CONSUMER BEHAVIOUR (MKT)

UNIT-1: Introduction

Concept, Scope and Application of Consumer Behavior, Contemporary Dimensions of Consumer Behavior, CB research process. Concepts and theories of motivation and personality and their Marketing implications. The concept of perception and its impact on Marketing Strategies.

Meaning:

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

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

Definition:

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

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

Scope of Consumer Behaviour:

1) Consumer behaviour and marketing management: Effective business managers realise the importance of marketing to the success of their firm. A sound understanding of consumer behaviour is essential to the long run success of any marketing program. In fact, it is seen as a cornerstone of the Marketing concept, an important orientation of philosophy of many marketing managers. The essence of the Marketing concept is captured in three interrelated orientations - consumers' needs and wants, company integrated strategy.

2) Consumer behaviour - Non-profit and social marketing: In today's world even the non-profit organisations like government agencies, religious sects, universities and charitable institutions have to market their services for ideas to the "target group of consumers or institution." At other times these groups are required to appeal to the general public for support of certain causes or ideas. Also they make their contribution towards eradication of the problems of the society. Thus a clear understanding of the consumer behaviour and decision making process will assist these efforts.

3) Consumer behaviour and government decision making: In recent years the relevance of consumer behaviour principles to government decision making. Two major areas of activities have been affected:

i) Government services: It is increasingly and that government provision of public services can benefit significantly from an understanding of the consumers, or users, of these services.

ii) consumer protection: Many Agencies at all levels of government are involved with regulating business practices for the purpose of protecting consumer's welfare.

4) Consumer behavior and DE marketing: It has become increasingly clear that consumers are entering an era of scarcity in terms of some natural gas and water. These scarcities have led to promotions stressing conservation rather than consumption. In other circumstances, consumers have been encouraged to decrease or stop their use of particular goods believed to have harmful effects. Programs designed to reduce drug abuse, gambling, and similar types of conception examples. These actions have been undertaken by government agencies non-profit organizations, and other private groups. The term "DE marketing" refers to all such efforts to encourage consumers to reduce their consumption of a particular product or services.

5) Consumer behavior and consumer education: Consumer also stands to benefit directly from orderly investigations of their own behavior. This can occur on an individual basis or as part of more formal educational programs. For example, when consumers learn that a large proportion of the billions spend annually on grocery products is used for impulse purchases and not spend according to pre-planned shopping list, consumers may be more willing to plan effort to save money. In general, as marketers that can influence consumers' purchases, consumers have the opportunity to understand better how they affect their own behavior.

Applications of consumer behavior:

1) Analyzing market opportunity: Consumer behavior study help in identifying the unfulfilled needs and wants of consumers. This requires examining the friends and conditions operating in the Marketplace, consumer's lifestyle, income levels and energy influences. This may reveal unsatisfied needs and wants. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

2) Selecting target market: Review of market opportunities often helps in identifying district consumer segments with very distinct and unique wants and needs. Identifying these groups, behave and how they make purchase decisions enable the marketer to design and market products or services particularly suited to their wants and needs. For example, please sleep revealed that many existing and potential shampoo users did not want to buy shampoo fax price at rate 60 for more and would rather prefer a low price package containing enough quantity for one or two washers. This finding LED companies to introduce the shampoos sachet, which become 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. Where too, consumer behavior study is very helpful in finding answers too many perplexing questions. The factors of marketing mix decisions are:

i) product ii) price iii) promotion iv) distribution

4) Use in social and non-profits marketing: Consumer behavior studies are useful to design marketing strategies by social, governmental and not for profit organizations to make their programs more effective such as family planning, awareness about AIDS.

CONSUMER RESEARCH PROCESS
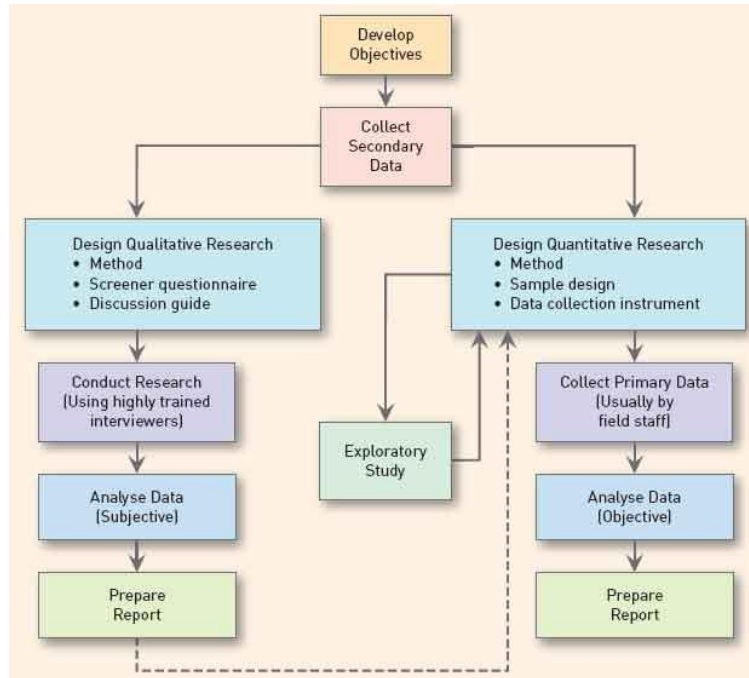
The major steps in the Consumer Research process are:

1. Developing Research objectives: The 1st & most difficult step in consumer research process is to carefully define the objectives of the study.
    a. Is it to segment the market for premium smartphones?
    b. To find out consumer attitudes about and experiences with online shopping?
    c. To determine what % of households do their food / grocery shopping online?

It is important for the marketing / research manager to agree at the outset on the purposes and objectives of the study to ensure that the research design is appropriate. A carefully thought out statement of objectives helps to define the type and level of information needed.
    - If the purpose of the study is to come up with the new idea for products or promotional campaigns, then a qualitative study is usually undertaken, in which respondents spend a significant amount of time face to face with a highly trained professional interviewer analyst who also does the analysis.
    - If the purpose of the study is to find out how many people in the population use certain products and how frequently they use them, then a quantitative study that can be computer analyzed can be undertaken.

2. Collecting Secondary Data: A search for secondary data follows the statement of objectives Secondary information is any data originally generated for some purpose other than the present research objectives. Secondary data includes both internal and external data.

a. Internal Secondary Data consists of information as data generated in house for earlier studies as well as analysis of customer files, such as past customer transactions, letter from customers, sales call reports and data collected via warranty cards. Increasingly, companies use internal secondary data to compute customer lifetime value profiles for various customer segments. These profiles include customer acquisition costs (the resources needed to establish a relationship with the customer), the profits generated from individual sales to each customer, the costs of handling customers and their orders and the expected duration of the relationship.

b. External Secondary Data consists of any data collected by an outside organization. The major source of these data is the

   i. Census data collected by the Indian Government every 10 years. It becomes the basis on which marketers gather data about all the demographics of the Indian population.

   ii. Commercial Data is available from Marketing research companies that routinely monitor specific aspects of CB and sell the data to marketers.

   iii. Secondary data is also provided by companies that routinely monitor a particular consumption related behavior. For example, one of the primary challenges marketers face is placing their advertisements in media that are most likely to reach their target customers. In India, BARC undertakes the official measurement of Television audience, which records the TV audiences' preferences in watching the channels. BARC covers around 3,00,000 households across the country. The study estimated the Total and TV population of households and individuals, their location, demographic distribution, connection type, language preferences and other media consumption. The information collected from each survey respondent included the household head's name, family member demographics, number of durables owned, education of the household's chief wage earner and physical address.

BARC Methodology:

BARC India captures watermarks embedded in the audio transmission of TV channel transmissions to identify the channel being viewed.

This technology captures TV usage, TV station identification and individual viewing through the use of two digital devices, one installed by the broadcaster (Embedder) at station head end/transmission site(s) and the other device, referred to as the "BAR-O-Meter", that is installed on each TV set in the panel household.

The TV set metering systems continuously and passively captures TV viewing events in real time, recording the time and duration of channel tuning events and capturing the viewership events of individual members ages 2+ that have pressed their viewer ID button to confirm their presence in the audience.

The main unit stores the individual time stamped events in memory for transmission to the BARC India server at predetermined intervals throughout the viewing day. The BAR-O-Meter TV viewing event data is then received by

BARC India collection server where collected TV event data are simultaneously backed up and made available to pre-processing software.

1. **Quantitative Research:** A quantitative research study is comprised of research design, the data collection methods, instruments to be used, and the sample design. Following are the three basic designs or approaches used for quantitative design:

   a. Observational Research: Here, marketers gain an in-depth understanding of the relationship between people and products by watching them in the process of buying and using the products. It provides a greater insight into the bond between the people and products that is the essence of brand loyalty. Many large organizations use trained researchers / observers to watch, note and sometimes videotape consumers in stores, malls.
   B. Mechanical Research: Here, a mechanical device is used to record consumer behavior or response to a particular marketing stimulus.
       Ex: - Banks observing CCTV footage in ATMs to observe problems customers face.

       -Using entry devices to record the footfalls during different times and different days.

c. **Experimentation:** Here, the sales appeal of many types of varieties such as package design, prices, promotional offers are studies to identify cause and effect by manipulating one or few elements and keeping the other variables constant. A controlled experiment of this type ensures that any difference in the outcome is due to different treatments of the variable under study and not to other factors.

        Ex: Observing the sales of a product by only changing the package design of a noodles packet. The result will help to ascertain the importance of the old / new package and the consumer's behavior towards the both.

Such casual research is done in **test marketing** in which prior to launching a new product to ascertain the importance of each elements of a product.

d. **Surveys:** Surveys are conducted to ask consumers about their purchase preferences and consumption experiences.

Types of Surveys:

   1. **Personal Interview:** They take place in the home or in retail shopping areas.
   2. **Telephone Surveys:** Telephonic calls are used to collect consumer data.
   3. **Mail surveys:** Sending questionnaires through mail to consumers' homes and asking them to reply in a self-addressed envelope often offering incentives & vouchers on sending back the survey form.
   4. **Online Surveys:** Surveys on the internet. It may be in a website or sending an Email.

Quantitative research data collection instruments:

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1. **Questionnaire:** The primary data collection instrument is the questionnaire, which can be sent through the mail to selected respondents. Questionnaires must be interesting, objective, unambiguous, easy to complete and not burdensome.

   Questionnaires can be
   a. **Disguised or non-disguised.**
   b. **Open ended or closed ended.**

2. **Attitude Scales:** Researchers present respondents with a list of products or product attributes for which they are asked to indicate their relative feelings or evaluations. The instruments most frequently used to capture this evaluative data are called attitude scales.
   a. **Likert Scale:** Here, the respondents check or write the number corresponding to their level of agreement or disagreement with each series of statements that describe the attitude object under investigation. A scale consists of an equal number of agreement / disagreement choices on either side of a neutral choice.

   ## LIKERT SCALE

   For each of the following statements, please record the number that best describes the extent to which you agree or disagree with each statement.

1. Strongly Agree	2. Somewhat Agree	3. Neither Agree nor Disagree	4. Somewhat Disagree	5. Strongly Disagree

   _____ It's fun to shop online.
   _____ I am afraid to give my credit card number online.

   Two widely used applications of the Likert Scale to measure consumer attitudes are:

   ## SATISFACTION MEASURES

   Over all, how satisfied are you with Bank X's online banking? _____

1. Very Satisfied	2. Somewhat Satisfied	3. Neither Satisfied nor Dissatisfied	4. Somewhat Dissatisfied	5. Very Dissatisfied

   ## IMPORTANCE SCALES

   The following list of features are associated with shopping on the Internet. For each feature, please record the one alternative that best expresses how important or unimportant that feature is to you.

1. Extremely Important	2. Somewhat Important	3. Neither Important nor Unimportant	4. Somewhat Unimportant	5. Not at all Important

   b. **Semantic differential scale:** It consists of bipolar adjectives such as good / bad, happy / unhappy.

Respondents are asked to evaluate by checking the desired point.

SEMANTIC DIFFERENTIAL SCALE

For each of the following features, please check one alternative that best expresses your impression of how that feature applies to **online banking:**

Competitive rates |—|—|—|—|—|—| Noncompetitive rates
Reliable |—|—|—|—|—|—| Unreliable

c. **Behavior intention scale:** It measures the likelihood that consumers will act in a certain way in the future, such as buying the product again or recommending it to a brand.

BEHAVIOR INTENTION SCALES

How likely are you to continue using Bank X's online banking for the next six months? _____

1. Definitely   2. Probably   3. Might or   4. Probably   5. Definitely
   Will   Will   Might Not   Will Not   Will Not
   Continue   Continue   Continue   Continue   Continue

How likely are you to recommend Bank X's online banking to a friend? _____

1. Definitely   2. Probably   3. Might or   4. Probably   5. Definitely
   Will   Will   Might Not   Will Not   Will Not
   Recommend   Recommend   Recommend   Recommend   Recommend

d. **Rank order scales:** respondents are asked to rank items on a preferential scale may be from 1 to 5, or 1 to 10.

RANK ORDER SCALE

We would like to find out about your preferences regarding banking methods. Please rank the following banking methods by placing a "1" in front of the method that you prefer most, a "2" next to your second preference, and continuing until you have ranked all of the methods.

_____ Inside the bank   _____ Online banking   _____ Banking by telephone
_____ ATM   _____ Banking by mail

2. **Qualitative Research Designs:**

1. **Depth interviews:** A depth interview is lengthy, 30 minutes to 1 hour, between the respondent and a highly trained interviewer. Respondents are encouraged to talk freely about their activities, attitudes and interests in addition to the product category or brand under study. Transcripts, videotapes or audiotapes recordings are then carefully studied together with reports of respondent's moods and any gestures or body language that they may have used to convey attitudes or motives.

2. **Focus Groups:** A focus group consists of 8 to 10 respondents who meet with a moderator for a group

discussion focused on a particular product. They are encouraged to discuss their interests, attitudes, reactions, motives, lifestyles, feelings about the product.

Data Analysis and reporting research findings:

In both the quantitative and qualitative research, the research report includes a brief executive summary of the findings. All the responses are tabulated and analyzed using sophisticated programs that correlate the data by selected variables and cluster the data together.

MOTIVATION – Concept & Dynamics

| TABLE 4.1	Companies Can Define Themselves as Product-Oriented versus Need-Oriented	
	PRODUCT-ORIENTED	**NEED-ORIENTED**
Pfizer	We make pharmaceuticals.	"We dedicate ourselves to humanity's quest for longer, healthier, happier lives through innovation in pharmaceutical, consumer, and animal health products." (**www.pfizer.com**)
Logitech	We make cameras and PC tracking devices.	"Logitech designs, manufactures and markets personal peripherals that enable people to effectively work, play, and communicate in the digital world. The company's products combine essential core technologies, continuing innovation, award-winning industrial design and excellent price performance." (**www.logitech.com**)
Ritz-Carlton	We rent rooms and provide facilities for meetings and events.	The company's credo stresses the genuine care and comfort of the guests, the finest personal service and facilities, a warm yet refined ambience, and an experience that fulfills even the unexpressed needs and wishes of the guests. (**www.ritzcarlton.com**)

Motivation Process:

Motivation as a psychological force:

Motivation is the driving force within individuals that impels them to action. This driving force is produced by a state of tension, which exists as a result of an unfulfilled need. Individuals strive both consciously and subconsciously to reduce this tension through behavior that they anticipate will fulfil the needs and does relieve them of the stress they feel.

The specific goals that consumers wish to achieve and the courses of action they take to attain these goals are selected on the basis of them

- thinking processes (cognition)
- previous learning (previous learning).

Therefore, marketers must view motivation as the force that induces consumption.
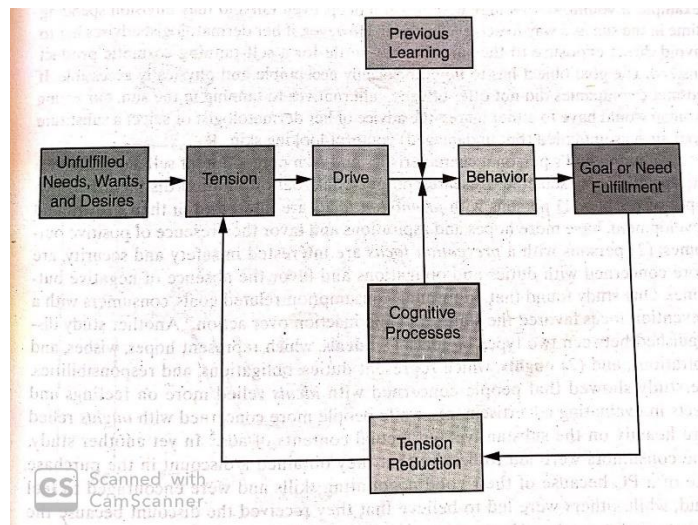
Needs & Goals:

Needs:

Every individual has needs – some are innate, others are quiet.

- **Innate needs** are physiological in nature. They include the needs for food, water, air, clothing, shelter and sex. Because, they are needed to sustain biological life, the biogenic needs are considered primary needs or motives.
- **Acquired needs** are needs that we learn in response to a culture on environment. This made include needs for self-esteem, prestige, affection, power and learning. Because acquired needs are generally psychological, they are considered secondary needs or motives.

Example: All individuals need shelter from the elements- thus finding a place to live fulfils a n important primary need for a newly transferred executive. However, the kind of home he/she rents or buys may be the result of secondary needs.

Goals: goals are the sought after results of motivated behavior. Generic goals are the goals that consumers see as a means to fulfil their needs.

- If a student tells his parents that he wants to become a medical doctor, he has stated a **generic goal**.
- If he says he wants to get an MD degree from any university, he has expressed a **product-specific goal**.

Marketers are particularly concerned product-specific goals, that is, specifically branded products and services that consumers select for goal fulfilment.

Dynamics of motivation:

Needs and goals change and grow in response to an individual's physical condition, environment, interaction with others and experiences. As individuals attain their goals, they develop new ones. If they do not attain the goals, they continue to strive for old goals or they develop substitute goods.

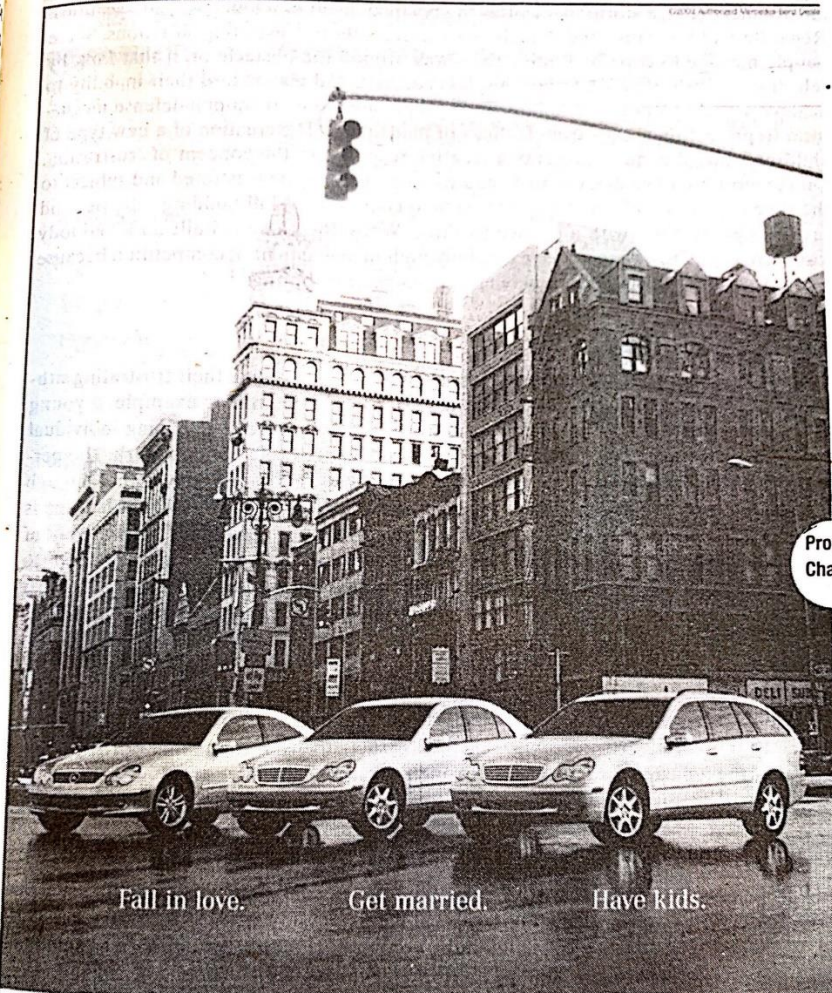Some of the reasons why need driven human activity never ceases, include the following:

1. **Many needs are never fully satisfied:** Most human needs and never fully or permanently satisfied. For example, at fairly regular intervals throughout each day, individuals experience hunger needs must be satisfied. Most people regularly see companionship and approval from others to satisfy their social needs.

    Even more complex psychological needs are rarely fully satisfied. For example, a person may partially satisfy a need for power by working as administrative assistant to a local politician. But this week areas test of power may not sufficiently satisfy their need. Thus, they must strive to work for a state legislator or even to run for political office themselves. Temporary goal achievement does not adequately satisfy the need for power, and the individual strives even harder to more fully satisfied that need.

2. **New needs emerge as old needs are satisfied:** hierarchy of needs exists and that new, higher order needs emerge as lower order needs are fulfilled. For example, a man who is basic psychological needs that is food and shelter are satisfied, his next new need may be move to a bigger home with much better facilities.
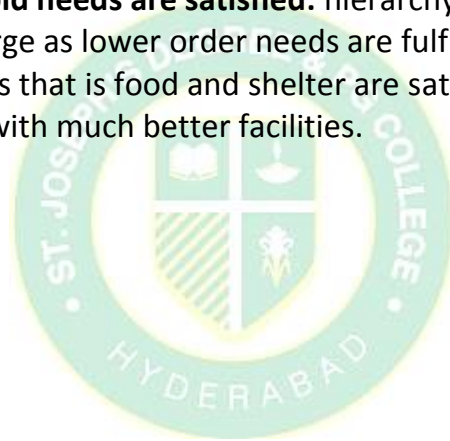
Fall in love. Get married. Have kids.

Wherever your heart lies, the choice is up to you. It all begins with the C 230 Sports Coupe starting at just $25,615, the C 240 Sedan starting at $30,565 and the C 240 Sport Wagon starting at $32,065. At last, you've finally found yourself a soul mate.

Mercedes-Benz
Tri-State Dealers

3. **Success and failure influence goals:** Individuals who successfully achieve their goals usually set new and higher goals for themselves, that is there is the levels of aspiration. This may be due to the fact that this success is reaching lower goals makes them more confident of their ability to reach higher goals. Conversely, those who do not reach their goals sometimes lower their levels of aspiration. Thus, good selection is often a function of success and failure. For example, a college senior who is not accepted into medical school me trying instead to become a dentist.

Maslow's Hierarchy of Needs

1. **Physiological needs:** In the hierarchy of needs theory, physiological needs are the first and most basic level of human needs. These needs, which are required to sustain biological life, include food, water, air, shelter, clothing, sex. According to Maslow, physiological needs are dominant when they are chronically unsatisfied. The lives of many homeless people in major cities and in the devastated areas are focused almost entirely on satisfying their biogenic needs, such as the need for food, shelter and clothes.

2. **Safety Needs:** After the first level of needs satisfied, safety and security needs become the driving force behind an individual's behavior. These needs are concerned not only with physical safety but also include order, stability, routine, familiarity and control over one's life and environment. Health and the availability of healthcare are important safety concerns. Saving accounts, insurance policies, education and vocational training all means by which individual satisfying the need for security.

3. **Social needs:** The third level of Maslow's hierarchy includes such needs as love, affection, belonging, and acceptance. People seek warm and satisfying human relationships with other people and are motivated by love for the families. Because of the importance of social motives in our society, advertisers of many product categories emphasize this appeal in their advertisements.

4. **Egoistic needs:** When social needs are more or less satisfied, the fourth level of Maslow's hierarchy becomes operator. This level is concerned with egoistic needs. These needs can be either an inverter or an outward orientation, or both. Invert Lee directed ego needs reflect and individuals need for self-acceptance, self-esteem, success, independence and personal

satisfaction with a job well done. Outwardly directed ego needs include the needs for prestige, reputation, status and the condition from others.

5. **Need for self-actualization:** According to Maslow, most people do not satisfy the ego needs sufficiently to ever move to the fifth level - the need for self-actualization or self-fulfillment. This need refers to an individual's desire to fulfil his or her potential – – to become everything he or she is capable of becoming. This need is expressed in different ways by different people. A young man may desire to be an Olympic star and work single-mindedly for years to become the best in his sport. An artist may need to express herself on canvas. Some of our large just corporations encourage their highly paid employees to look beyond the pay cheques to find gratification and self-fulfillments in the workplace-to view their jobs as a way to become open "all they can be".

Maslow's needs for Marketing implications:

Maslow's needs hierarchy is readily adaptable to market segmentation and the development of advertising appeals because there are consumer goods designed to satisfy each of the need levels and because most needs are shared by large segment of consumers.

For Segmentation:

Examples:

- Individuals buy health food, medicines and low-fat products to satisfy his physiological needs.
- They buy insurance, preventive medical services and home security systems to satisfy safety and security needs.
- Almost all personal care and grooming products such as cosmetics, mouth wash, shaving cream, as well as most clothes, are bought to satisfy social needs.
- High-tech products such as elaborate sound systems and luxury products such as big cars or expensive furniture are often bought to fulfil your ego and esteem needs.
- Post graduate College education, hobby related products, exotic and physically challenging adventure trips are sold as ways of achieving self-fulfillments.

For Positioning:

Advertisers may use the need hierarchy for positioning products that is deciding how the product should be perceived by prospective customers. The key to positioning is to find a niche -

unsatisfied need - that is not occupied by a competing product or brand. The need hierarchy is a very versatile tool for developing positioning strategies because different appeals for the same product can be based on different needs.

For an example,

Many ads for soft drinks

- Stress social appeal by showing a group of young people enjoying themselves and advertised product
- Stress refreshment – a physiological need.
- Others my focus on low calorie content – ego need.

TRIO OF NEEDS

Some psychologists believe in the existence of a trio of basic needs; the needs for power, for affiliation, and for achievement. These needs can each be subsumed within Maslow's need hierarchy; considered individually; however, each has a unique relevance to consumer motivation.

1) POWER:

The power need relates to an individual's desire to control his or her environment. It included the need to control other persons and various objects. This need appears to be closely related to the ego or esteem needs, in that many individuals experience increased self-esteem when they exercise power over objects or people.

So when considering each need individually we have the power need, which relates to our desire to control our environment, other people and various objects. This need has a close relationship to Maslow's ego need. The fourth level of Maslow's hierarchy reflects on our need for self-acceptance, self-esteem, success and person satisfaction. A particular advert that encompasses these notions is this advertisement for Mercedes. The power element is clearly presented by the slogan, "Women talk about men inside sports cars," suggesting that men will have power over women's attention if they buy this car.

2) AFFILIATION:

Affiliation related to need for friendship, acceptance and belonging. People with high affiliation needs tend to be socially dependent on others. The affiliation need is very similar to Maslow's social need. where people are highly motivated by love for their families and friends. The strongest affiliation advertisement that comes to mind first is Coca Cola's "share a coke" campaign. By introducing common names to their bottle labels coke successfully drilled this share a coke slogan into consumers' minds. The idea of sharing a drink with someone else, other than yourself is a clear indication of the affiliation need being presented in this advert.


3) ACHIEVEMENT:

Achievement is the need for personal accomplishment. It is closely related to egoistic and self-actualization needs. People with a high need for achievement tend to be more self-confident, enjoy taking calculated risks, and actively research their environments and value feedback.

This advert of Tiger Woods promoting Nike has a strong connection to the need for achievement. The underlining motivation in this advert urges that achieving, accomplishing and overall winning is expected to be attained when using or owning Nike's product. The use of a celebrity endorser in an "achievement need" category only makes the concept of Maslow's ego and self-actualisation needs more concrete in my eyes.
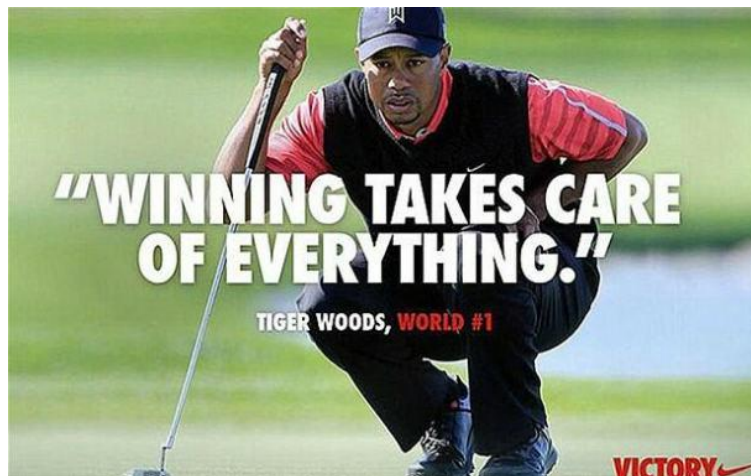
FREUDIAN THEORY OF PERSONALITY

Sigmund Freud is considered to be the father of psychiatry. Among his many accomplishments is, arguably, the most far-reaching personality schema in psychology: The **Freudian theory of personality.** It has been the focus of many additions, modifications, and various interpretations given to its core points.

Definition

Human Personality: The adult personality emerges as a composite of early childhood experiences, based on how these experiences are consciously and unconsciously processed within human developmental stages, and how these experiences shape the personality.

Not every person completes the necessary tasks of every developmental stage. When they don't, the results can be a mental condition requiring psychoanalysis to achieve proper functioning.

Id: Meeting the Basic needs

The id is the most basic part of the personality. It also represents our most animalistic urges, like the desire for food and sex. The id seeks instant gratification for our wants and needs. If these needs or wants are not met, a person can become tense, anxious, or angry.

- Sally was thirsty. Rather than waiting for the server to refill her glass of water, she reached across the table and drank from Mr. Smith's water glass, much to his surprise.
- Bart was stuck in traffic. He just wanted his vehicle to move! Enraged at the situation, Bart pulled his car onto the shoulder and sped forward, not caring that he was clipping people's side mirrors as he tried to get ahead of the cars in front of him.

Ego: Dealing with Reality

In order for people to maintain a realistic sense here on earth, the ego is responsible for creating balance between pleasure and pain. It is impossible for all desires of the id to be met and the ego realizes this but continues to seek pleasure and satisfaction. Although the ego does not know the difference between right and wrong, it is aware that not all drives can be met at a given time. The reality principle is what the ego operates by in order to help satisfy the id's demands as well as compromising according to reality. The ego is a person's "self" composed of unconscious desires. The ego takes into account ethical and cultural ideals in order to balance out the desires originating in the id. Although both the id and the ego are unconscious, the ego has close contact with the perceptual system. The ego has the function of self-preservation, which is why it has the ability to control the instinctual demands from the id.

The ego deals with reality, trying to meet the desires of the id in a way that is socially acceptable in the world. This may mean delaying gratification and helping to get rid of the tension the id feels if a desire is not met right away. The ego recognizes that other people have needs and wants too, and being selfish isn't good in the long run.

- Sally was thirsty. However, she knew that her server would be back soon to refill her water glass, so she waited until then to get a drink, even though she really just wanted to drink from Mr. Smith's glass.

  - Mary really wanted to borrow her mom's necklace, but knew her mom would be angry if she took it without asking, so she asked her mom if she could wear it.

Superego: Adding Morals

The superego, which develops around age four or five, incorporates the morals of society. Freud believed that the superego is what allows the mind to control its impulses that are looked down upon morally. The superego can be considered to be the conscience of the mind because it has the ability to distinguish between reality as well as what is right or wrong. Without the superego Freud believed people would act out with aggression and other immoral behaviors because the mind would have no way of understanding the difference between right and wrong. The superego is considered to be the "consciousness" of a person's personality and can override the drives from the id. Freud separates the superego into two separate categories; the ideal self and the conscience. The conscience contains ideals and morals that exist within society that prevent people from acting out based on their internal desires. The ideal self contains images of how people ought to behave according to societies ideals.

Superego: Adding Morals

The superego develops last, and is based on morals and judgments about right and wrong. Even though the superego and the ego may reach the same decision about something, the superego's reason for that decision is based more on moral values, while the ego's decision is based more on what others will think or what the consequences of an action could be on the individual.

- Sarah knew she could steal the supplies from work and no one would know about it. However, she knew that stealing was wrong, so she decided not to take anything even though she would probably never get caught.

  - n the playground, two kids were making fun of Joseph because he wore glasses. John was tempted to join in so that he could make himself look good, but when he thought about how bad Joseph must already feel, he knew that he couldn't.

Id, Ego, and Superego

The id, ego and superego work together to create human behaviour. The id creates the demands, the ego adds the needs of reality, and the superego adds morality to the action which is taken.

https://examples.yourdictionary.com/examples-of-id-ego-and-superego.html

NEO FREUDIAN THEORY OF PERSONALITY

Neo-Freudian personality theory

Several of Freud's colleagues disagreed with his contention that personality is primarily instinctual and sexual in nature. Instead, these neo-Freudians believed that social rela-tionships are fundamental to the formation and development of personality. For instance, Alfred Adler viewed human beings as seeking to attain various rational goals, which he called *style of life*. He also placed much emphasis on the individual's efforts to overcome *feelings of inferiority* (i.e., by striving for superiority).

Harry Stack Sullivan, another neo-Freudian, stressed that people continuously attempt to establish significant and rewarding relationships with others. He was particu-larly concerned with the individual's efforts to reduce tensions, such as anxiety.

Like Sullivan, Karen Horney was also interested in *anxiety*. She focused on the impact of child–parent relationships and the individual's desire to conquer feelings of anxiety. Horney proposed that individuals be classified into three personality groups: *compliant*, *aggressive*, and *detached*.[3]

1. Compliant individuals are those who move toward others (they desire to be loved, wanted, and appreciated).

2. Aggressive individuals are those who move against others (they desire to excel and win admiration).

3. Detached individuals are those who move away from others (they desire indepen-dence, self-reliance, self-sufficiency, and individualism or freedom from obligations).

A personality test based on Horney's theory (the CAD) has been developed and tested within the context of consumer behavior.[4] The initial CAD research uncovered a number of tentative relationships between college students' scores and their product and brand usage patterns. For example, highly *compliant* students were found to prefer name-brand products such as Bayer aspirin (**www.bayer.com**); students classified as *aggressive* showed a preference for Old Spice deodorant (**www.oldspice.com**) over other brands (seemingly because of its masculine appeal); and highly *detached* students proved to be heavy tea drinkers (possibly reflecting their desire not to conform). More recent research has found that children who scored high in self-reliance—who preferred to do things independently of others (i.e., *detached* personalities)—were *less* likely to be brand loyal and were *more* likely to try different brands.[5]

Many marketers use some of these neo-Freudian theories intuitively. For example, marketers who position their products or services as providing an opportunity to belong or to be appreciated by others in a group or social setting would seem to be guided by Horney's characterization of the *detached* individual. Figure 5.3 shows an ad for the Suzuki Reno that captures a positive image of the detached (or individualistic or non-conformist) person. Its headline declares: "180° from those other squares." This clever ad is referring to competitors' vehicles that are "square" and their "square" owners.

TRAIT THEORY OF PERSONALITY

Trait theory constitutes a major departure from the qualitative measures that typify the Freudian and Neo Freudian movements.

The orientation of trait theory is primarily quantitative or empirical. It focuses on the measurement of personality in terms of specific psychological characteristics, called traits. A trait is defined as "any distinguishing, relatively enduring way in which one individual differs from another'. Trait theorists are concerned with the construction of personality tests that enable them to pinpoint the visual differences in terms of specific traits.

This five-factor model of personality represents five core traits that interact to form human personality. While researchers often disagree about the exact labels for each dimension, the following are described most commonly:
1. Extraversion
2. Agreeableness
3. Conscientiousness
4. Neuroticism
5. Openness

1. Openness

This trait features characteristics such as imagination and insight. People who are high in this trait also tend to have a broad range of interests. They are curious about the world and other people and eager to learn new things and enjoy new experiences.

People who are high in this trait tend to be more adventurous and creative. People low in this trait are often much more traditional and may struggle with abstract thinking.

2. Conscientiousness

Standard features of this dimension include high levels of thoughtfulness, good impulse control, and goal-directed behaviours. Highly conscientious people tend to be organized and mindful of details. They plan ahead, think about how their behaviour affects others, and are mindful of deadlines.

3. Extraversion

Extraversion (or extroversion) is characterized by excitability, sociability, talkativeness, assertiveness, and high amounts of emotional expressiveness. People who are high in extraversion are outgoing and tend to gain energy in social situations. Being around other people helps them feel energized and excited.

People who are low in extraversion (or introverted) tend to be more reserved and have less energy to expend in social settings. Social events can feel draining and introverts often require a period of solitude and quiet in order to "recharge."

4. Agreeableness

This personality dimension includes attributes such as trust, altruism, kindness, affection, and other prosocial behaviours.

People who are high in agreeableness tend to be more cooperative while those low in this trait tend to be more competitive and sometimes even manipulative.

5. Neuroticism

Neuroticism is a trait characterized by sadness, moodiness, and emotional instability. Individuals who are high in this trait tend to experience mood swings, anxiety, irritability, and sadness. Those low in this trait tend to be more stable and emotionally resilient.

Unit – II: Consumer Learning Principles and theories

Learning principles and their marketing implications: Concepts of conditioning, important aspects of Information processing theory; encoding and information Retention, Retrieval of information, Split-brain Theory

LEARNING PRINCIPLES

Elements of Consumer Learning:

Consumer learning can be thought of as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour.

Consumer learning is a process where it continuously evolved and changes as a result of

- Newly acquired knowledge
- Or from actual experience.

Both newly acquired knowledge and personal experience service feedback to the individual and provide the basis for future behaviour in similar situations.

The elements in most learning theories are motivation, cues, response and reinforcement.

1. **Motivation:** motivation acts as a spur to learning. For example, men and women who want to take a bicycle riding for fitness and the creation are motivated to learn all they can about hike writing and also to practice often. There was information concerning the prices, quality and characteristics of bicycles. They will also read any articles in the local newspapers about bicycle trails and music online information about active vacations that involve biking or hiking. Conversely, individuals who are not interested in bike riding a likely to ignore all information related to the activity. The degree of relevance, or involvement, determines the consumers level of motivation to search for knowledge or information about a product or service.

Uncovering consumer motives is one of the prime tasks of marketers, who then try to teach motivated consumer segments why and how the products will fulfil the consumers needs.

2. **Cues:** if motives serve to stimulate learning, accuse other stimuli that give direction to these motives. An advertisement for an exotic trip that includes bike riding Main serve as a queue for bike riders, woman suddenly recognise that the need of vacation. The ad is the queue, or stimulus, that's that suggest a specific way to satisfy a salient motive.

In the market place, price, styling, packaging, advertising and store displays on serve as skews to help consumers fulfil the needs in product specific ways.

3. **Response:** How individuals react to a drive or cues - how they behave – constitute their response. Learning can occur even when responses are not met. The auto mobile manufacturer that provides consistent queues to a consumer may not always succeed in stimulating a purchase. However, if the manufacturer succeeds in forming a favourable image of a particular auto mobile model in the consumers mind, it is likely that the consumer will consider that make or model when he or she is ready to buy.

4. **Reinforcement:** Reinforcement increases the likelihood that a specific response will occur in the future as a result of particular cues or stimuli.

CONCEPT OF CONDITIONING

Two types:

1. Classical Conditoning
2. Instrumental Conditioning

Classical conditioning: Early classical conditioning theorists regard it on organisms as relatively passive entities that could be taught certain behaviors through repetition that is conditioning. Conditioning Learning results when a stimulus that is paired with another stimulus that elicits a non-response serves to produce the same response when used alone.

Pavlov demonstrated what he meant by conditional learning in studies with dogs. The dogs were hungry and highly motivated to eat. In his experiments, Pavlov sounded a bell and then immediately applied a meat paste to the dog's tongues, which cost them to salivate. Learning occurred when, after a sufficient number of repetitions of the bell sound followed almost immediately by the food, the bell sound alone cost the dogs to salivate. The dog associated the bell sound (**conditioned stimulus)** with the meat paste **(the unconditioned stimulus)** and after a number of pairings, gave the same unconditioned response **(salivation)** to the bell.

In a consumer behavior context, an unconditional stimulus might consist of a

- well-known brand symbol – Colgate
- that implies a IDA endorsement and
- organic products.

The previously acquired consumer perception of Colgate is the unconditioned response.

Conditioned stimuli might consist of new products bearing the well-known symbol such as APPROVED BY IDA

Conditioned response would be trying this products because of the belief that they embody the same attributes with which the Colgate name is associated.

Strategic applications of classical conditioning:

Three basic concepts derived from classical conditioning – reputation, stimulus generalization and stimulus discrimination.

1) **Repetition:** repetition increases the strength of the association between a condition stimuli and an unconditioned stimulus and slows the process of forgetting. However, the research suggests that there is a limit to the amount of repetitions that will aid retention. At some point, an individual can become satiated with numerous exposures, and both attention and retention will decline this effect known as advertising where out,

can be moderated by wearing the advertising message. Some marketers avoid wear out by using cosmetic variations in their ads while repeating the same advertising theme. Ex: Zoo Zoo ads by Vodafone.

2) **Stimulus generalization:** Learning depends not only on reputation but also on the ability of individuals to generalize. Pavlov, for example, that a dog could not to salivate not only to the sound of a bell but also to somewhat similar sound of jangling keys. Stimulus generalization explains why some imitative me too products succeed in the marketplace – consumers confuse them with a original product they have seen advertised. It also explains why private brands try to make their packaging closely resemble the national brand leaders. They are hoping that the consumers will confuse their packages with a leading brand and buy their product rather than the leading brand.

3) **Stimulus discrimination:** it is the opposite of stimulus generalization and results in the selection of a specific stimulus from amongst similar stimuli. The consumer's ability to discriminate among similar stimuli is the basis of positioning strategy, which seeks to establish a unique image for a brand in the consumer's mind.

    i) **Positioning:** in our over communicated society, the key to stimulus discrimination in effective positioning, a major competitive advantage. Unlike the imitator hopes consumers will generalize the perceptions and attribute special characteristics of the market leader's products to its own products, market leaders want the consumer to discriminate among similar stimuli. They want their products to be reorganized as uniquely fulfilling consumer needs.

    ii) **Product differentiation:** most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that is relevant, meaningful and valuable to consumers.

Instrumental Conditioning: instrumental learning theorists believe that learning occurs through trial and error process, with the habits formed as a result of rewards received for certain responses or behaviors. This model of learning applies to many situations in which consumers learn about products, services and retail stores. For example, consumers learn which stores carry the type of clothing they prefer at prices they can afford to pay by shopping in a number of stores. Once they find a store that carries clothing that meet their needs, they are likely to patronize the store to the exclusion of the others. Every time the purchase the shirt that they really like, their store loyalty is rewarded and their patronage of that store is more likely to be repeated.

    Reinforcement of behavior: two types of reinforcement or reward that influence the likelihood that a response will be repeated.

    The first type, positive reinforcement, consists of events that strengthen the likelihood of a specific response. Using a sample at least your hair feeling silky and clean is likely to result in a repeat purchase of the shampoo.

    Negative reinforcement is an unpleasant or negative outcome that also serves to encourage a specific behavior. An advertisement that shows a model with wrinkled skin is designed to encourage consumers to buy a news that would raise skin cream. Fear appeals in add messages are examples of negative reinforcement. Many life Insurance advertisements rely on negative reinforcement to encourage the purchase of life insurance.
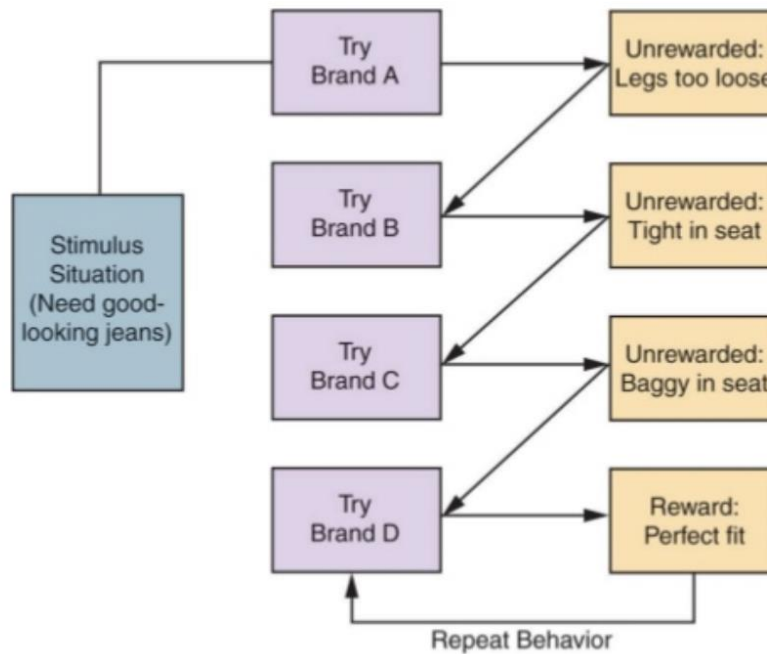
Strategic applications of instrumental conditioning:

- **Customer satisfaction:** aside from the experience of using the product itself, consumers can receive reinforcement from other elements in the purchase situation, such as the environment in which the transaction or service takes place, the attention and service provided by employees, and then the amenities provided. The more a consumer uses a service, the greater the reward.
- **Service:** developing a closed personalized relationship with customers is another form of non-product reinforcement. Knowing that they will be advised of a forthcoming sale or that selected merchandise will be set aside for the next visit cements the loyalty that a consumer may have for a retail store.
- **Total buying experience:**
  marketers should make sure that the total buying experience of the consumer right from the start of visiting the store till the product is delivered to the consumer, he's still I think the consumers with this approach of selling the product. The buying experience of the consumer should exceed the expectations set by him towards the marketer

4) INFORMATION PROCESSING THEORY

Just as a computer processes information received as input, so too does a human mind process the information it receives as input.
Information processing is related to both the consumers' cognitive ability and the complexity of the information to be processed. Consumers process product information by attributes, dance, comparisons between brands or a combination of these factors.

**How consumer store, retain and retrieve information:**

Of central importance to the processing of information is the human memory. A basic research concern of most cognitive scientists is discovering how information gets stored in memory, how it is retained and how it is retrieved. Because information processing occurs in stages, it is generally believed that there are separate and sequential store houses in memory where information is kept temporarily before further processing; a sensory store, a short-term store and a long-term store.

Sensory store: all data come to us through our senses. However, the senses do not transmit all images as a camera does. Instead, each sense receives a fragmented piece of information such as the smell, color, shape and feel of a flower. This information is trance meted to the brain in parallel, where the perceptions of single instant a synchronized and perceived as a single image, in a single moment of time. The image of a sensory input last for just a second or two in the mines sensory store. If it is not processed, it is lost immediately. For marketers, this means that although it is relatively easy to get information into the consumers' sensory store,
it is difficult to make a lasting impression. First impressions last for longer time and that is why it is hazardous for a marketer to introduce a product prematurely into the marketplace.

Short-term store: the short-term store known as working memory is the stage of real memory in which information is processed and held for just a brief period. Anyone who has ever looked up a number in a telephone book, only to forget it just before dialing, knows how briefly information last in short-term storage. If information in the short-term store undergoes a process known as rehearsal (i.e., the silent, mental repetition of information), it is then transferred to the long-term store.
The transfer process takes from 2 to 10 seconds. If information is not rehearsed and transferred, it is lost in about 30 seconds or less. The amount of information that can be held in short-term storage is limited to about four or five items.
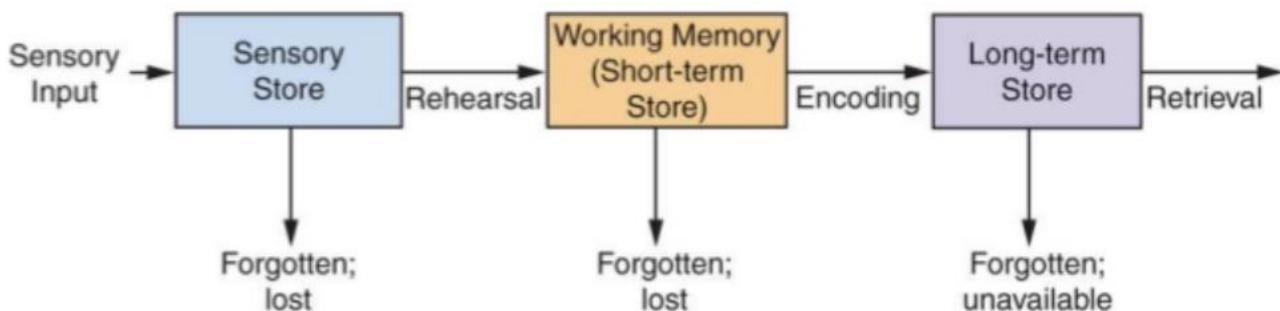
Long-Term Store: In contrast to the short-term store, where information last only for a few seconds, the long-term store retains information for relatively extended periods of time. Although it is possible to forget something within a few minutes after the information has reached long-term storage, it is more common for data and long-term storage to last for days, weeks or even years. Ex: We remember our primary school teacher names.

Rehearsal: The amount of information available for delivery from short-term storage to long-term storage depends upon the amount of reversal it is given failure to rehearse and input can result in loss of information

Rehearsal and Encoding The amount of information available for delivery from short-term storage to long-term storage depends on the amount of **rehearsal** it is given. Failure to rehearse an input, either by repeating it or by relating it to other data, can result in fading and eventual loss of the information. Information can also be lost because of competition for attention. For example, if the short-term store receives a great number of inputs simultaneously from the sensory store, its capacity may be reduced to only two or three pieces of information.

The purpose of rehearsal is to hold information in short-term storage long enough for encoding to take place. **Encoding** is the process by which we select a word or visual image to represent a perceived object. Marketers, for example, help consumers encode brands by using brand symbols. Kellogg's uses Tony the Tiger on its Frosted Flakes; the Green Giant Company has its Jolly Green Giant. Dell Computer turns the *e* in its logo on its side for quick name recognition; Microsoft uses a stylized window, presumably on the world.

"Learning" a picture takes less time than learning verbal information, but both types of information are important in forming an overall mental image. A print ad with both an illustration and body copy is more likely to be encoded and stored than an illustration without verbal information. A study that compared the effects of visual and verbal advertising found that, when advertising copy and illustrations focus on different product attributes, the illustrations disproportionately influence consumer inferences.[12] Another study found that high-imagery copy had greater recall than low-imagery copy, whether or not it was accompanied by an illustration; for low-imagery copy, however, illustrations were an important factor in audience recall.[13]

Researchers have found that the encoding of a commercial is related to the context of the TV program during (or adjacent to) which it is shown. Some parts of a program may require viewers to commit a larger portion of their cognitive resources to processing (e.g., when a dramatic event takes place versus a casual conversation). When viewers commit more cognitive resources to the program itself, they encode and store less of the information conveyed by a commercial. This suggests that commercials requiring relatively little cognitive processing may be more effective within or adjacent to a dramatic program setting than commercials requiring more elaborate

processing.[14] Viewers who are very involved with a television show respond more positively to commercials adjacent to that show and have more positive purchase intentions. Men and women exhibit different encoding patterns. For example, although women are more likely than men to recall TV commercials depicting a social relationship theme, there is no difference in recall among men and women for commercials that focus on the product itself.[15]

When consumers are presented with too much information (called **information overload**), they may encounter difficulty in encoding and storing it all. Often, it is difficult for consumers to remember product information from ads for new brands in heavily advertised categories. Consumers can become cognitively overloaded when they are given a lot of information in a limited time. The result of this overload is confusion, resulting in poor purchase decisions.

Retention   Information does not just sit in long-term storage waiting to be retrieved. Instead, information is constantly organized and reorganized as new links between chunks of information are forged. In fact, many information-processing theorists view the long-term store as a network consisting of nodes (i.e., concepts), with links between and among them. As individuals gain more knowledge about a subject, they expand their network of relationships and sometimes their search for additional information. This process is known as *activation*, which involves relating new data to old to make the material more meaningful. Consumer memory for the name of a product may also be activated by relating it to the spokesperson used in its advertising. For many people, Michael Jordan means Nike sneakers. The total package of associations brought to mind when a cue is activated is called a *schema*.

Product information stored in memory tends to be brand based, and consumers interpret new information in a manner consistent with the way in which it is already organized. Consumers are confronted with thousands of new products each year, and their information search is often dependent upon how similar or dissimilar (discrepant) these products are to product categories already stored in memory. Therefore, consumers are more likely to recall the information they receive on new products bearing a familiar brand name, and their memory is less affected by exposure to competitive ads.

One study demonstrated that *brand imprinting*—messages that merely establish the brand's identity—conducted before the presentation of the brand's benefits facilitates consumer learning and retention of information about the brand.[16] Studies also showed that a brand's *sound symbolism* (a theory suggesting that the *sounds* of words convey meanings) and the brand's *linguistic characteristics* (e.g., unusual spelling) impacted the encoding and retention of the brand name.[17]

Consumers recode what they have already encoded to include larger amounts of information (called **chunking**). Marketers should research the kinds and numbers of groupings (chunks) of information that consumers can handle. When the chunks offered in an advertisement do not match those in the consumer's frame of reference, information recall may be hampered. The extent of prior knowledge is also an important consideration. Knowledgeable consumers can take in more complex chunks of information than those who are less knowledgeable about the product category. Thus, the amount and type of technological information contained in a computer ad can be much more detailed in a magazine such as *PC Magazine* or *Wired* than in a general-interest magazine such as *Time*.

Information is stored in long-term memory in two ways: *episodically* (by the order in which it is acquired) and *semantically* (according to significant concepts). We may remember having gone to a movie last Saturday because of our ability to store data episodically, and we may remember the plot, the stars, and the director because of our ability to store data semantically. Learning theorists believe that memories stored semantically are organized into frameworks by which we integrate new data with previous experience. For information about a new brand or model of printer to enter our memory, for example, we would have to relate it to our previous experience with printers in terms of such qualities as speed, print quality, resolution, and memory.

Retrieval Retrieval is the *process by which we recover information from long-term storage.* For example, when we are unable to remember something with which we are very familiar, we are experiencing a failure of the retrieval system. Marketers maintain that consumers tend to remember the product's benefits rather than its attributes, suggesting that advertising messages are most effective when they link the product's attributes with the benefits that consumers seek from the product; this view is consistent with the previous discussion of product positioning strategies (Chapter 6). Consumers are likely to spend time interpreting and elaborating on information they find relevant to their needs and to activate such relevant knowledge from long-term memory.

Incongruent (or unexpected) message elements pierce consumers' perceptual screens and improve the memorability of an ad when these elements are relevant to the advertising message. For example, an ad for a brand of stain-resistant, easy-to-clean carpet shows an elegantly dressed couple in a beautiful dining room setting where the man inadvertently knocks the food, the flowers, and the china crashing to the floor. The elegance of the actors and the upscale setting make the accident totally incongruous and unexpected, whereas the message remains highly relevant: The mess can be cleaned up easily without leaving a stain on the carpet.

Incongruent elements that are not relevant to an ad also pierce the consumer's perceptual screen but provide no memorability for the product. An ad showing a nude woman sitting on a piece of office furniture would very likely attract readers' attention, but would provide no memorability for the product or the advertiser because of the irrelevance of the nudity to the advertising message. One study discovered that false cues in post-experience advertising influence recollection. Also, when the false verbal cues and picture appeared together they were more likely to be integrated into memory than false verbal cues without pictures.[18]

Encoding: The purpose of rehearsal is to hold information in short-term storage long enough for encoding to take place. Including is the process by which we select a word or visual image to represent a perceived object. Marketers, for example, help consumers encode brands by using brand symbols. Kellogg's uses Tony the tiger on its frosted flakes.

Retention: Product information stored in memory tends to be brand based. Consumers are confronted with thousands of new products each year and their information search is often dependent upon how similar artist similar these products are two product categories already stored in memory. Therefore, consumers are more likely to recall the information they receive on new products bearing a familiar brand name and their memory is less affected by exposure to competitive ads.

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Unit – III: External Influences on Consumer Behavior

Social and cultural settings: Culture, Sub-culture and Cross culture and Cross cultural marketing Practices. Family Life Cycle-1, 2, 3 and reference groups – Personality, Life Style Influences.

CULTURE

Culture is defined as the sum total of learned beliefs, values and customs that serve to direct the consumer behavior of members of a particular society.

Cultural factors comprise of set of values and ideologies of a particular community or group of individuals. It is the culture of an individual which decides the way he/she behaves. In simpler words, culture is nothing but values of an individual. What an individual learns from his parents and relatives as a child becomes his culture.

Example - In India, people still value joint family system and family ties. Children in India are conditioned to stay with their parents till they get married as compared to foreign countries where children are more independent and leave their parents once they start earning a living for themselves.

Cultural factors have a significant effect on an individual's buying decision. Every individual has different sets of habits, beliefs and principles which he/she develops from his family status and background. What they see from their childhood becomes their culture.

Culture exists to satisfy the needs of the people within a society. It offers order, direction and guidance in all phases of human problem solving by providing tried and true methods of satisfying physiological, personal and social needs. For example, culture provides standards and rules about when to eat – time

where to eat – in a famous restaurant

what is appropriate to eat for breakfast, lunch and dinner.

What to serve two guests at a dinner party,

at a picnic,

at a wedding – champagne / Veg / Non veg.

CHARACTERISTICS OF CULTURE

1. **Culture is learned:** Culture is a learned behavior that is transmitted from one member of society to another. As an individual grows in a particular environment he learns about different aspects of culture through his interaction with other members of the society. Culture isn't biologically passed from older generations to the newer ones. It's learned through expertise. People share culture and ideas from their lives. The longer-term generations learn to follow an equivalent culture. Culture propagates through generations; that adopt their recent customs and traditions as a neighborhood of their culture. This is one of the most important characteristics of culture

2. **Culture is adaptive:** Culture is adaptive because culture is a learned behavior. As any businessman stays in a particular region/country he or she absorbs himself/herself in that culture.

3. **Culture is shared:** A bunch of individuals shares every culture, sometimes inhabiting an equivalent a part of the globe. The region they board, the geographical conditions around them, their country's past, the idea system and values of its folks, and therefore the heritage they're happy with, represent their culture. These aspects develop a way of unity and happiness among the folks of that cluster. Members of a particular society share culture. Cultural values, beliefs, norms, etc. are shared by the majority of the members of a given society.

4. **Culture is a symbol:** Culture is a kind of sign or symbol. By observing the pattern of the culture of people we can easily understand the region or country from which they come.

5. **Culture is dynamic:** No culture is static. Cultural swings take place. As the environment is changing culture has to be changed in order to survive.

6. **Culture Changes**: Cultures gradual amendment. With passing time, some beliefs, traditions, language, and mannerisms are changes. Migration and economic process result in a mix of cultures.

7. **Culture takes years to create**: It's true that we have a tendency to influence all the cultures. In fact, culture evolves over time and takes years to develop. It's not a group of rules created by one or a lot of folks and originally followed by all generations. The geographical location and weather conditions of an area have a right away impact on the

living situation of the inhabitants. The climate, as an example, could influence the regular wear and food habits of the folks living there. The geographic of an area has an effect on the occupations of its inhabitants, and therefore their lifestyle. It influences the art forms, sports, and alternative activities the folks have interaction in, therefore shaping their culture.

8. **Culture cannot be isolated**: Studies have brought out the very fact that no culture will stay in isolation. There's hardly any social community that's fully isolated from the remainder of the globe. Each culture is influenced by cultures of the encompassing regions. Years ago, there have been social group societies that stayed in seclusion, unaware of the globe outside. Today, most of those once-secluded group connected to the planet. And there's hardly any community, and thereby any culture that is completely isolated. The cultural values {of folks of individuals} in a specific country stricken by neighboring countries. Once folks from completely different geographical locations move, they influence every other's cultures.

9. **Culture is transmitted across generations**: Cultural values transferred across generations within the style of symbols and stories that create them easier to know. Most of the time, values, and spiritual beliefs also created and transmitted through the generation. The art, music, and dance forms which are representative of culture also are transmitted across generations

MEASUREMENT OF CULTURE:

1. Content analysis: it focuses on the content of verbal, written and pictorial communications. Content analysis can be used as a relatively objective means of determining what social and cultural changes have occurred in a specific society or as a way of contrast aspects of two different societies. In a content analysis study, the research revealed that 82% of the Chinese ads aimed at children for food products, whereas 56% of the ads directed at American children were for toys. Content analysis is useful to both marketers and public policy makers interested in comparing the advertising claims of competitors within a specific industry, as well as for evaluating the nature of advertising claims targeted to specific audiences.

2. Consumer Fieldwork: when examining a specific society, anthropologist frequently immerse themselves in the environment understudy through consumer fieldwork. As trained researchers, they are likely to select a small sample of people from a particular society and carefully observe their behavior. Based on their observations, researchers draw conclusions about the values, beliefs and customs of the society under investigation. For example, if researchers were interested in how men select jeans, they might position trained observers in department and clothing stores and note how jeans are selected – solid versus torn, rugged vs worn out and so on.

these require high skilled researchers who can separate their own preferences and emotions from what they actually observe in the professional roles.

3. Value measurement survey instruments: anthropologist have traditionally observed the behavior of members of a specific society and inferred from such behavior the dominant or underlying values of the society. In recent years, however there has been a gradual shift in measuring values directly by means of survey research. Researchers used data collection instruments called value instruments to ask people how they feel about such basic personal and social concepts as freedom, comforts, national security and peace.

4. SUB CULTURE

5.

The members of a specific subculture possess beliefs, values and customs that set them apart from other members of the same society. In addition, they adhere to most of the dominant cultural beliefs, values and behavior patterns of the larger society. Subculture can be defined as a distinct cultural group that exist as an identifiable segment within a larger, more complex society.

Table- 5.1: Showing Major Sub-Cultural Categories

Categories	Examples
Ethnic (based on the ancestors' birthplace)	English, Chinese, Arab
Religious	Muslim, Hindu, Christian
Regional	Northern, Southern, Central
Age	Teens, Middle aged, Elderly
Singles	Unmarried individuals
Gender	Male, Female
Occupation	Teachers, Doctors, Engineers
Social Class	Upper, Middle, Lower

Ethnic Subculture:

three functions that an ethnic subculture may serve.

They are:

Ethnic subculture provides a psychological source of group identification. An individual gains a sense of identity as he interacts with other members of the same ethnic group. The interaction increases intimacy among the members and they feel good to identify

themselves with a distinct group.

• It also offers a patterned network of groups and organizations, and a member of the said subculture may maintain cordial and intimate relationship with other members as long as he wishes.

• An individual migrating to a new culture may find it difficult to understand many aspects of that culture. Here the ethnic subculture to which he belongs may help him to view the new culture by providing him a guideline on the new culture.

Each of the ethnic subculture has unique traditions and behaviors that have potential influence on product preferences and consumption behavior. A particular market consisting of ethnic subcultures may be the focus of a marketer. But, it is not very easy to reach effectively a particular ethnic subculture with a particular type of product.

Ex: An Indian, for example, migrated to US from one State 'X' will not have the same food habit as one migrated to the same country from State 'Y'. It means that, to be effective, marketers should further study ethnic subcultures on the basis of demographic and other aspects. Based on the results of such study, the same ethnic market may be further segmented and different offers should be made for different sub-segments.

Religious Subculture:
An individual's religious affiliation influences to a great extent his consumption pattern. Those who belong to a particular religion may buy/not buy and use/not use certain goods and services. Members of a particular religion constitute what we call religious subculture. Religious beliefs and rituals may dictate the use of certain items and may discourage the consumption of others. Muslims for example, buy and consume certain specific food items heavily during the month of 'Ramadan' and buy lot of gifts during the 'Eid-Ul-Fitr". Again, Islam discourages its followers the consumption of certain items such as alcoholic beverages, pork etc.

Regional Subculture:
The way people lead their lifestyles may also vary according to where they live or from which part of the country they have moved to the other part of the country. People from a particular part of the country or people living in a particular part constitute what we call regional or geographic subculture. On this basis, there could be two different types of regional or geographic subculture. One could be based on geographic region of the country and other could be based on urban, suburban or rural distinction.

"Different geographic regions of the country pose different problems that consumers must solve. The most obvious of these are the climatic conditions. Climatic conditions influence home construction, clothing requirements, and recreational opportunities to name but a few. In addition, different regions of the country have different age distributions and different social histories.

Subculture Based on Age:

Subcultures may also be based on the age differences of people living in the same country and belonging to the same main culture. It is likely that those who belong to the teen age group will behave quite differently than those of middle age or elderly. Because the outlooks, experiences, attitudes and other aspects vary among people of different age groups, their consumption patterns are likely to vary. The teen-agers are likely to be influenced more by popular heroes and heroines and will display more materialistic life styles. The youth market is a significant subculture for the marketer. It is important to marketers not only because it is lucrative, but also because many consumption patterns held throughout life are formed at this time. The youth, as they start their career in this age are flaunt with more luxury items. Since they have little obligation at this age, they can spend whatever they are. Their consumption patterns lean toward personal care and luxury items. The middle-aged group, on the contrary, are matured, worried about the future and careful in making purchase decisions. As an attempt to build a reserve for the future, they are likely to be conservative in buying many material goods, and are found to spend money on protective investments. The elderly people display quite different consumption behaviours with that of teen-agers and middle aged people. The elderly subculture consists of people who have gone on retirements or whose regular income generating activities have ceased.

Singles Subculture:

The singles subculture consists of unmarried individuals. This subculture is found to be increasing particularly in the urban and semi-urban areas. The size of this subculture is gradually becoming prominent to call a special marketing attention. Quite a few reasons are associated with the growing size of the subculture of the singles. They could be delaying marriage; postponement of marriage; higher divorce rates; inability to find a suitable source of earning to bear family expenditures and so on. The singles have some

special needs, which cannot be met through normal social interaction. Marketers who can recognize their specific needs and can develop products aimed at meeting those specific needs can reap a considerable benefit. Singles night clubs, exotic telephone talk services, bachelors' hostels/mess, product that promise sex appeals, convenience foods, restaurants, sports equipment, etc., could be some of the examples of products and services aimed at the subculture of singles.

Subculture Based on Gender Difference Subculture may also be formed based on gender difference, such as **subculture of males and subculture of females:**
Since every society emphasizes distinct, specific roles for men and women, they are likely to behave differently. As their behaviours vary, they consume different types of products and respond differently to marketing appeals. Men for example, are influenced more by aggressiveness, competitiveness, independence, self-confidence, and masculinity. Women on the other hand, are influenced by neatness, gentleness, tactfulness, talkativeness, and feminity. There are products which are equally used by men and women. But, different appeals in the same product are needed for these two groups. Cosmetics, perfumes, clothing, bicycles etc., are used both by men and women. But, you know that different designs, colors, sizes, shapes, and fragrances are provided for by the marketers to appeal people of different sex. Bicycle, for example, is designed differently for men and women.

Occupational Subculture:

People display different patterns of purchase behaviours according to their occupational involvement. People of different occupations may constitute occupational subcultures, such as subculture of the doctors, subculture of the lawyers, subculture of the teachers, subculture of the engineers, subculture of the defence personnel. A defence officer, for example, will show different purchase behaviour than someone belonging to the civilians' society. Doctors' for example, may look at the nutritional aspect while buying a food item. Marketers should recognize the differences in attitudes and behaviours among people of different occupations and formulate marketing strategies accordingly to be successful in each specific subculture

Subculture Based on Social Class:

Social class may also be used as a determinant of subcultural differences. There could be subculture of the well-offs, subculture of the middle class

and subculture of the poverty. People belonging to the subculture of the rich will display altogether different buying behaviour than those of middle class and poor. Rich will be very selective in their purchases; people of the middle class will have substantial control over their consumption decisions; poor on the other hand will be very careful and cautious in taking their purchase decisions. The subculture of poverty consists of people living below the poverty line. Because of their low incomes, they will avoid buying pre-packed, instant, frozen food items as they are likely to be costlier than the fresh staple ones. As they have limited educational opportunities, they develop different attitudes, outlooks, and motivation resulting in different buying behaviours on the part of them.

https://www.youtube.com/watch?v=uAKiTRNIqHg

https://www.youtube.com/watch?v=ugXhKtuVfeM

https://www.youtube.com/watch?v=1lVKnIqeHgI

https://www.youtube.com/watch?v=Bp4tUXc5wZo
https://www.youtube.com/watch?v=C_DvAyfqol0

https://www.youtube.com/watch?v=2Lk-2ZTu8N4

https://www.youtube.com/watch?v=aS_wwC8P12I

https://www.youtube.com/watch?v=ZFb01yTR9bA

https://www.youtube.com/watch?v=KMzVAs5sT9M

https://www.youtube.com/watch?v=cvb49-Csq1o

https://www.youtube.com/watch?v=ZHpIjYkzvz0

https://www.youtube.com/watch?v=-H4GWUkdhps

bajaj
https://www.youtube.com/watch?v=scltYH13uEY
https://www.youtube.com/watch?v=Vo4V3f6B5Dw
https://www.youtube.com/watch?v=FTz1S2JQvjU

CROSS CULTURE MARKETING PRACTICES

Cross cultural marketing is a marketing done with two or more different cultures i.e. it is done internationally on a personal level, which means when planning marketing campaigns and media cultural differences are taken into consideration, understanding the need for maintaining the balance between Globalization and Localization and last but not the least Implementation of the strategies that are required to respect the differences while unifying of brand messages are taken into consideration.

Cross Cultural Marketing is a research that takes place across the cultural groups or nations. Due to Globalization and International marketing, Cross Cultural Marketing has become very important. The nature of the Research is also becoming highly diverse. According to International view, to determine the degrees of adaption, competitive advantage and attractiveness of the markets the information of marked is used.

ST.JOSEPH'S DEGREE & PG COLLEGE

Fenty Beauty
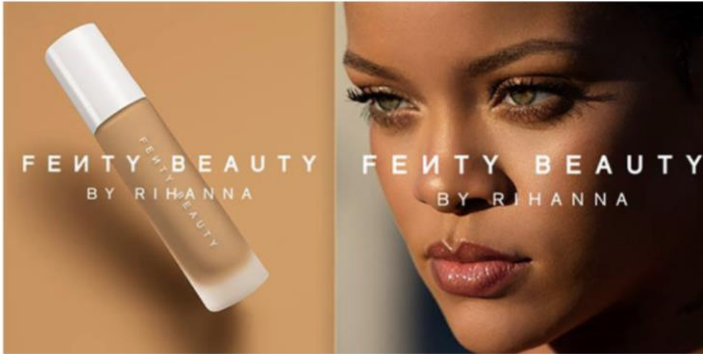
Rihanna is a cross-cultural icon. The Barbadian pop star embraces her Caribbean roots while successfully crossing over and embracing American culture. With the release of her "Beauty for All" collection, Rihanna offered products for every skin tone with a range of 40 foundation shades, even including a shade for people with albinism.

The release of the brand was well received by consumers who previously felt ignored by major beauty brands. The marketing for the launch included a variety of models of every ethnicity. Fenty Beauty embraced the differences of various ethnicities but recognized that all women want quality beauty products. It avoided siloed multicultural marketing and created an inclusive beauty line that considered beauty preferences across cultures.

Cola's "Share A Coke" campaign was one of the most successful campaigns of the decade. The campaign has made its way to over 70 countries, and its bottles are still on shelves today. The "Share A Coke" campaign enticed customers to search for their names on bottles and share on social media.

Coke made sure the campaign was inclusive, including names that ranged from Jose to Laura to Maya. And if someone's name could not be found in stores, customers could personalize their own bottle online. Instead of doing siloed multicultural campaigns, Coke was able to target myriad cultures with one campaign.

https://www.youtube.com/watch?v=cvb49-Csq1o&t=7s

Beware of Colors: Red

▶ Western Cultures: Passion

▶ Eastern/Asian Cultures: Happiness

▶ Latin America: Religion

▶ Middle East: Evil

Beware of Colors: Yellow

▶ Western Cultures: Warmth, Hospitality

▶ Eastern/Asian Cultures: Royalty, Sacred

▶ Latin America: Death, Mourning

▶ Middle East: Happiness, Prosperity

Beware of Colors: White

▶ Western Cultures: Purity, Peace

▶ Eastern/Asian Cultures: Death

▶ Latin America: Purity, Peace

▶ Middle East: Purity, Royalty

PEPSI

PEPSI Cola in Asia
Pepsi Cola lost its dominant market share to the Coke in South East Asia when Pepsi changed the color of its vending machine and coolers from deep "Regal" Blue to light "Ice" blue. **The light blue is associated with death and mourning in this region**

Laughing in Russia with teeth out is said to be sneaky, manipulative or foolish..

Trying to sell a product with a smile – wil imply the consumer to think ur buying a bad product.

AREA OF RESEARCH FOR CROSS CULTURAL ANALYSIS

In cross cultural analysis, the firm has to do research in the following areas:

1. Language;
2. Differences in market segmentation;
3. Differences in criteria for evaluating products and services;
4. Differences in consumption pattern of consumers and perceived benefits of products and services.
5. Differences in economic and cultural, social condition and family structure.

1. Language Differences

Language is the most important aspect of culture. Understanding a country's mother tongue will be of immense help to the marketer to know the impact of culture on consumer behavior. The marketer should study the nuances of cultural variances and respond in such a way which a consumer easily understands.

2. Differences in market segmentation opportunities

The company's product may be superior in terms of quality, cost service, technology clout and brand equity in the domestic market. But this will benefit the company only when it suitably segments the market with the help of overseas research.

For example, in India, readymade garments are manufactured at lower cost. This gives competitive advantage in the global market. Research is undertaken in foreign market to study the potentiality for exporting ready-made garments from India. Proper market segmentation is essential for developing the products.

3. Differences in the criteria for evaluating products and services

India has tremendous opportunities in the field of textile and ready-made garments. This is due to availability of cheap labour and quality natural fabrics at reduced prices. Consumers are very particular about quality assurance while buying products. So, the exporting company should understand the "Perceived quality" in the consumer market.

Variances do occur in consumer perception. Only research can reveal the differences in criteria for evaluating product and services; This aspect cannot be ignored by the marketer for cross cultural marketing.

4. Differences in consumption pattern and perceived benefits of products and services

Leather and leather products are an important item of export being exported by India. India has a competitive advantage in leather products. The livestock population in India is the largest in the world. So, best quality raw hides and skins are available for manufacturing leather products.

Products like footwear, belts, bags and wallets are considered as an inseparable part of everyday life for all of us. So, the demand for leather products is ever increasing all over the world. Global customers have perceived values and added benefits from buying Indian leather products. Marketing research can identify suitable strategies for improving the position in marketing leather products.

5. Differences in the economic and cultural social conditions and family structure

Consumption pattern is not uniform among all countries. Differences occur due to subcultures centered around consumer preferences. Food habits, clothing styles etc., are part of the belief structure and cultural taboos. Professor W.Lloyd Warner of the University of Chicago has divided the United States society into six groups:

i. Upper class;
ii. Lower upper;
iii. Upper middle;
iv. Lower middle;
v. Upper lower and
vi. Lower-lower.

1. **Upper-Class**: Constitutes only a small percentage of population. It consists of prominent families with wealth inherited through two or more generations.
2. **Lower-upper**: Accounts for only two percent of the population. These families are wealthy. The first generation parents in lower-upper class give prominence to the education of their children.
3. **Upper-middle**: Includes about ten percent of the population. These families earn income from a variety of sources and consist mainly of professionals like successful business mangers, lawyers,

doctors, etc. They have a very strong desire for professional success and recognition in the upper middle class. They give importance to clothing, home decor etc., as signs of social recognition.

4. **Lower-middle**: About one-third of the families in the society belong to lower level supervisors, non-managerial white collar workers, owners of small business, clerks, etc. They desire respectability, living in respectable neighbourhoods, and send their wards to colleges. They avoid lower class living.

5. **Upper-lower**: The upper-lower class is perhaps the largest one in the society. It constitutes about 40% of the population. The families in the upper-lower class are similar to those of lower middle class. Their main form of income is not salary but wages. This class is popularly known as working class and includes skilled, semi-skilled and manual labourers, construction, workers etc. This class does not spend its income striving for middle class respectability.

6. **Lower-lower**: About 15% of the population belongs to lower-lower class. The income of the members in the lower-lower class is the lowest. They are often unemployed. Even those who are employed are unskilled and usually uneducated as day labourers. The above social classes have relevance to United States and they are based on occupation, source of income, house type and neighbourhood.

FAMILY LIFE CYCLE

TRADITIONAL FLC:

1. **Bachelorhood** — young and single.
2. **Honeymooners** - The newly married couples—young, no children.
3. **Parenthood**
   - Full nest 1—young, married, with child.
   - Full nest 2—older, married, with children.
   - Full nest 3–older, married, with dependent children.
4. **Post-parenthood** - Empty nest—older, married, with no children living with them.
5. **Dissolution** - Solitary survivor—older, single, retired people.

   1. **Bachelorhood - Young Singles**

      Young singles may live alone, with their nuclear families, or with friends, or they may co-habitate with partners-translating into a wide range of how much disposable income is spent on furniture, rent, food, and other living expenses in this stage. Although earnings tend to be relatively low, these consumers usually don't have many financial obligations

and don't feel the need to save for their futures or retirement. Many of them find themselves spending as much as they make on cars, furnishings for first residences away from home, fashions, recreation, alcoholic beverages, food away from home, vacations, and other products and services involved in the dating game. Some of these singles may have young children, forcing them to give up.

2. *Honeymooners - Newly married couples:*

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

3. **PARENTHOOD:**

   1. **Full Nest I:**

      With the arrival of the first child, parents being to change their roles in the family, and decide if one parent will stay to care for the child or if they will both work and buy day-care services. Either route usually leads to a decline in family disposable income and a change in how the family spends its income. In this stage, families are likely to move into their first home; purchases furniture and furnishings for the child; buy a washer and dryer and home maintenance items; and purchase new items such as baby food, cough medicine, vitamins, toys, sleds, and skates. These requirements reduce families' ability to save, and the husband and wife are often dissatisfied with their financial position.

2. **Full Nest II**

   In this stage, the youngest child has reached school age, the employed spouse's income has improved, and the other spouse often returns to part- or full-time work outside the home. Consequently, the family's financial position usually improves, but the family finds itself consuming more and in larger quantities. Consumption patterns continue to be heavily influenced by the children, since the family tends to buy large-sized packages of food and cleaning suppliers, bicycles, music lessons, clothing, sports equipment, and a computer. Discount department stores (such as Cost co and Sam's Club) are popular with consumers in this stage.

3. **Full Nest III**

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

4. **Postparenthood** - Empty nest

   Older married with no children living with them. Financial position stabilizes and there is no expense on children. The couple is free to enjoy their own pursuits and spend on luxury or self-improvement items and medical care.

5. *Dissolution - Solitary survivor*

   Older single retired people. Retired people living alone after the death of a partner. Life becomes lonely and income may reduce due to retirement. This again changes the consumption pattern and living style of old people.

Another point to note, is that the family life cycle concept segments the families on the basis of demographic variables, and ignores the psychographics variables (families interest and opinions) of family members. Family life cycle is also related to the spare time and the available income, education, etc. A marketer has to take these elements into consideration.

The stages at which families find themselves, affect the nature of the goods and services required, their wants and consumption patterns, as well as the volume of consumption on specific products. The traditional view of the family life cycle has been criticized for failing to recognize that a single-family unit may not exist throughout the life of an individual. Families may be created by second marriages, and these may involve children from prior marriages. The traditional model also ignores the existence of single parent households. The modern family lifecycle which takes into account the existence of working women, is a more complex and more useful model than the traditional model.

Marketing strategy for family decision-making

It is realized that various purchasing tasks are performed by various members of the family. The products are bought for joint use of the family. Refrigerator, TV, sofa set, car, etc. The product is to be purchased by family funds where more than one person may be contributing to the fund. Sometimes the funds are not enough and other products may have to be sacrificed town an expensive product. Some family members may not be agreeable to the choice made for the product, and may consider it as a profligate expenditure. These are the main influences in the family decision making, which are the outlets preferred by the family members for the purchase

of the product. All the above considerations are important, and once all this is known strategy can be formulated in a better manner.

Table Consumption patterns of families in life cycle strategy

	Stage	Consumption patterns
1.	Young single (Bachelor)	Outdoor sporting goods, sports cars, fashion clothing, entertainment and recreation services.
2.	Young married with no children	Recreation and relaxation, insurance, home furnishings, travel, home appliances, high purchase rate of durables.
3.	Young married with child	Baby food, clothing, and furniture, invests in housing insurance, washer-dryers, medical services/supplies for children, toys for children.
4.	Middle aged with children at home	Children's lessons, large food purchases, dental care, higher priced furniture, auto and housing, fast-food restaurants.
5.	With no children at home	Luxury products, travel, restaurants, condominiums, recreation, make gifts and contributions, high discretionary income, solid financial position.
6.	Older (married or single)	Health care, home security, specialised housing, food products, recreation geared to the retired, general cash poor.
7.	Solitary survivor	Money-saving products, frozen foods, rental house, child care, time-saving appliances and food, cash poor.

Nontraditional FLC:

The Family Life Cycle

Middle-aged divorced without children

Young divorced without

Middle-aged married without children

Young single*

Young married without children*

Young married with children*

Middle-aged married with

Middle-aged married without dependent children*

Older married*

Older unmarried*

Young divorced (or single) with children

Middle-aged divorced with children

Middle-aged divorced without dependent children

→ Usual flow   --→ Recycled flow   * Traditional family

LIFESTYLE INFLUENCES ON CB

Lifestyle refers to the way consumers live and spend their time and money. It is determined by one`s past experiences, innate characteristics and life situations. Lifestyle of a person is typically influenced by his/her needs, wants and motivations and also by external factors such as culture, family, reference group and social class.

Lifestyle of a person involves his consumption pattern, his behavior in the market place, practices, habits, conventional ways of doing things, allocation of income and reasoned actions. It reflects an individual`s attitudes, values, interests and his view towards the society.

Characteristics of lifestyle

♦ It is a group phenomenon i.e. It influences others in a social group.

♦ It influences all areas of one's activities and determines the buying behavior of a person.

♦ It implies a central life interest – A person`s main interest or profession is influenced   by his core interests e.g. Food, Fashion, Music etc.

♦ It is affected by the social changes in the society – A person`s standard of living and quality of lifestyle increases with the increase in the standards and quality of the society he/she lives in.

Lifestyle of a consumer depends upon various factors and any change in one of these factors leads to a change in the behavior of the consumer. These factors are as following:-

  ♦ Age

  ♦ Income

  ♦ Occupation

  ♦ Culture

  ♦ Education

  ♦ Social Group

  ♦ Buying Power

Activities, Interests and Opinions [AIO] Model

The products we consume are a part of our lifestyle. Therefore, our lifestyle can be determined on the basis of our consumption pattern. Lifestyle segmentation is based on activities, interests and opinions of a group. Marketeers use the AIO Model to find out about the lifestyle of the consumers.

- **Activities –** How one spends his/her time
- **Interests –** A person's priorities and preferences make up their interest
- **Opinions –** One`s Feeling towards different events in life

Activities	**Interests**	**Opinions**
• Sports	• Family	• Business
• Work	• Food	• Politics
• Religious	• Fashion	• Education
• Studying	• Music	• Past & Future
• Social	• Recreation	• Products
• Recreating	• Acting	• Religion
• Technical	• Gadgets	• Products
• Vacation	• Books	

Unit – IV: Consumer Decision Making process & Diffusion of innovation

Consumer decision making: Information Search, evaluation of alternatives. Steps between Evaluation of alternatives and purchase decision. Post-purchase behavior, Customer action and disposal of products, Diffusion Process, Adoption Process, Consumer Innovators. Multiplicative innovation adoption (MIA) model. .

PROBLEM RECOGNITION

1. Problem Recognition:

In problem recognition, the consumer recognizes a problem or need or want. The buyer recognizes a difference between his or her actual state and some desired state.

The need can be generated by internal stimuli when one of the person's normal needs – hunger, thirst, sex, etc. rises to a high level sufficient to become a drive. A need can also be generated by external stimuli.

At this stage, the marketer should evaluate the consumer's perspective by considering the basic questions like –

- What kinds of needs or problems or efforts arise.
- What brought them about and
- How it led the consumer towards the particular product.
- A need can be triggered by internal or external stimuli. Internal stimuli refers to a personal perception experienced by the consumer, such as hunger, thirst, and so on. For example, an elderly, single woman may feel lonely so she decides that she wants to purchase a cat. External stimuli include outside influences such as advertising or word-of-mouth. For example, a consumer who just moved to colder place, may not realize he needs a heavy winter coat until he sees a store advertising for it, which triggers the need in his mind

Problem recognition is the result of a gap between a desired state and an actual state sufficient to arouse and activate the decision process.

An actual state is the way an individual perceives his/her feelings and situation to be at the present time.

A desired state is the way an individual wants to feel or be at the present time.

Desired position is his expectation and anticipation about the products. The gap then results in natural fashion. As the consumers grows financially, physically and psychologically,a perceived gap is created between the existing and desired position, *e.g.,* growing child first needs a tricycle, then a bicycle, and then a motor cycle. Marketing stimuli influences the current or desired state of mind or both.

Types of Consumer Problems

Active Problem

An active problem is one the consumer is aware of or will become aware of in normal course of events.

Inactive Problem

An inactive problem is one of which the consumer is not aware.

Marketing strategy:

Only require marketer to convince consumers that its brand is the superior solution.

Marketing strategy:

Marketer must convince consumers that they have the problem AND that their brand is a superior solution.

Routine problems – Expected require immediate solution

• **Emergency** problems – Not expected, require immediate solution

• **Planning** problems – Expected don't require immediate solution

• **Evolving** problems – Not expected, don't require immediate solution

Discovering Consumer Problems

A wide variety of approaches are used to determine the problems consumers face.

1. Intuition - the most common, however, the problem identified may be of low importance to most consumers

2. Survey – asks relatively large numbers of individuals about the problems they are facing

3. Focus Groups – composed of 8 to 12 similar individuals brought together to discuss a particular topic; a moderator is present to keep the discussion moving and focused on the topic but otherwise free flowing

How consumer feels presently about the given product

Process and factors of problem recognition

His expectation from the composition of a new product

Existing consumer position

Desired consumer position

Contributed by

Perceived gap/discrepancy tension (threshold level) problem recognition

Stock out

Recognition of new need situation

Dissatisfaction with present stock

Problem recognition

Generation of new wants

Decrease in funds

Availability of new product offering

Enhancement in funds

Every gap does not cross the threshold level. Marketeers increase the gap and increases the tension level so that purchase can be made

Effect of synergy of products

Marketing effort

New marketing effort

An overview of problem recognition

Group I: HIGHER EXPECTED SATISFACTION
* Had a car but wanted one more.
* Old car ran fairly well, but the new models had better styling.
* Old car ran fairly well, but could get better gas mileage with a new car.
Group II: CURRENT DISSATISFACTION
* Old car needed repairs too often and was not reliable.
* Old car ran fairly well, but if it broke down, it would not be worth fixing.
Group III: PRODUCT DEPLETION
* Old car stopped running and had to be replaced.
* Old car ran fairly well, but it is best to trade every two or three years.
Group IV: NEW NEED

* Old car ran fairly well, but wanted a car for a different purpose -- recreation, hauling things, carrying more people (or fewer people).
* Did not have a car and wanted to get one.

Build the future. **LEGO**

INFORMATION SEARCH

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2. Information Search:

Information search starts the moment a need is recognized. It is a deliberate attempt to gain appropriate knowledge about products. Knowledge of brands and their important characteristics, and knowledge of stores from where to purchase the goods is gained. Optimum amount of information is required for making a proper choice. Consumers gather information, they then understand (perceive) by selecting, organizing and interpreting it.

Types of Information Search

   - *Internal search:* It is sufficient in case of loyalty decisions and impulsive purchases. Internal search is also done for routine response behaviour and limited problem solving.

- External Search: It is a mediated, planned and rational pursuit of information for high involvement purchase decision, *i.e.,* extensive problem solving.

- Passive Search: Low involvement use repetitive advertising use TV Emphasize Price Promotion and in-store marketing stimuli.

- Active Information Search: Marketer must vary message content frequently. Use Print Media. Emphasize advertising and emphasize marketing before customer enters store.

- Hedonic Search: In this, sensory stimuli dominate. There is ongoing information search. Personal sources are more important symbols and imagery is most effective.

- Utilitarian Search: Product attributes are more important for purchase. There is specific information search. Non-personal sources are more important. Product information is more effective.

Sources of Information

1. *Controlled by marketers:*
   o *Advertising:* Provides about 35 per cent to 50 per cent information sought. It is the most important sources of information.
   o *In-store promotion: e.g.,* display prices, danglers, brochures, technical reports,summaries.
   o *Information on distribution support:* Yellow pages.
   o *Package information:* Co lour, design, ingredients and mode of using.
   o *Sales personnel:* Consumer durables, furniture, electronic, clothing indigenous products.
   o *Samples and demonstrations* (most important): Create a favourable impact for marketers.
2. *Outside marketer's control:*
   Personal friends, independent consumer reports, new articles shopping columns.
   Some sources are face to face, others are non-personal in nature (advertisement and publicity, etc.). There are many situations which lead to high or low information search.

Factors Leading to High Information Search

1. If one feels that there will be more benefit by undertaking a search is high.
2. If there is greater involvement in the product, *i.e.,* a camera bought by a professional photographer or, a racket chosen by a professional tennis player.
3. If one likes shopping and enjoys it search is high.
4. If more time is available high search.
5. If one is mobile and can go from place to place, *i.e.,* his movement is not restricted high information search.

6. If one can process the information easily about the product one wants to buy. It leads to high information search.
7. If many attributes are to be evaluated and one is interested in many attributes and their mix high information search.
8. If there is a little product knowledge and experience it leads to high risk. Therefore, more information search is required.
9. If there is more product differentiation high price is charged.

Factors Leading to Low Information Search

1. If the cost of the information search is high it leads to low information search.
2. If one relies on his past experience of purchases low information search.
3. If one is satisfied with existing brands he is using he will go for low information search.
4. If there is social pressure of friends and relatives to buy a particular product low information search.
5. If one has low confidence in dealing with information or, cannot process much information low information search.
   For external information search, certain measures are taken.

1. Number of stores visited
2. Number of alternatives considered
3. Number of personal sources used
4. Overall or combination measures

EVALUATION OF ALTERNATIVES

3. Evaluation Of Alternatives:

Evaluation of alternatives is the third stage in the Consumer Buying Decision process. During this stage, consumers evaluate all of their product and brand options on a scale of attributes which have the ability to deliver the benefit that the customer is seeking. The brands and products that consumers compare – their evoked set – represent the alternatives being considered by consumers during the problem-solving process.
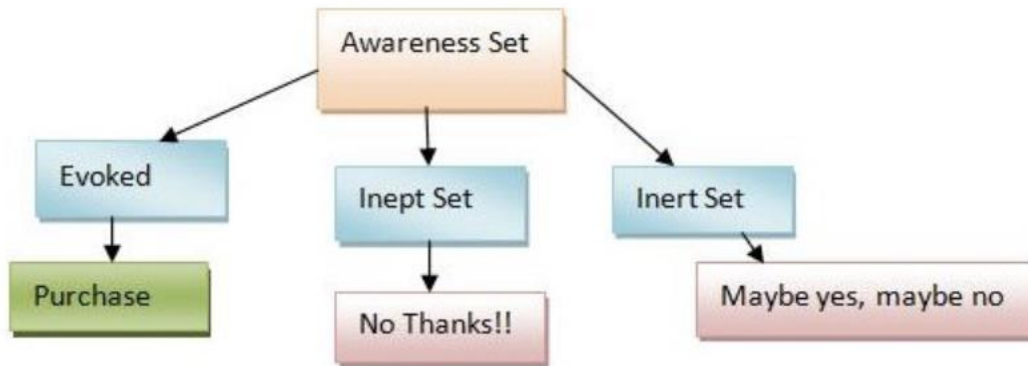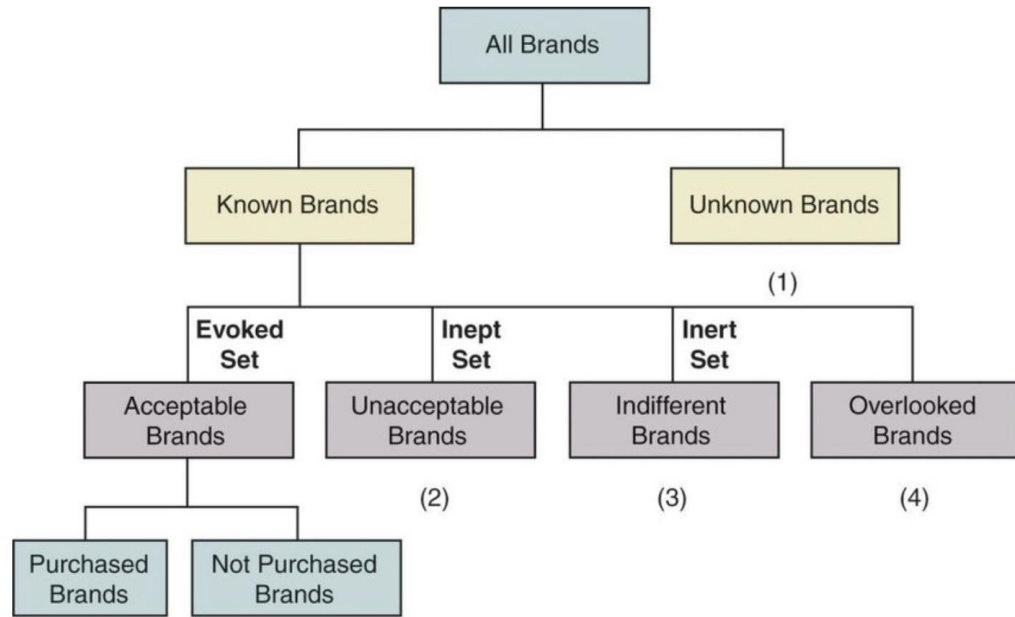
Evoked Set

The evaluation of alternatives leads to what is called **"The evoked set".** The set of products which would be considered as desirable. The evoked set is consisted of products, that during the research, made a positive impression on the consumer.

Say a user of either iOS or Android goes to upgrade their devices. Most often they would choose a phone with the same operating system. They are used to it and they know what to expect from it. For example, an Android user would have in their evoked set, Android phones, such as Samsung, LG and Sony.

Inert Set

There would also be those brands and products, that are not quite in the evoked set, but still might be considered. For this to happen, something about the product needs to grab the consumers' attention.

Let us say, while a customer, due for an upgrade, walks in the mobile store, to get their new smartphone and in their evoked set they have Huawei and Samsung. Just before they make the purchase they see in the store that the new Xperia is on a promotion with a set of Sony Bluetooth headphones given free. However, they have absolutely no opinion on Sony smartphones. Neither negative nor positive and they have not had any previous experience with the brand. In this case this means that Sony Mobile is currently in **the inert set**. So the customer asks the person at the counter a few questions about the Xperia. The employee speaks with a high praise about that particular model and convince them that this is the best deal right now. **"The inert set"** is the set of brands that a consumer has no opinion about, neither good, nor bad. Products in the inert set can be easily moved to the evoked set if the customer is persuaded in to the product's direction.

Inept Set

The last set of products are in **"The inept set".** These are the products which the consumer considers as definite outsider. A product that will not be considered as one they would buy. Products in the evoked set are usually ones that the consumer would have had a previous bad experience with. If not, they might have seen some bad reviews. For this kind of products, companies would need to work really hard, for their brands to be put back in the evoked set. Let's say the consumer in our example had a really bad experience, with a smartphone, some time ago. A previous model of a certain smartphone brand. They might see the product on a great promotion. An employee in the store might speak highly about. All this will not be enough for the customer to consider the product as one they would buy.

PURCHASE DECISION

4. Purchase Decision:

This is the stage when the consumer prefers one, the most promising band, out of several brands. The former stage helps consumers evaluate various brands in the choice set. The brand that offers maximum benefits or satisfaction is preferred.

Simply, the most attractive brand, that can offer more benefits in relation to price paid, is selected by comparing one brand with others. Comparison shows superiority/inferiority of the brands.

Now, consumer makes up his mind to purchase the most preferred brand. However, three factors further affect whether buying intension result into actual purchase. More clearly, the consumer' decision to avoid, modify, or postpone a purchase decision is influenced by these factors.

Sub-decisions in Purchase Decision:

Consumer's buying decision involves following five sub-decisions:

i. Brand Decision:

For example, CBZ (model) motorbike of Hero Honda.

ii. Vendor Decision:

For example, XYZ Hero Honda Showroom.

iii. Quantity Decision:

For example, one motorbike.

iv. Timing Decision:

For example, on 1st December, 2007.

v. Payment Decision:

For example, by cash.

In the evaluation stage, the consumer forms preferences among the brands in the choice set. The consumer may also form a purchase intention to buy the most preferred brand. However, two factors can intervene between the purchase intention and the purchase decision.

FIGURE 2.4: STEPS BETWEEN EVALUATION OF ALTERNATIVES AND PURCHASE DECISION
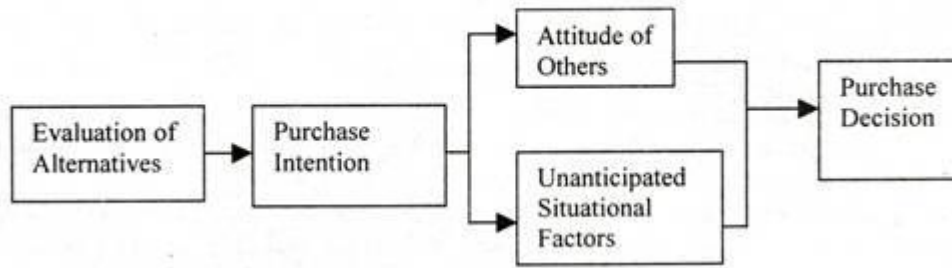
1. Attitude of Others: The first factor is the attitudes of others. The extent to which another person's attitude reduces one's preferred alternative depends upon two things:
(1) The intensity of the other person's negative attitude toward the consumer's preferred alternative and
(2) The consumer's motivation to comply with the other person's wishes.

The more intense the other person's negativism and the closer the other person is to the consumer, the more consumer will adjust his or her purchase intention. The converse is also true. A buyer's preference for a brand will increase if someone he or she likes favours the same brand. The influence of hold others becomes complex when several people close to the buyer contradictory opinions and the buyer would like to please them all.

2 Unanticipated Situational Factors:

Purchase intention is also influenced by unanticipated situational factors. When consumer is about to act, unanticipated situational factors may erupt to change the purchase intention. Thus, preferences and even purchase intentions are not completely reliable predictors of purchase behaviour.

The consumer forms a purchase intention on the basis of such factors as the
- Family income,
- Expected price and
- Expected product benefits.

Perceived Risks: A consumer's decision to modify, postpone or avoid a purchase decision is heavily influenced by perceived risk. Expensive purchases involve some risk taking. Consumers cannot be certain about the purchase outcome. This produces anxiety. The amount of perceived risk varies with the amount of money at stake, the amount of attribute uncertainty and the amount of consumers' self-confidence.

By understanding consumers' perceptions in this way, the marketing strategist can then begin modifying the product offer. This can be done in one of six ways:

1) Changing the physical product by, for example, adding features (real repositioning);

2) Changing beliefs about the product by giving greater emphasis to particular attributes (psychological repositioning);

3) Changing beliefs about competitors' products by comparative advertising and knocking copy' (competitive depositioning)

4) Changing the relative importance of particular attributes as a product moves through the product life cycle, for example, and consumers become more familiar with the concept and the technology, the emphasis in the advertising can be shifted from, say, reassuring consumers about reliability and service back-up, to a range of additional uses

5) Emphasizing particular product features which previously have been largely ignored;

6) Changing buyers' expectations.

Against the background of these comments, the strategist should then be in a position to consider the act of purchase itself, and in particular

- where the purchase will be made,
- the quantities in which it will be made,
- the timing
- and the method of payment.

POST PURCHASE EVALUATION

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5. Post-purchase Behaviour:

Consumer buys the product with certain expectations. Though he decides very systematically, there is no guarantee of a complete satisfaction. There is always possibility of variation between

the expected level of satisfaction and the actual satisfaction. His subsequent behaviour is influenced by degree of satisfaction/dissatisfaction.

Marketer must monitor the post-purchase experience of the buyers that includes:

a. Post-purchase Satisfaction

b. Post-purchase Action

c. Post-purchase Use and Disposal

Post-purchase Satisfaction:

Actual satisfaction may not be equal to the expected one. He may find some problems or defects in the product while using. It is the matter of interest for marketer to know whether consumer is highly satisfied, somewhat satisfied, or dissatisfied. Consumer's satisfaction is the function of the relationship between expected/perceived performance (expectations) and actual performance.

Post-purchase Action:

Obviously, level of the consumer's satisfaction with the product affects his subsequent behaviour/action. If he is satisfied reasonably, he purchases the product again, and talks favourably to family members, friends, relatives, and co-workers.
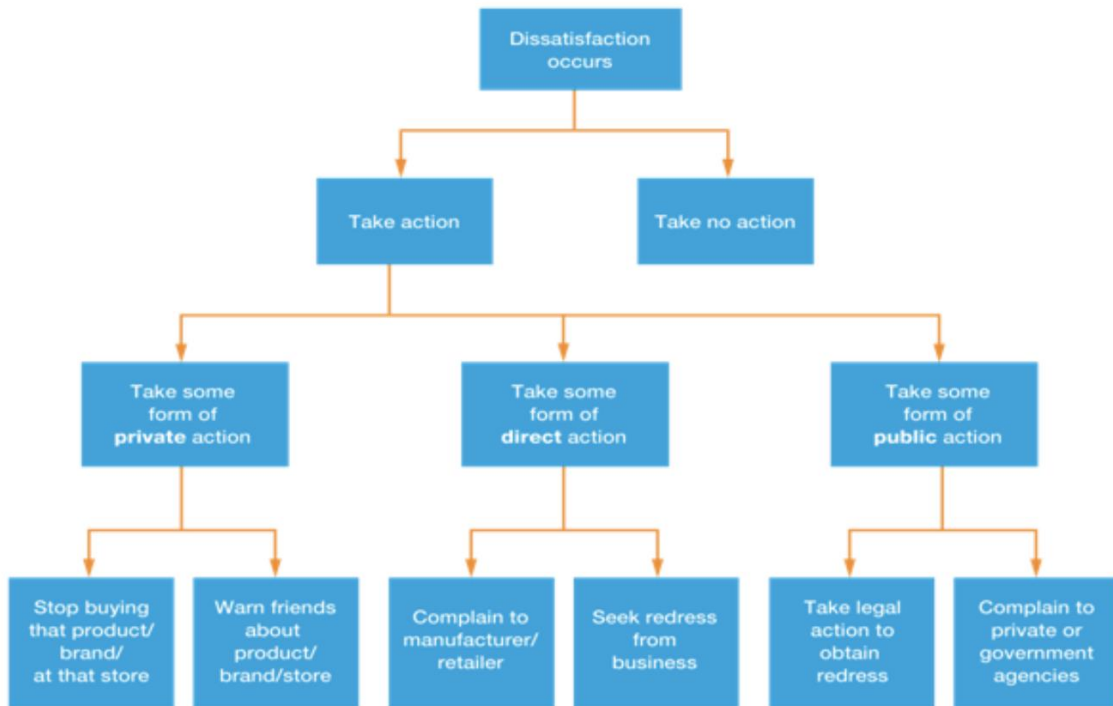
Post-purchase Use and Disposal:

Marketer should also monitor how the consumers use and dispose the product. Such information can be a very good guideline for the marketer. Marketer can learn possible problems and opportunities relating with the product.
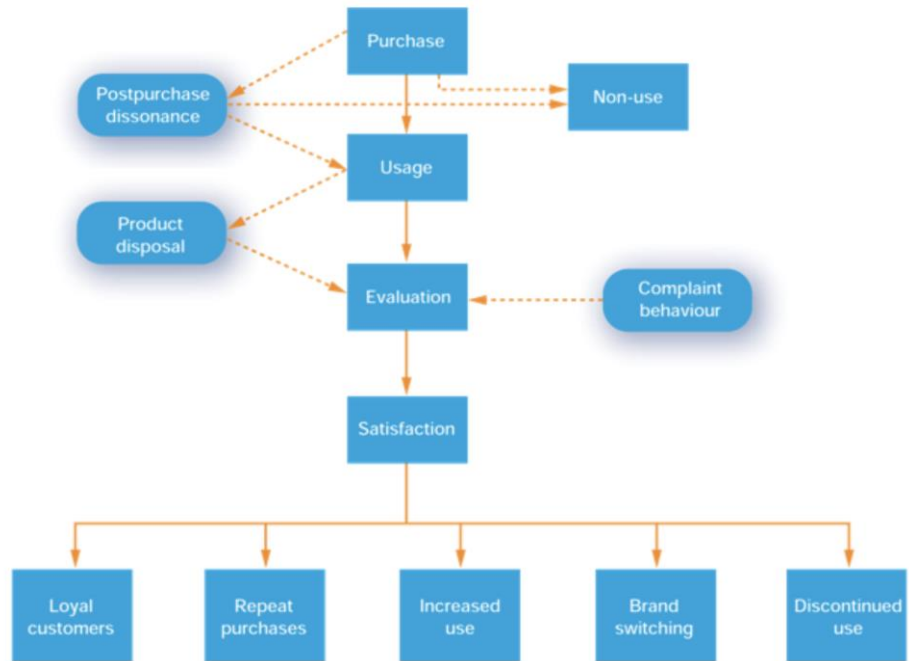
Product-Disposal Alternatives
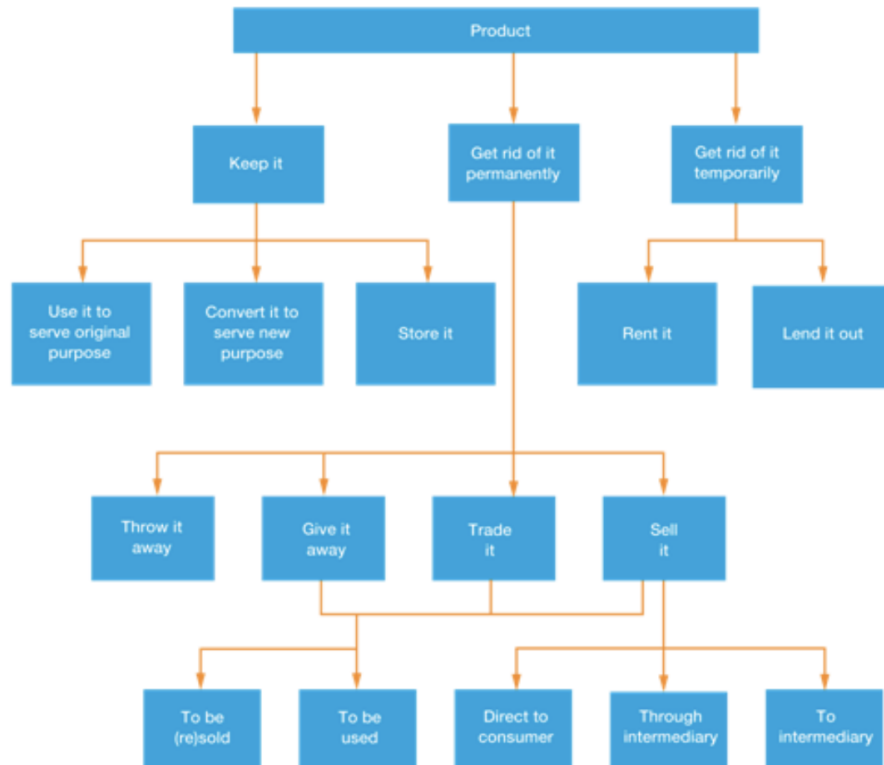
Actions Taken by Consumers in Response to Product Dissatisfaction

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DIFFUSION PROCESS

Diffusion is a macro process concerned with the spread of a new product from its source to the consuming public. It is concerned with how innovations spread, how they are assimilated within a market.

It is a process by which

- the acceptance of an innovation (a new product, new service)
- is spread by communication (mass media, salespeople or informal conversations)
- to members of a social system (a target market) over a period of time.

1. **Innovation:** Various approaches have been taken to define a new product or a service. These can be classified as Firm, product, market and consumer oriented definition of innovations.
   The five product characteristics that influence consumer acceptance of new products are

   1. **Relative Advantage:** the degree to which potential customers perceive a new product as superior to existing substitutes is its relative advantage.
      Ex: How much is the usage of voice based assistant skills as against the manual search   decides the superiority of the former.

   2. **Compatibility:** the degree to which potential consumers feel a new product is consistent with their present needs, values and practices in the measure of its compatibility.
      Ex: Auto Gear for cars.

   3. Complexity: The degree to which a new product is difficult to understand or use, affects product acceptance.

      Ex: ID ready food

   4. **Trialability:** it refers to the degree to which a new product is capable of being tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate it and ultimately adopt it.
      Ex: Returnable option for consumer good / FMCG products, free samples.

   5. **Observability:** Observability is the case with which a product's benefits or attributes can be observed, imagined or described to potential consumers.

2. **Channels of Communication:** How quickly an innovation spreads through a market depends to a great extent on communication between the marketer and consumers, as well as communication among consumers. (word of mouth communication).
   In recent years, a variety of new channels of communication have been developed to inform consumers of innovative products and services. The growth of interactive

marketing messages, the meteoric rise of digital marketing has let the consumer to become an important part of the communication rather than just a passive message recipient.

3. **The Social system:** the diffusion of a new product usually takes places in a social setting frequently referred to as a social system. The terms, market segment and target market may be more relevant than the term social system used in diffusion research. A social system is a physical, social or cultural environment to which people belong and within which they function.

   For example, for a new hybrid seed corn, the social system might consist of all farmers in a number of local communities. For a new drug, the social system might consist of all physicians within a specific medical speciality. As these examples indicate, the social system's serves as the boundary with which the diffusion of a new product is examined.

Opinion leaders / Influencers:

Not all individuals exert an equal amount of influence over others. In this sense, opinion leaders are influential in spreading either positive or negative information about an innovation.

Opinion leaders have the most influence during the evaluation stage of the innovation-decision process and on late adopters. In addition, opinion leaders typically have greater exposure to the mass media, more cosmopolitan, greater contact with change agents, more social experience and exposure, higher socioeconomic status, and are more innovative than others.

Electronic communication social networks

Recent research by Wear shows, that particularly in regional and rural areas, significantly more innovation takes place in communities which have stronger inter-personal networks.[60]
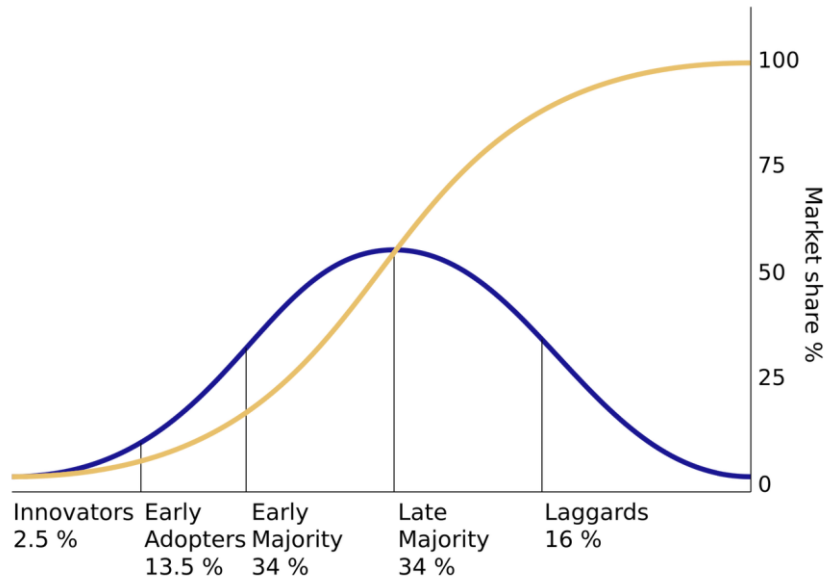
Organizations

Innovations are often adopted by organizations through two types of innovation-decisions: collective innovation decisions and authority innovation decisions. The collective decision occurs when adoption is by consensus. The authority decision occurs by adoption among very few individuals with high positions of power within an organization.

4. **Time:** Time is the backbone of the diffusion process. It pervades the study of diffusion in 3 distinct but interrelated ways:
   1) **Purchase time:** Purchase time refers to the amount of time that elapses between consumers initial awareness of a new product or service and the point at which they purchase or reject it.

Ex: Time taken from the thought of purchasing a car to actually buying it.

Adopter Categories:

Adopter category	Definition
Innovators	Innovators are willing to take risks, have the highest social status, have financial liquidity, are social and have closest contact to scientific sources and interaction with other innovators. Their risk tolerance allows them to adopt technologies that may ultimately fail. Financial resources help absorb these failures.[41]
Early adopters	These individuals have the highest degree of opinion leadership among the adopter categories. Early adopters have a higher social status, financial liquidity, advanced education and are more socially forward than late adopters. They are more discreet in adoption choices than innovators. They use judicious choice of adoption to help them maintain a central communication position.[42]

Early Majority	They adopt an innovation after a varying degree of time that is significantly longer than the innovators and early adopters. Early Majority have above average social status, contact with early adopters and seldom hold positions of opinion leadership in a system (Rogers 1962, p. 283)
Late Majority	They adopt an innovation after the average participant. These individuals approach an innovation with a high degree of skepticism and after the majority of society has adopted the innovation. Late Majority are typically skeptical about an innovation, have below average social status, little financial liquidity, in contact with others in late majority and early majority and little opinion leadership.
Laggards	They are the last to adopt an innovation. Unlike some of the previous categories, individuals in this category show little to no opinion leadership. These individuals typically have an aversion to change-agents. Laggards typically tend to be focused on "traditions", lowest social status, lowest financial liquidity, oldest among adopters, and in contact with only family and close friends.

THE ADOPTION PROCESS

The 2nd major process in the diffusion of innovations is adoption. The focus of this process is the stages through which an individual consumer passes while arriving at a decision to try or not to try or to continue using or to discontinue using a new product.

STAGES IN THE ADOPTION PROCESS:

The consumer moves through 5 stages in arriving at a decision to purchase or reject a new product:

1. Awareness
2. Interest
3. Evaluation
4. Trial
5. Adoption

1. Awareness: Consumer is first exposed to the product innovation. Awareness is the stage of being conscious of something (product); or having knowledge about something.

- In this stage, the consumer is just aware or knows about the existence of a product. But lacks enough knowledge about the product or service to actually patronize it immediately
- This is the stage marketers spend millions of dollars in making sure their product or service is known by their target audience. This is because they understand that demands can't occur without awareness.

Below are some of the ways consumers becomes aware of various products.

- **Social media**
  Examples of social media platforms are Facebook, Twitter, Instagram, Wechat, whatsapp etc. Marketers are aware of the increase in the usage of social media globally in the 21st century; And they are leveraging these platforms to create awareness about their product or service. Facebook has exposed millions of individuals to a lot of things…
- **Commercials:** it's an advertisement in a common media format usually radio or television.
  In essence, radio and television advertisement are sure ways consumers becomes aware of various products. Marketer adopts this strategy by getting the products aired (advertised) on radio or television.

- **Word of mouth:** This is a method of creating awareness which involves verbal means of passing information about a product or service. Consumers becomes aware of something (products or services) when someone tells or talks to them about it.
  Other sources of consumers awareness are
- Magazines advertisement (you can leverage this by paying for your product to be advertised on a popular magazine.
- Newspaper (the same method for magazine advert goes for newspapers. Just make the brand has lots of readers or customers.
- Website advertisement
- Billboard adverts

2. Interest:
After being aware of a product or service a consumer think can satisfy him, he would want to know more about such product or service by seeking more information about it. And that's basically what the second stage of the consumer adoption process is about.

In other words, **interest** is the stage the consumer seeks more information about a product he's aware of because he's interested in it.

Below are some of the ways consumers gets more information about a product.
- **Product package: A** package simply means a container or rapper used to cover a product. A fancy product is good because it can interest consumers to want to know more about the product. And by checking the rapper or container of the product, the consumer can get to know what the product is all about or it's contents.

- **Reviews**: It's the feedback of a product from consumers who have patronized such product or service.
Note: Reviews can be offline or online.
It's online when a consumer seeks information about the product on the internet maybe having searched the product via search engines like Google Bing etc. And it's offline when the consumer decides to seek information about the product from individuals around; could be family members or friends, neighbours etc.
In situations, whereby a consumer would like to purchase products like mobile phones, cars, chargers and other gadgets, reviews be it online or offline plays an important role. Therefore, as a marketer, you should make sure your products has good reviews and this can be achieved by creating or promoting quality.

3. Evaluation.
- After the consumer had successfully sought and found some information about the product, this is the stage they now decide if buying the product is the right thing to do or not.
- During evaluation, consumers uses all of the information they've gathered about a product to judge the product.

Below are some of the key factors in product evaluation done by consumers marketers and business owners should be aware of.
- **Price:** This is the amount or cost placed on a particular product. During product evaluation in a consumer adoption process, the cost / amount needed to purchase that product is always a major factor.
What's the cost of the product? Because they can't possibly buy something beyond their purchase power or out of their budget, consumers tend to evaluate a product based on its price value to know how much it will cost them.
- **Place**
Consumers are likely to buy a product that is closer to them than that which is far away. What I mean is an end user is like to purchase a product that available at a nearby store than that which is miles away. That's why question like where can I even get this product pops up during product evaluation.
- **Qualities:**
This shouldn't come has a surprise, consumers will always want to know those special features a product has that differentiates it from others. As a marketer or a business owner, what makes your product stand out? What are those attributes your product has that similar ones don't have?.
- **Quantity**.
In as much as consumers value quality, they also appreciate quantity. This is because they would like to enjoy a product for as long as possible after purchasing it.

4. Trial.
This stage in the consumer adoption in marketing doesn't require much talk.
- It is simply the stage where the consumer buys the product in small quantity / small scale to determine if it's worth purchasing in large quantity.
- The trial purchase or sample of the product will determine if the consumer will buy more of the product overtime.

The reason for that is because the consumer wants to have that self-experience of the product.

- The consumer wouldn't want to make the mistake of purchasing in large and end up not liking the product. That's why providing samples samples of your product to consumers is always a welcome idea. Now that's all on the 4th stage of consumer adoption process in marketing.

5. Adoption (product purchase)

This is the stage whereby the consumer decides to buy the product after due consideration of all of the above stages.

In essence, the **adoption stage** is the last and final stage in the consumer adoption process in marketing; and it's in this stage the consumer decides to buy in large quantity and make full regular use of the product.

- Firstly, as a marketer or business owner, it's at this stage you need to make the payment process easy for the end user.
- Secondly, a marketer should also make sure you maintain transparency in the price or cost of your product in cases of home delivery. What I mean is, make sure your customers are aware beforehand in situations where they'll be extra charges during home deliveries.
- Lastly, a marketer should endeavour to provide tips on how to use the products for maximum satisfaction or for best results.

https://www.youtube.com/watch?v=OU_B-tfK0DU

https://www.youtube.com/watch?v=9QnfWhtujPA

https://www.youtube.com/watch?v=x4xYKLk2uQA

https://www.youtube.com/watch?v=kxVeLlTEgtU

CONSUMER INNOVATORS

Consumer Innovators can be defined as the relatively small group of consumers who are the earliest purchasers of a new product. Innovators are the first 2.5% off the social system to adopt an innovation.

INTEREST IN THE PRODUCT CATEGORY:

Consumer innovators are more interested in the product categories they are first to purchase, than any other adopter class. It means that the *consumer innovator* in one product category, may or may not be the innovator in another product category. They seek information from the mass media, social media, open source intelligence and a variety of informal channels of information regarding the product of their interest.

INNOVATOR AS A OPINION LEADER:

Each social system has a structure which determines the direction of diffusion in innovation while the individual behavior determines the speed of adoption. The role of some key individuals within the social system significantly affects the rate of adoption. These individuals are often referred to as opinion leaders.

Some key attributes of opinion leaders are - innovativeness, willingness to share, self-confidence, socially active, having more media exposure. These characteristics are quite similar to those of consumer innovators which suggest that there is a high likelihood of consumer innovators being opinion leaders. [2]

Characteristic	Innovator	Noninnovator
Product Interest	More	Less
Opinion Leadership	More	Less
Personality		
Dogmatism	Open minded	Closed minded
Need for uniqueness	Higher	Lower
Perceived risk	Less	More
Variety seeking	Higher	Lower
Purchase and Consumption Traits		
Brand loyalty	Less	More
Usage	More	Less

Unit – V: Consumer Behaviour Models

Models of Consumer Behaviour: Traditional Models, Contemporary Models: Nicosia Model, Howard Sheth Model, The Economic model, Learning model, Psychoanalytic model, Engel, Blackwell and Rao –Lilien model & Consumerism

TRADITIONAL MODELS

Traditional Models:

1. **Learning Model**
2. **Black box model**
3. **The Economic Model**
4. **Psychological Model**
5. **Sociological Model**

LEARNING MODEL:

This is a simple model of consumer behaviour, in which the input for the customer is the firm's marketing effort (the product, price, promotion and place) and the social environment. The social environment consists of the family, reference, groups, culture, social class, etc., which influence the decision-making process. Both these factors together constitute the input in the mind of the consumer
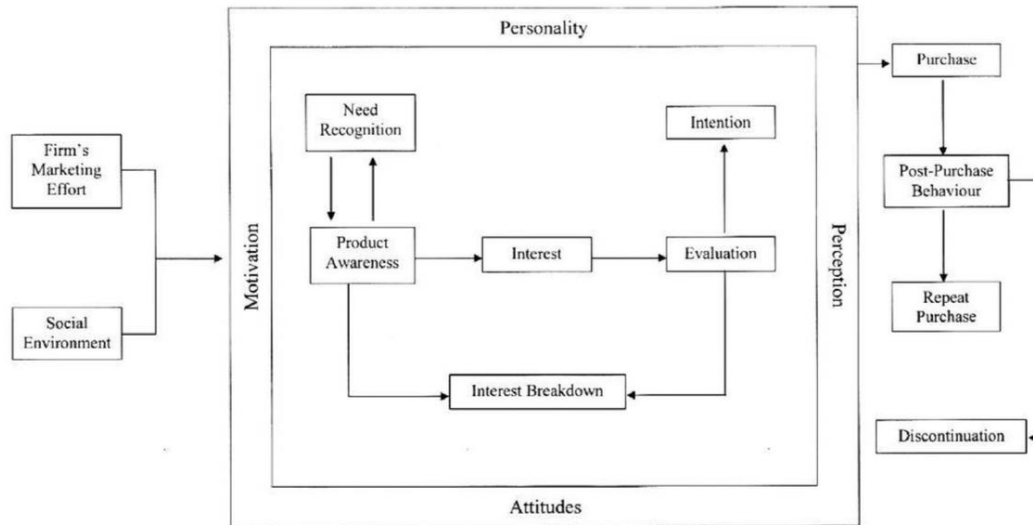

Fig. 2.1 – Input, Process and output model

Need Recognition:

When one is aware of a want, tension is created and one chooses a product to satisfy his needs. There is also a possibility that a person may be aware of a product before its need is recognized. This is indicated by the arrows going both ways from the need to the product and vice-versa.

Product Awareness

This can be had from advertisement or exposure to different types of media or by the social circle.

The awareness and the need lead to the building of interest. In some cases, the interest may also breakdown and the decision process also stops or may be postponed for the time being.

Evaluation and Intention

Evaluation consist of getting more information about the product and comparing and contrasting it with other products. This can be done theoretically or by taking a trial. Once the evaluation is completed, the consumer interest may either build-up his intentions to buy, or he may lose interest and the decision process may again stop or be postponed.

Intention:

Once there is intention to purchase the product, the consumer goes ahead and acts or purchases the product. Once the product is purchased, it is used to fulfil the need and the more the product is used, the more the consumer becomes aware of the positive and negative points of the product.
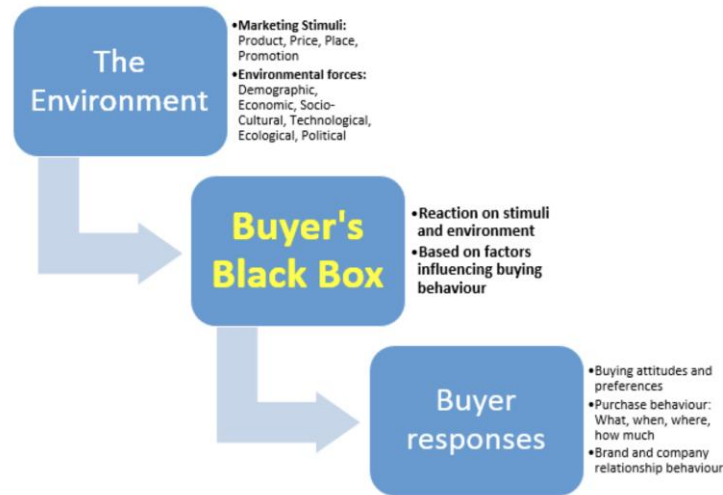
Post Purchase Behaviour :

If, after the purchase and use of the product, the customer is satisfied, he is happy and goes in for repeat purchases or recommends the same to his friends and acquaintance. If however, the consumer is dissatisfied, he discontinues further purchase of the product and builds a negative attitude towards it, which may be harmful to the company.

The post purchase behaviour is very important for the marketer and the company because it leads to proper feedback for improvement and maintaining the quality and features as desired by the purchaser. If the customer is very happy with the purchase, he forms a good impression about the product and the company.

BLACK BOX MODEL:

It is also called stimulus response model. Consumer's mind and thought processing is treated like a 'black box' which cannot be opened to find out how it is working. The model highlights the input stimulus like a promotional

advertisement and the resultant output, the purchase behaviour

ENVIRONMENTAL FACTORS		BUYER'S BLACK BOX		BUYER'S RESPONSE
Marketing Stimuli	Environmental Stimuli	Buyer Characteristics	Decision Process	
Product Price Place Promotion	Economic Technological Political Cultural Demographic Natural	Attitudes Motivation Perceptions Personality Lifestyle Knowledge	Problem recognition Information search Alternative evaluation Purchase decision Post-purchase behaviour	Product choice Brand choice Dealer choice Purchase timing Purchase amount

ECONOMIC MODEL:

According to Economic model of consumer behaviour, consumers try to maximize the utility from products on the basis of law of diminishing marginal utility. The desire of consumers to obtain maximum gains by spending a minimum amount, acts as the core for the derivation of this model.

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Individuals allocate their resources to maximise satisfaction of their needs and wants.

- Individuals - average consumer.
- Resources – Money, time, efforts
- Maximise Satisfaction – Theory of marginal utility

The economic model assumes that there is close similarity between the behaviour of buyers and that a homogenous buying pattern is exhibited in the market. The model is based on Income effect, Substitution effect and Price effect.

Income Effect: When more income is earned, or more money is available, more will be the quantity purchased.

It substantiates that when a person earns more income, he will have more money to spend and so he will purchase more.

Substitution Effect: Lesser the price of the substitute product, lesser will be the utility of the original product bought.

It substantiates the fact that if a substitute product is available at a cheaper cost, then the product in question will be less preferred or less utilized by people.

Price Effect: Lesser the price of the product, more will be the quantity purchased.

It suggests that when the price of a product is less, consumers tend to purchase more quantity of that product.

Economic model of consumer behaviour is un-dimensional. The following presumptions are made about buying behaviour.

- Lower the price of the product, larger will be the quantity bought- price effect.
- Higher is the purchasing power, higher will be the quantity- Income effect.
- Lower the price of a substitute product, lesser the quantity that will be bought of the original product- substitution effect.
- Higher the promotional expenditure higher will be the sales – Communication effect

30% Off
Scheme

Buy 1 at 60,
Buy 2 for 100!

Buy One
Get One
Free!

- At a Shirts' Sale, what would you choose?

33.33% Off

37.5% Off

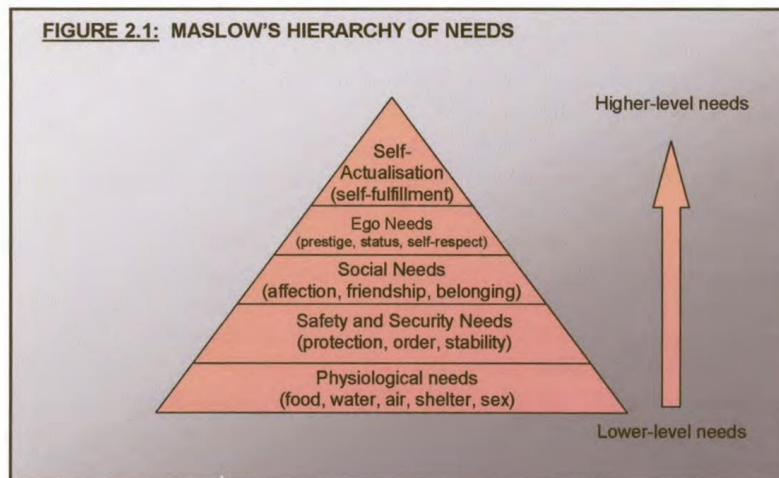— Buy 2 Get 1 Free, or

— Buy 5 Get 3 Free!

This model, according to behavioural scientists, is not complete as it assumes the homogeneity of the market, similarity of buyer behaviour and concentrates only on the product or price. It ignores all the other aspects such as perception, motivation, learning, attitudes, personality and socio-cultural factors. It is important to have a multi-disciplinary approach, as human beings are complex entities and are influenced by external and internal

factors. Thus, price is not the only factor influencing decision-making and the economic model according to scientists have short comings.

PSYCHOANALYTICAL MODEL OF CB

The consumer behaviour is influenced by several factors. These are 1: Internal or Psychological factors 2: Social factors 3: Cultural factors 4: Economic factors 5: Personal factors.

FIGURE 2.1: MASLOW'S HIERARCHY OF NEEDS

Higher-level needs

Self-Actualisation (self-fulfillment)

Ego Needs (prestige, status, self-respect)

Social Needs (affection, friendship, belonging)

Safety and Security Needs (protection, order, stability)

Physiological needs (food, water, air, shelter, sex)

Lower-level needs

The well-known Freudian model of human behaviour, is regarded to have a profound impact on 20th century thought,

Freud assumed that the psychological forces shaping people's behaviour are largely unconscious, resulting in people not being able to fully understand their own motivations.

according to the theory, the child enters the world driven by instinctual needs that cannot be satisfied by itself. The child quickly and painfully realises its detachment from the world and at the same time its dependence on it. Through blatant means, including supplication and intimidation, the child attempts to use others to satisfy its needs.

Freudian theory further propagates that, as human beings grow,

- o Their psyche (called the id) remains the source for strong urges and drives. id is oriented toward immediate gratification, forming the "partly animal" portion of the brain.
- o A second part, called the ego, develops into a conscious planning core where outlets for drives are uncovered, responsible for mediating between the id and the superego.
- o The superego, the final concept of the model, is responsible for the channelling of instinctive drives into socially acceptable outlets in order to avoid the pain associated with guilt and shame

The urges that human beings feel, especially sexual urges, cause shame and guilt and are therefore repressed from the conscious. A person therefore develops defence mechanisms, for example rationalisation and sublimation, resulting in either the denial of such urges or the transformation thereof into acceptable social expressions. According to Freud, these urges are never eliminated or under perfect control and sometimes emerge, vigilantly, as slips-ofthe-tongue, in dreams, in neurotic and obsessive behaviour or eventually in mental breakdowns where the ego is not capable to maintain the balance between the oppressive power of the superego and the impulsive power of the id.

A possible impact of the model, in practical terms, is that since the individual is not able to understand its own behaviour, it is even more difficult for the casual observer to understand such behaviour. For example, if a person is asked why a certain expensive vehicle is bought, the reply may be that the deciding factors were speed, comfort and appearance. At a deeper level, the reasons may include to impress others or to be young again. At an even deeper level, the motive for the purchase may be attributed to an attempt to achieve substitute gratification for unfulfilled urges.

A final benefit to marketing researchers is that motivational research can offer beneficial insights and inspiration in terms of advertising and packaging.

The insights gained from motivational research can often be used as a basis for advertising messages aimed at deeply rooted feelings, hopes, aspirations and fears of consumers. Such emotional appeals are often more effective than rationally based appeals.

Maslow's hierarchy of needs Maslow's well-known hierarchy of needs, although not classified as a model of human behaviour, provides valued input to the theory of consumer behaviour, since it provides theory on the motivation of human beings based on a hierarchy of human needs.

Maslow's theory postulates five basic levels of human needs, ranging from lower-level (biogenic) needs to more important, higher-level (psychogenic) needs. Consumers, therefore, seek to first satisfy lower-level needs before attending to higher-level needs. Only once a lower-level need is satisfied, will a new (higher-level) need emerge, motivating the consumer to fulfil such a need. The process continues, leading the consumer to aspire to the fulfilment of higher-level needs, each time higher than the need before.

- Physiological needs represent the most basic needs that are required to sustain life and include food, clothing and shelter.

- Safety and security needs concern more than physical safety and include order, certainty and control over the environment and own life.

- The third level, social needs, refers to needs such as friendship, love, affection, belonging and acceptance.

- Egoistic needs or esteem needs comprise inwardly-directed needs (for example concerned with the individual's need for success, independence, self-acceptance and personal satisfaction with something well done) and outwardly-directed needs (including, for example, the need for reputation, status and prestige).

- The final and highest level of needs is that of self-actualisation, implying the desire to fulfil one's potential, becoming everything an individual is capable of becoming. Worth mentioning is that Maslow believed that most people do not satisfy their egoistic needs sufficiently, thereby keeping them from ever moving to the final, self-fulfilment needs.

SOCIOLOGICAL MODEL OF CB

The consumer behaviour influenced by several factors
are 1: Internal or Psychological factors
2: Social factors
3: Cultural factors
4: Economic factors
5: Personal factors

The Sociological Model of Consumer BehavioUr is closely related to the society and the versatile groups involved in the same.

This is concerned with the society. A consumer is a part of the society and he may be a member of many groups in a society. His buying behaviour is influenced by these groups. Primary groups of family friends and close associates exert a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different. As a member of an elite organization, his dress requirements may be different, thus he has to buy things that conform to his lifestyles in different groups.

These groups can be classified into Primary and secondary ones.

Primary groups consist of

- close acquaintances,
- friends,
- relatives and
- family members.

Secondary group consists of any member in the society, his personality type and requirements based on the same. Sociological Model focuses mainly on the lifestyle and related product requirements of consumers in the society in a holistic manner.
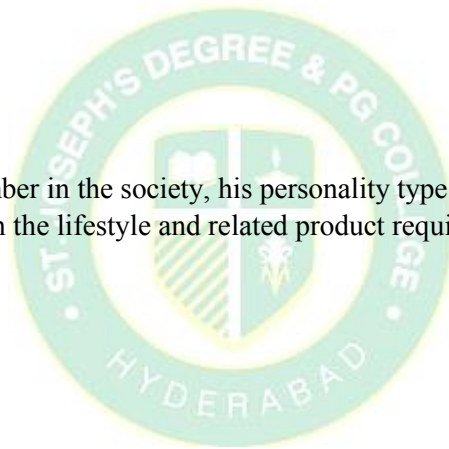
CONTEMPORARY MODELS

1. Howard Sheth Model
2. Nicosia Model
3. Engel Blackwell Miniard (EBM model)
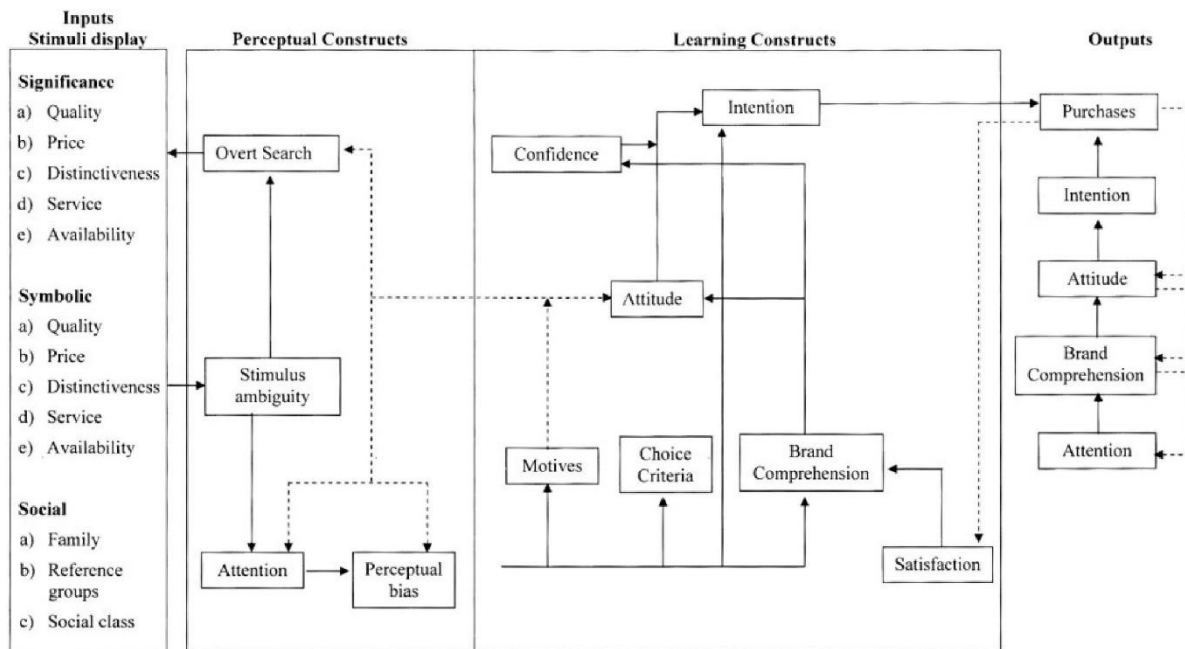
Howard Sheth Model

Fig. 3.3 Howard – Sheth Model

SOURCE: John A. Howard and Jagdish N. Sheth, The theory of Buyer Behaviour (Newyork: John Wiley & Sons, 1969) P – 30

A simplified version of the basic Howard – Sheth model is shown in Fig. 3.3. The model consists of four major sets of variables 1) Inputs, 2) Perceptual and learning constructs, 3) Outputs and 4) Exogenous (external) variables.

(1) Inputs

The input variables consist of three distinct types of stimuli (information sources) in the consumer's environment. Physical brand characteristics and verbal product characteristics are furnished by the marketer in the form of product or brand information. The third type stimulus is provided by the consumer's social environment. All the three types stimuli provide inputs concerning the product class or specific brands to the prospective consumer.

(2) Perceptual and Learning Constructs

The central component of the Howard – Sheth model consists of psychological variables that are assumed to operate when the consumer is contemplating a decision. These constructs are treated as obstructions and are not operationally

defined or directly measured. Some of the variables are perceptual in nature and are concerned with how the consumer receives and processes information acquired from the input stimuli and other parts of the model. (3) Outputs

The model indicates a series of outputs that correspond in name to some of the perceptual and learning construct variables (attention, brand comprehension, attitudes, intention etc) in addition to the actual purchase.

(4) Exogenous Variables:

External variables are not directly part of the decision making process and are not shown in the model presented here. Relevant external variables include the importance of the purchase, consumer personality traits, time pressure and financial status.
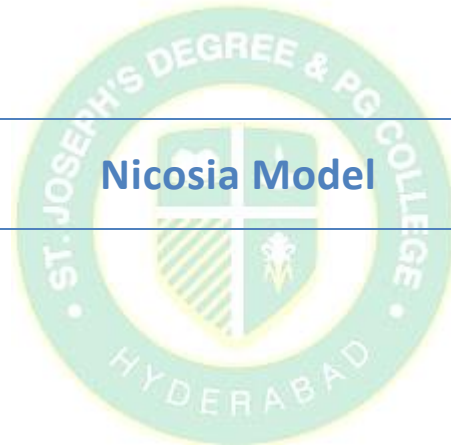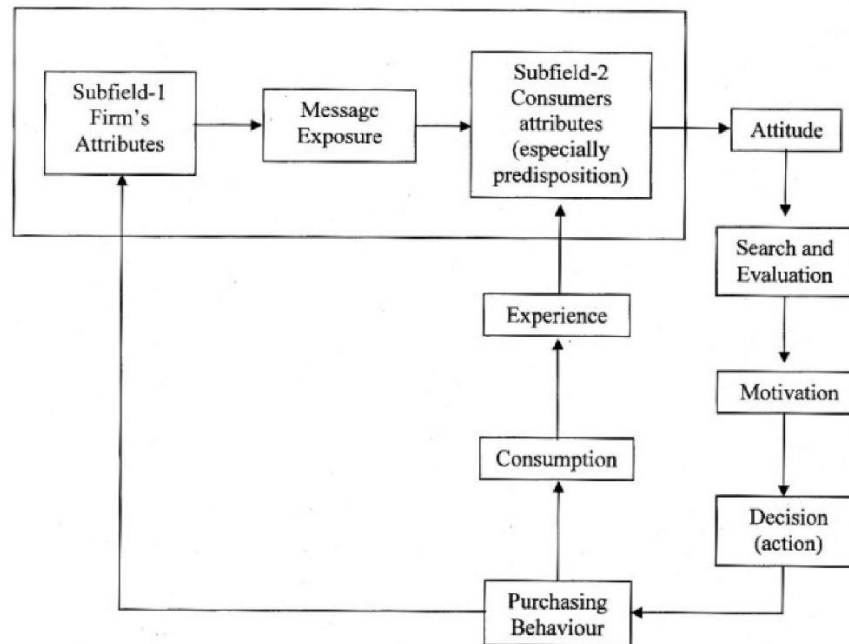

Nicosia Model

Fig. 3.4 Flow Chart of the Nicosia Model of Consumer Decision Processes

SOURCE: Francesco M.Nicosia, Consumer Decision Processes (Englewood Cliffs .N.)

Prentice Hall 1966 – P.156

It is an elaborate computer flow chart of the consumer decision-making process.

It is divided into four major fields

 (i)   **The Consumer Characteristics :** Consumer's Attitude based on the Firm's Messages:

The firm's marketing environment and communication efforts affect attitudes, such as product attributes, the competitive environment of relevant mass media, the choice of copy appeal and characteristics of the target market. It specifies various consumer characteristics (personality experience) that mediate reception of the firm's promotional messages. The output is an attitude towards the product based on consumer's interpretation of the message.

(ii) Search and Evaluation

It deals with the search for relevant information and evaluation of the firm's brand in comparison with alternative brands .The output of this stage is motivation to purchase the firm's brand.

(iii) The Act of Purchase:

The consumer's motivation towards the firm's brand results in purchase of the brand from a specific retailer.

iv) Feedback:

Two important types of feedback are obtained from the purchase experience. One, to the firm in the form of sales data and the other, to the consumer in the form of experience (satisfaction or dissatisfaction). The consumer experience with the product affects the individual's attitudes and predisposition concerning future messages from the firm.

Engel - Blackwell – Miniard Model
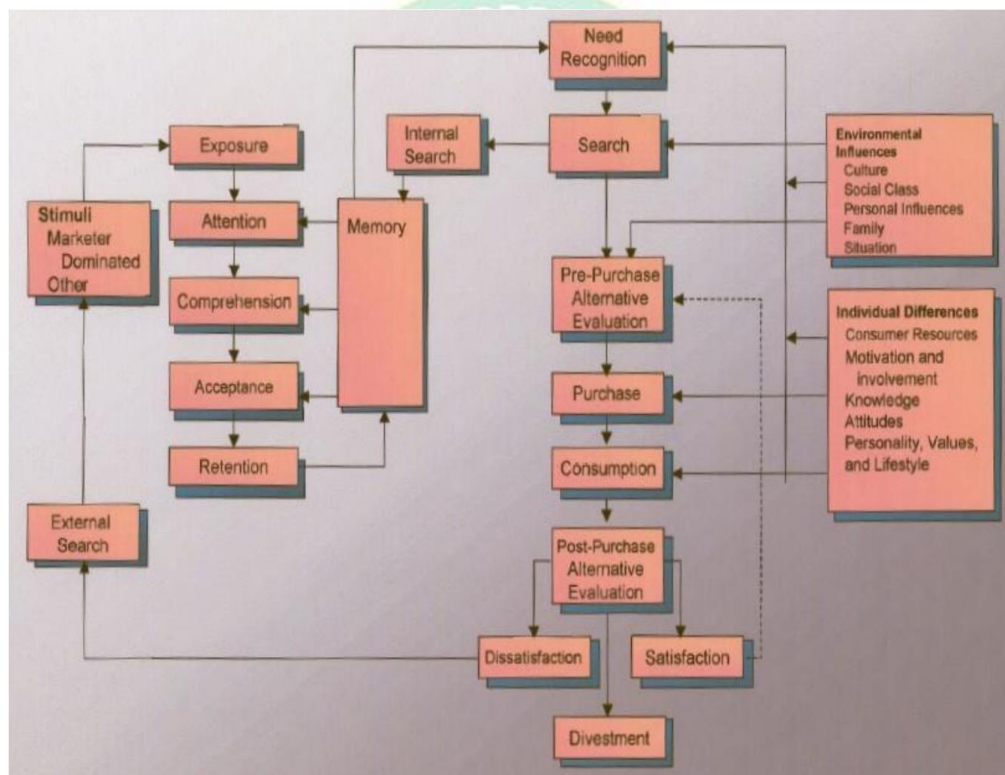
According to the EBM model, the consumer decision-making process is influenced and shaped by a number of factors and determinants, categorised in **three broad categories,** namely **Individual differences, Environmental influences and Psychological processes**. The three categories will be discussed below, based on the discussion provided by Engel et al. (1995: 147-154).

A) Individual differences

The EBM model suggests that consumer behaviour is influenced by five major categories of individual differences. These individual differences are consumer resources; knowledge; attitudes; motivation; personality, values and lifestyle.

A-i) Consumer resources

Each decision situation is characterized by the involvement of three different consumer resources. First, the consumer uses time, which is valued since time is often more important to consumers than money due to the increasing lack of time in a modern society. The second resource is money or economic resource, and the third is information reception and processing capabilities. The consumer's perception regarding the availability of these resources may affect the willingness to spend time and money on products, which causes the consumer to carefully allocate these resources due to the limited availability thereof.

A-ii) Knowledge

Knowledge, defined as the information stored in memory, encompasses a wide variety of information, including the availability and characteristics of products and services. Information contained in memory regarding products include awareness of the product category and brands within the product category, attributes and beliefs of both the product category and specific brands, and the availability of products in terms of the distribution channels and competitors selling products within these channels. In addition to the above, knowledge regarding products also includes when to purchase, since the consumer may be aware of specials at certain times during the year and may therefore delay the purchase decision. A final component of knowledge is the information contained in memory regarding the uses and requirements to use a product. Consumers may, therefore, be aware of the uses of products, although they are not able to actually operate them.

A-iii) Attitudes

An attitude can be defined as an overall evaluation of alternatives, ranging from positive to negative. Attitudes are considered important in viewing consumer

behaviour, since behaviour is strongly influenced by attitudes towards a given product or brand. In addition to the above, attitudes influence future choice and are difficult to change, even though being a common marketing tool.

A-iv) Motives

Needs and motives, where need is a central variable in motivation, influence allphases of the decision process. Activated needs, defined as a perceived difference between an ideal and the present state that is sufficient to activate behaviour, lead to energised behaviour or drive that is channeled towards certain goals that have been learned as incentives. In addition to the above, it should be noted that needs fall within two categories, namely the utilitarian or functional category which has practical benefits, and the hedonic or subjective category with emotional benefits.

A-v) Personality

Personality, values and lifestyle encompass what is known as psychological research, where the emphasis is placed on individual traits, values, beliefs and preferred behaviour patterns that combine to characterise market segments.
Personality, defined as consistent responses to environmental stimuli, provides for orderly and coherently related experiences and behaviour. Personality is also the component that makes one individual unique from all others and provides consistency of responses.

A-vi) Values

Values represent an individual's beliefs about life and accepted behaviour, therefore expressing both the goals that motivate people and appropriate ways to achieve those goals. Values are classified as either being social, implying shared beliefs that characterise a group of people and thereby defining behaviour for the group that will be acceptable as "normal", or personal, responsible for defining "normal" behaviour for an individual.

A-vii) Lifestyle

Lifestyle, reflecting an individual's activities, interests and opinions, represents certain patterns in which people live and spend their time and money. Lifestyle can, therefore, be viewed as the result of all the economic, cultural and social life forces that contribute to an individual's human qualities.

B) Environmental influences

Environmental influences impacting on consumer behaviour include culture, social class, personal influences, family and the situation.

B-i) Culture

Culture, from a consumer behaviour perspective, implies the values, ideas, artifacts and other meaningful symbols assisting individuals to communicate, interpret and evaluate as members of society.

According to the EBM model, the importance of culture 'from a consumer behaviour perspective is that it provides people with a sense of identity and understanding of acceptable behaviour within society. In addition to the above, culture influences attitudes and behaviour, including the sense of self and space, communication and language, time and time consciousness, values and norms, food and feeding habits, relationships with family, organisations and government, dress and appearance, beliefs and attitudes, mental processing and learning, as well as work habits and practices.

B-ii) Social class

The second environmental influence, "social class", can be defined as divisions within society where individuals share similar values, interests and behaviours.

Social classes are differentiated by socio-economic status differences, often leading to consumer behaviour differences, for example the make of a vehicle or the favourite style of dress.

The impact of social class on consumer behaviour can often be observed when viewing consumer time spent, products purchased, where, and how they purchase products, especially since brands of products and services are associated with specific social classes.

B-iii) Personal influences

Consumers are often influenced by people they associate with, where they conform to the norms and expectations of others or simply value their opinions in the buying process. This influence can either be the observation of others or alternatively the active seeking of advice, where the person providing the advice becomes an influential or opinion leader.

B-iv) Family

The family is often the primary decision-making unit with different roles and functions, often resulting in simultaneous co-operation and conflict. Two behavioural roles of the family can be distinguished, namely instrumental or functional roles, involving financial, performance and other "functional" attributes, such as conditions of purchase and expressive roles, involving the support of other family members in the decision-making process by expressing the family's emotional needs and upholding of family norms.

At least five definable roles, assumed by the husband, wife, children, or other members of the household, can be distinguished in family consumption decisions. These roles are the initiator or gatekeeper, initiating family thinking about purchasing products and gathering information. There is the influencer, the individual determining the criteria to be used by the family when purchasing products as well as identifying products that would most likely meet the criteria. Then there is the decider, the person with the financial authority, determining how the money of the family should be used and on which products or brands.

The buyer is the person responsible for visiting the store, purchasing the products and bringing it home. Finally, there are the users, the individuals in the family using or consuming the product.

B-v) Situation

The final environmental influence impacting on consumer behaviour according to the EBM model is that of the situation, since behaviour changes as the situation changes. The importance of considering the situation is due to changes impacting on consumers sometimes being unpredictable and erratic, for example retrenchments from work resulting in the postponement of purchases.

Situational factors can be divided into three categories, namely communication, purchase and the usage situation. Communications situations influencing consumers are, for instance, affected by marketing messages, where, for example, the impact of a television advertisement is in part determined by the programme during which it is broadcast.

The purchase situation includes elements of the information environment, for instance the availability thereof externally or internally in memory, the volume of information, determined by the number of choice alternatives as well as the number of attributes per alternative. Other aspects from the information environment influencing the purchase situation are the format, implying the manner in which it is organised, and form of information. In addition to information influences, the retail environment or store atmospherics also influence the purchase situation. Factors comprising the retail environment include music, layout, point of purchase material, colours and crowding caused by the density of shoppers in a store.

The final situational influence, "product consumption", plays an important part in consumer behaviour, since consumers may alter their purchase patterns due to usage situations. An example of the consumption situation is where it is acceptable to drink a certain brand of wine at home, yet when with friends it may be unacceptable.

C) Psychological processes

The psychological processes in the EBM model comprise the decision-process behaviour of consumers which, together with the environmental influences and individual differences, form an elaborated consumer behaviour and decision model.

It is important to consider the decision process documented by the EBM model, since the discussion on this element of the model not only completes the model but also provides insight into the influence of processing ability and the complexity thereof on consumers. The decision-making process in the EBM model comprises the following components: need recognition, search for information& information processing, pre-purchase alternative evaluation, purchase, consumption and post-purchase alternative evaluation as well as divestment.