

CONSUMER BEHAVIOUR

VI SEMESTER

BBA

(Specialization - Marketing)

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UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

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STUDY MATERIAL

BBA (*Specialization - Marketing*)

VI Semester

CONSUMER BEHAVIOUR

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MODULE 1

CONSUMER BEHAVIOUR

Consumer is the reason why business exists. Without them no company can survive or thrive. In their absence, an organisation doesn't have a business or purpose. The main purpose of a company is to satisfy customer's needs and wants. Though similar, consumers are unique in themselves; they have needs and want which are varied and diverse from one another; and they have different consumption patterns and consumption behaviour. The marketer helps satisfy these needs and wants through product and service offerings. For a firm to survive, compete and grow, it is essential that the marketer identifies these needs and wants, and provides product offerings more effectively and efficiently than other competitors. A comprehensive yet meticulous knowledge of consumers and their consumption behaviour is essential for a firm to succeed. Herein, lays the essence of Consumer Behaviour, an interdisciplinary subject, which emerged as a separate field of study in the 1960s. Peter Drucker, a leading management expert, once stated that the aim of marketing is to know and understand the consumer so well that the product or service fits him and sells itself. Ideally, marketing should result in a consumer who is ready to buy. All that should be needed then is to make the product or service available. In short consumer or customer satisfaction is the key to an organisational success.

Consumer

Any individual who purchases goods and services from the market for his/her end-use is called a consumer. In simpler words a consumer is one who consumes goods and services available in the market. In other words, consumer is an ultimate user of a product or service.

According to International Dictionary of Management, "consumers are purchasers of goods and services for immediate use and consumption".

Consumer Behaviour

Human being differs from one to another. It is not easy to predict the human behaviour. Human being differs in their taste, needs, wants and preferences. But one constant thing is that we all are consumers. CB is a vast and complex subject. Understanding CB and "knowing consumers' are not that simple. It is almost impossible to predict with one hundred per cent accuracy, how consumer(s) will behave in a given situation. Marketers are interested in watching people shopping, flirting, parading, playing, entertaining, as they are keenly interested in the wide variety of behaviours they display. The efforts of all marketers are to influence the behaviour of consumers in a desired manner. The success or failure in this pursuit determines the difference between success and failure of marketing efforts or even the business itself.

Consumer behaviour explains the reasons and logic that underlie purchasing decisions and consumption patterns; it explains the processes through which buyers make decisions. Consumer Behaviour may be defined as "the interplay of forces that takes place during a consumption process, within a consumers' self and his environment. This interaction takes place between three elements viz. knowledge, affect and behaviour; it continues through pre-purchase activity to the

post purchase experience; it includes the stages of evaluating, acquiring, using and disposing of goods and services". The "consumer" includes both personal consumers and business/industrial/organizational consumers.

Definitions

1. "The behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs."- Schiffman and Kanuk
2. "...the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services." - Loudon and Bitta
3. "The study of consumers as they exchange something of value for a product or service that satisfies their needs"- Wells and Prensky
4. "Those actions directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions". -Engel, Blackwell, Miniard
5. "The dynamic interaction of effect and cognition, behaviour and the environment by which human beings conduct the exchange aspects of their lives" - American Marketing Association

By analysing the above definition, it reveals that the study includes within its purview, the interplay between cognition, affect and behaviour that goes on within a consumer during the consumption process: selecting, using and disposing off goods and services.

i. Cognition:

This includes within its ambit the "knowledge, information processing and thinking" part; It includes the mental processes involved in processing of information, thinking and interpretation of stimuli (people, objects, things, places and events). In our case, stimuli would be product or service offering; it could be a brand or even anything to do with the 4Ps.

ii. Affect:

This is the "feelings" part. It includes the favourable or unfavourable feelings and corresponding emotions towards stimuli (towards a product or service offering or a brand). These vary in direction, intensity and persistence.

iii. Behaviour:

This is the "visible" part. In our case, this could be the purchase activity: to buy or not to buy (again specific to a product or service offering, a brand or even related to any of the 4 Ps).

Why we study of CB: (Importance of CB)

The term CB is defined as the behaviour that consumers' display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. CB focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. The term CB describes two different kinds of consuming

entities: the personal consumer and the organizational consumers. The Personal consumer buys goods and services for his or her own use, for the use of the household or as a gift for a friend. In each of these contexts, individuals, who are referred to as end users or ultimate consumers, buy the products for fine use. The second category of consumer- the organizational consumer- includes profit and not-for-profit businesses, government agencies (local, state, and national), and institutions (e.g. Schools, hospitals, and prisons), all of which must buy products, equipments and services in order to run their organization.

The subject of Consumer Behaviour is viewed as the edifice of the marketing concept, an important orientation in marketing management. The knowledge of Consumer Behaviour helps the marketer understand and predict the consumption patterns and consumption behaviours of people. It helps them gain insights as to why a consumer behaves differently to another consumer; as well as, why a consumer behaves differently in different times and buying situations. The study helps them understand the internal (individual determinants) and external (environmental factors) forces that impel people to act out different consumption patterns and behaviours. The study helps the marketer in:

- a) Analyzing the environment: identifying opportunities and fighting threats.
- b) Segmenting, targeting and positioning.
- c) Designing the marketing-mix.
- d) Designing the marketing strategy.
- e) Governmental and Non-profit Organization and Social Marketing.

Nature of Consumer Behaviour

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

- 1) Need identification to buy the product
- 2) Information search relating to the product.
- 3) Listing of alternative brands.
- 4) Evaluating the alternative (cost-benefit analysis)
- 5) Purchase decision.
- 6) Post-purchase evaluation by the marketer.

2. **Influenced by various factors:** -Consumer behaviour is influenced by a number of factors. The factors that influenced consumer are as follow; marketing, personal, psychological, situational, social, cultural etc.

3. **Different for different customers:** -All consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behaviour is due to individual factors such as nature of the consumer's life style, culture, etc.
4. **Different for different products:** -Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low/no quantity of some other items.
5. **Varies across regions:** -The consumer behaviour vary across states, regions and countries. For instance, the behaviour of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behaviour.
6. **Vital for marketers:** -Marketers need to have a good knowledge of consumer behaviour. They need to study the various factors that influence consumer behaviour of their target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.
7. **Reflects Status:** -Consumers buying behaviour is not only influenced by status of a consumer, but it also reflects it. Those consumers who own luxury cars, watches and other items are considered by others as persons of higher status.
8. **Result in spread-effect:** -Consumer behaviour has a spread effect. The buying behaviour of one person may influence the buying behaviour of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items etc. this may influence some of his friends, neighbours, colleagues. This is one of the reasons why marketers use celebrities like Sharuk khan, Sachin Tendulkar to endorse their brands.
9. **Improves Standard of Living:** -Consumer buying behaviour may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living.
10. **Undergoes a change:** - The consumer's behaviour undergoes a change over a period of time depending upon changes in age, education and income level. Etc, for instance,, kids may prefer colourful dresses, but as they grow up as teenagers and young adults, they may prefer trendy clothes.

Scope of Consumer Behaviour:

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

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

- 'How often they use' it: frequency of use

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

Basic Components:

i) Decision making (Cognitive and Affect):

-this includes the stages of decision making: Need recognition, Information search, Evaluation of alternatives, Purchase activity, Post purchase behaviour.

ii) Actual purchase (Behaviour):

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

iii) Individual determinants and environmental influences: The environmental factors affect the decision process indirectly, through way of affecting individual determinants.

iv) Buying roles: Actual Buyer vis a vis other users. There are five buying roles, viz., Initiator, Influencer, Decider, User, and Buyer. The initiator is the person who identifies that there exists a need or want; the influencer is the one who influences the purchase decision, the actual purchase activity and/or the use of the product or service; the decider is the one who decides whether to buy, what to buy, when to buy, from where to buy, and how to buy; the buyer is the one who makes the actual purchase; and, the user is the person (s) who use the product or service. These five roles may be played by one person or by different persons. A person may assume one or more of these roles. This would depend on the product or service in question.

Examples: Let us take an example.

A child goes to a kindergarten school. She comes back home and asks her parents to buy her a set of colour pencils and crayons. Now the roles played are:

1. Initiator: the child in nursery school
2. Influencer: a fellow classmate
3. Decider: the father or the mother
4. Buyer: the father or the mother
5. User: the child

Application of Consumer Behaviour:

An understanding of consumer behaviour is necessary for long term success and survival of a firm. It is viewed as the edifice of the marketing concept, an important orientation in marketing management.

According to the marketing concept, the marketer should be able to determine needs and wants of the target segment and provide product and service offerings more effectively and efficiently than competitors. It is essentially a customer-centred philosophy, which aims at understanding customer needs and wants, providing the right product and service, and deriving customer satisfaction; “make what you can sell” rather than “sell what you make.”

An understanding of the study of consumer behaviour helps formulate appropriate marketing strategies for a firm keeping in view the consumer and his environment. It has a number of applications; the main application bases are as follows:

1. Analyze the environment:

The knowledge of consumer behaviour can be applied to help identify opportunities and fight threats. The opportunities could be in terms of newer customers, newer markets, unfulfilled needs and wants (through a study of consumer individual determinants and other environmental influences). The threats could be fought by developing and implementing appropriate marketing strategies to best fit the environment.

The marketing strategies need to be dynamic and constantly evolving keeping in view the uncertainty in the environment; Environmental uncertainty is a function of complexity and dynamism. Complexity is defined in terms of the number, strength and interrelatedness of the various factors in the environment that a firm has to deal with. Dynamism relates to how quickly the changes take place in the environment.

2. Segmentation, targeting and positioning:

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

a) *Segment the market*: The marketer needs to identify distinct customer groups with needs and wants, classify them on basis of descriptive characteristics and behavioural dimensions.

The *descriptive characteristics* may take forms of age, gender, income, occupation, education, family size, family life cycle, gender, lifestyle, personality, religion, generation, geography, nationality, and social class. The *behavioural dimensions* take forms of benefits, uses, use occasion, usage rates, and loyalty status.

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

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

3. Designing the Marketing Strategy:

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

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

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

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

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

4. Designing the Marketing Mix:

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

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

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

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

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

5. Application in Governmental and Non-profit Organizations and Social Marketing:

The knowledge of consumer behaviour finds relevance even in Governmental and Non-profit Organizations and Social Marketing. Governmental and Non-profit Organizations have the society as its customers and need to understand them so as to be able to serve them better.

Social marketing involves propagation of ideas; attempts at such circulation and spread of ideas for moral and social upliftment can be more successful if there is a proper understanding of the these consumers (i.e., the public and society)

The Interdisciplinary Nature of Consumer Behaviour:

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

1. **Psychology:** This includes the study of the individual as well as the individual determinants in buying behaviour, viz., consumer perception, learning and memory, attitude, self-concept and personality, motivation and involvement, attitudes and attitudinal change and, decision making.
2. **Sociology:** This includes the study of groups as well as the group dynamics in buying behaviour, viz., family influences, lifestyles and values, and social group influences.
3. **Social psychology:** This includes the study of how an individual operates in group/groups and its effects on buying behaviour viz, reference groups and social class influences.
4. **Anthropology:** This is the influence of society on the individual viz., cultural and cross-cultural issues in buying behaviour, national and regional cultures etc.
5. **Economics:** This is the study of income and purchasing power, and its impact on consumer behaviour. The underlying premise is that consumers make rational choices while making purchase decisions. While resources are limited and needs and want many, consumers collect information, and evaluate the various alternatives to finally make a rational decision.

As discussed before, consumers are unique in themselves. A comprehensive yet meticulous knowledge of consumers and their consumption behaviour is essential for a firm to succeed. In order to understand and predict consumption patterns and behaviours within segment (s), market research becomes essential.

Market Research and Consumer Behaviour:

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



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

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

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

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

Relationship between Marketing Research and Consumer Research

Marketing research Consumer Research (From Market Research, evolved the subset Consumer Research)	
Marketing research	Consumer Research
Objective - To study the marketing environment and the customers who are a part of it.	Objective - To study consumers as individuals or as groups
Focus - To establish trends, and identify opportunities and threats in the environment.- To study the market and forecast potential- To predict buying patterns based on modeling and simulation	Focus - To understand consumption behaviour and consumption patterns
End result -Customer connect with company - Individual marketing and customization	End result -Customer connect with company - Individual marketing and customization

Approaches to Consumer Behaviour Research:

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

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

i) Positivist approach:

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

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

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

ii) Interpretivist approach:

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

This approach is also based on certain assumptions viz.:

- Consumer actions are unique and different both, between two consumers, and/or within the same consumer at different times and situations.
- A cause and effect relationship cannot be generalized; consumption patterns and behaviours are unique; these are unpredictable.
- They cannot be objectively measured, empirically tested and generalized.
- The focus lies on the act of consumption rather than the act of purchase. The methodology is essentially qualitative, with techniques including in depth interviews, focus group techniques, and projective techniques. It aims at drawing conclusions on small samples.

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

Contradiction.

i) Materialism:

This approach implies that consumer behaviour is shaped by the ‘material environment’ e.g. money, possessions etc.

ii) Change:

Consumer behaviour is ‘dynamic’ in nature; it is always in a process of continuous motion, transformation and change.

iii) Totality:

Consumption behaviour is ‘interconnected’ with other forms of human behaviour, like personal self and the surrounding environment.

iv) Contradiction:

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

Research Perspectives on Consumer Behaviour:

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

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

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

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

Research Paradigms in Consumer Behaviour:

The research paradigm in the study of consumer behaviour focuses on two approaches viz., Quantitative research, used by the positivists and, Qualitative research: used by the interpretivists. The positivists and interpretivists as two schools of thought have already discussed. The current

approach or the 'dialectic' approach to studying Consumer Behaviour makes use both the approaches.

a) Quantitative Research in Consumer Behaviour:

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

b) Qualitative Research in Consumer Behaviour:

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

c) Combining the two approaches:

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

Consumer Behaviour Audit

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

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

In many ways the consumer behaviour audit clarifies opportunities and threats, and allows the marketing manager to make alterations to the plan if necessary. This portion tells you the basics of the consumer behaviour audit, and introduces a consumer behaviour audit checklist. The checklist

is designed to answer the question, what is the current marketing situation? Let's consider the consumer behaviour audit under three key headings:

- I. The Internal Marketing Environment.
- II. The External Marketing Environment.
- III. A Review of Our Current Marketing Plan

I. The Internal Marketing Environment.

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

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

II. The External Marketing Environment.

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

- What is the nature of our 'customer?' Such as: Their needs and how we satisfy them. Their buyer decision process and consumer behaviour. Their perception of our brand, and loyalty to it. The nature of segmentation, targeting and positioning in our markets.
- What customers 'value' and how we provide that 'value?'

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

III. Review of Our Current Marketing Plan

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

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

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

Marketing Decision Areas

Market segmentation – division of all possible product users (i.e., consumers) into groups with similar needs to satisfy for product development and media selection.

Product positioning – determination of a desirable product or brand position in the mind of the consumer relative to competing brands.

Price – pricing policy consistent with the determined product position. The price is the all inclusive set of consideration that the consumer must tender in exchange for the product or service, such as time, patience, learning, and money.

Place (Distribution Strategy) – channel or distribution strategy, such as retail, wholesale, or Internet, etc. consistent with the determined product position at which title to the product is relinquished or the service is performed.

Promotion – advertising, visual packaging, publicity, promotion, website, telemarketing and direct sales force activities.

Product – physical product characteristics or service to be experienced for each market segment.

Customer satisfaction – post-purchase policies to promoted customer use, loyalty, reference and repeat purchases.

2. Customer Influences

External influences

- Culture, subculture, and values
- Demographics, income, and social class
- Reference groups and family / households
- Marketing activities by the company (e.g., product attributes, packaging, advertisements, sales presentation, and retail outlet)

Internal influences

- Needs, motives, and emotions
- Perceptions, learning and memory
- Personality and lifestyle
- Attitudes

Situation influences

- Physical features
- Time perspective
- Social surroundings
- Task definition

- Antecedent states and situations (e.g., product or offer communications, purchase, use, or definition)

Decision process influences (i.e., stages)

- Problem recognition
- Information search
- Alternative evaluation
- Outlet selection
- Purchase
- Post-purchase processes (e.g., use, disposition, and evaluation)

By interweaving the decision areas with the relevant customer influences listed above, it is possible to outline the areas in which data should be gathered in order to construct a complete consumer behaviour audit template as follows:

- Step 1: Market segmentation (...) Identify customer influences
- Step 2: Product positioning (...) Identify customer influences
- Step 3: Price (...) Identify customer influences
- Step 4: Place (Distribution strategy) (...) Identify customer influences
- Step 5: Promotion (...) Identify customer influences
- Step 6: Product (...) Identify customer influences
- Step 7: Customer satisfaction (...) Identify customer influences

By completing the above steps and answering all the associated questions regarding customer influences at each of the stages, the marketing manager should have a thorough understanding of the influences on consumer behaviour and the key decision areas in which the influences are activated.

MODULE 2

CONSUMER INVOLVEMENT

Meaning, Nature and Types of Consumer Involvement

Another component that closely relates to motivation is involvement. Involvement is defined as a psychological state that motivates people to be more aware and careful about persons/objects/situations. It also indicates a level of personal importance that the person attaches to such persons/objects/situations. Thus, there are (a) high and low-involvement consumers; (b) high and low-involvement purchases.

Meaning of Consumer Involvement:

Consumer involvement is defined as a state of mind that motivates consumers to identify with product/service offerings, their consumption patterns and consumption behaviour. Involvement creates within consumers an urge to look for and think about the product/service category and the varying options before making decisions on brand preferences and the final act of purchase. It is the amount of physical and mental effort that a consumer puts into a purchase decision. It creates within a person a level of relevance or personal importance to the product/service offering and this leads to an urge within the former to collect and interpret information for present/future decision making and use. Involvement affects the consumer decision process and the sub processes of information search, information processing, and information transmission. As Schiffman has put it “Involvement is a heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase”. It is the perceived interest and importance that a consumer attaches to the acquisition and consumption of a product/service offering.

Herbert Krugman, a researcher is credited with his contribution to the concept of consumer involvement. According to him, consumers approach the marketplace and the corresponding product/service offerings with varying levels and intensity of interest and personal importance. This is referred to as consumer involvement.

Involvement of consumers while makes purchase decisions varies across persons, across product/service offerings in question as well as purchase situations and time at hand. Some consumers are more involved in purchase processes than others. For example, a person who has a high level of interest in a product category would expend a lot of time making a decision with regard to the product and the brand. He would compare brands across features, prices etc. Another example is a person who is risk averse; he would also take a longer time making a decision. Involvement also varies across product/service offerings. Some products are high involvement products; these are products that are high in value and expensive, possess sufficient amount of risk, are purchased infrequently, and once purchased, the action is irrevocable, i.e. they cannot be returned and/or exchanged . On the other hand, there are low involvement products, which are moderately expensive or generally inexpensive, possess little risk and are purchased regularly on a routine basis. Further, such consumer involvement based on their personal traits or on the nature of product/service offering is also impacted by the buying situation and time in hand for making purchase decisions. Very often, due to time constraints or emergency situations, a consumer may

expend very little time on the purchase decision and buying activity in spite of the fact that the consumer is highly involved or risk averse or the product is a high involvement one.

Nature of Consumer Involvement

1. It is an inner urge that creates within an individual an interest/desire to hold certain product/service offerings in greater relevance/importance.

2. Involvement possesses certain properties

a) It has a level of strength and intensity that determines the degree of involvement that a consumer possesses. This could be high or low. A highly involved consumer would actively search for information and collect facts, compare the various brands against each other on the basis of the information, assess differences and similarities between the various alternatives and finally make a choice. In other words, they collect process and integrate information very intensely, and finally arrive at a decision regarding the brand choice. On the other hand, a consumer low on involvement would not make so much of effort in collecting and processing information about varying alternative brands and taking a decision.

b) The length of time that the consumer remains in this heightened state determines the level of persistence. It could be short term and situational interest in the product/service category; or it could be long term and enduring.

c) It is directed towards any or all of the elements of the marketing mix. A person may show involvement towards the product (its features/attributes and benefits), the price, the store or the dealer or even the promotional effort (advertisement/sales promotion etc).

3. A mechanism underlies the very process of involvement. As a process, involvement is impacted by certain “**antecedents**” that get restrained by “**moderating factors,**” and finally affect its degree of intensity and level of persistence.

Antecedent factors: There are certain factors that precede and lead to involvement; these are referred to as ‘antecedents’; Antecedents to consumer involvement include the following:

a) The person himself and the individual determinants like motives/needs; learning/experiences; interests; attitudes; personality; lifestyle/social class/interests/values; etc, have a bearing upon consumer involvement. Products which relate to self image and personality lead to high involvements.

b) The object, stimuli or the product/service offering also affects involvement. The greater the product differentiation, the greater would be the level of involvement. Varying yet comparable brand alternatives also impact the level of involvement. Involvement would also be impacted by features, benefits and associated value of various brand offerings; brand image and equity; and very importantly the associated risk levels. Products which possess high levels of risk increase the level of consumer involvement.

c) The situation: The occasion/situation/reason of purchase also have a bearing on the level of consumer involvement; for example, while gifting to a person special to oneself, we are careful

about the product or the brand. Also, for gifting to self or to near and dear ones on special occasions, we are extremely conscious of the kinds of products and the brands we buy, as opposed to routinized regular purchases. Further, **social pressure** (shopping alone versus shopping with friends), also impacts the level of involvement. When alone we may eat at any place or shop at any outlet, but when we are with peers and friends, we are more conscious of the brands we buy and the places we shop in. **Social visibility** also impacts the level of involvement; the level of consumer involvement increases in case of social visibility of both the product category as well as the purchase activity. Finally, the time commitment to purchase (leisure versus time constraint), also affects our level of involvement. Irrespective of the fact that the product is of a high involvement type or that the person bears personality traits making him a high involving consumer, he may not be bale to expend much time on a purchase activity, due to time constraints and need to make quick decisions. This is referred to as decision imminence.

Moderating factors: The factors that can restrain the impact of antecedents so as to impact the level of involvement include

- a) The opportunity available to the person to collect and collate facts and information;
- b) His cognitive ability to process information and draw conclusions;
- c) Time available in hand.

4. The antecedents, moderators and the properties of involvement finally converge to a response in terms of information search, information processing, information transmission, the purchase decision and post purchase behaviour. Consumer involvement affects the ways in which consumers seek, process, and transmit information, make purchase decisions and make post purchase evaluation.

a) *Information search:* Highly involved consumers or consumers involved with a product category would actively search for information about the product category and the various alternatives, in contrast to consumers who are low on involvement. While the former, would be active seekers of information, the latter would be passive recipients. Active seekers would look out to various sources of information and would put in deliberate efforts towards information gathering.

b) *Information processing:* The information processing activity would vary across high involvement consumers viz a viz low involvement customers. Highly involved consumers would process product information with greater depth; they would make conclusions about brand preferences based on arguments and counterarguments; they would tend to get emotional charged either favourably because of likeability of the brand or unfavourably because of dislikeability of the brand. They would also evaluate more alternatives.

c) *Information transmission:* Highly involved consumers talk about the product/service category and the various brands available with great ease and level of interest, as compared to consumers who are low on involvement in the product category. Information transmission takes place via word-of-mouth, *positive* when the brand seems favourable, and *negative*, when it seems unfavourable.

d) *The purchase decision*: The purchase decision, i.e. to buy or not to buy, or to buy brand X over Y, is complex for a high involvement consumer than for one on low involvement.

e) *Post purchase behaviour*: Consumers who are high on involvement make post-purchase evaluations about product usage more critically than those on low involvement. It is noteworthy that high involvement consumers are more difficult to please and satisfy; and the marketers need to put in a lot of effort to satisfy them. This is because they not only have a bearing on their future purchase, but also on purchase of others who are opinion seekers.

Types of Consumer Involvement:

Depending on whether the involvement is short term or long term, consumer involvement could be of two types, viz., situational and enduring.

1. **Situational involvement**: This is a state of arousal directed towards attaching relevance to a person/object/situation for a short term. As an affective state, it creates a level of involvement when a person thinks about a particular person/object/situation. It is specific to a situation and is thus temporary in nature. It could vary from low to high, depending upon the situational factors.

For example, a old lady suddenly decides to gift a Lenovo laptop to her grandson on his birthday. She is not techno savvy and has little interest with the product category. She goes to the electronics mall and visits the various stores that sell computers and laptops. She collects information on the product features, prices, etc and finally takes the help of her old aged neighbour to reach a final decision. Her involvement with the purchase activity would be regarded as a situational involvement.

2. **Enduring involvement**: When the level of involvement towards the product/service category extends over a period of time across situations, it is referred to as enduring involvement. The person shows a high-level of interest in the product category and spends time collecting and processing information and integrating it within his memory. For example, a person desires to buy a laptop for his son to be gifted to him when he goes to college, which would be three years later. The father plans well in advance, tries to collect information through advertisements, brochures, trade journals, visits to dealers, and word of mouth from peers and colleagues. Within this period he gets involved with the product category and after three years is in a position to take a decision based on the facts that he has collected. This is referred to as enduring involvement. Enduring involvement with a product category often gives birth to an opinion leader. An opinion leader is a person who holds interest in a particular product/service category, and becomes a specialist; he makes efforts to gather all information about the category, the brand offering etc.; he talks about and spreads the information and the knowledge that he possesses. When a person wants to make a purchase, he seeks the advice and guidance of such an opinion leader who helps him make a decision. Opinion leaders are product specific. In the example above, if the lady approaches her neighbour and takes his advice/guidance because the neighbour is young, techno savvy and knows a lot about electronics and in particular laptops, she would actually be taking help of what is known as an “opinion leader”.

Consumer Behaviour Models Based on Involvement:

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

1. The Low-Involvement Learning Model:

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

Marketing communication through audio visual media, i.e. TV and radio follows this principle. Through the advertisement, the marketer educates the consumers about his product offering and the brand; this may be a new product or a modified version of an existing product; he tries to create awareness and form beliefs about the brand.

2. The Learn-Feel-Do Hierarchy Model:

With implications for marketing communication, the learn-feel-do-hierarchy model, was proposed by Vaughn and his colleagues in the 1980's at Foote, Cone and Belding; thus, it also acme to be known as the FCB Matrix,. Consumer decision making varies across the nature of product/service offerings. According to the model, some purchases are backed by a lot of cognition and thinking, while others are based on feelings and emotions. The combination of these reference points produces a strategy matrix. The marketer has to choose appropriate strategies for different kinds of product/service offerings. He needs to analyze the nature of his product, and design his promotion strategy accordingly; the advertising medium should relate to the product category. The learn-feel-do model is a simple matrix that links consumer decision making and consumer choices to three components which are information (learn), attitude (feel), and behaviour (do). The matrix classifies consumer decision-making along two dimensions, high/low involvement and thinking/feeling.

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

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

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

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

3. The Level of Message Processing Model:

The level of involvement has an impact on the information gathering and processing. Based on this premise, the level of message processing model states that a consumer's attention to advertising is influenced by varying levels of involvement, and runs across pre attention, focal attention, comprehension, and elaboration. Each of these levels is indicative of different level of message processing, and is explained as follows:

a) **Preattention:** This level of involvement requires only a limited processing and, thus the desire is just to gain some amount of familiarity;

b) **Focal attention:** A degree greater than the first stage, here the consumer concentrates on the message source and context, and becomes receptive to basic information like product/brand name and usage.

c) **Comprehension:** At this level, the consumer focuses on the message content and tries to understand it in terms of features, attributes, benefits, price, availability etc.

d) **Elaboration:** During this highest stage of involvement, the consumer integrates the message into his memory, forms beliefs and either adds to or modifies the information that already exists in his memory.

4. The Product versus Brand Involvement Model:

This model assesses consumer involvement at two levels, product and brand. A consumer may be involved with a product/service category but may not be necessarily involved with the brand. The

converse may also be true, where he may be involved with the brand and not with the product/service category. According to the model, consumers can be classified into four types according to their involvement with the product/service category and with the brand. These categories are: Brand loyalists, Information seekers, Routine brand buyers and, Brand switchers.

		PRODUCT INVOLVEMENT	
		High Involvement	Low Involvement
BRAND INVOLVEMENT	High Involvement	Brand loyalists	Routine brand buyers
	Low Involvement	Information seekers	Brand switchers

a) *Brand loyalists*: Brand loyalists are consumers that are highly involved with the product category as well as the brand. As both product and brand are of high involvement, the marketer should provide information about the product category as well as the brand. As the consumers are involved with the brand as well, they exhibit brand loyalty.

b) *Information seekers*: This is a consumer category that is highly involved with the product category but shows low involvement with the brand. The consumers here do not think much about the brand, show less preference towards the brands and would not have established a preferred brand; brand loyalty is absent in most cases, and maybe very low in a few cases. Such consumer put in efforts to search out collect information about the product category and the various brands. After they have processed such information and compared the various options, they make a decision on which brand is best.

c) *Routine brand buyers*: Routine brand buyers are not highly involved with the product category but shows involvement with a particular brand within that category. They tend to show a level of loyalty towards the brand, although they are not particularly interested in the product category. If and when they need to use a product, they patronize a particular preferred brand only.

d) *Brand switchers*: Consumers who fall in this category are neither involved neither with the product category nor with the brand. They buy anything they can get hold off and not particular about the product or the brand. As the term suggest, they keep on switching their brands. They do not have an emotional bond with any brand. Generally, such consumers are price sensitive and respond to price.

Consumer Involvement and Implications for Marketers:

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

1. The study of consumer involvement helps a marketer assess how the majority of your target market relates to the purchase of the particular product/service category, in terms of high/low involvement.

If the majority of the target segment views it as a high involvement, the decision making becomes rational, although there may be an emotional and egoistic element too. For example, while buying an automobile, a rational mind would look to mileage, engine etc.; an emotional mind would think of colour, aesthetics, style; and an egoistic mind would relate it to pride and prestige. On the other hand, if the majority of the segment treats it as of low involvement, the decision making becomes emotional.

2. the marketer could gain insights into high involvement and low involvement purchase situations, and accordingly bring about changes in his marketing strategy.

For high-involvement purchases, the consumer searches for information extensively; thus a marketer the marketer needs to provide information about the product category as well as the brand. Marketing communication should focus on product features, attributes, benefits etc. Information on brand differences also needs to be emphasized upon. Longer format media need to be used like (i) print in newspapers, magazines, journals and brochures; (ii) videos. As far as low-involvement purchases are concerned, these are generally routine in nature; the marketer needs to use emotional appeals. Attempts should be made to create and maintain brand loyalty. Point-of-purchase stimuli, store display and attractive merchandise can also help boost sales. Advertising should focus on audio visual media through emotional appeals.

3. If a marketer is confronted with both high involvement and low involvement segments, he can deal with both the segments separately by bringing about changes in the marketing mix.

However he needs to take such a decision after understanding the size and potential of each of such segments; if only a small segment operates on a low-involvement or on high involvement, may not be feasible to cater to both.

MODULE 3

INDIVIDUAL INFLUENCE ON BUYING BEHAVIOUR

Introduction

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

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

I. Marketing Factors

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

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

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

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

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

II. Personal Factors:

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

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

B. Gender: The consumer behaviour varies across gender. For instance, girls may prefer certain feminine colours such as pink, purple, peach, whereas, boys may go for blue, black, brown, and so on.

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

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

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

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

III. Psychological Factors:

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

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

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

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

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

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

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

IV. Situational Influences:

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

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

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

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

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

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

V. Social Factors:

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

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

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

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

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

VI. Cultural Factors:

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

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

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

Consumer as an individual

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

Consumers' Personality and Theories of personality

Personality- meaning

To understand the buyer and to make a customer out of him is the main purpose of the study of consumer behaviour. Though this problem has been analysed from different viewpoints under

different premises, it still remains a complex one. On the other hand the buyers a riddle. He is a highly complex entity. His needs and desires are innumerable. Some are latent, some manifest and some others are highly dominant. These have different priorities in the scheme of things. The buyer has his own ideas and plans about realising these needs and desires. The first and foremost task of the marketer is to get close to the buyer and understand his need-structure and priorities. There are four major factors which influence the behaviour of the consumers. They are:

1. Psychological factors influencing Customer Behaviour
2. Social Psychological factors influencing Customer Behaviour
3. Sociological factors influencing Customer behaviour
4. Economic factors influencing Customer Behaviour

Psychological Factors

These are the factors which are the personal attributes of an individual. We shall study Five of them : Attitude, Motivation, Perception, Personality and Learning.

Personality

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

According to Kotler,

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

According to Schiffman and Kanuk,

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

The Nature of Personality:

The following are the three important and distinct properties of Personality:

1. Personality Reflects Individual Differences:

Because the inner inherent characteristics which constitute an individual’s personality are a complex combination of factors, no two individuals are identical or exactly alike. But fortunately, any individuals may be similar on the basis of a single personality trait, but not others. Like for example, out-going type, quiet type, shy type, family-oriented type, etc. So it has become easier for the marketers to group or categorise consumers into different groups on the basis of one or several traits.

2. Personality Is Consistent and Enduring:

The personality of an individual is both consistent (that is, it doesn't change in the short run) and enduring (that is, it doesn't change in the long run). Both of these qualities are thus useful for marketers to predict the behaviour of the consumers in terms of personality. It's very difficult to change an individual's personality characteristics. The marketers can't change them. But if the marketers know which personality characteristics influence which specific consumer responses, then they can attempt to appeal to those relevant traits in their target consumer group. Even if the personality of an individual is fairly consistent, still then the buying and consumption pattern often varies with several external factors like, time, environment, social, psychological, cultural, situational, change in fashion, availability of goods and services. We have to consider the whole combination of influencing factors of which personality is just one attribute to the change in a buyer's behaviour.

3. Personality Can Change:

Under certain circumstances the personality of an individual can change. It may be gradual and slow like a child grows into a changed personality. It can be also sudden on account of any major events in life, like birth of a child, death of a dear one, divorce, major career promotion, accident, loss of job, migration, natural calamity, etc. There are also instances where the personality stereotypes may change over a period of time. For example, over the last 50 years, men's personality has generally

remained relatively unchanged, as compared to women's, which has undergone significant change.

This is because of women moving into professions which were traditionally held by men earlier.

simply Personality is the sum total of an individual's enduring internal psychological traits that make him or her unique. Self-confidence, dominance, autonomy, sociability, defensiveness, adaptability, and emotional stability are selected personality traits. The sum total of an individual defines his personality. Just as an individual has a personality, similarly products also have a personality of their own.

Personality traits and Personality types:

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

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

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

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

Theories of Personality

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

Freudian theory:

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

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

Freud explained much of how the psyche or the mind operates, and proposed that the human psyche is composed of parts within our awareness and beyond our awareness. He said that all behaviour within an individual cannot be explained, much lies in the sub-conscious. Freud viewed personality as “an iceberg”; just as majority of the iceberg remains within water and only the tip of the iceberg is above water, similarly, much of our personality exists below our level of awareness, as the unconscious and just as a part of it lies above, as the conscious. Even though an individual is not aware of the contents and processes of the unconscious, much of our behaviour is attributed to it.

Based on the level of awareness, the human mind comprises three parts, viz., *conscious, preconscious and the unconscious or the sub-conscious*; The *conscious* mind is what one is aware of at any particular moment of time and reflects ones present thoughts, feelings, perceptions, fantasies, etc; it restricts itself to the current thinking processes and comprises a very large part of our current awareness. The *preconscious* mind or the "available memory," is what can be retrieved and made conscious, and brought to mind instantly or quickly; it is what we are aware of but not paying attention to at a point of time; it is something that can be brought into the conscious mind. The larger part of the human mind consists of the *unconscious*, which is all that stays at the subconscious level, and comprises the unaware, better known as our drives or instincts, feelings and memories and emotions related to trauma; this part in content and process is out of direct reach of the conscious mind, and thinks independently; an individual has no access to because it is unknown

and hidden. This unconscious part is the source of all our drives and motives; yet we are often deny or refuse to accept and often resist them from becoming conscious. This is because they form the unaware part and are in a disguised form. It is because of this unconscious part that we are largely unable to control many aspects of our behaviour, especially those acts which we would prefer to avoid. According to Freud, much of human behaviour is driven directly from the subconscious mind; and so it is important that the unconscious material needs to be brought into the conscious state so that it can be examined in a rational manner.

Apart from these, Freud spoke of the *Id, Ego and Super ego*. The *Id* contains consists of primitive drives that lack the real perception of reality. It operates on the *pleasure principle*, with the objective of seeking pleasure and avoidance of pain, and doing what one wants to do. The processes that come into play are primary processes like hunger, thirst etc. The *Ego* is aware of reality and operates via the *reality principle*, where it recognizes what is real and understands that behaviour has consequences. The processes that come into play are secondary processes, like learning and memory, perception etc. It also includes the impact that socialization has to play in the life of an individual; it recognizes the existence of social rules that are necessary in order to live and socialize with other people, and thus, plans to satisfy ones' needs within the social values and rules. The *Super ego* comprises the value system and the morals, which emanate from what an individual learns in childhood from his parents. It is contained in the conscious part of our memory. It believes in doing what the society says. While the Ego and Super Ego are partly conscious and partly unconscious, the *Id* is the unconscious. Further, the Super ego acts as a counterbalance to the *Id*; the former seeks to restrict the pleasure-seeking demands of the latter, and it is left for the Ego to balance the demands of the *Id* and Super ego with the constraints of reality; it controls the higher mental processes such as logical reasoning to solve the *Id-Super ego* dilemma.

According to Freud, personality is based on the dynamic and continuous interplay between the *Id, Ego and Super Ego*. The *Id* demands immediate gratification of needs and desires (*pleasure principle*) regardless of constraints in the external environment; the *Ego* acts to realistically meet the desires of the *Id* (*reality principle*); the *Super Ego* (conscience) blends morals and societal rules upon the ego, so that the desires are met both realistically and morally. Thus, Freud also pointed out the impact of socialization on members of a society, especially with reference to how this socialization impacts individual behaviour. According to him, there exists a state of tension within an individual; this tension arises out if there is a mismatch between an individual's needs and desires vis-à-vis the norms set up by the society and the socialization process; the manner in which an individual sorts out the dilemma shapes his personality.

2 Jungian theory:

Carl Jung, a contemporary of Freud proposed the famous Jungian Theory. He elaborated on *personality types*, and his contribution has great relevance to the study of consumer behaviour.

Carl Jung's proposed a typology based upon four bipolar dimensions, where each pole represents an opposite preference and thus illustrates four dichotomies, viz, Extraversion – Introversion, Sensing – Intuition, Thinking – Feeling, and Judging – Perceiving. The permutations of these 4 pairs help identify sixteen different personality types. The sixteen personality types are defined in terms of acronyms of the combination of the 4 dimensions they represent. The various types are Extraverted Sensing (ESFP, ESTP), Introverted Sensing (ISTJ, ISFJ), Extraverted

Intuition (ENFP, ENTP), Introverted Intuition (INFJ, INTJ), Extraverted Thinking (ESTJ, ENTJ), Introverted Thinking (ISTP, INTP), Extraverted Feeling (ESFJ, ENFJ) and Introverted Feeling (INFP, ISFP).

The personality types proposed by Carl Jung were developed and incorporated into a scale that came to be famously known and applied as the MBTI or the Myers-Briggs Type Indicator. Essentially a personality inventory, it has been used extensively in social sciences to measure the following pairs of psychological construct/dimensions: sensing-intuiting, thinking-feeling, extroversion-introversion, and judging-perceiving. Each of the four pairs is illustrative of two different personality characteristics.

While the scale has been applied successfully in studies on consumer behaviour and market research, recent research has tended to focus on two mental bipolar dimensions or dichotomies, viz., sensing-intuiting (S-N) and thinking-feeling (T-F). The two dimensions, sensing (S) and intuiting (N) measure how a person receives, gathers and processes information; the people who fall under the S category prefer to gather information through their senses directly; the people who fall under the N category rely upon their understanding of things, based on their perception of the world. Thus we can perceive information through our senses, or our intuition. The other two dimensions, thinking (T) and feeling (F) refer to how individuals take decisions; the people who fall under the T category make decisions based on an unbiased reasoning and logic; the people who fall under the F category base their decisions on feeling and emotions. Thus we can make decisions based on objective logic, or subjective feelings. According to Jung, we all use the S,N,T and F; however each one of us varies in their usage and frequency. The combination of our "preferences" defines our personality type. The same descriptions of the sensing-intuiting (S-N) and thinking-feeling (T-F) personality types may be applied to consumer behaviour; the S and N determine how a consumer gathers and processes information about products, while the T and F determine how he makes a purchase decision.

By cross-tabulating the two pairs of psychological dimensions, we can derive four different personality types, viz. Sensing-Thinking (S-T), Sensing-Feeling (S-F), Intuiting-Thinking (N-T) and Intuiting-Feeling (N-F). Each of these reflects variedly in purchase decisions and consumption processes. The marketer could benefit immensely by gaining insights as to the varying types so as to design his marketing strategy to be able to serve consumers effectively and efficiently. Let us describe the four personality types with an example. There are four women, each one with a different personality type, S-T, S-F, N-T and N-F. They desire to buy some gold jewellery. An Assessment of the Theory: Carl Jung was the first psychologist to speak of personality types. His typology based upon four bipolar dimensions has been widely applied in research in social sciences; it has also been successfully used in studies on consumer behaviour as well. He believed that our behaviour is shaped by past generations' experience.

Implications for a marketer:

The theory has relevance for a marketer. After gaining an insight into the various personality types, a marketer could design his marketing strategy so to be able to serve consumers with the varying personality types in a better manner, leaving them more satisfied.

3 Neo-Freudian theory:

There were a group of psychologists who believed that social interaction and resultant relationships formed the basis for the growth and development of personality. Here, they disagreed with their contemporary, Freud who believed that personality was i) biological and rooted in genetics, and ii) was groomed as a result of early childhood experiences. This group of researchers who laid emphasis on the process of socialization came to be known as the Neo-Freudians. Noteworthy among them are Alfred Adler, Harry Stack Sullivan and Karen Homey.

A) **Alfred Adler**: Adler, who is regarded as the father of individual psychology, was a disciple of Freud. He later broke away from the Freudian philosophy due to disagreement over the importance that Freud gave to the “unconscious”. Adler was the first psychologist to speak of the term ‘inferiority complex’, something that arose out of a sense of inferiority or inadequacy. He believed that:

- people are goal oriented, with an urge for personal growth, and “the will to power”; they have within them a "*self perfecting*" drive; this drive is the single "drive" or motivating force behind all behaviour and experience
- individuals seek to overcome feelings of *anxiety* and feelings of *inferiority*; the basic drive in human beings is to strive from an initial state of inadequacy, or what he termed "inferiority", toward "superiority" or self-actualization. People compensate (strive to overcome) for inferiorities by making necessary adjustments.
- People strive for goals that can be referred to as *style of life*;
- social drives, especially family, friends and culture have an impact on behaviour and feelings; right from birth across a life span, people involve themselves in social relationships;
- The primal social influences in an individual can be modified in a manner such that that each one of us develops personal styles in dealing with our life and achieving goals.

According to Adler’s theory individuals’ buy to overcome feelings of inferiority.

B) **Herbert Harry Stack Sullivan**: Sullivan, a psychiatrist extended Freud’s theory of psychoanalysis, and concluded that failures in interpersonal relationships were largely responsible for mental illnesses and disorders. He referred to such causes as “interactional”, which needed to be assessed to cure any kind of psychoses. According to him, social relationships were extremely important for human beings and loneliness was the most painful of human experiences. He developed a theory of psychiatry based on interpersonal relationships where social forces are largely responsible for mental illnesses.

Sullivan referred to his approach an interpersonal theory of psychiatry, to focus on “what goes on between people”, sharp in contrast to Freud, who focused on “what goes on inside people”. He believed that social relationships are primary, which actually lead to personality. In fact personality manifests itself in such social relationships.

He proposed that human beings are driven towards two sources of motivation viz., the pursuit of satisfactions and the pursuit of security. With respect to satisfaction, human beings seek satisfaction of mainly bodily needs, with the goal to reduce tension. With respect to security, human beings seek to reduce the insecurity that arises from social and cultural needs. Personality manifests and strives for avoidance and reduction of anxiety.

Thus, Sullivan focused on how human beings try to form and maintain social relationships with each other, especially if such relationships are significant and rewarding. He also spoke about *anxiety* in human beings. He elaborated on how personality is impacted as people put in efforts to *reduce tensions*, particularly anxiety. He said that human beings develop particular personality traits to reduce anxiety.

C) **Karen Homey**: Karen Homey, a prominent female personality theorist of her time, added on to Freud's work by emphasizing the role of social factors. Her approach came to be known as the *psychosocial analysis*. Her work focused on the emotional relationship that exists between parent and child early in the child's life. Like other Neo-Freudists, Homey also spoke on *anxiety*. While focusing on *child parent relationships*, she also researched on how people strive to overcome feelings of anxiety. According to her, people experience anxiety and tend to act as neurotics; the irrational defences against anxiety become a permanent part of personality and that affect human behaviour; based on their approach towards overcoming feelings of anxiety, people could be classified into three groups viz., *compliant*, *aggressive*, and *detached* (CAD).

- *Compliant*: Some people who experience a great deal of anxiety and helplessness move toward other people in order to gain help and acceptance; they seek social support, approval and acceptance and so they move towards others. Such people are regarded as *complaints*. They want to be loved, admired, wanted and appreciated.

- *Aggressive*: Some people try to overcome their insecurities and anxieties by forcing their power over others, dominating them, or even excelling over them. This makes them feel secured; the objective is to 'get them before they get me.' Such people are *aggressive*; they move against others, in other words they want to excel over others. They want to be successful and powerful and have a desire for personal admiration and achievement. In the process, they could be demanding, selfish, rude and cruel.

- *Detached*: There are some people who want to move away from others; They are asocial and indifferent towards others. They believe that if they do not involve with others, they would escape being hurt from them. Such people are referred to as *detached*; they seek freedom from obligations, and desire total independence, leaving them lonely and empty. They like to create their own style. Based on the three types, a personality test has been developed which is referred to as the CAD scale. The scale has been widely used in studies related to consumer behaviour. In fact, the three types have *Ratheeshifications* for marketers; the three personality groups are illustrative of personality types that are varied, and would react differently to the marketing mix. According to Homey's theory, different types of people buy different types of products/services. They could be treated as three distinct segments, and the marketing mix designed accordingly. For example, the compliant consumers who would like to be in company of other people would be more likely to use a toothpaste with a mouth freshener (Close-Up); an aggressive consumer who would like to excel

over others would like to drink health drinks (Boost, *Secret of my Energy*); and detached consumers who seek total independence and like to create their own style would like to go for meditation and rejuvenation camps (Vipassana).

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

Implications for marketers:

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

Trait theory

Theories on personality can be categorized as i) individual theories; ii) social learning theories. However, we would elaborate upon these without any such classification, as it is rightly believed that it is the combination of both individual characteristics/traits (genetics) as well as social learning (social environment) that impacts personality. The previous lesson deals with The Freudian theory, the Jungian theory and the Neo-Freudian Theory.

According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important. People possess specific psychological characteristics that are referred to *astraits*; and all those who possess a particular trait, are said to belong to a personality type. A *trait* is a predisposition to behave in a certain manner. In order to identify traits within individuals and differentiate amongst themselves, the trait theorists rely on personality tests, scales and inventories. Hence, they assume some kind of a quantitative orientation unlike the Freudian, and Neo-Freudian schools. Once they have identified the traits, they classify individuals into groups of people on the basis of then pattern of traits that they possess.

The trait theories can be of two broad categories, viz., *simple trait theories* and *general trait theories*. While

i) *Simple trait theories*: A limited number of traits are identified, and people are identified and classified on the basis of these traits.

ii) *General trait theories*: A large variety of traits are identified.

An Assessment of the Theory: Unlike the Freudian and the Neo-Freudian theories, the Trait Theories possess a degree of quantification while classifying individuals into personality types. Through the application of tests and scales, people are objectively assessed for presence/absence of personality traits and accordingly classified into personality types. Thus, unlike the previous theories, the Trait approach seems to be a more realistic and objective approach. However, the

limitation lies in the fact that sometimes traits tend to be indefinable, vague and indescribable; nevertheless the personality tests are widely used.

Examples of general versus consumption specific traits:

<i>General personality traits</i>	<i>Consumption-specific personality traits</i>
- Dogmatism	- Innovativeness
- Compliance	- Social directedness or other directed
- Expertise and Involvement	- Opinion leadership
- Self confidence	- Early adopters (high confidence) versus late majority or Laggards (low confidence)
- Impulsiveness	- Deal prone
- Need for cognition	- High versus Low
- Extroversion	-Prefer to shop with others than alone; Socially directed.
-Openness to experience	- Variety novelty seeker; Innovative
-Conscientiousness	- Careful; Logical and rational
- Agreeable	- Socially directed; Looks towards others for help, advice and decision, Compliant.

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

- a) **Sophistication:** Dove, Titan Raga
- b) **Ruggedness:** Levi's Jeans, Bajaj Pulsar
- c) **Power:** Surf, Rin, Hero Honda
- d) **Achievement:** Boost, Glucon C
- e) **Competence:** Kingfisher Airlines, IBM

f) Sincerity: Life Insurance Corporation, Western Union Money Transfer

Self and Self Image (Concept)

Self-image or Self-concept is the perception of self that is what image / concept an individual carries about him. Though it's a kind of perception, it's closely associated with the personality of an individual. Consumers buy and use products and services and patronise retailers whose personalities or images relate in some way or other to their own self-images. Or in other words, consumers often choose and use brands that have a brand personality consistent with their own, and avoid the ones which don't match.

Single or Multiple Selves:

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

The Make-up of the Self-Image:

Even if the individual has "Multiple Selves", he/she has a "Self-Image" of his/her own as a certain kind of person with definite skills, traits, habits, behaviour, relationships etc. This is built since childhood, with the interaction of parents, family members, and later with people outside. Products and Brands have symbolic meaning and value for individuals, which they evaluate them with their personal pictures, concepts, or images of themselves. So naturally some products are a favourable match whereas others are not. Consumers tend to select products/services which they believe can preserve or enhance their "images" or "personalities". Research study reveals that more women (77%) than men (64%) feel that the brands they select reflect their personalities. The relationship between brand preference and consumers' self-image is often used to define or describe them. Persons having a strong preference to a particular brand consider the brand as an extension or representing an aspect of themselves. This "connection" helps marketers to establish customer loyalty and a positive relationship with them. We have a variety of different self images / concepts represented in the following ways :

1. Consumers' actual self-concept: this is how consumers actually see themselves,
2. Consumers' ideal self-concept: this is how consumers would like to see themselves,
3. Social self-concept: this is how consumers think others see them,
4. Ideal social self-concept: this is how consumers would like others see them,

5. Expected self-image: this is how consumers actually expect to see themselves at sometime in future. This is somewhere between the actual and the ideal self-concepts. It's a future oriented combination of what they are (actual) and what they would like to be (ideal),

6. Ought-to self-image: this consists of the traits and characteristics that consumers believe to be their duty and obligation to possess. The consumers are guided by different self-images in different situations for their buying behaviour.

For example: 1. for everyday household products (Private) – actual self-image,

2. For socially enhancing products (Public) – social self-image,

3. for fantasy products – ideal self-image

These effects are more pronounced for publicly consumed products as compared to privately consumed goods. Thus the concept of self-image is of utmost important and has strategic implications for marketers. They can segment their market on the basis of relevant consumer self-images and position their products/services as symbols of such self-images.

Consumer personality and market segmentation

Market segmentation can be defined as the process of dividing a market into different homogeneous groups of consumers.

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

Criteria for selecting Market Segments

Measurable

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

Accessible

A segment should be accessible through channels of communication and distribution like: sales force, transportation, distributors, telecom, or internet.

Durable

Segment should not have frequent changes attribute in it.

Substantial

Make sure that size of your segment is large enough to warrant as a segment and large enough to be profitable

Unique Needs

Segments should be different in their response to different marketing efforts (Marketing Mix).

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

Bases for Consumer Market Segmentation

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

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

Geographic Segmentation

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

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

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

Demographic Segmentation

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

- Age
- Gender
- Income
- Occupation
- Education
- Social Class

- Generation
- Family size
- Family life cycle
- Home Ownership
- Religion
- Ethnic group/Race
- Nationality

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

Psychographic Segmentation

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

Psychographic variables include:

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

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

Behavioural Segmentation

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

- Usage Rate
- Product benefits
- Brand Loyalty

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

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

Bases for Business Market Segmentation

Business market can be segmented on the bases consumer market variables but because of many inherent differences like

- Businesses are few but purchase in bulk
- Evaluate in depth
- Joint decisions are made

Business market might be segmented on the bases of following variables:

- Company Size: what company sizes should we serve?
- Industry: Which industry to serve?
- Purchasing approaches: Purchasing-function organization, Nature of existing relationships, purchase policies and criteria.
- Product usage
- Situational factors: seasonal trend, urgency: should serve companies needing quick order deliver, Order: focus on large orders or small.
- Geographic: Regional industrial growth rate, Customer concentration, and international macroeconomic factors.

Meaning and Definition of Consumer Perception

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

Perception Vs Sensation

There is a difference between *perception* and *sensation*.

Sensation is the ability of our five sense organs to sense a stimulus. It is an auto reflex mechanism (direct and immediate) of our sense organs, i.e. eyes, ears, nose, tongue, and skin towards a

stimulus in the environment. This stimulus could be anything, a person, object, situation or thing. In terms of marketing, it could be a product, a brand name, an advertisement or even a store. Thus sensation is the reaction or response of a sense organ or a sensory receptor towards a stimulus.

Perception is much broader in scope. It is complex process by which a person organizes facts around the stimuli and gives meaning to it. The perceptual process depicts a complex and dynamic interplay of three processes, viz., selection, organization and interpretation.

The person selects the stimuli and organizes and interprets the input received from the sense organs, so as to give a meaning to the stimuli. Thus, for example, as a person is caught by a new packaging of a familiar brand, he picks up other stimuli on the package through his senses, as well as organizes other facts from internal (memory) and external sources (dealer, packaging) etc, so as to conclude that the package is new but the brand is old and familiar. This is perception. While the sense organs report a change in the form of flashy colours on the packaging, the human mind works cognitively and organizes other information around it to give a meaning and arrive at a conclusion. This is referred to as perception. Thus while sensation is physiological, perception is broader and includes not only the physiological component but also the sociological and psychological component.

While perception starts with sensation, it ends up when meaning is given to the stimuli, through cognitive processes. While sensation picks up bits and pieces as stimuli, the cognitive processes involved in perception can add to/delete/modify the diverse sensations and information. Also, while each one of us would be similar in sensing a stimulus, the way we interpret it would be different. In other words, sensation is similar but perception is not. This is because as far as our sense organs are concerned, we are similar, but when it comes top the human mind and the cognitive processes, we are all different. We have varying cognitive capacities and capabilities; our backgrounds are diverse and psychological processes (needs, motivation, learning, attitudes, values, etc) and sociological factors (culture, sub-culture, social class, etc) different. So while sensation is an objective process, perception is highly subjective.

Nature of perception

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

1. Perception is a complex process. After a stimulus is detected by the sense organs, the perception process comes into play and involves the interplay of three processes, viz., selection, organization and interpretation. It is a dynamic process.
2. It is also an intellectual process; it involves a lot of cognitive effort. Once sensation takes place, the perception process involves the selection, organization and interpretation of data.
3. Perception is broad in nature; it includes a physiological component (through sensation), as well as sociological and psychological components.
4. Perception is a subjective process as two people may perceive the same stimuli differently. While two persons may be exposed to the same stimuli, the manner in which they select them, organize and interpret them is different. This is because the two are impacted by their background, learning

and experiences, motivation, personality, cultures, values and lifestyles, social class effects etc which may be different from each other.

Perceptual process/ mechanisms

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

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

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

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

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

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

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

This behaviour is a function of and will be reflective of such emotions and moods, feelings and opinions, as well as attitudes and belief.

Consumer Perception and Implications for Marketers:

Individuals act and react on the basis of their perceptions, not on the basis of objective reality. In reality is a totally personal phenomenon, based on that person's needs, wants, values, and personal experiences. But for the marketer's consumer perception is more than the knowledge.

Elements of perception

Sensation

Sensation is the immediate and direct response of the sensory organs to stimuli. A stimulus may be any unit of input to any of these senses. Examples of stimuli include products, packages, brand names, advertisements and commercials. Sensory receptors are the human organs that receive sensory inputs. Their sensory functions are to see, hear, smell, taste and feel. All of these functions are called into play, either singly or in combinations, in the evaluation and use of most consumer products.

The absolute threshold

The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect a difference between "something" and "nothing" is that person's absolute threshold for that stimulus.

The differential threshold

The minimal difference that can be detected between two similar stimuli is called the differential threshold or the just noticeable difference.

Subliminal perception

People are motivated below their level of conscious awareness. People are also stimulated below their level of conscious awareness; that is, they can perceive stimuli without being consciously aware that they are doing so. Stimuli that are too weak or too brief to be consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called subliminal perception because the stimulus is beneath the threshold, or "limen" of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved.

Dynamics of perception

Human beings are constantly bombarded with stimuli during every minute and every hour of every day. The sensory world is made up of an almost infinite number of discrete sensations that are constantly and subtly changing. According to the principles of sensation, intensive stimulation "bounces off" most individuals, who subconsciously block a heavy bombardment of stimuli.

One type of input is physical stimuli from the outside environment; the other type of input is provided by individuals themselves in the form of certain predispositions based on previous

experience. The combination of these two very different kinds of inputs produces for each of us a very private, very personal picture of the world. Because each person is a unique individual, with unique experiences, needs, wants and desires, and expectations, it follows that each individual's perceptions are also unique.

Perception Selection

Consumers subconsciously exercise a great deal of selectivity as to which aspects of the environment they perceive. An individual may look at some things, ignore others, and turn away from still others. In actuality, people receive only a small fraction of the stimuli to which they were exposed.

Which stimuli get selected depends on two major factors in addition to the nature of the stimulus itself. (1) Consumers previous experience as it affects their expectations. And (2) their motives at the time. Ease of these factors can serve to increase or decrease the probability that a stimulus will be perceived.

Nature of the stimulus

Marketing stimuli include an enormous number of variables that affect the consumers perception, such as nature of the product, its physical attributes, the package design, the brand name, the advertisements and commercials including copy claims, choice and sex of model, size of ad, topography, the position of print ad or a commercial, and the editorial environment.

Expectations

People usually see what they expect to see, and what they expect to see is usually based on familiarity, previous experience or preconditioned set. In a marketing context, people tend to perceive products and product attributes according to their own expectations.

Motives

People tend to perceive the things they need or want; the stronger the need the greater the tendency to ignore unrelated stimuli in the environment. In general, there is heightened awareness of stimuli that are relevant to ones needs and interests and a decreased awareness of stimuli that are irrelevant to those needs.

Selective perception

The consumers "selection" of stimuli from the environment is based on the interactions of expectations and motives with the stimulus itself. These factors give rise to four important concepts concerning perception.

Selective Exposure

Consumers actively seek out messages that they find pleasant or with which they are sympathetic. And they actively avoid painful or threatening ones. They also selectively expose themselves to advertisements that reassure them of the wisdom of their purchase decisions.

Selective attention

Consumers exercise a great deal of selectivity in terms of the attention they give to commercial stimuli. They have a heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs. Thus, consumers are likely to note ads for products that would satisfy their needs and disregard those in which they have no interest.

Perceptual Defence

Consumers subconsciously screen out stimuli that they find psychologically threatening, even though exposure has already taken place. Thus, threatening or otherwise damaging stimuli are less likely to be consciously perceived than are neutral stimuli at the same level of exposure.

Perceptual Blocking

Consumers protect themselves from being bombarded with stimuli by simply “tuning out” – blocking such stimuli from conscious awareness. They do so out of self – protecting because of the visually overwhelming nature of the world in which we live. The popularity of such devices as TiVo and Replay TV, which enable viewers to skip over TV commercials with great ease, is, in part, a result of perceptual blocking.

Perceptual Organization

People do not experience a numerous stimuli they select from the environment as separate and discrete sensations rather they tend to organize them into groups and perceive them as unified wholes.

Figure and Grounds

People have tendency to organize their perceptions into figure and ground relationship. How a figure- ground pattern is perceived can be influenced by prior pleasant or painful associations with one or the other element in isolation.

Grouping

Individuals tend to group stimuli so that they form a unified picture or impression. The perception of stimuli as groups or chunks of information, rather than as discrete bits of information, facilitates their memory and recall. Grouping can be used advantageously by marketers to simply certain desired meanings in connection with their products.

Closure

Individuals have a need for closure. They express this need by organizing their perceptions so that they form a complete picture. If the pattern of stimuli to which they are exposed is incomplete, they tend to perceive it, nevertheless, as complete; that is, they consciously or subconsciously fill in the missing pieces.

Perceptual interpretation

Stimuli are often highly ambiguous. Some stimuli are weak because of such factors as poor visibility, brief exposure, high noise level or constant fluctuations. Even the stimuli that are strong tend to fluctuate dramatically because of such factors as different angles of viewing, varying distances, and changing levels of illumination.

Perceptual distortion

Individuals are subject to a number of influences that tend to distort their perceptions, such as physical appearances, stereotypes, first impressions, jumping to conclusions and the halo effect.

Consumer imagery

Consumers have a number of enduring perceptions, or images, that are particularly relevant to the study of consumer behaviour. Products and brands have symbolic value for individuals, who evaluate them on the basis of their consistency with their personal pictures of themselves.

Product positioning

The essence of successful marketing is the image that a product has in the mind of the consumer—that is positioning. Positioning is more important to the ultimate success of a product than are its actual characteristics, although products that are poorly made will not succeed in the long run on the basis of image alone.

Product repositioning

Regardless of how well positioned a product appears to be, the marketers may be forced to reposition it in response to market events, such as competitor cutting into the brand's market share or too many competitors stressing the same attribute.

Perceptual mapping

It helps them to know how their product and service appear to the customer when compared to the competitors' product and services.

Positioning of services

Compared with manufacturing firms, service marketers face several unique problems in positioning and promoting their offering. Because services are intangible, image becomes a key factor in differentiating a service from its competition. The marketing objective is to make the customer understand how the service factor is related to the product.

Perceived price

It is important to know how the consumer perceives the price, as high, low or as fair. The consumer must be made to perceive the price which he is paying is fair. No one will be happy to know that they have paid twice the price.

Reference price

A reference can be external or internal; it can be any price that a consumer uses as a basis for comparison in judging another price.

Perceived quality

The consumer usually judges the quality of a product or services with the other attributes relating with it. Such related factors become important to understand in order to satisfy the customer.

Perceived quality of the product

Cues that relate to the physical characteristics of the product like color, flavor, or aroma, size etc

Perceived quality of the service

The service is more difficult for the consumer to evaluate; it is intangible, variable and perishable. They are produced and consumed at the same time.

Price quality relationship

The studies have found out that consumers rely on price as an indicator of product quality, that consumers attribute different quintiles to identical products that carry different price tag, and that such consumer characteristics as age and income affect the perception of values.

Retail store image

Retail store have image of their own. The customer perceives the retail store according to their image and environment. The study proves that the customer determines by the availability of the products available in the stores, advertising, time availability and easy shopping.

Manufacturer's Image

The customer's imaginary extends beyond the perceived price and store image. The manufacturer who enjoys the favourable image generally finds new customer in his store where new products are accepted more readily than those manufacturers who have a less favorable or neutral image.

Perceived Risk

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

Types of Perceived Risk:

Functional Risk: Is the risk that product will not perform as expected.

Physical Risk: Is the risk to self and others that the product may pose.

Financial Risk: Is the risk that the product will not be worth its cost.

Social Risk: Is the risk that a product choice will bruise the consumer's ego

Time Risk: Is the risk that the time spent on in the product such may be wasted if the product does not perform as expected.

How consumers handle risk

Consumers develop a self defensive weapon in order to satisfy the unsatisfied needs.

Consumers seek information; Consumers seek information through his friend family and other people. They spend more time thinking and getting information about the product when they associate a high degree of risk with the purchase.

Consumers are brand loyal; Consumers remain brand loyal in order to avoid the risk.

Consumers select by brand image; when consumers have no experience with the product they trust the brand name. The consumers often think about the well known brand, worth buying and go for the product.

Consumers reply on store image; If the consumers do not have any information about the product they trust the merchandise buyers of reputable stores and depend on them.

Consumers buy the most expensive model; when in doubt the consumers feel that the most expensive model is probably the best in terms of quality and price.

Consumers seeking reassurance; Consumers who are uncertain about the product choice seek for reassurance through money back guarantees and warranty's or trial use etc.

Consumer needs and Motivation

Definition and Meaning of Consumer Needs and Motivation:

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

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

Example: A person is hungry.

Need: Hunger

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

A want may further get translated into a *brand* too, eg., the person desires a Dosa but from Kammath Restaurant or a Indian Coffee house.

While needs lie at the core of marketing, marketers can never create needs. Needs pre-exist a marketer. They are already known and experienced by consumers. At times, however consumers fail to identify needs as the needs lie at the sub conscious level and remain unfelt. In such cases, a marketer can just help a consumer identify such needs.

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

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

Consumer motivation

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

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

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

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

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

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

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

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

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

Motives and Motivation:

Motives can be *rational* as well as *emotional*.

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

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

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

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

b) Negative motivation: Here, the person is driven away from an object/condition/situation, and the corresponding effects of non usage. For example, a person decides to buy Pepsodent toothpaste for his child as it helps fight germs and tooth decay whole day long. His behaviour is directed towards the object (Pepsodent) to avoid a negative goal, which is tooth decay.

Nature of Motivation:

Needs & their fulfilment are the basis of motivation. Needs change, so also motivation. Both internal & external factors are responsible for change. The fact is that not all needs are satisfied fully. When some are satisfied, some others arise. Sometimes because of personal, financial, social & cultural limitations, people can't fulfil some of their needs, wants & goals. Failure of need fulfilment may give rise to the following states:

1. Rationalisation – trying to justify the situation & excusing oneself,
2. Aggression – getting angry & frustrated, and resorting to unsocial actions,
3. Regression – trying to settle without that particular need & try something else,
4. Withdrawal – trying to disassociate oneself from the very thought of it.

Role of Motives

The role of motives in influencing behaviour:

1. Physiological arousal – when a consumer become aware of his needs due to changes in his physiological state, it will give rise to physiological motives,
2. Emotional arousal – at times the mundane nature of routine life leads a person to fantasise or day dream, and this stimulates his latent needs to satisfy his emotion.
3. Cognitive arousal – this occurs when we come across some information incidentally & this triggers our thought process & arouses a need in us.
4. Environmental arousal – the various signals that we come across in our environment in the form of the sights smell & sound surrounding us also prompt many needs.

Theories of Motivation:

A. Maslow's Theory of Need Hierarchy:

Dr Abraham Maslow, a clinical psychologist formulated a widely accepted theory of human motivation based on the notion of a universal hierarchy of human needs. This identifies five basic levels of human need which rank in order of importance from lower level needs (biogenic) to higher level needs (psychogenic). The theory says that individuals need to satisfy the lower level needs before higher level needs arise. The lowest level of unsatisfied need that the individual experiences serves to motivate its behaviour. Only when it is satisfied fairly well then he can think of the next level & so on. According to this theory it's the "dissatisfaction" which motivates and not the "satisfaction". Marketers need to know how to satisfy a need at what level, by studying the need hierarchy.

1. **Physiological needs** – food, water, air, clothing, shelter. These are the lowest or the first level needs. They are also called basic, frugal, primary, biological, biogenic, physiological, innate etc.
2. **Safety or Security needs** – physical safety, protection, stability, security, mental piece. Once the first level needs are satisfied, the individuals go for the next level where they need an uninterrupted fulfilment of the above needs, like regular income, permanent shelter, etc.
3. **Social needs** – affiliation, friendship, and belonging. Once the second level is more or less satisfied, this level comes. In social needs they need to maintain themselves in a society and try to be accepted in that so that they can interact with other members of the society.

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

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

B. The Trio of Needs (Mc Clelland theory):

Psychologists point out that sometimes it is not necessary that the individuals go through the same systematic process of going from one level of needs to the next while fulfilling them. Or how much a level must be satisfied to move to the next level, for no needs is absolutely satisfied and there is no way to measure precisely. Also some intermediate levels may be skipped. This has given rise to another concept of Trio of needs where it is envisaged that human behaviour is influenced by the needs of power, affiliation & achievement. They are given below:

1. Need of Power – the power need relates to individuals’ desire to control their environment including other persons & objects around them. The need appears to be closely related to the ego need, in that many individuals experience increased self esteem when they exercise power over objects or people.

2. Need of Affiliation – affiliation is a well known & well researched social motive that has far reaching influence on consumer behaviour. This suggests that behaviour is strongly influenced by the desire for friendship, acceptance and belonging. People with high affiliation needs tend to be socially dependent on others.

3. Need of Achievement – individuals with a strong need for achievement often regard personal accomplishment as an end in itself. This is closely related to both the egoistic need & the self-actualisation need.

C. Sheth's Consumer Motives:

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

a) **Functional motives:** this refers to the utility of a product/service, the utility and the function that is performed.

b) **Aesthetic/emotional motives:** this refers to the attractiveness in terms of appearance and looks of the product/service.

c) **Social motives:** this is the esteem value attached to the product/service.

d) Situational motives: this refers to the unanticipated and unexpected benefits attached to a product/service, like discounts and allowances.

e) Curiosity motives: this is the interest aroused by a product/service.

The above three theories of motivation gives a clear picture of the way individuals are motivated by specific needs. The marketers need to study & understand each one of them separately and try to cater to their needs specifically.

Motivational theory & Marketing strategy:

Marketers who understand the motives of their potential customers enjoy good sales & brand loyalty of their customers. Often it is also important to understand the motivational conflict the consumer's face. A buyer has several motives and each change with cognitive, emotional and environmental elements. In such cases the marketers can readily help their customers by changing their marketing strategy so that the conflict is resolved. This can happen by re-adjustment of the marketing mix. The following three major conflicts may arise:

1. Approach – approach conflict – happens when the consumer has two different choices of similar or dissimilar category of product or services which he gives equal importance, but unable to choose one over the other. The marketer can come in to make his offer more attractive & important in any sense & help the customer to decide in its favour.

2. Approach – avoidance conflict – happens when the consumer has decides in favour of a product but somehow not satisfied with a particular feature or wants to avoid it. The marketer can come in to make some modifications in the product's features to suit & help the customer to decide in its favour.

3. Avoidance –avoidance conflict –happens when the consumer has to decide between twonegative choices. The choices are said to be negative in relation to certain personalattributes of the consumer. The marketer can come in to make some suggestion in the decision making process to suit & help the customer to decide in its favour.

Motivation and consumer Involvement:

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

Marketer should consider the following points;

1. Needs and wants exhibit multiplicity. Various kinds of physiological and psychological needs have been proposed and listed; while physiological needs are few and universal, psychological needs are many and varied.

2. A person may experience many needs and wants simultaneously and one may be sacrificed at the cost of the other.
3. Needs/wants/goals/motives vary from person to person. They also vary within a person across situation to situation.
4. Needs/wants are never fully satisfied. Wants are satisfied temporarily but needs are never satisfied. They keep on emerging. As one need is satisfied, another emerges and so forth, and as they emerge, they trigger off desire and motives.
5. Needs/wants/goals/motives grow, develop and change in response to an individual and his environment.
6. Needs and wants may also lie dormant. They may suddenly trigger owing to physiological factors, social factors, and/or external environmental factors. Success and failure to fulfil needs and wants also affect the future choice of goals.

CONSUMER ATTITUDES

An attitude is an enduring organization of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment. It is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object. Thus, an attitude is the way one thinks, feels, and acts toward some aspect of his or her environment such as a retail store, television prog Ratheesh, or product.

Attitude serves four key functions for individuals:

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

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

3. Utilitarian function: This function is based on operant conditioning. People tend to form favorable attitudes toward objectives and activities that are rewarding and negative attitudes toward those that are not. Marketers frequently promise rewards in advertising and conduct extensive product testing to be sure the products are indeed rewarding.

4. Ego-defensive function: People form and use attitudes to defend their egos and self-images against threats and shortcomings. Products promoted as very macho may be viewed favourably by men who are insecure in their masculinity. Or individuals who feel threatened in social situations may form favourable attitudes toward products and brands that promise success or at least safety in

such situations. These individuals would be likely to have favourable attitudes toward popular brands and styles of clothes and use personal care products such as deodorants, dandruff shampoo, and mouthwash. Attitudes are formed as the result of all the influences we have been describing in the previous chapters, and they represent an important influence on an individual's lifestyle.

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

Attitude Components

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

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

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

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

Formation of Attitude

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

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

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

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

Theories of Attitude Development (Theory of Cognitive Dissonance)

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

1. Self perception theory – According to this theory, the consumer has an opinion about his taste, attitude personality & these are reflected in his buying decision / action, and he justifies his action.
2. Social judgement theory – According to this theory, the consumer will evaluate any new information regarding a product in the light of the opinion already has about the product. In other words, they will accept all info about the product they already like, & it's difficult to change that attitude.
3. Balance theory – According to this theory, the consumer tries to balance three things –
 - (1) His own perception about the product,
 - (2) Other's perception about the product, and
 - (3) What the marketer or product itself communicates. After balancing if he finds all three favourable, then he decides buying the product. In case of a conflict between any two of them, the consumer tries to find out another product which balances the three factors favourably.

Attitude change

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

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

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

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

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

Structural Models of Attitude

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

The Attitude Object:

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

Attitude models:

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

Tri-component model:

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

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

2. Affective component – The second part of the tri-component attitude model affective component consists of a person's emotion or feelings about a particular product or a brand. These emotion & feelings are frequently treated by consumer researchers as primarily evaluative in nature, i.e.,

they can be rated with degrees of an attribute – good/bad, favourable/unfavourable. Additionally the state of mind (emotionally charged states like happiness, sadness, anger, disgust, distress, shame, guilt, surprise etc.) also affects the attitudes by enhancing positive or negative emotions or feelings.

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

Multi-Attribute Model of Attitudes:

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

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

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

3. Theory of reasoned action model – This model is similar to the tri-component model of Reason-Emotion-Intention. In the tri-component model all these components complement & supplement one another and the result is a combined one. But in the theory of reasoned action model we have another component “subjective norms” which additionally influences the intention. This subjective norm is the perception & belief of others about the intention or behaviour that are very close to the buyer.

CUSTOMER EMOTIONS

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

Emotions are accompanied by physiological changes. Some characteristic changes are

- (1) Eye pupil dilation,
- (2) Increased perspiration,
- (3) More rapid breathing,

(4) Increased heart rate and blood pressure, and

(5) Enhanced blood sugar level.

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

Nature of Emotions, Types of Emotion

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

Learning and consumer behaviour

Introduction / definition

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

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

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

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

The following are the salient features of Learning:

1. Consumer learning is a process, and thus it continuously changes and evolves as a result of newly acquired knowledge
2. This knowledge can be obtained from reading, discussing, observing, thinking, etc. Or from actual experience.
3. Both the newly acquired knowledge and personal experience serve as a feedback.
4. This also serves as a future behaviour in similar situations.

5. Not all learning is deliberate. Learning can be:

A. Intentional: acquired as a result of careful search for information with effort.

B. Incidental: acquired as a result of accident or by the way, without much effort.

6. The term “Learning” generally covers all ranges of learning from simple reflexive responses to abstract concepts or complex problem solving capability.

Elements of Learning

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

Motives:

Motives, motivation or drive is very important for learning. People learn by being driven by some motives or motivating factor. Motives arouse individuals in increasing their readiness to respond to a leaning activity. It also activates the energy needed to do so. The degree of relevance or involvement determines the consumer’s level of motivation to search for information about a product / service. Marketers must be aware of this kind of motive so that they are ready to provide product info right at that moment. For example, showing ads for winter goods just before winter and summer products just before summer.

Cues:

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

Response:

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

Reinforcement:

Reinforcement is an important element which increases the probability (tendency or likelihood) of a particular response to occur in future as a result of a given set of motives and cues. Because

reinforced behaviour tends to be repeated, consumers can learn to develop successful means of responding to their needs or changing conditions.

Behavioural Learning Theories

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

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

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

They are discussed below:

Classical Conditioning:

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

IVAN PAVLOV, a Russian physiologist was the first to postulate the above theory about classical conditioning. (Hence. some authors call it Pavlovian Learning Theory). He made a study of dogs. The dogs are hungry and eagerly waiting for the food. Pavlov rang a bell, and immediately after it, gave some meat to the dogs. This caused the dogs to salivate. Here the meat is the “unconditioned stimulus” and the dogs are already associated with it by showing a response of salivating. After a sufficient number of repetitions of this procedure, learning (conditioning) occurs and the dogs started associating the bell sound (conditioned stimulus) with the meat and showed the same response of salivating. That means now if the bell rang, the dogs would start salivating. Thus the pairing or associating of an “unconditionedstimulus” and a “conditioned stimulus” is said to be successfully done.

In the context of Consumer Behaviour, unconditioned stimulus may be a well known brand (say Amul milk and milk products) whose product quality is well known. This previously acquired perception of Amul is the “unconditioned response”. The conditioned stimulus maybe a new product (Amul Ice-cream) having the same brand name. And the “conditioned response” would be trying the Ice-Cream because of the belief that the product may have the same quality attributes as the Amul name is associated with.

Instrumental Conditioning:

This theory suggests that living beings learn by a method of trial-and-error, and finding out the particular stimulus having the best (or the most favourable / satisfactory) response. And subsequently this is formed as a habit with the rewards received for certain response of behaviour.

B F SKINNER, an American psychologist was the first to develop this model of learning. He suggested that most of the individual learning take place in controlled environment in which individuals are rewarded by choosing a right behaviour. This theory, named as instrumental conditioning was shown by an experiment by working with animals. He made a box called the Skinner box and placed a few small animals. The box was fitted with several keys / levers. When an animal pressed the right lever, it got some food as reward. Pressing other levers didn't get any rewards. In the beginning the animals pressed the levers at random. But slowly the "discovered" the right one. This kind of learning and teaching has wonderful and successful results.

In the context of consumer behaviour, this model is very important and applies to many common situations. It suggests that consumers learn by means of trial-and-error method in which some purchase behaviours result in more favourable outcomes (i.e., rewards) than other purchase behaviours. Thus, a favourable experience becomes "instrumental" in teaching the individual to repeat a specific behaviour.

For example, the consumer, who tries several brands and styles of jeans finally finds a particular brand and style that fits her figure and personality best, has in fact undergone instrumental learning. Presumably, this is the brand she is likely to continue buying.

Cognitive Learning Theory

There is another type of theory of learning, which doesn't involve repeated trials or a connection between a stimulus and response. This type of learning arises out of using the mental faculty of the individual to discover things, perceive things, seeking knowledge, search for information, sudden impulsive learning, solving problems, etc. Learning based on the mental activity is known as "cognitive learning". Human beings are the most evolved animals who have the most prominent characteristics of thinking, deliberation and problem solving. Unlike behavioural theories, the cognitive theories involve a complex mental processing of information, and emphasise the role of motivation and mental processes in producing the desired response.

Wolfgang Kohler's experiment with a chimpanzee provides an interesting example to understand this theory of learning. A chimp was placed inside a cage with a box in a corner of the cage and bananas hung from the roof of the cage beyond reach. The chimp jumped several times and tried to reach the bananas, but in vain. Suddenly by impulse, the chimp placed the box just under the bananas and jumped from it to reach the bananas, and he got them. This suggests that the ape's learning was not a result of repetition or trial-and-error, but because of some thinking and a sudden insight into the problem solving method. The bananas in this experiment are not rewards, but a kind of motivation to apply thinking and problem solving methods.

In the context of consumer behaviour, the individuals are considered to show problem solving behaviour and have active understanding of situations confronting them. This view is therefore

re most important in understanding how consumers learn which stores, method of shopping, or products will best meet their needs.

For example, it can take the form of learning about the uses and benefits of new products in the market, especially if they represent significant innovations. It can also explain how consumers learn about existing products for which they have developed a recent interest or need.

Communication and Persuasion

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

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

Communication Mix

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

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

Some Marketplace Beliefs and Myths Develop Due to Insufficient Communication

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

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

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

Communication and the consumer profile

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

Strategies

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

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

Groups and Reference Groups

A group may be defined as two or more people who interact to accomplish some goals. Within the broad scope of this definition are both an intimate "group" of two neighbours who informally attend a fashion show together and a larger, more formal group, such as a neighbourhood.

Types of Groups

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

Primary versus secondary groups, formal versus informal groups, large versus small groups, and membership versus symbolic groups.

1. Primary versus Secondary Groups

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

2. Formal versus Informal Groups

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

3. Large versus Small Groups

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

4. Membership versus Symbolic Groups

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

Consumer Relevant Groups

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

The Family

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

Friendship Groups

Friendship groups are informal groups because they are, usually unstructured and lack specific authority levels. In terms of relative influence, after an individual's family, it is friends who are most likely to influence the individual's purchase decisions. Seeking and maintaining friendships is a basic drive of most people. Friends fulfil a wide range of needs: they provide companionship, security, and opportunities to discuss problems that an Individual may be reluctant to discuss with members of his or her own family. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Consumers are more likely to seek information from those friends they feel have values or outlooks similar to their own.

Formal Social Groups

In contrast to the relative intimacy of friendship groups, formal social groups are more remote and serve a different function for the individual. A person joins a formal social group to fulfil such specific goals as making new friends, meeting "important" people (e.g., for career advancement), or promoting a specific cause. Membership in a formal social group may influence a consumer's behaviour in several ways. For example, members of such groups have frequent opportunity to informally discuss products, services, or stores. Some members may copy the, consumption behaviour of other members whom they admire.

Shopping Groups

Two or more people who shop together-whether for food, for clothing, or simply to pass the time, can be called a shopping group. Such groups are often offshoots of family or friendship groups. People like to shop with others who they feel have more experience with or knowledge about a desired product or service. Shopping with others also provides an element of social fun to an often boring but necessary task. In addition, it reduces the risk that a purchase decision will be socially unacceptable.

Consumer Action Groups

A particular kind of consumer group-a consumer action group- has emerged in response to the consumerist movement. This type of consumer group has become increasingly visible since the 1960s and has been able to influence product design and marketing practices of both manufacturers and retailers. Consumer action groups can be divided into two broad categories: those that organize to correct a specific consumer abuse and then disband, and those that organize to address broader, more pervasive, problem areas and operate over an extended or indefinite period of time. A group of tenants who band together to dramatize their dissatisfaction with the quality of service provided by their landlord, or a group of irate community members who unite to block the entrance of a fast-food outlet into their middle-class neighbourhood, are examples of temporary, cause-specific consumer action groups.

Work Groups

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

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

Reference Groups

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

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

Types of Reference Groups

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

1. A contactual group is a group in which a person holds membership or has regular face-to-face contact and of whose values, attitudes, and standards he or she approves. Thus a contactual group has a positive influence on an individual's attitudes or behaviour.

2. An aspirational group is a group in which a person does not hold membership and does not have face-to-face contact, but wants to be a member. Thus it serves as a positive influence on that person's attitudes or behaviour.

3. A disclaimant group is a group in which a person holds membership or has face-to-face contact but disapproves of the group's values, attitudes, and behaviour. Thus the person tends to adopt attitudes and behaviour that are in opposition to the norms of the group.

4. An avoidance group is a group in which a person does not hold membership and does not have face-to-face contact and disapproves of the group's values, attitudes, and behaviour. Thus 'the person tends to adopt attitudes and behaviour that are in opposition to those of the group.

Consider Ratheesh, a senior graduate student in advertising at the Calicut University. The University Advertising Club, of which he is Student coordinator, serves as one of Ratheesh's contractual groups. Ratheesh believes that continuing his education to obtain an MBA will enhance his career opportunities. It is clear those individuals who hold the MBA degree serve as an aspirational group for him. Still further, although he enjoys his position as a writer on the university's magazines, the recent editorials (endorsed by most of the staff) urging students to adopt a more conservative political philosophy run counter to his own views. Thus the newspaper staff is currently a disclaimant group. Finally, Ratheesh personally knows a number of students who have quit college during their final year; these former students serve as an avoidance group.

Factors that Affect Reference Group Influence

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

1. Information and Experience

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

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

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

A reference group that is perceived as credible, attractive, or powerful can induce consumer attitude and behaviour change. For example, when consumers are concerned with obtaining accurate information about the performance or quality of a product or service, they are likely to be persuaded by those they consider to be trustworthy and knowledgeable. That is, they are more likely to be persuaded by sources with high credibility.

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

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

3. Conspicuousness of the Product

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

Reference Group Impact on Consumer decisions

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

Reference Groups and Consumer Conformity

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

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

Benefits of the Reference Group Appeal

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

1. Increased Brand Awareness

Reference group appeals provide the advertiser with the opportunity to gain and retain the attention of prospective consumers with greater ease and effectiveness than is possible with many other types of promotional campaigns. This is particularly true of the celebrity form of reference group appeal,

where the personality employed is generally well known to the relevant target segment. Celebrities tend to draw attention to the product through their own popularity. This gives the advertiser a competitive advantage in gaining audience attention, particularly on television where there are so many brief and similar commercial announcements.

2. Reduced Perceived Risk

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

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

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

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

The Family and Family Life Cycle

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

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

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

What is a Family?

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. The nuclear family is the immediate group of father, mother, and child (ren) living together. The extended family is the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and parents-in-law. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation. In a

more dynamic sense, the individuals who constitute a family might be described as members of the most basic social group who live together and interact to satisfy their personal and mutual needs.

What is a Household?

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

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

Sociological Variables Affecting Families and Households

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

Cohesion is the emotional bonding between family members. It measures how close to each other family members feel on an emotional level. Cohesion reflects a sense of connectedness to or separateness from other family members.

Adaptability measures the ability of a family to change its power structure, role relationships, and relationship rules in response to situational and developmental stress. The degree of adaptability shows how well a family can meet the challenges presented by changing situations.

Communication is a facilitating dimension, critical to movement on the other two dimensions. Positive communication skills (such as empathy, reflective listening, and supportive comments) enable family members to share their changing needs as they relate to cohesion and adaptability. Negative communication skills (such as double messages, double binds, criticism) minimize the ability to share feelings, thereby restricting movement in the dimensions of cohesion and adaptability. Understanding whether family members are satisfied with family purchase requires communication within the family.

To determine how the family makes its purchase decisions and how the family affects the future purchase behaviour of its members, it is useful to understand the functions provided and the roles played by family members to fulfil their consumption needs.

Functions of the Family

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

(1) Economic Well-Being

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

(2) Emotional Support

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

(3) Suitable Family Lifestyles

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

(4) Socialization of Children and Other Family Members

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

Family Life Cycles

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

Family Life Cycle Characteristics

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

1. Young Singles

Young singles may live alone, with their nuclear families, or with friends, or they may co-habitate with partners in this stage. Although earnings tend to be relatively low, these consumers usually don't have many financial obligations and don't feel the need to save for their futures or retirement. Many of them find themselves spending as much as they make on cars, furnishings for first residences away from home, fashions, recreation, alcoholic beverages, food away from home, vacations, and other products.

2. Newly Married Couples

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

3. Full Nest I

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

4. Full Nest II

In this stage, the youngest child has reached school age, the employed spouse's income has improved. Consequently, the family's financial position usually improves, but the family finds itself consuming more and in larger quantities. Consumption patterns continue to be heavily influenced by the children, since the family tends to buy large-sized packages of food and cleaning supplies, bicycles, music lessons, clothing, sports equipment, and a computer.

5. Full Nest III

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

6. Married, No Kids

Couples who marry and do not have children are likely to have more disposable income to spend on charities, travel, and entertainment than others in their age range. Not only do they have fewer

expenses, these couples are more likely to be dual-wage earners, making it easier for them to retire earlier if they save appropriately.

7. Older Singles

Single, age 40 or older, may be single again (ending married status because of divorce or death of a spouse), or never married (because they prefer to live independently or because they co-habitate with partners), either group of which may or may not have children living in the household. This group now has more available income to spend on travel and leisure but feels the pressure to save for the future, since there is no second income on which to rely as they get older.

8. Empty Nest I

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

9. Empty Nest II

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

10. Solitary Survivor

Solitary survivors be either employed or not employed. If the surviving spouse has worked outside the home in the past, he or she usually continues employment or goes back to work to live on earned income (rather than saving) and remain socially active. Expenditures for clothing and food usually decline in this stage, with income spent on health care, sickness care, travel entertainment, and services.. Those who are not employed are often on fixed incomes and may move in with friends to share housing expenses and companionship, and some may choose to remarry.

11. Retired Solitary Survivor

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

Family Decision-Marking

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

Role Behaviour

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

- Instrumental roles, also known as functional or economic roles, involve financial, performance, and other functions performed by group members.
- Expressive roles involve supporting other family members in the decision making process and expressing the family's aesthetic or emotional needs, including upholding family norms.

Individual Roles in Family Purchases

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

Family Roles

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

Key Family Consumption Roles

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

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

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

2. Gatekeepers: Those family members who control the flow of information about a product/service thus influencing the decisions of other family members. The teenaged son who wants a racing bicycle, may withhold from his father much of the relevant information on all brands

except the one that he fancies, thereby influencing his father's decision in favour of his preferred brand.

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

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

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

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

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

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

Social Class and Consumer Behaviour

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

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

The main characteristics of Social class

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

Impact of social class

- Provides a sense of identity

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

Factors showing social class differences

SL No	Status, Value & prestige enjoyed	Social Class	Factors affecting social class
1	Low	Lower class	Lower level occupation with no authority, less income, and no education or minimum education. For example, labour class or clerks etc.
2	Medium	Middle class	Graduates, or postgraduates executives' managers of companies with authority, drawing handsome salary of which certain amount can be saved and invested. For example, executives or middle level managers of companies
3	High	Higher class	Authoritative person, drawing handsome salary, very often professionally qualified, working in a very senior position or a person born into a rich family, with a good background of education.

Opinion Leadership and Consumer Behaviour

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

Benefits of word-of-mouth

There are three situations in which opinion leadership takes place:

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

Dynamics of Opinion Leadership

1. Credibility

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

2. Information and Advice

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

3. Category-specific

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

4. Two-way communication

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

Motivation behind Opinion Leadership

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

1. Self involvement:

Giving advice to others provides big gratification to the opinion leaders in terms of the attention they receive. Also, since they can display their expertise and experience in the subject matter, it makes them feel superior to others in terms of knowledge. The role of the opinion leader also

involves good feeling of helping others take a decision and increasing the knowledge of opinion seekers and receivers. Sometimes, the motive behind opinion leadership could be to reduce post-purchase dissatisfaction with a product or brand. In such cases, the opinion leader will propagate the advantages of the product, thereby trying to reassure him that his purchase decision was right.

2. Product involvement:

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

3. Social involvement:

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

4. Message involvement:

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

Opinion Seeker and Receiver

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

TYPES OF OPINION LEADERS

Opinion leaders, in general, are people who have expertise in one subject/product. Activity and have the capability of influencing others. They may or may not be the users of the product and/or brand that they recommend to others. Opinion leaders can be of varying types based on their knowledge, and influence on the purchase decision of the opinion receiver and/or opinion seeker. There are some special types of opinion leaders, like generalised opinion leaders, market mavens, surrogate buyers and purchase pals.

1. Generalised Opinion Leader

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

2. Market Maven

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

3. Surrogate buyer

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

4. Purchase pals

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

MODULE 4

CONSUMER BUYING PROCESS

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

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

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

Stages in Consumer Decision Making Process: There are five stages in the consumer decision making process. These are

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

Each of these stages is explained as follows:

1. Need recognition/Problem recognition:

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

A need or problem recognition could be simple or Complex.

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

b) Complex: Complex problem recognition is similar to Unstructured Problems; they occur infrequently as unique and non-routine and need considerable effort to be solved.

A need or problem recognition could result when:

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

- The product is failing, or the consumer is running short of it;
- There is a problem that exists.

Consumers who react in such situations are called AS Types.

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

b) The Desired State changing (**DS type**):

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

Consumers who react in such situations are called DS Types.

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

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

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

A need is recognized in any of the following situations:

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

2. Pre-purchase information search:

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

- (i) Product category and the variations
- (ii) Various alternatives
- (iii) Various brands.

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

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

Types of Search Activity:

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

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

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

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

Information Sources:

The information sources are of two types:

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

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

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

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

External sources are resorted to in cases where:

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

3. Evaluation of alternatives:

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

- i) Generation of choice alternatives;
- ii) Identification of evaluative criteria: Attributes and Benefits;
- iii) Application of Decision Rules.

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

- **Evoked set/Consideration set:** This is the set of alternatives that he actively considers while making a purchase decision; these exist either in his memory or feature prominently in the environment. The consumer perceives them to be acceptable.
- **Inept set:** These are those alternatives from the evoked set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable.
- **Inert set:** These are those alternatives from the evoked set that the consumer excludes from further consideration, as he is indifferent towards them and perceives them as ones without much advantages or benefits.
- **Choice set:** This comprises the final set of one or two brands from which he finally decides.

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

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

- **Behavioural:** Need/motivation, Personality, self-concept and self-image, Lifestyle etc.
- **Social influences:** Group influences environmental issues etc.

iii) Application of Decision Rules to make a final choice amongst alternatives: The consumer uses certain decision rules. The decision rules help a consumer simplify the decision process; the various evaluative criteria are structured and integrated so as to simplify the evaluation process. There can be two kinds of Decision Rules, viz., Compensatory rules and Non-compensatory rules.

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

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

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

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

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

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

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

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

Non Compensatory rules:

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

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

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

4. Purchase decision:

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

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

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

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

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

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

5. Post-purchase outcome and reactions:

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

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

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

The Fox and the Sour Grapes is a perfect example of Cognitive Dissonance.

Cognitive dissonance generally occurs in cases where:

- (i) The decision making and purchase relates to a high involvement product;
- (ii) The purchase activity is irrevocable;
- (iii) The consumer cannot return the product;
- (iv) The various alternatives have desirable features and are all comparable;
- (v) The alternatives are also unique in some way or the other.

Consumers try to reduce this dissonance by:

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

Other methods that consumers employ to reduce cognitive dissonance are by:

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

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

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

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

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

- (i) The nature of the product (high and low involvement);
- (ii) The purchase situation (emergency or planned or routine);
- (iii) The personal characteristics of the consumer; and
- (iv) The type of problem solving (EPS, LPS and RPS)

Buying process and implication to the marketer

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

1. Need/Problem recognition

- a. A marketer can create an imbalance between the actual and desired state; it would trigger of the purchase decision process.
- b. He can launch newer models; marketing communication has a big role to play.
- c. He can focus on both functional (utilitarian) and emotional (hedonic) benefits that the product purchases could offer.
- d. He can activate a need through communication

2. Pre purchase information search

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

- For high involvement products: the marketer should ensure that information is available.

- For low involvement products: he should use emotional appeals, POP stimuli etc

3. Evaluation of alternatives:

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

4. Purchase decision:

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

He should aim towards creation of brand loyalty.

5. Post-purchase outcome and reactions:

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

- i) The marketer can communicate with the customer about the various attributes/features and benefits that the product has to offer in comparison with other alternatives.
- ii) He can follow up with the customer and address queries and concerns if any (e.g. follow up calls).
- iii) Marketers' assurances with respect to warranties, guarantees and exchange can also pacify the cognitive dissonance state.
- iv) Company websites with FAQs (frequently asked questions); satisfied customers' comments and blogs; and customer care information (e.g. toll free numbers etc) can also prove to be helpful.

MODULE 5

CULTURE AND CONSUMER BEHAVIOUR

Culture - Meaning

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

Culture is learned through the following three ways:

1. Formal learning: parents and elders teach children the proper way to behave. For instance, you have been taught that you need to study to be successful and happy in life. This learning may influence your response both as a student and individual towards education.
2. Informal learning: we learn by imitating the behaviour of our parents, friends, or by watching TV and film actors in action.
3. Technical learning: instructions are given about the specific method by which certain things to done such as painting, dancing, singing etc.

Characteristics of Culture

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

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

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

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

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

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

Types of Culture

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

Cultural Influences on consumer

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

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

Culture outlines many business norms, family norms, behaviour norms, etc. How we greet people, how close one should stand to others while conducting business, the dress we wear and any other patterns of behaviour. Culture keeps changing slowly over time; and is not static. Changes take place due to rapid technologies. In case of emergency, war, or natural calamities, marketers and managers must understand the existing culture as well as the changing culture and culture of the country where the goods are to be marketed. Major companies have adapted themselves to international culture and are accepted globally. Coca Cola is sold all over the world. Procter & Gamble and other companies give cross-cultural training to their employees.

By making cross-cultural mistakes, many companies have difficulty in pushing their products for example; (i) Coca Cola had to withdraw its 2 litres bottle from Spain, because it did not fit in the local refrigerator; (ii) Many countries are very traditional and do not like women displayed on the products. This acts as a detriment to business in those countries.

Variation in Cultural Values

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

I. Other Oriented Values

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

Individual/ collective: Whether individual initiation has more value than collective activity?

Romantic orientation: This depicts whether the communication is more effective which

Emphasizes courtship or otherwise. In many countries a romantic theme is more successful.

Adult/ child theme: Is family life concentrated round children or adults? What role do children play in decision-making?

Masculine/ Feminine: Whether the society is male dominant or women dominant or balanced.

Competitive/ Cooperation: Whether competition leads to success. This is achieved by forming alliances with others.

Youth/ age: Are prestige roles assigned to younger or older members of the society. American society is youth oriented and Korean is age oriented. Decisions are taken by mature people in Korea.

II. Environment Oriented Values

Cleanliness: If a culture lays too much stress on cleanliness. There is scope for the sale of beauty creams, soaps, deodorants, insecticides, washing powder, vacuum cleaner, etc. In western countries, a lot of emphasis is placed on this aspect and perfumes and deodorants are widely used.

Performance/ status: A status oriented society cares for higher standards of living, and chooses quality goods and established brand names and high prices items. This is true for the United States, Japan, Singapore, Malaysia, Indonesia, Thailand and most Arabic countries. In performance oriented societies, where rewards and prestige is based on an individual's performance, less importance is given to brand names. Products which function equally well and may not be big brand names are used. Germans do not give the same amount of emphasis to brand names. The marketers adopt strategies accordingly.

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

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

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

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

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

III. Self-Oriented Values

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

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

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

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

Sexual gratification/Abstinence: Some traditional societies curb their desires, food, drinks or sex, beyond a certain requirement. Muslim cultures are very conservative, and do not want their women to be seen in public or be exposed, so the Polaroid camera which gives instant photographs can be purchased and pictures can be taken by the family members without their women being exposed to the developers in a photo lab.

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

Subcultures and Consumer Behaviour

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

Sub-culture categories are:

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

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

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

Secondly, our country has a number of different ethnic groups, and population trends will dramatically alter the demographic profile of the country in the next 50 years. The very diverse

Asian American subculture is described as young and having higher socioeconomic status, placing strong value on the family and the group, and being strongly brand loyal. In spite of its diversity, marketing strategies can be developed for this group.

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

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

Among the four major age groups, Teens, who need to establish an identity, are the consumers of tomorrow and have an increasing influence on family decisions. The somewhat disillusioned Generation consists of smart and cynical consumers who can easily see through obvious marketing attempts. Baby boomers grew up in a very dynamic and fast-changing world, and this has affected their values for individualism and freedom. The 50 and older segment can be divided into two groups-the young again and the gray market. Neither group likes to be thought of as old. The affect of gender differences on consumer behaviour is examined next.

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

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

3. Psychographics: Values, Personality, and Lifestyles

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

Values are enduring beliefs about things that are important. They are learned through the processes of socialization and acculturation. Our values exist in an organized value system, with some values being viewed as more important than others. Some are regarded as terminal values and reflect desired end states that guide behaviour across many different situations. Instrumental values are those needed to achieve these desired end states. Domain specific values are those that are relevant within a given sphere of activity. Western cultures tend to place a relatively high value on material goods, youth, the home, family and children, work and play, health, hedonism, and technology. Marketers use tools like value segmentation to identify consumer groups with common values. Personality consists of the distinctive patterns of behaviours, tendencies, qualities, and personal dispositions that make people different from one another. Approaches to the study of personality include

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

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

Cross Cultural Consumer Behaviour

Cross cultural marketing: Objectives and Policies

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

A company can enter a foreign market as a

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

The firm's objectives could be:

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

Problems in Cross Cultural marketing

1. Problems related to product selection: The marketer going for cross cultural marketing has to select the customers / market not on the basis of the superficial similarities of age or income, but by using the real motivating factors that prompt them to accept or reject products.
2. Problems related to promotion/marketing communication: e.g. Ariel in the Middle East and also Pepsi
3. Problems related to pricing: the marketer has to adjust his pricing policies according to the local economic conditions and customs.
4. Problems related to selection of distribution channels: in Japan, P & G used this to sell soap

Cross-Cultural Consumer Analysis

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

Consumer Behaviour in India and Consumer Protection

India has come to be known as a nation producing value-enhanced, superior, trained human power. Indians have made their mark in the fields of information technology, biotechnology, pure sciences and economics. With the globalisation of the job market, demand and acceptance of Indian skills worldwide has opened up opportunities for new jobs within the country, particularly back office operations of multinational corporations. Furthermore, the domestic service e sector itself is witnessing robust growth. The emerging flat world is bringing about a confluence of cultures and new lifestyles across India. The new lifestyle trends are altering the fabric of Indian society and also modifying its social and financial behaviour.

Shift in Consumer Tastes

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

- Joint households making way for nuclear families.
- Increased mobility, especially for career advancement.
- Increase in the number of working women and a growing awareness among women to carve a career while managing a family.

- Increasing tendency to spend on fashion, health, fitness, education and more importantly 'self', attributed to increased incomes, societal factors and independence from parental pressures.

Gender discrimination

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

Rural India's needs

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

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

Profile or Characteristics of the Indian Consumer

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

Different Segments of Indian Consumers

The Socialites

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

The Conservatives

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

The Working Women

The working woman segment is the one, which has seen a tremendous growth in the late nineties. This segment has opened the floodgates for the Indian retailers. The working woman today has grown out of her long-standing image of being the homemaker. Today, she is rubbing shoulders with men, proving herself to be equally good, if not better. Working women have their own mind in decision to purchase the products that appeal to them.

India's Rich

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

The Rich

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

The Super Rich

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

The Ultra Rich

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

The Sheer Rich

They do not have a homogenous profile. There are joint families as well as nuclear families in this category. They consume services greatly. They own multiple cars and houses. They aspire to social status and power.

The Obscenely Rich

They are first-generation entrepreneurs who have made it big. Some of them are techies. A variety of people belong to this category. They are just equivalent to the rich in the developed countries. They crave for exclusivity in what they buy. Most premium brands are relevant to them.

Rural Consumer

About three quarters of the Indian population are in the rural areas and with the growing middle class, especially in the Indian cities; the spill over effect of the growing urban middle class is also felt in the rural areas. The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of fast-moving consumer goods (FMCG) in India. The market size of the fast moving consumer goods sector is projected to more than double to US\$ 23.25 billion by 2010 from the present US\$ 11.16 billion. As a result, it is becoming an important market place for fast moving consumer goods as well as consumer durables.

Increasing Awareness of Indian Consumers

Over the years, as a result of the increasing literacy in the country, exposure to the west, satellite television, foreign magazines and newspapers, there is a significant increase of consumer awareness among the Indians. Today more and more consumers are selective on the quality of the products/services. This awareness has made the Indian consumers seek more and more reliable sources for purchases such as organized retail chains that have a corporate background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

Indian consumers are now more aware and discerning, and are knowledgeable about technology, products and the market and are beginning to demand benefits beyond just availability of a range of products that came from 'trusted' manufacturers. The Indian consumers are price sensitive and prefer to buy value for money products.

Marketing Strategies

Online Marketing

Currently, the products Indian consumers are buying through online are greeting cards, clothes, CDs/VCDs/DVDs, cassettes, books, magazines, medicine and educational material. The popular online shops in consumer include:

- www.ebay.in
- www.shopping.rediff.com
- www.reliablegreetings.com
- www.shopping.expomarkets.com

Celebrity Influence

This is an important tool which is able to influence Indian consumer buying behaviour. In India, celebrities are being increasingly used in marketing communication by marketers to lend personality to their products. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. What they endorse sell like hot cakes. It is not surprising therefore that using celebrities in advertisements has become common practice. In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Indians always love their heroes and heroines. Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When a consumer likes the celebrity in the advertisement, he or she is more likely to accept what the celebrity says about the advertised product and therefore will develop more positive feelings toward the advertisement and the brand itself. Famous celebrities are able to attract attention and retain attention by their mere presence in the advertisements.

Quality Oriented Outlets

Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well known brands in selected product range, consumers are likely to take cues from well established retail outlets hoping that these outlets carry quality products.

Freebies

Indian consumer buying behaviour is influenced by freebies. Freebies are consumer products given free of charge as gifts to purchases of selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers. Freebies generally comprise tooth paste, soaps, detergent, cooking oil etc.

Eco-Friendly Products

The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.

Changing Trends in Indian Consumer Behaviour

Bulk Purchasing

Urbanisation is taking place in India at a dramatic pace and is influencing the life style and buying behaviour of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning. Bulk purchases from hyper

stores seems to be the trend these days with purchasing becoming more of a once-a-week affair, rather than frequent visits to the neighbourhood market/store/vendor. The popular growing shopping trend among urbanities is purchasing from super markets to hyper stores.

Trendy Lifestyles

The current urban middle and upper class Indian consumer buying behaviour to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is now an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad. Foreign brands have gained wide consumer acceptance in India, they include items such as;

- Beverages
- Packed food
- Ready to eat food
- Pre-cooked food
- canned food
- Personal care products
- Audio/video products
- Garment and apparel
- Footwear
- Sportswear
- Toys
- Gift items

Foreign brands vie increasingly with domestic brands for the growing market in India.

Buyers' Market in The Making

The sellers' market is slowly moving towards becoming the buyers' market. Since, India's economic liberalization policies were initiated in 1991, many new product offerings have entered the Indian market and product variety has also increased manifold. Import licensing restrictions are being eliminated and tariffs significantly reduced and this has led to large range of consumer goods made available in India. Indian consumers have always preferred foreign goods and with the liberalization, they now have a choice of foreign products vis-à-vis the local products.

Consumer Spending Behaviour

The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) has fallen from 54.07 per cent in 1992-93 to 44.8 per cent in 2012-13. Other items have increased in importance, for example, medical and healthcare spending has increased from 3.5 per cent to 8.5 per cent of total expenditure over the same period, a compound growth rate of 19.71 per cent. Similarly spending on transport and communication has grown at 13.2 per cent.

Problems Faced by Indian consumer

A consumer is one who buys and uses various products. Children, adults, elderly people all are consumers in one way or the other. Every day we buy different products for our use.

It includes items of daily consumption like milk, vegetables, copy, pencil, etc. Items like cloth, furniture, electrical appliances are purchased occasionally. Some items such as car, house, land, etc. are normally purchased once in a lifetime.

The shop from where we do purchasing they too purchase these items from a wholesaler or the manufacturer. Therefore, the same person can be both a consumer as well as a seller. A consumer utilizes his resources-money, time, energy wisdom, etc. to buy these items.

The following problems are faced by Consumers:

1. Variation in Prices:

The consumer has to pay different prices for the same item at different places. Big shops are often expensive as they spend some money on the maintenance of shop, advertisements, and free home delivery which is hidden at the expense of the consumer. Some shopkeepers charge higher price than the printed ones by putting their own price tags or increase the price by adding local taxes. The consumer does not know whether he is paying the right price or not. To avoid this, the consumer should verify price from various shops or from super bazaar because by this, the consumer cannot be deceived.

2. Non-availability of items in the market:

Sometimes daily consumed items like butter, potatoes, onions, rice, etc. are not available in the market or one may get these by paying higher prices. Normally such scarcities are artificial. The moment when there is possibility of price rise of a commodity, it vanishes from the market. It reappears in the market immediately after the price is increased. In such situation either the consumer has to do without these items or pay a higher price. In some situations like drought or floods, etc., the shopkeepers hoard stock of essential items and sell these items only when consumer agrees to pay a higher price. In such a situation the consumer should take a collective decision not to buy commodities sold in this black market.

3. Adulteration:

Adulteration of goods is one such problem which is faced by the consumer in day-to-day purchases. In the present times the biggest problem is that the consumer does not get pure commodities like ghee, milk, spices, Maida, basan, cereals, etc. even if he is prepared to pay higher prices. Such items are sold in the market with a guarantee of purity but are found to be adulterated when used. Adulteration of yellow powder in turmeric powder, small pebbles in rice, starch in milk, and cheese and used tea leaves are generally sold in the market.

4. Unfair means of measurement.

Incorrect measurement is another problem in addition to adulteration. Often standard weights and measurements are not used in the market. For example:

- Spurious, under weights, or stones, bricks, etc. are used in place of standard weights.
- Sometimes the seller weighs pickings along with the goods.
- The seller tries to deceive the consumer by using the hand weighing scales in place of standard scales; the hand weighing scales are usually weigh less than the actual weight
- Boxes or bottles that are used in packed goods are generally of have a shape that would give lesser quantity to the consumer. For example, a bottle with heavy base and sleek bottle gives an' press ion that the quantity of goods is but in reality it is less. For maser milk, measures with raised bottom used
- Magnet: Use of magnet to increase weight, Hollow weight

The consumer should take the following steps in order to avoid such malpractices:

- (a) The fruit and vegetable vendors should not be allowed to weigh by stone or brick in place of standard weights.
- (b) The bar of the hand weighing scale should be checked beforehand. In case of weighing scale, ensure that the needle is at zero.
- (c) Check the weights and ensure that the weights are not hollow or with false bottom.
- (d) The shopkeeper should not be allowed to weigh the goods along with packing or boxes.
- (e) Before purchasing packed goods, check the weight on the label.
- (f) If the consumer feels that the shopkeeper uses malpractices in weights and measures, he should immediately lodge a complaint in Weights and Measure Bureau.

5. Misleading advertisements

These days, a product is produced by a number of manufacturers. Everyday new products are launched. The manufacturer resorts to advertisements for the sale of their products. The advertisement gives details of quality of product and method of use to the consumer. Normally the

manufacturer gives an exaggerated account of his products. Such advertisements lure the consumer in buying these products. After the purchase, the consumer realizes that it does not match with what has been claimed in the advertisement. Such misleading advertisements cheat the consumer. The consumer should not purchase a product only on the basis of the advertisement.

6. Misleading and incomplete labels

The labels on products provide information about the products to the consumer. The consumer can decide judiciously after comparing the quality and price of the product from the label. Often the manufacturers try to cheat the consumer by appending incomplete information on the label.

7. Sale of substandard goods

Sometimes, seller sells sub-standard goods at higher price in place of standard goods. For example, selling furniture made up of inferior quality wood after polishing, using substandard sheets in steel almirahs and furniture, selling substandard cloth by claiming it of a superior quality and inflates its price, etc. The consumer never comes to know whether the product is of a good quality or not? He knows it only after use. In order to avoid such cheating the consumer should purchase goods from reliable shops.

8. Sale of inferior goods

The seller does not hesitate to sell even inferior goods. In order to earn more profit inferior medicines, cosmetics, oil, ghee, etc. are sold in original pickings. To check the sale of such goods, the consumer should not encourage production of such goods. For this:

- (a) The consumer should be vigilant while purchasing goods.
- (b) The consumer should check the label carefully. In case he finds it different, he should not purchase that good.
- (c) The consumer should not sell empty pickings of original goods. Rather crush these pickings to avoid reuse.

9. Malpractices adopted by the manufacturers or sellers.

Manufacturers or sellers lure the consumer to buy their product by adopting malpractices misleading schemes like 'free gifts' or 'heavy discounts' attracts the consumer easily. In reality, the price is inflated in the first place and then discount of 20% to 50% is offered. There is no change in prices in reality. Sometimes the producer imitates the colour, shape, and name of popular brand available in the market. Thus the consumer is cheated and he purchases an inferior good in place of standard one. The manufacturer of 'B' pickle has tried to cheat by using the bottle of same colour, size, and brand name as used by manufacturer of 'A' pickle. In order to avoid such cheating, the consumer should carefully check the name and brand of the product.

10. Shortage of standardized products.

Most of the goods available in the market do not carry standardized markings. When a consumer goes to the market to buy an electric iron, he finds a number of brands without standardized markings. Still these brands are very cheap. In such a situation, the consumer is not able to decide whether he should buy a cheaper and popular brand or less popular standardized expensive brand. The consumer should only buy standardized items because these are durable and safe to use.

Consumer Protection

Consumerism is a recent and universal phenomenon. It is a social movement. Consumerism is all about protection of the interests of the consumers. Consumerism is a movement or policies aimed at regulating the products or services, methods or standards of manufacturers, sellers and advertisers in the interest of buyers, such regulation maybe institutional, statutory or embodied in a voluntary code occupied by a particular industry or it may result more indirectly from the influence of consumer organizations.

Consumer Protection Act-1986

Consumer protection means safeguarding the rights and interests of consumers. It includes all the measures aimed at protecting the rights and interests of consumers. Consumers need protection due to the following reasons:

- (i) Illiteracy and ignorance
- (ii) Unorganised consumers
- (iii) Spurious goods
- (iv) Deceptive advertising
- (v) Malpractices of businessmen
- (vi) Freedom of enterprise
- (vii) Legitimacy for existence
- (viii) Trusteeship

There are four main methods of protecting the interests of consumers:

- (i) Business self-regulation
- (ii) Consumer self-help
- (iii) Consumers' associations
- (iv) Government Regulations

The State can ensure consumer protection through legislative, executive and judicial actions. The laws enacted by the Government must be strictly enforced by the executive. Government of India has enacted several laws to protect the interests and rights of consumers. Some of these laws are:

- **The Essential Commodities Act, 1955** which aims to regulate and control the production, supply and distribution and prices of essential commodities,
- **The Prevention of Food Adulteration Act, 1954** which aims to check adulteration in food items and eatables.
- **The Drugs and Cosmetics Act, 1940** which seeks to ensure purity and quality in drugs and cosmetics, The Standards of Weights and Measures Act, 1956 which aims at ensuring that consumers get the right weight and measurement in products,
- **The Household Electrical Appliances (Quality Control) Order, 1976** which seeks to ensure safety and quality in the manufacture of electrical appliances and
- **The Consumer Protection Act, 1986** which seeks to provide speedy and inexpensive redressal to the grievances of consumers.

In order to protect the consumers from exploitation and to save them from adulterated and substandard goods and deficient services the Consumer Protection Act came into force on 15th April, 1986 and it applies to the whole of India except the State of Jammu and Kashmir.

The Consumer Protection Act 1986 is a social welfare legislation which was enacted as a result of widespread consumer protection movement. The main object of the legislature in the enactment of this act is to provide for the better protection of the interests of the consumer and to make provisions for establishment of consumer councils and other authorities for settlement of consumer disputes and matter therewith connected.

- The act was passed in Lok Sabha on 9th December, 1986 and Rajya Sabha on 10th December, 1986 and assented by the President of India on 24th December, 1986 and was published in the Gazette of India on 26th December, 1986.

The Act provides following remedies to an aggrieved consumer:

- (a) Removal of defects in goods or deficiency in service
- (b) Replacement of defective goods with new goods of similar description which shall be free from any defect
- (c) Return of price paid by the consumer
- (d) Payment of compensation for any loss or injury suffered by the consumer
- (e) Discontinue the restrictive, or unfair trade practice, and not to repeat it
- (f) Withdraw the hazardous goods from being offered for sale and not to offer them for sale
- (g) Provide for adequate cost to the aggrieved party.

The Consumer Protection Act provides for a three tier system of redressal agencies:

One at district level known as District Forum, second at state level known as 'State Commission', and third at national level known as 'National Commission'.

A complaint is to be made to the district forum of the concerned district where the value of goods and services and compensation, if any, is up to Rs. 20 lakhs, to the 'State Commission' between Rs. 20 lakhs and Rs. 100 lakhs, and to the National Commission for more than Rs. 100 lakhs. Interestingly, there is provision for appeals against the orders of a particular redressal forum by the aggrieved party before the next higher echelon and even from the findings of the National Commission before the Supreme Court.

The consumer rights include

- (i) right to safety
- (b) right to information
- (iii) Right to choose
- (iv) Right to be heard
- (v) Right to seek redressal
- (VI) right to education.

the study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products); the psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media); the behaviour of consumers while shopping or making other marketing decisions; limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome; how consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and how marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.