that his family needs a bigger car now and looks for options available in the market. He is an …….. .
10. Vice President of ASD Garments rolled out different communication campaigns for north, south, east and west zones. They have done a market …….. .

1.10 Review Questions

1. "It has become important for marketers to understand psyche of the consumer." Comment.
2. "Consumer decision making process is a interplay of various complex variable which are not visible to the marketers." Substantiate.
3. There are different roles that a consumer plays while making a purchase decision. Explain the process and the various roles that a consumer or household assumes.
4. “Production, product and selling concept do not take into account consumer's preferences”. Do you agree? Give reasons.
5. “Consumer Behaviour relates to other disciplines also”. Explain with suitable examples.
6. Is it important to consider the behavior of consumers while deciding on the marketing mix of the company? Why? Explain with suitable examples.
7. It is said that each consumer is unique, and any study that concentrates on the "average consumer" is meaningless. Discuss its implications.
8. What is the thin line that differentiates between a customer and a consumer? Explain with examples.
9. “Marketing myopia–a good or evil?” Discuss.
10. Consider the following companies: Coca Cola, Audi, General Motors, Sony Electronics and Procter & Gamble. Find out which concept/concepts do they generally follow? Also trace their history and find out the related changes.

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Answers: Self Assessment

1.	organizational	2.	customer
3.	buyer, User	4.	decider
5.	product	6.	marketing myopia
7.	selling	8.	marketing
9.	initiator	10.	segmentation

1.11 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

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Unit 2: Consumer Research

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2.8 Further Readings

Objectives

After studying this unit, you will be able to:

- Explain the paradigms: qualitative and quantitative research
- Discuss the consumer research process
- Realise the role of ethics in consumer behaviour

Introduction

Consumer research has emerged as an extension and an integral part of marketing research. It is the set of methods used to identify the needs and then develop products and services to satisfy those needs. The focus of consumer research is exclusively on exploring consumer behaviour. In the beginning, consumer research was used to help marketers to predict the consumer reactions to marketer's promotional messages and to understand why consumers made purchase decisions which they did. Marketers were reasonably convinced that if they could know everything about consumer decision process, they would be in a position to design marketing strategies and promotional campaigns that would influence the consumers in such a manner that they would buy the company's products or services. At this time, marketing was viewed as simply applied

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economics and the prevailing theory was that of an 'economic man', assuming that consumers are rational beings who make objective evaluations about products or services and chose only those that offer them maximum satisfaction at the lowest cost. Consumer behaviour research is now used to identify both felt and latent needs, to learn how consumers perceive products, brands and stores, what their attitudes are before and after promotional campaigns and how and why they make their purchase decisions.

2.1 Paradigms: Qualitative and Quantitative Research

Consumer research, sometimes known as market research, is the investigation into the driving forces behind customer behavior, consumer psychology and purchase patterns.

Consumer research falls under marketing activities, as well as in higher education under business psychology or sociology.

Consumer research is focused on obtaining objective information through statistical sampling to help businesses craft products and advertising that increase sales and profitability.

Understanding the meaning of consumption is not a simple task. According to A. F. Firat and Alladi Venkatesh, most studies on consumer behaviour are based on a set of beliefs and assumptions called positivism or modernism (Table 2.1).

Researchers who support or approve the assumptions of modernism are referred to as positivists.

1. Positivist research methods consist of experiments, survey techniques and observation. The findings of positivist research are descriptive, empirical and can be generalised to larger population.
2. The nature of collected data is quantitative for which sophisticated statistical analysis can be used.
3. Positivism takes the view that if it can't be proven in the laboratory, the data are not useful and that only information derived from scientific methods should be used in decision-making.

'Economic man' theory assumed that consumers are logical decision-makers. However, researchers soon realised that consumers were not always rational and consciously aware of why they made the decisions they did.

Even in situations when they were fully aware of their basic motivations, consumers were not always willing to disclose these reasons.

Ernest Ditcher, a Viennese psychoanalyst, began to use Freudian psychoanalytic techniques in 1939 to uncover the unconscious motivations of consumers which by 1950 came to be known as motivation research.

Today it is widely used by marketers and advertising agencies and consists of projective techniques and depth interviews. Motivation research is considered to be qualitative research and is primarily used to identify and obtain new ideas for promotional campaigns.

Marketers and advertising agencies often combine quantitative and qualitative research. They use qualitative research to gain consumer insights and new ideas and quantitative research to predict consumer actions based on different promotional inputs.

Many scholars in various disciplines have become more interested in the act of consumption rather than the act of purchase decision-making. Their interest in consumer experiences has originated the term experientialism or postmodernism. Experientialism uses qualitative and other research methods to understand consumer behaviour and is complementary approach to positivism.

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Researchers who endorse the assumptions of experientialism are called experientialists or postmodernists. Some other names given to this approach include naturalism, humanism and post-positivism.

Postmodernists believe that all reality is constructed by the individual or group and is determined by that individual or group as much or more than it is by an external "objective" reality and hence there are multiple realities.

Table 2.1: Comparison between Positivism and Experimentalism

	Positivism	Experientialism
Purpose	Prediction of consumer actions	Understanding consumption behaviour
Methodology	Quantitative methods	Qualitative methods
Assumptions	Consumers make rational decisions.	There is no single 'objective' truth.
	The causes and effects of behaviour can be identified and isolated.	Reality is subjective.
	Individuals are problem solvers and engage in information processing.	Cause and effect cannot be identified.
	A single reality exists.	Each consumption experience is unique.
	Objective measurement of events possible.	Interactions between researcher/ respondent effect research findings.
	Cause of behaviour can be identified and by manipulating causes, the marketer can influence Behaviour.	
	Findings can be generalised to larger populations.	Findings are often not generalized to larger populations.

Postmodernists tend to view knowledge as being time, culture and context dependent and consumption is viewed as a symbolic system as much as or more than economic system.

They carry out qualitative research and use ethnography, semiotics and depth interviews.

Ethnography is a technique in which the researchers get located in the society under study in an attempt to grasp the meaning of various cultural practices.

Ethnography makes it easy to study all kinds of consumer behaviour, including how individuals buy products and services.

Simiotics is the study of symbols and the meanings they convey and the researcher uses it to discover the meanings of various consumption behaviour and rituals. It is important to understand what meanings non-verbal symbols hold for the target audience.

Example: In Indian culture the sun symbolises life, the moon love, and the stars control destiny. Certain successful brands in the rural markets of India have brand names depicting numbers or animals, or symbols - 555 soap, or monkey brand tooth powder, or elephant (Gemini tea). This knowledge would help in designing more persuasive messages and avoiding mistakes that may be counterproductive.

Depth interviews are an important part of the postmodernist research process.

The findings in each case of interview are the outcome of specific researcher/respondent interaction and the researcher's interpretation and are unique.

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Caselet

Need for Research in Relationship Marketing and Customer Satisfaction

Today, banks have moved away from a transactional-based marketing approach to a relationship-based approach that has at its core the recognition of the lifetime value of the customer. Satisfaction is a multidimensional construct which has been conceptualised as a prerequisite for building relationships and is generally described as the full meeting of one's expectations and is the feeling or attitude of a customer towards a product or service after it has been used. It has been attributed with three dimensions by namely, satisfactory interactions with personnel, satisfaction with the core service, and satisfaction with the organisation.

While relationships have been extensively studied in western (Anglo-Saxon) cultural contexts such as Europe, the United States, Australia or the United Kingdom, few studies have examined this in an eastern cultural context such as Thailand, China, South Korea, Malaysia, or India. The only exceptions include empirical studies of relationship marketing and customer satisfaction in an Asian market. Customer satisfaction in the retail banking industry has been studied along with customer profitability management being integrated and optimised for the customer James, 2004. A positive relationship has been demonstrated between equity and satisfaction. Furthermore, no studies could be located that specifically examined relationship marketing and customer satisfaction being linked with sales and profits in a consumer service context in southeast Asia. Though much has been written about relationship marketing, few studies have attempted to address the implementation of relationship marketing in organisations, or what it entails with the focus on customer satisfaction. Secondly, fewer empirical articles pertaining to this construct have appeared in the literature. Thirdly, little attention has been paid to research in consumer retail marketing.

Source: allbusiness.com

2.2 Consumer Research Process

Consumer research process involves six major steps (1) defining research objectives (2) collecting and evaluating secondary data (3) primary research design (4) collecting primary data (5) analysing data and (6) report preparation.

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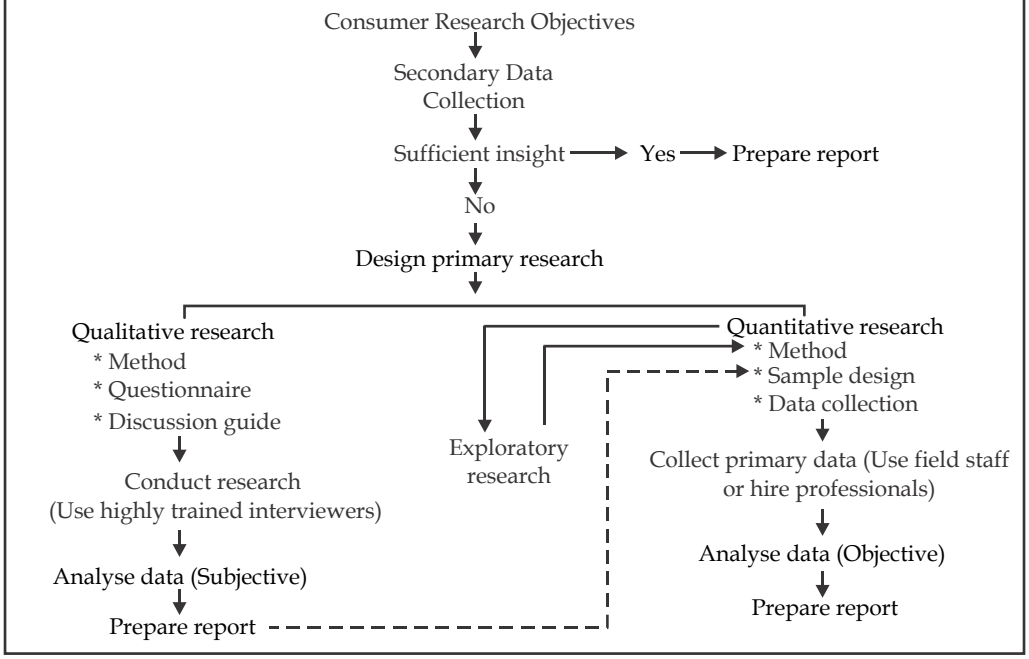
Figure 2.1: Steps in Consumer Research Process



2.2.1 Defining Research Objectives

At the outset, it is important to clearly define the purpose and objective of research study on which the marketing manager and the researcher agree. This will ensure the development of appropriate research design. For example, if the purpose of the research study is to come up with new ideas for advertising campaigns, then a qualitative study might be fruitful. The sample size would be small due to cost of each interview and a highly trained professional will spend more time face-to-face with respondents and subsequently would also analyse and interpret the data. The findings however, may not be representative of the entire market place.

In case, the purpose of the study is to learn what percentage of people use certain products and how frequently they use them, then a quantitative study is more appropriate. In case, the researcher is not clear what questions to include in the questionnaire, then he may conduct a small-scale exploratory research to spot critical issues and include appropriate questions to ask.

2.2.2 Collecting and Evaluating Secondary Data

Secondary data is any information originally generated for some other purposes rather than the current problem under consideration and can be either internal or external to the organisation. It includes findings based on data generated in-house for earlier studies, customer information collected by company's sales or credit departments and research conducted by outside organisations. The act of locating secondary data is called secondary research. Original research done by individuals or organisations to meet specific objectives is called primary research.

Sometimes secondary research uncovers enough useful data related to the present problem that it eliminates the need to conduct primary research. In most cases, secondary research offers clues and direction for the design of primary research. Government agencies, industry sources, trade associations, marketing research firms and advertising agencies are important sources of secondary data.

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2.2.3 Design Primary Research

The selection of a research design depends on the purposes of the study. If a marketer needs descriptive information, then a quantitative research study is called for, but if the purpose is to generate new ideas, then a qualitative study is appropriate.

Since the approach to research design for qualitative and quantitative research differs in terms of data collection method, sample design and use of data collection instrument, both research approaches are discussed here.

Qualitative Research Design

The researcher first takes into consideration the purpose of the research study and the kind of data needed. Data collection techniques for qualitative studies include focus group, depth interviews and projective techniques. All these techniques relate to psychoanalytic and clinical aspects of psychology. The emphasis is on open-ended and free-response types of questions so that the respondents reveal their unconscious thoughts and beliefs These techniques are frequently used in early stages of attitude research to learn product-related beliefs or attributes and the resulting attitudes.

Four popular methods of data collection include Depth Interviews, Focus Group and Projective Techniques.

Depth Interviews: Depth interview is the heart and soul of motivational research and designed to determine deep seated or repressed motives. A depth interview is lengthy, unstructured and informal, and is between a respondent and a trained researcher. It generally lasts anywhere between 30 minutes to an hour. After establishing the general subject to be discussed, the researcher keeps her/his own participation to the minimum possible level. The questions are general and respondents are encouraged to talk freely about their activities, interests, needs, desires, motives, emotions and attitudes, in addition to the product or brand under study. Questioning is sometimes indirect such as, "why do you think your friends smoke Gold Flake cigarettes?" This method attempts to bypass the respondent's inhibitions about revealing inner feelings. Such studies furnish valuable ideas about product design, insights for product positioning or repositioning and advertisement testing.

A new technique for probing consumers' behaviour, called autodriving, involves exposing respondents to photographs, videos and audio-recordings of their own behaviour. This approach provides them with the opportunity of having a deeper look at self and commenting on their consumption related behaviour. This technique is believed to help in making the qualitative data more meaningful.

Interview results are interpreted by trained professionals and are subjective in nature rather than quantitative and for this reason there is increased possibility of bias. Another source of error is the small size of samples which may not be representative of the entire population.

Focus Groups: Focus group is a popular technique for exploratory research and brings together about eight to ten people with similar backgrounds to meet with a moderator/analyst for a group discussion. The discussion is "focused" on a product, service or any other subject for which the research is conducted. The moderator/analyst guides the discussion encouraging the participants to freely discuss their interests, attitudes, reactions' motives, lifestyles, feelings about the product and usage experience etc. These sessions generally last for two hours and are videotaped.

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The sessions are usually held in specially designed conference rooms with one-way mirrors permitting the marketers and ad agencies staff to observe the session without inhibiting the responses.

Collage focus research is a variation of the focus group. The respondents are provided with scissors, paper, paste and magazines and are asked to make a collage representing themselves and their relationship with the product or service under study.

It is believed that focus groups can be helpful in:

1. Generating hypotheses about consumers and market conditions.
2. Suggesting refreshing new ideas.
3. Checking an advertisement, product package, or product concept to determine any flaws.
4. Understanding consumers' motivations, lifestyles and personalities.
5. Doing a post-mortem on failed products.

Projective Techniques: Projective tests require the respondent to decide what the other person would do in a certain situation. These techniques explore the underlying motives of individuals who consciously or unconsciously get involved in rationalisations and concealment because they may be reluctant to admit certain weaknesses or desires. Projective techniques involve a variety of disguised tests containing ambiguous stimuli such as untitled pictures (Figure 2.1), inkblots, incomplete sentences, word-associations and other-person characterisations. The respondent taking the test, is required to describe, complete or explain the meaning of different ambiguous stimuli. It is believed that respondents' inner feelings influence their perceptions of ambiguous stimuli. By taking the tests, they project their inner thoughts revealing their underlying needs, wants, aspirations, fears and motives, whether or not the respondents are fully aware of them. Some examples of projective techniques are:

1. ***Thematic Apperception Techniques (TAT):*** Respondents are shown pictures or cartoons concerning the product or the topic under study and asked to describe what is happening in the picture. It is believed that respondents will actually reveal their own motivations, attitudes, personalities and feelings about the situation.
2. ***Word Association Test:*** This is a relatively old and simple technique. Respondents are asked to read a series of words or phrases, one at a time and asked to answer quickly with the first word that comes into mind after hearing each one. By responding in rapid succession, it is assumed that they indicate what they associate most closely with the word or phrase spoken and reveal their true feelings.
3. ***Sentence Completion Test:*** The interviewer reads the beginning of a sentence and the respondent is required to finish it. This technique is believed to be useful in uncovering the images consumers have about products and stores. The information collected can be used to develop promotional campaigns.
4. ***The Third-Person Technique:*** The interviewer asks the respondent to describe a third person. For this, respondents are presented with some information about the person. It is believed that when they describe a neighbour or a third person, they usually respond without hesitation and in doing so, they express their own attitudes or motives as they infer the attitudes or motives of someone else.

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Notes **Laddering (Means-End Chain Model)**

Laddering is a relatively new research method used for data collection. It is used during in-depth interview to understand the deeper basis of consumer decisions by attending to the various consequences of choice for data collection. The assumption here is that very specific product attributes are linked at levels of increasing abstraction to terminal values. The consumer concerned has highly valued end states and chooses among alternative means to attain these goals, and therefore products are valued as the means to an end.

Laddering uses in-depth probing directed towards uncovering higher-level meanings at attribute (benefit) level and the value level. According to Thomas J. Reynolds and Jonathan Gutman, it facilitates uncovering linkages between product attributes, personal outcomes, and values that assist to structure components of the cognitive network in a consumer's mind.

To illustrate how laddering works, we may consider a consumer who intends to purchase a diamond ring for his would be wife. Tangible attributes of diamond such as size and brilliance are projected into abstract and emotional values of love and self-esteem. Diamond sellers keep the prices of diamonds artificially high through associating the size of the diamond and price to the size of your love and self-worth. The belief that consumption of products is instrumental in attaining more abstract values is central to the application of this method.

Task Take any picture of your choice and ask your colleagues to guess what is happening in the picture. Observe their answers. Are their guesses similar or they have different viewpoints? Their answer will tell you about their needs, attitudes, feelings, fantasies etc.

Quantitative Research

Quantitative research design includes method of data collection, the data collection instruments and the sample design.

Data Collection Methods

There are three basic approaches to collect data in quantitative study:

1. Observation
2. Experimentation and
3. Survey

1. ***Observation:*** One important approach to gain an in-depth understanding of consumers is to observe their behaviour in the process of buying and using products. By watching consumers, researchers gain a better understanding of what a product symbolises to a consumer because in most cases consumers do not realise that they are being observed and their behaviour remains natural. Observational research provides valuable information, which is used in product advertising. It is also widely used by experientialists to understand the buying and consumption process.

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2. ***Experimentation:*** In experimental studies, the researcher can test the relative sales appeals for package designs, prices, promotional offers and copy themes etc. by designing suitable experiments to identify cause and effect. In such studies, called causal research, only one independent variable is manipulated at a time and others remain constant. This ensures that any difference in dependent variable (results) is because of changes of independent variables such as consumers' attitudes or purchase behaviour and not due to the influence of any extraneous factors.

Example: To determine whether the size of a magazine ad affects readers' attention, the size of the ad might be changed, keeping other variables such as message or appeal and the colour of the ads constant so that they would not influence the results.

3. ***Survey:*** In a survey for data collection, consumers are aware of the fact that they are being studied and participate actively. A survey can be conducted by personal interview, by mail, or by telephone. Various kinds of surveys are:

   (a) *Personal interview survey:* This is a direct face-to-face interaction between interviewer and the respondent in home or in a retail shopping area (called mall intercept). A large amount of relatively accurate information can be obtained by this approach. A major advantage of this approach is the flexibility. The interviewer can modify the questions as per the situation and can also provide any clarifications to the respondent if necessary. The drawback is its high cost.

   (b) *Mail surveys:* These are conducted by sending questionnaires directly to individuals who complete it at their leisure and return it, usually in a postage paid envelope. Mail surveys can largely reduce respondents' reluctance to reveal sensitive information because they are seldom asked to identify themselves. The cost per respondent of mail survey is low and widely dispersed consumers can be covered, generating large amount of data. On the negative side, mail surveys can result in small number of responses because many consumers do not return the completed questionnaires.

   (c) *Telephone surveys:* These also provide interviewer-respondent interaction, though not face-to-face and can be a useful alternative to personal interview. The method is quicker and far less expensive than personal interviews. Telephone surveys work well when the objective is to learn about certain behaviour at the time of the interview, such as before or after viewing a TV programme. Telephone surveys generally generate higher response rate than mail or personal interview. The information collected during each interview is limited because of the difficulty of keeping respondents interested and on phone for extended period. Also, it is not possible to determine the intensity of respondents' feelings on telephone.

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Differences between Qualitative and Quantitative Research

	Qualitative research	Quantitative research
Main techniques used for data collection	Focus groups and in-depth interviews.	Surveys and scientific sampling.
Kinds of questions asked	Why? Through what thought process? In what way? What other behaviour or thoughts?	How much? How many?

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Interviewer's role	Interviewer must think critically and quickly frame questions and probes in response to whatever respondents say. Highly trained professionals Required	Critical role important, but interviewers need only be able to read scripts. They should not improvise or deviate. Little training needed, responsible personnel are most suitable.
Questions asked	Position of questions may vary in sequence and phrasing from group to group and in different interviews. New questions are included and old ones dropped.	No variation. Must be the same question for each interview. Sequence and phrasing of questions must be carefully controlled.
Number of interviews	Fewer interviews but the duration of each interview is more	Many interviews to ascertain a scientific sample that is worth projecting.
Nature of findings	Develop a hypothesis, gain insight, explore language options, refine concepts, add numerical data, provide diagnostics for advertising copy.	Test hypothesis, arrange factors according to priority, furnish data for mathematical modeling and projections.

Data Collection Instruments

The method of data collection depends on the type of research. The primary method of data collection for quantitative study is the questionnaire. Researchers can use a questionnaire to conduct any of the three types of surveys (personal interview, mail and telephone).

A questionnaire consists of a set of questions presented to respondents for their responses.

Constructing a good questionnaire requires considerable expertise. Typical problems include asking the wrong questions, asking too many questions and using the wrong words. Effective survey questions have three attributes: focus, brevity and clarity. They focus on the topic of survey, are as brief as possible and they are expressed simply and clearly. The questions must be interesting, objective, unambiguous and easy to answer truthfully and completely.

Questionnaires include both questions that are relevant to the topic of study and are pertinent demographic questions. This facilitates analysis and classification of responses into suitable categories. Questionnaires are first pre-tested and any errors are removed before their widespread use.

The true purpose of a questionnaire itself can be disguised or undisguised. Sometimes the answers to a disguised questionnaire are more truthful than to an undisguised questionnaire because the former avoids responses that respondents may think are expected. There are two types of questions, open-ended and closed-ended. Open-ended questions require information in the respondent's own words and closed-ended questions require the respondent only to check the appropriate answer from the given list. Open-ended questions reveal more because they do not restrain respondents' answers but are difficult to tabulate and analyse. Closed-ended questions, which are checked by respondents, are relatively simple to code and interpret but reveal limited information based on alternative responses provided.

Instead of using a questionnaire, sometimes researchers use a list of statements and ask respondents to indicate their degree of agreement or disagreement (called inventories).

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Sometimes, researchers use a list of product attributes or products and ask respondents to indicate their relative evaluations or feelings. Researchers also use attitude scales to collect this type of evaluative data. Attitude scales include Likert scales, Semantic differential scales and Rank-order scales.

Likert scale is the most popular form of attitude scale, being easy to prepare and interpret and simple for respondents to answer. Use of this approach involves compiling a list of statements relevant to the attitude under study. The respondents are asked to check or write the number corresponding to their level of agreement or disagreement with the statement.

Example:	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Big Shopper is generally a progressive store.	____	X	____	____	____
Big Shopper is generally well stocked.	X	____	____	____	____
Big Shopper's merchandise is generally reasonably priced.	X	____	____	____	____

Semantic differential scale is relatively easy to construct and administer. It consists of a pair of bipolar pair adjectives (such as good/bad, like/dislike, expensive/inexpensive, sharp/blunt, aggressive/docile) or antonym phrases at both ends of the scale with response options spaced in between in five or seven points. Respondents are asked to mark the position on the continuum that most closely represents their attitude toward a product, concept, or company on the basis of each attribute.

Example:	Healthy	___	___	___	___	___	___	___	___	Unhealthy
	Fresh	___	___	___	___	___	___	___	___	State
	Soft	___	___	___	___	___	___	___	___	Hard
	Expensive	___	___	___	___	___	___	___	___	Inexpensive
	Young	___	___	___	___	___	___	___	___	Old
	Old fashioned	___	___	___	___	___	___	___	___	Modern

Semantic differential scale is useful for preparing graphic consumer profiles of the concept under study. It is also employed in comparing consumer perceptions of competitive products and measuring perceptions of existing product against perceptions of "ideal" product.

Administering rank-order scales involve asking the respondents to rank items (products, stores, or companies) in order of preference against some criterion such as quality, value for money, or image. Rank-order scaling reveals important competitive information and helps identify areas of product design improvement.

Example: The following are six brands of toothpaste. We are interested in learning your preference for each of these brands. Place 1 alongside the brand that you would be most likely to buy, 2 alongside the brand you would next be most likely to buy. Continue doing this until you have ranked all six brands.

____ Colgate Total

____ Aquafresh

____ Close-up

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_____ Pepsodent

_____ Neem

_____ Vicco Vajradanti

Sample Design

A sample design addresses three questions: who is to be surveyed (sampling unit), how many to survey (sample size) and how should the respondents be chosen (the sampling procedure).

Deciding whom to survey (sampling unit) requires that the researcher must define the target population (universe) that would be sampled. For example, if the Indian Airlines conduct a survey, should the sampling unit be business travellers, vacation travellers, or both? Should travellers under age 30 years be interviewed? Interviewing the correct target market or the potential target market is basic to the validity of research.

Deciding how many people should be surveyed (sample size) depends on the budget and the required confidence in research findings. As a rule, large samples give more reliable results than small samples. If the sampling procedure is credible, sample sizes of less than 1% of a population can give reliable results.

How should the respondents be chosen (sampling procedure)? If the researcher wants to project the findings to the total population, then a probability sample should be selected. If the researcher wants the findings to be "representative" of the population, then a non-probability sample can be chosen.

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Probability and Non-probability Samples

Probability Sample	
Simple random sample	Every member of the population has an equal chance of being selected.
Stratified random sample	The population is divided into mutually exclusive groups (such as gender, age group), and random samples are drawn from each group.
Cluster or area sample	The population is divided into mutually exclusive groups (such as city, village) and the researcher draws a sample of the groups to be interviewed.
Non-probability Sample	
Convenience sample	The researcher selects the most accessible population members to interview and obtain information (such as shoppers in a departmental store).
Judgement sample	The researcher uses her/his judgement to choose population members who are good prospects for accurate information (such as doctors).
Quota sample	The researcher finds and interviews a predetermined number of respondents in each of several categories (such as 50 males and 50 females).

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2.2.4 Collecting Primary Data

Data collection phase of research is probably the most expensive and quite prone to error. The four major problems encountered are: some respondents will not be available at home and must be either contacted again or replaced, other respondents will refuse the interview, still others will give biased or dishonest answers and some interviewers themselves will be biased or dishonest.

A quantitative study generally employs a field staff, recruited and trained directly by the researcher or contracted from a firm that specializes in conducting field interviews. The completed questionnaires received are reviewed on a regular basis to ensure that the recorded responses are clear and complete.

2.2.5 Analysing Data

The last-but-one step in the research process is to extract relevant findings from the collected data. In qualitative research, the moderator/analyst usually analyses the respondents' responses. The researcher supervises the data analysis in quantitative research. The responses are converted into numerical scores then tabulated and analysed with the help of computers using sophisticated analytical techniques.

2.2.6 Report Preparation

The researcher prepares a report of her/his findings to be presented to the relevant parties. It may or may not include any recommendations for action depending on the requirements of the management. The report includes a description of the methodology used, as well as tables and graphics to support the research findings. The researcher should present major findings that are relevant to decisions facing management and avoid detailing numbers and fancy jargon such as "multivariate analysis of variance."

Task On a Rank Order Scale, ask your friends to evaluate five different brands in banking sector. Subsequently, use a Differential Scale for comparing their perceptions of these competing brands. Now, suppose you the marketer of one of these brands. How can you use the conclusions of the evaluation?

Case Study

Wish-n-Shop

Wish-n-Shop is a very large retail store in Delhi's major commercial area. It was established in 1990 to cater to the segment of customers who have had exposure to international shopping and were looking for a wide range of quality products under one roof. In 1980, Wish-n-Shop was originally started as a mail order company and subsequently moved to retailing after 10 successful years in mail order business.

Wish-n-Shop management views the whole plan as a grand exercise and emphasis on its commitment to being world class in retail standards in India. The management is always keen on innovating and finding new products and trends, and develops elaborate plans to take the concept further.

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According to the company's marketing vice president, the role of consumer research is of vital importance for their business. "Continuous consumer research is a way of life for us, considering the fact that our clients are high profile individuals who have tested the best and thus, it is of great importance that they perceive us as the ultimate in retailing. We use research for a variety of reasons - what customer segments we should focus on; to get the feedback on our merchandise and concepts; to learn what our customers expect from us instead of making any assumptions about these important issues. For this purpose, we ask them a number of questions such as; are they aware of a particular brand, what is their perception of its value, and do they expect us to keep the brand with us. We then map out their responses and look for brands enjoying high awareness, which customers perceive as valuable and expect to find in our stores."

The two basic areas of interest in conducting research are consumer preferences and, attitudes, and customer service. The experts feel that this is the best way they can anticipate customer preferences and expectations. The research at the company is integrated into an information system linked with strategic planning. "The research must be closely linked to strategic aspects of our business and none of our business planning is completed without doing a comprehensive research," observes the company vice president, Hemant Anand.

Question

Prepare a small questionnaire for Wish-n-Shop to identify new products for its women's section.

Answer: You may include questions like which products you would like to see more on our shelves, which products you wish to buy but do not easily get them.

2.3 Ethics

Ethics is often misunderstood and generates controversies. There is need to examine the concept and support its application to marketing decisions that are acceptable and beneficial to society. The difficulty is that what is ethical for one individual may be unethical for another. Ethical conduct may also differ in different societies. In business context, employees are expected to live up to a set of laid down ethical standards. The real test of ethics people face is when things are not going well and pressures build. According to Andrew Stark, ethical challenges are mainly in two situations: (1) decisions in situations commonly called 'grey-areas' where the right decision is debatable, and (2) decisions for issues where the right course of action is clear but individual and company pressures, and circumstances force good-intentioned marketing managers in the wrong direction.

Ethics refer to values and choices and focuses on standards, rules and codes of moral conduct that control individual behaviour. Erik N. Berkowitz *et al*. maintain that: ethics are moral principles and values that govern the actions and decisions of an individual or group. In the marketing context, ethics is the moral evaluation of marketing activities and decisions as right or wrong. Whether a marketing behaviour is ethical or unethical is determined on the basis of commonly accepted principles of behaviour established by the society's expectations of conduct, various interest groups, competitors, company's own management, and personal and moral values of the individual. Each individual decides how to behave on the basis of these principles, and the public at large and various interest groups evaluate if the actions are ethical or unethical.

Ethics in marketing practices is an important issue and needs developing understanding and awareness to bring improvement in its application. Ethical issue refers to some situation, problem, or opportunity that can be recognised and requires a person or organisation to select from among different actions that must be evaluated as right or wrong, or ethical or unethical. For instance when marketing managers or consumers feel manipulated or cheated, it becomes an ethical issue, irrespective of the fact that the action happens to be legally right.

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Whatever the reasons for unethical instances, what is necessary after the issue is identified is that marketing managers must decide how to resolve it. This requires knowing most of the ethical issues related to marketing that often arise. In general, most issues relating to unethical behaviour occur in case of products and promotions.

Product-related ethical issues may include little or no information about safety, function, value, or use instructions. One example can be used of inferior materials, or components to cut costs without any information to customers. It is ethically wrong not to inform customers about the changes in product quality, as this failure is apparently a form of dishonesty. Issuing false medical certificates is unethical for medical practitioners as it raises questions about their honesty in general.

Promotion of products and services, etc., often furnishes a number of instances of a variety of situations that involve ethical issues, such as false and misleading advertising, and manipulative or deceptive sales promotions. There have been instances of misleading ads about obesity control and weight reduction programmes that mislead customers - and some went to the courts. Many ads are criticised for using excessive nudity to attract an audience. Use of bribery or false promises in personal selling situations is an ethical issue. Occasionally, media reports highlight cases of unethical practices by organisations involved in offering bribes to procure large orders. Such practices damage trust and fairness and ultimately harm the concerned organisation and tarnish its image.

When a firm behaves ethically, the consumers tend to develop positive attitude about the firm, its products and services. When the marketing activities deviate form socially acceptable standards, they become less efficient and sometimes they are even halted midway. Resorting to unethical marketing practices may change consumer perception towards a brand and may lead to dissatisfied consumers, negative publicity, lack of trust, loss of business and in extreme cases legal action. Thus, most of the companies are very sensitive about the needs, interests and opinions of the consumers and look to protect their long-term interest. Moreover, these ethical abuses more often lead to greater pressure from the society and government for companies to assume a greater sense of responsibility for their actions. Consumer interest groups, professional bodies and self-regulatory groups exert considerable influence on marketing activities of the companies. Increasing importance for social responsibility initiatives have also subjected marketing activities to a wide range of federal and state regulations designed to protect consumer rights and promote trade.

Example: 1. Fair and Lovely, skin whitening cream marketed in India by Hindustan Unilever, has constantly used an advertising strategy that depicts women of darker complexion as being inferior (the most controversial being such women being unable to find a suitable groom). Fair & Lovely has played in well to exploit the race/color insecurities that has plagued Indian society for centuries, to sell skin 'whitening' creams. This shows that how big companies like HUL, make ethical sacrifices for marketing their products.

2. A survey was held on advertisements by hospitals in US. Major hospitals like Johns Hopkins' medical center, Harvard-affiliated Massachusetts General Hospital, the University of Chicago Hospitals and Vanderbilt University's medical center were included in the survey." We do Botox!" one analyzed ad proclaims. Another depicts a spilled cup of coffee symbolizing a woman's heart attack - potentially evoking fear in a tactic more commonly associated with pharmaceutical ads than respected hospitals. Of 122 ads designed to attract patients and published in newspapers in 2002, 21 promoted specific services, including Botox anti-wrinkle injections and laser eye surgery. Only one of the 21 ads mentioned the risks. Most of the 122 ads - 62 percent - used an emotional appeal to attract patients. This attracts patients but they are still unaware of the side effects of such specialized services.

Notes

2.4 Summary

- Consumer Research is an integral part of marketing research and makes use of a set method to explore and predict consumer behavior to identify their needs, preferences etc.
- The information so collected helps developing products and services and other marketing mix activities to influence consumer behavior.
- The research process includes a series of steps, which the researcher has to undertake. The research design is selected depending on the purpose of study. For all descriptive information, quantitative research designs are helpful and if the purpose is to generate new ideas, then qualitative research techniques can be used.
- When the knowledge is viewed as time, culture and context dependent and consumption is viewed as a symbolic system, the research so conducted is mostly based on depth interviews and is qualitative in nature.
- Quantitative research is used to collect hard data and makes use of observation, experimentation and survey methods.
- Consumer behavior in particular with a brand and company also varies a lot with kind of business practice they do. Consumer tends to develop favorable perception regarding those companies which fair and ethical in their activities.

2.5 Keywords

Causal Research: Study in which one variable is studied at a time, keeping others constant

Exploratory Research: Used to explore an issue or a situation

Qualitative Study: Used mostly to generate new ideas

Quantitative Study: Used when descriptive information is required

Sample Size: How many to survey

Sampling Unit: Who is to be surveyed

Secondary Research: Art of locating second hand data

Thematic Apperception Test: Respondents are shown a picture and asked to describe the picture

2.6 Self Assessment

Fill in the blanks:

1. While launching a new sales promotion or communications campaign …….. study may be fruitful.
2. When you collect data form web, you get …… data.
3. If the marketers want to know the inner feelings of the consumers, they should resort to …… method.
4. You were shown a image and asked to describe it. You actually went through a ……. test.
5. If you are interviewed by a marketer face to face at your home or in any retail outlet. This technique is called …….. intercept.
6. Checklist questionnaires are actually …….. questionnaires.

Notes

7. In semantic differential scale, the respondents have to mark their preferences in between the …….. attributes related to a product or service.
8. If a bank wants to find out about individual attitude and perception towards the services of the bank, then the most appropriate technique is to use…… method.
9. The target population that would be sampled is known as …….. .
10. ……. studies are undertaken to identify the cause and effect relationship.

2.7 Review Questions

1. Why is it so important to conduct a consumer research before launch of any campaign?
2. Take examples of any two companies and find out what kind of research activities they undertake. Spot any two incidences when the product failed because of lack of consumer research.
3. Compare and contrast between qualitative and quantitative techniques of research design. Which one do you think is better?
4. Bring out the differences and similarities between observation, experimentation and survey techniques. Give examples.
5. Develop a likert scale and a semantic differential scale to find out consumer's views about a recently launched bicycle.
6. Which type of research-qualitative or quantitative- do you think is better, when a company want to know the effect of new product and promotions on customers? Justify.
7. Prepare a questionnaire to find out that which bank the customers prefer to bank with and which bank they trust the most.
8. Discuss different types of attitude scales. How are they useful for insurance marketers?
9. "Ethics is often misunderstood and generates controversies." Discuss
10. Discuss some ethical issues that you may face as a consumer and as a marketer.

Answers: Self Assessment

1.	qualitative	2.	secondary
3.	depth interview	4.	thematic Apperception
5.	mall	6.	close ended
7.	bipolar	8.	observation
9.	universe	10.	Casual

2.8 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Leon G Schiffman, *Consumer Behaviour*, Pearson Education.

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Online links www.consumerpsychologist.com/cb_Research_Methods.html
www.eurojournals.com/ibba_5_04.pdf
www.msubillings.edu/CommFaculty/.../Audience%20segmentation

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Unit 3: Consumer Motivation

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Objectives

After studying this unit, you will be able to:

- Realise dynamics of motivation
- Explain types and systems of needs
- Discuss measurement of motives

Introduction

Scholars and researchers have identified four major psychological factors – motivation, perception, learning, beliefs and attitudes that influence consumers' buying behaviour. In this unit, we will discuss one of the most important determinants of consumer's behaviour-motivation.

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Motivation is said to be the driving force within us. It is produced by a state of tension caused by our unfulfilled needs and wants. We strive to reduce this tension through appropriate behaviour that we expect will satisfy our needs. Much depends on our thinking and learning in selecting the goals and the patterns of behaviour that we believe will satisfy our needs. Whether our need is fulfilled leading to reduction of tension depends on the course of action that we take.

3.1 Dynamics of Motivation

As defined earlier also, consumer motivation is an internal state that drives us to identify and buy products or services that fulfill our conscious and unconscious needs or desires. The fulfillment of those needs can then motivate us to make a repeat purchase or to find alternate goods and services to better fulfill those needs.

3.1.1 Level of Motivation

The level of motivation would depend on the intensity of our need. Our motivational levels may vary from low to high depending on how important is that purchase. Influences include familiarity with the purchase, status factors and overall expense and value. Where fulfillment rewards are low, as with routine purchases like salt, sugar, tea, shampoo etc., motivation levels are also relatively low and involve little decision-making behavior. On the other hand, with a complex, risky and emotionally-charged process such as buying a new car, the drive to achieve the best result is high.

Motivational levels differ greatly between individuals and are influenced by many external variables. These include the social value of making the "right" decision, beliefs about brands and alignment of brand values and personal values. If other people are involved in the decision, their motivation also affects the behavior of the primary consumer.

3.1.2 Motivational Behaviour

The behavioural aspect of consumer motivation concerns the actions we take before purchasing and consuming goods or services. We might do a lot of research-evaluating alternatives, testing and sampling-before making a purchase decision. We might decide to buy something based on which goods or services most closely meet and satisfy motivational wants and needs. Marketers aim to gain the most impact and eventual sales by linking their products and services to clearly defined consumer needs and by understanding what motivates people to buy.

3.2 Types and System of Needs

'Needs' can be defined as a felt state of deprivation of some basic satisfaction. The point is that this deprivation has to be felt to drive the individual to seek satisfaction. Every person has needs. Some of these needs are basic to sustaining life and are born with individuals. These basic needs are also called physiological needs or biogenic needs and include the needs for air, water, food, shelter, sleep, clothing, and sex. Physiological needs are primary needs or motives because they are essential to survival.

Acquired needs are learnt needs that we acquire as a result of being brought up in a culture and society. For example, needs for self-esteem, prestige, affection, power and achievement are all considered as learned needs. Acquired needs are generally psychological, resulting from an individual's subjective psychological make up and relationship with others and are considered as secondary needs or motives.

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Needs may also be classified even more basically - utilitarian or hedonic. A consumer's utilitarian needs focus on some practical benefits and are identified with product attributes that define product performance such as economy or durability etc.

Hedonic needs relate to achieving pleasure from the consumption of a product or service and are often associated with emotions or fantasies. Hedonic needs are more experiential as they are closely identified with the consumption process. For example, a hedonic need might be the desire to be attractive to the opposite sex. The evaluative criteria for brands are usually emotional rather than rational (utilitarian).

Goals can be defined as the solutions that satisfy a specific need. For example, to satisfy hunger any type of food is good enough but the individual consumer's goal may be a chicken roast. Human behaviour is goal-oriented. Marketers are particularly interested in consumers' goal-oriented behaviour that concerns product, service or brand choice. They want consumers to view their products or brands as those that would best satisfy their needs and wants.

The goal selection depends on an individual's personal experiences, physical capacity and prevailing cultural norms and values and whether the goal object is accessible.

Needs and goals are interdependent and neither can exist without the other.

3.2.1 Needs and Goals are Dynamic

Some important reasons why motivated behaviour never comes to an end include the following:

1. ***Needs are never satisfied completely or permanently:*** At nearly regular intervals we become hungry and need food to satisfy this recurring need. Similarly, most people experience the social need and regularly seek company of others, their affection and approval. Even in the case of more complex and abstract psychological needs such as need for power, no one ever seems to be completely and permanently satisfied with whatever one has and keeps on striving for more.
2. ***New needs emerge:*** At any given time, a need may be predominantly active but as soon as it is satisfied another need emerges. According to Maslow, a hierarchy of needs exists. As lower-order needs are fulfilled, new higher-order needs become active.
3. ***Success and failure influence goals:*** Research has shown that individuals who are successful in achieving their goals usually aspire to achieve higher goals. This probably happens because success gives them more confidence in their ability. On the other hand, those who meet with failure, sometimes lower their levels of aspiration.
4. ***Substitute goals are formed:*** This may happen when someone is unable to achieve a specific goal to satisfy certain needs and settles for some other goal. It may however, not be as satisfactory as the original goal but would be sufficient to just satisfy and relieve tension.

Task Give examples of the products and services that cater to our: biogenic needs, acquired needs and hedonic needs.

3.2.2 System of Needs

For many years, psychologists and others have attempted to develop a comprehensive list of motives. Most authorities agree about specific physiological needs but there is marked disagreement about specific psychogenic or secondary needs.

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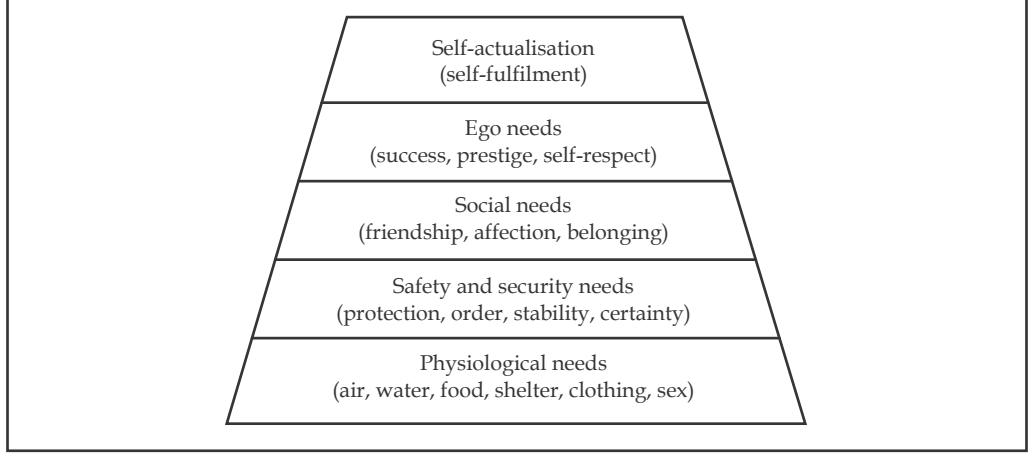
Maslow's Hierarchy of Needs

In a hierarchy of motives, the most influential motive is seen as enjoying the most dominant position and so on through the entire list. The hierarchy of needs proposed by Abraham H Maslow is perhaps the best known. Maslow classified needs into five groupings, ranking in order of importance from low-level (biogenic) needs to higher-level (psychogenic) needs and suggested the degree to which each would influence human behaviour. According to this scheme, individuals strive to fulfil lower-level needs first, before, higher-level needs become active. The lowest level unfulfilled need of an individual serves to motivate her/his behaviour. When this need is fairly satisfied, a new higher-order need becomes active and motivates the individual. If a lower-order need again becomes active due to renewed deprivation, it may temporarily become more active again.

Figure 3.1: Maslow's Hierarchy of Needs



1. ***Physiological Needs:*** According to Maslow, the first and most basic level of needs is physiological. These needs are essential to sustain biological life and include air, water, food, shelter, clothing and sex - all the primary or biogenic needs. Physiological needs are very potent when they are chronically unfulfilled. In his book, 'A Theory of Human Motivation', Maslow says, "For the man who is extremely and dangerously hungry, no other interest exists but food. He dreams food, he remembers food, he thinks about food, he emotes only about food, he perceives only food and he wants only food."

2. ***Safety Needs:*** After physiological needs, safety and security needs acquire the driving force and influence an individual's behaviour. These needs are concerned with much more than only the physical safety and include routine, familiarity, security, certainty and stability etc.

   Example: The labour unions in India provide members the security of employment.

3. ***Social Needs:*** The third level, social needs, include love, affection, acceptance, belonging and friendship etc. People need warm and satisfying human relationships with others. People have strong attachment with their families and are motivated by love and affection. Ads of personal care products often emphasise appeals based on social acceptance.

4. ***Ego Needs:*** The fourth level is concerned with ego needs. These needs include reputation, prestige, status, self-esteem, success and independence etc.

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Example: Many ads of ego intensive products emphasize ego appeals such as expensive watches, jewellery and designer dresses etc.

5. ***Self-actualisation Need:*** Maslow believed that most people are unable to satisfy their ego needs sufficiently and as a result of this are unable to move to the fifth and last level. Self-actualisation refers to a person's desire to achieve or become what one is capable of. People express this need in different ways. The only common thing is that they all seem to be striving for excellence in whatever they are doing. They work single-mindedly for years to achieve what they want.

Evaluation of Maslow's Hierarchy of Needs

The theory has received wide recognition among practicing managers and in social disciplines as it appears to reflect the inferred human motivations. This can be attributed to the theory's intuitive logic and ease of understanding. The five need-levels are generic enough to cover most human needs. The major problem with need hierarchy theory is that research does not generally validate the theory. It is not at all possible to measure accurately how satisfied one need is before the next higher-level need becomes active.

Despite criticisms, Maslow's theory is widely used by marketers to understand how various products or services fit into the plans, goals and lives of potential consumers. It is used to develop suitable advertising appeals, enabling marketers to focus on a need level that is shared by large number of audience in the target market.

Example: Soft drink commercials directed at the younger generation stress on social appeal by showing a group of young people sharing good times and the advertised soft drink. It also facilitates developing product positioning so that the product is perceived in a manner desired by the marketer.

Freudian Theory

Freud's psychoanalytic theory had a strong influence on the development of modern psychology and on explanations of motivation and personality and has been used to study consumer motivations. He proposed that the real psychological forces shaping consumers' purchase behaviour are often complex and unconscious and it is not possible for a casual observer or the consumers themselves to fully understand their own motivations.

Motivation researchers conduct "in-depth" interviews with a few dozen consumers to explore unconscious motives. They also use "projective techniques" such as word association tests, sentence completion tests and picture interpretation etc. More recent research points out that each product has the potential of arousing a unique set of motives in consumers.

Example: Whisky can draw someone who is seeking social relaxation, or status, or fun and we often see ads of different brands using one of these appeals.

McGuire's Comprehensive Scheme of Psychological Motives

As we have seen, Abraham Maslow presented basic motives in a hierarchy of five levels. Other researchers have proposed hundreds of additional specific motives. William J. McGuire ("Some Internal Psychological Factors Influencing Consumer Choice," Journal of Consumer Research,

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March 1976) presented a more comprehensive list of 16 motive categories. He first divides motivation into four main categories based on two criteria:

1. Cognitive or affective motivation.
2. Preservation or growth motivation.

   Cognitive motives focus on a person's need for maintaining a coherent and organised view of the world to achieve a sense of meaning. Affective motives deal with the need to reduce or avoid any tension and accomplish satisfying feeling states and achieve personal goals.

   Preservation-oriented motives focus on trying to maintain balance, and growth motives relate to personal development.

   These four principal categories are further subdivided on the bases of motivation source and motivation objective.

3. Is the behaviour proactive or a reaction to something in the environment?
4. Is the behaviour helping to attain a new internal state or a new external relationship to the environment?

The third criterion differentiates between internally aroused motives and motives aroused in response to circumstances. The fourth criterion helps distinguish outcomes that are internal to the individual and those concerned with relationship with the environment. Table 3.1 lists all the motives as classified by McGuire.

Table 3.1: McGuire's Classification of Motives

		Active (Proactive)		Passive (Reactive)	
Cognitive (Thinking)	Preservation	1. Consistency	2. Attribution	3. Categorisation	4. Objectification
	Growth	5. Autonomy	6. Stimulation	7. Matching	8. Utilitarian
Affective (Feeling)	Preservation	9. Tension Reduction	10. Self -expression	11. Ego Defence	12. Reinforcement
	Growth	13. Assertion	14. Affiliation	15. Identification	16. Modelling

Cognitive Preservation Motives

Consistency Need (active, internal): This need focuses on maintaining a consistent and coherent view of oneself and the world. These aspects include beliefs, attitudes, behaviours, opinions, self-images, and view of others etc. Reduction of cognitive dissonance is a common motive of this category.

Attribution Need (active, external): This need focuses on understanding and inferring causes for various occurrences. Humans have a tendency to attribute causes of success to self and unfavourable outcomes to some outside causes or forces. Attribution theory attempts to explain consumers' need to attribute who or what causes the things that happen.

Categorisation Need (passive, internal): Consumers have a need to categorise complex information in order to organise and understand it easily. There is too much information and almost every day we are exposed to new experiences, so we have need to establish distinct categories that facilitate processing large amounts of information.

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Objectification Need (passive, external): Motives of this category focus on observable stimuli or symbols that help people to draw conclusions about what they feel and know. We establish impressions, feelings, and attitudes by observing our own and others behaviour to draw inferences what one feels and thinks. The way people dress often communicates the subtle meaning of a desired image and the lifestyle.

Cognitive Growth Motives

Autonomy Need (active, internal): The need for independence and individuality is viewed as an important characteristic in many cultures around the world. People seek individuality and personal growth through self-actualisation and development of distinct identity. This need is present among individuals in all cultures, only the degree of intensity varies.

Stimulation Need (active, external): This need focuses on seeking stimulation through new events circumstances, or exploration. Consumers indulge into variety seeking just for the sake of change and brand switching to satisfy this need. It is interesting to note that consumers exposed to too much change desire stability and those in stable environments seek change to escape boredom.

Matching Need (passive, internal): People are motivated to create mental images of ideal situations according to their perceptions and on an ongoing basis match (compare) their perceptions of actual situations to these ideals. This leads to changes in their behaviours and results are compared in terms of progress towards the desired ideal state.

Utilitarian Need (passive, external): This type of motivation focuses on the need to make use of different sources of information in the external environment for one's advantage. This theory views the consumer as a problem solver who considers situations as opportunities to gain useful information and new skills.

Affective Preservation Motives

Tension-reduction Need (active, internal): People are faced with various situations in their daily lives when their needs are not fulfilled, causing undesirable stress and tension. People feel a need to avoid or reduce tension. For example, some persons avoid buying new brands.

Self-expression Need (active, external): This need deals with projecting one's identity to others so that others know who they are, what type of products they use and make a statement about their lifestyle. Purchase of different types of products such as clothing and autos allows consumers to project an identity as these are viewed as possessing symbolic meanings.

Ego Defence Need (passive, internal): It is another important motive and concerns the need to protect oneself from social embarrassment and other threats to self-concept. For example, consumers who are high self-monitors avoid social risk in case of socially visible products and buy well-known brands to avoid any chance of making socially incorrect purchase.

Reinforcement Need (passive, external): People often experience strong motive to behave in certain manner because that behaviour brought rewards in similar situations in the past. This is what the theory of instrumental conditioning emphasises. For example, many sales promotions such as contests and sweepstakes bring tangible rewards for some consumers and excitement to all the participants.

Affective Growth Motives

Assertion Need (active, internal): This need leads one to compete, achieve success, power, and admiration. For those having this motivation dominance, accomplishment and success are

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important. Many nutritious products are promoted on this theme (the commercial of Butter Bite biscuits).

Affiliation Need (active, external): People seek acceptance, affection, and warm personal relationships with others. Group membership is important to most people in their lives and to fulfil this need they observe group norms including purchase decisions. Many commercials of soft drinks focus on this motive.

Identification Need (passive, internal): This motive drives people to adopt new identities and roles to increase one's self-concept. People gain pleasure from adding satisfying roles and by enhancing the importance of already adopted roles. Many ads focus on encouraging a good host image by using certain brands.

Modelling Need (passive, external): Modelling is major learning method by which children learn to become consumers. Children imitate the behaviour of elders and learning takes place. It also explains the tendency of group members to adopt certain behaviours approved by group members. Many ads use endorsers that are believed to be role models using certain brands to convince conformists.

Task Visit some websites like Audi.in, Safpar.com, faceadrenalin.com, rolex.com, versace.com etc. and describe one that makes use of an appeal based on need for self esteem.

Caselet

Changing Consumer Motivation

Consumers are beginning to change their views regarding moving. The motivation for consumers to move is shifting from the financial aspect to the needs of the consumer. A significant segment of the population has moved to take advantage of the low interest rates that have been available. These consumers have moved to achieve a higher quality of life without the higher monthly payment that usually accompanies it. They move because it makes financial sense to do so.

According to a survey conducted by Harris Interactive:

25% of Americans in the market for a new home cite a life change as the reason for their move. Consumers are citing retirement location, new baby, divorce, or a new job as their primary motivation for moving.

As Agents, we can find out about these people through our past clients and sphere. These people in our database hold the key to accessing a larger segment of new business.

The best way to more effectively find out about moving trends and increase referrals from our past clients and sphere is to ask more specifically. Most Agents have been trained by sales trainers to ask for referrals globally. They use techniques like "Oh, by the way" or "Do you know of anyone who needs my services?". These techniques all work slightly to generate referrals, but they are not very effective.

To really achieve the Championship level in referrals, you have to ask specifically. We have to ask our past clients and sphere about the people they know: those who are expecting a new baby, someone who has gotten a job promotion or job transfer. We must position ourselves well ahead of the transaction, not just in the transaction.

Contd...

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Teaching and mobilizing your past clients and sphere takes you beyond the gimmick technique referral process. You can contact and interact with the prospect at the earliest stage possible. You can become a resource when they need help making the decision, rather than just being there once the decision is made. With this approach, you provide a higher level of service to the prospect and future client.

In the survey:

18% wanted a larger home or more property.

16% want a home as an investment.

12% want to rid themselves of the conditions that come with renting.

7% want to receive the tax benefits home ownership brings.

All these key reasons the consumers are using to make their purchase can be discovered with a more in-depth relationship and in-depth questions of your sphere and past clients. We need to move beyond the surface level of our relationship with our past clients and sphere.

Finally, interest rates seem to be the secondary driving factor in moving. Focus on the primary reasons outlined above. This will ensure a strong finish to your year.

Source: ezinearticles.com

3.3 Measurement of Motives

Several schemes of classifying motives have been suggested which group motives on the basis of one unique characteristic of interest. One such scheme distinguishes physiological versus psychogenic motives. Physiological motives are concerned with satisfying biological needs of the individual such as hunger, thirst and safety etc. and psychogenic motives focus on satisfying psychological needs such as achievement, affection, or status etc. One important characteristic of psychological motives is that they are learned. These acquired or secondary motives exert very powerful influence on people.

According to another scheme, motives are classified as conscious versus unconscious. Conscious motives are those of which people are quite aware such as hunger, while for unconscious motives people are often not aware, such as consumers buy expensive clothes for their "good fit" and may not be aware that they are satisfying the need for status.

Motives have also been classified as positive versus negative. Positive motives attract consumers towards desired goals, while negative motives direct them to avoid unpleasant consequences.

Example: Fear can influence consumers into buying water purifiers.

3.3.1 Motive Arousal

The concept of motive arousal concerns what actually energises consumers' behaviour. Many of the needs of an individual remain dormant for long periods. The arousal of any particular set of needs at any given point of time gets triggered by an individual's physiological condition, emotional or thinking processes or due to situational stimuli.

1. ***Physiological Arousal:*** Deprivation of any bodily need such as food, water and other life sustaining necessities activates the need. Most of the physiological cues are involuntary and often arouse some related needs.

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Example: A person may heat up water to take a bath and may also make a note to buy a geyser.

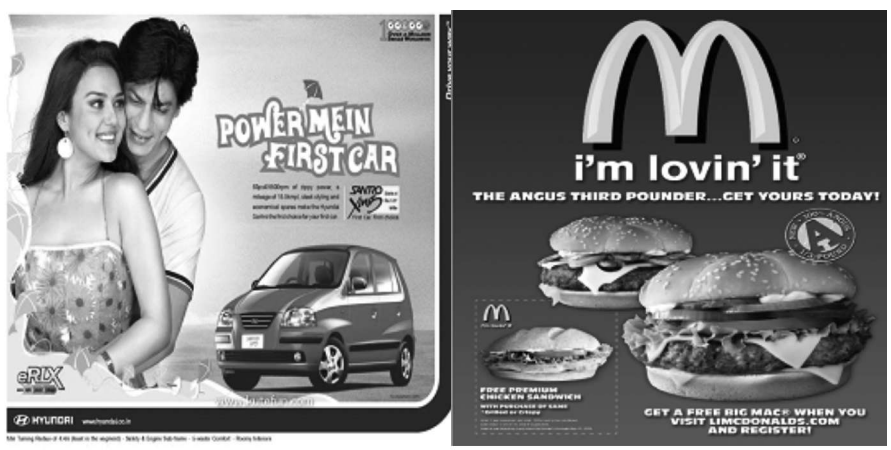
2. ***Emotional Arousal:*** Sometimes latent needs are stimulated because a person gets involved in thinking or daydreaming about them. This occurs when consumers are desperate about unfulfilled needs.

Example: A young man who wants to become a cricket player may identify with Sachin Tendulkar and use products endorsed by him commercially.

3. ***Cognitive Arousal:*** Sometimes just random thoughts may stimulate arousal of needs.

Example: An ad "home away from home" may remind a person of home and he may suddenly become aware of his need to call his wife or children.

Figure 3.2: These Ads can Help Need Arousal



3.3.2 Motivational Research

Consumers just do not buy products or services. Instead, they actually buy motive satisfaction or problem solutions.

The term motivation research refers to type of marketing research (qualitative research) employed to uncover subconscious motivations of consumers that influence their behaviour. It seeks to discover and comprehend what consumers do not fully understand about them. It also attempts to identify forces and influences that consumers may not be aware of such as cultural factors and sociological forces that influence their behaviour. Typically, these below-awareness or unconsciousness motives are interlinked and complicated by conscious motives, cultural biases, economic variables, and fashion trends.

Motivation research is particularly useful when it is suspected that underlying motives are exerting upon consumer behaviour.

The methods used (three major motivation research techniques include observation, focus group, and depth interviews) involve disguised and indirect techniques to probe consumer's feelings, attitudes, and emotions concerning a product, or service, without triggering defense mechanisms that can lead to misleading results.

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Observation: Observation of consumers can help in developing hypotheses about human motives. It is easier to observe consumers in buying situations than in their homes and can be accomplished in-person or by using video cameras. Video cameras are less intrusive than a person as an observer. However, observation by human eye or video cameras cannot answer every question. Generally, observation needs to be supplemented by focus group or depth interviews to fully understand why consumers are behaving the way they do.

Focus Group: In the hands of a skilled moderator, focus group can be quite a valuable research technique. The group interview is largely non-directive in style and the group must develop spontaneous interaction. It is the group excitement and spontaneity that exhibit the behaviours that reveal underlying motives.

Depth Interview: The heart and soul of motivational research is the depth interview. It is a lengthy, one-on-one personal interview conducted by a professionally trained motivational researcher.

The researcher relies heavily upon non-directive interviewing techniques. The goal of the researcher is to get the respondent to talk, and keep talking. The researcher begins the interview by introducing general topics, rather than asking direct questions. She/he probes by raising eyebrows, by giving a questioning look, by paraphrasing what the respondent has said, or by repeating the respondent's own words in a questioning manner. These techniques are non-threatening to the respondent.

During the interview, the researcher watches for clues that might indicate that a "sensitive nerve" has been touched. Some of the clues that the researcher watches for include long pauses by the respondent, slips of tongue, fidgeting, strong emotions, variations in voice pitch, facial expressions, eye movements, avoidance of question, fixation on an issue, and other body language indicators. These "sensitive" topics and issues are then the focus of additional probing and exploration later in the interview.

Each respondent interview is tape-recorded and transcribed. During the interview, the researcher makes notes about respondent's behaviour, mannerisms, physical appearance, personality characteristics, and non-verbal communication. These notes help the researcher to understand and interpret the verbatim transcript of the interview.

The researcher can also use ***projective techniques*** to evoke additional feelings, imagery, and comment from the respondent later in the interview. She/he asks the respondent to tell a story, play a role, draw a picture, complete a sentence, or associate words with a stimulus. The researcher can also use photographs, product samples, packages, and advertisements as stimuli.

To ***analyse*** the interview, the researcher reads and reads hundreds of pages of verbatim respondent dialogue and looks for systematic response patterns. The researcher identifies logical inconsistencies or apparent contradictions, compares direct responses against projective responses, and notes consistent use of unusual words or phrases. She/he studies the explicit content of the interview and thoughtfully considers its meaning in relation to the implicit content.

Caution The researcher searches for what is ***not said*** as much diligently as what is said. She/he sifts through the clues and the evidence to deduce the forces and motives influencing consumer behaviour.

The analysis begins at cultural level. What we wear, the way we eat, how we dress, what we think and feel, and the language we speak are dimensions of culture. The culture is the context that must be understood before the behaviour of individuals within the context can be understood. Every product or service has cultural values and rules that influence its perception and its usage or consumption.

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The next step is the exploration of the unique motivations that relate to the product category. What psychological needs the product or service does fulfil? Does the product have any social relevance or implication? Does the product relate to one's status aspirations, to competitive drives, to feelings of self-esteem, to security needs? Does the product have deep symbolic significance, etc? Some of these motives must be inferred since respondents are often unaware of why they do what they do or do not wish to disclose.

The last important dimension that needs to be understood is the business environment, including competitive forces, brand perceptions and images, relative market shares, the role of advertising in the category, and trends in the marketplace. The respondent is most likely to know only part of this business environment, but understanding the business context is critical to the interpretation of consumer motives in a way that will lead to useful results.

Marketers have realised that motivation research has some shortcomings. Sample sizes of consumers are small and hardly representative of the total market and the findings are based on subjective analysis. Based on the same data, two different analysts can possibly produce different reports offering subjective explanation for consumer behaviour under consideration.

Case Study

Motivations for Watching Television

Committed/Ritualised

This involves viewing one's favourite programmes on a regular basis. The programmes have become like friends. The following quote exemplifies this motive:

"When you watch ….. the same newscasters, they become like friends. You watch the 11 o'clock news and he says "Good night," and you feel like saying "Good night, Charles."

Mood Improvement

Many people view television to elevate their moods or to escape from cares and worries:

"You work, you come home ….. the same old dull routine every day. (TV) sort of takes you away from your every day working life and lets you forget about your own problems for a while. It's a security blanket ….. a decompression chamber, immersion in a fantasy world for a few moments, a few hours."

Information/Cognitive Benefit

Television is used to keep viewer up-to-date on current events, to provide new and interesting information, to acquaint viewers with people and places they would not otherwise encounter, and to provide "food for thought."

Social Learning

Viewers use situations shown on television to examine their own behaviours and as a source of guidance:

"You have done something to somebody and you didn't even think it was wrong - it never even crossed your mind. You look at a programme and you think, "How could he say that to somebody?" And you think, "Gee, I said something like that to this person just the other day."

Contd...

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Social Grease

Many programmes are watched because one's family or friends are watching them. They are the source of conversation while they are on (or during the commercials) or in the days following the show:

"We discuss (stories) and talk about what we didn't like, about what happened with the different characters we don't like or we do like … sometimes people think you are talking about some people you know, real people."

Engrossing Different World

This is a type of escapism in which the television induces a kind of substitute consciousness. Rather than relaxation, it produces suspense, excitement, and emotional arousal:

"Out of touch … I don't think about anything. I don't think about my kids, my wife or anything … I am not there … I am not at school and I am not at home. I am in the TV screen … I am there with them."

Question

Do you think it would be advantageous for the marketers to create commercials considering these motives?

Source: "How and Why People Watch TV," Journal of Advertising Research, November 1995.

3.4 Summary

- Motivation is the driving force within individuals and is the result of a state of tension resulting from unfulfilled needs, wants or desires.
- Most human behaviour is goal-oriented and this is the aspect in which marketers are most interested as it significantly influences the consumers' consumption decisions.
- The goal selection depends on an individual's personal experiences, physical capacity and the prevailing cultural norms and values.
- Another important factor that influences goal selection is the self-image the individual holds. An individual will acquire or would strive to acquire products that are perceived as closely reflecting the self-image the individual holds about self.
- Motives are aroused as a result of needs that are physiological, emotional, cognitive, or situational in nature.
- Maslow has proposed a need hierarchy that is divided into five levels. He has proposed that higher level needs become active only after lower order needs are satisfied. The most basic level of needs includes air, water, food, shelter, clothing and sex. These are all physiological needs and the highest order relates to accomplishing self-fulfillment.
- Other important need categories relate to social needs and ego needs. McGuire has presented a more comprehensive list of 16 motives.
- Freud's psychoanalytic theory is viewed as important in exploring the subconscious motives about which the individuals have no conscious awareness.

Notes

3.5 Keywords

Biogenic Needs: Basic needs like food, water, clothing etc.

Goals: The purpose toward which an endeavor is directed.

Hedonic Needs: Needs that relate to emotions or fantasies

Motivation: Internal and external factors that empower you and set you on track to achieving your goals

Motivational Research: Type of marketing research (qualitative research) employed to uncover subconscious motivations of consumers that influence their behaviour.

Needs: Felt state of deprivation of some basic satisfaction

3.6 Self Assessment

Fill in the blanks:

1. ……. and wants are never ending. One need gets satisfied, another need becomes active.
2. You brought an AC to keep your room cool during summers. This need relates to ……. need.
3. You saw a poster of a recent movie and suddenly you wanted to watch that movie. This is a …….. arousal.
4. As per Maslow's hierarchy, an urge to go bungee jumping is a …… need.
5. You like Aishwarya Rai so you buy products endorsed by her. This type of arousal is called ……. arousal.
6. The level of motivation would depend on …….. .
7. A need can be defined as felt state of deprivation of some basic …… .
8. Need for power is …….. need.
9. Psychogenic motives focus on satisfying …… needs of the individuals.
10. The main tool used in motivational research is …….. .

3.7 Review Questions

1. You are the advertising manger for a sports footwear company. Develop three different theme based on three different levels of in the need hierarchy for the ad campaign.
2. "General factors relating to your needs triggers arousal." Explain with the help of examples.
3. "Consumers just don't buy products or services. Instead they buy motive satisfaction or problem solutions". Discuss.
4. Explain the concept of utilitarian and hedonic needs. Give examples of some live campaigns that address these needs.
5. Take three advertisements that appeal to social motives. Discuss the suitability of associations between the product and the motive.

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6. "The level of our motivation would depend on the intensity of our need." Justify with the help of examples.
7. State the difference between hedonic and psychological needs.
8. "Human needs are never ending". Discuss
9. Assess the validity of Maslow's needs hierarchy.
10. Why is depth-interview considered to be the heart and soul of motivational research?

Answers: Self Assessment

1.	Utilitarian	2.	situational
3.	self-actualization	4.	needs
5.	emotional	6.	importance of purchase
7.	satisfaction	8.	acquired
9.	psychological	10.	depth-interview

3.8 Further Readings

Books

Hawkins, D.L & Best, Roger, *Consumer Behaviour - Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

J Paul Peter, *Customer Behavior and Marketing Strategy*, McGraw Hill.

Leon G Schiffman, *Consumer Behaviour*, Pearson Education.

SHH Kazmi and Satish K Batra, *Consumer Behaviour: Text and Cases*, Excel Books.

Online links

crab.rutgers.edu/.../ConsumerbehaviorMotivationnotes.html

www.helium.com/.../216926-how-does-motivation-and-perception-influence-consumer-behavior

www.consumerpsychologist.com/

Notes

Unit 4: Consumer Personality

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Objectives

After studying this unit, you will be able to:

- Discuss the personality theories
- Explain personality and consumer diversity
- State the concept of brand personality
- Describe self and self-image

Notes

Introduction

Motivations are forces that stimulate and direct you towards performing purposeful goal-oriented behaviour and your personality guides your behaviour chosen to achieve specific goals in different situations.

When marketers talk of personality, they refer to a dynamic concept describing the growth and development of an individual's whole psychological system, which looks at some aggregate whole that is greater than the sum of the parts.

The most frequently quoted definition of personality is that of Gordon W. Allport. According to him, "Personality is the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to environment."

There seems to be much controversy regarding the exact nature of personality, the value of studying such a vast area and the appropriate way to measure it.

In the context of application to marketing, three distinct properties of personality appear to be of central importance:

1. Personality is used to account for differences between individuals rather than the similarity.
2. Personality is generally believed to be consistent and enduring over time and tends to carry to a variety of situations.
3. Despite the fact that personality tends to be consistent and enduring, it may change due to major life events such as marriage, birth, death in family, changes in economic circumstances and the process of ageing.

4.1 Personality Theories

4.1.1 Psychoanalytic Theory

Freud's psychoanalytic theory proposes that every individual's personality is the result of childhood conflicts. These conflicts are derived from three fundamental components of personality: Id, Ego and Superego. According to the theory, the id (or libido) is the source of an individual's strong basic drives and urges such as hunger, sex, aggression and self-preservation. The id operates on what is called the 'pleasure principle', that is, to seek immediate pleasure and avoid pain. The id is entirely unconscious and not fully capable of dealing with objective reality. Many of its impulses are not acceptable to the values of organised society. A newborn baby's behaviour, for example, is governed totally by the id.

The ego is the individual's conscious control. It comes into being because of the limitations of the id in dealing with the real world by developing individual's capabilities of realistic thinking and ability to deal suitably with her/his environment. Ego operates on what is called the 'reality principle'. It is capable of postponing the gratification until that time when it will be suitably and effectively directed at attaining the goals of the id in a socially acceptable manner.

Example: Rather than manifest the need for aggression in an antisocial manner, a consumer can partially satisfy this need by purchasing a powerful motorcycle. The ego is the individual's self-concept.

The superego constitutes the moral part of an individual's personality. It represents the ideal rather than the real, defines what is right and good and it influences the individual to strive for perfection. It operates in the unconscious and often represses certain behaviour that would otherwise occur based on the id, which could disrupt the social system.

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According to Freud, the ego manages the conflicting demands of the id and the superego. This usually results in realistic compromises between very basic strivings and socially acceptable behaviour. These compromises are believed to be occurring at an unconscious level. Freudian psychology says that quite a sizeable part of human behaviour is unconsciously motivated. The way the child manages these conflicts, especially the sexual conflicts, determines the adult personality. Unresolved conflicts in childhood result in 'defence mechanisms', which are said to be unconsciously determined tension-reducing strategies used by ego.

There are several themes based on psychoanalytic theory which are sometimes used by marketers in attempting to influence consumers such as fantasy, wish fulfilment, aggression and escape from life's pressures (perfume, hair dye, skincare products, dresses, farm houses and motorcycles are some examples of product categories).

4.1.2 Social/Cultural (Neo-freudian) Theory

Freud's understanding of personality focused mainly on observations of emotionally disturbed people. A number of Freud's foremost disciples, particularly Carl Jung and Alfred Adler, disagreed from his view of personality. They believed that social and cultural variables, rather than biological drives, are more important in the development of an individual's personality. They also believed that insights into personality development should also be based on normal persons' functioning in their environment and not by focusing on observation of emotionally disturbed people alone. These social theorists, also referred as neo-freudian school, viewed individuals as striving to win over the feelings of inferiority and searching for ways to gain love, security and relationships. They emphasised that childhood experiences in relating to others produce feeling of inferiority, insecurity and lack of love. Such feelings motivate people to make themselves perfect and device methods to cope with anxieties resulting from feelings of inferiority.

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

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

1. ***Sensing-thinking Personality:*** Individuals with this personality type make rational, objective decisions. They are logical and empirical in their approach, are inclined to be highly involved, extensive problem solving orientation, weigh economic considerations, are price sensitive and avoid any risks. They identify themselves with material objects or "things" and have short-term perspective in making decisions.
2. ***Sensing-feeling Personality:*** They are moved by personal values rather than logic and believe in personal experience. They follow a "subjective" orientation in making decisions, are inclined to consider others when making a decision and share risks. They are status conscious and have short-term perspective in decision-making.
3. ***Intuiting-thinking Personality:*** Such individuals take a broad view of their own situation and the world. Though they heavily rely on imagination and consider a wider range of options, yet use logic in making decisions. Such individuals are not averse to taking risks while making decisions and their perspective is long-term.
4. ***Intuiting-feeling Personality:*** Their view of personal situations or world is broad. They use imagination in considering a wide range of options in making a decision, are quite

Notes

likely to consider others' views and show least sensitivity toward prices. They are also inclined to seek novelty, take risks and time horizon is indefinite in making decisions.

Alfred Adler took a separate direction. He was the foremost proponent of social orientation in the development of personality. Instead of emphasising the importance of sexual conflicts like Freud or culturally shared meaning of Jung, he focused on the importance of an individual's striving for obtaining superiority in a social context. Alfred Adler viewed human beings as striving to attain various rational goals, which he referred as style of life. He also stressed that children develop the feelings of inferiority and as adults their foremost goal is to win over these feelings; in other words, strive for superiority. Another neo-Freudian psychologists, Harry Stack Sullivan, emphasised that human beings perpetually strive to establish significant and rewarding relationships which serves as the fundamental factor in shaping up an individual's personality. He and Karen Horney were particularly concerned with the individual's efforts to reduce tensions, such as anxiety.

According to Joel B Cohen, Karen Horney identified ten major needs which individuals acquire as a result of striving to find solutions to their problems in developing personality and dealing with others in society. Based on these ten needs she classified three major approaches individuals adopt for coping with anxiety: Compliant, Aggressive and Detached (CAD).

1. ***Compliant individuals*** are those who move toward people and stress the need for love, affection, approval and modesty. Such individuals exhibit empathy, humility and are unselfish.
2. ***Aggressive individuals*** are those who move against people and emphasise the need for power, admiration, strength and the ability to manipulate others.
3. ***Detached individuals*** are those who move away from others and desire independence, freedom from obligations and self-reliance. They do not develop strong emotional ties with others.

Joel B Cohen measured CAD using 35-item inventory and found some tentative relationships between CAD types and product/brand usage. "Compliant" individuals seemed to prefer known brands and use more mouthwash and toilet soaps; "aggressive" types used more cologne and after-shave lotion and preferred to use Van Heusen shirts and Old Spice deodorant (because of its masculine appeal?); and "detached" types seemed to have least awareness of brands, drank more tea. Mark Salama, Terrel Williams and Armen Tashchian have reported that the "detached" personality type seems to have low-involvement in purchasing than "compliant" or "aggressive" types.

Caution Social theories are also known as Non-freudian theories and it contains views of many social theorists who belonged to Non-freudian school.

4.1.3 Trait Theory

Trait theory states that human personality is composed of a set of traits that describe general response patterns. These theories are relatively recent in origin and use very popular personality concepts to explain consumer behaviour. The orientation, unlike previously discussed theories, is quantitative or empirical. J P Guilford describes a trait as any distinguishing and relatively enduring way in which one individual differs from another. The concept is that traits are general and relatively stable characteristics of personality that influence behavioural tendencies. The concept can be summed up in three assumptions:

1. Behavioural tendencies in individuals are relatively stable.
2. A limited number of traits are common to most individuals. They differ only in the degree to which they have these tendencies.

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3. These traits and their relative degree when identified and measured, are useful in characterising individual personalities.

Table 4.1: Cattell's List of Sixteen Personality Traits

1.	Reserved	versus	Outgoing
2.	Less intelligent	versus	More intelligent
3.	Affected by feelings	versus	Emotionally stable
4.	Submissive	versus	Dominant
5.	Serious	versus	Happy-go-lucky
6.	Expedient	versus	Conscientious
7.	Timid	versus	Venturesome
8.	Tough-minded	versus	Sensitive
9.	Trusting	versus	Suspicious
10.	Practical	versus	Imaginative
11.	Forthright	versus	Shrewd
12.	Self-assured	versus	Apprehensive
13.	Conservative	versus	Experimenting
14.	Group-dependent	versus	Self-sufficient
15.	Uncontrolled	versus	Controlled
16.	Relaxed	versus	Tense

Trait theorists construct personality inventories (personality tests) and ask respondents to record their responses to many items. Respondents are asked to agree or disagree with certain statements as they please or express their likes or dislikes for certain situations or kinds of people. The responses are then statistically analysed and reduced to a few personality dimensions.

R B Cattell isolated 171 traits but concluded that they were superficial and lacking in descriptive power. He sought a reduced set of traits that would identify underlying patterns and identified 16 personality factors, which he called as source or primary traits.

Personality tests that measure just one trait (such as self-confidence, or innovativeness) are called single-trait personality tests. Such tailor-made tests are increasingly being developed for use in the study of consumer behaviour. Ronald E. Goldsmith and Charles F. Hofacker and also Marsha L Richins and Scott Dawson have reported that these tests are used to measure traits such as innovativeness, susceptibility to interpersonal influences and materialism.

Notes **Consumer Innovativeness Scale**

1. In general, I am among the last in my circle of friends to buy a new (Game CD*) when it appears.

   Agreement scale 5 4 3 2 1

2. If I heard that a new (Game CD) was available in the store, I would be interested enough to buy it.

   Agreement scale 5 4 3 2 1

Contd...

Notes

3. Compared to my friends I own few (Game CDs).
   Agreement scale 5 4 3 2 1
4. In general, I am the last in my circle of friends to know the (titles of latest Game CDs).
   Agreement scale 5 4 3 2 1
5. I will buy a new (Game CD) even if I have not seen it yet.
   Agreement scale 5 4 3 2 1
6. I know the names of (new Game CDs) before other people do.
   Agreement scale 5 4 3 2 1

(*The product category and related wording can be changed to fit the researcher's objective).

There are a number of standardised personality tests and evaluative techniques available. This offers the advantage and convenience of using trait theory to studying the relationship between personality and behaviour. A large number of researchers have used these techniques and have met with various degrees of success in finding a relationship between consumers' personality and their behaviour.

4.2 Personality and Understanding Consumer Diversity

Harold H Kassarjian and Mary Jane Sheffet reviewed more than 300 studies on personality and have concluded that the results are "equivocal." Few studies seem to show a definite relationship between consumers' personality and behaviour, other studies are indicative of no relationship. Majority of studies indicate that if at all there is any relationship between personality and behaviour, it is too weak to have any practical value to marketers. Despite this, experts still argue that consumers' personality is an important factor influencing their buying behaviour.

Certain types of personality traits may be more related to consumer behaviour than others, such as Optimal Stimulation Level (OSL), Need for Cognition (NFC), dogmatism, susceptibility to influence and self-monitoring behaviour.

4.2.1 Optimal Stimulation Level

Some activities have more potential to provide individuals with some sort of physiological arousal. There are others who prefer a calm, simple and uncluttered life, while some others prefer novel, complex, exciting existence. Research in this area indicates that high optimum stimulation levels are associated with more willingness to take risks; to be innovative, try new products and actively seek purchase related information. P S Raju has reported that OSL seems to indicate an individual's desired level of lifestyle stimulation. Things, which are physically stimulating, emotionally energising, exciting, or novel, have the potential to induce arousal. Research shows that individuals prefer things that are moderately arousing rather than too arousing or not arousing at all.

Consumers with high and low levels of need for stimulation differ in their purchase behaviour. If an individual's lifestyle is such that it offers the desired level of stimulation, she/he is quite satisfied. If the level of stimulation falls short of the desired level, such a person is bored. Consumers with high stimulation needs tend to be the first to buy new products, actively seek information about them and engage in variety-seeking buying behaviour. They tend to be curious about the ads they see but are also likely to get bored by them. Interestingly, they are also likely to buy products with greater risk.

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4.2.2 Need for Cognition

Some researchers (John T Cacioppo and Richard E Pettey) have focused on 'need for cognition' personality trait. Need for cognition refers to the degree of an individual's desire to think and enjoy getting engaged in information processing. Such individuals tend to seek information that requires thinking. Opposite to this would be those who shy away from such information and focus on peripheral information (ELM model). For instance, a consumer high in need for cognition (NC) and looking at an ad for Apple computer is more likely to study and concentrate on the information contained in the ad. On the other hand, a consumer low in need for cognition would be more inclined to look at the beautiful picture of iMac, ignoring the detailed information about the computer model.

Research by Curt Haugtvedt, et al. has shown that consumers high in need for cognition were more influenced by the quality of arguments in the ad than those who were low in need for cognition. Further, those low in need for cognition were influenced more by spokesperson's attractiveness than those who were high in need for cognition. These results show an interesting aspect of personality, which may have important implications for advertising.

4.2.3 Dogmatism

Consumers are also likely to vary in terms of how open-minded or closed-minded they are. Dogmatism is a personality trait that indicates the degree of an individual's rigidity toward anything that is contrary to her/his own established beliefs. Apparently, the person is resistant to change and new ideas.

One would expect highly dogmatic consumers to be relatively resistant to new products, promotions or advertising. However, they may tend to be yielding to celebrities and experts who present authoritative appeals. On the other hand, consumers low in dogmatism are more likely to accept new and innovative products to established alternatives and be more receptive to ad messages that focus on product attributes and benefits.

4.2.4 Susceptibility to Influence

Consumers differ in terms of their proneness to persuasion attempts by others, especially when these attempts happen to be interpersonal or face-to-face. William O Bearden, Richard G Netemeyer and Jesse H Teel have reported that some consumers possess a greater desire to enhance their image among others and show a willingness to be influenced or guided by them. Consumers with lower social and information processing confidence show more proneness to be influenced by ads compared to those who have higher self-confidence.

4.2.5 Self-monitoring Behaviour

Individual consumers differ in the degree to which they look to others for indications on how to behave. Those persons who are high-self monitors tend to look to others for direction and accordingly guide their own behaviour. They are more sensitive and responsive to image-oriented ads and willing to try such products. They are less likely to be consumer innovators. On the other hand, individuals who are low self-monitors are guided by their own preferences or standards and are less likely to be influenced by others expectations. They pay more attention to ad messages that focus on product features, quality and benefits. Furthermore, they are also likely to try and pay extra for these products and are consumer innovators.

Task Which type of personality, as per Jung's personality types, do you have? Similarly, find out the personality types of your family members.

4.3 Brand Personality

Notes

We can divide or study the personality of a brand in five dimensions:

1. ***Sincerity of the brand:*** The image of the brand as being down to earth, very honest and cheerful. Brands that are sincere always fulfill their promises. Consumers do get the desired benefits out of them. Some brands like Raymond and Hero Honda Passion are viewed as sincere brand as people trust these brands and they never disappoint the consumers.

2. ***Excitement:*** There are some brands that show their image as being daring, imaginative and spirited. These brands target adventurous people, people with hedonic motives and people who want to experiment. Brands like Mountain Dew and Bajaj Pulsar are related to this personality type where people are shown doing amazing stunts that pumps excitement in consumers.

3. ***Competence:*** These are the types that are reliable, intelligent and successful. These brands are most trusted and they have an association with the consumers. They are said to be very consumer oriented and they know what their consumers want. They are promoted in such a way that their core competencies and success story come out in between the consumers.

Example: Airtel and LIC of India are reliable and they are successful also.

4. ***Sophisticated:*** These brands have an upper class feeling attached to them. They are charming and every one dreams of owning such brands. These brands have an image which is classy and glamorous. Brands such as Mercedes and Tommy Hilfiger are considered as up market and charming.

5. ***Rugged:*** These are the brand which have very western and masculine image. They are considered to be tough and outdoorsy. They are connected with men or in some cases women, with strong personality. Brands like Harley Davidson and Ceat have rugged personality.

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What is Brand Image?

Brand image is the images evoked by exposure to a named brand. Like brand personality, brand image is not something a brand has or it doesn't. A brand is unlikely to have one brand image, but several, though one or two may predominate. The key in brand image research is to identify or develop the most powerful images and reinforce them through subsequent brand communications. It is based on the proposition that consumers buy not only a product (commodity), but also the image associations of the product, such as power, wealth, sophistication, and most importantly identification and association with other users of the brand. Good brand images are instantly evoked, are positive, and are almost always unique among competitive brands. Brand image can be reinforced by brand communications such as packaging, advertising, promotion, customer service, word-of-mouth and other aspects of the brand experience. Brand images are usually evoked by asking consumers the first words/images that come to their mind when a certain brand is mentioned (sometimes called "top of mind"). When responses are highly variable, non-forthcoming, or refer to non-image attributes such as cost, it is an indicator of a weak brand image.

Notes

Case Study

Brand Personality and Emerging Categories

Brand personality has to be considered along with product personality in an environment where several categories may just be emerging. Many of them have low penetration and usage levels. Marketers need to be sensitive about how they create associations for such categories.

When we consider the category of credit and debit cards, several aspects of contemporary and traditional culture have to be taken into account. In the last decade, the lifestyle of youth and urban consumers has undergone a tremendous change. Shopping malls, splurging on consumer durables and personal care and expenditure on health care are just some of the examples. Consumers use credit cards for a variety of purposes. Credit cards encourage conspicuous consumption while, at the other end, debit cards are more an alternative to cash-linked savings accounts.

The challenge for credit card and debit card financial services brands is to sell the concept to millions of consumers who are prospective consumers.

Several brands of credit cards have used a variety of approaches to broaden the customer base. Promoting the cards among existing consumers, flashy and lifestyle-oriented advertisements, using databases and telemarketing efforts, personal selling, providing free cards, providing cards for family members and targeting students, co-branded cards and so on are some of the approaches. The credit card product personality is a lot more aspirational.

However, the challenge for debit cards is about moving current branch banking customers to lower cost or self-service channels such as ATMs.

Several banks have marketed debit cards along with savings accounts. The debit card product personality is a lot more rational - savings linked to the balance the consumers have in their account, and such.

The following are some of the important factors associated with the marketing of credit and debit cards:

1. Have the consumers understood the concept of credit cards and debit cards and the key differences between them?
2. Should there be differentiated marketing communications approach for both these card products? (This aspect may have been addressed to some extent by various brands but have the various segments clearly understood how the product attributes benefit the respective segment?)
3. Should positioning and promotional efforts be different for credit and debit cards?

Different banks, private, PSU and foreign banks, apart from providing free or chargeable debit cards to account holders (in the respective banks), also offer several sales promotional methods that include foreign trips to enhance card usage.

The dormancy of debit and credit cards is another challenge for marketers. From the consumer's viewpoint, perceived risk and a savings mindset that inhibits the usage of credit cards and the comfort level of using money in establishments are barriers to the diffusion of debit cards.

Contd...

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It would be useful to consider the cultural backdrop. A debit card personality is a "spend within your means" type - that's an axiom that has been hammered in through several mythical stories in the culture. It reflects the mindset of the traditional housewife who runs her family within a budget. A credit card is more in tune with the "immediate gratification" subculture derived from the West. Such a marketing context is unique to an emerging market-life India.

Marketers can add a trick or two to their marketing communications strategy by identifying the vast difference in the product personality of the debit and credit card. Our analysis of marketing communications by these financial services brands led us to believe that both the products have the same or similar activation and usage strategies which does not differentiate the benefits well enough for the consumer.

However, Bank of America in the US has run a successful programme for debit cards, Keep-the-Change, where any leftover change in the bill (on use of debit cards) is credited back to the account as savings. The inherent product personality of the debit card described above is well-reflected in the marketing communications strategy and is extremely synergistic. Citibank runs 'Thank You Rewards' for their credit card customers where they drive usage and reward them with aspirational gifts.

When the brand personality framework is fused seamlessly with the marketing communications strategy, the benefits are multi-fold for marketers. They need to carefully get this in place for short-term brand adoption while enhancing the brand value over the long term.

Question

Does brand personality help in success of the brand?

Source: www.thehindubusinessline.com

4.4 Self and Self-image

Self-concept theory is viewed as most relevant and a popular approach for marketers as it focuses on how the self-image of individual consumers influences the purchase behaviour. Self-concept is defined as 'the totality of the individual's thoughts and feelings having reference to herself/himself as an object'. Each one of us has a self-concept. Every individual sees herself/himself as having certain attributes and qualities and values them. According to one popular model proposed by M. Joseph Sergy, there are four specific types of self-images. Accordingly, what consumers buy or own is a reflection of what they think and believe who they are. This represents their actual self, what they would like to be is their ideal self, how they feel others see them is their social self and how they would like others to see them is their ideal social self. Research has identified one more kind of self-image, expected self, which means how consumers expect to see themselves sometime in the future. The expected self seems to take a position somewhere between actual self and ideal self. From marketers' point of view, expected self is more valuable than other types of self-concepts as it offers them opportunity to design products and promotions appealing to consumers and providing genuine opportunity to change their self-image.

According to H R Markus and S Kitayama, it is useful to categorise self-concepts in two kinds (1) independent (separateness) and (2) interdependent (connectedness).

An independent self-concept predominantly reflects Western cultural belief that individuals are basically separate. It is characterised by emphasising personal goals, characteristics, achievements and desires. Such individuals are individualistic, autonomous, egocentric, self-reliant and self-contained. Their definition of themselves focuses on what they have done, what they possess and their personal traits that make them different from others.

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An interdependent self-concept is based more on common Asian cultural belief in the basic connectedness of human beings. It is characterised by emphasising family, cultural, professional and social relationships. Such individuals are inclined to be obedient, social relationship focused, holistic, connected and relation oriented. Their definition of themselves is in terms of social roles, family relationships and what is common with other members of their groups (ethnic and nationality groups included).

Self-concept theory is related to ego and super-ego which are the two important concepts of psychoanalytic theory. The ego is believed to be a reflection of one's objective reality and is similar to the actual self of the self-concept theory. The super ego is concerned with the way things should be. Thus, it is a reflection of ideal self. To determine consumers' self-concept, they are asked to describe how they actually view themselves (actual self), or how they would prefer to see themselves (ideal self) on various attributes such as: modern, practical, caring, energetic, self-controlled, dependable, aggressive, successful, serious, sensitive, happy, carefree, reckless, etc.

Two important principles govern the self-concept theory (1) the desire to achieve self-consistency and (2) the desire to enhance one's self-esteem. To achieve self-consistency, the person will behave in accordance with the concept of her/his actual self. For example, if an individual sees himself as being self-controlled and practical, then he would wear conservative clothes and quite likely to stay at home in the evenings. If deep down his ideal self were to be reckless and carefree, then to act in accordance with his ideal self, he would wear casual fashion clothes, would go to parties in the evening and (if possible) drive a small sports car or a powerful motorcycle. Such action will bring the individual closer to his ideal self and enhance his self-esteem.

4.4.1 Actual Self

There is in fact no one actual self because consumers have different role identities. A consumer can be a husband, father, employee and a member of some club or voluntary association. In specific situations, one of these roles will be dominant and influence the individual's behaviour. The actual self is the outcome of the combination of individual's different roles. Consumers' actual self influences their purchases in accordance with the images they have of themselves and thereby attain self-consistency.

Research studies confirm that consumers' purchases are influenced by their self-concept. An owner's self-image is reflected in her/his car and also this self-image is similar to her/his image of others who own the same car. Robert E Burnkrant and Thomas J Page have reported that self-concept and brand image relationship is somewhat complicated as consumers change their self-concept in different situations. For instance, an individual may have one self-concept during a business negotiation and another one on the occasion of friend's marriage.

4.4.2 Ideal Self

The concept of ideal self is closely related to an individual's self-esteem. The gap between actual self and ideal self determines the degree of one's self-esteem. Greater the difference between the two, lower the self-esteem. Marsha L Richnis has reported that ad themes and images often produce greater discrepancy between consumers' actual self and ideal self. Glamour advertising that depicts attractive models and luxurious lifestyles creates a world that is unreachable for most consumers. As a consequence, consumers feel a sense of inadequacy based on a comparison of their actual self with the portrayed idealised images. Advertising tends to pull down consumers' self-esteem when it attempts at increasing the disparity between actual self and ideal self.

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The desire for both self-consistency and self-esteem could be conflicting. Consumers making purchases in accordance with their actual self may be attaining self-consistency but may be falling short of enhancing their self-esteem. Consumers usually purchase products or services in accordance with their actual self. However, if there is greater discrepancy between actual self and ideal self, resulting in lower self-esteem, they are more likely to purchase products on what they would like to be (ideal self) rather than what they are (actual self). Such consumers are more likely to be influenced by appeals to their fantasy, such as a product use attracting opposite sex, or products with macho image etc.

4.4.3 Consumption and Extended Self

Some products become significantly meaningful to us or are used to indicate some important aspects of ourselves to others. The extended self (R W Belk) is different from actual self and consists of the self plus possessions. He notes:

"People seek, express, confirm and ascertain a sense of being through what they have."

(Russel W Belk, "Possessions and the Extended Self,"
Journal of Consumer Research 15 September 1988).

This means that we tend to define ourselves, in part, by our possessions and some possessions become an integral part of our self-identity. S S Kleine and R E Kleine observe that we would be somewhat different individuals if we lost our key possessions.

The concept of extended self recognises the interaction between individual and the symbols in their environment, thereby meaning that consumers acquire products for their symbolic value in enhancing their self-concept. This also means that consumers buy groups of products that complement each other because of their symbolic association. According to Michael R Soloman and Henry Assael:

"While the Rolex watch, Brooks Brothers suit, New Balance running shoes, Sony Walkman and BMW automobile, on the surface, bear no relation to one another, many consumers would easily group these disparate products together as a symbolic whole."

(Michael R Soloman and Henry Assael, " The Forest of the Trees?
A Gestalt Approach to Symbolic Communication".)

Some products take on meaning and value as they are used over time. This allows them to get associated with many memories. Some other products quickly become part of extended self because they are central to one's actual self or serve as an important symbol of one's social self. Examples include computers, hairstyles and tattooing etc.

Did u know? E Sivdas and K A Macheilt have developed a scale only to measure degree of product's incorporation into extended self. It is a seven point scale.

Task Collect a set of five recent advertisements that strive to link consumption of a product to a specific personality trait.

Notes

Caselet

Self-concept and its Marketing Implications

For marketers it is important to know that consumers make purchase decisions to support their self concept. Using research techniques to identify how customers view themselves may give marketers insight into products and promotion options that are not readily apparent. For example, when examining consumers a marketer may initially build marketing strategy around more obvious clues to consumption behavior, such as consumer's demographic indicators (e.g., age, occupation, income). However, in-depth research may yield information that shows consumers are purchasing products to fulfill self-concept objectives that have little to do with the demographic category they fall into (e.g., senior citizen may be making purchases that make them feel younger). Appealing to the consumer's self concept needs could expand the market to which the product is targeted.

Source: www.knowthis.com

4.5 Summary

- The personality is a dynamic concept that describes the growth and development of an individual's whole psychological system, which includes motives, beliefs, attitudes, habits, and overall outlook. Personality is generally believed to be consistent and enduring over time.
- It guides the behaviour of individuals chosen to achieve goals in different situations. Personality may, however, change due to major life events such as marriage, birth, death in family, changes in economic circumstances, and the process of ageing.
- There is much controversy regarding the exact nature of personality, however, the concept of personality is considered as very real and meaningful in everyday life. Personality traits help describe and differentiate between individuals. There is general agreement that personality of an individual is made up of inherited characteristics and the interaction with environment, and moderated by situational conditions.
- Various theories of personality have been proposed. Marketers have generally paid more attention to four theories of personality. There are two basic approaches to understanding personality: (1) all individuals have internal characteristics or traits that can be measured, and (2) there are consistent differences between individuals on these characteristics that can be measured.
- Freud's psychoanalytic theory proposes that every individual's personality is the result of childhood conflicts. These conflicts are derived from id, ego, and superego.
- Social/cultural theories view individuals as striving to win over feelings of inferiority, which emanate from childhood experiences in relating to others; searching for ways to gain love, security, and relationships. Several personality types have been identified such as sensing-thinking personality, sensing-feeling personality, intuiting-thinking personality, and intuiting-feeling personality etc.
- Self-concept theory is considered as most relevant and focuses on how the self-image of individuals influences their purchase and other behaviour. Self-concept refers to the totality of an individual's thoughts and feelings with regard to herself/himself as an object.

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- Different types of self-concepts have been proposed. Actual self refers to what an individual believes who she/he is. What an individual would like to be represents ideal self, how the individual feels others see her/him is the social self, and how the individual would like others to her/him is the idea social self. Expected self-image refers to how individuals expect to see themselves sometime in future.

4.6 Keywords

Ego: Individual's conscious control.

Id: It is unconscious and not capable of dealing with object realty.

Ideal Self: What we would like to be.

Personality: The complex of all the attributes - behavioral, temperamental, emotional and mental-that characterize a unique individual.

Self-image: How an individual perceives himself.

Super-ego: Moral part of one's personality.

Traits: Characteristics that define your personality.

4.7 Self Assessment

Fill in the blanks:

1. You want to become a marketing manager of a MNC firm. This shows your …….. self.
2. You want to look fair so that people from opposite sex are attracted to you. This relates to ……. according to Freud.
3. You believe in ethics and would not do any wrong activities even if it is profitable. You belong to …….. personality type.
4. ……. believed that people try to achieve rational goals.
5. A personality test was conducted to test your self-confidence. Such a test is known as …….. personality test.
6. You have high level of dogmatism. You will be …….. to adopt a new product.
7. Extended self consists of self plus……
8. Every individual sees herself/himself as having certain attributes and qualities and values them. This is known as their……..
9. According to CAD Theory, …… individuals need more love and affection than others.
10. According to ……., a considerable size of human mind can be unconsciously motivated.

4.8 Review Questions

1. Mention three examples of how personality traits can influence consumer research.
2. What are the implications for the marketers in creating a personality for their brands?

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3. Construct a brand personality inventory for two different brands in the same product category. Do these brand personalities relate to the advertising strategies to differentiate these brands?
4. "People seek, express, confirm and ascertain a sense of being through what they have". Discuss.
5. Compare and contrast the thoughts of Freudian school and Non-Freudian school.
6. Is there a relation between personality and behavior? Give suitable examples.
7. State the four personality types as identified by Carl Jung.
8. Explain the concept of Id, Ego and Super Ego. Use suitable examples.
9. Differentiate between actual self, ideal self and extended self.
10. Compare the concept of 'Self' that exists in western and Asian countries.

Answers: Self Assessment

1.	ideal	2.	super-ego
3.	sensing-feeling	4.	Alfred Adler
5.	single Trait	6.	resistant
7.	possessions	8.	self concept
9.	compliant	10.	freud

4.9 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

Online links

http://www.knowthis.com/principles-of-marketing-tutorials/consumer-buying-behavior/internal-influences-personality/

http://psychology.about.com/od/psychologystudyguides/a/personalitysg_3.htm

http://psychology.jrank.org/pages/484/Personality.html

Unit 5: Consumer Perception

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Objectives

After studying this unit, you will be able to:

- State the elements of perception
- Discuss dynamics of perception
- Realise consumer imagery
- State the concept perceived risk

Introduction

You will now learn a very important aspect that influences consumer's behaviour - individual perceptions. Reality to an individual is that individual's perception is a personal phenomenon, on the basis of which the individual acts or reacts and not on the basis of objective reality. For this reason, marketers are particularly interested in consumers' perceptions than their knowledge of objective reality. Simply put, perception is "how we see the world around us."

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5.1 Elements and Dynamics of Perception

Schiffman and Kanuk have defined perception as "the process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world." A stimulus is any unit of input to a sensory receptor. In a marketing context, the stimuli include brand names, advertisements, colours, sounds and packages etc.

5.1.1 Sensation (Exposure to Stimuli)

Sensation is the immediate and direct response of sense organs to simple stimuli such as an advertisement, a brand name, or a package etc. Sensitivity to stimuli varies among individuals and depends on the quality of sensory receptors.

Example: Some people have more acute hearing or sharper eyesight.

Sensation for a stimulus depends on differentiation of input. A relatively static and unchanging environment provides little or no sensation even though the sensory input is strong. For example, a person living near a busy railway station would probably receive no sensation from car or train horns or other traffic noises. Increase or decrease of one or two honking horns would never be noticed. When the quantum of sensory inputs is high, the senses fail to detect small differences in sensory inputs.

Absolute Threshold

Absolute threshold refers to the lowest level at which an individual can experience a sensation. At this point an individual can detect a difference between "something" and "nothing" and this point would be that individual's absolute threshold for that stimulus. For instance, one individual may sense the sound pitch at 20 cycles per second and the second individual may sense the sound pitch at 30 cycles per second. Absolute threshold for sound in case of these two individuals would be different. Many individuals' ability to discriminate sensory characteristics such as taste, smell, hearing, or feel is small.

The senses are likely to become increasingly dull under conditions of constant stimulation and the absolute threshold increases. For example, if someone drives for half an hour through a corridor of billboards, it is doubtful that any particular billboard will register any impression. This is known as 'adaptation' and refers to "getting used to" certain sensations.

Sensory adaptation is a problem for many TV advertisers because of advertising clutter. It is because of this reason that advertisers are inclined to change their ad campaign frequently fearing that target audiences will get so adapted to the current ads that these will no longer provide sufficient sensory input to be noticed.

Differential Threshold

Differential threshold is the smallest detectable difference between two values of the same stimulus. This is also referred as JND (Just Noticeable Difference). A German scientist of nineteenth-century, Ernst Weber discovered that the just noticeable difference between two stimuli was an amount relative to the intensity of the initial stimulus. To measure the differential threshold for a stimulus, one commonly changes its intensity in very small amounts. An individual's threshold exists when she/he first notices that the stimulus has changed. The difference between this value and the starting value is the just noticeable difference. Weber's Law (after the name of the scientist) states that stronger the initial stimulus, greater the additional intensity needed for the second stimulus to be perceived as different. For example, if a producer

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raises the price of its car by four hundred rupees, probably it would not be noticed because the increase would fall below JND The difference in price may become noticeable if the increase were to be one thousand rupees or more. To be noticed, an additional level of stimulus equivalent to JND must be added to make the difference perceptible. Likewise, if the reduction in price of the same car is ₹ 400, it again is unlikely to be noticed falling below the level of JND.

Marketers use Weber's law to predict how consumers will respond to differences between marketing variables or changes in these variables. In certain situations the marketer's objective is to have consumers detect differences such as when product improvements are made or price is reduced. In other cases, the objective is to have the differences escape attention such as reductions in product size or quality, increases in product price, or changes in packaging when package design is important for ready recognition by consumers.

Subliminal Perception

People can also perceive stimuli which are below their level of conscious awareness. In this situation, the stimuli which are otherwise too weak or brief to be consciously seen or heard prove strong enough to be perceived. When the stimulus is below the threshold of awareness and is perceived, the process is called subliminal perception. This shows that the threshold of conscious awareness is higher than the absolute threshold for effective perception. Disguised stimuli, not readily recognised by consumers are called 'embeds'. These embeds are believed to be planted in print advertisement to influence consumers' purchase behaviour. A number of research studies suggest that individuals differ in their susceptibility to subliminal stimuli and that subliminal messages can trigger basic drives such as hunger but stimulation does not necessarily precipitate action.

Caution Differential Threshold is a minute detectable difference and Subliminal Perception occurs when the stimulus is below threshold of awareness but is still perceived.

Disguised stimuli, not readily recognised by consumers are called 'embeds'. These embeds are believed to be planted in print advertisement to influence consumers' purchase behaviour. A number of research studies suggest that individuals differ in their susceptibility to subliminal stimuli and that subliminal messages can trigger basic drives such as hunger but stimulation does not necessarily precipitate action.

Subliminal research studies are inconclusive as far as impact of advertising is concerned. Research on subliminal perception seems to be based on two theoretical approaches (1) the affect of constant repetition of very weak stimuli adds up to produce response strength and (2) subliminal stimuli of a sexual nature arouses unconscious sexual motivations. Research studies have so far failed to indicate that any of these theoretical approaches can be put to effective use in advertising to increase sales.

5.1.2 Attention

Attention occurs when the stimulus activates one or more sensory receptor nerves and the resulting sensations reach the brain for processing. Human beings are constantly exposed to numerous stimuli every minute of the day. This heavy intensity of stimulation to which we are exposed should serve to confuse us totally but it does not. The reason is that perception is not a function of sensory input alone. An important principle of perception is that 'raw sensory input alone does not elicit or explain the coherent picture of the world that most adults possess.' Perception is the outcome of interaction of physical stimuli from external environment and an individual's expectations, motives and learning based on earlier experiences. The interaction of these two types of very different stimuli creates, for an individual, a very private and personal

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picture of the world. Since every individual is unique because of needs, wants, desires, expectations and experiences, no two people perceive the world precisely the same way.

5.1.3 Perceptual Selection

Human beings, subconsciously, are quite selective in their perception. Everyday we look at so many things, ignore others and do not even notice many others. We really perceive only a very small fraction of stimuli to which we are exposed. In a market place a consumer is exposed to numerous marketing related stimuli besides numerous others. Even then, on a regular basis, consumers visit the market and make desired purchases without any disorientation or losing sanity. The reason is that we all unconsciously exercise selectivity in perception. The selectivity of stimuli depends on consumer's previous experience and motives, besides the nature of stimulus itself. One or more factors related to experience and motives affect consumer's 'selective exposure' and 'selective attention' at a given time and can increase or decrease the probability that a certain stimulus will be perceived.

Stimulus Factors

There are numerous marketing related stimuli that affect consumer's perception, such as type of product, physical characteristics, packaging, colour, brand name, advertisement, claims, endorser, size of ad, position of ad or time of commercial etc. The product and its components such as package, contents and physical properties etc. are primary or intrinsic stimuli. While marketing communications developed to influence consumer behaviour are secondary or extrinsic stimuli.

In general, stimuli that stand out against their background capture immediate attention. Novel stimuli achieve this through unique images, shapes, sounds and colours. Messages that seem at odds with commonly held beliefs also attract attention. Contrast becomes very distinctive and attracts attention.

Did u know? The blank white spaces in print advertisements and opening scene of a commercial without a sound are actually attempts of differentiation and often merit the attention of the consumers.

Expectations

People generally see what they expect to see and this expectation is based on familiarity and previous experience. Consumers often perceive products and product attributes as per their expectations. If a consumer has been expecting a new soft drink to have bitter aftertaste because the friends said so, probably it would taste bitter. It is also true that in many instances stimuli that are in sharp contrast to expectations attract more attention than those that meet our expectation.

Example: An ad showing a man wearing a hat, tie and an underwear but no shirt and pants is more likely to attract attention than a properly dressed man.

Motives

Consumers tend to perceive those things that are top most in their need or want list. They are highly perceptive of stimuli that are relevant to their needs and interests. Thus, stronger the felt need, greater is the tendency to notice motive-related things and ignore unrelated stimuli in the environment.

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Example: A person who is contemplating buying a computer is more likely to notice ads of computers and ignore other ads irrelevant to felt needs or interests.

A consumer's selection of stimuli from the environment depends on the outcome of interaction between expectations, motives and stimulus factors. A number of related concepts are important in the study of perception.

Selective Exposure

Exposure occurs when consumers' senses are activated by stimulus. Consumers are attentive to stimuli which are relevant, pleasant, or towards which they may be sympathetic and ignore unpleasant and painful ones. For instance, a consumer who is contemplating the purchase of a scanner is more likely to look for scanner ads and tobacco users avoid messages that link it with cancer and take note of those few that deny any relationship. Similarly, consumers readily expose themselves to ads of products they prefer or admire, or ads that reinforce their purchase decisions.

Example: A consumer who has bought an expensive Mac computer is more likely to see or read its advertisements to reassure her/his purchase decision.

Selective Attention

Attention is the momentary focusing of a consumer's cognitive capacity on a particular stimulus. Consumers have increased awareness of stimuli that are relevant to their felt needs or interests and decreased awareness of irrelevant stimuli. They would readily notice ads of products that they need or want. Some consumers are price sensitive, for some quality is more important and accordingly they pay attention to such ad messages. Consumers use considerable selectivity in terms of attention they pay to different stimuli.

5.1.4 Adaptation

Adaptation refers to gradual adjustment to stimuli to which consumers are exposed for prolonged periods. Because of adaptation, consumers do not notice the stimuli to which they have become adjusted. For instance, an air-conditioned picture theatre feels quite cool in the beginning but after a short while we adapt to the temperature and become less aware of it. Consumers become adapted to advertising messages over time due to boredom or familiarity. They reduce their attention level to frequently repeated advertisements and eventually fail to notice them. Because of this reason marketers introduce attention-getting features in their ad campaigns and change their advertising. The level of adaptation varies among consumers and some get adapted more quickly than others.

Task Collect some print advertisements that are unusual and attracts attention at once. Note what is so attractive about them.

Notes

5.1.5 Perceptual Vigilance and Defence

Even when consumers are exposed to stimuli they do not want to see or hear, they unconsciously ignore such undesirable stimuli. Perceptual defence is more likely in anxiety-producing situations. Because of this reason, unpleasant, damaging, or threatening stimuli have less of a chance to be perceived compared to neutral stimuli at the same level of exposure. Consumers are also likely to modify or distort any information that is not consistent with their needs, wants, values, or beliefs.

The concept of perceptual defence has relevance in advertising. When intense fear appeals are used in selling any product they may become threatening to a point that consumers use perceptual defence for the entire message.

Perceptual Blocking

Consumers are exposed to innumerable stimuli in a typical day. They protect themselves from being overwhelmed and overburdened by blocking such numerous stimuli from their conscious awareness.

Example: Consumers screen out enormous amounts of TV advertising by 'tuning out'.

Perceptual Organisation (Interpretation)

All the selected stimuli from the environment are not experienced as separate and discrete sensations. Individuals tend to organise these sensations into a coherent pattern and perceive them as unified wholes. The specific principles underlying perceptual organisation are sometimes referred as Gestalt psychology. Gestalt is a German word and means "pattern" or "configuration." Three most basic principles of perceptual organisation focus on 'figure and ground' relationships, 'grouping' and 'closure'.

Figure and Ground

This is one of the most basic and automatic organisational processes that perceivers use. People have a tendency to organise their perceptions into figure and ground relationship. In order to be noticed, stimuli must contrast with their environment. We notice black against white and do not notice white in white. Similarly, a sound must be louder or softer to be noticed. The figure usually appears well-defined, solid and perceived more clearly than the ground (background) which is usually perceived as hazy, indefinite and continuous. The common line separating the figure and the ground is perceived as belonging to the figure and not to the ground. This gives greater definition to the figure.

Our learning influences which stimuli will be perceived as figure and which as ground. Perceptual organisation is affected by motives and expectations based on previous experience. Earlier pleasant or painful associations with one or the other element of figure-ground alone can also influence the perception. The following sketches show how figure and ground process operates. Most individuals perceive Figure 5.1(a) as a goblet on a black ground rather than as two faces separated by white space and Figure 5.1(b) shows a reversible picture and one may perceive it a young or old woman.

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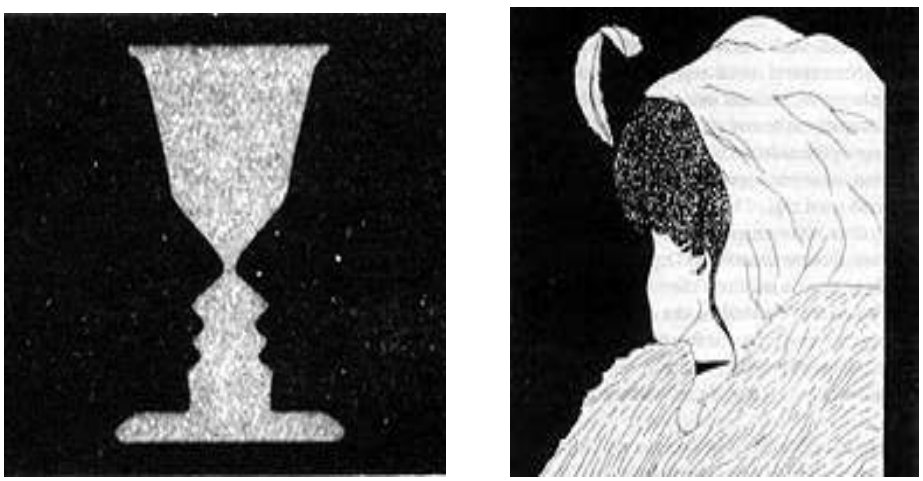
Figure 5.1: Figure-ground Reversal



(a) (b)

The application of these findings is important in advertising. The ads must be planned carefully to ensure that the figure and ground are perceived the way the advertiser intended. For example, in many print ads the background is kept white so that the intended product features can be clearly perceived. Often white letters are used on a black background to achieve contrast. In case of commercials, the background music must not detract from the product message or jingle. Advertisers, in some cases, deliberately blur the figure and ground so that consumers search for the advertised product, which is usually cleverly hidden in the ad.

Grouping

Individuals have an inherent tendency to grouping or chunking a variety of information or items close to each other in time or space and form a unified picture. The tendency to group stimuli may result as a consequence of proximity, similarity, or continuity. When an object is associated with another because of its closeness to that object, it is due to proximity. Because of their lateral proximity, the 12 dots are seen as three columns of four dots and not as four rows of three dots. Advertising often uses this principle by associating a product with positive symbols and imagery close to the product. In the second case (b), consumers group 8 rectangles and 4 circles as three sets because they look similar. Consumers also group stimuli to attain continuity by grouping stimuli into uninterrupted forms rather than discontinuous pattern (c). The dots in this figure are more likely to be seen as an arrow projecting downward than as two columns of dots. Individuals' tendency of grouping makes it easier for their memory and recall. Marketers use this tendency in individuals with advantage to imply certain desired meaning related to their products or services. Soft drinks are usually shown being enjoyed in active and fun-loving settings. An ad for tea, coffee, or some other beverage may show a young woman and man sipping the beverage in a beautifully furnished and decorated living room. The overall impression and mood implied by the grouping of stimuli helps the consumer to associate the drinking of beverage with comfortable living and romance. To sell houses, builders often release ads showing a family with grand parents enjoying picnic-lunch in their own private lawn, implying comfortable and fine living.

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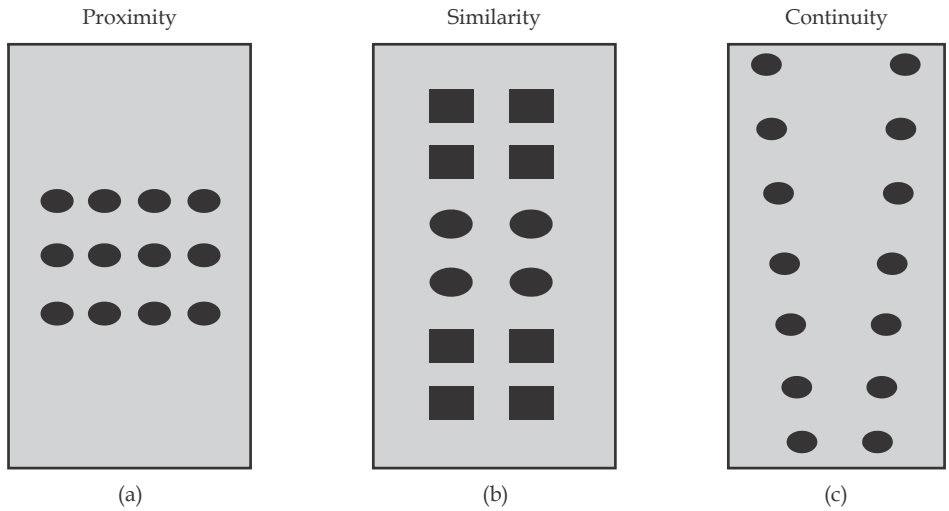
Example: **Examples of Grouping**



Closure

Individuals have a need for closure and fulfil it by organising their perceptions in a manner that leads to forming a complete picture. In the event that they are exposed to a pattern of stimuli, which in their view is incomplete, they tend to perceive it as complete by filling in the missing pieces. This phenomenon may be the result of conscious or subconscious efforts. For example, if a portion of a circle is left incomplete, it is mostly perceived as a complete circle and not an arc. Because of this need for closure, individuals experience tension when some task is incomplete and a feeling of satisfaction and relief develops with its completion.

According to James T Heimbach and Jacob Jacoby, people remember incomplete tasks better than completed tasks because a person who begins a task develops the need to complete it and this gets manifested in improved memory. For instance, hearing the beginning of a jingle or message develops a need to hear the remaining part of it. If the TV commercials of Nirma or Lifebuoy leave the jingle incomplete, familiar listeners complete it in their memory because of the conditioning effect and need for closure. Advertisers can take advantage of need for closure by using the sound track of a frequently shown TV commercial on radio. Audiences who are familiar with TV commercial perceive the audio track alone as incomplete and mentally play back the video content from memory. So far, the evidence is inconclusive to say that all incomplete ad messages or jingles are better remembered than the completed ones.

5.1.6 Interpretation of Stimuli

Individuals, in their own unique manner, interpret the stimuli. As the old saying goes, "a person sees what he/she expects to see," Interpretation of stimuli by individuals is based on their earlier experiences, plausible explanations they can assign, their motives, beliefs and interests at the time of perception.

For a number of reasons, stimuli can often be weak or strong and may prove to be quite ambiguous to individuals.

Example: Brief exposure, poor visibility, changing levels of illumination, low pitch, high noise level, or constant fluctuations can create difficulties in interpreting the stimuli.

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Whatever sensory input individuals receive, they tend to assign it to sources they consider are most likely to have produced or caused a particular pattern of stimuli. Earlier learning and experience becomes instrumental in forming certain expectations and different explanations that individuals use in interpreting the stimuli. For example, during Diwali festival individuals attribute low intensity explosions to crackers and not to gunfire. Individuals usually interpret highly ambiguous stimuli in a way that seem to fulfil personal needs, desires, aspirations, interests, or wishes etc. Projective techniques used in motivational research, such as word association test, sentence completion test, inkblot test, or TAT etc. are based on this theory. The interpretation of ambiguous stimuli by individuals reveals quite a lot about them.

A number of factors influence individuals that may distort their perceptions, such as physical appearances, stereotyping stimuli, irrelevant stimuli, first impressions, jumping to conclusions and halo effect etc.

1. ***Physical Appearance:*** People may or may not consciously recognise that they tend to attribute the qualities, which in their opinion are associated with certain individuals, to others who may resemble those persons. According to Kathleen Debevec and Jerome B Kernan, research indicates that attractive looking men are perceived as more successful in business than average looking men. Attractive models in ads and commercials prove more persuasive and have a more positive impact on consumer attitudes and behaviour than average looking models. This has important implications in selecting the models for ads or commercials, as it may be the key factor in their ability to be persuasive.

2. ***Stereotyping Stimuli:*** People tend to form "pictures" in their minds of the meanings of different types of stimuli. This stereotyping the stimuli helps them develop expectations about how specific events, people, or situations will turn out to be.

Example: Many people carry the "picture" of politicians or police behaviour in their minds.

3. ***Irrelevant Stimuli:*** In certain situations consumers are faced with difficult perceptual judgements. In such circumstances they often respond to somewhat irrelevant stimuli. For instance, they may consider the colour of washing machine in making the final purchase decision. In case of expensive cars, consumers often give importance to the shape of headlamps, or leather upholstery rather than technical features.

4. ***First Impression:*** First impressions are often lasting even when the perceiver is not exposed to sufficient relevant or predictive information.

Example: Just a few years ago, the word "imported" was enough for a large number of consumers to form favourable impressions about many products such as wristwatches, shoes, clothes and many other different products.

5. ***Jumping to Conclusions:*** Some people seem to have a strong tendency to draw conclusions based on insufficient information. They seem to be impatient about examining all the relevant evidence, which may be necessary to draw a balanced conclusion. This is often the reason that strong arguments about a product or service are presented first in ads.

6. ***Halo Effect:*** This refers to a tendency to evaluate one attribute or aspect of stimulus to distort reactions to its other attributes or properties. This is frequently seen in case of brand or line extensions where the marketer takes advantage of a brand's reputation.

Example: Dettol soap, Lux shampoo and Ponds soap etc.

Notes

Caselet

CEAT – Raising the Bar

On April 15, 2008, CEAT Ltd. (CEAT), part of the RPG Group and a major tire manufacturing company, unveiled a new word mark brand, doing away with its 25-year-old mascot, the rhino, and the tagline, 'Born tough'. The rebranding exercise was carried out as part of a brand repositioning effort. The CEAT logo and the tagline had been in use since 1983. While this tagline seemed to work quite well when strength and durability were the only aspects that customers looked for in tires, it seemed to have lost its relevance with the needs of both the primary customers (automobile companies), and the end-consumers changing.

Recognizing this, the company repositioned CEAT from a brand that conveyed toughness to one that was associated more with performance, style, and comfort. Therefore, they decided to drop the 'Born Tough' logo as well as the rhino.

There was another reason for dropping the age-old rhino logo, even though it had high recall. This was the general perception associated with the rhinoceros – that of an endangered species – and the company did not want this perception to be extended to the brand as well. It wanted a more modern and contemporary logo, which would go with its new positioning in the market.

The letter "E"appeared distinct, without the upright stroke connecting the three horizontal ones. Its red letter signified motion and movement. The "E"also represented the idea of "raising the bar", as the brand tried to raise its performance standard and credibility in the market. It also signified broadening of the company's capabilities, in terms of reach across segments and geographies. The red lines of the "E"gave the logo a very young and modern appeal, while the remaining letters were in blue, showing maturity and stability.

CEAT's new logo symbolizes not just our foundations but reveals an accent on the future." The company planned to invest ₹ 400 millions on the entire campaign, with ₹ 100 millions allocated for the first year.

Source: icmrindia.org

5.2 Consumer Imagery

An image is a total perception of something that individuals form by processing all the information they are exposed to over time. Research indicates that consumers develop enduring perceptions or images about brands, prices, stores and companies. These inferences are consumers' beliefs about products or services. Consumers may associate an Omega or Rolex watch with quality because of their advertising or word-of-mouth communications from friends.

Individuals develop a self-image of themselves and certain brands carry a symbolic value for them. Some products seem to match this self-image of an individual while others do not According to Russell W Belk, consumers attempt to enhance or preserve their self-images by purchasing products that they believe correspond to or agree with their self-images and avoid buying products that do not fit their self-images.

Consumers also tend to buy from those outlets that seem to be consistent with their self-image. Many large retail stores and chains in India have started focusing on the need to build their identity to attract certain classes of consumers and create store loyalty among them.

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5.2.1 Price Perceptions

Whether a consumer perceives the price of a product or service as high, low, or fair has significant influence on buying intentions and post-purchase satisfaction. There is considerable evidence to suggest that the meaning of price variable for consumers is quite complex.

Example: Seeing the explosive growth of cheap ballpoint pens, Parker Pen repositioned its pens based on price during 1980s and offered low-priced pens. The results were nothing but disastrous because the Parker's image was inconsistent with its price. The company in 1989 reverted back to its strength of high-priced pens and became profitable again.

1. Consumers have certain expectation of what the price is or should be of a product or service.
2. Their expectations may or may not reflect the actual price of the product or service.
3. Consumers often associate the price of a product or service with quality.

Consumers consider differential pricing used by some marketers to benefit certain classes of consumers such as club members, senior citizens, women etc., for which they are not eligible, as unfair. We certainly feel unhappy to learn that others are paying half the price for the same service or product. Marielza Martins and Kent B. Monroe have reported that price unfairness affects consumer perceptions of product value, and purchase intentions and reducing perceptions of price unfairness increases the product's perceived value.

A reference price (also called standard price) is any price that a consumer uses as a basis for comparing another price.

Example: A consumer may expect to pay ₹ 20,000 for a Sony 2000 PMPO music system. This is the consumer's reference price that she/he expects to pay and uses as basis to compare prices for alternative brands.

Consumers are willing to accept a range of prices, called an 'acceptable price range', for a product or service. The acceptable price range in case of music system might be from ₹ 12,000 on the lower end to ₹ 22,000 on the higher end. The higher end acceptable price is called 'reservation price'. Below the lower end of the acceptable price the consumer might be suspicious about the product quality and above the reservation price the product would be considered too expensive. The range of acceptable price often varies significantly among consumers and depends on individual consumer characteristics and attitude towards a particular brand.

According to Abhijit Biswas and Edward A Blair, reference prices can be either external or internal. Marketers sometimes use a higher external reference price (sold elsewhere at ₹ … or international edition ₹ …) in an attempt to persuade consumers that the product is really good value. The consumer recalls from memory the internal reference prices or range of prices which are believed to significantly influence his evaluations and perceptions of value of a sales promotion deal and the authenticity of any advertised reference price.

According to 'acquisition-transaction utility theory', Katherine Fraccastoro, Scot Burton and Abhijit Biswas are of the opinion that there are two types of utility associated with consumer purchases. One is the 'acquisition utility' and relates to the perceived economic gain or loss associated with a purchase and depends on product utility and its purchase price. The second is the 'transaction utility' and involves the perceived pleasure or displeasure associated with the monetary aspect of the purchase and refers to the difference between the internal reference price and the actual purchase price.

Researchers have investigated the effects of three types of consumer price perceptions communicated through advertising. Plausible low prices are considered well within the range

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of acceptable market prices; plausible high prices are close to outer limits of the range but still not beyond the limits of believability and implausible high prices are definitely beyond the limits of acceptable range of prices. So long as the communicated reference price is within a given range of consumer's acceptable price, the external reference price is taken as believable and accepted.

Tensile price claims communicate a range of price savings such as "save up to 50%", "save 20 to 40%, or "save 30% or more." Objective price claims on the other hand offer a single discount level such as "save 20%." Since tensile and objective price claims cover a broader range of products, they produce a more powerful impact on consumer purchases and store traffic than ads offering a discount on a single product.

5.2.2 Perceived Product and Service Quality

Consumers often tend to assess the quality of a product or service on the basis of different types of information they relate with the product or service. Intrinsic cues (cues are stimuli that direct motives) relate to the physical attributes of the product such as the size, colour, or smell etc, which are sometimes used to judge the quality of a product. For example, quality of perfumes is often judged on the basis of fragrance, physical appearance of the container, packaging and its colour. Many detergent powders and cakes are traditionally coloured blue to influence the perceived quality because consumers associate "bluing" with brightening and whitening their laundry. Consumers like to be thought of as objective or rational in their assessment of products and believe that their product choices are based on intrinsic cues. It is a different matter that quite often the physical attributes considered to judge the quality have no intrinsic relationship with product quality. For example, consumers who claim that one brand of soft drink is tastier than the other often fail in blind taste tests. According to Michael J Mc Carthy, consumers often fail to differentiate among different cola drinks and actually base their preference on extrinsic cues such as advertising, pricing, packaging or even group pressure.

Consumers lacking actual experience with the product tend to judge the quality on the basis of extrinsic cues such as brand image, price, or even the country of origin etc. Lacking previous purchase experiences may lead to an awareness that higher-quality products tend to cost more and high-price may become an indicator of higher-quality and suspect the quality of low-priced products. In India a little over a decade ago "foreign" make meant superior quality.

Kent B Monroe and Susan B Petroshius have summarised research findings to show how consumers react to price variable:

1. Consumers seemingly use price as an indicator of product quality as well as an indicator of purchase cost.
2. Consumers appear to develop reference prices as standards for evaluating prices they see in the marketplace.
3. Consumers' reference prices are not constant and get modified by shopping experiences. Their exposure to price higher or lower than reference price is likely to result in upward or downward movement of the reference price.
4. Consumers tend to develop a range of acceptable prices around the reference or standard price. Prices above or below the reference price are likely to be judged as unsuitable and may lead to decreased willingness to purchase the product.
5. Factors, such as brand image or store image, can soften the strength of the perceived price-quality relationship.
6. If the prices for different alternatives are perceived as similar, then price is unlikely to influence the choice between these alternatives.

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Unlike tangible products, it is really very difficult to judge the quality of services. This difficulty arises because of certain unique characteristics of services. Services are intangible, variable, perishable and are produced and consumed simultaneously.

A tangible product can be seen, touched, or even tried before purchase, but a service cannot be seen, touched, handled, or experienced in advance by the consumer. To overcome the difficulty of comparing and judging the quality of services, consumers use extrinsic cues. For example, to evaluate the quality of a doctor's services, consumers look at the quality of consulting chamber, furnishings, framed degrees and diplomas on the walls, the attire and mannerisms of the receptionist or nurse etc. All these factors are considered in the overall evaluation of the service quality.

Services can also vary from day to day. There can be a difference between a service delivered by one service employee and the other service employee (such as haircuts, domestic help etc.)

Services are generally first sold and then produced and consumed simultaneously. In sharp contrast, products are tangible and are first produced, then sold and lastly consumed. Product defects are likely to be detected during quality control in the factory before it reaches the customer. A defective haircut, for example, is very difficult to correct, or service employee carelessness can cause consumer dissatisfaction, leading to decline in service image and is hard to correct.

Research divides the service quality along two dimensions. One, the outcome aspect of service focuses on the reliability of delivery of core service. Two, the process aspect focuses on how the core service is delivered.

Example: ICICI bank provided customers the same core facility (the outcome) of withdrawing money but it used a superior process (ATM) that exceeded customer expectations in those early days and acquired the image of a really efficient and customer-focused bank.

Consumers also develop company and retail store images. They organise a variety of information based on advertising, product lines carried by the store, opinions of friends and relatives, exhibits, sponsorships and their own experiences with company's products to form corporate images. Store image often influences brand image. A positive company image helps reinforce favourable perceptions of its products or services and their new product introductions generally gain acceptance more readily than companies who have a less favourable image. Philips advertises itself as an innovative and forward-looking company (let us make things better), General Electric says "we bring good things to life," the tag line of BPL is "believe in the Best" and Videocon slogan is "bring home the leader." These companies hope that consumers will carry over the association to brands because the brand name is closely associated with the company. Such advertising is not as important for Hindustan Lever Ltd or Procter & Gamble because the brands are not closely linked to the company name.

Depending on store image, different consumer segments shop there because they like to spend time in stores where they are comfortable. What product the consumer wishes to buy largely influences her/his choice of retail store; on the other hand, the consumer's evaluation of a product is often influenced by the knowledge the retail outlet it was purchased. A consumer wishing to buy elegant suiting and influenced by "the complete man" image is most likely to visit Raymond's showroom and regardless of what the consumer pays for the suit length, it is perceived as of high quality.

Brand image is the set of human characteristics linked to the brand that consumers hold in memory (K L Keller). Consumer loyalty is associated with positive brand image and they are willing to search for their preferred brand.

The key factor that influences consumers' brand image is the positioning. The role of advertising is very important in communicating the position and helping create a brand image.

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5.3 Perceived Risk

Whenever consumers make decisions to purchase any new brands, there is an element of uncertainty about the consequences and a perception of risk is involved in most such purchases. Risk perception can be defined as 'the consumers' perceptions of uncertainty that they face when they are unable to foresee various consequences of their purchase decisions'. The relevant risk dimensions are the uncertainty and the consequences. It is worth noting that the influence of risk depends on individual's perception. This means that the risk actually may or may not exist and even if a real risk exists but is not perceived, it will not influence consumer behaviour.

Several situations may influence the consumer's perception of uncertainty or consequences.

Example: There may be uncertainty regarding buying goals, uncertainty about alternatives, or uncertainty about perceived possible undesirable consequences.

Consumers may face several different types of risks in making purchase decisions. The major ones are:

1. ***Financial or monetary risk*** which is the risk that the product will not be worth its cost. Expensive products and services are most subject to this risk.
2. ***Performance risk*** which is associated with the possibility that the product will not perform as anticipated or may even fail. The consumer wastes time in getting it repaired, or replaced. The risk is greatest when the product is technically complex.

   Example: An expensive computer.
3. ***Physical risk*** which refers to bodily harm to self and others due to product usage. For example food and beverages, electrical or mechanical appliances, or medical services etc. can sometimes prove risky. When cooking gas (LPG) was first introduced in India, consumers' physical risk perception about it was high. Similarly, some consumers consider the use of pressure cooker as risky.
4. ***Social risk*** which means that a poor product purchase may not meet the standards of an important reference group and may result in social embarrassment.

   Example: Clothes, jewellery, carpet, or car etc.
5. ***Psychological risk*** which relates to loss of self-esteem or self-image as a result of poor choice and making her/him feel stupid.

   Example: High-involvement category products or services.

The degree of risk perception among consumers varies and depends upon the person, product, situation and the culture. Some consumers who are high-risk perceivers or risk avoiders, limit their product choices to a limited number of safe alternatives to avoid risking a poor selection. More often than not, they stay brand loyal to avoid risk. Consumers who are low-risk perceivers or risk takers tend to consider their choices from a wider range of available product alternatives. They are prepared to risk poor selection instead of not considering several alternatives from which they can make a selection. They are more likely to buy new products before they are well established. Risk takers are often higher-income consumers, having upward social mobility and show personality traits such as need for achievement, dominance and change.

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Product category is also an element in the perception of risk. Consumers are more likely to perceive risk in the selection of high-involvement product categories. Keith B. Murray and John L Schlacter have reported that consumers perceive more risk in deciding about services than products, especially in terms of social risk, physical risk and psychological risk.

The shopping situation that the consumer faces also contributes to perception of risk, such as shopping by telephone or mail, buying from door-to-door salesperson, direct mail, or Internet shopping. Except in the case of door-to-door salesperson, the consumer is in no position to personally inspect the products before placing the order or, in some situations, it is difficult to be certain that the product would really be delivered in time as promised by the marketer.

How Consumers Deal with Risk?

Consumers use various strategies to deal with perceived risk. This helps them to act with more confidence in making purchase decisions. The strategies are designed either to increase certainty associated with product purchase or to minimise negative purchase consequences. Some of the strategies that consumers adopt to deal with risk are:

1. Consumers acquire additional information. This allows them to better assess the risk.
2. Consumers remain brand loyal. They stay loyal to a brand which has delivered satisfaction instead of buying an untried brand.
3. Consumers buy most popular brand because they usually believe that well-known and popular brands can be trusted.
4. Consumers buy the most expensive model or brand as they often associate price with quality.
5. Consumers rely on store image. They trust reputable retail outlets and depend on them regarding their choice of merchandise for resale.
6. Consumers seek money-back guarantees, warranties and pre-purchase trial. For example a marketer offers free trial and "no questions asked" refund of money, or there are guarantees/warranties.
7. Buy the smallest pack size, or lowest-priced item. In an attempt to reduce the consequences, consumers buy the smallest size or the lowest priced item.
8. Reduce level of expectations to reduce psychological consequences before making the purchase.

Consumers' risk perception has some important implications for marketers. Risk avoiders are less likely to purchase new or innovative products compared to risk takers. Advertising should not only be informative, it must attempt to build brand image and be persuasive to develop brand loyalty among consumers. Guarantees, warranties, impartial test results, free samples and pre-purchase trials can also help consumers to minimise risk.

Task Make a note of 5 products and 5 services that you have never bought. If you were to buy them, on what parameters would you judge their quality?

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Case Study

The Risk Perception

Ever had your friend exclaim at your investment choices with phrases such as "That sounds like a very risky bet" or "That's a very risky stock"? How about asking the friend to rank your investment risk on a scale of 1 to 10. The friend stares back blankly, implying either you have lost your marbles or they're lost in translation. So what do you perceive as the risk in your investments?

Fundamental Risks

Risk in its varying degrees of perception is the magnitude of fear at the thought of losing something. It could be the fear of losing your home, friend, mobile phone, or money. When it comes to investing, the idea of the risks intrinsic in the business, its operations and environment are also known as 'fundamental risks'.

To borrow the idea of investor Warren Buffet's 'fundamental' risk of investing in a business, there are five primary factors in appraising this risk: The first would be on how confident you are in your judgment of the long-term economics of the business you want to invest in. Take, for example, the much-maligned telecom sector, which has been in the news for deteriorating economics and expensive expansion.

Investing in this sector would entail having a perspective on how consumer behaviour is likely to evolve over the next five years and whether consumers are likely to spend more on value-added services or more time on the phone. Add to this, the large number of players in several circles, which means little pricing power.

These are just a couple of factors in the economics of the business on which one needs an informed perspective. A rapidly changing business is often a risky one for an investor who is not watching it closely.

Human Element

The second and third factors deal with the ability of people to run their businesses effectively and their propensity to reward the shareholder and themselves in a proportionate and acceptable manner. Retail investors have traditionally had little say or sources on management. However, gauging how effectively the company communicates to its shareholders through interviews, press releases and annual reports can give you a cursive idea of the management behind a stock. A crooked manager or misinformed, yet ambitious, CEO is a major risk to an investor, considering how he can derail an otherwise good business. An instance of such behaviour includes the Satyam episode that saw the slipshod Maytas merger attempt as a prologue to the expose of Ramalinga Raju's number fudging.

The fourth factor is the effect of external factors such as inflation and taxes on a business. Companies in sectors such as alcohol or tobacco have the constant risk of taxes being hiked at various levels, considering how the products they produce are viewed as 'vices'.

Inflation ravages business with little pricing power or scope for passing on costs. Cyclical industries such as automobiles and consumer durables have often been squeezed by rising costs during periods of low consumer demand, as prices cannot be hiked.

Businesses which are easy scapegoats for government taxation or companies that can be squeezed by the economic cycle are inherent fundamental risks. Sugar companies are a classic example of a sector which gets pushed to extreme highs or lows depending on

Contd....

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season, crop yield and a host of other factors. Scale is a saviour in such a scenario as small mills become unviable and often go broke during the cyclical lows.

Price

The fifth factor is possibly the simplest - the price you pay. Paying a sensible price can help the investor avoid a great deal of pain associated with moody equity markets. Several retail and professional investors got suckered into buying newly-fangled, esoterically-named, mutual fund schemes or over-priced IPO's during the market peak of late 2008 only to lose their shirts over the next year.

Overpaying is possibly the most common risk the investor overlooks. As Buffett says, the above factors are difficult to 'precisely quantify' but "investors in an inexact but useful way 'see' the risks inherent in certain investments without reference to complex equations or price histories."

The perception of various factors which are deemed 'risky' does not always lend itself to a convenient number. But acknowledging that they exist and attempting to base the price you pay after roughly factoring in those risks goes a long way in determining your investment outcome.

Question

What are the implications for the diffusion of technological innovations?

Source: www.thehindubusinessline.com

5.4 Summary

- Perception consists of those activities by which an individual acquires and assigns meaning to stimuli.
- Different individuals may be exposed to the same stimuli under the same conditions but how each individual recognises the stimuli, selects them organises them and interprets them is unique in case of each person and depends on each individual's needs, wants, values, beliefs, personal experiences, moods, and expectations.
- Sensation is the immediate and direct response of sense organs. Absolute threshold refers to the lowest level at which an individual can experience a sensation. Differential threshold is the smallest detectable difference between two values of the same stimulus and is referred to as JND (Just Noticeable Difference).
- Stimulus factors are physical characteristics of the stimulus itself, such as contrast, size, intensity, colour, movement and position etc. Individual factors refer to individual's characteristics, such as expectations, motives, and learning etc.
- Individuals can also perceive stimuli, which are below their level of conscious awareness. Such stimuli are too weak or brief to be consciously seen or heard but prove strong enough to be perceived. This is referred to as subliminal perception.
- Individuals interpret stimuli in their own unique way. This is based on personal experiences, plausible explanations they can assign, their motives, beliefs, and interests at the time of perception.
- Marketers are particularly interested in how consumers differentiate between brands, how they interpret images, what type of risks they perceive, and how they deal with risk.

Notes

5.5 Keywords

Cues: weak stimuli not capable alone of arousing consumers

Extrinsic Stimuli: activities to influence consumer behavior

Intrinsic Stimuli: product and its components like packaging, label, features etc.

Just Noticeable Difference: smallest detectable difference between two values of the same stimulus

Sensation: immediate and direct response to stimuli

5.6 Self Assessment

Fill in the blanks:

1. A premium wristwatch company reduced the price of a watch, which earlier sold for ₹ 2 lakhs by ₹ 200. It relates to……..threshold.
2. Brand name and logo of the company can also act as…….
3. You want to buy a new LCD; therefore, you look for LCD advertisements on TV. This is selective……..
4. You don't like a particular actor so you change the channel when ad featuring him is aired. This is perceptual …….
5. The selection of stimulus depends on an individual's past experiences and his ……..
6. Gestalt means pattern or……
7. People perceive even an incomplete but known symbol as complete. This relates to the……principle.
8. You bought a branded DVD player and were not satisfied with its performance so you decide not to buy any product of that particular brand. This is called ……..
9. ……. prices serve as the basis for comparison of different brands' prices.
10. Maximum acceptable price is referred to as ……..price.

5.7 Review Questions

1. Explain Just Noticeable Difference in brief. Discuss three marketing situations where it can be usefully used.
2. Mention two marketing situations where principles of grouping can be used with advantage.
3. "Position you brand well to create a favorable brand image". Comment.
4. Create 4 ads for the same brand and make use of the closure principle.
5. Every day we look at so many things, we remember some, we ignore some and do not even notice some. Why does this occur? Explain with examples.
6. Suppose you are going to buy a new motorbike. What are the dilemmas that you might be facing while making the purchase decision?
7. Discuss the concept of perceptual selection.
8. State the difference between absolute threshold and differential threshold. Discuss the implications of Weber's Law.

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9. "Risk perceptions are inherent in any purchase decision". Do you agree? Justify your answer with the help of suitable examples.
10. You are likely to face many risks while purchasing property. How can you overcome such risks?

Answers: Self Assessment

1.	differential	2.	stimuli
3.	exposure	4.	blocking
5.	motives	6.	configuration
7.	closure	8.	halo effect
9.	reference	10.	plausible low

5.8 Further Readings

Books

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Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

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Online links

http://www.ehow.com/about_6561090_consumer-perception-theory.html

http://www.atkinson.yorku.ca/~lripley/cbUpercept.htm

www.consumerpsychologist.com/cb_Perception.html

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Unit 6: Consumer Learning

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Objectives

After studying this unit, you will be able to:

- State the elements of learning
- Discuss behavioural learning theories
- Paraphrase cognitive learning theories
- Explain the measures of consumer learning

Introduction

Learning can be viewed as a relatively permanent change in your behaviour occurring as a result of experience. Schiffman and Kanuk have defined learning, from a marketing perspective, as 'the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour'.

Behaviour has two aspects, observable behaviour as well as non-observable cognitive activity. This means that learning can also occur without any change in observable behaviour as may happen when a consumer's attitudes change as a result of new learning. Except for our instinctive behaviour like the ability to walk, which is largely based on physical maturity, all the observable as well as non-observable behaviour of consumers is the result of learning. It is a continuous

process and gets modified or changed as a result of exposure to new information and personal experiences and often becomes the basis for future observable behaviour.

Notes

6.1 Elements of Learning

1. ***Motivation:*** Motivation is the driving force that impels individuals to action and is the result of unfulfilled need (s). If an individual has strong motivation to learn something, there is increased likelihood that learning will take place. For example, students who want to pursue a course in computer application would be motivated to seek information concerning the courses offered by different institutes and possibly the quality of faculty and lab facilities. Conversely, students who are not interested are unlikely to pay any attention or ignore all information about computer courses. The degree of involvement in the goal object will influence an individual's degree of motivation to acquire information or knowledge about the product or service. Marketers use motivation research to unearth consumer motives and use it in developing marketing programmes.

2. ***Cues:*** Cues are relatively weak stimuli, not strong enough to arouse consumers but have the potential of providing direction to motivated activity. For example, an ad about a computer course is a cue that suggests a way to satisfy the motive of learning computer application. Consumers are exposed to various cues almost everyday such as advertising, displays, packaging and prices etc. These cues serve to help consumers satisfy their needs by purchasing certain brands.

3. ***Response:*** The way an individual reacts to a cue or stimulus is the response and could be physical or mental in nature, leading to learning. For example, a computer marketer keeps on providing cues to a student through promotional activities and may not be successful in eliciting the final purchase behaviour for a variety of reasons, though the student is motivated to buy. It is also possible that the student forms a favourable image about a particular model, has enough resources and buys the computer. Consumers are exposed to many cues providing direction at the same time and each cue competes for attention. The responses to particular cues or stimuli may be significantly affected by earlier learning as a result of response-reinforcement.

4. ***Reinforcement:*** Most scholars agree that reinforcement of a specific response increases the likelihood for the response to reoccur. Reinforcement can be anything that both increases the strength of response and tends to induce repetitions of the behaviour that preceded the reinforcement. According to Edward L Thorndike:

   "Of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcement)….. will be more likely to recur; those which are accompanied or closely followed by discomfort (punishment) …. will be less likely to occur."

   Edward L Thorndike, Animal Intelligence, The Macmillan Company, 1911.

   Since reinforced behaviour increases the likelihood of repetition, consumers often learn to develop behaviours appropriate to respond to their needs. For example, if a consumer learns that an advertised remedy for common cold helped to get relief from painful symptoms, she/he is more likely to buy the advertised brand again, if needed in future, because the remedy lived up to expectations (reinforcement of behaviour because the remedy alleviated the painful symptoms). Had the advertised brand failed the first time to provide relief, the individual would be less likely to buy that brand again, no matter how often she/he gets exposed to advertising or other promotions for the same brand.

Notes

6.2 Behavioural Learning Theories

Behavioural learning theories are sometimes also referred to as connectionist or stimulus – response theories. Behaviourist psychologists believe in observing changes in an individual's responses that result due to exposure to specific external, environmental stimuli. Behavioural theories are based on stimulus-response orientation (S-R) and the belief is that learning occurs through the connection between the stimulus and a response. When an individual responds in a predictable manner to a known stimulus, the person is said to have "learned." Two important behavioural theories, classical conditioning (sometimes called respondent conditioning) and instrumental conditioning (also called operant conditioning) are of great relevance to marketing.

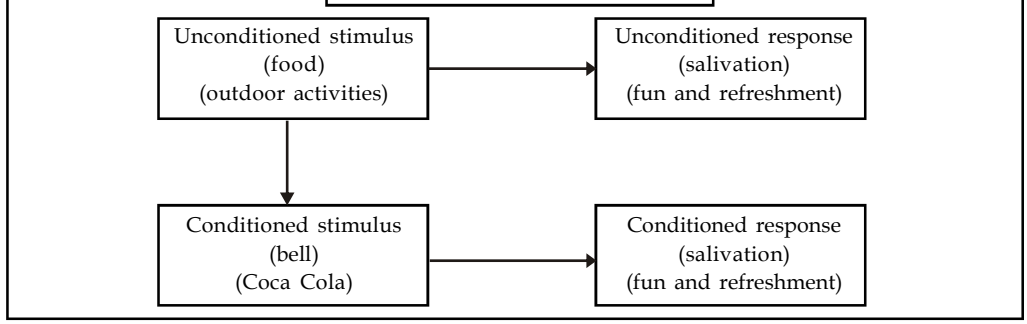
6.2.1 Classical Conditioning

In everyday life, we think of conditioning as a kind of automatic response to something as a result of repeated exposure to it.

Example: If a child gets excited every time she/he thinks of going to MacDonald's, the reaction may be conditioned from many pleasant visits to the restaurant. Classical conditioning pairs one stimulus with another that already elicits a given response and over a period of repeated trials, the new stimulus will also start causing the same or quite similar response.

The Russian psychologist, Ivan Pavlov, was the first who pioneered the study of classical conditioning. He noticed that since his hungry dogs salivated (unconditioned response) at the sight of food (unconditioned stimulus), the connection between food and salivation is not taught and is just a reflex reaction. Pavlov reasoned that a neutral stimulus such as the sound of a ringing bell could also cause the dogs to salivate if it was closely associated with the unconditioned stimulus (food). To test this reasoning, Pavlov rang a bell while giving food to the dogs. After a sufficient number of repetitions, the dogs learned the connection between bell and food. When they heard the bell (conditioned stimulus) even in the absence of food, they salivated (conditioned response).

Figure 6.1: Classical Conditioning



According to N J Mackintosh, classical conditioning was formerly viewed as being a reflexive action, however, according to new thinking now it is viewed as cognitive associative learning, leading to the acquisition of new knowledge about the world. The association of conditioned stimulus (bell) and unconditioned stimulus (bell and food) influenced the "expectations" of dogs and this in turn influenced their behaviour (salivation). According to Chris Janiszewski and Luk Warlop, conditioning encourages attention to the advertised brand in the promotions that follow.

Two factors are important for learning to occur through the associative process. The first is contiguity (conditioned stimulus and unconditioned stimulus must be close in time and space). The second factor is the repetition (the frequency of association). The more the frequency of

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unconditioned and conditioned stimuli occurring together, the stronger the association between them will develop. Consumers can be conditioned to develop positive impressions and images of brands through the associative process.

From classical conditioning emerge three basic concepts important for understanding consumer behaviour: repetition, stimulus generalisation, and stimulus discrimination.

Repetition

People have a tendency to forget and one proven method of increasing retention of learning is repetition. Repetition is believed to work by strengthening the bond of association and thus slowing the process of forgetting. Learning follows a pattern which is known as learning curve. In the Figure 6.2, 'x' axis shows the number of repetitions and 'y' axis represents the amount of learning. In a typical case, the rate of learning is quite rapid in the early stages. In later stages, as the amount learned accumulates, the rate of learning per repetition decreases. This shows that there is a limit to the amount of repetition that will aid learning and beyond a limit, the attention and, the rate of learning will decline.

According to Julian L Simon and John Arndt, ad repetition apparently leads to a curve similar to the learning curve shown in Figure 6.2. In their specific situations, advertisers must determine whether the general pattern shown by the learning curve actually fits their particular products. For instance, it is quite possible that in case of low-involvement purchase situations fewer exposures might be needed to register simple facts such as brand names or brand recognition. In situations where the typical learning curve is appropriate, there are some important implications. For example, an advertiser must be willing to repeat an ad message several times. It is due to this reason that a brand name is often repeated a number of times in just one advertisement. For repetitions beyond a point, the advertiser pays only for fractional increases in consumer learning. Another implication is the effect known as advertising wear-out, which is the result of overexposure because of much repetitive advertising leading to individuals' boredom, disinterest and decreased attention and retention of the message. According to David W Schumann, Richard E Petty and D Scott Clemons, varying the ad message can decrease the advertising wear-out effect. This can be accomplished by repeating the same message or theme in a variety of execution formats. For example, different Pepsi commercials continue showing different settings and endorsers but the punch line "yeh dil mange more" continues. The commercials of FeviQuick continue with the theme "chutki mein chipkae" in different humorous settings. In this type of advertising variation approach, there is no real change in message content of different advertisements and for this reason some researchers have called it as cosmetic variation. When the advertising content is changed in different versions of the same ad without any changes in cosmetic features, this approach is called substantive variation. According to Curtis P Haugtvedt, David W Schumann, Wendy L Schneier and Wendy L Warren, consumers exposed to ads with substantive variation process more information about product attributes and the formed attitudes are more resistant to change compared to ads with cosmetic variation.

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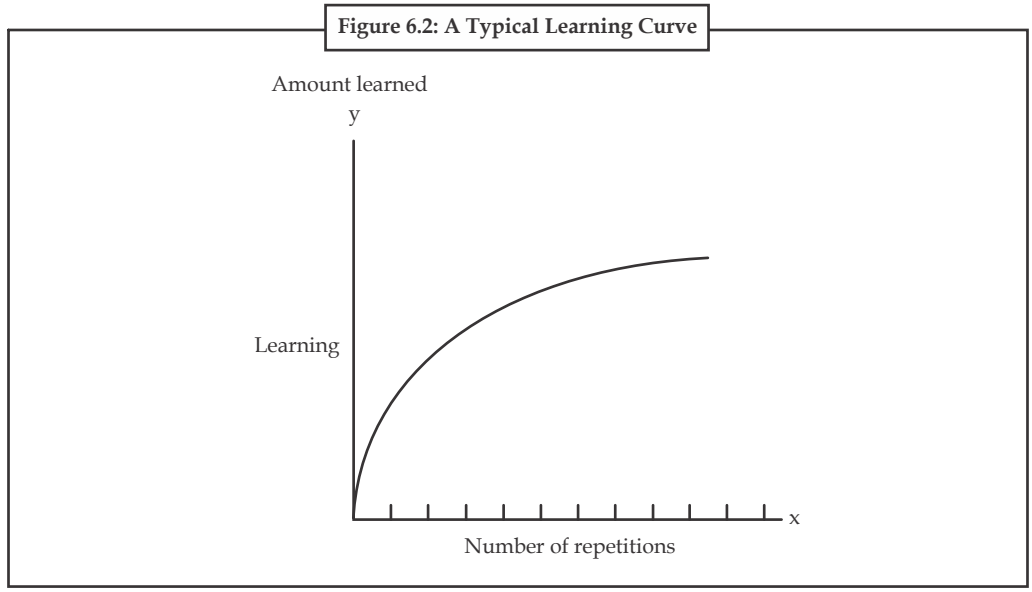
Figure 6.2: A Typical Learning Curve



If a message is not repeated, consumers tend to forget most of it rapidly and repetition becomes necessary just to maintain consumers' level of learning. Advertisers are convinced about the importance of the principle of repetition. However, there is disagreement about how many repetitions are really enough for the desired effect. A number of researchers consider three ad exposures as the optimum number, known as three-hit theory. They are of the opinion that the first exposure is needed to make consumers aware about the product or service, a second exposure shows consumers the relevance of the product or service and a third exposures is needed to remind the consumers. Beyond three exposures, any repetitions are believed to be a waste of effort. The opinion of other researchers is that an average exposure frequency of eleven to twelve is needed to increase the probability that audiences will be actually exposed three times. Most advertisers seem to have settled on three exposures as the least number. Fewer than three ad exposures are assumed to give insufficient exposure and more than ten exposures are considered overexposure.

Frances K McSweeney and Calvin Bierley have mentioned four conditions for classical conditioning concept to be effective in influencing consumers:

1. There should be no other stimuli that could overshadow the unconditioned stimulus.
2. Unconditioned stimuli should have no previous associations to other brands or product categories.

   Example: If a beer company decides to use Salman Khan in its advertising to convey a macho image to its target group, the campaign is likely to prove ineffective because of his earlier association with ThumpsUp.

3. The unconditioned stimulus should not be overly familiar and should be presented alone.

   Example: If a spokesperson appears in too many different brand ads, the effect may be diluted. Shah Rukh Khan has appeared as spokesperson for Rolex, Santro, Pepsi, Airtel and Mayur suiting.

4. Classical conditioning is more effective when the conditioned stimulus is new. Consumers generally have established associations for well-known products and brands.

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Example: Asian Paints has strong association with Gattu holding a bucket and painting brush. Similarly, MRF has strong association with the figure of 'Muscleman'. It would be difficult for them to link their products with new unconditioned stimulus.

Stimulus Generalisation

In his experiments, Pavlov also demonstrated that the dogs could learn to salivate on hearing somewhat similar sound produced by jingling keys. This was the case of stimulus generalisation in dogs. Stimulus generalisation occurs when two stimuli are seen as similar and the effects of one, therefore, can be substituted for the effects of the other. This principle states that a new but similar stimulus or stimulus situation will produce a response that is the same or similar as that produced by the original stimulus. The more the new stimulus is like the conditioned stimulus, the more probable it is that the new stimulus will produce the same conditioned response. According to Bernard Brelson and Gary A Steiner, the process of stimulus generalisation seems to occur automatically unless stopped by discrimination learning. Stimulus generalisation makes consumer' life easier and allows them to simplify the process of evaluation because they do not have to make separate judgements for each and every stimuli. For matching or identical stimuli just one response can be used, unless there is strong reason to discriminate between them. With more dissimilarity between two stimuli, there is less likelihood that stimulus generalisation will occur.

As an increasing numbers of new products are introduced in the market, consumers use stimulus generalisation from past experience to put them in categories. Some local or regional marketers make use of this principle by using nearly look-alike packaging for their products so that they resemble some well-known brands in appearance. This practice can also be seen, for example, in case of various brands of cooking oils prepared from sunflower or soybean, or different brands of iodised table salt. Some companies follow a policy of stimulus generalisation and some others avoid it.

Example: Bajaj, Philips, Sony, Lakme, Pepsi and Coke etc. follow a policy of generalisation and use family branding. On the other hand, Hindustan Lever Ltd, Proctor & Gamble and ITC avoid it and employ stimulus discrimination.

Product line extension is the strategy of introducing variations of the same product. This variation may be simply of colour, packaging, size, or flavour etc. but the core product value remains the same.

Example: Palmolive soap is available in pink, white and light bluish pack. Maggi noodles are available in different flavours.

Product form extension means that the same product is available in different physical forms such as Dettol soap cake and Dettol liquid soap. Many drugs are available as tablet, syrup, injections, or as inhalers.

Product category extension is diversifying into producing products in different categories and using the same established brand name.

Example: Maggi noodles and Maggi tomato chilli sauce. Similarly there is Lux toilet soap and Lux shampoo, Ponds talcum powder and Ponds soap etc.

The success of product category extension strategy depends on the quality image of the parent brand because only then consumers are more likely to bring positive associations to the new category extensions. Milkmaid has successfully extended its product category on the strength of

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Milkmaid condensed milk and introduced Milkmaid Gulabjamun, Kesar Kulfi, Shahi Rabri and Milkmaid pudding.

Family branding refers to the practice of marketing the entire product mix of a company under the same family brand name. The aim of the company is to take advantage of consumers' tendency to generalise favourable brand associations from one successful product to the next.

Example: Lakme Ponds, Pepsi Co, Coca-Cola, Tata, Sony, Nikon, Canon, Epson, Microtek and Hewlett Packard etc. produce different products under the same family brand name.

Stimulus Discrimination

Stimulus discrimination is just opposite to stimulus generalisation. Unlike reaction to similarity of stimuli, discrimination is a reaction to differences among similar stimuli. The ability to discriminate among stimuli is learned. For example, frequent users of a brand are better able to notice relatively small differences among brands in the same product category. Not taking any chances, marketers use advertising to communicate brand differences that physical characteristics alone would not convey. The concept of "product or brand positioning" is based on stimulus discrimination which strives to create a brand's unique image in the consumers' minds. Marketers who offer me-two type of products attempt to encourage stimulus generalisation among consumers while innovators and market leaders strive to convince consumers to discriminate and consider their brands as different from generic-type of products and other brands in the same product category. For example, the entire ad campaign of Maggi Hot and Sweet Tomato Chilli Sauce focused on convincing consumers that "it is different" and thereby position the brand. In this case, the company encouraged the consumers for stimulus discrimination.

In most situations, it is very difficult to unsettle a leader brand from its position after stimulus discrimination has occurred. For example, there is nothing unique or secret as far as the ingredients in Vicks VapoRub or Maggi noodles are concerned. They are leaders because they were the first to be introduced and got longer period to "teach" consumers through various marketing communications to associate the brand name with a product. In general, it is more likely that consumers learn to discriminate, if the period of learning is longer, and associate a brand name with a product. Every day consumers are exposed to numerous marketing stimuli, some encouraging stimulus generalisation and others discrimination. The key to achieve stimulus discrimination is effective product or brand positioning.

Caselet

Classical Conditioning in Everyday Life

Classical conditioning in everyday life is extremely common. In the area of classroom learning, classical conditioning primarily influences emotional behavior. Things that make us happy, sad, angry, etc. become associated with neutral stimuli that gain our attention. For example, if a particular academic subject or remembering a particular teacher produces emotional feelings in you, those emotions are probably a result of classical conditioning.

In addition, if you have pets and you feed them with canned food, what happens when you hit the can opener? Sure, the animals come running even if you are opening a can of green beans. They have associated the sound of the opener with their food.

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Classical conditioning works with advertising too. For example, many beer ads prominently feature attractive young women wearing bikinis. The young women (Unconditioned Stimulus) naturally elicit a favorable, mildly aroused feeling (Unconditioned Response) in most men. The beer is simply associated with this effect. The same thing applies with the jingles and music that accompany many advertisements.

Perhaps the strongest application of classical conditioning involves emotion. Common experience and careful research both confirm that human emotion conditions very rapidly and easily. Particularly when the emotion is intensely felt or negative in direction, it will condition quickly.

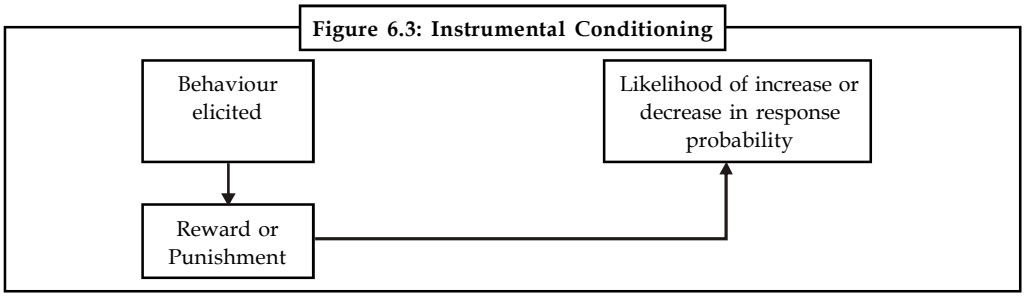
Clearly, classical conditioning is a pervasive form of influence in our world. This is true because it is a natural feature of all humans and it is relatively simple and easy to accomplish.

Source: http://psychologyfacts.blogspot.com/2006/06/everyday-classical-conditioning.html

6.2.2 Instrumental Conditioning (Operant Conditioning)

Instrumental conditioning also involves developing association between stimulus and response but requires the subject to discover a correct response that will be reinforced. Any response elicited is within the conscious control of the subject. For instance, let us assume that in a Pavlov-like experiment, dogs or rats are provided with two levers instead of just one. Pushing one lever will produce food (reward) and the other an electrical shock (punishment). When hungry, the animals would quickly learn to press the lever that produced food and avoid the lever that produced an electrical shock. Learning occurs because the consequence of a repeated behaviour is rewarding.

Figure 6.3: Instrumental Conditioning



The foremost proponent of instrumental conditioning was B F Skinner. In his experiments, the subjects were free to respond in several ways. Skinner worked with small animals in his experiments, such as rats and pigeons. He developed a box, called after his name as "Skinner box," in which he placed experimental animals. Whenever the animals made suitable movements such as pressed a lever or pecked keys, they received food (reward). Classical conditioning depends on an already established stimulus-response connection, however the learner in instrumental conditioning is required to discover a "correct" or appropriate behaviour through trial-and-error that will be reinforced. Over a number of reinforced trials, the experimental animal learns a connection between the lever or key (unconditioned stimulus) and pushing it (response). According to instrumental conditioning learning theory, behaviour is a function of its consequences.

With regard to consumer behaviour, instrumental conditioning suggests that most learning takes place by means of a trial-and-error process and consumers experience more satisfying results (outcomes or rewards) in case of some purchases than others. Favourable consequences reinforce the behaviour and increase the likelihood of its repetition, that is, the consumer will purchase the product again; unfavourable outcome will decrease that likelihood.

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Example: Almost everyday we see commercials of one or the other detergent depicting the agony of a mother or housewife washing clothes, dissatisfied or embarrassed and ultimately finding the rewarding experience with a particular (advertised) brand of detergent. The message for the target audience is loud and clear that to avoid unfavourable outcomes with other detergents, they should use the advertised brand. There are other similar commercials such as those of common cold remedies (readers might be familiar with Coldarin commercial), balms for waist and joint pains, pimple and acne remedies, anti-itch creams, antidandruff shampoos and deodorants etc. The common theme is the same in all the commercials that to avoid uneasy feelings and embarrassment, consumers should use the advertised product.

Notes

Important Distinctions between Conditioning Methods

	Classical conditioning	Instrumental conditioning
1.	Classical conditioning involves an already established response to another stimulus	No previous stimulus-response necessary. Learner must discover "correct" response.
2.	The outcome is independent of learner's actions	The outcome is dependent on learner's actions.
3.	Effects development and changes in opinions, tastes and goals.	Influences changes in goal-oriented behaviour.

Source: Based on David Krech et al. Psychology: A Basic Course, Knopf, 1976.

Reinforcement

Reinforcement is anything that increases the strength of response and tends to induce repetitions of the behaviour that preceded it. Reinforcement or repeated positive outcome influences the likelihood that a response will be repeated. Reinforcement can be of two types: positive reinforcement and negative reinforcement. Positive reinforcement consists of events that strengthen and increase the likelihood of specific behaviour by the presentation of a desirable consequence. For example, using a cold remedy that relieves the painful symptoms is likely to result in repeat purchase in future, if there is need. The negative reinforcement is an undesirable or unpleasant outcome that strengthens and encourages the likelihood of a specific behaviour by the termination or withdrawal of an undesirable consequence.

Example: Colgate toothpaste commercial shows the consequence of bad breath and encourages consumers to buy Colgate toothpaste. Punishment and negative reinforcement are not the same. Punishment is applied to discourage behaviour. For example, fines for driving under the effect of alcohol are a form of punishment to discourage motorists from driving after consuming liquor.

Advertisers of toothpastes, anti-wrinkle creams, headache and cold remedies, mouthwash, deodorants, burglar alarms, life insurance and many other products and services make use of fear appeals relying on negative reinforcement. In all these ads the consumer is suggested a solution to avoid negative consequences by buying the advertised product or service.

To buy a product for the first time, the consumer undergoes a decision process (high or low-involvement). Repeated reinforcement (favourable outcomes) resulting from product usage increases the likelihood that the consumer will continue buying the same brand until he forms

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a habit. The habit formation will result only if there is reinforcement of the past purchase behaviour.

Theories of instrumental conditioning help us understand that when a learned behaviour is no longer reinforced, it diminishes to the point of extinction and the consumer ceases buying by habit. Extinction is the elimination of the link between stimulus and the expected favourable outcome and there is rapid decrease in the probability that the consumer will repurchase the same brand.

There is a difference between extinction and forgetting. Forgetting results when the stimulus is no longer repeated or is not perceived by the consumer. By simply maintaining a competitive parity in advertising expenditures, a company can generally avoid serious level of forgetting on consumers' part. Marketers can combat forgetting by repetition of advertising, preferably not the same ad again and again because this may prove to be boring or irritating, but conveying the same core message and changing only the execution style.

Example: Pepsi and Coca Cola commercials are shown everyday, only the settings change. Reduced advertising of Promise toothpaste has caused decline in its sales and loss of market share.

If the exposures to repetitive advertising increase the probability of repurchase, reinforcement occurs. On the other hand, extinction will rapidly decrease that probability because there is no reward or favourable outcome even if the consumer is repeatedly exposed to the product ad.

Forgetting occurs due to decrease in advertising frequency, resulting in a gradual and fairly long-term decline in repurchase likelihood. Another reason that may cause forgetting is the competitive advertising and advertising clutter, leading to consumer confusion which may result in weakening the link between stimulus and favourable outcome.

Instrumental conditioning has important marketing applications in influencing the likelihood that consumers will repurchase of a product or service. Repurchase may result only when they are satisfied with usage or consumption experience.

When an attempt is made to mould individuals by gradually guiding their learning, it is called shaping. It is the reinforcement of successive acts that lead to desired behaviour pattern. For example, a retail store may offer consumers some incentive to visit it for 3 or 4 weeks, encourage them to buy products by offering a discount or premium when they visit the store. Every time they visit the store their behaviour is reinforced. This strategy increases the likelihood that consumers will adopt the behaviour of frequently shopping at the store even after the reinforcing incentives are not there.

Task Choose a deodorant and a mouth freshener, and create advertising copy stressing: Positive and Negative Reinforcement.

6.3 Cognitive Learning Theory

Where choices are made deliberately, such as consumers' purchase of a product or service, the consequences could result in positive or negative reinforcement. Rewarding experiences will cause positive reinforcement of a particular behaviour (in this case, purchase of the product) and increase the likelihood of repurchase of the same product. Negative reinforcement would result from bad experiences with the product and the consumer would most likely avoid purchasing the same product. Premiums, discounts and showing satisfied customers are attempts to reinforce consumers' purchase behaviour of particular products.

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Behavioural learning theories have been criticised for adopting a mechanistic view of consumers, putting too much emphasis on external stimuli and ignoring important internal psychological processes. Cognitive learning approach has dominated the field of consumer behaviour in recent years. Learning that takes place as a result of mental activity is termed as 'cognitive learning'. Cognitive theorists do not endorse the view that learning is based on repetitive trials leading to the development of links between stimuli and responses because consumer behaviour typically involves choices and decision-making. According to their view, learning is an intellectual activity based on complex mental processes involving motivation, perception, formation of brand beliefs, attitude development and change, problem solving and insight. Even sudden learning may also result when someone is faced with a problem. Typically, though, we are most likely to look for reliable information, indulge in analysis, evaluate what we learn and try to make a balanced decision. As we acquire more experience and familiarity with different products and services, our cognitive ability and learning increases to compare various product attributes improves.

Rom J Markin, Jr compares the cognitive and the behaviourist orientation:

"*The behaviourist is inclined to ask, "What has the subject learned to do?" The cognitivist, on the other hand, would be inclined to ask, "How has the subject learned to perceive the situation?" The cognitivist is interested in examining a learning situation in terms of such factors as motivation, the perceived goals, the overall nature of the situation and the beliefs, values and personality of the subject – in short, the range of the subject's psychological field. The cognitivist opposed to the behaviourist, contends that consumers do not respond simply to the stimuli but instead act on beliefs, express attitudes and strive towards goals.*"

(Rom J Markin, Jr, Consumer Behaviour: 'A Cognitive Orientation'. McMillan, 1974)

Much earlier, Wolfgang Kohler's work in the 1920s with apes has furnished important insight into cognitive learning. One of his experiments was with a chimpanzee, placed in a cage with a box and a bunch of bananas was hanging from the top of the cage, which was beyond the chimpanzee's reach. After several failed attempts to get the bananas, the chimp placed the box under the banana bunch and jumped from the box top to get it. In this experiment, chimpanzee's learning was not based on trial-and-error. It was a direct outcome of cognitive activity that led to sudden insight into problem solution. Some critics may point out that reaching the bananas rewarded the chimpanzee, however, what is important in this experiment is the problem solving approach that was the result of focused thinking. In many cases there seems to be no visible reward, as happens when a student solves a complex problem of mathematics. Einstein's several complex theories related to light and space etc. were the result of his intellectual ability.

In case of cognitive learning theory, the concept of closure (the reader may refer to the topic 'Perception') is important and is considered as the reinforcing factor. When faced with a problem, most individuals do not give up and are motivated to solve it. The feeling of incompleteness causes tension and solving the problem leads to closure and the reduction of tension, which causes reinforcement. Reinforcement is an acknowledged component of cognitive learning as there must be awareness of goal accomplishment for learning to occur. In case of instrumental conditioning, the respondent becomes aware of the reward only after eliciting the behaviour.

Cognitive learning theory is quite relevant in understanding the consumer decision process in situations of high-involvement purchases. In case of complex buying behaviour (extensive problem solving), the consumer becomes aware of a need, indulges in information search and evaluates available alternatives to satisfy the need (motivated or goal oriented purposive behaviour), buys a product or service that she/he believes will most likely result in satisfying the need (insight) and makes post-purchase evaluation to ascertain the degree of satisfaction (goal achievement).

6.4 Measures of Consumer Learning

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Measures of consumer learning include recall and recognition tests, cognitive responses to advertising, and attitudinal and behavioural measures of brand loyalty.

Recall tests are used by the marketers as a means of testing consumers' memory. Marketers often use a cued recall test, a free recall test, or serial recall test to evaluate various aspects of short-term memory - a person's ability to retrieve information recently learned.

Cued recall, also known as stimulus/response, involves memorising a sequence of information, using any method desired. Free recall is a test of memory in which subjects are asked to memorize a short sequence of pictures, numbers, or words during a specific length of time. Serial recall generally tests a person's ability to remember information in a precise order or to remember circumstances as they occurred within a time frame.

Recognition tests are used by the marketers to test the effectiveness of advertising. Individuals are selected from the target market and they are asked to look through a magazine and then to recall advertisements they have seen.

A basic issue among researchers is whether to define brand loyalty in terms of consumer's behaviours or the consumer's attitude towards the brand. Brand loyalty refers to the extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands. Brand loyalty consists of both attitudes and actual behaviours toward a brand and both must be measured. For marketers, the major reasons for understanding how consumers learn are to teach them that their brand is best and to develop brand loyalty.

Task Suppose you are the marketing manager of newly launched Micromax Mobiles. Create the marketing mix in such a manner that the consumer learn about the brand as soon as possible.

Case Study

Consumer Learning with Facebook

The ever-more-common use of the internet has made it most consumers' first choice in researching products they may want to buy online or elsewhere - it's a lot easier to check a few websites than to visit multiple physical retail locations in search of something you could just as well call a few friends to ask about.

The typical consumer learning process - need identification and solution exploration, reference and advice seeking, and other purchase decision factors have essentially remained unchanged. However, the internet, and all the great variety of information so instantly available has quickened this process radically. Popular social networking sites like Facebook have systematized the sharing of relevant information among friends so well that it's now easier than ever for consumers to find all the information they want about anything their trusted friends can share with them!

Additionally, simply searching Facebook for particular brands or types of products yields relevant discussions, pages, groups and the like that people can evaluate for themselves, even without hearing from anyone they already know. I don't have to already trust

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someone to see whether his umbrella does a better job than the hood of my jacket out in the rain, and unless I suspect that some charlatan is simply trying to squeeze a few bucks out of me, I'm likely to trust what he broadcasts to his seven-hundred friends or group members - so long as he's addressing my needs and making believable claims.

So as we can see, Facebook has taken huge strides in extending the word-of-mouth phenomenon to the international community - and it all happens instantly. Every Facebook user can easily publish his experience with your product, and if you're marketing to his friends, you'd better hope he's got good things to say. Thinking about all the elements of a purchasing experience that consumers are likely to share with others is an important part of maintaining a good reputation for satisfying your customers.

Another thing it's done is to significantly change the landscape of product marketability. Traditional means of marketing a product like radio and television broadcasting, newsprint and billboards, mail circulars and "direct marketing" had an altogether different impact on consumers back when they didn't have as many options in investigating products online - you can be assured that any elements of your customers' experience with your product, and with the process of purchasing it, will not only be under discussion immediately, but also readily available to anyone else who takes the time to look around.

Take some time to look around Facebook for products and services similar to the one you're promoting. What can your product deliver that the ones you see can't? Do you have better ideas about the customer-interaction experience than the ones some dissatisfied customers report? Look at what looks good on Facebook, and look at what looks bad. What can you do to build a well-known and positive reputation on the world's biggest growing social network?

There are lots of people and organizations out there who've made a lot of money by successfully gaining a presence on Facebook. Hyper Facebook Traffic makes it their business to provide you with the best, most comprehensive and effective instruction on using Facebook's immense social marketing potential to really connect the right people with your product.

Question

How feasible is it to promote brands and facilitate learning through social networking sites like Facebook?

Source: http://hubpages.com/hub/Consumer-Learning-with-Facebook

6.5 Summary

- Learning can be viewed as a relatively permanent change in behaviour occurring as a result of experience. Behaviour has two aspects - observable behaviour as well as non-observable cognitive activity.
- Four components appear to be fundamental to almost all learning situations and include motivation, cues, response and reinforcement.
- There are two forms of conditioned learning - classical and instrumental. Classical conditioning refers to the process of using an existent relationship between a stimulus and response to bring about the learning of the same response to a different stimulus.
- In instrumental conditioning, reinforcement plays a more important role than in classical conditioning. There is no automatic stimulus - response relationship in this case, so the subject must first be induced to engage in the desired behaviour and then this behaviour must be reinforced.

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- The cognitive learning involves the mental activities of humans as they work to solve problems, cope with complex situations, or undertake activities in their environment.
- Measures of consumer learning include recall and recognition tests, cognitive responses to advertising, and attitudinal and behavioural changes.

6.6 Keywords

Classical Conditioning: Reflexive or automatic type of learning in which a stimulus acquires the capacity to evoke a response that was originally evoked by another stimulus.

Instrumental Conditioning: A method of learning that occurs through rewards and punishments for behavior.

Learning Curve: A graphical representation of the changing rate of learning (in the average person) for a given activity or tool.

Reinforcement: Specialist term in operant conditioning for the 'stamping-in' of stimulus associations and response habits that follows the experience of reward.

Stimulus Generalisation: Transfer of a response learned to one stimulus to a similar stimulus

Stimulus Discrimination: The individual learns to distinguish, for response purposes, between similar stimuli.

6.7 Self Assessment

Fill in the blanks:

1. Brand advertisements, the labels, the packaging, discounts etc. are ……., that have the potential to motivate consumers.
2. ……..learning believes that the learning happens through a connection between stimulus and response.
3. Whenever a consumer sees the ad of Cadbury's chocolate, he feels like eating one. This type of behaviour is called …….. to stimuli.
4. A brand shows its ad too frequently on television and as a result the viewers loose interest in that ad. This effect is called…….
5. The ads for Set Wet and Denver deodorants usually rely on……reinforcement.
6. An attempt to mould consumer behaviour by gradually guiding their learning, is referred to as……..
7. Set Wet Deodorant and Set Wet Shampoo is case of …….. extension.
8. The learning that occurs as a consequence of a mental activity is called …… learning.
9. Lifebuoy Soap and Lifebuoy Liquid is an example of…….extension.
10. You get excited whenever you think of visiting Goa. This relates to the theory of …….. .

6.8 Review Questions

1. Suppose you are the marketing manager of a cosmetic company. How will you make use of the concept of stimulus generalization and stimulus discrimination?
2. Mention two examples each of classical conditioning and instrumental conditioning used in advertising.

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3. Identify the major factors that influence learning. What is their importance in advertising?
4. Analyse the relevance of classical conditioning theory in consumer learning.
5. Critisise the Operant conditioning theory given by BF Skinner.
6. Bring out the difference between extinction and forgetting with the help of suitable examples.
7. Is cognitive learning theory more effective than other theories of learning? Give justifications for your answer.
8. Explain the concept of positive and negative reinforcement with the help of suitable examples.
9. Discuss the measures of consumer learning.
10. State the different types of recall tests.

Answers: Self Assessment

1.	cues	2.	Behavioural
3.	response	4.	advertisement wear out
5.	negative	6.	shaping
7.	product category	8.	cognitive
9.	product form	10.	classical conditioning

6.9 Further Readings

Books

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Frank R Kardes, *Customer Behavior and Managerial Decision Making*, Prentice Hall.

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Online links

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http://psychology.about.com/od/behavioralpsychology/a/introopcond.htm

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Unit 7: Consumer Attitudes

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7.2.3 Ego-defensive Function

7.2.4 Knowledge Function

7.3 Structural Models & Theories of Attitude

7.3.1 Tri-component Attitude Model

7.3.2 Multi-attribute Attitude Models

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7.7 Review Questions

7.8 Further Readings

Objectives

After studying this unit, you will be able to:

- State the characteristics and functions of attitude
- Discuss the models of attitude
- Realise how attitudes are formed
- Explain the strategies of attitude change

Introduction

Martin Fishbein has reported that there are more than 100 different definitions of attitude. More than five decades ago, Gordon W Allport presented a frequently used definition of attitudes. He said, "Attitudes are learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way."

They are the feelings and beliefs that an individual holds. Attitudes are an expression of inner feelings reflecting his likes and dislikes and, from a retailing perspective, as applicable to retail

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brands and store formats. Attitudes play an important part in determining a store's standing among consumers. In deciding at which store to shop, consumers will typically select the store that is evaluated most favourably and to which they are predisposed.

As opined by James H Myers and William H. Reynolds, "Attitudes directly affect purchase decisions and these in turn directly affect attitudes through experience in using the product or service. In a broad sense, purchase decisions are based solely upon attitudes existing at the time of purchase, however these attitudes might have been formed."

7.1 Characteristics of Attitude

1. ***Difficult to measure:*** Attitudes are reflected in behavior of individuals. Is can be vaguely termed as how an individual responds to a particular situation. An individual varies in his behavior and reacts differently in different situations. Attitudes may vary according to situations and mood of an individual.

   Example: Consider an advertisement of Fevicol. If an individual is good mood he might behave differently on seeing that ad. He might laugh or smile. But if he is not in a good mood, the ad might add to his bad mood and he might shout at others laughing at that ad.

   Since, attitudes vary according to situations, they are difficult to measure.

2. ***May create inflexibility and stereotypes:*** As discussed above, individuals who behave particular manner under a specific situation can be stereotyped to that particular behavior. People might expect the same attitude every time in all the situations. Since, individuals are judged by their first impression, attitude during the first meeting might be taken as permanent.

   Example: Suppose you went to see an action movie with your friend once. He might assume that you like only action movies.

3. ***Formed largely from continuous process of socialization:*** Attitudes are not formed in one day or so. It is formed gradually, as we interact with more and people or may times with people in our society. Society consists of different kinds of individuals so we tend to form varied attitudes. As we meet the same person again an again we tend to form an attitude which might be specific to him only.

4. ***It is positive attitude:*** This has been discussed more off lately. People have varied attitudes. Some people have a optimistic view towards a particular situation and others might have a pessimist view. It varies from person to person. Attitudes, positive or negative are developed by post purchase evaluations. If a consumer is completely satisfied form the product, he will develop a positive attitude towards that brand and vice versa.

5. ***Once formed not easy to change:*** When a person develops a certain attitude towards a brand or a person, it is very hard to change. If an individual is not satisfied by product of a particular brand, he will develop a negative attitude towards that brand and he might not use that brand forever. Attitudes may be affected by age, position or education of an individual. As a person matures, his attitude towards a particular brand or person can change.

7.2 Functions of Attitude

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Understanding functions of attitudes helps in learning how they serve consumers. According to Daniel Katz, attitudes perform four important functions for individuals:

1. Utilitarian function
2. Value-expressive function
3. Ego-defensive function
4. Knowledge function

7.2.1 Utilitarian Function

This attitude function serves consumers in achieving desired benefits. We hold certain brand attitudes partly because of a brand's utility. If a product has been useful in the past, our attitude towards it is likely to be favourable. For example, a consumer who considers quick relief as the most important criteria in selecting an anti-cold remedy will be directed to the brand that offers this benefit. On the other hand, attitudes will discourage the consumer away from brands that are unlikely to fulfil the "quick relief" criteria. The Coldarin (an anti-cold remedy) commercial reflects the utilitarian function of attitudes when it ensures quick relief.

7.2.2 Value-expressive Function

Attitudes reflect the consumer's self-image, values and outlook, particularly in a high-involvement product. If a consumer segment holds positive attitudes toward being "in fashion," then their attitudes are likely to be reflected in this viewpoint. For example, the self-image of a young man buying a motorcycle may be of a macho, domineering person who likes to gain an upper hand. Aggressiveness may reflect itself in purchasing a Royal Enfield Bullet 500 cc or a Bajaj Pulsar 180 cc. Advertisers often appeal to the value-expressive nature of attitudes by implying that purchase or use of a certain product will lead to desired achievement, self- enhancement, or independence.

7.2.3 Ego-defensive Function

Attitudes formed to protect the ego, or self-image, from anxieties and threats help fulfil this function. Ads for many personal care products such as mouthwashes, toothpastes, deodorants, anti-pimple creams and cosmetics, etc. serve as a good example. Advertising capitalises on the fear of social embarrassment and rejection and greater social acceptance through use of certain products. This encourages consumers in developing a positive attitude towards brands associated with social acceptance, confidence, appreciation, or being attractive and desirable to the opposite sex.

7.2.4 Knowledge Function

Individuals generally have a strong need for knowledge and seek consistency, stability and understanding. To fulfil this need attitudes help organise the considerable amount of information to which they are exposed every day. They ignore irrelevant information and store what is meaningful to them. The knowledge function also reduces uncertainty and confusion. Advertising is a means of acquiring information about products and services. Comparative advertising attempts to change consumers' attitudes towards the advertised brand by emphasising its advantages over the competing brand.

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7.3 Structural Models & Theories of Attitude

Psychologists have devoted considerable efforts to understand the relationship between attitudes and behaviour and a number of models have been developed to understand underlying dimensions of an attitude (Richard J Lutz).

7.3.1 Tri-component Attitude Model

According to this model, attitudes are consist of three main components:

1. Cognitive component (knowledge, beliefs)
2. Affective component (emotions, feelings)
3. Conative component (behavioural aspect)

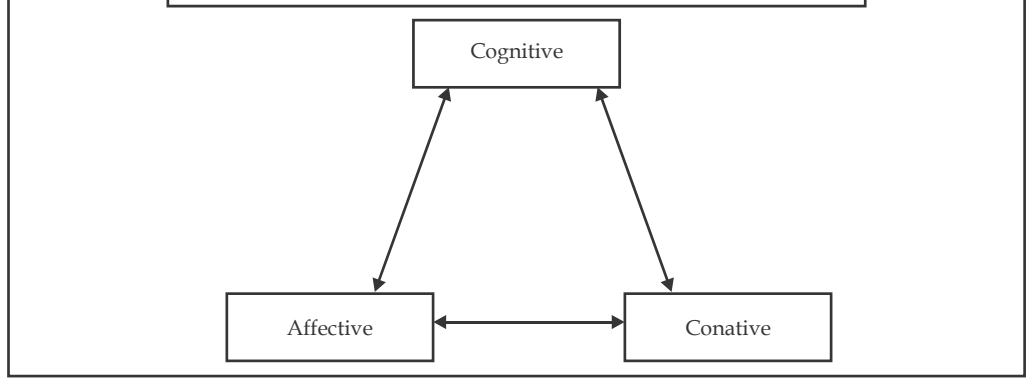
Cognitive Component

Consumers' beliefs about an object are the attributes they ascribe to it. These beliefs are based on a combination of the knowledge, experience and perceptions about the attitude object. For most attitude objects consumers have a number of beliefs and that a specific behaviour will result in specific outcomes.

Example: An individual may believe that ThumsUp:

1. is popular with younger consumers
2. is moderately sweet
3. contains a lot of caffeine
4. is competitively priced
5. is marketed by a large company.

Figure 7.1: Simple Representation of Tri-component Attitude Model



The total configuration of beliefs about ThumsUp represents the cognitive component of attitude about this brand of soft drink. It is important to realise that beliefs need not be correct or true. They just need to exist.

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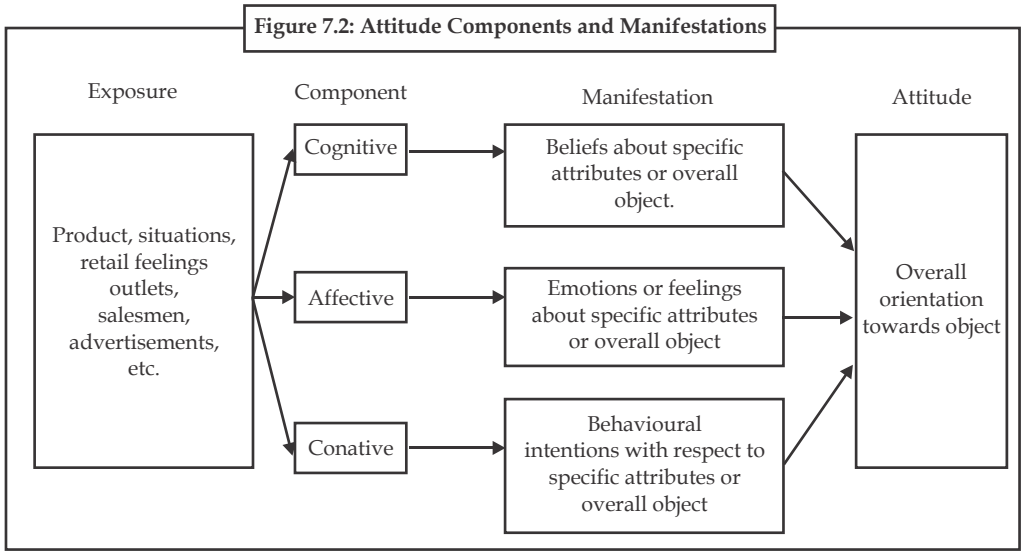
Figure 7.2: Attitude Components and Manifestations



Affective Component

Consumers' feelings and emotional reactions to an object represent the affective component of an attitude. This relates to consumer's overall evaluation of the attitude object. Consumer beliefs about a brand's attributes are multidimensional, but the feeling component is only one-dimensional. The consumer who says, "I like ThumsUp," or "ThumsUp is no good," is expressing the results of an affective evaluation. The evaluation can either be 'good' or 'bad,' 'favourable' or 'unfavourable.' Emotionally charged evaluations can also be expressed as happiness, elation, sadness, shame, or anger etc.

Consumers often evaluate products in the context of a specific situation and a consumer's feeling evaluation may change as the situation changes. For example, a student studying for a test believes that caffeine content in ThumsUp will keep me alert. These beliefs may lead to a positive feeling (evaluative) response. The same student might avoid drinking ThumsUp late in the evening after the test.

Consumers' feelings are often the result of specific attribute evaluations of a product but sometimes feelings can precede and influence beliefs (cognition, thinking). In some instances people like or dislike a product without acquiring any beliefs about the product. R B Zajonc has reported that our initial reaction to a product may be one of like or dislike without any cognitive basis for the feelings. This initial affect can influence how we react to the product itself.

The affective component is central to studying attitudes because it summarises consumers' predispositions to be favourable or unfavourable towards the attitude object. The cognitive component or beliefs are relevant only to the extent that they influence evaluations. Actually, brand evaluations (feelings) determine the tendency to evaluate brands as favourable or not favourable.

Conative Component

Behavioural (conative) component is the likelihood or tendency of an individual to respond in a certain manner towards an attitude object. For example, a series of decisions to purchase or not to purchase a Canon inkjet printer, or recommend it to friends, would reflect the behavioural component of an attitude. In the context of consumer research and marketing, conative component is treated as intention to buy. P A Dabholkar has noted that all the three attitude components

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tend to be consistent. As a result of this, change in one attitude component tends to trigger related changes in the other components. This tendency is the basis for a substantial amount of marketing strategy.

In certain situations, beliefs and feelings about a chosen brand do not have to change for consumers to establish an intention to buy if the economic reward is large enough.

Example: A sharp reduction in price or a special deal offer may work as powerful inducement for consumer to try a less-favoured brand.

Caselet

Baskin-Robbins Analyses Indian Consumers' Attitude towards Ice Cream

Baskin-Robbins, the leading ice cream parlour brand, recently took a research-survey in the ice cream segment. The usage and attitude (U&A) study was spread across six cities and involved an in-depth analysis of the usage and attitude of the Indian consumer towards ice creams and related offerings.

The research was bucketed into five different segments - category, product, brand, parlours and kids; with a clear objective to understand consumer interaction with ice cream in its entirety, including usage habits, attitudes and the competitive landscape for ice creams. This study targeted everyone - kids and adults, who had consumed ice cream in the last one month with a sample size of more than 1200 respondents.

To deep dive further into ice cream category, the research was broken down into qualitative and quantitative analysis. The qualitative phase involved a blend of some unique and traditional methods such as expert interviews, dessert table, pink couch, brand perception mapping, retail observation and counter sales interview. Whereas the quantitative approach included face-to- face interviews with respondents and a semi-structured questionnaire.

The research brought out some interesting findings which included: Indian consumers prefer cups over cones, single males eat more ice cream than married men, 95 percent consumers do not like sharing their ice creams. It also revealed that vanilla and butterscotch are preferred over chocolate flavoured ice creams.

Some other key findings of the study revealed that ice creams and soft drinks have the highest share of stomach among dessert food items in the country. In addition the frequency of ice cream consumption is highest in Delhi and lowest in Hyderabad. It also stated that 90 percent of the times, ice cream is consumed without toppings such as nuts, sauces, fruits; and that Chocolate, Strawberry and Vanilla are the most preferred flavours.

Commenting on the release, Ashwin Uppal, GM Marketing, Baskin-Robbins India, said, "As a strong global ice cream brand, we pride ourselves in understanding our consumers better. The Indian market offers a great potential for ice cream consumption and has been growing steadily year after year. While we've managed to have a strong foothold in India, our consumers are fast evolving and we have to keep pace with their changing aspirations as well as their attitude towards the category. Having conducted such a detailed consumer study, we will now be in a better position to know what our consumers want and thereby add more fun and happiness to their lives. After all, we sell fun, not just ice creams."

Source: www.imagesfood.com

7.3.2 Multi-attribute Attitude Models

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According to these models, consumers' attitudes about an attitude "object" is a function of consumers' perception and assessment of important attributes or beliefs held about a certain attitude "object." The attitude 'object' may be a product, service, or issue etc. In other words, many beliefs about attributes are evaluative in nature. For example, in case of an automobile, more mileage per litre of petrol, attractive styling, reliable performance etc. are viewed as favourable beliefs. There are several versions of multi-attribute model, but Martin Fishbein and Icek Ajzen models have stimulated much research interest.

Attitude-toward-object Model

This is the simplest model and is particularly appropriate for measuring attitudes towards product/service category, or specific brands. A product has many attributes (size, features, style and so on) and an individual will process information and develop beliefs about many of these attributes. Consumers generally have favourable attitudes towards those products or brands that they believe have an acceptable level of positive attributes. Conversely, they have unfavourable attitudes toward those brands that they believe do not have an acceptable level of desired attributes, or have too many negative attributes. The model is usually shown by the following equation:

$$\text{Attitude}_0 = \sum_{I=1}^{n} b_i e_i$$

where,

Attitude_0 = the person's overall attitude toward the brand

b_i = the strength of person's belief that the brand contains attribute i

e_i = person's evaluation or intensity of feeling towards attribute i (importance of attribute)

n = the number of relevant beliefs for that person.

Example: To illustrate, a consumer may have beliefs (b_i) about various brands of fairness cream on certain attributes. One brand may be perceived as having 'X' ingredient and thus preventing pimples, has no greasiness and is flesh tinted. Another brand may be perceived as not having these attributes, but consumers may believe that it performs well on other attributes such as having sunscreen and protecting the skin from harsh sunrays and also prevents wrinkles. To predict attitude in this situation, the marketer must know how much importance consumers attach to all these attributes (e_i).

The version of the model mentioned above is useful in a variety of situations. However, this model assumes that more (or less) of an attribute is always better. For example, all other things being equal, more mileage per litre of petrol is always better than fewer kilometres per litre. For such situations, the above-mentioned model is completely suitable.

More (or less) is good only up to a point for some attributes. Any further increase (or decrease) beyond this point in these attributes becomes bad. For example, if the cook forgot to add salt to a vegetable curry, adding salt will improve its taste and our attitude towards the curry. Beyond this point, any additional amounts of salt will spoil its taste and our attitude will decrease. In such situations, the need is to incorporate an "ideal point" in the above-mentioned model:

$$\text{Attitude}_0 = \sum_{I=1}^{n} b_i \mid I_i - e_i \mid$$

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where,

I_i = Consumer's ideal level of performance on attribute I

Example: An example will help illustrate the application.

Let us assume that the perceptions of a consumer segment about Diet Pepsi have the following levels of performance (Ps) and desired performance levels (the Is) on four attributes:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Sweet taste	__	I	__	__	__	P	__	Bitter taste
Low calories	IP	__	__	__	__	__	__	High calories
High status	__	__	I	__	P	__	__	Low status
Low price	__	__	I	P	__	__	__	High price

This consumer segment believes (the Ps) that Diet Pepsi is very bitter, very low in calories, moderate in status and average priced. Their ideal soft drink (the Is) would be very sweet, very low in calories, somewhat high in status and average priced. All attributes are not equally important to consumers and hence they are assigned weights based on relative importance that a segment of consumers attaches to each attribute.

A frequently used approach of measuring weights is with a 100-point constant-sum scale. The importance weight shown below expresses the relative importance of four soft drink attributes and adds up to a total of 100.

Attribute	Importance
Taste	30
Calories	40
Status	20
Price	10

In this example, calories are considered as most important and the price as the least important.

Attitude $_{\text{Diet Pepsi}}$ =	30 × 4 = 120	(Taste (I – P) = 2 – 6 = 4)
	0 × 0 = 0	(Calories (I – P) = 1 – 1 = 0)
	20 × 2 = 40	(Status (I – P) = 3 – 5 = 2)
	10 × 1 = 10	(Price (I – P) = 3 – 4 = 1)
Total	= 170	

This involves determining the absolute difference between consumers' desired soft drink attributes and the consumers' beliefs about Diet Pepsi's attributes and multiplying the differences times the importance given to each attribute. In this example, the attitude index is 170. The attitude index is a relative measure and must be compared with segment's attitude towards competing brands. If diet Pepsi, with its present attributes, is believed as their ideal soft drink, then all their beliefs and ideals will be equal and the attitude index would be zero. The closer an attitude index is to zero, better it is.

Fishbein's Behavioural Intentions Model

The revised Fishbein and Ajzen model focuses on an individual's attitude towards her/his behaving or acting with respect to an object and not the attitude towards the object itself. For

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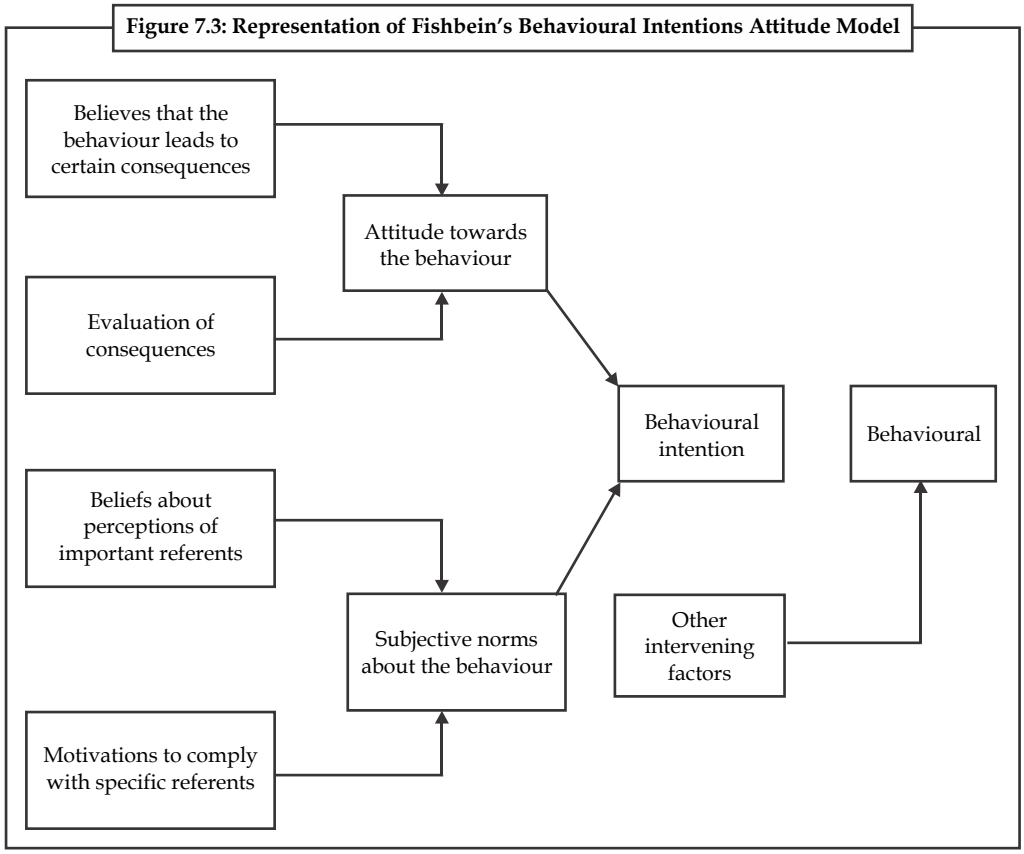
example, a consumer's attitude towards Omega watch (object) may be very positive, but her/his attitude towards the act of purchasing such an expensive watch may be negative. The appeal of this model is that it seems to be a better predictor of an individual's actual behaviour than the attitude-toward-object model.

Figure 7.3: Representation of Fishbein's Behavioural Intentions Attitude Model



According to this model, working backwards from behaviour such as buying a certain product, brand, or service, the best predictor of behaviour is the intention to act. In the sequence shown, beliefs precede attitude towards the behaviour and normative beliefs precede subjective norms about the behaviour; attitudes and subjective norms precede behavioural intentions and behavioural intention precede actual behaviour. To predict an individual's behaviour, one is required to determine her/his attitude towards the specific behaviour in question and subjective norms regarding the behaviour. Each of these would influence the behavioural intention.

The Behavioural Intentions Model is expressed as:

$$\text{Attitude}_{(\text{beh})} = \sum_{l=1}^{n} b_1 e_1$$

where,

$\text{Attitude}_{(\text{beh})}$ = the individual's overall attitude towards performing the specific behaviour

b_1 = the person's belief that performing that behaviour results in consequence 1

e_1 = the person's evaluation of consequence of 1

n = the number of relevant behavioural beliefs.

Notes

Marketers' ultimate concern is to influence consumers' behaviour. However, marketers are generally unable to directly cause consumers to purchase, use, or recommend their products. Consumers will often listen to sales people, attend to other promotional messages, or examine product packages and in this manner marketers indirectly influence their behaviour by providing information, music, or other stimuli that influence belief or feeling about the product or service, if the three attitude components are indeed consistent with each other.

Box 7.1: Measurements of Attitudinal Components

Brand beliefs

b_1 How likely is it that I will get a highly carbonated soft drink if I buy brand "B"?

Very likely ..... Very unlikely

b_2 Rate brand "B" by the following attributes.

Highly carbonated ..... Not carbonated

b_3 Indicate how well brand "B" is described by the following attributes:

Highly carbonated

Describes accurately ..... Does not describe

Attribute evaluation

e_1 How important is buying a highly carbonated soft drink?

Very important ..... Not important

e_2 Indicate the degree of satisfaction that you would get from the following:

Highly carbonated

Very satisfying ..... Not satisfying

e_3 Think of your ideal brand of soft drink and rate it on the attributes listed below.

Highly carbonated ..... Not carbonated

Overall brand evaluations

$Attitude_1$ Rate brand "B" as follows:

I like it very much ..... I don't like it

$Attitude_2$ Which of the following brands do you prefer most? Which brands do you prefer as second, third, forth and so on?

Key brands of soft drink 1, 2, 3, 4 .....

$Attitude_3$ Rate brand "B' as follows:

Very favourable ..... Very unfavourable

Intention to buy

What is the likelihood that you would buy brand "B" the next time you purchase a soft drink?

Definitely will buy .....

Probably will buy .....

Might buy .....

Probably will not buy .....

Definitely will not buy .....

(Names of key soft drink brands will be listed)

A number of research studies point out that there is only a limited relationship among the three attitude components (Berger and Mitchell and several others).

Notes

Task Take any two examples of car brands and list the attributes you attach to them. Now ask your colleague to do the same. Do the attributes given by you and your colleague match?

Case Study

Yoga Boom in the US

Whoever isn't focused on capturing Baby Boomers over the next two decades isn't focused well on the future. (A baby boomer is a person who was born during the demographic Post-World War II baby boom.)

In the coming 20 years, boomers will inherit estates worth over 10 trillion dollars. And every year, 4 million Boomers turn 50 and 4 million turn 60.

So what does this huge, affluent, aging population need? And why are private yoga sessions the best solution for meeting its needs and multiplying your program profits?

Targeting Boomers' Needs

Most maturing Baby Boomers share three priorities:

1. Quality of life-the ability to pursue an active lifestyle as they age.
2. Freedom from the limits of health concerns and physical problems-in order to enjoy leisure time for travel and family activities that they have earned the resources to pursue.
3. Stress management-in "A Study of Consumer Attitudes Toward Physical Fitness and Health Clubs," 2002, by American Sports Data Inc. [ASD], the percent of Americans who reported feeling stressed out-26%-was one of the largest measurable psychographics in the United States.

The thing that will most quickly make these priorities seem out of reach is a sudden or chronic physical limitation, especially one that will not respond to traditional medicines or surgery-and there are many of those. As Boomers age and see friends start to suffer from nagging injuries and preventable diseases, they will want to do everything possible to prevent two things:

1. Overuse injuries, which are exacerbated by limited flexibility and strength.
2. Unnecessary accidents, which result from falls caused by lack of balance and strength.

Yoga – The Fastest-Growing Fitness Activity

Most fitness industry people and active consumers now believe that a variety of disciplines can help people avoid and recover from problems caused by overuse injuries. The most common activity choices include strength training, Pilates, tai chi, yoga and cardio training. All these disciplines are useful, but with an 18% increase in participation, yoga was the fastest-growing fitness activity in 2005, according to ASD's SUPERSTUDY® of Sports Participation, fielded in January 2006.

Contd....

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Why?

1. Yoga is the only discipline in which strength, flexibility and balance are often used together, increasing all three in those who practice.
2. Yoga relaxes both muscles and minds-key in retaining health and longevity.
3. The breathing practices of yoga increase the ability to oxygenate the body, leading to an overall feeling of energy and well-being.

Practically speaking, yoga is also the most accessible form of exercise: It requires no special equipment or clothing and can be practiced in whatever space is available, even in an airplane seat or on a bed. It can be practiced anytime, anywhere, by anyone of any age.

A Singular Opportunity for Greater Profits

Despite its obvious popularity and many benefits, economically speaking, yoga is being given away in most health clubs and undervalued in studios. Yoga is offered almost entirely in classes, which are generally included in monthly or other fees. What clubs in general, and even many studios, are missing is the great potential that exists for one-on-one yoga instruction.

For several millennia, yoga was taught to people of all ages in a one-on-one format. Traditionally, the discipline addressed the physical, mental and spiritual needs of the individual. Today's class format limits the leader from working on the specific needs of different individuals. What's more, there is rarely any effort to teach participants how to utilize yoga to help them in their daily lives.

However, the Boomer market for individual (or very small group) yoga sessions is huge, offering substantial advantages for consumers and facilities alike. For people with physical limitations, I would argue, private instruction is the only safe and effective way to learn. And there are many other types of clients who can benefit from studying this way, even if only to get started.

Healthy, Active Boomers

The youngest, healthiest and most active Boomers don't see themselves as having special needs; may not yet be worried about the effects of aging or overuse; and tend to be interested in fitness, fun, stress relief and improved athletic performance. Why would these people find private yoga appealing?

Athletic coaches of individual sports like tennis and golf have discovered that yoga offers more than a way to increase flexibility, balance and strength without creating bulk that gets in the way of performance and adds weight. Many coaches also understand that controlled-breathing skills help maintain target heart rate zones for optimal performance and that yoga has positive effects on managing distractions and improving concentration and body awareness.

Since tennis and golf are still the sports of choice for affluent male professionals wishing to be active and competitive with friends and business associates, it makes sense that private yoga will be an attractive offering. For people in this vital, moneyed segment of the club industry (ASD reports there are approximately 5.2 million regular tennis players and 5.6 million regular golfers), a practice that will help them control both their skills and their temperament during performance will be a powerful attraction.

The private yoga instructor need not be particularly knowledgeable about a specific sport to improve a player's performance. General observations about the applicability of the physical and mental aspects of yoga will be quickly seen by this bright demographic, as soon as its members begin to experience yoga.

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Women Over 40

Yoga class participants are more than 75% women. Almost half of those who practice are at least 35 years old (the youngest Boomers are now 41), and 20.5% are 55 or older, according to the ASD SUPERSTUDY for 2005.

Women participants with dance backgrounds are not the best candidates for private yoga-because they thrive in a class setting. The only yoga promotion they need is a reminder that they will enjoy the dance-like movements of flowing (vinyasa) yoga.

But women who have not grown up with dance, and who may not feel athletic, are likely to be attracted to a brief tutorial that will get them up to speed before they try following along with others who seem to need no guidance or special help. A one-on-one introduction will give these less experienced or less confident women a nonpublic opportunity to improve their self-esteem by mastering yoga's slow, repetitive movements.

Aging Single Men

Among the older set, single men who can show off a strong but softer side can be especially appealing to women. But in order to show off, they have to know what they are doing, and for most older men-even those who are still athletic-the movements of yoga are foreign and may make them feel awkward. Private yoga sessions offer a quick way to get these clients up to speed.

One-on-One Yoga Details

The particular components of private yoga tutorials will vary according to clients' needs. Generally, sessions focus on the following:

1. adapting asanas to individual needs and abilities
2. designing specific yoga routines to deal with health issues such as low-back pain, stress, etc.
3. outlining a preventive health routine and offering general guidelines on healthy eating (within the instructor's scope of practice) and simple meditation instruction
4. teaching breathing practices and explaining their specific benefits

The Right Skills. Yoga certifiers such as YogaFit® offer specialty classes in which teachers learn the technical poses and variations that clients need in order to address a wide array of common problems. Within the Boomer millions there are many subgroups with diverse needs. Choosing areas to focus on requires first understanding the common issues facing this generation. Different target subgroups may need instructors of different genders and ages, and they should be trained to relate to the populations they choose to work with.

Boomers are the largest and richest macro group in the U.S., and with proper marketing, one-on-one yoga has the potential to attract them in huge numbers.

Questions

1. How has the consumer attitude towards physical fitness changed over the decades?
2. What makes Yoga so popular in US, especially among the baby boomers?

Source: http://www.ideafit.com/fitness-library/yoga-boom

Notes

7.4 Summary

- Attitudes are learned predispositions and represent an enduring organisation of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment. Attitudes are expressed in the way we think, feel, and act toward everything in our lives and reflect the life style of individuals.
- Attitudes are viewed to have three components: the cognitive component consists of an individual's knowledge or beliefs about the attitude object, the affective component represents the feelings or emotions toward the attitude object, and the behavioural or conative component reflects the overt actions and statements of behavioural intentions with respect to specific attributes of the attitude object or overall object. The three components of attitude generally tend to be consistent with each other.
- Multi-attribute attitude models propose that consumers' attitudes about an attitude object is a function of perception and assessment of important attributes or beliefs held about a certain attitude object.
- Attitudes perform several functions. Utilitarian function serves consumers in accomplishing desired benefits; value-expressive function serves to reflect the consumer's self-image, values, and outlook; ego-defensive function helps protect one's ego or self-image from anxieties and threats; and knowledge function serves to organise information and reduces uncertainty and confusion for individuals.
- Marketers are ultimately concerned about influencing consumers' behaviour, and attitudes are believed to be the precursors of behaviour.

7.5 Keywords

Attitude: The way we think, feel and act towards some aspect of environment

Multi Attribute: Having many attributes or features

Salient Beliefs: Concern specific attributes or consequences

Source Derogations: Negative thoughts about the source of the message

Utilitarian Function: Attitude function helps consumers achieve desired benefits

7.6 Self Assessment

Fill in the blanks:

1. You watch an ad of Deodorant that shows if you don't use that deodorant girls will run away from you and you decide to buy it. Here ……. function plays a role.
2. Sometimes you feel like eating a particular brand of chocolates sometimes you don't. This relates to ……. component of your attitude.
3. You hold certain beliefs about some features of a particular product. Those beliefs are called …….. .
4. An advertisement says that their biscuits contain proteins and carbohydrates and provide nutrition. This ad reflects the ……. function of attitude.
5. You saw 10 advertisements in a day but remembered only 4 which were related to bikes because you want to buy a bike. This shows ……. function of attitude.

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6. You think that Nano must be a quality car as it is manufactured by Tata Motors. Here …… component of attitude comes into play.
7. Attitudes vary as per moods of individual. This shows that attitudes cannot be ……..
8. Maruti Suzuki SX4 advertises itself as a car built for MEN. This appeals to the …… function of attitude.
9. Conative component of attitude is treated as …… to buy.
10. …….. model predicts individual's attitude towards purchase in a better manner than Attitude-towards-Object Model.

7.7 Review Questions

1. Discuss three-component model of attributes. What is the relevance of this model to advertising objectives?
2. "Most advertising for well known brands attempt to maintain and reinforce positive attitudes". Discuss.
3. Use any scale of your choice and measure your own attitude about: Computers, soft drinks, toilet soaps, fast food joints and Discovery Channel.
4. "Liking can occur without any cognitive activity". Explain.
5. "In all buying situations, consumers do not pass through learn-feel-do sequence". Comment.
6. Comment on ego-defensive function of attitude. Give instances where you purchased a product to maintain your self-image.
7. Describe any one advertisement of any brand of car that you have recently seen. Describe the appeal used in that ad and how it will influence the attitudes of the consumer?
8. Compare Attitude towards Object Model vis-à-vis Fishbein's Behavioural Intentions Model.
9. In many situations, you must have noticed that even when you had a strong attitude towards a particular premium brand of clothing, you don't buy it. Why do you think this happens?
10. Why is it difficult to measure attitudes? Explain using examples.

Answers: Self Assessment

1. ego-defensive
2. affective
3. salient
4. utilitarian
5. knowledge
6. cognitive
7. measured
8. value expressive
9. intention
10. Fishbein's Behavioural Intentions Model

Notes

7.8 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Online links

www.managementparadise.com

www.authorstream.com

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Unit 8: Attitude Formation and Change

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Introduction

Attitudes cannot be directly observed but must be inferred from what people say or do. Attitudes can be quite useful in building an understanding of why consumers prefer a particular store or format. They can be used for judging the effectiveness of marketing activities - say, an advertising campaign designed to increase sales by enhancing consumers' attitudes. But the sales can be affected by many other factors. Thus, it is possible for advertising to have a positive impact on store and its brands - and choose target segments. Consumers' attitudes, say, towards health and fitness can have potent implications for many industries like cigarettes, liquor, fitness equipments, and diet foods. Consumer's attitudes towards an advertisement can determine its effectiveness.

According to Martin Fishbein, a more recent approach views attitudes as being multidimensional as opposed to earlier definitions. According to this thinking, an individual's overall attitude towards an object is believed to be a function of (1) the strength of each belief (the consumer has a number of beliefs) the individual holds about various attributes of the object and (2) the evaluation she/he gives to each belief as it relates to the attitude object. Beliefs represent the cognitive component and denote the probability an individual attaches to a given piece of knowledge as being true.

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Attitudes are relatively consistent and are reflected in an individual's behaviour but are not necessarily unchangeable. Attitude consistency is more observable when all the conditions are favourable.

Example: An Indian consumer may have a highly favourable attitude towards German cars but the matter of affordability may intervene and she/he finds Maruti Esteem as a more realistic choice.

8.1 Attitude Formation

Earlier we discussed that attitudes are learnt predispositions. This means that the starting point for an individual is having no attitude towards an attitude object to forming a positive or negative attitude.

Consumers sometime purchase new products without any prior experience with the category based on their favourable attitude towards a brand name. For example, a consumer who has had a satisfying experience with Samsung refrigerator, washing machine, and television, and has no prior experience with a microwave oven, but just because of repeated satisfying experience with company's products, buys a Samsung microwave oven. In this situation, according to the classical conditioning theory, the established brand name (Samsung) serves as unconditioned stimulus through past satisfying experience and the new product (oven) becomes the conditioned stimulus.

Personal experience with a product or service is an important factor in the formation of attitudes. Attitudes thus developed tend to be more enduring and resistant to change, compared to indirect experience that consumers develop as a result of exposure to ads.

Example: If a person with bothersome headache approaches the nearest chemist shop looking for some OTC drug and the only available product is Disprin, which she/he has never used before and hence has no attitude towards it. After consuming Disprin, she/he gets quick relief from headache. This satisfying experience results in a favourable attitude towards Disprin. The same thing happens in case of trials of free samples or trial purchases of many low-cost products.

Next to direct personal experience are family, friends, and those individuals we admire or respect influence in forming out attitudes. The family is a particularly important influence because this is where here we acquire many of our basic values and beliefs through reinforcement of behaviours.

In case of high-involvement rational purchases, consumers form positive or negative attitudes as a result of detailed information processing. However, this detailed information processing leads to just two or three important beliefs that determine the resulting attitude. This means that advertisers need to focus on a very limited number of relevant differentiating points about a product or service.

8.2 Strategies of Attitude Change

8.2.1 Multi-attribute Models and Attitude Change

On the basis of Fishbein's multi-attribute model, four strategies can be considered to change attitudes:

1. By changing the values consumers place on product attributes (e_i component in the model)
2. By changing consumers' brand beliefs (b_i component in the model)

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3. By changing brand evaluations ($Attitude_0$ component)
4. By changing behavioural intentions ($Attitude_{(beh)}$).

1. ***Changing Values Placed on Product Attributes:*** Most consumers consider some product attribute to be more important than others. Marketers often try to convince consumers about the superiority or importance of those attributes on which their brands are relatively strong. This requires attempting to convince consumers to reassess the value associated with a certain attribute.

Example: Apple computers do not have a floppy drive and convince consumers that floppies are not reliable for storing data. Epson attempts to convince consumers that its inkjet printers need no change of printing head every time the ink cartridge is changed. A marketer may convince consumers that bad taste is good quality in a mouthwash.

2. ***Changing Consumers' Beliefs:*** A common and effective approach adopted by most marketers to changing attitudes is to focus on the cognitive component. The strategy of changing beliefs focuses on shifting beliefs about the performance of brand on one or more attributes. Alternatively, marketers attempt to shift the importance consumers place on certain attributes to those attributes on which their brand is stronger. This can be done by introducing new attributes in the brands and emphasising the importance of existing ones. Epson printers emphasise the importance of Micro Peizo technology leading to superior colour reproduction in prints. Apple convinces consumers that its computers use the power processor. This makes these computers technologically different and superior. Nizoral shampoo ads, convince consumers that Ketoconazole ingredient gives better protection against dandruff.

3. ***Changing Brand Evaluations:*** This strategy focuses on influencing consumers' overall brand attitudes without any reference to specific attributes. This can be accomplished by associating a positive feeling with product usage. Nescafe commercial "ho shuru har din aise" is one such attempt. "When you care enough to send the very best" ads of Hallmark cards is another example of associating feelings with the brand. Some brands make a claim that it is the largest selling brand, or the others are trying to imitate.

4. ***Changing Behaviour:*** Consumers' purchase or use behaviour may precede the development of cognition and affect. According to D S Kempf, behaviour can lead directly to affect, to cognitions, or to both at the same time. Consumers frequently try inexpensive new brands in the absence of any prior knowledge or affect. For example, a consumer feels thirsty and notices a new brand of cold drink with a vendor and uses it. Such purchases are often as much for knowledge as for satisfaction of some need such as thirst. Sometimes marketers induce consumers to buy a brand that is not preferred by offering some concession. The assumption is that once consumers try the brand there may be a change in their attitudes. For example, a detergent is offered at a discount price and the consumer, after using it, realises that there is hardly any difference in the performance of the new brand and the regular brand. The consumer decides to continue using the new brand and stays with it even when the price returns to normal list price.

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Caselet

Changing Consumer Attitude for Market Expansion

Attitude is a state of mind or a feeling; disposition towards a particular product. Attitudes Beliefs and views of consumers that affect the way consumers behave and purchase. Changing consumer attitude can give high sales to companies. A case in point is of Johnson & Johnson Baby soap. The marketing campaign positions it as good to use for both women and kids unlike other soaps targeted at only kids. (Notice the last line "Mama ko bhi chahiye moisture ka parda").

Dairy milk is traditional example of how chocolates primarily targeted at kids in the Indian market were targeted on people of all ages. Cadbury's success with Dairy Milk encouraged it to launch similar campaigns for its Celebration chocolates. It positioned the chocolates as ideal gifts on all occasions. Special promotion campaigns during festivals enabled it to snatch market from popular sweet shops. Instead of customary sweets box during Diwali it became fashionable to gift box of chocolates.

Another option to expand market is broaden the product range to create new needs or tap into the latent needs of consumers. Consider Dettol- a product associated with hygiene. Dettol is already into soaps, liquid handwash, shaving cream, body wash and plasters. Its latest offering Dettol liquid is multi-purpose product. It can clean floor, disinfect bathing water, disinfect laundry clothes and can be used for first aid and personal care. Considering its multiple uses, the product is selling very well. The typical Indian consumer does not feel need to disinfect bathing water and laundry clothes. But with changes in life style, there is a change in consumer attitude and with correct advertising, the latent needs for hygiene and cleanliness can be tapped for increasing market. The men's cosmetic market is another example of how changing consumer can increase sales.

Consumer attitudes define the boundaries of market for the products. Change the attitude and sales will increase. Today when most companies are stuck up due to lack of new markets, they can consider this strategy to expand their market.

Source: http://toostep.com/insight/changing-consumer-attitude-for-market-expansion

8.2.2 Katz Functional Theory and Attitude Change

Daniel Katz pointed out four functions performed by attitudes. As already discussed, these functions include utilitarian function, value-expressive function, ego-defensive function and knowledge function.

1. ***Changing Attitudes through Utilitarian Function:*** One very effective approach to changing brand attitudes is to show how the product can solve a problem not considered earlier. Teflon has found multiple uses; M-Seal is used for sealing leakages, however auto repair shops and garages use it for levelling minor dents and deep scratches (this second utilitarian function has not been promoted by the manufacturers). Nestle successfully convinced consumers that Milkmaid is very suitable for preparing desserts and sweets. New uses of a product are often helpful in inducing favourable change in consumers' attitudes towards the brand because they satisfy a set of utilitarian functions.

2. ***Changing Attitude through the Value-expressive Function:*** Attitudes reflect our general values, lifestyles and outlook. It is difficult to change value-expressive function because these relate to personal values and are very important to people. For example, committed vegetarian consumers would not use products that contain animal fats. Anchor White

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toothpaste is trying to convince this group of consumers that it is 100 per cent vegetarian and approved by Vegetarian Society of London. A large segment of the younger generation in our country has positive feelings toward wearing latest fashion clothes and most ads of ready to wear garments are capitalising on this value-expression function.

3. ***Changing Attitude through Ego-defensive Function:*** Very strongly held attitudes often serve the ego-defensive function and are least likely to accept outside influences. A cigarette smoker or tobacco chewer is quite likely to ignore any information about the dangers associated with smoking or tobacco chewing. This is an ego-defensive function and results in an attempt to deliberately avoid painful information. A positive advertising approach would be to suggest the steps that they can take to minimise or reduce the usage of towards. Such an approach may prove to be helpful in influencing attitudes.

4. ***Changing Attitudes through the Knowledge Function:*** This approach of changing attitudes is based on consumers' cognitive needs. Knowledge function facilitates the information-processing task. Most marketers attempt to create a clear and unambiguous positioning for their brands to develop favourable consumer attitudes. Apple computers have created a definite positioning and communicated detailed information to convince consumers about the superiority of its different models. Apple's customers have developed strong attitudes and would not change to any other brand of computers.

Had Apple decided to make its processors and other components available in the open market for assemblers, probably Apple would have failed to create such strong positioning.

8.2.3 Elaboration Likelihood Model and Attitude Change

As discussed earlier, under conditions of high-involvement, consumers process information through a "central route." They deliberately and consciously examine and process message elements that in their belief have relevance to a meaningful and logical evaluation of the brand. Under conditions of low-involvement, consumers use more "peripheral route" in which non-message elements such as music, colour or spokesperson are more likely to be processed. This means that under high-involvement conditions, attitude change can best be accomplished through messages that convey information about product attributes, benefits and performance. Under conditions of low-involvement, attitude change can best be achieved through the use of effective spokesperson and brand-symbols.

Example: To influence consumers' attitudes, different competing brands of soft drinks are using famous film stars and sports personalities as the spokespersons.

ELM model also considers the importance of consumers' thoughts (referred to as cognitive responses) when they are processing marketing related messages. According to this thinking, under conditions of high-involvement, consumers produce thoughts that are more relevant to messages. For instance, a weight-conscious consumer who sees an ad of Personal Point Weight Reduction Programme may think, "This looks like quite a promising programme, I think I should join it." Or, the consumer may think, "I don't believe their claims, no one can lose weight so fast without serious repercussions." In the first case, the thoughts support the ad message and are called Support Arguments (SAs). The second type of thinking represents Counter Argument (CAs) to the ad message. The presence of such thoughts indicates that the consumer is processing information in a high-involvement context.

Under conditions of low-involvement, consumers may react with thoughts about the model's looks, spokesperson's voice or dress, or the background etc., which are all peripheral cues and not related to the ad message. For example, a consumer who is not interested in weight-loss or gain may think, " Personal Point is a modern organisation and they have used a very

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pretty-looking model." Such favourable thoughts about the message source are referred to as source bolsters. On the other hand, the consumer might think, "This ad is released by Personal Point and their aim is to sell this programme, so why should anyone believe their claims?" Such negative thoughts about the source are called source derogations.

To influence attitudes favourably, the marketer must discourage the development of counter arguments and encourage support arguments. To accomplish this, one way is to develop two-sided refutational messages.

Example: Personal Point's ad message might say, "You might think that Personal Point's programme is not as effective as claimed, or may have side effects. Well, you have a surprise waiting for you because the programme is 100 per cent effective and without any side effects as confirmed by actual users." To reinforce, some names and addresses and their before and after photographs are presented.

Under low-involvement conditions, marketers may attempt to discourage source derogators and increase source bolsters. This can be accomplished by using more attractive, likeable and credible spokespersons or models to draw attention to the ads. Another effective way is to use testimonials from independent institutions or experts.

Of the two approaches to influence attitudes, source attractiveness is more likely to favourably change attitudes because under conditions of low-involvement there may only be superficial information processing and consumers may not pay any attention to approval by experts.

Task Collect two ads that show benefits and attributes and two ads (of the same brand, if possible) that don't show benefits or attributes but uses a spokesperson. Which ones do you think are more convincing?

8.3 Post-purchase Attitude Change

8.3.1 Cognitive Dissonance Theory

Leon Festinger suggested that consumers experience a feeling of doubt, discomfort or anxiety after making a relatively high-involvement purchase decision. These feelings have been referred to as cognitive dissonance. Purchase decisions, particularly of expensive items, require some amount of compromise and due to this reason feelings of dissonance are quite normal; nevertheless, they are likely to cause uneasiness about the choice made.

The probability that consumers will experience dissonance and the intensity of this dissonance, depends on:

1. ***Degree of commitment:*** If it is easier to alter the decision, the consumer is less likely to experience dissonance.
2. ***Importance of the decision:*** If the purchase decision is more important, it is more likely that the consumer will experience dissonance.
3. ***Difficulty of choosing among alternatives:*** Decision difficulty depends on the number of alternatives considered, the number of relevant attributes linked with each alternative and the extent to which each alternative possesses the attributes not present in the other alternatives. If it is difficult to choose from among the alternatives, it is more likely that the consumer will experience dissonance.

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4. ***Individual's personality characteristics:*** Some individuals have a greater tendency of experiencing anxiety than others. If the individual happens to be of nervous type, it is more likely that she/he would experience dissonance.

Marketers can relieve consumer dissonance by adopting several strategies. Kenneth B Runyon has suggested five strategies to reduce dissonance and favourably influence consumer attitudes towards the product.

1. Provide additional product information and suggestions for product care and maintenance through brochures or advertising.
2. Provide warranties and guarantees to reduce post-purchase doubt.
3. Ensure good service and immediate follow-up on complaints to provide post-purchase support.
4. Advertise reliable product quality and performance to reassure recent purchasers of product satisfaction.
5. Follow up after the purchase with direct contacts to make sure the customer understands how to use the product and to ensure satisfaction.

8.3.2 Attribution Theory

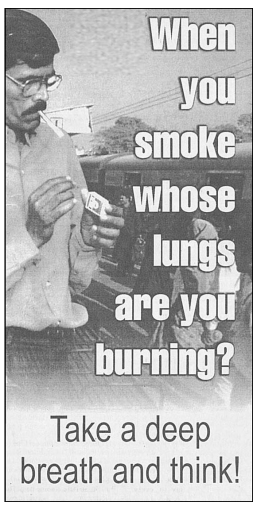
According to attribution theory (D J Bem), consumers seek to determine causes (attributions) for events, often after the fact. The theory suggests that consumer attitude formation and change is the result of consumers' looking at their own behaviour and making judgements about it. For example, if a consumer regularly uses Colgate toothpaste, looking at own behaviour she/he may conclude that she/he likes the toothpaste (she/he has a positive attitude towards the brand). Consumers are also likely to take all the credit themselves for any success (internal attribution) and attribute failures to others or external causes (external attribution).

To influence attitudes favourably, marketers should give consumers positive reasons for their purchases after the act. This requires that marketers offer high-quality products and allow consumers to perceive themselves as the reason for choosing the right brand ("I am capable of selecting the right product.") For example, a consumer purchases a brand of toothpaste at a discount of 30 per cent. Subsequently she/he attributes the purchase to large discount. This is unlikely to favourably influence consumer's attitude towards the brand of toothpaste (the consumer tells herself/himself, "I bought this brand because it was cheap."). Marketers must communicate important non-price reasons to repeat purchase the same brand.

Notes

Case Study

Anti-smoking Campaigns



Study this advertisement carefully. Consider its headline, sub-headline, and the visual. The ad is meant to discourage smoking, makes use of fear appeal, and invites smokers to think and decide (conclusion drawing is left to the reader). The basic purpose is to bring about a change in the attitudes of smokers.

Questions

1. Do you think such ads can change the attitudes of consumers who are in the habit of smoking? Give your reasons.
2. Who are the readers most likely to be influenced by such ad messages?
3. Prepare an ad which in your view would be effective in discouraging smoking among smokers. Why do you think this ad would be more effective?

8.4 Summary

- Attitude change strategies can focus on any of the attitude components: thinking, feeling, behavioural, or some combination of these components.
- Changing consumers' cognition or beliefs usually involves information processing and cognitive learning. Attempting to influence feelings or the affective component generally involves classical conditioning approaches, and to bring about a change in behaviour, strategies rely more on instrumental conditioning approaches.
- It is easier to change brand beliefs than brand feelings. Also, it is easier for marketers to change consumers' beliefs than the benefits associated with the brand. Similarly, it is easier to change attitudes about low-involving products than high involvement category products.
- It is more relevant to change attitudes rather than beliefs for hedonic products. Marketers can influence weak attitudes comparatively easily than strongly held attitudes' and finally, it is easier to change attitudes of consumers who are not really sure about their evaluations of a brand. They tend to be more receptive to informative advertising messages.

Notes

- Marketers can relieve consumers by providing additional information concerning the product use and care, by offering warranties and guaranties, by ensuring follow-up and good after-sales service.

8.5 Keywords

Cognitive Dissonance: Feeling of doubt, discomfort or anxiety

Cognitive Responses: Consumer's responses

Two Sided Refutational Messages: Discourage counter messages and encourages support messages

Utilitarian Function: Attitude function helps consumers achieve desired benefits

8.6 Self Assessment

Fill in the blanks:

1. While purchasing property, a middle income consumer will form positive or negative attitudes as a result of .....
2. Reliance Broadband promises to give consumers to give super fast internet speed. They are trying to change consumer attitudes placed on .....
3. American Express' 'Don't leave home without it' ads tried to change consumers' .....
4. "I trust this brand and would like to taste its new range of potato chips". This is a ..... argument.
5. Negative thoughts about the advertiser are termed as ……..
6. Consumers often attribute their dissatisfaction with a product to others like makers of the product or the retailer from where they bought it. This is known as ……. attribution.
7. You bought an expensive wardrobe for yourself but now think that you paid more for what you got. This situation is known as ……..
8. You bought a t-shirt from sale which is non returnable. In such a case, you are likely to experience …….. dissonance.
9. You use All Clear Dandruff shampoo and feel that you like the shampoo. This relates to …….. theory.
10. Cognitive dissonance theory was given by ……..

8.7 Review Questions

1. Can attitudes be easily formed or changed? Justify your answer using appropriate examples.
2. You are the marketing manager of a new fast food restaurant chain that has recently started its operations in India. The USP of the restaurant is that it offers lip smacking yet hygienic food. Using Elaboration Likelihood Model as a reference, how will you attempt to change the attitudes of the Indian consumers who have strong favourable attitudes towards already established players like McDonalds and KFC?
3. Describe a few situations in which an individual consumer is likely to face dissonance.

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4. Prepare an advertisement each, with two sided refutational messages, for:
   (a) Insurance brand
   (b) Recreational club membership
   (c) Laundry services
5. Explain the concept of internal and external attribution with help of suitable examples.
6. Is it better to change consumer attitude by changing consumer's beliefs or changing product attributes? Justify your answer by giving practical examples.
7. Suggest the application of multi-attribute model of attitude in changing consumer attitude.
8. Do people first form beliefs or attitudes? Do people change attitudes before changing behavior?
9. Consider two advertisements, one, which is designed to reinforce an existing attitude and the other attempts changing existing attitude and discuss.
10. "Brand attitude can be changed by attaching a positive feeling with product usage". How? Give examples.

Answers: Self Assessment

1. detailed information processing
2. product attributes
3. brand evaluations
4. support
5. source derogations
6. external
7. cognitive Dissonance
8. more
9. attribution
10. Leon Festinger

8.8 Further Readings

Books Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Online links www.managementparadise.com

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www.nationalhogfarmer.com

Unit 9: Reference Group Influences

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Objectives

After studying this unit, you will be able to:

- Identify selected consumer related reference groups
- Realise celebrity and reference group appeals

Introduction

We all are part of some group or the other. Almost all consumer behaviour takes place within a group setting. Groups serve as one of the primary agents of consumer socialisation and can be influential enough to induce not only socially acceptable consumer behaviours but also socially unacceptable and even personally destructive behaviours.

Example: Group influences sometimes, affect excessive consumption of alcohol, use of harmful and addictive drugs and stealing etc.

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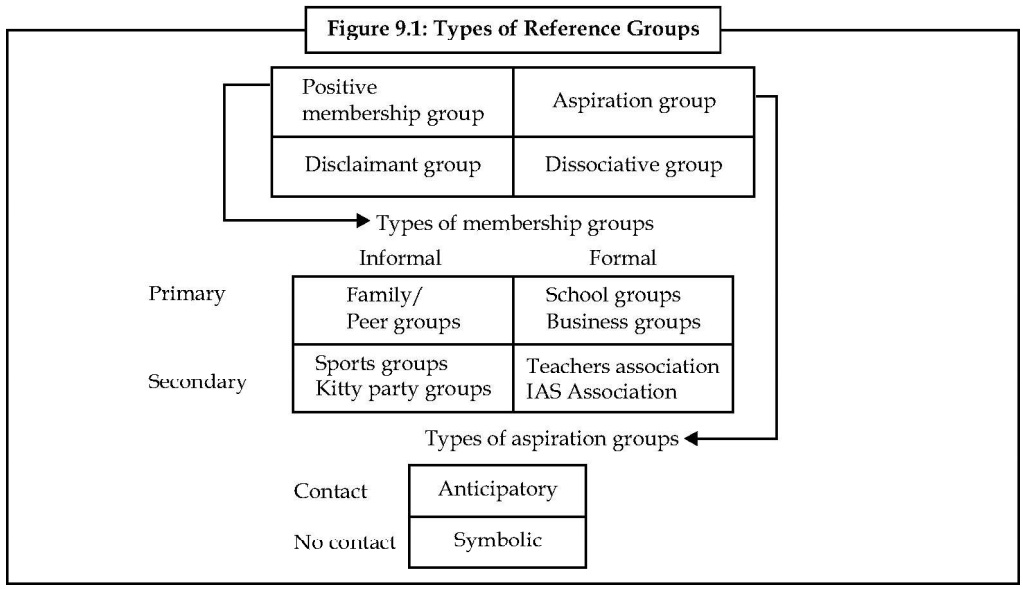
9.1 Consumer related Reference Groups

Figure 9.1: Types of Reference Groups



An individual can be a member of a reference group such as the family and would be said to be part of a membership group. This same individual may aspire to belong to a cricket club and would be said to be apart of an aspiration group. A disclaimant group is one to which an individual may belong to or join and then reject the group's values. An individual may also regard the membership in a specific group as something undesirable and to be avoided. Such a group is a dissociative group. Figure 9.1 depicts types of reference groups.

Membership Groups

Positive reference groups are important and classified as primary or secondary and formal and informal. If a person maintains regular contact with family members, friends and business associates, all those individuals constitute a primary group. People, who meet less frequently such as those who meet during morning walk or club members. From the marketer's point of view, primary groups are more important because they influence consumer's product beliefs, tastes and preferences and have a more direct effect on buying behaviour (Figure 9.1). Research supports the view that members of primary groups are more likely to buy the same brands.

Groups can also be divided on the basis whether they have a formal structure such as a president, executive and secretary etc. in a hierarchical order with specific roles. The structure of an informal group is loosely defined.

Example: When three individuals become friends while pursuing a course on computer applications and on every last Saturday of each month meet for dinner, then it would be considered an informal group. In the table depicts the types of formal and informal groups.

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Types of Formal and Informal Group

Type of Group	Description
Primary Informal Groups	The family and peer groups are primary informal groups. They are by far the most important because of the closeness and contact frequency between the individual and other group members.
Primary Formal Groups	Primary formal groups are those that have a more formal structure and with which the consumer comes in contact less frequently than primary informal groups. Business groups that come together to work on a daily basis are examples of primary formal groups.
Secondary Informal Groups	Such groups have no formal structure and meet once in a while. Examples are women's kitty parties, or sports groups that get together infrequently.
Secondary Formal Groups	Secondary formal groups are not really important to marketers because they are structured, meet only infrequently and are not cohesive. The examples are teachers associations, or retailers association.

9.2 Aspiration Groups

Non-membership groups, with a positive attraction, are called aspiration groups and exert a strong influence. Two types of such groups are anticipatory aspiration groups and symbolic aspiration groups. Individuals frequently purchase products that they believe are used by a desired group in order to achieve actual or symbolic membership in the group.

1. ***Anticipatory Aspiration Groups:*** These are groups that an individual anticipates to join at some future time. The individual, generally, has some direct contact with such group(s).

   Example: The individual may wish to join a group higher in the organisational hierarchy.

2. ***Symbolic Aspiration Groups:*** The individual admires these groups but is unlikely to join them despite acceptance of the group's beliefs and attitudes.

   Example: A tennis fan may buy a Nike sports jacket and shoes because many tennis stars wear these.

Notes **Nature of References Group**

Reference groups establish certain norms, roles, status, socialisation and power. These characteristics exert their influence on consumers.

1. ***Norms*** are generally defined rules and standards of behaviours that the group establishes.
2. ***Values*** are shared beliefs among group members regarding what behaviours are appropriate or inappropriate.
3. ***Roles*** refer to functions that an individual assumes or that the group assigns to her/him to accomplish group objectives.

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4. ***Status*** is the achieved or ascribed position that the individual occupies within the group's hierarchy.
5. ***Socialisation*** refers to the process by which new members learn the group's system of values, norms and expected behaviour patterns.
6. A group's influence on its members' behaviour is closely related to its 'power'. Power may be of following types:
   (a) *Reward power* refers to the group's ability to reward the individual.
   (b) *Coercive power* relates to the power of the group to use disapproval, withholding rewards, or even punishing the individual.
   (c) *Expert power* influences the results from the experience, expertise and knowledge of the individual or group.
   (d) *Referent power* flows from the feeling of identification that the individual has with the members of the group.

Case Study

Buyer Aspirations and Consumer Durable Sales

The demand for consumer durables in India has always depended on two things - the aspiration felt for certain products, and the affordability of such products for the targeted population.

Over the past several years, the disposable income of Indian consumers has grown significantly. In the meanwhile the prices of most consumer durables have fallen substantially. As a result, affordability is not an issue for a large number of Indian consumers.

On the other hand, the aspiration to move on to modern technology has been kindled across product categories. In the television segment the aspiration is driven by LCD/LED TVs, in washing machines it is driven by fully automatic and front loading washing machines, in kitchen appliances it is driven by microwave ovens, side-by-side refrigerators and induction cookers, in IT products it is driven by laptops and netbooks. Therefore, across the consumer durables spectrum, there is no dearth of aspiration for high-end products that are priced at a premium to average products in the category.

In rural India, the improved disposable incomes arising out of Employment Guarantee Schemes as well as the improving access to credit is already resulting in strong demand for entry-level products in each category, whether it is 14" TVs, 165-litre direct-cool refrigerators, basic washers, or mobile phones. Thus, rural demand is another major engine of growth for the consumer durables industry.

This fundamental combination of a dramatic improvement in affordability and an explosion of aspiration for high-end and entry-level products will ensure that the durables market in India grows handsomely for the next five to six years.

In this play between aspiration and affordability, the festival season brings two key factors. On the demand side, employees getting festival bonuses during Diwali season mean better cash availability for big-ticket purchases. Another segment of consumers are not really constrained by cash, but are waiting for "the right time to buy" when the offers are most attractive.

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On the supply side, marketers also tend to put their best foot forward during the festival season, launching their latest products as well as spending more on advertising and promotions. Therefore the season marks a happy coming together of supply push and demand pull, leading to a spike in the sale of durable products.

One trend that is felt by several durables marketers over the years is the lower importance of the festival season among urban Indian consumers, for whom affordability is not an issue, and best-offers are available round-the-year. These buyers don't wait for festivals to buy a gadget they need.

Another trend over the years is the shrinking timeframes for festival buying. Nowadays the entire impact of festival buying just gets over in a couple of weekends. This shrinking of buying window puts a lot of logistic pressures on the supply chains of retailers as well as manufacturers. Those who are 'quick' to respond to demand get the results and their brands do not suffer.

This season is widely expected to be a good one for consumer durable brands, as the monsoon has been good (critical for rural demand), and economic growth and market liquidity have also been very good.

Question

Can the current growth in sale of consumer durables be attributed to the aspirations of lower middle income group individuals to move into upper middle income category? Substantiate

Source: http://www.afternoondc.in/business-investment/buyer-aspirations-drive-consumer-durables-sales/article_11434

9.3 Celebrity and Reference Group Appeals

Research indicates that groups exert informational influence, comparative influence and normative influence, as shown in Table 9.1.

Table 9.1: Types of Reference Group Influences

Nature of influence	Objectives	Perceived source Characteristics	Type of power	Behaviour
Informational	Knowledge	Credibility	Expert	Acceptance
Comparative	Self-maintenance and enrichment	Similarity	Referent	Identification
Normative	Reward	Power	Reward or coercion	Conformity

9.3.1 Informational Influence

Reference groups and other influence sources can exert informational influence by offering information to help make decisions.

Example: Chat-groups on the Internet often provide information on subjects such as Internet travel sites.

Informational influence is important because it can affect how much time and effort consumers devote to information search and decision-making. Consumers who can get reliable information from others may easily be reluctant to engage in time intensive information search when making purchase decisions.

Notes

Informational influence is based on either the similarity of the group's members to the individual or the expertise of the influencing group member. Informational influence is likely to be more important when consumers perceive financial, social, or performance risk in buying a product. A consumer who is buying a car will seek information from knowledgeable relatives, friends, neighbours, or salespeople because of the cost of buying, social visibility and possible mechanical failures. Celebrities also prove to be beneficial in providing information to the consumers. Some people, especially their fans, follow the celebrities and trust their words.

Example: Aishwarya Rai a former beauty queen is the best person to provide information on beauty care products.

The second condition under which information influence is likely to be more important is when the individual is contemplating the purchase of a complex product such as a computer, has little knowledge or experience about it and seeks expert advice.

9.3.2 Normative Influence

Robert J. Fisher and D. Ackerman note that normative influence, also called utilitarian influence, refers to social pressure designed to encourage conformity to the expectations of others to gain a direct reward or to avoid any sanctions. Consider, for example, the type of clothes or music. Chances are you and your friends have made similar choices.

Normative influence can also affect conformity which is the tendency for an individual to behave as the group behaves.

Task Collect two advertisements for consumer products which make use of informational and normative influence.

9.3.3 Comparative Influence

Consumers tend to constantly compare their attitudes with reference to those of members of important groups. They serve as a benchmark and the individual's urge is to seek support to her/his attitudes and behaviour. To accomplish this, individuals are inclined to associate with groups with which they agree and stay away from groups with which they disagree. As a result of this, the process of comparing oneself to other members of the group and evaluating whether the group would be supportive becomes the basis for comparative influence. There are many people who want to live a celebrity's life. They want to use products and services that the celebrities use to experience their lifestyle. That is why companies sign celebrities to endorse their products.

Individuals who are influenced by comparative influences should have similar characteristics to those whose influence is being accepted. Consumers are likely to seek information from those friends that they believe are similar to them and regarded as credible. The implication for advertisers is that they should use spokespersons perceived by consumers as being similar to them (Lalitaji in the ads of Surf is viewed as a typical middle class housewife).

Notes

Notes

Reference Groups and Marketing Implications

Marketers employ informational, comparative and normative group influences to develop marketing communication strategies.

Advertising often makes use of informational influence through expert spokespersons who communicate information about product features and performance. One approach employed is to use a character posing as an expert, such as a doctor for commonly used remedies, or the engineer for technical products. Another approach is to use a real celebrity who has expertise in the product area. Consumers are likely to believe a testimonial from Agassi for the product category as credible.

Advertising applies comparative influence by using either an actual referent in the form of a "typical consumer" or use a celebrity as a symbolic referent with whom consumers identify because she/he is likeable or attractive. The ad for ICICI used Amitabh Bachchan as a symbolic referent.

Marketers frequently use normative influence approach by showing group approval in ads for a particular brand. Commercials of Orient PSPO, Coca Cola, etc. are examples of advertising's simulation of social approval. Typically, the ad shows an individual who is important to the consumer such as spouse, friend, neighbour, or business associate etc. and expresses approval or praise of the consumer's choice.

Caselet

Celebrities Aid Brand Recall, but may not Influence Buying: A Study

What has the recent Pepsi ad that features tinsel town's real-life pair Ranbir Kapoor and Deepika Padukone along with Shah Rukh Khan done? While the couple has received oodles of accolades for their on-screen chemistry, the brand Pepsi is somewhere lost in the throng of celebrities. IMRB, an international research agency, along with PR firm IPAN, conducted a research across Mumbai, Delhi, Kolkata and Chennai, mid size towns like Indore and Lucknow, as well as the small size towns like Ajmer, Madurai, Ranchi and Cuttack to understand whether people believe in brands because of their celebrity endorsers or not and to what extent celebrities influence consumers' buying decisions.

Here's what the research reveals. Although almost 8 out of every 10 say that the most prominent ad that they remember are the ones with celebrities in it, it doesn't influence their purchase pattern. It does not affect consumer-buying decision at any point of time. Since a celebrity is endorsing many brands/product, more than assistance, it creates confusion for the consumer on the recall.

So what works for the consumer? Apparently, what matters the most is the quality of the product that can be provided to the consumers.

Across India, 78% of people feel that the most important factor while buying any product is 'quality of the product', followed by 'price', whereas only 3% consider a celebrity as an important factor before buying a particular product.

Contd....

Notes

Clearly, celebrity endorsement is no longer as credible as it was a few decades ago. Unless category and celebrity are closely linked, the power of a celebrity's word is questionable. With each celebrity endorsing multiple products and multi brands in a category, resorting to different celebrities, the consumer is left confused.

Colvyn Harris, CEO, JWT India, who has worked on brands such as Pepsi, Lux and many others, says, "The decision to use celebrities in advertising needs careful thought. Critical to the decision is the brand and what it stands for, its desired personality and how the star can help it communicate its attributes. What the star stands for is equally critical: an image and personality fit is essential. No star can add value if intrinsically there is a mismatch to the brand. Some categories have become extremely dependent on using star endorsements to further their cause. Over the long term, it's an expensive proposition and recurring."

Source: www.financialexpress.com

9.4 Summary

- Groups serve as a reference point for the individual in forming her/his beliefs, attitudes, and behaviours.
- Group memberships and identity are important to people and we generally conform to group expectations most of the time. Marketers often advertise their products showing group settings such as family or friends etc.

9.5 Keywords

Anticipatory Aspiration Group: Group that an individual wants to join in future

Coercive Power: Power to disapprove or punish

Disclaimant Group: One may join this group but reject the values of the group

Formal Groups: They have a basic structure

Informal Groups: They are loosely defined

Norms: Defined rules and standards of a group

Opinion leaders: Those who can exert personal influence in certain situations

Referent Power: Power that grows with the level of identification of member

Symbolic Aspiration Group: Group that an individual admires but unlikely to join

9.6 Self Assessment

Fill in the blanks:

1. You are a member of economics club of your college. The club can be referred to as …….. group.
2. You are the marketing manager of your company but you want to become the marketing head. This is your …….. group.
3. You drink a particular brand of soft drink because your favorite actor endorses it. You belong to a …… group.
4. Your college football team has to compulsorily wear college sports gear while playing. This is a ……..of your college.

Notes

5. You took advice of your computer teacher before buying a PC. Your teacher is said to have ……..power.
6. Your seniors can fire you because they have ……..power.
7. Pepsodent ads that show ill effects of using other toothpastes exerts …… influence
8. An organisation can be termed as a ……. group of individuals.
9 …….. groups are non-membership groups but still exert a strong positive influence.
10. A Volkswagen ad shows that their brands like Jetta, Passat etc. are ideal for CEOs and MDs. This ad exerts …… influence.

9.7 Review Questions

1. Discuss the basic properties of a group. How do these relate to consumer behavior?
2. Name two reference groups that re important to you. How do these influence your buying behavior?
3. Collect two ads that exert normative and informational influence. Discuss the impact of these ads on consumers.
4. Evaluate the persuasiveness of two commercials that use slice-of-life execution style and two commercials that use fear appeal. What are your views about the effectiveness of these commercials?
5. "People often buy products to achieve symbolic membership in groups". Do you agree? Explain with examples.
6. "Consumers are more likely to identify with typical consumers than models used to depict group influence". Do you agree? Give reasons and examples.
7. Describe and analyse a few ads that exert comparative influence. Do these ads succeed in their endeavour?
8. Discuss the pros and cons of using celebrity endorsers to exert informational influence on consumers.
9. FMCG marketers mostly target informal groups whereas the B2B marketers target the formal groups. Explain the rationale behind this.
10. Prepare an advertisement of a mobile phone device using a setting of an informal group.

Answers: Self Assessment

1. secondary Influence
2. anticipatory aspiration
3. symbolic aspiration
4. norms
5. expert
6. coercive
7. normative
8. formal
9. aspiration
10. comparative

Notes

9.8 Further Readings

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Unit 10: Family Influences

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Objectives

After studying this unit, you will be able to:

- Identify the stages of family life cycle
- Explain the husband-wife influences on purchases
- Assess the role of children in decision making

Introduction

The family is, by far, the most important reference group. It is also the most basic consumption unit for most consumer goods. The consumption patterns of individual family members are seldom independent form those of other family or household members.

Example: To buy a scooter or motorcycle for a college-going boy or girl will mean spending discretionary funds that could have been used for buying a microwave oven or an air conditioner.

10.1 Family Decision-making and Consumption related Roles

The concept of household or family life cycle is important for marketers in segmenting the market. In 1966, Wells and Gubar proposed eight stages to describe the family life cycle. The following life cycle (as shown in Table 10.1) stages are typical of families.

Notes

Table 10.1: Family Life Cycle Stages

Stages	Description
Bachelor stage	Young, single persons under the age of 35 years. Incomes are generally low since they have started careers, but they may have few financial burdens and sufficient discretionary income.
Newly married	Young couples, no children. If both spouses are employed, they will have high levels of discretionary income.
Full nest I	Young married couples with youngest child under 6 years of age. There would be greater squeeze on income because of increased expenses on childcare. If they are members of a joint family, the level of discretionary income is likely to be high.
Full nest II	Young married couples with children from 6 years to 12 years of age. Better financial position because income of both parents is rising. Children spend more hours outside their parents' influence.
Full nest III	Older married couples with dependent teenage children living at home. Financial position of the family continues to improve. There are increasing costs of college education for children.
Empty nest I	Older married couples with no children living with them, parents still employed. Reduced expenses result in greater savings and highest discretionary income.
Empty nest II	Older married couples with no children living with them and parents retired. Drop in income and couple relies on savings and fixed income from retirement benefits.
Solitary survivor I	Older single persons with low income and increasing medical needs (widow or widower).

Due to changes occurring in demography after 1980, researchers have suggested more modernised family life cycle categories. In the Indian context, these changes are visible among urban educated families. Some types of households, such as unmarried couples living together are generally regarded with social disapproval, or married couples who decide not having children are just a negligible percentage.

Example: Examples of non-traditional household life cycle categories are shown in table.

Non-traditional Household Lifecycle

Sequence I	Sequence II	Sequence III	Sequence IV
• Young married couples with children • Young divorced parent • Single parent with older children • Older, unmarried	• Young divorced couple without children • Middle-aged married couple without children • Older married couple without children.	• Young married couple with children • Middle-aged divorced parent • Middle-aged married parent with children and stepchildren.	• Young unmarried couple without children • Middle-aged married couple without children • Older married couple without children • Widow.

10.2 Nature of Family Purchases and Decision-making

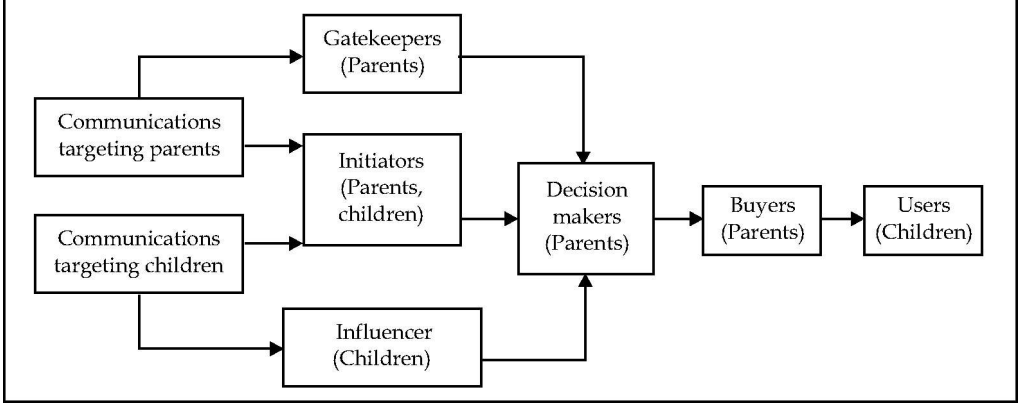
Notes

Much depends on income limitations coupled with family responsibilities. These two factors influence many of the buying decisions of families. As already pointed out, young bachelors as well as newly married young couples (assuming that both are employed) are quite likely to have significant discretionary income.

When two or more family members are directly or indirectly involved in the decision-making process, it is called family decision-making. Such family decisions differ from individual decisions in many ways.

Example: If we consider the purchase of a bicycle for a child, some of the relevant aspects to think about can be: who recognises the need for bicycle? How a brand is selected?

Figure 10.1: Family Decision-making for Children's Products



Some family purchases are inherently emotional and affect the relationships between family members. The decision to buy a new dress, or a bicycle for the child is more than simply a routine purchase. It often might be an expression of love and commitment to the child. The decision to buy a new stereo system or television set has emotional meaning to others in the family. The root cause of many marital discords is often related to spending the money. Figure 10.1 depicts the decision-making for children's products.

Joint decisions are more likely to operate in the early stages of family life cycle when both spouses are relatively less experienced. After gaining experience, they usually delegate responsibilities concerning buying decisions to each other. When children enter the family scene, both husband and wife assume specific roles. The husband tends to be more influential in the early stages of the life cycle, however, the wife is likely to become increasingly influential after a period of time, more so if she is employed and having some financial leverage over family buying decisions.

10.3 Husband-wife Influences

Gender role preferences reflect culturally determined attitudes towards the role of husband/wife and father/mother in the household. The relative influence of husband/wife or father/mother is likely to vary according to (1) the nature of product (2) nature of purchase influence and (3) family characteristics.

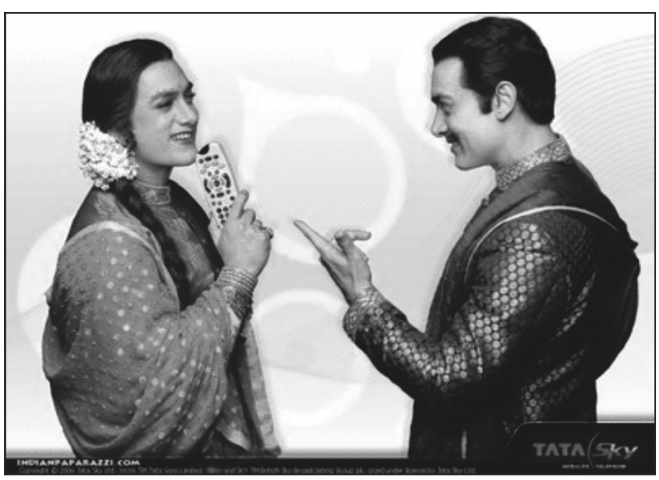
Notes

Nature of Product

Harry L Davis and Benny P Rigaux undertook a detailed study of husband/wife influences by product category and classified products into four categories:

1. Products for which the influence of husband tends to dominate the decision making. Such products include hardware, sports equipment, men's shaving products etc.
2. Products for which the influence of wife tends to dominate the decision making. Examples of such products are women's clothing, kitchenware, child clothing etc.
3. Products for which decisions are made by either the husband or the wife (autonomous decisions). These products may include women's jewellery, cameras, men's clothing etc.
4. Products for which husband and wife make joint decisions. Examples of such products are refrigerators, financial planning, family car etc.

Example: This Tata Sky Ad, featuring Aamir Khan as both Husband and Wife, depicts a joint decision situation.



Nature of Purchasing Influence

The differentiation of roles is believed to result from small group interaction. Leaders that emerge take up either instrumental roles or expressive roles. Leaders taking up instrumental roles are concerned with tasks that help the group take decisions about its basic purpose or goal (also called functional or task leaders).

Example: Decisions on budgets, timing and product specifications would be task-oriented.

Family Characteristics

The third reason for variation in relative influence of husband/wife relates to family characteristics. Though husband and wife tend to dominate decisions for certain product categories, the degree of their dominance may vary within different families. In case of patriarchal families (father is considered the dominant member), husband dominates decisions irrespective of the product category under purchase consideration. In matriarchal families (mother is the dominant member), wife plays the dominant role and tends to make most of the decisions.

Notes

Caselet

Tata Sky: Targeting Urban Couples

A 10-second shot showing Aamir Khan engaged in household chores peaked everyone's curiosity. Is it a new film, wondered some? If the teasers hit the buzzer pronto, then what unfolded a week later was a nice little story. It turned out to be a commercial for direct-to-home service provider Tata Sky, with Aamir having the dimpled Gul Panag for company. The ad was about a husband uncharacteristically trying to appease his wife - by rustling up breakfast, readying her lunch pack and volunteering to drop in at the vegetable market on his way back after work - much to the consternation of the wife. Reason? He wants to watch a crucial cricket final and hopes that his "good conduct" during the day will soften his wife enough to let go of her saas-bahu darshan for the evening.

The slice-of-life ad grabbed eyeballs, the Aamir-Gul on-screen chemistry and nonk-jhonk making this 60-seconder a delight to watch. It's fun - Gul realises that her husband's change in attitude has all been for a cricket match and Aamir innocently goes: "Match? Aaj match hai?"; and she "beats" him with a cushion and he stares mischievously out of the corner of his eye. The reactions are spontaneous, their playfulness lights up the screen.

10.4 Parent-child Influences

It is generally believed that children rely more on parents for norms and values as long as they are younger and, subsequently, on their peer group as they grow older.

Influence of Children in the Purchasing Process

To a large extent, the influence of children on the buying process varies depending much on their age and the product category under purchase consideration.

Example: Children are more likely to buy soft drinks, clothing, music tapes etc. and may exert influence on their parents' purchases of these items. The influence of children who are 5 or 7 year old is likely to be less on the purchasing process as compared to those who are 11 or 12.

Mothers are more likely to yield to requests of older children, but since older children tend to make independent decisions, they make fewer requests. Older children tend to look to their peer group and not parents as sources of information.

Example: This McDonalds Ad is targeted at children.

Notes

Increasing numbers of working parents, much responsibility for shopping has been shifted to teenagers. Teenage girls not only help in shopping but also spend time in preparing meals at home for the family. Teenagers also have a say in family decisions for cars, TV sets, computers and family vacations.

Many companies attempt to influence children's consumer socialisation in a manner that children recognise brand names and company at an early age. Marketers use fun themes to target children.

Did u know? Children of various age groups constitute a very large market. Many critics point out that younger children do have limited ability to process information and to make informed purchase decisions.

Task Contact two friends, one living in a traditional family and the other in a nuclear family. Compare the consumption behaviour of the two families with respect to clothes, furniture, and entertainment.

10.5 Consumer Socialisation of Children

Consumer socialisation is the process by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace.

Parents' Role in Consumer Socialisation

Carlson and Grossbart have identified four types of parents in their study of parents' role in children's socialisation.

1. ***Authoritarian Parents:*** Such parents tend to exercise a high degree of control over their children and expect total obedience from them. They attempt to protect children from outside influences.
2. ***Neglecting Parents:*** Parents of this type do not show much concern for their children and neglect them. They show little concern in controlling the children or encouraging their capabilities.
3. ***Democratic Parents:*** Parents with this approach encourage a balance between their own and children's rights and encourage children's self-expression.
4. ***Permissive Parents:*** Such parents believe in as much freedom as possible for children without putting their safety in jeopardy.

Methods of Socialisation

Parents teach their children, deliberately as well as casually, both directly relevant and indirectly relevant consumption behaviour as they pass through various stages of consumer socialisation. Professor James U. McNeal and his colleagues developed a five-stage process as shown in Table 10.2.

Notes

Table 10.2: Stages in Children's Socialisation

Stage	Feature	Description
Stage I	*Observing (average age - 6 months)*	1. Parents begin taking children with them to stores. 2. Children make sensory contact with the market place and construct mental images of marketplace objects and symbols.
Stage II	*Making requests (average age - 2 years)*	1. Children have learned quite a few things, TV commercials also serve as meaningful stimulus 2. They begin to make requests for desired things that they see in store.
Stage III	*Making selections (average age - 3 years)*	1. Children begin developing memory for retail store locations for certain products 2. They are able to locate and pick satisfying products by themselves.
Stage IV	*Making assisted purchases (average age - 5 years):*	Children seek and get permission from parents to get objects in stores and spend money given by parents.
Stage V	*Making independent purchases (average age - 8 years)*	Most children remain in stage IV a long time before their parents allow them to move to stage V when they start buying things on their own without parental assistance.

Case Study

Purchasing a Microwave Oven

Ramesh Sikand and his family lived in a comfortable two-bedroom flat in a respectable locality in a large city. He was employed with a general insurance company in a supervisory capacity. His wife, Sumita was a teacher in an english medium public school. Both their children, Rachit aged 10 and Sarita aged 8 years, were studying in the same school where Sumita was employed.

Just before Diwali in 2002, one Friday evening the family went shopping. Besides clothes for children and few other things, they bought a 27 ltr. Excel microwave from an outlet with good reputation. Sumita was very happy and the children were excited with this new purchase. Both the children were anticipating quick cooking of a variety of dishes they liked. They were expecting that everyday their Mom would give them school tiffin-boxes packed with noodles and other Chinese food.

To celebrate, Sumita invited two of her school colleagues for dinner and prepared a few dishes in her brand new microwave. Both her friends observed her cooking with great interest. On the dinner table most talk was around difficulties of both spouses being employed and the shortage of time to attend to so many household chores. The friends, Ramesh and the kids profusely praised the dishes and how quickly everything for the dinner was ready. What really took most time was cooking the Chapatis. Sumita said, "How nice and convenient it can be if some portable chappati-preparing gadget was available."

Contd....

Notes

Ramesh said, "It was my idea to buy a microwave." Sumita said, "Why? You have forgotten. It was I who two years ago during exam time suggested that it would be good if we buy a microwave." Both of them were trying to take credit for the purchase. Finally, both of them agreed that the idea to buy a microwave was discussed after they attended the dinner at a friend's place where for the first time they saw a microwave in operation.

One of Sumita's friends asked, "Why did you buy this particular brand? I have read in the newspaper just a few days back that there are attractive schemes on some brands." Sumita and Ramesh spoke simultaneously, "In fact, both of us have read advertisements and articles in magazines within the last six months about what features and benefits every brand offers." Sumita said, "As and when I got the opportunity, I consulted some of my knowledgeable friends who have owned microwaves for quite some time, what to look for and what brands to consider." "You know, I came across some scaring information about the safety of microwaves. Now the technology is so advanced that all those scaring tit bits of information are quite baseless." Ramesh said, " Whatever we learned from magazine articles and experienced friends has helped us quite a lot in buying this brand." Sumita said, "About schemes, you are right. We too got a set of three bowls to be used for microwave cooking. Besides, we have paid just a thousand rupees and the rest would be paid in fifteen interest free installments. There is an extended warranty of three years, and if we are not satisfied with the machine, we can return it within the first 30 days of purchase, and no questions asked. Our ₹ 1,000 would be refunded in cash."

One of Sumita's friends said, "Recently, one of my relations in Delhi told me her bad experience with this brand. She went to the extent of suggesting me never to buy this brand of microwave." Ramesh said, "I don't know what to say about your relation's experience. What information we could collect goes quite in favour of this brand. Those who recommended it have had few years use experience without any complaints." Sumita's friend said, "You may be right Bhaisaheb. But one thing we all know is that these are machines and they are not perfect. Excellent cars with unmatched reputations like BMW, Rolls Royce, and Mercedes too, need repairs." She smiled, and said, "Haven't you heard of Murphy's Law "If a thing can go wrong, it will".

At about 10.30 pm, the friends thanked Sumita and Ramesh, and congratulated them for owning a microwave and left. Sumita and Ramesh were a bit pensive after their departure. They felt somewhat uneasy about the correctness of their decision in choosing this particular brand of microwave. They knew their money was safe, but it would be embarrassing if they had made a mistake. They agreed to discuss the matter with some of their experienced friends.

Question

Whose decision it was to buy a microwave and when was the purchase decision made? What factors influenced the purchase of the microwave?

10.6 Summary

- The family or household is composed of two or more persons related by blood, marriage, or adoption living in an accommodation.
- A nuclear family consists of two married adults of opposite sex and an extended or joint family may include grand parents and cousins etc.
- Much depends on income limitations coupled with family responsibilities. Bachelors and newly married couples may have significant discretionary income.

Notes

- The members of a family assume specific roles that also include the purchase decisions. When two or more members are directly or indirectly involved in purchase decision making process, it is called family decision making.
- Purchase decision related roles include the influencers, gatekeepers, information gatherers, deciders, buyers, and users.

10.7 Keywords

Consumer Socialisation: The process by which an individual acquires the skills needed to function in the marketplace as a consumer.

Family lifecycle: Describes how a traditional family evolves from bachelorhood to children to solitary retirement.

Matriarchal Family: A social system in which the mother is head of the family.

Patriarchal Family: A social system in which the father is the head of the family and men have authority over women and children.

10.8 Self Assessment

Fill in the blanks:

1. In the …… stage of family life cycle, individuals incomes are low but financial burden is also low, so they have enough disposable income.
2. …… are the single older persons with very low income and increasing medical expenses.
3. Full nest II stage is marked by young married couples with children from ……. years of age.
4. In purchase of a video game, the children are most likely to play the role of ……
5. A purchase decision which can be taken by either husband or wife is termed as …….. decision.
6. In a family, the mother makes all the purchase decisions. The family is a …… family.
7. …… parents are those who don't show any concern for their child's needs.
8. ……. parents grant full freedom to their children.
9. Your parents don't like you to play with other children of the society. Your parents are …….parents.
10. The process through which a child learns about the market, products and services is known as……..

10.9 Review Questions

1. If you are the marketing manager of an instant noodles making company, which stages of family life cycle will you target and how?
2. Bring out the differences between individual and family decision making.

Notes

3. Do you think emotions play a role in family purchases? Justify your answer with the help of suitable examples.
4. "Husband and wife are more likely to take joint decision during early stages of family life cycle". Explain the rationale behind this.
5. Analyse the importance of consumer socialisation of children. What do you think will happen if it is not done adequately?
6. Which types of parents are better, democratic or permissive? Justify the reasons for your choice.
7. Examine the relevance of family life cycle for marketers.
8. Discuss the nature of family decision-making.
9. Write a note on husband-wife influences in family decision-making.
10. Identify the products and services for which:
    (a) Husband is likely to make a purchase decision
    (b) Wife is likely to make a purchase decision
    (c) Child is likely to make a purchase decision
    (d) Joint purchase decision is taken

Answers: Self Assessment

1.	bachelor	2.	solitary survivor
3.	6 to 12	4.	influencer
5.	autonomous	6.	matriarchal
7.	Neglecting	8.	Permissive
9.	authoritarian	10.	consumer socialisation

10.10 Further Readings

Books

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Unit 11: Culture and Consumer Behaviour

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Objectives

After studying this unit, you will be able to:

- State the nature of culture
- List the types of culture
- Realise how culture is measured

Introduction

Culture influences consumers through the norms and values established by the society in which they live. It is the broadest environmental factor that influences you as consumer. Cultural values are enduring and any attempts to change them generally fail.

The study of culture is concerned with a comprehensive examination of factors such as language, religion, knowledge, laws, art, music, work patterns, social customs, festivals and food etc. of a society. In fact, culture includes everything that reflects its personality. Culture does not determine the nature or frequency of biological drives such as hunger or sex; it does influence if, when and how these drives will be gratified. The impact of culture is automatic and almost invisible and its influence on behaviour is usually taken for granted.

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11.1 Nature of Culture

Culture has following features:

1. ***Culture is invented:*** It cannot be viewed as something that just "exists" and waiting to be discovered. People are responsible for inventing their culture and this invention consists of three interdependent components:
   (a) *Ideological component* refers to ideas, beliefs, values and approaches to defining what is right and wrong, or desirable and undesirable.
   (b) *Technological component* is concerned with the skills, arts and crafts that provide humans with the means to produce goods by using what is available to them in their environment.
   (c) *Organisational component* enables humans to live in the family system and makes it possible to coordinate their behaviour effectively with others' actions.
2. ***Culture is learned:*** It is not like biological features or instinctive. The process of learning cultural values begins early in life largely through social interactions among families, friends, in settings such as educational and religious institutions.
3. ***Culture is shared*** by a fairly large group of human beings living in organised societies and works as a linking force. Generally, common religion and language are the critical elements that largely help people share values, customs, norms and experiences.
4. ***Culture satisfies needs:*** Its components are passed down through generations because they are gratifying. Culture offers order, direction and guides societies in all phases of life by providing tried and trusted ways of meeting the physiological, personal and social needs and due to these reasons people feel comfortable in doing things in the customary way.
5. ***Cultures are similar but different:*** There are certain similarities among all cultures and many elements are present in all societies such as athletic sports, adornment of body, cooking of food, a calendar, family, government, language, religious rituals, language, dancing, music and many others elements. There are, though, very significant variations in the nature of these elements in different societies and may exhibit important differences in consumer behaviour.
6. ***Culture is not static:*** Some cultures are relatively more resistant to change than others but they do change gradually and continuously. These changes, however, may be very slow in some cultures while others may be more dynamic and receptive to changes.

Caselet

Culture, Customs and the Customers

Culture is one of the major factors affecting consumer behaviour and some of its dimensions can be observed with regard to the attitudes and values of consumers. Culture is a combination of learned beliefs, values and customs that can direct the behaviour of consumers in a specific society.

Customs are overt modes of behaviour that are acceptable in a specific cultural context - the different food habits in different parts of India are customs that are a part of the respective cultures. From the marketing viewpoint, products and brand communication would have to take into consideration the customs existing in a specific market situation.

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A marketer offering an alternative to the morning cuppa, to which a large chunk of consumers have been used to, would find it extremely difficult to change the custom. With changes in the environment, though, customs change and marketers will be successful if they time their products/brands and position them in an appropriate manner.

A few decades ago, using enamel and lipstick were taboo among a number of consumers, especially in villages. In urban life, the practices have gained a lot of ground, though it has been pervasive in certain villages in some parts of the country. In the urban context, there has been a growing awareness about health and fitness. Hence, a number of health clubs have come up to cater to these needs.

With changing times, things are fast changing, the consumers are fast changing.

Source: hindubusinessline.com/ S Ramesh Kumar

11.2 Types of Cultures

Cultural values are enduring beliefs that a given behaviour or outcome is desirable or good (Milton J. Rokeach). Our values, as enduring beliefs, serve as standards that guide our behaviour across situations and over time. Values are so ingrained that most of us are not really consciously aware of them and individuals often have difficulty describing them. Social values represent "normal" behaviour for a society or group. Personal values define "normal" behaviour for an individual. Personal values mirror the individual's choices made from the variety of social values to which that individual gets exposed. Our value systems refer to the total set of values and the relative importance cultures place on them.

The specific nature of values varies. At the broadest level are global values that represent our core value system. These values are very enduring and strongly held by us. Shalom H. Schwartz and Wolfgang Bilsky have divided global values into seven categories. Within each of these global categories there are two types of global values. Terminal values are those that are viewed as highly desirable states such as freedom, equality, wisdom, or comfortable life etc. Those values that are needed to accomplish the terminal values are referred to, as instrumental values such as loving, helpfulness, and honesty etc. are needed to achieve equality, which is a terminal value. The seven categories are:

1. Maturity
2. Security
3. Pro-social behaviour (doing nice things to others)
4. Restrictive conformity
5. Enjoyment in life
6. Achievement
7. Self-direction.

There are numerous values that differ across cultures and affect consumption behaviour. Some scholars (G. Hofstede, S. E. Beatty, L. R. Kahle and P. Homer; and F. Hansen) have proposed a scheme of classification, which consists of three broad categories of cultural values:

1. Other-oriented
2. Environment-oriented
3. Self-oriented

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Their view is that cultural values that have the most profound effect on consumer behaviour can be put under one of these three categories. Though individual values can influence more than one, their foremost impact is generally in one of the three categories.

1. ***Other-oriented*** values are those that represent a society's view of the proper relationships between individuals and groups within that society.

Example: If a given society puts more value on collective activity, consumers will most likely tend to consult others for guidance in making a purchase decision and less likely to favour appeals promoting "individualism."

2. ***Environment-oriented*** values set down directions concerning a society's relationship to its economic, technical and physical environment.

Example: Different types of marketing programmes would be appropriate for societies that stress risk-taking, problem-solving and performance-oriented approach to its environment; and the other that is fatalistic, security-oriented and status-oriented in its approach to environment.

3. ***Self-oriented*** values are those that reflect the desirable goals and approaches, to life, of individual members of a society and have important implications for marketing.

Example: The acceptance and use of credit or loan facility is very much determined by how much a society values postponement versus immediate gratification of desires.

11.3 Measurement of Culture

Culture can be measured using a wide range of measurement techniques. The three that are most popular include content analysis, consumer field work and value measurement analysis.

11.3.1 Content Analysis

Content Analysis focuses upon the content of verbal, written and pictorial communications (the copy and art composition of an advertisement). Content analysis is a method for summarizing any form of content by counting various aspects of the content. This enables a more objective evaluation than comparing content based on the impressions of a listener. For example, an impressionistic summary of a TV program is not content analysis.

Content Analysis is done to:

1. Draw conclusions about culture of a society
2. Know the specific aspects of a society
3. Make a comparison of two or more societies or aspects of a society

Content Analysis may be used as a relatively objective means to determine what social and cultural changes have occurred in a specific society or contrast two different societies.

Example: Suppose we conduct a content Analysis of 250 ads appearing in 8 issues of 17 magazines. Out of them 4 are American magazines and 4 are Japanese magazines. On studying those ads it was found out that the teenage girls are portrayed differently in different culture's magazines. Researchers concluded that these differences correspond to each country's central

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concepts of self and society. The American teen girls are often associated with images of determination and independence while the Japanese girls are most often portrayed with happy, playful, childlike, girlish image.

Content Analysis is useful for both marketers and public policy makers who are interested in comparing the advertising claims of competitors within a specific industry or for evaluating the nature of advertising claims targeted to specific audiences (e.g. the women, elderly or children).

11.3.2 Consumer Field Work

While studying a specific society, researchers often engross themselves in the environment under study through consumer field work. The trained and experienced researchers , they are likely to select a small sample of people from a particular society and carefully observe their behavior. Based upon their observations researchers can draw conclusions about values, beliefs and customs of the society under investigation.

Example: Positioning trained observers in department and clothing stores note how shirts are selected:

1. Single color vs. Multi-colored
2. Plain vs. striped
3. The degree of search before a choice is made

The observers note that the consumers take shirts off the display, compare it with other shirts and put it back. They even try a few of the shirts kept aside for selection before selecting the shirt that they finally purchase.

Field Observations: such observations take place within natural environment and are sometimes performed without the subject being actually aware of it. It focuses upon observation of behavior of the subject. It puts emphasis on natural environment and observable behavior.

Participant Observations: in this kind of observation, the observers become active members of the environment that they are studying. For example if researchers are interested in learning how consumers select mobile phones, they may take sales positions in a mobile store to observe directly or even interact with consumers.

Both field Observations and participant observer research require highly trained researchers who can separate their own emotions and preferences from what they observe in their professional roles.

Marketers often use other techniques also such as, depth interviews and focus group discussions, to get first hand information about the emerging social trends. When conducted in an informal environment, the focus group discussions reveal such attitudes and behaviors of participants that may signal a shift in values. Such a shift might affect market acceptance of a product or service in the long run. These discussions can also be used to identify marketing programs that reinforce established consumer loyalty and goodwill. It became evident from these discussions across various markets that an established consumer wants the sellers and marketers to acknowledge his loyalty and offer him personalised services.

11.3.3 Value Measurement Surveys

Value Measurement Surveys are used to determine the dominant underlying values of a society. Traditionally, the researchers observed the behavior of the members of a specific society and inferred from such behavior the dominant underlying values of the society. But nowadays, the

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researchers use a survey/questionnaire to measure the values directly. Researchers use data collection instruments called value instruments. Using these instruments they ask people how they feel about basic personal and social concepts as freedom, comfort, national security and peace, etc.

A variety of popular value instruments have been used in consumer behavior including. Two most popular ones are:

1. Rokeach Value Survey
2. List of Values (LoV)

1. ***Rokeach Value Survey*** is a classification system of values. It was developed by social psychologist Milton Rokeach and the system consists of two sets of values, 18 individual value items in each. One set is called terminal values the other instrumental values.

   Terminal Values: They are designed to measure the relative importance of end states of existence or personal goals. The value items include comfort, exciting life (stimulating, active life), A world at peace (free of war and conflict), Equality (brotherhood, equal opportunity for all), Freedom (independence and free choice), Happiness (contentedness), National Security (protection from attack), Pleasure (an enjoyable life), Salvation (saved central life), Social Recognition (respect & admiration), True Friendship (close companionship), Wisdom mature understanding of life), A world of beauty (beauty of nature and arts) Family Security (taking care of loved ones), Mature love (personal and spiritual intimacy), Self respect (self esteem), Sense of accomplishment (lasting contribution) and Inner harmony (freedom from inner conflict).

   Instrumental Values: They are the values that measure basic approaches an individual might take to reach end state values. The value items include Ambitious (hardworking, aspiring) Imaginative (daring, creative) Broad Minded (open minded) Independent (self reliant, self sufficient) Capable (competent, effective) Intellectual (intelligent, reflective) Cheerful (lighthearted, joyful) Logical (consistent, rational) Clean (neat, tidy) Loving (affectionate, tender) Courageous (standing up for your beliefs) Obedient (dutiful, respectful) Forgiving (Willing to pardon others) Polite (courteous, well mannered) Helpful (working for the welfare of others) Responsible (dependable, reliable) Honest (Sincere, truthful) Self Controlled (restrained, self disciplined)

2. ***List of Values (LoV):*** The LOV Scale asks consumers to identify their two most important values from a nine-value list such as warm relationship with others and sense of belonging.

11.3.4 Other Parameters

Cultures can be measured on the basis of a few parameters.

Individual/Collective

Some cultures emphasise and reward individual initiative while some others encourage and value cooperation and conformity to a group. G Hofstede's study shows that US, Canada, UK, Netherlands, Australia and New Zealand highly value individualism. On the other hand, Japan, Korea, Taiwan, China, Hong Kong, India and Mexico are more collective in their orientation.

This value attributed to individual initiative or collective effort, is an important factor in differentiating cultures. It is also viewed as highly fundamental in influencing the self-concept and self-consciousness of individuals.

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Competitive/Cooperative

Are individuals encouraged to compete and outdo other individuals or groups, or is achieving success by cooperating with other individuals and groups valued more? Is the winner admired more in the society? Variations on this value influence acceptance of advertising in a given culture.

Example: Comparative ads in Japan are considered bad in taste. Spain and Germany ban comparative advertising while such advertising is quite acceptable in India (Coke and Pepsi commercials and ads for many durable products) and is encouraged in United States.

Diversity/Uniformity

This aspect looks at up to what extent members of a particular culture embrace variety in terms of religions, political beliefs and other important attitudes and behaviours.

Example: Indian culture values diversity and accepts all sorts of religions, political beliefs and a wide range of attitudes and behaviours. Such a culture is most likely to welcome diversity in terms of food, dress and a vast variety of products and services. A culture that values uniformity is unlikely to accept wide variations of tastes and product preferences.

Performance/Status

This relates to whether the opportunities, rewards and prestige accorded to individuals is based on performance or the source for these is an individual's position, family, or social class. Does everyone have equal opportunity economically, socially and politically, or certain groups enjoy special privileges right at the start of life? Do people value the utility aspect of products and brands or are they valued for their reputation and status-related meanings?

The extent of people's acceptance of inequality in power, authority, status and wealth, as natural or inherited, varies widely across societies.

Did u know? Certain countries such as India, Hong Kong and Japan are believed to be relatively high in their acceptance of power. Sweden, Denmark and United States are relatively low in their acceptance of power.

Tradition/Change

Is tradition so deeply ingrained that any progressive change or alteration is strongly resisted?

D Kim, Y Pan and H S Park have noted that Chinese and Koreans are somewhat uncomfortable in dealing with new ways of thinking and situations. India too, is a very tradition bound country and people in general are uncomfortable with change.

Risk Taking/Security

Is risk taking to overcome obstacles valued? Are those with established positions admired or considered foolish for taking risks in starting new ventures? This value seems to be directly related to a spirit of entrepreneurship, economic development and new-product acceptance.

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In societies that discourage risk taking and promote security, less people are likely to become entrepreneurs to achieve economic success and contribute to economic growth.

Problem Solving/Fatalistic

Some societies are more fatalistic in their outlook than others and believe that whatever is destined will happen. This discourages people from taking initiative and less inclined to think that challenges may offer opportunities. They do not subscribe to "we can do it" orientation. In India, fate is a very important factor and people generally believe that everything related to their lives is predetermined and it is impossible to escape fate. Such values discourage people from expressing formal complaints with an unsatisfactory purchase.

Sensual Gratification/Abstinence

Some cultures are more permissive and allow satisfying one's desire for food, drink, or sex beyond the minimum requirements and believe that there is no virtue in postponing such desires. Muslim cultures in certain countries are believed to be extremely conservative on this value.

Material/Non-material

Is the accumulation of material wealth considered a positive value and does it brings more status than knowledge? Materialism is of two types. Instrumental materialism refers to the acquisition of things that enable people to do something.

Example: Acquiring a car can allow a person easy and comfortable transportation. Terminal materialism refers to acquiring things for their own sake, such as acquiring an expensive painting for the pleasure of owning it. The painting is not used to accomplish some other goal.

Religious/Secular

To what extent do religious doctrines influence attitudes and behaviours of people? According to S S Al-Makaty, many Islamic and some Catholic countries are relatively more religiously oriented. India is a declared secular country while Pakistan is more religiously oriented. Religion plays a very minor role in Chinese culture. It is important for marketers to understand the extent and type of religious influences in a given culture to effectively develop marketing programmes.

Task Describe any two commercials that depicted cultural values.

Case Study

Haman: The Soap India Trusts

Hamam is one of the oldest soap brands in India. The brand came into existence in 1934 and over these 73 years has successfully built a space for itself in the consumer's mind. The brand has successfully fought the competition and the changed environment. The brand was owned by Tata Oil Mills (TOMCO) and later became the HLL brand when HLL acquired TOMCO.

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Hamam is a natural soap. Although many reports put this brand as a herbal soap, Hamam is more of a natural soap than herbal. The brand has a market share of about 9-10 percent of the ₹ 4000 crore Indian soap market. The brand has a huge market share (more than 25%) in the Tamilnadu market.

When HUL implemented the Power Brand strategy, Hamam survived the axe because of the strong equity it had among the consumers. Hence the axe fell on Rexona which was also a natural soap with the same positioning as Hamam.

Hamam was positioned initially as a complete natural family soap.The brand was built on the Trust factor. The earlier ads typically showed Mother and child with mother explaining the meaning of Trust using the example of Hamam.The brand may have acquired this quality from its original creators TATA.

Although the brand was able to manage the PLC, it had its share of problems. At one point, HLL was facing the competition from Herbal/ayurvedic soaps. HLL tried to position Hamam as a herbal soap by changing the composition by adding Neem ingredient and reducing the TFM. But that reduction of TFM disqualified Hamam as a soap and the brand lost many of their loyal customers.

2005 saw HUL repositioning the brand by adding more ingredients. The brand now talks about having a Perfect Balance of Neem, Tulsi and Alovera Extracts. The packaging also has been made more contemporary and the shape of the soap has been made oval. 2006-07 saw a change in the communication of the brand. The brand no longer talks about trust but now positioning itself as a beauty enhancing soap. The brand has now come out with a variant that contains green gram, turmeric and sandal .The color of the soap also has changed to sandal from the traditional green color. This move is a marked deviation from the age old positioning of the brand as a natural green soap.

Hamam for years has been able to sustain its market position because of the strong brand loyal customers .The brand now wants to be relevant to a new consumers (younger generation). The brand also faces stiff competition from a plethora of brands offering the same ingredients and benefits. The latest repositioning exercise is aimed to keep the brand relevant and also leverage the brand equity it had built up over these years.

Question

Do you think Hamam lost the race because it couldn't adapt itself to the changing consumer values?

Source: www.marketing.blogpsot.com

11.4 Summary

- Culture has been defined as the complex whole that includes knowledge, belief, art, law, morals, customs, and any other capabilities and habits acquired by humans as members of society.
- Culture not only influences consumer behaviour but also reflects it. It is a mirror of both values and possessions of its members. Some cultures are relatively resistant to change than others but cultures do change gradually and continuously.
- Cultural values are enduring beliefs that a given behaviour is desired or good. Values are so deeply ingrained that most of us are not really consciously aware of them and individuals often have difficulty in describing them.
- Value system refers to the total set of values and the relative importance culture places on them. At the broadest level are global values that represent the core value system and are very enduring and strongly held.

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11.5 Keywords

Culture: The totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and thought.

Instrumental values: The values that measure basic approaches an individual might take to reach end state values.

Personal values: They reflect the individual's choices made from variety of social values to which an individual gets exposed to.

Terminal values: The values designed to measure the relative importance of end states of existence or personal goals.

Values: Serve as standards that guide our behaviour across situations and over time.

11.6 Self Assessment

Fill in the blanks:

1. …… component of culture refers to the belief that separates right and wrong.
2. Individuals are born with culture, it is……..
3. ……values represent our core value system.
4. Freedom, equality etc. come under ……..values.
5. In……..observation, the researchers themselves become an active part of the environment that they are studying.
6. Rokeach Value Survey system was developed by social psychologist……
7. A person acquires an art piece for the pleasure of owning it. This is an example of……..
8. We can also enjoy delicious American food in India. This is because of the fact that culture is …….. .
9. Marketers have to constantly keep a track of cultural changes. This is because culture is not …….. .
10. You bought a jacket so that you get protection form cold in winters. This is called …… materialism.

11.7 Review Questions

1. "Culture not only influences consumer behaviour but also reflects it". Comment.
2. Critically examine the characteristics of culture. Give examples.
3. Have there been cultural changes in India affecting consumer behavior? Explain.
4. "Culture satisfies needs". What do you mean by this statement and how is it important for the marketers?
5. Some brands like, Bajaj Chetak and Maruti 800, become a part of our lives and get imbibed into our value system. Identify two such brands (other than those mentioned) and trace their journey into the value system of the Indian consumers.
6. Explain the concept of content analysis with the help of an example.

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7. Discuss the process of measuring culture by using consumer field work. Use a fictitious case to supplement your discussion.
8. Examine the pros and cons of individual and collective cultures.
9. Can cultural diversity pose problems for a marketer? If yes, then what and how can a marketer overcome these problems?
10. Assess the rationale behind terminal materialism.

Answers: Self Assessment

1.	Ideological	2.	learnt
3.	Global	4.	terminal
5.	participant	6.	Milton Rokeach
7.	terminal materialism	8.	shared
9.	static	10.	instrumental

11.8 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

Online links

www.consumerpsychologist.com/cb_Group_Influences.html

www.businessworld.in/bw/tag/sub+cultures

www.hist.ceu.hu/?q=node/364

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Unit 12: Sub-culture and Cross-cultural Consumer Behaviour

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Objectives

After studying this unit, you will be able to:

- Explain the role of sub-cultures in consumer behaviour
- Discuss cross-cultural consumer analysis

Introduction

A culture is viewed to consist of basic behavioural patterns that exist in a society. Within this national culture, all segments of a society do not possess the same cultural patterns and one can distinguish relatively more homogenous and sizable groups within the larger society called sub-cultures. They will have distinct beliefs, values, customs and traditions that set them apart from the larger cultural mainstream, though they follow most of the dominant cultural values and behaviours of the larger society.

Cross-cultural influences are norms and values of consumers in foreign markets that influence strategies of multinational organisations marketing their products and services abroad. The second variation refers to sub-cultural influences that concern differences in values among different groups within a country that distinguish them from society as a whole.

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12.1 Sub-cultural Influence

The influence of sub-culture on consumer behaviour depends on factors such as sub-cultural distinctiveness, sub-cultural homogeneity and sub-cultural exclusion.

1. ***Sub-cultural distinctiveness:*** When a subculture strives harder to maintain a separate identity, its potential influence is more.

   Example: Indians settled in many countries have maintained their language and religious practices as a means of cultural identity.

2. ***Sub-cultural homogeneity:*** A sub-culture with homogeneous values is more likely to exert influence on its members.

   Example: Hindus, Muslims and Sikhs of Indian origin appear to be members of separate sub-cultures. However, the common thread among all of these groups is that they have strong family ties, are basically religious, mostly conservative, have a common language (some Indian language), celebrate their festivals and are male dominated.

3. ***Sub-cultural exclusion:*** At times sub-cultures are excluded by society. Exclusion tends to strengthen the influence of sub-culture and encourages the maintenance of sub-cultural norms and values. Even today, in India, schedule castes are excluded from upper cast society. There are different tribal groups in India with distinct norms, customs and values and excluded by larger society. Afro-Americans have, at times been excluded from a white dominant society through the denial of education and job opportunities.

Out of several sub-cultures, only some are important from the marketers' point of view for formulating separate marketing programmes. Much depends on the relevance of a product category to a particular subculture. For example, cosmetics are popular among ladies, no matter to which subculture they belong. Similarly, jeans and T-shirts are very popular among urban and semi-urban teenagers no matter whether they are Hindus, Muslims, Sikhs, or Christians etc.

12.2 Types of Sub-cultures

12.2.1 Religious Sub-cultures

Religious groups can be regarded as sub-cultures because of traditions and customs that are tied to their beliefs and passed on from one generation to the next. The members of religious sub-cultures make purchases that are influenced by their religious identity, particularly products that are symbolically and ritualistically associated with the celebration of religious holidays, festivals, marriage and birth or death in family etc.

Example: The bride in a hindu family is dressed in a traditional deep red dress; the bridegroom wears a sherwani, chooridar and dons a pagri. Consumption of meet, beef, pork and alcohol is also determined by one's religion. Sikh religion does not permit use of tobacco products and shaving of hair.

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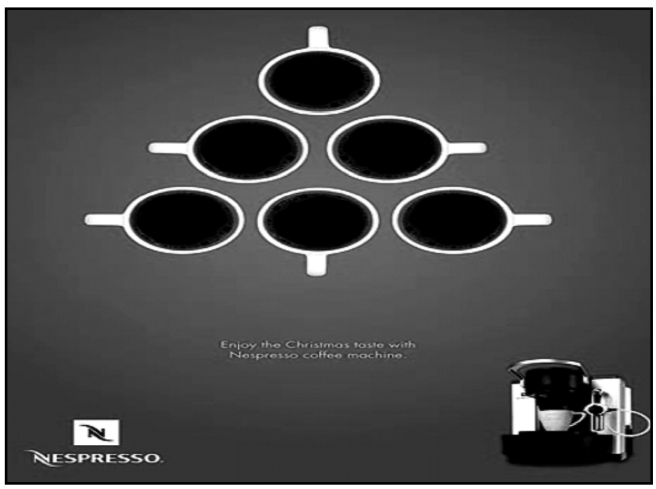
Example: Ads with a Theme based on Christmas



12.2.2 Regional Sub-cultures

Distinct regional subcultures arise due to climatic conditions, the natural environment and resources, language and significant social and cultural events. Such groups can be identified as having distinct and homogenous needs, tastes, lifestyles and values. Anyone who has travelled across India would have probably noted many regional differences in consumers' consumption behaviour, particularly dresses, food and drink.

Example: South Indians prefer to drink coffee while most North Indians use tea. Dog meat is considered a delicacy in certain Eastern parts of India, which may shock consumers in other parts of the country. Given such clear differences in consumption patterns, marketers have realised that India is no more a single market for at least some product categories.

It is more relevant for marketers to study and understand sub-cultures on a regional basis, particularly language, food habits, festivals, gift giving, customs, etc. Some major Indian sub-cultural groups include Punjabi, Gujarati, Marwari, Marathi, Tamil, Oriya and Bengali etc.

Example: Ad targeted at Hindi Speaking Belt in North India

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Caselet

Meera: Healthy Hair for Years

Meera is a classic example of ethnic marketing in Indian context. Ethnic is defined as that which is pertaining to or characteristic of a people (group) sharing a common and distinctive culture. Ethnic marketing is understanding that distinctiveness and adapting product and marketing strategies in order to appeal to that group.

Meera is famous for its herbal hair wash powder. The tradition of using powder hair wash lies in our culture and tradition. Traditionally Indian women relied on powdered herbs to nourish their hair.

Then along with changing lifestyles, new products like shampoos began to take the place of these herbal powders. While hair oils have retained their position in the hair care market, the use of hair-wash powder was reduced to a niche.

It is in this context that Meera as a brand becomes interesting. The brand not only catered to the niche but also has developed this market and evolved to become an umbrella brand for more traditional hair-care products.

Although there was many companies who were selling powder hair wash, most of these players belong to the unorganized sector. Shaw Wallace had a similar product but the firm was not promoting that line. Cavinkare began to aggressively build the brand and Meera became the market leader in that category.

Herbal hair wash product typically consists of powder/essence from Shikakai , green gram, tulsi, veliver, reetha , hibiscus ,feenugreek etc.

When time passes by, these traditional products tend to lose relevance. Traditional products fade from the market for many reasons like

1. Better new products: New and better products make some traditional products less relevant.
2. No marketing: Because of lack of marketing, many traditional products fade from the consumer's mental space.
3. Product availability.
4. Changing consumer preferences
5. Non-viability of manufacturing and marketing traditional products.

In the case of herbal powder market, the products are unattractive to urban market because these are not easy products. Herbal powders are often messy and the user has to spent lot of time in using the product. In this fast life, the urban consumers are looking for fast solutions.

In my observation, consumers with grave hair problems tend to go back to these herbal products because of they feel worthwhile to invest time in using these products.

Meera as a brand has made the choice easy for the consumers. Instead of using unbranded products, consumers trusted Meera since it came from a well known company. The brand also is available in sachets thus making it convenient for the consumer to buy the product in smaller quantities. Meera uses the slogan "Healthy hair for years "highlighting the efficacy of the product.

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Buoyed by the success of the hair-wash product, Cavinkare extended Meera into shampoos and soaps.

In 2004, the brand extended itself to the highly lucrative hair-oil market. Indian hair-oil market is worth around 1800 crores.

In order to differentiate Meera herbal oil , the company relied on a smart packaging design. The oil bottle had a visibly suspended porous cylinder containing the herbal ingredients and the consumer can see the oil deriving the nourishing from these herbs on a continuous basis. The brand virtually put into practice the dictum - "The differentiation should be observable ".

Meera is a popular brand in South India. Infact in another classic case of localising the marketing /product strategy, the brand launched Meera Chemparathi Thali in Kerala. Chemparathi is the regional name for Hibiscus. Hibiscus powder is used by Keralite as a traditional hair-care solution. Meera cashed in on this and launched the variant.

Meera is a brand which keeps the hope of traditional products alive. The acceptance of this brand by consumers also gives a proof about the efficacy of traditional solutions.

With regard to the brand, Meera has extended itself to many product categories where the brand lacked competence. For example in the shampoo segment, Meera does not have a clear differentiation. In the case of soap also Meera does not have a USP. The brand was successful in offering some differentiation in oil but there the competition is huge.

It's a tough choice for a marketer to resist the temptation of leveraging a successful niche brand to mass market categories. But on hindsight, it is always wise to keep niche brand a niche brand.

Source: www.marketing.blogspot.com

12.2.3 Age Sub-culture

Marketers have attempted to identify age cohorts as sub-cultures because they produce unique shared values and behaviours. A generation or age cohort is a group of persons who have experienced a common social, political, historical and economic environment.

Those who are over 55 years of age account for a substantial portion of population in India. They can be targeted with products like chyawanprash, retirement plans, ointments etc. Charles D Schewe has recommended a number of guidelines to make communication effective with older people:

1. ***Keep the message simple:*** Don't overload the message with unnecessary information. The capacity of older people to process information is reduced and they may miss information if their attention is divided.
2. ***Make the message familiar:*** As familiar experiences are easier for older people to process. They find comfort and security in seeing and hearing events in the usual way. If a message is complex, repeated exposures reduce the effort needed to interpret the message.
3. ***Make the message concrete:*** Older people rely more on concrete than on abstract thinking as their problem solving abilities generally decline. Emotional appeals in advertising often tend to be vague and due to this reason they may not be as effective in reaching older people as hard-hitting rational appeals. Visual aids improve recall for adults.
4. ***Take it point by point:*** Spacing the message allows old people to process each piece of information individually. Old people concentrate on the first part of a message longer than do younger people. If information is presented too quickly, the earlier cues overpower the points made later.

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5. ***Give preference to print media:*** When old people are allowed to process information at their own pace, their learning abilities improve. Print media, unlike TV and radio, allows people to set their own pace.

6. ***Supply memory aids:*** The ability of old people to organise and recall information readily declines compared to younger adults. To trigger their memories, visual cues are especially effective. Ask them to remember what the old product looked like, then show them the new one.

7. ***Make good use of context:*** The more pleasant the memory, the more easily it is recalled. Any audience that feels personally involved will remember the ad message. The evoking of positive images of family (weddings, births), health, social interaction and the accomplishments of tasks is an effective way to engage old people.

   To develop successful adverting to this group, marketers should:

   (a) Include older consumers in focus-group research in order to learn about their motivations and attitudes.

   (b) Hire older copywriters to provide new perspectives on this segment.

   (c) Incorporate older models in advertisements in a genuine and typical way.

   (d) Let the older buyers know that the product will appeal to them.

Teenagers seem to be self-conscious and in search for self-identity. Most teenagers view themselves as kind, trustworthy, likable, funny, affectionate, intelligent, creative and active. Occasionally their behaviour is rebellious against authority, tradition and what they consider as old-fashioned values. This influences their behaviour as consumers, particularly in urban and semi-urban areas in India. They need to be accepted for support and nurturing. Most teenagers prefer to wear modern casual dresses, sports shoes of known brands, want to own autos that project a macho image, listen to pop music and watch MTV. They spend family money and often influence family purchases.

Example: Pepsi Ad Focusing on the Young Generation

For many products, friends are the most significant influence. Nevertheless, parents are still an important factor affecting many buying decisions. Their brand and store preferences tend to be enduring. This market is particularly attractive to marketers because preferences and tastes formed during these years can significantly influence purchases throughout their life. To influence them as consumers, marketers need to use appropriate language, music, images and media.

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12.2.4 Gender as Sub-culture

In all societies, males and females are generally assigned certain characteristics and roles. Males are typically thought to be independent, aggressive, dominating and self-confident in almost all societies. They are viewed as the bread earners. Females, on the other hand, are viewed as gentle, submissive, tender, compassionate, tactful and talkative. Their role is as homemakers with responsibility of taking care of children. The traits of femininity and masculinity represent the ends of a continuum and individuals have varying levels of each trait. Biological males tend to be toward the masculine end of the continuum and biological females towards the feminine end. Gender roles are the behaviours considered appropriate for males and females in a given society.

The market of women or men is not as homogenous as one is likely to believe. According to C M Schaninger, M C Nelso and W D Danko, at least four significant female market segments exist.

1. ***Traditional housewife:*** She prefers to stay at home and is very home and family-centered. She desires to please husband and children. She seeks satisfaction and meaning from household and family maintenance. Experiences strong pressures to work outside home and is well aware of foregone income opportunity. Feels supported by family and is generally content with role.
2. ***Trapped housewife:*** She would prefer to work but stays at home due to young children, lack of outside opportunities, or family pressure. She seeks satisfaction and meaning outside the home. She does not enjoy most household chores. Has mixed feelings about current status and is concerned about lost opportunities.
3. ***Trapped working woman:*** She may be married or single, would prefer to stay at home, but works for economic necessity or social/family pressure. She does not derive satisfaction or meaning from employment. Enjoys most household activities, but is frustrated by lack of time. Feels conflict about her role, particularly if she has younger children at home. Resents missed opportunities for family and social activities. She is proud of financial contribution to family.
4. ***Career working woman:*** She may be married or single, but prefers to work and derives satisfaction and meaning from employment rather than home and family. She experiences some conflict over her role if she has younger children at home, but is generally content. Views home maintenance as a necessary evil. Feels pressed for time.

Many products are typically associated with either males or females. For example, in India, shaving products, cigarettes, pants, ties and motorcycles etc. are products for males; bangles, bracelets, lipstick, sari, bindi and menhdi etc. are female products. However, many products now are losing their traditional gender typing. For example, financial services, cars, computer games and equipment etc. are now designed with women in mind.

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Example: Ad focusing on Women

In developed and most developing countries, marketers are increasingly interested in working women because it is a sufficiently large and growing market. They have a different set of needs compared to women who do not work outside their homes. In recent times, a number of advertisers have realised the importance of communicating appropriately with working women and mothers.

Task Select any sub-culture in India of your choice and interview some members to find out their attitudes towards foreign made products. What in your view, are the implications for companies marketing these products?

12.3 Cross-cultural Consumer Analysis

In its international operations, Levi Strauss closely follows both cross-cultural and sub-cultural trends. The basic principle it follows is "think globally but act locally." The company recognises that tastes in fashion, music and technology etc. are becoming increasingly similar across most countries of the world because of global reach of media such as MTV, Internet and greater facilities for travel. There seems to be increasing influence of American culture on consumption vales as more and more consumers are shifting their preferences for American goods.

Example: Multinational corporations such as Proctor & Gamble, Pepsi, Coca Cola, IBM, Gillette, Johnson and Johnson, Kellogg's, Colgate-Palmolive, Nestle, Canon, Epson, Honda, Suzuki and many others earn large revenues abroad. As more foreign markets emerge and offer opportunities for growth, marketing in foreign countries is likely to increase in importance.

Marketing across cultural boundaries is a difficult and challenging task because cultures may differ in demographics, languages, values and non-verbal communications. When managers venture abroad, they experience a series of psychological jolts when they face new customs, value systems, attitudes and behaviours. This often reduces their effectiveness in foreign business environments.

Cross-cultural analysis helps marketers determine to what extent the consumers of two or more nations are similar or different. The greater the similarity between consumers, the more feasible it is to use relatively similar strategies in each country. In case the cross-cultural analysis reveals that there are wide cultural differences, then a highly individualised marketing strategy may be indicated for each country.

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A study reported by Rosabeth Moss Kanter of almost 12,000 managers around the world ("Transcending Business Boundaries: 12,000 World managers View Change," Harvard Business Review 69, May-June 1991) found that although in every country, culture and corporation changes were occurring, there is still no common culture of management. In fact, the views of managers tend to relate more to their own country's culture and less to its geographic location.

Some experts argue that marketing strategies, particularly advertising, should be standardised because this can result in substantial cost savings. The differences in cultural values across countries make it difficult and a risky proposition. An ad for a beauty care product showing a model wearing a short dress with very low neckline may be appealing in most Western cultures but would be probably banned in most Muslim cultures.

Marketers often make the strategic error of assuming that since domestic consumers like a product, consumers in other countries would naturally like it. Such a view is often referred to as a "culturally myopic view." Companies have generally been successful in marketing abroad by recognising local differences in consumer needs and customs. To accomplish this, such companies had to learn cross-cultural acculturation, which means thoroughly orienting themselves to the values, beliefs, customs, language and demographics of the new country. They developed strategies to encourage members of the society to modify attitudes and possibly alter their behaviours.

Example: McDonald's had a policy of adopting uniformity across global markets. After facing problems, now it adopts products appropriate for particular cultures. When McDonald's entered India, it had to make the most dramatic changes. Eighty per cent of the Indian population is Hindu and they don't eat beef so there is no Big Mac (which contains beef). In its place there is Big Maharaja, which contains mutton. Many Hindus and almost all Jains are strictly vegetarian and for this segment McDonald's offers Vegetable Burgers. McDonald's also claims that only vegetable oils are used. The menu also does not contain any product containing pork because a sizable population in India is Muslim and considers it unclean.

What multinational advertisers are finding is that it is very difficult to assume anything when it comes to cultures. While many believe that the world is getting smaller and that cultural diversity will decline as is suggested by the adoption of Western fashions in many Asian countries, there are others who are finding that differences between cultures remain firm. For example, some of the European countries with similar values and purchasing behaviours were banded together in a common market. This has not met expectations due to stereotypes, history and schooling.

Ad agencies are finding that to succeed in these markets they need to adapt fast otherwise local ad agencies who have an understanding of local cultures will take away their clients. So these agencies are increasing their consumer research efforts and localising their campaigns. They are also paying particular attention to cultural nuances such as which hand one wears a wedding ring on.

Most multinational companies in India are adapting their advertisements to local cultural conditions.

Example: Pepsi and Coke are using models wearing Indian dresses and the music and songs too portray Indian culture. Kellogg's managed to attract Indians to its cereals, despite the fact that barely 3% of the country reported eating cereal in surveys. Kellogg's advertised the benefits of a lighter and more nutritious morning meal and introduced flakes made of Basmati rice, which is a premium aromatic rice.

Cross-cultural Differences in Non-verbal Communications

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Whenever we are exposed to a foreign culture, differences in verbal communications (languages) become immediately noticeable. The meaning assigned to a particular group of letters or sounds is not inherent in the letters or sounds. A word means what a group of people agree it to mean. Translating marketing communications from one language to another may pose problems and result in wrong or ineffective communications.

Example: Arabic language there is no letter to produce the sound of "P" and due to this reason Pepsi is pronounced as "Bebsi." Ford introduced its car Pinto without name change in Brazil. It was discovered that Pinto in Brazil is slang for "small male sex organ." The name was changed to Corcel, which means horse.

Non-verbal communications are mostly influenced by seven factors:

Time

The meaning of time varies between different cultures in terms of perspective and orientation. Most Western cultures have mono-chronic time perspective and view it as inescapable, linear and fixed in nature. In most Asian cultures time perspective is different. For instance, Indians tend to view time as less subject to scheduling. They view being involved in many activities simultaneously as something natural. This orientation is called poly-chronic time perspective.

Time perspective would have a direct influence on personal selling styles and also on many advertising themes. If convenience foods are positioned in terms of time saving in poly-chronic cultures, the strategy will most likely fail because time saving is not part of the cultural thought process. Contests with deadlines are more likely to be effective in mono-chronic cultures.

Space

The nearest that others can come to individuals during various formal situations in certain cultures, without making them uncomfortable, is referred to as the personal space. The implication of this is that people from cultures where personal space is short will tend to advance closer, such as South Americans and Arabs. However, if the other person happens to be from a culture where personal space is wider, then she/he would consider the other person as being pushy. The person from shorter personal space culture would consider the other person to be cold, as she/he would try to maintain distance. Example, North Americans consider South Americans to be pushy and aggressive and South Americans view North Americans as cold, snobbish and aloof.

Symbols

The colours of dresses that people wear on different occasions carry a meaning. If a child is wearing a pink dress, it is quite likely that we would think the child is female. Such assumptions may be correct in most cultures but not in Holland. Colours, numbers, shapes and animals carry a different meaning in various cultures. According to N M Murray and S B Murray, even music has varying meanings across cultures.

In Japan four is a symbol of death, Malaysians associate green with jungle and illness, in some South-east Asian countries light blue is associated with death and mourning and in China white is a symbol of death.

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The Meaning of Colours, Numbers and other Symbols

White: A symbol fo death or mouming in the far East; peace, unity, purity and light in India; happiness, purity in USA.

Purple: Royality, dignity and mystery in India; associated with death in some South American countries.

Blue: Feminine colour in Holland; masculine colour in Sweden; in India blue denotes royalty, truty, pleasure and coolness.

Red: Unlucky in Germany and Nigeria; positive in Argentina and Denmark; masculine colour in UK; brides wear red in China; in India red denotes exictement, festivity, revolution, danger, anger, hatred, love, passion, vigour, fire and brides wearred.

Yellow: In India, yellow is associated with cheerfulness, warmth, light, wisdom, and closeness. Yellow flowers denote death in Mexico; infidelity in France.

Black: In India, black conveys sophistication, darkness, fear and evil. Black is used to stimulate purchase of expensive products. In Germany, black symbolises power and authority.

White lilies: Suggestion of death in England.

Number 7: Unlucky in Singapore and Kenya; Lucky in India and USA.

Triangle: Negative in Taiwan, Hong Kong and Korea; positive in Columbia;

Owl: Denotes bad luck in India; wisdom in USA.

Deer: Denotes hormosexuality in Brazil; speed in USA.

Friendship

Friendship is a non-verbal cultural variable and imposes rights and obligations. Typically, North Americans make friends quickly and easily and also drop them easily. To most Asians and South Americans, good personal relationship and feelings are very important in long-term agreement and once personal trust is established, cooperation increases. Social contacts developed between negotiating parties are far more important than price or technical specifications. Japanese negotiate a relationship and Americans believe in negotiating a contract. In India, consumers' personal relationship with salespeople and retail stores is often more important to be successful in the long run.

Agreements

In certain cultures, there is extensive reliance on written agreements to ensure that business obligations are honoured and any disagreements are resolved. USA is an example of such a culture. In many other cultures such as China, there is more reliance on friendship and kinship, local moral principles, or informal customs to guide business conduct. Chinese would examine the character of a potential business partner closely rather than the written contract. They would want to know and understand a person before buying from her/him.

Things

Many things carry a symbolic meaning in different cultures. The knowledge of this becomes particularly important while offering gifts. The social and business situations that present occasions to present gifts and the items that are suitable gifts, differ in different cultures.

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In India, Diwali is an appropriate gift-giving occasion to government, banking and corporate executives. In Arab countries, gifts should be given in the presence of others, while in China, gifts should be presented in private.

Etiquette

Etiquette is the generally accepted way of behaving in social situations. Most Western cultures view noisy eating and belching as unacceptable social behaviour. Eating meals using fingers and not the knife and fork is a common behaviour in India. In most Western cultures using fingers instead of knife and fork is considered obnoxious. American males habitually sit cross-legged while showing soles in front is considered quite insulting in many Eastern cultures. Normal voice pitch and gestures differ across cultures.

Case Study

IKEA's Promotions in China

IKEA is well known for not encouraging personal selling in general. It would like the customers to make their own choices. If more information needed, customers can refer to the labels attached to the products first. If that is not enough, they can also go and ask IKEA's staff. It is hard to say which appeals to Chinese customers more, with shop assistants following around or wandering around and looking for information by oneself. Some opine that it is more about individual preference than shared cultural characteristic among Chinese people.

However, cultural considerations shown in the other promotion tools are not hard to account for. First of all, advertising is proved to be a very effective way. IKEA Shanghai advertises on the local new papers or on TV of its upcoming sales and other activities. Internet is another source if customers actively search for IKEA. Apart from the selection of media, timing is another concern, such as IKEA's promotion for Chinese New Year series mentioned in its product policy. On the occasion of IKEA.

Shanghai's 8th anniversary in April 2006, IKEA decided to offer free delivery for purchase over 3,000 RMB during April. It may be obvious but still worth mentioning that all advertising has to be done in Chinese. Language cannot be equated with culture but there are empirical relations between the two. Cultural relevance in promotion ensures that messages are sent to target customers effectively.

Putting a local face in an advertisement is useful to get customers' attention. Hence, characters in IKEA's commercials are mostly Chinese trying to show that IKEA is suitable for a Chinese home. The aim of advertising is often to inform the customers of sales promotion, which provides short-term incentives to encourage purchase or sales of a product services. It plays the most important role in the total promotion mix. IKEA.

The IKEA catalogue is almost equated with THE IKEA tool of marketing. This method of direct marketing is under experiment in China. As mentioned earlier as part of IKEA's pricing strategy and being cost oriented, IKEA Shanghai started distributing thin booklets 5 times a year instead of its traditional thick catalogue in 2006. Another advantage of issuing cheaper promotion material in China is more potential customers can be reached without increasing the overall costs. There is one interesting detail in the booklets that Ian Duffy, the leader of IKEA in China, addresses himself with his Chinese name (Du Fuyan). One may argue it is not important if Chinese customers remember IKEA's leader's name. However, when Chinese customers open an IKEA catalogue, the name Du Fuyan certainly

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serves better in terms of fulfilling Chinese people's sense of cultural superiority and shortening the psychological distance between a Scandinavian brand and customers brought up in Chinese culture.

In a word, IKEA Shanghai's marketing performances illustrate one principle when designing the marketing mix-the company must integrate each one of the 4P (product, price, place and promotion) coordinately and pay due attention to various factors that contributes to effective marketing. Usunier's approach of examining marketing strategies from a cultural perspective has been enlightening but his conclusion of culture's ultimate influences on marketing decisions is still questionable. Multinational companies like IKEA face more complicated marketing environments when dealing with customers cultivated in different cultures in the times of globalization. There exist other concerns apart from culture, such as the local marketing environment, the company's long-term strategic plan, etc. The message is: be culture conscientious, performing locally as well as be customer value oriented, holding a global view.

Question

Comment on the localization of promotions in China by IKEA.

Source: www. lup.lub.lu.se

12.4 Summary

- There are two variations of cultural influences within a given country. Sub-cultural influences refer to distinguishing differences in values, customs, beliefs, and traditions among different relatively homogenous groups within a country's larger society. Sub-cultures may be based on religion, region, language, age, and gender etc. In India, there is great diversity of sub-cultures based on region, religion, language, caste and sub-caste systems etc.
- Cross-cultural influences are norms and values of consumers in foreign markets that influence strategies of multinational companies marketing their products and services abroad.
- Analysis of culture and sub-culture enables marketers to segment their markets and fine-tune their marketing mix strategies to meet the specific needs, motivations, perceptions, and lifestyles shared by them.

12.5 Keywords

Age cohort: A group of people with a similar age

Etiquette: The customary code of polite behavior in society or among members of a particular profession or group.

Monochronic cultures: cultures that place a great deal of importance on managing and controlling time

Personal Space: closeness to an individual without making him uncomfortable

Polychronic cultures: cultures in which people like to do multiple things at the same time

Sub-culture: different cultures within culture

Stimulus Diffusion: sharing of ideas between different cultures

Notes

12.6 Self Assessment

Fill in the blanks:

1. Tribal groups normally have different living styles than other people. This is called sub-cultural …….. .
2. People in north celebrate Diwali and people in south celebrate Onam. This is called sub-cultural …….. .
3. Different food items are popular in different parts of India. This relates to …….. sub-culture.
4. Products like Chayavanprash and Zandu Kesari are mostly targeted at …… and …… .
5. Sheena doesn't want to work but works to second her husband's income. She may be put under the category of …… woman.
6. Foreign companies need to study the …….. and …….. of various countries they wish to enter.
7. Fixed office working hours represents …….. time perspective.
8. Verka, a strong regional player in Dairy business is a brand that belongs to the state of……
9. You and your friend were born in 1980s. You both belong to the same …….
10. ……refers to the generally accepted behaviour in social gatherings.

12.7 Review Questions

1. Assess importance of difference in cross-cultural non-verbal communications for the marketers.
2. Why do you think, many companies take the Joint Venture route to enter a foreign country? Explain using examples from India.
3. You are the marketing of a company manufacturing mobile phone devices. You want to target people over the age of 60 as it is ignored by most of the other companies. Design a promotional mix to reach your target audience (Talk about the design and features of your device).
4. Why is it important for a marketer to study cross-cultural differences? Support your answer with examples.
5. Is it important to study sub-cultures also? Why? Explain with examples.
6. Foreign companies often face problems to launch their products. Why? Give suitable examples.
7. Discuss two commercials that depict cultural values.
8. Discuss the sub-cultural divide in India and implications for marketers.
9. Discuss the impact of Western movies on Indian youth. Identify the consumption of two products in different categories that reflect this.
10. Consider three ads that target people of different age groups and both sexes. Who is real target of these ads?

Notes

Answers: Self Assessment

1. exclusion
2. homogeneity
3. regional
4. kids, older people
5. trapped working
6. culture, sub-culture
7. mono-chronic
8. punjab
9. generation/age cohort
10. Etiquette

12.8 Further Readings

Books

Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*, McGraw Hill, Indian Edition, New Delhi.

Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

Online links

www.consumerpsychologist.com/cb_Group_Influences.html

www.businessworld.in/bw/tag/sub+cultures

www.hist.ceu.hu/?q=node/364

Unit 13: Consumer Decision-making Process

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Objectives

After studying this unit, you will be able to:

- Explain steps in consumer decision making process
- Describe routinised response
- Elaborate limited and extensive problem solving behaviour

Introduction

Consumers' buying decision and consumption process of products or services always take place in the context of some specific situation. From a marketers point of view it is extremely important to understand how situations and internal and external sources of influence affect the purchase decision process. Depending on the set of circumstances, consumers' behaviour may take any number of directions. For example, the type of gift the consumer may purchase for his son's birthday might well be different from the type of gift on the occasion of friend's marriage. The type of clothes bought for jogging will most likely be different from those worn at a marriage party. In these and many other decisions, consumers may base their buying actions on an assessment of situations.

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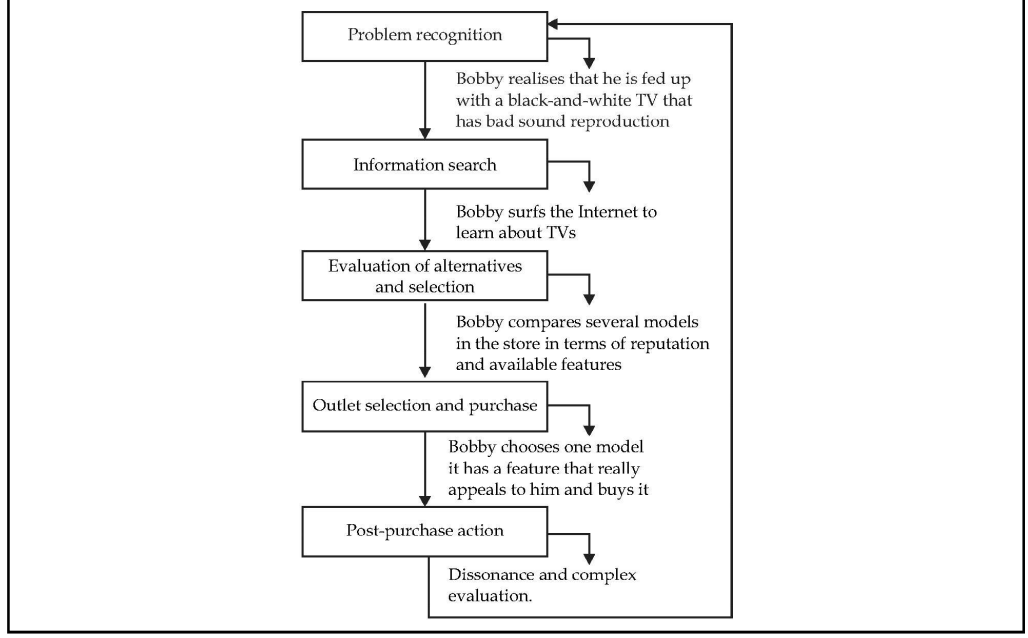
13.1 Steps in Consumer Decision-making Process

Figure 13.1: Stages in Consumer Decision Process



13.1.1 Problem Recognition

Purchase decision-making process begins when a buyer becomes aware of an unsatisfied need or a problem. Problem recognition is a critical stage in consumer decision-making process because without it, there is no deliberate search for information. Rarely is there a day when we do not face multiple problems which individuals resolve by consuming products or services. We commonly face problems such as the need to replenish items of everyday consumption. For example, the consumer who runs out of milk, or cooking oil has a clear definition of the problem. Such problems are quickly recognised, defined and resolved. As another example of a routine problem, we can think of an individual who notices that the fuel meter of her/his auto is indicating very low level of fuel and goes to the first petrol pump on her/his way and gets the tank filled with petrol. Unplanned problem occurs when, for example, the refrigerator or some other major appliance breaks down. Recognition of a problem such as the need for a notebook computer may take much longer as it may evolve slowly over time.

The process of problem recognition combines some highly relevant consumer behaviour concepts such as information processing and the motivation process. First of all, consumers must become aware of the problem through information processing arising as a result of internal or external stimuli. This leads to motivating consumers; they are aroused and activated to engage in some goal directed activity (purchase decision-making). This kind of action in response to recognising problems and finding solutions to problems depends on the magnitude of the discrepancy between the current state and the desired or ideal state and secondly, the importance of the problem for the concerned consumer. The discrepancy and/or importance should be of sufficient magnitude to start the purchase process. Without perception of a problem by the consumer, there is no recognition of an existing problem and hence there is actually no need to engage in the process of decision-making. Since the consumer does not perceive any discrepancy between her/his current state and the desired state, the current state for the concerned consumer is apparently quite satisfactory and does not need decision-making. It is important to appreciate

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that it is actually the consumer's perception of the actual state that stimulates problem recognition and not some "objective" reality. Also, the relative importance is a critical concept in several purchase decisions because almost all consumers have budgetary or time constraints.

Routine problems are those where the difference between actual and desired states is expected to be felt and would call for immediate solution. For instance, convenience goods of everyday use are associated with this category of problem recognition. Both routine and emergency problems stimulate purchases of goods and services with a minimum time lag between purchase and actual consumption.

Emergency problems are possible but are unexpected and necessarily need immediate solutions. For example, say a consumer meets an accident while on his/her way to office, gets injured and the vehicle is badly damaged. In such an emergency, she/he needs a quick solution to reach a hospital's emergency room. Subsequently, she/he may plan to get the vehicle repaired or buy a new one.

Situations that can cause problem recognition include non-marketing factors and marketer initiated activities that can trigger the process of a consumer's problem recognition. The five of the most common situations are:

1. ***Depletion of Stocks:*** Consumers use or consume certain types of goods every day on an ongoing basis such as groceries, toiletries and other convenience goods. No sooner has an item reached a stage, than it's about to run out, the consumer almost reflexively recognises the problem and must repurchase in order to continue fulfilling her/his need for the item. As long as the basic need for the item remains, problem recognition will keep on recurring as a result of its consumption.
2. ***Dissatisfaction with Goods in Stock:*** Consumers frequently feel dissatisfied with products they own. For example, a consumer may be having chiffon saris, which are no longer in fashion and may be discontented and may desire to buy the ones currently in style. A family living in a small flat may feel that they need a larger accommodation. A student might recognise the problem that her/his computer is too slow, compared to more recent introductions.
3. ***Environmental Changes:*** A family's changing characteristics are among the most significant situations and cause recognition of problems (different life cycle stages stimulate needs for different types of products). Similarly, reference group influences can also cause problem recognition.
4. ***Change in Financial Situation:*** Any change in financial status almost always has an important relationship to problem recognition. Salary increase, promotion, bonuses, inheritances, etc., generally trigger spending on non-routine purchases. For example, after a promotion, the consumer may recognise that her/his auto is not reflective of her/his present status and may buy a more expensive vehicle. On the downside, if a consumer loses her/his job, then a new set of problems will be recognised and probably all future household expenditures would be affected.
5. ***Marketer Initiated Activities:*** All marketers attempt to make consumers aware about their known and latent problems and convince them that they have the right solution to meet their needs. Advertising and other promotions focus on helping consumers in perceiving a difference of sufficient intensity between their desired state (ownership of the product) and their actual state (not owning the product). Marketers also attempt to influence consumers' perceptions about their existing state, for instance, the need to buy many personal care products. Women desire to use a soap to have fresh and smooth skin and the ad of Dove soap is designed to generate concern about the existing state of their skin. Dove claims to provide the desired benefits that presumably other soaps do not. Such ads aim to instigate consumers to question if the current state coincides with the desired state. Not all marketer-controlled messages succeed in this objective because of the consumers' tendency of selective exposure and selective perception.

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Marketing Strategy

Marketers use a variety of approaches to determine consumers' problems. Generally, they conduct surveys or use focus groups to determine the problems consumers face. Both, surveys or focus groups, tend to use one of the following approaches:

1. ***Activity Analysis:*** This approach focuses on a particular activity such as cleaning the house, preparing meals, or travel by train etc. The survey or the focus group is conducted to determine what problems consumers face in the course of performing the activity.
2. ***Product Analysis:*** Product analysis focuses on examining the purchase and/or use of a particular product, service, or brand. Respondents may be asked about problems they encounter while using the product, or consuming the service.
3. ***Problem Analysis:*** Problem analysis starts with a list of problems and the respondents are asked to identify which activities, products, or brands do they associate with the problems listed.
4. ***Human Factors Research:*** This type of research is quite helpful in identifying consumers' functional problems of which they are not aware. It is employed to determine the effect of lighting, temperature, sound and product design on human capabilities such as vision, fatigue, response time and flexibility etc. Such research usually makes use of observational methods such as video recording, time-lapse and slow-motion photography. For example, computer usage can influence vision adversely. Computer can also cause a physical condition resulting from repeating the same movements over time (called carpel tunnel syndrome).
5. ***Emotion Research:*** It is believed that emotions often have a very powerful effect on problem recognition. T Collier and others have noted that marketers use focus group research, personal interviews or projective techniques to determine consumers' emotions associated with a particular product, or products, that generate or reduce certain emotions.

Marketers also attempt to influence consumers' perceptions about their existing state. For instance, many ads of personal care products adopt this approach. Women do not want to use a soap that dries their skin. They desire to have fresh and smooth skin and the advertisement of Dove soap is designed to generate concern about the existing state. It provides the desired benefit that presumably other soaps do not. Such ad messages are designed to instigate individuals to question if the current state coincides with this desired state.

13.1.2 Information Search

After problem or need recognition, consumers generally take steps to gather adequate information to select the appropriate solution. Information search refers to what consumer surveys in her/his environment for suitable information to make a satisfying purchase decision. Problem recognition is an ongoing process for consumers and they use internal and external searches to solve these problems. Consumers may also be involved in ongoing search activities to acquire information for possible future use. No sooner does a consumer recognises a problem, than she/he in a reflexive manner first thinks or tries to remember how she/he usually solves this kind of problem. The recall may be immediate or occur slowly as a result of conscious effort. This recall from long-term memory might produce a satisfactory solution in case of many problems, and no further information search is likely to occur. For example, to get relief from headache, the consumer recalls a brand of headache-remedy based on earlier experience and buys the brand. This is termed as nominal decision-making. Another possibility is that consumer recalls Dispirin and Novalgin but is not sure and picks up a book on home remedies and reads about different solutions. Or, the consumer perhaps asks a friend, or goes to the nearest medicine

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shop and seeks advice from the pharmacist as to which remedy would be effective and safe and buys the brand. The decision here would be based on internal and external information. This type of decision approach is called limited decision-making.

In case of high involvement purchases, the relative importance of external information search tends to increase. In general, it seems the type of information sought by a consumer depends on what she/he already knows. If the consumer possesses little knowledge about available alternatives, the tendency is to learn about the existence of alternatives and after acquiring sufficient information, to redirect efforts towards learning more about the attributes of available alternatives to develop suitable evaluative criteria and evaluate them. Purchase decisions of this type involving perceived risk, extensive information search, and serious evaluation efforts are called extended decision-making.

Sources of external information include:

1. Relatives, friends, neighbours, and chat groups.
2. Professional information from handouts, pamphlets, articles, magazines, journals, books, professional contacts, and the Internet.
3. Direct experience through trial, inspection, and observation.
4. Marketer initiated efforts included in advertisements, displays, and salespeople.

Besides recalling and learning about the availability of different solutions, an important objective of information collection is to determine appropriate evaluative criteria. These criteria are the standards and specifications that the consumer uses in evaluating products and brands. The consumer establishes what features or attributes are required, to meet her/his needs. For several types of products such as computer, car, cell phone and others, these criteria may vary from consumer to consumer. In most cases, consumers usually undertake brand processing or attribute processing. Brand processing involves evaluating one brand at a time on several attributes, then a second, and so on in the evoked set. Attribute processing involves examining a specific attribute and comparing other brands on that attribute. In this manner, one by one, a second, a third, or fourth attribute may be selected for comparison.

The information collection yields an awareness set of brands/products. Awareness or consideration set is composed of recalled and learned about solutions. Awareness set contains evoked set, inept set, and inert set.

Evoked set is composed of those brands the consumer will evaluate to choose the solution of a particular problem or need. Inept set includes those brands that the consumer finds unworthy of consideration. Inert set is composed of alternatives that the consumer is aware of but would not consider buying and would treat with indifference.

Marketing Strategy

Marketers realise that two dimensions of the information search that consumers engage in have relevance to strategy development (1) the type of purchase decision affects the amount of information search and (2) the nature of consumers' evoked set determines the direction of search. Based on these two dimensions, marketers have a choice of choosing six strategies:

1. Maintenance strategy
2. Disrupt strategy
3. Capture strategy
4. Intercept strategy

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5. Preference strategy
6. Acceptance strategy.

Each strategy has a unique approach, however, there is substantial overlap between the strategies.

Maintenance Strategy

In case the nature of marketer's brand is such that consumers in the target market purchase it habitually, the most appropriate strategy is to maintain that behaviour. This requires marketer's consistent attention in maintaining product quality, uninterrupted supply of stocks to retailers and reinforcing advertising messages. To protect the product against competitors' disruptive tactics, it is necessary to maintain product development and improvements against strategies such as discounts and coupons etc.

Disrupt Strategy

If the brand is not a part of the evoked set of the target consumers and nominal decision making is what they engage in, the marketers' appropriate strategy is to disrupt the existing pattern of decision making. It cannot be accomplished easily and in the short-run because consumers do not engage in external information search or even consider alternative brands but just buy habitually. Low-involvement learning in the long run could possibly cause positive feelings for the brand.

The approach best suited is to bring about major product improvements and introducing attention getting advertising campaigns. Comparative advertising with strong benefit claims is often successful in breaking habitual buying. This could shift the consumers in the target market to get involved in relatively more extensive decision making. Free samples, coupons and tie-in promotions etc. may succeed in consumer trials and disrupt the pattern of nominal decision making. L L Garber notes that striking package design and POP displays may disrupt a habitual buying sequence.

Capture Strategy

Generally, consumers consider just a few brands and evaluate them on only few attributes when problem solving involves limited decision making. The information search tends to be limited to readily available information sources such as local media and point-of-purchase in store before making a purchase. The marketer's objective should be to capture a large share of consumers' purchases.

Research can furnish useful information about consumers' media preferences and the marketer should go for cooperative advertising in local media furnishing information about price and availability etc. The marketer can also encourage dealers to arrange point-of purchase displays and other sales promotional techniques.

Intercept Strategy

Intercept strategy is also related to consumers' limited decision making approach. If the marketer's brand is not part of the evoked set of target market, the appropriate strategy is to intercept consumers during their information search on the brands in evoked set. Here, too, cooperative advertising in local media, attractive package design and safe promotional techniques such as free samples, displays, coupons and premiums etc. can prove to be effective. What is important is to attract consumers' attention since they are not really keen on information search about marketer's brand. Advertising frequency on TV to cause low-involvement learning and product improvements could succeed in moving the product in consumers' evoked set.

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Preference Strategy

Preference strategy is appropriate when the brand is part of the evoked set of consumers in the target market and the approach to decision making involves extensive information search. Consumers tend to consider several brands, a number of brand attributes and many information sources. The marketer's strategy needs to focus on providing important information, meaningful and persuasive from the consumers' point of view to result in the brand being preferred by consumers in the target market.

To accomplish the marketer's objective, the first decision involves developing a strong positioning of the brand. Extensive advertising may be required to reach all possible sources to communicate the desired position of the brand, even to those who do not purchase the brand but are viewed as reliable sources of information. This might even involve encouraging independent testing labs to test the brand, inviting experts to write articles about their independent evaluations, incentives to sales personnel to recommend the brand, arranging displays and a well-designed active or passive web site on the Internet is necessary.

Acceptance Strategy

This strategy focuses on the situation when the target consumers do not search for information about the marketer's brand. The basic objective of the marketer is to move the brand in the evoked set of consumers, rather than try to "sell" the brand. The approach, however, is similar to preference strategy in all other respects except that the major challenge is to attract consumers or motivate them to learn about the marketer's brand. This requires extensive attention-capturing advertising. For example, many auto marketers offer an incentive to those who would visit their showroom and test drive the model being promoted. This approach leads consumers to seek information actively when a purchase situation arises.

13.1.3 Evaluation of Alternatives

Consumers' evaluative criteria refer to various dimensions; features, characteristics and benefits that a consumer desires to solve a certain problem. For example, a consumer's evaluative criteria for a laptop computer may include processor speed, operating system, memory, graphics, sound, display, software included, cost and warranty, etc. However, for another consumer the set of evaluative criteria may be entirely different from the same product.

Any product feature or characteristic has meaning for a consumer only to the extent that it can provide a desired benefit. Consumers who want to avoid dental cavities would use the toothpaste that contains fluoride in its formulation. For this particular consumer, fluoride content would probably be the most important evaluative criterion. Fluoride feature is important because it provides a desired benefit, otherwise it has no value. What is more important for marketers is to stress upon – and convince consumers about – the benefit that a particular feature provides rather than mentioning the feature only.

To evaluate different alternatives in the evoked set, the consumer examines products or brands against the desired set of criteria, and also those that are not desired. Consumers use either attitude-based choice that involves the use of general attitudes, impressions, beliefs, intuition, or heuristics and form overall preferences about brands, or attribute-based choice that requires the knowledge of specific attributes at the time of choosing a brand by comparing each brand alternative on specific attributes. This attribute-based choice process is cumbersome and time consuming. Generally, the importance of an optimal decision is related to the value of the product under consideration and the consequence associated with a non-optimal decision.

Some consumers are inclined to simplify the evaluation process and weigh only price heavily or only make the evaluation on the basis of a recognised brand name. It is important to appreciate

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that for many important personal consumption products, consumers make attitude-based choices. For example, for a notebook computer such as Acer's Ferrari 3000 series, many consumers are prepared to pay a premium price because of its looks and association with the Ferrari logo.

The purchase decision of certain products is primarily based on affective choice or what we call feeling-based purchases. For example, a young girl goes to a ready-to-wear clothing store to buy a dress, she would wear for the annual college dinner. She examines several dresses, tries a few and finally decides that in one particular dress she looks pretty attractive. She looks forward to making a great impression in the party and buys that dress. Such choices do not fit well with either attitude-based or attribute-based criteria and tend to be more holistic in nature. The brands are not divided into distinct components and each of them is evaluated separately from the whole. The evaluation is simply based on how the product makes the consumer feel while he/she is using the product or service. Probably most of us can recall certain purchases we made based on our overall feelings associated with product usage. Consumers imagine or picture themselves using the product or service and evaluate the associated feelings that this use will produce. For example, the ads of some products and personal care services such as mattresses, undergarments, massage, sauna bath and others aim at stimulating consumers to anticipate feelings that the consumption experience will produce and base their choice on these anticipated feelings.

Marketers' messages must attempt to furnish information and experiences by using suitable spokespersons to help develop a strong attitude-based position. Marketers' must also provide performance levels and supporting information to help those consumers who tend to develop preference based on attribute-based choice.

Marketing Strategy

Marketers targeting consumers who are likely to use compensatory decision rules for products and services should nevertheless have performance level at or near the level of competition on the key features as these are given more weight than important features. In case of compensatory decisions, the marketer must consider the total mix of the relevant attributes to offer superior product compared to those of the competitor.

Marketers may sometimes want to change consumers' approach to making a decision. For instance, if most consumers are believed to be using a compensatory decision approach and the competitor has a major weakness, switching consumers to non-compensatory approach may be advantageous. By convincing consumers not to accept a lower level of an important attribute (such as price), a marketer can sometimes encourage consumers to reject competitors from consideration. For example, Zenith PC has attacked competitors with low priced PCs, attempting to get consumers to reject other branded computers on the basis of high price. Maruti Udyog Limited has attacked competitors with considerable reduction of price of its Maruti 800 model.

When consumers are rejecting a brand with a non-compensatory decision approach, marketers can attempt to encourage them to adopt compensatory decision approach and convince them that the brand's key attributes compensate for less important negatives.

Task Determine from five of your friends the list of products/brands they have in their evoked set, inept set an inert set for the following products/services:

(a) Detergents (b) Anti-dandruff shampoo (c) Deodorant (d) Airlines

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13.1.4 Purchase Decision

Making a purchase is often a simple, routine matter of going to a retail outlet where the consumer looks around and quickly picks out something needed. All consumers like to view themselves as intelligent shoppers and make decisions regarding the retail outlet choice in which they will shop. Generally, consumers decide about the make of the computer first then choose the dealer to buy it from. Frequently, it happens that consumers choose the retail outlet first and this influences their choice of the brand. For example, when consumers shop for clothes, they generally decide about a retail outlet first, or go to a market area where several such stores exist. Similarly, they often make a brand decision in the retail store when they shop for appliances.

Increasingly, consumers are exposed to product introductions and their descriptions in direct-mail pieces and catalogues, in various print media vehicles, on television and on the Internet and buy them through mail, telephone, or computer orders. In case of some product categories, Internet offers greater selection, convenience and lower prices than other distribution outlets for at least some consumers. So far, this in-home shopping is not so common in India but is on the increase. A large number of companies with websites are encouraging consumers to buy products through computer orders.

Retail outlet image and location has an obvious impact on store patronage and consumers' outlet choice often depends on its location. Consumers generally will choose the store that is closest. Similarly, the size of the store is also an important factor that influences consumers' outlet choice. For minor shopping goods or convenience items, consumers are unwilling to travel very far. However, for high-involvement purchases, consumers do not mind travelling to distant shopping areas. Retail outlets are also perceived as having varying degrees of risk. Consumers perceive less risk with traditional retail outlets compared to more innovative outlets such as the Internet.

Once the consumer has chosen a brand and selected a retail outlet, she/he takes the final step of completing the transaction. Traditionally, this would involve offering the cash to acquire the rights to the product. In developed and many developing countries, credit often plays an important role in completing the purchase transaction. Credit cards are popular in developed economies and are increasingly becoming popular in India and many other developing countries, as a convenient way of financing many purchases.

Many retail outlets overlook the fact that the purchase action is generally the termination of last contact that the customer will have with the store on that shopping trip. This presents the business an opportunity to create a lasting impression on the customer.

Marketing Strategy

The company has undertaken several marketing activities to enable consumers reach to this stage. However at this stage, the atmosphere of the outlet, the ambience, the Point of Purchase Sale, the sales personnel, availability of the products would matter a lot. Special care should be taken in keeping all these things in place and under control.

13.1.5 Post-purchase Evaluation

Consumers' favourable post-purchase evaluation leads to satisfaction. Consumers choose a particular brand, or retail outlet because they perceive it as a better overall choice than other alternatives that were evaluated while making the purchase decision. They expect a level of performance from their selected item that can range from quite low to quite high. Expectations and perceived performance are not independent and consumers tend to perceive performance in line with their expectations. After using the product, service, or retail outlet, the consumer will

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perceive some level of performance that could be noticeably more than the expected level, noticeably below expectations, or match the expected level of performance. Thus, satisfaction with a purchase is basically a function of the initial performance level expectations, and perceived performance relative to those expectations.

Consumers engage in a constant process of evaluating the things that they buy as these products are integrated into their daily consumption activities. In case of certain purchases, consumers experience post-purchase dissonance. This occurs as a result of the consumer doubting her/his wisdom of a purchase. After purchase, most products are put to use by consumers, even when they experience dissonance. Consumers experience post-purchase dissonance because making a relatively longer commitment to a selected alternative requires one to forgo the alternative not purchased. Thus, in case of nominal-decisions and most cases of limited-decisions, consumers are unlikely to experience post-purchase dissonance because in such decisions consumers do not consider attractive attributes in a brand not selected. For example, if a consumer purchases the least priced brand of toilet soap out of three alternatives that she/he views as equivalent on all relevant attributes except price, she/he would not experience dissonance. Generally, high-involvement purchases include one or more of the factors that cause post-purchase dissonance.

As one may expect, a positive post-purchase evaluation results in satisfaction and the negative evaluation causes dissatisfaction. In case the consumer's perceived performance level is below expectations and fails to meet the expectations, this will definitely cause dissatisfaction and the product or the outlet will be most likely pushed in the inept set and dropped from being considered on future occasions. Thus, the consumer is also likely to initiate complaint behaviour and spread negative word-of-mouth.

The consumer generally experiences satisfaction when the performance level meets or exceeds the minimum performance expectations. Similarly, when the performance level far exceeds the desired performance level, the consumer will not only be satisfied but also will most likely be delighted. Such an outcome tends to reduce the consumer's decision-making efforts on future purchase occasions of the same product or service to accomplish need satisfaction. Thus, rewarding purchase experience encourages consumers to repeat the same behaviour in future. A delighted consumer is likely to be committed and enthusiastic about a particular brand and usually unlikely to be influenced by competitors' actions. A delighted consumer is also inclined to spread favourable word-of-mouth.

Marketing Strategy

To meet consumer expectations, marketers need to focus on (1) creating reasonable expectations among consumers through appropriate promotional efforts and (2) ensure consistency in product quality so that whatever expectations are created among consumers through marketing communications are fulfilled. As consumers tend to express their dissatisfaction more vigorously, this may result in loss of sales not only to unhappy consumers but to their friends as well.

It is advantageous for the concerned firm if the dissatisfied consumer directly communicates with the firm and to no one else about her/his unhappiness with the product. This offers the firm an opportunity to handle the problem quickly and decrease the chance of negative word-of-mouth communications. Research shows that consumers whose complaints are resolved to their satisfaction are comparatively more satisfied than consumers who had no complaints and were actually satisfied with the product. In case of many complaints, consumers generally approach the retail outlet from where they made the purchase first and often those retailers do not pass on the complaint to the manufacturer. The firms should develop an efficient system to receive complaints and encourage consumers to record their complaints as soon as they occur. For example, General Electric spends substantial amounts of money on its toll-free "Answer Centre" which handles 3 million calls annually. The company believes it is money well spent because the payback is many times the money spent.

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Simply receiving complaints efficiently is not enough. Consumers who record their complaints expect tangible results and failure to effectively deal with their complaints can be disastrous for the concerned marketer. It is essential for the marketers to not only give consumers an opportunity to complain but also to effectively resolve the cause of their complaints. In a developing country like India, this is an area of major opportunity for businesses because retaining once-dissatisfied consumers by encouraging them and responding to their complaints effectively is more economical than attracting new customers in an increasingly competitive market environment.

Case Study

Star Airways

Star Airways offered passengers air services within the country and served a territory of 18,000 sq. miles with an expanding population of over 70 lakh of people who are potential users of the airline services. The geographic diversity and scattered business and commercial cities have led to a steady increase in the number of people who use air travel. The clientele includes business people, as well as individuals on non-business trips, holidays, and leisure trips etc. As a result, the passenger traffic had been increasing steadily since the firm started operations in 1983. In the last three years, however, the growth has not been consistent with the growth pattern showed by the company in the last fifteen years - as against a healthy growth of 13 percent, the sales have marginally improved, registering a growth of 6 percent.

The company's early success was due to the pioneering concepts used by it in the airline industry, which was dominated by large private and government operators with little market orientation. The launch of the company's services coincided with a boom in the aviation sector and reduced government dominance, which opened up the skies for private operators. Besides this, the company offered a host of innovations in the customer service functions such a smaller and newer planes, convenient schedules, free gifts, comfortable seats, exclusive terminals, express baggage-check, and airport-to-hotel transit for its first and business class clients. In turn, the fares charged by the company were premium in the category and almost 15 percent higher than the industry average. The company president in the following words justified this move: "We are selling entirely on the basis of providing quality experience of our clients. Our services, ambience, and commitment to safety and time-bound schedule, all surpass the standards of the industry."

During the first ten years of operations the company faced no direct competition. The only problems faced by the marketing staff were (a) the price, (2) the need to convince clients that air service was more efficient than other alternatives, (c) identifying the customers, and more importantly (d) developing the image of a dependable service. The consumers, who till now were forced to put up indifferent service offered by large government operators, did not offer much resistance and were agreeable to try out new company. Once customers were convinced, retaining them was very easy. Hence the company enjoyed immense loyalty from its clients with almost 40 percent of them being regular users. Sales were handled by the sales division as well as by some independent sales representatives.

In the early 1990s, the company faced direct competition for the first time with a new company coming up with smaller planes and all other advantages which were previously associated with Star Airways. The growing business had made the market very lucrative and hence in the next three years, four major competitors were also vying for the market share. The company gradually lost to these competitors and could manage to retain only 30 percent of market share by the end of 1994. All the competitors were engaged in

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aggressive promotion and soon started a 'price war' in order to outdo one another. For the next six months, each of them offered big discounts and gifts (such as TV/audio systems) with the return ticket on different routes. The most profitable and commercially viable routes were the major targets of these price-related competitions. The consumer was the ultimate beneficiary and in a short time, the companies were facing losses due to this price-cutting.

Star Airways had so far remained out of this 'price-war' and lost its market share on the competitive routes very rapidly. It was able to retain the clients on other routes, which were not a part of this intense competition. Unhappy and anxious about this state of affairs, the company vice president, marketing, developed a marketing plan with several components. The initial part of the plan consisted of a market research done on a cross-section of existing clients as well as the clients of competitors and the following observations were made:

1. Star Airways was considered a quality-oriented company but many felt that it was getting stodgy.
2. The satisfaction with crew and schedules had declined over the last 5 years amongst regular customers.
3. The clients felt that the airline was losing its edge over customer service because it was non-flexible.
4. The prices offered by competitors were considerably lesser though they provided only a fraction of services offered by Star Airways. This was the main reason of clients switching over to competitors. As many as 70 percent respondents considered the costs as the most important factor in deciding on the airline.
5. Some deciding factors and their relative importance to clients were found to be following this pattern.

Feature offered by airline	Importance of feature as the deciding factor	Rank of feature in decision-making influence
Price	67%	1
Ambience and food	9%	3
Punctuability	14%	2
Services & convenience	7%	4
Free gifts etc.	3%	5

The second phase of the plan included a massive advertising and promotion plan. The VP marketing, Anil Saxena, felt that the company needed to advertise its dedication to quality and rebuild an image of being a customer-oriented airline. He began discussions with the advertising agency to launch a campaign in the near future.

After a month, the agency came out with the following recommendations:

1. The campaign was to be completed in four months time and the budget would be 35 lakh.
2. The company would reach 85% of target audience, once in a month by direct mail.
3. Four times a month a TV commercial would be aired on a business show time. The audience TRP is consistent and highest in this category of shows.

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4. Star Airways would build the campaign theme around 'quality and customer service initiatives'.
5. The direct mail letter would be sent to a database of 85,000 clients in four months. The letter will contain information on the airline and again stress on the same theme of 'quality and customer service'.

Questions

1. What is likely to be the decision process in case of choosing an airline?
2. Would this plan suggested by the vice president help in convincing the customers to use Star Airways? Give your reasons.

13.2 Routinised Response Behaviour

Consumers make purchases frequently and they have to take decisions regarding purchases more often. There are some products which are used on a daily basis like food items, soap, shampoo etc. For these products purchase is routinised. They command low involvement. There are different types of decisions which one takes depending upon the product requirement and importance. Routine products are important but still they get low attention. Let us understand the relation between involvement and purchase behavior.

Types of Consumer Decisions

Traditionally, consumer researchers have approached decision makers from a rational perspective. The term consumer decision process brings to mind the image of an individual who is facing a clearly recognised problem and is carefully involved in evaluating the attributes of a set of products, brands, or services and very deliberately and rationally choosing the one that would deliver the maximum satisfaction at the lowest cost. Such a purchase decision begins to resemble a full-time job. For example, a consumer may literally spend days or weeks thinking about an important purchase such as a new house, even to the point of obsession. Richard W Olshavsky and Donald H Granbois note that such a process is not an accurate portrayal of many purchase decisions. If consumers followed this elaborate process for each decision, their entire lives would be spent making such decisions, allowing them little or no time to enjoy the things they actually buy. No doubt, some decisions are made in this manner, but many others involve little conscious effort and consumers seem to make snap decisions based on very little information. Because some purchase decisions are more important than others, the amount of effort consumers put into each one differs.

Researchers are increasingly realising that consumers actually possess a repertoire of decision strategies. A consumer evaluates the level of effort required to make a certain choice, then selects a strategy best suited for the occasion. This sequence is referred to as constructive processing and means that consumers adjust their degree of cognitive "effort" to the task at hand.

A large number of consumer purchase decisions are related to apparently a single problem such as running low on laundry detergent or table salt. At other times, the problem may be associated with discarding the old car causing a feeling of inadequacy and buying a new but economical one to boost self-esteem and more in line with the present job status. The decision process may become further complicated when consumer begins to consider the initial cost and the running cost and evaluates whether to buy a petrol or diesel driven vehicle. Finally, the consumer may wind up buying a higher-priced diesel model. In another situation, a consumer noticing a simple need for laundry detergent may want to economise and avoid one or more relatively

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expensive national brands and decide to buy a medium priced brand which is on promotion and gets a small pack of toothpaste free.

There are various types of consumer decision processes. It is useful to view purchase decision involvement as a continuum and as the consumer moves from a low level of involvement with the purchase situation to a high level of involvement, purchase decision making becomes increasingly complex. Based on the amount of effort that goes into decision making, consumer researchers have found it convenient to think that on one end is the habitual purchase decision making or nominal decision making and at the other extreme is extended decision making. Many decisions fall somewhere in the middle and are characterised by limited decision making. It should be kept in mind that the types of decision processes are not distinct but rather blend into each other.

Purchase involvement is the level of concern for, or interest in, the purchase process stimulated by the need to consider a certain purchase. It is important to realise that consumer involvement can take many forms and a broad distinction is that it can be cognitive, such as a consumer may be motivated to learn about the latest specifications of the new iMac or emotion when a consumer is considering the purchase of a gift for his wife on their first marriage anniversary. A consumer may be very involved with a product category (coffee) or brand (Maruti Zen) and yet have very low -involvement with a particular purchase because of brand loyalty, time pressure, or other reasons. Or, a consumer may have low-involvement with a product such as car tyre but is highly involved because of her/his desire to save money. According to Marsha L Richins, Peter H Block and Edward F McQuarrie, there are several broad types of involvement related to the product, the message, or the perceiver.

Product involvement refers to a consumer's level of interest in a certain product. Marketers communicate many sales promotions to increase consumer involvement in a product. Tata Indica V2 sponsored a contest in which participants were to submit five words that describe the car starting with the letter "V."

Advertising involvement refers to the consumer's interest in processing the ad messages. Television is said to be a low-involvement medium and consumers process information in a passive manner. In contrast, print is a high-involvement medium as the readers actively process information.

Purchase situation involvement may occur while buying the same item in different contexts. For example, when a consumer wants to impress someone, she/he may buy a different brand that reflects good taste than the usual one that he buys.

Did u know? J C Mowen found that the focus on many consumer decisions is on feelings and emotions associated with acquiring or using the brand or with the environment in which it is purchased or used rather than its attributes.

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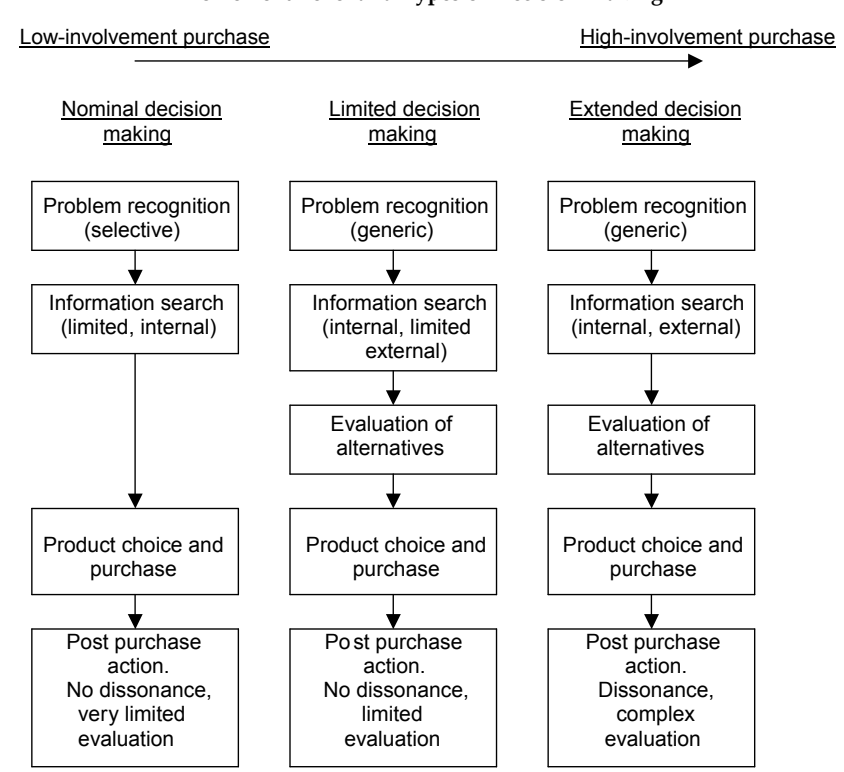
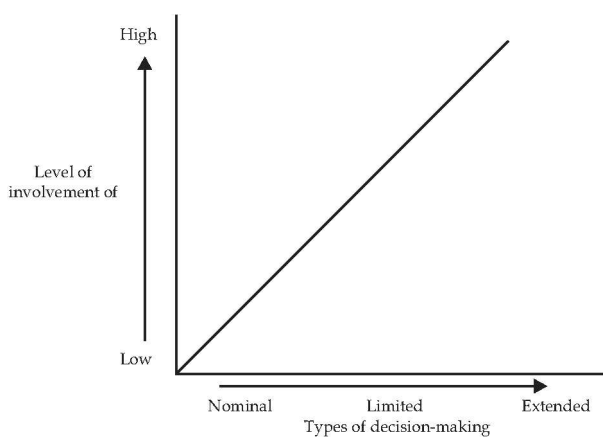
Involvement Level and Types of Decision-making



13.3 Limited and Extensive Problem Solving Behaviour

Figure 13.2: Involvement Level and Types of Decision-making



13.3.1 Nominal Decision-making

At one end of choice continuum is nominal decision-making, also referred to as nominal problem solving, habitual decision making, or routine problem solving. Recognition of need is likely to lead directly to an intention to buy. Information processing is very limited or non-existent.

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There is generally low-involvement with most low-priced and frequently purchased products, which are consumed on an ongoing basis and involve nominal decision making. A problem is recognised, consumer's internal search from long-term memory comes up with a single preferred solution, the preferred brand is purchased and no brand evaluation occurs unless the brand fails to perform as expected. Some of these decisions are so nominal that the consumer does not even think of purchasing an alternative brand. For example, a consumer notices that she/he is nearly out of Aquafresh toothpaste. When at the store, the consumer simply picks it up from the shelf or asks for it without any consideration of alternative brands, its price, or other relevant factors.

Nominal decision making is generally the outcome of continued satisfaction with a brand which was initially chosen after an extended decision making process, or the consumer does not attach much importance to the product category or purchase. The consumer buys Aquafresh toothpaste without further consideration because it meets her/his overall needs, even though using the best available toothpaste is important to her/him. In the second situation, consumers may not attach much importance to salt or sugar they buy for household consumption. Having tried Tata Salt and found it satisfactory, they now repeat purchase it without any thought when needed. In this category sales promotions can lead to considerable brand switching.

Joseph W Alba and J Wesley Hutchinson note that such choices characterised by automatic behaviour are made with minimal effort and without conscious control. To some, such thoughtless behaviour may seem stupid, but it is actually quite efficient in most cases of routine purchases. The development of such routinised, habitual, or repetitive behaviour helps consumers to minimise the time and effort devoted to mundane purchase decisions.

Box 13.1: Continuum of Consumer Decision-making

Nominal decision making	*Limited decision making*	*Extended decision making*
Low-cost products	→	More expensive products
Frequent purchases	→	Infrequent purchases
Low-involvement	→	High-involvement
Familiar product/brand	→	Unfamiliar product/brand
Little thought, search or time given to purchase	→	Extended thought, search and time given to purchase

13.3.2 Limited Decision-making

Limited decision making is usually more straightforward and simple. It involves internal (long-term memory) and limited external search, consideration of just few alternatives, simple decision rules on a few attributes and little post purchase evaluation. As pointed out earlier, it covers the middle ground between nominal and extended decision making. Buyers are not as motivated to search for information, or evaluate each attribute enthusiastically, but actually use cognitive shortcuts. According to Wayne D Hoyer, when the level of consumer involvement is lowest, limited decision making may not be much different than nominal decision making. For example, while in a store, the consumer notices a point-of-purchase display of Nescafe and picks up one pack based on her/his memory that its aroma and taste is good. If the consumer's decision rule is to buy the cheapest brand of instant coffee available, she/he looks at different brands of coffee for prices and buys the least priced brand. Sometimes emotional factors may influence limited decision making. For instance, a consumer may buy Colgate Total toothpaste instead of her/his regular brand just because she/he desires a change and not because of dissatisfaction with earlier brand. Such a decision may involve just reading of what is written on the carton and noticing that it has some different flavour than the brand she/he had been using.

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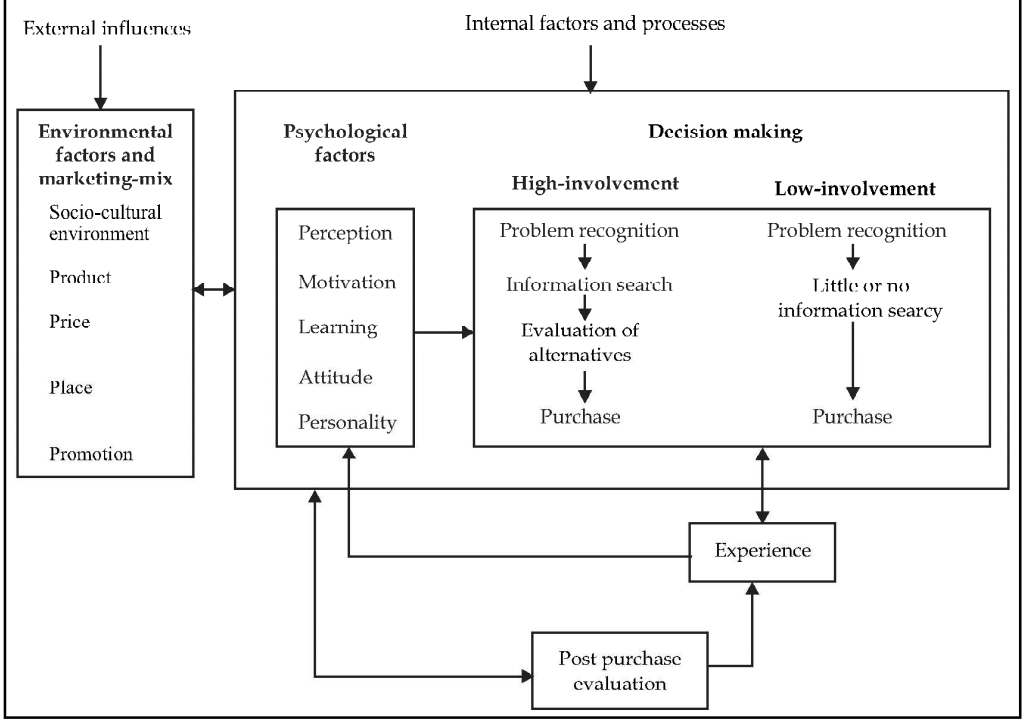
Figure 13.3: A Simple Model of Consumer Decision-making



13.3.3 Extended Decision-making Process

Consumer purchases involving extended decision making correspond most closely to the traditional decision making perspective. Such decisions involve extensive internal (long-term memory) and external (outside sources) information search followed by a rigorous evaluation of several alternatives because consumers do not possess any meaningful information about the product or service and need much of it. The evaluation often involves careful consideration of attributes of one brand at a time and taking stock of how the attributes of each brand measure up to a set of desired characteristics. All this happens in response to a high level of consumer's involvement in making a purchase decision. Such complex decisions are relatively few and may relate to buying a computer, stereo system, washing machine, laser printer, or a new house etc. Post purchase evaluation is more likely to be complex and dissonance causing.

Extended decision making may also be involved in certain emotional decisions such as choosing a birthday gift for the girl friend, decision to buy jewellery for the wife, choosing a designer dress, or buying a holiday abroad with family etc. Some of these decisions may appear to be related to cognitive effort, however, the needs being met and the criteria being evaluated are largely emotions or feelings rather than product or service attributes. Because of the involvement of emotions or feelings, there is less external information to search for.

Task Consider a few products that you buy. Which products required a high involvement and which required a low involvement? Divide them on the basis of nominal, limited and extended decision making. Plot them on a graph as shown in Figure 13.2. Is your graph similar?

Notes

Caselet

Lifeline

There are some things that even the well informed are ill informed about. Emergency services, for example. Particularly ambulance services, and the life saving difference that speedy first aid and specialised equipment can make, enroute, when a critical case is being rushed to hospital.

In a country where healthcare systems are overloaded and so many 'essential services' are given to lethargy and fatalism, a highly efficient private sector player ought to find a neat opportunity in providing reliable and high quality ambulance services. For a small annual subscription fee, it could even run like an insurance plan – made viable by the idea of using the pooled resources of many to help the few in need.

In 1997, Mohit Sagar, an Indian doctor returned from U.S to Delhi with the idea of starting a network of emergency services on America's famous '911' pattern. After a quick survey of Delhi, he set up Lifeline Services, the first of its kind in India, offering medical emergency transportation services in the capital. The city's hospitals had their own ambulances, but Sagar found that these were overburdened and slow, often taking an hour to reach the trouble spot. Also, their equipment was not as good as the best available in the developed markets.

Quality had remained poor because nobody was ensuring stringent standards. Hospitals were lax, and consumers who did use ambulances did so under such anxiety that they were thankful just to get hold of a vehicle. Yet, demand was growing. At its launch, Lifeline estimated that Delhi had an average monthly figure of 6000 emergency cases (including road accidents), involving people with an ability to pay for ambulance services.

Lifeline decided to invest in a fleet of ambulances equipped with IV tubes, oxygen tanks and masks, a defibrillator, combibag, oximeter, vacuum splint kit, ventilator, and a lung resuscitator, apart from a mobile phone and CB wireless radio to co-ordinate activity with hospital. The firm also hired a staff that included qualified paramedics and doctors to accompany the patient to the hospital and administer first aid.

Simultaneously, it decided to send out a sales team to enrol families as subscribers. For an annual fee of ₹1500, the subscriber was promised about four free trips for anyone in the family (or otherwise), depending on the plan chosen. The pricing was steep, but the justification was the service's unique selling proposition (USP): a commitment to reach the site within just 9 minutes.

Lifeline started operations in 1997 with about 25 ambulances, mostly Maruti Omni vans, costing around ₹10 lakh each. The idea was to cover South Delhi first. About a year later, it added 10 more vehicles. Staff costs were high, with 10 doctors and 25 paramedics on the rolls, apart from two-three drivers per vehicle (working in shifts). To meet the brand promise, the vehicles had to be placed at key junctions throughout Delhi – with Lifeline's call centre at Kalkaji, co-ordinating all movements and making arrangements over mobile phone at the hospital specified by the customer.

It was an interesting idea. Lifeline enlisted about 350 subscribers at the onset, and saw the number rising for at least a year after that. But 1999 saw a trail-off, and by the end of 2000, Lifeline was off the hook – for good. The business had failed.

Source: A&M, September 30, 2001

Notes

13.4 Summary

- Buying decisions and consumption of products or services always take place in the context of some specific situation. It is extremely important for marketers to understand how situations and internal as well as external influences affect the purchase decision process.
- Depending on various factors, including the level of consumer involvement, time pressure, and the mood etc., consumer decision making generally falls under one of the three major decision approaches; nominal decision making, limited decision making, and extended decision making.
- Nominal decision making occurs when the products are low cost, frequently purchased, familiar brands/products, of low-involvement category, and little thought or search time is given to purchase.
- Limited decision making is usually straightforward and simple. It involves input from long-term memory and limited search, few alternatives and attributes are considered, and there is little or no post-purchase evaluation.
- Extended decision making occurs when the product is expensive, risky, ego intensive, is purchased infrequently, consumer involvement is high, consumer considers much information from internal and external sources, post purchase evaluation is more likely to be complex and dissonance causing.
- Nominal decision making and extended decision making are two ends of a continuum. In between there might be various shades of consumer involvement depending on the product category, nature of purchase situation, and personal factors.

13.5 Keywords

Awareness Set: Contains evoked set, inept set and inert set

Evoked Set: Contains brands that consumer will evaluate

Inept Set: Contains those brands which consumers find unworthy of consideration

Inert Set: Contains those brands which consumers are aware of, but won't consider

Limited Decisions: Simple decisions involving internal search and a little external search

Nominal Decisions: Routine and habitual purchase decisions

13.6 Self Assessment

Fill in the Blanks

1. Ads of men's creams show that men also need to be fair, can be a source of ..... and may lead to purchase of the cream.
2. You have fever and you need some medicine. You decide to buy the same medicine that you bought the last time you had fever. This may be termed as ..... decision making.
3. You are facing dandruff problems and ask a friend to advise you on which brand's shampoo to buy. This may be termed as ..... decision making.
4. You want to buy new shoes and you select a few brands from which you will choose. These options represent your .....

Notes

5. After Sales Service is becoming more important due to ..... of products purchased by consumers.
6. You are going to buy car for the first time. This will involve ..... decision making.
7. The need for AC repair and tyre puncture repair are both…….problems.
8. ……problems like need for salt, mobile recharge, snacks etc. require immediate action by the consumers.
9. Problem recognition is …….process.
10. You want to buy a digital camera and you are sure that you are not going to buy a Polaroid or Kodak. These brands are a part of your…….set.

13.7 Review Questions

1. Discuss the steps involved in purchase decision of a LCD TV. Also mention a few advertisements that influenced you.
2. Different stores have different ambience, different style, and different setup. Why do you think it is so? Give examples of some famous retail outlets.
3. "A set consumer decision process is not an accurate portrayal of many purchase decisions". Discuss.
4. How marketers can instigate problem recognition among consumers? Give examples.
5. Critically examine disrupt, capture and intercept strategies.
6. What role do playe marketers in post purchase evaluation? Support your answers with relevant examples.
7. Discuss the non-marketing factors and marketing factors that lead to problem recognition. Give suitable examples.
8. Analyse the importance of evoked set, inept set, and inert set from consumers' and marketers' point of view.
9. Our nature of decision making differs when we buy a pen for our own use and when we buy it for gifting to someone. Why does this happen when the product is the same?
10. Decision-making in purchase of a sedan (say, Honda City) involves extended decision making. But is it an extended decision making for everyone? Explain your answer giving suitable arguments.

Answers: Self Assessment

1.	problem recognition	2.	nominal
3.	limited	4.	evoked
5.	post purchase evaluation	6.	extended
7.	unplanned	8.	Routine
9.	continuous	10.	Inept

13.8 Further Readings

Notes

Books

Batra, Satish K and Kazmi, S H H, Consumer Behaviour, Excel Books, New Delhi.

Hawkins, D.L & Best, Roger, Consumer Behaviour - Building Marketing Strategy, McGraw Hill, Indian Edition, New Delhi.

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Notes

Unit 14: Opinion Leadership and Diffusion of Innovation

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Objectives

After studying this unit, you will be able to:

- Understand the role of opinion leaders
- Discuss the concept of diffusion of innovation

Introduction

This unit covers the concepts of opinion leadership and diffusion of innovation. Opinion leaders are Individual whose ideas and behavior serve as a model to others. Opinion leaders communicate messages to a primary group, influencing the attitudes and behavior change of their followers.

According to Hubert Gatignon and Thomas S Robertson, an innovation is a product, service, attribute, or idea that consumers within a market segment perceive as new and that has an effect on existing consumption patterns.

14.1 Opinion Leadership

Notes

Opinion leaders are those people who, in a given situation, are able to exert personal influence. They are the ones most likely to influence others through word-of-mouth communication because others seek advice and information from them.

Opinion leaders can informally influence the behaviour of consumers towards products or services, either positively or negatively. If they are satisfied with a product and like it, their word-of-mouth communication can be helpful in ensuring its success; their dissatisfaction and dislike can exert more influence in its failure.

In a marketing context, opinion leadership is important and is found at all levels in society. Consumers tend to be influenced by those with whom they identify. Opinion leaders are present at each status level and in every group. However, personal influence seems to be more functional at higher income and status levels.

14.1.1 Characteristics of Opinion Leaders

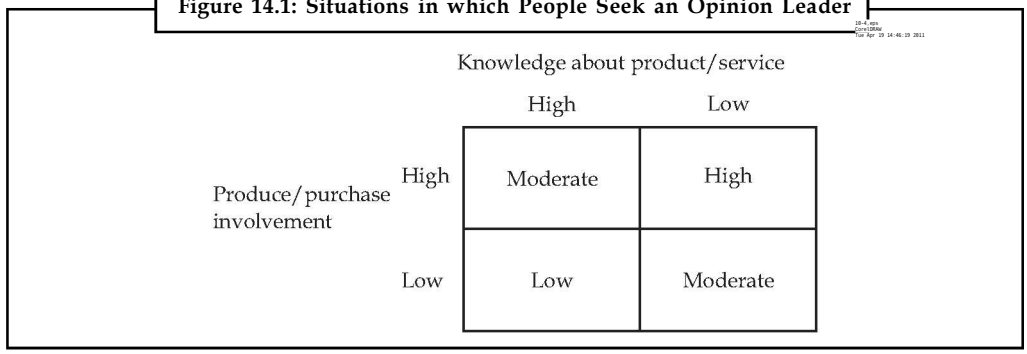
Much research has been conducted to identify traits of opinion leaders but so far the research is inconclusive. Despite difficulties in identifying opinion leaders, some general traits have been identified.

1. The most salient characteristic of opinion leaders is their greater long-term involvement with the product category compared to non-opinion leaders in the group. This trait is referred to as enduring involvement and according to G M Rose, L R Kahle and A Shoham, it leads to enhanced knowledge about the product and experience with the product category or activity. This enhanced knowledge and experience makes opinion leadership possible. Thus, opinion leadership tends to be product or service specific.
2. Opinion leadership functions primarily through interpersonal communications and observations. These activities occur most frequently among individuals with roughly the same social-class position as non-leaders but opinion leaders are likely to be viewed as having higher status in their social-class. It is important to note the significant role family members play in opinion leadership. D F Duhan, S D Johnson, J B Wilcox and G D Harrell found that family members and close friends are particularly important sources of information regarding decisions for which the consumer has limited prior knowledge.
3. Opinion leaders tend to be more gregarious and are willing to act differently even if it attracts the attention of peers. Their exposure to mass media, relevant to their interest, is greater. For example, opinion leaders to ladies fashions could be expected to have greater exposure to magazines such as Femina, Vogue and Women's Era etc. Exposure to interest relevant mass media helps enhance their potential as opinion leaders.

A study by R Marshal and I Gitosudarmo of opinion leadership for personal computers among undergraduate students of business studies in Australia, Germany, Hong Kong, India, Indonesia, Korea, New Zealand and United States reached similar conclusions about opinion leader traits as described above. Expertise and sociability were found to be important in all eight countries. The opinion leaders tended to be older in age than those they influenced in India, Indonesia and Korea because in these countries a greater value is placed on maturity than in most Western countries. Opinion leaders tended to be wealthier than non-opinion leaders in Indonesia.

Notes

Figure 14.1: Situations in which People Seek an Opinion Leader



Individuals are more likely to seek information and advice from opinion leaders when their involvement in product or purchase situation is high and they possess limited information about an important decision.

Individuals are less likely to seek opinion leaders when their involvement in a purchase situation is low. However, opinion leaders may well volunteer information about low-involvement products as well, such as detergents or toothpaste. Group members also provide information to each other through observable product use. For example, a person may observe the use of a camcorder at a friend's place and the pictures being shown on the television screen. The person learns that her/his friend likes this product and gains personal experience with it.

14.1.2 Marketing Implications

An obvious fact is that consumers talk to other consumers about their personal experiences with products, services and retail stores. Therefore, it is extremely important that marketers pay serious attention to product quality and service and meet or exceed consumer expectations with regard to their products or services. The firm must make arrangements to respond to customer complaints quickly and fairly.

Stimulating opinion leadership involves having an acknowledged opinion leader. Opinion leaders may also be used in advertising as spokespersons. Although their influence may be less effective when it is delivered through a marketer-dominated than a non-marketer dominated source, their expertise and association with product or service can still make them effective. For example, spokespersons dressed as doctors are used in ads to communicate about toothpaste benefits. Attractive movie actresses, Miss World or Miss Universe are used as spokespersons for beauty care products. Marketers can also target consumers and ask them to refer to a knowledgeable opinion leader such as a doctor about how the advertiser's product can help the consumer.

Example: The print ad of Colgate Total toothpaste says, "Approved by independent dental associations in 30 countries." Marketers may target experts in their fields, such as doctors, to help consumers learn about health related products and services.

Sending a sample of a product to a group of potential and influential customers, such as beauty care clinics, can help generate communications concerning the product from opinion leaders. Cosmetic manufacturers can create "advisory boards" composed of skin and beauty care experts from their target market, clothing stores can also constitute "fashion advisory boards' from their target market. Sales people and retailers can encourage their current customers to pass along information to friends and other potential new customers.

Notes

Task Interview five of your classmates/friends and find out who would they go for information for the products mentioned below, and also indicate why do you view her/him as the source of information and advice?

(a) Cell phones, (b) Latest fashion clothes, (c) College for management education, (d) Holiday resort, and (e) Computer notebook.

Caselet

Why is Opinion Leadership Topical?

The proliferation of brands, the clutter of brand communication, the emergence of sub-cultures and a shift from mass media (especially for brands not addressing the mass market) are some of the reasons why opinion leadership is becoming a high priority strategy for brands. Buzz or word-of-mouth consumer referrals and viral marketing (word-of-mouth through digital media) are some of the strategies strongly linked to opinion leadership.

With, consumer awareness and consumer confusion on the rise (awareness due to exposure to information and confusion due to exposure to brand claims and advertising clutter), consumers require an information source with credibility.

Opinion leadership provides the credibility that reinforces consumer confidence in brands. Opinion leadership involves the informal communication of one consumer (leader) to another consumer (opinion seeker). This informal communication could be with regard to product and service categories, retail outlets and features and benefits associated with brands.

Opinion leaders, though traditionally considered as consumers providing marketing related information to fellow consumers, can in today's context double up as trend-setters in categories such as fashion, music, entertainment and symbolic categories such as watches and mobiles. This is because the underlying consumer behaviour related to opinion leadership provides a perception to the information received by the consumer in a variety of product categories. For example:

Louis Philippe Vs Arrow, Van Heusen or Park Avenue (branded apparel)

Samsung Vs LG, Philips or Sony (TVs)

Canon Vs Sony, Kodak or Pentax (digital cameras)

A Swatch watch bought impulsively by a trendy urban consumer simply because it was suggested by a friend as a fashion accessory. In the Indian market the watch is priced in the range of around $100 as against its cheapest version abroad in the price range of $10-$20.

Motorola's colourful mobiles at around ₹ 4,000 are a symbol of fun and fashion among consumers. These examples reflect the popularity and power of opinion leadership in India, with several product categories recording steady market growth in recent times.

Source: www.thehindubudinessline.com

Notes

14.2 Diffusion of Innovation

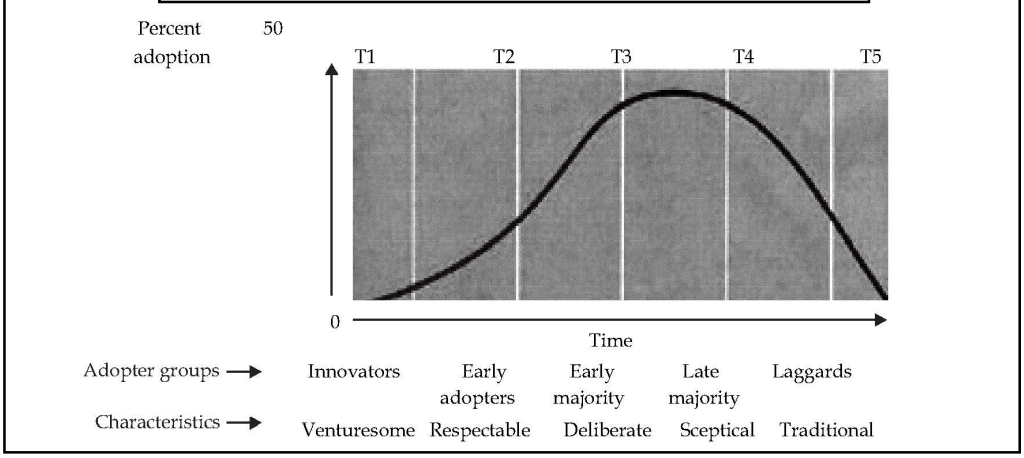
14.2.1 Diffusion of Innovation Process

The diffusion process is the manner in which innovations spread over time to other consumers through communication across a market. Diffusion research traces the penetration and acceptance of an innovation across its life cycle. A new product's phases of life cycle start from introduction and progress up to its decline in a typical case. With this progression, there are associated categories of adopters by the time of adoption.

The diffusion process identifies innovators in the introductory phase of life cycle; there are early adopters during growth period, the early majority and late majority adopts the product in its maturity period and laggards (late adopters) are the last to adopt the product. These life cycle phases are important because they are linked to different marketing strategies during the product life cycle. During the introductory phase, the marketer's objectives are related to establishing distribution, building brand awareness among members of the target market and encouraging trial to begin the diffusion process. As the product gains some acceptance, the marketer can define its early adopters. It now tries to strengthen its foothold in the market by shifting from the objective of creating brand awareness to one of broadening product appeals and increasing product availability by increasing its distribution.

As the brand matures, competition intensity gradually increases and sales begin to level off. The marketer starts emphasising price appeals, starts sales promotions and may consider modifying the product to gain competitive advantage. Majority of the adopters enter the market at this stage largely because of the influence of early adopters. The majority that has already gone through the process of product adoption does not rely much on mass media anymore for information. When the brand is viewed to have entered in its decline phase, lower prices become more relevant and the marketer considers revitalising the brand, or adopts the strategy of harvesting or divesting. It is during the decaying maturity and the decline phase of product life cycle that laggards enter the market.

Figure 14.2: Profile of Adopter Groups



Notes

Table 14.1: LC Phases and Profile of Adopter Groups

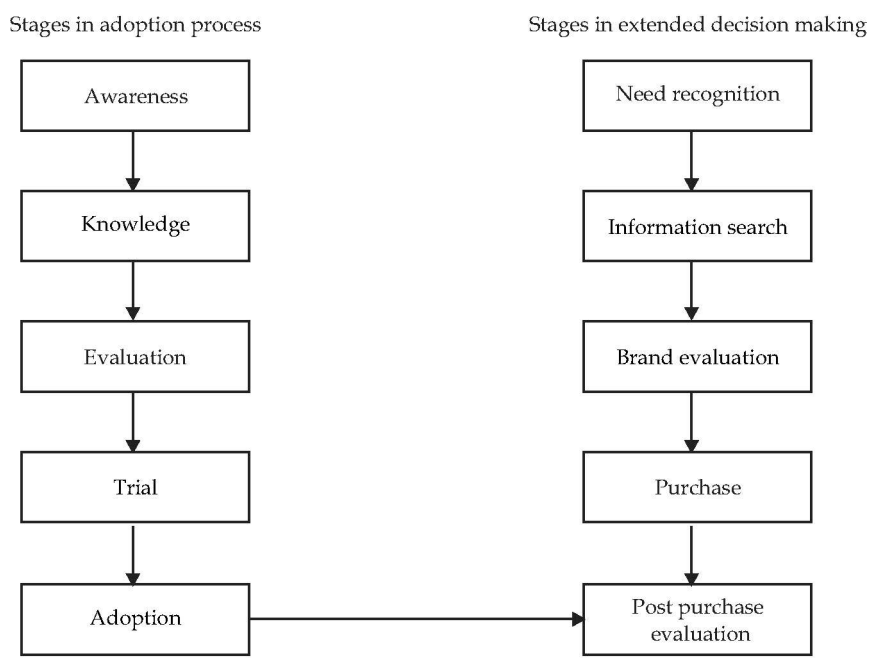
PLC stages	Introduction	Growth	Maturity		Decline
Adopter groups	Innovators	Early adopters	Early majority	Late majority	Laggards
Percentages	(2.5%)	(13.5%)	(34.0%)	(34.0%)	16.0%
Characteristics	Venturesome	Respectable	Deliberate	Sceptical	Traditional

14.2.2 Adoption Process

The adoption of an innovation requires that an individual or a group of consumers decide on buying a new product. The process of diffusion starts when early adopters influence their reference group members and other acquaintances. Therefore, it is reasonable to view adoption as the first step in the diffusion process.

The adoption of an innovation is likely to be a reasonably involving decision for most of those who are among the first to buy the product and can be represented by a hierarchy-of-effects model. Thus, the adoption process is basically a term used to describe extended decision making by consumers when a new product, service, or idea is involved. High involvement in product or purchase situation is likely for discontinuous innovations. For example, the decision to buy a DVD writer or have laser eye surgery will most likely be a high-involvement decision. Most continuous innovations probably trigger limited decision making. In case of low-cost, low-risk innovations, consumers' involvement level is likely as below:

Figure 14.3: Adoption Process and Extended Decision Making



The process shows that the consumer becomes aware and recognises the need for the product. In the next step, to acquire knowledge about the product, the consumer gets involved in information search. The third step is brand evaluation. Next is trial of the product before making a purchase decision and finally the consumer decides whether to adopt the product. As a consequence of using the product, the consumer makes post purchase evaluation. In this process of adoption, product trial is more important than in most other decisions because the perceived risks are

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likely to be much higher with the use of a new product. Certain types of products or services are difficult, or even impossible, to try on a sufficient basis such as electric cars or laser eye surgery.

Post purchase evaluation is likely to have important implications because of the expenses involved or the complexity of many products and the rapid changes in technology. For example, if many adopters had discontinued the use of personal computers after their first purchase as a result of unfavourable post purchase evaluation, the market for PCs would be shrinking instead of expanding rapidly. As a result of favourable evaluation, many of the PC adopters have either upgraded their old machines or discarded their original machines and bought third or fourth generation computers.

The outcome of consumers' decision process can be adoption or rejection of the product. Many consumers' evaluation of cellular phones has led them to reject this wonderful product because they consider the convenience of keeping a cellular phone is not worth the expense involved.

Example: Apple Computers introduced their Cube, which was believed to be something unique in computer design. However, the company discontinued the model because of consumers' rejection of the product. When Apple introduced their range of iMacs, another breakthrough in computer design, consumer response was overwhelming.

14.2.3 Factors Affecting the Diffusion of Innovation

The chances of a product's adoption and subsequent diffusion are largely dependent on its nature. The rate at which the diffusion of an innovation takes place is a function of the following ten factors:

1. ***Type of Target Group:*** The target market for the new product is an important factor in influencing the rate of diffusion. Some groups are more inclined to accept change than others. In general, affluent, young and highly educated groups tend to try and accept new products readily.

2. ***Number of People Involved in Decision Making:*** This refers to whether the decision is made by an individual or a group. If fewer individuals are involved in making the purchase decision, the innovation is likely to spread more rapidly. When two or more family members are involved in making the purchase decision, the diffusion will be slower than innovations that primarily affect one individual.

3. ***Extent of Marketing Efforts Involved:*** The diffusion of innovation is very significantly influenced by the extent of marketing efforts undertaken. No matter how wonderful an innovation, but unless sufficient numbers are informed and convinced of what it can do for them, the diffusion would be adversely affected. Thus, the rate of diffusion is not completely beyond the control of the marketer.

4. ***Need Fulfilment:*** The more involving and obvious the need that the innovation satisfies, the faster the diffusion. The rate of diffusion of antidandruff shampoos has been fast as they gained rapid trial among those who were uncomfortable with dandruff. Viagra, the male impotency drug gained rapid trial and its diffusion has been very fast. Rogaine, believed to be a cure for certain types of hair loss or baldness, gained rapid trial among those who felt uncomfortable with their hair loss problem.

5. ***Compatibility:*** This refers to the degree to which the innovation is consistent with the individual's and group's needs, attitudes, beliefs and past experiences. The more its consistency, the faster its diffusion. Microwave oven was introduced about three decades back in India but since it was not compatible with Indian family values, its diffusion has been rather slow. Internet banking or shopping is not consistent with established habits of most Indian consumers, resulting in very slow diffusion of this innovation.

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6. ***Relative Advantage:*** If consumers perceive an innovation as better in meeting their relevant need compared to existing ones, the diffusion will be more rapid. While considering the relative product advantage, consumers consider both the cost and the performance. To be successful, an innovation must have either the performance or the cost advantage over existing alternatives. For example, newer versions of computer processors have performance advantage over earlier ones and hence their diffusion has been rapid.

7. ***Complexity:*** If an innovation is difficult to understand and also difficult to use, its diffusion would be slower. Product simplicity and ease of use are important factors in speeding up the process of diffusion. Computer manufacturers, such as IBM and Apple, have tried to overcome the initial complexity of using personal computers by communicating with consumers that their computers are user-friendly.

8. ***Observability:*** This refers to the ease with which consumers can observe the positive effects of adopting an innovation. The diffusion will be more rapid if the positive effects are easily observable. Products, such as cellular phones, fashion items and autos etc. are highly visible.

9. ***Triability:*** It is the degree to which a product can be tried before adoption. This is much less a problem with low-cost or low-risk items such as cold remedies, but cellular phones, fax machines and computers etc. can be demonstrated in actual use and tried on a limited scale. If consumers can purchase a product in small quantity, then trial is relatively easy.

10. ***Perceived Risk:*** The more the risk associated with trying a new product, slower the diffusion process. The risk in adopting an innovation can be financial, physical, performance, or social. For example, when microwave ovens were introduced, consumers expressed worries about physical risk from radiation. Technological improvements and consumer education overcame this perceived risk. Initially, adopters of personal computers perceived economic and performance risks which have been largely overcome by decreasing prices and improved software. In case of fashion items, consumers feel social risk until opinion leaders in consumers' peer group adopt them. The most effective way to reduce perceived risks in adopting an innovation is through trial. Free samples are an effective tool in case of continuous innovations of low-cost items such as detergents, or toothpaste etc. Sony offered trial of its high-priced discontinuous innovation ProMavica electronic photography system. It distributed 150 prototypes to large newspaper and magazine publishers. This allowed publishers to try and experience the product and encouraged its diffusion.

14.2.4 Barriers to Adoption of Innovation

Most of the above mentioned factors could cause consumers to reject an innovation. However, S Ram and Jagdish N Sheth have mentioned three of the above mentioned as major factors that inhibit adoption of innovation:

1. ***Value barrier*** refers to a product's relative advantage compared with substitute products. When cellular phones were introduced, they were too expensive for most general consumers relative to the value they could get from commonly used telephones. More than a decade ago BMW introduced a 650 cc motorcycle in India. The price was in excess of ₹ 500, 000 and consumers perceived the cost as too high relative to value.

2. ***Usage barrier*** results when an innovation is incompatible with consumers' long established practices. Internet shopping is not consistent with most Indians' shopping habits and its diffusion is extremely slow in this country. The problem is that consumers like to interact with store personnel and to see and, if possible, touch the merchandise when they shop. Furthermore, shopping for most Indian consumers is a social occasion and they often shop with friends.

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3. ***Risk barrier*** is concerned with physical, economic, functional, or social risk for adopting an innovation. If the intensity of perceived risk is high, consumers are likely to wait and watch till such time that they are reasonably assured that there are no unusual risks associated with product adoption.

14.2.5 Time Factor and Diffusion Process

Time is an important component of diffusion theory and concerns the time of adoption of an innovation by consumers considering whether consumers are earlier or later adopters and the rate of diffusion, that is, the speed and extent with which individuals and groups adopt the innovation.

Time of Adoption: Everett M Rogers examined more than 500 studies on diffusion and concluded that there are five categories of adopters classified by time of adoption:

1. Innovators
2. Early adopters
3. The early majority
4. The late majority
5. Laggards

1. Innovators constitute, on an average the first 2.5 per cent of all those consumers who adopt the new product and are technology enthusiasts. They seem to have an eagerness bordering almost an obsession to try new products and ideas. They are venturesome and risk takers and willing to live with bugs and deficiencies. According to Thomas E. Weber (Why WebTV Isn't Quite Ready for Prime Time," Wall Street Journal, January 2, 1997), innovators represented the primary market for the WebTV developed and marketed in 1996. By the end of that year's holiday season, only about 30,000 to 100,000 of the 97 million households with TVs had purchased WebTV. Innovators tend to be younger, better educated, have higher incomes, are cosmopolitan and active outside of their community than non-innovators. They also tend to be less reliant on group norms, use other innovators rather than local peers as a reference group, are more self-confident and make more extensive use of commercial media, sales personnel and professional sources in learning of new products.

2. Early adopters tend to be opinion leaders in local reference groups and represent, on an average, the next 13.5 per cent who adopt the new product. They admire a technologically new product not so much for its features as for its abilities to create a revolutionary breakthrough in the way things are normally accomplished. Though they are not among the earliest individuals to adopt the product, yet they adopt the product in the early stage of its life cycle. They are successful, well educated and somewhat younger than their peers. They tend to be more reliant on group norms and values than innovators and are also more oriented to the local community rather than having a cosmopolitan look. They are willing to take a calculated risk on an innovation but are concerned with failure. Early adopters also use commercial, professional and interpersonal information sources. Since they tend to be opinion leaders, they are likely to transmit word-of-mouth influence and, due to this reason, they are probably the most important group in determining the success or otherwise of the new product.

3. The early majority tend to be deliberate and cautious with respect to innovations and represent 34.0 per cent. They look for innovations that offer incremental, predictable improvements of an existing technology. They adopt innovations earlier than most of their social group but only after the innovation is viewed successful with others. They

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tend to collect more information and evaluate more brands than is the case with early adopters and, therefore, the process of adoption takes longer. They tend to be price sensitive and like to see competitors enter the market. They are socially active, somewhat older, less well educated and less socially mobile than early adopters and are seldom leaders. They rely heavily on interpersonal sources of information and are an important link in the process of diffusing new ideas because of their position between earlier and later adopters.

4. The late majority (34.0 per cent) are somewhat sceptical about innovations. They are conservative, wary of progress, rely on tradition and generally adopt innovations in response to group norms and social pressure, or due to decreased availability of the previous product rather than positive evaluation of the innovation. They tend to be older, with below average income and education and have less social status and mobility than those who adopt earlier. In many developing countries, consumers who are just now learning to use the Internet are late majority consumers. They tend to place high value on bundled products that include everything they need to connect to the Internet.

5. Laggards represent the last 16.0 per cent of adopters. Like innovators they are the least inclined to rely on the group's norms. Laggards are tradition bound, tend to be dogmatic and make decisions in terms of the past. By the time they adopt an innovation, it is old and has been superseded by something else. They tend to be suspicious of new products and alienated from a technologically progressing society and adopt innovations with reluctance. In the personal computer market consumers who can afford and have yet to buy a PC are likely to be regarded as laggards.

14.2.6 Rate of Diffusion

Rate of diffusion refers to the cumulative level of adoption of an innovation over time among groups. For example, it has taken a little over three decades since TV was introduced in India and not even 70% households own a TV set. Even adoptions of some other low-cost innovations are much slower in Indian rural markets. Most of the households in rural India do not own a telephone connection. Even in cities, so far, the use of automatic teller machines is growing slowly. In developed and relatively fast developing countries the speed of adoption of innovations seems to be increasing. In a study, Richard W Olshavsky found that consumers are adopting innovations comparatively more readily than they used to. There are four major reasons that explain why innovations are adopted more quickly:

1. With the increase in household disposable income, new products are likely to be more affordable.

2. Rapid technological advances require quicker adoption cycles.

3. As technology is becoming more standardised, it reduces consumers' risk perception associated with the adoption of a new product. The rate of diffusion of Pentium processor based PC was fairly quick because of the acceptance of DOS (Disk Operating System) as the industry-wide standard.

4. Information regarding innovation is communicated rapidly and is accessible to the consumers conveniently. Obviously, the more quickly consumers become aware and gain knowledge about a new product through mass media and Internet, the faster is communication to various groups.

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14.2.7 Role of Communication in the Diffusion Process

In the definition of diffusion process we saw that communication is a key element that influences diffusion across markets. Consumers rely on marketer controlled mass media advertising for information about new product introductions. Advertising campaigns are designed to create awareness among potential consumers and communicate relevant information about features and benefits. H David Strutton and James R Lumpkin studied the adoption of self-diagnostic medical devices among elderly consumers and reported that early adopters were more dependent on mass media for information. Subsequently, they show greater reliance on friends and family members to help them evaluate new products and word-of-mouth influence increases in importance as early adopters progress from awareness to knowledge, evaluation, trial and adoption.

In the case of later adopters, word-of-mouth tends to be the most important influence throughout the adoption process. They learn about innovations from friends and neighbours rather than the mass media. To create awareness among early adopters, the role of mass media advertising providing informational content is more important in the process of diffusion. For later adopters, advertisers can try to encourage favourable word-of-mouth by using influential spokespersons.

Word-of-mouth Influence Across Groups

For diffusion to occur across groups, positive word-of-mouth must first start within groups. However, favourable word-of-mouth within just groups is not sufficient for diffusion to occur but requires the spread of information across different groups. This does happen because consumers spread information by interacting with individuals outside their own groups.

Groups are classified as homophilous and heterophilous. Individual within homophilous groups are likely to be similar and are bound by stronger reference group ties such as family and peer group. Individuals within heterophilous groups tend to be dissimilar and ties that hold them together are weak, such as work associates at higher or lower levels in an organisational hierarchy or acquaintances with whom the consumer has only occasional contact. Some word-of-mouth communication about new products or ideas occurs between acquaintances in heterophilous groups and is often referred to as the strength of weak ties, because the weak ties of such groups ate strong enough to stimulate the process of diffusion. A study by Jacqueline Johnson Brown and Peter H Reingen found that most word-of-mouth occurred in homophilous groups (between friend and relatives), while among heterophilous groups, word-of-mouth occurred in only 18% of communications among individuals.

14.2.8 Cultural Context and Diffusion of Innovation

Culture may have an important influence on the diffusion of innovation. Two concepts are worth considering in this regard: cultural context and cultural homogeneity.

Low-context cultures are those that rely primarily on verbal and written communication in transmitting meaning. They place more value on individual initiative and rely more on mass media for communication. The concept of heterophilous groups can be applied to low-context cultures which are more disparate with wider differences among groups. United States and Western Europe would be described as low-context/heterophilous cultures.

High-context cultures rely primarily on non-verbal communication, with little difference in norms, values and socio-economic status among groups. The emphasis on non-verbal communication means that such cultures will place more value on interpersonal contacts and associations. In high-context cultures more value is placed on group than on the individual and the emphasis is on subscribing to the norms and long-standing rituals of society. Most of the Far Eastern countries would qualify as high-context/homophilous cultures.

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One would expect the rate of diffusion to be rapid in high-context/homophilous cultures because of their uniformity, leading to relative ease of transmitting information from one dissimilar group to another. Another important aspect is that the credibility of information on new products, services, or ideas is higher because the source is more likely to be friends or relatives rather than commercial mass media.

Hirokazu Takada and Dipak Jain conducted a study to compare the rate of diffusion of calculators, washing machines and air conditioners in Japan, South Korea and Taiwan (considered as high-context cultures) and United States (considered low-context culture). They reported that in most cases the rate of adoption was faster in all the three high-context cultures than it was in the United States.

Task Take any recently launched product and make a note of the communication strategies adopted by the company.

Case Study

Emotions and Paradoxes of Technology

The common perception that Internet can serve as a great time saver while simultaneously consuming large amounts of time is a paradox. A paradox occurs when an object is both X and not-X at the same time. When this is the case, a fixed equilibrium or balance between the opposing conditions is seldom achievable. Therefore, the salience or relevance of the positive or negative features are likely to shift frequently, often due to situational factors, producing a see-saw sensation from positive to negative feelings. Paradoxes produce conflict and ambience, which lead to emotional responses such as anxiety and stress and behaviour responses such as avoidance, abandonment, and mastery.

Technology ranging from dishwashers to computers often produces paradoxes for consumers. A recent study uncovered central paradoxes associated with the consumption of technological products.

1. ***Control/Chaos:*** It can facilitate regulation and order as well as can lead to upheaval and disorder. An answering machine allows one to screen messages and answer at one's own choice of time. It can also overflow, provide a large number of messages at one time, and annoy some of those who are trying to reach you.
2. ***Freedom/Enslavement:*** It can reduce restrictions and increase benefits or it can increase dependence and add restrictions. A computer allows one to do many things better and faster. However, one quickly becomes dependent on it and is unable to function effectively when a computer is not accessible.
3. ***New/Obsolete:*** It provides the newest benefits of scientific knowledge but is soon outdated. Computers, software, cameras, stereo systems, and many other products are changing so rapidly that it is difficult and extremely expensive to be "up-to-date."
4. ***Competence/Incompetence:*** It may increase feelings of intelligence and efficacy as well as feelings of ignorance and ineptitude. While one may experience pleasure in

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mastering many aspects of a technological product such as Excel, most also experience frustration at being unable to fully utilise the capabilities of many such technologies.

5. ***Fulfils/Creates desires:*** It fulfils desires while developing or increasing awareness of other desires. The acquisition of a computer meets needs for faster and better word processing but generates desires for printers, zip drives, and additional software.

6. ***Assimilation/Isolation:*** It can facilitate human interaction and isolation. Television can be used for interactive activities such as Super Bowl parties and shared experiences such as watching "Dawson's Creek." It also leads to solitary viewing and a lack of family discussion and interaction. The Internet both facilitates communication and restricts it.

7. ***Engaging/Disengaging:*** It encourages involvement, flow, and activity while discouraging the same things. Many technologies such as television and computers remove people from direct experience and involvement while simultaneously involving them in more passive or abstract experience.

Individuals differ in the extent to which they experience these paradoxes and in the degree to which such paradoxes produce anxiety and frustration. However, everyone experiences them to some extent and they arouse both positive and negative emotions in all of us.

Those individuals who find such paradoxes stressful adopt four categories of strategies for avoiding or minimising them:

1. ***Pre-acquisition avoidance strategies:*** These include ignoring information about new technologies and refusing or delaying the acquisition of new technological products.

2. ***Pre-acquisition confrontative strategies:*** Using someone else's technology product temporarily; using buying heuristics such as buying a familiar, widely known brand or a basic, less sophisticated model; engaging in extensive pre-purchase learning and extended decision making; and buying extended warranties or maintenance contracts are examples.

3. ***Consumption avoidance strategies:*** After acquiring the new technology (often as a gift or in response to peer pressure) one may still ignore it, abandon it, not repair or maintain it, or use it only under restricted circumstances (the VCR is used for showing rental movies but not for recording movies).

4. ***Consumption confrontative strategies:*** Accommodation (changing one's behaviours to meet the requirements of the new technology); partnering (developing an attachment to the technology), and mastering (thoroughly learning the technology) are common strategies.

Consumers are aware of technology paradoxes and pursue a variety of strategies to cope with them. They are not passive recipients of technology and do not automatically assume that new technologies are net positive benefits.

Question

What are the implications for the diffusion of technological innovations?

Source: *"Paradoxes of Technology: Consumer Cognisance, Emotions, and Coping Strategies,"* Journal of Consumer Research, September 1998.

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14.3 Summary

- Opinion leaders are those people who, in a given situation, are able to exert personal influence through word-of-mouth because others seek advice or information. Opinion leaders can informally influence the behaviour of consumers toward products or services, either positively or negatively.
- The diffusion process refers to the manner in which innovations spread over time to other consumers through communications across a market. Innovators adopt the product in its introductory phase of life cycle; early adopters during growth phase; early and late majority during its maturity period, and laggards are the last to adopt the product. These life cycle phases are important because they are linked to different marketing strategies during the product life cycle.

14.4 Keywords

Continuous innovation: modest, gradational, ongoing upgrades or enhancements of existing technologies or products

Diffusion of innovation: describes the manner in which a product is disseminated in the marketplace

Discontinuous innovation: technological, product or service innovation in an industry or market that requires end-users to change behavior

Innovators: Those who adopt a product earliest

Laggards: Are the last ones to adopt a product

Opinion leaders: Those who can exert personal influence in certain situations

14.5 Self Assessment

Fill in the blanks:

1. You are likely to follow the advice given by opinion leader (Designer) Manish Malhotra if you are looking to buy ……...
2. …… adopt a product when it is in its maturity stage but more towards decline.
3. Mobile phones come in the category of……innovations.
4. Colour Television is a …….innovation.
5. DVD players nowadays come with a USB port. This is a……innovation.
7. You will seek help of an opinion leader when your involvement in purchase decision is .....
8. You buy a cell phone on the day of its launch. You are an .....
9. ..... are most likely to be opinion leaders and influence others.
10. Online shopping and tele-shopping do save time but still many don't like to shop on web or on phone. This is to ..... barrier.

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14.6 Review Questions

1. Discuss the different types of innovations with examples.
2. Discuss the stages in adoption process (using an example). What are common barriers to adoption new products?
3. Discuss the role of communication and culture in diffusion of innovation.
4. Companies create opinion leaders to talk about their brands in public. Give a few examples of this and determine its effectiveness.
5. Identify famous opinion leaders related to clothing styles, music systems/music and shares & mutual funds. Why do you think they are fit to be opinion leaders?
6. Identify the characteristics of people who adopted these products: cellular phone, tablet pc and wrist watch with camera.
7. Make a list of five products you consider as innovations. Which one has just entered India? Why in your view it would be adopted quickly/very slowly or fail?
8. "Rate of Diffusion can vary according to the nature of the product". Discuss.
9. "An innovation might fail if it is not communicated properly". Do you agree? Give reasons quoting real life examples.
10. "In context of marketing opinion leaders play a great role." Comment.

Answers: Self Assessment

1. clothes/designer clothes
2. Late majority
3. Continuous
4. Dynamically continuous
5. Functional
6. High
7. innovators
8. Early Adopters
9. usage

14.7 Further Readings

Books

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Hawkins, D.L & Best, Roger, Consumer Behaviour - Building Marketing Strategy, McGraw Hill, Indian Edition, New Delhi.

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