

Consumer Behaviour

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Edited by
Dr. Lokesh Jasrai



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Consumer Behaviour

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Unit 01: Consumer Behaviour and Marketing Strategy

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Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions:

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Objectives

After studying this unit, you will be able to,

- understand what is consumer behavior.
- apprehend the different types of consumers.
- understand the relationship between consumer behavior and the marketing concept, the societal marketing concept.
- comprehend how consumer behavior can be used to develop marketing strategies.
- understand the relationship between consumer behavior and value creation.

Introduction

Consumer buyer behaviour is considered to be an inextricable part of marketing and Kotler and Keller (2011) state that consumer buying behaviour is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants.

Buyer behaviour has been outlined as “a process, which through inputs and their use through process and actions leads to satisfaction of needs and wants” (Enis, 1974, p.228). Consumer buying behaviour has abundant elements as a part of it which are understood to have some level of consequence on the product acquiring evaluations of the customers.

The marketers need to explore exclusive aspects of consumer behaviour so as to understand the reasons why consumers make procurements, specific factors shaping the patterns of consumer purchases, analysis of shifting factors and how they impact the society as a whole.

Consumer Behaviour

1.1 Definition of Consumer Behaviour

"The buying behaviour of final consumers, both individuals and households, who buy goods and services for personal consumption"

Kumar, 2010, p.218

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

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

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

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

Consumer buying behaviour as a process of choosing, purchasing, using and disposing of products or services by the individuals and groups in order to satisfy their needs and wants.

Solomon et al. (1995)

"The assumption that people have series of needs which lead to drive state".

Faison and Edmund (1977)

1.2 Importance of consumer behaviour

Study of consumer buying behaviour is most imperative for marketers as they can gauge the expectation of the consumers. It helps to apprehend what makes a consumer to buy a product. It is essential to assess the kind of products that are preferred by the consumers so that they can be launched in the market. Marketers can understand the likes and dislikes of consumers and design base their marketing efforts based on the findings.

Knowledge of consumer behavior can help managers understand why people behave as they do, and that this understanding can help managers predict behavior.

Consumer buying behaviour studies guide marketers about the various situations such as what do consumers buy, why do they buy, when do they buy, how often do consumers buy, for what reason do they buy, and much more.

Understanding consumer behaviour is required for a company to attain success for its current products as well as its new products. Every consumer has a distinctive thought process and attitude towards procuring a particular product. If a company is not able to understand the reaction of a consumer towards a product, there are massive chances of product failure.

Due to dynamic and changing fashion trends, technological developments, trends, fads, lifestyle patterns, disposable income, and similar other factors, consumer behaviour keeps changing. A marketer has to comprehend the changes in these factors so that the marketing efforts of the companies can also be aligned accordingly.



Example: A consumer researchers explores consumer behaviour with an aim is to know why women buy moisturizers (to reduce skin problems), the most preferred brand (Lakme, L'Oreal), how often do they apply it (twice a day, thrice a day), where do the women prefer to buy it (small stores, supermarkets, online) and how many times do they buy it (weekly, monthly, six monthly).

Consumer behaviour plays an essential role in marketing management. It provides information to the marketer on the basis of which the marketers can design their marketing mix strategies and

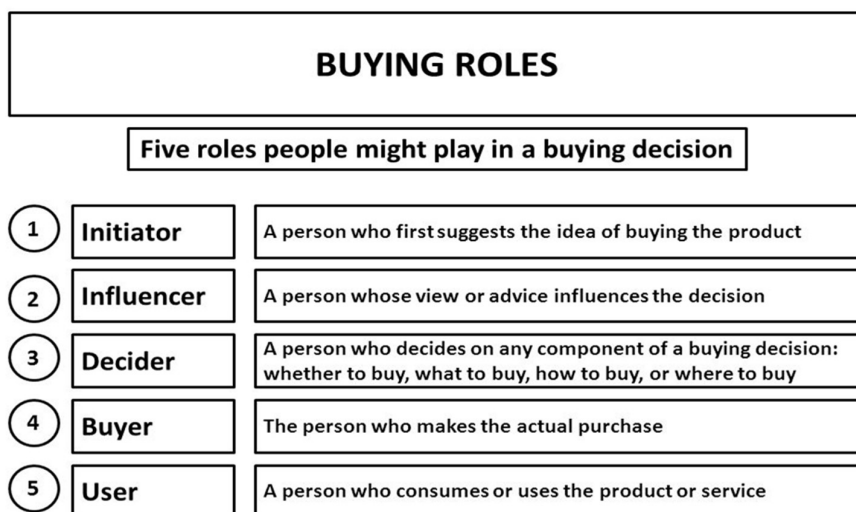
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modify it in future as per the given situation. For the marketer it is important to know how consumers will react to marketing programme in order to serve them effectively.

Marketers can use the study of consumer behaviour to develop an understanding of the target market needs and expectations, problems of consumers, formulating of marketing mix strategies, developing advertising strategies, understanding human behaviour towards different advertising appeals and message, selecting the type of media.

1.3 Buyer and user

The person who buys a particular product may not necessarily be the user, or the sole user of this product. It is also possible that the person who purchases the product may not be the decision-maker. For example, the parents are the decision maker when they buy a shampoo for their two-year-old child.



Buying roles refer to the activities that one or more person(s) might perform in a buying decision. Six buying roles can be distinguished:

Initiator: the person who first suggests an idea of buying the particular product or service

Influencer: a person whose viewpoints influence other members of the buying centre in making the final decision

Decider: the person who finally determines any part of or the entire buying decision-whether to buy, what to buy, how to buy, or where to buy;

Buyer: the person who handles the actual paper work of the purchase

User: the person(s) who consumes or uses the product or service



Example: A school student needs to buy colour crayons to use in his art class.

Initiator: The boy

Influencer: His teacher or his classmates

Decider: Parents (either of them or both)

Buyer: Parents or a sibling.

User: The boy himself.



Task: A toy manufacturing company should target the user or the buyer of toys ?

1.4 Consumer and customer

A consumer is a person who buys and uses goods. A consumer is one that procures goods or services for consumption and not for resale or commercial purposes. The consumer is an individual who pays a certain amount of money for consuming goods and services.

Consumer vs customer are interchangeably used in the common context. In simple words, a consumer is someone who consumes a product. Similarly, a customer is the one who buys or purchases a product.

A customer is a person who procures goods and services from a seller and pays for it to satisfy their needs. Most of the times a customer who buys a product is also the consumer, but sometimes this may not be the case.



Example: When parents purchase clothing for their children, the parents are the customer, and the child is the consumer.

Types of consumer

- 1) **Personal Consumer:** The consumer who buys goods and services for his own personal use, for household use, for the use of a family member, or for a friend.
- 2) **Organisational Consumer:** A business, government agency, or other institution (profit or nonprofit) that buys the goods, services, and/or equipment necessary for the organization to function.



Case Study: Walmart

Walmart's success can be attributed to three principles: scale, volume, and minimized operating costs.

Walmart is nothing short of a wonder when it comes to their triumph in the retail world. Even with pressure to keep up with giants like Amazon, they sustain their "everyday low prices" with more than 11,500 retail units globally and their e-commerce sales. The company engages millions on a global scale and more than a million in the United States alone. When you contemplate that the company grosses millions and is an essential part of the U.S. economy by itself, it's certainly a company worth learning from.

By using a business model aimed at keeping margins lower than the competition and relying on sales volume to make up the difference, and keeping operating costs as low as possible, the company has risen to the top since it first began in 1950 with Sam Walton.

Walmart is able to continue to offer their low prices for a number of reasons, though the ones that really matter are a stellar supply chain management system, leveraging bargaining power with suppliers, and minimization of overhead and operational costs.



<https://planergy.com/blog/walmart-procurement-strategy>.

1.5 Origin and Development of consumer behaviour

Evolution of marketing strategy

All marketing strategies and maneuvers are based on clear and understood beliefs regarding consumer behavior. Judgements based on unambiguous assumptions and on rigorous research are more likely to be efficacious than are decisions based merely on predispositions.

Marketing has evolved through many stages since the dawn of the Industrial Revolution: the production era, the product era, the selling era, the marketing era and the holistic era.

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From the beginning of history to the middle of the 19th century, the trade era evolved. Between the 1860s and 1920s, mass production became the focus in the production era. In this era, simply mass producing goods were a major driver of sales.

The production concept however lead to marketing myopia wherein management of companies focused on improving production and distribution efficiency. If a firm decides to operate based on this concept, it will try to minimize production costs by making the production process efficient. Moreover, for its products to be favoured by the consumers, it will try to make its distribution as extensive as possible.

The production era gave way to the sales era (1920s to the 1940s) and the selling era evolved. The great depression in America proved that producing enough goods or quality goods is no more a problem. The problem is to sell those products.

The evolution of the selling philosophy was necessary because of escalation in production of variety of goods after the Industrial Revolution, as companies became better in production. The increase in amount of product and types of products led to competition which eventually led to the emergence of surpluses.

Producing quality products does not necessarily guarantee its sale. During this period, the vital role of selling, advertising, and other marketing functions was organized truly, and the selling concept came into existence.

From the 1940s to 1960s, branding and positioning became imperative as marketers began to understand the value of regular customers and reputation. These days, marketers see long-term customer relationships as a key to attaining of company growth.

Marketing starts with the market, focuses attention on customers' needs, and attains profit through customer satisfaction with coordinated marketing. Under this philosophy, the marketer's first task is to identify the needs and wants of his prospect and then work backward through the trade channel and physical distribution. Under this concept, all aspects of company operations are aimed at satisfying customers' wants and desires.



Task: Can you name a company that focuses on the marketing concept?

1.6 Consumer behaviour and contributing disciplines

The discipline of consumer behaviour has borrowed heavily from concepts developed in other disciplines of study such as psychology, sociology, social psychology, cultural anthropology and economics.

Psychology

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

Sociology

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

Cultural anthropology

This is the study of human beings in society. It explores the development of core beliefs, values and customs that individuals get from their family, which influence their purchase and consumption behaviour. It also explores subcultures and helps compare consumers of different nationalities and cultures.

Economics

This is an imperative aspect of the study of economics is the study of how consumers spend their funds, how they consider alternatives and how they make decisions to get maximum satisfaction from their purchases.

Social psychology

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

1.7 Applications of consumer behaviour

There are four main applications of consumer behaviour for marketers.

- 1) **Developing sound marketing strategies:** Consumer research is essential to frame diligent marketing strategies. Consumer Behavior provides the marketers with the knowledge and skills necessary to perform consumer analyses that can be used for understanding markets and developing effective marketing strategies. Sound theories developed after extensive research on consumer behaviour help in framing of good marketing plans. Furthermore, deep understanding of consumer behaviour assists in avoiding product failures. Companies around the world spend billions every year to understand consumer behaviour.



Case Study: Lego

One of the most outstanding examples of a company being transformed by market research is children's beloved toy brand Lego. The brand was able to completely transform its revenue potential by altering their product line to break into a vital, and growing, new market.

Prior to releasing a line of products that targeted the young female audience, Lego conducted a lengthy trial of market research that of four years of studying the play habits of 3,500 girls and their mothers. Researchers were asked to collect data regarding that would answer critical questions about what would make Legos more interesting and appealing for young girls.

Upon the conclusion of the market research, Lego's product line called "Friends" was born. The colors of the brick included in this line were more vibrant and diverse as compared to other sets. Lego ensured that the packaging was more appealing to young girls, and the figures were also altered to cater to the new audience. They increased the size of the figures so they could now hold accessories such as hairbrushes and purses.

Since launching Lego Friends in 2012, the Danish toymaker became a hit with girls and continues to increase its market share in construction toys. Lego told the Wall Street Journal the share of girls among Lego players (which we know was about nine percent) has increased sharply since.



<https://fuelcycle.com/blog/market-research-done-right-how-market-research-gave-lego-a-facelift/>

- 2) **Developing regulation of marketing practices:** Knowledge of consumer behaviour is required to frame regulation policies. Many regulatory bodies like Food and Drug administration (FDA) do research in consumer behaviour before finalizing regulations. They try to unearth the facts that motivate the customer or discourage them to use unsafe and unhealthy products.

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Example: A pictorial depiction of the ill effects of tobacco use on health is mandated by the rules. The health warning must be located on the top edge of the package.

- 3) **Undertaking social marketing initiatives:** Social Marketing aims at designing strategies that aim to redefine or create positive consumer thoughts towards a product, an idea or a concept. Consumer behaviour needs to be explored to understand consumer attitudes towards different issues like environment friendliness of the product, recyclability of products.
- 4) **Issues in social marketing:** There can be many issues in social marketing like environmentally friendly products, plastic disposability, ecologically friendly products, social issues like smoking, drug use and vaccination and health care programs.
- 5) **Educating the customer:** Insights on consumer behaviour can assist in educating customer on many issues. The consumer can be educated how to develop an effective purchase behaviour, develop an understanding of the environment and how to be a sound citizen.

Companies may educate the consumers through different channels like; websites, advertisements, sales presentations, innovative packaging designs and retail store displays and other communications.

1.8 Consumer behaviour and customer value

Value is the ratio between the customer's perceived benefits and the resources used to obtain those benefits. It is essential for a marketer to develop a unique value of the product and communicate it to the customer. Consumer behaviour research helps in understanding what value is sought by the customer and how should it be communicated?



Task: How does McDonald's create value for the consumer?

How do they communicate this value?

1.9 Consumer behaviour and customer satisfaction

Consumer behaviour research helps in understanding the kind of experience a customer is looking forward to having from a product or a service. Customisation can be offered, rewards and loyalty schemes can be initiated to enhance the experience of the customer.



Example: My Starbucks Rewards works is a great program to enhance customer experiences. The customers can earn 1 Star every time they spend INR 300 with their registered Starbucks Card at any of the stores in India. The more Stars they earn, the greater the rewards they receive. They are motivated to get started by registering a Starbucks Card. As they collect Stars, they move up to bigger benefits.

In order to provide value and satisfaction to the customer, it is essential to first understand the patterns of their behaviour, needs, expectations and desires, so that marketing strategies can be designed accordingly. Creating customer value increases customer satisfaction and the customer experience.



Case Study: **Understanding and shaping consumer behavior in the next normal**

Months after the novel coronavirus was first detected in the world, the COVID-19 crisis

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continues to upend peoples' lives. The pandemic has disrupted nearly every routine in day-to-day life. The extent and duration of intensive lockdowns and business closures have forced people to give up even some of their most core habits—whether spending an hour at the gym after dropping the kids off at school, going to a coffee shop for a midday break, or enjoying Saturday night at the movies.

In ordinary times, consumers tend to stick stubbornly to their habits, resulting in very slow adoption (if any) of new innovations that require a behavior change. Now, the COVID-19 crisis has caused consumers all across the world to change their behaviors—rapidly and in large numbers.

In the United States, for example, 75 percent of consumers have tried a new store, brand, or different mode of shopping during the pandemic. Even though the impetus for that behavior change may be specific to the pandemic, consumer companies would do well to discover ways to meet consumers where they are today and satisfy their needs in the post-crisis period.

Behavioral science explains that identifying consumers' new belief systems, habits, and decision moment's is central to driving behavioral change. Five actions can help companies influence consumer behavior for the longer term: Reinforce positive new beliefs, Shape emerging habits with new offerings, sustain new habits, using contextual cues, align messages to consumer mindsets, analyze consumer beliefs and behaviors at a granular level.



<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/understanding-and-shaping-consumer-behavior-in-the-next-normal>

Summary

- Consumer Behaviour refers to the identifiable behaviour of consumers during searching, purchasing and post consumption of products or services.
- The study of consumer behaviour facilitates the marketers to understand and predict consumer behaviour in the marketplace. It is related to not only with what consumers buy but also with why, when, where, how and how often they buy it.
- A customer is a person who procures goods and services from a seller and pays for it to satisfy their needs. Most of the times a customer who buys a product is also the consumer, but sometimes this may not be the case.
- There are two important group of consumers: personal consumer and organizational consumers.
- Consumer behaviour has become an vital part of strategic market planning. Marketers have to fulfil the needs of their target markets in ways that improve society as a whole.

Keywords

Consumer behavior: Consumer buying behavior refers to the study of customers and how they behave while deciding to buy a product that fulfills their needs.

Consumer: A person who engages in the purchasing process.

Customer: A person who buys goods or services

Marketing Concept: The marketing concept is the strategy that firms implement to satisfy customers' needs, increase sales, maximize profit, and beat the competition.

Customer Value: Value is the ratio between the customer's perceived benefits and the resources used to obtain those benefits.

Self Assessment

1. A marketplace consists of:
 - A. People with money with them
 - B. People with money and the willingness to spend it
 - C. People with money to spend and the willingness and ability to spend it
 - D. All of the above.

2. Why a marketing executive needs to study consumer behaviour?
 - A. To better understand his consumers
 - B. For better planning and implementing marketing strategies
 - C. For gaining a better understanding of the factors that affect consumer behaviour
 - D. For all of the above.

3. Which of the following question is being answered by the consumer behaviour field?
 - A. What are the products people buy?
 - B. Why they buy them?
 - C. How they buy them?
 - D. All of the above.

4. Who gave the following definition of consumer behavior? "The behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of, if products and services that they expect will satisfy their needs."
 - A. Leon G Schiffman and Leslie Lazar Kanuk
 - B. Berkman and Gilson
 - C. Zaltman and Wallendorf
 - D. Wasson.

5. Purchase means:
 - A. Creating new users
 - B. Discovering new uses
 - C. The physical exchange of money for goods and services
 - D. All of the above.

6. The marketer desires that the post-purchase behaviour should have the following:
 - A. Making sure that customer needs are satisfied through the product's use
 - B. Making sure that customer recommend others to buy the product
 - C. Both a&b
 - D. None of the above.

7. Information can be gathered through this source:
 - A. Internal
 - B. External

Consumer Behaviour

- C. Both a & b
- D. None of the above

8. _____ refers to the identifiable behaviour of consumers during searching, purchasing and post consumption of products or services.

9. There are two important group of consumers: _____ consumer and _____ consumers.

10. _____ is the ratio between the customer’s perceived benefits and the resources used to obtain those benefits.

11. Consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of the products and services that they expect will satisfy their needs.

- A. True
- B. False

12. The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance and the most features.

- A. True
- B. False

13. Personal consumers buy goods and services for commercial reasons and are not the end-user of those goods and services.

- A. True
- B. False

14. Organisational consumers include both commercial for-profit and non-profit organisations.

- A. True
- B. False

15. It is possible for a person to be the buyer and consumer of a product.

- A. True
- B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-----------------------|----------------------------|-----------|
| 1. C | 2. D | 3. D | 4. A | 5. C |
| 6. C | 7. C | 8. Consumer Behaviour | 9. Personal Organisational | 10. Value |
| 11. A | 12. A | 13. B | 14. A | 15. A |

Review Questions:

1. How is the field of consumer behaviour defined? What is the importance of understanding consumer behaviour to the marketer?
2. What are the four major uses or applications of an understanding of consumer behaviour?
3. What are the reasons for which a marketer needs to study consumer behaviour? What are the areas covered in the discussion of consumer behaviour study? Discuss them.
4. What are the different disciplines that have contributed to consumer behaviour?
5. What is customer value, and why is it important to marketers? What is required to provide superior customer value?

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Unit 02: Market Analysis and Consumer Decisions

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- 2.7 Marketing strategy and its effect on consumer decisions?
- 2.8 Consumer decision making model

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this unit, you will be able to,

- understand the components that help in conducting a market analysis.
- understand the concept of market segmentation.
- comprehend the concept of marketing strategy.
- understand the outcomes of consumer decisions and the model of consumer behaviour.

Introduction

All marketing approaches and tactics are based on specific or unspoken beliefs about consumer behaviour. Consumer decisions may be based on beliefs or on sound theories and research and are more likely to be successful than decisions that are based only on intuition. Thus the understanding of consumer behaviour can be an important competitive advantage.

Consumer behaviour can be employed by marketers to create various marketing strategies. Segmenting the market and then targeting each consumer effectively once they understand their needs and wants.

Study of consumer buying behaviour also helps marketers in understanding the expectations of the consumers. It helps to comprehend, what makes a consumer buy a product. Marketers can explore the likes and dislikes of consumers and design their marketing efforts based on these findings.

2.1 Consumer Behaviour and Analysis of the Market

It is a pre-requisite for the organisation to understand its own capabilities, the strengths and weaknesses of its current and future competitors, the expectations and buying patterns of the possible customers and the internal as well as the external environment in which all these factors will interact with each other.

2.2 Market analysis: components

It is essential for an organisation to understand the components that help in conducting a market analysis. These four components are explained below:

The Consumer

Consumer needs and desires have to be studied by a marketer. As certaining customers' needs is a complex process, but it can often be attained by marketing research. Traditional businesses are under increasing pressures to deliver customer value. Exploring the value propositions expected by the customer is a challenge. Customer needs analysis surveys identify what your customer's true needs are so you can meet their expectations and design your products to solve their needs. Knowing the consumer requires understanding the behavioural principles that guide consumption behaviours. These principles are covered in depth in the remainder of this text.



Case Study

Amazon Prime day is upon us once more, and as the world's biggest online retailer For over twenty years, Amazon has set the standards in e-commerce with almost unrivalled product inventory and competitive prices, and while that would be plenty for a successful business, what's taken Amazon to a legendary brand is the combination of customer experience and product that keeps people coming back for more.

72% of customers expect a response to a complaint in under an hour. Today, Customer Service via social is imperative. Amazon monitors the @Amazon Help Twitter handle seven days a week in seven languages.

What Amazon has been able to do whether, through its website, the app or social media is to carry the experience through across multiple channels. They understand that wherever you meet their brand, they need to make an impression and provide the same customer experience that drives loyalty on other channels.

Building a great product is an important part of a customer's experience. Amazon has created an ordering system that has provided several components we now expect as consumers. Amazon combines a Google-like ability to search with an ability to sort by Brand, Average Customer Review, Price, and availability, as well as by categories specific to the brand.

Amazon also provides a handy recommender system to help users understand which products might best fit their needs based on terms searched, or based on products bought together by other users.



<https://www.qualtrics.com/blog/amazon-customer-experience-leader/>

The Company

A firm must fully understand its own capabilities to meet customer needs. This involves evaluating its strengths and weaknesses.

What all needs to be evaluated?

The financial condition, technological capabilities, managerial skills, production capabilities, research and development abilities, all must be explored. Marketing skills also need to be explored. Knowledge of the market and consumer has to be analysed. Supply chain capabilities, marketing capabilities, sales strength, new product development possibilities, core strengths need to be ascertained.

An incapability to adequately understand one's own strengths can be a matter of concern.

The Competitors

Understanding who your competitors are, and what they are offering, can help you to make your products, services and marketing stand out. This knowledge can be used to create marketing strategies that take advantage of the competitors' weaknesses, and improve one's business performance. It is not possible to fulfil customer needs without a thorough understanding of the competition's capabilities and strategies.

This understanding requires knowledge of the following:

Who they are, what products or services different customers buy from them, what customers see as your competitors' strengths and weaknesses, whether there are any long-standing customers, if they've had an influx of customers, recently available market share and opportunities, financial resources of competitors, marketing strategies, strengths response in advertising and new product development.

The Environment

The organisation needs to do a comprehensive analysis of the environment. This may include scanning the demographic environment, economic environment, natural environment, technical environment, political/legal environment and cultural environment.

Demographic factors:

These are linked with changing dynamics of population. It includes factors like how people are conducting themselves in the changing world, increasing per capita income, urban migration, ethnically diverse cultures. These are some demographic factors companies are monitoring. For example, India and China have the highest concentration of youth population.

Economic environment:

These deal with function like purchasing power parity, income level, savings level and interest rates among many other. For example, countries with a comparative higher income level are more likely to afford luxury items as compared to a low income level country. Furthermore, savings level and interest rate determine the borrowing power as well as spending power of consumer.



Example:

In case of Inflation, which pushes interest rates upward, If you're trying to sell cars, you know that people facing higher interest rates aren't so willing to take out car loans.

Natural Environment:

These consist of natural resource composition in a given county. For example, demand for a particular natural resource may have increased tremendously in recent years there by increasing general price level in the market. Companies may be looking forward to designing products which are sustainable and eco-friendly.

Technological environment:

Science and medicine influences the way the world does business. Challenge for the company is to keep up with innovation and offer products, which are not obsolete. More and more people are doing business online. It has changed the way consumers search and buy products.

Political environment:

Regulatory requirements like competition policy, investment policy, tax policy, etc. have to be considered by the companies while doing business. companies should investigate these factors before taking their business to a particular country. The political environment of a place is also a matter of consideration.



Example: Many companies in the food industry have expressed unhappiness over regulations requiring the labeling of trans-fat content

Cultural environment:

Organization looks forward to an open society with meaningful co-existence. The values and beliefs of a place have to be explored before venturing into the market.

2.3 Market Segmentation

A market segment is a portion of a larger market whose requirements differ somewhat from the larger market. Since a market segment has unique needs, a firm that develops a product that is engrossed solely on the needs of that segment will be able to meet the segment's longings better than a firm catering to multiple segments.

To be sustainable, a segment must be sizeable enough to be served profitably. To some extent, each individual or household has distinctive needs for most products. The tinier the segment, the more connected the segment may feel.

Segmentation helps marketers to be more efficient in terms of time, money and other resources. Market segmentation allows companies to learn about their customers. They gain a better understanding of customer's needs and wants and therefore can tailor campaigns to customer segments most likely to purchase products.

An imperative marketing decision by a firm is the selection of one or more market segments on which to focus. A market segment is a portion of a larger market whose needs differs in some manner from the larger market. As a market segment has unique needs, a firm that develops a total product focused solely on the needs of that segment will be able to meet the segment's desires better than a firm whose product or service attempts to meet the needs of different segments.

Development of a successful marketing strategy begins with a grasp of the market. A market is composed of people or institutions with need, sufficient purchasing power and willingness to buy. The market place is heterogeneous with varying wants and different purchasing power.

The identified segments are then targeted with specific communications. Such communications are referred to as positioning the product or service in the mind of the customer so as to occupy a unique place. This involves identifying different points of differentiation and formulating a unique selling proposition.

2.4 Market Segmentation involves four steps

Identifying need sets, grouping customers with similar need sets, describing each group and selecting an attractive segment(s) to serve.

Classify need sets of the consumer

Consumer need sets are affected by factors such as the product, price, availability and company image. The first mission of an organisation is to identify need sets that the organisations needs to develop. The expression need sets is used to express the desire of a customer. This need can be more than one as well.



Example: Few customers may buy a car for the basic need of transportation whereas for others the prime reason can be the maintaining a status symbol.

How to identify need sets

Different approaches may be used to identify the needs of the consumer.

Consumer research panels:

A consumer panel is a group of individuals selected by a business or organization to postulate their opinion on products and services. These are used to carry on research on consumer behaviour. Consumer panels are used to gauge public opinion in a controlled method towards advertisements, products and services.

Focus groups:

Focus groups help people learn more about group or community opinions and needs. The ideal size of a focus group is usually between five and eight participants

In depth interviews:

In-depth interviews are a qualitative research technique that includes organising of detailed individual interviews with a relatively small number of respondents to understand their viewpoints on a particular product, service or situation. A qualitative data collection method, in-depth interviews offer the opportunity to capture rich, descriptive data about how people think and behave, and unfolding complex processes.

Feedbacks

To identify the needs of your customers, getting feedback from your customers is very important. Correctly defining the customers' needs is required for ensuring customer satisfaction. Customers have a unique set of needs. Identifying customers' needs allows representatives to develop new products and services.

Variables associated with need sets

Age, gender, social class, lifestyle, ethnicity and family life stage are the few variables that are associated with the need sets of people.



Example:

Nike as a sportswear company has separate portfolio for both male as well as female. The company comes out with different strategies to market products differently for male and female. The company even has to create a separate segment for both men and women in the showroom itself.

Group the customers having similar needs

Fabricating successful marketing program requires having a complete understanding of the potential customers. After the consumers with similar need sets are identified, they should be illustrated in terms of their age, income, lifestyle. A comprehensive consideration of the customers along with their need set has to be done.

Effective communication requires a complete understanding of the way they consume a product. Each group of customers has to be grouped and it has to be decided that what would be the language and themes to use with each them. Teenagers, middle aged people, couples all may have different need sets.



Example:

Automobile companies may identify distinctive groups of people looking forward to buying an Special Utility Vehicle. These groups could be:

Young people

Adventurous seekers

Couples without children

Define characteristics of each distinctive group

Market segmentation involves understanding the customers, identifying what is needed in the market segment, and determining how one can best meet those needs with a product or service. This helps a marketer design and execute better marketing strategies from top to bottom but only if the characteristics of the group are well defined.

When a marketer knows the characteristics of the group, he can develop stronger marketing messages. He can avoid generic, vague language that speaks to a broad audience. Instead, he can use direct messaging that speaks to the needs, wants, and unique characteristics of the target audience.

Choosing the most viable and attractive group to serve

The last step is choosing of a group. Determining the primary target audience is crucial when running a business, or launching a new product or service. An in-depth understanding of each segment must be undertaken before selection of the target market.

The segment on which the marketer will focus their marketing effort should be capable of providing a profit. The magnitude and growth of the segment, and the concentration of the current and anticipated competition, the cost of providing the excellent customer value, are further imperative considerations.

Geographic, demographic, psychographic and behavioral are the few levels of segmentation that can help the marketer in defining the business's primary target audience.

Factors while considering the most attractive segment:

There are several factors that may be considered by a marketer before choosing a segment. Few of which are:

- Best fit between product and segment: How they fit in with each other is essential.
- Profitability of segment: The better the profitability the more viable the segment.
- Size of segment: The greater the size of the segment the better the sales.
- Growth rate of segment: The more the growth rate the better the performance.
- Competitor strength in segment: the lesser the competitors the better the segment.
- Stability of segment: The more stable the segment the better chances of sustaining the business.
- Demand patterns of segment: A prime factor that needs to be explored while determining the segment.
- Supply chain management for segment: The viability of making products available needs to be explored.
- Other costs involved: All the costs involved in reaching out to the segment have to be taken into consideration.

Bases of segmenting

The basic types of market segmentation are:

Geographic segmentation

In this segmentation companies may serve customers in a particular area. It involves grouping potential customers by country, state, region, city or even neighbourhood.

There are several types of geographic segmentation. The most basic is identifying users based on their locations such as their country, state, county and zip code. A marketer can also identify consumers based on the characteristics of the area they live in, it is urban, suburban or rural, the climate and the population density of the place. Identifying characteristics can require you to get more specific since one county could have different geographical areas.



Example: An apparel company will show advertisements featuring warmer clothing to people living in cooler climates and show the opposite to people living in warmer climates.

Demographic segmentation

In this segmentation grouping of customers may be done on the basis of their age, income, gender, occupation. Segmenting a market according to demographics is the most common form of segmentation. Blending demographic segmentation with other types can help you to narrow down your market even more.

One benefit of this kind of segmentation is that the information is relatively easily accessible and low-cost to obtain. Some products are targeted explicitly towards a specific demographic. One personal care company, for example, might make two deodorant products: one labelled as men's deodorant and one labelled as women's deodorant.



Example: Automotive companies often segment their audience by income and market different makes and models of cars to each segment. One company may have a luxury brand, an economy brand and a mid-range brand.

Benefit segmentation

In this segmentation the marketer may divide the market based upon the perceived value or benefit.



Example: A classic example for benefit segmentation is the toothpaste market, where most of the product offerings are targeted at benefit segments.

Fresh breath

Teeth whitening

Cavity protection

Sensitive teeth

Usage rate segmentation

In this segmentation the marketer divides consumers according to how much they use a product. They are divided into groups of non-users and light, medium, and heavy product users.

Behavioural data is valuable because it relates directly to how someone interacts with a company's brand or products. Because of this, it can help you market more effectively to them.

A marketer can collect this data through various sources including cookies placed on your website, the purchase data in your customer relationship management (CRM) software and third-party datasets.

Psychographics segmentation

In this segmentation the basis may be the buyer's habits, hobbies, spending habits and values



Case Study: Travel Industry

"Are you traveling for business or pleasure?" This legendary question has been asked by countless customs agents all across the globe, and it is an unflawed example of a psychographic examination in action. There is a world of difference between going on a business trip and taking a vacation, but even within these distinctive categories there are numerous shades of dissimilarities in terms of why someone would choose to

travel.

For example, under the comprehensive banner of “leisure trips,” you might find travelers who are looking for a novel adventure versus those who are just trying to get away for some much-needed breather.

Using psychographic segmentation, companies can research to identify the potential motives for various travel plans, so that they can customize their advertising, their campaign messages and their travel packages as well to match the desires, primacies and inclinations of their target audience.



<https://www.patientbond.com/blog/3-practical-applications-of-psychographic-segmentation>

2.5 Targeting and Positioning

Market targeting is selecting one or more of the segments identified for the company to pursue. The selection of potential customers to whom a business wishes to sell products or services has to be done. The targeting strategy involves segmenting the market, choosing which segments of the market are appropriate, and determining the products that will be offered in each segment.

Your main goal here is to look at the segments you have created before and determine which of those segments are most likely to generate desired conversions (depending on your marketing campaign, those can range from product sales to micro conversions like email signups).

An ideal segment is one that is dynamically growing, has high profitability, and has a low cost of acquisition. The following factors have to be considered by a marketer:

Size:

A consideration of how large the segment is as well as its future growth potential.

Profitability

Determining which of the segments are willing to spend the most money on the company’s product or service. Calculation of the lifetime value of customers in each segment has to be done and a comparison has to be made.

Customer acquisition costs (CACs) for each segment also have to be taken into consideration. Higher CAC means lower profitability.

Positioning is developing a distinct image for the product or service in the mind of the consumer, an image that will differentiate the offering from competing ones and communicate to consumers that the particular product or service will fulfil their needs better than competing brands.

Positioning allows a marketer to set their product or services apart from the competition in the minds of the target audience. All the different factors that have been considered by the marketer in targeting make it easier to identify their unique selling proposition. Different approaches to positioning can be adopted.

Solve your customer’s problem and provide them with genuine benefits or focus on the emotional connection that your customers have with your brand. Enhancing the self-image, belongingness, or the social need of the customers is also a wonderful approach adopted by marketers.



Example: The luxury car industry is a great example of enhancing the self-image of the customers. They boost their customer’s self-esteem and image.

2.6 Developing an effective Marketing Strategy

The marketing mix is the product, price, communications, distribution, and services provided to the target market. It is the arrangement of these elements that meets customer needs and delivers

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customer value. Enhancing the components of the marketing mix i.e., the way in which a marketer takes a new product or service to market.

Development of an effective marketing strategy helps the marketer to define their marketing options in terms of price, product, promotion, place and service so that their offering meets a specific customer need or demand.

Product

A product refers to any item that proposes to satisfy the needs and wants of a target customer. It can be a tangible good, such a clothing item or piece of software, or intangible, like a service or experience (hospitality services or a service center). Marketers must always have a clear conception of what their products stand for, and what distinguishes them from the competition, before they can be marketed magnificently.

In the new era, the internet is facilitating the marketers in understanding the product they are selling, how it meets the needs of their target customer, and what makes their product stand above the competition.

Some key questions that marketers need to answer include:

What do customers crave from your product/service, does it satisfy their needs, what features of your product/service work to meet your customer's needs, have you missed out on any features, how and where will the customer use it and how will the customers like to experience it?

Price

The determination of the value of the product amongst the target audiences has to be done. Pricing strategy is a strategy that involves market analysis. A careful balancing between pricing that is too high or too low is to be done. Price not only refers to the monetary value of a product, but also the time and effort the customer is willing to expend to procure it.

Determining the perfect price will be a critical factor for the brand as it will influence the profit, supply, demand, and will also help in ascertaining that how much the marketers should spend on a promotion or marketing strategy. If a product is priced either too high or too low, the product could be a failure.

Some key questions that marketers need to answer include: What is the value of the product or service to the buyer, how will your price compare to competitors, are there any possible established price points for the product/service in this area.

Place

Place refers to delivering customers access to the product, and it also includes accessibility of the customer. These days, marketing, through digital reach and other modes, is about putting the right product, in the right place, at the right price, at the right time, in front of the customer. Even though transactions with a company may take place absolutely in-store or online, customers are most likely to interact with a brand in a variety of places. It is essential to consider how each of these places can influence the overall customer experiences.

Some key questions that marketers need to answer include: Where are target customers shopping, are they using desktops or mobile devices, are they shopping for similar products online, or in brick-and-mortar stores, where are they engaging on social media?

Promotion

Creating an awareness of a product is also important. Promotion refers primarily to marketing communications. These communications utilise channels such as public relations, advertising, direct marketing, email marketing, social media marketing or sales promotions. In all these ways, marketers circulate relevant product information to their target customers.

Promotion is the area that has possibly seen the greatest growth and change as a result of the digital age. With the extraordinary entree offered by business to business and business to customer marketing solutions, marketers can now stimulate the demand for their products easily, more effectively, and with more personalization than ever before, thus leading to greater consequences and ever-fulfilling experiences.

Consumer Behaviour

Some key questions that marketers need to answer include: How will you reach your target audience, where will you send your marketing messages to your target audience, how does your competition promote their product, does that influence your own promotional activity and when is the best time to promote a product.

Service

Service refers to supportive activities that are performed to enhance the primary product or primary service. Services play a critical role in determining market share and relative price in competitive markets. A firm that does not explicitly manage its auxiliary services is at a competitive loss.

Auxiliary services cost money to provide. Therefore, it is necessary that a company offers only those services that provide ultimate value to the target customers. Providing services that customers do not value can result in high costs and high prices without a corresponding increase in customer value.



Example: An automobile repair can be a product (primary service), while free pickup and delivery of the car would be an auxiliary service.

2.7 Marketing strategy and its effect on consumer decisions?

Effect on the companies

A company's marketing strategy can affect position in the market. A well framed marketing strategy promotes overall development. It ensures the growth of sustainable development. Marketing strategies if developed effectively can boost the sales and revenue of the company and lead to helps the overall business growth. Besides this, it also helps in overall brand building and positioning of a brand. An image of the product or brand in the consumer's mind relative to competing products and brands.

A marketing strategy helps a marketer to create products and services that are the most beneficial to the target segment. Most marketing firms specify the product position they want their brands to have and measure these positions on an ongoing basis. This is because a brand whose position matches the desired position of a target market is likely to be purchased when a need for that product arises.

This starts with marketplace research, taking into consideration your optimal target customer, what your competition is doing and what trends might be in the future. Marketing strategies can actually affect how consumers experience products.

This can also lead to development of novel business opportunities. This image consists of a set of beliefs and emotions about the product or brand. It does not require purchase or acquisition. It is determined by belief building about the brand from the firm and other sources, as well as by direct experience with it.

Effect on the target market

The marketing strategies have a significant effect on the target market. A detailed understanding of the potential consumers' and their needs has to be done. The sources of their information acquisition have to be determined. Customer satisfaction is a major concern of marketers. Consumers have to be convinced that about the value a brand provides. A greater understanding of consumer behaviour is needed to provide this value to the customers. The most important outcome of the consumption process for an individual, is the level of satisfaction of the need.

Marketers have discovered that it is much more profitable to retain existing customers than to replace them with new customers. Creating satisfied customers involves the actual need fulfilment and the perceived need fulfilment. These two processes are bound closely. However, at times they differ.



Example: People might take body supplements because they believe the supplements are enhancing their health while in reality they could be harming their health.

A marketer needs to address the needs of the consumer. Marketing campaigns can influence consumer behaviours because they elicit reactions, depicting imagery and word associations tied to various emotional responses.

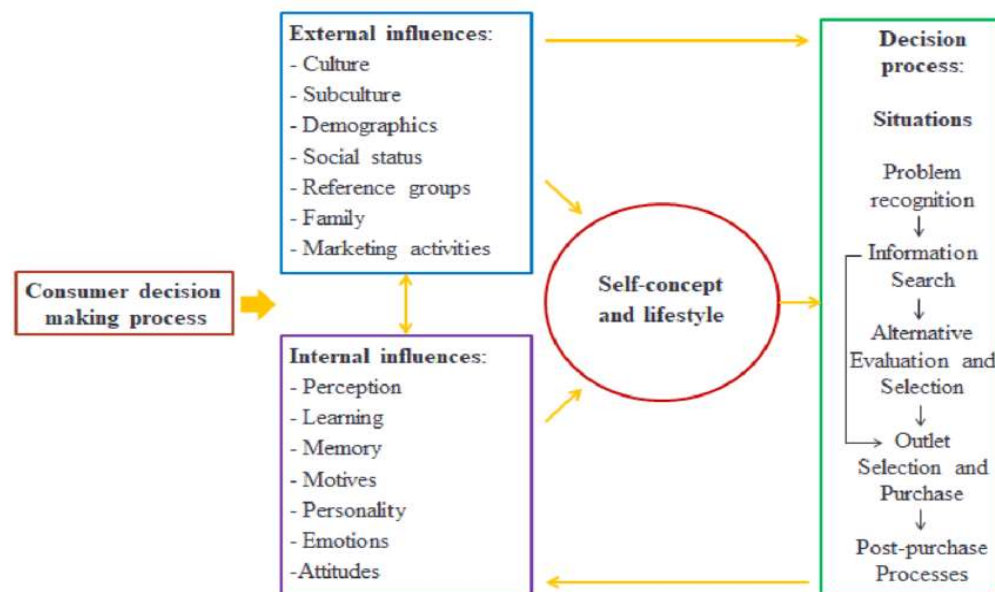
Branding products shapes the consumer perception of attraction and familiarity. Brands become assets by serving loyal consumers. A solid brand reputation lays a foundation of trust between the marketers and consumers. From this foundation, the marketers expect to influence the purchasing behaviour of consumers.

Effect on the country

Consumers make decisions that have a major effect on the physical environments of the country. Consumer spending is the total money spent on final goods and services by individuals and households for personal use and enjoyment in an economy. Modern measures of consumer spending consist of all private purchases of durable goods, nondurable goods, and services. Consumer spending can be regarded as complementary to factors such as personal saving, investment spending, and production in an economy.

Consumer decisions also have an effect on the general social welfare of a society. Consumer decisions concerning have a major impact on the overall quality of life in a society. Consumption of goods that are harmful may affect the society. The social costs of smoking-induced illnesses, alcoholism, and drug abuse are staggering. Marketing activities may escalate or decline the consumption of harmful products and may also they have a major impact on the social welfare of a society.

2.8 Consumer decision making model



The consumer decision process is a series of activities and steps of decision-making leading to a purchase function. It demonstrates a problem-solving approach. This is the simplest model to explain the consumer decision-making process. This model is also known as Input-Processing-

Consumer Behaviour

Output Model. The inputs are in the form of marketing mix variables; product, price, place and promotion parts of a marketing program are fed into the consumer information-processing box and it leads to a set of outputs.

Over the past few years numerous models of consumer behaviour depicting the buying process have been developed. Most of these models believe that the consumer is a decision-maker who comes to the market place to solve his consumption problems and to achieve the satisfaction of his needs. This model has three stages; the input, processing and the output.

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

Consumers receive the input factors and process input information through a deep psychological process of information processing, evaluation of alternative information inputs, comparison of each input's features with the expected consumer benefits that takes them to a decision. Decision is a mental rule used in favour of arriving at a solution to a confronting consumption problem. Consumers recall available information from their memory box and use this information with the collected information from the external sources to process information for arriving at a solution to a consumption problem.

The ability of gathering, analysing, recalling and using a mental rule to arrive at a decision, is the reason why the consumer's mind is called a black box. The output factors are the end result of the information processing stage. These can be in the form of creating positive word of mouth among potential consumers, leading to a trial of the brand or final adoption of the brand for every purchase situation. The significance of a marketing program is evaluated by measuring the output results.

Summary

- As certaining customers' needs is a complex process, but it can often be attained by marketing research.
- A firm must fully understand its own capabilities to meet customer needs. This involves evaluating its strengths and weaknesses.
- A marketer must scan the demographic environment, economic environment, natural environment, technical environment, political/legal environment and cultural environment.
- The three major strategic tools of marketing are market segmentation, targeting and positioning.
- Development of an effective marketing strategy helps the marketer to define their marketing options in terms of price, product, promotion, and place and service so that their offering meets a specific customer need or demand.
- The consumer decision process is a series of activities and steps of decision-making leading to a purchase function. It demonstrates the problem-solving approach of the consumer.

Keywords

Segmentation: Segmentation of a market is splitting it up into groups that have similar characteristics.

Targeting: Market targeting is selecting one or more of the segments identified for the company to pursue

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Positioning: Creating a unique position of the product or service in the mind of the customer.

Marketing Strategy: The overall game plan for reaching prospective consumers and turning them into prospects of products and services.

Self Assessment

1. Roy buys a laptop for his own use. He may be termed as a consumer.
2. Joyce likes to buy footwear from 'The Steps only; she is a of the store.
3. Myra realizes that her family needs a bigger apartment and looks for options available in the real estate markets. She is an
4. In your family, your father decides what insurance policies to buy; he assumes the role of a
5. Ria bought a chocolate for Raina. In this case Ria is and Raina is
6. _____ is the process of splitting a market into smaller groups of buyers with distinct needs.
 - A. Mass marketing
 - B. Market segmentation
 - C. Target marketing
 - D. Market positioning
7. _____ is the process through which firms interact one-to-one with masses of customers to create customer-unique value by designing products and services tailor-made to individual needs.
 - A. Mass marketing
 - B. Detailed marketing
 - C. Globalization
 - D. Mass customization
8. The strategy of choosing one attribute to excel at to create competitive advantage is known as:
 - A. Unique selling proposition
 - B. Under positioning
 - C. Over positioning
 - D. Confused positioning
9. A marketer needs to avoid three major positioning errors. Which of the following is NOT one of those errors?
 - A. Under positioning
 - B. Repositioning
 - C. Over positioning
 - D. Double positioning
10. "A lot can happen over coffee", is tagline of:

Consumer Behaviour

- A. Cafe Coffee Day
- B. Starbucks
- C. Barista
- D. None of the above

11. Segments are created by marketers.

- A. True
- B. False

12. If they are homogeneous, it means that customers are likely to respond in similar ways to marketing mix elements.

- A. True
- B. False

13. Benefits sought can be used for segmenting both consumer and business markets.

- A. True
- B. False

14. Positioning is not the marketing term for how a target market perceives a brand in relation to competing brands

- A. True
- B. False

15. Consumer behaviour model is also known as Input-Parity-Output Model.

- A. True
- B. False

Answers for Self Assessment

- | | | | | |
|-------------|-------------|--------------|------------|----------------|
| 1. Personal | 2. Customer | 3. Initiator | 4. Decider | 5. Buyer, User |
| 6. B | 7. D | 8. A | 9. B | 10. A |
| 11. A | 12. A | 13. A | 14. B | 15. B |

Review Questions

1. Describe the interrelationships between consumer research, market segmentation and targeting, and the development of the marketing mix for a manufacturer of a mobile ?
2. Outline the different components that have to be analysed by the marketer while conducting a market analysis?
3. How can a firm provide superior customer value to its customers? What are the elements of marketing mix that have to be taken into consideration?
4. Discuss in detail how marketing strategy effects consumer decisions?

5. Describe the nature of consumer behaviour with the help of the overall model of consumer behaviour?



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Unit 03: Culture and Group Influence

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Summary

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Objectives

After studying this unit, you will be able to,

- describe the concept of culture and comprehend how culture shapes the consumer behaviour.
- understand how cross-cultural variations affect consumer behaviour across the world.
- apprehend the concept of a household and its influence on consumption.
- describe the different stages of household life cycle and understand how marketers design strategies for each stage.
- understand the nuances of family decision making process.
- fathom aspects of marketing to children.

Introduction

Culture may be defined as the “backbone of a society”. It all encompasses language, customs, beliefs, traditions, norms, values, laws, religion, art and music. It also includes the activities of people, the work ethics and orientations. The attitudes of people towards different issues of the society also are a part of the culture.

Culture outlines the do's and don'ts of a society, and postulates all that is acceptable. It is insightful of values and beliefs that are widely accepted by members of a society. The members of a society adapt to the various values, beliefs and norms that are present in the society and this strengthens the overall culture.

Culture evolves and adapt to changing situations and times. Culture of a society is unique in itself and differentiated from others and is further divided into various sub-cultures. Culture is also passed on from one generation to another. A review of our culture requires a comprehensive and detailed inquiry into the very character and make-up of the society that we reside in.

3.1 Culture

A culture is "the complex of values, ideas, attitudes, and other meaningful symbols created by people to shape human behaviour and the artifacts of that behaviour as they are transmitted from one generation to the next."

The above definition showcases three important attributes of an individual's culture. First, it is 'evolved by people,' due to human activities and passed on to the succeeding generations.

Second, the impact of cultural influence on an individual is both tangible and impalpable. People's attitudes and moral values are a direct result of their cultural environment. People leave physical proofs of their culture through heritage and art. Craftwork, buildings, furniture, laws, and food are other evidences.

Third, the cultural environment evolves, and it is most often evolves over long periods. Changes in the roles of women in the home and business and the outward desire for leisure time is one example.

3.2 Definition of Culture

"The sum total of learned beliefs, values, and customs that serve to direct the consumer behaviour of members of a particular society"

Kumar

"The very word culture meant 'place tilled' in Middle English, and the same word goes back to Latin colere, 'to inhabit, care for, till, worship' and cultus, 'A cult, especially a religious one.' To be cultural, to have a culture, is to inhabit a place sufficiently intensely to cultivate it, to be responsible for it, to respond to it, to attend to it caringly."

Edward S. Casey

"That complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society."

E.B. Tylor

"The way of life, especially the general customs and beliefs, of a particular group of people at a particular time".

The Cambridge English Dictionary

"A culture is a configuration of learned behaviours and results of behaviour whose component elements are shared and transmitted by the members of a particular society."

R. Linton

"Culture is the collective programming of the mind which distinguishes the members of one category of people from another."

G. Hofstede

3.3 Characteristics of culture

Culture consists of all acquired and learned behaviour patterns, that is, all shared manners or patterns of thinking and feeling as well as doing. 'Culture' emanates from the Latin word 'cultura,' related to cult or worship. In its broadest sense, the term refers to the result of human interaction.

Society's culture comprises the shared values, understandings, conventions, and goals that are learned from earlier generations, enforced by present members of society, and passed on to succeeding generations.

Culture is used in a different sense in anthropology and sociology. It refers to the sum of human beings way of life, their behaviour, beliefs, feelings, and thoughts; it includes all that is acquired by them as social beings.

Culture is thus composed of common habits and patterns of living of people in daily activities and common interest in entertainment, sports, news, and even advertising. Culture is a comprehensive concept, which includes almost everything that influences an individual's thought processes and behaviours. Culture does not include inherited responses and pre dispositions. Rather it is acquired.

One more thing should also be borne in mind about culture. That is, in modern complex societies, culture seldom provides detailed prescriptions for appropriate behaviour. Rather, it supplies boundaries within which most individuals think and act.

The nature of cultural influences is such that we are not always cautious about them. An individual behaves, thinks, and feels like other members of the same culture because it seems natural.



Example: An American child grows in a Asian country among the Asians and will definitely not learn American cultural aspects but the Asian cultural aspects, that will influence his behaviour.

The concept of culture has been questioned in anthropological literature for at least two centuries. The essence of culture consists of traditional mostly historically obtained and selected ideas and their attached values.

Culture is Learned

An important aspect relating to culture is that it is learned through experiences and interactions. The aspects of culture are not found in an individual right from his birth. He learns and acquires these traits from others in the society as he follows, observes, and interacts with them. Since practices vary among members of different societies, people learn different things.

It clearly indicates that culture is not present from birth it is rather learned. We do not inherit culture. Culture is learned. While much of what we learn about a culture can be learned through school, family, peers, and the media, there are often many things about a culture that are learned subconsciously.



Example: we may learn when particular holidays occur in school, like Deepawali means celebration and exchange of gifts. However, the norms and what it means to be 'in the Deepawali spirit' is something we don't have a conversation about or read in a book. It comes from many years of observing others and just being around people who celebrate Deepawali.

Culture is Transmitted from One Generation to the Next

We learn culture in terms of values, morals, ideas, attitudes, norms, symbols, artifacts and ethics. We are likely to conform to these values. We follow the patterns of our cultures and pass them on to the next generation as a guideline.

Thus, cultural elements do not stay in just one generation but are passed on to the next generation and remain a significant part of the entire life of a person. This is the reason why a lot of similarities in behaviours are found between people of two different generations.

Culture is a Pattern of Behaviour

Culture primarily reflects the behaviour of an individual. This style is found to be present in the behaviours of the majority of people residing in a particular culture. A person not following the established pattern of behaviour is likely to be criticized by other members of a society. Since the majority follows the same norms of behaviour in a particular culture, it becomes a pattern.

This pattern varies from culture to culture, and as a result, the patterns of consumer purchases also vary among countries. The pattern of behaviour you will see in the European culture will definitely not be seen in other cultures.

To be successful, marketers must determine the patterns of behaviour of people residing in a particular area and design their marketing strategies accordingly.



Case Study: Marketing to Japanese people

Japanese customers are unique. They prioritize trust, reputation, quality and value. Marketers need to rethink their marketing strategy to reflect these values. Many foreign brands have already attained great success in this region. But in doing so, they've found the heart of what makes a Japanese audience tick.

Nowhere is the Japanese desire for quality clearer than in their attitude towards luxury goods. In fact, Japan is the one of the largest luxury markets in the world.

This makes it highly lucrative for luxury brands. Bvlgari, Salvatore Ferragamo and Gucci earn 27% of their global revenue in this market alone. Louis Vuitton, meanwhile, earns half its global profits from its exclusive 60 stores on the island.

Online verification in Japan is very high. Search engines are the most trusted source of information in Japan. An effective SEO and digital marketing strategy goes a long way in winning the Japanese customers.

Honour, integrity and reputation are highly valued in Japan and so guarding your reputation is imperative. Negative word of mouth about your products or ethics could be highly damaging because other people's opinions have a lot of say in the country. In fact, Japan is the only country where consumers see other users as a more reliable source of product information than the experts.



<https://www.wordbank.com/uk/blog/marketing-to-japanese-consumers/>

3.4 Elements of culture

Values

Values are individual beliefs that inspire people to act one way or another. They serve as a logical guide for human behavior. Values are basic and fundamental beliefs that guide or motivate attitudes or actions. They help us to determine what is important to us. Some values have intrinsic value, such as love, truth, and freedom.

Other values, such as ambition, responsibility, and courage, describe the traits or behaviors that are instrumental as means to an end. Dependability, loyalty, reliability, commitment, consistency, honesty and efficiency are few values.

Norms

Norms are vital concepts in the social sciences. They are defined as rules and expectations that are socially applied. Norms may be prescriptive; that encourage positive behavior; for example, "be truthful") or proscriptive (that discourage negative behavior; for example, "do not cheat others").

Morals

Morals are the fundamental ethics of behavior that enable people to live accommodatingly in groups. Moral refers to what societies authorize as right and satisfactory. Most people tend to act morally and follow societal guidelines.

3.5 Acculturation and Enculturation

Enculturation

This refers to the process through which we learn about the culture we live in. Through enculturation, we learn what behaviours, values, language, and morals are acceptable in our society. We learn by observing other members of our society, including our parents, friends, teachers, and mentors.



Example: Informal enculturation occurs when we watch our parents buy groceries in order to learn how to buy food.

Acculturation

Enculturation refers to the process through which we learn about the culture we live in. Through enculturation, we learn what behaviours, values, language, and morals are acceptable in our society. We learn by observing other members of our society, including our parents, friends, teachers, and mentors.



Example: The adoption of Mexican, Chinese, and Indian cuisines by the people living in the U.S. This also includes the simultaneous adoption of mainstream American foods and meals by immigrant populations



Case Study: **Why Dunkin' Donuts failed in India**

Dunkin' Donuts has been effectual in adjusting its doughnuts menu to suit Indian Preference by offering Indian driven Doughnuts in the menu that is a winner amongst the Indian clients. Since its origin in India, Dunkin' Donuts has ready to adapt up to building up its essence in 38 areas in India. The eateries threatened dismissals at first as breakfast menu café that presented just American Doughnuts at 7 am.

The organization disappeared in India because it failed to live upto the Indian Culture and the idea of a heavy breakfast with the relatives. In contrast to the western individuals, who lean toward coffee, Indians typically have the larger part decision of chai.

In Indian, there are many family-possessed organizations, known as the MITHAIWALAS (sweet dealers) they have been selling sweet snacks for quite a long time. Dunkin' Donuts, an American Brand in India, needs to compete these nearby outlets, which has more social acceptability with the neighbourhood clients.

A Donut was viewed as an 'on occasion' or 'how about we have a go at something new today' sort of a thing by the majority number of Indian clients who were westernized enough to visit Dunkin' Donuts.

Like McDonald's and KFC which are settled in India, Dunkin' Donuts has further extended its menu to draw the Indian clients. In any case, it stays a test for the organization to grow its menu and to build its place in the Indian Fast-Food Industry. Because of the merchandise and premium pricing, Dunkin' Donuts had and remains to have, a tough time growing their business.

The Indian market is large, and there might always be consumers who would want to undertake the company's menu every once for a long time.



<http://journalstd.com/gallery/80-sep2020.pdf>

3.6 Cross Cultural Differences

Cultural difference involves the assimilated and system of socially acquired values, beliefs, and rules of conduct which have a bearing on the range of accepted behaviours that are distinct from one societal group to the other.

Cross culture is a concept that recognizes the variations among business people of different nations, backgrounds, and ethnicities, and the significance of bridging them together. With globalization, cross culture education has become imperative for businesses. Marketers need to learn minor differences in style and substance in order to be effective in different cultures.



Example: Accepting a business card from a Japanese businessperson is not an informal action. The person presenting the card will bow and present it with both hands. The recipient takes it with both hands, depicting complete respect.

In China, giving a direct "yes" or "no" answer, or demanding one of anyone else, is considered very rude. Meetings are for talking things over, not announcing decisions.

The different values that vary across cultures and have effect on consumption include the following:

Individual values

- Approach towards life. Is it acceptable to pamper oneself, to satisfy one's desires for food or drink beyond the minimum requirement?
- Hard work/easy approach. Is work valued for itself, independent of external rewards, or is work merely a means to an end? Will individuals continue to work hard even when their minimum economic needs are satisfied, or will they opt for more leisure time?
- Religious sentiments; To what extent are daily activities determined by religious doctrine?
- Materialistic/non materialistic approach; Is the accumulation of material wealth a positive good in its own right? Does material wealth bring more status than family ties, knowledge, or other activities?
- Being disciplined/casual.

Group values

- Outlook of society; differences in political, religious and other views.



Example: In China, giving a direct "yes" or "no" answer is contemplated as extremely rude. Meetings are for talking things over, not announcing decisions.

Individual/collective tasks valued; Are individual differences appreciated or condemned? Standards of behaviour set by the society for its members.

Family nuclear/extended obligations; cultures differ widely in the obligations one owes to other family members at various stages of life as well as who is considered to be a member of the family.

Masculine/Feminine power in society; Which group holds more power in decision making? Does the husband, wife, or both, make important family decisions? In some places, masculine power is more evident in decision making.



Case Study: **Adidas celebrates individuality with One in a Billion campaign**

Adidas China had earlier launched its One in a Billion campaign as it continues its assault to be the number one sports brand in China.

The ad depicts a group of men doing synchronised basketball drills, until one breaks the pattern by performing his own moves and inspiring others to do the same. This creativity then spreads to athletes all around the city.

Unit 03: Culture and Group Influence

The message is: “Among a billion in China, there is only one you. Your creativity is what sets you apart in sport and in life.” The advertisement features champion freestyle swimmer Ning Zetao and volleyball star Hui Ruoqi, along with a cameo from David Beckham.

Adidas partnered with the Chinese sports stars because they are recognised for their individuality.

The campaign aims to celebrate individuality and boost creativity in sport by encouraging Chinese athletes to go against the grain.



<https://www.thedrum.com/news/2017/01/20/adidas-celebrates-individuality-with-one-billion-campaign>

Environment values

- Approach towards cleanliness; cleanliness is not valued at a level sufficient to produce a healthy environment. Are private and public spaces expected to be clean beyond reasonable health requirements?
- Traditional society; New thought processes and adoption by society. Changing, transiting society; How far changes are welcomed by the society? Are societies comfortable in dealing with new situations and ways of thinking?
- Status focused society; the degree to which people accept inequality in power, authority, status, and wealth as natural or inherent in society.
- Risk takers/aversers appreciated; who are more appreciated by the society? tolerance for ambiguity and uncertainty avoidance. It effects the culture of entrepreneurship and thus indirectly the economic development of a country.

3.7 Cultural Differences in Non-Verbal Communication

Variations in verbal communication, different languages are very problematic for anyone entering a foreign culture. An Asian traveling in America or Europe will be able to communicate, but differences in pronunciation and meaning will exist. The problems of translations and slang expressions are associated by symbolic meanings associated with words and lead to different meanings.



Example: Kellogg's faced a problem when its product 'Bran Buds' translated to "Burned Farmer" in Swedish.

Each culture has nonverbal communications and are usually specific. These are the arbitrary meanings a culture assigns; actions, happenings, and things other than words. The following variables are a part of non-verbal communication:

Monochronic/polychronic culture

Most Americans, Europeans, and Australians tend to view time as fixed in nature. It has separate sections (hours, days, weeks, and so on). Time is seen as a tangible object; we can schedule it, waste it, lose it, and so forth. Putting forth that a person does one thing at a time, is an orientation and is known as a monochronic time perspective.

Most Latin Americans, Asians, and Indians tend to view time as being less discrete and less subject to scheduling. They view multitasking as natural. People and relationships take priority over schedules, and activities occur at their own speed rather than according to a predetermined timetable. This is known as a polychronic time perspective.

Relevance of time

Particular use of time has varying meanings in different cultures. Promptness is considered very imperative in America and Japan. Furthermore, promptness is taken to be as being punctual. such differences have to be understood before doing business in a given country is critical.

*Consumer Behaviour***Personal space**

Personal space is an important variable. It is the nearest that others can come to you in various situations without your feeling uncomfortable. In the United States, normal business conversations occur at distances of 3 to 5 feet and highly personal business from 18 inches to 3 feet. In Europe, however, the distances are slightly longer.

Symbols/colours

Symbols, such as gestures, signs, objects, signals, and words help people understand the world. They provide clues to decoding experiences by communicating recognizable meanings that are shared by societies. Every culture has its own set of symbols that are associated with different thoughts and perceptions. Colours, animals, shapes, numbers, and music have varying meanings across cultures. Failure to recognize the meaning assigned to a symbol can cause serious problems for a company.

3.8 Households and their composition**Household**

A household consists of one or several persons who live in the same house. It may also consist of a single family or another group of people. The household is the basic unit of analysis in many social and government models, and is imperative to economics and consumer behaviour.

Table 1: Share of Households With People Living Alone, Single-Parent Families Increases While Share of Married-Couple Households With Children Declines

HOUSEHOLD TYPE	1960	1980	2000	2010	2020
Family Households	85	74	68	66	65
Married Couples with children	44	31	24	20	19
Married Couples w/out children	31	30	28	28	30
Single Parents with children	4	7	9	10	9
Other Family	6	6	7	8	9
Nonfamily Households	15	26	32	34	35
One Person	13	23	26	27	28
Other Nonfamily	2	4	6	7	7



Note: Percentages may not sum to 100 due to rounding.

Sources: James A. Sweet and Larry L. Bumpass, *American Families and Households*, (New York: Russell Sage Foundation, 1987); U.S. Census Bureau, 2000 and 2010 decennial censuses; 2017 American Community Survey.

Nature of households

- **Family household:** A family household is a household maintained by a householder who is in a family and includes any unrelated people like a sub-family or secondary individuals who may be residing there. The number of family households is equal to the number of families.
- **Non- family household:** A nonfamily household consists of a single householder living alone or where the householder shares the home with people to whom he or she is not related.
- **Blended family:** Also called a step family, reconstituted family or a complex family, is a family unit where one or both the parents have children from a previous marriage, but they have joined or blended to form a new family.
- **Traditional family household:** A traditional family is a family structure that consists of a man, woman, and one or more of their biological or adopted children. In most traditional families, the man and woman are husband and wife.

3.9 Household Family Life Cycle and Stages

Household family life cycles model describes the stages through which consumers pass through their lives when they have families. There are different categorization of the stages; bachelor stage, new married couple, fully nest 1, fully nest 2, fully nest 3, empty nest, solitary survivor.

Family life cycle stages

The stage and its characteristics have been mentioned in the table below:

Table 2: Family life cycle stages

Bachelor stage	Young, single person < 35	Income	Expense
Newly Married	Young couples no children	Income	Expense
Full Nest 1	Young couples with <6-year children	Income	Expense
Full Nest 2	Young couples with 6-12-year children	Income	Expense
Full Nest 3	Young couples with teenage dependent children	Income	Expense
Empty Nest	Old married couple with no dependent children	Income	Expense
Solitary Survivor	Old single person	Income	Expense

Bachelor stage

During the bachelor stage people are usually interested in their appearances. Therefore, people at this stage tend to invest more in fashionable clothing and vehicles. Impulsive buying as well as premium buying is a common characteristic of the Bachelor stage.

Newly married couples

Consumer Behaviour

In the family life cycle, the new married couples are in a superior financial position in the initial stage due to the absence of children. It might be possible that both, the husband and wife, are earning members. Thus, the buying decisions emphasise on quality and not quantity. A family person will always think about savings and insurances, and at the same time, they will invest in long term products like apartments, furniture etc.

Illustration: IKEA offers a range of products meant for newly settled couples



Full nest 1, 2 and 3

This segment of the family life cycle is made up of families already having children. The number of children may vary and hence they are categorized in Nest 1, Nest 2 etc. The procurements of these people are governed by the children's needs mostly. Thus, people having 2 kids are likely to save money and spend more in the future of their children (this is most targeted by products like Boost and Horlicks).

In the empty nest category, children go away from home. This kind of segment may be targeted for spending on their children who are away from home or to start spending money on self like on vacations and hobbies and also on focusing on savings for life after retirement.

Solitary survivor

This can consist of either a widow/widower who is still working or who is retired. The emphasis lies on their savings and the purchases are dominated mostly by accommodation and medication

Considered to be an imperative method for segmenting the market, the stages provides an awareness of customer behaviour. By exploring the various stages of the family life the marketer can understand different buying patterns.

Illustration: When one out of the two partners is living.



HCL Occupational Category Matrix

Household occupational matrix has been developed by researchers. The rows mention the life stages and the columns mention the occupational categories. The marketers can identify the needs of people in each stage and the solutions that can be offered.

All people in one segment face similar needs and problems and behave in a similar fashion to solve their problems. The model is used to develop marketing strategies for a particular segment. Focus group or in-depth interviews are conducted to understand the consumer behaviour of a segment

Table 3: Household Occupation Matrix

HCL STAGE	OCCUPATIONAL CATEGORY				
	Executive/ Elite Professional	Administrative Professional	Technical/ Clerical	Crafts	Unskilled/ Manual
Single I					
Young Married					
Full Nest I					
Single Parent I					
Single II					
Delayed Full Nest I					
Full Nest II					
Single Parent II					
Empty Nest I					
Empty Nest II					
Single III					

This helps the marketers in understanding the following:

- What products are used by a segment?
- Are they happy with these products?
- Is there any emotional/social association they attach with the product?
- What kind of products are they looking for in the future?

3.10 Family Decision Making

Family decision making is the process by which decisions that influence and effect at least two or more members of a family are undertaken. Marketers study family behaviour to understand who takes the decision and how.

The marketers may need answers to many questions before planning their marketing strategies. Few of these may be:

- What are the different roles of family members?
- How are these roles defined?
- How to design marketing strategies?
- Are children decision makers? How do they contribute to family decision making?

Decision Making Roles

Consider the selection of a family car. The son may have suggested buying a new car. A friend might advised the family on the type of car to buy. The husband might choose the make of the car. The wife might have determined notions on the car's size and interior. The husband might make the financial offer. However, the wife might actually drive the car to her work.

Consumer Behaviour

Thus we can distinguish five roles people might play in a buying decision:

- **Initiator:** A person who first suggests the idea of buying the particular product or service.
- **Influencer:** A person whose view or advice influences the decision.
- **Decider:** A person who decides on any component of a buying decision; whether to buy, what to buy, how to buy, or where to buy
- **Buyer:** The person who makes the actual purchase.
- **User:** A person who consumes or uses the product or service.

A company needs to figure out all these roles because these roles have to be analysed in order to design the product, determine how to convey messages and allocate promotional budget. If the husband makes a decision on the car make then the auto company will direct advertising to reach husbands. The auto company might design certain car features to please the wife. Understanding the main decision makers and their roles helps the marketer design a fine marketing program.

Advertisement strategies may be designed keeping in mind the decider or the buyer. Some advertisements may focus on convincing the user alone. The following advertisement by Byju's targets the parents who are the 'deciders' and buy the product for their children who are the 'users'.

Figure 1: Advertisement by Byju's intended for the parents who are deciders for the children who are the user



Roles in Family Decision Making

Roles in families could differ. In some families' husbands could be dominant whereas in some families' wives. Children may also perform important roles in few families.

Husband dominant

Husband-dominant decisions: Husbands have been seen to dominate the decisions on purchases such as automobiles and life insurance, television sets, gardening supplies, automobiles, beer, and lawnmowers.

Wife dominant

Wives usually dominate the decision making processes for grocery. Common products include cheese, rugs, and automatic washing machines. However, these days women are empowered and take decisions related to financial planning as well.

Joint decisions

Joint (syncretic) decision-making in families is likely to happen in the case of purchasing products meant for joint consumption, such as furniture, vacations, choice of schools for children. These decisions are taken jointly by families.

Child dominant

children exercise quite strong influence on the family decision making processes, particularly for products that are important to them like cereal, juice, soft drinks, and mobile phones. Thus, marketers should research and acknowledge children's role in the family decision making.

Advertisements are designed to influence the children. The following advertisement by 'ORAJEL' which is an oral care product shows how imagery and messages can be designed to influence the children.

**3.11 Marketing Strategy and Family Decision Making**

Family decision making is a involves deciding about buying a certain product or service after discussion along with family. This is a collective decision by the family, even if the individual is going to buy the product or service entirely with his/her own financial sources.

Every individual has his/her own taste of buying and consumption. This pattern is largely inherited by the family or the people surrounding the individual. The buying behaviour of the individual depends a lot on age, gender, location, income and willingness to spend. The family members which comprise of parents, siblings, grandparents and relatives play a very important role in deciding what to buy and what not to buy. The person generally discuss with the family members before buying any product which largely influence his/her decision.

Figure 2: Health supplements and motivations to purchase



Example: Motivations of people for purchasing products might differ in one family itself. Health supplements may project different motivations for its usage.

- Growth in children
- Strong bones in women
- Protein requirements for all
- Taste
- Supplement in old age

3.12 Consumer Socialisation

Consumer socialization is the process by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace. Involves understanding how children learn about consumption.

Components of Consumer Socialization

- Consumer capabilities: These are essential for making a purchase like money, understanding evaluation criteria.
- Consumer preferences: These are the values people attach to various brands and stores.
- Consumer consumption orientations: These are the stimuli such as advertisements and salespeople that effect consumer purchases.

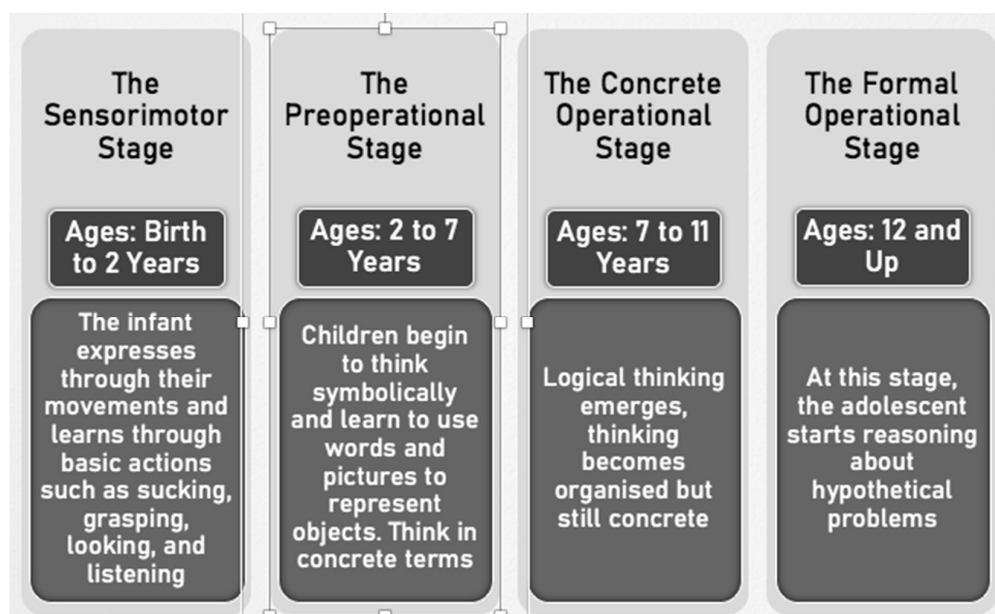
Children and socialization

Children adopt socialization through reasoning or reinforcement, by observing other members of the family or by re-organizing perception of child by altering initial interpretation by the child.

Piaget's Stages of Cognitive Development

Piaget suggested that when young infants understand an event, they process new information by balancing between assimilation and accommodation. Assimilation is grasping new information and fitting into the previously grasped mental schemas while accommodation is adopting and revising the previously planned mental schema according to the latest information. Piaget classified child development into four stages.

Figure 3: Piaget's stages of cognitive development



Sensorimotor Stage

During the early stages, as per Piaget, infants have an awareness of what is right in front of them. They focus on what they are able to see, what they are doing, and physical interactions with their surrounding environment.

As they do not understand how things exist, they are constantly experimenting. They shake or throw things, put things in their mouth, and learn about the world through trial and error. However, the later stages include goal-oriented behaviour that leads to a desired result.

Between the ages of 7-9 months, infants begin to realize that an object exists even though they can no longer see it. This important stage is known as object permanence and is a sign that their memory is developing. After this stage the infants start crawling, standing, and walking, their increased physical mobility leads to more cognitive development. Near the end of the sensorimotor stage, around 18-24 months, they develop another important ability that is early language development.

Preoperational Stage

During this stage, young children are able to think about things symbolically. Their language use becomes more mature. They also develop memory and a little imagination. This allows them to understand the difference between past and future, and engage in make-believe.

Their thinking is based upon intuition and still illogical. They cannot yet grasp more complex concepts such as cause and effect, time lines, and comparisons.

Concrete Operational Stage

The elementary age and preadolescent children ages 7-11 start show logical reasoning. The thought process of children becomes less focused. They become aware of external events. They begin to understand that their own thoughts and feelings are unique. Even during this stage, most children are not very abstract in their thoughts.

Formal Operational Stage

Adolescents who reach this fourth stage of intellectual development age 11-plus are able to use symbols that are related to abstract concepts. They are able to think logically. They think about things in systematic ways, ponder over theories, and consider possibilities.

Piaget believed in lifelong intellectual growth but he also insisted that the formal operational stage is the final stage of cognitive development.

Ethical Marketing to children

Marketing strategies, especially advertising, can cause emergence of undesirable values in children, leading to harmful choices resulting in unhealthy diets and can also lead to conflicts in family decision making. How is a child likely to get influenced on seeing this advertisement?

Figure 4: Advertisement by Mc Donald's



The marketer needs to explore that what kind of information can children process at an age? How they should be attracted to buy the product? Which channels of communication do they prefer and most importantly, can education be combined with marketing?

Summary

- Culture may be defined as the “backbone of a society”. It all encompasses language, customs, beliefs, traditions, norms, values, laws, religion, art and music.
- Cross culture is a concept that recognizes the variations among business people of different nations, backgrounds. and ethnicities, and the significance of bridging them together.
- Each culture has nonverbal communications and are usually specific. These are the arbitrary meanings a culture assigns; actions, happenings, and things other than words.
- Household family life cycles model describes the stages through which consumers pass through their lives when they have families.
- Children adopt socialization through reasoning or reinforcement, by observing other members of the family or by re-organizing perception of child by altering initial interpretation by the child.

Keywords

Culture: The sum total of learned beliefs, values, and customs that serve to direct the consumer behaviour of members of a particular society.

Cross culture: This is a concept that recognizes the variations among business people of different nations, backgrounds. and ethnicities, and the significance of bridging them together.

Household: This consists of one or several persons who live in the same house. It may also consist of a single family or another group of people. The household is the basic unit of analysis in many social and government models, and is imperative to economics and consumer behaviour.

Self Assessment

1. Piaget believed that children take an active role in the learning process.
 - A. True
 - B. False

2. In the sensorimotor stage the infant knows the world through their movements and sensations.
 - A. True
 - B. False

3. Variant culture is a concept that recognizes the variations among business people of different nations, backgrounds, and ethnicities.
 - A. True
 - B. False

4. Adolescents who reach this fourth stage of intellectual development age 11-plus are able to use symbols that are related to abstract concepts.
 - A. True
 - B. False

5. Every individual has his/her own taste of buying and consumption.
 - A. True
 - B. False

6. The _____ is a series of stages through which a family may pass over time.

7. A _____ is a house and its occupants and is regarded as a unit.

8. _____ are individual beliefs that motivate people to act one way or another. They serve as a guide for human behaviour.

9. _____ is the process by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace.

10. In this stage _____ the elementary age and preadolescent children ages 7-11 start show logical reasoning.

11. Which of the following is the cultural factor that affects consumer behaviour and marketing strategy the most?

Consumer Behaviour

- A. Demographics
- B. Values
- C. Language
- D. All of the above

12. Cosco Industries is an auto car manufacturer located in Pune, India. This company is interested in expanding internationally. Which of the following is a cultural factor that affects consumer behaviour and marketing strategy that Cosco Industries needs to be aware of?

- A. Demographics
- B. Verbal communication
- C. Non-verbal communication
- D. language

13. _____ is the complex whole that all-encompasses knowledge, belief, art, law, morals, customs, and any other capabilities and habits that are acquired by humans as members of society.

- A. Family group
- B. Government
- C. Culture
- D. Household

14. The boundaries that culture sets on behaviour are known as _____.

- A. Communication
- B. Morals
- C. Demographics
- D. Norms

15. During this stage, young children are able to think about things symbolically:

- A. Sensorimotor
- B. Preoperational
- C. Concrete operational
- D. None of the above

Answers for Self Assessment

- | | | | | |
|----------------------|--------------|-----------|---------------------------|--------------------------------|
| 1. A | 2. A | 3. B | 4. A | 5. A |
| 6. Family life cycle | 7. Household | 8. Values | 9. Consumer socialization | 10. Concrete Operational Stage |
| 11. D | 12. C | 13. C | 14. D | 15. B |

Review Questions

1. What is meant by the term *culture*? What are the different elements of culture?
2. What are the most relevant cultural values affecting the consumption of each of the following?
Describe how and why these values are imperative?
 1. *Apparels*
 2. *Food and beverages*
3. Describe the Piaget's Stages of Cognitive Development in detail?
4. Describe the HCL Occupational Category Matrix.
5. What is the Household Family Life Cycle ? Explain its stages.



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Unit 04: Groups. Reference Group and Diffusion of Innovation

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Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this unit, you will be able to,

- understand the concept of groups and define their types
- describe reference groups and their influence on consumption process
- apprehend the concept of diffusion of innovation.

Introduction

A group is defined as two or more individuals who have a common set of morals, values, norms, beliefs and have defined relationships to one another in such a manner that their behaviors are interdependent.

Consumer Behaviour

Each consumer in society is a member of different groups. This membership depends on their culture, subcultures and sometimes the social class to which they belong and can influence their acquisitions. The group influence is based usually on the similarity of the buyer's aspirations with the ones of the group members.

In every society, even if it is individualistic, group associations and memberships are imperative to all of us. A majority of us perform as per group expectations in our everyday life.

4.1 Groups and Consumer Behaviour

When you decided what to wear to your friend's wedding, a party that you attended, at a professional event, you probably based your decision in part on the predictable responses of the other individuals present at the party. Similarly, your behavior at a birthday celebration for a peer at work would probably be different from your behavior at a birthday party for a close friend. These behaviors are reactions to group influences and expectations.



Case Study: Understanding and shaping consumer behavior in the next normal

The Harley Owners Group (HOG) is a sponsored community marketing club, operated by Harley-Davidson for brand loyal customers of the motorcycles. There is only one rule to become a Harley Owners Group member: The candidate must own a Harley-Davidson Motorcycle; the exception being that Associate Members can enroll under a Full Member (usually the passenger riding along with a Full Member).

There are many benefits to becoming a member: discounts with insurance, motorcycle shipping, etc., mileage and member year recognition, rallies and events, and camaraderie. Once a motorcycle owner is a member at the national level, he or she is then eligible to join one or as many local chapters as he or she wishes. It isn't required to join a local H.O.G. Chapter.

Each Harley-Davidson dealership has the opportunity to sponsor a local HOG Chapter. Some do not, but no chapters exist without a link to a sponsoring dealership and one Chapter per Dealership. Chapters, both in the USA and internationally are supported by Harley-Davidson employees based in Milwaukee, WI, with Regional H.O.G. Managers throughout the United States and H.O.G. Chapter Managers at the dealership level.

In some circumstances, where a sponsoring dealership closes, a chapter can continue without a sponsoring dealer. In about 2014, this was expanded (with some special circumstances) to two Chapters per dealership.



<https://www.bizjournals.com/milwaukee/stories/2006/08/07/daily37.html>

4.2 Basis for classifying groups:

There is different basis for classifying groups. If a person has a regular contact with certain individuals such as family, friends etc., then those individuals form a primary group. However, If the group members have a lesser frequent contact within themselves, then they form a secondary group like reading groups, golf club etc. The basis of classifying groups is discussed below:

Group membership

The membership criterion is simple. One may be a member of a group or one may not be a member of that group. Some members may have a high sense of belongingness for the group whereas others may lack this feeling.

Extent of ties with group

On the basis of extent of ties of members with each other groups may be classified as follows:

Primary Groups

Members may possess stronger ties with each other. The interactions are more frequent.

For e.g., Family and friends.

Secondary groups

Members may possess weaker ties with each other. The interaction is less frequent.

For e.g., Professional and neighborhood

Contact with group

Type of contact refers to whether the interaction is direct or indirect. Direct contact comprises of face-to-face interaction with each other. Indirect contact does not have this kind of interaction. Online presence has increased the importance of indirect reference groups. Brand and online communities have started thriving. Figure 1 and 2 illustrate groups with two different types of contacts; direct and indirect.

Figure 01: Direct contact



Figure 02: Indirect contact



Desirability to be with the group

Desirability refers to the attraction that membership in a given group has for the individual. This can be negative as well as positive. Groups with negative desirability i.e. dissociative reference groups can influence behaviour just as do those with positive desirability.



Example: Trendy and fashionable people tend to avoid clothing styles associated with normal consumers. This is a group with whom an individual does not desire to be associated; a group whose use of a product will deter other buyers.

Non membership groups with a positive attraction i.e. aspiration reference groups also exert a strong influence. Individuals frequently buy products that they perceive to be bought by a desired group in order to obtain an actual or symbolic membership in the group. The aspirational reference group refers to those others against whom one would like to compare oneself. Firms use athletes as spokespeople, and these represent what many people would ideally like to be.

Figure 3: Nike pays Ronaldo an estimated \$20 million a year, is the biggest benefactor annually



4.3 Brand Influencers

An influencer is someone who possesses the power to affect the purchasing decisions of others due to his or her authority, understanding, comprehension, position, or relationship with his or her audience. He/she actively engages and has an impact on their behaviour.

Many brands use influencer marketing to reach their target audience. Big brands like Nike, Adidas, Pepsi, and Coke all use influencer marketing.



Example: Adidas has been using influencer marketing to promote their products for years now. They use influencer marketing to target a younger audience through Instagram.



Case Study: **Content is king, engagement is queen: Going behind the scenes of India's influencer economy**

The most efficacious influencers today are people who have risen to fame through their interesting social media content. Unlike Contrasting celebrities like sportspeople or movie stars an influencer might not be a household name, but has a colossal following because of her understanding of and expertise in a particular field. More importantly, influencers on social media have earned the trust of their followers.

Influencers, mostly established content creators, trust the product they are advertising

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and is generally the key for all collaborations. "I only advertise brands I have personally used or I know have credibility," says Bhuvan Bam, who rose to fame through YouTube videos. Having collaborated with more than 34 brands till date, he is one of the most preferred influencers today.

His followers have shown tremendous interest in the products he promotes and also constantly interact with him. "I take all that into account. Having a trustworthy relationship with the audience will always be my priority," he says. Bam's pivotal decision on the brand depends on how credible the brand is and whether it is pocket friendly for his audience.

In the pandemic, Indian audiences are watching more online videos than ever before. Studies by Nielsen show that home-bound consumers have led to a 60 percent increase in the amount of video content watched globally.

The number of live video sessions conducted on social media platforms by content creators also hiked in 2020. As per Facebook US, in the first months of the pandemic alone, the number of users watching live video increased by 50 percent and the platform launched additional features to support video creators, which further highlights the significance of these channels for the marketer.



<https://www.forbesindia.com/article/take-one-big-story-of-the-day/content-is-king-engagement-is-queen-going-behind-the-scenes-of-indias-influencer-economy/69821/1>

4.4 Symbolic Group

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 behavior. The symbolic consumption is the way in which a person chooses a special product or a service as this product or service has a symbolic meaning and holds some significance.



Example: Youngsters' who idolize cricketers like Sachin Tendulkar may constitute a symbolic group.

Figure 4: Encouraging consumer to idolise



4.5 Consumption Groups

Consumers who shared a preference for the consumption of a particular good or service. Examples of consumption groups may be: consumption communities, consumer tribes, brand communities, and brand cults.

Product community

A product focused community is usually focused on product support, questions and discussions with existing owners. A very popular brand community is the Sunsilk Gang of Girls.



Case Study: **Sunsilk Gang of Girls strikes the right chord with 150 million hits**

In less than three months of its launch, Hindustan Lever Ltd's, Sunsilk Gang of Girls, an all-girls virtual product community, has been able to attain an online girl membership of 200,000. Its website has also crossed the 150-million hits mark.

The number of gangs that has been created has crossed the 20,000 milestone. The experience sharing amongst the members of the gang has made the website all the more entertaining and pleasurable. Many members are drawn to the Hair Care forum as it has the best hair expert Jawed Habib answering their hair queries. The Makeover Machine, which facilitates a member to experiment with her make-up and hair style (mix and match), as well as Parade Ground, which encourages girls to display their talent, are the most visited links.

This initiative by HUL has helped in providing value in a differentiated manner to their target market. It has offered a unique interface for Sunsilk to the young Indian women and has led to the development of a deeper relationship between the targets and the brand.

Sunsilk Gang of Girls also offers styling tips, blogs, jobs and a whole new world of connecting with new friends. Interesting tips are frequently updated on the website.



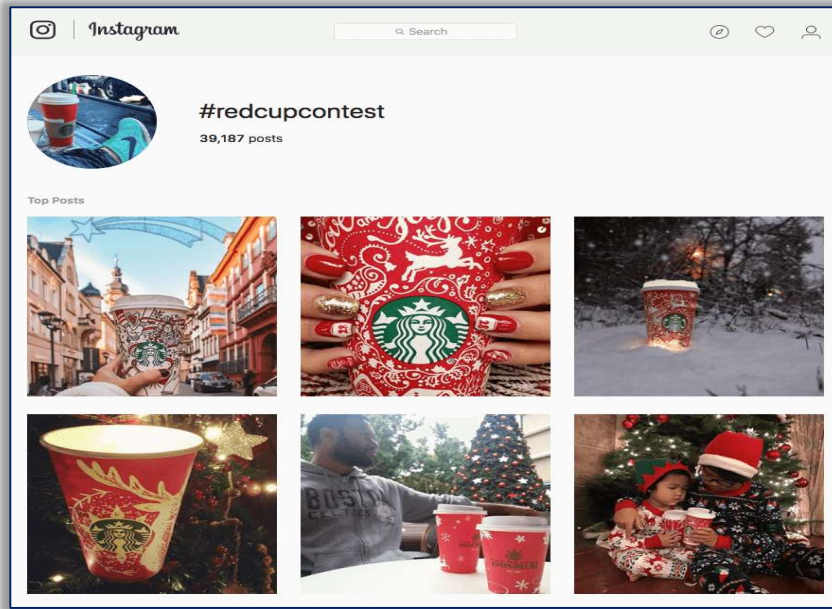
<https://www.exchange4media.com/digital-news/sunsilk-gang-of-girls-strikes-the-right-chord-with-150-million-hits-22947.html>

4.6 Brand communities

Brand community is a place where people who have an emotional connection with brands can connect with each other. It is a community that has been formed on the basis of a fondness for the brand. Recent developments in marketing and emphasises on stressing the role of such communities.

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Figure 5: Starbucks community



Starbucks has continued to do a great job of making their brand community strong with several social initiatives to make their member interaction and engagement intense. One such initiative is engaging of community members to help weaker sections of the community.

4.7 Online communities

These are group of people who have a shared interest or intent and who use the internet to communicate with each other. Online communities have their own set of guiding principles and prerequisites. They also have established rules of engagement.

These online communities are digital spaces created and owned by organizations where people congregate and connect over their desirability of a brand. In order to have an effective community, brands must understand their audience, provide significance and put their brand as second.



Example: Harley Davidson has been one of the world's most admired motorcycle brands for over a century. As a lifestyle icon, the brand launched the Harley Owners Club as a way to bring together all fans of the brand. The Harley Owners Club works by developing and boosting the identity of its fans and providing them an access to exclusive benefits, such as invitations to official events, membership of local chapters, and additional services like insurance and roadside assistance. Added up, these efforts build brand loyalty and help Harley owners connect with the brand.



Example: Lego enthusiasts can share their design idea on the shelves and get awarded with a percentage of the product sales as well. In the age category of 5 to 95 anyone can join the community and can check out proposals, vote on their favourites, leave feedback, and submit their own ideas. The most popular ones go to market.

4.8 Reference Groups

A reference group means a group to which an individual or another group is compared. Sociologists believe that any group that individuals use as a standard for appraising themselves and their own behaviour a reference group. A reference group can either be from a membership group or non-membership group.

Consumer Behaviour

Reference groups usually become an individual's frame of reference and source for ordering his or her experiences, reasoning, and sensitivities regarding self. These are imperative for determining a person's self-identity, attitudes, and social ties.

Reference groups may be normative or comparative. Examples of normative reference groups include one's parents, siblings, teachers, colleagues and friends. A comparative reference group is a group of individuals with whom you make a comparison and may endeavour to be like. For example include celebrities and heroes.

Reference group and their influence on the consumption process

Reference groups usually effect individuals in three ways. It is imperative to distinguish among these types since the marketing strategy required depends upon the kind of influence involved.

Utilitarian influence

This kind of influence occurs when an individual meets group expectations to obtain a direct reward or to avoid a sanction. A person may purchase a particular brand of automobile to win an approval from his friends.

Informative influence

This usually occurs when an individual utilizes the behaviours and opinions of reference group members as possibly useful bits of information. This influence may be because of common traits possessed by the members of the group or some kind of special expertise held by the group members. A person may notice that his/her colleagues use a specific brand of laptop as it suits their work needs. He or she may then decide to try that brand because his/her peers use it.

Value deriving influence

This occurs when individuals have co-opted the values and norms of the group. These then control the behaviour of the individual. They do not worry much about the reference group sanctions or rewards. The individual behaves in a manner that showcases similarity with the values of the group because his own values are similar to the group values.

Degree of Influence

There may be situations where a high degree of reference group influence may take place.

1. Reference group influence may be the strongest when the use of product or brand is visible to the group. Products such as apparels are highly visible. Products such as a moisturiser are not.
2. Reference group influence is less when the product is more necessary. Reference groups may have a strong influence on the ownership of products such as handbags but much less influence on necessities such as microwaves.
3. The more devotion an individual feels towards a group, the more he/she will to adhere to the group norms.
4. The more significant a product is for group activities the stronger the need to conform to the group norms will be there. Trekking gear and apparels are important for a group that goes for trekking camps together.
5. The degree of reference group influence is also affected by the individual's confidence in the purchase situation. The more the confidence of the individual the less will be the need to gain an acceptance from the group.

4.9 Reference group and product/brand choice

The degree of effect of reference groups on different products/brands is illustrated in the figure below.

Figure 6: Two consumption situation characteristic and product/brand choice

Two Consumption Situation Characteristics and Product/Brand Choice		
Degree Needed		
	Necessity	Nonnecessity
Consumption	Weak reference group influence on product	Strong reference group influence on product
Visible Strong reference group influence on brand	<i>Public Necessities</i> Influence: Weak product and strong brand Examples: Shoes Automobiles	<i>Public Luxuries</i> Influence: Strong product and brand Examples: Snow board Health club
Private Weak reference group influence on brand	<i>Private Necessities</i> Influence: Weak product and brand Examples: Clothes washer Insurance	<i>Private Luxuries</i> Influence: Strong product and weak brand Examples: Hot tub Home theater system

Marketing strategies are mostly based on reference group influences. Marketers often position products as apt for group activities. A marketer may use his knowledge of reference group influences to develop varied advertising strategies.

Showcasing members of a certain group using a particular product, suggesting the reaction of the group upon owning the product, action of the group resulting from using or not using the specific brand, possibility of being rewarded or punished may be few strategies adopted by the marketer.

Three sources of group influence which are relevant for marketing strategy are:

Expert Power

For this an individual or group must have knowledge as well as desired experience in the product category.

Reference Power

Reference power depends on the individual's connection with the members of the group. The greater the congruency between the individual's beliefs and attitudes the more will be the reference power of the group. The individual may already be the member of the group or may aspire to belong to the group.

Reward Power

It is based on the ability of the group to reward the individual. An group may reward the member with praise and approval.

4.10 Advertising and Reference Groups

Marketers consider all types of reference group influence when developing advertisements. Informational influence in advertising uses an expert reference group. This may be using (e.g., dentists and doctors to influence purchase behaviour of consumer looking for a healthcare product.

Figure 7: Using expertise to influence the consumer

SENSODYNE

39% people
ignore it when Tooth
Sensitivity strikes*.
Don't ignore Tooth Sensitivity.

*based on 24 hour Twitter poll conducted by Sensodyne on 18 March 2019
*The underlying cause leading to tooth sensitivity may aggravate if not managed.
Sensitive teeth may indicate an underlying problem that needs prompt care.
If symptoms persist or worsen, see your dentist.
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The advertising task may also be to demonstrate that the product is consistent with the group's as well as the individual's beliefs. This often involves showing the brand being used by a particular type of group, such as single and unmarried people.

4.11 Opinion Leadership

Opinion leadership is defined as the process in which one person influences the attitudes or actions of other person informally. This person may be identified as an opinion leader. Opinion leaders can clarify and communicate information to their audience. Naturally the opinion leader is held in high esteem by those who follow their opinions.

Opinion leaders are usually people who possess more knowledge about a certain product or service than the average consumer. As such, opinion leaders have the power to shape how a product is viewed. They can influence the decisions of consumers by expressing their thoughts on their area of expertise. Opinion leader gathers, filters and interprets information. This Information flow occurs through mass media. People receive this information and give feedback.

An opinion leader is a well-known individual or organization that has the ability to affect the public opinion on the subject matter for which the opinion leader is recognised. Opinion leaders can be politicians, educators, businessmen, leaders in community, news writers, leaders, journalists, celebrities, subject experts and sportsmen.



Example: Best known as the founder of The Huffington Post, Arianna Huffington has made a name for herself as a business thought leader. She served as president and editor of the publication for 11 years. She then founded Thrive Global, a company that's dedicated to ending the stress and burnout epidemic through sustainable, science-based solutions. Arianna Huffington is also an established author, having published 15 books. She has built a strong social media presence and currently has a following of 3 million on Twitter.

Characteristics of opinion leaders

Opinion leaders may possess the following characteristics:

- Possess expertise in a particular product category.
- Focus on observation and interpersonal communication.
- Usually from the same demographics as the followers.
- Leaders in their respective fields.
- Involved heavily with media.

4.12 Influencers

Influencers have the power to affect the buying habits or purchase actions of other people by uploading some form of original, often sponsored content to social media platforms like Instagram, YouTube, Snapchat or other online channels.

A brand influencer is a person who ascertains, apprehends, innovates and implements a brand. Appealing to the brand's audience – employees; stakeholders; partners; suppliers and customers. ... Influencers can rouse their full potential through fruitful interactions.

Marketers employ leading, niche content creators to escalate brand awareness, increase traffic, and lead the brand's message directly to the target audience. These influencers reach to the ideal audience across different channels which allows the marketer to expand their reach across various buyer personas.

Marketers and influencer marketing

Marketers employ many strategies to make influencer marketing successful. Few of the strategies have been discussed below:

Leveraging influencers to create engaging content

Influencers have a gathered huge follower bases. Their followers find their content useful. They understand their followers and know the kind of content are looking forward to. So they offer a content that resonates with their audience and helps them in establishing a sense of bonding and trust.



Example: Axis Bank, one of the largest private sector banks in India, came up with the idea of Thought Factory, a dedicated innovation lab. Thought Factory is the first-of-its-kind digital lab working closely with novel, innovative, talented, and different start-ups. To advertise its launch through live tweets and blogs, Axis Bank collaborated with <https://www.influencer.in/> and also tied up with technology bloggers and tech gurus. These influencers who attended the event live-tweeted about it and covered the same on their blogs.

Run Contests with influencers

Contests and giveaways are some of the most effective influencer marketing strategies to promote products and create a positive buzz. Marketers can employ them to increase their social media following and drive traffic to their websites.

An interactive and creative contest program will enable influencers to develop an environment that encourages conversations. It will also build a curiosity among the followers to try the product.



Case Study: **Hotel Trident - #TridentSocialHotel**

The first-of-its-kind influencer marketing campaign in India, #TridentSocialHotel invited social media influencers to spend a day in the hotel and share their experience on Twitter using #TridentSocialHotel, right from checking into the hotel to ordering food and experiencing hospitality.

Two activities started around this campaign- #Tweasurehunt and #Instachallenge. In the #Tweasurehunt task, the influencers got clues to reach a particular spot in the hotel. Then, they had to find that place in the hotel and unlock the next clue.

In the #Instachallenge, they tweeted the clues and needed to click pictures and post them. Simultaneously, they ran a contest on Twitter on 30th March 2014, which was open to all. Followers had to answer ten questions correctly by using their Twitter handle and with the #TridentSocialHotel. The winner of the contest will get a free stay at the Trident BKC Hotel. The campaign on Twitter resulted in more than 1.2 million impressions of #TridentSocialHotel.



<https://www.mygreatlearning.com/blog/best-examples-of-influencer-marketing/>

Run referral programs for influencers

Referral programs are one of the most effective strategies to measure the Return on investment from company campaigns. As per a study conducted by Twitter, there was an astounding 88 per cent increase in the purchase intent of consumers when the products were promoted by a leading influencer. People are more likely to buy a product or service when recommended by those they trust, such as influencers they follow.

Invite influencers to contribute to a blog

A post by a well-known influencer to submit a guest post on his/her blog may act as a mutually-beneficial strategy to push the traffic and thus lead to a maximum view.

The influencer shares the link of the blog. This creates both brand recognition and also builds trust among their followers. When people view that their trustworthy influencer has contributed an article to your blog, they feel connected and their purchase intentions are effected positively.

4.13 Word of Mouth

Word of mouth is the passing of information from person to person using oral communication. It occurs when a consumer's interest in a company's product or service is reflected in their conversations. For a marketer it is free advertising that is triggered by customer's own experiences.

Word of mouth marketing drives around \$6 trillion of annual consumer spending and is estimated to account for about 13% of consumer sales. Word of Mouth marketing impression results in around 5 times more sales than a paid media impression and people are 90 per cent more likely to trust and buy from a brand recommended by a friend.

Word of mouth has a big influence on consumer purchases. Study after study show that consumers trust personal recommendations above all other sources of information during buying of products or services.

WOM may occurs when:

- One person seeks information from another.
- One a person volunteers to provide information.
- Observation by a person.
- Group member interactions.

4.14 Viral marketing

Viral marketing is a marketing technique that involves word-of-mouth information dissemination about a product or service, with the intent to make it viral. The internet and the popularity of social media have greatly impacted the popularity of viral messages in the form of memes, shares, likes, and forward.

Figure 8: Ariel: Share the load campaign



Case Study: #ShareTheLoad: A walk through Ariel's most successful campaign

Taking a small thought that became viral through the minds of people in a way, this campaign that highlighted “Can’t men do laundry?” A thought that was pondered upon a globe level after the campaign reached that level after it was launched in India, Pakistan, Bangladesh, and Sri Lanka. This message became viral in 22 countries in 16 languages.

#ShareTheLoad did not boast of ideas through its content, but diligently emphasized on one of the aspects of gender equality. The message was apt for an audience who could resonate with the thought and it induced them to ponder upon it. Ariel had raised an issue before it became a norm on social media by brands.

Ariel’s campaign #ShareTheLoad was founded on the burning issue of gender equality and threw light on some daily activities that the contemporary professional women indulge in. The message was liked by people and became viral as tthrough this film, the brand attempts to portray a progressive thinking from both the genders.



<https://www.ariel.in/en-in/share-the-load>

4.15 Buzz marketing

Buzz marketing includes companies creating online videos, usually revolving around something humorous, controversial, out of the normal or controversial, with a hope that people will share it extensively on social media. Initiating buzz about a brand amongst the target market, so there is hype amongst the users to widen reach, boost lead generations and to increase conversions is called Buzz Marketing.

This involves marketing campaigns that are organised for a brief period. Businesses use this tactic to create an anticipation in the market before launching a product or service. In buzz marketing, the aim is to get your brand in front of a colossal number of people as quickly as possible. This form of marketing does not allow a a campaign to remain in front of the crowd for a long period. Consequently, the whole process is highly dynamic and exciting.



Example: The promoters of the Dettol brand, Reckitt Benckiser, wished to reach a larger audience, so it came up with a smart idea. The company gave away 48,000 samples of its product to 4,000 influencers. After trying the sample, the influencers had to share the remaining ten with other people. Miraculously, the company reached 46 percent of its audience and the sales rose by a whopping 86 percent. Reckitt Benckiser had successfully created a buzz around its brand.

4.16 Diffusion of innovation

An innovation is an idea, product or service perceived to be new by the significant individual or group. The diffusion of innovations theory portrays the pattern and speed at which new ideas, and

practices binge across a population. In marketing, this theory is often applied to help apprehend and promote the adoption of new products.

The diffusion of innovation is the process by which new products may be adopted or not by their intended audiences. It allows marketers to examine why it is that some inferior products are successful when some superior products are not.

Types of innovation diffusion

An innovation is regarded as dynamically continuous, when it includes some technological change in the product, but requires no behavioural change on the part of the consumer for product usage, consumption and resultant experiences. Whereas an entirely novel product, made to perform a function for which no product has existed previously is called a discontinuous innovation.

Stages in the adoption process

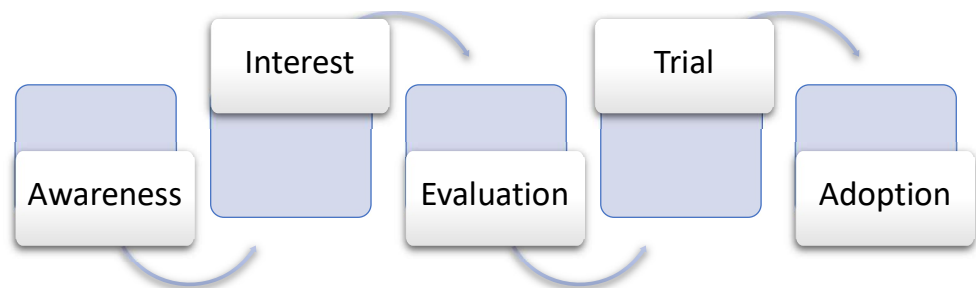
The adoption process for a new product is the mental process through which an individual goes through the first learning about an innovation to final adoption and becomes an ultimate user.

There are different stages in the adoption process. A marketer offering a new product must understand how to facilitate the movement of the consumers through these stages. A manufacturer of a laptop may discover that many consumers in the interest stage do not move to the trial stage because of the large investment.

If these same consumers would be willing to use a laptop on a trial basis for a small fee, the manufacturer should consider offering a trial-use plan with the option to buy.

There are five stages in the adoption process:

Figure 9: Stages of the adoption process



Awareness

In this step the consumers discover that a product or service exists and is being offered by a business or an organization.

Interest

Once people know about your offering, they may then look to gather more information on the product.

Evaluation

The consumers will evaluate the detail about the alternatives they have acquired and make a judgment on whether the product or service suits them.

Trial

In this stage the consumers may seek to sample a product or service. The trial might exist in the form of a free trial by the marketer or may simply involve the first purchase of the product.

Adoption

Adoption is the most critical of the product adoption stages. This is when a consumer chooses to adopt a product or service or may simply reject it or decide to reconsider buying a product.

Factors effecting rate of innovation

The chances of a product's adoption and subsequent diffusion are largely dependent on its nature. The rate at which the diffusion of an innovation takes place is a function of the following factors:

Figure 10: Factors effecting rate of innovation



Trialability is the degree to which a product can be tried before adoption. If consumers can purchase a product in small quantity, then trial is relatively easy.

Perceived Risk: The more the risk associated with trying a new product, slower the diffusion process. The risk in adopting an innovation can be financial, physical, performance, or social.

Compatibility: This refers to the degree to which the innovation is consistent with the individual's and group's needs, attitudes, beliefs and past experiences. The more its consistency, the quicker is the diffusion.

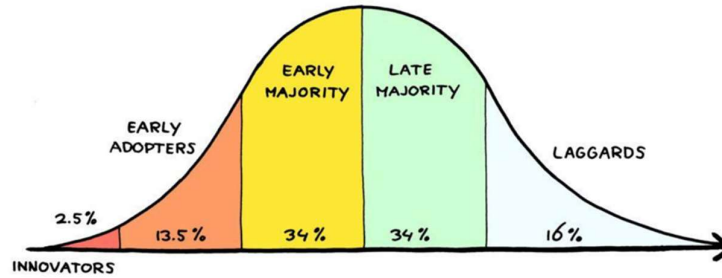
Relative Advantage: If consumers perceive an innovation as better in meeting their relevant need compared to existing ones, the diffusion will be more rapid. While considering the relative product advantage, consumers consider both the cost and the performance.

Target Market: The target market for the new product is an important factor in influencing the rate of diffusion. Some groups are more inclined to accept change than others.

Individual vs group decision making: This refers to whether the decision is made by an individual or a group. If fewer individuals are involved in making the purchase decision, the innovation is likely to be adapted rapidly.

Furthermore, If an innovation is difficult to understand and also difficult to use, its diffusion would be slower. Also, the diffusion will be more rapid if the positive effects are easily observable. Products, such as mobiles and apparels are highly visible.

Innovation adoption



The diffusion process identifies innovators in the introductory phase of life cycle; there exist early adopters during growth period, the early majority and late majority adopts the product in its maturity period and laggards are the last to adopt the product. These life cycle phases are imperative because they are linked to various marketing strategies during the product life cycle. During the introductory phase, the marketer's objectives are usually establishing a brand awareness among members of the target market and also encouraging trial to initiate the diffusion process. As the product gains more acceptance, the marketer is able to define the early adopters. The focus shifts on increasing product availability by escalating the distribution networks.

As the brand becomes well known and is in the market for a while, competition intensity gradually increases and sales begin to level off. The marketer starts focusing on price appeals, initiates sales promotions and may also consider altering the product to attain a competitive advantage. When the brand is viewed to have entered in its decline phase, lower prices become more relevant and the marketer considers revitalising the brand, or adopts the strategy of harvesting or divesting. It is during the decaying maturity and the decline phase of product life cycle that laggards consider buying the product.

Summary

- A reference group means a group to which an individual or another group is compared. Sociologists believe that any group that individuals use as a standard for appraising themselves and their own behaviour a reference group.
- If a person has a regular contact with certain individuals such as family, friends etc., then those individuals form a primary group. However, If the group members have a lesser frequent contact within themselves, then they form a secondary group.
- An influencer is someone who possesses the power to affect the purchasing decisions of others due to his or her authority, understanding, comprehension, position, or relationship with his or her audience.
- The diffusion of innovations theory portrays the pattern and speed at which new ideas, and practices spread across a population.
- The diffusion process identifies innovators in the introductory phase of life cycle; there exist early adopters during growth period, the early majority and late majority adopts the product in its maturity period and laggards are the last to adopt the product.

Keywords

Groups: A group is defined as two or more individuals who have a common set of morals, values, norms, beliefs and have defined relationships to one another in such a manner that their behaviors are interdependent.

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Opinion leadership: Opinion leadership is defined as the process in which one person influences the attitudes or actions of other person informally.

Viral marketing: This is a marketing technique that involves word-of-mouth information dissemination about a product or service, with the intent to make it viral.

Buzz marketing: This includes companies creating online videos, usually revolving around something humorous, controversial, out of the normal or controversial, with a hope that people will share it extensively on social media.

Diffusion of innovation: This is the process by which new products may be adopted or not by their intended audiences. It allows marketers to examine why it is that some inferior products are successful when some superior products are not

Self Assessment

1. Two or more individuals who share a set of norms, values, or beliefs and have certain implicitly or explicitly defined relationships to one another such that their behaviours are interdependent is known as a(n) _____.
 - A. Group
 - B. Company
 - C. Consumer
 - D. User

2. Which type of group's presumed perspectives or values are being used by an individual as the basis for his or her current behaviour?
 - A. Community group
 - B. Reference group
 - C. Primary group
 - D. Secondary group

3. Which type of group includes family and friends and involves strong ties and frequent interaction?
 - A. Community group
 - B. Reference group
 - C. Primary group
 - D. Secondary group

4. Groups with negative desirability are referred to as _____.
 - A. Consumption groups
 - B. primary reference groups
 - C. secondary reference groups
 - D. dissociative reference groups

5. Brand communities can deliver value-creating activities by _____.
 - A. Social bonding
 - B. Engaging community
 - C. Sharing content
 - D. All of these

Consumer Behaviour

6. _____ is defined as the process in which one person influences the attitudes or actions of the other person informally.
7. _____ refers to the degree to which the innovation is consistent with the individual's and group's needs, attitudes, beliefs and past experiences.
8. _____ is the degree to which a product can be tried before adoption.
9. _____ occurs when a consumer's interest in a company's product or service is reflected in their conversations.
10. _____ marketing includes companies creating online videos, usually revolving around something humorous, controversial, out of the normal or controversial, with a hope that people will share it extensively on social media.
11. During the introductory phase, the marketer's objectives are usually establishing a brand awareness among members of the target market.
 - A. True
 - B. False
12. The diffusion of innovations theory portrays the pattern and speed at which new ideas, and practices bing across a population.
 - A. True
 - B. False
13. Employing leading, niche content creators to escalate brand awareness does not increase traffic of target market.
 - A. True
 - B. False
14. The adoption process for a new product is the mental process through which an individual goes through the first learning about an innovation to final adoption and becomes an ultimate user.
 - A. True
 - B. False
15. Reference group influence is more when the product is more necessary.
 - A. True
 - B. False

Unit 04: Groups, Reference Group and Diffusion of Innovation

Answers for Self Assessment

- | | | | | |
|-----------------------|------------------|-----------------|------------------|-----------|
| 1. A | 2. B | 3. C | 4. D | 5. D |
| 6. Opinion leadership | 7. Compatibility | 8. Trialability | 9. Word-of-mouth | 10. Viral |
| 11. A | 12. A | 13. B | 14. A | 15. B |

Review Questions

1. What are groups? What are the basis for classification of groups?
2. What is a reference group? In what way can reference groups influence consumer behaviour?
3. How can marketing managers identify and use opinion leaders?
4. What is buzz marketing? How can marketers create it?
5. What is innovation diffusion? What are the factors effecting the rate of innovation?



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Unit 05: Perception

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5.1 Definition of Perception

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Answers for Self Assessment

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Objectives

After studying this unit, you will be able to,

- Describe the concept of perception,
- Understand the elements of perception
- Articulate the concept of exposure.
- Understand the concept of attention and interpretation.
- Understand how consumer make assumptions and draws conclusions
- Describe how perception can help in framing marketing strategies

Introduction

Perception is the organization, identification, and interpretation of sensory information in order to embody and understand the presented information or environment. All perception involves signals that go through the nervous system, which in turn consequence from physical or chemical stimulation of the sensory system. For example, vision involves light striking the retina of the eye; smell is mediated by odor molecules and listening embroils pressure waves.

Perception is not only the passive receipt of these signals, but it's also determined by the recipient's learning, memory, expectation, and attention. Sensory input is a process that changes this low-level information to higher-level information

The process that follows joins a person's fundamentals and expectations or knowledge, restorative and selective mechanisms such as attention that influence perception. Perception refers to the manner sensory information is organized, interpreted, and consciously experienced. This process includes the selection of stimuli that screen through our perceptual filters, are systematized into various patterns, and then interpreted on the basis of our previous experiences.

5.1 Definition of Perception

"The process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world."

Schiffman and Kanuk

"The ability to see, hear, or become aware of something through the senses".

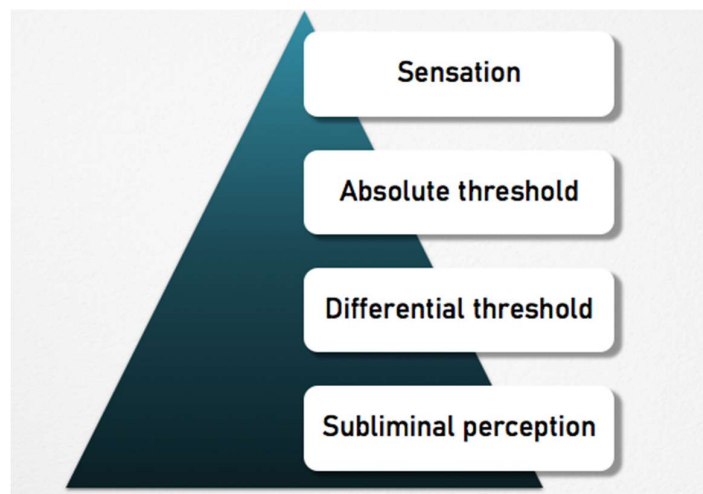
"The way in which something is regarded, understood, or interpreted".

5.2 Elements of Perception

A stimulus is any unit of input to a sensory receptor. In a marketing context, the stimuli include brand names, advertisements, colours, sounds and packages etc. Perception has three components, namely the perceiver, the target (stimulus), and the situation. The characteristics of each of these components have an effect on the perceptual processes of selection, organization, and interpretation

The elements of perception have been illustrated below:

Figure 1: Elements of perception



Stimulus:

This is any input to our sense organs. A stimulus is anything that can trigger a physical or behavioral change. It can be a product, package, brand name or an advertisement.

Sensory receptors

Eyes, nose, ears, mouth and skin are the sensory receptors which gather stimuli.

Sensation

Response given by the sensory organs to any stimulus is known as a sensation.

Sensory selection

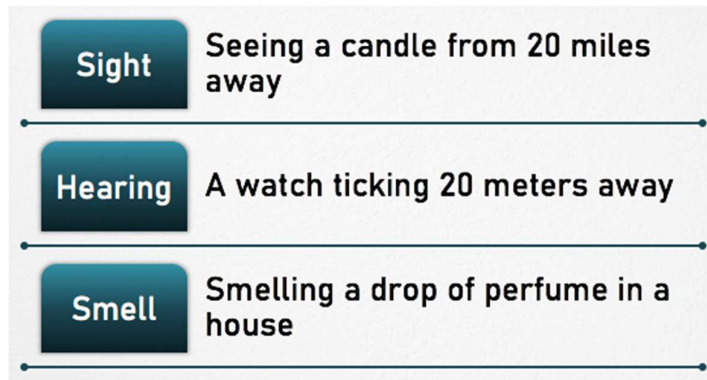
We must engage in sensory selection. Sensory selection is the process of determining which stimulus will get our attention and which stimuli we shall ignore. A person must manage the sensory load.

Absolute Threshold

Absolute threshold is when a stimulus reaches a point where it is strong enough to draw the attention of the sensory receptors and send a message to the brain of a person. This is the weakest stimuli that a person can detect.

Being the smallest level of stimulus that can be detected it is usually defined as at least half the time. The term is often used in neuroscience as well as experimental research and can be applied to any stimulus that can be easily detected by the human senses including sound, touch, taste, sight, and smell

Figure 2: Absolute threshold



Differential Threshold

The ability of a sensory organ to notice the difference between any two similar stimuli. The 'differential threshold' or 'just noticeable' difference, is the minimum increase in a stimulus that is required to detect a difference in the perception.

There is also a 'terminal threshold', which is the magnitude of stimulus at which there is no increase in the perception of stimulus increasing. If your products are the same as all the others, a consumer would not have a reason to seek them out, and they could not be marketed as different or new in any way.

When developing a new product or brand and marketing for it, the differential threshold can be the guide of the marketer. A comparison between new products or services and the ones already offered by your competitors can be done. New products must have new features, new functions or a new design that makes them different from all other offerings.

Without a way to differentiate between the merchandise or service from the competitors, a consumer has no reason to choose a new product. Even older products offered by the same company should be considered to ensure that a new product is not so similar that it cannibalizes the existing customer base.

Figure 3: Negative change: Reduction in product weight



Figure 4: Positive change: Improvement in company logo



Subliminal Perception

This is the stimuli that goes unobserved. Is too weak to be noticed by the sensory receptors. This is the stimuli that goes unobserved. Is too weak to be noticed by the sensory receptors. Subliminal messages have divergent impacts on people's thoughts and behavior. Subliminal messages can alter a person's current mood, boost their motivation, and can even alter their attitudes.



Example: Placing a brand picture or flashing words or pictures so quickly on a computer screen generally faster than 10-15 milliseconds may lead perceivers to believe that they did not see anything at all. In other words, they are not consciously aware of the presented words or pictures.

5.3 Process of perception

The perceptual process is a sequence of steps that begins with stimuli in the environment and ends with our interpretation of those stimuli. This process is typically unconscious and several times in a day. Referred to as an unconscious process as it is simply one that happens without awareness or intention.

When we open our eyes, we do not need to tell our brain to interpret the light falling onto our retinas from the object in front of us as a "television" because this has happened unconsciously. When we step out into a hot sunny day night, our brain does not need to be told "hot" because the stimuli trigger the processes and categories automatically.

There are few steps in the perception process as illustrated below.

Figure 5: Perception process



Exposure

Exposure happens when a person is exposed to a stimulus in his surrounding environment and it comes within the range of his/her sensory receptors.

- Exposure may occur to numerous stimuli at the same time.
- People seek exposure to few stimuli and may avoid other stimuli.
- Marketers plan ways to increase exposure through advertisements, colourful displays, packaging.

Forms of exposure

There are different ways in which a marketer may create exposure. Some of which are:

Television channels
 Radio channels
 Print material
 Displays
 Retail store environment



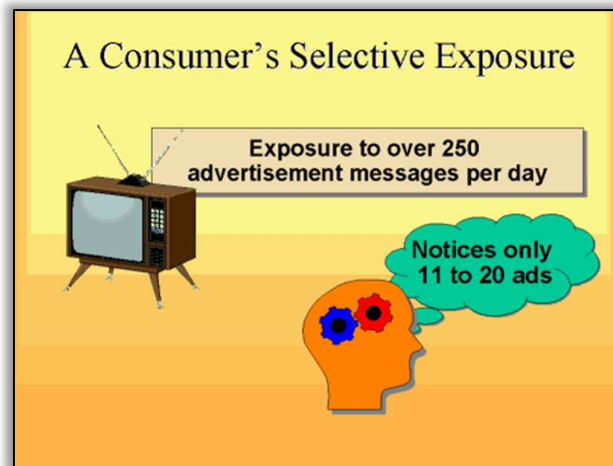
Example: Sunsilk creates an exposure through television advertisements, print advertisements, social media posts and many other channels.

5.4 Types of exposure

Selective exposure

Marketers may place messages across different media channels. Consumers are exposed to these messages. This is the exposure by choice, consumers pay attention to few stimuli and ignore others. Exposure is disrupted when people fast forward, skip, avoid stimuli exposure.

Figure 6: Selective exposure

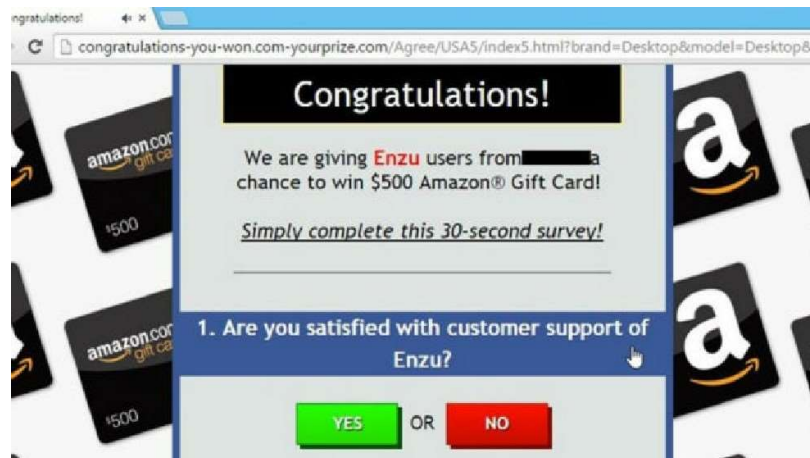


How marketers increase selective exposure

Marketers adopt different strategies to increase selective exposure amongst the consumers. Some of the different ways may be by:

- Being informative, interesting
- Adopting new formats of advertising
- Going for pop-up advertisements
- Brand placements in movies and television

Figure 7: Pop up advertisements



Planned exposure

Consumers seek out information to fulfill information fulfillment or purchase needs. This information is usually sought after mostly by early adopters or opinion leaders. Visiting websites and volunteering for email-based promotions are few examples of the exposure.

Selective exposure and You Tube

There are different ways of giving selective exposure on You Tube.

Interactive ads

Interactive video ads are a type of video advertising that try to engage users by accepting user input and/or incorporating enhanced ad elements like forms, external links, polls, and more

Dynamic ad placement

A process that allows alteration of specific ads placed on a page based on any data available to the placement program. Simply, it allows for multiple ads to be rotated through one or more spaces

Attention

The world around us is filled with an inestimable number of stimuli that we might attend to, but our minds do not have the resources to pay attention to everything. Depending on the environment, and depending on us as individuals, we might focus on a accustomed stimulus. When we concentrate on one specific thing in our environment, be it is a smell, a feeling or a sound it becomes the attended stimulus.

Attention occurs when a sensory organ creates a sensation after being exposed to the stimulus and the resulting sensations go to the brain for further processing.

Factors effecting attention

There are various factors that can affect the level of attention.

Nature of the stimulus

The physical characteristics of the stimulus effect attention. Stimulus characteristics such as ad size and color are under the marketer's control and have an effect on the attention.

Size

Larger stimuli are more likely to be noticed than smaller ones. This is certainly the case on store shelves where shelf space is at a premium and more shelf space can translate into greater attention and sales.

Intensity

The intensity which includes the loudness, brightness, length of a stimulus can increase attention. For instance, the longer a scene in an advertisement is held on-screen, the more likely it is to be noticed and recalled.³

Color and Movement

Color and movement serve to capture attention, with brightly colored and moving items being more noticeable.

Position

Position refers to the placement of an object in physical space or time. In retail stores, items that are convenient to find or that stand out are more likely to attract attention.

Contrast and Expectations

Consumers pay more attention to stimuli that contrast with their background than to stimuli that blend with it.

Repetition

It is the number of times an individual is exposed to a given stimulus, such as an ad or

brand logo, over time.

Individual motivations

These may also affect the level of attention a person pays to a stimulus.

Interest in a product

The extent of interest in a stimulus affects the level of attention. Involvement in a product concept motivates person to pay attention.

Brand Recognition

People with a high level of recognition may require less attention to the brand's advertisements because of their already high existing knowledge. Recognition of the brand leads to familiarity with the brand, requiring less attention to advertisements. The lower the brand recognition, the more attention is paid to information about a brand.



Example: The click-through rate is very low on the first exposure when brand familiarity is low, but increases on the fifth exposure.

Environmental factors

The environment surrounding the stimulus also effects the attention. Density of stimuli, quality of stimuli, its effectiveness and appeal and the communication of the central message are few environmental factors effecting attention levels.

Understanding interest in a product by Behavioral Targeting tool

The main purpose of this technique is to deliver advertising messages to the behavioral target markets that show interest in them.

The process involves combining web searches, buying histories, frequently opened websites and other information to create a full user profile, depicting what your audience wants, avoids and purchases. This information is then used by the companies to formulate ads that align with the individual needs.

5.5 Interpretation

Assigning meaning to the selected stimuli is called as interpretation. Interpretation is the assignment of some meaning to sensations. Interpretation is related to how we analyse and make sense out of existing information based upon the characteristics of the stimulus, the individual, and the situation.

After we have attended to a stimulus, and our brains have received and organized the information, we interpret it in a way that makes sense using our existing information about the world.

Interpretation simply implies that we take the information that we have sensed and organize it and then turn it into something that we are able to categorize. By putting different stimuli into categories, we can better understand and react to the world around us.

Halo effect

The halo effect is a term for a consumer's preferentialism toward a line of products due to positive experiences with other products by this maker. The halo effect is associated to brand strength, brand loyalty, and contributes to brand equity.

It is the predisposition for positive impressions of a person, company, brand or product in one area to completely influence one's opinion or feelings in other areas.

Types of interpretations

Cognitive – stimuli may be categorized



Example: Game consoles and Gaming equipment

Affective – stimuli that triggers an emotion



Example: positive feelings (warmth) and
negative feelings (fear)

Individual factors effecting interpretation

Individual factors are characteristics that distinguish one individual from another. Consumer motivation and ability are the major individual factors affecting attention. Apart from this individual factors include the following:

- Learning abilities of individuals
- Expectations of individuals
- Emotional traits of individuals

Stimuli characteristics effecting interpretation

Marketing stimuli have meaning only as individuals interpret them. Individuals are not passive interpreters of marketing and other messages but actively assign meaning based on their needs, desires, experiences, and expectations.

- Stimuli characteristics
- Organization of stimuli
- Consumer sensibilities

Figure and ground

Figure ground is a visual relationship between foreground and background. It's a type of perceptual grouping that is necessary for recognizing objects through vision. methods of making. Marketers usually design so the figure is the noticed stimuli. The figures are sharp and the background is usually hazy.

Figure 8:Figure and ground



Closure

Incomplete messages are remembered for a long time.

Figure 9: Closure



Proximity

Two or more stimuli placed together are taken to be a part of the same category

Just noticeable difference

This is the amount something must be changed in order for a difference to be noticeable, detectable at least half the time. This strategy is used by the marketer in order to hide the negative facts such as decreased quantity of the product from the customers.

The just noticeable difference applies to a wide variety of senses including touch, taste, smell, hearing, and sight. It can apply to things such as brightness, sweetness, weight, pressure, and noisiness, among other things.



Example: A marketer may slowly deduct the quantity of a product. The smallest weight difference that you can detect at least half the time is the just noticeable difference.

5.6 Consumer ideas and Assumptions

There are certain consumer ideas and assumptions regarding the quality and visual presentations.

Quality perceptions

- Higher the price, better the quality.
- Heavily advertised product, better the quality.
- More the guarantees and warranties, better the quality.
- More the endorsement by celebrities, better the quality.

Visual images and their interpretations

- These claims may be made via imagery.
- They evoke emotions of people and create a positive belief about the claim being made.



Case Study: Why Food Photography Is Important for Your Restaurant Website and Menu

People eat with their eyes', if you've heard that before, you know it means that the taste of food is greatly influenced by how it looks. This is why good photography is a must when it comes to your menu. Besides, research shows that including well-shot food pics can increase sales of a menu item by up to 30%.

People usually remember only 10% of the information they read or hear. If you pair that information with a relevant image, the percentage skyrockets to 65%. The same HubSpot article quotes 46% of marketers saying photography is vital to their storytelling and marketing approach. Moreover, visual marketing is on an upward trajectory. As early as 2018, an estimated 84% of communication

was visual. If you add pictures to your content, you stand to get 94% more views than without.

It makes sense then why 82% of people would buy a dish just because of how it looks in the picture, regardless of whether or not they wanted it in the first place. And if you still don't understand why food photography is important, know that restaurants that went from text-based menus to photo-based menus in online ordering increased their conversion rates by 25%.



<https://www.restaurant-website-builder.com/why-food-photography-is-important>



Task: Look at the food photography done by leading restaurant chains.

5.7 Perception and Marketing Strategy

Perception holds critical implications for marketing strategy in a variety of areas.

Advertisements

Stimulus that captures attention are created. Bright formats, colors, bigger sizes, better contrasts, figure and ground are adopted by the marketers. They may also attach a meaningful message to the visuals and also add an appeal. Personal Appeal, social appeal, humor appeal and fear appeal may be used by the marketers.

Figure 10: Baby products – emotional appeal



Design of package

Different packaging strategies may be adopted by the marketers to create an appeal amongst the consumers. Innovative packaging, bright catchy colors, taller packages and unusual shapes may be created to capture the attention of the consumers.

Figure 11: Unique packaging design



Labelling

Consumer Behaviour

Marketers use labelling to their products to bring identification. This kind of labelling helps a viewer to differentiate the product from the rest in the shelves of the market. There are several uses of the label for the products in the market. Labelling is used for packaging the product. Marketers may mention the nutritional information as well risks as per government regulations. Catchy words to display USP may also be done.

Selecting media channel

Aligning of the media with the target market has to be done. Ethnicity, social class, age, gender, family life cycle stage are crucial factors effecting media choice. The impact of social media on advertising is part of a larger shift: consumers are moving away from traditional channels and toward digital channels.

Social media ads allow marketers to reach a wider audience. Facebook ads, Pinterest ads, and other social media ads increase brand awareness and engagement on the respective social media platforms.

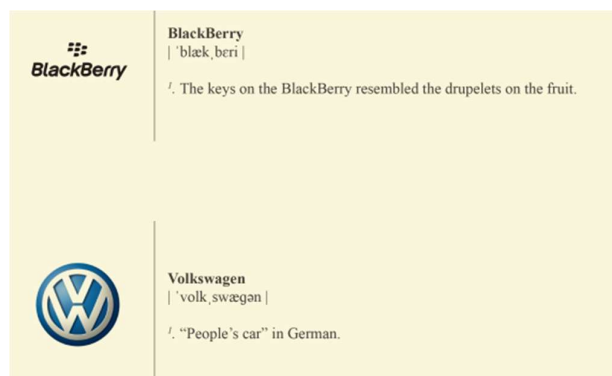
Graphics and designing of a product

Designing a logo, framing a tag line are the few essential things that have to be done smartly by the marketer to influence the consumers.

Developing branding strategies

Developing good brand names, brand name phonemes and brand extensions is also an imperative part of influencing the perception of the consumers.

Figure 12: Brand names with meanings



Developing retailing strategies

Retailers often use exposure very effectively. Store interiors are designed with frequently purchased items like fresh fruits and vegetables are separated so that the average consumer will travel through more of the store. This increases total exposure. High margin items are often placed in high traffic areas to capitalize on escalated exposure.

Display, location, layout and the ambience, all are designed perfectly by the marketer to influence the perception of the consumer.

Summary

- Perception is the organization, identification, and interpretation of sensory information in order to embody and understand the presented information or environment.
- Response given by the sensory organs to any stimulus is known as a sensation.
- The perceptual process is a sequence of steps that begins with stimuli in the environment and ends with our interpretation of those stimuli.

- Exposure happens when a person is exposed to a stimulus in his surrounding environment and it comes within the range of his/her sensory receptors.
- Assigning meaning to the selected stimuli is called as interpretation. Interpretation is the assignment of some meaning to sensations.
- Just noticeable difference is the amount something must be changed in order for a difference to be noticeable, detectable at least half the time.

Keywords

Perception: The process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world.

Absolute threshold: This is when a stimulus reaches a point where it is strong enough to draw the attention of the sensory receptors and send a message to the brain of a person.

Differential Threshold: The ability of a sensory organ to notice the difference between any two similar stimuli.

Subliminal Perception: This is the stimuli that goes unobserved. It is too weak to be noticed by the sensory receptors. This is the stimuli that goes unobserved.

Halo effect: The halo effect is a term for a consumer's preferentialism toward a line of products due to positive experiences with other products by this maker.

Self Assessment

1. Which of the following is NOT a step in the information processing ?
 - A. Exposure
 - B. Comparison
 - C. Attention
 - D. Interpretation

2. ____ occurs when a stimulus is placed within a person's relevant environment and comes within range of their sensory receptor nerves.
 - A. Exposure
 - B. Perception
 - C. Attention
 - D. Interpretation

3. ____ occurs when the stimulus activates one or more sensory receptor nerves leading to sensations that go to the brain for processing.
 - A. Exposure
 - B. Perception
 - C. Attention
 - D. Interpretation

4. ____ involves presenting an incomplete stimulus with the goal of getting consumers to complete it and thus become more involved.
 - A. Exposure

Consumer Behaviour

- B. Proximity
 - C. Closure
 - D. Interpretation
5. ____ involves presenting the stimulus in such a way that it is thought to be as the main object to be attended to and all other stimuli are perceived as the background.
- A. Exposure
 - B. Proximity
 - C. Closure
 - D. Figure Ground
6. The ability of a sensory organ to notice the difference between any two similar stimuli is called _____.
7. The _____ is a term for a consumer's preferentialism toward a line of products due to positive experiences with other products by this maker.
8. _____ is a visual relationship between foreground and background. It's a type of perceptual grouping that is necessary for recognizing objects through vision.
9. _____ is related to how we analyse and make sense out of existing information based upon the characteristics of the stimulus, the individual, and the situation.
10. Eyes, nose, ears, mouth and skin are the _____ which gather stimuli.
11. The process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world is called learning.
- A. True
 - B. False
12. Assigning meaning to the selected stimuli is called as interpretation.
- A. True
 - B. False
13. Response given by the sensory organs to any stimuli is known as a stimulus.
- A. True
 - B. False
14. High margin items are often placed in high traffic areas to capitalize on escalated exposure.
- A. True
 - B. False
15. Just noticeable difference is the amount something must be changed in order for a difference to be noticeable, detectable at least half the time.
- A. True
 - B. False

Answers for Self Assessment

1. B 2. A 3. C 4.C 5. D
6. Differential Threshold 7. Halo effect 8. Figure ground 9. Interpretation 10. Sensory receptors
11. B 12. A 13. B 14. A 15.A

Review Questions:

1. State the difference between absolute threshold and differential threshold.
2. Discuss the perception process in detail ?
3. What is sensory discrimination? What is a just noticeable difference? How is it used by the marketers?
4. Explain the elements of perception in detail?
5. How do marketers design strategies that effect the perception of the consumers? Explain with relevant examples.

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Unit 06: Learning and Personality

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- 6.12 Product Repositioning
- 6.13 Perceptual Mapping
- 6.14 Brand Equity
- 6.15 Personality
- 6.16 Brand Personality

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions:

Further Readings

Objectives

After studying this unit, you will be able to,

- understand the concept of learning and memory.
- describe the types of memory.
- explain the role of memory in learning.
- differentiate high and low involvement learning.
- understand the concept of high involvement and low involvement learning.
- describe the theory of classical conditioning and how it is applied by marketers.
- describe the theory of operant conditioning and how it is applied by marketers.
- understand the concept of brand image product positioning and repositioning.
- describe the meaning of brand equity and brand leverage.

Consumer Behaviour

- understand the meaning of brand equity and brand leverage.
- understand the concept of personality.
- describe the different theories of personality.
- discuss how brand personality can be effectively used in framing effective strategies.

Introduction

Learning is the process of obtaining novel understanding, understanding, behaviors, talents, values, attitudes, and preferences. Learning is used to refer to the procurement of what is already known about a concept, (2) the allowance and illumination of the meaning of a person's experience, or (3) an organized process of testing ideas that are relevant to problems. In other words, it is used to describe a product, a process, or a function."

Assimilating knowledge and skills and having them readily available from memory so you can make sense of impending problems and possibilities. It is a process that leads to change, which occurs as a result of familiarity and increases the probability of improved performance and future learning."

Learning involves strengthening the right responses and weakening of the incorrect responses. Learning includes adding novel information to your memory. Learning involves making sense out of the presented material by pertaining to relevant information, re-organizing it, and connecting it with what is already known.

This occurs when a persisting change occurs in human performance and must result in addition to the learner's experience and interaction with the world. Brands seek to minimise existing negative associations (e.g., low quality, boring) and create new positive associations (e.g., good quality, premium). Marketers try to develop positive associations, and also go for positioning and repositioning of brands.

Figure 1: Nike: building a brand image



6.1 Definition of Learning

"A change in human disposition or capability that persists over a period of time and is not simply ascribable to processes of growth."

Robert Gagne

"Learning is the relatively permanent change in a person's knowledge or behavior due to experience. This definition has three components: 1) the duration of the change is long-term rather than short-term; 2) the locus of the change is the content and structure of knowledge in memory or the behavior of the learner; 3) the cause of the change is the learner's experience in the environment rather than fatigue, motivation, drugs, physical condition or physiologic intervention."

Richard E. Mayer

Unit 06: Learning and Personality

"We define learning as the transformative process of taking in information that – when internalized and mixed with what we have experienced – changes what we know and builds on what we do. It's based on input, process, and reflection. It is what changes us."

Tony Bingham and Marcia Conner

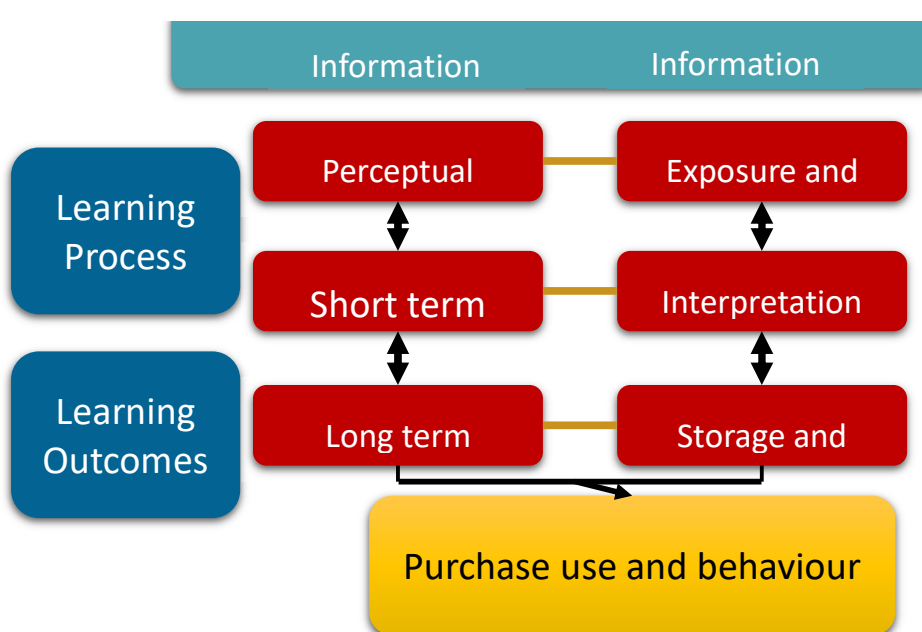
"Learning is a process that occurs within nebulous environments of shifting core elements – not entirely under the control of the individual. Learning (defined as actionable knowledge) can reside outside of ourselves (within an organization or a database), is focused on connecting specialized information sets, and the connections that enable us to learn more are more important than our current state of knowing."

George Siemens

6.2 Information processing and learning

The model of information processing and learning is presented below.

Figure 2: Model of information processing and learning



6.3 Information Processing and Learning

Learning occurs as a result of information processing. Information processing involves a series of activities by which stimuli are perceived, transformed into relevant information and then stored. These activities are exposure, attention, interpretation, and memory.

Different information processing systems handle different aspects of learning.

- Current price of brand may be stored and interpreted via short term memory
- Reference price of the same brand may be retrieved from long term memory
- Consumer may initiate a comparison between both prices

6.4 Role of Memory

There are two components of memory; Short term and long term.

Short-term Memory

This is that portion of total memory that is being used and is active currently. It exists for a short period of time (3.7 seconds) and requires a continuous retrieval and maintenance. It has a limited capacity to store information (5-9 bits).

It is also known as primary or active memory and is the capacity to store a small amount of information in the mind and keep it readily available for a short period of time. Short-term memory is for a limited time. When short-term memories are not recalled or actively maintained, they last merely for few seconds.

Marketing strategies adopted to stimulate short term memory

Marketers may go for the following to stimulate short term memory of the consumers:

Repetitive advertisements

This strategy is used very effectively by marketers to stimulate short term memory of the prospects. Figure 2 illustrates a repetitive advertisement by Mc Donalds.

Figure 3: Repetitive advertisements



Chunking

Grouping information into bite-sized bits of meaningful chunks can help readers or viewers retain important content contained in your marketing collateral. This concept is referred to as chunking Stafford, (2014). Chunking allows people to take smaller bits of information and combine them into more meaningful, and therefore more memorable, wholes. An example of beverages has been illustrated in Figure 3 below:

Figure 4: Clustering information

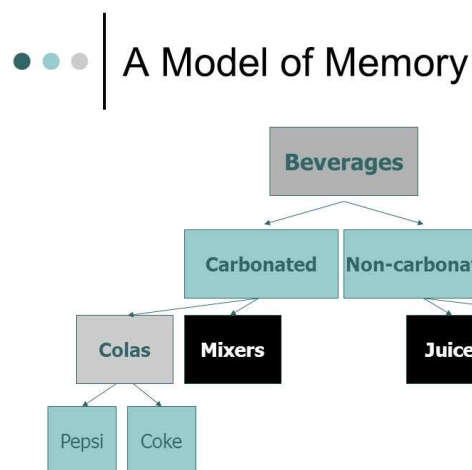


Image processing

Marketers project feelings, past experiences by using sensory images in advertisements.

Long term memory

This is that memory that enables permanent storage of information. This memory refers to the storage of information over an extended period. This type of memory is stable and can last over a long time often years. Long-term memory can be further subdivided into semantic memory and episodic memory.

semantic memory

Semantic memory is the basic memory, feelings a person holds for a product or a concept. Semantic memory is a group of long-term memory that involves the remembrance of ideas, conceptions and facts frequently regarded as general knowledge. Examples of semantic memory involve factual information such as grammar and algebra.



Example: Holding a memory that Limca is a refreshing drink.

episodic memory

Episodic memory is the memory of the series of proceedings in which a person has taken part. Episodic memory involves the capability to learn, store, and repossess information about unique personal understandings that occur in daily life. These memories classically include information about the time and place of an event, as well as meticulous information about the experience itself.



Example: Stay at a hotel is an episodic memory

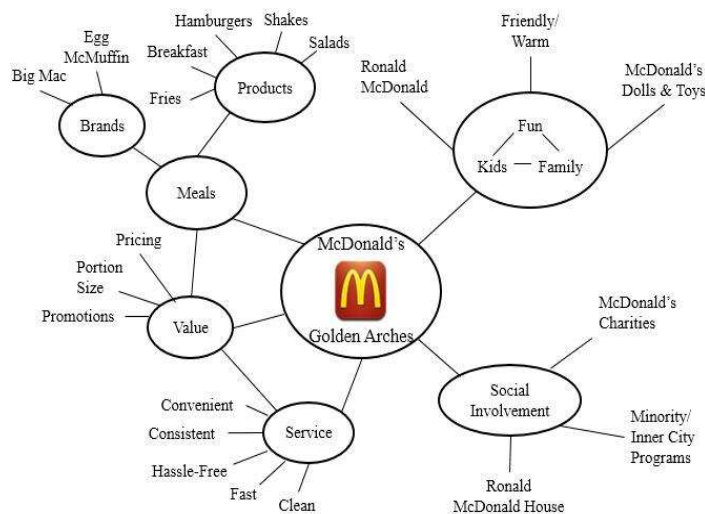
Memory structures

There are two main memory structures.

Schematic memory structure

This is a complex web of associations. Consumers associate different concepts with a brand and then form a network of associative meanings for the brand. Some concepts are associated strongly with the brand e.g., 'cool' 'fun'. Other nodes may have weaker links. An example has been illustrated below in Figure 5.

Figure 5: Links



Adapted from John et al (2006)

Script

Teaching customer about the proper sequence and manner of acquiring, using and disposing of a product or service. Marketers create a platform for instant accessibility of a memory. Retrieval of memory via imagery, brand recall advertisements.

6.5 Learning under high and low involvement

High Involvement

A High-involvement learning situation is one in which the consumer is instigated to process or learn the material. The consumer is motivated to learn the content. He makes an effort on his own. High-involvement decisions are those that are imperative to the buyer. These decisions are closely tied to the consumer's ego and self-image. They also involve some risk to the consumer.

E.g. searching for a brand online

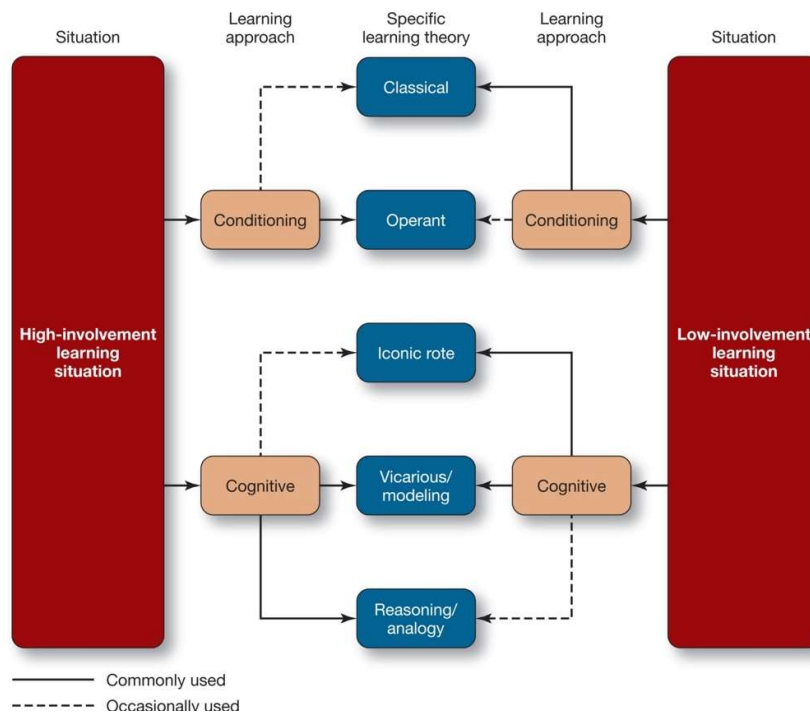
Low Involvement

A Low-involvement learning situation is one in which the consumer has a minimum or no motivation to process or learn the material. Low-involvement decisions are more candid, require little risk, are monotonous, and often lead to a habit.



Example: Watching of TV interrupted by a commercial of a brand. The consumer might not be interested in the brand information

Figure 6 Learning under high and low involvement



Conditioning

Conditioning is a form of learning in which a given stimulus becomes effective in evoking a response or a response occurs with stable regularity in a defined and stable environment. Conditioning is a form of learning in which either (1) a given stimulus becomes progressively active in inducing a response or (2) a response occurs with cumulative consistency in a clearly defined and stable environment. The type of reinforcement used will govern the outcome.

Conditioning is a type of learning that associates some sort of a stimulus to a human behaviour or response. The major theories about learning come from the conclusions drawn from experiments on these behaviours.

Conditioning in Advertisements

The general idea is to create an advertisement, that projects positive features. Projection of these features stimulates positive feelings in the exposed to it. It creates a desirability to own the product.

6.6 Theories of Learning

Two theories of learning; classical conditioning and operant conditioning shall be discussed.

Classical conditioning

This type of learning was first explored by Ivan P. Pavlov. During his experiments he noticed that dogs, on whom he was doing his experiments, started secreting saliva as soon as they saw the empty plate in which food was served.

Pavlov premeditated an experiment to apprehend this process in detail in which dogs were used. In the first phase, a dog was placed in a box and harnessed. The dog was left in the box for some time. This was repeated a number of times on different days. In the meantime, a simple surgery was conducted, and one end of a tube was inserted in the dog's jaw and the other end of the tube was put in a measuring glass.

In the second phase of the experiment, the dog was kept hungry and placed in harness with one end of the tube ending in the jaw and the other end in the glass jar. A bell rang and immediately thereafter meat powder was served to the dog. The dog was allowed to eat it. For the next few days, every time the meat powder was presented, it was preceded by the sound of a bell.

After a series of such trials, a test trial was undertaken in which everything was the same as the previous trials except that no food followed the sounding of the bell. The dog still salivated to the sound of the bell, awaiting presentation of the meat powder as the sound of bell had come to be connected with it. This link between the bell and food resulted in procurement of a new response by the dog, i.e. salivation to the sound of the bell.

This has been termed as conditioning. Unconditioned Stimulus (US) and salivation which follows it, an Unconditioned Response (UR). After conditioning, salivation begins to occur in the presence of the sound of the bell. The bell is the Conditioned Stimulus (CS) and saliva secretion a Conditioned Response (CR). This kind of conditioning is known as classical conditioning.

Figure 7: Stages of conditioning

Stages of Conditioning	Nature of Stimulus	Nature of Response
Before	Food (US) Sound of the Bell	Salivation (UR) Alertness (No Specific Response)
During	Sound of the Bell (CS) + Food (US)	Salivation (UR)
After	Sound of the Bell (CS)	Salivation (CR)

Examples of classical conditioning abound in everyday life.



Example: Let us assume that a person broke a foot in a scooter accident because some person jumped a red light and collided with him. Every time he stops at a red signal, he gets nervous and gets a high pulse rate. The Unconditioned Stimulus is going through red lights, the Unconditioned Response is a pain in the foot, the Neutral Stimulus is the red light, Conditioned Response is being nervous and having a fast pulse. The person has developed a response to a fear because of a bad experience.

Classical Conditioning in Marketing

In classical conditioning, the goal is to get consumers to associate brands with a particular feeling or stimuli. An advertiser might attempt to get consumers to associate a brand with a particular feeling in the hope that the consumer will buy the product.

In classical conditioning, the advertiser attempts to instigate consumers to associate their product with a particular feeling or response, in the hope that the consumer will then buy the product. For example, an advertisement for a fast-food restaurant will usually make the food look scrumptious and mouth-watering so that consumers feel the urge to

eat the food.

Advertising that uses music is another example of classical conditioning. Music that is happy and repetitive helps consumers to feel happy when they hear it. Consumers then associate the feelings of happiness with the product and may be more likely to buy the product. Every time the consumer remembers the tune, they unconsciously also remember the product associated with it.



Example: An example of classical conditioning occurs in ads where you see people having a good time using a product. Consumers may then associate good feelings and having fun with the product and may be more likely to buy the product.



Case Study: Understanding Coca-Cola's Brand Strategy Using Pavlovian Conditioning

In 2003, Coca-Cola launched one of the most interesting campaigns in India. It was called, Thanda Matlab Coca-Cola. Thanda is a Hindi word which means a cool drink, and this word is ingrained in the Indian culture. The ad campaign used a smart twist of this familiar word to link it to Coca-Cola. Resulting in an association of coolness with Coca-Cola in the Indian minds.

This very campaign expanded the target group from the youth to the masses. This also was the first attempt to represent Coca-Cola as The Cool Drink for Everyone, not just for the urban. Pavlovian conditioning all the way.



<https://medium.com/@coffeeandjunk/understanding-coca-colas-brand-strategy-using-pavlovian-conditioning-87dfa23b50bf>

Operant conditioning

This type of conditioning was first explored by B.F. Skinner. Skinner explored the occurrence of voluntary responses when an organism works on the environment. He named them operants. Conditioning of operant behaviour is known as operant conditioning.

The theory of B.F. Skinner is based upon the notion that learning is a function of change in the overt behavior. Changes in behavior are the result of an individual's response to events that take place in the environment.

Reinforcement

Reinforcement is defined as a consequence that follows an operant response that increase (or attempts to increase) the likelihood of that response happening in the future.

Reinforcement may be positive or negative. Positive reinforcement involves stimuli that have good consequences. They escalate the responses that have caused them to occur. Reinforcement can include anything that strengthens or increases a behaviour, including specific tangible rewards, events, and situations.

Positive reinforcement

Positive involves adding a stimulus to the situation. positive reinforcement occurs when a behavior is encouraged by rewards. This makes the behavior more likely to recur. Few examples may be:

- Reward to a child for cleaning his room.
- Free offers to customers on buying a product.



Example: In operant conditioning, advertisers try to change consumers' behaviour by using rewards or punishment. For example, by giving consumers a cash back after buying a particular product.

Negative reinforcement

Unit 06: Learning and Personality

Negative reinforcement is removing a stimulus as the consequence of behavior but results in a positive outcome for the individual. Negative involves removing a stimulus to the situation.



Example: Automobile manufacturers use the principles of negative reinforcement in their seatbelt systems, which make a continuous beeping noise until one fastens the seatbelt.



Example: Electric companies may charge more for electricity used during peak hours. This is a way to get people to use less electricity during peak hours.

Figure 8: Negative reinforcement by Estee Lauder



Estee Lauder's anti-wrinkle cream advertisement is a good example of scaring women. The company makes women believe that their skin is developing wrinkles as they age and its absolutely not flattering. They encourage using the product to make the skin as flawless as it looked during one's youth.

Punishment - decreases Behaviour

Punishment aims at decreasing a behaviour. Punishment may be positive as well as negative.

Positive punishment is scolding a student to get the student to behave in class. In this case, a stimulus (the scolding) is added in order to decrease the behavior (indiscipline in class). Positive punishment's job is to weaken a response by using an unpleasant stimulus, like shouting at a teenager for inappropriate behaviour in the school.

Negative punishment, removing of a pleasant stimulus is done in order to minimize an unwanted behaviour. For example, when a child misbehaves, a parent can take away a favorite toy. Negative punishment consists of the removal of something that is pleasant, like restricting a teenager's use of his/her bike, due to inappropriate driving in the past.

6.7 Cognitive Learning

Cognitive learning is a style of learning that focuses on helping one learn, how to maximize his/her potential. It makes it convenient to connect to new information with existing ideas hence increasing the depth of one's memory and escalating the retention capacity. The capacity of the brain to absorb and retain information through thought, experience and senses is known as cognition.

This may be done by:

- Modeling.

Consumer Behaviour

- Iconic Rote Learning.
- Analytical Reasoning.

6.8 Stimulus Generalisation

Stimulus generalization occurs when a person responds to new stimuli that are similar to the original conditioned stimulus. Stimulus generalization is the nature of a new stimulus to evoke a response or behavior that is similar to those created by another stimulus.

Marketers use the strategy of similar packages to create stimulus generalization.

Figure 9: Similar packages



6.9 Stimulus Discrimination

Stimulus discrimination occurs when a person learns a response to a specific stimulus, but does not respond in the same way to new stimuli that is similar. Stimulus discrimination is when we understand how to respond only to the original stimulus, and not to other similar stimuli.

Figure 10: Differentiating packages

Equal Vs SugarFree



6.10 Brand Image

Brand image is the current perception of customers about a brand. It can be defined as a unique bundle of associations existing in the mindsets of the target customers. It signifies the set of beliefs held about a specific brand.

There are so many companies that have built wonderful brand images for their offerings. Some examples of these images are discussed below:

- Coca-Cola is a brand best known for a product used at the time of happiness, bonding, and joyful experiences.

- Woodland Shoes are tough, solid and are an ideal choice for outdoor activities.
- McDonald's has an image of a value brand that serves the food instantly.

Factors that Build Brand Image

Brand image refers to the schematic memory of a brand. It contains the target market's interpretation of the product's attributes, benefits, usage situations, users, and marketer characteristics. It is what people think of and believe when they hear see a brand name. it creates a set of associations that consumers develop about the brand. These are the factors that build brand image:

Perceived attributes

Attributes that are perceived by the consumers.

Perceived Benefits

Benefits that are believed to be offered by a brand.

Usage situations

Usage situations might differ and so may the brand image.

Marketer's image

A marketer's image also has an effect on the different brands that are offered.

Brand Name

Brand name is one of the brand elements which helps the customers to identify and differentiate one product from another. It should be chosen very carefully as it captures the key theme of a product in an efficient and economical manner.

Brand names need to convey some meaning. It could be based on the following:

- Founders Name.
- Attribute of a brand.
- Experience originating from the use of the brand.



Example: Nike: Name of the Greek Goddess of Victory.

Coca-Cola: The two main ingredients were Coca leaves and Cola berries.

Pepsi: From the digestive enzyme 'pepsin'.

Google: Derived from 'googol' which means 1 followed by 100 zeros.

6.11 Product Positioning

Product positioning is a form of marketing in which a marketer presents the benefits of your product to a specific target audience. It is an exercise that defines where your product or service fits in the marketplace.



Case Study: Understanding the brand positioning of Apple

In the last decade and a half, Apple has revolutionized the music industry with the iPod, the mobile phone industry with the iPhone, and the entertainment and media industries with the iPad.

Not just this, Apple has developed over 850,000 kinds of unique App software, and two practical online shops (iTunes Music Store and Apple App Store) and simple operating systems (OS X and iOS) for its customers.

Apple boasts a strong Product line and Product depth. Apple brand is reflected through their core beliefs: innovation, design, and imagination. Apple is positioned as a luxury brand that has a massive emotional connection and deep loyalty among its core customers.

The real magic behind the company's strong valuation is not in Apple's

fancy product line but the positioning of the brand that has helped apple achieve enviable sales figures and strong customer loyalty.



<http://mybrandsquad.com/understand-the-brand-positioning-of-apple/>



Example: Coca-Cola products inspire happiness and make a positive difference in customers' lives, and the brand is intensely focused on the needs of consumers and customers.



Task: Find out the brand positioning of your favourite brand in the Personal Care Segment products offered by FMCGs.

6.12 Product Repositioning

Product repositioning, refers to the process of changing a target market's understanding or perception of a product or service. Changing customer expectations or technological advancements might lead to repositioning.

Repositioning enables companies to reposition the way customers build associations with their brands and products. It helps in renewing customer perception. It also helps in competing with other brands more effectively by keeping a point of differentiation.



Case Study: The rebirth of Gucci: a brand new strategy towards Millennials

Gucci was a highly successful brand in the mid-2010s, but its audience was now aging. The aesthetic brand Gucci was not appealing to Millennials because it did not connect to their culture.

Gucci took steps to emphasize a youthful mindset. Focus shifted to Instagram communication, the logo underwent a change and the emphasis lay now on gender fluidity.

The repositioning strategy bore fruit financially as well as socially. Fashion influencers were thrilled by Gucci's transformation and spread a positive WOM.



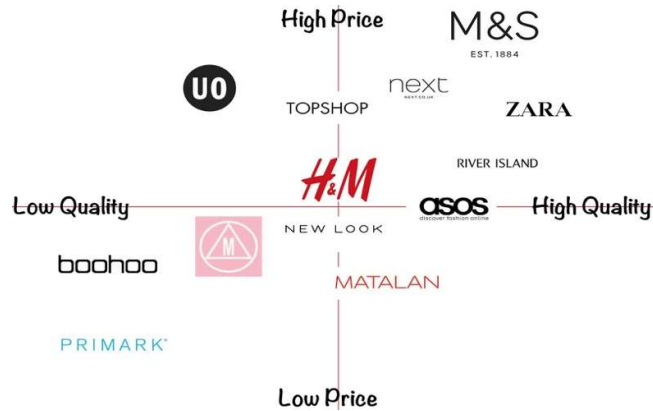
<https://modernbuyerbehaviour.wordpress.com/2018/03/02/the-rebirth-of-gucci-a-brand-new-strategy-towards-millennials/>

6.13 Perceptual Mapping

Perceptual mapping /Market mapping is a technique used by marketers that is done with an objective to visually display the perceptions of customers or the potential customers.

Marketers use perceptual mapping to compare own products with the potential products. These maps take into account the perceptions of the customers. The purpose of a perceptual map is to identify the images that exist in the mind of the consumers about different brands, products and services.

Figure 11: Perceptual Mapping



Mapping customer perceptions.

Mapping customer social engagement by taking into consideration the time spent on different platforms is done. Mapping may also be done to understand the competitors position. Finding gaps for new product development is another purpose of mapping.

Brand

6.14 Brand Equity

Brand equity is the value that the consumers assign to a brand beyond the functional characteristics of the product. When a company enjoys brand equity, it means that it has been able to successfully differentiate itself from its competitors by providing excellent product quality and stupendous customer service.

Elements of brand equity

Brand Identity

Brand identity is the visible elements of a brand, such as the logo, color, design that assist in identifying and distinguishing the brand in the mind of the consumer.

It is essential to create a brand identity in order to differentiate from the competition, to project a brand as something unique.

Brand Awareness

Awareness of the brand name among target customers is the foremost step in the equity building process. Awareness implies that customers are aware about the existence of the brand and also are able to recall what category the brand belongs to. Building awareness involves increasing brand visibility to the relevant target audience by various promotional methods such as publicity, sponsorships, events, advertising, instigating word-of-mouth promotion, etc.

Brand Image

Any element that is connected to the customer's memory about the brand is an association. Associations lead to brand equity. Positive associations lead to brand purchases, leads to a positive word-of-mouth.

Brand Loyalty

A customer is said to be brand loyal when he purchases a particular brand from among a set of available alternatives continuously over a period of time. It also leads to repetitive purchase behaviour. Higher loyalty levels lead to customers acting as positive advocates for the brand.

Brand Leverage

Brand leveraging is the strategy, to use the aura of an existing brand name to expand the product class or to launch into a new category. Brand leveraging fills consumers with a sense of familiarity.

Consumer Behaviour

It carries the positive brand characteristics into a new product category. It leads to an instant brand recognition and trial. Brands may belong to different categories and compete for varied market share.

Requirements of Brand Leverage

A brand leverage requires that the original brand must have a strong positive image. The new brand must be a complement. It can be used as a substitute for the older brand.

6.15 Personality

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: One is understanding individual differences in particular personality characteristics, such as sociability or irritability. The other is understanding how the various parts of a person come together as a whole.

American Psychological Association

Theories of Personality

Five-Factor Model

The Five-Factor model of personality is an organization of personality traits in a hierarchy in terms of five basic dimensions. Personality traits are understood as patterns of thought, feeling, and behaviour that are relatively persistent across an individual's life span.

Each trait epitomizes a continuum. Individuals can fall on any place on the continuum for each trait. These traits remain moderately stable throughout lifetime of a person. They are effected by the environment that surrounds a person. They are also known to effect that way in which we take decisions.

The traits that make the five-factor model are extraversion, neuroticism, openness to experience, agreeableness, and conscientiousness. Extraversion, sometimes referred to as surgency, is specified as assertive, energetic, and gregarious behaviours. Neuroticism is mainly emotional instability and can be seen in irritable and moody behaviours.

Openness to experience, mostly referred to as intellect, shows an individual's inquisitiveness, thoughtfulness, and inclination for intellectually challenging tasks. Agreeableness is depicted in empathic, sympathetic, and kind behaviours. Finally, conscientiousness refers to an individual's sense of responsibility and duty.

Single - Trait Approach

The single-trait assessment is the traditional approach which consists of studying a single trait. The following may be studied as a single trait in a consumer.

Consumer Ethnocentrism

Consumer ethno-centrism represents a consumer's preference for domestic products. Ethno-centric consumers are reluctant to buy foreign products, because of a sense of loyalty towards their home country and they have a sense of nationalism.

Cognitive thinking

Need for cognition refers to an individual's tendency to engage in and enjoy activities that require thinking. These consumers do an explicit evaluation of all alternatives and prefer detailed advertising messages in complete formats.

Consumers' Need for Uniqueness

Consumers' need for uniqueness is defined as an individual's choice of being different as compared to others that is achieved through the acquisition, utilization, and disposition of consumer goods for the building a unique social identity.

6.16 Brand Personality

A brand personality is a set of brand traits, with which the consumer relates to. It is the goal of a marketer to create an effective brand personality, a consistent set of traits that are admired by a consumer.

Elements of Brand Personality

Sincerity - Honest, Wholesome, Cheerful.

Excitement - Daring, Spirited, Imaginative, Trendy.

Competence - Reliable, Intelligence, Successful.

Sophistication - upper class, Charming, Feminine.

Ruggedness - Outdoorsy, Tough, Rugged, Western.

Summary

- Learning is the process of obtaining novel understanding, understanding, behaviors, talents, values, attitudes, and preferences.
- Information processing involves a series of activities by which stimuli are perceived, transformed into relevant information and then stored. These activities are exposure, attention, interpretation, and memory.
- There are two components of memory; Short term and long term.
- Conditioning is a form of learning in which a given stimulus becomes effective in evoking a response or a response occurs with stable regularity in a defined and stable environment.
- In classical conditioning, the goal is to get consumers to associate brands with a particular feeling or stimuli.
- Stimulus generalization occurs when a person responds to new stimuli that are similar to the original conditioned stimulus.
- Stimulus discrimination occurs when a person learns a response to a specific stimulus, but does not respond in the same way to new stimuli that is similar.

Keywords

Learning: A change in human disposition or capability that persists over a period of time and is not simply ascribable to processes of growth.

Short-term Memory: This is that portion of total memory that is being used and is active currently. It exists for a short period of time.

Long-term Memory: This is that memory that enables permanent storage of information.

Chunking: Grouping information into bite-sized bits of meaningful chunks can help readers or viewers retain important content contained in your marketing collateral.

Reinforcement: This is defined as a consequence that follows an operant response that increase (or attempts to increase) the likelihood of that response happening in the future.

Personality: This refers to individual differences in characteristic patterns of thinking, feeling and behaving

Self Assessment

1. ____ is the total accumulation of prior learning experiences.
 - A. Memory
 - B. Brand image

Consumer Behaviour

- C. Brand equity
 - D. Information processing
2. Which of the following are the two interrelated components of memory?
- A. Primary and secondary memory
 - B. Conditioned and unconditioned memory
 - C. Operant and classical memory
 - D. Short-term and long-term memory
3. Which type of memory is viewed as an unlimited, permanent storage that can store many types of information?
- A. Short-term memory
 - B. Long-term memory
 - C. Primary memory
 - D. Secondary memory
4. Colgate does not advertise during the evening news because the marketer does not want the often-negative information reported on the news to create a negative feeling toward the brand. Which type of learning creates an association between the brand and some response?
- A. Classical conditioning
 - B. Operant conditioning
 - C. Iconic learning
 - D. Vicarious learning
5. A _____ is a set of brand traits, with which the consumer relates to and are admired by a consumer.
- A. Brand personality
 - B. Brand equity
 - C. Brand value
 - D. Brand image
6. _____ is defined as a consequence that follows an operant response that increase (or attempts to increase) the likelihood of that response happening in the future.
7. _____ is the value that the consumers assign to a brand beyond the functional characteristics of the product.
8. _____ occurs when a person responds to new stimuli that are similar to the original conditioned stimulus.
9. _____ is depicted in empathic, sympathetic, and kind behaviours.
10. _____ signifies the set of beliefs held about a specific brand.
11. There are two components of memory: Short term and long term.
- A. True
 - B. False

Unit 06: Learning and Personality

12. Grouping information into bite-sized bits of meaningful chunks can help readers or viewers retain important content contained in your marketing collateral.

- A. True
- B. False

13. Consumer ethno-centrism represents a consumer's preference for domestic products. Ethno-centric consumers are reluctant to buy foreign products, because of a sense of loyalty towards their home country and they have a sense of nationalism.

- A. True
- B. False

14. Semantic memory is the memory of the series of proceedings in which a person has taken part.

- A. True
- B. False

15. A Low-involvement learning situation is one in which the consumer is instigated to process or learn the material.

- A. True
- B. False

Answers for Self Assessment

1. A	2. D	3. B	4. A	5. A
6.Reinforcement	7.Brand equity	8. Stimulus generalization	9.Agreeableness	10. Brand Image
11.A	12.A	13. A	14. B	15.B

Review Questions:

1. Define memory. Explain short-term memory and long-term memory.
2. Distinguish between learning via classical conditioning and learning that occurs via operant conditioning.
3. What is meant by stimulus generalization and stimulus discrimination ? When
4. do marketers use it?
5. What is perceptual mapping? How is it used by the marketers ?
6. Write a detailed note on the two theories of personality?

**Further Readings**

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Unit 07: Motivation and Emotion

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7.8 Emotions and Consumer Behaviour

Summary

Keywords

Self Assessment

Answers for Self-Assessment

Review Questions

Further Readings

Objectives

After studying this unit, you will be able to,

- define the concept of motivation.
- understand the theories of motivation.
- Articulate motivation's role in consumer behaviour and marketing strategy.
- to understand how emotions effect consumer behaviour.

Introduction

Motivation is the process that begins and preserves goal-oriented behaviours. It is what leads a person to act, whether it is getting a glass of juice to reduce thirst or reading a book to attain knowledge. Motivation involves the biological, emotional, social, and cognitive forces that activate human behaviour.

Motivation theory is the study of the thoughtfulness that drives a person to work towards a particular goal or outcome. It's imperative to all of society but is especially important to businesses That's because a motivated consumer is inspired to buy a product.

When a person is inspired enough, it effects the buying behaviour of the person. A person has various needs such as the social needs, basic needs, security needs, esteem needs and self-actualization needs. The aim of the marketer is to meet the basic needs and security needs as these have the power to motivate a consumer to buy products and services.

Consumer motivation is an internal state that drives people to identify and buy products or services that fulfil the conscious and unconscious needs or desires. The completion of these needs can

motivate and inspire consumers to make a repeat purchase or to find different goods and services to fulfil these needs.

Motivation is what explains why people begin, continue or leave a certain behaviour at a particular time. Motivational states are mostly understood as forces acting within the person that create a disposition to engage in a goal-directed behaviour. Various mental states compete with each other and only the strongest motive determines the behaviour of a person. This means that we can be motivated to do something without actually doing it.

Consumer behaviour may be impulse based, but the motivations that drive those behaviours are understandable and consistent because they are directly connected to a deep underlying emotion that is directly connected to the motivation of the person.

7.1 Definition of Motivation

"Motivation can be defined as everything that drives and sustains human behaviour"

Gard, 2001

"Motivation is defined as the power that triggers action that follows"

Cheng, & Cheng, 2012

"It is the core of management which shows that every human being gives him a sense of worth in face-to face groups which are most important to him....A supervisor should strive to treat individuals with dignity and a recognition of their personal worth."

Likert

"A motive is an inner state that energizes, activates, or moves and directs or channels behaviour goals."

Berelson and Steiner

"It is the stimulation of any emotion or desire operating upon one's will and promoting or driving it to action."

Lillis

"Motivation refers to degree of readiness of an person to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness."

The Encyclopedia of Management

"Motivation is the complex of forces starting and keeping a person at work in an organization."

Dubin

"The buying behaviour of final consumers, both individuals and households, who buy goods and services for personal consumption"

Kumar, 2010, p.218

7.2 Nature of Motivation

Motivation is the cause of a behaviour. A motive is a construct demonstrating an unobservable inner force that stimulates and leads to a response. A motive is why a person does something. The terms need and motivation are often used interchangeably. This is because when a consumer feels a gap between a desired state and his or her actual current state, a need is recognized and experienced as a drive state known as motivation. Needs and motives usually influence what consumers perceive as essential and also effect their feelings and emotions. For example, a consumer who feels thirsty is motivated to fulfill that need, will view food and ads for food as personally relevant, and will experience negative emotions prior to eating and positive emotions after eating.

Needs

Needs are the basis of the marketing concept. Marketers have to create an awareness of needs amongst consumers. Successful companies define their business in terms of the consumer needs they satisfy rather than the products they produce and sell.

Need recognition is an important concept to understand in marketing. It's the first step in the consumer buying process where a consumer identifies an unmet need that has to be fulfilled. A need is something that a consumer needs to live and function, while a want is a means to fulfill the need.

Figure 1: Defining purpose of business



- We are in the business of 'improving the lives of consumers', not selling products such as detergents, shampoos, and diapers (products).



Example: The Ritz Carlton Hotels portrays themselves as having the following purpose: We aim at 'the genuine care and comfort of guests, not to provide rooms for over-night stays (product). Customer experience that enlivens senses, instills well-being, and fulfills even the unexpected needs and wishes.

Problems in defining by product

Sometimes companies may fail to define themselves in terms of the products they make and this may lead to the failure of a product.



Case Study: Here's Why Kodak Failed: It Didn't Ask The Right Question!

For almost a hundred years, Kodak has led the photograph business with its innovations. But then why did it fail, being a pioneer in this industry? Is it because it didn't make a huge push into digital technology? It saw risks of cannibalizing its strong core business.

The unwillingness to change its large and highly efficient ability to make-and-sell film in the face of developing digital technologies lost it the opportunity to adopt an 'anticipate-and-lead design' that could have secured it a leading position in the industry.

Companies that define themselves in terms of the products they make may suffer or even go out of business when their products are replaced by competitive offerings. E.g., Kodak film (product) by Sony digital camera



<https://thestrategystory.com/2020/11/23/kodak-failure-case-study/>

7.3 Features of Motivation

Motivation is a psychological experience. Motivation is an internal feeling which means it cannot be forced on employees. The internal feelings such as need, desire and targets influence human behaviour to perform in a particular manner. For example, desire to have a new car.

Motivation yields goal directed behaviour. Motivation induces people to behave in such a manner so that they can achieve their goal. Motivated person requires no supervision or direction. He will always work in desired manner. For example, of a person has a motive to get promotion so he will work efficiently to get promotion.

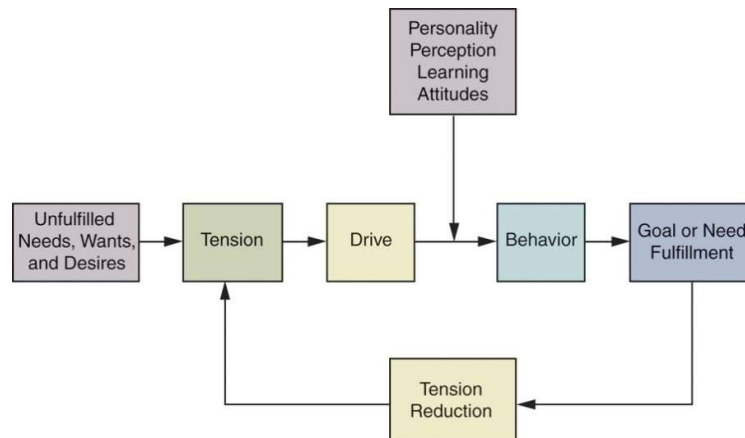
Motivators can be positive as well as negative. To motivate customers marketers, use various motivators. Some motivators are positive and some are negative. Few examples of positive motivators are promotions, incentives etc. Negative motivators such as warnings sometimes create a fear and induces person to behave in a desired manner.

Motivation is a complex and difficult task. In order to motivate people a marketer must understand various types of needs. Human needs are mental feelings which can be measured accurately. If manager processes them accurately then also every person uses diverse approaches to satisfy his need. Some get contented with monetary incentives, some with non-monetary, some with positive and some with negative motivators.

Motivation is a self-motivated and uninterrupted process. Human beings are evolving. Human needs are unlimited and go on changing continuously. Satisfaction of one need gives rise to another so marketers have to continuously motivate the consumers.

7.4 Model of Motivation Process

Figure 2: Motivation process



Motivation process is a transition of states within a person that propels him toward the satisfaction of a particular need, where motivation itself is taken as a hypothesized state. Psychologists use the concept of need to describe the motivational properties of behaviour.

The state of motivation is further made up of four different states, which takes place in a person to drive him towards each action. Each action is first initiated because of a specific need. The need drives the person into initiating actions. Positive results, caused due to the actions, further acts as an incentive motivating a person towards the goal. But the individual can never stop after achieving a particular goal, and this phenomenon continues on and on. This phenomenon has been termed as Motivational process.

Unsatisfied need

Motivation process starts when there is an unsatisfied need in a human being.

Tension

The presence of unsatisfied need gives a person tension.

Need

A need is lack or deficit of some necessity. It is a state of physical deprivation that leads to tension within a person. The tension originates when a person is deprived of basic necessities of life as food, water, and sleep thus leading to the internal environment of a person to be imbalanced. The imbalance caused by the need leads a person to maintain its balance.

Drive

Need leads to drive, which is the next step towards achieving goal. Drive can be defined as the state of tension or arousal produced by need. The drive can also be taken to be as the original source of energy that activates a person to do something.

For instance, when a person is thirsty, a person seeks to reduce this drive by drinking. Drive acts as a stimulus to push a person towards his/her goal. It is the state of heightened tension leading to a directed behaviour.

Goal

The reduction of tension in the body can be considered as the goal of any motivated behaviour. Let us go back to the example of a hungry man. A hungry man eats food, and his body restores to a balanced condition. This then reduces the tension. This reduction of tension as a result of an energized activity is called goal. Once the goal has been acquired, the person is again ready for another goal-motivated behaviour.

Goals might be both positive or negative. Positive goals are the ones that a person tries to achieve, such as sexual companionship, food, victory etc. negative goals are the ones that a person tries to escape from or avoid, such as embarrassing situations, punishments

Search Behaviour

After looking at alternatives the human being starts behaving as per the chosen option.

Satisfied need

After behaving in a particular manner for a longer period of time he/she evaluates that whether the need is satisfied or not.

Reduction of tension

After fulfilling the need the human being gets satisfied and his tension gets reduced.

Arising need in the mind through cues

Many promotional messages are specifically designed by the marketers to arouse the needs of consumer. Stimulation of psychological desires is initiated by marketers.

Marketers sometimes also create a feeling of an imbalance in consumers' minds, thus leading to a purchase goal formation. Goal then leads to acting on the desire, and reducing the imbalance by buying products that lead to fulfillment of the goal.

Figure 3: Cues used by the marketers



7.5 Theories of Motivation

There are several theories of motivation.

Maslow's Need Hierarchy Theory

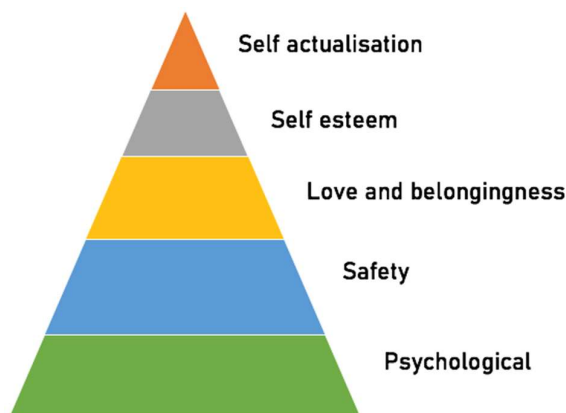
Maslow's hierarchy of needs is an idea in psychology proposed by Abraham Maslow. The theory is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid.

Maslow first introduced his theory of a hierarchy of needs in his 1943 paper "A Theory of Human Motivation" and his subsequent book *Motivation and Personality*. This hierarchy suggests that people are motivated to fulfill basic needs before moving on to other, more sophisticated needs.

While some of the schools of thought at that time such as psychoanalysis tended to focus primarily on problematic behaviours, Maslow was much more interested in learning about what makes people delighted and the things that they do to achieve that objective.

In order to achieve these ultimate goals, however, a number of more basic needs must be met such as the need for food, safety, love, and self-esteem. There are five different levels of Maslow's hierarchy of needs. Let's take a closer look at Maslow's needs starting at the lowest level, known as physiological needs.

Figure 4: Need Hierarchy



Maslow's hierarchy is most often exhibited as a pyramid. The lowest levels of the pyramid are made up of the most basic needs, while the most complex needs are at the top of the pyramid.

Needs at the bottom of the pyramid are the basic physical needs including the need for food, water, sleep, and warmth. Once these lower-level needs have been satisfied, people move on to the next level of needs, which are for safety and security.

Physiological Needs

The basic physiological need includes the things that are essential to our survival. Some examples of physiological needs include: Food, water and breathing.

In addition to the basic requirements of nutrition, air and temperature regulation, the physiological needs also include such things as shelter and clothing. Maslow also included sexual reproduction in this level of the hierarchy of needs since it is essential to the survival and reproduction of the species.

Security and Safety Needs

The second level of Maslow's hierarchy of needs is the requirements start to become a bit more difficult. At this level, the needs for security and safety become primary. People realise the need for safety and security.

Finding a job, obtaining insurance and health care, contributing money to a savings account, and moving into a safe and secure neighbourhood are all examples of actions motivated by the security and safety needs.

Some of the basic security and safety needs include:

- Financial security
- Health and safety
- Safety against accidents

Together, the safety and physiological levels of the hierarchy make up what is often referred to as the basic needs.

Social Needs

The social needs in Maslow's hierarchy include such things as love, approval and belongingness. At this level, the need for emotional relationships drives human behaviour. Some of the things that satisfy this need include: Friendships, intimacy, family and sense of connection.

In order to avoid problems such as anxiety, loneliness and depression it is essential for people to feel loved and accepted by others. Personal relationships with friends, family, and lovers play an imperative role. This is why people indulge in group activities.

Esteem Needs

At the fourth level in Maslow's hierarchy is the need for appreciation and respect. When the needs at the bottom three levels have been satisfied, the esteem needs begin to play a more essential role in motivating behaviour.

Consumer Behaviour

For a person it becomes gradually important to gain the respect and appreciation of others. People have a desire to accomplish things and then have their efforts recognized. In addition to this, the need to attain self-esteem and personal worth also rises.

People want to feel valued and by others. Participation in professional activities, academic accomplishments, athletic or team participation, and personal hobbies can all play a role in fulfilling the esteem needs.

People who are able to fulfill the esteem needs by achieving good self-esteem and the recognition of others tend to feel confident in their abilities. Those who lack self-esteem and the respect of others can develop random feelings of inferiority. Jointly, the esteem and social levels make up what is known as the psychological needs of the hierarchy.

Self-Actualization Needs

At the very peak of Maslow's hierarchy are the self-actualization needs. This is the need of people to achieve their full potential as human beings.

According to Maslow's definition of self-actualization, "It may be loosely described as the full use and exploitation of talents, capabilities, potentialities, etc. Such people seem to be fulfilling themselves and to be doing the best that they are capable of doing. They are people who have developed or are developing to the full stature of which they capable."

Self-actualizing people are mostly self-aware, highly concerned with personal growth, less concerned with the opinions of others, and mostly interested in fulfilling their potential.



Task: Find out that to which of Maslow's needs does the advertisement of a helmet appeal ?

McGuire's Psychological Motives

McGuire's Psychological Motivations is a classification system that organizes theories of motives into 16 categories. The system helps marketers to isolate motives likely to be involved in various consumption situations. The 16 categories of basic motives divided into 4 basic groups. Based on 4 categories on two broad criteria.

McGuire first divided the motivation into two main categories using two criteria:

- Is the mode of motivation cognitive or affective?
- Is the motive focused on preservation of the status quo or on growth?

Then for each division in each category, it was mentioned that there were two more basic elements.

- Is this behavior actively initiated or in response to the environment?
- Does this behavior help the individual achieve a new internal or a new external relationship with the environment?

Cognitive Preservation Motives

Need for Consistency (active, internal) : The need for internal equilibrium and balance .People have a basic desire to have all parts of themselves consistent and they purchase products that fulfill this need. For example , An elite products is higher priced and available at exclusive stores as it shows that internal balance of a person is maintained at exclusive stores because they keeping products affordable by elite class.

Cognitive Growth Motives

Need for Autonomy (active, internal) : The need for independence and individuality. All individuals in all cultures have this need at some level. Owing or using products and services that are unique is one way consumers express their autonomy. Marketers have responded to this motive by developing products and providing wide variety and customization options. In addition, many products are advertised and positioned with independence, uniqueness, or individuality themes.

Americans strive for individuality and self-expression and many products are marketed as "limited edition" or being different and unique. In contrast , with the Japanese culture discourages individuality and focuses on affiliation, and behaviour that enhances family and culture.

Unit 07: Motivation and Emotion

Need for stimulation (active , external) : People often seek variety and difference out of a need for stimulation. Such variety-seeking behaviour may be a prime reason for brand switching and so-called impulse purchasing. The need for stimulation is curvilinear and changes over time. That is, individuals experiencing rapid change generally desire stability, whereas individuals in stable environments become bored and desire change.

Teleological Needs (passive , internal) : Consumer are pattern matchers who have images of desired outcomes or end states with which they compare their current situation. This motive propels people to prefer mass media such as movies , television programs , and books with outcomes that match their view of how the world should work. This has obvious implications for advertising messages.

Utilitarian Needs (passive , external) : The need to approach any problem logically and rationally. This need view the consumer as a problem solver who approaches situations as opportunity to acquire useful information or new skills. Thus , a consumer watching a situation comedy on television not only is being entertained but is learning clothing styles, lifestyle options, and so forth. Likewise, consumers may approach ads and salespeople as a source of learning for future decisions as well as for the current one.

Affective Preservation Motives

Need for Tension Reduction (active, internal) : People encounter situations in their daily lives that create uncomfortable levels of stress. In order to effectively manage tension and stress, people are motivated to seek ways to reduce stress. Recreational products and activities are often promoted in terms of tension relief.

Need for Self-Expression (active, external) : This motive deals with the need to express one's identity to others. People feel the need to let others know who and what they are by their actions, which include the purchase and use of goods. The purchase of many products, such as clothing and automobiles, allows consumers to express an identity to others, because the products have symbolic meanings. For example, designer apparels allow consumers to express who they are.

Need for Ego Défense (passive, internal): The need to defend or protect a person's identity or ego. When one's identity is threatened, the person is inspired to protect his or her self-concept and utilize defensive behaviours and attitudes. Many products can provide ego defense. A consumer who feels insecure may rely on well-known brands for socially visible products to avoid any chance of making a socially incorrect purchase. For example , purchase the right brand of mobile to appear affluent.

Need for Reinforcement (passive, external) : People are often motivated to act in certain way because they were rewarded for doing it. For example, samples and prizes by marketers encourage consumers to buy promoted brands.

Affective Growth Motive

Need for Assertion (active, internal) : Customer's need to engage in activities that will increase self-esteem and self-esteem in the eyes of others. Most consumers respond positively to ads that appeal to this need. Slogans such as 'be what you want to be' create these appeals.

Need for Affiliation (active, external) : Affiliation is the need to develop mutually helpful and fulfilling relationships with others, that are accepted by others. Marketers use such affiliation themes in advertisements which arouse emotions and sentiments in the minds of the consumers for their children and families.

Need for Identification (passive, internal) : The need for identification results in the consumer's playing different roles. A need to adopt novel roles. People have variety seeking-behaviour and this may be a reason for brand switching, but that depends on the person. The travel industry uses this by changing up their ads and showing adventure vacations where people are having fun.

Need for Modelling (passive, external): The need for modelling reflects a tendency to base behaviour on that of others. Our yearning to be like other or be model role for others. Modelling is a major means by which children learn to become consumers. Marketer's use these themes for selling their product, For example , use of celebrities in advertisements. This is the major motivation of children (8-12 year olds), and especially teenagers.

Need for Attribution (active, external) : This set of motives pacts with our need to determine who or what causes things to happens to us and relates to an area of research called attribution theory . Need for attribution is extremely relevant to consumers reactions to promotional messages. For

Consumer Behaviour

example , our friend recommending certain product is likely to be believed more than a salesperson efforts.

Need to Categorize (passive , internal) : Categories allow people to process and organize information and experiences in a meaningful way. For example, Vehicles are categorized into cars , light trucks , heavy duty trucks, van , sporty mid-size, hybrid and so on. This helps consumers quickly narrow down their choices when purchasing a vehicle.

Need for Objectification or Cues (passive, external) : These motives reflect needs for observable cues, symbols or signs that allow us to know that what is happening. For example, clothing plays an important role in presenting image of a person. An example of people quickly judging others by the clothing they are wearing and the vehicle they drive.

7.6 Motives

Motive is the concrete cause of said behavior. Motivation is the process itself and the motive is the concrete reason for taking action.

Types of motives

There are two types of motives.

Latent Motive

Motives that either are not known to the individual or are such that the individual is not willing to accept that he possesses them.



Example: Buying a product to show your status and power

Manifest Motive

Manifest motives are the motives known to the consumer and admitted publicly. They are often described as motives that are publicly seen by members of society.



Example: Buying a product simply for its superior quality.

7.7 Motivation Theory and Marketing Strategy

Understanding consumers' motivations as well as their internal drive to satisfy their physiological and psychological needs is essential. Marketers aim at understanding the motives that lead to different types of behaviour. Few challenges that lie in front of the marketers are as follows:

How to uncover motives

Marketers employ different types of techniques to understand the underlying motives of consumers.

Word Association test

This is a test of personality and mental function in which the test taker is required to respond to each of a series of words with the first word that comes to mind or with a word of a specified class of words.



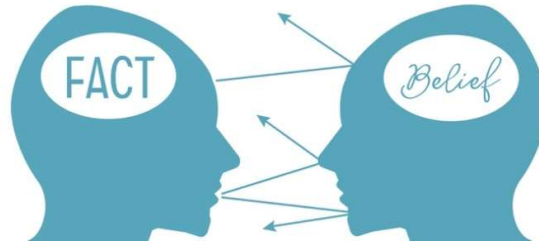
Task: What words comes to your mind when you think of a Dairy Milk chocolate ?

Third Party Technique

The third-person technique, more than any other projective technique, is used to elicit deep seated feelings and opinions held by respondents. This technique is used to elicit deep seated feelings and opinions held by respondents, that might be perceived as reflecting negatively upon the individual. People will often 'qualities' to themselves where they see "faults" in others.

For example, when asked why they might choose to go on a trip the response might be because of the opportunity to enjoy and learn about a different culture. But when the same question is asked as to why a neighbor might go on such a cruise, the response could be 'to show off status'.

Figure 5: Third party technique



How to communicate

Direct as well as indirect appeals can be created by the marketers.

Direct Appeals

Direct appeals are those that explicitly communicate with the consumers about a given need, followed by a message that represents the advertised brand as a product that satisfies that need.

Figure 6: Creating direct appeal via advertisement



Indirect appeals

Indirect appeals are those that do not emphasize on a specific human need, but allude to a need. As advertisers understand the influence of needs upon selective perception, they leave some ambiguity in the message so that the consumers may be free to interpret it and the need to which the advertiser is appealing.

Intensity of involvement

Consumer's involvement may be of two types; High involvement and Low involvement.

High Involvement consumers

These are the customers that have a deep product knowledge and they look for detailed information. A consumer's level of involvement is how interested he or she is in buying and consuming a product.

Low involvement consumers

A low level of involvement is where there is limited risk; the customer or consumer may be very familiar with the brand, product or service, or they may see the product or service as a habit or functional aspect of their life. These customers have no product expertise and are affected by imagery.

Imagery

Imagery in advertisements that has the right colour tones, placement and composition will capture the attention of the people. This will also drive more visitors to the marketer's website, encourage social shares and encourage brand interaction, and ultimately help a marketer achieve his goals.

Strategies based on motivational conflict

Approach/avoidance conflicts

Approach/Avoidance motivational conflict occurs when a consumer is attracted to purchase a product or service but there also exists a negative motivational conflict related to the buying of the product that leads to consumer not buying the product. Marketers can offer ways to minimize the impact of the negative aspect related with buying of the product.

Approach/approach conflicts

An Approach/Approach motivational conflict occurs when a consumer faces two choices which are equally as attractive as each other and the consumer can only choose one. Comparative advertising with an emphasis on one product can help in resolving this conflict.

Avoidance/avoidance conflicts

Avoidance/Avoidance motivational conflict occurs when consumers are faced with two equally undesirable choices. Marketers can also make the choice attractive by adding offers to the proposition.

Promotion/Prevention motives

Marketers can design messages as per these motives. The theme of advertisements can be promotion/ prevention based. Promotion motives lead consumers to be risk takers and prevention motives make consumers vigilant and risk averters.

7.8 Emotions and Consumer Behaviour

Emotions are feelings that affect the behaviour of a person. The study of human emotions and personality provides valuable insights into the parameters of consumer behaviour.

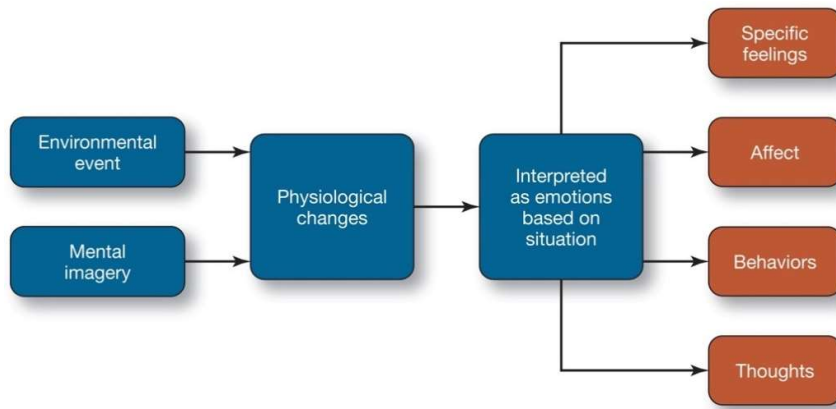
Characteristics of emotions

Emotions are heterogeneous and they may lead to varied psychological behaviors. They are followed by a cognitive thought process and are subjective in nature. Advertising, imagery could be triggers of emotions in consumers.

Nature of emotions

Emotion is a chain of events made up of feedback loops. Feelings and behaviour can affect cognition, just as cognition can influence feeling. At the heart of all these descriptions is the idea that emotions have a function in the lives of individuals. The flow of emotions has been illustrated below:

Figure 7: Emotions and their flow



All emotional experiences have several common elements. Emotions are often triggered by environmental events like looking at a display. However, they can also be originated by internal processes such as imagery. Advertisers regularly use imagery to induce specific emotional responses.

Emotions are accompanied by physiological changes such as eye pupil dilation, increased heart rate and blood pressure, boosted blood sugar level. Also, emotions may not be accompanied by cognitive thought and may also lead to certain associated behaviors.

While the behaviors change across individuals and time there are inimitable behaviors normally associated with altered emotions, like anguish triggers crying. Emotions also involve subjective feelings. Anguish, ecstasy, anger, and fear feel very different. These feelings have a specific component we mark them as a specific emotion, such as sad or happy.

Emotions and advertising strategies

Advertising messages, usually based on imagery rather than information, attempt to achieve the objectives of the advertiser by evoking strong emotional feelings like fear, humour, and passion.

Figure 8: Marketers and their strategies

How to take words from emotional to rational

ADDITIONALLY ----- THERE'S MORE
IMMEDIATELY ---- RIGHT NOW

SUPERIOR ---- BETTER
PERHAPS ----- MAYBE

Different appeals created by marketers

There are different types of appeals that are used by the marketers. They have been discussed below:

Emotional Appeal

Anything that provokes an emotional response that will likely resonate with people. Emotional appeals may include negative or positive feelings, including sadness, anger, hope and pride.

Fear Appeal

Using fear as a marketing tactic is done mostly by marketers. They can lead their target audience to focus on what could happen because of an action or inaction. Fresh produce marketers could use this tactic to create a speedy behavior change, such as eating healthier foods. To make this appeal effectual, they guide the audience to move in the direction that is paved for them.

Humour Appeal

Consumer Behaviour

When humour is used properly, it increases recollection for the audience. Humour works best with well-known products or services. When using this appeal, they take care not to be overbearing with the humour and cause the audience to resent the product, service or even the brand or company.

Logical Appeal

Marketers present just the facts about the product or service, leading people to trust the information given to them. It also shows audiences the practicality and functionality of what you one has to offer.

Apart from these appeals consumers may buy products for an emotional benefit They may seek positive/negative emotions from a product. Marketers design campaigns that fuel these emotions.

Figure 9: Inducing excitement



Inducing solutions to guilt

There may exist an emotional dilemma whether to buy a product or not. Negative emotions resulting from a bad product/service experience may also exist. Consumers may vent emotions by finding solutions, seeking solutions from others or completely avoiding the product/service in future.

Summary

- Consumer motivation is an internal state that drives people to identify and buy products or services that fulfil the conscious and unconscious needs or desires.
- Needs are the basis of the marketing concept. Marketers have to create an awareness of needs amongst consumers.
- Motivation process is a transition of states within a person that propels him toward the satisfaction of a particular need, where motivation itself is taken as a hypothesized state.
- Maslow's hierarchy of needs is an idea in psychology proposed by Abraham Maslow. The theory is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid.
- McGuire's Psychological Motivations is a classification system that organizes theories of motives into 16 categories.

Keywords

Motivation: Motivation can be defined as everything that drives and sustains human behaviour.

Drive: Drive can be defined as the state of tension or arousal produced by need.

Motive: This is the concrete cause of said behavior. Motivation is the process itself and the motive is the concrete reason for taking action.

Latent Motives: These are either not known to the individual or are such that the individual is not willing to accept that he possesses them.

Manifest Motive: These are the motives known to the consumer and admitted publicly. They are often described as motives that are publicly seen by members of society.

Self Assessment

1. Who has given the hierarchy of needs hierarchy theory of motivation?
 - A. Abraham Maslow
 - B. David McClelland
 - C. Victor Vroom
 - D. Frederick Herzberg

2. Which among the following is the highest level need under Need Hierarchy Theory of motivation?
 - A. Physiological Need
 - B. Safety and Security Needs
 - C. Social Needs
 - D. Self-Actualisation Needs

3. Motivation is:
 - A. Our ability to understand emotions
 - B. An internal state that guides our behaviour to attain the goal
 - C. Our ability to understand cultural values
 - D. Our ability to adapt to our environment

4. Human beings seek out a sense of belonging as well satisfying feelings of hunger and thirst. These are examples of a/an:
 - A. Motivation
 - B. Drive
 - C. Need
 - D. Extrinsic motivation

5. The _____ technique is used to elicit deep seated feelings and opinions held by respondents. This technique is used to elicit deep seated feelings and opinions held by respondents, that might be perceived as reflecting negatively upon the individual.
 - A. Attitude
 - B. Drive
 - C. Need
 - D. Third party technique

6. Consumers may vent _____ by finding solutions, seeking solutions from others or completely avoiding the product/service in future.
7. _____ are those that explicitly communicate with the consumers about a given need, followed by a message that represents the advertised brand as a product that satisfies that need.

Consumer Behaviour

8. The _____ in Maslow's hierarchy include such things as love, approval and belongingness.
At
this level, the need for emotional relationships drives human behaviour.
9. In a _____ the test taker is required to respond to each of a series of words with the first
word that comes to mind or with a word of a specified class of words.
10. Maslow's hierarchy of needs is an idea in psychology proposed by _____.
11. Marketers present just the facts about the product or service, leading people to trust the information given to them. This is called the humour appeal.
A. True
B. False
12. Perception process is a transition of states within a person that propels him toward the satisfaction of a particular need, where motivation itself is taken as a hypothesized state.
A. True
B. False
13. An Approach/Approach motivational conflict occurs when a consumer faces two choices which are equally as attractive as each other and the consumer can only choose one.
A. True
B. False
14. A low level of involvement is where there is limited risk; the customer or consumer may be very familiar with the brand, product or service, or they may see the product or service as a habit or functional aspect of their life.
A. True
B. False
15. Emotions are heterogeneous and they may lead to varied psychological behaviors.
A. True
B. False

Answers for Self-Assessment

- | | | | | |
|-------------|-------------------|-----------------|--------------------------|--------------------|
| 1. A | 2. D | 3. B | 4. C | 5. D |
| 6. Emotions | 7. Direct appeals | 8. Social needs | 9. Word Association test | 10. Abraham Maslow |
| 11. B | 12. B | 13. A | 14. A | 15. A |

Review Questions

1. Define motivation? Explain the model of motivation in detail ?
2. Explain Maslow's need hierarchy theory in detail with the help of examples ?
3. Explain McGuire's Psychological Motives classification system in detail ?
4. Write a detailed note on marketing strategies adopted by marketers to generate motives and motivate the consumers?
5. Write a detailed note on nature of emotions and how marketers create different types of appeals to influence these emotions?



Further Readings

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Unit 08: Attitude and Market Segmentation

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Objectives

After studying this unit, you will be able to,

- describe the concept of attitude.
- understand its role in consumer behaviour.
- define the three components of attitudes.
- understand the attitude change strategies that are related to each attitude component.
- describe the elaboration likelihood model of persuasion.
- describe how characteristics of consumers influences their attitude.
- describe how environment influences consumer attitude.
- understand how effective communication can be employed to influence consumer attitudes.
- understand the concept of market segmentation.
- describe product development strategies based on attitudes.

Introduction

Attitude in consumer behaviour indicates the way of thinking of a person towards a product or service which is established through his/her past purchase experiences, use, knowledge and beliefs. A person can have a positive or a negative attitude towards a product or service.

Consumer attitude may be defined as a feeling of favourableness or unfavourableness that an individual has towards an object. As we, all know that an individual with a positive attitude is more likely to buy a product and this results in the chance of liking or disliking a product.

Attitude study is essential for the marketers because it affects consumers' selective processes, learning, and ultimately the buying decision making. As consumers' attitudes effect their intention to buy, knowledge of different aspects of consumer attitudes may assist marketers make a sales forecast of their products.

These are some basic determinants of our perceptions of and actions toward all aspects of our social environment. Attitudes involve a complex organization of basic beliefs, feelings, and feelings toward certain actions.

8.1 Definition of Attitude

"An attitude is a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related."

Gordon Allport

"An attitude is a dispositional readiness to respond to certain institutions, persons or objects in a consistent manner which has been learned and has become one's typical mode of response."

Frank Freeman

"An attitude denotes the total of man's inclinations and feelings, prejudice or bias, preconceived notions, ideas, fears, threats, and other any specific topic."

Thurstone

"A tendency to react favourably or unfavourably towards a designated class of stimuli, such as a national or racial group, a custom or an institution."

Anastasi

"Attitudes are learned predispositions towards aspects of our environment. They may be positively or negatively directed towards certain people, service, or institution."

N.L. Munn

"Attitudes are an 'individual's enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea."

David Krech, Richard S. Crutchfield, and Egerton L. Ballackey

"Attitude can be described as a learned predisposition to respond in a consistently favourable or unfavourable manner for a given object."

Martin Fishbein and Icek Ajzen

"An attitude is a relatively enduring organization of beliefs around an object or situation predisposing one to respond in some preferential manner."

Milton Rokeach

8.2 Characteristics of Attitude

Attitude can be termed as a tendency to react positively or negatively to a person or circumstances. Thus the two principal elements of attitude are this tendency or predisposition and the direction of this predisposition.

It has been expressed as a mental state of keenness organized through experience, which exerts a directive or dynamic influence on the responses. These can also be explicit and implicit. Explicit

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attitudes are those that we are consciously aware of and that clearly influences our behaviours and beliefs. Implicit attitudes are unconscious but still affect our beliefs and behaviours.

Attitudes are the a total combination of things we call personality, beliefs, values, behaviours, and motivations. It ranges from very favourable to very unfavourable. All people, irrespective of their status or intelligence, have attitudes. An attitude exists in every person's mental beliefs. It helps to define our identity, guide our actions, and influence how we judge people.

Although the feeling and belief components of attitude are internal to a person, we can view a person's attitude from their resulting behaviour. Attitude assists us define how we see situations and define how we behave toward the situation or object.

It provides us with internal cognitions or beliefs and thoughts about people and objects. It can also be explicit and implicit. Explicit attitude is those that we are consciously aware of an implicit attitude is unconscious, but still, affect our behaviours.

Attitudes lead us to behave in a particular way toward an object or person. An attitude is a summary of a person's experience; thus, an attitude is based in direct experience predicts future behaviour more accurately.

It includes certain parts of personality as interests, appreciation, and social conduct. It indicates the total of a man's inclinations and feelings. An attitude is a point of view, which one holds towards an idea, object, or person.

It has aspects such as direction, level or specificity. It refers to a person's willingness for doing work. It may be positive or negative and may be affected by age, position, and education. Attitude may be defined as a feeling or disposition to favour or be against objects, persons, and situations. It is a well-defined object of reference.

The illustrated advertisement influence consumer attitude as to how using cell phones and driving simultaneously is unsafe and can lead to severe accidents.

Figure 1: Advertisements influencing consumer attitudes



8.3 Tri component Model of Attitude

Attitudes are simply expressions of much we like or dislike various things. Attitudes represent our evaluations, preferences, or rejections based on the information we receive.

Components of attitude

There are several different components that make up attitudes.

Cognitive Component

The cognitive component of attitudes refers to the beliefs, thoughts, and attributes that we would associate with an object. It is the opinion or belief segment of an attitude. It refers to that part of attitude which is related in general knowledge of a person.

This comprises of the knowledge and perceptions that are acquired as a result of direct experience with an object and the gathering of related information from various sources is the cognitive component of attitude. Mostly these come to light in generalities or stereotypes, such as 'all children are cute', 'tobacco chewing is harmful to health' etc.

Marketer provide detailed information to create positive beliefs about a product.

Figure 2: Advertisements affecting the cognitive component




Affective Component

Affective component is the emotional or feeling segment of an attitude. It is related to the statement which affects another person. A consumer's emotions or feelings about a particular product or brand are the affective component of their attitude.

It consists of the feelings or emotions that are brought to the surface about something, such as fear or hate. Using the above example, someone might have the attitude that they love all children because they are cute or that they disregard smoking because it is harmful to health.

Marketers affect the feelings of consumers and lead them to build positive feelings and attitudes towards a product.

 Example: Marketers of baby products design an advertisement of baby product in a manner that effects the consumer's emotions or feelings.

Scales used to measure feelings

- Strong --- Weak
- Decisive ---- Indecisive
- Fair ---- Unfair
- Active ----- Passive
- Cheerful ----- Uncheerful

Behavioural Component

Behaviour component of an attitude consists of a person's tendencies to behave in a particular way or toward a particular object. It refers to that part of attitude which reflects the purpose of a person in the short-run or long run.

The possibility or tendency that an individual will resort to a specific action or behave in a particular way with regard to an object is called the behavioural component of attitude. Using the above example, the behavioural attitude maybe- 'we better keep those smokers out of the mall'.

In an organization, attitudes are important for their goal or objective to succeed. Each one of these components is very different from the other, and they can build upon one another to form our attitudes and, therefore, affect how we relate to the world.

Marketers affect behaviour in a manner that may lead to actual action regarding the product.

Figure 3: affecting the behavioural component



Scale use to measure likely behaviours

Scales to measure likely behaviours like this may be developed by the marketers.

How likely are you going to buy a new automobile within the next six months? (Please check the most appropriate category)

Definitely will not buy	1
Probably will not buy	2
May or may not buy	3
Probably will buy	4
Definitely will buy	5

8.4 Multi Attribute Model of Attitude

There are quite a few models of attitude depicting the connection between perception and preference or attributes and attitudes. These models are often mentioned to as models of cognitive structure that emphasize that attitudes are the product of both evaluations of the attributes and beliefs about how much of attributes are possessed by the attitude object. One of such models has been given by Martin A. Fishbein which is widely used. According to this model, attitudes are viewed as having two basic components.

One is the beliefs about the specific attributes of an object (product, here in consumer behavior). The attributes could be the product's price, quality, size, shape, design, distinctiveness, durability, availability, packaging and so on. The other component is the evaluative aspects of consumer's beliefs on different aspects of the attitude object. It implies how an individual evaluates the importance of each attribute of the object (product) in satisfying his/her need.

The multi-attribute attitude models state that the attitude of a consumer towards a product, service, brand, price, and promotion is basically a function of his/her perception and belief of the key attributes of the object as well as his assessment of these attributes.

The model states that a consumer's attitude towards a product is a function of the presence or absence of certain attributes, and the corresponding evaluation of those attributes.

The Fishbein's model may be formulated as below:

$$A_{jk} = \sum B_{ijk} * I_{ik}$$

i = attribute
j = product
k = consumer
I = importance of attribute 'i' for consumer 'k'
B = belief of consumer 'k' regarding the extent to which product 'j' possesses attribute 'i'
A = overall attitude score of product 'j' for consumer 'i'

The attitude of the individual toward a particular brand is thus based on the sum of how much the brand's performance on each attribute differs from the individual's ideal performance on that attribute weighted by the importance of that attribute to the individual.

Explaining the Multi-attribute Model of Attitude

For example, suppose a student has to make a decision about which university he should attend. He will follow the following steps:

- Define attributes that can affect his decision.
- Assign importance to each attribute (for every option)
- Assign scores to each attribute

Figure 4: Multi attribute model

Attribute	Importance	IIT
Academic Reputation	6	8
Research orientation	7	9
Cost	4	2
Proximity to home	3	2
Athletics	1	1
Location	2	1
Library facilities	5	7

Based on the formula stated above, an overall Attitude Score for each college can be calculated. The overall Attitude Score for IIT is as follows:

$$IIT = (6*8) + (7*9) + (4*2) + (3*2) + (1*1) + (2*1) + (5*7) = 163$$

8.5 Attitude Change Strategies

There are three attitude change strategies.

Changing the Cognitive Component

This involves altering the negative beliefs that consumers hold about a product/service and can be done in many different ways. It includes altering beliefs about a product or adding a new set of beliefs. Changing the focus on an altogether different belief can also be a part.

Endeavours to change beliefs generally involve providing facts or statements about performance. It is important to know that some beliefs are strongly held and thus difficult to change. As a consequence, marketers may have more success changing overall brand attitudes by targeting weaker brand beliefs that are more prone to convincing attempts by marketers.

Figure 5: Altering beliefs about a product



Changing the Affective Component

Firms increasingly attempt to affect the consumers preference of their brands without directly influencing either beliefs or behaviour. If the firm is successful, increased preference will tend to lead to increased positive beliefs that could lead to a positive purchase behaviour. Marketers use three basic approaches to directly increase affect: classical conditioning, affect toward the ad itself, and mere exposure. Using humour, celebrities, or emotional appeals to effect the feelings of consumers.

Figure 6: Celebrities to create positive feelings about a brand



Changing the Behavioral Component

Changing behavior prior to changing affect or cognition is based on inducing people to purchase or consume the product while ensuring that the purchase or consumption will indeed be rewarding. Coupons, free samples, point-of-purchase displays and price reductions are common techniques for inducing trial behavior.

Behavior can lead directly to affect, to cognitions, or to both simultaneously. Consumers frequently try new brands or types of low-cost items in the absence of prior knowledge or affect.

8.6 Elaboration likelihood model (ELM)

The Elaboration likelihood model (ELM) of persuasion is a theory that elaborates on the change of attitudes. The model was developed by Richard E. Petty and John Cacioppo in 1980. The model explains the different ways in which stimuli are processed, gives reasons why they are used, and explains their outcomes on attitude change.

The elaboration likelihood model of persuasion (ELM) is essentially a theory about the thinking processes that might occur when we endeavour to change a person's attitude through communication, the different effects that some persuasion variables play within these processes, and the strength of the judgements that happen. The ELM believes that any one variable can influence attitudes in a number of different ways and can serve to either increase or decrease persuasion through several different processes.

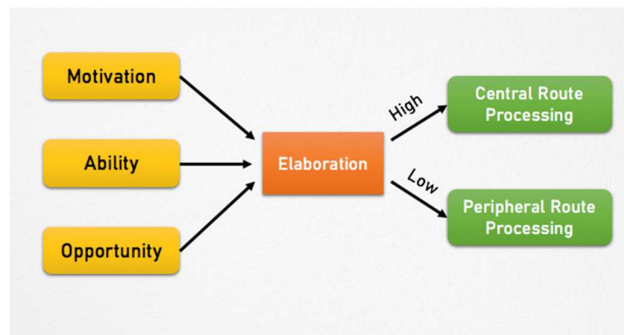
ELM assumes that individuals can vary in how carefully and elaborately they think about a message and the position, object or behaviour it is advocating. That is, in any given context, the amount of elaboration or thinking a person does about a message or issue can differ from low to high along an "elaboration continuum". Individuals can consider a lot, a moderate amount, or indeed very little about a message, and the amount of thinking they engage in goes a long way in explaining how people will be persuaded.

Where people fall along this continuum is finalised by considering their motivation and ability to process the message that is presented to them. A person’s motivation can be effected by several variables, such as the importance of the issue or being responsible for processing the message. For example, if a person has a family history of diabetes, he or she might be particularly motivated to carefully consider information on sugar control technologies.

Several factors impact on this ability, such as intelligence, time available to engage in the message, a person’s level of actual or perceived knowledge, the level of distraction in the external environment effect (a noisy environment might inhibit a person’s ability to think), and the number of message repetitions (with increasing amounts of message repetition, people are better able to understand the message)

Factors that effect a recipient’s motivation and ability may therefore be on point to the communication context or internal to the person. When the motivation and ability to think are high, individuals are inclined to go down a “central route to persuasion” (the left-hand-side of Figure 1), but when motivation is low or ability to process is hindered, people are more likely to go down a “peripheral route to persuasion”.

Figure 7: ELM model




The central route to persuasion

If a person is motivated and able to think carefully about a message like high personal relevance, few distractions then he or she is likely to follow the central route to persuasion. In the central route, individuals carefully consider the elements of the message in order to determine whether its proposal makes sense and will benefit them in some way.

Specifically, the central route to persuasion involves pieces of information in the message intended to provide evidence for the communicator’s point of view. If the arguments are really strong, then the individuals will generate favourable thoughts in response to the message and will experience attitude change in the advocated direction.

Two pre-requisites for the success of central route

The listener has to be motivated to listen to what is being said, to process information that might be complex and has to have the ability from their existing knowledge to understand what is being projected.

 Example: L’Oreal Paris advertisement focuses on social change. Firstly, the ad grabs attention because it seems counter-intuitive. An advertisement featuring lipstick is targeted towards men. This will cast the eyeballs off, not just men, but also women. Secondly, the advertisement comes directly to the message. It tells us that 15% higher revenue is generated when women are leaders inside a company.

The peripheral route to persuasion

We often lack the motivation or ability to carefully consider every piece of persuasive communication in the way defined by the central route. Attitude change can occur still, as some persuasion processes require little consideration of the arguments present in a message. Recipients use simple cues or mental shortcuts as a means of processing the information contained in a message.

For example, a cue might involve an emotional state for example 'joy' that becomes associated with the message's promoted position in a positive way, or a recipient might simply agree with a message without any careful consideration of the arguments on the basis that it is being delivered by a perceived expert on the matter .

While the distinction between central and peripheral routes to persuasion provides an idea into how people might broadly process information, the reality is that both central and peripheral processes can influence people attitudes simultaneously.

Consumer resistance to changes in attitude

Consumers may be resistant to persuasion. They may doubt the marketer's intent behind persuasion (highlighting the benefits of selling a product). Strong attitudes may be difficult to change. Consumers may avoid content that attempts to challenge them.

8.7 Factors that Influence Attitude

Individual and environmental characteristics

The consumer may frame attitudes regarding brands. If they are comparable in terms of their product features, which act as a central cue; consumers with high involvement prefer the brand which has the strongest depiction of the peripheral cues in its advertising.

Consumers may have strong beliefs about a brand and may not be open to persuasion. Consumers may make assumptions about the intent of a marketer (praising a product to sell) and may respond accordingly. They avoid exposure to messages that might change their strong beliefs regarding a brand.

8.8 Attitude Defense Mechanisms

Brand loyal consumers hold positive beliefs about a brand. If they come across criticism of their preferred brand, or a comparison with the competitor's brand that threatens their beliefs, they may adopt an attitude defense mechanism.

Discrediting

Counter attacking information that goes against their preferred brand.

Discounting

Declining importance of attribute that makes the competitor brand better.

Containing

Creating a barrier to that information, disregarding it as important.

How communication influences attitude

The elements of communication that influence attitude have been mentioned below:

Source Characteristics

The source of a communication represents who delivers the message. Sources may include opinion leaders, celebrities, loyal consumers, animated spokes characters or organizations. The source of a message is important because consumers respond differently to the same message delivered by different sources. The important task is to match the source image with brand personality and align the source with the self-concept of the target market.

Appeal Characteristics

Different types of appeal are created by the marketers. Few of which include; Fear appeal, rational appeal, humor appeal, emotional appeals, value-expressive appeal and utilitarian appeal.

The utilitarian appeal emphasizes the benefit of some product or service in terms of its practical functionality. The value-expressive appeal allows the individual to express his or her self-concept.



Example: Complan employs a psychological strategy which emphasizes its benefit in terms of its practical functionality which is "2X faster growth". This is the utilitarian appeal of the product.

Message Structure Characteristics

Messages may contain different structures. There may be messages highlighting benefits of one's product, not speaking of any negative attributes/attribute possessed by competitors product or may be messages highlighting both the positive and negative attributes, making a comparison with the competitors. Marketers are reluctant to try this approach.

Message Framing may also be done effectively. This refers to showcasing any one value outcomes either in terms of positive gains (positive framing) or in terms of negative losses (negative framing).

Framing may be of two types:

Positive Framing

Focusing on positive outcome of performing an act. For example, effects of giving vaccination to your

children.

Negative Framing

Focusing on negative outcome of not performing an act. For example, effects of not giving vaccination

to your children.

Nonverbal Components like imagery and jingles may be used to influence the emotions of the consumer.

Figure 8: imagery jingles are used to influence the emotions of the consumer.



8.9 Segmentation

Segmentation refers to the dividing of marketplace into segments, which are definable, accessible, actionable, and profitable and have a growth potential. The segment has to be definable; a mass of people who can be identified and targeted with reasonable effort, cost and time.

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Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference. A market segment is a small unit within a large market comprising of similar individuals. One market segment is totally distinct from the other segment.

A market segment comprises of individuals who think on the same lines and have similar concentrations. A market segmentation strategy systematizes your customer or business base along demographic, geographic, behavioral, or psychographic lines or a combination of them. Market segmentation is an organizational approach used to break down a target market audience into smaller, more practicable groups.

Demographic, psychographic, behavioural and geographic segmentation are considered the four main types of market segmentation, but there are also many other strategies you can use, including numerous variations on the four main types.

Basis of segmentation

Quality of product, performance of product, customer service, uniqueness of product are few basis of segmentation.

Types of Market Segmentation

There are many types of segmentation that are adapted by the marketers.

Psychographic segmentation

The basis of such segmentation is the lifestyle of the individuals. The individual's attitude, interest, value help the marketers to classify them into small groups.

Behaviouralist Segmentation

The loyalties of the customers towards a particular brand help the marketers to classify them into smaller groups, each group comprising of individuals loyal towards a particular brand.

Geographic Segmentation

Geographic segmentation refers to the classification of market into various geographical areas. A marketer can't have similar strategies for individuals living at different places.



Example: McDonald's in India does not sell beef products as it is strictly against the religious beliefs of the countrymen, whereas McDonald's in US freely sells and promotes beef products.

Benefit segmentation

Benefit segmentation is the grouping of consumers looking for same benefit in one group. Constructing of the the ideal level of performance as expected by the group is done and then this is followed by the development of a product concept.

This method of market segmentation involves segmenting the market based on the perceived value or advantages that consumers believe they will receive from your product. This can involve categorizing consumers based on perceived benefits such as quality, features and customer service. Match the profile of the group with that of the product.

Develop different marketing strategies for each group is done finally.



Example: A company offering soap may segment on the basis of the following benefits:

Fragrance (liked by older women).

Fairness (liked by younger women).

Freshness (liked by kids).

Cleanliness (like by men).

Long lasting (liked by housewives).

Advantages of benefit segmentation

It helps companies identify and group customers on the basis of their behaviour. It also helps in designing marketing mix strategies in accordance with the group profile.

Moreover, advertising and promotional strategies are framed accordingly by the marketers.

The ideal, actual and product concepts are developed by marketers to influence customer attitudes.

Using the attitude model outlined in the previous section, there are four strategies which you might use to influence attitudes. Marketers may use the study of attitude to determine market opportunities, undertake media selection, decide the timing of marketing efforts., enable better service to customers, make adjustments in marketing appeals, developing marketing programs, designing of a product and efficient use of resources.

Summary

- Consumer attitude may be defined as a feeling of favourableness or unfavourableness that an individual has towards an object.
- The cognitive component of attitudes refers to the beliefs, thoughts, and attributes that we would associate with an object.
- Affective component is the emotional or feeling segment of an attitude. It is related to the statement which affects another person.
- The multi-attribute attitude models state that the attitude of a consumer towards a product, service, brand, price, and promotion is basically a function of his/her perception and belief of the key attributes of the object as well as his assessment of these attributes.
- Endeavours to change beliefs generally involve providing facts or statements about performance. It is important to know that some beliefs are strongly held and thus difficult to change.
- The Elaboration likelihood model (ELM) of persuasion is a theory that elaborates on the change of attitudes.

Keywords

Attitude: An attitude is a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related.

The central route to persuasion: This persuasion involves pieces of information in the message intended to provide evidence for the communicator's point of view.

Peripheral route to persuasion: The process by which attitudes are formed or changed as a result of using peripheral cues rather than carefully scrutinizing and thinking about the central merits of attitude-relevant information.

Source Characteristics: The source of a communication represents who delivers the message. Sources may include opinion leaders, celebrities, loyal consumers, animated spokes characters or organizations.

Positive Framing: Focusing on positive outcome of performing an act.

Negative Framing: Focusing on negative outcome of not performing an act.

Self Assessment

1. Attitude is defined as "a learned predisposition to respond in a consistently _____ with respect to a given object."
A. favourable or unfavourable manner
B. favourable manner

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- C. unfavourable manner
D. Favourable and unfavourable manner
2. Attitudes affect the _____ of a person at a different level.
A. Social relations
B. Perception
C. Learning capabilities
D. Behaviour
3. The elements of Attitude do not include this element:
A. Cognitive
B. Behavioural
C. Observation
D. Affective
4. Beliefs, opinion or information is a part of _____ element of attitude.
A. Cognitive
B. Behavioural
C. Observation
D. Affective
5. Among the components of attitude _____ is the only component that can be observed directly.
A. Cognitive
B. Behavioural
C. Observation
D. Affective
6. _____ refers to the dividing of marketplace into segments, which are definable, accessible, actionable, and profitable and have a growth potential.
7. The _____ component of attitudes refers to the beliefs, thoughts, and attributes that we would associate with an object.
8. The _____ models state that the attitude of a consumer towards a product, service, brand, price, and promotion is basically a function of his/her perception and belief of the key attributes of the object as well as his assessment of these attributes.
9. The _____ model of persuasion is a theory that elaborates on the change of attitudes.
10. _____ segmentation is the grouping of consumers looking for same benefit in one group.
11. The central route to persuasion involves pieces of information in the message intended to provide evidence for the communicator's point of view.
A. True
B. False

12. Psychographic segmentation is the grouping of consumers looking for same benefit in one group.

- A. True
- B. False

13. Behaviour component of an attitude consists of a person's tendencies to behave in a particular way or toward a particular object.

- A. True
- B. False

14. The Elaboration likelihood model (ELM) of persuasion is a theory that elaborates on the change of personalities.

- A. True
- B. False

15. Affective component is the emotional or feeling segment of an attitude. It is related to the statement which affects another person.

- A. True
- B. False

Answers for Self Assessment

- | | | | | |
|-----------------|--------------|-----------------------------|---------------------------------|-------------|
| 1. A | 2. D | 3. C | 4. A | 5. B |
| 6. Segmentation | 7. Cognitive | 8. Multi-attribute attitude | 9. Elaboration likelihood model | 10. Benefit |
| 11. A | 12. B | 13. A | 14. B | 15. A |

Review Questions

1. Visit few company sites on the Internet that contain advertisements. Find and describe an advertisement that attempts to change each of the following to help form or change attitudes: a. Affective component b. Cognitive component c. Behavioral component ?
2. What is an attitude? What are the components of an attitude?
3. Explain the elaboration likelihood model in detail?
4. Explain the multi-attribute attitude model with the help of an example?
5. What is segmentation? What are the basis of segmentation? Explain benefit segmentation with the help of an example?



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Unit 09: Self-Concept and Consumer Decisions

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- 9.10 PRIZM - Lifestyle and Behavior Segmentation System

Summary

Keywords

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Objectives

After studying this unit, you will be able to,

- understand the meaning of self-concept.
- describe how it is measured.
- articulate how it is used by the marketers to position products.
- describe the concept of lifestyle.
- understand the relationship of lifestyle and self-concept.
- describe the VALS and PRISM systems.

Introduction

Self-concept is the image that a person has of himself. How exactly does this self-image form and change over a time period? This image progresses in a number of ways but is particularly influenced by our communications with important people in our lives.

Self-concept is how one perceives his/her behaviour, abilities, and unique characteristics. For example, beliefs such as "I am a good person" or "I am a compassionate person" are part of an overall self-concept. It is a collection of beliefs one holds about oneself and the responses of others.

It also refers to how someone thinks about, evaluates or perceives themselves. To be aware of oneself is to have a concept of oneself.

Positive self-concept

Consumer Behaviour

A person thinks of themselves as a kind individual

A person thinks of themselves as a hard-working employee

Negative self-concept

A person thinks of themselves as being introvert

A person thinks of themselves as an incompetent employee

9.1 Definition of Self-Concept

"The individual's belief about himself or herself, including the person's attributes and who and what the self is".

Baumeister (1999)

"The self-concept is an important term for both social and humanistic psychology".

Lewis (1990)

"Self-concept is self-esteem, self-worth or self-acceptance that includes all beliefs and judgments about ourselves, it will define who we are in our own mind, what we can do in our minds and what we become in our minds".

Burns

9.2 Self-Concept Components

The formation of self-concept commences during early childhood. It continues to develop and evolve throughout our life. Our self-concept can have an affect on various aspects of our lives. There lies a strong relationship between self-concept and the motivation of a person.

People work towards different goals and make choices that drive the business. People direct their efforts to achieve milestones. By obliging to external changes, they aim for personal growth.

The components of self-concept include the traits, habits and behavior of a person. It evolves through one's background, experience, and interaction with others. Consumers usually select products that have an image that goes well with their self-concept.

9.3 Parts of Self-Concept

There are several parts of a self-concept.

Actual self

There are different parts of a self-concept. The actual self is a cognitive structure or schemata, or demonstration that includes all self-describing attributes that a person is aware of, regardless if these characteristics have resulted from self-evaluations or evaluations provided by others. This is the way in which a person sees himself currently.

Individuals are mostly motivated to achieve success and avoid failure in domains that are relevant for their self-worth. The actual self is a cognitive structure.

Ideal self

This is the way in which a person would like to see himself. This is an idealized version of one-self and what one has created from the life experiences, and what one admires in his/her role models. If the Real Self is far from this idealized image, then one might not feel satisfied with his/her life and consider oneself a failure.

Marketers design advertisements that focus on the ideal self-image of the consumers.

Figure 1: Advertisements stressing on focus on ideal self



Private self

The part of the self that is known mainly to oneself, such as one's inner feelings and self-concept. The part of a person's awareness known only to themselves. The private self is the only one aware of true feelings and self-worth. As opposed to the outside, physical and noticeable person the public sees.

Social self

Social self refers to how one perceives one-self in relation to others. Those aspects of one's identity or self-concept that are important to or influenced by interpersonal relationships and the reactions of other people.

The dimensions of self-concept are illustrated below.

Figure 2: Dimensions of consumer self-concept

	Actual Self Concept	Ideal Self Concept
Private Self	<u>ACTUAL SELF</u> How I actually see myself	<u>IDEAL SELF</u> How I would like to see myself
Social Self	<u>SOCIAL SELF</u> How others actually see me	<u>IDEAL SOCIAL SELF</u> How I would like others to see me

Independent Self-Concept

Individuals with an independent self-concept focus more on themselves and frame their individualistic goals. They also have an autonomous approach and rely mostly on self. These people are also self-believers.

This concept indicates entirely self-centred point of view where a person's behaviour and actions are organized completely around their own thoughts and feelings without taking other people's opinions or feelings into consideration.

Interdependent Self-Concept

Individuals with interdependent self-concept are conscious of others and their relationships with them and they adjust their behavior to accommodate others. Another trait is that they believe in maintaining relations and staying connected. Moreover they are sociocentric and take social roles seriously.

Consumer Behaviour

This is the extent to which people interpret the self as being fundamentally connected to other people. They have a way of defining oneself in terms of one's relationships to other people, recognizing that one's behaviour is often determined by the thoughts, feelings, and actions of others.

Self-concepts in different countries

Self-concepts of people differ in different countries.



Example: People from western cultures like the U.S., Canada, and Western Europe are independent selves and people from East Asian cultures like China, Japan, and Korea are more interdependent selves.

9.4 Extended Self

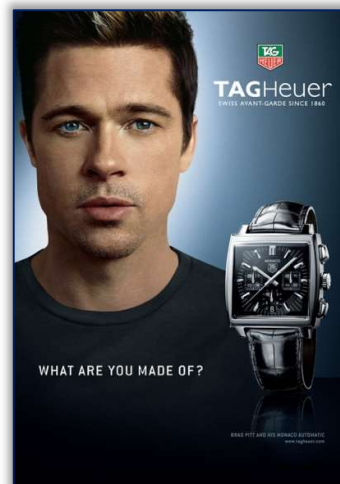
The extended self holds the belief that some possessions and people are an integral part of us. They extend our identity beyond our mind and body alone. Some consumers may either unconsciously or consciously, choose brands. They use their choice as a way to express who they are and what they value.

When their sense of self is further defined by these possessions, we call it the extended self. The extended self is made up of self and also includes possessions like gifts, and money. The extended self-construct is examined by marketers.



Example: The clothes of a person reflect certain aspects of one's personality and are usually designate as "the wardrobe".

Figure 3: Extended self: holding an integral possession



Case Study: Impact of Consumers' Self-Image and Demographics on Preference for Healthy Labelled Foods

Consumers with a self-image of health consciousness differ in how they see themselves with regard to both their image and the preference for healthy labelled products. The study identified five different self- image factors: the health conscious, weight conscious, brand conscious, value conscious, and the variety conscious. The differences in self-image are likely to influence what the label "healthy" means to each of the self-image groups and the preference for healthy labelled products. Marketers will need to understand these differences and design their products, advertising, and

communication strategies to appeal to these different segments

Furthermore, the self-image factors have particular relationships with the different demographic variables. We found significant relationships between the self-image factors and age, gender, relationship status, and education.

Marketers are faced with tough competition and increasing accountability on the marketing rate of return, challenges of improving customer relationship and experience management, the basic equation of catering to the right consumer segments is becoming more important than ever.



<https://www.zamaros.net/Impact%20of%20Consumer's%20Self-Image.pdf>

9.5 Endowment Effect

The endowment effect refers to an emotional bias that causes individuals to value an owned object higher. This occurs usually upon acquiring an object and increases with a period of time. Individuals value self-owned objects more than they value similar objects owned by others.



Example: A car showrooms offers an option to take home a car for a test drive. According to statistics 88.6 per cent of potential buyers are using this option and taking a test drive. When potential buyers take the car for a test drive, the endowment effect begins to influence.

9.6 Measurement Scales for Self-Concepts and Product Concepts

Different instrument can be used to ensure a match between the actual/ideal self-concept of a target market, the persona of a brand, and the persona of the endorser. Associating self of target market/brand image/image of spokesman is the primary thing that has to be done by the marketer.

Different types of scales have been developed for the purpose.

Semantic differential scale

A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, company or brand within the frame work of a multi-point rating option. These survey answering options are grammatically on opposite adjectives at each end.

The semantic differential scale is usually used for emotional measures to assess attitudes and beliefs. The researcher progresses a series of rating scales in which the respondent is asked to present a judgment about something on an established dimension, usually of five or seven points.

Figure 4: Semantic differential scale

Rugged	_____	Delicate
Uncomfortable	_____	Comfortable
Dominating	_____	submissive
Thrifty	_____	Indulgent
Pleasant	_____	unpleasant

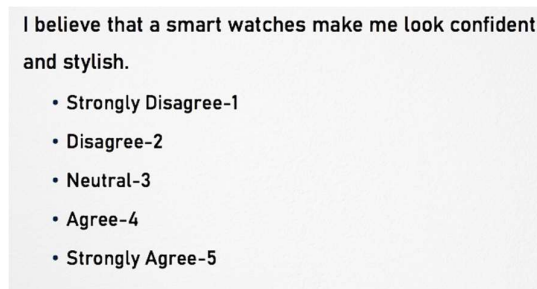
Likert Scale

This scale has been developed to measure the extent to which an item has been incorporated into the extended self. This is a type of psychometric response scale in which responders define their level of agreement to a statement in five points. A Likert scale assumes that the strength/intensity of an attitude is linear, and on a continuum from strongly agree to strongly disagree, and makes the assumption that attitudes can be measured.

Consumer Behaviour

In this scale the consumers express levels of agreement (from strongly agree to strongly disagree on a seven-point scale). (1) Strongly disagree; (2) Disagree; (3) Neither agree nor disagree; (4) Agree; (5) Strongly agree are the points that are taken in the scale.

Figure 5: Likert scale



9.7 Relationship between Self-Concept and Brand Image Influence

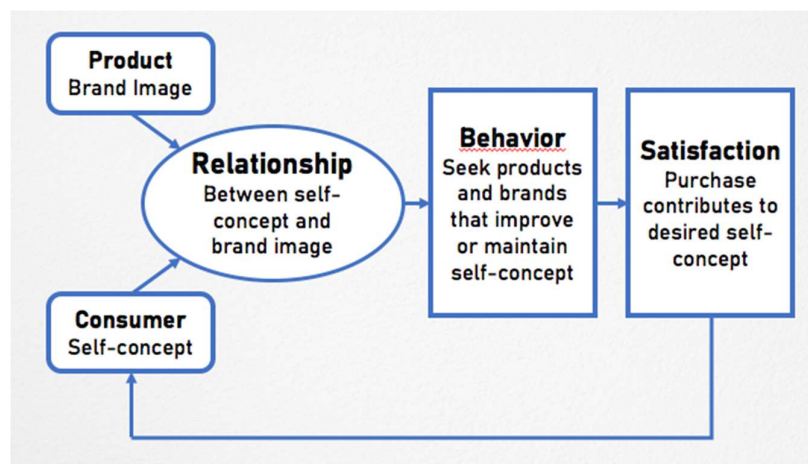
Consumers attempt to obtain their ideal self-concept or maintain their actual self-concept. The below illustrated figure implies a rather mindful and methodical process. A person may drink low calorie juices because his desired self-concept includes a trim figure, but he is unlikely to think about the purchase in these terms.

Marketers should attempt to develop product images that are consistent with the self-concepts of their target markets. While every person's self-concept is different, there is also significant connection across individuals and groups. For example, many consumers see themselves as lovers of nature and environment. Companies and products that create an image of being concerned about or good for the environment are likely to be supported by these consumers.

Consumers maintain and enhance their self-concepts not only by what they devour.

In general, consumers may prefer brands that match their self-concepts. Some consumers may avoid certain product because they do not go with their self-concept. Self-image congruity highly influences the brand preference of a consumer.

Figure 6: The Relationship between Self-concept and brand image influence



9.8 Lifestyle

Lifestyle refers to the way consumers live and spend their time and money. Lifestyle of a person includes his consumption pattern, his behaviour in the market place, practices, ways of doing things, habits, and other logical actions.

It is the interests, opinions, behaviours, and behavioural orientations of an individual, group, or culture. It is formed by past experiences and ongoing situations.

Lifestyle of independent consumers

Independent consumers have the following traits: They inculcate adventure, travel, sports and entertainment in their lives. Usually look for new experiences and make innovation and opinion leadership a part of their lives.

Lifestyle of inter-dependent consumer

These people are interdependent on each other and believe in carrying out family, homely and other social activities.

Nature of lifestyle***Lifestyle is a group phenomenon***

A person's lifestyle bears the impact of his/her participation in social groups and of his/her relationships with others. Two consumers in a store may exhibit different lifestyles.

Lifestyle encompasses various aspects of life

An individual's lifestyle may result in stability of behaviour. Knowing a person's conduct in one aspect of life may enable us to predict how he/she may behave in other areas.

Lifestyle implies an imperative life interest

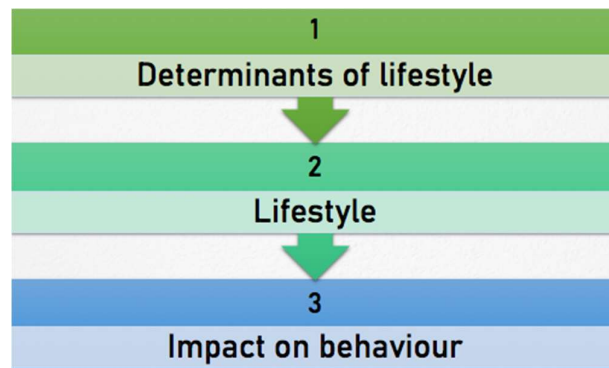
For every individual there are many core interests like family, work, leisure, religion, politics etc. that may shape his/her interaction with the environment.

Furthermore, there are few factors which act as determinants of our lifestyle, they shape our way of living/lifestyle and also have a significant effect on our purchase behaviour.

Lifestyle formation

The following figure illustrates the stages of lifestyle formation.

Figure 7: Lifestyle formation

***Determinants of lifestyle***

There are different determinants of a lifestyle of a person including; Demographics, subculture, social class to which a person belongs, motives a person holds, personality, emotions, value system, household life cycle stage, culture as well as past experiences.

Lifestyle

Lifestyle includes how we live. This includes a person's:

- Activities
- Interests
- Likes/dislikes
- Attitudes
- Consumption
- Expectations

- Feelings

Impact on behaviour

These choices ultimately affect our purchase as well as our consumption patterns. How, when, where, what, with whom we buy/consume products.

Measurement of lifestyle

Quantitative measures of lifestyle are also called psychographics. They include the values, attitudes, activities, demographics, media choices and usage rates of individuals. Information is collected from respondents regarding this psychographics to get an idea of their lifestyle.

Information is analysed with the help of statistical techniques. Clusters of respondents with similar patterns are formed. Finally, lifestyle patterns are determined.

Elements of lifestyle studies

There are several elements of lifestyle.

Values

These are widely held beliefs about what is acceptable or desirable. An attempt is made to stress upon the belief held by the consumer. Marketers design advertisements that attempt to create a particular value amongst the consumers.

Values are individual beliefs that motivate people to act one way or another. They serve as a guide for human behaviour. Some values have intrinsic worth, such as love, truth, and freedom. Other values, such as ambition, responsibility, and courage, describe traits or behaviours that are instrumental as means to an end.

Figure 8: Stressing upon a value/belief



Attitudes

These comprise of the opinions about other people, places, ideas and products. The way a person may think and feel about someone or something is a part of his attitude. This may be positive/negative.

Beliefs and attitudes are related to lifestyle. Attitude reveals what consumers care about, how they spend their time, what they're likely to spend money on, and how they view themselves. Inevitably these individual characteristics impact consumer decisions and brand preferences. Marketers design advertisements that stress upon a particular attitude.

Figure 9: Stressing upon an attitude



Activities

Behaviours adopted by consumers that include; hobbies, sports, recreation and religion.

Demographics

Income, age, education, occupation, family structure, ethnicity, gender, and geographic location.

Media choices

The specific media the consumers utilize for gathering and sharing information.

Usage rates

Consumption rates within a specified product category. Consumers may be categorized as users or as nonusers.



Case Study: **Brand it green: young consumers' brand attitudes and purchase intentions toward green brand advertising appeals.**

This case aims to analyze the impacts of distinct advertising appeals on brand attitudes and purchase intentions toward green brands across two different product categories (technology-intensive and technology non-intensive) among the young adult consumers.

Advertisement appeals significantly influence attitudes and purchase intentions toward green brands across both the product categories. However, it has been found that functional appeal of a product generates significantly lesser mean scores for brand attitude and purchase intention for recyclable shopping bags as compared to hybrid cars.

Whereas emotional appeal generates significantly lower mean scores for brand attitude, as well as purchase intention for hybrid cars compared to bags. This implies that functional green advertisement appeal would be more effective for technology-intensive products and emotional green advertisement appeal would be more effective for technology non-intensive products.

Self-expressive green advertisement appeal was found to be equally effective in impacting brand attitudes and purchase intentions across both product categories.



<https://www.emerald.com/insight/content/doi/10.1108/YC-08-2018-0840/full/html>

9.9 VALS ("Values and Lifestyles")

This is a research methodology that is used for psychographic market segmentation. Market segmentation guides companies so that they can design their product offerings in a manner that appeals most to the people who are likely to purchase them.

VALS segments US adults into eight distinct types or mindsets using an explicit set of psychological traits and vital demographics that drive consumer behavior. The US Framework, a graphic representation of VALS, demonstrates the eight types and two analytical concepts for considering consumers: primary motivation and resources. The arrangement of motivations and resources determines how a person will express himself/herself in the marketplace as a consumer.

VALS allots individuals a VALS type on the basis of their responses to questions in the VALS Survey. VALS typing populations of interest, such as customers, is the first step in a VALS approach to accomplishing strategic marketing and communication goals.

People buy products and services and seek experiences that fulfill their preferences. An individual's primary motivation determines what in particular about the self or the world is the meaningful and governs his or her purchase intentions.

VALS segments US adults into eight distinct types or mindsets. It uses a specific set of psychological traits and key demographics that drive consumer behaviour. VALS isolates the patterns that reinforce and sustains a person's identity as the person expresses it in the marketplace.

VALS is based on permanent psychological characteristics that correlate with purchase patterns. Respondents are classified according to their primary motivation, which serves as one of VALS's two dimensions. Motives are essential determinants of behaviour.

Motives have strong associations with a person's personality and self-concept. An core foundation of VALS is primary motivation. This can be classified into three categories.

Ideals motivation

These consumers are guided in their choices by their beliefs and principles rather than by feelings or desire for social approval. They purchase functionality and reliability.

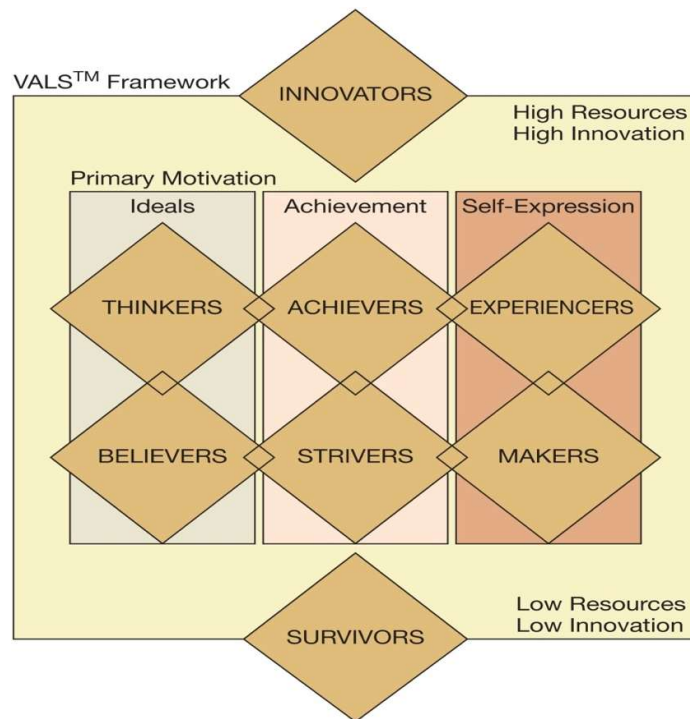
Achievement motivation

These consumers strive for a clear social position and are strongly influenced by the actions, approval, and opinions of others. They purchase status symbols.

Self-expression motivation

These action oriented consumers strive to express their individuality through their choices. They purchase experiences. The other factor that is considered is the ability to express themselves in the market. The VALS framework and the classification is illustrated below.

Figure 10: VALS Framework



Innovators

Innovators are successful, complex, initiative takers, charge takers and have a high self-esteem. They depict high motivation levels and are leaders who bring a change. They are the most receptive to new ideas and technologies. Their purchases reflect cultivated tastes for upscale, niche products and services.

They are always taking in information, are confident enough to experiment, are future oriented and self-directed consumers. They are most receptive to new ideas and technologies and enjoy the challenge of problem solving.

Thinkers (Motivated by ideals; high resources)

Thinkers are mature, satisfied, comfortable, and reflective. They are mostly well-educated and actively seek out information in the decision-making process. They favor functionality, durability and value in products and services.

Believers (Motivated by ideals; low resources)

Believers are traditional people and respect rules fundamentally conservative. They are slow to change and technology averse. They choose familiar products and established brands.

Achievers (Motivated by achievement; high resources)

Achievers have a goal-oriented lifestyle that centers primarily on family and career. They avoid situations that encourage changes. They prefer premium products that depict their success to their peers. They are more concerned about safety and security. They are usually brand loyal.

Strivers (Motivated by achievement; low resources)

Strivers are fun loving and follow trends. They have little discretionary income and usually have limited interests. They favor stylish products that that depict wealth and status.

Experiencers (Motivated by self-expression; high resources)

Experiencers appreciate the unconventional. They are innovators. They are active and impulsive, seeking stimulation from the new and different. They spend a comparatively high proportion of their income on fashion and entertainment. They are socially active.

Makers (Motivated by self-expression; low resources)

Makers value practicality and self-sufficiency. They spend leisure time with family and close friends. They like buying basic products.

Survivors

Survivors lead narrowly focused lives. They have limited resources and do not exhibit a primary motivation and often feel powerless.

9.10 PRIZM - Lifestyle and Behavior Segmentation System

PRIZM is a revolutionary new segmentation system that harnesses the power of both household and geographic level data. This demographic and lifestyle data to help companies in targeting their customers.

PRIZM is a revolutionary new segmentation system that harnesses the power of both household and geographic level data. PRIZM captures the essence of the existing PRIZM and Micro Vision systems, while using a patent-pending methodology that marries demographic and lifestyle data to help companies target their customers.

In the PRIZM Lifestage Groups, segments are classified as Younger Years, Family Life, and Mature Years, and further into 11 groupings, based on affluence, householder age, and presence of children at home to offer a more robust picture of the consumer.

The 66-segment model resulted from these demographic drivers:

- Age.
- Income.
- Presence of Children.
- Marital Status.
- Homeownership.
- Urbanicity.

The final 66 Segments are arranged to make up two standard sets of groups:

- Social Group.
- Life-stage Group.

Social Groups are classified by are classified as:

“Urban”: Mega-cities with high population density.

“Suburban”: Moderately dense areas surrounding metro cities.

“Second City”: Smaller less populated cities.

“Town & Country”: Exurbs and towns with low density and rural communities.

Life-stage Groups – based on age, kids

Younger Years: Largely under age 45, these households have singles or couples with no children

Family Life: Households with kids , couples in age (25-54).

Mature Years: Largely over age 45, these are empty-nest households–mostly couples whose kids have flown the coop.

PRISM and marketing strategy formulation

PRISM can help with in framing marketing and business plans. Using PRIZM can serve as a comprehensive tool for analysing customers, implementing strategies, and measuring outcomes as well as results. For marketers, it provides market that basically allows you to find out who your customers are, what they like, where they can be found, and the best ways to reach out to them.

Summary

- Self-concept is how one perceives his/her behaviour, abilities, and unique characteristics.
- The components of self-concept include the traits, habits and behavior of a person. It evolves through one’s background, experience, and interaction with others.
- The private self is the only one aware of true feelings and self-worth.

Unit 09: Self-Concept and Consumer Decisions

- Social self refers to how one perceives one-self in relation to others. Those aspects of one's identity or self-concept that are important to or influenced by interpersonal relationships and the reactions of other people.
- A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, company or brand within the frame work of a multi-point rating option.
- Likert scale has been developed to measure the extent to which an item has been incorporated into the extended self.
- PRIZM is a revolutionary new segmentation system that harnesses the power of both household and geographic level data. This demographic and lifestyle data to help companies in targeting their customers.
- VALS segments US adults into eight distinct types or mindsets using an explicit set of psychological traits and vital demographics that drive consumer behavior.

Keywords

Self-concept: Self-concept is self-esteem, self-worth or self-acceptance that includes all beliefs and judgments about ourselves, it will define who we are in our own mind, what we can do in our minds and what we become in our minds.

Actual self: This is a cognitive structure or schemata, or demonstration that includes all self-describing attributes that a person is aware of, regardless if these characteristics have resulted from self-evaluations or evaluations provided by others.

Ideal self: This is an idealized version of one-self and what one has created from the life experiences, and what one admires in his/her role models.

The extended self: This concept holds the belief that some possessions and people are an integral part of us.

Endowment effect: This refers to an emotional bias that causes individuals to value an owned object higher.

Lifestyle: Lifestyle refers to the way consumers live and spend their time and money. Lifestyle of a person includes his consumption pattern, his behaviour in the market place, practices, ways of doing things, habits, and other logical actions.

Self Assessment

1. Which of the following is considered an outward expression of one's self-concept?
 - A. Demographics
 - B. Culture
 - C. Lifestyle
 - D. Attitudes

2. The totality of the individual's thoughts and feelings having reference to himself or herself as an object is known as _____.
 - A. Self-concept
 - B. Lifestyle
 - C. Self-profile
 - D. Personal space

3. Which of the following is a dimension of a consumer's self-concept?
- A. Actual self-concept
 - B. Ideal self-concept
 - C. Private self-concept
 - D. All of the above
4. Which dimension of self-concept refers to the individual's perception of who I am now?
- A. Actual self-concept
 - B. Ideal self-concept
 - C. Private self-concept
 - D. Social self-concept
5. Which dimension of self-concept refers to the individual's perception of who I would like to be?
- A. Actual self-concept
 - B. Ideal self-concept
 - C. Private self-concept
 - D. Social self-concept
6. _____ is an idealized version of one-self and what one has created from the life experiences
7. A _____ scale is a survey or questionnaire rating scale that asks people to rate a product, company or brand within the frame work of a multi-point rating option.
8. In the _____ groups, segments are classified as Younger Years, Family Life, and Mature Years
9. _____ refers to an emotional bias that causes individuals to value an owned object higher.
10. As per VALS framework _____ are the most receptive to new ideas and technologies.
11. Lifestyle is the interests, opinions, behaviours, and behavioural orientations of an individual, group, or culture.
- A. True
 - B. False
12. Values are individual beliefs that motivate people to act one way or another.
- A. True
 - B. False
13. Achievers have a goal-oriented lifestyle that centers primarily on family and career.
- A. True
 - B. False

Unit 09: Self-Concept and Consumer Decisions

14. The part of the self that is known mainly to oneself, such as one's inner feelings and self-concept is called social self.

- A. True
- B. False

15 Achievers are traditional people and respect rules fundamentally conservative. They are slow to change and technology averse.

- A. True
- B. False

Answers for Self Assessment

- | | | | | |
|---------------|--------------------------|---------------------|---------------------|----------------|
| 1. C | 2. A | 3. D | 4. A | 5. B |
| 6. Ideal self | 7. Semantic differential | 8. PRIZM Life-stage | 9. Endowment effect | 10. Innovators |
| 11. A | 12. A | 13. A | 14. B | 15. B |

Review Questions

1. What is a self-concept? What are the four types of self-concept?
2. How does an interdependent self-concept differ from an independent self-concept?
3. What do we mean by *lifestyle*? What factors determine and influence lifestyle?
4. What are the dimensions on which VALS is based? Describe each.
5. Describe the PRIZM system.



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Unit 10: Consumer Decision Making Process

Objectives

After studying this unit, you will be able to,

- understand the concept of a consumer decision,
- understand the models of consumer decision making and the levels of decision making.
- understand how purchase involvement impacts the consumer decision making process.
- describe how problem recognition takes place and how it helps in the consumer decision process.
- articulate the uncontrollable determinants of problem recognition
- describe the nature of internal and external information search,
- understand how marketing strategies based on information search patterns are designed.

Introduction

The consumer decision making process is the process by which consumers become aware of and identify their needs, gather information on how to fulfill these needs, evaluate alternatives available, make a purchase decision and evaluate their purchase.

The consumer decision-making process has a set of stages wherein consumers contemplate their product needs and research to find the best the best options. It also includes the process by which consumers review products and determine whether to purchase the same product again or not.

10.1 Models of consumer behaviour

Models of consumer behaviour can be divided into traditional models and contemporary models.

Traditional Model: Four views of consumer decision making

This model focuses on the act of purchase of the average consumer” and describe what a buyer would buy and “In what quantity”. Under the economic model of consumer behaviour, buyers try to enlarge the efficiency of products based on the law of diminishing marginal utility.

There are four views of this model

An Economic View

As per this view-point the consumer is rational. The model assumes that there exist many alternatives for the consumer. The consumer ranks these alternatives after weighing the costs and benefits and finally takes a rational decision.

A Passive View

This view-point states the consumer as irrational and impulsive, who easily gives in to the selling and promotional efforts of the marketer. It is believed that the marketer is powerful and has the power to convince the consumer through apt sales strategies.

Figure 1: Promotions by marketers



A Cognitive View

This view point holds the consumer is a problem solver. He searches for products that fulfill his needs. The consumer is believed to take decisions after a lot of information processing, thought and deliberation, so that he is able to derive maximum value from his purchase.

An Emotional View

This view-point holds that the consumer is emotional and impulsive. He takes decisions based on moods and emotions. The marketers must attempt to influence the consumer by evoking positive emotions.

Contemporary Models

As studies on consumer behaviour evolved, modern approaches were applied to understand what influences consumer behaviour. These were known as contemporary models.

The Howard Sheth Model of buying behaviour

The Howard Sheth Model is an approach for analysing the combined impact of the social, psychological and marketing factors on the buying behaviour or preference of the consumers and the industrial buyers into a logical order of information processing. John Howard and Jagdish Sheth introduced the Howard Sheth Model in the year 1969.

Three levels of decision-making in Howard Sheth Model

There are three levels of decision making as per this model.

Extensive Problem Solving

This is the initial stage of decision-making, where the buyer is new to the market and has very limited information about the brands and has no preference for a particular product or service. At this stage the consumer is an information seeker and looks out at different brands available in the market, before making a buying decision.

Limited Problem Solving

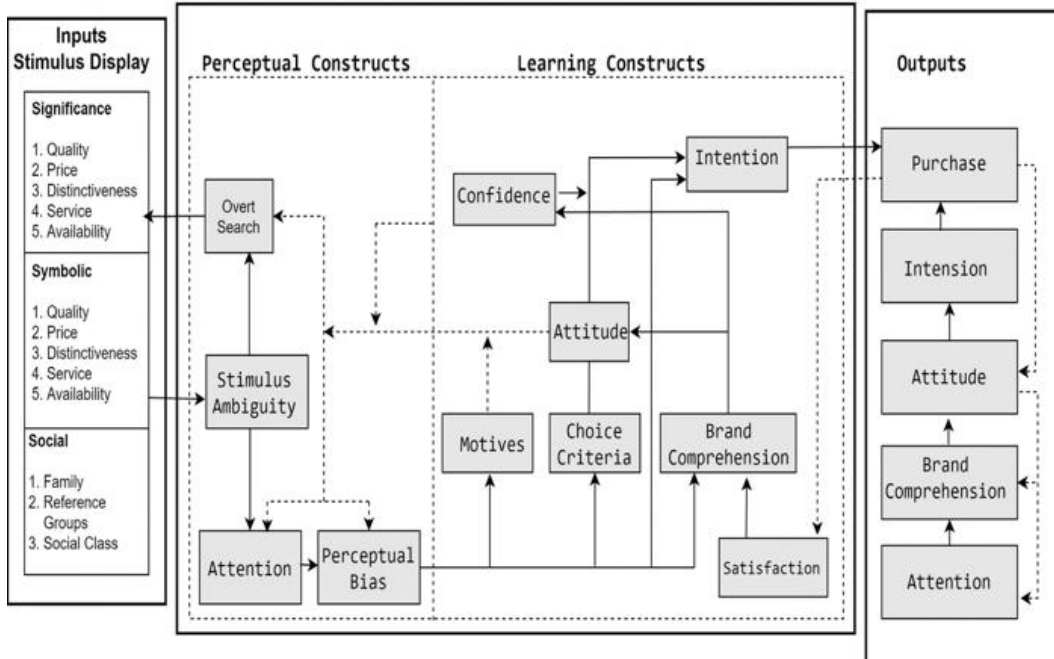
At this level, the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives. Therefore, to make a buying decision, he/she undertakes a comparative study of the different brands and the products available in the market.

Routinized Response Behaviour

The habitual response behaviour stage is where the buyer is fully aware of the products offered by different marketers. He is able to make a comprehensive comparison of the brands, possesses a detailed knowledge. Here, the buyer decides in advance, which product is to be purchased.

Figure 2: Howard Sheth Model

Howard Sheth Model



Input Variables

The stimulus inputs refer to the idea or information about the product.

Significant Stimuli

The significant stimuli are the physical traits of the product like its quality, price, availability.

Symbolic Stimuli

The marketing strategies like publicity, advertisement that create a psychological impact on the buyer and are symbolic stimuli.

Social Stimuli

This comprises of environmental factors like family, social class and reference groups.

Perceptual Constructs

These components define the consumer's perception of the information provided at the input stage.

Sensitivity to Information

This comprises of the buyer's level of understanding or openness towards the information received by him/her.

Perceptual Bias

This signifies that on the grounds of individual perception of each brand, the buyer is partial towards a particular brand.

Search for Information

The buyer also seeks for more information to ensure the right decision-making.

Learning Constructs

The learning constructs define the buyer's knowledge, opinion, attitude and end decision on product or brand selection. These are motives, the choice criteria of a person, brand comprehension, attitude type, level of confidence, purchase intention and satisfaction levels. This comprises of

Output Variables

These consist of “attention” that comprises of the buyer’s level of concentration and alertness, “brand comprehension” which is the awareness of the buyer regarding a particular brand, “attitude” which comprises of the buyer’s evaluation of a brand in terms of individual likes and dislikes, “intention” which is the aim or objective of the buyer and the “purchase behaviour” that consists of all the above elements that result in the actual purchase of a product by the buyer.

Exogenous Variable

These are the external factors which influence the buying behaviour of an individual by disrupting the purchase of a preferred brand. These include the following;

Importance of Purchase

If the buyer perceives the product to be less crucial, involving a low cost, then there is a little brand preference.

Personality Variables

Personal traits like ego, self-esteem, anxiety etc. influences a buyer’s decision-making.

Social Class

A buyer’s social group, including the family, friends and other reference groups impact the selection or rejection of a particular brand.

Culture

Buyer’s values, beliefs and ideas frame his/her purchase motive intentions.

Organization

Buyer’s interaction with the social groups define their status and power.

Time Pressure

The buyer, at times, is under a time pressure which makes him/her look for alternatives if the product of the preferred brand is unavailable at the moment.

The idea of the Howard Sheth model of consumer behaviour is that the inputs are in the form of Stimuli. The outputs are the reactions given to the stimulus and end with purchase. In between the inputs and the outputs, there are variables affecting perception and learning. These variables are termed ‘hypothetical’ since they cannot be directly measured at the time of occurrence.

10.2 Consumer Decisions

Consumer decisions focus not only on attributes of a brand but also on the feelings or emotions that are associated with acquiring or using the brand or with the situation in which the product is being purchased. Consumer decisions may be the result of a single problem, for example, feeling hungry or because of multiple problems like; feeling hungry, availability of a specific food, outlet location etc.

A consumer’s purchase involvement is a state that reflects his/her interest in the purchase process and may be triggered by a need or a situation. A consumer may have high/low level of involvement in a purchase. This may depend upon the product/situation.

Decision making types and level of involvement

There are three levels of decision making.

Nominal decision making

Nominal decision making occurs when there is very low involvement with the purchase. This happens in day-to-day life like buying routine products. In this case, the customer is more likely to stick to a single brand for a long time. He is unlikely to go for brand switching because he wants to invest minimum time in routine decision making. There are a lot of things which influence the routine decision-making process, like repetitive advertising by FMCG companies.

Limited decision making

This lies somewhere between nominal and extended decision making. It involves limited internal and external search. Few alternatives are taken into consideration and simple decision rules based on few attributes are followed. Buying a music system or a car will be a limited decision-making process. These white goods involve a nominal investment. Also, consumers have high experience with these products. Thus, you do not spend as much time on buying these products.

Extended decision making

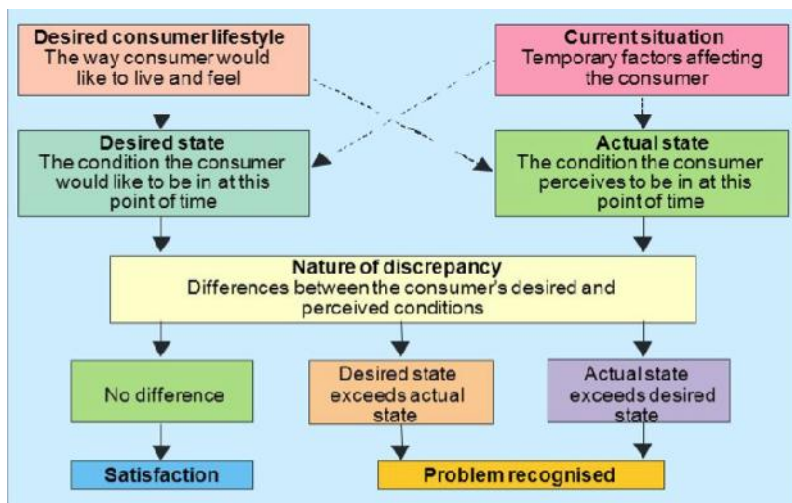
Extended decision making involves a comprehensive extensive internal and external search and is followed by a complex evaluation of existing alternatives. There lies a high level of purchase involvement. During post purchase evaluation, a thorough evaluation takes place. This type of decision-making process is used when the product is a very high involvement product. A high investment product also requires this decision making. There are also high risks involved in such purchases.

10.3 Problem recognition process

Problem recognition occurs because of a discrepancy between a desired state and an actual state. This activates the decision process. An actual state is the way an individual perceives his or her feelings and situation to be at the present time.

The problem recognition process has been illustrated below:

Figure 3: The problem recognition process



A desired state is the way an individual wants to feel or be at the present time. Factors that affect the actual state are: culture, reference groups, emotions, motives, situations, household characteristics and social status whereas factors that affect the actual state are: individual development, past experiences, performance of product, product availability, situations, emotions and consumer groups.

There are two types of problems that exist in front of the customers.

Active Problem

This is the problem that the consumer is well aware of. Marketers have to make the consumer see that their brand offers the best solution for their problem.

Inactive Problem

The problem that the consumer is not aware of. Marketers must make the consumers realise about their problem and then convince that their brand offers the best solution. A discrepancy between what is the actual state and the desired state leads to problem recognition. Most of the nonmarketing factors that affect problem recognition are logical.

10.4 Framing marketing strategies

Marketers follow a series of steps before framing marketing strategies.

Discovering problems

Marketers need to interact with consumers to understand the potential problems. They have to define the Modes of interaction which could be surveys, focus groups, in depth interviews and feedbacks.

Different types of analysis have to be conducted by the marketer including the analysis of a product, activity and a problem if any. An examination of the manner in which a product/brand is purchased and used by a customer has to be done.

Examination of a particular activity (E.g., Colouring hair) may include that problems that consumers encounter during the performance of the activity. Consumer expectations regarding a new product that could solve these problems are also taken into consideration.

Examination of a problem (unhealthy ingredients), consideration of the products or brand that could help in solving these problems is also done. Questions may be asked to enquire about these problems.

Research for problem identification

Human capabilities can be observed, recorded and new products can be developed on the basis of these observations. Also, emotions of consumers can also be observed to see how humans cope with a product that fail to meet their expectations. Factors effecting human capabilities also have to be taken into consideration.

Factors effecting human capabilities

Factors that affect human capabilities may include light, temperature, sound, strength, vision, response time taken, flexibility and fatigue. Methods that can be adopted to identify functional problems in products and enable their redesigning include video recordings, event recordings and photography.

A marketer needs to develop strategies that help in solving the identified problems.

This may involve: redefining advertising strategy, developing a new product, adding attributes to existing products, rethinking on channels of distribution, adopting changes in pricing policy, re-designing services, replacing glass with plastic and weekend/24-hour retail stores

Dilemma in recognizing problems

Consumers may not be able to identify problems. Marketers can assist the consumers in this process. Problems can be generic or selective in nature.

Generic problem solving

Problem that can be solved with any of the brands available in the respective product category. A marketer may attempt this when: A product is new to the category, the company already has a considerable market share and the industry decides to promote the product as a whole.

Selective problem sharing

Problem that can be solved by only one brand. Marketers promote this to gain market share.

Figure 4: Promoting own brand



Suppressing problem recognition

Government agencies/consumer organisations may try to make consumers aware about the negative aspects of using a product. Marketers try to suppress consumer recognition of these problems by speaking positive about the product.

Information Search

Information search is considered a significant stage of consumer decision process. During this stage, a consumer who recognizes a specific problem or need is likely to be persuaded to search for information, whether it be internally or externally.

Types of information search

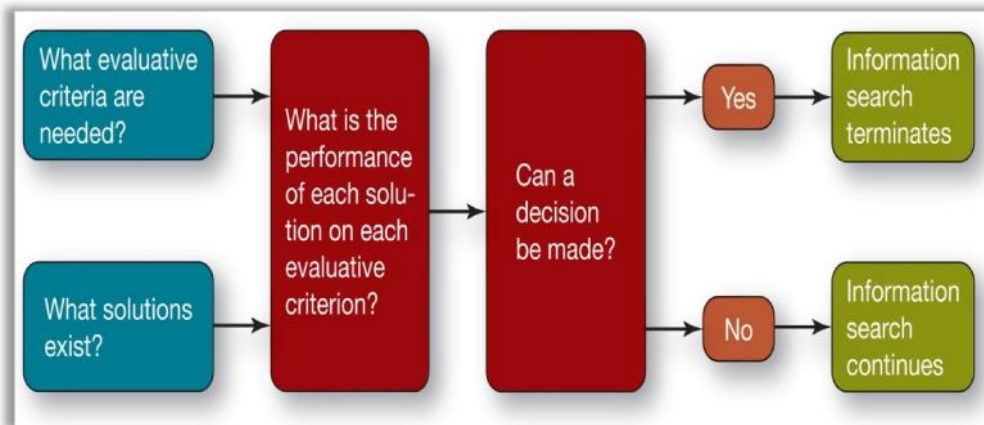
Internal Search

This involves searching of long-term memory to determine if there exists a satisfactory solution. It also enables a comparison of all possible solutions. Involves the buyer considering his own personal knowledge about a product based on past experience.

External Search

This search is inculcated by a person if resolution is not reached through internal search. It focusses on acquisition of external information. Involves the buyer seeking information outside their knowledge to make purchasing decision.

Figure 5: Information search process



A consumer may seek information about various alternatives and also the right evaluative criteria.

Sources of information

There are two types of searches done for deriving information.

Internal search

- It is usually done in case of impulsive purchases, routine response behaviour and involves limited problem solving. Internal information comprises of memory of past searches, personal experiences, and low-involvement learning. The sources may include the following:

Personal sources - friends and family

Independent sources - magazines, consumer groups, and government agencies.

Marketing sources - sales personnel, web sites, and advertisements.

Experiential sources - trial of a product.

External Search

It is a planned and rational search for information for high involvement purchase decision and involves extensive problem solving.

Consumers use the internet to make decisions. They may seek opinions of others through social media and explore product reviewing sites while making a choice. Exploring of online brand communities is also done by the customers.

Internet: A powerful mode of gathering information

Online information is preferred these days. IT leads to high offline sales. Mostly online purchases are preceded by search on a search engine. Consumers go for specific brand, generic (general product) searches.

Figure 6: Online communities- a source of information



10.5 Challenges for marketers

There are few challenges for the marketers.

How to convey information to consumers

Banner advertising

Banner advertising refers to the use of a graphic display that stretches across the top, bottom, or sides of a website. These are image-based rather than text-based and are a popular form of online advertising. More information can be acquired on clicking.

Permission based e-mail

This is an e-mail sent to a person, who has given the sender, permission to send emails to their e-mail address. People may give permission by opting to receive emails by marketers.

How to drive consumers towards their information

Behavioural targeting

This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile, revealing what your audience wants, avoids and purchases.



Example: Giants like Amazon, Netflix, and Booking are live examples of companies heavily using behavioural targeting to ramp up their engagement and conversion rate.

Search engine optimisation

This is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google. Marketers use different tactics to increase their visibility in search results.

Keywords

The primary goal of SEO is to rank well in search engine results for the words and phrases your potential customers are searching. Those words and phrases are keywords. Keywords help search engines understand what each page on your site is about.

Tracking external searches

Measuring external information search can be done by understanding: How many alternatives were taken into consideration? how many criteria were taken into consideration? were personal sources taken into consideration? were online/offline stores visited?

Designing marketing strategies based on how consumers search for information

Maintenance strategy

If the target market purchases the brand habitually, the marketer's strategy is to maintain that behaviour. Consistent attention to product quality and availability is given by marketers. Repetitive advertising is done.

Disrupt strategy

The existing decision pattern has to be disrupted. Here, the consumer is reluctant to consider alternative brands. Major product innovation or modification helps in shifting decision patterns in the long run. Comparative advertising and promotional offers can be used in short run.

Capture strategy

Only a few brands are evaluated on limited criteria. Much of the information search occurs during purchase. Marketers need to know the exact information the consumer is seeking. Information dissemination is done through websites, mobile applications and displays.

Intercept strategy

Here, the objective is to provide information during general search for brands. There is a limited decision making. Marketers will have to draw the attention of the consumer.

Preference strategy

The marketer needs to structure a complete information campaign that will result in the brand being preferred by members of the target market. This may require extensive advertising to experts who recommend the product.

Acceptance strategy

The target market is not seeking information about the brand. The marketer must attract the consumers' attention or educate them extensively about the brand.

Summary

- The consumer decision-making process has a set of stages wherein consumers contemplate their product needs and research to find the best the best options.
- The economic model of consumer behaviour specifies that buyers try to enlarge the efficiency of products based on the law of diminishing marginal utility.
- As studies on consumer behaviour evolved, modern approaches were applied to understand what influences consumer behaviour. These were known as contemporary models.
- Problem recognition occurs because of a discrepancy between a desired state and an actual state. This activates the decision process.
- Internal Search involves searching of long-term memory to determine if there exists a satisfactory solution. It also enables a comparison of all possible solutions. Involves the buyer considering his own personal knowledge about a product based on past experience.
- External Search is inculcated by a person if resolution is not reached through internal search. It focusses on acquisition of external information.

Keywords

Extensive problem solving: This is the initial stage of decision-making, where the buyer is new to the market and has very limited information about the brands and has no preference for a particular product or service.

Limited problem solving: This is the stage in which the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives.

Routinized response behaviour: The habitual response behaviour stage is where the buyer is fully aware of the products offered by different marketers.

Active problem: This is the problem that the consumer is well aware of. Marketers have to make the consumer see that their brand offers the best solution for their problem.

Inactive problem: The problem that the consumer is not aware of. Marketer must make the consumers realise about their problem and then convince that their brand offers the best solution.

Behavioural targeting: This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile, revealing what your audience wants, avoids and purchases.

Search engine optimisation: This is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google. Marketers use different tactics to increase their visibility in search results.

Self-Assessment

1. Rational choice theory implicitly or explicitly assumes a number of things about consumer choice that are often not true, such as _____.
 - A. Consumers seek one optimal solution to a problem
 - B. Consumers have the skill to find the optimal choice
 - C. Consumers have the motivation to find the optimal choice
 - D. All of the above
2. Which type of search can involve independent sources, personal sources, marketer-based information, and product experience?
 - A. Internal search
 - B. External search
 - C. Primary search
 - D. Secondary search
3. This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile _____.
 - A. Behavioural Planning
 - B. Behavioural search
 - C. Behavioural Targeting
 - D. Behavioural Searching
4. _____advertising refers to the use of a graphic display that stretches across the top, bottom, or sides of a website.
 - A. Role
 - B. Banner
 - C. Social
 - D. Content
5. _____ decision making occurs when there is very low involvement with the purchase.
 - A. Limited
 - B. Group
 - C. Individual
 - D. Nominal
6. _____ is an approach for measuring the value that consumers place on features of a product or service.
7. _____of consumers can also be observed to see how humans cope with a product that fail to meet their expectations.
8. _____ states that the decision-making of a consumer is limited by the information available.

9. _____ is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google.
10. _____ problem is the problem that the consumer is not aware of.
11. Limited decision making is in which the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives.
- A. True
B. False
12. Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.
- A. True
B. False
13. Problem recognition occurs because of a discrepancy between a desired state and an actual state.
- A. True
B. False
14. The marketer must not attract the consumers' attention or educate them extensively about the brand.
- A. True
B. False
15. Search involves searching of long-term memory to determine if there exists a satisfactory solution.
- A. True
B. False

Answers for Self-Assessment

1. D 2. A 3. C 4. B 5. D
6. Conjoint analysis 7. Emotions 8. Bounded rationality 9. Search engine optimisation 10. Inactive
11. A 12. A 13. A 14. B 15. A

Review Questions:

1. Write a detailed note on the models of consumer decision making?
2. Explain how purchase involvement impacts the consumer decision making process.
3. Describe how problem recognition takes place and how it helps in the consumer decision process. Take few examples?
4. Underline the different sources of internal and external information search?

5. Give an example, of any product that you bought and the outline the process of decision making in context of the product?



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Unit 11: Alternative Evaluation

Objectives

After studying this unit, you will be able to,

- understand the types of choice processes in which consumers indulge.
- understand concept of evaluative criteria and its measurement.
- describe the role of evaluative criteria in framing the judgement of the consumer.
- understand how marketing strategies are influenced by evaluative criteria.

Introduction

The third stage of the consumer buying decision process is the evaluation of alternatives. Customers assess all of their product and brand options at this stage based on a scale of characteristics that can provide the benefit they are looking for.

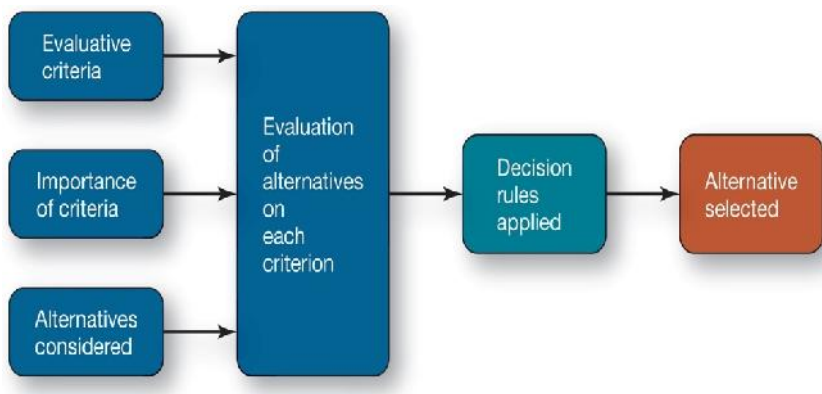
At this stage in the purchasing process, potential customers have established standards for what they need from a product. They are now comparing their potential options to related alternatives.

Lower prices, more features, product availability, or anything as individualised as colour or style selections are all examples of alternatives. Your marketing efforts should aim to persuade customers that your product is better than the competition. Be prepared to dispel objections; for instance, in sales conversations, be aware of your rivals so you can address concerns and contrast benefits.

11.1 Alternative evaluation and search process

The process of analyzing and evaluating alternatives by applying evaluation criteria to alternatives in a manner that facilitates decision making.

Figure 1: Alternative evaluation and search process



Rational choices

Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision. Choices that seem improper to one person may make perfect sense to another person, as their desires are different.

Rational choice theory can apply to a variety of areas, including economics, psychology and philosophy. This theory states that individuals use their self-interests to make choices that will provide them with the greatest benefit. People weigh their options and make the choice they think will serve them best.

Bounded rationality

It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations. The finite amount of time available to make a decision. This theory states that consumers have limited rational decision making.

This decision making is driven by three main factors - cognitive ability, time limits, and lack of perfect information. For example, when ordering at a restaurant, customers will make quick decisions because they may feel a little rushed by the person taking the order.

Three types of consumer choice processes

Affective Choice

The affective choice is based, not on some product attributes, but on some immediate liking or emotional association with the product or brand. A long association with a can also lead to affective choice. Another factor that leads to this choice is the self-image of a person.



Example: A consumer in a lifestyle clothing store, buying a dress for herself for her reception party. The salesman shows an assortment of dresses and talks about their price, quality, colours and cuts. She likes a red dress because of its colour. She asks the dress to be kept aside and also shortlists a green and a teal dress. She imagines herself in the red dress and visions herself getting compliments. Without much hesitation, she makes the decision.

Attribute-Based Choice

Attribute-based choice requires the knowledge of specific attributes at the time the choice is made and it involves attribute wise comparisons across different brands by the decision maker.



Example: A consumer is buying a laptop at an electronics retail store. He inspects the models of some good brands at the store. He compares the tech specifications; operating system, processing speed, hard drive, RAM, memory cache, accessories, CD-DVD drive, in-built stereo options, the number of USB ports, the price, and some additional features. He evaluates all the models based on her product and price preferences and selects one particular model for purchase.

Attitude-Based Choice

Attitude-based choice involves the use of general attitudes, summary impressions, general intuitions, or heuristics. No attribute-by-attribute comparisons are made at the time of choice.



Example: Example: A consumer researcher explores consumer behaviour with an aim is to know why women buy moisturizers (to reduce skin problems), the most preferred brand (Lakme, L'Oreal), how often do they apply it (twice a day, thrice a day), what is their consideration set (other brands they consider).

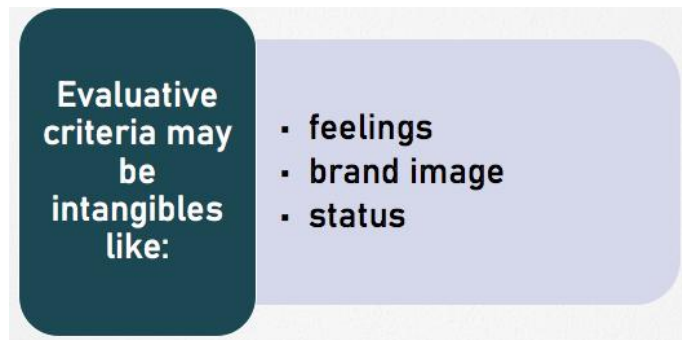
11.2 Evaluative criteria

The standards by which consumers judge the products they find during search are referred to as evaluative criteria. Evaluative criteria include the various dimensions, features, or benefits a consumer looks for in response to a specific problem.

The evaluative criteria need to be appropriate. Marketer's desire consumers to select criteria's that match the strength of their products and offerings. Consumer groups desire consumers to select criteria's that benefit them (e.g., nutritive value).

Evaluative criteria: components

Before purchasing a laptop, you might be concerned with cost, speed, memory, operating system, display, and warranty. These would be your evaluative criteria. In some cases, evaluative criteria are usually the same as the product features or attributes or the benefits that are associated with the product. In some cases, the product benefit and the criteria might be different.



Relative importance of criteria

The importance that consumers assign to each evaluative criterion is of great significance for the marketer. Consumers could use the same evaluative criteria as shown in the next slide when considering a laptop. However, if the importance rank they assigned each criterion varied as shown, they would likely purchase different brands.

Figure 2: Evaluative criteria for a laptop

CRITERIA	BRAND A	BRAND B	BRAND C
PRICE	1	4	3
QUALITY	3	2	1
RAM	2	3	2
BATTERY LIFE	4	1	4

Measurement of evaluative criteria

A marketer needs to determine which evaluative criteria are considered by the consumer, how the consumer perceives the various alternatives on each criterion and the relative importance of each criterion. Direct as well as indirect methods are used to determine these evaluative criteria.

Projective techniques may include the following different techniques.

- word associations
- imagery associations
- choice ordering techniques
- imagery associations with consumer personalities

11.3 Perceptual mapping

Perceptual mapping / Market mapping is a technique used by marketers that is done with an objective to visually display the perceptions of customers or the potential customers.

Marketers use perceptual mapping to compare own products with the potential products. These maps take into account the perceptions of the customers. The purpose of a perceptual map is to identify the images that exist in the mind of the consumers about different brands, products and services.

Figure 3: Perceptual map of apparel brands



Understanding consumer perception on criterion

The consumer perceptions can be understood with the help of different approaches. They have been discussed as under:

Rank ordering scales

A Rank order scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.

Semantic Differential Scales

A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service. The options are opposite adjectives at each end.

Likert Scales

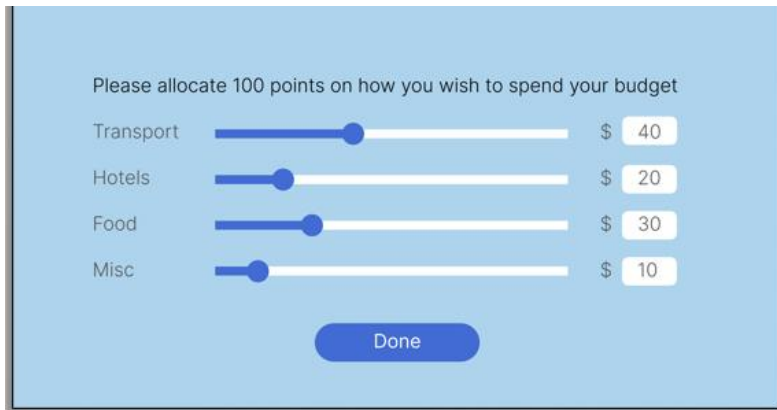
In this scale the consumers express levels of agreement (from strongly agree to strongly disagree on a five-point scale).

The relative importance of each criterion may be determined with the help of the following:

Constant sum scale

The constant sum is a technique that is used in market research surveys where the respondents are required to allocate a constant sum of points to specified criteria or features. All these points add up to a constant total, which remains unchanged.

Figure 4: Constant sum scale



Conjoint analysis

Conjoint analysis is an approach for measuring the value that consumers place on features of a product or service. An ideal product/service is determined.

Figure 5: Conjoint analysis



11.4 Decision Rules for Attribute-Based Choices

Decision rules may be of two types:

Compensatory

A type of decision rule in which a consumer evaluates each brand in terms of a relevant attribute. Selection of the brand with the highest weighted score is done. Brands that fall below the cutoff point on any one attribute are eliminated from further consideration.

$$R_b = \sum_{i=1}^n W_i B_{ib}$$

R_b = Overall rating of brand b

W_i = Importance of weight attached to evaluative criteria i

B_{ib} = Evaluation of brand b on evaluative criteria i

n = Number of evaluative criteria considered relevant

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Importance score
Price	5	3	3	4	2	4
Fuel Economy	3	4	5	4	3	3
Handling	5	5	5	2	5	2
Safety	3	3	4	3	5	5
Resale Value	1	3	1	3	1	1

Honda = 4(5)+3(3)+2(5)+5(3)+1(1) = 55
 Hyunda = 3(5)+4(3)+5(5)+2(4)+3(1) = 52
 Toyota = 5(5)+3(3)+2(5)+5(2)+1(5) = 58
 Nissan = 3(5)+4(3)+5(5)+2(4)+3(1) = 50
 Ford = 53

According to the compensatory rule, Toyota is the best choice.

Non-compensatory

This can be further classified into:

Conjunctive Rule

In a conjunctive rule, a brand must have all of its features above the minimum acceptability levels to be acceptable. Establishes minimum required performance for each evaluative criterion.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score
Price	5	3	3	4	2	3
Fuel Economy	3	4	5	4	3	4
Handling	5	5	5	2	5	4
Safety	3	3	4	3	5	3
Resale Value	1	3	1	3	1	2

Honda, Toyota, Nissan, and Ford are all eliminated because they do not meet the minimum standards. Therefore, according to the conjunctive rule, only Hyundai is acceptable.

Disjunctive Rule

In a disjunctive rule, a minimally required performance level is assigned for each important attribute. All brands that meet or exceed that level are acceptable.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score
Price	5	3	3	4	2	5
Fuel Economy	3	4	5	4	3	5
Handling	5	5	5	2	5	5
Safety	3	3	4	3	5	5
Resale Value	1	3	1	3	1	Not critical

Under this rule, all brands meet the minimum criteria for at least one important attribute and are acceptable except Nissan.

Elimination-by-Aspects Rule

The evaluative criteria ranked in terms of importance and then the cutoff point for each criterion is established. Brands are eliminated in order of attribute importance if they fail to meet the cutoff.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score	Rank
Price	5	3	3	4	2	3	1
Fuel Economy	3	4	5	4	3	4	2
Handling	5	5	5	2	5	4	3
Safety	3	3	4	3	5	3	4
Resale Value	1	3	1	3	1	2	5

Price eliminates Ford, fuel economy eliminates Honda, handling eliminates Nissan, safety eliminates Hyundai. This leaves Toyota.

Lexicographic Rule

Consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute. If two or more brands tie, they are evaluated on the second most important attribute.

Summary

- Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.
- It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations.
- A Rank order scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.
- A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service. The options are opposite adjectives at each end.
- The constant sum is a technique that is used in market research surveys where the respondents are required to allocate a constant sum of points to specified criteria or features.

Keywords

Bounded rationality: It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations.

Conjoint analysis: This is an approach for measuring the value that consumers place on features of a product or service. An ideal product/service is determined.

Disjunctive Rule: In a disjunctive rule, a minimally required performance level is assigned for each important attribute. All brands that meet or exceed that level are acceptable.

Lexicographic Rule: Consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

Elimination-by-Aspects Rule: The evaluative criteria ranked in terms of importance and then the cutoff point for each criterion is established.

Self-Assessment

1. Attribute-based choice requires _____.
 - A. Knowledge of specific attributes at the time the choice is made
 - B. Attribute-by-attribute comparisons across brands
 - C. Product details
 - D. A and B
2. A limited capacity for processing information is known as _____.
 - A. Working memory
 - B. Bounded memory
 - C. Bounded rationality
 - D. Bounded learning
3. The desired features or characteristics required to meet a consumer's needs are his or her _____.
 - A. Evoked set
 - B. Choices
 - C. Consideration criteria

D. Evaluative criteria

4. _____ analysis is an approach for measuring the value that consumers place on features of a product or service.

- A. ANOVA
- B. Factor Analysis
- C. Conjoint Analysis
- D. Multi-Dimensional Analysis

5. _____ choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.

- A. Factor
- B. Rational
- C. Bounded
- D. Random

6. _____ include the various dimensions, features, or benefits a consumer looks for in response to a specific problem.

7. In the _____ rule the consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

8. In a _____ rule, a minimally required performance level is assigned for each important attribute.

9. Marketers use _____ mapping to compare own products with the potential products. These maps take into account the perceptions of the customers.

10. _____ problem is one that the consumer is well aware of.

11. A Rank Order scale gives the respondent a set of items and asks them to put the items in some form of order.

- A. True
- B. False

12. A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service.

- A. True
- B. False

13. A Likert scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.

- A. True
- B. False

14. In a conjunctive rule, a brand must have all of its features above the minimum acceptability levels to be acceptable.

- A. True
- B. False

15. In a lexicographic rule the consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

- A. True
- B. False

Answers for Self-Assessment

1. D 2. C 3. D 4. C 5. B
6. Evaluative criteria 7. Lexicographic 8. Disjunctive 9. Perceptual 10. Active
11. A 12. A 13. B 14. A 15. A

Review Questions:

1. How does attribute-based choice differ from attitude-based choice? When is each most likely?
2. What are evaluative criteria, and on what characteristics do they diverge?
3. How can you determine which evaluative criteria consumers use?
4. What is the conjunctive decision rule?
5. What is the disjunctive decision rule?
6. What is the elimination-by-aspects decision rule?
7. What is the lexicographic decision rule?
8. What is the compensatory decision rule?



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Unit 12: Decision Rules and Attributes of Consumers

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Summary

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Objectives

After studying this unit, you will be able to,

- understand how retailing has evolved in the current times.
- discuss online and in-store format of retailing.
- understand the attributes affecting retail outlet selection.
- describe different types of shopping orientations.
- understand the consumer attributes that affect outlet selection.
- understand the in-store and online influences on choice of brands.
- describe how purchase plays a significant role in the consumer buying process.

Introduction

Retailing is the selling of merchandise and certain services to consumers. It customarily involves the selling of individual components or small lots to large numbers of customers by a business set up for that precise purpose. It is the set of business activities that adds value to the products and services sold to consumers for their personal or family use.

Retail is selling goods or items to the consumers who will use them. Retailers buy finished goods or items directly from a manufacturer or a wholesaler and then distribute it in smaller quantities to the final consumer who has a pre-requisite for such commodities. For instance, when we buy grocery to cook we buy from a retailer.

Traditionally, retail was more of a business arrangement where in the success of the stores depended on the success of its business transactions. The emphasis lied primarily on the following: Selling of products, balancing of costs and achieving profitability.

Retailers perform these value-creating activities: providing an assortment of products and services, breaking bulk, holding inventory and providing services.

Retailing has become a fundamental part of our everyday lives. The countries that have enjoyed the greatest economic and social progress have been those with a progressing retail sector. The benefits that a vibrant retailing sector offers: an easy access to a variety of products, freedom of choice, and high levels of customer service are immeasurable.

A retailer is a person, agent, agency, company, or organization, which is influential in reaching the goods or services to the ultimate consumer. Retailers perform well planned activities, such as anticipating customers needs and wants, providing assortments of products, acquiring market information, and financing.

A common view-point is that retailing involves only the sale of products in stores. In reality it also includes the sale of services such as those offered at a restaurant, hospital, or by taxi rental agencies.

11.1 Definition of Retailing

“Retail is the sale of goods to the public in relatively small quantities for use or consumption rather than for resale”

According to Oxford Dictionary

11.2 Evolution of Retailing

Traditionally, retail was more of a business arrangement where in the success of the stores depended on the success of its business transactions. With more emphasis laid on customer brand loyalty, the focus soon changed from just selling to making the overall shopping experience stimulating.

Today, a consumer visiting a retail store does not have only a wish of procuring a product. It is journey engagement with a brand across different levels of procurement that he wishes to embark upon.

There has been a considerable change in the shopping behaviour of customers over the previous years. The retailer now understands that shopping has to be seen as a brand interaction and engagement story. Numerous interface points have to be created. The ones that can aid the shopping experiences of the consumer.

The continuous progression of the retailing landscape have forced retailers to operate in a highly dynamic and competitive market. They are required to continuously adapt to the changing expectations of consumers in order to keep them loyal.

From Industrial Age department stores to multi-channelling, marketing environments, the evolution of retail business continues to progress dramatically.

As retail marketing evolved, retailers have focused on the four Ps – product, price, place, and promotion, to make their products available. Retail marketers used their long term experience and

instincts, along with techniques like surveys and focus groups, to understand the customer. These days billboards, radio ads, email based promotions, magazine ads and social media are enticing shoppers with offers.

11.3 Consumer decision making process

The consumer decision making process is the process through which consumers become aware of and identify their needs, gather information on how best ways to solve these needs; evaluate alternative available alternatives and finally make a purchasing decision; and evaluate their purchase.

Steps of decision making

There are various steps of decision making.

Need recognition

The need recognition stage of the consumer decision making process starts when a consumer comprehends a need. Needs come about because of two causes: Internal stimuli, normally a such as hunger, thirst, sleepiness, sadness, sickness, jealousy, etc.

External stimuli, like a social advertisement, the fragrance of good food.



Example: Why does someone start looking for a new laptop? Likely, their old laptop is not working well anymore, or they simply want a better laptop. Maybe they have a new job. Or maybe they want to give the laptop as a present to their sister, who just had her first job.

Search for information

As soon as a consumer recognizes a need and begins to search for an the solution.



Example: Researching laptops. Now that the customer has realized a need to get a new laptop, it's time to find solutions. Here are some things a consumer may be searching for: Best laptops 2021, most affordable and rated laptop?

The amount of information a customer needs to search for varies on how much he already knows about the solutions available, as well as the how complex are the choices.

Evaluation of alternatives

At this stage the consumer has done research and it is time to evaluate their choices and see if there are any good alternatives. Consumers make purchase decisions based on given options and select the ones that match their needs. Their evaluation is influenced by two major characteristics:

- Functionality, price, ease of use etc.
- Subjective: Feelings about a brand.

Using customer engagement tools like review page, chat box in a home page carousel reduces bounce rate while increasing time spent on site and page views. That boost in engagement increases the likelihood that customers will learn more about your store and leave your site with a positive memory of your brand.

Purchasing decision

This is the stage when customers are ready to buy and have decided where and what they want to procure.



Example: The potential customer may explore. What if the purchaser wants a different camera? What if this camera is not having a key feature that the customer would want? This shopper will most likely abandon his purchase decision and go back to the research stage. The goal of the marketer is to make sure that he proceeds with the purchase.

Post-purchase evaluation

In this stage of the consumer purchase decision process, consumers rethinks on this/her recent purchase. They retrospect on how they feel about it, if it was a good purchase, and can it be

repurchased? This is the stage where they will review their purchase and will probably decide to engage for a long time with the brand.

Sequences followed by consumer

Different consumers may have different sequences. They may follow these sequences:

- A consumer may first select an outlet first and then choose a brand.
- A consumer may first select a brand first and then choose an outlet.
- A consumer may select a brand and outlet simultaneously.

11.4 Marketing Strategies by Retailers

Retailers may resort to different strategies for drawing in customers and making their decision-making process smoother. Some of these strategies may be:

- Retail image enhancing.
- Good displays, effective Point of Purchase (POP).
- Doing a location analysis before setting up a retail outlet.
- Making a good layout analysis.
- Effective shelf space management.
- Advertising the availability of all brands.
- Building brand image.
- Joint advertising.
- Providing offers on brands.
- Creating and sharing SEO links.
- Providing an assortment of brands.
- Most effective and good service.
- Training salespeople.
- Effective displays.
- Technology based displays.

11.5 Retail Strategy

Retail strategy indicates how the retailer plans to focus its resources to accomplish its objectives. It may include, identification of target market or markets towards which the retailer will direct their efforts. The merchandise and services mix the retailer will offer to satisfy the needs of the target market and the development of a competitive strategy.

Starting from the availability of different sources used for information seeking, searching different options for purchase, comparing features, searching good deals, reading reviews, technology is now aiding the modern prospect in so many ways.

11.6 The Evolving Retail Scenario

These days, there are so many developments in the retail sector. Technology adoption has become a part of the sector. Different technologies that are being adopted have been discussed below:

Virtual Mirrors

A virtual mirror is an example of augmented reality and displays the user how the outfit would look on them without actually trying them physically. It shows the fitting and has a motion technology that helps the viewer to see the looks in various motions as well as in various exposures of light (for both day and night look).

Unit 12: Decision Rules and Attributes of Consumers

It allows the consumers to wear several clothes in a shorter span of time and make an instant purchase.

Figure 1: Virtual mirrors



Touch screen window glass display

In this collaborative storefront glass touch screen window, the marketer is able to apprise and interact with their customers in a brand-new way that catches their attention and promotes a faster sale.

Retail business owners usually post special sales offers, upcoming new products, or recently launched products in these displays. A simple touch on the glass touch screen the shoppers can scroll through a catalog of the items in a retail store, view the sales prices, choose promotions and learn about special events.

Figure 2: Touch screens



Touch kiosks

When people enter a retail store and see the touch screen kiosk, they are bound to have a good impression. These kiosks help to boost the prestige of the brand.

Most retailers are using touch screens to attract the prevailing customers and enhance their in-store experience. This includes use of interactive mirrors, video screens, touch screens to enhance the in-store experience for shoppers.”

Body scanners

The emerging technology of 3D bodyscanners allow consumers to use cameras and lasers on their mobile devices to capture precise body measurements.

Apart from this in-home shopping (via phones, online) is also an important element.

11.7 Different types of Retail Stores

There are different types of retail store formats.

Department Stores

Department store are retail establishments that sell a wide variety of goods. They include ready to wear apparel and accessories for adults as well as children, textiles, household goods, small household commodities, furniture, electrical appliances as well as accessories.

Super Markets

A supermarket is a self-service store offering a wide variety of food, beverages and household products, organized into various sections.

Chain Stores or Multiple Shops

Chain stores are also known as multiple shops that function under one brand usually have common ownership. There may be branches or outlets of a single brand that are spread across the country. These stores were first established in America and now have become popular all over the world.

Discount Houses

These are retail store that sells products at prices lesser than those asked by traditional retail outlets. Some discount stores are similar to department stores. They may offer a wide assortment of goods; and may be discounted departmental stores.

Direct Selling

Direct selling is a retail channel that is used by top global brands and smaller companies as well to market products and services to consumers. These companies may market all types of goods and services, including jewellery, cookware, cosmetics, household commodities, and much more.

Telemarketing

In this method of direct marketing a salesperson contacts a prospective customer to buy products or services, over the phone or through a face to face or web conferencing appointment that is scheduled during the call.

Online Retailing

Electronic retailing is the sale of goods and services through the internet. This requires companies to tailor their business models to acquire internet sales, that can include building out distribution channels such as warehouses, internet webpages, as well as product shipping centres.

Automatic Vending

Automated retail is the category of self-service and standalone kiosks that operate as fully automatic retail stores. These stores operate through the use of software integrations to replace the traditional retail services inside in a traditional retail store.

11.8 Why Consumers Prefer Online Shopping

Online shopping is most preferable amongst people of all age groups. There is a tremendous growth in this market. Online marketplaces are progressing by building trust and giving convenient opportunities to their buyers.

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Shoppers search and compare products before making the final purchase. Some people may have their concerns but others are frequent buyers. Better payment options, feedbacks, returns and availability of honest reviews are some reasons why people prefer online retailers. Online shopping statistics in few countries has been illustrated below:

Figure 3: Online shopping statistics

Country	Average revenue per online shopper
United States	\$1,804
United Kingdom	\$1,629
Sweden	\$1,446
France	\$1,228
Germany	\$1,064
Japan	\$968
Spain	\$849
China	\$626
Russia	\$396
Brazil	\$350

Source: www.optinmonster.com

11.9 Efforts by Instore Retailers to Bring a Shift in Preferences

Many efforts are being undertaken by retailers to induce customers to buy in their respective store. Few initiatives include: fast food outlets within stores, having children play zones in stores, making entertainment zones for delighting shoppers, providing attractive kiosks and enabling attractive displays.

Multi-channel retailing

Multichannel retailing is the practice of making products available to consumers across more than one sales channel. This uses multiple sales channels such as e-commerce, physical stores, applications, websites, marketplaces and social media platforms.



Example: Apple's multi-channel strategy consists of:

online sales channels like Amazon and eBay.

offline sales channels like the Apple retail stores and other electronics-based retail outlets.

Evaluative criteria's in selecting a retail store

There are many criteria's that the consumer has in selecting a retail. Few of which are: the store image, brands housed by the store, quality and extent of advertising done by the store, location of the store and the size of the store. The following figure illustrates the different dimensions that are a part of the 'Image' of a retail store.

Figure 4: Retail image

Dimension	Components
Merchandise	Quality, selection, style, price
Service	Salesperson, easy return, credit,
Clientele	Customers
Physical facilities	Cleanliness. Store layout, attractiveness
Convenience	Location, parking
Promotions	Advertising
Store atmosphere	Fun, excitement, comfort, congeniality
Post transactional	Satisfaction

Source: (Lindquist, J.D. (1974-1975), "Meaning of image", Journal of Retailing, Vol. 50 No. 4, pp. 29-38, 116.)

Functional dimensions effecting retail store choice

There are many functional (utility based) features of a retail store that effect the choice of a customer. These may include the availability of parking facilities, cleanliness of the shop, availability of prayer roomsmerchandise, support services, consumer price perceptions, purchasing experience and the shopping convenience.

Affective dimensions effecting retail store choice

Retail environments are sensory.They create emotional and cognitive reactions in shoppers through sight, touch, smell, sound, and taste. Retailers continuously study the impact of sensory features on consumer behaviour.

Music and temperature can influence shopper decision-making. Music activates moods and emotions. It makes people pay more attention to themselves, specifically to their preferences and attitude.

11.10 Brands Housed by the Retail Store

Store brands

These are closely associated with the store image.Earlier, retailers carried only manufacturers' brands, and only a few developed their own brands.Nowadays, retailers are manufacturing as well as selling their own brands.

Private labels

A private label product is one that a retailer gets produced by a third-party.They sell under the product under their own brand name. The retailer controls all aspects about the product, including its packaging.

11.11 Advertising by a Retail Store

Retail advertising is the process by which retailers use store advertising (online and offline) to drive awareness and interest towards their products to generate sales from their target audience.

The retailer through various ways of advertising tries hard to promote his brand amongst the masses for them to visit the store more often.Advertisements attract the customers into the store.They draw the customers to the stores.

The different modes of advertisement adopted by a retail store may include:

- Signboards
- Billboards

- Hoardings
- Banners
- Social networking sites
- Magazines
- Catalogues

However, there are certain decisions that need consideration like: What should be the imagery and the message in the advertisement? Should there be a message conveying offers and price discounts? Should there be comparative advertising?

11.12 Location of the Store

Location plays an important role in store choice. Customers generally select on the basis of proximity. Customers may prefer larger outlets over smaller outlets. Customer proximity is an important concern for most of the retail businesses.

Several stores can be opened away from the city with a low budget, but it won't be possible for the retailers to bring customers to that area.

11.13 Shopping Orientation of a Customer

A consumer's tendency to go shopping only when something is needed and buy just what is needed is his/her shopping orientation.

Shopping personality type

On the basis of their orientations, we can classify shoppers' personalities into five types:

The Touchy-Feely Shopper: this shopper usually picks something up and then purchases it.

Guerrilla Shopper—the opposite of the mall lingerer. This person waits around till the last day, and then becomes frantic in the end trying to get all the shopping done in one shot.

The Social Shopper— this type enjoys shopping with company and is completely into impulsive purchases.

The Store Lingerer —these shoppers take more than usual time going through a store.

The Sales Junkie—these people are influenced by spill overs. If they see one offer, they think everything in the store is available at a good price or offer and they spend more money.

Six motivation-based shopping orientations

There are six basic motivations are as follows:

Chameleons

Their shopping styles are usually related to the situation in hand and keeps on altering. Their shopping approach is based on the type of the product and the purpose of shopping.

Collectors

They collect huge quantities of items either to save money or just because they the need for shopping. They attempt to get the best price and take advantage of guarantees given by the retailers.

Foragers

They are motivated to purchase only the items that are desired. They are willing to search extensively. They possess less loyalty towards a store and prefer shopping alone.

Hibernants

They are indifferent toward shopping. They may sometimes postpone a need for a product to future even if they require it currently.

Predators

They are speedy in their shopping and fully plan before shopping and prefer shopping alone. They do not particularly like shopping and tend to shop outlets where they are assured of getting the items they need quickly.

Scavengers

They enjoy shopping and mostly shop to meet their needs as well as for fun. They may at times consider shopping to be entertainment and may sometimes make impulsive purchases.

Unplanned purchasing

A consumer may make an unplanned purchase because something in the store, such as a reminder or a display, triggers a memory that they need something. It is usually driven by a need.

Impulsive purchasing

An impulsive purchase is made instantly and is usually done without considering the consequences. Costs may also be ignored. They are usually motivated by the need for immediate self-gratification. Retailers may adopt different strategies to encourage impulse purchases:

Place complementary products together (Bread and Jam).

Add on products are displayed together (Music system and speakers).

Offer special deals and provide complementary offers.

Hurry up the purchase (one-time simple clicks to buy).

Offer limited time promotional offers.

Figure 5: Promotional offers leading to impulse purchases



11.14 The Customer Purchase Journey

There may be two types of purchases done by the customer. Planned and unplanned purchases.

Planned purchases

In a planned purchase the customer shopping journey phases are: Need recognition, information search, evaluation of alternatives, purchase, pre-consumption, consumption and post consumption and evaluation.

Unplanned purchases

Unplanned purchases are the purchases made at a retail or online store that the customer has not planned for before entering the store.

Types of unplanned purchase

There may be two types of unplanned purchases.

Reminder purchase

Reminder purchases are usually not in the initial plan. The customer was reminded on seeing the product that he actually needs it. The need lies there.



Example: Seeing a bottle of juice and being reminded that you only have none left at home will motivate you to buy more. So instead of making another trip to the store the following week, you simply pre-poned the purchase.

Impulse purchases

Impulse purchases occur when the customer is exposed to a certain stimulus at a store. The customer buys the product without a real need for the product. No cognitive process is followed, and the decision is very quick and usually based on emotions.

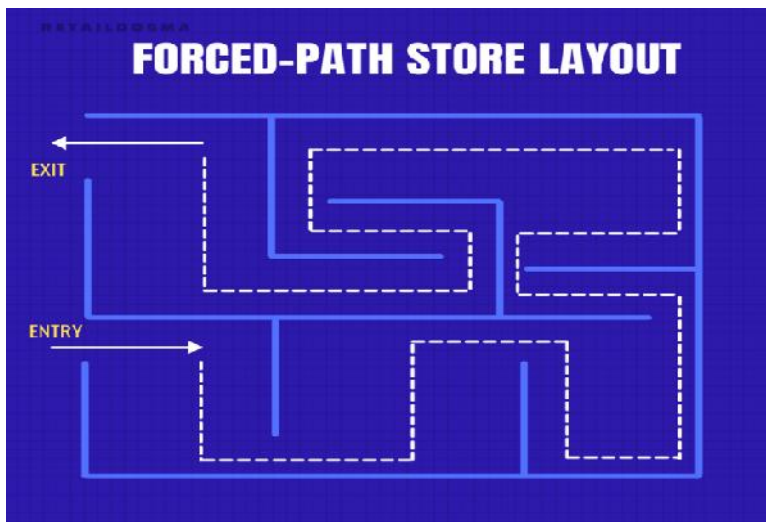
11.15 Marketing Strategies to Increase Unplanned Purchases

Marketers can increase unplanned purchases by highlighting the best deals, offering a good store layout, working on the store display, offering great store promotions and providing a good exterior store layout.

Retail store layout

The exterior retail store layout includes exterior store design and customer flow, it also includes the following factors: Geographic location of the retail store, size of the building and length of the walkways accessible from the entrance and exit.

Figure 6: IKEA forced-path store layout



This layout is popularized by IKEA. This layout forces the customer through a predetermined path through the retail area and leads customers to make impulse purchases by delaying gratification through forcing them through a pre-determined path across the showroom.

Store display

Design and display are made more attractive by the retailers. They focus on essential elements like the colour, landscaping, light, space and signage. For effective displays retailers can keep complementary products together, keep add on products together and make the displays very attractive.

Store promotions

Displaying of store promotions is to be done prominently and at the right places. Retailers communicate their latest promos via banners. They also use words like "best buys", "last pieces", "limited offer" etc.

Store ambience

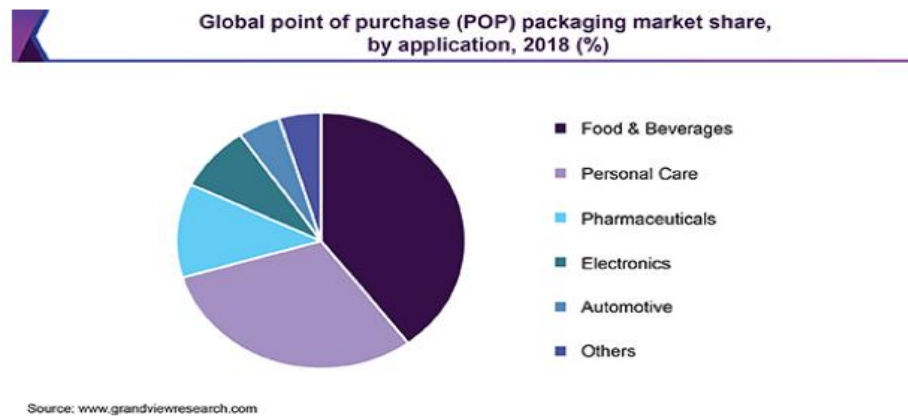
Store ambience is a major part of the store design, and it is defined as the dominant sensory effect created by the store's design. The components of the store that collectively produce the store atmosphere are: the store exterior, the store interior i.e., flooring, walls, lighting) and the layout and displays.

Point of purchase

Point of purchase (POP) promotions have a significant impact on consumer's shopping behaviour and can also lead to unplanned and impulsive purchases. POPs are planned very carefully by the retailers. Point-of-purchase (POP) displays in retail marketing not only provide retailers a chance to create a spotlight for the highlighted items, but also encourage shoppers to be impulsive in their purchases.

Further strategies that may be used to influence brand choices may be price reductions, outlet ambience, online presence, website maintenance and sales personnel effectiveness.

Figure 7: Point of purchase

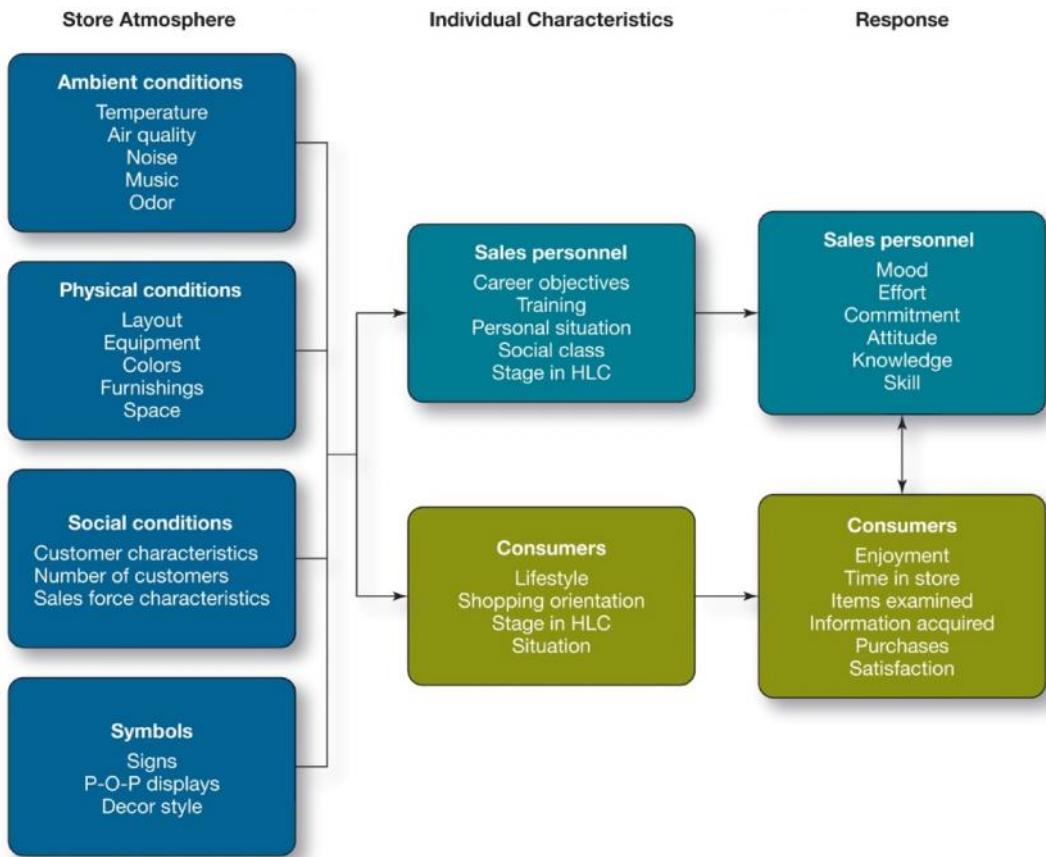


Source: www.grandviewresearch.com

Atmospherics

Atmospherics are the controllable characteristics of retail space which entice customers to enter the store, shop, and point of purchase. These may include: the exterior of the store, the interior of the store, the layout and design variables of a store, the point-of-sale and the decoration variables of a store.

Unit 12: Decision Rules and Attributes of Consumers



Summary

- Retailing is the selling of merchandise and certain services to consumers. It customarily involves the selling of individual components or small lots to large numbers of customers by a business set up for that precise purpose.
- The need recognition stage of the consumer decision making process starts when a consumer comprehends a need.
- Retail strategy indicates how the retailer plans to focus its resources to accomplish its objectives. It may include, identification of target market or markets towards which the retailer will direct their efforts.
- Multichannel retailing is the practice of making products available to consumers across more than one sales channel.
- Location plays an important role in store choice. Customers generally select on the basis of proximity. Customers may prefer larger outlets over smaller outlets.
- In a planned purchase the customer shopping journey phases are: Need recognition, information search, evaluation of alternatives, purchase, pre-consumption, consumption and post consumption and evaluation.
- Unplanned purchases are the purchases made at a retail or online store that the customer has not planned for before entering the store.

Keywords

Retailing: Retail is the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.

Consumer decision making process: This is the process through which consumers become aware of and identify their needs, gather information on how best ways to solve these needs; evaluate alternative available alternatives and finally make a purchasing decision; and evaluate their purchase.

Post-purchase evaluation: This is the stage of the consumer purchase decision process, consumers rethinks on this/her recent purchase.

Virtual Mirrors: This mirror is an example of augmented reality and displays the user how the outfit would look on them without actually trying them physically.

Store brands: These are closely associated with the store image. Earlier, retailers carried only manufacturers' brands, and only a few developed their own brands. Nowadays, retailers are manufacturing as well as selling their own brands.

Private labels: A private label product is one that a retailer gets produced by a third-party. They sell under the product under their own brand name. The retailer controls all aspects about the product, including its packaging.

Reminder purchase: This is the purchase that is usually not in the initial plan. The customer was reminded on seeing the product that he actually needs it.

Impulsive purchasing: This is the purchase that is made instantly and is usually done without considering the consequences. Costs may also be ignored.

Self Assessment

1. Their shopping styles are usually related to the situation in hand and keeps on altering.
 - A. Hibernants
 - B. Predators
 - C. Scavengers
 - D. Chameleons

2. They collect huge quantities of items either to save money or just because they need for shopping. They attempt to get the best price and take advantage of guarantees given by the retailers.
 - A. Hibernants
 - B. Predators
 - C. Scavengers
 - D. Collectors

3. Retailers may adopt different strategies to encourage impulse purchases:
 - A. Place complementary products together
 - B. Add on products are displayed together
 - C. Offer special deals
 - D. All of the above

4. _____ retail is the category of self-service and standalone kiosks that operate as fully automatic retail stores.
 - A. Automated
 - B. Online
 - C. Direct
 - D. Un-organised

Unit 12: Decision Rules and Attributes of Consumers

5. This person waits around till the last day, and then becomes frantic in the end trying to get all the shopping done in one shot.
- A. The Touchy-Feely Shopper
 - B. Guerrilla Shopper
 - C. The Social Shopper
 - D. The Store Lingerer
- 6.. A _____ product is one that a retailer gets produced by a third-party.
7. The components of the store that collectively produce the store atmosphere are called the store _____
8. _____ promotions have a significant impact on consumer's shopping behaviour and can also lead to unplanned and impulsive purchases
9. _____ is the stage of the consumer purchase decision process, consumers re-thinks on this/her recent purchase.
10. _____ are the controllable characteristics of retail space which entice customers to enter the store, shop, and point of purchase.
11. Wholesaling is the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.
- A. True
 - B. False
12. Planned purchases are the purchases made at a retail or online store that the customer has not planned for before entering the store.
- A. True
 - B. False
13. Reminder purchase is the purchase that is usually not in the initial plan.
- A. True
 - B. False
14. Scavengers enjoy shopping and mostly shop to meet their needs as well as for fun.
- A. True
 - B. False
15. Multichannel retailing is the practice of making products available to consumers across more than one sales channel.
- A. True
 - B. False

Answers for Self-Assessment

- | | | | | |
|------------------|-------------|----------------------------|-----------------------------|------------------|
| 1. D | 2. D | 3. D | 4. A | 5. B |
| 6. Private Label | 7. Ambience | 8. Point of purchase (POP) | 9. Post Purchase Evaluation | 10. Atmospherics |
| 11. B | 12. B | 13. A | 14. A | 15. A |

Review Questions:

1. What is a store image and what are its dimensions and components?
2. How does the size of and distance to a retail outlet affect store selection and purchase behaviour? Explain with an example.
3. Describe six motivation-based shopping orientations of college students.
4. Describe the eight segments of online shoppers.
5. How is the retail environment changing?



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Unit 13: Post Purchase Processes and Dissonance

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Summary

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Objectives

After studying this unit, you will be able to,

- describe the different post-purchase processes in which the consumers are engaged.
- understand the concept of post purchase dissonance
- describe the issues that surround the use and nonuse of a product.
- understand how use and nonuse of a product is of significance to the marketers.
- describe the various disposition options.
- understand the relevance of disposition to marketers.

Introduction

Post-purchase behaviour describes the way in which a customer thinks, feels, and acts post buying. This is when a customer is assessing whether or not they are happy with their purchase. This forms as a basis for their future decisions.

Post-purchase behaviour gives an insight into a consumer's:likes and dislikes, preferences, attitudes, satisfaction level and purchase motives.Post-purchase Behaviour defines the overall reaction and response of a customer after buying a product or service.

Generally after a product purchase the buyer can either be happy and fine or can regret the purchase. This is the case when the customer undergoes post purchase dissonance.The modern

customers have lot of options to express their post purchase feelings. Customers can make use of social media, reviews and other contemporary means to recommend or complain about a product.

12.1 Definition of Post-Purchase Behaviour

“Post purchase behaviour is the stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction with a purchase”.

“Post purchase behaviour indicates the consumer’s reaction after making a purchase. It gives a concept of his/her likes, dislikes, attitudes, satisfaction, and preferences towards the service or product”.

“Post Purchase Behaviour is the feelings or perception a purchaser or buyer has after buying a product or service. Depending on the consumer’s satisfaction/dissatisfaction s/he may repurchase or discontinue the service or product”.

12.2 Importance for the Marketers

Studying the customer behaviour after a sale has been made is imperative. Many organizations tend to ignore the post-purchase behaviour of a customer as the sale has already been done, but what is important here is that if the customers are unhappy then the probability of his repeating the transaction would reduce significantly.

Repeat business is one of the parameters on which a business can sustain over a longer term. The post-purchase dissonance can heavily impact the brand image of the company and affect the overall sales in the market.

If the customer is happy after a purchase, they would not only come back to buy again but also they would recommend the product to others thus escalating the sales further.

After sales support is very important these days to counter the post-purchase behaviour dissonance. There is still some time in which the customer issues can be resolved. If a customer complains about an issue and it is resolved, it would still keep the customer happy and give the marketer another chance.

This is only possible if there is a temporary flaw. If the customers in general are not happy with the core product quality and features, then the complete customer satisfaction will be low and the perception and brand image would definitely suffer.

Dissonance can be due to availability of large number of alternatives having better features, poor performance of the product, low value derived or poor durability of the product. These factors should be looked into by the marketers to make products better thereby reducing the chances of dissonance.

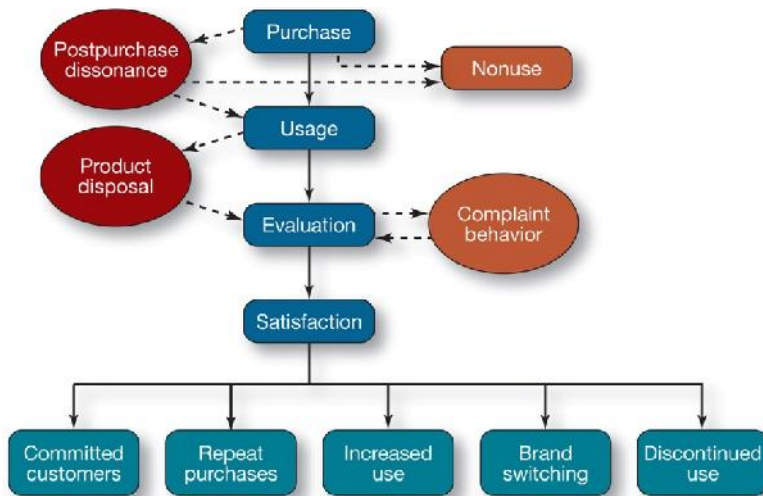
Marketers get answers to the following questions by the study of a consumer’s post purchase behaviour:

- What is the expectation of the consumers?
- What makes a consumer to buy a product?
- What types of products are liked by the consumers?
- What type of new products must be developed in the future?

12.3 Post Purchase Processes

The model explaining relationships among the various post-purchase processes has been illustrated below:

Figure 1: Model explaining relationships among the various post-purchase processes



The model explains the relationships among the various post-purchase processes.

Sometimes purchases may be followed by a process called post-purchase dissonance. This usually occurs when a consumer has his doubts regarding purchase he or she has made. Some purchases may be followed by nonuse. That implies that a product may be returned without being used.

Most of the purchases are followed by product use, even if there is a post-purchase dissonance. While using a product, the purchase process and the product are evaluated by the consumer. An unsatisfactory evaluation may lead to complaints by the users.

The right response by a company in case of a complaint may reverse the initial dissatisfaction amongst the consumer.

All these processes lead to either:

Loyalty

Brand loyalty describes a user's positive feelings towards a brand, and their commitment to purchase the brand's products and/or services repeatedly, regardless of problems or competitor's offers.

Repurchase

Repurchase is defined as a consumer's actual behaviour, resulting in the purchase of the same product, or service on more than one occasion.

Brand switching

One of the major reasons for brand switching is the user not getting enough value from the product as against the price being offered by the competitor's product. This value may be monetary or emotional.



Example: If a consumer has always used Apple's iPhone(s) but then decides to buy a Samsung Galaxy, they have switched brands from Apple to Samsung.

Discontinuation

The customer may stop purchasing a particular product.



Task: Identify the last product that you discontinued using. What was the reason behind the same?

12.4 Causes of Post-Purchase Dissonance

Post purchase dissonance is when the state of the mind of a customer is very uneasy upon a purchase of a product or service. This may lead the customer to return the product back from where he purchased and may lead to feelings of regret.

There may be many causes of dissonance. Customer perception that he has overpaid for the product that he has purchased or customer's realisation that the product of the competitor is far better in terms of the features, price, or attributes.

There may also lie a disparity between his prior evaluation of the product and his final purchase. He doesn't feel the need to use the product or the customer might be regretting an impulse purchase.



Figure 2: Quality/size comparisons

Other reasons may also include the following:

Pressure of external sources

Giving into the pressure of family, friends and other sources may also lead to purchase dissonance.

Availability of many alternatives

When the customer is presented with a variety of options and alternatives to pick and choose from, he may get confused, especially similar products.

Lack of research

The customer's lack of research may be major cause of dissonance. It is essential that these questions need to be asked before buying a product.

- Do I really need this product?
- Do I have the budget to buy such a high-value product?
- What is the utility of the product?
- Is the product having the required features and attributes that will solve my pain areas?
- Is the brand reputed?

False claims by the seller

Tall claims by the seller may lead to dissonance later.



12.5 How Marketers Reduce Dissonance

Marketers may adopt different strategies aimed at reduction of dissonance. They have been outlined below:

- Offer detailed information about the product.
- Set the right delivery expectation.
- Set correct shipping expectation.
- Have a fair return policy.
- Offer various refund options.
- Consumer feedbacks must be ensured.
- Focus on product appearance and quality.
- Platforms for grievance redressals.
- Presence of communication 24/7.



Figure 3: Feedback

12.6 Threshold for Post Purchase Dissonance

There are three thresholds for purchase dissonance:



Figure 3: Thresholds for dissonance

Tolerance level

Where the customer is fine with the product he has brought and goes ahead with the purchase. Even if he/she feels a little disappointed, they continue with the product purchase.

Inconsistency level

Here the customer is undecided whether he really likes the product and whether the purchase was up to the mark.

Post purchase dissonance

The final stage where the customer begins regretting the purchase. This is the stage where dissonance starts coming in and the customer begins lamenting the purchase.



Example: If the customer has purchased a laptop with full payment done and now after a few weeks he is not happy with the model of the laptop. He cannot go to the showroom and get the laptop exchanged and neither can he go through a costly procedure of changing the model. So, he regrets the purchase of the specific model even if he likes the brand on a whole.

12.7 Magnitude of Post Purchase Dissonance

The probability of a consumer's experiencing post-purchase dissonance, as well as the magnitude of such dissonance, is a function of:

The degree of commitment or irrevocability of the decision

The easier it is to alter the decision, the less likely the consumer is to experience dissonance.

The importance of the decision to the consumer

The more imperative is the decision, it is more likely that dissonance will result.

The difficulty of choosing among the alternatives

The more difficult it is to select from among the alternatives, the more likely the experience and magnitude of dissonance.

The individual's tendency to experience anxiety

Some individuals have a higher tendency to experience anxiety than do others. The higher the tendency to experience anxiety, the more likely the individual will experience post-purchase dissonance.

12.8 Consumers and Dissonance Reduction

After the purchase is made, the consumer may utilize one or more of the following to reduce dissonance:

Increase the desirability of the brand purchased

Decrease the desirability of rejected alternatives

Decrease the importance of the purchase decision

Reverse the purchase decision (return before use)

Post-purchase dissonance may be reduced by internal re-evaluations, searching for external information that aims to support the choice of the customer acts to uplift confidence in the rightness of the purchase decision. To escalate the customer confidence in selecting a brand, many marketers of consumer durables send recent mail materials to support the relevance of a purchase.

Local retailers can place follow-up calls to make sure the customer is not experiencing any problems with the product to reduce any dissonance. Follow-up emails, chat-boxes, and feedbacks are good examples.

Such efforts can go a long way in reducing dissonance and increasing satisfaction. A buyer would be very receptive to positive information about the products that they want to buy.



Figure 4: Encouraging consumer by making him/her realize the need of product

12.9 Need for Validation of Some Products

Expensive, unhealthy products may induce a feeling of restlessness in mind of the consumer, whether to buy or not.

Marketers design advertising messages intended to reduce this confusion by evoking positive emotions towards the product and justifying their need.



Figure 5: Validating unhealthy food



Case Study: McDonald's campaigns against its junk food image

Some people don't consider McDonald's a place to get high-quality food, in part because most of the prices are so low. While McDonald's has added salads and a yogurt parfait to its menu over the years, Americans are gravitating toward other attributes, like organic produce and meat raised without antibiotics.

"People just don't think of McDonald's as having that premium quality," said Sara Senatore, a restaurant industry analyst with Bernstein Research.

In some ways, the image McDonald's is battling is ironic, given its reputation for exacting standards with suppliers. Thompson has also noted the ingredients tend to be fresh because restaurants go through them so quickly.

McDonald's aims to shake its reputation for serving cheap, unhealthy food. At a time when Americans are playing closer attention to what they eat, the company is trying to sway public opinion by first reaching out to the reporters, bloggers and other so-called "influencers" who write and speak about McDonald's.



<https://www.cnbc.com/2014/08/18/mcdonalds-campaigns-against-its-junk-food-image.html>

12.10 Reasons Behind Product Use/Nonuse

A marketer needs to explore the reasons behind the use and nonuse of a product.

Some consumers may use a product because of its functional benefits or its symbolic benefits.

Functional benefits are based on a product attribute that provides the customer with functional utility. The goal is to select functional benefits that have the greatest effect on the customers.

They are benefits that refer to the identification-related aspects of usage, understood as a form of expression. They are intrinsic product or service advantages like social approval, or differentiation concepts such as luxury, enigma, status, etc.

Unknown uses of a product

The product may be used in a new way by the consumer. This new way may be unknown to the marketer. In depth research goes into understanding the new applications of a product.

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Consumer research is a part of market research in which the motivation and purchase behaviour of the targeted customers is deeply identified. Consumer research helps businesses or organizations understanding the nuances of customer psychology and create detailed purchasing behaviour profiles.

It uses research techniques to give a systematic information about what customers need. Using this information can assist brands in making changes in their products and services, and thereby increasing customer satisfaction.

A marketer to gain an in-depth understanding about the customer decision-making process, would undertake different modes of research.

Identification of new uses of a product may be done through the following techniques:

- Observations.
- Personal interviews.
- In depth interviews.
- Brainstorming.
- Discussions.
- Customer panels.

Promoting alternate uses of a product

Alternate uses of the product can be promoted by the marketer. For example, an Oreo biscuit may be promoted as an ingredient for making a chocolate milk shake or a cake.



Figure 6: Identifying new uses of a product

The marketers may go for strategies like below to make the consumer aware about complementary products and their uses.

- Display complementary products side by side in retail stores.
- Bundle complementary products together.
- Complementary sales can be done by salesmen.
- Joint advertising of complementary products can be done.

Non usage of a product

Product nonuse happens when a consumer acquires a product that is not used or used only sparingly relative to its use. For many products and most services, the decisions to purchase and to consume are made side by side.

A person who orders a meal in a restaurant is also deciding to consume the meal at that time. However, a decision to purchase food at a supermarket needs a second decision to make and consume the food. The second decision occurs at a different point in time and in a different

environment from the first. Thus, nonuse can however, occur because the situation or the purchaser changes between the actual purchase and the potential usage occasion.

For example, a point-of-purchase displaying a new food item shown as part of an appealing menu may cause a consumer to imagine a feasible usage situation and to finally purchase the product. However, without the stimulus of the display, the consumer might not remember the actual, intended use of the product.

Postponing use of a product for a special occasion also leads to non-use.



Example: Brewing coffee occasionally, not with regular breakfast could be one such instance.

Marketing strategies to convert non-users to users

The following strategies may be adopted by the marketers.

- Follow up e-mails, calls.
- Encouraging everyday use of a product.
- Reminder advertising.
- Liberal return policy.
- Building online communities.



Figure 7: Encouraging everyday use of a product

12.11 Product Disposition

Consumer disposition is an attempt by a consumer to get rid of a product that has outlived its intended purpose. Consumers may be reluctant to replace a product unless he/she believes that they have got its full worth.

Financial limitations may lead to disposition of a product before buying a new one. Consumer sale of products amongst each other may create a market for secondhand products thus declining sales of new products.

Consumers may be concerned about sustainability, recyclability or the safe disposal of a product. Such products benefit the environment and the society.

Factors effecting disposition

These factors may affect the way a person disposes of a product:

Psychological characteristics of the decision maker

These may include the emotions, personality type, attitudes, perception, creativity and learning ability of the decision maker.

Product intrinsic factors

These include the size, style, technological innovations, adaptability level, reliability, durability and the replacement cost.

Product extrinsic factors

This includes the storage space available, urgency of product, fashion changes, situation of purchase (gift versus purchase), functional use, economic scenario (demand and supply) and legal considerations.

Reference frames on the various possibilities for consumer product disposition

- Consider a mobile which still runs but is no longer latest.
- The consumer is faced with a first level decision: Get rid of it or keep it.
- Assume that he decides to keep it because of his thriftiness (psychological characteristics) or he could have also decided to keep it because although it was outdated it was still very reliable (product characteristics).
- He might have also kept it because he had no money for another one (situational factor).
- At some later time, the old mobile is again brought to mind.
- The mobile is old with a scratched screen (product characteristics)
- At the second level he may decide to give it away as he is getting an exchange deal on a new mobile (situational factor).

Marketing implications

Disposition choice of a consumer may provide lead to the marketers on issues like prevention of environmental hazards, number of resources wasted when an item is discarded, resource depleted when its replaced, sustainable product development, recyclable products and disposal of electronic waste.



Example: The start-up Loop has partnered with a number of big brands to deliver household goods in reusable, returnable metal containers.

Summary

- Post-purchase behaviour describes the way in which a customer thinks, feels, and acts post buying. This is when a customer is assessing whether or not they are happy with their purchase.
- After sales support is very important these days to counter the post-purchase behaviour dissonance.
- Post-purchase dissonance usually occurs when a consumer has his doubts regarding purchase he or she has made.
- Where the customer is fine with the product he has bought and goes ahead with the purchase. Even if he/she feels a little disappointed, they continue with the product purchase.
- Expensive, unhealthy products may induce a feeling of restlessness in mind of the consumer, whether to buy or not.
- Marketers design advertising messages intended to reduce this confusion by evoking positive emotions towards the product and justifying their need.

Keywords

Post purchase behaviour: It is the stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction with a purchase.

Non-usage: Product nonuse happens when a consumer acquires a product that is not used or used only sparingly relative to its use. For many products and most services, the decisions to purchase and to consume are made side by side.

Product intrinsic factors: These include the size, style, technological innovations, adaptability level, reliability, durability and the replacement cost.

Product extrinsic factors: This includes the storage space available, urgency of product, fashion changes, situation of purchase (gift versus purchase), functional use, economic scenario (demand and supply) and legal considerations.

Self Assessment

1. Disappointment that follows a purchase is called:
 - A. Post-purchase annoyance
 - B. Post-purchase dissonance
 - C. Post-purchase consonance
 - D. None of the above

2. The occurrence of post-decision anxiety is related to the concept of _____.
 - A. Extensive decision making
 - B. Purchase cognitive dissonance
 - C. Limited decision making
 - D. Marketing strategy

3. _____ behaviour describes the way in which a customer thinks, feels, and acts post buying.
 - A. Extensive behaviour
 - B. Purchase behaviour
 - C. Limited behaviour
 - D. Post-purchase

4. Identification of new uses of a product may be done through the following techniques:
 - A. Observations
 - B. Personal interviews
 - C. In depth interviews
 - D. All of the above

5. This is the level where the customer is fine with the product he has bought and goes ahead with the purchase.
 - A. Tolerance level
 - B. Inconsistency level
 - C. Dissonance level
 - D. Satisfaction level

6. One of the major reasons for brand _____ is the user not getting enough value from the product as against the price being offered by the competitor's product.

7. _____ describes the way in which a customer thinks, feels, and acts post buying.

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8. Product _____ factors include the size, style of a product.
9. Consumer _____ is an attempt by a consumer to get rid of a product that has outlived its intended purpose.
10. _____ is a part of market research in which the motivation and purchase behaviour of the targeted customers is deeply identified.
11. Symbolic benefits are based on a product attribute that provides the customer with functional utility.
- A. True
B. False
12. Consumers may be reluctant to replace a product unless he/she believes that they have got its full worth.
- A. True
B. False
13. Product extrinsic factors may include the size, style, technological innovations, adaptability level, reliability, durability and the replacement cost.
- A. True
B. False
14. If the customer is happy after a purchase, they would not only come back to buy again but also they would recommend the product to others.
- A. True
B. False
15. Repeat business is one of the parameters on which a business can sustain over a longer term.
- A. True
B. False

Answers for Self-Assessment

1. B 2. B 3. D 4. D 5. A
6. Switching 7. Post-
purchase
behaviour 8. Intrinsic 9. Disposition 10. Consumer
Research
11. B 12. A 13. B 14. A 15. A

Review Questions

1. What is post purchase dissonance? Why is it important for marketers to understand this process?

2. Explain the relationships among the various post-purchase processes?
3. What can be the different causes of dissonance ? How marketers try to reduce dissonance?
4. What are the different causes for non-usage of a product?
5. Outline the marketing strategies adopted by marketers to convert non-users of a product to users of a product?



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Unit 14: Purchase Evaluation and Customer Satisfaction

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- 13.2 Outcomes of Evaluation
- 13.3 Expectation Confirmation Theory
- 13.4 Customer Satisfaction and its Importance
- 13.5 Customer Dissatisfaction
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- 13.7 Drivers of Customer Satisfaction and Dissatisfaction
- 13.8 Relationship Marketing

Summary

Keywords

Self Assessment

Answers for Self-Assessment

Review Questions:

Further Readings

Objectives

After studying this unit, you will be able to,

- understand the evaluation process and its outcomes.
- understand the determinants of customer satisfaction.
- explain the factors leading to customer dissatisfaction.
- understand the concepts of customer satisfaction, repeated purchases and customer commitment

Introduction

Consumers purchase a product and they are said to compare the actual performance of the product with the consumer's expectations. If expectations are met, the consumer is said to be satisfied. If expectations are not met, the consumer is said to be dissatisfied.

Consumer evaluation, also known as consumer testing or consumer research, is the process of evaluating the properties or performance of existing or new products or services as professed by the consumers. Many methods have been developed by researchers to get a grasp of how consumer evaluate a purchase over the past decades especially with the growth of the industry.

13.1 Definition of Consumer Evaluation

“Consumer evaluation, also called consumer testing or consumer research, is the process of assessing the properties or performance of existing or new products or services as perceived by the consumers. Many methods have

been developed over the past decades with the growth of the consumer goods' industry“

13.2 Outcomes of Evaluation

There could be several outcomes of evaluation done by the customer.

Customer satisfaction

Satisfied consumers are more likely to repurchase a product than are dissatisfied consumers. Satisfaction is the leading indicator to measure customer loyalty, identify customers that are unhappy, reduce churn and escalate revenue for the company.

Customer satisfaction is defined as a measurement that determines how happy customers are with the products and services of a company. Customer satisfaction information, including surveys and ratings, can help a company determine how to escalate the satisfaction of its customers.

Customer dissatisfaction

Customer dissatisfaction occurs when a product or service fails to meet the expectations of the customers. Customer dissatisfaction is imperative as customers are more likely to recall negative experiences with a product as opposed to positive encounters they have with a product/service or experience.

If the product quality cannot match customer expectation, let your customers know about it. Giving inadequate details or exaggerating the product features is also a leading cause of customer dissatisfaction.

Customer delight

Customer Delight, the stage in which a marketer may surprise a customer by exceeding his/her expectations and thus creating a constructive emotional reaction. Satisfied customers may use the product, but delighted customers are extremely loyal and actively promote a brand through word-of-mouth.

Customer delight is delighting a customer by exceeding their expectations and thus creating an affirmative emotional reaction. Delighted customers are repeated users of a brand.

While customer satisfaction is all about the actual goal that is fixed by the marketers and delivering value, customer delight is the emotional wow factor that marketers may add onto. Delighted customers may become promoters for a brand. They are so happy with their experience that it feels essential to share their satisfaction with others.



Case Study: **Walmart**

Laura Ashley: A Surprise Gift.

Laura Ashley already has millions of happy customers and raving fans, so they don't really need to go out of their way to delight customers. Their brand's reputation is well-established and their customers are thrilled to shop for their high-quality clothing, linens, and home furnishings online, without hassling with department stores.

However, Laura Ashley makes a point to step up their customer delight in new ways by surprising customers. One customer in particular received a surprise gift in the mail when they ordered a bedding set from Laura Ashley.

Two days before their bedding set arrived, they received a free pair of Laura Ashley lounging socks, along with a thank you note.



<https://www.impactplus.com/blog/customer-delight-examples-b2b-marketers-can-learn-from>

13.3 Expectation Confirmation Theory

Expectation confirmation theory (or ECT) is a cognitive theory which seeks to explain post-purchase satisfaction as a function of expectations, perceived performance, and disconfirmation of beliefs. The structure of the theory was developed in a series of two papers written by Richard L. Oliver in 1977 and 1980.

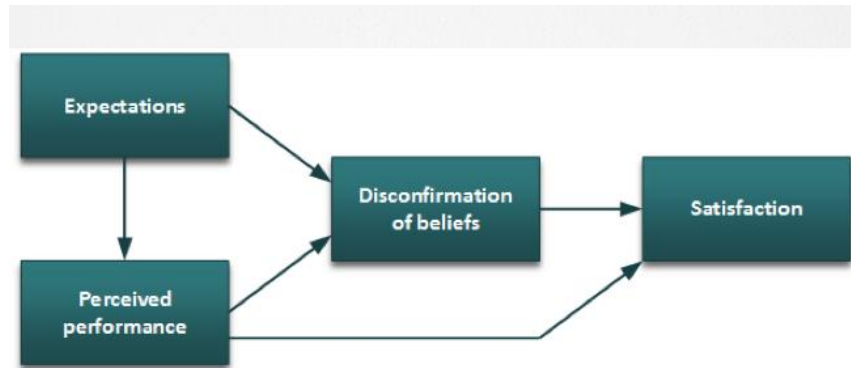


Figure 1: Expectation confirmation model

Expectation confirmation model has been embraced to explain a regular intention in a variety of contexts. ECT hypothesizes that consumers' satisfaction and repurchase intention are determined by two major constructs: initial expectation on a product or service and the confirmation level.

- Expectations refer to the attributes that a person associates and expects a product or service to possess.
- Perceived performance refers to the perceptions of a person regarding a product or service and also its actual performance.
- Disconfirmation of beliefs refers to the evaluations that a person makes with respect to a product or service.
- Post-purchase satisfaction refers to the extent to which a person is happy or contented with a product, after having used it directly.

This model focuses on three main variables: Expectation, satisfaction, as well as confirmation in developing a usage intention. This model suggests that the initial use does not automatically result in a continued usage of a product.

Confirmation is the degree to which an individual's initial expectation about the performance of a product is being confirmed after having an experience with the system. This describes an individual's affective state and is the consequence of a cognitive calculation of the probable incongruity between the initial expectation of the consumer and the experienced performance.

Individuals in the later stage form a level of satisfaction that is based upon the degree of their confirmation and expectation on which that confirmation was established. As a final point, all these interactions may lead to continued and repeated usage of a product.

In summation, the difference between expectations formed before the use of a product and the perceived benefits after the use of a product determine the confirmation or disconfirmation level, which ultimately affects the satisfaction and usage continuance behaviour.

13.4 Customer Satisfaction and its Importance

Customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses.

Performance dimensions of a product that lead to customer satisfaction/dissatisfaction

Instrumental

This includes the *physical functioning of the product*. For example the battery life of a mobile phone.

Symbolic

This includes the aesthetic performance of the product. For example, the look of the mobile.

Customer satisfaction outcomes

The following are the outcomes of customer satisfaction.

It is an important indicator of consumer repurchase behaviour

Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. Asking customers to rate their satisfaction on a scale of 1-10 is a good way to see if they will become *repeat customers* or even *advocates*.

It is a point of differentiation

Customer satisfaction is a point of differentiation. Companies who offer amazing customer experiences create market environments where satisfaction levels are high and customer's who advocate are in abundance.

It decreases customer churn

It decreases customer churn. Customer satisfaction is the metric you can use to reduce customer churn. By gauging and tracking customer satisfaction you can put new systems in place to increase the overall quality of your customer service

It escalates customer lifetime value

It escalates the customer lifetime value. A 'completely satisfied customer' usually contributes 2.6 times more revenue than a 'somewhat satisfied customer'. Furthermore, a 'totally satisfied customer' contributes 14 times more revenue than a 'somewhat dissatisfied customer'.

It decreases negative word of mouth

A study by McKinsey says that an unhappy customer tells between 9-15 people about their experience. In fact, 13% of unhappy customers tell over 20 people about their experience. To avoid bad word of mouth you need to measure customer satisfaction on a daily basis.

It's cheaper to retain customers than acquire new ones

Customers cost a lot of money to acquire. Retaining customers is comparatively cheaper.

13.5 Customer Dissatisfaction

Customer dissatisfaction occurs when your product or service fails to meet the expectations of your customers. Customer dissatisfaction happens when the product or service of a marketer falls beyond the customer's expectations or has some shortcomings.

Whenever a customer interacts with a brand, he or she has one or more expectations for the encounter this can be related to meeting of a need or solving a problem.

Reasons of Dissatisfaction

There are different reasons why customers may feel dissatisfied with your organization. For instance, a customer's inability to get information on a product when he needs it can make him dissatisfied with your service. For another customer, it may be that your product fails to meet her needs.

Some of the common causes of customer dissatisfaction may be:

Poor Quality

Customers may have issues with the quality of the product or service which can lead to a state of dissatisfaction. When the quality of your product or service falls below the expectations of your customers, they will have many reservations for it.

For example a customer places an order for a 5000 rupees dress online but ends up receiving a dull dress made from chiffon; this customer will be dissatisfied with the product quality. Therefore, there is a possibility of leaving a bad review on the store's website.

Unit 14: Purchase Evaluation and Customer Satisfaction

Pricing

If customers feel that your product or service is overpriced, especially in comparison compared with the quality they get, they may give negative feedback about your product. The marketer may deal with a great amount of customer dissatisfaction if they cannot justify the pricing of a product or service.

Pricing and quality of a product are imperative factors that affect consumer choices and when customers are paying more for a product, they expect better quality and value. Before fixing the price of a product, you should conduct a pricing survey to sample the opinion of your target market.

Product Specifications

Marketers usually list product specifications and descriptions to give customers an idea of what to expect before they make a purchase. If the product fails to conform to this description and specification, it can cause customer dissatisfaction as the customers would see this as a breach of their trust.

For example, a beverage company says that a carton of colas contains 12 packs. However, after purchasing the product, a customer finds out that there are only 10 packs in the carton. This is a breach of trust and the customer will dislike this.

Usability

Poor product usability can also lead to customer dissatisfaction as customers will not have positive feedback for the products that they feel are not user-friendly. For instance, if a customer finds it difficult to understand a company's website and find the information he needs, he will get exasperated and leave the website.

Poor Customer Service

If a customer reaches out to a brand for help with a solution to a problem and fails to get the response they expect, the customer will be dissatisfied with a company. If the customer service executives are rude they will create a negative impression of a company.

Hidden Product Information

Customers like it when a marketer is real with them and you provide all the information that they need beforehand. For example, if you want customers to pay additional fees you do not inform them beforehand, it can definitely lead to customer dissatisfaction.

Effects of Customer Dissatisfaction on Businesses

Customer dissatisfaction has disastrous effects on the reputation which has a long-term impact on a brand. Few effects of customer dissatisfaction can be as follows:

Bad Reviews

Dissatisfied customers leave many bad reviews which might affect the overall brand perception. Customers are more likely to leave a review after a negative experience than a positive one. It is common for customers to leave negative feedback on the social media page of a brand to communicate their displeasure.

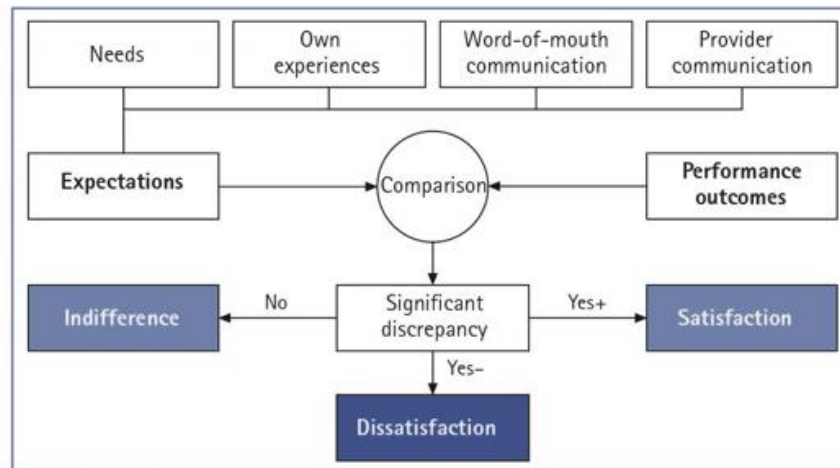
They may also leave poor product ratings on Google to discourage people from buying from you.

Poor Lead Generation and Conversion

If a customer has a negative experience with a product or service then they may not be willing to go ahead with your brand. This is a loss as now converting of one more lead into a paying customer becomes tough.

Loss of Customers

Dissatisfied customers are less likely to be the repeat customers. Moreover, other customers who have not had a bad experience with a brand will also stop buying your product or service because someone shared a negative experience he or she had with the same brand.

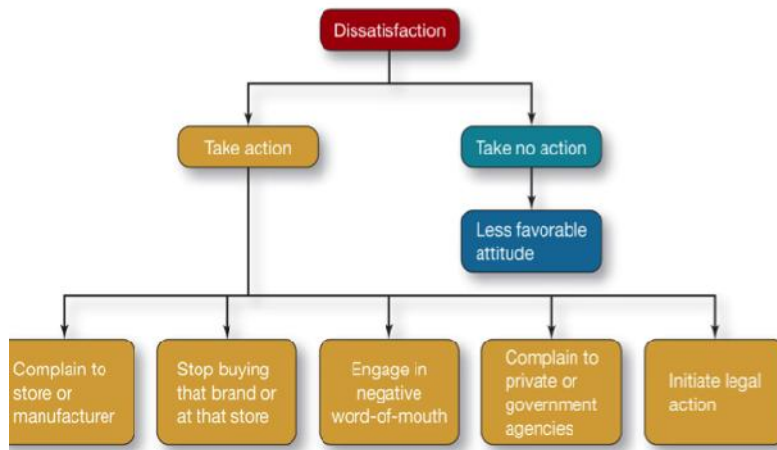


Stauss B., Seidel W. (2019) The Behaviour of Dissatisfied Customers. In: Effective Complaint Management. Management for Professionals, Springer.

Figure 2: Behavioural Outcomes of Dissatisfied Customers

There may be different outcomes of dissatisfaction.

- A user may be instigated to take an action like a complaint/negative word of mouth/brand switching.
- User does not take any action and stop buying the product.



Case Study: FDA Begins Seizure Of Cadbury Chocolates After Finding Worm

In October 2003, just a month before Diwali, customers in Mumbai complained about finding worms in Cadbury Dairy Milk chocolates.

In defence, Cadbury issued a statement that the infestation was not possible at the manufacturing stage and poor storage at the retailers was the most likely cause of the reported case of worms.

FDA conveyed that their packaging was not proper or airtight, and it was a major

defect with unhygienic conditions or improper packaging.

Cadbury's invested up to Rs 15 crore (Rs 150 million) on imported machinery. The metallic poly-flow, was costlier by 10-15 per cent, but Cadbury didn't hike the pack price.



<https://www.financialexpress.com/archive/fda-begins-seizure-of-cadbury-chocolates-after-finding-worms/94351>

13.6 Types of Customers

There are different types of customers. They can be classified as:

Total customers

Total customer experience is the sum of all contacts a customer has with a particular company - both before, during, and after the sale.

Satisfied customers

These are the customers who are happy with a purchase.

Repeated customers

Repeat customers are those who return to a business and buy products time and time again.

Committed customers

Customer's engagement or a regular obligation to buy the same product or use the same company is an indication of a committed customer.

13.7 Drivers of Customer Satisfaction and Dissatisfaction

Customer satisfaction/dissatisfaction is an imperative driver of:

Repeated purchase behaviour

Repeat customer refers to someone who has purchased from the brand of a company time and time again. It is calculated by dividing the total number of customers who have purchased more than once by the total number of customers.



Example: There are 1,000 customers, and 440 have shopped more than once. This brings the repeat customer rate at 44 per cent.

Marketing strategies to ensure repeated buyers

Many strategies can be adopted by the marketers to ensure that buyers keep coming back for repetitive purchases. Few of these may be:

- Deliver order on time.
- Flawless customer service.
- Follow up regularly.
- Deliver customer value.
- Use social media for communication.
- Inculcate a points and rewards system.

Loyalty towards a brand

Customers may show brand loyalty towards a product or service, and they demonstrate this by their repeat purchases despite efforts of the competitors to lure them away.

Switching of brands

Brand-switchers exhibit a behavior in which they change or shift from one brand to another brand while purchasing. Changed perceptions on price and value, poor customer service, and brand fatigue may lead to switching.

Customer churn rate

The churn rate, also known as the rate of attrition or customer churn, is the rate at which customers discontinue buying products/services of a company.

If a firm has a base of 100 customers and 30 leave each year and 30 new ones become customers, the firm has a churn rate of 30 per cent.

If a company observes that its churn rate is increasing there could be many reasons:

- Faulty product.
- Poor customer service.
- Lack of communication on behalf of company.

13.8 Relationship Marketing

Relationship marketing focuses on building up customer loyalty. This strategy emphasizes customer retention, satisfaction, and lifetime customer value. Its purpose is to market to current customers versus new customer acquisition by effective sales and apt advertising.

Relationship marketing theory proposes that as company delivers effective value to its customer, the strength of their relationship with the customer will improve and thus will lead to the increasing the customer retention. This may include:

- Listening to the customers.
- Connecting with them on a personal level.
- Customizing services/products.
- Creating loyalty rewards programs.
- updating and listening to customer requests and feedback.
- Sending birthday and holiday greetings.
- Sending corporate gifts to the customers.
- Implementing omnichannel marketing.
- Creating personalized communications.
- Augmenting core service with additional services

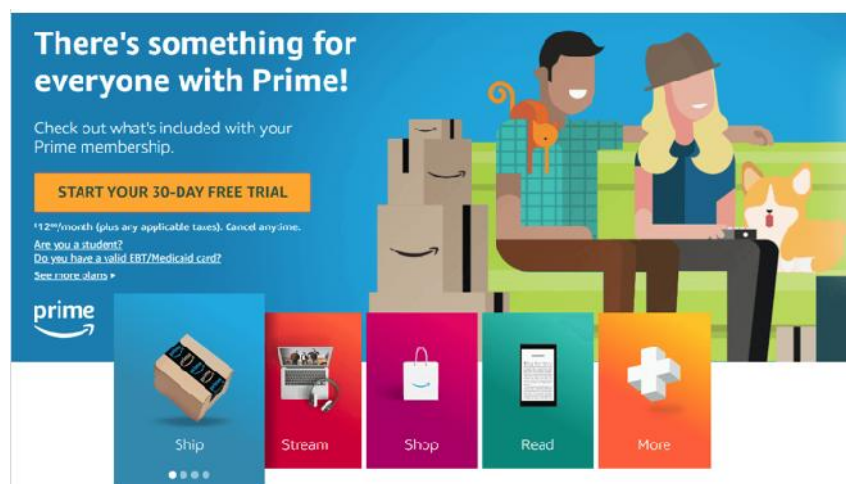


Figure 3: Relationship marketing strategies by Amazon Prime



Case Study: Nike

Nike uses a mix of relationship and relationship marketing. Nike as a global brand is in the maturity phase of the product life cycle. At this level, relationship marketing aiming at customer retention and loyalty is most suitable.

On the other hand, Nike constantly released new products. New products are by nature in the introduction phase of the product life cycle. In this phase transaction marketing is most suitable (Gummesson, 2008).

According to the company's homepage, the focus of Nike retailers around the world is on execution, product presentation and service. Moreover the homepage states that "it's not about transactions, it's about connections" (Nikeinc.com). This statement underlines Nike's relationship marketing orientation.

On the other hand Nike uses mass marketing through standardized worldwide advertising campaigns. Mass marketing is indirect, impersonal and one-way (Gummesson, 2008) and therefore can be seen as a form of transaction marketing.



<https://www.grin.com/document/213538>



Task: Identify relationship marketing strategies adopted by at least 5 companies ?

Summary

- Consumers purchase a product and they are said to compare the actual performance of the product with the consumer's expectations.
- Customer satisfaction is defined as a measurement that determines how happy customers are with the products and services of a company.
- Customer satisfaction information, including surveys and ratings, can help a company determine how to escalate the satisfaction of its customers.
- Customer dissatisfaction occurs when a product or service fails to meet the expectations of the customers.
- Expectation confirmation theory (or ECT) is a cognitive theory which seeks to explain post-purchase satisfaction as a function of expectations, perceived performance, and disconfirmation of beliefs.
- Repeat customer refers to someone who has purchased from the brand of a company time and time again. It is calculated by dividing the total number of customers who have purchased more than once by the total number of customers.
- Customers may show brand loyalty towards a product or service, and they demonstrate this by their repeat purchases despite efforts of the competitors to lure them away.

Keywords

Consumer satisfaction: This is defined as a measurement that determines how happy customers are with the products and services of a company.

Consumer dissatisfaction: Customer dissatisfaction occurs when a product or service fails to meet the expectations of the customers.

Total customers: Total customer experience is the sum of all contacts a customer has with a particular company - both before, during, and after the sale.

Satisfied customers: These are the customers who are happy with a purchase.

Repeated customers: Repeat customers are those who return to a business and buy products time and time again.

Committed customers: Customer's engagement or a regular obligation to buy the same product or use the same company is an indication of a committed customer.

Repeated purchase behaviour: It is calculated by dividing the total number of customers who have purchased more than once by the total number of customers.

Customer churn rate: The churn rate, also known as the rate of attrition or customer churn, is the rate at which customers discontinue buying products/services of a company.

Relationship marketing: This theory proposes that as company delivers effective value to its customer, the strength of their relationship with the customer will improve and thus will lead to the increasing the customer retention.

SelfAssessment

1. Relationship marketing may include:

- A. Listening to the customers
- B. Connecting with them on a personal level
- C. Customizing services/products
- D. All of the above

2. Churn rate may increase because of the following reasons:

- A. Faulty product
- B. Poor customer service
- C. Lack of communication on behalf of company
- D. All of the above

3. Consumer. _____, also known as consumer testing or consumer research, is the process of evaluating the properties or performance of existing or new products or services as professed by the consumers.

- A. Evaluation
- B. Poor customer service
- C. Lack of communication on behalf of company
- D. All of the above

4. Performance dimensions of a product lead to:

- A. Customer satisfaction
- B. Customer dissatisfaction
- C. Both of the above
- D. None of the above

5. Customer dissatisfaction will not lead to:

- A. Repeated purchase
- B. Loss of customers
- C. Negative word of mouth

Unit 14: Purchase Evaluation and Customer Satisfaction

D. Brand switching

6. _____ is defined as a measurement that determines how happy customers are with the products and services of a company.

7. _____ refers to someone who has purchased from the brand of a company time and time again.

8. _____ is the rate at which customers discontinue buying products/services of a company.

9. _____ is the metric you can use to reduce customer churn.

10. Customer's engagement or a regular obligation to buy the same product or use the same company is an indication of a _____.

11. Relationship marketing theory proposes that as company delivers effective value to its customer, the strength of their relationship with the customer will decrease.

A. True

B. False

12. Unsatisfied customers are the customers who are happy with a purchase.

A. True

B. False

13. Expectation confirmation theory (or ECT) is a cognitive theory which seeks to explain post-purchase satisfaction as a function of expectations, perceived performance, and disconfirmation of beliefs.

A. True

B. False

14. If a customer has a negative experience with a product or service then they may not be willing to go ahead with your brand.

A. True

B. False

15. Brand-loyal consumers exhibit a behavior in which they change or shift from one brand to another brand while purchasing.

A. True

B. False

Answers for Self-Assessment

- | | | | | |
|--------------------------|--------------------|------------------------|--------------------------|------------------------|
| 1. D | 2. D | 3. A | 4. C | 5. A |
| 6. Customer Satisfaction | 7. Repeat Customer | 8. Customer Churn Rate | 9. Customer Satisfaction | 10. Committed Customer |
| 11. B | 12. B | 13. A | 14. A | 15. B |

Review Questions:

1. How does a customer evaluate a purchase? What are the different outcomes? Mention with the help of examples?
2. What is Expectation confirmation theory? Explain in detail?
3. What is customer satisfaction? What are its determinants?
4. What is customer dissatisfaction? What are the causes of dissatisfaction?
5. What are the drivers of customer satisfaction and dissatisfaction?
6. What is relationship marketing? Cite at least five examples of relationship marketing being undertaken by companies?
7. What is customer churn? What are the causes and how it can be reduced?
8. Make a list of at least one experience that you had with a product that led to:
 - (a) satisfaction
 - (b) dissatisfaction
 - (c) delight
9. Did the company do anything about the dissatisfaction? Did it alter your experience?

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Unit 15: Consumer Behaviour and Marketing Regulation

Objectives

After studying this unit, you will be able to,

- understand the major concerns in marketing to children that are controversial.
- articulate the guidelines on children advertising by Advertising Standards Council of India.
- understand the regulations that need to be followed while marketing to adults.
- understand the consumer protection act 2019.
- describe how unaware customers are exposed to unethical marketing practices.

Introduction

Ethics imply a set of moral principles that govern a person's behaviour or how the activity is directed. Advertising is a mode of communication between a seller and a buyer and requires ethics.

Ethics in advertising means a set of definite principles which clarify the ways of communication that take place between a seller and a buyer. Ethics is one of the most imperative features that are needed in an advertising industry. There are many advantages of advertising but there lies a pressing need to meet the ethical norms of advertising.

An ethical ad is the one which does not promise a lie or make a fake claim. These days, advertisements are more exaggerated and a lot of imagery is used. There is a dire need of spreading an awareness of ethical norms and principles.

The main motive of an advertiser is to increase the sale of their products and gain more and more customers. It also increases the demand for a product by presenting a well-planned, puffed and colourful advertisement. The advertiser usually claim that their product is flawless, has unique qualities as compared to the competitors and is the most cost effective.

The irony is that most advertisements may be false, misleading and unethical. The best example of such advertisements are the ones which sell food for the kids. They depict colourful images to make the product look glossy and very attractive to the consumers who are watching these advertisements on television and also influence them to buy the product without giving a second thought.

Ethics in advertising is directly related to the purposefulness of advertising. Sometimes exaggerating the advertisement becomes necessary to prove a benefit of the product. For e.g. Depicting jumping from a cliff easily and landing on ones feet after drinking a soft drink is not a feasible concept. This shows that the advertisement is unacceptable, misleading and unethical.

Ethics depends on what we believe. If the advertisers make the advertisement on a belief that the customers will understand easily, this may persuade them to believe and gradually accept and act. In other words, this will lead to positive results and the advertisement may not be called unethical.

However, if the advertisers believe that they can fool their customers by showing any unfeasible things like buying a lottery ticket will make you a billionaire, then this is not going to work out for them and will be called as unethical. Generally, big companies never have to lie as they usually prove their points to different advertising regulatory bodies.

14.1 Definition of Ethics

"Standard definitions of ethics have typically included such phrases as 'the science of the ideal human character' or 'the science of moral duty'".

Rushworth Kidder

"A set of concepts and principles that guide us in determining what behaviour helps or harms sentient creatures".

Richard William Paul and Linda Elder

"Ethics is used more narrowly to mean the moral principles of a particular tradition, group or individual".

The Cambridge Dictionary of Philosophy

14.2 Unethical practices in different industries

There are different unethical practices that are followed by marketers. Some have been discussed as below:

Pharmaceutical advertising

Marketers in this industry usually design advertisements aimed at creating awareness, but one tricky part here is that the advertisers show what the medicine can cure but they never talk about the side effects of that same drug or the risks involved in the intake of the product which is fairly unethical.

Children in advertising

Children are the major sellers of the advertisements and the product. They have the supremacy to convince the buyers. When advertisers are using children in their advertisement, they must remember not to show them performing an activity alone, brushing their teeth, playing with their toys, or eating food. This depicts that kids are unattended and are doing all these activities alone. So displaying parents being involved in all activities or things being advertised will be more rational.

Alcohol

Till the present day, there has not come any liquor advertisement that has shown anyone drinking the original liquor. They use mineral water and sodas in their advertisements with the name of their brand. These types of advertisements are known as surrogate advertisements. These type of ads are again unethical especially when liquor ads are totally banned.

Cigarettes and Tobacco

These products should be never advertised as consumption of these things is straightforwardly responsible for cancer and other severe health issues. These are already banned in most countries and also project images which make young children feel insecure.

14.3 Unethical practices followed in children advertising

Opinion alteration

Advertisements that lead to children developing wrong opinions comes under the category of an unethical practice.

Figure 1: Opinion altering advertisements



Persuasive content

Children below the age of 10 are mostly unable to understand that advertisements are mainly persuasive content.

Health damaging

Advertisements inducing children to eat unhealthily, processed food is a very unscrupulous practice and should not be followed by the marketers.

Wrong values

Promoting the wrong moral values amongst children is not acceptable. Many marketers take a wrong step by promoting wrong values.

Figure 2: Insert wrong values



Promoting materialism

Obtaining a certain product could make a kid powerful and superior while not having them will make one inferior. This is one of the most unethical practice that is followed by the marketers and is completely unethical.

14.4 Advertising Standards Council of India (ASCI)

The Advertising Standards Council of India (ASCI), was established in 1985. It is committed to the cause of Self-Regulation in Advertising. It advocates the protection of the interests of consumers and aims at ensuring that advertising is as per accepted norms and within the standards of public decency.

ASCI Guidelines

1. Advertisements should not lead children to trust that consumption of the product advertised will result directly in personal changes in intelligence, physical ability or exceptional recognition. Such claims if made in advertisements should be supported with adequate scientific substantiation.
2. All nutritional and health benefit claims in foods & beverage advertisements are mandatory to be validated scientifically.
3. Unless a food product has been nutritionally designed as a meal replacement, it should not be portrayed as such.
4. Messages in advertising to children will represent accurately the products, in a way that is in keeping with their ability to understand.
5. Advertisements should not show over consumption of Foods & Beverages. It should reflect moderation in consumption and portion sizes appropriate to occasion or situation.
6. Advertisements should not undermine the role of parental care and guidance in ensuring proper food choices are made by children.
7. Visual presentation of foods and beverages in advertisement should not mislead the consumers of the material characteristics of the products advertised.

14.5 Major issues in marketing to children

Mobile/internet Marketing and Children

Marketing to young mobile users is the most complex and profound mobile-marketing topic, due to the privacy and security issues the practice raises.

Marketing to children is a touchy subject. The rules and regulations surrounding marketing to children have become stringent. Marketers need to ensure age appropriate content. This is most imperative. Even companies Facebook permits only users who are at least 13 years old.

A majority of the rules focus on the types of foods, beverages and extreme violent content. It is essential that the advertisers pay attention to how their campaigns for children are designed to avoid penalties from the Federal Trade Commission (FTC).

This is the reason that advertisers are now required to plan well how they advertise unhealthy, sugary or fatty foods to children and younger audience. Where the advertisements are made for the television and mobile device viewing audience, children will be more likely to be drawn to foods that look immensely unhealthy.

There has been a constant increase in the number of children subscribers. Marketers also draw children by running different contests for children.

Internet Marketing and Children

Some practices that are considered as unethical include:

- Collecting personal data of children.
- Encouraging direct interactions of children with companies.
- Going for direct marketing initiatives with children.

Child Online Protection in countries

There are many online protection acts that aim at safeguarding children rights. Few of these are:

Children's Online Privacy Protection Act (USA)

The primary goal of COPPA is to keep parents in control over what information is collected from their young children online. The Rule aims to protect children under age 13, while accounting for the ever changing nature of the internet.

The Rule is applicable to operators of commercial websites and online services such as mobile applications and devices such as smart toys. These are directed to children under age category 13 who collect and then use personal information from children.

The Rule also applies to the operators of general audience websites or online services for using personal information from children under the age of 13. Operators who are covered by the Rule must:

- Post a transparent and clear online privacy policy mentioning their information practices for the personal information that is collected online from children.
- They must provide a direct notice to parents and obtain a verifiable parental consent, with little exceptions, before collecting personal information online from the children;
- They have to give parents the choice of consenting to the operator's collection and internal use of a children's information, but stopping the operator from disclosing collected information to the third parties if however it is done it must be made very clear to the parents.
- Need to provide parents an access to their child's personal information to completely review or have the information permanently deleted.
- Provide the parents an opportunity to prevent further use or online collection of a child's personal information;
- To maintain the integrity and confidentiality of collected information and take reasonable steps to release such information only to the parties which are capable of maintaining its confidentiality.
- To retain the personal information that has been collected online from a child for only as long as it is needed to fulfill the purpose for which it was gathered and prevent the unauthorized access or use of the information.
- To not put a condition on the child's participation in any online activity. Collect only that amount of information that is required.

Other laws have also been framed in different countries that aim at the protection of children. Some of these laws are:

- Cyber protection of Children's Personal Information (China)
- General Data Protection Regulation (GDPR) (EU)

14.6 Major issues in marketing to adults

Issuing misleading statements, which can lead to wrong perceptions about a product, making false or deceptive claims about a product, misleading comparisons about a rival product, creating a fear or applying unnecessary pressure, exploiting the emotions of the viewer, all these are major issues in marketing to adults and need to be avoided by the marketers.

Personal Data Protection Bill, 2019

The PDP Bill would provide more control and transparency to consumers, enabling them to become 'owners' of their information.

Data accumulated on/from a consumer cannot be given to third parties without the consumer's consent.

Records of processing, privacy by design and knowledge on the usage of 'personal information' would give consumers control in terms of knowledge of how, where and why their personal data is being processed.

The individual rights related to data portability, access and correction, and objection to processing would strengthen consumer transparency and individual choice.

Companies/institutions would have to protect an individual's IP address, browsing activity, name, address, financial details, etc.

Ethics in marketing to adults

Ethics may comprise of the following:

Promoting the right moral values and beliefs



Promoting wrong values is unethical. As seen in the above advertisement the concept of wearing a make-up all the time is being promoted which is not promoting the right values.

Providing accurate and reliable information

It is the duty of the marketer to make available the right information to the customers.



Example: **Tender coconut oil ?**

The product is 80% mineral oil (itself a misleading term because the 'oil' is usually paraffin) and 20% vegetable oil, of which some portion may be tender coconut oil.

An example of information inaccuracy can also be seen in the image depicted below:

Figure 3: Information inaccuracy



No misguided packaging and labelling

The packaging should not be deceptive and misleading. The information in the labelling must also be true and accurate. Ethics include:

- Not copying packaging of brand leaders.
- Adding warnings and safety instructions on a product package.
- Avoiding misleading nutritional claims.

Figure 4: Copying brand names



Product issues

A marketer has to ensure the following ethical practices:

- Safety of product has to be ensured.
- Warnings need to be given as and when needed on the package.
- Product has to be environmentally sound.

Figure 5: Mentioning warnings on a pack



Consumer protection act 2019

An Act established to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected therewith or incidental thereto.

The concept of 'consumer' has been generalized to involve individuals engaged in offline or online purchases through electronic means or through teleshopping or direct sales or multi-level marketing.

A consumer is defined as a person who buys any good for consideration or makes use of a service. It does not involve any individual who obtains a good for commercial purposes for resale or a product or service.

This includes purchases across all forms, including offline, and online, through electronic media, teleshopping, multi-level marketing, or direct sales.

Six consumer rights defined in the act

1. To be secured from the selling of life and property-threatening goods, products or services.
2. To be notified, as required, of nature, quantity, efficacy, consistency, value, and price of goods, products or services, so as to protect the customer from unfair trading practices.
3. To be assured exposure to a range of commodities, products or services at fair rates whenever possible.
4. To be recognized and to be assured that the concerns of customers would be provided due consideration at sufficient forum.
5. Pursue relief from unfair commercial practices or unreasonable trading policies or the unscrupulous exploitation of consumers; and
6. To generate consumer awareness.

14.7 Product liability

A product manufacturer, product service provider, and product retailer may be held responsible for any harm done by a faulty product made by the supplier, serviced by the service provider, or sold by the product seller, as the case may be.

To claim liability, a customer must show all of the fault or malfunction factors, as laid forth to the Act.

Consumer disputes redressal commission

A consumer can file a complaint with CDRCs in relation to:

- Unfair or restrictive trade practices.
- Defective goods or services.
- Overcharging or deceptive charging.
- The offering of goods or services for sale which may be hazardous to life and safety.

Penalties for false or misleading advertisements

- CCPA also is allowed to take measures against inaccurate or deceptive advertising.
- For each subsequent breach, CCPA will levy a penalty of up to INR1 million or up to INR 5 million.
- It is important to note that such penalties can be imposed on endorsers too.

Unethical marketing practices to influence consumer behaviour

Marketers have become overaggressive with collecting customer data and may resort to unethical practices like:

- Using GPS to access customer location.
- Narrowcasting and direct marketing to customers.

The best example of narrowcasting are electronic mailing lists where messages are sent only to the individuals who have subscribed to a list. Narrowcasting is also sometimes applied to podcasting, since the audience for a podcast is often specific and sharply defined.

- Altering customer perceptions by manipulating package sizes and displays.
- Messages appear to be from outside sources but are company driven

Summary

- Ethics imply a set of moral principles that govern a person's behaviour or how the activity is directed. Advertising is a mode of communication between a seller and a buyer and requires ethics.
- Ethics in advertising is directly related to the purposefulness of advertising. Sometimes exaggerating the advertisement becomes necessary to prove a benefit of the product.
- Advertisements that lead to children developing wrong opinions come under the category of an unethical practice.
- Promoting the wrong moral values amongst children is not acceptable. Many marketers take a wrong step by promoting wrong values.
- Marketing to young mobile users is the most complex and profound mobile-marketing topic, due to the privacy and security issues the practice raises.
- Issuing misleading statements, which can lead to wrong perceptions about a product, making false or deceptive claims about a product, misleading comparisons about a rival product, creating a fear or applying unnecessary pressure, exploiting the emotions of the viewer, all these are major issues in marketing to adults and need to be avoided by the marketers.
- Marketers have become overaggressive with collecting customer data and may resort to unethical practices.

Keywords

Ethics: Ethics imply a set of moral principles that govern a person's behaviour or how the activity is directed.

The Advertising Standards Council of India (ASCI): It is committed to the cause of self-regulation in advertising.

Children's Online Privacy Protection Act (USA): The Rule aims to protect children under age 13, while accounting for the ever-changing nature of the internet.

Personal Data Protection Bill, 2019: The PDP Bill would provide more control and transparency to consumers, enabling them to become 'owners' of their information.

Consumer protection act 2019: An Act established to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected therewith or incidental thereto.

Self-Assessment

1. A consumer can file a complaint with CDRCs in relation to:

- A. Unfair or restrictive trade practices;
- B. Defective goods or services;
- C. Overcharging or deceptive charging
- D. All of the above

2. An ____ advertisement is the one which does not promise a lie or make a fake claim.
- A. Well drafted
 - B. Repetitive
 - C. Ethical
 - D. Unethical
3. The irony is that most advertisements may be:
- A. False
 - B. Misleading
 - C. Unethical
 - D. All of the above
4. Data accumulated on/from a consumer cannot be given to _____ without the consumer's consent.
- A. Customers
 - B. Viewers
 - C. Buyers
 - D. Third parties
5. Marketers in this industry usually design advertisements aimed at creating awareness, but they never talk about the side effects of the product.
- A. Automobile
 - B. Hotel
 - C. Pharmaceutical
 - D. Electronics
6. An _____ advertisement is the one which does not promise a lie or make a fake claim.
7. Marketers need to ensure _____ appropriate content.
8. All nutritional and health benefit claims in _____ advertisements are mandatory to be validated scientifically.
9. The main motive of a/an _____ is to increase the sale of their products and gain more and more customers.
10. The concept of a/an _____ has been generalized to involve individuals engaged in offline or online purchases through electronic means.
11. Exploiting the emotions of the viewer, is a major issue in marketing to adults and needs to be avoided by the marketers.
- A. True
 - B. False
12. 'Personality' implies a set of moral principles that govern a person's behaviour or how the activity is directed.

- A. True
- B. False

13. Altering customer perceptions by manipulating package sizes and displays is acceptable.

- A. True
- B. False

14. Advertisements should not show over consumption of Foods & Beverages

- A. True
- B. False

15. The best example of narrowcasting are electronic mailing lists.

- A. True
- B. False

Answers for Self-Assessment

- 1. D 2. C 3. D 4. D 5. C
- 6. Ethical 7. Age 8. Foods&Beverage 9. Advertiser 10. Consumer
- 11. A 12. B 13. B 14. A 15. A

Review Questions:

1. Explain the major concerns in marketing to children that are controversial? Support your arguments with some examples.
2. Explain in detail the guidelines on children advertising by Advertising Standards Council of India?
3. Outline the consumer protection act 2019.
4. Describe how unaware customers are exposed to unethical marketing practices with the help of relevant examples?
5. Have you come across an unethical advertisement? What was unethical about it ?



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Unit 16: Consumer Behaviour and Rural Markets

Objectives

After studying this unit, you will be able to,

- understand the rural consumer.
- explore consumer behaviour in rural markets.
- comprehend the stages in decision process of rural consumers.
- Understand how marketers are adopting novel ways to reach out to the rural customer.

Introduction

Rural markets are expanding more quickly than ever in several of the biggest emerging economies, despite the continued global sluggishness of urban demand for consumer goods. An expanding middle class is being fueled by rising salaries, and rural citizens in nations like China, Mexico, and South Africa report being more hopeful about future salary gains than their urban counterparts.

India is the country where this tendency is most obvious. India's 800+ million rural dwellers spent \$69 billion between 2009 and 2012, which is around 25% more than what their urban counterparts spent during the same time frame. Astonishing anticipated growth rates are also: Recent Nielsen estimates show that consumption in rural areas is expanding at 1.5 percent.

India's 800+ million rural dwellers spent \$69 billion between 2009 and 2012, which is around 25% more than what their urban counterparts spent during the same time frame. Astonishing anticipated growth rates are also: Recent Nielsen estimates show that consumption in rural areas is expanding at 1.5 percent.

The majority of marketers are aware that India is poised for significant transformation. The economy is thriving, salaries are rising, and attitudes, preferences, and daily routines are quickly evolving. However, no place is it more pronounced than in rural India.

Thus, a growing demand to develop skills in rural marketing has emerged. Three obstacles must be overcome by rural marketers. The first of these problems is the difficulties of reaching markets in rural India, which are small and dispersed, making them difficult to reach and untrustworthy, or both. However, this issue is not new, and many businesses have allowed it to adversely affect them.

1.1 Rural consumer

A region's economic growth is influenced by its historical structure and evolution, regulatory decisions, shifts in demand, and resource availability. For international firms trying to grow into newer geographies, rural markets, particularly in rising Asia (Indonesia, India, China, and Vietnam), represent the final frontier.

As marketers work to restore topline growth, the current slowdown in the growth of the overall economy has increased the appeal of rural markets. However, given the intricacy of these markets and the size of investment needed to achieve penetration, enthusiasm for rural markets needs to be restrained. Marketing tactics that were successful in urban markets may not always be successful in rural ones.

The census of India defines rural as any habitation with:

- A population density of less than 400 per square kilometers where at least 75% of male working population is engaged in agriculture
- Where there exists no municipality or board leaning aside Hindustan Unilever Limited & ITC, most companies in the FMCG sector would define rural as any place with the population up to 20,000.

A farmer in rural Punjab is much more progressive than his counterpart in rural Bihar. Rural consumers are fundamentally different from their urban counterparts, and different rural geographies exhibit considerable heterogeneity.

Consumer behaviour research in the rural areas

Consumer behaviour research in the rural areas examines how people decide how much of their time, money, and effort to invest in consumption-related goods. It comprises an analysis of their purchasing patterns, including their motivations, timing, locations, frequency of purchases, and frequency of use.

In the initial years the focus of marketers was on the easily accessible well developed urban market. Soon there was proliferation of brands and intense competition resulting in the near saturation of the urban market. This forced companies to go for greener a pasture that is new markets.

All eyes were on the most promising potential market in the world: the 742 million rural consumers who had not yet experienced modernity. A promise that appeared to be about to be fulfilled due to the rural sector's explosive growth in purchasing power.

How HUL won in rural markets

After tapping the premium and popular segments, HUL has entered the lower end of the tea market with its new offering, Brooke Bond Sehatmand. The company brought out Brooke Bond Natural Care, a tea that used five natural ingredients and promised good health.



Figure 1: HUL's Sehatmand Tea

"Tea is a widely consumed product with 95 per cent penetration." To ensure differentiation, technology was the key. "Most tea makers today merely blend the product, but with the help of our research & development arm in Bangalore and our Tea Excellence Centre in Kolkata, we've ensured that each granule of tea contains vitamins."

Thus, for each region the company has come out with a unique taste, colour and aroma. For instance, South India has a strong preference for strong and dark tea, while North India is inclined towards taste and aroma rather than colour. HUL has paid close attention to these nuances.

Television commercials will air on cable, satellite and state-owned Doordarshan in February. In addition, there will be heavy advertising on All India Radio as well as extensive on-ground activation to reach the target audience (rural consumers).

For this, HUL will tie up with non-government organisations. Further, it will launch an awareness campaign called "Sehatmand Parivar - Sehatmand Bharat" in schools.

Dynamics of the rural consumer

The groups with similar demographic characteristics: age, occupation, education, and income, lack consistency, so studying the consumer behaviour in rural markets is even more challenging

A majority of marketers are aware that India is poised for significant transformation. The economy is thriving, salaries are rising, and attitudes, preferences, and daily routines are quickly evolving. In rural India, though, it is more obvious than anywhere else. Thus, a growing demand to develop skills in rural marketing has emerged.

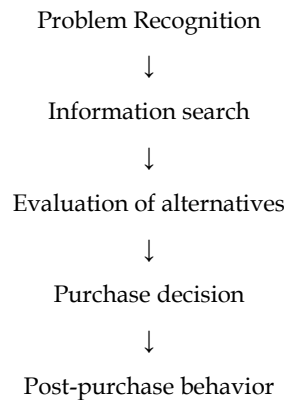
Myths about the rural customer

- The idea that people in rural areas don't purchase brands.
- The idea that people in rural areas prefer to buy inexpensive goods. In actuality, they look for good value.
- The idea that rural markets are uniform masses. It is actually incredibly heterogeneous.

1.2 Stages in decision process of rural consumers

Consumers pass through five stages while making a purchases decision.

In low involvement rural and urban consumers may skip some of these stages.



A rural consumer will exhibit a variety of motivations relating to problem recognition, information source, evaluation procedures, group decision, and post-purchase behaviour when purchasing high-involvement products. Therefore, it is necessary to approach each stage of the marketing process differently for consumers in rural and urban areas.

1.3 4 A's of rural marketing

Any marketing techniques must be modified to fit the particular demands and tastes of rural consumers when deciding whether to expand into those regions.

Many businesses have already prospered in the rural market, and some are finally prepared to take on this task. For instance, HUL, ITC, and Mahindra have been putting a lot of effort into modernising their rural marketing methods. As a result, they have connected with a large portion of the community.

These make up 4 A's numerous parts, which are generally applicable to rural marketing.

Affordability

In general, rural incomes are substantially lower than urban incomes. There, consumers frequently lack the means to purchase luxuries and instead prioritise necessities. Marketers must take into account rural consumers' ability to pay and their preference for low-cost goods. Always strive to create products that satisfy your customers' needs and stay inside their price range.

Availability

Reaching the client is the largest issue in the rural market. Consumers in rural areas typically have modest incomes and spend their money on daily essentials. However, there are times when products might not be easily accessible in rural markets, which could lead to such consumers switching to a substitute product.

Acceptability

To benefit consumers in rural areas, products should be made in a way that is user-friendly. Create the product in a way that buyers will find value in it, even if they have to spend more money on it. Customers should feel at ease utilising the goods and should take the plunge without hesitation.

Awareness

The client should be the focus of any marketing to raise their awareness. To reach customers, commercials on TV, radio, and billboards might be employed. For this reason, marketers must

concentrate on the communication and entertainment channels that are prevalent in rural areas. By doing this, they will be able to connect with potential customers, build vital brand awareness, and entice sensible people to their products.

1.4 Consumer behaviour in the rural markets

An urban person has the freedom to make their own purchases. Community decision-making is fairly common in a village due to the strong social structure, which includes caste consideration and low literacy levels.

Businesses must overcome numerous obstacles to succeed in rural markets. "Getting to know your customer" is the foundation of marketing. A majority of companies in rural areas find that success has evaded them because they have generally overlooked this fundamental premise.

Many companies have been designing special marketing programs to reach out the rural consumer.



Example: Tata chemicals ran a chain called Tata Kissan Kendra which offered services ranging from agriculture input to financing to advisory services.



Example: The largest farm equipment company in India, Mahindra & Mahindra Limited, along with its subsidiary, Mahindra Shubhlabh Services, have been operating in eleven states with a customer base of 7 lac Mahindra tractor owners and 400+ dealers. They offer a full range of goods and services to increase farm productivity and create connections to the commodity market chain.

1.5 Stages of reaching the rural customer

There are different stages to reach the rural customer. They have been discussed below:

Access

The first stage is to give consumers in rural areas access to the product(s) or services. Both physical and financial access are included in the concept of access. The country's infrastructure, which consists of necessary services including the transportation, communication, utility, and banking systems, is the primary factor impacting physical access.

Infrastructure is crucial for India's future economic growth in addition to having a significant impact on how businesses are conducted in the nation today.

A distribution strategy is what affects physical access as the second factor. Taking the product to customers in every nook and cranny of the market and facilitating sales promotion. Annual "melas" organised are quite well-liked and offer a very good distribution platform because people go there to make multiple purchases.

Buying behavior

All aspects influencing decision-making and choosing in a rural area are included in this stage. These elements include things like perception, attitude, and consumer reactions like brand royalties.

Consumer characteristics

In each region, different goods and services may be bought and consumed. The consumption pattern within a culture will be determined by the cultural orientation and the social class distribution.

Disposal

Many rural communities are shifting away from throw-away products as they become more environmentally concerned. Therefore, marketers must create mechanisms that make it easier for things to be disposed of safely, recycled, and resold.



Example: Beach-Combing: P&G Develops Recyclable Bottle Made From Beach Plastic For Head & Shoulders Shampoo. The bottle, which was developed in partnership with Terracycle and Suez, is produced from 25 percent post-consumer recycled beach plastic

Unit 16: Consumer Behaviour and Rural markets

and will be released as a limited edition this summer, sold via French supermarket chain Carrefour.



Figure 2: P&G's Initiative

1.6 Factors influencing rural consumer purchase decisions

There are different factors that influence the decisions of a rural consumer.

Cultural influence

Culture and tradition have an impact on perception and purchasing decisions. For instance, preferences for color, size, and shape are frequently influenced by cultural factors. Cultural factors have a significant impact on how products are perceived by rural consumers.

Geographic locations

The consumers' geographic location has an impact on their behaviour as rural consumers as well.



Example: proximity to industrial developments and feeder towns affects consumer purchasing decisions in the corresponding clusters of villages.

Exposure to urban lifestyles

How much rural consumers are exposed to urban lifestyles affects their purchasing decisions. In recent years, there has been an increase in exposure to and engagement with urban communities.

The use of the products by the consumer

The circumstances in which consumers use the goods have an impact on their purchasing decisions. Rural consumers automatically buy more batteries when there is no energy available.

Places of purchase

Rural consumers' purchasing habits differ based on where they shop. Different rural customer segments purchase their needs from various locations/outlets. Some people purchase goods from shopkeepers in their local communities; others purchase goods at local markets or fairs; still others purchase goods in the town that serves as the rural area's feeder.

Participation of others in the purchase

Participation of others in the purchase is yet another important consideration in this case. Here, there has recently been a change. The family patriarch used to decide solely on the purchase in the past. In contrast, the family's other members have become more involved in recent years in the decision to make a purchase. This development is a result of rising literacy rates and easier access to information.

1.7 Marketers' effort to reach out to the rural market

In recent years, numerous corporate businesses have made significant investments in rural areas in an effort to build a market for their products there.

This has altered some aspects of how consumers acquire various things. Due to developmental marketing, the rural market today has discerning consumers and previously unheard-of demand.

Due to the urban markets becoming saturated with certain kinds of consumer goods and the rising rural income, the way of life in rural India has long been the topic of lively arguments in boardrooms.

For instance, Tata Chemicals operated a network of businesses named Tata Kisan Kendra that provided services such as financing and counselling services in addition to agricultural input. Farmers can take advantage of discounts from Hindustan Levers that cover operations from pre-harvest to post-harvest.

A whole range of products and services are offered by Mahindra & Mahindra Limited, India's largest farm equipment firm, and its subsidiary Mahindra Shubhlabh Services to increase agricultural productivity and create market connections in eleven states.

1.8 Factors influencing rural consumer purchase decisions

The following factors are most significant in influencing rural consumer purchase decisions.

Brand equity

Another element of perception is brand equity. In rural areas, some brands, including Colgate and Marlboro, are well-known. Therefore, maintaining these brand names and packaging in rural areas may be advantageous, even when businesses may prefer to utilise the regional tongue on the item itself.

Price and quality

The link between price and quality is the next perceptual factor. Consumers in mostly rural areas tend to judge quality more by word of mouth than by pricing.

Loyalty

A consistent client base is the secret to a prosperous business. 80 percent of the revenue generated by successful companies comes from the top 20 percent of their clientele.

Keeping relationships with current customers is substantially less expensive than acquiring new ones, your efforts to cultivate client loyalty will undoubtedly be rewarded.

Communication

Have in touch with your loyal customers by sending them an email newsletter, a monthly flyer, a card to remind them to get a tune-up, or a holiday card.

Customer service

Go above and above to accommodate consumer needs. Teach your workers to follow suit. Customers recall receiving favourable treatment.

Loyalty of employees

Loyalty is a bottom-up process. Your staff will feel good about their jobs and spread that loyalty to your customers if you are loyal to them.

Credit to the customer

Give customers a reason to visit your store again. For instance, the proprietor of a children's shoe store might provide a card that makes the tenth pair of shoes half off because kids grow out of shoes quickly.

Product awareness

Recognize the products that your loyal customers buy and keep them in stock. Aside from making sure that your staff is as knowledgeable as possible about your products.

Reliability

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If you promise a delivery on Wednesday, make sure it arrives on Wednesday. Be dependable. Inform customers right away if something goes wrong, and make up for any inconvenience.

Flexibility

Do your utmost to address any issues or concerns from customers. More customers will be lost by excuses.

1.9 Rural marketing initiatives taken by companies

The telecommunication and computer network (Tenet) of I.I.T., a group committed to developing technologically superior and cost-effective solutions for a country like India, established n-Logue communication. A company called n-Logue uses a network to deliver internet, voice, e-governance, and other rural services.

The e-chaupal is envisioned by the ITC International Business Division as a network of internet kiosks connected via VSAT to simplify the purchase of particular commodities. Every kiosk is an element of the hub-and-spoke design. This online store provides farmers with all the knowledge, goods, and services they require to raise farm productivity.

The H.U.L.-operated Project I-Shakti kiosk, which was established in Andhra Pradesh in collaboration with a women's self-help group, has gotten a resoundingly positive response. The kiosk mostly provides audiovisual information in the areas of Health and cleanliness, E-governance and agriculture, employment, education, and legal services.

In the DHAR district of Madhya Pradesh, the state government launched the GYANDOOT project in January 2000. 20 kiosks in the village panchayat centres will be connected to rural internet as part of the project.

1.10 Challenges of a rural consumer

The first of these problems is the difficulties of reaching markets in rural India, which are small and dispersed, making them difficult to reach and untrustworthy, or both. However, this issue is not brand-new, and many businesses allow it to adversely affect them while others find innovative solutions.

The peculiar lack of consistency in groups with homogeneous demographics – age, employment, education, and income – makes consumer behaviour in rural markets even more puzzling.

The majority of marketers are aware that India is about to undergo a profound upheaval. The habits, interests, and attitudes of people are changing quickly, the economy is thriving, and earnings are rising. However, nowhere is it more pronounced than in rural India. Consequently, there is a growing need to develop knowledge in rural marketing.

The three obstacles that rural marketers must overcome are as follows. The first of them is the problems with small, dispersed rural markets in India that are difficult to access and unreliable, or both. But while it is not a new issue, many businesses allow it to negatively impact them.

Making sure that consumers are aware of and is interested in your brand is yet another issue that influences the rural consumer buying behaviour.

Summary

- A region's economic growth is influenced by its historical structure and evolution, regulatory decisions, shifts in demand, and resource availability.
- Consumer behaviour research in the rural areas examines how people decide how much of their time, money, and effort to invest in consumption-related goods.
- Consumers pass through five stages while making a purchases decision.
- In general, rural incomes are substantially lower than urban incomes. There, consumers frequently lack the means to purchase luxuries and instead prioritise necessities.
- Consumers in rural areas typically have modest incomes and spend their money on daily essentials.

Consumer Behaviour

- Community decision-making is fairly common in a village due to the strong social structure, which includes caste consideration and low literacy levels.
- Infrastructure is crucial for India's future economic growth in addition to having a significant impact on how businesses are conducted in the nation today.
- Culture and tradition have an impact on perception and purchasing decisions.

Keywords

Rural Inhabitation: A population density of less than 400 per square kilometers where at least 75% of male working population is engaged in agriculture.

Rural Consumer: A Rural Consumer is an end-user of the products offered in rural markets.

Brand Equity: Brand equity is a marketing term that describes a brand's value. That value is determined by consumer perception of and experiences with the brand. If people think highly of a brand, it has positive brand equity.

Self-Assessment

1. A region's economic growth is influenced by its:
 - A. Historical Structure
 - B. Regulatory Decisions
 - C. Shifts in Demand
 - D. All of the above
2. A population density of less than _____ per square kilometers where at least 75% of male working population is engaged in agriculture
 - A. 400
 - B. 100
 - C. 300
 - D. 600
3. This is a myth about the rural market:
 - A. Idea that people in rural areas don't purchase brands.
 - B. Idea that rural markets are uniform masses
 - C. Idea that people in rural areas prefer to buy inexpensive goods.
 - D. All of the above
4. The consumption pattern within a rural market will be determined by the:
 - A. Cultural Orientation
 - B. Class Distribution.
 - C. Purchase Needs
 - D. All of the above
5. Therefore, marketers must create mechanisms that make it easier for things to be:
 - A. Recycled
 - B. Resold
 - C. Disposed
 - D. All of the above

Unit 16: Consumer Behaviour and Rural markets

- 6.To benefit consumers in rural areas, products should be made in a way that is _____.
- 7.Marketers must concentrate on the _____ channels that are prevalent in rural areas.
- 8.The first stage is to give consumers in rural areas _____ to the product(s) or services.
- 9.The _____ initiative envisioned by the ITC International Business Division is a network of internet kiosks connected via VSAT to simplify the purchase of particular commodities.
- 10.The H.U.L.-operated Project _____ was established in Andhra Pradesh in collaboration with a women's self-help group
11. A farmer in rural Punjab is much more progressive than his counterpart in rural Bihar.
- A. True
B. False
- 12.In general, rural incomes are substantially higher than urban incomes.
- A. True
B. False
- 13.Marketers must take into account rural consumers' ability to pay and their preference for low-cost goods.
- A. True
B. False
14. Community decision-making is fairly common in a village.
- A. True
B. False
- 15.In Punjab, the state government launched the GYANDOOT project in January 2000.
- A. True
B. False

Answers for Self Assessment

1. D 2. A 3. D 4. D 5. D
6. User Friendly 7. Communication 8. Access 9. E-chaupal 10. I-Shakti
11. A 12. B 13. A 14. A 15. B

Review Questions:

1. Write a note on the demographics of the rural consumer? How are they different in purchase behaviour from their urban counterparts?
2. Is there a need to research the rural consumer? Why?
3. What are the common myths that surround the rural consumer?
4. Elaborate on the different stages in the rural consumer decision making process? Give examples?
5. Discuss the 4Rs of Rural Marketing?

6. What are the different factors that influence consumer purchase decisions?
7. Explore ITC's e-chaupal initiative and write a detailed note on it.
8. Explore HUL's I-shakti initiative and write a detailed note on it.



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Unit 17: Consumer Behaviour and the Retail Sector

Objectives

After studying this unit, you will be able to,

- understand the retail customer.
- Analyse factors effecting retail shoppers buying choices.
- explore consumer behaviour in the retail sectors.
- analyse the model of retail consumer behavior

Introduction

The retail sector has been around for centuries, it is still changing and growing as a result of new markets and trends. In this post, we'll discuss what retail marketing is and look at various use cases that highlight the essential components of powerful retail campaigns.

The principles of the customer journey are often same across businesses, despite the fact that retail brands come in a variety of shapes and sizes. A wonderful technique to boost marketing impact and ultimately result in more sales is to comprehend the stages of this trip, identify which stages are your weakest, and approach them strategically.

Retail marketing includes all of the strategies used by consumer businesses to draw clients and increase sales of their products and services. Almost every aspect of a business's operations is impacted by retail marketing techniques, including shop design, sales and promotions, pricing plans, advertising, checkout procedures, and customer service.

The traditional marketing mix, commonly referred to as the "4 Ps" of marketing, and a retail marketing mix are related concepts. Product, pricing, location, and promotion are a few of them. People and presentation are two more "Ps" that are included in the retail marketing mix. These components convey the worth of salespeople and other employees in retail contexts, as well as the significance of aesthetics and design in stores.

Facilitating services like delivery, discounts, and consumer sales promotion may be a part of retailing. Buyers could be either people or companies. In the world of business, a "retailer" purchases commodities or products in bulk from producers or importers, either directly or via a wholesaler, and then sells them in smaller quantities to the final consumer. Shops or stores are frequently used to refer to retail establishments.

The final link in the supply chain is the retailer. Retailing is viewed by manufacturing marketers as an essential component of their overall distribution strategy. When a service provider attends to the requirements of a sizable number of people, like a public utility like electric power, the term "retailer" is also used.

1.1 India's retail sector

"India's multi-brand organized retail sector is less than 10 years old, but in less than a decade, i.e. within 2020, it will be a \$1.3 trillion industry with the current market size estimated at \$500 billion, this translates into an additional \$800 billion in the next eight years".

Integrated Chambers of Commerce and Industry

1.2 Retailing

India's new catchphrase is "retailing," which has become a major economic performance indicator. From the 1950s until the 1990s, the Indian market underwent a significant transformation. When compared to unorganized retailing, which was 3:97 in 2004, the ratio is now 9:91 in 2012.

India was placed third in the confidence index for the retail industry and fifth overall in the global retail development index, according to the report "Retail in India: Getting Organized to Drive Growth" by international consultant A.T. Kearney.

Additionally, the CII, the retail sector in India, is expanding at a CAGR of 5% and generates \$320 billion in yearly revenue. Wal-Mart had global sales of \$ 315.6 billion last year, which is about equal to the size of the whole Indian retail sector.

In India, organised retail makes up about 3% of the total retail market. It is exhibiting signals of stronger growth with a CAGR of about 30%. Retail formats are being forced toward all-in-one stores because the Indian consumer is evolving into a convenience shopper.

Indian retail scenario

A revolution in shopping has begun in India as the entire concept of shopping has changed in terms of format and consumer purchasing behaviour. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof.

Sprawling shopping centers, multistorey malls, and enormous complexes that offer food, entertainment, and shopping all under one roof are evidence that modern retail has arrived in India.

India retail industry is one of the fastest growing industries is increasing at a rate of 5% yearly. The whole concept of shopping has altered in terms of format and shopper buying behavior, ushering in a revolution in shopping in India.

The Indian population is witnessing a significant change in its demographics. The organised retail sector in India is expected to experience significant growth due to a sizable young working population with a median age of 24 years, nuclear families in urban areas, rising numbers of working women, and new opportunities in the services sector.

The following are the variables impacting India's retail industry's expansion:

1. As a result of the liberalisation, Indian consumers now have access to a wide selection of alternatives in the consumer markets.
2. A shift in customer purchasing habits from domestic to MNC brands. Sony and LG are gaining the most market share in the durable sector.
3. Advances in technology. The global connection in this situation is made possible through the internet. Accessibility to international markets and rising trends have a significant impact on Indian consumers.
4. Population of working women growing. As a result of globalisation, women now have significantly more employment options. Due to the woman's greater purchasing power, there is a temptation to overspend.

Kearney's annual Global Retail Development Index (GRDI) has ranked India first among 30 emerging nations in 2005, 2006, and 2007. According to a McKinsey report on India, organised retailing would boost the effectiveness and productivity of the full range of activities and contribute to better GDP growth. The retail industry is predicted to contribute more to employment growth.



Task: Identify the top 10 retailers in India ?

1.3 Factors influencing the retail shopper behavior

The acquisition of final consumers is usually emphasised in retailing since without them, there would be no retailing. Without any customers, the retail establishment would close down because there wouldn't be anyone to sell goods to.

One of the most important roles of retail salespeople or workers is attracting customers and persuading them to buy their products. Retailers must be able to comprehend consumer needs. Customers, however, are people, and it is difficult to understand them. Their actions are not consistently dependable or predictable. And there are significant and grave differences between them.

Consumer behaviour refers to all consumer decisions made by human decision-making units regarding the acquisition, consumption, and disposal of goods, services, time, and ideas. It is

Unit 17: Consumer Behaviour and the Retail Sector

obvious that judgements regarding consumer behaviour usually take place within the contexts of retailing or when retail phenomena act as border or framing conditions. Nevertheless, it is true that retailers now more than ever need to understand consumer behaviour.

Understanding customer demands and purchasing behaviour is crucial for effective retail decision-making as well as the subsequent formulation and implementation of retail strategy. In particular, effective retail strategy better meets customer wants than competitors' strategies. Retail businesses must comprehend consumer behaviour if they are to win over customers. But because it relates to psychology, comprehending consumer behaviour is challenging.

The subset of human behaviour known as retail shopper behaviour is focused on people's choices and actions when using and buying products from a manufacturer or from specific retailers. The choices made before to the purchase act are considered to be part of the buyer's behaviour.

The target audience for marketers is the one who makes the purchasing decisions, not necessarily the one who actually buys or uses the product. Retail shopper behaviour is the study of when, why, how, and where people do or do not buy product. Explores characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants.

Retail shopper behaviour is defined as "the activities people engage in when selecting, purchasing and using products so as to satisfy needs and desires". A company ignorant of retail shopper preferences cannot possibly fulfill its obligations in a meaningful and responsible manner.

The following figure illustrates all factors that affect the buying behaviour of the retail customer.

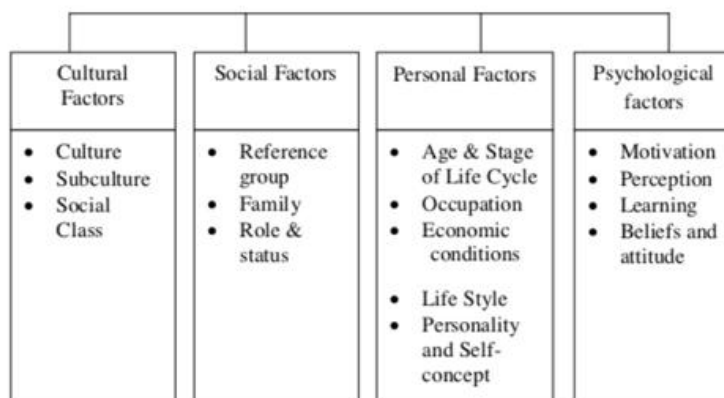


Figure 1: Factors effecting buying behaviour of retail customer

The influence of culture on society is so inherent and deeply embedded that little attention is paid to how it affects behaviour. However, culture provides members of society with order, guidance, and direction at all stages of problem-solving. Culture is dynamic and changes over time to adapt to societal demands.

Culture is acquired through social interaction. Children pick up the cultural views, attitudes, and practises from their surroundings. These can be learned through formal education, informal education, and technical education. Advertising improves formal learning by reinforcing expectations and desired modes of behaviour; it improves informal learning by offering examples of appropriate behaviour.

Each culture is made up of smaller subcultures that offer its members more focused socialisation and identification. This details the identity and specialisation of shoppers, including their racial and ethnic backgrounds, nationalities, and religious affiliations.

Important market segments are made up of many subcultures, and marketers frequently create products and marketing campaigns that are specifically catered to their demands. They affect decisions about what to eat, what to wear, what to do for fun, etc. A person who knows another culture via the lens of his own subculture can do so thanks to the subculture. The corporations base their segmentation on these subcultures.

Consumer Behaviour

Social classes, in general, are stable and homogeneous divisions in society, each with comparable values, interests, and behaviour. It is recognised as a relatively stable, homogeneous group of individuals with recognisable traits.

A society can be divided into social classes, which are relatively stable divisions with a hierarchy and individuals who have similar interests, values, and behaviours (P.Kotler,). To create his marketing plan and promotional materials, the marketer must research the behavioural patterns of these groups.

Numerous tiny organisations have an impact on a person's behaviour. Membership groups are organisations to which a person joins and which directly impact them. Reference groups are organisations that people use to compare or refer to in establishing their attitudes and behaviours, either directly or indirectly. People are frequently affected by reference groups they do not belong to. For instance, an aspirational group is one to which the individual aspires to belong and with which he identifies even though there is no actual interaction.

The members of a family take on particular responsibilities in their daily lives, including decisions on what to buy at the store. Influencers, gatekeepers, deciders, buyers, preparers, users, maintainers, and disposers are just a few of the important consumer-related tasks that family members play.

The social class, lifestyle, role orientation, stage in the family life cycle, relevance of the product, perceived risk, and time restrictions of the purchase itself are frequently factors that affect a family's decision-making style.

Customers' actions are influenced by their standing and function within certain organisations. Every position has a status. A individual has a lot of affiliations, including family, clubs, and organisations. Role and status both play a part in defining a person's place within each group.

The following activities, interests, opinions, and demographics (AIOD) are taken into consideration when identifying life styles: Work, hobbies, social events, vacations, entertainment, clubs, community, shopping, and sports are all examples of activities.

Interests include: accomplishments, media, fashion, food, home, job, community, and family.

Opinions include those about the self, social issues, politics, business, economics, education, products, the future, and culture.

Demographics, including age, education, income, occupation, family size, place of residence, location, population density, and stage of life.

There is a correlation between personality types and product/brand preferences, personality can be utilised to analyse retail buyer behaviour. Self-assurance, dominance, aggressiveness, defensiveness, achievement, deference, and other characteristics are only a few of the characteristics used to describe a person's personality.

The psychological factors like motivation, perception, learning, beliefs and attitude also influence Retail shopper behaviour.

1.4 Retail Customer buying behavior patterns

The study of when, why, how, and where consumers buy or do not buy products is known as retail shopper behaviour. It incorporates ideas from social anthropology, psychology, sociology, and economics. It makes an effort to comprehend how consumers decide, both on their own and in groups. It investigates consumer traits like demographics and behavioural traits in an effort to comprehend consumer preferences.

The behaviours people participate in when choosing, buying, and consuming things to satiate needs and desires are referred to as retail shopper behaviour.

The following criteria's can be used to categorise the purchasing patterns of customers:

- Place of Purchase.
- Items Purchased.
- Time and Frequency of Purchase.
- The Purchase Method
- Reaction to Sales Promotional Equipment

Techniques for Understanding Retail Shopper Behaviour

The appropriate understanding of retail shopper needs helps the retailer to create a product that is likely to be successful in the market. Understanding of the retail shopper behaviour is the starting point for retail strategy formulation. The retailer needs to study retail shoppers to evaluate how its product or perceived by the shoppers. An understanding of the following has to be gained by the retailer:

- Retail Shopper Behaviour
- How the need for a product/service was determined.
- How the information was sought by the retail shopper.
- Process of evaluation of various products and retail stores.
- Payment process.
- Post purchase behaviour.

There are different techniques that can be used to understand the shopping behavior of the Retail Shopper.

Observation

Consumers can be observed in-person or through video cameras when they are in a buying situation, which is easier to do than when they are at home. Video cameras are typically less obtrusive than an actual observer.

However, locating a diverse group of cooperative retailers is a challenge, and installing and maintaining video cameras is not without its challenges.

Electronic Surveillance

There are three primary electronic surveillance techniques: videotaping, photography, and audio recording.

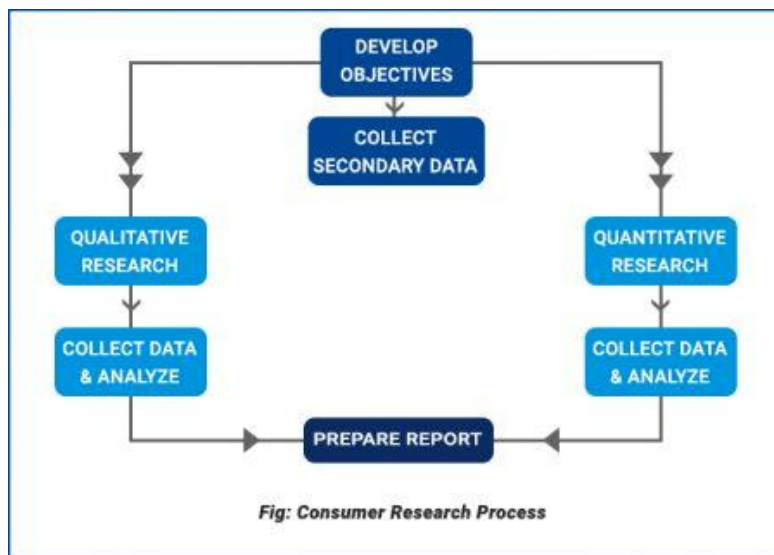
Consumer Surveys

Successful companies in the world rely on consumer surveys to assess their particular market and the attitude of its consumers. One must be able to survey one's product, service or brand by conducting these surveys.

Consumer surveys can reveal:

- The target audience's demographics, including age, gender, income, marital status, degree of education, and leisure pursuits.
- When and where people go shopping.
- If the market for the good or service is untapped.
- Current brand awareness in comparison to competitors' brands peoples' purchasing patterns.

Research on consumer's needs to be systematic and needs to be done step by step as illustrated in Figure 2:



Experimentation

An experiment is a systematic trial-and-error process used to confirm, disprove, or establish the viability of a theory. Experiments show what happens when a specific factor is modified, which sheds light on cause-and-effect relationships.

Sales Analysis

The following things have to be determined in a sales analysis.

- Determining which clients are the most successful.
- Analysing which items are selling.
- Analysing market trends and regional buying habits.
- Analysing profit created by each product.
- Analysing which business divisions are doing well.
- For presentations and reporting, business graphics rapidly display sales results.
- Measuring actual performance versus quantity or revenue projections to improve sales forecasting

Focus Group

A focus group discussion dominated by the moderator will rarely produce any motivational insights. It is led by the moderator with much direct questioning of respondents will definitely yield motivational understanding.

In Depth Interview

These are one-to-one interaction with a customer. The researcher conveys a feeling that the respondent and his opinions are important and worthwhile, no matter what those opinions are. The motivational researcher is accepting, nonthreatening, and supportive.

Projective Techniques

The motivational researcher will frequently ask the respondent to share a story, assume a role, create a drawing, finish a sentence, or pair words with a stimulus. Other stimuli that can be used to elicit additional emotions, imagery, and commentary include pictures, product samples, packages, and advertisements.

Figure 3 depicts a Projective Technique.

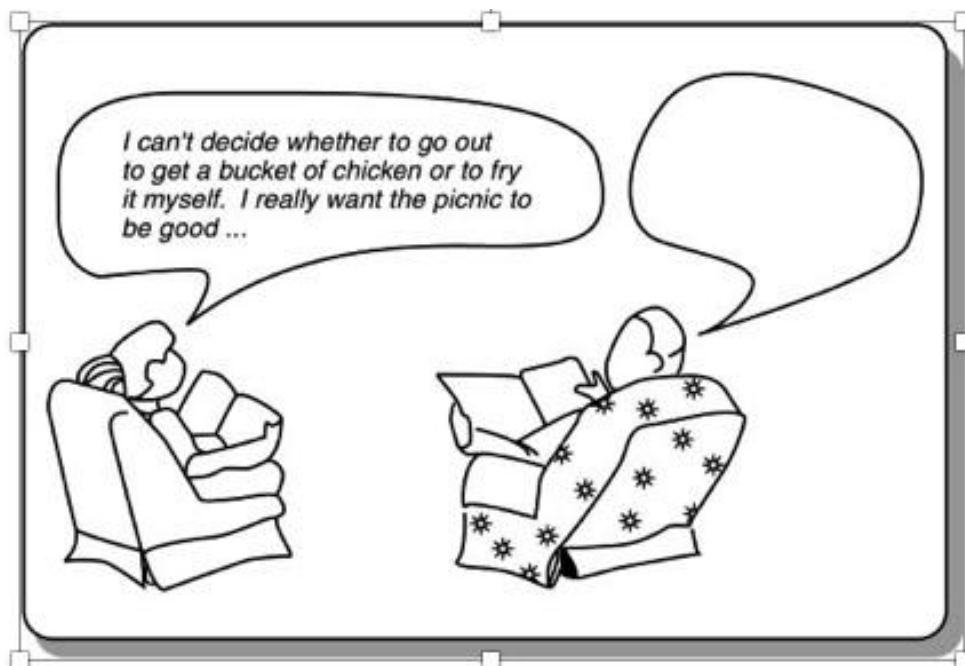


Figure 2: Projective Technique

1.5 Model of Retail Consumer Behavior



Figure 3: Model of Retail Shopper Behaviour

The effectiveness of a retailer's retail strategy depends on how well it can recognise, understand, and develop a strategy mix to appeal to its customers. In order to do this, you must first ascertain the demands, attitudes, and characteristics of your target market.

Next, you must comprehend how they make judgments. It also requires research on the environmental and societal elements that affect consumer decisions.

Additionally, it entails researching the individual and environmental factors that influence purchase choices. Nowadays, consumers have a wide range of options for the store and the items they buy. There are particular shops for particular goods.

Key consumer demands and aspirations should be identified by retailers. From the standpoint of retailing, a person's wants are their fundamental buying needs that are congruent with their current demographics and lifestyle. Desires are arbitrary purchasing objectives that affect attitudes and behaviour.

Retailers must determine the attitudes and behaviours of their customers when it comes to shopping. Shopping must be enjoyable and enjoyable. People shop around for the purposes of

Consumer Behaviour

leisure, recreation, and so forth. In the age of knowledge and communication, the retailer needs to be aware of how people's tastes and preferences are evolving.

Retailers use a variety of marketing tactics, including mass marketing, targeted marketing, and differentiated marketing. By making sure that all of its products are of high quality and offered at the lowest costs, Big Bazaar adheres to the mass marketing strategy.

In order to appeal to various market sectors, it also offers several discounts during the festive seasons. The customer enjoys comfort, quality, service, and stranded pricing. Fabindia uses targeted marketing techniques. It is a speciality shift that promotes India's many craft traditions.

Environmental factors like the rate of inflation, economic boom or bust, rising female employment, shifting fashions and trends, opening of new retail stores, and sales promotion offers all have an impact on consumer spending at retail establishments.

Conclusion

Indian organised retail is experiencing significant growth. It is clear from the entry of major domestic corporations and international retail behemoths into this expanding market. This market is particularly attractive due to consumers' rising disposable income and rising purchasing power.

The conglomerates are spending billions to create effective front and back office operations. The front-end operations require a thorough examination of consumer behaviour, whereas the back-end operations have an emphasis on improving supply chain management techniques.

To appeal to Indian consumers, Indian retail operations have begun to shift gears by implementing various retail formats and product-specific forms. In order to position their business and interact with their target market, each conglomerate employs a distinct retail model. Although none

Summary

- The effectiveness of a retailer's retail strategy depends on how well it can recognise, understand, and develop a strategy mix to appeal to its customers.
- Indian organised retail is experiencing significant growth. It is clear from the entry of major domestic corporations and international retail behemoths into this expanding market.
- Successful companies in the world rely on consumer surveys to assess their particular market and the attitude of its consumers.
- The appropriate understanding of retail shopper needs helps the retailer to create a product that is likely to be successful in the market.
- Understanding of the retail shopper behaviour is the starting point for retail strategy formulation.
- The study of when, why, how, and where consumers buy or do not buy products is known as retail shopper behaviour.
- Facilitating services like delivery, discounts, and consumer sales promotion may be a part of retailing.
- Buyers could be either people or companies. In the world of business, a "retailer" purchases commodities or products in bulk from producers or importers, either directly or via a wholesaler, and then sells them in smaller quantities to the final consumer.
- Shops or stores are frequently used to refer to retail establishments.

Keywords

Retail marketing: This includes all of the strategies used by consumer businesses to draw clients and increase sales of their products and services.

Retailer: Purchases commodities or products in bulk from producers or importers, either directly or via a wholesaler, and then sells them in smaller quantities to the final consumer.

Unit 17: Consumer Behaviour and the Retail Sector

Experiment: This is a systematic trial-and-error process used to confirm, disprove, or establish the viability of a theory.

Interests: include: accomplishments, media, fashion, food, home, job, community, and family.

Opinions: include those about the self, social issues, politics, business, economics, education, products, the future, and culture.

Demographics: including age, education, income, occupation, family size, place of residence, location, population density, and stage of life.

Self-Assessment

1. Retailers perform these value-creating activities:

- A. Providing an assortment of products
- B. Providing an assortment of services
- C. Breaking bulk
- D. All of the above

2. A _____ is a person, agent, agency, company, or organization, which is influential in reaching the goods or services to the ultimate consumer.

- A. Retailer
- B. Wholesaler
- C. Manufacturer
- D. Producer

3. Retailers may resort to different strategies for drawing in customers and making their decision-making process smoother. Some of these strategies may be:

- A. Retail image enhancing.
- B. Good displays, effective Point of Purchase (POP).
- C. Doing a location analysis before setting up a retail outlet.
- D. All of the above

4. Retail _____ indicates how the retailer plans to focus its resources to accomplish its objectives.

- A. Image
- B. Strategy
- C. Sales
- D. Analysis

5. The following criteria's can be used to categorise the purchasing patterns of customers:

- A. Place of Purchase.
- B. Time and Frequency of Purchase.
- C. Items Purchased.
- D. All of the above

6. The retailer now understands that shopping has to be seen as a brand interaction and _____ story.

Consumer Behaviour

7. _____ include age, education, income, occupation, family size, place of residence, location, population density, and stage of life.

8. There are three primary electronic surveillance techniques: videotaping, _____, and audio recording.

9. A _____ discussion dominated by the moderator will rarely produce any motivational insights.

10. Fabindia uses _____ marketing techniques. It is a speciality shift that promotes India's many craft traditions.

11. As retail marketing evolved, retailers have focused on the four Ps - product, price, place, and promotion, to make their products available.

A. True

B. False

12. The psychological factors like motivation, perception, learning, beliefs and attitude do not influence Retail shopper behaviour.

A. True

B. False

13. The conglomerates are spending billions to create effective front and back office operations.

A. True

B. False

14. To appeal to Indian consumers, Indian retail operations have begun to shift gears by bringing *minor* changes in their formats.

A. True

B. False

15. Key consumer demands and aspirations should be identified by the manufacturers.

A. True

B. False

Answers for Self Assessment

1. D 2. A 3. D 4. B 5. D

6. Engagement 7. Demographic 8. Photography 9. Focus Group 10. Targeted

11. A 12. B 13. A 14. B 15. B

Review Questions:

1. Outline the profile of the retail customer?
2. Analyse factors effecting retail shoppers buying choices?
3. Explore consumer behaviour in the retail sectors, give some examples.

Unit 17: Consumer Behaviour and the Retail Sector

4. Analyse the model of retail consumer behavior?
5. What are the new strategies that are being adopted by retailers to make the shopping experience wonderful? Give some examples based on your observation.
6. Explore the retail chain of stores, “ Shoppers Stop” and make a note of all formats in which the outlet is available?



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Unit 18: Consumer Behaviour and Behavioural Data Analysis Objectives

After studying this unit, you will be able to,

- understand the concept of a consumer decision,
- understand the models of consumer decision making and the levels of decision making.
- understand how purchase involvement impacts the consumer decision making process.
- describe how problem recognition takes place and how it helps in the consumer decision process.
- articulate the uncontrollable determinants of problem recognition
- describe the nature of internal and external information search,
- understand how marketing strategies based on information search patterns are designed.

Introduction

The consumer decision making process is the process by which consumers become aware of and identify their needs, gather information on how to fulfill these needs, evaluate alternatives available, make a purchase decision and evaluate their purchase.

The consumer decision-making process has a set of stages wherein consumers contemplate their product needs and research to find the best the best options. It also includes the process by which consumers review products and determine whether to purchase the same product again or not.

18.1 Models of consumer behaviour

Models of consumer behaviour can be divided into traditional models and contemporary models.

Traditional Model: Four views of consumer decision making

This model focuses on the act of purchase of the average consumer" and describe what a buyer would buy and "In what quantity". Under the economic model of consumer behaviour, buyers try to enlarge the efficiency of products based on the law of diminishing marginal utility.

There are four views of this model

An Economic View

As per this view-point the consumer is rational. The model assumes that there exist many alternatives for the consumer. The consumer ranks these alternatives after weighing the costs and benefits and finally takes a rational decision.

A Passive View

This view-point states the consumer as irrational and impulsive, who easily gives in to the selling and promotional efforts of the marketer. It is believed that the marketer is powerful and has the power to convince the consumer through apt sales strategies.

Figure 1: Promotions by marketers



A Cognitive View

This view point holds the consumer is a problem solver. He searches for products that fulfill his needs. The consumer is believed to take decisions after a lot of information processing, thought and deliberation, so that he is able to derive maximum value from his purchase.

An Emotional View

This view-point holds that the consumer is emotional and impulsive. He takes decisions based on moods and emotions. The marketers must attempt to influence the consumer by evoking positive emotions.

Contemporary Models

As studies on consumer behaviour evolved, modern approaches were applied to understand what influences consumer behaviour. These were known as contemporary models.

The Howard Sheth Model of buying behaviour

The Howard Sheth Model is an approach for analysing the combined impact of the social, psychological and marketing factors on the buying behaviour or preference of the consumers and the industrial buyers into a logical order of information processing. John Howard and Jagdish Sheth introduced the Howard Sheth Model in the year 1969.

Three levels of decision-making in Howard Sheth Model

There are three levels of decision making as per this model.

Extensive Problem Solving

This is the initial stage of decision-making, where the buyer is new to the market and has very limited information about the brands and has no preference for a particular product or service. At this stage the consumer is an information seeker and looks out at different brands available in the market, before making a buying decision.

Limited Problem Solving

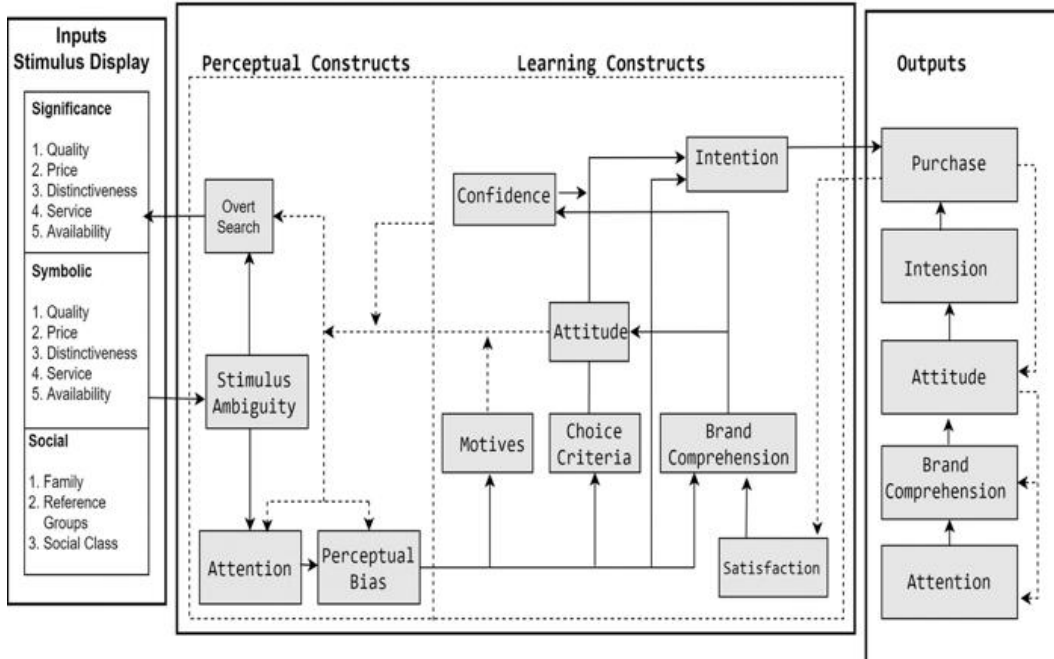
At this level, the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives. Therefore, to make a buying decision, he/she undertakes a comparative study of the different brands and the products available in the market.

Routinized Response Behaviour

The habitual response behaviour stage is where the buyer is fully aware of the products offered by different marketers. He is able to make a comprehensive comparison of the brands, possesses a detailed knowledge. Here, the buyer decides in advance, which product is to be purchased.

Figure 2: Howard Sheth Model

Howard Sheth Model



Input Variables

The stimulus inputs refer to the idea or information about the product.

Significant Stimuli

The significant stimuli are the physical traits of the product like its quality, price, availability.

Symbolic Stimuli

The marketing strategies like publicity, advertisement that create a psychological impact on the buyer and are symbolic stimuli.

Social Stimuli

This comprises of environmental factors like family, social class and reference groups.

Perceptual Constructs

These components define the consumer's perception of the information provided at the input stage.

Sensitivity to Information

This comprises of the buyer's level of understanding or openness towards the information received by him/her.

Perceptual Bias

This signifies that on the grounds of individual perception of each brand, the buyer is partial towards a particular brand.

Search for Information

The buyer also seeks for more information to ensure the right decision-making.

Learning Constructs

The learning constructs define the buyer's knowledge, opinion, attitude and end decision on product or brand selection. These are motives, the choice criteria of a person, brand comprehension, attitude type, level of confidence, purchase intention and satisfaction levels. This comprises of

Output Variables

These consist of “attention” that comprises of the buyer’s level of concentration and alertness, “brand comprehension” which is the awareness of the buyer regarding a particular brand, “attitude” which comprises of the buyer’s evaluation of a brand in terms of individual likes and dislikes, “intention” which is the aim or objective of the buyer and the “purchase behaviour” that consists of all the above elements that result in the actual purchase of a product by the buyer.

Exogenous Variable

These are the external factors which influence the buying behaviour of an individual by disrupting the purchase of a preferred brand. These include the following;

Importance of Purchase

If the buyer perceives the product to be less crucial, involving a low cost, then there is a little brand preference.

Personality Variables

Personal traits like ego, self-esteem, anxiety etc. influences a buyer’s decision-making.

Social Class

A buyer’s social group, including the family, friends and other reference groups impact the selection or rejection of a particular brand.

Culture

Buyer’s values, beliefs and ideas frame his/her purchase motive intentions.

Organization

Buyer’s interaction with the social groups define their status and power.

Time Pressure

The buyer, at times, is under a time pressure which makes him/her look for alternatives if the product of the preferred brand is unavailable at the moment.

The idea of the Howard Sheth model of consumer behaviour is that the inputs are in the form of Stimuli. The outputs are the reactions given to the stimulus and end with purchase. In between the inputs and the outputs, there are variables affecting perception and learning. These variables are termed ‘hypothetical’ since they cannot be directly measured at the time of occurrence.

18.2 Consumer Decisions

Consumer decisions focus not only on attributes of a brand but also on the feelings or emotions that are associated with acquiring or using the brand or with the situation in which the product is being purchased. Consumer decisions may be the result of a single problem, for example, feeling hungry or because of multiple problems like; feeling hungry, availability of a specific food, outlet location etc.

A consumer’s purchase involvement is a state that reflects his/her interest in the purchase process and may be triggered by a need or a situation. A consumer may have high/low level of involvement in a purchase. This may depend upon the product/situation.

Decision making types and level of involvement

There are three levels of decision making.

Nominal decision making

Nominal decision making occurs when there is very low involvement with the purchase. This happens in day-to-day life like buying routine products. In this case, the customer is more likely to stick to a single brand for a long time. He is unlikely to go for brand switching because he wants to invest minimum time in routine decision making. There are a lot of things which influence the routine decision-making process, like repetitive advertising by FMCG companies.

Limited decision making

This lies somewhere between nominal and extended decision making. It involves limited internal and external search. Few alternatives are taken into consideration and simple decision rules based on few attributes are followed. Buying a music system or a car will be a limited decision-making process. These white goods involve a nominal investment. Also, consumers have high experience with these products. Thus, you do not spend as much time on buying these products.

Extended decision making

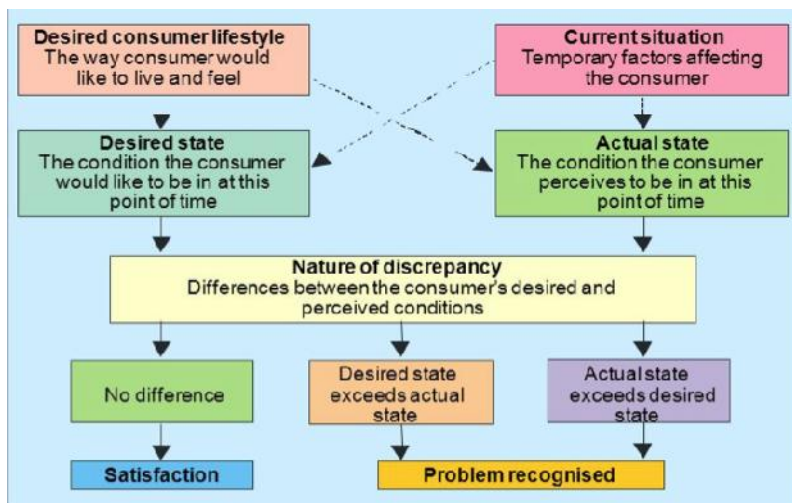
Extended decision making involves a comprehensive extensive internal and external search and is followed by a complex evaluation of existing alternatives. There lies a high level of purchase involvement. During post purchase evaluation, a thorough evaluation takes place. This type of decision-making process is used when the product is a very high involvement product. A high investment product also requires this decision making. There are also high risks involved in such purchases.

18.3 Problem recognition process

Problem recognition occurs because of a discrepancy between a desired state and an actual state. This activates the decision process. An actual state is the way an individual perceives his or her feelings and situation to be at the present time.

The problem recognition process has been illustrated below:

Figure 3: The problem recognition process



A desired state is the way an individual wants to feel or be at the present time. Factors that affect the actual state are: culture, reference groups, emotions, motives, situations, household characteristics and social status whereas factors that affect the actual state are: individual development, past experiences, performance of product, product availability, situations, emotions and consumer groups.

There are two types of problems that exist in front of the customers.

Active Problem

This is the problem that the consumer is well aware of. Marketers have to make the consumer see that their brand offers the best solution for their problem.

Inactive Problem

The problem that the consumer is not aware of. Marketers must make the consumers realise about their problem and then convince that their brand offers the best solution. A discrepancy between what is the actual state and the desired state leads to problem recognition. Most of the nonmarketing factors that affect problem recognition are logical.

18.4 Framing marketing strategies

Marketers follow a series of steps before framing marketing strategies.

Discovering problems

Marketers need to interact with consumers to understand the potential problems. They have to define the Modes of interaction which could be surveys, focus groups, in depth interviews and feedbacks.

Different types of analysis have to be conducted by the marketer including the analysis of a product, activity and a problem if any. An examination of the manner in which a product/brand is purchased and used by a customer has to be done.

Examination of a particular activity (E.g., Colouring hair) may include that problems that consumers encounter during the performance of the activity. Consumer expectations regarding a new product that could solve these problems are also taken into consideration.

Examination of a problem (unhealthy ingredients), consideration of the products or brand that could help in solving these problems is also done. Questions may be asked to enquire about these problems.

Research for problem identification

Human capabilities can be observed, recorded and new products can be developed on the basis of these observations. Also, emotions of consumers can also be observed to see how humans cope with a product that fail to meet their expectations. Factors effecting human capabilities also have to be taken into consideration.

Factors effecting human capabilities

Factors that affect human capabilities may include light, temperature, sound, strength, vision, response time taken, flexibility and fatigue. Methods that can be adopted to identify functional problems in products and enable their redesigning include video recordings, event recordings and photography.

A marketer needs to develop strategies that help in solving the identified problems.

This may involve: redefining advertising strategy, developing a new product, adding attributes to existing products, rethinking on channels of distribution, adopting changes in pricing policy, re-designing services, replacing glass with plastic and weekend/24-hour retail stores

Dilemma in recognizing problems

Consumers may not be able to identify problems. Marketers can assist the consumers in this process. Problems can be generic or selective in nature.

Generic problem solving

Problem that can be solved with any of the brands available in the respective product category. A marketer may attempt this when: A product is new to the category, the company already has a considerable market share and the industry decides to promote the product as a whole.

Selective problem sharing

Problem that can be solved by only one brand. Marketers promote this to gain market share.

Figure 4: Promoting own brand



Suppressing problem recognition

Government agencies/consumer organisations may try to make consumers aware about the negative aspects of using a product. Marketers try to suppress consumer recognition of these problems by speaking positive about the product.

Information Search

Information search is considered a significant stage of consumer decision process. During this stage, a consumer who recognizes a specific problem or need is likely to be persuaded to search for information, whether it be internally or externally.

Types of information search

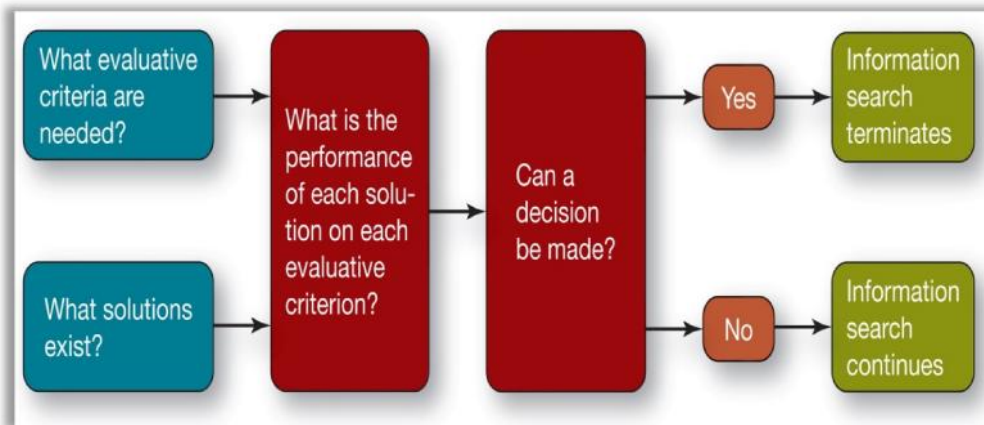
Internal Search

This involves searching of long-term memory to determine if there exists a satisfactory solution. It also enables a comparison of all possible solutions. Involves the buyer considering his own personal knowledge about a product based on past experience.

External Search

This search is inculcated by a person if resolution is not reached through internal search. It focusses on acquisition of external information. Involves the buyer seeking information outside their knowledge to make purchasing decision.

Figure 5: Information search process



A consumer may seek information about various alternatives and also the right evaluative criteria.

Sources of information

There are two types of searches done for deriving information.

Internal search

- It is usually done in case of impulsive purchases, routine response behaviour and involves limited problem solving. Internal information comprises of memory of past searches, personal experiences, and low-involvement learning. The sources may include the following:

Personal sources - friends and family

Independent sources - magazines, consumer groups, and government agencies.

Marketing sources - sales personnel, web sites, and advertisements.

Experiential sources - trial of a product.

External Search

It is a planned and rational search for information for high involvement purchase decision and involves extensive problem solving.

Consumers use the internet to make decisions. They may seek opinions of others through social media and explore product reviewing sites while making a choice. Exploring of online brand communities is also done by the customers.

Internet: A powerful mode of gathering information

Online information is preferred these days. IT leads to high offline sales. Mostly online purchases are preceded by search on a search engine. Consumers go for specific brand, generic (general product) searches.

Figure 6: Online communities- a source of information



18.5 Challenges for marketers

There are few challenges for the marketers.

How to convey information to consumers

Banner advertising

Banner advertising refers to the use of a graphic display that stretches across the top, bottom, or sides of a website. These are image-based rather than text-based and are a popular form of online advertising. More information can be acquired on clicking.

Permission based e-mail

This is an e-mail sent to a person, who has given the sender, permission to send emails to their e-mail address. People may give permission by opting to receive emails by marketers.

How to drive consumers towards their information

Behavioural targeting

This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile, revealing what your audience wants, avoids and purchases.



Example: Giants like Amazon, Netflix, and Booking are live examples of companies heavily using behavioural targeting to ramp up their engagement and conversion rate.

Search engine optimisation

This is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google. Marketers use different tactics to increase their visibility in search results.

Keywords

The primary goal of SEO is to rank well in search engine results for the words and phrases your potential customers are searching. Those words and phrases are keywords. Keywords help search engines understand what each page on your site is about.

Tracking external searches

Measuring external information search can be done by understanding: How many alternatives were taken into consideration? how many criteria were taken into consideration? were personal sources taken into consideration? were online/offline stores visited?

Designing marketing strategies based on how consumers search for information

Maintenance strategy

If the target market purchases the brand habitually, the marketer's strategy is to maintain that behaviour. Consistent attention to product quality and availability is given by marketers. Repetitive advertising is done.

Disrupt strategy

The existing decision pattern has to be disrupted. Here, the consumer is reluctant to consider alternative brands. Major product innovation or modification helps in shifting decision patterns in the long run. Comparative advertising and promotional offers can be used in short run.

Capture strategy

Only a few brands are evaluated on limited criteria. Much of the information search occurs during purchase. Marketers need to know the exact information the consumer is seeking. Information dissemination is done through websites, mobile applications and displays.

Intercept strategy

Here, the objective is to provide information during general search for brands. There is a limited decision making. Marketers will have to draw the attention of the consumer.

Preference strategy

The marketer needs to structure a complete information campaign that will result in the brand being preferred by members of the target market. This may require extensive advertising to experts who recommend the product.

Acceptance strategy

The target market is not seeking information about the brand. The marketer must attract the consumers' attention or educate them extensively about the brand.

Summary

- The consumer decision-making process has a set of stages wherein consumers contemplate their product needs and research to find the best the best options.
- The economic model of consumer behaviour specifies that buyers try to enlarge the efficiency of products based on the law of diminishing marginal utility.
- As studies on consumer behaviour evolved, modern approaches were applied to understand what influences consumer behaviour. These were known as contemporary models.
- Problem recognition occurs because of a discrepancy between a desired state and an actual state. This activates the decision process.
- Internal Search involves searching of long-term memory to determine if there exists a satisfactory solution. It also enables a comparison of all possible solutions. Involves the buyer considering his own personal knowledge about a product based on past experience.
- External Search is inculcated by a person if resolution is not reached through internal search. It focusses on acquisition of external information.

Keywords

Extensive problem solving: This is the initial stage of decision-making, where the buyer is new to the market and has very limited information about the brands and has no preference for a particular product or service.

Limited problem solving: This is the stage in which the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives.

Routinized response behaviour: The habitual response behaviour stage is where the buyer is fully aware of the products offered by different marketers.

Active problem: This is the problem that the consumer is well aware of. Marketers have to make the consumer see that their brand offers the best solution for their problem.

Inactive problem: The problem that the consumer is not aware of. Marketer must make the consumers realise about their problem and then convince that their brand offers the best solution.

Behavioural targeting: This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile, revealing what your audience wants, avoids and purchases.

Search engine optimisation: This is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google. Marketers use different tactics to increase their visibility in search results.

Self-Assessment

1. Rational choice theory implicitly or explicitly assumes a number of things about consumer choice that are often not true, such as _____.
 - A. Consumers seek one optimal solution to a problem
 - B. Consumers have the skill to find the optimal choice
 - C. Consumers have the motivation to find the optimal choice
 - D. All of the above

2. Which type of search can involve independent sources, personal sources, marketer-based information, and product experience?
 - A. Internal search
 - B. External search
 - C. Primary search
 - D. Secondary search

3. This involves compiling web searches, purchase histories, frequently visited websites and other information to create a full user profile _____.
 - A. Behavioural Planning
 - B. Behavioural search
 - C. Behavioural Targeting
 - D. Behavioural Searching

4. _____advertising refers to the use of a graphic display that stretches across the top, bottom, or sides of a website.
 - A. Role
 - B. Banner
 - C. Social
 - D. Content

5. _____ decision making occurs when there is very low involvement with the purchase.
 - A. Limited
 - B. Group
 - C. Individual
 - D. Nominal

6. _____ is an approach for measuring the value that consumers place on features of a product or service.
7. _____of consumers can also be observed to see how humans cope with a product that fail to meet their expectations.
8. _____ states that the decision-making of a consumer is limited by the information available.

9. _____ is a digital marketing strategy that focuses on your website's presence in search results on search engines like Google.
10. _____ problem is the problem that the consumer is not aware of.
11. Limited decision making is in which the buyer has inadequate information about a product or a market and is undecided amongst the various alternatives.
- A. True
B. False
12. Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.
- A. True
B. False
13. Problem recognition occurs because of a discrepancy between a desired state and an actual state.
- A. True
B. False
14. The marketer must not attract the consumers' attention or educate them extensively about the brand.
- A. True
B. False
15. Search involves searching of long-term memory to determine if there exists a satisfactory solution.
- A. True
B. False

Answers for Self-Assessment

1. D 2. A 3. C 4. B 5. D
6. Conjoint analysis 7. Emotions 8. Bounded rationality 9. Search engine optimisation 10. Inactive
11. A 12. A 13. A 14. B 15. A

Review Questions:

1. Write a detailed note on the models of consumer decision making?
2. Explain how purchase involvement impacts the consumer decision making process.
3. Describe how problem recognition takes place and how it helps in the consumer decision process. Take few examples?
4. Underline the different sources of internal and external information search?

5. Give an example, of any product that you bought and the outline the process of decision making in context of the product?



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Unit 19: Emerging trends in consumer behaviour

Objectives

After studying this unit, you will be able to,

- understand the types of choice processes in which consumers indulge.
- understand concept of evaluative criteria and its measurement.
- describe the role of evaluative criteria in framing the judgement of the consumer.
- understand how marketing strategies are influenced by evaluative criteria.

Introduction

The third stage of the consumer buying decision process is the evaluation of alternatives. Customers assess all of their product and brand options at this stage based on a scale of characteristics that can provide the benefit they are looking for.

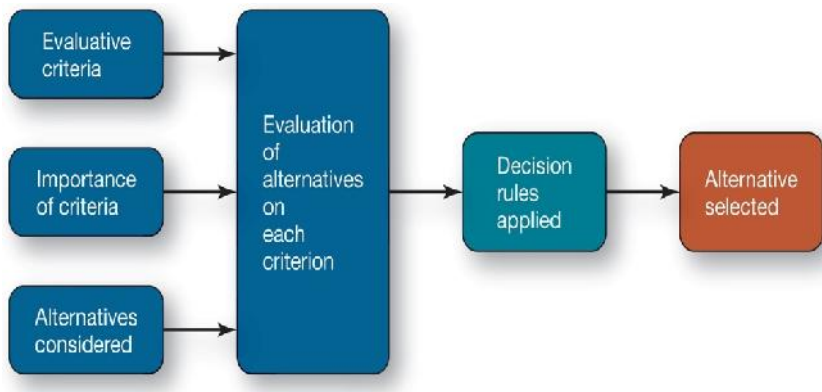
At this stage in the purchasing process, potential customers have established standards for what they need from a product. They are now comparing their potential options to related alternatives.

Lower prices, more features, product availability, or anything as individualised as colour or style selections are all examples of alternatives. Your marketing efforts should aim to persuade customers that your product is better than the competition. Be prepared to dispel objections; for instance, in sales conversations, be aware of your rivals so you can address concerns and contrast benefits.

11.1 Alternative evaluation and search process

The process of analyzing and evaluating alternatives by applying evaluation criteria to alternatives in a manner that facilitates decision making.

Figure 1: Alternative evaluation and search process



Rational choices

Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision. Choices that seem improper to one person may make perfect sense to another person, as their desires are different.

Rational choice theory can apply to a variety of areas, including economics, psychology and philosophy. This theory states that individuals use their self-interests to make choices that will provide them with the greatest benefit. People weigh their options and make the choice they think will serve them best.

Bounded rationality

It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations. The finite amount of time available to make a decision. This theory states that consumers have limited rational decision making.

This decision making is driven by three main factors - cognitive ability, time limits, and lack of perfect information. For example, when ordering at a restaurant, customers will make quick decisions because they may feel a little rushed by the person taking the order.

Three types of consumer choice processes

Affective Choice

The affective choice is based, not on some product attributes, but on some immediate liking or emotional association with the product or brand. A long association with a can also lead to affective choice. Another factor that leads to this choice is the self-image of a person.



Example: A consumer in a lifestyle clothing store, buying a dress for herself for her reception party. The salesman shows an assortment of dresses and talks about their price, quality, colours and cuts. She likes a red dress because of its colour. She asks the dress to be kept aside and also shortlists a green and a teal dress. She imagines herself in the red dress and visions herself getting compliments. Without much hesitation, she makes the decision.

Attribute-Based Choice

Attribute-based choice requires the knowledge of specific attributes at the time the choice is made and it involves attribute wise comparisons across different brands by the decision maker.



Example: A consumer is buying a laptop at an electronics retail store. He inspects the models of some good brands at the store. He compares the tech specifications; operating system, processing speed, hard drive, RAM, memory cache, accessories, CD-DVD drive, in-built stereo options, the number of USB ports, the price, and some additional features. He evaluates all the models based on her product and price preferences and selects one particular model for purchase.

Attitude-Based Choice

Attitude-based choice involves the use of general attitudes, summary impressions, general intuitions, or heuristics. No attribute-by-attribute comparisons are made at the time of choice.



Example: Example: A consumer researchers explores consumer behaviour with an aim is to know why women buy moisturizers (to reduce skin problems), the most preferred brand (Lakme, L'Oreal), how often do they apply it (twice a day, thrice a day), what is their consideration set (other brands they consider).

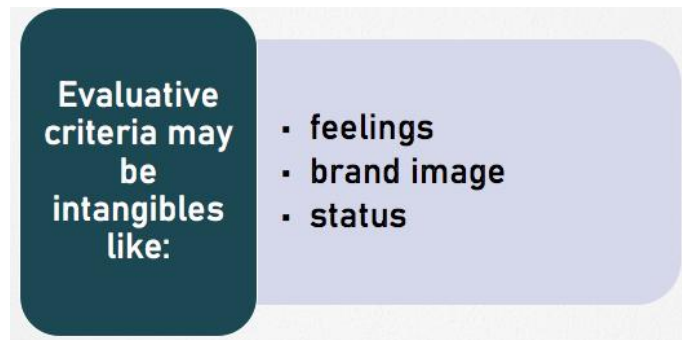
11.2 Evaluative criteria

The standards by which consumers judge the products they find during search are referred to as evaluative criteria. Evaluative criteria include the various dimensions, features, or benefits a consumer looks for in response to a specific problem.

The evaluative criteria need to be appropriate. Marketers desire consumers to select criteria's that match the strength of their products and offerings. Consumer groups desire consumers to select criteria's that benefit them (e.g., nutritive value).

Evaluative criteria: components

Before purchasing a laptop, you might be concerned with cost, speed, memory, operating system, display, and warranty. These would be your evaluative criteria. In some cases, evaluative criteria are usually the same as the product features or attributes or the benefits that are associated with the product. In some cases, the product benefit and the criteria might be different.



Relative importance of criteria

The importance that consumers assign to each evaluative criterion is of great significance for the marketer. Consumers could use the same evaluative criteria as shown in the next slide when considering a laptop. However, if the importance rank they assigned each criterion varied as shown, they would likely purchase different brands.

Figure 2: Evaluative criteria for a laptop

CRITERIA	BRAND A	BRAND B	BRAND C
PRICE	1	4	3
QUALITY	3	2	1
RAM	2	3	2
BATTERY LIFE	4	1	4

Measurement of evaluative criteria

A marketer needs to determine which evaluative criteria are considered by the consumer, how the consumer perceives the various alternatives on each criterion and the relative importance of each criterion. Direct as well as indirect methods are used to determine these evaluative criteria.

Projective techniques may include the following different techniques.

- word associations
- imagery associations
- choice ordering techniques
- imagery associations with consumer personalities

11.3 Perceptual mapping

Perceptual mapping / Market mapping is a technique used by marketers that is done with an objective to visually display the perceptions of customers or the potential customers.

Marketers use perceptual mapping to compare own products with the potential products. These maps take into account the perceptions of the customers. The purpose of a perceptual map is to identify the images that exist in the mind of the consumers about different brands, products and services.

Figure 3: Perceptual map of apparel brands



Understanding consumer perception on criterion

The consumer perceptions can be understood with the help of different approaches. They have been discussed as under:

Rank ordering scales

A Rank order scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.

Semantic Differential Scales

A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service. The options are opposite adjectives at each end.

Likert Scales

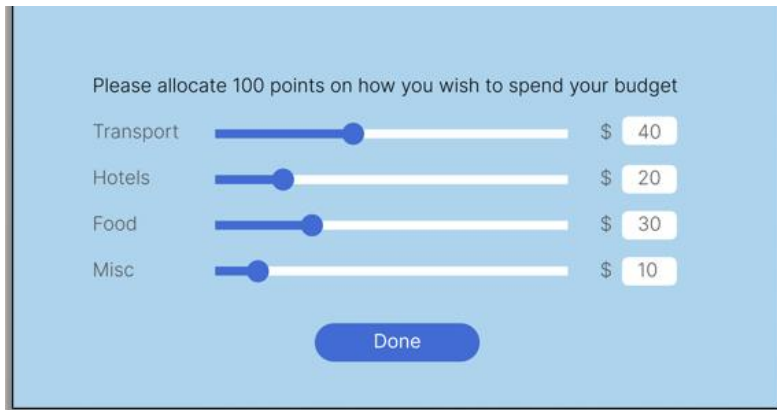
In this scale the consumers express levels of agreement (from strongly agree to strongly disagree on a five-point scale).

The relative importance of each criterion may be determined with the help of the following:

Constant sum scale

The constant sum is a technique that is used in market research surveys where the respondents are required to allocate a constant sum of points to specified criteria or features. All these points add up to a constant total, which remains unchanged.

Figure 4: Constant sum scale



Conjoint analysis

Conjoint analysis is an approach for measuring the value that consumers place on features of a product or service. An ideal product/service is determined.

Figure 5: Conjoint analysis



11.4 Decision Rules for Attribute-Based Choices

Decision rules may be of two types:

Compensatory

A type of decision rule in which a consumer evaluates each brand in terms of a relevant attribute. Selection of the brand with the highest weighted score is done. Brands that fall below the cutoff point on any one attribute are eliminated from further consideration.

$$R_b = \sum_{i=1}^n W_i B_{ib}$$

R_b = Overall rating of brand b

W_i = Importance of weight attached to evaluative criteria i

B_{ib} = Evaluation of brand b on evaluative criteria i

n = Number of evaluative criteria considered relevant

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Importance score
Price	5	3	3	4	2	4
Fuel Economy	3	4	5	4	3	3
Handling	5	5	5	2	5	2
Safety	3	3	4	3	5	5
Resale Value	1	3	1	3	1	1

Honda = 4(5)+3(3)+2(5)+5(3)+1(1) = 55
 Hyundai = 3(5)+4(3)+5(5)+2(3)+1(1) = 52
 Toyota = 5(5)+3(3)+2(5)+5(3)+1(1) = 58
 Nissan = 3(5)+4(3)+5(5)+2(3)+1(1) = 50
 Ford = 53

According to the compensatory rule, Toyota is the best choice.

Non-compensatory

This can be further classified into:

Conjunctive Rule

In a conjunctive rule, a brand must have all of its features above the minimum acceptability levels to be acceptable. Establishes minimum required performance for each evaluative criterion.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score
Price	5	3	3	4	2	3
Fuel Economy	3	4	5	4	3	4
Handling	5	5	5	2	5	4
Safety	3	3	4	3	5	3
Resale Value	1	3	1	3	1	2

Honda, Toyota, Nissan, and Ford are all eliminated because they do not meet the minimum standards. Therefore, according to the conjunctive rule, only Hyundai is acceptable.

Disjunctive Rule

In a disjunctive rule, a minimally required performance level is assigned for each important attribute. All brands that meet or exceed that level are acceptable.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score
Price	5	3	3	4	2	5
Fuel Economy	3	4	5	4	3	5
Handling	5	5	5	2	5	5
Safety	3	3	4	3	5	5
Resale Value	1	3	1	3	1	Not critical

Under this rule, all brands meet the minimum criteria for at least one important attribute and are acceptable except Nissan.

Elimination-by-Aspects Rule

The evaluative criteria ranked in terms of importance and then the cutoff point for each criterion is established. Brands are eliminated in order of attribute importance if they fail to meet the cutoff.

Evaluation criteria	Honda	Hyundai	Toyota	Nissan	Ford	Minimal required score	Rank
Price	5	3	3	4	2	3	1
Fuel Economy	3	4	5	4	3	4	2
Handling	5	5	5	2	5	4	3
Safety	3	3	4	3	5	3	4
Resale Value	1	3	1	3	1	2	5

Price eliminates Ford, fuel economy eliminates Honda, handling eliminates Nissan, safety eliminates Hyundai. This leaves Toyota.

Lexicographic Rule

Consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute. If two or more brands tie, they are evaluated on the second most important attribute.

Summary

- Rational choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.
- It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations.
- A Rank order scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.
- A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service. The options are opposite adjectives at each end.
- The constant sum is a technique that is used in market research surveys where the respondents are required to allocate a constant sum of points to specified criteria or features.

Keywords

Bounded rationality: It states that the decision-making of a consumer is limited by the information available. The decision-maker's cognitive limitations.

Conjoint analysis: This is an approach for measuring the value that consumers place on features of a product or service. An ideal product/service is determined.

Disjunctive Rule: In a disjunctive rule, a minimally required performance level is assigned for each important attribute. All brands that meet or exceed that level are acceptable.

Lexicographic Rule: Consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

Elimination-by-Aspects Rule: The evaluative criteria ranked in terms of importance and then the cutoff point for each criterion is established.

Self-Assessment

1. Attribute-based choice requires _____.
 - A. Knowledge of specific attributes at the time the choice is made
 - B. Attribute-by-attribute comparisons across brands
 - C. Product details
 - D. A and B
2. A limited capacity for processing information is known as _____.
 - A. Working memory
 - B. Bounded memory
 - C. Bounded rationality
 - D. Bounded learning
3. The desired features or characteristics required to meet a consumer's needs are his or her _____.
 - A. Evoked set
 - B. Choices
 - C. Consideration criteria

D. Evaluative criteria

4. _____ analysis is an approach for measuring the value that consumers place on features of a product or service.

- A. ANOVA
- B. Factor Analysis
- C. Conjoint Analysis
- D. Multi-Dimensional Analysis

5. _____ choice occurs when choice that is made is completed by first considering the costs, risks and benefits of making that decision.

- A. Factor
- B. Rational
- C. Bounded
- D. Random

6. _____ include the various dimensions, features, or benefits a consumer looks for in response to a specific problem.

7. In the _____ rule the consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

8. In a _____ rule, a minimally required performance level is assigned for each important attribute.

9. Marketers use _____ mapping to compare own products with the potential products. These maps take into account the perceptions of the customers.

10. _____ problem is one that the consumer is well aware of.

11. A Rank Order scale gives the respondent a set of items and asks them to put the items in some form of order.

- A. True
- B. False

12. A semantic differential scale is a survey or questionnaire rating scale that asks people to rate a product, or a service.

- A. True
- B. False

13. A Likert scale gives the respondent a set of items and asks them to put the items in some form of order. The measure of order can be the preference, importance, effectiveness or liking.

- A. True
- B. False

14. In a conjunctive rule, a brand must have all of its features above the minimum acceptability levels to be acceptable.

- A. True
- B. False

15. In a lexicographic rule the consumer ranks the criteria in order of importance and then brand that performs the best is selected on the most important attribute.

- A. True
- B. False

Answers for Self-Assessment

1. D 2. C 3. D 4. C 5. B
6. Evaluative criteria 7. Lexicographic 8. Disjunctive 9. Perceptual 10. Active
11. A 12. A 13. B 14. A 15. A

Review Questions:

1. How does attribute-based choice differ from attitude-based choice? When is each most likely?
2. What are evaluative criteria, and on what characteristics do they diverge?
3. How can you determine which evaluative criteria consumers use?
4. What is the conjunctive decision rule?
5. What is the disjunctive decision rule?
6. What is the elimination-by-aspects decision rule?
7. What is the lexicographic decision rule?
8. What is the compensatory decision rule?



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Unit 20: Caselets in Consumer Behaviour

Objectives

After studying this unit, you will be able to,

- understand the rural consumer.
- explore consumer behaviour in rural markets.
- comprehend the stages in decision process of rural consumers.
- Understand how marketers are adopting novel ways to reach out to the rural customer.

Introduction

Rural markets are expanding more quickly than ever in several of the biggest emerging economies, despite the continued global sluggishness of urban demand for consumer goods. A expanding middle class is being fueled by rising salaries, and rural citizens in nations like China, Mexico, and South Africa report being more hopeful about future salary gains than their urban counterparts.

India is the country where this tendency is most obvious. India's 800+ million rural dwellers spent \$69 billion between 2009 and 2012, which is around 25% more than what their urban counterparts spent during the same time frame. Astonishing anticipated growth rates are also: Recent Nielsen estimates show that consumption in rural areas is expanding at 1.5 percent.

India's 800+ million rural dwellers spent \$69 billion between 2009 and 2012, which is around 25% more than what their urban counterparts spent during the same time frame. Astonishing anticipated growth rates are also: Recent Nielsen estimates show that consumption in rural areas is expanding at 1.5 percent.

The majority of marketers are aware that India is poised for significant transformation. The economy is thriving, salaries are rising, and attitudes, preferences, and daily routines are quickly evolving. However, no place is it more pronounced than in rural India.

Thus, a growing demand to develop skills in rural marketing has emerged. Three obstacles must be overcome by rural marketers. The first of these problems is the difficulties of reaching markets in rural India, which are small and dispersed, making them difficult to reach and untrustworthy, or both. However, this issue is not new, and many businesses have allowed it to adversely affect them.

1.1 Rural consumer

A region's economic growth is influenced by its historical structure and evolution, regulatory decisions, shifts in demand, and resource availability. For international firms trying to grow into newer geographies, rural markets, particularly in rising Asia (Indonesia, India, China, and Vietnam), represent the final frontier.

As marketers work to restore topline growth, the current slowdown in the growth of the overall economy has increased the appeal of rural markets. However, given the intricacy of these markets and the size of investment needed to achieve penetration, enthusiasm for rural markets needs to be restrained. Marketing tactics that were successful in urban markets may not always be successful in rural ones.

The census of India defines rural as any habitation with:

- A population density of less than 400 per square kilometers where at least 75% of male working population is engaged in agriculture
- Where there exists no municipality or board leaning aside Hindustan Unilever Limited & ITC, most companies in the FMCG sector would define rural as any place with the population up to 20,000.

A farmer in rural Punjab is much more progressive than his counterpart in rural Bihar. Rural consumers are fundamentally different from their urban counterparts, and different rural geographies exhibit considerable heterogeneity.

Consumer behaviour research in the rural areas

Consumer behaviour research in the rural areas examines how people decide how much of their time, money, and effort to invest in consumption-related goods. It comprises an analysis of their purchasing patterns, including their motivations, timing, locations, frequency of purchases, and frequency of use.

In the initial years the focus of marketers was on the easily accessible well developed urban market. Soon there was proliferation of brands and intense competition resulting in the near saturation of the urban market. This forced companies to go for greener a pasture that is new markets.

All eyes were on the most promising potential market in the world: the 742 million rural consumers who had not yet experienced modernity. A promise that appeared to be about to be fulfilled due to the rural sector's explosive growth in purchasing power.

How HUL won in rural markets

After tapping the premium and popular segments, HUL has entered the lower end of the tea market with its new offering, Brooke Bond Sehatmand. The company brought out Brooke Bond Natural Care, a tea that used five natural ingredients and promised good health.



Figure 1: HUL's Sehatmand Tea

"Tea is a widely consumed product with 95 per cent penetration." To ensure differentiation, technology was the key. "Most tea makers today merely blend the product, but with the help of our research & development arm in Bangalore and our Tea Excellence Centre in Kolkata, we've ensured that each granule of tea contains vitamins."

Thus, for each region the company has come out with a unique taste, colour and aroma. For instance, South India has a strong preference for strong and dark tea, while North India is inclined towards taste and aroma rather than colour. HUL has paid close attention to these nuances.

Television commercials will air on cable, satellite and state-owned Doordarshan in February. In addition, there will be heavy advertising on All India Radio as well as extensive on-ground activation to reach the target audience (rural consumers).

For this, HUL will tie up with non-government organisations. Further, it will launch an awareness campaign called "Sehatmand Parivar - Sehatmand Bharat" in schools.

Dynamics of the rural consumer

The groups with similar demographic characteristics: age, occupation, education, and income, lack consistency, so studying the consumer behaviour in rural markets is even more challenging

A majority of marketers are aware that India is poised for significant transformation. The economy is thriving, salaries are rising, and attitudes, preferences, and daily routines are quickly evolving. In rural India, though, it is more obvious than anywhere else. Thus, a growing demand to develop skills in rural marketing has emerged.

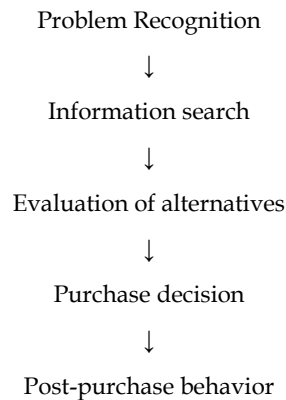
Myths about the rural customer

- The idea that people in rural areas don't purchase brands.
- The idea that people in rural areas prefer to buy inexpensive goods. In actuality, they look for good value.
- The idea that rural markets are uniform masses. It is actually incredibly heterogeneous.

1.2 Stages in decision process of rural consumers

Consumers pass through five stages while making a purchases decision.

In low involvement rural and urban consumers may skip some of these stages.



A rural consumer will exhibit a variety of motivations relating to problem recognition, information source, evaluation procedures, group decision, and post-purchase behaviour when purchasing high-involvement products. Therefore, it is necessary to approach each stage of the marketing process differently for consumers in rural and urban areas.

1.3 4 A's of rural marketing

Any marketing techniques must be modified to fit the particular demands and tastes of rural consumers when deciding whether to expand into those regions.

Many businesses have already prospered in the rural market, and some are finally prepared to take on this task. For instance, HUL, ITC, and Mahindra have been putting a lot of effort into modernising their rural marketing methods. As a result, they have connected with a large portion of the community.

These make up 4 A's numerous parts, which are generally applicable to rural marketing.

Affordability

In general, rural incomes are substantially lower than urban incomes. There, consumers frequently lack the means to purchase luxuries and instead prioritise necessities. Marketers must take into account rural consumers' ability to pay and their preference for low-cost goods. Always strive to create products that satisfy your customers' needs and stay inside their price range.

Availability

Reaching the client is the largest issue in the rural market. Consumers in rural areas typically have modest incomes and spend their money on daily essentials. However, there are times when products might not be easily accessible in rural markets, which could lead to such consumers switching to a substitute product.

Acceptability

To benefit consumers in rural areas, products should be made in a way that is user-friendly. Create the product in a way that buyers will find value in it, even if they have to spend more money on it. Customers should feel at ease utilising the goods and should take the plunge without hesitation.

Awareness

The client should be the focus of any marketing to raise their awareness. To reach customers, commercials on TV, radio, and billboards might be employed. For this reason, marketers must

concentrate on the communication and entertainment channels that are prevalent in rural areas. By doing this, they will be able to connect with potential customers, build vital brand awareness, and entice sensible people to their products.

1.4 Consumer behaviour in the rural markets

An urban person has the freedom to make their own purchases. Community decision-making is fairly common in a village due to the strong social structure, which includes caste consideration and low literacy levels.

Businesses must overcome numerous obstacles to succeed in rural markets. "Getting to know your customer" is the foundation of marketing. A majority of companies in rural areas find that success has evaded them because they have generally overlooked this fundamental premise.

Many companies have been designing special marketing programs to reach out the rural consumer.



Example: Tata chemicals ran a chain called Tata Kissan Kendra which offered services ranging from agriculture input to financing to advisory services.



Example: The largest farm equipment company in India, Mahindra & Mahindra Limited, along with its subsidiary, Mahindra Shubhlabh Services, have been operating in eleven states with a customer base of 7 lac Mahindra tractor owners and 400+ dealers. They offer a full range of goods and services to increase farm productivity and create connections to the commodity market chain.

1.5 Stages of reaching the rural customer

There are different stages to reach the rural customer. They have been discussed below:

Access

The first stage is to give consumers in rural areas access to the product(s) or services. Both physical and financial access are included in the concept of access. The country's infrastructure, which consists of necessary services including the transportation, communication, utility, and banking systems, is the primary factor impacting physical access.

Infrastructure is crucial for India's future economic growth in addition to having a significant impact on how businesses are conducted in the nation today.

A distribution strategy is what affects physical access as the second factor. Taking the product to customers in every nook and cranny of the market and facilitating sales promotion. Annual "melas" organised are quite well-liked and offer a very good distribution platform because people go there to make multiple purchases.

Buying behavior

All aspects influencing decision-making and choosing in a rural area are included in this stage. These elements include things like perception, attitude, and consumer reactions like brand royalties.

Consumer characteristics

In each region, different goods and services may be bought and consumed. The consumption pattern within a culture will be determined by the cultural orientation and the social class distribution.

Disposal

Many rural communities are shifting away from throw-away products as they become more environmentally concerned. Therefore, marketers must create mechanisms that make it easier for things to be disposed of safely, recycled, and resold.



Example: Beach-Combing: P&G Develops Recyclable Bottle Made From Beach Plastic For Head & Shoulders Shampoo. The bottle, which was developed in partnership with Terracycle and Suez, is produced from 25 percent post-consumer recycled beach plastic

and will be released as a limited edition this summer, sold via French supermarket chain Carrefour.



Figure 2: P&G's Initiative

1.6 Factors influencing rural consumer purchase decisions

There are different factors that influence the decisions of a rural consumer.

Cultural influence

Culture and tradition have an impact on perception and purchasing decisions. For instance, preferences for color, size, and shape are frequently influenced by cultural factors. Cultural factors have a significant impact on how products are perceived by rural consumers.

Geographic locations

The consumers' geographic location has an impact on their behaviour as rural consumers as well.



Example: proximity to industrial developments and feeder towns affects consumer purchasing decisions in the corresponding clusters of villages.

Exposure to urban lifestyles

How much rural consumers are exposed to urban lifestyles affects their purchasing decisions. In recent years, there has been an increase in exposure to and engagement with urban communities.

The use of the products by the consumer

The circumstances in which consumers use the goods have an impact on their purchasing decisions. Rural consumers automatically buy more batteries when there is no energy available.

Places of purchase

Rural consumers' purchasing habits differ based on where they shop. Different rural customer segments purchase their needs from various locations/outlets. Some people purchase goods from shopkeepers in their local communities; others purchase goods at local markets or fairs; still others purchase goods in the town that serves as the rural area's feeder.

Participation of others in the purchase

Participation of others in the purchase is yet another important consideration in this case. Here, there has recently been a change. The family patriarch used to decide solely on the purchase in the past. In contrast, the family's other members have become more involved in recent years in the decision to make a purchase. This development is a result of rising literacy rates and easier access to information.

1.7 Marketers' effort to reach out to the rural market

In recent years, numerous corporate businesses have made significant investments in rural areas in an effort to build a market for their products there.

This has altered some aspects of how consumers acquire various things. Due to developmental marketing, the rural market today has discerning consumers and previously unheard-of demand.

Due to the urban markets becoming saturated with certain kinds of consumer goods and the rising rural income, the way of life in rural India has long been the topic of lively arguments in boardrooms.

For instance, Tata Chemicals operated a network of businesses named Tata Kisan Kendra that provided services such as financing and counselling services in addition to agricultural input. Farmers can take advantage of discounts from Hindustan Levers that cover operations from pre-harvest to post-harvest.

A whole range of products and services are offered by Mahindra & Mahindra Limited, India's largest farm equipment firm, and its subsidiary Mahindra Shubhlabh Services to increase agricultural productivity and create market connections in eleven states.

1.8 Factors influencing rural consumer purchase decisions

The following factors are most significant in influencing rural consumer purchase decisions.

Brand equity

Another element of perception is brand equity. In rural areas, some brands, including Colgate and Marlboro, are well-known. Therefore, maintaining these brand names and packaging in rural areas may be advantageous, even when businesses may prefer to utilise the regional tongue on the item itself.

Price and quality

The link between price and quality is the next perceptual factor. Consumers in mostly rural areas tend to judge quality more by word of mouth than by pricing.

Loyalty

A consistent client base is the secret to a prosperous business. 80 percent of the revenue generated by successful companies comes from the top 20 percent of their clientele.

Keeping relationships with current customers is substantially less expensive than acquiring new ones, your efforts to cultivate client loyalty will undoubtedly be rewarded.

Communication

Have in touch with your loyal customers by sending them an email newsletter, a monthly flyer, a card to remind them to get a tune-up, or a holiday card.

Customer service

Go above and above to accommodate consumer needs. Teach your workers to follow suit. Customers recall receiving favourable treatment.

Loyalty of employees

Loyalty is a bottom-up process. Your staff will feel good about their jobs and spread that loyalty to your customers if you are loyal to them.

Credit to the customer

Give customers a reason to visit your store again. For instance, the proprietor of a children's shoe store might provide a card that makes the tenth pair of shoes half off because kids grow out of shoes quickly.

Product awareness

Recognize the products that your loyal customers buy and keep them in stock. Aside from making sure that your staff is as knowledgeable as possible about your products.

Reliability

If you promise a delivery on Wednesday, make sure it arrives on Wednesday. Be dependable. Inform customers right away if something goes wrong, and make up for any inconvenience.

Flexibility

Do your utmost to address any issues or concerns from customers. More customers will be lost by excuses.

1.9 Rural marketing initiatives taken by companies

The telecommunication and computer network (Tenet) of I.I.T., a group committed to developing technologically superior and cost-effective solutions for a country like India, established n-Logue communication. A company called n-Logue uses a network to deliver internet, voice, e-governance, and other rural services.

The e-chaupal is envisioned by the ITC International Business Division as a network of internet kiosks connected via VSAT to simplify the purchase of particular commodities. Every kiosk is an element of the hub-and-spoke design. This online store provides farmers with all the knowledge, goods, and services they require to raise farm productivity.

The H.U.L.-operated Project I-Shakti kiosk, which was established in AndhraPradesh in collaboration with a women's self-help group, has gotten a resoundingly positive response. The kiosk mostly provides audiovisual information in the areas of Health and cleanliness, E-governance and agriculture, employment, education, and legal services.

In the DHAR district of Madhya Pradesh, the state government launched the GYANDOOT project in January 2000. 20 kiosks in the village panchayat centres will be connected to rural internet as part of the project.

1.10 Challenges of a rural consumer

The first of these problems is the difficulties of reaching markets in rural India, which are small and dispersed, making them difficult to reach and untrustworthy, or both. However, this issue is not brand-new, and many businesses allow it to adversely affect them while others find innovative solutions.

The peculiar lack of consistency in groups with homogeneous demographics – age, employment, education, and income – makes consumer behaviour in rural markets even more puzzling.

The majority of marketers are aware that India is about to undergo a profound upheaval. The habits, interests, and attitudes of people are changing quickly, the economy is thriving, and earnings are rising. However, nowhere is it more pronounced than in rural India. Consequently, there is a growing need to develop knowledge in rural marketing.

The three obstacles that rural marketers must overcome are as follows. The first of them is the problems with small, dispersed rural markets in India that are difficult to access and unreliable, or both. But while it is not a new issue, many businesses allow it to negatively impact them.

Making sure that consumers are aware of and is interested in your brand is yet another issue that influences the rural consumer buying behaviour.

Summary

- A region's economic growth is influenced by its historical structure and evolution, regulatory decisions, shifts in demand, and resource availability.
- Consumer behaviour research in the rural areas examines how people decide how much of their time, money, and effort to invest in consumption-related goods.
- Consumers pass through five stages while making a purchases decision.
- In general, rural incomes are substantially lower than urban incomes. There, consumers frequently lack the means to purchase luxuries and instead prioritise necessities.
- Consumers in rural areas typically have modest incomes and spend their money on daily essentials.

Consumer Behaviour

- Community decision-making is fairly common in a village due to the strong social structure, which includes caste consideration and low literacy levels.
- Infrastructure is crucial for India's future economic growth in addition to having a significant impact on how businesses are conducted in the nation today.
- Culture and tradition have an impact on perception and purchasing decisions.

Keywords

Rural Inhabitation: A population density of less than 400 per square kilometers where at least 75% of male working population is engaged in agriculture.

Rural Consumer: A Rural Consumer is an end-user of the products offered in rural markets.

Brand Equity: Brand equity is a marketing term that describes a brand's value. That value is determined by consumer perception of and experiences with the brand. If people think highly of a brand, it has positive brand equity.

Self-Assessment

1. A region's economic growth is influenced by its:

- A. Historical Structure
- B. Regulatory Decisions
- C. Shifts in Demand
- D. All of the above

2. A population density of less than _____ per square kilometers where at least 75% of male working population is engaged in agriculture

- A. 400
- B. 100
- C. 300
- D. 600

3. This is a myth about the rural market:

- A. Idea that people in rural areas don't purchase brands.
- B. Idea that rural markets are uniform masses
- C. Idea that people in rural areas prefer to buy inexpensive goods.
- D. All of the above

4. The consumption pattern within a rural market will be determined by the:

- A. Cultural Orientation
- B. Class Distribution.
- C. Purchase Needs
- D. All of the above

5. Therefore, marketers must create mechanisms that make it easier for things to be:

- A. Recycled
- B. Resold
- C. Disposed
- D. All of the above

Unit 20: Caselets in Consumer Behaviour

6. To benefit consumers in rural areas, products should be made in a way that is _____.
7. Marketers must concentrate on the _____ channels that are prevalent in rural areas.
8. The first stage is to give consumers in rural areas _____ to the product(s) or services.
9. The _____ initiative envisioned by the ITC International Business Division is a network of internet kiosks connected via VSAT to simplify the purchase of particular commodities.
10. The H.U.L.-operated Project _____ was established in Andhra Pradesh in collaboration with a women's self-help group
11. A farmer in rural Punjab is much more progressive than his counterpart in rural Bihar.
- A. True
B. False
12. In general, rural incomes are substantially higher than urban incomes.
- A. True
B. False
13. Marketers must take into account rural consumers' ability to pay and their preference for low-cost goods.
- A. True
B. False
14. Community decision-making is fairly common in a village.
- A. True
B. False
15. In Punjab, the state government launched the GYANDOOT project in January 2000.
- A. True
B. False

Answers for Self Assessment

1. D 2. A 3. D 4. D 5. D
6. User Friendly 7. Communication 8. Access 9. E-chaupal 10. I-Shakti
11. A 12. B 13. A 14. A 15. B

Review Questions:

- Write a note on the demographics of the rural consumer? How are they different in purchase behaviour from their urban counterparts?
- Is there a need to research the rural consumer? Why?
- What are the common myths that surround the rural consumer?
- Elaborate on the different stages in the rural consumer decision making process? Give examples?
- Discuss the 4Rs of Rural Marketing?

6. What are the different factors that influence consumer purchase decisions?
7. Explore ITC's e-chaupal initiative and write a detailed note on it.
8. Explore HUL's I-shakti initiative and write a detailed note on it.



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