

BBA V SEMESTER

CONSUMER BEHAVIOR

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| S.NO | TITLE | PAGE NUMBER |
|------------------------------|---|-------------|
| 1. | UNIT I: INTRODUCTION TO CONSUMER BEHAVIOUR | 3-17 |
| 2. | UNIT II INDIVIDUAL DETERMINANTS OF CONSUMER BEHAVIOUR | 18-44 |
| 3. | UNIT III ENVIRONMENT DETERMINANTS OF CONSUMER BEHAVIOUR | 45-54 |
| 4. | UNIT IV: CONSUMERS DECISION MAKING PROCESS | 55-79 |
| 5. | UNIT V: CONSUMER SATISFACTION & CONSUMERISM | 80-86 |
| PREVIOUS YEAR QUESTION PAPER | | |

UNIT1: INTRODUCTION TO CONSUMER BEHAVIOUR

DEFINITION:

According to prof.C.G.Walter consumer behavior is the process where by individual decides whether, when, what, where, how& from where to purchase goods & services

MEANING: Consumer behavior is the process whereby individual decides whether, when, what, where, how and from where to purchase goods and services.

Habitual buying behaviour occurs under condition of low consumer involvement and little significant brand difference. Consumers have little involvement in product category they simply go to the store and reach for a brand. If they keep reaching for the same brand, it is out of habit rather than strong brand loyalty. Consumer appears to have low involvement with most low costs, frequently purchased products.

WHY STUDY CONSUMER BEHAVIOUR?

1. **SIGNIFICANCE IN DAILY LIFE:** in a general case sense the most important reason for studying consumer behavior is the significant role it plays in our lives. Much of our time is spent directly in the market place, shopping or engaging in other activities .A large amount of additional time is spent thinking about products &services, talking to friends about them, & seeing or hearing advertisements about them.

2. **APPLICATION TO DECISION MAKING:**

Consumers are often studied because certain decisions are significantly affected by their behavior or expected actions for this reason, consumer behavior is said to be an applied decision.

(A) **MICRO PERSPECTIVE:** The micro prospective involves undertaking consumers for the purpose of helping a firm or organization accomplish its objectives. Advertising managers, produc designers and many others in profit oriented businesses are interested in understanding consumers in order to be more effective at their task. In addition, managers of various nonprofit organizations have benefited from the same knowledge .For example: the united way & the American Red Cross have been effective in applying an understanding of consumer behavior concepts to their activities.

SOCIETAL PERSPECTIVE: On the macro, or aggregate, level we know that consumers collectively influence economic and social conditions within an entire society. In a market based on individual choices, consumers strongly influence what will be produced, for whom it will be produced, and what resources will be used to produce it.

- Enables marketers to understand and predict market behavior of consumers in market place
- It is concerned with what consumers buy why they buy? When where and how they buy? How often they buy? How they consume and dispose it ?How satisfied/dissatisfied they are after using a product
- Important to understand consumer psychology in order to understand and predict consumer choices
- Making prediction on how consumer respond to marketing action can generate profits.
- Economic decision making process.

APPLICATIONS OF CONSUMER BEHAVIOUR KNOWLEDGE:

1. **CONSUMER BEHAVIOUR AND MARKETING MANAGEMENT:** Marketing may be defined as the process of planning & executing the conception, pricing, promotion, and distribution, and distribution of ideas, goods, & services to create exchange that satisfy individual & organizational objectives

(A) **CONSUMER WANTS& NEEDS:** when the focus is on identifying & satisfying the wants & needs of consumers, the intention of the firm is not seen as merely providing goods & services .instead, want, need & satisfaction is viewed as a purpose, & providing products & services is the means to achieve that end. The advertisement for AT &T illustrates this.

(B)**COMPANY OBJECTIVES:** Consumers wants & needs are numerous

Therefore, a firm that concentrates on satisfying a small proportion of all desires will most effectively utilize its resources .Company objectives and any of the firms special advantages are used as criteria to select the specific wants and needs to be addressed.

(c)**INTEGRATED STRATEGY:** An integrated effort is most effective in achieving a firm's objective through consumer satisfaction. For maximum impact this requires that marketing efforts be closely coordinated & compatible with each other & with other activities of the firm.

(D)**MARKET OPPORTUNITY ANALYSIS:** This activity involves examining trends & conditions in the market place to identify consumer's needs & wants that are not being fully satisfied. The analysis begins with a study of general market trends, such as consumers life styles

& income levels , which may suggest unsatisfied wants& needs . More specific examination involves assessing any unique abilities the company might have in satisfying identified consumer desires.

(E) TARGET-MARKET SELECTION: The process of reviewing market opportunities often results in identifying distinct groupings of consumers who have unique wants & needs. This can result in a decision to approach each market segment with a unique marketing offering.

(F) MARKETING-MIX DETERMINATION: This stage involves developing & implementing a strategy for delivering an effective combination of want- satisfying features to consumers within target markets. A series of decision are made on four major ingredients frequently referred to as the marketing- mix variables. Product, place, price & promotion. The following characterizes each area & provides a small sampling how knowledge of consumer behavior is relevant for decision making.

2. CONSUMER BEHAVIOUR & NONPROFIT & SOCIAL MARKETING: such organizations include governmental agencies, religious orders, universities & charitable institutions. Often this group must all appeal to the public for support in addition to attempting to satisfy some want or need in society. Clearly, a sound understanding of consumer decision processes can assist their efforts. Consider, for example, the benefits such knowledge would have to administrators of the American Cancer society. Two major tasks of their organization are

- To solicit public contributions for support of cancer research and
- To encourage regular physical examinations for early detection of the disease

3. CONSUMER BEHAVIOUR & GOVERNMENTAL DECISION MAKING: the relevance of consumer behavior principles to governmental decision making has become quite evident. Two major areas of activity have been affected:

- Government policies that provide services to the public or result in decisions that influence consumer behavior and
- The design of legislation to protect consumers or to assist them in evaluating products & services.

4. CONSUMER BEHAVIOUR & DEMARKETING: The term DE marketing refers to all such efforts to encourage consumers to reduce their consumption of a particular product of services. The following example illustrates a DE marketing program

EXAMPLE: antismoking campaigns: in 1988 the voters of California approved a 25-percentage pack cigarette excise tax to fund efforts aimed at reducing the percentage of California residents who smoke.

5. CONSUMER BEHAVIOUR & CONSUMER EDUCATION: consumers also stand to benefit directly from orderly investigations of their own behavior. This can occur in an individual basis or as part of more formal educational programs. As we study what had been discovered about the behavior of others, we can gain inside into our own interactions with the marketplace.

MARKET SEGMENTATION

DEFINITION: according to Professor Philip Kotler, market segmentation is the sub dividing of a market into homogeneous sub-sects of customers where any sub-sect may conceivably be selected as a market target to be reached with a distinct marketing mix.”

MARKET SEGMENTATION: according to professor Philip Kotler, is the sub-dividing of a market into homogeneous sub-sects of customers where any sub-sect may conceivably be selected as a market target to be reached with a distinct marketing mix.

MEANING: Marketing segmentation is the process of subdividing a market into distinct groups of customers with similar needs, such that a subset of the market can be selected as a target market can be reached with a distinct marketing mix. Each sub-group is characterized by particular tastes & requiring specific marketing mix.

MARKET CRITERIA FOR EFFECTIVE SEGMENTATION: A decision to use a market segmentation strategy should rest on consideration of four important criteria that affects its profitability. In order for segmentation to be viable, the market must be

- (1) Identifiable& measurable
- (2) Accessible
- (3) Substantial&
- (4) Responsive

IDENTIFIABLE & MEASURABLE: Segments must be identifiable so that the marketer can determine which consumers belong to a segment & which do not. However, there may be a problem with the segment’s measurability because numerous variables are difficult, if not impossible, to measure at the present time. For example, if the marketer discovered that consumers who perspire profusely favored a particular brand, very little could be done with this information since such a group would be difficult to measure & identify for segmentation purposes.

ACCESSIBLE: this criterion refers to ease of effectively & economically reaching chosen segments with marketing efforts. Some desired segments may be inaccessible because of legal reasons. For example: liquor manufacturers are unable to market directly to young teenagers.

SUBSTANTIAL: this criterion refers to the degree to which a chosen segment is large enough to support profitably a separate marketing program. As was noted previously, a strategy of market segmentation is costly. Thus, one must carefully consider not only the number of purchasing power.

RESPONSIVE: there is little to justify the development of a separate & unique marketing program for a target segment unless it responds uniquely to these efforts. Therefore, the problem is to identify market segments that will respond favorably to marketing programs designed specifically for them. If the four criteria above are fulfilled, segmentation will be an attractive marketing strategy.

BASIS FOR SEGMENTATION THE CONSUMER MARKET

(1) **GEOGRAPHIC SEGMENTATION:** Under geographic segmentation, the market is divided according to the place or location. The rationale behind this type of segmentation is that people located in the same area will share similar needs & wants which will be different from the needs & wants of the people living in other areas. The marketer may operate in one or more geographical areas or they may operate in all areas but pay more attention to variation in geographical needs & preferences.

(2) **DEMOGRAPHIC SEGMENTATION:**

Demography is the study of human population statistics, including size, age, sex, race, location, occupation, income, and other characteristics. It is essential for us to review these general patterns of the American consumer market and some of its major segments. Only with a clear understanding of major consumer characteristics can we begin to appreciate the implications of environmental and individual determinants of consumer behavior.

A. AGE

Marketers have found age to be a very useful factor indicating a change in the consumer interests and product needs which vary with consumer's age. LEO TOYS and FUNSKOOL are two names associated with makers of children's toys. These two companies have designed different toys to be used by children of all ages, starting sequentially from babyhood, to pre-school, to school-goers and so on.

B. GENDER

Gender is also a very important and distinguishing, segmentation variable for marketers. This is prominently visible in clothing, hair dressing and magazines read by both the sexes. Traditionally, women have been users of hair products and

cosmetics, whereas, men were identified to be users of tools and shaving products . However, today, one cannot clearly distinguish consumer in some product categories merely based on gender. For instant, women are actively involved in buying household appliances and vehicles whereas men have become significant users of skin care and hair products. Very often, we get to see magazines and TV commercials depicting men and women in very different roles as compared to their traditional roles. For instant, the ad of Nivea for men, “who says care is not for men “reflects the child-nurturing role undertaken by young fathers in today’s society.

C.MARITAL STATUS AND FAMILY LIFE CYCLE

The family has been very relevant for most of the marketing efforts. Further, for most of the products and services, the household continues to be a very important consuming unit. Marketers are also interested in knowing the roles of the various family members especially the persons involved in the actual selection of the product. Marketers are basically keen and interested in knowing the number and kind of household of their target market, the details of the demographic variables and the media profiles of the various households.

D. INCOME, EDUCATION AND OCCUPATION

Income is a very important and distinguishing demographic variable because it indicates the capacity or ability of the consumers to purchase the product. Marketers segment the market on the basis of income tax for it is assumed that there exists a relationship between a person’s income and his or her consumption behavior. Research has indicated that when consumer income increases, from the total expenditure, the percentage of expenditure on food & basic amenities declines.

| CLASS CATEGORY | ANNUAL INCOME RANGE |
|-----------------|--------------------------------|
| Very rich | Over rs.2,15,000 |
| consuming class | Between rs 45.001 & rs 2,15000 |
| climbers | Between rs 22,001 & rs 45,000 |
| aspirants | Between rs 16,001 & rs 22,000 |
| destitute | Below rs 16,000 |

E.RELIGION: Indian consumers can also be differentiated on the basis of the religion or caste to which they belong. Religion as a basis of segmentation categorizes consumers as Hindus, Muslims, Paris’s, Jain & Buddhists. To a certain extent, the effect of religion is seen in the consumption behaviour & clothing habits of the consumers.

(3)PSYCHOGRAPHIC SEGMENTATION: Here the marketer will divide the consumer into various groups on the basis of their social class, lifestyle and/or personality characteristics. Even within the same demographic group, consumer can reveal very different psychographic profiles.

➤ SOCIAL CLASS: the concept of social class indicates a hierarchy in which people in the same class generally have the same degree of status where as members of other classes occupy either a higher or lower status. A broad classification of social classes can be put as

- The rich class
- The aspirers
- The strivers

➤ LIFE STYLE THROUGH VALUES

A. LIFE STYLES :

Life style concept is also considered as another important variable determining buyer behaviour. Life styles reflect the overall manner in which persons live and spend time and money. It is behavioral concept enabling us to grasp and predict buyer behaviour. Life style concept has interdisciplinary approach as it involves sociology, culture, psychology and demography .life style concept as a basis of segmentation is quite reasonable and desirable. Life style can be measured by the products the person consumes and by the persons activities, interests, opinions, values.

C.PERSONALITY:

Personality is the individual's consistent reactions to the world about him. Personality tests attempt to measures such characteristics as dominance, aggressiveness, objectivity, achievement, motivation, etc, which may influence buyer behaviour. Personality variables are closer to explain the reasons why people buy than demographic and socio economic variables. However, the predictive power of personality variables regarding buyer behaviour can be increased by considering them with life style variables.

4. BEHAVIOURAL SEGMENTATION:

Consumers are divided into groups based on their knowledge, attitudes, use or response to a product.

A.USAGE RATE:

Segmentation differentiates the consumers as heavy users, medium users, light users and non-users of a specific product, service or brand. Marketers very often have found

heavy users through comprising a small percent account for a high percentage of the total consumption. In a research study conducted by A.GHOSH , A.MUKHARJEE and V.V.P.BADRINATH (doctoral students at IIM AHMEDABAD) to understand the demographic characteristics of the smoker in Ahmedabad city , it was found that more youngsters will smoke , with smoking habits between the ages 19-30 years , varying between three and ten cigarettes a day

B. BRAND LOYALTY: customer loyalty may be used as a basis for market segmentation. Loyalty segmentation enables marketer to tailor the promotional content & product appeal to retain the loyal customers, to attract new customers from rival brands or to convert non-loyal into loyal buyers. However, brand/store loyalty is not easy to measure. The exact meaning of brand loyalty is not yet clear. People may buy a particular article due to habit or because it has a low price, & not because they have brand loyalty.

ADVANTAGE OF MARKET SEGMENTATION:

1. **Adjustment of product & marketing appeals:** Market segmentation presents an opportunity to understand the nature of the market. The seller can adjust his thrust to attract the maximum number of the market. The seller can adjust his product to attract the maximum number of customers by various publicity media & appeals. More resources may be allocated to market segment where opportunities are better.
2. **Better position to spot marketing opportunities:** the producer can make a fair estimate of the volume of his sales & the possibilities of furthering his sales. In the regions where response of the consumers is poor, the strategy of approach can be readjusted accordingly to push the sales on the basis of marketing research on the basis of research, habits, tastes, hobbies, & nature of consumers of different markets can be understood deeply, new to harness marketing opportunities.
3. **Allocation of marketing budget:** it is on the basis of market segmentation that the marketing budget is adjusted for a particular region or locality. In the place where the sales opportunities are limited, it is no use of allocating a huge budget there.
4. **Making the competition effective:** it helps the producer to face the competition of his rivals effectively. The producer can adopt different policies, program & strategies for different markets taking into account the rivals strategies, policies & program.
5. **Effective marketing program:** it also helps the producer to adopt an effective marketing program & serve the consumer better at comparatively low cost. Different marketing program can be attached for different segments.

6. **Evaluation of marketing activities:** thus market segmentation helps the manufacturer to find out & compare the marketing potentialities of the products. It helps to adjust production & in using his resources in the most profitable manner. As soon as the product becomes obsolete, the product line could be diversified or discontinued.

7. **Increase in sales volume:** by segmenting the market, the producer can increase his sales volume. As we know, each segment has demand pattern & the producer satisfies the demand of each segment, by improving his product. The total sales volume for the enterprise increases. It is based on the fact that the multiple demand curves in a market are better than a single demand curve.

8. **Helps in distinguishing one customer group from another, selecting the market & tapping it effectively:** through market segmentation, the marketer will be able to distinguish the customer group within a given market. This will also enable him to decide & select the segment which will form his target market.

9. **Helps to identify & concentrate on less satisfied segments:** market segmentation helps the marketer to identify customers who belong to the less satisfied segments. Based on the needs of the different customer segments, marketers will make different product service offerings. They can also access the customer satisfaction levels when compared to competitor's offerings & identify the relatively less satisfied segment & make efforts to rectify the same.

REQUISITES OF SOUND MARKETING SEGMENTATION:

Market segmentation has its own benefits and costs. The strength of it lies in better understanding of consumers for making intelligent marketing decisions and their implementation. The weakness of segmentation is evident from the inability of a marketer to take care of all segmentation bases and countless variables. The possibilities are so many that practically there may be one segment for each consumer as no two consumers are exactly similar. Requisites of sound segmentation strategy are spelled out very succinctly by **professor martin.l.bell** of Washington University U.S.A these are:

1. It identifiable and measurable:

The segment or the group of buyers must be clearly defined. That is, who is in segment? Who is outside the segment? After answering these questions, it is essential to get demographic, social and cultural data about segment members. These data should permit the measurements of the size and importance of the segment as a potential project of marketing strategy. Unfortunately, obtaining segment data is seldom easy especially when the segment is defined in terms of behavioral features.

2. It gives evidence of adequate market potential:

Either an actual or potential need must exist in order to segment that opens an opportunity. Actual needs are recognized needs-overt demands for existing goods and services. Potential needs can be transformed into perceived wants through education or persuasion. Potential needs are more difficult to ascertain than actual needs. Here, marketer is to develop strategies only for substantial segments-whether actual or potential. If the segment is too small to justify a separate marketing programme, it should not be used to develop segmentation. It is the purchasing power that represents a meaningful marketing opportunity that is likely to stem either income or saving or credit as the case may be.

3. It is economically accessible:

Segmentation involves a search for enough similarity among buyers to permit the seller each search of these potential customers economically. For example, segment members could be concentrated geographically, may be shopping at the same store or may be reordering the same magazines. A segment based on motivation characteristics cannot be reached economically. If close-up tooth paste maker's attempts to reach a segment identified by the users desire to enhance sex appeal it may take TV advertising. This message reaches both the intended and others. The cost per segment member is much higher in case of TV advertising. Ant way, a segment should allow mass media.

4. It reacts uniquely to marketing efforts: a segment should make differential response to the marketing efforts put in. different segments, unless they respond in unique ways to particular marketing efforts, hardly justify the use of a separate marketing programmes. Put in other words, every efficient marketer is aiming at equal marginal response from the last unit of the marketing applied in each market. That is, all the segments must not result in same programme & levels of spending. Thus, a given segmentation, to be meaningful, should differ in its response to marketing efforts. Differing responses will help in optimizing the marketing operations by changing marketing efforts & amount involved.

5. It is relatively stable over a period of time: marketing strategies are long-range plans that project three to five years into the future. Moreover, lead-time of up to a year is often needed to analysis market & to prepare a plan. Therefore, the segments that emerge rapidly & disappear just as quickly do not offer very good marketing opportunities for a firm that follows the generally accepted approach. Only highly innovative entrepreneurs can, at considerable amount of risk, attempt to serve these segments. It is only an exceptional case than a rule.

6. It is dynamic: a final word of caution is to be given at this juncture. One should not conclude that once a company finds its segments, its problems will be solved forever. The marketing is changing constantly. The segments are to lose aggregations subject to modification. Technology,

competition, perceptions & attitudes-all are volatile. Because of such changes, marketers must monitor the market constantly to detect the changes in it to adapt the strategy accordingly.

PROCESS OF MARKET SEGMENTATION:

The various stages in market segmentation process

STAGE 1: ESTABLISH A SAMPLE OF CUSTOMERS: divide the specified market into identifiable group of customers &, taking each group in turn, develop it into a micro-segment by carefully listing what the customers in the group regard as their key features for discriminating between competing offers. When meaningful differences are known to occur within a group captures these differences as separate micro-segments.

STAGE 2: RECORD PERSONAL DATAILS ABOUT THE DECISION-MAKERS: this step can be obtained for each completed micro-segment, add some details about which it represents using applicable profiling characteristics. As these may not apply to every customer in the micro-segment, indicate the proportion each characteristic represents. Knowing how to identify& reach the members of each concluding segment will be crucial element to the success of a segmented approach to marketing.

STAGE 3: UNDERSTAND THE REAL NEEDS OF CUSTOMERS: this can be obtained by talking with a cross-section of people within the organization who have customer contact & by referring to sales & lost sales reports & appropriate past market surveys. Benefits are identified by taking each micro-segment in turn & determining the nee that are being satisfied by its key discriminating feature both individually & as a package. These are the buying criteria that customers regard as being decisive when choosing between alternative offers & are referred to as Decisive buying criteria. Price is included as decisive buying criteria for every micro-segment.

STAGE 4: BRING TOGETHER THOSE MICRO-SEGMENTS THAT ILLUSTRATE SIMILAR PATTERNS: The simplest approach is to represent the important levels for each segment decisive buying criteria in which enable you to look for matching patterns across the micro segments, such as by using stars. It is also possible to form clusters mathematically which requires importance levels to be indicated numerically. Once the clusters have been formed the information associated with each clusters micro-segments should be consolidated.

STAGE 5: VERIFY THAT THE CONCLUDING CLUSTERS CAN BE REGARDED AS SEGMENTS: this step answers the 3 most important questions:

(A) is each clusters large enough to justify the development & marketing of a specific offer.

(B) is the offer required by each cluster sufficiently different from that required by the other clusters?

(C) Can you identify which customers are to be found in each cluster so that you can target with their appropriate offer?

STAGE 6: ESTABLISH THE ATTRACTIVENESS OF EACH SEGMENT: The factors that are important to the company when having to decide where it should focus its resources, along with their relative importance to each other. Each segment is then assessed against these factors in terms of how well it can meet the requirements & by taking the relative importance of these factors into account an attractive score is determined.

STEP 7: DETERMINE THE RELATIVE COMPETITIVE STRENGTH: The ability of the company to deliver against the buying criteria of each segment is assessed from the segments perspective & by taking the relative importance of these criteria into account competitiveness score is determined. This is also determined for each of the main competitors. A relative competitiveness score for any company is then calculated for each segment by comparing the competitiveness score with the highest score of the competitors.

CURRENT TRENDS IN CONSUMER BEHAVIOUR:

Understanding of the trends in consumer behaviour will enable organizations & marketers to gain insights on the current requirements of the target market & develop suitable product/ service offerings. In the long run, such inputs can be used for working towards creating strategic advantages for the future. For understanding the trends in determinants of consumer behaviour, we have broadly viewed them under 3 categories:

- A. Customer demographic trends
- B. Technological trends
- C. Trends in public policy

(A) CUSTOMER DEMOGRAPHIC TRENDS

1. The trend of aging population is visible due to declining birth rate and rising life expectancy. The aging of the population creates new needs and wants. A few of their concerns are related to health, financial security, personal safety and recreation facilities related to these concerns will be changes occurring in their purchase behaviour. Senior citizens will seek food items offering nutritional and dietary value, easy availability of products and services (suitable location of the store), attractive health insurance schemes and willingness to spend discretionary income for travel, eating out and other recreational activities.

2. Another changing trend is the increase in the double income households with more and more women opting to work outside the home. The increase in the number of working women has particularly affected the “time resource” and a shift in the lifestyle of such households. With “time” being a scarce resource at their disposal, working women are post-poning their purchase

time to weekends or holidays. They also prefer to purchase products from shops which are conveniently located along with providing the facility of ample parking space. To serve this category of customers, marketers must understand their changing needs and offer suitable products made available, at certain strategic locations.

3. Emergence of single individual's households. With both the sexes being (equally) qualified, there is another visible trend. Being more career conscious, educated youth have developed a tendency to postpone marriage, preferring to live alone, in order to enjoy their economic independence. Such households enjoy their personal lifestyles and freedom. Being away from their family, such households at times purchase goods which convey a feeling of belonging, take up social causes etc. in order to escape loneliness.

4. Shift in the definition middle class customers. Due to the boom in the economy .the middle class has been growing. Our economy is constantly being fuelled with demand for goods and services from the rapidly expanding middle class. These middle class customers have high aspiration values, with more disposable income and purchasing power in the hands.

5. Ethnic diversity especially in metro and mini-metro cities. To avail of better economic integration, people are seen to be migrating to metro cities and mini metro to enjoy better standards of living. This has resulted in more cultural and ethnic diversity especially due to the increasing globalization of the economy and the availability of job opportunities.

The implications of this for the marketers will be the need to segment market the market carefully so as to effectively serve the distinctive ethnic groups or diverse segments. This could be the reason behind wide acceptance for departmental stores, (lifestyle, shoppers stop etc). Supermarkets (nilgiris, food world, etc), shopping malls and so on among the diverse customer market segments. Simultaneously, marketers are also required to deal with various marketing communication tools (internet, labelling of products in more than one language etc) so as to tackle the cultural diversity.

6. Geographic shifting or redistribution of population: India has been a witness to shifting of people from the rural to urban areas. However, the influx of more & more people to the urban areas has made the city expand beyond its geographical boundaries. This has resulted in the breaking down of infrastructure such as roads, transport system & other public utilities. To partly solve these problems, many organizations are relocating themselves to new locations to avail of the economic incentives & better infrastructure facilities. For instance. The ITPL (Bangalore) & Techno Park (Trivandrum). With the necessary support provided by the state governments, relocation of industries will be an attractive option.

(B) TECHNOLOGICAL TRENDS

Technology also plays a role in shaping future customer values. Customers are now at the receiving end of information explosion, especially due to the technological advances. The benefits of technological advances are many:

- Customers have more control over marketplace information
- The market has opened up to the new generation of smart products with voice recognition capabilities, designed to the selected preferences of their owner or users.
- Today's customer has got the purchasing power & ability to have access to products anytime, anywhere.
- With technology, it is also possible to have products & services customized & delivered to consumers

(C) TRENDS IN ETHICAL CONCERN, ECONOMIC PRAGMATISM & REGIONAL ECONOMIC INTEGRATION:

There is more ethical consciousness with organizations adopting certain explicit code of ethics for decision making throughout the organizations. The widely accepted societal marketing concept calls for marketers to offer products & services which fulfill the needs of the target market with a long-term perspective of improving the society as a whole. This trend of ethical concern will continue to be a focus area, with consumer behaviour becoming an integral part of strategic market planning. Economic pragmatism on the part of government is seen in the way the market sector, deregularisation & internationalization of products & services.

Two Marks

1. Define consumer behavior.
2. What is habitual buying behavior?
3. State two requisites of market segmentation.

Eight Marks

1. Explain the process of market segmentation.
2. Why study consumer behavior.

Explain the advantages of market segmentation.

Fifteen Marks

1. Explain the applications of consumer behavior.
2. Explain the current trends of consumer behavior.
3. Explain the bases for segmentation of consumer market.

UNIT: 2

INDIVIDUAL DETERMINANTS OF CONSUMER BEHAVIOUR

CONSUMER NEEDS & MOTIVATION:

Motivation concerned with:

Needs – the most basic human requirements.

Drives – tells how these needs translate into behavior.

Goals – what these behaviours aim to achieve.

TYPES OF MOTIVES:

EMOTIONAL VERSUS RATIONAL MOTIVES:

Consumer behaviourists have also made a distinction between “rational motives “and “emotional motives” {or non –rational} motives. Traditionally, the term rationality is associated with persons who carefully weigh the pros and cons of all the alternatives and then choose the one that gives “rational” will select the goals after ascertaining various objective criteria such as size, weight, price etc . As against this, emotional motives are those goals which are selected on the basis of emotion’s involvement. Usually , such goals are selected purely on personal or subjective criteria such as desire for recognition of status , fear , pride , love etc .HSBC Bank communicates about its human face {rational motives } to banking . its power vantage accountad communicates that it understands its customers dilemma on financial planning and rational desire making . Another ad from HSBC Bank using the “Different people Different views “ campaign tries to influence upon customers through the potrayal of the mother sewing up a teenager’s fashionably torn jeans or the other situations shown in the ad . This ad has got an emotional appeal conveying that it understands its customers ‘point of view without going into the banking used phrases .

POSITIVE OR NEGATIVE MOTIVATION:

Motivation can be positive or negative. If an individual experiences a driving force towards an object or person or situation, it is called positive motivation. Whereas a driving force compelling the person to away from someone or something will be known as ‘negative motivation’.

Through there is a difference between positive and negative motivational force , in terms of both the physical as well as emotional activity , both are similar , i.e., both initiate and sustain human behaviour .This is why researchers refer to motives {or drives} as needs , wants and desires .

We can understand better the difference between a positive and negative goal with an example .Say, a young executive male gets promoted and is transferred to new place. This man {executive} will join the ‘local club ‘{a positive goal} so as to gain social recognition and make new friends. The executive’s wife may join the kitty parties held by the other executive’s, wives to avoid a negative goal _ ridiculed by others as an unsociable person . In the above example, we have seen that both positive and negative goals can motivate an individual’s behaviour.

Marketers also try to project their product or service offerings such it conveys an approach motivates or avoidance motive. For instance, VLCC conveys an approach motivation to individuals who have positive goals of fitness. Castrol GTX Extra Engine oil uses the avoidance motive, informing customers to avoid any other engine oil which could spoil the car engine and only use Castrol GTX Extra which has an advanced international quality formula.

THEORIES ON MOTIVATION

HULL’S DRIVE REDUCTION THEORY:

Hull's drive reduction theory attempts to explain both motivation and learning. This theory is based on principles which may be of general interest, though Hull was mostly concerned with operations of primary needs.

According to Hull, the drive reduction act {or act of reducing the drive} reinforces the drive reducing behaviour whereby it is likely the behaviour be repeated again in case of recurrence of the need in future.

Suppose a salesman during the course of performing his work feels thirsty. his behaviour will be to speak and find out the nearest source of refreshment , a small restaurant perhaps .Going by Hull's theory , it is most likely that the individual prefer to have a cool drink which has satisfied his thirst in the past , 'sprite' for instance . if this new option is found to be satisfactory , then it is likely to be selected next time the salesman is thirsty .

In the above example, we have discussed above positive motivation. Similarly, people can also experience negative motivations or prefer avoidance of certain items or situations. Since the above salesman is thirsty, he is likely to avoid salty things, which can make him even thirstier. Suppose, a tourist is visiting the various historical place in the north India, but he is allergic to spicy food. So, he will avoid taking spicy food items & may prefer to take a bland diet food.

PERSONALITY:

According to Carl Rogers, personality is self, an organized, permanent, subjectively perceived entity which is at the very heart of all our experiences.

According to Freud'sLudans, personality means how a person affects others & how he understands & views himself as well as the pattern of inner & outer measurable traits & the person-situation interaction.

PERSONALITY INFLUENCES AND CONSUMER BEHAVIOUR

- Consumer innovative
- Dogmatism
- Social character
- Need for uniqueness
- Optimum stimulation level
- Variety or novelty seeking

CONSUMER INNOVATIVES:

Innovation always has an element of risk, because there will be easy acceptance of the new products and services only if both the marketers and consumers are to equally gain from the right innovation. Consumer researches have developed various measurement instruments to understand the level of consumer innovativeness, specifically the personality traits which provide insights into nature and boundaries of a consumer's willingness to innovate.

DOGMATISM:

Dogmatism is the personality trait which will indicate the degree of rigidity individuals display when confronted with something which is unfamiliar to them or towards information which is contrary to their own established beliefs. The person who is high on dogmatism will approach the unfamiliar defensively and decide on the worthiness of the products or services. On the other hand, those who are low on dogmatism will willingly consider unfamiliar or opposing beliefs.

OPTIMUM STIMULATION LEVEL:

Consumer researchers have examined the relationship between personality traits and differences in the stimulation which, in turn, may be related to consumer behaviour. Researches have indicated high optimum stimulation levels (OSLS) with consumers who display more willingness to take risks, try new products, be innovative etc.

VARIETY OR NOVELTY SEEKING:

Customers seeking variety or novelty in their consumption behaviour. This variety seeking behaviour can be:

Exploratory purchase behaviour (exploring newer brand).

Vicarious exploration (consumer obtains information about new alternatives and contemplates about the new option with caution and reservation).

Use innovativeness (already using a product in a new or novel way).

SOCIAL CHARACTER:

The personality trait depicting social character is closely related to socio-cultural environment or sociological research. Here, the reference is of two types of personality traits –inner directedness (consumers who rely on their 'own' intuition or standards or values while evaluating new products) and other directedness (these are the consumers who look to others for directions or

guidance, especially in case of new products). The former categories of consumers are more likely to be innovators.

A. BIO-CHEMICAL FACTORS DETERMINING PERSONALITY

1. **HEREDITY:** There is some evidence that certain children are more vulnerable than others to the discomfort to the environment and that this predisposes them to anxiety under stress. Comparisons of quiet children with moderately active infants suggest innate characteristics which influence later personality development for example a high level of the digestive substance pepsinogen in infants is related to hyper activity, restlessness and tension.

2. **BLOOD SUGAR:** The sugar control of blood must be within certain limits for the normal functioning of the brain and other organs. If the sugar level falls below a certain limit, psychological functions are affected and alterations in personality can be found. Most outstanding changes resulting from lack of sugar in blood are changes in mood and irritability.

3. **DIET:** Diet brings marked changes in personality. Lack of diet brings about serious psychological changes in people. During the Second World War the American psychologists conducted a very important experiment on 32 young soldiers, who agreed to semi-starvation for a period of 6 months because of this starvation they lost to the tune of 25% starvation affected the personality adversely.

4. **DRUGS AND ALCOHOL:** many drugs are tested on human bodies to know the effect of the drugs on behaviour when sedatives are given to people; they bring about certain changes like reduction in general activity.

TYPES OF PERSONALITY THEORIES:

PSYCHOANALYTIC THEORY:

Psychoanalytic theory explains human behaviour in terms of the interaction of various components of personality. Sigmund Freud was the founder of this school. Freud drew on the physics of his day (thermodynamics) to coin the term psychodynamics. Based on the idea of converting heat into mechanical energy, he proposed psychic energy could be converted into

behavior. Freud theory places central importance on dynamic, unconscious psychological conflicts.

1-THE ID:-The ID is the only component of personality that is present from birth. This aspect of personality is entirely unconscious and includes of the instinctive and primitive behaviors. According to Freud, the ID is the source of all psychic energy, making it the primary component of personality. The ID is driven by the pleasure principle, which strives for immediate gratification of all desires, wants and needs. If these needs are not satisfied immediately, the result is a state anxiety or tension.

2-THE EGO:-The ego is the component of personality that is responsible for dealing with reality. According to Freud, the ego develops from the ID and ensures that the impulses of the ID can be expressed in a manner acceptable in the real world. The ego functions in the conscious, preconscious and unconscious mind. The ego operates based on the reality principle, which strives to satisfy the ID's desires in realistic and socially appropriate ways.

3-THE SUPEREGO:-The last component of personality to develop is the superego. The superego is the aspect of personality that holds all of our internalized moral standards and ideals that we acquire from both parents and society-our sense of right and wrong. The superego provides guidelines for making judgments. According to Freud, the superego begins to emerge at around age five.

TRAIT THEORY:

According to the diagnostic and statistical manual of the American Psychiatric Association, personality traits are “enduring patterns of perceiving, relating to and thinking about the environment and oneself that are exhibited in a wide range of social and personal contexts.” Theorists generally assume a) traits are relatively stable over time b) traits differ among individuals (for instance, some people are outgoing while others are reserved) and c) traits influence behaviour.

- a) Openness to experience: The tendency to be imaginative, independent and interested in variety vs practical, conforming and interested in routine.
- b) Conscientiousness: The tendency to be organized, careful and disciplined vs disorganized, careless and impulsive.
- c) Extraversion: The tendency to be sociable, fun-loving and affectionate vs retiring, somber and reserved.
- d) Agreeableness: The tendency to be soft-hearted, trusting and helpful vs ruthless, suspicious and uncooperative.
- e) Neuroticism: The tendency to be calm, secure and self-satisfied vs anxious, insecure and self-pitying.

TYPE A AND TYPE B PERSONALITY THEORY:

During the 1950s, Meyer Friedman and his co-workers defined what they called type A and type B behaviour patterns. They theorized that intense, hard-driving type A personalities had a higher risk of coronary disease because they are “stress junkies.” Type B people, on the other hand, tended to be relaxed, less competitive and lower in risk. There was also a type AB Mixed profile.

Type A persons feel a chronic sense of time urgency, are highly achievement-oriented, exhibit a competitive drive, and are impatient when their work is slowed down for any reason. Type B persons are easy-going individuals who do not feel the time urgency, and who do not experience the competitive drive. Type A individuals are significantly more prone to heart attacks than Type B individuals. While Type A persons help the organization to move ahead in a relatively short period of time they may also suffer health problems, which might be detrimental to both themselves and the organization in the long run.

BEHAVIORIST THEORY: Ivan Pavlov is another notable influence. He is well known for his classical conditioning experiments involving dogs. These physiological studies let him to discover the foundation of behaviourism as well as classical conditioning.

HUMANISTIC THEORY: Maslow spent much of his time studying what he called self-actualizing persons, those who are fulfilling & doing the best they are capable of doing. Maslow believes all who are interested in growth move towards self-actualizing views. Many of these people demonstrate a trend in dimension of their personalities. Characteristics of self-actualizers according to Maslow include the four key dimensions.

NATURE OF PERSONALITY:

(1) Individuals get differentiated from one another based on their personalities: no two individuals are alike. Their attitudes, their abilities, behavior way of expression etc. differs among the individuals. The reason may be due to the inner characteristics that constitute individuals personality are of unique combination of factors. There are many personal quantities which are vary from person to person. Some people may be very strong in their mindset & be able to face any situation but some or not. Personality enables to categorize consumers into different groups on the basis of a single trait or a few traits.

(2) Personality of an individual remains consistent & is long lasting: An individual's personality is commonly thought to be both consistent & enduring. Human beings have adopted a consistent pattern of responding to the environment. How the individual react to the environmental stimuli exhibits his ability & endurance.

(3) Personality is consistent and enduring: Generally, an individual's personality remains almost the same throughout his or her life. We often hear old people commenting "He has been of the same nature "very quiet" since the time I have known him". Such statement contention that personality is both consistent and enduring.

(4) Personality can change: Certain specific events can bring about a change in the individual's personality. For example, marriage, birth of a child, a significant career promotion etc.

SELF CONCEPT

It is defined as the composites of ideas, feelings and attitude of a person has about their own identity, worth, capabilities and limitations.

COMPONENTS:

- (1) Self image
- (2) Ideal self
- (3) Self-esteem = confidence level

CONSUMER PERCEPTION

According to Mr. Joseph Ritz perception includes all those process by which an individual receives information about his environment seeing, hearing, feeling, tasting and smelling. The study of this perceptual process show the functioning is affected by 3 classes of variables the object/event being perceived, the environment in which perception occurs and the individual doing the perceiving.

Customer perception is define as the way that the customer usually view or feel about the certain services and products. It can also be related to customer satisfaction which is the expectation of the customer towards the product.

ELEMENTS OF PERTCEPTION / CUSTOMER PERCEPTION

(1) Sensation: It refers to the immediate response to the received stimuli. Stimulus is any unit of input to any of the senses.

(2) The absolute threshold: The lowest level where sensation can be attained is called the absolute threshold. If a person being able to detect any difference between something and nothing is called absolute threshold. An old advertisement cannot give the effect when

compared to new advertisements. There are different types of advertisement. This again fall backs on which segment to target, when, where to advertise.

(3) The differential threshold: The minimal difference that can be detected or can be found out between two similar stimuli is called differential threshold. According to Ernst Weber, j.n.d. between two stimuli was not an absolute amount but an amount relative to the intensity of the first stimulus.

(4) Subliminal perception: The stimulus which is too weak or too brief to be consciously seen or heard is not so strong enough which may be perceived by one or more receptor cells. This is known as subliminal perception because the stimulus is below the threshold though not obviously below the absolute threshold of the receptors involved.

(5) Expectations: The marketer always tries to fulfill the needs of the consumer. If the marketer is able to fulfill the consumers' expectations, the company will have a good image on the mind of the customer. The customer also wants the company to come out with the product according to their expectations. If the product is introduced with the expectations of the customers, the customers will give more interest about that product rather than a product which is introduced not according to the customers' expectations. An advertisement is made focusing on the needs of the customers in generally. The segment who thinks the product has been focused on them, will give good response to it. The marketer also gives advertisement based on the age of the people, sex and segment wise so that the stimulus can be better perceived by the customer.

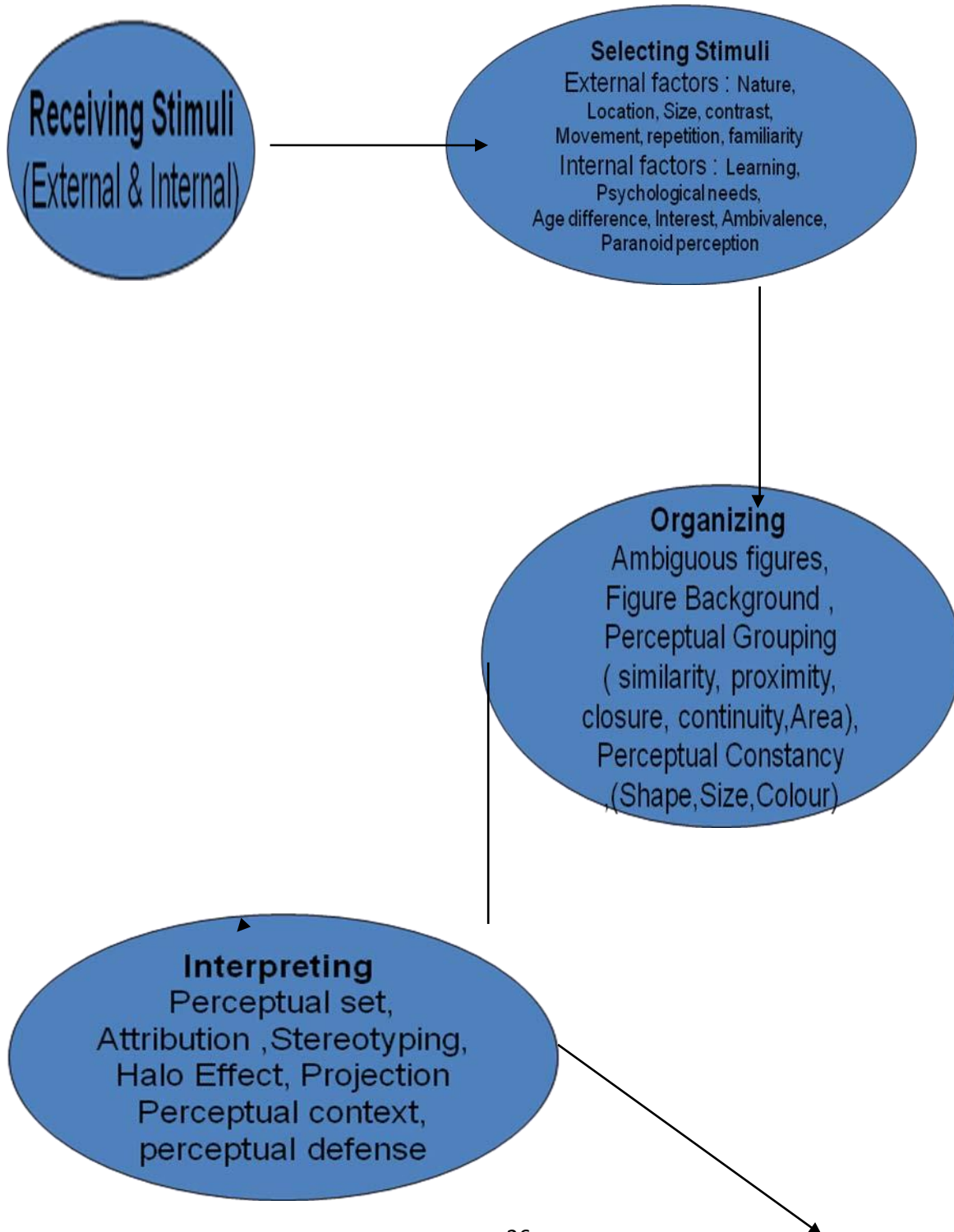
(6) Selective exposure: Consumer perceives lot of stimulus in the environment. But the consumer accepts only those stimuli which they think can satisfy their expectations. They usually try to decline unrelated stimuli. They select such stimulus which helps in making purchase decision.

(7) Selective attention: Consumer gives utmost attention when perceiving stimuli from environment. They give importance only to those stimuli which will satisfy their needs and wants or their expectations and decline the unrelated stimulus. They collect information or do information search about a product in such a way that it helps in purchasing the goods. Different people have different criteria of making selection. Some will select based on the brand, price, social appeals, etc.

(8) Selective reception and retention: There is a natural tendency among people to be selective while receiving certain information and retaining in such a way that will support their pre-conceptions.

(9) Perceptual vigilance or defense: Customer perceives lot of stimulus but the customer tends to avoid stimulus which are not related to their needs and wants though the customer is exposed to stimulus. They perceive unconsciously the stimulus but they are very careful in selecting the stimulus.

PERCEPTUAL PROCESS:





- Receiving Stimuli: Stimuli are received by us through sensory organs such as vision, hearing, smell, touch & taste. There are two types of stimuli. They are:
 - * Internal stimuli: Energy generated by muscles, food passing through the digestive system, etc.
 - * External Stimuli: Light waves, sound waves, mechanical energy or pressure, etc from objects that one can smell & taste.
- Selecting stimuli: The process of filtering information received by our senses is called selecting stimuli or selective attention.

External Factors:

- * Nature: Whether the object is visual or organs of hearing.
- * Location: The best location of a visual stimulus for attracting attention is directly in the front of the eyes & in the centre of a stage in a conference hall..
- * Colour: it can be used to attract attention of a product or to create a suitable atmosphere.

Example: Red distance effect-close

Black Psychological effect-Death or mourning

- * Size: Generally, objects of larger size attract more attention than do smaller ones.
- * Contrast: It states that external stimuli which stands out against the background or which are not what people are expecting, will receive their attention.



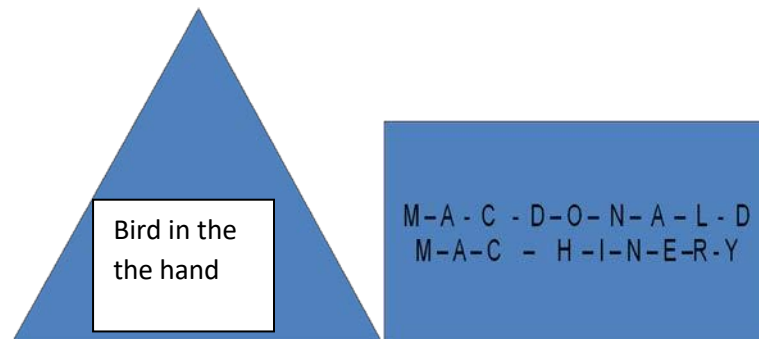
* Movement: The principle of motion states that a moving object receives more attention than an object that is stationary. Ex: A workman will be focused more on a conveyor belt of a machine than a idle flower vase.

* Repetition: It state that a repeated stimuli would draw more attention that a non repetitive one. Ex: The same advertisement of an airtel flashed daily on television is based on the principle of repetition.

* Novelty & Familiarity: New objects in familiar settings or familiar objects in new settings or familiar objects in new settings will draw the attention of the perceiver.

Internal Factors:

* Learning: Learning is a cognitive factor. People tend to perceive what they want to perceive.



* Psychological needs: needs play significant role in perceptual selectivity. Example: A thirsty person in a desert, for instance, gets the illusion of water when seeing sand from a distance.

* Age Difference: Senior executives complain about the inability of the young ones to take tough decisions concerning terminating people or paying attention to details & paper work.

*Interest: Perception is unconsciously influenced by the interests of the perceiver.
Ex: A painter will notice the colour or paint of building whereas a common may notice it.

*Ambivalence: It is mixed feeling about a situation. It means opposing emotional attitude towards the same object. Ex: A son may be anxious, curious to purchase a laptop. Once he purchases Samsung laptop with Windows Xp features. After few years a laptop would be launched with additional features such as Windows7.His attitude towards the same object would be opposing because the laptop purchased may not meet his current needs.

*Paranoid Perception: An emotionally disturbed person, his perceptual field differs from that of reality & personalised interpretation. Ex: Mr X, a paranoid person may perceive a football as a basket ball.

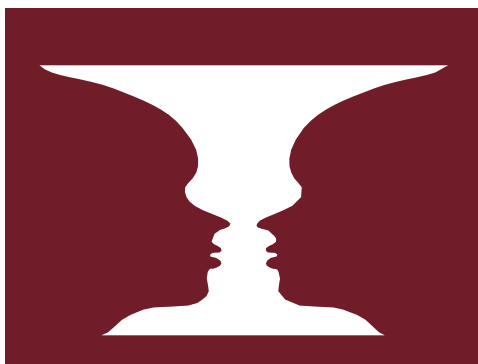
- Perceptual Organisation: It is the process by which people group stimuli into recognisable patterns. Example: Most people have a mental picture of an object made of plastic & having four legs, a seat, aback- an image of chair.

People organise the incoming information into a meaningful whole & recognise the object to be a chair.

Factors affecting in perceptual organisation are as follows:

* Ambiguous figures: Perceptual organisation becomes a difficult task when there are confusing & disorganised stimuli in the external environment.

- * Figure Background: It states that the relationship of a target to its background influences perception.





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- Perceptual Grouping: This principle was 1st defined by Gestalt psychologists include the following:
 - * Principle of similarity: When objects of similar shape, size or colour tend to be grouped together. Ex: All employees who wear Black Gown may be perceived as a Lawyer, when, in reality, each worker is a civil lawyer or criminal lawyer or a unique individual.
 - * Principle of proximity: It states the tendency to perceive stimuli which are near one another as belonging together. Ex: Several employees in an organisation may be identified as a single group because of physical proximity.
 - * Principle of Closure: A person has a tendency to perceive a whole when none exist. It supplies missing stimuli. Ex: When, a manger has to take a decision even when there is no sufficient data. He takes the decision based on experience; imagination the data can be filled.
 - * Principle of Continuity: It is the tendency to perceive objects as continuing patterns. In business forecasting, a common continuing error is to assume that the future will simply reflect current events & trends.
 - * Area: Where one part of an area showing an ambiguous figure is smaller in size than the remainder, it is more likely that the smaller area will be seen as a figure & the rest of the total area as background.
 - Perceptual Constancy: A more subtle or thin part of perceptual organisation is constancy.
 - * Shape Constancy: Whenever an object appears to maintain its shape despite marked changes in the retinal image. Ex: Whether we view 'Bangle' from the side or front, its shape is 'Round'.
 - * Size Constancy: It refers to the fact that as an object is moved farther away we tend to see it as more or less invariant in size. Ex: The players in the opposite side of the field do

not look smaller than those closer to you even though their images on the retina of the eye are much smaller.

* Colour Constancy: It implies that familiar objects are perceived to be of the same colour in varied conditions.

- Process of Interpreting: Once the data have been received & organised, the perceiver interprets or assigns meaning to the information.

Factors affecting the interpretation of data are as follows:

* Perceptual Set: Previously held beliefs about objects influence an individual's perception of similar objects.

* Attribution: It refers to the process by which the individual assigns causes to the behaviour he or she conceives.

* Stereotyping: It means judging someone on the basis of one's perception of the group to which that person belongs.

* Halo effect: The halo effect refers to the tendency of judging people on the basis of a single trait which may be good or bad, favourable or unfavourable.

* Perceptual Context: The context in which an object is placed influences perception.

* Perceptual Defense: It is the inability to perceive that is threatening to the perceiver.

* Projection: We tend to believe that other possesses the same characteristics of what we have.

- The process of checking: The perceiver tends to check whether his interpretations are right or wrong.
- The process of reacting: The perceiver would finalise with some action in relation to his or her perception which may be a favourable or unfavourable.

Definition of learning: - According to **Chris Argyris**, "Learning is detection and correction of error where an error means any mismatch between our intentions and what actually happens."

LEARNING THEORIES

- **Behavioral Learning Theories** :-
 - ✓ Classical conditioning
 - ✓ Cognitive learning theory
 - ✓ Instrumental conditioning

- ✓ Modeling observational learning
- ✓ **Classical Conditioning** :- Ivan P Pavlov

There are 3 concepts of classical conditioning which are very important for strategic applications. They are:-

 - ❖ **Repetition** :- It increases the togetherness of unconditional stimulus and conditioned stimulus and decreased forgetting. But there is a limit of repetition. Over learning is also bad. If it is done repeatedly both attention and detention will decline. This is known as advertising wear out which can be decreased by varying the advertising message.
 - ❖ **Stimulus generalization**:- Learning not only depends on repetition but depends on the individual how to accept. Some of the factors which determines the stimulus generalization are :-
 - 1) Product line, form and category extensions: - The marketer would like to extend his product line, by adding related products to an already established brand, knowing that the product added to the product line would be adopted. When associated with a known and trusted brand name the main aim of a marketer to add a product to its product line is to bring accepted by the consumers because, if a new product will take a long time to get recognized.
 - 2) Family Branding:- The marketer offers the whole line products under the same brand name.
 - 3) Licensing:- By licensing, the popular brand name can be affixed to products of other manufacturers.
 - 4) Generalization Usage Situations:- Apart from product line extensions and product categories, the marketers try to generalize the usage situations of desired brands.
 - ❖ **Stimulus discrimination**:- This is the total opposite to stimulus generalization. Here, only a specific stimulus is selected among the various stimuli available.
- ✓ **Cognitive Learning Theory** :- In this theory learning takes place by way of consumer thinking and problem solving.

Information processing:-

Information process is characterized by the consumer's cognitive ability and also on the type of information received.

Process of information:-

1) **Structure of memory :-**

- a) **Sensory store:** - If the information is not processed immediately, it will be lost immediately and therefore again the whole process has to be repeated.
- b) **Short-term store:-** Here the information processed is held only for a certain period. The time taken to transfer the information is hardly to 2-10seconds.
- c) **Long term store:-** Here the information is store definitely for a longer period as compared to the short term store period.

2) **Rehearsal and Encoding:-**

Rehearsal is the process of silent, mental repetition of information. The purpose is to hold information in short-term storage, long enough for coding to take place.

Encoding is the process where a consumer selects a word or visual image to represent a perceived object.

3) **Retention :-**

The product purchased by a consumer if satisfied, would help in retaining its existing customers. The retention is very important from the companies point of view, because, if a customer is satisfied with the service of a particular product, it will help the company to grow and also will give a positive signal.

4) **Retrieval :-**

It is a process from where information can be retrieved from the long term storage. The information is stored in memory.

✓ **Instrumental theory:-**

According to **B.F.Skinner**, the American psychologist who is also known as the “Father of behaviorism.” He is the 1st person to understand the causes of human behavior. He found that the behavior is caused as a result of “inner forces” which is driven by desires and motives etc.

✓ **Modeling observational learning:-**

Here the consumer learns by observing or imitating the behavior of others. According to **Millet M.E and Dolland john** this type of learning as learning imitation on imitative behavior. The consumer imitates the behavior of those whom

they feel rewarded in the hope that they be reward themselves by adopting the behavior either by the person whom they model or by others who admire and respect the model.

➤ **Cognitive Perspective**: - Learning as a mental process.

➤ **Humanistic perspective :- Maslow, Abraham**

Abraham Maslow has been considered the **Father of Humanistic Psychology**.

Maslow proposed other goals of learning, including discovery of one's vocation or destiny; knowledge of values; realization of life as precious, acquisition of peak experiences, sense of accomplishment, satisfaction of psychological needs, awareness of beauty and wonder in life, impulse control, developing choice and grappling with the critical existential problems of life.

➤ **Social Learning Perspective:-**

Factors that influence observational learning:

- 1) Attention – the learner must have his/her senses directed at the model.
- 2) Retention, coding and storing the patterns so they can be retrieved. This may include vivid imagery and verbal descriptions.
- 3) Motor reproduction – kinesthetic and neuromuscular patterns are practiced with successive iterations until the model's behavior is approximated by the observer.
- 4) Reinforcement and incentives – propel the learner to attention, practice and retention.

MEASURES OF CONSUMER LEARNING

There are three measures. They are as follows:-

- a) Recognition and recall measures
 - b) Cognitive responses to advertising
 - c) Attitudinal and behavioral measures of brand loyalty
- a) **Recognition and recall measures:-** It is basically done to know whether the message conveyed to the customer actually has reached or not. There are two types of recall measures, viz. "recognition tests" and "recall test". The recognition tests are based on

aided, here the consumer is shown an 'ad' and then tests him whether he saw this 'ad' before and did he remember anything or any of the salient features of the product.

- b) Cognitive responses to advertising:- Here, we can notice how deeply a customer is effected by the advertising. The comprehension being conveyed through the advertisement might create a good image of the customer. Usually the marketer conducts copy testing either before the advertising or pretest after the advertising.
- c) Attitudinal and behavioral measures of brand loyalty: - This is actually the overall feelings of the customer.i.e.to know the product, brand and therefore the purchase intentions of the customer.

CONSUMER MEMORY

There things influence consumer's ability to understand messages:

- i. **Imagery**: when the brand name, words and slogan work together to create an image in the mind of the consumer, it will invoke, feelings and objects and a direct recovery of past experiences.
- ii. **Color**: colors have an enormous impact on marketing messages and color affects consumers in a subjective manner, so that most of the time consumers don't even know they are being affected.
- iii. **Font**: The presentation of words and how they are shaped will also enhance the marketing message and contribute to the value and meaning.

CONSUMER LEARNING: - learning can be defined "as a relatively enduring change in behavior due to experience".

Consumer learning can be said to be "The process by which persons acquire the purchase and consumption knowledge and experience that they apply to future related behavior".

Elements of learning process. These components are:

- 1) Drive
 - 2) Motivation
 - 3) Cues
 - 4) Response
 - 5) Reinforcement and retention
- 1) **Drive**: - Drive is said to be any strong stimuli that impel action.

- 2) **Motivation:-** For instance, a young working executive is interested in the purchase of a (time saving) fully automatic washing machine – so she (the executive) will be motivated to get all information related to a washing machine – the features (whether it is preferable to go for a top loading washing machine, or a front loading washing machine), the various brands available, prices, quality of performance and the time saved in case of the various types of washing machines. The degree of involvement will be dependent on the consumer's level of motivation which will be seen in the way she searches for more information and tries to increase her knowledge about the product or service.
- 3) **Cues:-** stimuli can be any object existing in the environment, as perceived by the individual.

Lakme understood the desire of women to look stunning, young and confident with an energetic individually. Realizing this, Lakme communicated about its Lakme Beauty salons where professional beauty services are provided, through various print media.

- 4) **Response:-** The stimuli will result in responses. How people react to a drive or cue, i.e., how they behave constitutes their response.
Hero Honda revolutionized the Indian two – wheeler industry with the launched of its 'why should boys have all the fun? Scooter 'pleasure', customized for women with the focus on manageable bikes.
- 5) **Reinforcement:-** Reinforcement is a very basic condition of learning. Reinforcement is closely related to the psychological process of motivation. Reinforcement refers to those environment events, which increases the likelihood of specific response occurring in the future as a result of particular cues or stimuli.
Domino's Pizza has been able to create positive reinforcement through their claim and delivery of the pizza (ordered by the customer) in 30minutes. Customer expectations are building up through the various promotional schemes used by the company. So, when Domino's Pizza is delivered in 30minutes, the customer will be satisfied with it. For, the customer learning takes place, especially since his or her past experienced has been positive and very satisfying.
- 6) **Retention:-** The stability of learned behavior maintained by the individual over a period of time is called retention. Retention is a well learned response which is achieved with the passage of time.

For example, when a lady receives a very good response on visiting a particular retail outlet for the first time, she will learn to positively respond by visiting this retail outlet

again whenever the need arises. If she continuous with this store patronage over a period of time, this learned behavior is known as retention.

ATTITUDE

Attitude refers to the predisposition or a tendency to respond positively or negatively towards a certain idea, object, person or situation.

STRUCTURAL MODELS OF ATTITUDES:-

- 1) Tri – component attitude model
- 2) Multi – attribute attitude model
- 3) Trying – to – consume model
- 4) Attitude – toward – the ad model

- 1) **Tri – component attitude model:** - Attitudes consist of three major components: a cognitive component, an effective component and a co-native component.
 - a) **A cognitive component:** - The knowledge and perceptions that are acquired by a combination of direct experience with the attitude object and related information from various source.
 - b) **The affective component:**- A consumer’s emotions or feelings about a particular product or brand constitute the affective component of an attitude.
 - c) **The co-native component:**- conation, the final component of the tri – component attitude model, is concerned with the likelihood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object.
- 2) **Multi – attribute attitude model:-**
 - a) **The Attitude – toward – object:**- The attitude – toward – object model is especially suitable for measuring attitudes toward a product(or service) category or specific brands.
 - b) **The attitude – toward – behavior:**- The individual’s attitude toward behaving or acting with respect to an object rather than the attitude toward the object itself.
- 3) **Theory of Trying – To – Consume model:-** The theory of trying to consume is designed to account for the many cases in which the action or outcome is not certain but instead reflects the consumer’s attempts to consume(i.e., purchase).
- 4) **Attitude – Toward – The – Ad models:-** “A model that proposes that a consumer forms various feeling (affects) and judgments (cognitions) as the result of exposure to an

advertisement, which, in turn, affect the consumer's attitude toward the ad and attitude toward the brand".

THEORIES OF ATTITUDE CHANGE

- 1) Consistency theories
- 2) Early Learning theories
- 3) Social judgment theories
- 4) Functional theories

1) **Consistency theories:-** The basic assumption of these theories is the need of the individual for consistency. There must be consistency between attitudes, between behaviors and among attitudes and behaviors.

2) **Early Learning theories:-** This section might more accurately be called behavioral theories of attitude change .

Today, few attitude change theories feel that the early research by Hovland and others has direct impact on current procedures. However, these early researchers investigated basic issues, such as reinforcement, incentives and drive – reduction constructs that are related to how motivational states influence information processing and persuasion.

3) **Social judgment theories:-** Social judgment theory focuses on how people's prior attitudes distort their perceptions of the positions advocate in persuasive messages and how such perceptions mediate persuasion. Social judgment theory – is an attempt to apply the principles of judgment to the study of attitude change.

Social judgment theory's core propositions can be summarized as follows:

- a) A person's current attitude serves as a judgment anchor for new attitude positions.
 - b) Latitude widths determine whether a message's position will be assimilated or contrasted (e.g., accepted or rejected).
 - c) Ego involvement of a person broadens the latitude of rejection and narrows the latitude of non – commitment.
 - d) Both assimilation and contrast effects increase as a positive function of a message's position and the recipient's attitude.
 - e) Ego involvement increases the anchoring property of initial attitudes.
 - f) Greater contrast produces more negative evaluations of message content, which produces lesser amounts of attitude change.
 - g) Ambiguity enhances like likelihood of judgment distortions. Therefore, other effects are greater when recipients are exposed to persuasive messages whose content positions are ambiguous.
- 4) **Functional theories:-** The utilitarian function acknowledges the behaviorist principle that people are motivated to gain rewards and avoid punishment from their environment. The knowledge function of attitudes presumes a basic human need to gain a meaningful, stable and organised view of the world.

Katz's ego – defensive – function emphasizes the psychoanalytic principle that people use defence mechanisms such as denial, repression and projection to protect their self – concepts internal and external threats.

CONSUMER ATTITUDES

According to **Gordon Allport** “Attitudes are learned predispositions to object or class of objects in a consistently favorable or unfavorable way”.

The three components of attitudes

- 1) **COGNITIVE COMPONENT (brand beliefs)**
- 2) **AFFECTIVE COMPONENT (brand evaluation)**
- 3) **CONATIVE COMPONENT (intention to buy)**
- 4) **BEHAVIOUR**

An Example of Likely Measures of Three Components of Attitude for Two services:-

| | | |
|---------------------------|---|--|
| ATTITUDE COMPONENT | UPS(united Parcel Services) For Shipping a Business's small Packages | Booking Airline Tickets on the internet |
|---------------------------|---|--|

- a) Family:- The term family can include the immediate family members and also the extended family which means along with immediate family(father, mother, sister, and brothers). The extended family will include relatives and close friends. Thus, the family plays a very important role and is an extremely important source of influence on the formation of attitude.
 - b) Reference groups:- The reference groups serve important inputs to a consumer's learning of his attitudes and awareness of alternative behaviours and lifestyles.
 - c) Social factors:- The social classes also influence a consumer's attitudes. The social classes perform the important task of transmitting cultural behavioral pattern to specific groups and families. They define the expectations of society from groups of consumers as well as form the individual consumer.
- 2) **Personality factors**:- personality factors/characteristics are themselves determined by group and social factors. Many research studies show positive relationship between a consumer's personality variables and particular attitudes.
- a) Direct experience:- Attitudes towards goods and services are formed through the consumer's direct experience with the product or service. Realizing this, marketers have frequently attempted to stimulate trial of new products by offering samples, discounts and other sales promotion offers. For instance, the various shampoo's like Pantene, Head & Shoulders, Sunsilk, etc. are available in sachet form in the market.
 - b) Direct marketing:- Marketers are increasingly using highly, focused direct marketing programmes to target 'consumers' with products and services that fit into their interest and lifestyles. Marketers very carefully build up customer information through the creation of a huge database (as done by organisations like the Reader's Digest, Citibank and the LIC).
 - c) Exposure to Mass Media :- Marketers also mass media to communicate and provide information to the consumers at large, about their various product offerings. Thus, consumers are constantly exposed to newspapers, other print media and television, through which they get introduced to new ideas, products, opinions and advertisements.

ATTITUDE CHANGE:-

- **It is Easier to change beliefs rather than desired benefits:-**

Marketers could try to change the existing brand beliefs and the benefit being sought to, by changing the value consumers place on brand attributes. For instance, a manufacturer of detergent powder may produce a brand which consumers may regard to be harsh on the hands with strong odour but helps to remove stains from cloths. However, most consumers may put more value on the benefit of a mild, yet effective stain – removing detergent. So, accordingly the manufacturer could try to convince consumers through advertisements where more emphasis is laid on the stain – removing ability along with additional information convey that the detergent is not harsh on hands. Through this marketing strategy marketers can try to bring about a change in brand beliefs within the consumers existing value structure.

- **It is Easier to change brand beliefs than brand attitudes:-** Through advertising, marketers follow the principle that beliefs are easier to change because advertising generally communicates about the attributes of the brand. People did not have a positive attitude towards the performance of the Karnataka State Road Transport Corporation (KSRTC).
- **In the case of Hedonic products, attitudes are the more relevant strategic vehicle for change:-** When consumers purchase products based on emotion or fantasy, they are relying more on attitudes rather than beliefs.
Earlier, Indian consumers had a firm belief and attitude that any product well maintained can be used for a lifetime. They had the attitude which conveyed the feeling. But now with a large per capita income, falling interest rates, easier consumer credit, increased mobility, exposure to newer markets and products, media exposure to global lifestyle etc. have brought about a change in consumer attitudes. Now, products such as a mobile (or cellular) phone are not purchased for its utility value only. In fact, the added features are inducing and also changing the consumer attitude towards the mobile phone which is used even as a hedonic (pleasure giving oriented) product.
- **It is easier to change attitudes, when there is low level of involvement with the product:-** When consumers are having a high level of involvement with a product, they will accept messages only if the messages agree with their beliefs. Similarly, when the involvement is low, consumers are more likely to accept communication (or message) even if it does not agree with prior beliefs.
- **Weak attitudes are easier to change than strong ones:-** Marketers have found that when consumer brand attitudes are not strong, it will be more easy to establish new associations with the brand.
- **It will be easier to change attitude held by consumers who have less confident in their brand evaluations:-** In India, with increasing life expectancy, on the one hand and rising inflation and medical expenses on the other, the need for planning one's retirement was emerging as an important one. However, it was found that only around 11 per cent of

India's total population was adequately covered for post – retirement life. This can be attributed to low awareness of and attitudinal barriers with respect to these issues among consumers.

A research carried out by ICICI indicated a lot of barriers:-

- 1) Low awareness of the need for early retirement planning among consumers.
 - 2) Belief among consumers that planning for retirement starts only when one is in one's 50s.
 - 3) The word 'retirement' itself brought to mind a lot of negatives associated with old age, loss of independence (social, financial and physical), leading to avoidance or deferment of decisions regarding the same. However, ICICI through its multidimensional creative strategy which advertised **retire from work – not life** was able to bring about a change in change in consumer attitudes. It had a communication strategy which conveyed 'ICICI prudential retirement solutions' will help you plan early (among the 30 – 40 years age group) for retirement, ensuring that one will continue to live life the way you always wanted to. The end result was the well known success story of the brand ICICI prudential.
- **It is easier to change attitudes which are based on ambiguous information:-** when purchased of certain products involve highly technical information which needs to be clarified, it could lead to an attitude change if the same is provided for. For instance, Intel has been able to establish itself in the corporate sector through its Intel inside campaign. At that time, very few people were aware of the fact that it was Intel's chip which was being used inside the PC (personal computer).

Two Marks

1. Define attitude.
2. Define consumer perception.
3. Define personality.
4. What is consumer perception?
5. What is memory?

Eight Marks

1. Explain the tri-component model of attitude.
2. Distinguish between Type A & Type B personality.

3. Explain the learning process.
4. Distinguish between perception & sensation.
5. Explain the sources of attitude formation.

Fifteen Marks

1. Explain the Abraham maslow's hierarchy of needs.
2. Explain the consumer learning theories.
3. Explain theories of personality.
4. Explain the process of consumer perception.

UNIT 3

ENVIRONMENT DETERMINANTS OF CONSUMER BEHAVIOUR

Meaning of the term family:

A family can be defined as two or more persons living together who are related by blood or marriage.

Types of family:

1. On account of orientation: it is the family a person is born into, consisting of parents, brothers & sisters and other relations such as grandparents, uncles etc. or the extended family. Such a family grouping has an established purchasing pattern which an individual is exposed to since childhood.
2. Family of procreation: a family can also be referred as a family of procreation which consists of a buyer's partner and children. In this context, the family has a more direct influence and everyday purchase decisions.
3. Single parents with children below 18 years: there can also be single parents with children below 18 years. There could be such single parent, households because of marriages ending in divorce or an unmarried parent with an adopted child under 18 years of age. In such a family, along with financial burden, the single parent will also have limited time to spend with his or her child.
4. Live in couples: in the recent past, there is visible, especially in metro cities, the emergence of households with living couples. Some hetero sexual couples are choosing not to follow convention and remain unmarried though they may live together. Such living couples are dual earning households and tend to have higher disposable income.

BENEFITS OF FAMILY:

There are a few benefits which are applicable to a family member:

1. Financial and economical support: a big family function is that it provides the necessary economic and financial support to its family members. In urban India, nuclear family setup is quite common, where as in rural India; we can still come across joint families or extended families. In the cities, with most of homes becoming dual income households (with more and more women taking to work), we get to see the existence of extended family where a parent (or grand parent) is needed to do baby sitting and some minor household chores.
2. Socialization: As a part of socialization process, right from one's childhood ,each individual is taught the basic values and code of conduct expected from the society.

Socialization can take the form of direct interactions received from our parents and indirectly what we learn by observing the behavior of others (parents, teachers, elders, etc) around us. Marketers are interested in the consumer socialization process. During childhood, parents are the role models of their children. So, during this period, their consumption pattern (dressing, eating habits, etc) will be greatly influenced by the parents. During teenage (or as college goers), it will be the peer's and the friends opinion and attitudes which will affect their purchasing decisions. Later on, after completion of studies when one starts working or consumer behaviour will be influenced by our colleagues and working friends. After marriage, while setting up a new household, our consumption pattern and purchasing decisions will be greatly influenced by one's spouse. Kellogg's (children and parents enjoy it together), liquid surf excel (bond between the newly married daughter and mother) vicks suckle tablet (grandmother to children), Allahabad bank (son and father have a preference of the same bank), ICICI bank (husband and wife), whisper choice (mother and daughter), HDFC standard insurance (parents, son and his child) and so on.

3. Household work: family lifecycle refers to the several phases people go through in their lives, i.e. the process of family formation and dissolution. Each life cycle will differ from the earlier stages in terms of : a) family setup or structure, b) the financial status and requirement, c) products or services need and preferences, and d) consumption pattern and buying behaviour.

YOUNG SINGLES:

Single people under the age of 35. Incomes are low since they are starting a career, but they have few financial burdens and a high level of discretionary income.

SUB-CULTURE AND CROSS CULTURAL INFLUENCES:

MEANING OF SUB-CULTURE AND ITS INFLUENCES:

Sub-culture can be defined as the set of learned belief, values, attitudes, habits and forms of behaviour that are shared by sub-sets of a society and transmitted from generation to generation within its sub-sets.

Culture is the shared patterns of behaviours and interactions, cognitive constructs and affective understanding that are learned through a process of socialization.

CROSS CULTURAL INFLUENCES:

Cross cultural marketing can be said to be the efforts being made to determine the extent to which the consumers of two or more countries are similar or different. For example, pepsi

jeans London, an industry leader with the highest market share of 25% in the premium market has always focused on being close to the consumer and reach out to them in the best possible way. Apart from its exclusive stores, on identifying a significant gap and absence of any key players in the ready-to-wear premium branded segment for pre-teens and teens, it had launched a new segment exclusively for teenagers called pepe 1016.

UNDERSTANDING CROSS CULTURAL VARIATIONS INFLUENCING CONSUMER BEHAVIOUR:

1. Consumer customs and values: Each country has its unique customs and value system. For instance, many of the multi national companies like Mc Donalds, Pizza hut, Domino’s and Subway have opened their food outlets in India with products include Mc veggie and Mc chicken and specializes in serving customers with burgers(even has a vegetarian meal). In fact, even the cheese and cold sources used in India are 100% vegetarian. Barbecue chicken and roasted cottage cheese to suit the local tastes. Along with pizza, the menu also features appetizers like garlic bread, soups, fresh salad , oven baked pastas and choice of icecream sundaes.
2. Language and symbols: for cross cultural marketing : it is necessary that the marketer understands the language of a target market, for language is the means of communicating the beliefs and customs of a particular culture. Symbols are indicative of the purchasing power of the particular culture. Maruti Suzuki have used the symbols of Maruti(Hanuman’s another name) symbolizing the strength of the son of wind god. This symbol communicates how powerful the car was
3. DIFFERENCES IN CONSUMPTION CULTURE :The level of consumption orientation in different markets is an cross- cultural factor that companies should consider when developing international marketing strategies . For instance , India , Mexico and many South American countries have a large middle class of consumers that can consume at significant levels. The Asian countries of the so called pacific rim have a rapidly growing middle class with substantial spending power.
4. SELF CONCEPT:People in different cultures may have strikingly different concepts of themselves and how they should relate to other people . For example , Japanese gift giving behaviour is strongly affected by the socially oriented self –concept.

CULTURE CHARACTERISTICS ANDITS DESCRIPTION

| FEATURE OF CULTURE | DESCRIPTION |
|---------------------------|--|
| 1.culture satisfies needs | Culture provides standard rules for eating, dress codes, ans so on as long as they yields consumer satisfaction. |

| | |
|--|--|
| <p>2.culture is a learning response</p> <p>3.culture inculcates values</p> <p>4.culture is a social phenomenon</p> <p>5.culture and gratifying responses</p> | <p>Culture teaches an individual how to behave so as to match the accepted ideology either by formal learning or informal learning or technical learning</p> <p>Cultural norms are inculcated and passed on from generation to generation by specific groups and institutions such as one's family , educational institutes, religious organisations etc.</p> <p>An individuals behaviour is governed by the society and the group he interacts with</p> <p>The society recognizes and rewards persons whose behaviour are gratifying to its members . foe example the due regards respect the society sshows to gurus such as Sri Sri Ravishankar, Dalai Lama</p> |
|--|--|

FEW EXAMPLES OF CERTAIN SUB-CULTURE CATEGORIES

| SUB-CULTURE CATEGORY | EXAMPLES |
|----------------------|--|
| Geographic culture | North, south,east,west |
| religion | Hindus, muslims, Christians, jains, Sikhs,parsis etc |
| age | Babies, teenagers,young, middle age,senior citizens |
| occupation | Business, engineer, doctor, teacher, bus driver etc |
| social class | Rich, middle, lower |

GROUP DYNAMICS AND REFERENCE GROUP INFLUENCES:

Group dynamics is a group of behaviours and way of thinking that occurs within a social group between social groups. A reference group is a group which serves as a reference point for the person in the formation of his or her beliefs, attitudes and behaviour.

MEANING OF REFERENCE GROUPS: A reference group is any person or group of people that significantly influence an individual behaviour.

TYPES OF REFERENCE GROUPS:

1. **CONTACTUAL GROUP :** It is a group where an individual has an regular face to face contact with the members in the groups. Contractual group can be further classified as primary and secondary contractual group . The members of primary group exhibit marked similarities in beliefs and behaviour . example for primary contractual groups is our family members , friends , business associates etc .in secondary contractual group the individual frequency of contact with the team member is less comparative to the primary group. Example of secondary contractual group are associations, community organization etc
2. **Aspirational group:** aspirational group are the reference group that we admire and wish to be like but are not currently a member. Example: individuals may aspire professional to join as association or club in which the sophisticated class people are the members or the small boy might aspire to join the reputed cricket club in their locality and play cricket with the youngster there.
3. **Disclaimant group:** disclaimant group is a group to which an individual belongs but the individual dislikes his group attitudes, values, and behaviour of that particular group to which he belongs. Example: some youngsters acts as a disclaimant group where they want to disassociate themselves from cultural norms and follow western style of dressing, colour their hair, tattooing their bodies , frequently going out to parties, discotech etc. They ignore the values and attitudes of their parents and try to adopt a different type of behaviour and attitudes.

AVOIDANCE GROUP: The avoidance group is the group where the individual does not belong to a particular group nor likes the behaviour, attitudes and values of that particular group. The group has the negative influence over the behaviour and attitude of an individual.

NATURE OF REFERENCE GROUPS

There are certain characteristics of reference groups which can impact and influence consumers:-

1-NORMS: Norms are the generally undefined rules and standards of conduct, the group establishes. Such norms could be related to the appropriate dress code, eating habits, makes of cars or brands of cosmetics.

2- VALUES: Values are those shared beliefs about what are desirable and undesirable behaviour among the group members. Although values are largely defined by cultures and sub-cultures, it may vary according to family (values) and peer group. For example one family may give more value to the social status while another on education and self enhancement.

3- ROLES: Roles are functions that the group performs or which the group assigns to the person so as to attain the group goals. In marketing, marketers are interested in identifying the specific roles performed by the group members, in influencing the purchase decision, so as to direct communication programmes at them, in an attempt to induce positive buying behaviour.

4- STATUS: Status refers to the position one occupies within the group. For higher status means more power and influence. Symbols of dress or ownership of vehicles etc. are indications of one's level of status. Consumers tend to purchase products and services which will demonstrate their status in a broader societal sense i.e, of being more wealthy and the implied superior position in the society.

5-SOCIALISATION: Consumer socialization refers to the process by which consumers will acquire the knowledge and skills that are necessary while purchasing product and services. Marketers try to influence consumer's purchase decisions by using various communication media with appropriate role models (Virendra Sehwaq-Boost, Aishwarya Rai- Nakshatra diamond, Sania Mirza- Tata Tea etc).

6- POWER: The extent to which the group can exert influence on the individual is closely related to the group's power.

–expert power: To have expert power, an individual or group must have sufficient experience and knowledge.

–referent power: Referent is based on the individual's identification with members of the group. Greater the similarity between the individual's beliefs and attitudes and that of the group members, more is the referent power of the group.

–reward power: Reward power is based on the group's ability to reward the person. Social group can reward purchasing behaviour by paying compliments on cloths, or books provided by a relevant group member to reinforce the consumer's choice.

REFERENCE GROUPS INFLUENCE ON CONSUMERS

1-**INFORMATION AND EXPERIENCE**: Our own government's economic liberalization programmes have brought about a lot of changes in the structure of the marketplace. The customer has also responded in a more conscious and choosy manner. They are involved in a process of gathering, interpreting and using market information in a more systematic and

thoughtful way. The consumer will not accept the marketing messages at face value. He would prefer to filter out the messages, choose the source and message appropriate to him. Thus in a group interaction, there is a flow of mass communication among the group members and this information influences the consumer behaviour.

2- CREDIBILITY, ATTRACTIVENESS AND POWER OF THE REFERENCE GROUP:

The group members are attracted to each other by some social bonds because they share some common concerns, values or ideology. The group, through interactions with the members, assures that a process of two-way communication exists, without any boundaries. This facilitates sharing of knowledge and information about the products/services available in the market, by the group members. The group is attractive enough for the consumer because it suits him to be associated with a group which has a high degree of credibility. The consumer places a lot of value on the approval or acceptance of the group members or others whose personality they consider to be that of a leader or those who are given high status by the society. This means a consumer is likely to adopt products and brand or behaviour characteristics of the group which they approve or accept.

3- CONSPICUOUS OF THE PRODUCT: Conspicuous of the product could be a visually conspicuous one or a verbally conspicuous one. Visually conspicuous means the product appeals to others without any barriers of communication. The product as it is can be seen by the consumer. Visualisation of the product in its actual form and simultaneous appeal to eyes and ears will tend to form lasting impressions on the minds of the consumers. Verbally conspicuous product refers to verbally communicating/informing the consumers about the product. By passing information, an attempt is made to try and establish an 'image' of the product by communicating about its distinctive features. This provides the consumer also an opportunity to make a comparative study of similar products. For instance the advertisement of 'Henko' (washing powder), 'Pepsodent' (toothpaste), 'Reynolds' (ballpoint pen) and so on. Thus, verbal conspicuousness of the product helps the consumer to take quick decisions- whether to or not to buy a particular product.

STAGES OF GROUP DEVELOPMENT or FORMATION OF GROUP or GROUP LIFE CYCLE

Groups proceed through five stages of development. These stages and their characteristics are as follows:

1. Forming

- a. Characterized by uncertainty about the group's purpose, structure, and leadership b. Activities focus on efforts to understand and define their objectives, roles, and assignments
- c. Interaction patterns tried out, discarded, or adopted.

d. The more diverse the group, the more difficult is forming; particularly sensitive stage for multicultural groups

2. Storming

- a. Characterized by conflict and confrontation
- b. Involves redefinition of group's tasks and goals.
- c. Members may begin to withdraw.
- d. If conflict is not suppressed at this stage, it will hinder future stages

3. Norming

- a. Characterized by cooperation and collaboration.
- b. Cohesiveness begins.
- c. Open communication, significant interaction, and efforts to agree on goals occur.
- d. Behavioral norms are established.

4. Performing

- a. Group is fully functional.
- b. Structure and roles are set and accepted.
- c. Some groups attain a level of effectiveness that remains more or less constant; others continue to change.

5. Adjourning

- a. Termination of group activities resulting from task completion or goal attainment.
- b. May be marked by very positive emotion well as feelings of loss, disappointment, or anger.

HOUSEHOLD: household means a house and its occupants which includes all persons, both related and unrelated.

DIFFERENCE BETWEEN FAMILY AND A HOUSEHOLD:

Family is two or more people living together who are related by blood or marriage. Household is a broader term that includes a single person living alone a group of individuals who are living together under one roof, regardless of whether they are related or not.

TYPES OF HOUSEHOLD:

1. **Married couples without children:** the individuals who fall under this category might fall in the age group between 24 to 30 yrs. By the time the individuals would have settled in their profession and be earning a good salary. These category people have more disposable income and they spend it on luxuries, travel, entertainment etc. marketers try to target this segment, infact this is the most attractive segment for the marketers, as the people here has money to spend and as their responsibilities and commitments are less.
2. **Single parents:** a person bringing up a child or children without a partner is called a single parent. The rate of being single parents is increasing day by day.
3. **Individual living with others:** individuals living with other people rather than their own family members fall under this category. The individuals might be living with their siblings, first circle relatives or friends. There may be a variety of reason for this, the individual might be doing job in a city for this reason he has to be departed from family members and live with others or he might be studying in a different city so he has to live away from his parents etc.
4. **Unmarried couples:** young singles living alone fall under this category. They have more disposable income to spend as the need not bother of the family responsibilities. They may also go for buying automobile or technological products like mobiles, laptop, ipods etc. marketers can design good marketing programs and target towards this segment and generate good revenues.

NATURE OF SOCIAL CLASS:

1. **Social stratification :** social stratification refers to the perceived hierarchies in which consumers rate others as higher or lower in social status .social stratification is dependent on the ideals and values of society . The bases for approaches towards social class vary from society to society .The norms , values and purchasing patterns serve as a frame of reference of behaviour of consumers in a particular social class .
2. **STATUS SYMBOLS :** A possession intended to show a persons wealth or high status in society is called status symbol . status symbol can be represented in the way we live ,products we use etc. .It might be clothing we wear ,the house we live ,car we drive or the luxury products we use . According to the social class categories the status of the individual varies . The higher class individuals enjoy a different status and the middle and lower class individuals enjoy different statuses respectively .
The high class person uses all sophisticated products as his status symbol . He might own an BMW or MERCEDES BENZ , DINE in 5 star hotels , travel in air etc. He uses very expensive products In day to day life . It might be a tie or shoe he wears

whereas middle class individual is different from high class individual , he prefers to go for sophisticated products but due to his limitations, he might have to opt for his range of products ,like travelling in a 2 wheeler buying branded sunglass etc.

3.SHIFT IN THE SOCIAL CLASS : shift in the social class is the movement of an individual from his present social class to another . The movement can be an upward or downward . The upward movement in the social class brings a higher level status to the individual . An individual may move towards upper class due to a good education and good employment opportunities . After the liberalization and globalization of Indian business , lots of employment opportunities are generated in the society .

SOCIAL CLASS AND CONSUMER BEHAVIOUR; social class refers to the ranking of people in the society into a hierarchy of upper, middle and lower class based on their power and prestige. Social class is defined as the division of member of a society into distinct social classes so that members of each class have relatively the same status and members of all other classes have either more or less status.

SOIAL MOBILITY: social mobility refers to the movement of an individual or household, over a period of time when he or she climbs up the social ladder, moving up from lower to middle to upper class with economic development and increase in family income and purchasing power.

YOUNG SINGLES: Single people under the age of 35. Incomes are low since they are starting a career, but they have few financial burdens and a high level of discretionary income.

Two Marks

1. Define family.
2. What is house-hold?
3. What is social stratification?
4. What is social class?

Eight Marks

1. Write a note on cross cultural influences on consumer behavior.
2. Explain the stages of traditional family life cycle.
3. Write a note on nature of social class.
4. Explain the stages of group process.

Fifteen Marks

1. Write a note on reference group influences on consumer behavior.

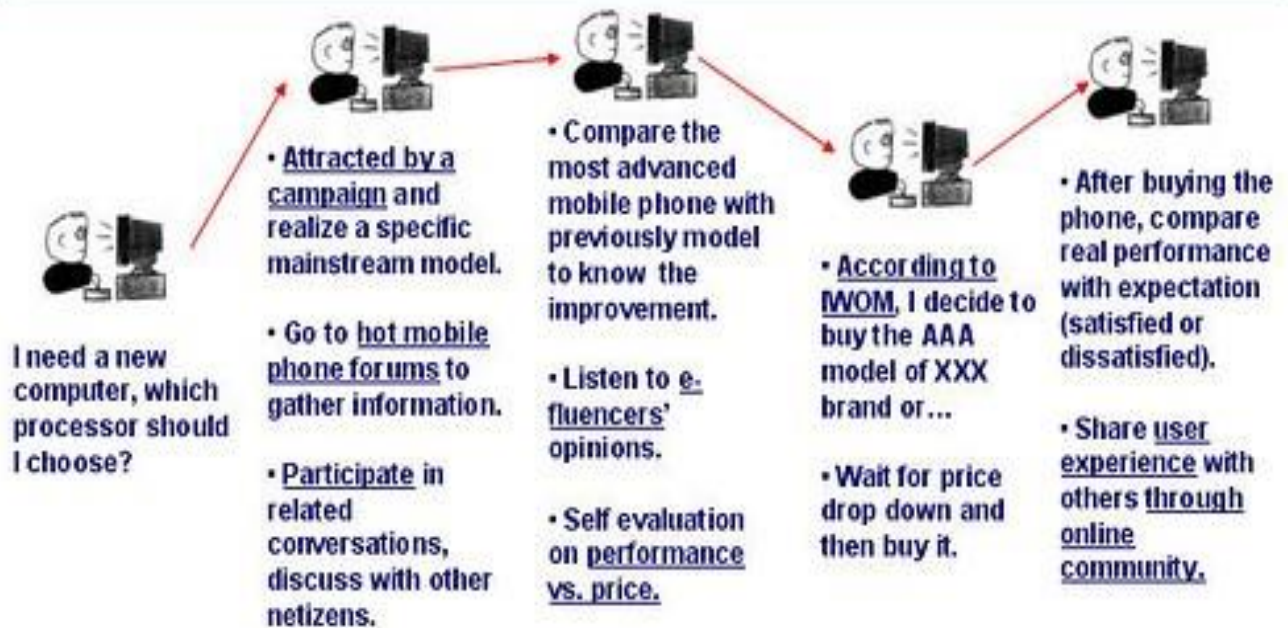
Unit 4

CONSUMERS DECISION MAKING PROCESS

CONSUMER DECISION MAKING: consumer decision making refers to the process under which consumers go through in deciding what to purchase, including problem recognition, information searching, evaluation of alternatives, making the decision and post-purchase evaluation.

MEANING: say a house wife goes to purchase a mid priced range tea, her decision making process making merely involves making a selection from the various brands of tea like taj mahal, tata tea, red label, yellow label and so on. The process by which a person is required to make a choice from various alternative options is referred to as decision making.

Stages involved in the decision making process



Consumer Purchase Decision Process Model Reference: Kotler P. & Armstrong G (2001) *Principles of Marketing*

1. Need Recognition

The buying process starts when the buyer recognizes a problem or need. The need can be triggered by internal ,external factors, marketing stimuli. *Eg. Person's normal needs-hunger/ thrust –rises to threshold level and becomes a drive.*

Marketing helps consumers recognize an imbalance between present status and preferred state.

2. Information Search

An aroused consumer will be inclined to search for more information. There are two types of search:

1. Internal search- memory.
2. External search- if the consumer needs more information, will engage in external search. These sources are:
 - Friends and relatives (word of mouth);
 - Marketer dominated sources;
 - Public sources etc.

The information search helps buyer find possible alternatives- i.e.- the *Evoked Set*.
Eg. Hungry- want to go out and eat. Evoked set is Chinese food , Indian food, Italian food etc.

3. Evaluation of Alternatives

Consumer evaluation process:

The consumer sees each product as a bundle of attributes for delivering the benefits sought to satisfy these needs. A product is viewed as a bundle of attributes. Attributes of interests to buyer may be :

- *Cameras : picture clarity, sharpness, size ,price*
- *Hotels: Location ,cleanliness, atmosphere, price*

Information about the characteristics of the products are provided by the marketer.

Competitor brand information helps compare and evaluate the brands. In order to reduce the number of alternatives, a Cut-off criteria may be applied on the basis of important attributes.

The important attributes are ranked and brands rated on the attributes.

Brand that is rated highest on the most important attributes is more likely to be selected.

In evaluation stage the consumer form preferences among the brands. In this phase- consumer Choose buying alternative.

Factors that influence buying at this stage are:

- Situational Factors : Store, Method of purchase , Incentives offered, out of stock, budget etc.
- Social Factors: Attitude of reference group members

- Perceived risk : High priced products imply higher risk. Low priced products may have performance risk. Foreign brands because of After sales service aspect may have high risk.

4. **Purchase or No Purchase Decision:** Consumer decides on the brand to purchase and makes the payment. The consumer may also decide not to purchase any product at all.

5. Post Purchase Experience and Behaviour

Consumer analyze the Brand, during Purchase and Usage (Post-Purchase). The analysis is done basis Expectation vis-à-vis Level of Satisfaction. The outcomes are: Satisfaction or Dissatisfaction.

- Satisfaction will create brand preference
- Dissatisfaction will lead to negative feelings and create anxiety and doubts

This phenomenon is called **Cognitive Dissonance**

Cognitive Dissonance : is the Inner tension that a consumer experiences after recognizing an inconsistency between behavior (purchase decision) and values or opinions (buyer's beliefs).

- Did I make a good decision?
- Did I buy the right product?
- Did I get a good value?

Marketing can minimize Cognitive Dissonance through:

- Effective Communication
- Follow-up
- Guarantees & Warranties

CONSUMER INFORMATION SEARCH PROCESS:

1. Input: the component which helps the consumers in decision making based on the external influences which serves as sources off information about a particular product and therefore which relates to consumers attitude, values and behaviour.

A) Marketing inputs: the marketing mix is a very important tool which helps in growing or developing company. The various methods by which the consumers much its consumers are either by mass media advertising, direct marketing, personal selling and other promotional efforts and also the price factors which helps in moving the product from the manufactures to the consumer. So, the consumers perception play a big role in moving the products from the manufacturers to the consumers.

B) Socio-cultural inputs:the influence of social class, culture and sub culture though has less tangible, but re very important input factors which are very much internalized and effect how consumers evaluate and ultimately adopt the product.

2. Process: how the consumers make decisions about the product is depicted here. To understand the process the influence of psychological factors such as motivation perception, learning, personality, attitudes plays a very important factor in consumer's decision making process. Also if the consumer choose a product, the consumer has to do a pre-purchase search and then compare the product of other brand.

3. Output:

A) Purchase behaviour: usually the consumer make three types of purchase such as trial purchase, repeat purchase and long term purchase, when the consumer purchase new product, they usually purchase less quality, because if the consumer does not like the product.the product purchase might have to be thrown out. So, the consumer while purchasing a product go for which is well established which can be very much useful. The consumer will make the repeat purchase of the same product if the consumer likes it.

B) Post purchase evaluation:

1. Actual performance matches expectations leading to a neutral feeling.
2. Performance exceeds expectations causing what is known as positive disconfirmation or expectations.
3. Performance is below expectation causing negative disconfirmation.

PERSONAL INFLUENCING FACTOR: personal factors which influence the buying process of the customer:

1. Age and life cycle stage: like the social class the human life cycle can have a significant impact on consumer behaviour. The life cycle is an orderly series of stages in which consumer attitude and behavioural tendencies evolve and occur because of developing maturity, experience, income and status. Marketers often define their target market in terms of the consumers present lifecycle stage.
2. Occupation and income: the profession or the occupation a person is in again has an impact on the products they consume. The status of a person is projected through various symbols like the dress, accessories and possessions.
3. Life style:our life style are reflected in our personalities and self-concepts, same is the case with any consumer.
4. Personality: personality is the sum total of an individual's enduring internal psychological traits that make him or her unique. Self -confidence, dominance, autonomy, sociability, defensiveness, adaptability and emotional stability are selected personality traits.

OPINION LEADERSHIP: opinion leader is the process by which the person informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. opinion leaders are viewed as potential ambassadors of good will by the consumers.

CHARACTERISTICS OF OPINION LEADERS:

1. Opinion leaders are perceived to be highly credible sources of product related information: opinion leaders are persons who are considered to be knowledgeable. Opinion leaders often voice their opinion based on first hand information. This first hand information from the opinion leaders helps in reducing the perceived risk or anxiety inherent in the purchase of new products.
2. Opinion leaders are gregarious and are people with experience: opinion leaders are found in equal numbers and in various levels of social groups. But what sets them apart from the other people is their experience counts a lot when they are giving information or gregarious nature.
3. Opinion leaders provide unbiased information, that is they provide both favourable and unfavourable information to their opinion seekers: a commendable aspect of the opinion leaders is that they provide both favourable and unfavourable information of the product. This quality of the opinion leader adds to their credibility. It is because of this characteristics of opinion leaders, that opinion seekers have faith in them and are confident that they are receiving the correct information which will help them in taking product related decisions.
4. Opinion leaders are both sources of information and advice: partly based on their experience and partly based on their information they will advise the opinion seekers on the various product or service oriented aspects.
5. Opinion leaders have got greater exposure to the media, especially in their area of leadership: opinion leaders are considered to be knowledgeable than others because of their always being in the limelight, they are awarded a certain status and are persons who least deviate from the group norms. Because of the above mentioned qualities, these opinion leaders are always exposed to various media and also sought after by marketers.
6. Opinion leaders tend to be consumer innovators: opinion leaders have a tendency to seek more information or advice in the specific product or service category in which they are interested. Because of this interest to express their views based on first hand experiences, they are likely to try new product in a particular product category as soon as it is introduced.
7. Opinion leaders have got some personal product specific characteristics like personality traits, social status and demographic features: opinion leaders are said to be having personality traits which include self-confidence and gregariousness,

are socially inclined outspoken and possess a certain amount of knowledge, and interest in areas where they are looked up to as opinion leaders.

ROLE PLAYED BY OPINION LEADERS:

Opinion leaders are highly involved with a product category. They gather information about new, technically complex and risky products by reading about them in newspapers, journals and magazines (also special interest magazines). They attend product launch parties, trade fairs and trade shows, conferences and symposiums etc. They also enter into conversations and discussions with subject experts, researchers, scientists, and even innovators. Innovators provide them with accounts of their first hand experience. It is noteworthy that sometimes even Opinion Leaders act as innovators and are the first to try out a new product offering in the product category of their interest.

Opinion Leaders are said to be performing the authority figure role as they act as experts and authorities for a particular product category. They have knowledge, expertise and experience with the product category. They are aware of the various evaluative criteria on which the product and service offerings should be assessed and they are also aware of the decision rules that need to be applied to make a final purchase decision. Opinion Leaders are also aware of the various brands that are available, and the value associated with each. So they are in the best position to provide information and advice to consumer as to i) whether to make a purchase? ii) If yes, which brand to buy? Because of this role that they perform as experts, consumers prefer approaching them for information and advice. This helps the consumers i) reduce the level of physical and cognitive effort associated with a purchase; ii) reduce the level of risk associated with the purchase. Opinion Leaders enjoy playing this role because of the prestige and pride associated with it. As mentioned above, they may voluntarily play this role and enjoy talking about a product category, or they may be approached and requested for it by the consumers. In any case, they derive pleasure and pride in acting out the expert's role.

Opinion Leaders are specific to a product or service category. It is very rare that an Opinion Leader is an expert or authority for more than one product category. This is because of the fact that it would involve a lot of effort and would be difficult for a person to be well informed and

educated about any and every product category. Further, the expertise would be maintained only if it is an ongoing effort of information gathering, storage and retention. It would involve a huge amount of effort to develop and maintain expertise in more than one or few areas. Thus, as an expert, Opinion Leaders specialize in one product category. However, Opinion Leadership could tend to overlap across certain

combinations of interest areas, i.e., Opinion leaders in one product category can often be Opinion Leaders in related areas, like kitchen ware and household goods, fashion apparel and cosmetics, computers and mobiles, tourism and travel.

ii) Trend setter: Opinion Leaders act as trend setters. They are inner oriented and do not bother about what others in the society say or do. They are also innovative and often go in for purchase of new product and service offerings (of their interest category) and through the purchase and usage, they set the trend.

Opinion Leaders play the trend setter role when they narrate accounts of their personal experiences to others to copy and emulate. In other words, if they purchase a new innovative product of their interest, they speak of their experience as acts of behavior that the audience (opinion receivers/opinion seekers) should emulate.

Unlike the authority role (of providing news and advice), they emphasize more on narrating their personal experiences. Rather than knowledge and expertise being the source of credibility, it is the personal experience that provides credibility.

Once a trend is set by trend setters, people begin to copy them. In fact they act as a reference group for others who want to use the same product and service offerings that are used by former. As trend setters, Opinion Leaders could belong to membership or non-membership reference groups.

iii) Local Opinion Leader: People like to behave like others in their reference groups. They desire social approval from contactual (membership) and aspirational (non-membership) groups. People from such groups directly or indirectly provide information and advice that helps consumers to make purchase decisions, and buy such goods and services and/or brands that the contactual and aspirational groups approve off.

Opinion Leaders are said to act a local opinion leaders when a) they constitute a person's positive reference group; and b) they provide information about such product and service

offerings and/or brands that help satisfy their needs and wants of the consumer group in a manner that is consistent with group values and norms. As local opinion leaders, they provide knowledge and advice, and narrate personal experiences about product and service offerings. Their credibility lies in the fact that as they belong to the same group as others who approach them, they are able to advise on the “good” or “bad”, and thereby guarantee social approval and appreciation.

Both Opinion Leaders and Opinion Receivers/seekers have their own reasons for providing information and receiving/seeking product information and advice. Opinion Leaders give product related information and advice sometimes voluntarily on their own and sometimes when are approached and asked for. Similarly Opinion Receivers/Seekers request for information or listen with listen with patience to all that the Opinion Leader has to say. There are various reasons as to why such communication exchange takes place between Opinion Leaders and Opinion Receivers/Seekers, be they relatives, friends, acquaintances or even strangers. Some of the reasons why Opinion Leaders provide information and why Opinion Receivers/Seekers receive or seek information and advice are discussed below. These explain the motives behind the Opinion Leadership process.

i) Why do Opinion Leaders provide information?

- Opinion Leaders like to give product news, provide expert advice and also love to share their experiences with others. This is because they are involved and interested in a product or service category, and love to talk about it (product involvement).
- WOM communication gives them an opportunity to talk about their interests to others. Further they may feel so positively and favorably or negatively and unfavorably about a product and/or brand that they feel like telling about it to others (product involvement, self involvement and social involvement)
- As they possess knowledge, expertise and experience with a product category, they feel important and powerful when people approach them for information and advice. It confers upon them a sense of superiority or special status over others. They take pride in providing information and advice (self gratification, power and pride). They also feel that others to whom they have given information and advice on new products or services have bought them because of them.

They may be genuinely be benevolent and generous, and out of altruistic concerns may like to help others, especially family, friends, relatives and neighbors (selfless motive: social involvement).

- Opinion Leaders may be also trying to reduce their own level of post-purchase cognitive dissonance (self-interest).

- Interestingly true, many provide information as a) they may be wanting to try out a new product or service offering after someone else buys and uses it first; or b); or c) they may themselves be trying to reassure themselves of their own purchase decision by recommending it to others; and d) they may be dissatisfied with a purchase and like to complain about the purchase of the product and service and/or brand and/or company and/store from where it has been purchased

ii) Why do Opinion Receiver/Seekers request for information?

- Opinion Receivers/Seekers gather information so that they can make the right purchase decision, with respect to the right product and service offering, the right brand, at the right price, from the right store and at the right time. Especially in cases of high involvement products, a person may be less knowledgeable and less involved and can take advice from someone who is more experienced and knowledgeable for that product category.

- They obtain information about new-product or new-usage.

- It reduces the physical and cognitive effort that the Opinion Receivers/Seekers has to take to gather information, evaluate alternatives and take the right decision. They also save on time required to gain information about product and the varying brands.

- Product knowledge and advice reduces the level of uncertainty associated with a purchase. It helps them reduce the perceived risk as they are able to gain product and/or brand knowledge from experts, who are also many a times innovators and first-time users of the product (Opinion Leaders are innovative by nature and this has been discussed in the previous lesson).

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

People also turn to Opinion Leaders so as to confirm their purchase decisions. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

The Opinion Leadership process is highly dynamic in nature. Opinion Leaders communicate informally about product and service offerings and/or brands. They offer product information and advice, and narrate experiences. They are not generic in nature; they are specific to a product category, and an expert in one product category would not be an expert for another product category. Thus, a person may be an Opinion Leader for a product category and an Opinion Receiver for another. The dynamic nature of Opinion Leadership is discussed as follows:

Opinion Leaders provide product information, advice and narrate experiences: Opinion Leaders communicate informally about product and service offerings and/or brands; they give product news and advice to consumers (current and potential) and also narrate their personal experience to others. As such they act as authority figures, trend setters and local opinion leaders.

Opinion Leaders provide both positive and negative information: Opinion Leaders provide both favorable and unfavorable information about product and service offerings and/or brands, and this adds to their credibility. Compared to positive and neutral information and/or evaluation, the impact of negative information and/or evaluation is much greater and has a bigger impact on Opinion Receivers/Seekers. Thus, they would avoid such product and service offerings and/or brands that are spoken negatively by Opinion Leaders.

Opinion Leaders are influential and persuasive: Opinion Leaders are highly influential and very effective at persuading people around them. They are credible informal sources of product knowledge, information and advice. People look up to them for advice and they are good at influencing the former because of the following:

DYNAMICS OF OPINION LEADERSHIP PROCESS:

The Opinion Leadership process is highly dynamic in nature. Opinion Leaders communicate informally about product and service offerings and/or brands. They offer product information and advice, and narrate experiences. They are not generic in nature; they are specific to a product category, and an expert in one product category would not be an expert for another product

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CONCEPT OF DIFFUSION OF INNOVATION

- Introduction of new product and service vital for customer and for marketers. How consumer accepts new products? For marketers introduction of new product as an opportunity.
- **Meaning of Diffusion Process:** Process by which the *acceptance of an innovation* (new product, new service, new practice) is *spread by communication* (mass media, sales person) to the *target market*.
- How new products or ideas spread? And how they are assimilated.

PROCESS OF DIFFUSION OF INNOVATION

Roger's has proposed a classification of adopters, according to which consumers can be divided into five categories based on the time taken by them to adopt a product. These five adopter categories are innovators, early adopters, early majority, late majority, and laggards. Based on

research, it has been observed that the five categories when plotted on a graph, lead to a bell-shaped normal distribution curve. The five categories are explained as follows:

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

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

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

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

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

e) Laggards: The laggards are the last to adopt a new product or service offering, and as such make up the last 16 percent of the target market. They are slow in buying the innovative offering because,

- i) They are uninvolved with the product and service
- ii) They do not possess much information;
- iii) They remain uninfluenced by social pressure, and social ties are not very strong; iv) they believe in making routine purchases and prefer to buy the “familiar”, than the “unfamiliar”.

Elements of Diffusion

1. Innovation: New product or new idea or new service. The concept of innovation can be defined as:
 - *Firm oriented approach:* When product is new to the company whether the product is new ro market or to competitors.
 - *Product oriented approach:* Features associated with products and effect of those features of products on consumers.
 - **Continuous Innovation:** It aims at modification of alteration of a product rather than bringing totally new products e.g. *new models of mobiles, laptop, and automobiles.*
 - **Dynamically Continuous Innovation:** Creation of new products.
 - It does not totally change behavior patterns
 - Dynamically alteration of existing product.
 - For example: Wall size T.V, digital cameras

- **Discontinuous Innovations:**

- Changing the existing behavior pattern.
- Establishment of new behavior pattern.
- Discontinuous innovations lead to *disruption of usage and consumption behavior patterns*; there is a change not only in the technology, but also *requires consumers to change to new behavioral patterns in terms of usage and consumption*.

For example,

- the postal mail giving way to email and internet,
- the radio/record player giving way to portable music
- the telephone giving way to the mobile phone

2. Market Oriented approach: It focusses to judge the newness of a product in terms of the exposure consumer have to new product.

- i. A product is considered new if it has been purchased by small of fixed percentage of potential market.
- ii. Also if it has been on market for a relatively short or specified period of time.

3. Consumer Oriented Approach:

- A new product is a product that potential consumer perceives to be new.
- It can be said that newness of a product is judged by the consumer's perception of the product rather based on principal features of the product.

ADOPTION PROCESS

- Adoption is a micro concept that lays emphasis on the various phases or stages through an individual consumer passes while accepting/rejecting a new product or service offering. It is a major step in diffusion of Innovation. It is how consumer decides whether or not to try and adopt innovative product/services.

Stages in Adoption Process

Generally speaking, the consumer passes through five stages of adoption

- Awareness
- Interest

- Evaluation
- Trial
- Adoption (or Rejection)

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

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

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

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

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

MODELS OF CONSUMER BEHAVIOR

1. **Economic model**: economic mode is an un dimensional. Here, the buying decision of a person re concerned with utilization of the resources. The consumer's make the purpose in the hope of utilizing his resources at most.

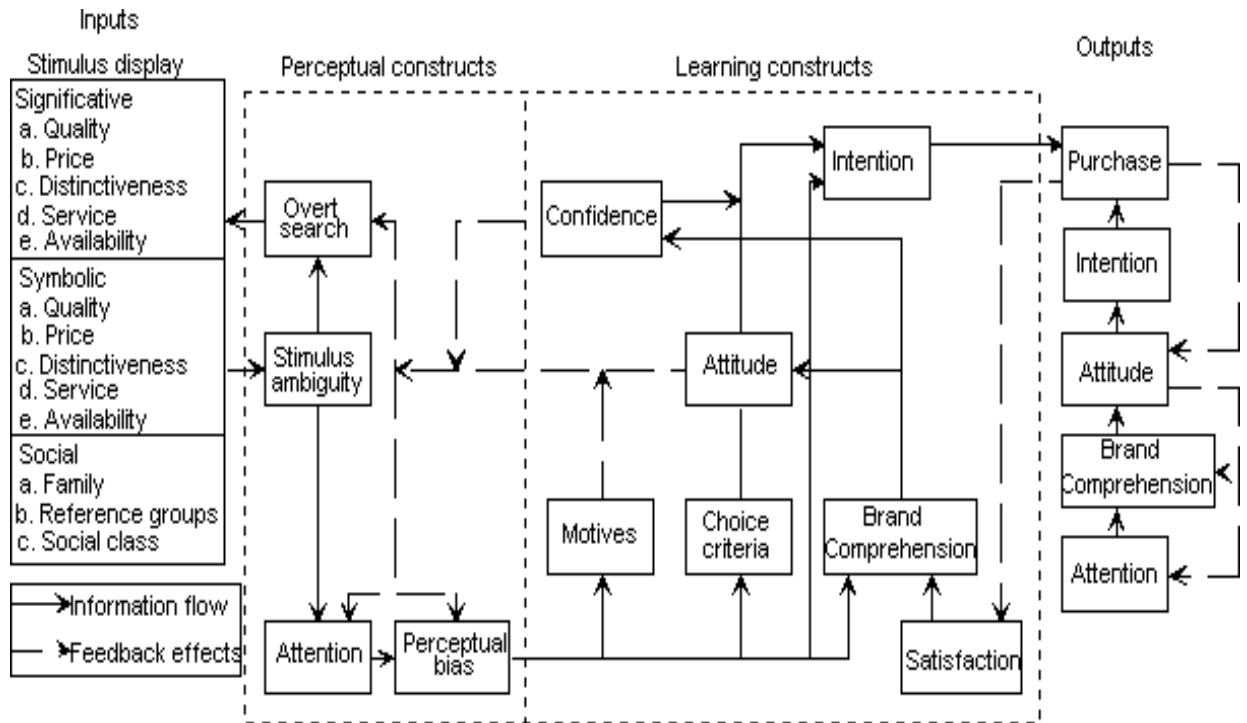
The economic model will be emphasized by buying bahaviour. They are:

- a) Price effect: if the price of the product is reasonable, the quantity of the product purchased is more.
- b) Product effect: lesser the price of the substitute product the original product purchased will be less.
- c) Income effect: if the purchasing power of the consumer is more and sound, the purchase of the product will be more.

The model emphasizes the behaviour of the consumer about the certain product.the market is homogeneous according to the economics and the consumers behave according to the income level.

2. **Psychoanalytic model**: this theory is developed by Sigmund Freud. He thought that human he thought that human need and sub-conscious levels. According to Sigmind Freud, personality is the outcome of id, siuper ego, ego.the ego controls the individuals most basic needs and urges such as hunger, sex and self preservation. The id is part of the unconscious mind consisting of persons basic inherited instincts, needs and feelings. Example: a new born baby behaviour is governed totally by the id. Hence, in simple terms id was conceptualized as a centre of primitive and impulsive drives, which seeks immediate satisfaction. EG; basic ppsychological needs such as thirst, hunger etc.ego is the persons sense of self esteem. It is the individuals self-concept and is the manifestation of objective reality as it develops in interaction with the external word. It acts as an internal force to control and the socio ultural restraints exercised by the super ego.

3. **Howard Sheth model**:



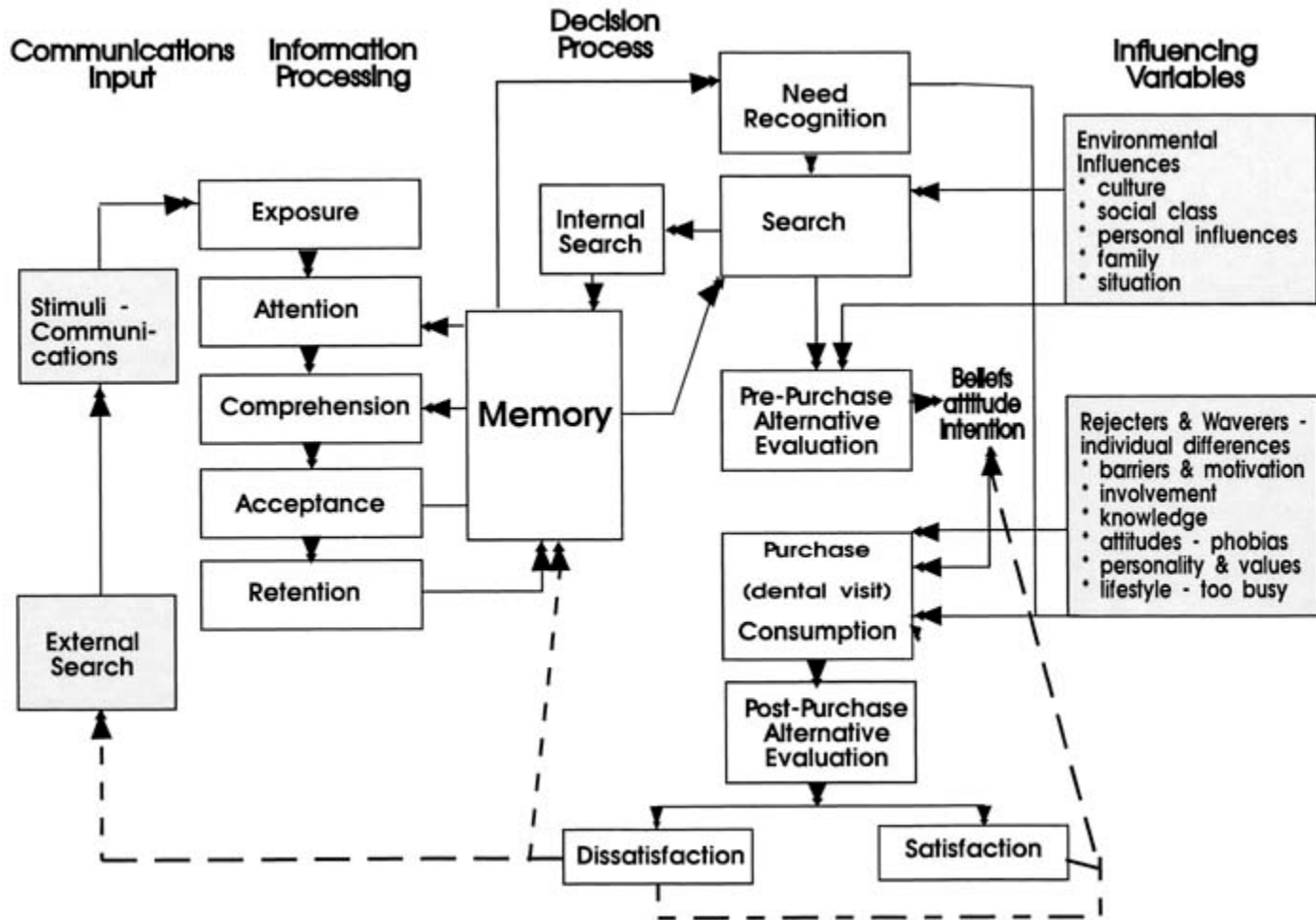
According to this there are 4 variables which determines buyer's behavior

- Stimulus—Input variables
- Internal variables—buyers motives, attitudes, experiences and perception
- Exogenous Variables—These are those internal state of the buyer i.e. his social class, financial status
- Response out variables—They are based on interactions between three mentioned variables

Limitations:

- Consumer behavior is generally repetitive in nature.
- The brand choice in one's purchasing decision is affected by:
 - One's set of motives
 - Different alternative choice of products and brands

4. **Engel, Blackwell & Miniard Model:** The model has distinct four sections namely: Input, Information processing, Decision process & variables influencing decision process.



Information Input: Information from marketing & non marketing sources are fed into the information processing section of the model.

Information processing: Before information can be used in the rest of the model, the consumer will be first be exposed to the information processing. That is, the consumer must get exposed to the information, attend to it, comprehend, accept & retain it in memory.

Decision process:

- * Need Recognition
- * Search
- * Alternative evaluation
- * Purchase
- * Outcome.

Variable influencing decision process: It will consider the individual, social & situational factors.

The EBM model is very flexible & more coherent than Howard Sheth model of consumer behavior. It also includes human processes like memory, information processing & considers both positive & negative purchase outcomes.

5. Schiffman & Kanuk's Model of consumer behavior

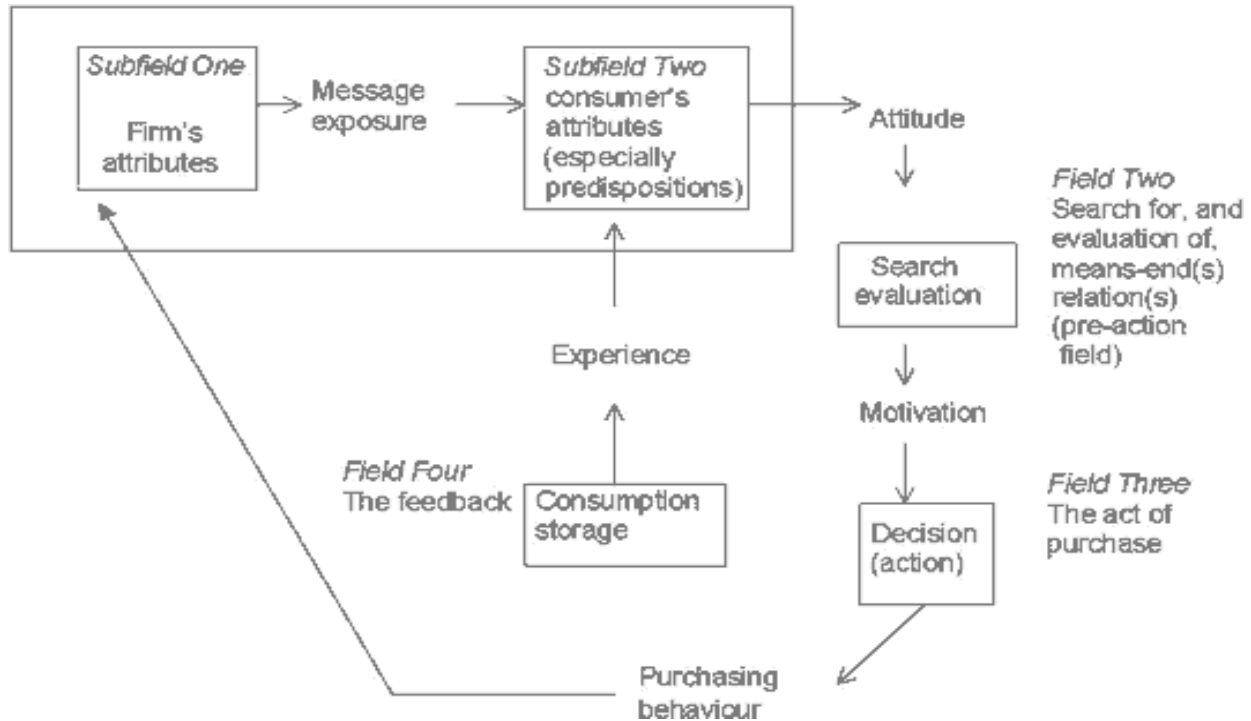
Input stage: It consists of external environmental influences or two major sources of information. These sources are the firm's marketing mix elements including the product or service, price, promotion & place as well as the external sociological influences on the consumer.

Process stage: It informs us on how consumers make decisions which affect the external inputs from the input stage influences the consumer decision making process.

Output stage: It consists of two closely linked post decision activities namely purchase behavior & post purchase evaluation.

6. NICOSIA MODEL

- This Model concerns with the Inter-relationship between:
- The firm's marketing communications
- The attributes of the consumer
- The consumer's decision process including
 - Search and evaluation process
 - Actual decision process
- The feedback of the consumer's response to the firm.
- This is a *Dynamic Model*

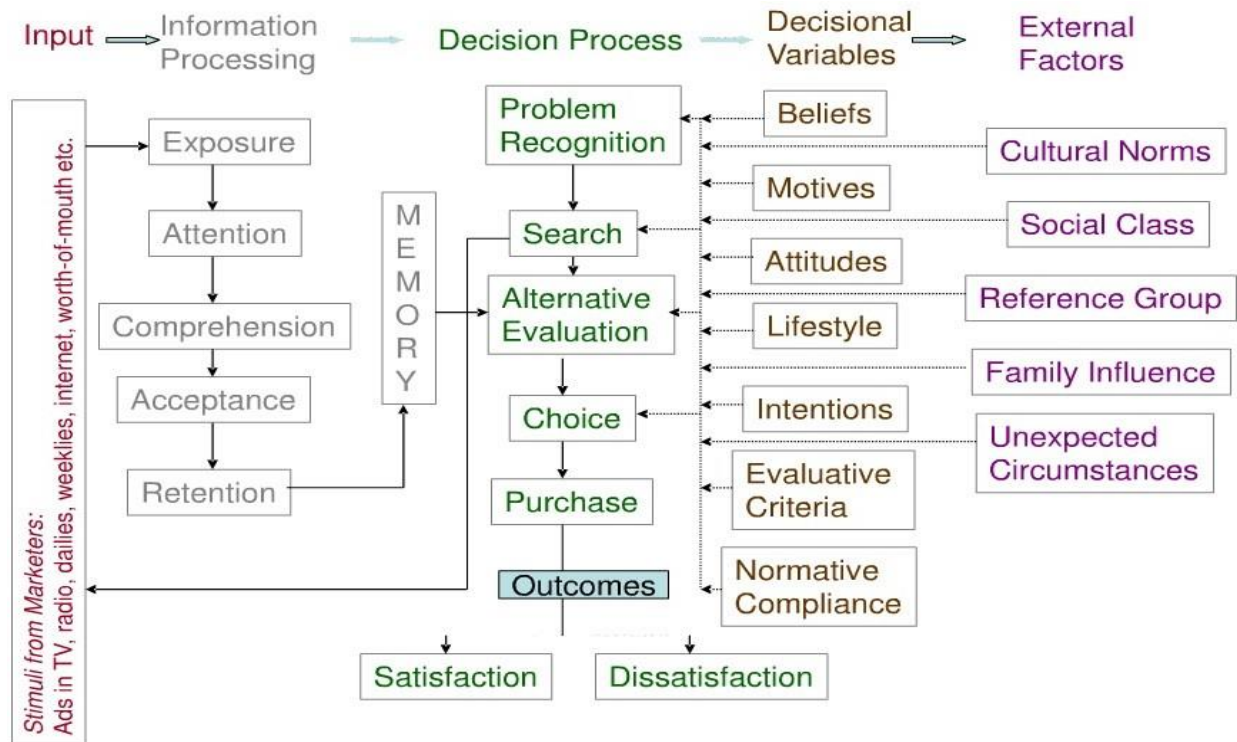


- **Field 1:** Represents the output of a commercial message from the firm in the form of advertising or other forms of promotion and its effect on consumer
 - **Sub Field 1** Product Attribute Company's Communications to the Targeted Audience
 - **Sub Field 2** Consumer Attribute What the consumer makes out of the Communications
- **Field 2:** If the process results in motivation to buy, it becomes the input for Field 3
- Company's Input (Field 1) creates certain Attitude Evaluation of the advertised product and other alternatives takes place .
- **Field 3 :**Represents the act of purchase Transformation of the motivation into the act of buying Act of Purchase (or Non Purchase)
- leads to certain purchasing behaviour

- Evaluation of Options leading to Motivation would result in Action Field 3
- Decision (Act of Purchase)
- **Field 4:** Use of Purchased Item including Use and Storage of the Product by the Consumer Act of Purchase
- Retention of the experience by the consumer as an influence on future purchase
- Feedback of sales to firm
- Feedback Purchasing Behavior Consumption Experience

7. Engel -Kollat -Blackwell Model

- Consumer behavior as decision making process in the form of five steps which occur over a period of time. Related variables grouped into five categories:
- Information input
- Information Processing
- Product /Brand Evaluation
- Motivating Influence
- Environmental Influences



- The private and interpersonal procedures which cause people to feel, think, and behave in ways which are aligned with cultural standards, principles, and norms(Normative Influence)
- Normative Compliance :Extent to which consumer is influenced by other people like friends, family etc

8. Webster & wind model

- Users: The end & ultimate users who helps in buying process
- Influencers: The influencers may or may not be directly connected with the decision, but their view point of judgment of a product or supplier is to be considered.
- Buyers: The people who negotiates the purchase of product.
- Deciders: The people who decides about product or service.

e. Gate keepers: The consumer who would regulate the flow of information.

Consumer Research simply means a search for facts – answer to questions and solutions to problems of consumer.

DIFFERENT FORMS OF CONSUMER RESEARCH:

1. Advertising research: advertising research is a specialized form of consumer research conducted to improve the the efficiency of advertising. It may focus on a specific ad or campaign or may be directed at a more general understanding of how advertising works or how consumers use the information in advertising.

TYPES OF ADVERTISING RESEARCH:

- a. Pre-testing: also known as copy testing is a form of customized research that predicts in market performance of an ad, before it airs, by analyzing audience levels of attention, brand linkage, motivation, entertainment and communication.
 - b. Campaign pre-testing: it is driven by the realization that what works on TV does not necessarily translate in other media.
 - c. Pose-testing/tracking: it provider either periodic or continuous in market research monitoring a brand's performance, including brand awareness, brand preference, product usage and attitudes.
2. Brand extension research/brand stretching: it is a marketing strategy in which a firm marketing a product with the well developed image users the same brand name in a different product category. The new product is called as spin off.
 3. Customer satisfaction research: it focuses on customer perception with their shopping or purchase experience. there are two types they are quantitative research and qualitative research.

CONSUMER RESEARCH PROCESS:

1. Problem definition: it is to define the problem. The researcher should take into account the purpose of the study, the relevant background information, what information is needed and how it will be used in decision making. once the problem has been precisely defined, the research can be designed and conducted properly.
2. Development of an approach to the problem: it includes formulating an objective or theoretical frame work, analytical models, research questions, hypothesis and identifying characteristics or factors that can influence the research design.
3. Research design formulation: it is a frame work or a blue print for conducting the consumer research. It details the procedures necessary for obtaining the required information and its purpose is to design a study that will test the hypothesis of interest , determine possible answer to the research questions and provide the information

needed for decision making. more formally the research design involves the following steps;

1. Secondary data analysis
 2. Methods of collecting quantitative data
 3. Qualitative research
 4. Definition of the information needed
 5. Measurement and scaling procedures
 6. Sampling process and sample size
 7. Plan of data analysis
4. Field work or data collection: data collection involves a field force or staff that operates either in the field, as in the case of personal interviewing from an office by telephone or through mail. proper selection, training, supervision and evaluation of the field force help minimize data collection errors.
 5. Data preparation and analysis: data preparation includes the editing, coding, transcription and if necessary, corrected. Number or letter codes are assigned to represent each response to each question in the questionnaire. Verification ensures that the data from the original questionnaires have been accurately transcribed, while data analysis, guided by the plan of data analysis gives meaning to the data that have been collected.
 6. Report preparation and presentation: the entire project should be documented in a written report which addresses the specific research questions identified, describes the approach, the research design, data collection and data analysis procedures adopted and present the results and the major findings. The findings should be presented in a comprehensible format so that they can be readily used in the decision making process.

ADVANTAGES OF CONSUMER RESEARCH:

1. To study needs wants and expectations of the customers.
2. To find out reactions to customers to products of the company
3. To evaluate company's sales promotion measures for suitable adjustment and improvements.
4. To study current marketing problems and opportunities for suitable follow up.
5. To suggest introduction of new products, modification of existing products.
6. To study marketing competition, channel of distribution and pricing for suitable changes if necessary.
7. To find methods for making the product popular and raising its goodwill and marketing reputation.

DISADVANTAGES OF CONSUMER RESEARCH:

1. Consumer research is often a costly and time consuming process.

2. There may be a biases that distort information, ignores answers or less arrogance or hostility cut off communications at some point in the marketing process.
3. The advantages, however, outweigh the disadvantages. Don't forego this process or stop halfway because you are not getting the desired results.
4. This may be an indication that you are going with the wrong invention or that there isn't a market for your product.

Two Marks

1. Give the meaning of consumer decision making.
2. State two benefits of consumer research.
3. What is advertising research?
4. What is opinion leadership?

Eight Marks

1. Explain the advantages of consumer research?
2. Explain the disadvantages of consumer research.
3. Explain the consumer research process.
4. Explain the consumer diffusion of innovation process.

Fifteen Marks

1. Explain the consumer decision making process.
2. Explain the howard sheth consumer model.
3. Explain the Webster & wind model
4. Explain the opinion leadership influence on consumer behavior.

Unit-5

CONSUMER SATISFACTION & CONSUMERISM

Consumer satisfaction refers to a buyer's state of being sufficiently rewarded in a buying situation in terms of the brand potential to satisfy the consumer's motives.

Working towards enhancing Consumer satisfaction

Three phases in the customer satisfaction process:

- Pre- sales: The customer's expectations are developed through the various information sources like advertising, word of mouth & so on.
- During sales: When the customer is engaged in experiencing the sale process i.e how the sales person deals with enquiries & sell products.
- After sales period: This refers to the period after the customer has started using the product.

Levels of consumer dissatisfaction

Discrepancies', consumer satisfaction and dissatisfaction can be measured at general, category and micro levels. Here, we will discuss about four levels of dissatisfaction with increasing specificity.

1. Dissatisfaction at the general level: this type of dissatisfaction can be associated with the consumption system itself. For instances, dissatisfaction may be with the demand and supply or use of goods and services, dissatisfaction may occur due to the non-availability of the goods and services at all places or say dissatisfaction with the choice possibilities.
2. Dissatisfaction may occur at the category level: here, certain product classes itself may be the causes of dissatisfaction for the consumer. For, example say washing machines, package tours etc.
3. Dissatisfaction at the brand level: here, dissatisfaction can be directed towards certain specific brands, retailers or the organization itself.
4. Dissatisfaction may occur at the specific affecting the consumer's satisfaction level. : this is with references to certain services and offer affecting the consumer's satisfaction level. For example, the repair services or maintenance done on the scooter, faulty services performed on the refrigerator and so on.

MEANING OF CONSUMERISM: the word consumerism refers to the act of mobilizing consumers so as to ensure they have quality products and services.

CONSUMERISM IN INDIA: Peter F. Drucker of management science'' consumerism the shame of the total marketing concept''.

DEALING WITH CONSUMER COMPLAINT:

1. Listen carefully to what the consumer says: don't get defensive. The customer is not attacking you personally. He or she has a problem and is upset. Repeat back what you are hearing to show that you have listened.
2. Ask questions in a caring and concerned manner: the more information you can get from the customer, the better you will understand his or her perspective. I've learned it's easier to ask questions than to jump to conclusions.
3. Empathy; as a business owner, your goal is to solve the problem, not argue. The customer needs to feel like you're on his or her side and that you empathize with the situation.
4. Apologizing without blaming: when a customer senses that you are sincerely sorry, it usually diffuses the situation, don't blame another person or department, just say, I'm sorry about that.
5. Ask the customer, "what would be an acceptable solution to you?": whether or not the customer knows what good solution would be. I've found it's best to propose one or more solutions to alleviate his or her pain. Become a partner with the customer in solving the problem.
6. Solve the problem or find someone who can solve it quickly: research indicates that customers prefer the person they are speaking with to instantly solve their problems. When complaints are moved up the chain of command, they become more expensive to handle and only add to the customer's frustration.

REASONS FOR GROWTH OF CONSUMERISM IN INDIA:

1. Make the business more honest, sufficient, responsive and responsible.
2. Consumerism can also be viewed as an opportunity for businessmen to serve the consumers in a better and more efficient manner.
3. In case of imperfections in the demand and supply situation in the market, concerned marketers can help the consumers to get rid of the traders who resort to practices such as hoarding, black marketing etc.
4. Consumerism will also ensure that the government takes the necessary measures to protect consumer interests by guaranteeing their legitimate rights.
5. India faces a severe imbalance in the demand & supply of essential commodities.

6. With low literacy levels & unsatisfactory information generated, many of the Indian consumers are not consciously aware of their rights.
7. Market is flooded with many goods & services there is an imperfect competition.
8. Consumerism still at infancy stage & hence not well organized.
9. Legal framework in India is time consuming.

DECEPTIVE ADVERTISING: a deceptive advertising ad contains explicit or implied claims or omissions which are likely to mislead a consumer acting reasonably under the circumstances.

Consumer Protection Act, 1986

Consumer Protection Act, 1986 is an Act of the Parliament of India enacted in 1986 to protect interests of consumers in India. It makes provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.

Consumer Protection Councils are established at the national, state and district level to increase consumer awareness.

Central Consumer Protection Council

It is established by the Central Government which consists of the following members:

- The Minister of Consumer Affairs, – Chairman, and
- Such number of other official or non-official members representing such interests as may be prescribed.

State Consumer Protection Council

It is established by the State Government which consists of the following members:

- The Minister in charge of consumer affairs in the State Government – Chairman.
- Such number of other official or non-official members representing such interests as may be prescribed by the State Government.
- such number of other official or non-official members, not exceeding ten, as may be nominated by the Central Government.

The State Council is required to meet as and when necessary but not less than two meetings every year.

Objectives of Central Council

The objectives of the Central Council are to promote and protect the rights of the consumers such as:-

1. The right to be protected against the marketing of goods and services which are hazardous to life and property.
2. The right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices.
3. The right to be assured, wherever possible, access to a variety of goods and services at competitive prices.
4. The right to be heard and to be assured that consumer's interests will receive due consideration at appropriate forums.
5. the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers; and
6. The right to consumer education.
7. The right against consumer exploitation.

Objectives of State Council

The objects of every State Council shall be to promote and protect within the State the rights of the consumers laid down in clauses 1 to 7 in central council objectives.

Consumer Disputes Redressal Agencies

- District Consumer Disputes Redressal Forum (DCDRF): Also known as the "District Forum" established by the State Government in each district of the State. The State Government may establish more than one District Forum in a district. It is a district level court that deals with cases valuing up to ₹ 2 million (US\$33,000).
- State Consumer Disputes Redressal Commission (SCDRC): Also known as the "State Commission" established by the State Government in the State. It is a state level court that takes up cases valuing less than 10 million (US\$160,000)
- National Consumer Disputes Redressal Commission (NCDRC): Established by the Central Government. It is a national level court that works for the whole country and deals with amount more than 10 million (US\$160,000).

Jurisdiction

Jurisdiction of District Forum

Subject to the other provisions of this Act, the District Forum shall have jurisdiction to entertain complaints where the value of the goods or services and the compensation, if any, claimed does not exceed rupees twenty lakhs.

1. A complaint shall be instituted in a District Forum within the local limits of whose jurisdiction:-
 - a) – the opposite party or each of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides or carries on business or has a branch office or personally works for gain, or
 - b) – any of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides, or carries on business or has a branch office, or personally works for gain, provided that in such case either the permission of the District Forum is given, or the opposite parties who do not reside, or carry on business or have a branch office, or personally work for gain, as the case may be, acquiesce in such institution; or
 - c) – the cause of action, wholly or in part, arises.

Jurisdiction of state commission

Subject to the other provisions of this Act, the State Commission shall have jurisdiction:-

- a) – to entertain
 - i) – complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees twenty lakhs but does not exceed rupees one crore (R10 million);and
 - ii) – appeals against the orders of any District Forum within the State; and
- b) – to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any District Forum within the State, where it appears to the State Commission that such District Forum has exercised a jurisdiction not vested in it by law, or has failed to exercise a jurisdiction so vested or has acted in exercise of its jurisdiction illegally or with material irregularity.

Jurisdiction of National Commission

- a) - Subject to the other provisions of this Act, the National Commission shall have jurisdiction—
- i) complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees ten million; and
 - ii) appeals against the orders of any State Commission
- b) – to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any State Commission where it appears to the National Commission that such State Commission has exercised a jurisdiction not vested in it by law, or has failed to exercise a jurisdiction so vested, or has acted in the exercise of its jurisdiction illegally or with material irregularity.
1. The District Forum, the State Commission or the National Commission shall not admit a complaint unless it is filed within two years from the date on which the cause of action has arisen.
 2. Notwithstanding anything contained in sub-section (1), a complaint may be entertained after the period specified in sub-section (1), if the complainant satisfies the District Forum, the State Commission or the National Commission, as the case may be, that he had sufficient cause for not filing the complaint within such period:

Provided that no such complaint shall be entertained unless the National Commission, the State Commission or the District Forum, as the case may be, records its reasons for condoning such delay.

Further an appeal lies in Supreme court of india against national commission decisions.

Two Marks

1. What is consumerism?
2. Define deceptive advertising.
3. What is service?
4. Who is complainant?
5. Who is a consumer?

Eight Marks

1. Write a note on district forum towards COPRA.
2. State the objectives of COPRA.
3. Explain the reasons for growth of consumerism in India.

Fifteen Marks.

1. Explain the councils of COPRA.



MS – 451

VI Semester B.B.M. Examination, May/June 2013
(Semester Scheme)
Business Management
Marketing
6.4 : E-2 – Paper 3 : CONSUMER BEHAVIOUR

Time : 3 Hours

Max. Marks : 90

Instruction : Answers should be written completely in English.

SECTION – A

1. Answer **any ten** sub-questions of the following. **Each** sub-question carries 2 marks. (10×2=20)
- a) Define consumer behaviour.
 - b) What is psychology ?
 - c) What do you mean by perception ?
 - d) What is consumer information ?
 - e) Define habit.
 - f) What is life style ?
 - g) Mention the components of culture.
 - h) What is Industrial Buying ?
 - i) What is halo effect ?
 - j) What is VALS ?
 - k) What is norm ?
 - l) State any two problems of cross-cultural marketing.

P.T.O.



SECTION – B

Answer **any five** questions of the following. **Each** question carries **5** marks. (5×5=25)

2. State the psychological factors of buyer behaviour.
3. Write any five attributes of packing.
4. Explain the cultural values and consumer behaviour.
5. What are the limitations of personality ?
6. Write a note on culture and product.
7. Explain the characteristics of opinion leader.
8. How do you measure lifestyle of consumer behaviour.
9. Write about the Decision-makers in Industrial buying process.

SECTION – C

Answer **any three** questions of the following. **Each** question carries **15** marks. (3×15=45)

10. Explain the process of measuring the consumer learning.
 11. What is brand loyalty ? Explain the various approaches to brand loyalty.
 12. Define consumer personality. Explain the need of studying consumer personality for a market.
 13. Explain the consumer rights and responsibilities.
 14. Explain the scope of organisational buying.
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AS – 357

VI Semester B.B.M. Examination, April/May 2012
(Semester Scheme)

BUSINESS MANAGEMENT

Elective – Marketing 6.4 E - 2 Paper – 3 : Consumer Behaviour

Time : 3 Hours

Max. Marks : 90

Instruction : Answers should be written completely in **English**.

SECTION – A

Answer **any ten** sub-questions of the following. **Each** sub-question carries **2** marks.

(10×2=20)

1. a) Define Consumer Behaviour.
- b) What is meant by Personality ?
- c) Name any four disciplines which have contributed for the study of Consumer Behaviour.
- d) What is a Habit ?
- e) What is Brand Loyalty ?
- f) What is Stimuli Factor in Consumer Behaviour ?
- g) Give the meaning of Learning.
- h) Give the meaning of STM and LTM.
- i) What is meant by Life Style ?
- j) Mention any two features of a Group.
- k) Define Opinion Leadership.
- l) Name any two features of Business Buying Behaviour.

P.T.O.



SECTION – B

Answer **any five** questions of the following. **Each** question carries **5** marks. **(5×5=25)**

2. Explain the role of Psychology in influencing buying behaviour.
3. Differentiate between Individual Buying and Organizational Buying.
4. Define consumer learning. Write a short note on the three mechanisms of learning.
5. What are Reference Groups ? Briefly state the various types of Reference Groups.
6. Differentiate between Habitual Decision Making and Complex Decision Making.
7. Discuss the components and sources of Attitude.
8. Explain briefly various Marketing Communication tools.
9. Discuss briefly the various models of Consumer Behaviour.

SECTION – C

Answer **any three** questions of the following. **Each** question carries **15** marks. **(3×15=45)**

10. Define Consumerism. Do you feel consumer is being sufficiently protected ?
Why ?
 11. Explain the concept of Family Life Cycle. How do the Family Life Cycle stages affect the consumption pattern ?
 12. Explain the concept of Perception. How does it influence consumer behaviour ?
 13. Explain the importance of Groups. Discuss the different types of groups with suitable example.
 14. Discuss the concept of Geodemography and Food Culture and their impact on consumer behaviour.
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